

Sustainability Report

The Manager is committed to deliver value through Sustaining Growth in our business, Empowering Lives of our people and Nurturing Communities wherever we operate.

Sustainability Framework

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.

➤ For more information, go to: p57-87

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 instil a culture of safety so that everyone who comes to work goes home safe.

➤ For more information, go to: p88-91

Nurturing Communities



As a global citizen, Keppel believes that as communities thrive, we thrive.

We engage and nurture communities wherever we are, with the aim of achieving a sustainable future together.

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

➤ For more information, go to: p92-93

Letter to Stakeholders

Sustainability is an integral part of Keppel REIT's strategy and is taken into account in the Manager's drive towards operational excellence.

Dear Valued Stakeholders,

I am pleased to present Keppel REIT's ninth sustainability report, which is also its second to be aligned with the Global Reporting Initiative (GRI) guidelines.

Sustainability is an integral part of Keppel REIT's strategy, and the Manager continually refines and improves its environmental, social and governance (ESG) efforts.

Advances in Sustainability

Over the course of 2017, we have taken steps to further integrate ESG practices into our processes. This includes the formation of a Sustainability Committee to oversee ESG initiatives across the organisation.

The Committee comprises representatives across all functions, including asset management, investment, finance, compliance, human resources and investor relations. They work closely with me to implement ESG practices at the REIT's properties. Through the combined knowledge and resources of the Manager and the larger Keppel Capital group, we seek to make a stronger collective impact.

In addition, we have improved the scope of our reporting and

formalised targets that will further guide us on our sustainability journey over the next few years. We have also adjusted our reporting methodology for health and safety as well as human resource matters, which are detailed in the respective sections of this Report.

Responsibility to our business, people and the community

Keppel REIT adopts a proactive approach to sustainability, guided by the three prongs of sustaining growth in our business, empowering the lives of our people and nurturing communities wherever we operate.

As a responsible corporate citizen, the Manager strives to minimise the environmental impact of the buildings it manages. I am proud to report that, as of 31 December 2017, Keppel REIT is the only REIT that has all its Singapore assets certified Platinum under the Building and Construction Authority's Green Mark Scheme. The majority of our buildings in Australia have achieved 5 Stars NABERS Energy rating.

The green features and energy saving initiatives that we implemented at our buildings have reduced our carbon emissions by 2,250 tonnes in 2017 compared to 2016, which is

equivalent to the carbon emissions from 77 average Singaporean households in one year. Over the same period, our buildings have also achieved water savings of almost 14,000 m³, which is equivalent to about five Olympic sized swimming pools.

Keppel REIT is committed to contributing to the community and creating a positive impact wherever it operates. In 2017, together with Keppel Capital, we dedicated over 700 hours of community service to our adopted beneficiary, the Muscular Dystrophy Association of Singapore (MDAS). Separately, the Grant-a-Wish charity initiative saw staff of the Manager and tenants of Ocean Financial Centre and Bugis Junction Towers fulfill wishes of children from needy families over the year-end festive period.

Our sustainability efforts have yielded encouraging results. In the Global Real Estate Sustainability Benchmark's (GRESB) annual assessment of property companies' sustainability and environmental performance, Keppel REIT emerged 2nd among 13 Asian listed office entities, and 3rd among 52 Asian listed companies in 2017.

These accolades would not have been possible without the support and contributions of our stakeholders, including Unitholders, tenants, employees, business partners, as well as the wider community, whom we continue to actively engage. We look forward to working closely with all stakeholders to further enhance our sustainability efforts and together, shape a sustainable future for generations to come.

Yours sincerely,



Tan Swee Yiow
Chief Executive Officer
20 February 2018



About this Report



Keppel REIT Management Limited, the Manager of Keppel REIT, affirms its commitment to sustainability with the publication of this Sustainability Report 2017 (the Report). The Report demonstrates the Manager's commitment and efforts towards continual engagement of its stakeholders, which include employees, investors, tenants, regulatory authorities, business partners and the local communities. Through the Report, stakeholders are updated on the Manager's efforts in managing the impact of key environmental, social and governance (ESG) issues, as well as community engagements which form part of the REIT's Corporate Social Responsibility initiatives.

Global Reporting Initiative

This Report is prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option.

Reporting Period and Scope

This is Keppel REIT's ninth Sustainability Report, and the second to be aligned with the GRI guidelines. This Report is based on the financial year from 1 January to 31 December 2017 and details the Manager's approach and initiatives taken to integrate sustainability into its policies, structure and daily operations.

The Report presents the Manager's sustainability performance, as well as its strategy and practices, while highlighting the economic, environmental and social impact

of the Manager's activities and developments across its properties in Singapore and Australia.

It also details the Manager's continuous efforts in stakeholder engagement and management of ESG issues. These efforts include the implementation and maintenance of high building management standards, greater transparency in governance, adopting a robust risk management framework, as well as community engagement.

Within the report, the Manager has also highlighted topics that have been identified as material to Keppel REIT's business and its key stakeholders, which are detailed in the section on Managing Sustainability.

The environmental performance data stated in this Report is based on Keppel REIT's 100% ownership of Bugis Junction Towers and its attributable interests in Ocean Financial Centre (99.9%), Marina Bay Financial Centre (33.3%), One Raffles Quay (33.3%), and the four properties in Australia (50% each). It excludes the new office tower at 311 Spencer Street in Melbourne, which is currently under construction. The data for some assets was annualised based on 11 months of data for 2017, as the full year data was not available at the time of publication of this report.

1. *The Manager incorporates thoughtful eco-features in its developments. Pictured here is the urban farm at Bugis Junction Towers.*

Managing Sustainability

The Manager strives to create value for Keppel REIT's stakeholders, while doing its part to protect the environment and contribute to the community. The Manager incorporates sustainable practices in the management of its properties, where feasible. This is in line with its commitment to minimise its environmental impact and reduce the carbon footprint of its properties.

Sustainability Management

The Manager seeks to achieve high standards in corporate governance and transparency to ensure the sustainability of its business, as well as safeguard the interests of Unitholders.

To reinforce its commitment towards sustainability practices, the Manager has a Sustainability Committee in place to coordinate ESG efforts across the organisation. The Committee comprises members from various functions including asset management, investment, finance, compliance, human resources and investor relations.

Keppel REIT's sustainability management framework dovetails that of the larger Keppel Group. The Manager adheres to regulations set by the Singapore Exchange (SGX) and Monetary Authority of Singapore (MAS). At the same time, it carries out its operations in accordance with internationally-recognised standards including the ISO 14001:2015 standard for environmental management, as well as the OHSAS 18001 standard for occupational health and safety management.

As part of the Keppel Group, the Manager adopts and adheres to Group policies to guide its decision-making with regards to significant ESG issues. These policies include the Keppel Group Employee Code of Conduct, Anti-Bribery and Corruption Statement, Corporate Statement on Human Rights, Whistle-Blower Policy, Insider Trading Policy and Competition Law Manual, Conflict of Interests Policy, as well as policies on environment, health and safety matters. The Manager also adheres to the Keppel Supplier Code of Conduct which was effected in end 2016. The Code aims to integrate the Keppel Group's sustainability principles across its supply chain, and positively influence the ESG practices of its suppliers. All new employees are briefed on these key policies upon joining the Manager. Online training and declaration of Group policies are conducted for all staff annually.

The Manager ensures that policies are updated and that they are communicated to the Board of Directors, management and all employees, and that training is provided, as required. In addition, policies have been put in place to govern the working relationships between the Manager and agents or other person(s) acting on behalf of the Manager and/or Keppel REIT. Such policies set out the standards of conduct to which the Manager or Keppel REIT's suppliers and their parent entities, subsidiary or affiliate entities and employees, are expected to adhere to.

Keppel REIT has a sound and robust risk management framework in place which enables the Manager to identify and mitigate business risks efficiently and effectively. Keppel REIT's economic

highlights are disclosed in the Financial Review section (pages 43 to 50) of this Annual Report. The Manager did not receive any financial assistance from the Singapore and Australian governments in FY 2017.

The Manager is also committed to create a safe environment for its employees and tenants, and advocates a strong workplace safety culture. The Manager complies with all applicable legislations and requirements of the countries where it operates. The Manager is not aware of any violation of laws, regulations and voluntary codes concerning the provision, use, and customer health and safety of its products and services in 2017.

The Manager, as part of Keppel Capital, was part of a reorganisation which took place in the beginning of 2017. This included the establishment of centralised functions at Keppel Capital to support the various units, including the Manager. Employees of the Manager are considered and included as part of Keppel Capital's framework, policies and initiatives pertaining to, among others, health and safety, human resources and community outreach.

The Manager is committed to apply best practices on environmental management and health and safety in its operations and supply chain, which includes service providers and suppliers such as building consultants, electricity retailers, building material suppliers and contractors in the fields of maintenance and repair, landscaping, horticulture, cleaning, pest control, waste disposal and recycling.

These practices include encouraging the adoption of green practices at the workplace and indicating preference for service providers and suppliers that are ISO 14001- and bizSAFE-certified.

The Manager leverages the Keppel Group's various platforms to facilitate learning, as well as sharing of best practices, knowledge and experiences among employees, contractors and partners.

The Manager is also in the process of formulating an ESG policy to be shared with its suppliers and service providers.



1. An eco-icon in the heart of Singapore's central business district, Ocean Financial Centre has myriad green features such as solar panels.

The table below identifies the key material issues for Keppel REIT, and how they are relevant throughout the lifecycle of its properties. It also details the targets set by the Manager to achieve its sustainability goals.

Key Material Issue	Target	Value Chain	Boundary	Page no.
Economic Performance	Sound risk management coupled with good corporate governance policies and practices to drive long-term sustainable growth and Unitholder value	Acquisition, Asset Management, Divestment	Internal & External	54, 57-85
Product and Service Quality:				
Compliance	To have zero instances of violation of laws and regulations of the countries where we operate	Acquisition, Asset Management, Divestment	Internal & External	54, 67-72, 84-85
Transparency	To actively engage stakeholders via various platforms to enhance timeliness, accuracy and transparency of outreach	Acquisition, Asset Management, Divestment	Internal & External	54-56
Marketing Communication and Ethical Marketing	To communicate with all stakeholders in a timely and accurate manner	Asset Management	Internal & External	55
Customer Privacy	To act responsibly with regard to the personal data the Manager holds or which is in its control	Acquisition, Asset Management	Internal & External	55
Energy Efficiency, Reduction in greenhouse gas (GHG) Emissions and Water Consumption	Using 2010 as the base year, – To reduce energy usage intensity by 30% by 2030 – To reduce GHG emissions intensity by 30% by 2030 – To reduce water usage intensity by 60% by 2030	Acquisition, Asset Management	Internal	86-87
Climate Change and Material Use	To identify climate change risks and mitigate environmental impact through the use of renewable energy and recycled water, whenever possible	Acquisition, Asset Management	Internal	86-87
Effluents and Waste Management	To manage waste responsibly, and engage stakeholders to minimise and recycle waste through various means	Acquisition, Asset Management	Internal	86-87
Safety and Health	To achieve a zero-fatality workplace	Acquisition, Asset Management	Internal	88-89
Labour Practices and Employment (including employee engagement, training and education, and non-discrimination)	To increase average training hours	Acquisition, Asset Management, Divestment	Internal	90-91
Community Development and Engagement	To engage and contribute to the local communities to mitigate the impact of Keppel REIT's operations on the built environment	Asset Management, Divestment	External	92-93

Material Issues

In April 2016, the Manager identified key material issues through a Materiality Assessment workshop organised by an independent consultant, with involvement from senior management and representatives from all functions. Comments and feedback from external stakeholders such as investors, tenants and business partners were considered in the identification of the key material issues.

Ethical Marketing & Customer Privacy

Keppel REIT places great emphasis on ethical marketing communication and customer privacy. In line with the Keppel Group, the Manager abides by the Singapore Code of Advertising Practice by the Advertising Standards Authority of Singapore and Code of Practice for Safeguarding Information which reflects the Manager's commitment to conduct its business in accordance with the highest ethical and legal standards.

Stakeholder Engagement

The Manager recognises that regular engagement with key stakeholders is crucial for the sustainability of the REIT's business.

Keppel REIT's stakeholder engagement framework is developed in accordance with international standards, including GRI Standards and the AccountAbility AA1000 Stakeholder Engagement Standard, whereby stakeholders are defined to be individuals, groups of individuals or organisations that affect and/or could be affected by the Manager's activities and associated performance.

The Manager conducts regular tenant satisfaction surveys to assess its performance and gather feedback on areas for improvement. These surveys are carried out internally as well as by independent third parties through online and face-to-face interviews, and grade

tenant satisfaction in key areas.

The 2017 survey conducted for the Singapore properties showed that tenant satisfaction levels remained high and exceeded industry average.

Strategic Memberships

Keppel REIT is among the founding members of the REIT Association of Singapore (REITAS), which promotes growth and development of the Singapore REIT industry. Through Keppel Capital, the Manager is also part of the Investor Relations Professional Association of Singapore (IRPAS) that contributes to the overall standards of enhancing investor engagement efforts.

The Keppel Group supports the Securities Investors Association (Singapore) (SIAS) in its initiatives to promote good corporate governance and empower the investment community through investor education.

Managing Sustainability

The Manager recognises the importance of engaging the following stakeholder groups in achieving its sustainability goals:

Employees

The Manager is committed to nurture a motivated, skilled and competent workforce.

Key Topics

Developing employees to their fullest potential; harnessing innovation in personal and professional growth.

Approach

Career development; employee welfare; employee engagement.



Investors

The Manager adopts industry best practices to provide Unitholders with timely information to make well-informed investment decisions.

Key Topics

Business strategy; updates on financial performance and business operations; industry developments and market outlook.

Approach

Media releases and SGX announcements; general meetings; half- and full-year results briefings; quarterly post-results meetings; one-on-one meetings; conference calls; industry conferences and roadshows; site visits.



Tenants

Keppel REIT attracts and retains tenants through providing quality office spaces while encouraging sustainable business practices.

Key Topics

Energy-efficient, high-quality buildings; well-managed, pleasant and safe work environments; prompt and positive customer experiences.

Approach

Quality and efficient property management; proactive tenant management through tenant engagement activities and regular meetings; efficient feedback channels and tenant satisfaction surveys.



Regulatory Authorities

The Manager adheres to the regulations of the relevant regulatory bodies in Singapore, including SGX, MAS and Inland Revenue Authority of Singapore (IRAS).

Key Topics

Adherence to rules and regulations; consultation on policies regarding the Singapore REIT sector; communication on industry/sector trends.

Approach

Adoption of the Code of Corporate Governance 2012 as the benchmark for policies and practices; compliance with the applicable provisions of the Companies Act, the Securities and Futures Act and all relevant legislation of Singapore, the Listing Manual of SGX, the Code of Collective Investment Schemes issued by MAS, and the tax rulings by IRAS.



Business Partners

The Manager develops strong and effective strategic relationships with its business partners through sharing of best practices and knowledge.

Key Topics

Compliance; commitment towards safety and health; environmental responsibility.

Approach

Regular meetings with business partners including external property managers, key subcontractors and suppliers.



Local Communities

As a responsible corporate citizen, the Manager is committed to giving back to the less-privileged, as well as encourage further growth of the REIT sector.

Key Topics

Community engagement; sharing industry insights and knowledge.

Approach

Supporting causes; community outreach activities; promoting arts-related activities and performances; participation in industry events and/or talks.



Corporate Governance

The Manager is committed to uphold high standards of corporate governance and transparency.

The board and management of Keppel REIT Management Limited, the manager of Keppel REIT (the “Manager”), are fully committed to good corporate governance as they firmly believe that it is essential in protecting the interests of the Unitholders. Good corporate governance is also critical to the performance and success of the Manager.

The Manager adopts the Code of Corporate Governance 2012 (the “2012 Code”) as its benchmark for corporate governance policies and practices. The following describes the Manager’s main corporate governance policies and practices, with specific reference to the 2012 Code.

The Manager of Keppel REIT

The Manager has general powers of management over the assets of Keppel REIT. The Manager’s main responsibility is to manage the assets and liabilities of Keppel REIT for the benefit of Unitholders. The Manager manages the assets of Keppel REIT with a focus on generating rental income and returns from the investments of Keppel REIT, and ultimately the distributions and total returns to Unitholders.

The primary role of the Manager is to set the strategic direction of Keppel REIT and make recommendations to RBC Investor Services Trust Singapore Limited, as trustee of Keppel REIT (the “Trustee”),

on the acquisitions, divestments and enhancement of Keppel REIT’s portfolio of assets, in accordance with its investment strategy. The research, analysis and evaluation procedures required to achieve this are carried out by the Manager. The Manager is also responsible for the risk management of Keppel REIT.

The Manager uses its best endeavours to carry on and conduct its business in a proper and efficient manner, and conduct all transactions with, or for Keppel REIT, at arm’s length.

Other functions and responsibilities of the Manager include:

1. developing a business plan for Keppel REIT with a view to optimising the distributable income of Keppel REIT;
2. acquiring, selling, leasing, licensing or otherwise dealing with any real estate in furtherance of the prevailing investment policy and investment strategy that the Manager has for Keppel REIT;
3. supervising and overseeing the management of Keppel REIT’s properties (including lease management, systems control, data management and business plan implementation);
4. undertaking regular individual asset performance analysis and market research analysis;
5. managing the finances of Keppel REIT, including accounts preparation, capital management, coordination of the budget process, forecast modelling, performance analysis and reporting, corporate treasury functions and ongoing financial market analysis;
6. ensuring compliance with the applicable provisions of the Companies Act, the Securities and Futures Act and all other relevant legislation of Singapore, the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), the Code on Collective Investment Schemes (including the Property Funds Appendix) (the “CIS Code”) issued by the Monetary Authority of Singapore (“MAS”) and the tax rulings issued by the Inland Revenue Authority of Singapore on taxation of Keppel REIT and its Unitholders;
7. managing regular communication with Unitholders; and
8. supervising the property managers which perform the day-to-day property management functions (including leasing, accounting, budgeting, marketing, promotion, property management, maintenance and administration) for Keppel REIT’s properties, pursuant to the property management agreements signed for the respective properties.



1. The Annual General Meeting is an effective platform for the Board to engage with Unitholders.

Corporate Governance

Keppel REIT, constituted as a trust, is externally managed and therefore has no personnel of its own. The Manager has an experienced and well-qualified management team to run the day-to-day operations of Keppel REIT. All directors (the "Directors") and employees of the Manager are remunerated by the Manager, and not by Keppel REIT.

The Manager is appointed in accordance with the terms of the Trust Deed dated 28 November 2005, as amended by the Supplemental Deed dated 2 February 2006, the Second Supplemental Deed dated 17 March 2006, the Third Supplemental Deed dated 30 July 2007, the Fourth Supplemental Deed dated 17 October 2007, the Fifth Supplemental Deed dated 19 January 2009, the Sixth Supplemental Deed dated 16 April 2009, a First Amending and Restating Deed dated 19 April 2010, a Supplemental Deed dated 15 October 2012 to the First Amending and Restating Deed and a Second Amending and Restating Deed dated 23 March 2016 (collectively, the "Trust Deed"). The Trust Deed outlines certain circumstances under which the Manager can be removed by notice in writing given by the Trustee in favour of a corporation appointed by the Trustee, upon the occurrence of certain events, including if the Unitholders by a resolution duly proposed and passed by a simple majority of Unitholders present and voting at a meeting of Unitholders, with no Unitholder (including the Manager) being disenfranchised, vote to remove the Manager.

The Board's Conduct of Affairs

Principle 1:

Effective Board to lead and control the company

The Board of Directors of the Manager (the "Board") is responsible for the overall management and corporate governance of Keppel REIT and the Manager, including establishing goals for management and monitoring the achievement of these goals.

The principal functions of the Board are to:

- (i) decide on matters in relation to Keppel REIT's and the Manager's activities which are significant in nature, including decisions on strategic directions and guidelines, as well as the approval of periodic plans and major investments and divestments;
- (ii) oversee the business and affairs of Keppel REIT and the Manager, establish, with management, the strategies and financial objectives to be implemented by management, and monitor the performance of management;
- (iii) oversee processes for evaluating the adequacy of internal controls, risk management, financial reporting and compliance, and satisfy itself as to the adequacy of such processes; and
- (iv) assume responsibility for corporate governance.

All Directors are expected to exercise independent judgment in the best interests of Keppel REIT,

and all Directors have discharged this duty consistently well.

To assist the Board in the discharge of its oversight function, the Audit and Risk Committee ("ARC") and the Nominating and Remuneration Committee ("NRC") have been constituted with clear written terms of reference. The Board committees play an important role in ensuring good corporate governance. The responsibilities of the Board committees are disclosed in the Appendix hereto.

The Board meets four times a year and as warranted by particular circumstances to discuss and review the Manager's key activities, including its business strategies and policies for Keppel REIT, proposed acquisitions and divestments, the annual budget, the performance of the business and the financial performance of Keppel REIT and the Manager. The Board also reviews and approves the release of the quarterly, half- and full-year financial results. In addition, the Board reviews the risks to the assets of Keppel REIT, and acts upon any comments from the external auditor and internal auditor of Keppel REIT.

The Manager's Constitution permits Board meetings to be held by way of conference via telephone or any other electronic means of communication by which all persons participating are able, contemporaneously, to hear and be heard by all other participants.

The number of Board and Board committee meetings held in FY 2017, as well as the attendance of each Board member at these meetings, are disclosed in the following table:

Director	Board Meetings	Audit and Risk Committee Meetings	Nominating and Remuneration Committee Meetings
Mrs Penny Goh	9	-	4
Mr Tan Swee Yiow (<i>appointed w.e.f 20 March 2017</i>)	4/4	-	-
Mr Lee Chiang Huat	9	4	-
Mr Daniel Chan Choong Seng	9	4	-
Mr Lor Bak Liang	9	4	1/1
Ms Christina Tan Hua Mui	8	-	4
Mr Alan Rupert Nisbet (<i>appointed w.e.f 1 October 2017</i>)	1/1	-	-
Dr Chin Wei-Li, Audrey Marie (<i>resigned w.e.f 22 April 2017</i>)	6/6	-	3/3
Mr Tan Chin Hwee (<i>resigned w.e.f 1 July 2017</i>)	3/6	2/2	-
Professor Tan Cheng Han (<i>resigned w.e.f 1 July 2017</i>)	5/6	-	4
Mr Ang Wee Gee (<i>resigned w.e.f 31 December 2017</i>)	8	-	3/3
No. of Meetings held in FY 2017	9	4	4

If a Director is unable to attend a Board or Board committee meeting, he or she still receives all the papers and materials for discussion at that meeting. He or she will review them and will advise the Chairman of the Board or the relevant Board committee of his or her views and comments on the matters to be discussed so that they can be conveyed to other participants present at the meeting.

The Manager has adopted a set of internal guidelines which sets out the financial authority limits for investment/business acquisition and divestment, operating/capital expenditure, capital management, leasing, disposal and write-off of assets and corporate matters that require the approval of the Board. Appropriate delegations of authority and approval sub-limits are also provided at management level to facilitate operational efficiency.

A formal letter is sent to newly-appointed Directors explaining their duties and obligations as Director. All newly-appointed Directors undergo a comprehensive orientation programme which includes management presentations on the business and strategic plans and objectives of Keppel REIT, as well as site visits. Changes to laws, regulations, policies, accounting standards and industry-related matters are monitored closely. Where the changes have an important and significant bearing on Keppel REIT and its disclosure obligations, the Directors are briefed either during Board meetings, at specially convened sessions or via circulation of Board papers. The Directors are also provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act and the CIS Code, and industry-related matters, so as to update and refresh them on matters that may affect or enhance their performance as Board or Board committee members.

Board Composition and Guidance

Principle 2:

Strong and independent element on the Board

The Board consists of seven members, five of whom are non-executive independent Directors.

The Board determines on an annual basis, taking into account the views of the NRC, 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, as well as the enhancements to independence requirements announced by MAS on 2 July 2015 (the "Enhanced Independence Requirements").

Under the 2012 Code, a Director who has no relationship with the Manager, its related companies, its 10% shareholders/Unitholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgment in the best interests of Keppel REIT, is considered to be independent. In addition, under the Enhanced Independence Requirements, an independent Director is one who:

- (i) is independent from any management and business relationship with the Manager and Keppel REIT;
- (ii) is independent from any substantial shareholder of the Manager and any substantial unitholder of Keppel REIT; and
- (iii) has not served on the Board for a continuous period of 9 years or longer.

The NRC is of the view that, taking into account the nature and scope of Keppel REIT's operations, the present Board size is appropriate and facilitates effective decision-making.

The nature of the Directors' appointments on the Board and details of their membership on the Board committees are set out in the Appendix hereto.

The NRC is satisfied that the Board and its Board committees comprise Directors who, as a group, provide an appropriate balance and diversity of skills, experience, gender and knowledge, as well as 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 Board committees to be effective. In this respect, the NRC recognises the merits of gender diversity in relation to the composition of the Board and, in identifying candidates for new appointment to the Board, would consider suitable female candidates. Having said that, gender is but one aspect of diversity and new Directors will continue to be selected based on objective criteria set out as part of the process for appointment of new Directors and Board succession planning. As of 31 December 2017, there were two female Directors out of a total of seven Directors on the Board.

The composition of the Board is also determined using the following principles:

- (i) the Chairman of the Board should be a non-executive Director of the Manager;
- (ii) the Board comprises Directors with a range of commercial and financial experience including expertise in fund management and the property industry; and

- (iii) at least half of the Board comprises independent Directors.

The composition is reviewed annually to ensure that the Board has the appropriate mix of expertise and experience.

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, are kept well-informed of Keppel REIT's and the Manager's business and affairs and are knowledgeable about the industry in which the businesses operate. For the current financial year, the non-executive Directors have constructively challenged and helped to develop proposals on strategy and reviewed the performance of management. They have unrestricted access to management, and have sufficient time and resources to discharge their oversight function effectively. Time is also set aside at the end of every Board meeting for closed-door discussions between the non-executive Directors without the presence of management.

Chairman and Chief Executive Officer

Principle 3:

Clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making

The positions of Chairman and Chief Executive Officer ("CEO") are held by two separate persons to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and CEO are not immediate family members.

The Chairman leads the Board in working together with management with integrity, competency and in an effective manner to address strategy, business operations and enterprise risk issues, and facilitates the effective contribution of the non-executive Directors and the Board as a whole. With the assistance of the company secretaries, the Chairman also sets and approves the agenda of all Board meetings.

The Chairman monitors the flow of information from management to the Board to ensure that material information is provided timeously to the Board. She also encourages constructive relations between the Board and management, and between the Directors.

Corporate Governance

The Chairman ensures effective communication with Unitholders. She also takes a leading role in promoting high standards of corporate governance with the full support of the Directors and management.

The CEO is responsible for working with the Board to determine the strategy for Keppel REIT. The CEO also works with the other members of the Manager's management team to ensure that Keppel REIT operates in accordance with the stated investment strategy of the Manager. He is also responsible for the strategic planning and development of Keppel REIT.

The clear separation of roles of the Chairman and CEO provides a healthy professional relationship between the Board and management with clarity of roles and robust deliberations on the business activities of Keppel REIT.

Board Membership

Principle 4:

Formal and transparent process for the appointment of new Directors to the Board

Nominating and Remuneration Committee

The Manager has established the NRC to, among other things, make recommendations to the Board on all Board appointments. The NRC comprises three Directors, the majority of whom, including the Chairman of the NRC, are independent; namely:

Mrs Penny Goh	Chairman
Ms Christina Tan Hua Mui	Member
Mr Lor Bak Liang	Member

The responsibilities of the NRC are disclosed in the Appendix hereto.

Process for appointment of new Directors and succession planning for the Board

The NRC is responsible for reviewing the succession plans for the Board (in particular, the Chairman). In this regard, it has put in place a formal process for the renewal of the Board and the selection of new Directors. The NRC leads the process and makes recommendations to the Board as follows:

- (a) the NRC reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making;

- (b) in light of such review and in consultation with management, the NRC assesses if there is any inadequate representation in respect of those attributes and if so, prepares a description of the role and the essential and desirable competencies for a particular appointment;
- (c) external help (for example, the Singapore Institute of Directors, search consultants, open advertisement) to be used to source for potential candidates if need be. Directors and management may also make suggestions;
- (d) the NRC meets with the shortlisted candidates to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required; and
- (e) the NRC makes recommendations to the Board for approval.

The Board believes that orderly succession and renewal is achieved as a result of careful planning, where the appropriate composition of the Board is continually under review.

Criteria for appointment of new Directors

All new appointments are subject to the recommendation of the NRC based on the following objective criteria:

- (1) integrity;
- (2) independent mindedness;
- (3) diversity – possess core competencies that meet the current needs of Keppel REIT and the Manager and complement the skills and competencies of the existing Directors;
- (4) ability to commit time and effort to carry out duties and responsibilities effectively – proposed Director should not have more than six listed company board representations and other principal commitments;
- (5) track record of making good decisions;
- (6) experience in high-performing corporations or property funds; and
- (7) financially literate.

Endorsement by Unitholders of appointment of Directors

Keppel Capital Holdings Pte Ltd ("Keppel Capital") has on 1 July 2016 provided an undertaking to the Trustee (the "Undertaking") to provide Unitholders with the right to endorse the appointment of each of the Directors by way of an ordinary resolution at the Annual General Meetings ("AGM") of Unitholders. Pursuant to the Undertaking, Keppel Capital undertakes to the Trustee:

- (i) to procure the Manager to seek Unitholders' re-endorsement for the appointment of each Director no later than every third AGM after the relevant general meeting at which such Director's appointment was last endorsed or re-endorsed, as the case may be;
- (ii) (where a person is appointed as Director, either to fill a vacancy or as an addition to the existing Board, at any time) to procure the Manager to seek Unitholders' endorsement for his or her appointment as a Director at the next AGM immediately following his or her appointment; and
- (iii) to procure any person whose appointment as a Director has not been endorsed or re-endorsed (as the case may be) by the Unitholders at the relevant general meeting where the endorsement or re-endorsement (as the case may be) for his or her appointment was sought, to resign or otherwise be removed from the Board either (1) within 21 days from the date of the relevant general meeting or (2) in the event that the Board determines that a replacement Director has to be appointed, no later than the date when such replacement Director is appointed, and the regulatory approval for such appointment (if any) has been obtained.

The endorsement or re-endorsement from Unitholders of any appointment of any person as a Director shall be by way of an ordinary resolution passed at the relevant general meeting. The Undertaking shall not restrict the Manager or Keppel Capital from appointing any Director from time to time in accordance with applicable laws and regulations (including any applicable rule of the SGX-ST) and the Manager's Constitution.

The Undertaking shall remain in force for so long as:

- (a) Keppel Capital remains as the holding company (as defined in the Companies Act) of the Manager; and
- (b) Keppel REIT Management Limited remains as the manager of Keppel REIT.

As Mr Alan Rupert Nisbet was appointed as Director on 1 October 2017, the Manager is seeking the endorsement for his appointment at the AGM to be held in 2018.

The NRC recommends the seeking of endorsement and re-endorsement of Directors to the Board for approval,

having regard to the Director's contribution and performance (such as attendance, preparedness, participation and candour), with reference to the results of the assessment of the performance of the individual Director.

Review of Directors' independence

The NRC is also charged with reviewing the "independence" status of the Directors annually and providing its views to the Board. Please refer to page 59 on the basis of the determination as to whether a Director should or should not be deemed independent. In this regard and taking into account the views of the NRC, the Board has determined that:

- (i) Mr Lor Bak Liang is independent from management and business relationships with the Manager and Keppel REIT, and independent from every substantial shareholder of the Manager and substantial unitholder of Keppel REIT;
- (ii) Mr Lee Chiang Huat shall nonetheless be considered independent notwithstanding that he is a director of Keppel DC REIT Management Pte Ltd (the manager of Keppel DC REIT) which is a related corporation of the substantial shareholder of the Manager and the substantial unitholder of Keppel REIT, namely Keppel Corporation Limited ("Keppel Corporation"). Taking into consideration (1) that Mr Lee serves as an independent non-executive director of Keppel DC REIT Management Pte Ltd (the manager of Keppel DC REIT), (2) Mr Lee having declared that he is not in any employment relationship with the Keppel Group and is not under any obligation to act in accordance with the directions, instructions or wishes of the Keppel Group, and (3) the instances of constructive challenge and probing of management by Mr Lee at the Board and the Board committee meetings of the Manager, the Board is satisfied that Mr Lee's independent judgment and ability to act in the interests of all the unitholders of Keppel REIT as a whole will not be impeded;
- (iii) Mr Daniel Chan Choong Seng shall nonetheless be considered independent notwithstanding that he is the Managing Director and shareholder of DCG Capital Pte Ltd ("DCG Capital") which manages a fund which Keppel Corporation, through one of its wholly-owned subsidiaries, was previously invested in. As of 1 July 2017, the account has been closed. Taking into consideration (1) Mr Chan having declared that (a) DCG Capital is a licensed fund

manager regulated by MAS and its services to Keppel Corporation do not involve Keppel REIT, (b) the fees which DCG Capital received from Keppel Corporation is less than 10% in relation to DCG Capital's overall revenue, and (c) he does not regard the past business relationship which DCG Capital has with Keppel Corporation as something which could interfere with or be reasonably regarded as interfering with his exercise of independent judgment and ability to act in the best interests of Keppel REIT as a whole in the discharge of a director's duties, and (2) the instances of constructive challenge and probing of management by Mr Chan at the Board and the Board committee meetings of the Manager, the Board is satisfied that Mr Chan's independent judgment and ability to act in the interests of all the unitholders of Keppel REIT as a whole will not be impeded;

- (iv) Mrs Penny Goh shall nonetheless be considered independent notwithstanding that she is Co-Chairman and Senior Partner of Allen & Gledhill LLP ("A&G") which is one of the Singapore law firms providing legal services to Keppel REIT and the Keppel Group. Taking into consideration (1) Mrs Goh having declared that (a) she does not hold a substantial partnership interest in A&G and the legal fees which A&G receives from Keppel Group are insubstantial in relation to A&G's overall revenue, (b) in relation to A&G's legal work for Keppel REIT, she does not personally represent Keppel REIT in such transactions, and (c) she does not regard the business relationship which A&G has with Keppel REIT and the Keppel Group as something which could interfere with or be reasonably regarded as interfering with her exercise of independent judgment and ability to act in the best interests of Keppel REIT as a whole in the discharge of a director's duties, and (2) the instances of constructive challenge and probing of management by Mrs Goh at the Board and the Board committee meetings of the Manager, the Board is satisfied that Mrs Goh's independent judgment and ability to act in the interests of all the unitholders of Keppel REIT as a whole will not be impeded;
- (v) Mr Alan Rupert Nisbet shall nonetheless be considered independent notwithstanding that he is a non-executive director of (i) KrisEnergy Ltd ("KrisEnergy") which is an associated company of

the substantial shareholder of the Manager and substantial unitholder of Keppel REIT, namely Keppel Corporation, and (ii) Ascendas Property Fund Trustee Pte. Ltd. (the trustee-manager of Ascendas India Trust) ("AI-Trust Manager") which is a subsidiary of the substantial shareholder of the Manager and substantial unitholder of Keppel REIT, namely Temasek Holdings (Private) Limited ("Temasek"). Taking into consideration (1) Mr Nisbet having declared that (a) he serves on the KrisEnergy board in his personal capacity as an independent director, and not as a representative or nominee of the Keppel Group, (b) he serves on the AI-Trust Manager board in his personal capacity as an independent director, and not as a representative or nominee of Temasek, and (c) he is not in any employment relationship with the Keppel Group or Temasek and is not under any obligation to act in accordance with the directions, instructions or wishes of the Keppel Group or Temasek, and (2) the instances of constructive challenge and probing of management by Mr Nisbet at the Board meeting of the Manager, the Board is satisfied that Mr Nisbet's independent judgment and ability to act in the interests of all the Unitholders of Keppel REIT as a whole will not be impeded;

- (vi) Mr Tan Swee Yiow is not considered independent as he is the CEO and Executive Director of the Manager; and
- (vii) Ms Christina Tan Hua Mui is not considered independent from Keppel Corporation. Ms Tan is the Chief Executive Officer of Keppel Capital, a related corporation of Keppel Corporation.

Annual review of Directors' time commitments

The NRC also determines annually whether a Director with other listed company board representations and other principal commitments is able to and has been adequately carrying out his or her duties as a Director of the Manager. The NRC took into account the assessment results in the evaluation of the effectiveness of the individual Director, and the respective Directors' actual conduct on the Board, in making this determination, and is satisfied that all the Directors have been able to and have adequately carried out their duties as Directors notwithstanding their other listed company board representations and other principal commitments.

Corporate Governance

The NRC has adopted internal guidelines addressing competing time commitments that are faced when Directors serve on multiple boards and have other principal commitments. As a guide, Directors should not have more than six listed company board representations and other principal commitments.

Key information regarding Directors

The following key information regarding Directors is set out in the following pages of this Annual Report:

Pages 13 to 15: Academic and professional qualifications, Board committees served on (as a member or Chairman), date of first appointment as a Director, listed company and other principal directorships both present and past held over the preceding five years and other major appointments, whether appointment is executive or non-executive, and whether considered by the NRC to be independent; and

Page 157: Unitholdings in Keppel REIT as at 21 January 2018.

Board Performance

Principle 5:

Formal assessment of the effectiveness of the Board as a whole and its Board committees and the contribution by each Director to the effectiveness of the Board

The Board has implemented 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 (the "Independent Co-ordinator") to assist in collating and analysing the returns of the Board members. Mr Nelson Tan, director of tax at A Tax Advisor Pte Ltd, was appointed for this role. Mr Tan does not have any other connection with Keppel REIT, the Manager or any of its Directors.

The evaluation processes and performance criteria are set out in the Appendix hereto.

The Board assessment exercise provided an opportunity to obtain constructive feedback from each Director on whether the Board's procedures and processes allow him or her to discharge his or her duties effectively and the changes which should be made to enhance the effectiveness of the Board and/or Board committees. The assessment exercise also helped the Directors to focus on their key responsibilities. The individual Director assessment exercise allowed for peer review with a view of raising the quality of Board members. It also assisted the Board in evaluating the skills required by the Board, the size and the effectiveness of the Board as a whole.

Access To Information

Principle 6:

Board members to have complete, adequate and timely information

Management provides the Board with relevant and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an ongoing basis.

As a general rule, Board papers are required to be sent to Directors at least seven days before each Board meeting. However, sensitive matters may be tabled at the meeting itself or discussed without any papers being distributed prior to the meeting. Members of the management team who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting. The Board has separate and independent access to the Manager's senior management for further clarification if required.

The information provided to the Board includes financial results, market and business developments. Such reports keep the Board informed, on a balanced and understandable basis, of Keppel REIT's performance, financial position and prospects. The financial results are also compared against the budgets, together with explanations given for significant variances for the reporting period.

The Manager has implemented quarterly financial reporting from the date of listing of Keppel REIT on the SGX-ST.

The Directors have separate and independent access to both company secretaries of the Manager. The company secretaries assist the Chairman in ensuring that Board procedures (including but not limited to assisting the Chairman to ensure the timely and good information flow to the Board and the Board committees, and between senior management and the Directors) are followed and that the Manager's Constitution and relevant rules and regulations are complied with. At least one of the two company secretaries



1. Regular, timely and effective communication and engagement with Unitholders is critical to the success of the Manager.

attends all Board meetings and prepares minutes of the Board proceedings. The appointment and removal of each of the company secretaries are subject to the approval of the Board as a whole.

Subject to the approval of the Chairman, the Directors, whether as a group or individually, may seek and obtain independent professional advice in the furtherance of their duties.

Remuneration Matters

Principle 7:

The procedure for developing policy on executive remuneration and for fixing remuneration packages of individual directors should be formal and transparent

Principle 8:

The level and structure of director fees are aligned with the long-term interest of the company and appropriate to attract, retain and motivate directors to provide good stewardship of the company

The level and structure of key management remuneration are aligned with the long-term interest and risk policies of the company and appropriate to attract, retain and motivate key management to successfully manage the company

Principle 9:

There should be clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration

The composition of the NRC has been set out under Principle 4 on page 60. The NRC comprises entirely non-executive Directors, a majority of whom are independent Directors.

The NRC is responsible for ensuring a formal and transparent procedure for developing policy on executive remuneration and for determining the remuneration packages of individual Directors and key management personnel. The NRC 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 Unitholder value. The NRC recommends to the Board for endorsement a framework of remuneration (which covers all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, and grant of Units) and the specific remuneration packages for each Director and the key management personnel. The NRC also reviews the remuneration of the key management personnel of the Manager and administers the

Manager's Unit-based incentive plans. In addition, the NRC reviews the Manager's obligations arising in the event of termination of the key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The NRC has access to expert advice from external consultants where required. In FY 2017, the NRC sought views on market practice and trends from external remuneration consultants, namely Aon Hewitt. The NRC undertook a review of the independence and objectivity of the external remuneration consultants through discussions with the external remuneration consultants, and has received confirmation that the external remuneration consultants had no relationships with the Manager which would affect their independence.

Annual Remuneration Report

Although the remuneration of the Directors and employees of the Manager is paid by the Manager and not by Keppel REIT, the Manager is disclosing the following information on the remuneration of its Directors and key management personnel.

Policy in respect of Non-Executive Directors' remuneration

Each Director is paid a basic fee and an additional fee for services performed on Board committees. The Chairman of the Board and of each Board committee are paid a higher fee compared with members of the Board and of such Board committee in view of the greater responsibility carried by that office. The non-executive Directors participated in additional ad-hoc meetings with management during the year and are not paid for attending such meetings.

The NRC, in consultation with Aon Hewitt, conducted a review of the non-executive Directors' fee structure in 2017.

The review took into account a variety of factors, including prevailing market practices and referencing Directors' fees against comparable benchmark, as well as the roles and responsibilities of the Board and Board committees. Recognising that Directors have ongoing oversight responsibilities towards the Manager, a revised Directors' fee structure was developed to include payment of Units in Keppel REIT to the Directors. 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 Unitholders and the long-term interests of Keppel REIT. An all-in-fee had been recommended by Aon Hewitt for the Chairman of the Board in view of the larger role and responsibilities.

Each of the Directors (including the Chairman) will receive 90% of his/her total Directors' fees in cash and 10% in the form of Units in Keppel REIT. The Directors' fees for Ms Christina Tan Hua Mui and Mr Ang Wee Gee will be paid in cash to Keppel Capital and Keppel Land Limited respectively.

Remuneration policy in respect of key management personnel

The Manager advocates a performance-based remuneration system that is highly flexible and responsive to the market, corporate and individual performance.

In designing the remuneration structure, the NRC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in achieving a balance between current versus long-term remuneration and between cash versus equity incentive remuneration.

The framework for determining the Directors' fees is shown in the table below:

Main Board	Chairman	\$150,000 per annum ¹
	Director	\$60,000 per annum
Audit and Risk Committee	Chairman	\$42,500 per annum
	Member	\$25,000 per annum
Nominating and Remuneration Committee	Chairman	\$25,000 per annum
	Member	\$15,000 per annum

¹ All-in fee for Main Board Chairman.

Corporate Governance

In 2016/2017, the NRC undertook a comprehensive review of the total remuneration structure. With the assistance of Aon Hewitt, the NRC revised the total remuneration structure reflecting four key objectives:

- (a) Unitholder Alignment: To incorporate performance measures that are aligned to Unitholder's interests
- (b) Long-term Orientation: To motivate employees to drive sustainable long-term growth
- (c) Simplicity: To ensure that the remuneration structure is easy to understand and communicate to stakeholders
- (d) Synergy: To facilitate talent mobility and enhance collaboration across businesses

The revised total remuneration mix comprises three components – annual fixed pay, annual performance bonus and long-term incentive. The annual fixed pay component comprises the annual basic salary plus any other fixed allowances which the Manager benchmarks with the relevant industry market data. The size of the Manager's annual performance bonus pot is mainly determined by Keppel REIT's financial and non-financial performance, and is distributed to employees based on their individual performance. The long-term incentive is in the form of two Unit plans, being the Restricted Unit Plan ("RUP") and the Performance Unit Plan ("PUP"). A portion of the annual performance bonus is granted in the form of deferred Units that are awarded under the RUP. The PUP comprises performance targets determined on an annual basis and which vest over a longer term horizon. Executives who have greater ability to influence strategic outcomes have a greater proportion of their overall remuneration at risk. Eligible employees of the Manager are granted existing Units in Keppel REIT already owned by the Manager. Therefore, no new Units are or will be issued by Keppel REIT to satisfy the grant of the Units under the RUP and/or the PUP as the Units that are granted under these plans will be taken from the Units which are already owned by the Manager.

The NRC exercises broad discretion and independent judgment in ensuring that the amount and mix of remuneration are aligned with the interests of Unitholders and promote the long-term success of Keppel REIT. The mix of fixed and variable reward is considered appropriate for the Manager and for each individual role.

The remuneration structure is directly linked to corporate and individual performances, both in terms of financial and non-financial performances. This link is achieved in the following ways:

- (1) by placing a significant portion of the executive's remuneration at risk ("at-risk component") and subject to a vesting schedule;
- (2) by incorporating appropriate key performance indicators ("KPIs") for awarding annual cash incentives:
 - (a) there are four scorecard areas that the Manager has identified as key to measuring its performance:
 - (i) Financial and Business Drivers;
 - (ii) Process;
 - (iii) Stakeholders; and
 - (iv) People;
 Some of the key sub-targets within each of the scorecard areas include key financial indicators, safety goals, risk management, compliance and controls measures, corporate social responsibility activities, employee engagement, talent development and succession planning;
 - (b) the four scorecard areas have been chosen because they support how the Manager 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 Manager's overall strategic goals. The NRC reviews and approves the scorecard annually;
- (3) by selecting performance conditions for the KRML PUP such as Distribution per Unit and Total Unitholder Return for equity awards that are aligned with Unitholders' interests;
- (4) by requiring those KPIs or conditions to be met in order for the at-risk component of remuneration to be awarded or to vest; and
- (5) forfeiture of the at-risk component of remuneration when those KPIs or conditions are not met at a satisfactory level.

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

- (a) Prudent funding of annual performance bonus;
- (b) Granting a portion of the annual performance bonus in the form of deferred Units, to be awarded under the RUP;
- (c) Vesting of contingent Unit awards under the PUP being subjected to KPIs and/or performance conditions being met; and
- (d) Potential forfeiture of variable incentives in any year due to misconduct.

The NRC 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 Manager's risk profile.

In determining the actual quantum of the variable component of remuneration, the NRC had taken into account the extent to which the performance conditions set forth above have been met. The NRC is of the view that remuneration is aligned to performance during FY 2017.

In order to align the interests of the CEO and key management personnel with those of the Unitholders, the CEO and key management personnel are remunerated partially in the form of Units owned by the Manager and are encouraged to hold such Units while they remain in the employment of the Manager.

The Directors, the CEO and the key management personnel (who are not Directors or the CEO) are remunerated on an earned basis and there are no termination, retirement and post-employment benefits that are granted over and above what have been disclosed.

In order not to hamper the Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the REIT industry where poaching of senior management is commonplace, the Manager is disclosing the remuneration of the CEO in bands of S\$250,000, and is not disclosing the aggregate total remuneration paid to the top five key management personnel (who are not Directors or the CEO). The Manager is of the view that such disclosure or non-disclosure (as the case may be) will not be prejudicial to the interests of Unitholders as sufficient information is provided on the Manager's remuneration framework to enable Unitholders to understand the link between the remuneration paid to the CEO and its key management personnel, and performance as set out on pages 63 to 66.

Level and mix of remuneration of Directors and Key Management Personnel for the year ended 31 December 2017

The level and mix of each of the Directors' remuneration (other than the CEO) are set out below:

Name of Director	Base/Fixed Salary	Variable or performance-related income/bonuses	Directors' Fees ¹ (\$)	Benefits-in-Kind
Mrs Penny Goh ²	-	-	130,068	-
Mr Lee Chiang Huat	-	-	102,500	-
Mr Daniel Chan Choong Seng	-	-	85,000	-
Mr Lor Bak Liang ³	-	-	97,575	-
Ms Christina Tan Hua Mui	-	-	75,000	-
Mr Alan Rupert Nisbet ⁴	-	-	15,123	-
Dr Chin Wei-Li, Audrey Marie ⁵	-	-	48,041	-
Mr Tan Chin Hwee ⁶	-	-	42,150	-
Professor Tan Cheng Han ⁷	-	-	42,150	-
Mr Ang Wee Gee ⁸	-	-	62,425	-

¹ Each of the Directors (other than Ms Christina Tan Hua Mui and Mr Ang Wee Gee) will receive 90% of his/her total Directors' fee in cash and the balance 10% in the form of Units in Keppel REIT. The Directors' fees for Ms Tan and Mr Ang will be paid in cash to Keppel Capital and Keppel Land Limited respectively.

² Mrs Penny Goh was appointed as Chairman of the Board and Chairman of the NRC with effect from 22 April 2017 and 1 July 2017 respectively.

³ Mr Lor Bak Liang was appointed a member of the NRC with effect from 1 March 2017.

⁴ Mr Alan Rupert Nisbet was appointed a member of the Board with effect from 1 October 2017.

⁵ Dr Chin Wei-Li, Audrey Marie ceased to be the Chairman of the Board and a member of the NRC with effect from 22 April 2017 and 1 March 2017 respectively.

⁶ Mr Tan Chin Hwee ceased to be a member of the Board and the ARC with effect from 1 July 2017.

⁷ Professor Tan Cheng Han ceased to be a member of the Board and the Chairman of the NRC with effect from 1 July 2017.

⁸ Mr Ang Wee Gee ceased to be a member of the Board and the NRC with effect from 31 December 2017 and 1 March 2017 respectively.

The level and mix of the remuneration of the CEO and each of the other key management personnel, in bands of \$250,000, are set out below:

Remuneration Band and Names of CEO and Key Management Personnel ¹	Base/Fixed Salary	Variable or Performance-related income/bonuses ²	Benefits-in-kind	Contingent award of Units/shares		
				PUP ³	RUP ³	PSP-TIP ^{4,5}
Above \$1,500,000 to \$1,750,000						
Mr Tan Swee Yiow ⁶	34%	21%	n.m. ⁷	19%	21%	5%
Above \$250,000 to \$500,000						
Mr Toh Wah San	64%	22%	n.m. ⁷	-	14%	-
Mr Kelvin Chow Chung Yip	66%	26%	n.m. ⁷	-	8%	-
Mr Wong Cho Wai	66%	26%	n.m. ⁷	-	8%	-

¹ The Manager has less than five key management personnel other than the CEO.

² The NRC is satisfied that the quantum of performance-related bonuses earned by the CEO and key management personnel of the Manager was fair and appropriate taking into account the extent to which their KPIs for FY2017 were met.

³ Units awarded under the PUP are subject to pre-determined performance targets set over a three-year performance period. As at 28 April 2017 (being the grant date), the estimated value of each Unit granted in respect of the contingent awards under the PUP was \$1.06. As at 23 February 2018 (being the grant date for the contingent deferred Units under the RUP), the estimated value of each Unit granted in respect of the contingent awards under the RUP was \$1.14. For the PUP, the figures were based on the value of the PUP Units at 100% of the award and the figures may not be indicative of the actual value at vesting which can range from 0% to 150% of the award.

⁴ The PSP-TIP is a transformation incentive plan under the Keppel Corporation Limited ("KCL") Performance Share Plan ("PSP") scheme with a five-year performance period (subject to a further year extension if the KCL Remuneration Committee concludes that such an extended performance period would be a fairer measure of performance) and are subject to pre-determined stretched performance targets set by KCL Board for 2021. The plan seeks to motivate and reward the executives towards a successful transformation of Keppel Group's business. Executives will only benefit from the plan if Keppel Group meets the pre-determined stretched financial and non-financial targets, and if the executives meet or exceed their individual performance targets. As at 28 April 2017 (being the grant date), the estimated value of each KCL share granted in respect of the contingent award under the PSP-TIP was \$0.87. The figures are based on the value of the KCL shares at 100% of the award and the figures may not be indicative of the actual value at vesting, which can range from 0% to 150% of the award.

⁵ After taking into consideration that (1) Mr Tan Swee Yiow remains remunerated through the remuneration policy of the Manager where the performance-related bonuses and long term incentive awards under the PUP and RUP are based on the results achieved by Keppel REIT and Mr Tan's performance is assessed by the NRC of the Manager; (2) the potential advantages to Keppel REIT of a successful transformation of Keppel Group's business entailing broader collaboration within the Keppel Group of companies with the aim of producing benefits such as (i) enhancing talent pipeline, providing broader exposure and capabilities development for employees; (ii) achieving economies of scale through collective bargaining; and (iii) the building of an innovative culture through sharing of ideas and networks; and (3) the immateriality of the KCL PSP-TIP vis-à-vis the other pay components that form the total remuneration of Mr Tan, the NRC was satisfied that any potential conflict of interest in relation to the CEO having been granted an award under the KCL PSP-TIP is mitigated.

⁶ Mr Tan Swee Yiow was appointed as the CEO on 20 March 2017, on secondment from KCL to the Manager. The remuneration disclosed is on an annualised basis.

⁷ "n.m." means not material.

Corporate Governance

Long-term incentive plans – KRML Unit Plans

The RUP and the PUP (the “KRML Unit Plans”) are long-term incentive schemes implemented by the Manager since 2010. No employee share option schemes or share schemes have been implemented by Keppel REIT.

The KRML Unit Plans are put in place to increase the Manager’s flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance and to motivate them to continue to strive for long-term Unitholder value. The KRML Unit Plans also aim to strengthen the Manager’s competitiveness in attracting and retaining talented key management personnel and employees. The RUP applies to a broader base of employees while the PUP applies to a selected group of key management personnel. The range of performance targets to be set under the PUP emphasises stretched or strategic targets aimed at sustaining longer-term growth.

The NRC has the discretion not to award variable incentives in any year if an executive is directly involved in a material restatement of financial statements or in misconduct resulting in restatement of financial statements or financial losses to Keppel REIT or the Manager. Outstanding performance bonuses under the KRML Unit Plans are also subject to the NRC’s discretion before further payment or vesting can occur.

Remuneration of Employees who are Immediate Family Members of a Director or the Chief Executive Officer

No employee of the Manager was an immediate family member of a Director or the CEO and whose remuneration exceeded \$50,000 during the financial year ended 31 December 2017. “Immediate family member” refers to the spouse, child, adopted child, step-child, brother, sister and parent.

Accountability and Audit

Principle 10:

The Board should present a balanced and understandable assessment of the company’s performance, position and prospects

Principle 12:

Establishment of Audit Committee with written terms of reference

The Board is responsible for providing a balanced and understandable assessment of Keppel REIT’s performance, position and prospects, including interim and other price sensitive public reports, and reports to regulators, if required.

The Board has embraced openness and transparency in the conduct of the Manager’s affairs, whilst preserving the commercial interests of Keppel REIT. Financial reports and other price sensitive information are disseminated to Unitholders through announcements via SGXNET to the SGX-ST, media releases and Keppel REIT’s website.

Management provides all Directors with management accounts which present a balanced and understandable assessment of Keppel REIT’s performance, position and prospects on a periodic basis. Such reports include financial results, market and business developments. The financial results are compared against the budgets, together with explanations of significant variances for the reporting period.

Audit and Risk Committee

The Audit and Risk Committee (“ARC”) has been appointed by the Board from among the Directors of the Manager and comprises four non-executive Directors, all of whom (including the Chairman of the ARC) are independent Directors. The Chairman of the ARC is Mr Lee Chiang Huat and the members are Mr Daniel Chan Choong Seng, Mr Lor Bak Liang and Mr Alan Rupert Nisbet.

All members of the ARC have accounting or related financial management expertise or experience. Thus, the Board is of the view that all members of the ARC are suitably qualified to assist the Board in areas of internal controls, financial and accounting matters, compliance and risk management, including oversight over management in the design, implementation and monitoring of risk management and internal control systems.

The ARC’s role includes assisting the Board to ensure the integrity of financial reporting and that sound internal control systems are in place. The responsibilities of the ARC are disclosed in the Appendix hereto.

The ARC has the authority to investigate any matter within its terms of reference, full access to and cooperation by management and full discretion to invite any Director or executive officer to attend its meetings and reasonable resources to enable it to discharge its functions properly. Keppel REIT’s and the Manager’s internal audit functions are performed by Keppel Corporation’s Group Internal Audit department (“Group Internal Audit”). Group Internal Audit, together with the external auditor, report their findings and recommendations independently to the ARC.

A total of four ARC meetings were held in 2017. In addition, the ARC met with the external auditor and internal auditor at least once during the year, without the presence of management.

During the year, the ARC performed independent reviews of the financial statements of Keppel REIT before the announcement of Keppel REIT’s quarterly, mid- and full-year results. In the process, the ARC reviewed the key areas of management judgment applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a significant impact on the financial statements.

The ARC also reviewed and approved both the internal auditor’s and the external auditor’s plans to ensure that the scope of audit was sufficient for purposes of reviewing the significant internal controls of Keppel REIT and the Manager. Such significant internal controls comprise financial, operational, compliance and information technology controls. All audit findings and recommendations put up by the internal auditor and the external auditor were forwarded to the ARC. Significant issues were discussed at the ARC meetings.

In addition, the ARC undertook a review of the independence and objectivity of the external auditor through discussions with the external auditor as well as reviewing the non-audit services fees paid to them, and has confirmed that the non-audit services performed by the external auditor would not affect their independence.

For FY 2017, an aggregate amount of \$284,000, comprising non-audit service fees of \$9,000 and audit service fees of \$275,000, was paid/payable to the external auditor of Keppel REIT and its subsidiaries.

Taking cognisance that the external auditor should be free from any business or other relationships with Keppel REIT that could materially interfere with its ability to act with integrity and objectivity, the ARC undertook a review of the independence of the external auditor and gave careful consideration to Keppel REIT’s relationships with them during 2017. In determining the independence of the external auditor, the ARC reviewed all aspects of Keppel REIT’s relationships with it including the processes, policies and safeguards adopted by Keppel REIT and the external auditor relating to audit independence. The ARC also considered the nature of the provision of the non-audit services in 2017

and the corresponding fees and ensured that the fees for such non-audit services did not impair or threaten the audit independence. Based on the review, the ARC is of the opinion that the external auditor is, and is perceived to be, independent for the purpose of Keppel REIT's statutory financial audit.

Keppel REIT has complied with Rule 712 and Rule 715 read with Rule 716 of the SGX Listing Manual in relation to the appointment of its auditing firms.

The ARC also reviewed the independence and performance of the internal audit function and was satisfied that the internal auditor was independent, adequately resourced to perform its functions, and had appropriate standing within Keppel REIT and the Manager.

The ARC reviewed the "Whistle-Blower Policy" which provides the mechanisms by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters, 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 ARC follows 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.

In addition, the ARC reviews the Whistle-Blower Policy annually to ensure

that it remains current. The details of the Whistle-Blower Policy are set out in pages 74 and 75 of this Annual Report.

The ARC members are kept updated whenever there are changes to the financial reporting standards or issues that may have an impact on the financial statements of Keppel REIT.

Risk Management and Internal Controls

Principle 11:

Sound system of risk management and internal controls

The ARC also assists the Board in examining the adequacy and effectiveness of Keppel REIT's and the Manager's risk management system to ensure that a robust risk management system is maintained. The ARC reviews and guides management in the formulation of risk policies and processes to effectively identify, evaluate and manage significant risks, to safeguard Unitholders' interests and Keppel REIT's assets. The ARC reports to the Board on material findings and recommendations in respect of significant risk matters.

Risk Assessment and Management of Business Risk

Recognising and managing risks timely and effectively is essential to the business of Keppel REIT and to protecting Unitholders' interests and value. Keppel REIT operates within overall guidelines and specific parameters set by the Board. Responsibility for managing risk lies with the Manager, working within the overall strategy outlined by the Board. The Manager has appointed experienced and well-qualified management to handle its day-to-day operations.



1. The investing community is regularly kept abreast of the Manager's progress.

Corporate Governance

The Board met nine times in FY 2017. Management surfaces key risk issues for discussion and confers with the ARC and the Board regularly.

Keppel REIT’s Enterprise Risk Management framework (“ERM Framework”) provides Keppel REIT and the Manager with a holistic and systematic approach in risk management. In assessing business risk, the Board takes into consideration the economic environment and the risks relevant to the property industry. The Manager has implemented a systematic risk assessment process to identify business risks and mitigating actions. Details of the Manager’s approach to risk management and internal control and the management of key business risks are set out in the “Risk Management” section in pages 84 and 85 of this Annual Report. The Manager is guided by a set of Risk Tolerance Guiding Principles (“Guiding Principles”), details of which are disclosed in page 84 of this Annual Report.

The Manager has in place a framework to evaluate risk management (the “Assessment Framework”) which was established to facilitate the Board’s assessment on the adequacy and effectiveness of Keppel REIT’s and the Manager’s risk management system. The Assessment Framework identifies

the governing policies, processes and systems pertaining to each of the key risk areas of Keppel REIT and the Manager, and assessments are made on the adequacy and effectiveness of such policies, processes and systems. The Guiding Principles and Assessment Framework are reviewed and updated annually.

In addition, the Manager has adopted the Whistle-Blower Policy, Insider Trading Policy and Code of Practice for Safeguarding Information which reflect management’s commitment to conduct its business within a framework that fosters the highest ethical and legal standards.

Independent Review of Internal Controls

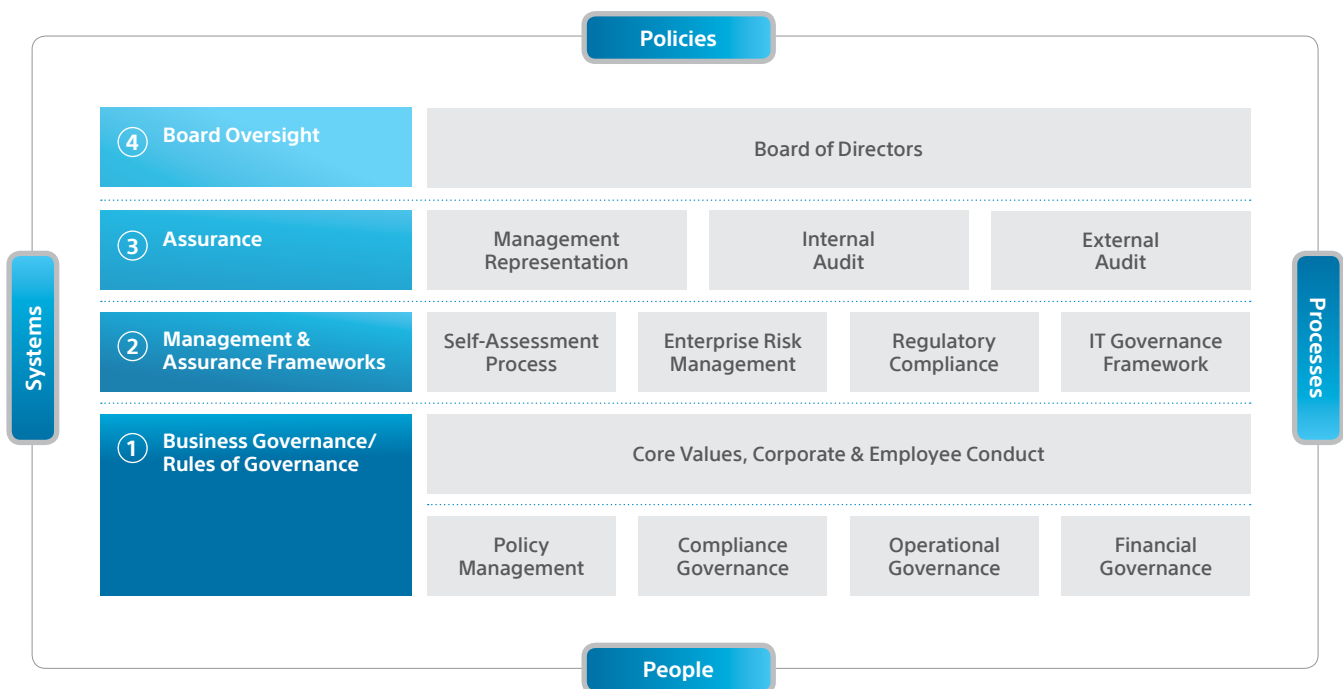
Keppel REIT’s and the Manager’s internal auditor and external auditor conduct an annual review of the adequacy and effectiveness of Keppel REIT’s and the Manager’s material internal controls, including financial, operational, compliance and information technology controls. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the ARC. The ARC also reviews the effectiveness of the actions taken by management on the recommendations

made by the internal auditor and external auditor in this respect.

Keppel REIT and the Manager have also put in place the Keppel REIT’s System of Management Controls Framework (the “Framework”) outlining Keppel REIT’s and the Manager’s internal control and risk management processes and procedures. The Framework comprises three Lines of Defence towards ensuring the adequacy and effectiveness of Keppel REIT’s and the Manager’s system of internal controls and risk management.

Under the first Line of Defence, management is required to ensure good corporate governance through implementation and management of policies and procedures relevant to Keppel REIT’s and the Manager’s business scope and environment. Such policies and procedures govern financial, operational, information technology and regulatory compliance matters and are reviewed and updated periodically. Compliance governance is governed by the respective regulatory compliance management committees and working teams chaired by business owners. Employees are also guided by the Manager’s core values and are expected to comply strictly with the Employee Code of Conduct.

Keppel REIT’s System of Management Controls



Under the second Line of Defence, Keppel REIT and the Manager are required to conduct a self-assessment exercise on an annual basis. This exercise requires Keppel REIT and the Manager to assess the status of their respective internal controls and risk management via self-assessment questionnaires. Action plans would then be drawn up to remedy identified control gaps. Under Keppel REIT's ERM Framework, significant risk areas are also identified and assessed, with systems, policies and processes put in place to manage and mitigate the identified risks. Regulatory Compliance supports and works alongside business management to ensure relevant policies, processes and controls are effectively designed, managed and implemented to ensure compliance risks and controls are effectively managed.

Under the third Line of Defence, the CEO and Chief Financial Officer ("CFO") are required to provide Keppel REIT and the Manager with written assurances as to the adequacy and effectiveness of their system of internal controls and risk management. The internal and external auditors provide added independent assessments of the overall control environment.

The Board, supported by the ARC, oversees Keppel REIT's and the Manager's system of internal controls and risk management. The Board has received assurances from the CEO, Mr Tan Swee Yiow, and the CFO, Mr Kelvin Chow Chung Yip, that, amongst others:

1. the financial records of Keppel REIT and the Manager have been properly maintained and the financial statements give a true and fair view of the operations and finances of Keppel REIT and the Manager;
2. the internal controls of Keppel REIT and the Manager are adequate and effective to address the financial, operational, compliance and information technology risks which Keppel REIT and the Manager consider relevant and material to its current business scope and environment and that they are not aware of any material weakness in the system of internal controls; and
3. they are satisfied with the adequacy and effectiveness of Keppel REIT's and the Manager's risk management system.

Based on the Framework, the internal controls and risk management policies

and procedures established and maintained by Keppel REIT and the Manager, and the regular audits, monitoring and reviews performed by the internal auditor and external auditor, the Board, with the concurrence of the ARC, is of the opinion that, taking into account the nature, scale and complexity of Keppel REIT's and the Manager's operations, as at 31 December 2017, Keppel REIT's and the Manager's internal controls and risk management system are adequate and effective in addressing the financial, operational, compliance and information technology risks which Keppel REIT and the Manager consider relevant and material to its current business scope and environment.

The system of internal controls and risk management established by Keppel REIT and the Manager provides reasonable, but not absolute, assurance that Keppel REIT and the Manager will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Internal Audit

Principle 13:

Adequately resourced and independent internal audit function

The internal audit function of Keppel REIT and the Manager is performed by Keppel Corporation's Group Internal Audit. Group Internal Audit was appointed as the internal auditor in February 2006.

The role of the internal auditor is to assist the ARC to ensure that Keppel REIT and the Manager maintain a sound system of internal controls by reviewing the key controls and procedures and ensuring their effectiveness, undertaking investigations as directed by the ARC and conducting regular in-depth audits of high risk areas.

Staffed by suitably qualified executives, Group Internal Audit has unrestricted direct access to the ARC and access to all of Keppel REIT's and the Manager's documents, records, properties and personnel. The Head of Group Internal Audit's primary line of reporting is to the Chairman of the ARC.

Group Internal Audit is guided by the International Standards for the

Professional Practice of Internal Auditing set by the Institute of Internal Auditors ("IIA"). These standards consist of attribute and performance standards. External quality assessment reviews are carried out at least once every five years by qualified professionals, with the last assessment conducted in 2016, and the results re-affirmed that the internal audit activity conforms to those standards. The professional competence of Group Internal Audit is maintained through its continuing professional development programme for its staff which includes sending auditors to attend professional courses conducted by external accredited organisations to enhance their knowledge on auditing techniques, as well as auditing and accounting pronouncements.

During the year, Group Internal Audit adopted a risk-based auditing approach that focuses on key risks, including financial, operational, compliance and information technology risks. Group Internal Audit's reports are submitted to the ARC for deliberation with copies of these reports extended to the relevant senior management personnel. In addition, Group Internal Audit's summary of findings and recommendations are discussed at the ARC meetings. To ensure timely and adequate closure of audit findings, the status of the implementation of the actions agreed by management is tracked and discussed with the ARC.

Unitholder Rights and Responsibilities, Communication with Unitholders and Conduct of Unitholder Meetings

Principle 14:

Recognition, protection and facilitation of the exercise of Unitholders' rights

Principle 15:

Regular, effective and fair communication with Unitholders

Principle 16:

Greater Unitholder participation at Annual General Meetings

In addition to the matters mentioned above in relation to "Access to Information/Accountability", the Manager regularly communicates with Unitholders and receives and attends to their queries. In 2017, the Manager engaged a total of 257 local and foreign investors and analysts in meetings, conferences, post-results engagements and site visits in Singapore, Kuala Lumpur, Hong Kong, Tokyo, Seoul and Sydney. More details of the Manager's investor relations activities and efforts are set out in pages 19 to 21 of this Annual Report.

Corporate Governance

Material information is disclosed in a comprehensive, accurate and timely manner through the SGX-ST via SGXNET and/or media releases. The Manager ensures that unpublished price sensitive information is not selectively disclosed, and if on the rare occasion such information is inadvertently disclosed, it is immediately released to the public through the SGX-ST via SGXNET and/or media releases.

Unitholders are also kept abreast of the latest announcements and updates on Keppel REIT via its corporate website. Unitholders and members of the public can also ask questions via the website at www.keppelreit.com or email their queries and feedback to investor.relations@keppelreit.com.

The Manager has in place an Investor Relations Policy which sets out the principles and practices that the Manager applies when providing Unitholders and prospective investors with information necessary to make well-informed investment decisions and to ensure a level playing field. The Investor Relations Policy is published on Keppel REIT's website. The policy is reviewed regularly to ensure relevance and effectiveness.

Unitholders are informed of Unitholders' meetings through annual reports or circulars sent to all Unitholders and/or notices published in the newspapers. Unitholders are invited to such meetings to put forth any questions they may have on the motions to be debated and decided upon. If any Unitholder is unable to attend, he or she is allowed

to appoint up to two proxies to vote on his or her behalf at the meeting through proxy forms sent in advance. Where a Unitholder is a relevant intermediary (including but not limited to, a nominee company, a custodian bank or a CPF agent bank), such Unitholder may appoint more than one proxy to vote on its behalf at the meeting through proxy forms sent in advance, provided that each proxy must be appointed to exercise the rights attached to a different Unit or Units held by it (which number of Units and class shall be specified).

At Unitholders' meetings, each distinct issue is proposed as a separate resolution, unless the resolutions are interdependent and linked so as to form one significant proposal. Each resolution at the AGM will be voted on by way of electronic poll voting for Unitholders/proxies present at the Unitholders' meetings for all the resolutions proposed at the Unitholders' meetings. An announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages will be made after each poll is conducted. The total number of votes cast for or against each resolution and the respective percentages are also announced in a timely manner after the Unitholders' meetings through the SGX-ST via SGXNET.

Where possible, all the Directors will attend Unitholders' meetings. In particular, the Chairman of the Board and the respective Chairman of the ARC and the NRC are required to be

present to address questions at general meetings. The external auditor is also present at such meetings to assist the Directors to address Unitholders' queries, where necessary.

The Manager is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The company secretaries of the Manager prepare minutes of Unitholders' meetings, which incorporate comments or queries from Unitholders and responses from the Board and management. These minutes are available to Unitholders upon request.

Securities Transactions Insider Trading Policy

The Manager has a formal Insider Trading Policy on dealings in the securities of Keppel REIT which sets out the implications of insider trading and guidance on such dealings. Such policy has been distributed to the Manager's Directors and officers. The Manager has also adopted the best practices on securities dealings issued by the SGX-ST. In compliance with Rule 1207(19) of the SGX Listing Manual on best practices on dealing in securities, the Manager issues notices to its Directors and officers informing that the Manager and its officers must not deal in listed securities of Keppel REIT one month before the release of the full-year results and two weeks before the release of quarterly results, and if they are in possession of unpublished price-sensitive information. The Manager's officers are also informed



1. Unitholders have the opportunity to engage the Board and management on matters relating to Keppel REIT's strategy and performance at the Annual General Meetings.

that they should not deal in Keppel REIT's securities on short-term considerations.

Conflicts of Interests

The Manager has instituted the following procedures to deal with potential conflicts of interests issues:

- (1) the Manager will not manage any other real estate investment trust which invests in the same types of properties as Keppel REIT, without prior approval from the relevant authorities;
- (2) all resolutions in writing of the Directors of the Manager in relation to matters concerning Keppel REIT and its Interested Parties (meaning any "interested person" as defined in the SGX Listing Manual) and/or, as the case may be, an "interested party" (as defined in the Property Funds Appendix) ("Interested Party") must be approved by a majority of the Directors, including at least one independent Director and the nominees of the Interested Party on the Board shall abstain from voting;
- (3) at least half of the Board shall comprise independent Directors;
- (4) all matters relating to Interested Party transactions will follow the procedures set out in the section headed "Interested Party Transactions" of this Annual Report; and
- (5) in respect of matters in which Keppel Corporation and/or its subsidiaries have an interest, direct or indirect, any nominees appointed by Keppel Corporation and/or its subsidiaries to the Board to represent its interests shall abstain from voting. In such matters, the quorum shall comprise a majority of the independent Directors of the Manager and shall exclude such nominee Directors of Keppel Corporation and/or its subsidiaries.

It is also provided in the Trust Deed that if the Manager is required to decide whether to take any action against any person in relation to any breach of any agreement entered into by the Trustee for and on behalf of Keppel REIT with an Interested Party of the Manager, the Manager shall be obliged to consult with a reputable law firm (acceptable to the Trustee) who shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of Keppel REIT, has a *prima facie* case against the party allegedly in breach under such agreement, the Manager shall be obliged to take appropriate action in relation

to such agreement. The Directors of the Manager (including its independent Directors) will have a duty to ensure that the Manager so complies.

Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee for and on behalf of Keppel REIT with an Interested Party of the Manager and the Trustee may take such action as it deems necessary to protect the rights of the Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against an Interested Party of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such Interested Party.

Employee Code of Conduct

The Manager has in place an Employee Code of Conduct which establishes a culture of high integrity as well as reinforces ethical business practices.

This policy addresses, at the employee level, the standards of acceptable and unacceptable behaviour and personal decorum as well as issues of workplace harassment. On the business front, the policy addresses the standards of ethical business behaviour including anti-corruption, the offering and receiving of gifts, hospitality and promotional expenditures as well as conflicts of interests. The policy also requires all Directors and employees to avoid any conflict between their own interests and the interests of the Manager in dealing with its suppliers, customers and other third parties.

The rules require business to be conducted with integrity, fairly, impartially, in an ethical and proper manner, and in compliance with all applicable laws and regulations. Relevant anti-corruption policies and measures are also set out to protect the business, resources and reputation of the Manager and Keppel REIT. Employees of the Manager must under no circumstances offer, promise, give or authorise the giving, directly or indirectly, or through third parties, of any bribe, kickback, illicit payment, benefit-in-kind or any other advantage to any government official or government entity, private sector customer, supplier, contractor or any other person or entity, as an inducement or reward for an improper performance or non-performance of a function or activity. Similarly, employees of the Manager must not under any circumstances solicit or accept, directly

or indirectly, any bribe, kickback, illicit payment, benefit in kind or any other advantage from any government official or government entity, customer, supplier, contractor or any other person or entity that is intended to induce or reward an improper performance or non-performance of a function or activity.

The Employee Code of Conduct is published on the intranet which is accessible by all employees of the Manager. New employees of the Manager are briefed on the Employee Code of Conduct when they join the Manager. Subsequently, all employees of the Manager are required to acknowledge the Employee Code of Conduct annually to ensure awareness.

Interested Party Transactions

The Manager's Internal Control System

The Manager has established an internal control system to ensure that all Interested Party transactions will be undertaken on normal commercial terms and will not be prejudicial to the interests of Keppel REIT and the Unitholders.

As a general rule, the Manager must demonstrate to the ARC that such transactions satisfy the foregoing criteria, which may entail obtaining (where practicable) quotations from parties unrelated to the Manager. In the case of acquisition or disposal of assets undertaken with an Interested Party, the Manager and Trustee will obtain two independent valuations of each of those real estate assets (in accordance with the Property Funds Appendix), with one of the valuers commissioned independently by the Trustee. Each of those assets must be acquired from the Interested Party at a price not more than the higher of the two assessed values, or sold to the Interested Party at a price not less than the lower of the two assessed values. The ARC may further choose to appoint an independent financial adviser to provide an opinion stating that the transaction is on normal commercial terms and is not prejudicial to the interests of Keppel REIT and the Unitholders.

Further, the following procedures are undertaken:

- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Party during the same financial year) equal to or exceeding \$100,000 in value but below 3.0% of the value of Keppel REIT's net tangible assets will be subject to review by the ARC at regular intervals;

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- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Party during the same financial year) equal to or exceeding 3.0% but below 5.0% of the value of Keppel REIT's net tangible assets will be subject to the review and approval of the ARC. Such approval shall only be given if the transactions are on normal commercial terms and are consistent with similar types of transactions made by the Trustee with third parties which are unrelated to the Manager; and
- transactions (either individually or as part of a series or if aggregated with other transactions involving the same Interested Party during the same financial year) equal to or exceeding 5.0% of the value of Keppel REIT's net tangible assets will be reviewed and approved, on the basis described in the preceding paragraph, by the ARC which may, as it deems fit, request advice on the transaction from independent sources or advisers, including the obtaining of valuations from independent professional valuers. Further, under the rules of the SGX Listing Manual and the Property Funds Appendix, such transactions would have to be approved by the Unitholders at a meeting of Unitholders.

Where matters concerning Keppel REIT relate to transactions entered into or to be entered into by the Trustee for and on behalf of Keppel REIT with an Interested Party of the Manager of Keppel REIT, the Trustee is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of Keppel REIT and the Unitholders, and in accordance with all applicable requirements of the Property Funds Appendix and/or the SGX Listing Manual relating to the transaction in question. Further, the Trustee has the ultimate discretion under the Trust Deed to decide whether or not to enter into a transaction involving an Interested Party of Keppel REIT or of the Manager. If the Trustee is to sign any contract with an Interested Party of the Manager or of Keppel REIT, the Trustee will review the contract to ensure that it complies with the requirements relating to Interested Party transactions in the Property Funds Appendix (as may be amended from time to time) and the provisions of the SGX Listing Manual relating to interested person transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX to

apply to real estate investment trusts. If the Trustee is to sign any contract with an Interested Party of the Trustee, such review will be carried out by the ARC, not the Trustee.

Keppel REIT will, in compliance with Rule 905 of the SGX Listing Manual, announce any Interested Person transaction if such transaction, by itself or when aggregated with other interested person transactions entered into with the same interested person during the same financial year, is 3.0% or more of Keppel REIT's latest audited net tangible assets.

The aggregate value of all interested person transactions which are subject to Rules 905 and 906 of the SGX Listing Manual in a particular financial year will be disclosed in Keppel REIT's Annual Report for the relevant financial year.

Role of the Audit and Risk Committee for Interested Party Transactions

The Manager's internal control procedures are intended to ensure that Interested Party transactions are conducted at arm's length and on normal commercial terms and are not prejudicial to Unitholders.

The Manager maintains a register to record all Interested Party transactions (and the basis, including, where practicable, the quotations obtained to support such basis on which they are entered into) which are entered into by Keppel REIT.

On a quarterly basis, management reports to the ARC the Interested Party transactions entered into by Keppel REIT. The Interested Party transactions are also reviewed by Group Internal Audit and all findings, if any, are reported during the ARC meetings. The Trustee also has the right to review such internal audit reports to ascertain that the requirements of the Property Funds Appendix have been complied with.

The ARC reviews all Interested Party transactions to ensure compliance with the internal control procedures and with the relevant provisions of the SGX Listing Manual and the Property Funds Appendix. The review includes the examination of the nature of the transaction and if necessary, its supporting documents or such other data deemed necessary by the ARC.

If a member of the ARC has an interest in an Interested Party transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction.

Appendix

Board Committees – Responsibilities

A. Audit and Risk Committee

- (1) Review financial statements and formal announcements relating to financial performance, and review significant financial reporting issues and judgments contained in them, for better assurance of the integrity of such statements and announcements.
- (2) Review and report to the Board at least annually the adequacy and effectiveness of the Manager's and Keppel REIT's internal controls, including financial, operational, compliance and information technology controls (such review can be carried out internally or with the assistance of any competent third parties).
- (3) Review the audit plans and reports of the external auditor and internal auditor, and consider the effectiveness of actions or policies taken by management on the recommendations and observations.
- (4) Review the independence and objectivity of the external auditor and internal auditor annually.
- (5) Review the nature and extent of non-audit services performed by the external auditor.
- (6) Meet with the external auditor and internal auditor, without the presence of management, at least annually.
- (7) Make recommendations to the Board on the proposals to Unitholders on the appointment, re-appointment and removal of the external auditor, and approve the remuneration and terms of engagement of the external auditor.
- (8) Review the adequacy and effectiveness of the Manager's and Keppel REIT's internal audit function, at least annually.
- (9) Ensure that the internal audit function is adequately resourced and has appropriate standing with the Manager and Keppel REIT.
- (10) Approve the accounting/auditing firm or corporation to which the internal audit function is outsourced, if applicable.
- (11) Review the policy and arrangements by which employees of the Manager and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters, to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken.
- (12) Monitor the procedures in place to ensure compliance with applicable legislation, the Listing Manual and the Code on Collective Investment Schemes (including the Property Funds Appendix).
- (13) Review interested person transactions, including ensuring compliance with the provisions of the Listing Manual relating to "interested person transaction" (as defined therein) and the provisions of the Property Funds Appendix relating to "interested party transactions" (as defined therein) (both such type of transactions constituting interested party transactions).
- (14) Investigate any matters within the ARC's purview, whenever it deems necessary.
- (15) Obtain recommendations on risk tolerance and strategy from management, and where appropriate, report and recommend to the Board for its determination:
 - (i) the nature and extent of significant risks which the Manager and Keppel REIT may take in achieving its strategic objectives; and
 - (ii) the overall level of risk tolerance and risk policies.
- (16) Review and discuss, as and when appropriate, with management the Manager's and Keppel REIT's risk governance structure and framework including risk policies, risk mitigation and monitoring processes and procedures.
- (17) Receive and review quarterly reports from management on major risk exposures and the steps taken to monitor, control and mitigate such exposures.
- (18) Review the Manager's capability to identify and manage new risk types.
- (19) Review and monitor management's responsiveness to the risks and matters identified and recommendations of the ARC.
- (20) Provide timely input to the Board on critical risk issues, material matters, findings and recommendations.
- (21) Review the ARC's terms of reference annually and recommend any proposed changes to the Board.
- (22) Review and report to the Board annually on the adequacy and effectiveness of the Manager's and Keppel REIT's risk management and internal controls systems, including financial, operational, compliance and information technology controls.
- (23) Perform such other functions as the Board may determine.
- (24) Sub-delegate any of its powers within its terms of reference as listed above from time to time as the ARC may deem fit.

B. Nominating and Remuneration Committee

- (1) Recommend to the Board the appointment/re-appointment of Directors.
- (2) Annual review of balance and diversity of skills, experience, gender and knowledge required by the Board, and the size of the Board which would facilitate decision-making.
- (3) Annual review of independence of each Director, and to ensure that the Board comprises at least half of independent Directors.
- (4) Decide, where a Director has other listed company board representations and/or other principal commitments, whether the Director is able to and has been adequately carrying out his or her duties as Director.
- (5) Recommend to the Board the process for the evaluation of the performance of the Board, the Board committees and individual Directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each Director.
- (6) Annual assessment of the effectiveness of the Board as a whole and individual Directors.
- (7) Review the succession plans for the Board (in particular, the Chairman) and senior management (in particular, the CEO).
- (8) Review talent development plans.
- (9) Review the training and professional development programmes for Board members.
- (10) Review and recommend to the Board a framework of remuneration for Board members and key management personnel, and the specific remuneration packages for each Director as well as for the key management personnel.
- (11) Review the Manager's obligations arising in the event of termination of the executive Directors' and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous.
- (12) Consider whether Directors should be eligible for benefits under long-term incentive schemes (including weighing the use of share schemes against the other types of long-term incentive scheme).

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- (13) Administer the Manager's long-term incentive schemes in accordance with the rules of such schemes.
- (14) Report to the Board on material matters and recommendations.
- (15) Review the NRC's terms of reference annually and recommend any proposed changes to the Board.
- (16) Perform such other functions as the Board may determine.
- (17) Sub-delegate any of its powers within its terms of reference as listed above, from time to time as the NRC may deem fit.

Board Assessment Evaluation Processes

Board

Each Board member is required to complete a Board Evaluation Questionnaire and send the completed Questionnaire directly to the Independent Co-ordinator within five working days. An "Explanatory Note" is attached to the Questionnaire to clarify the background, rationale and objectives of the various performance criteria used in the Board Evaluation Questionnaire with the aim of achieving consistency in the understanding and interpretation of the questions. Based on the returns from each of the Directors, the Independent Co-ordinator prepares a consolidated report and briefs the NRC Chairman and Chairman on the report. Thereafter, the report is presented to the NRC and discussed by the Board with regards to changes which should be made to help the Board discharge its duties more effectively.

Individual Directors

In the assessment of the performance of the non-executive Directors, each Director is required to complete the non-executive Directors' assessment form and send the completed form directly to the Independent Co-ordinator within five working days. Each non-executive Director is also required to perform a self-assessment in addition to a peer assessment. Based on the returns, the Independent Co-ordinator prepares a consolidated report and briefs the NRC Chairman and Chairman. Thereafter, the report is presented to the NRC. Following the meeting and if necessary, the NRC Chairman will meet with non-executive Directors individually to provide feedback on their respective performance with a view to improving their board performance.

Chairman

The Chairman Evaluation Form is completed by each non-executive Director (other than the Chairman) and sent directly to the Independent Co-ordinator within five working days. Based on the returns from each of the non-executive Directors, the Independent Co-ordinator prepares a consolidated report and briefs the Chairman on the report. Thereafter, the report will be presented to the NRC.

Performance Criteria

The performance criteria for the board evaluation are in respect of board size and composition, board independence, board processes, board information and accountability, management in diversity, board performance in relation to discharging its principal functions and board committee performance in relation to discharging its responsibilities set out in its terms of reference. Based on the responses received, the Board continues to perform and fulfill its duties, responsibilities and performance objectives in accordance with the established Board processes of the Manager.

The individual Director's performance criteria are categorised into five segments; namely, (1) interactive skills (under which factors as to whether the Director works well with other Directors, and participates actively are taken into account); (2) knowledge (under which factors as to the Director's industry and business knowledge, functional expertise, whether he/she provides valuable inputs, his/her ability to analyse, communicate and contribute to the productivity of meetings, and his/her understanding of finance and accounts are taken into consideration); (3) Director's duties (under which factors as to the Director's board committee work contribution, whether the Director takes his/her role of Director seriously and works to further improve his/her own performance, whether he/she listens and discusses objectively and exercises independent judgment, and meeting preparation are taken into consideration); (4) availability (under which the Director's attendance at board and board committee meetings, whether he/she is available when needed, and his/her informal contribution via e-mail, telephone, written notes etc are considered); and (5) overall contribution, bearing in mind that each Director was appointed for his/her strength in certain areas which, taken together with the skill sets of the other Directors, provides the Board with the required mix of skills and competencies.

The assessment of the Chairman of the Board is based on his/her ability to lead, whether he/she established proper procedures to ensure the effective functioning of the Board, whether he/she ensured that the time devoted to board meetings was appropriate (in terms of number of meetings held a year and duration of each board meeting) for effective discussion and decision making by the Board, whether he/she ensured that information provided to the Board was adequate (in terms of adequacy and timeliness) for the Board to make informed and considered decisions, whether he/she guides discussions effectively so that there is timely resolution of issues, whether he/she ensured that meetings are conducted in a manner that facilitates open communication and meaningful participation, and whether he/she ensured that Board committees are formed where appropriate, with clear terms of reference, to assist the Board in the discharge of its duties and responsibilities.

Keppel REIT Management Whistle-Blower Policy

The Keppel Whistle-Blower Policy (the "Policy") was established 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 of the Manager 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 Manager or contract worker appointed by the Manager, 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:

- (a) is dishonest, including but not limited to theft or misuse of the resources owned by or under the management of the Manager;
- (b) is fraudulent;
- (c) is corrupt;
- (d) is illegal;
- (e) constitutes serious improper conduct;
- (f) constitutes an unsafe work practice; or
- (g) constitutes conduct which may cause financial or non-financial loss to the Manager or damage to the Manager's reputation.

A person who files a report or provides evidence which he or she knows to be false, or without a reasonable belief in the truth and accuracy of such information, will not be protected by the Policy and may be subject to administrative and/or disciplinary action.

Similarly, a person may be subject to administrative and/or disciplinary action if he or she subjects (i) a person who has made or intends to make a report in accordance with the Policy, or (ii) a person who was called or who may be called as a witness, to any form of reprisal which would not have occurred if he or she did not intend to, or had not made the report or be a witness.

The General Manager (Group Internal Audit) is the Receiving Officer for the purposes of the Policy, who is responsible for the administration, implementation and overseeing ongoing compliance with the Policy, and reports directly to the ARC Chairman on all matters arising under the Policy.

Reporting Mechanism

The Policy emphasises that the role of the Whistle-Blower is as a reporting party, and that Whistle-Blowers are not to investigate, or determine the appropriate corrective or remedial actions that may be warranted.

Employees of the Manager are encouraged to report suspected Reportable Conduct to their respective supervisors who are responsible for promptly informing the Receiving Officer, who in turn is required to promptly report to the ARC Chairman, of any such report. The supervisor must not start any investigation in any event. If any of the persons in the reporting line prefer not to disclose the matter to the supervisor and/or Receiving Officer (as the case may be), he or she may make the report directly to the ARC Chairman.

Other Whistle-Blowers (other than employees) may report a suspected Reportable Conduct to either the Receiving Officer or the ARC Chairman.

All reports and related communications will be documented by the person first receiving the report. The information disclosed should be as precise as possible so as to allow for proper assessment of the nature, extent and urgency of preliminary investigative procedures to be undertaken.

Whistle-Blowers must provide their names, phone numbers and addresses so that the Receiving Officer or ARC Chairman may, if need be, contact them for more information.

Investigation

Every report received (whether oral or written, and anonymous or otherwise) will be assessed by the Receiving Officer, who will review the information disclosed, interview the Whistle-Blower(s) when required and if contactable and, either exercising his/her own discretion or in consultation with the Whistle-Blower Committee, make recommendations to the ARC Chairman as to whether the circumstances warrant an investigation. If the ARC Chairman or, if the ARC Chairman consults the ARC, the ARC, determines that an investigation should be carried out, the ARC Chairman or, as the case may be, the ARC, shall determine the appropriate investigative process to be employed. The ARC Chairman will use his best endeavours to ensure that there is no conflict of interests on the part of any person involved in the investigations.

All employees of the Manager have a duty to cooperate with investigations initiated under the Policy. An employee may be placed on an administrative leave or an investigatory leave when it is determined by the ARC Chairman that it would be in the best interests

of the employee, the Manager or both. Such leave is not to be interpreted as an accusation or a conclusion of guilt or innocence of any employee, including the employee on leave. All participants in the investigation must also refrain from discussing or disclosing the investigation or their testimony with anyone not connected to the investigation. In no circumstance should such persons discuss matters relating to the investigation with the person(s) who is/are subject(s) of the investigation ("Investigation Subject(s)").

Identities of Whistle-Blowers, participants of the investigations and the Investigation Subject(s) will be kept confidential to the extent possible.

No Reprisal

No person will be subject to any reprisal for having made a report in accordance with the Policy or having participated in the investigation. A reprisal means personal disadvantage by:

- (a) dismissal;
- (b) demotion;
- (c) suspension;
- (d) termination of employment/contract;
- (e) any form of harassment or threatened harassment;
- (f) discrimination; and/or
- (g) current or future bias.

Any reprisal suffered may be reported to the Receiving Officer (who shall refer the matter to the ARC Chairman) or directly to the ARC Chairman. The ARC Chairman shall review the matter and determine the appropriate actions to be taken. Any protection does not extend to situations where the Whistle-Blower or witness has committed or abetted the Reportable Conduct that is the subject of allegation. However, the ARC Chairman will take into account the fact that he or she has cooperated as a Whistle-Blower or a witness in determining the suitable disciplinary measure to be taken against him or her.

Nature of Current Directors' Appointments and Membership on Board Committees

Director	Board Membership	Audit and Risk Committee Membership	Nominating and Remuneration Committee Membership
Mrs Penny Goh	Chairman and Independent Director	–	Chairman
Mr Tan Swee Yiow	Chief Executive Officer and Executive Director	–	–
Mr Lee Chiang Huat	Independent Director	Chairman	–
Mr Daniel Chan Choong Seng (resigning w.e.f 1 May 2018)	Independent Director	Member	–
Mr Lor Bak Liang	Independent Director	Member	Member
Ms Christina Tan Hua Mui	Non-Executive Director	–	Member
Mr Alan Rupert Nisbet	Independent Director	Member	–

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Guideline	Questions	How has the Company complied?
General		
	<p>(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</p> <p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?</p>	<p>Yes, save in respect of the guidelines on disclosure of remuneration where, in order not to hamper the Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the REIT industry where poaching of senior management is commonplace, the Manager is disclosing the remuneration of the CEO in bands of \$250,000, and is not disclosing the aggregate total remuneration paid to the top five key management personnel (who are not Directors or the CEO).</p> <p>The information under the Annual Remuneration Report in pages 63 to 66 of the Annual Report enables investors to understand the link between remuneration paid to Directors and key management personnel, and performance.</p>
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	The Manager has adopted a set of internal guidelines which sets out the financial authority limits for investment/business acquisition and divestment, operating/capital expenditure, capital management, leasing, disposal and write-off of assets and corporate matters that require the approval of the Board.
Members of the Board		
Guideline 2.6	<p>(a) What is the Board's policy with regard to diversity in identifying director nominees?</p> <p>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</p> <p>(c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</p>	<p>The Nominating and Remuneration Committee (NRC) reviews annually the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision making. In light of such review and in consultation with management, the NRC assesses if there is any inadequate representation in respect of any of those attributes and if so, prepares a description of the role and the essential and desirable competencies for a particular appointment.</p> <p>The NRC is satisfied that the Board and Board committees comprise directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge, as well as core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning and customer-based experience or knowledge, required for the Board and the Board committees to be effective. In this respect, the Board recognises the merits of gender diversity in relation to the composition of the Board and, in identifying candidates for new appointment to the Board, would consider suitable female candidates. Having said that, gender is but one aspect of diversity and new Directors will continue to be selected based on objective criteria set out as part of the process for appointment of new Directors and Board succession planning. As of 31 December 2017, there were two female Directors out of a total of seven Directors on the Board.</p> <p>There is a process of refreshing the Board progressively.</p> <p>See Guideline 4.6 below on the process for nomination of new directors and Board succession planning.</p>
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	<p>For new directors</p> <p>(a) The NRC reviews the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making.</p> <p>(b) In light of such review and in consultation with management, the NRC assesses if there is any inadequate representation in respect of those attributes and if so, prepares a description of the role and the essential and desirable competencies for a particular appointment.</p> <p>(c) External help (for example, the Singapore Institute of Directors, search consultants, open advertisement) to be used to source for potential candidates if need be. Directors and management may also make suggestions.</p> <p>(d) The NRC meets with the short-listed candidate(s) to assess suitability and to ensure that the candidate(s) is/are aware of the expectations and the level of commitment required.</p> <p>(e) The NRC makes recommendations to the Board for approval.</p> <p>For incumbent directors</p> <p>The appointment of each of the Directors is subject to endorsement and re-endorsement by Unitholders by way of an ordinary resolution at the Annual General Meetings of Unitholders. The details of the endorsement process are set out on pages 60 and 61 of the Annual Report.</p> <p>The NRC recommends the endorsement and re-endorsement of Directors to the Board for approval, having regard to the Director's contribution and performance (such as attendance, preparedness, participation and candour), with reference to the results of the assessment of the performance of the individual Director.</p>

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Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
Guideline 1.6	(a) Are new directors given formal training? If not, please explain why.	Yes, all new Directors undergo a comprehensive orientation programme.
	(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?	All Directors are provided with continuing education in areas such as directors' duties and responsibilities, corporate governance, changes in financial reporting standards, insider trading, changes in the Companies Act and the CIS Code, and industry-related matters.
Guideline 4.4	(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?	Directors should not have more than six listed company board representations and/or other principal commitments. This serves as a guide and the NRC takes into account other factors in deciding on the capacity of a Director.
	(b) If a maximum number has not been determined, what are the reasons?	N.A.
	(c) What are the specific considerations in deciding on the capacity of directors?	The NRC takes into account the results of the annual assessment of the effectiveness of the individual Director, and the respective Directors' actual conduct on the Board, in determining whether a Director with other listed company board representations and/or other principal commitments is able to and has been adequately carrying out his duties as a Director of the Manager.
Board Evaluation		
Guideline 5.1	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	An independent third party (the "Independent Co-ordinator") was appointed to assist in collating and analysing the returns of the Board members for the annual assessment. Mr Nelson Tan, director of tax at A Tax Advisor Pte Ltd, was appointed for this role. Based on the returns from each of the Directors, the Independent Co-ordinator prepared a consolidated report and briefed the Board Chairman on the report. Thereafter, the report was presented to the NRC and discussed by the Board with regards to changes which should be made to help the Board discharge its duties more effectively. The detailed process for the conduct of the assessment is set out on page 74 of the Annual Report.
	(b) Has the Board met its performance objectives?	Yes.
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes.
Guideline 2.3	(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.	Mr Lee Chiang Huat is deemed independent by the Board notwithstanding that he is a director of Keppel DC REIT Management Pte Ltd (the manager of Keppel DC REIT) which is a related corporation of the substantial shareholder of the Manager and the substantial unitholder of Keppel REIT, namely Keppel Corporation Limited ("Keppel Corporation").
		Mr Daniel Chan Choong Seng is deemed independent by the Board notwithstanding that he is the Managing Director and shareholder of DCG Capital Pte Ltd ("DCG Capital") which manages a fund which Keppel Corporation, through one of its wholly-owned subsidiaries, was previously invested in. As of 1 July 2017, the account has been closed.
		Mrs Penny Goh is deemed independent by the Board notwithstanding that she is Co-Chairman and Senior Partner of Allen & Gledhill LLP ("A&G") which is one of the Singapore law firms providing legal services to Keppel REIT and the Keppel Group.
		Mr Alan Rupert Nisbet is deemed independent by the Board notwithstanding that he is a non-executive director of (i) KrisEnergy Ltd ("KrisEnergy") which is an associated company of the substantial shareholder of the Manager and substantial unitholder of Keppel REIT, namely Keppel Corporation, and (ii) Ascendas Property Fund Trustee Pte. Ltd. (the trustee-manager of Ascendas India Trust) ("AI-Trust Manager") which is a subsidiary of the substantial shareholder of the Manager and substantial unitholder of Keppel REIT, namely Temasek Holdings (Private) Limited ("Temasek").

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Guideline	Questions	How has the Company complied?
Guideline 2.3 (cont'd)	(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	<p>Taking into consideration (1) that Mr Lee Chiang Huat serves as an independent non-executive director of Keppel DC REIT Management Pte Ltd (the manager of Keppel DC REIT), (2) Mr Lee having declared that he is not in any employment relationship with the Keppel Group and is not under any obligation to act in accordance with the directions, instructions or wishes of the Keppel Group, and (3) the instances of constructive challenge and probing of management by Mr Lee at the Board and the Board committee meetings of the Manager, the Board is satisfied that Mr Lee's independent judgment and ability to act in the interests of all the unitholders of Keppel REIT as a whole will not be impeded.</p> <p>Taking into consideration (1) Mr Daniel Chan Choong Seng having declared that (a) DCG Capital is a licensed fund manager regulated by MAS and its services to Keppel Corporation do not involve Keppel REIT, (b) the fees which DCG Capital received from Keppel Corporation is less than 10% in relation to DCG Capital's overall revenue, and (c) he does not regard the past business relationship which DCG Capital has with Keppel Corporation as something which could interfere with or be reasonably regarded as interfering with his exercise of independent judgment and ability to act in the best interests of Keppel REIT as a whole in the discharge of a director's duties, and (2) the instances of constructive challenge and probing of management by Mr Chan at the Board and the Board committee meetings of the Manager, the Board is satisfied that Mr Chan's independent judgment and ability to act in the interests of all the unitholders of Keppel REIT as a whole will not be impeded.</p> <p>Taking into consideration (1) Mrs Penny Goh having declared that (a) she does not hold a substantial partnership interest in A&G and the legal fees which A&G receives from Keppel Group are insubstantial in relation to A&G's overall revenue, (b) in relation to A&G's legal work for Keppel REIT, she does not personally represent Keppel REIT in such transactions, and (c) she does not regard the business relationship which A&G has with Keppel REIT and the Keppel Group as something which could interfere with or be reasonably regarded as interfering with her exercise of independent judgment and ability to act in the best interests of Keppel REIT as a whole in the discharge of a director's duties, and (2) the instances of constructive challenge and probing of management by Mrs Goh at the Board and the Board committee meetings of the Manager, the Board is satisfied that Mrs Goh's independent judgment and ability to act in the interests of all the unitholders of Keppel REIT as a whole will not be impeded.</p> <p>Taking into consideration (1) Mr Alan Rupert Nisbet having declared that (a) he serves on the KrisEnergy board in his personal capacity as an independent director, and not as a representative or nominee of the Keppel Group, (b) he serves on the AI-Trust Manager board in his personal capacity as an independent director, and not as a representative or nominee of Temasek, and (c) he is not in any employment relationship with the Keppel Group or Temasek and is not under any obligation to act in accordance with the directions, instructions or wishes of the Keppel Group or Temasek, and (2) the instances of constructive challenge and probing of management by Mr Nisbet at the Board meeting of the Manager, the Board is satisfied that Mr Nisbet's independent judgment and ability to act in the interests of all the unitholders of Keppel REIT as a whole will not be impeded.</p>
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	No.
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	<p>Yes. Although the remuneration of the Directors and employees of the Manager is paid by the Manager and not by Keppel REIT, the Manager has disclosed the level and mix of the remuneration of its Directors, CEO and key management personnel on page 65 of the Annual Report.</p> <p>In order not to hamper the Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the REIT industry where poaching of senior management is commonplace, the Manager is disclosing the remuneration of the CEO in bands of \$250,000.</p>

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Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
Guideline 9.3	<p>(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</p> <p>(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not directors or the CEO).</p>	<p>Yes. The level and mix of the remuneration of the CEO and each of the key management personnel, in bands of \$250,000, are set out on page 65 of the Annual Report.</p> <p>The Manager has less than five key management personnel other than the CEO. In order not to hamper the Manager's efforts to retain and nurture its talent pool and given the highly competitive conditions in the REIT industry where poaching of senior management is commonplace, the Manager is not disclosing the aggregate total remuneration paid to the top five key management personnel (who are not Directors or the CEO). The Manager is of the view that such disclosure or non-disclosure (as the case may be) will not be prejudicial to the interests of Unitholders as sufficient information is provided on the Manager's remuneration framework to enable Unitholders to understand the link between the remuneration paid to the CEO and its key management personnel, and performance as set out on pages 63 to 66.</p>
Guideline 9.4	<p>Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.</p>	<p>No. There are no such employees.</p>
Guideline 9.6	<p>(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.</p> <p>(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?</p> <p>(c) Were all of these performance conditions met? If not, what were the reasons?</p>	<p>The remuneration structure is directly linked to corporate and individual performances, both in terms of financial and non-financial performances, as well as the creation of wealth for Unitholders. This is achieved in the following ways:</p> <ol style="list-style-type: none"> (1) by placing a significant portion of the executive's remuneration at risk ("at-risk component") and subject to a vesting schedule; (2) by incorporating appropriate key performance indicators ("KPIs") for awarding of annual cash incentives: <ol style="list-style-type: none"> a. there are four scorecard areas that the Manager has identified as key to measuring its performance: <ol style="list-style-type: none"> i. Financial and Business Drivers; ii. Process; iii. Stakeholders; and iv. People. <p>Some of the key sub-targets within each of the scorecard areas include key financial indicators, safety goals, risk management, compliance and controls measures, corporate social responsibilities activities, employee engagement, talent development and succession planning;</p> b. the four scorecard areas have been chosen because they support how the Manager 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 Manager's overall strategic goals. The NRC reviews and approves the scorecard annually; (3) by selecting performance conditions for the KRML PUP such as Distribution Per Unit and Total Unitholder Returns for equity awards that are aligned with Unitholders' interests; (4) 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 (5) forfeiture of the at-risk components of remuneration when those KPIs or conditions are not met at a satisfactory level.

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Guideline	Questions	How has the Company complied?
Guideline 9.6 (cont'd)		<p>The NRC also recognises the need for a reasonable alignment between risk and remuneration to discourage excessive risk taking. Therefore, in reviewing the remuneration structure, the NRC had taken into account the risk policies and risk tolerance of Keppel REIT and the Manager as well as the time horizon of risks, and incorporated risks-adjustments into the remuneration structure through several initiatives, including but not limited to:</p> <ol style="list-style-type: none"> (1) Prudent funding of annual performance bonus; (2) Granting a portion of the annual performance bonus in the form of deferred Units, to be awarded under the RUP; (3) Vesting of contingent Unit awards under the PUP being subjected to KPIs and/or performance conditions being met; and (4) Potential forfeiture of variable incentives in any year due to misconduct. <p>The NRC 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 Manager's risk profile.</p> <p>In determining the actual quantum of the variable component of remuneration, the NRC had taken into account the extent to which the performance conditions set forth above have been met. The NRC is of the view that remuneration is aligned to performance during FY 2017.</p> <p>In order to align the interests of the CEO and key management personnel with those of the Unitholders, the CEO and key management personnel are remunerated partially in the form of Units owned by the Manager and are encouraged to hold such Units while they remain in the employment of the Manager.</p> <p>Please refer to pages 63 to 66 of the Annual Report for details.</p>
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	<p>Management provides the Board with relevant and accurate information in a timely manner relating to matters to be brought before the Board, prior to Board meetings and on an ongoing basis.</p> <p>As a general rule, Board papers are required to be sent to Directors at least seven days before each Board meeting. However, sensitive matters may be tabled at the Board meeting itself or discussed without any papers being distributed prior to the Board meeting. Members of the management team who can provide additional insight into the matters at hand would be present at the relevant time during the Board meeting. The Board has separate and independent access to the Manager's senior management for further clarification if required.</p> <p>The information provided to the Board includes financial results, market and business developments, and business and operational information. Such reports keep the Board informed, on a balanced and understandable basis, of Keppel REIT's performance, financial position and prospects. The financial results are also compared against the budgets, together with explanations given for significant variances for the reporting period.</p> <p>Management also surfaces key risk issues for discussion and confers with the ARC and the Board regularly.</p>
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Keppel REIT's and the Manager's internal audit functions are performed by Keppel Corporation Limited's Group Internal Audit department.

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Guidelines for Disclosure

Guideline	Questions	How has the Company complied?
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	<p>The Board oversees Keppel REIT's and the Manager's system of internal controls and risk management with the support from the ARC.</p> <p>The Board's view on the adequacy and effectiveness of Keppel REIT's and the Manager's internal controls and risk management system is based on the framework of management control, the internal control and risk management policies and procedures established and maintained by Keppel REIT and the Manager, and the regular audits, monitoring and reviews performed by the internal auditor and external auditor. The ARC has concurred with this view.</p>
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes.
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year.	For FY 2017, an aggregate amount of \$284,000, comprising non-audit service fees of \$9,000 and audit service fees of \$275,000, was paid/payable to the external auditor of Keppel REIT and its subsidiaries.
	(b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors.	<p>The ARC undertook a review of the independence and objectivity of the external auditor through discussions with the external auditor as well as reviewing the non-audit fees awarded to them, and has confirmed that the non-audit services performed by the external auditor would not affect their independence.</p> <p>In determining the independence of the external auditor, the ARC reviewed all aspects of Keppel REIT's relationships with it including the processes, policies and safeguards adopted by Keppel REIT and the external auditor relating to audit independence. The ARC also considered the nature of the provision of the non-audit services in 2017 and the corresponding fees and ensured that such non-audit fees did not impair or threaten the audit independence. Based on the review, the ARC is of the opinion that the external auditor is, and is perceived to be, independent for the purpose of Keppel REIT's statutory financial audit.</p>
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	Yes. In 2017, the Manager engaged a total of 257 local and foreign investors and analysts in meetings, conferences, post-results engagements and site visits in Singapore, Kuala Lumpur, Hong Kong, Tokyo, Seoul and Sydney.
	(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?	Yes.
	(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?	Engagement with Unitholders and other key stakeholders takes several forms including half- and full-year results briefings, corporate announcements, email communications, publications and content on Keppel REIT's website. In addition to Unitholder meetings, senior management also meet with investors, analysts and the media as well as participate in conference calls, roadshows and industry conferences organised by major brokerage firms to solicit and understand the views of the investment community.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	N.A.

Corporate Governance

Code of Corporate Governance 2012

Specific Principles and Guidelines for Disclosure

Relevant Principle of Guideline	Page Reference
Guideline 1.3 Delegation of authority, by the Board to any board committee, to make decisions on certain board matters	Page 58
Guideline 1.4 The number of meetings of the Board and board committees held in the year, as well as the attendance of every board member at these meetings	Page 58
Guideline 1.5 The type of material transactions that require board approval under guidelines	Page 59
Guideline 1.6 The induction, orientation and training provided to new and existing directors	Page 59
Guideline 2.3 The Board should identify in the company's Annual Report each director it considers to be independent. Where the Board considers a director to be independent in spite of the existence of a relationship as stated in the Code that would otherwise deem a director not to be independent, the nature of the director's relationship and the reasons for considering him as independent should be disclosed	Page 61
Guideline 2.4 Where the Board considers an independent director, who has served on the Board for more than nine years from the date of his first appointment, to be independent, the reasons for considering him as independent should be disclosed.	Not applicable
Guideline 3.1 Relationship between the Chairman and the CEO where they are immediate family members	Not applicable
Guideline 4.1 Names of the members of the NC and the key terms of reference of the NC, explaining its role and the authority delegated to it by the Board	Pages 60 and 73 to 74
Guideline 4.4 The maximum number of listed company board representations which directors may hold should be disclosed	Page 62
Guideline 4.6 Process for the selection, appointment and re-appointment of new directors to the Board, including the search and nomination process	Page 60
Guideline 4.7 Key information regarding directors, including which directors are executive, non-executive or considered by the NC to be independent	Pages 13 to 15
Guideline 5.1 The Board should state in the company's Annual Report how assessment of the Board, its board committees and each director has been conducted. If an external facilitator has been used, the Board should disclose in the company's Annual Report whether the external facilitator has any other connection with the company or any of its directors. This assessment process should be disclosed in the company's Annual Report	Pages 62 and 74
Guideline 7.1 Names of the members of the RC and the key terms of reference of the RC, explaining its role and the authority delegated to it by the Board	Pages 60 and 73 to 74
Guideline 7.3 Names and firms of the remuneration consultants (if any) should be disclosed in the annual remuneration report, including a statement on whether the remuneration consultants have any relationships with the company	Page 63
Principle 9 Clear disclosure of remuneration policies, level and mix of remuneration, and procedure for setting remuneration	Pages 63 to 66
Guideline 9.1 Remuneration of directors, the CEO and at least the top five key management personnel (who are not also directors or the CEO) of the company. The annual remuneration report should include the aggregate amount of any termination, retirement and post-employment benefits that may be granted to directors, the CEO and the top five key management personnel (who are not directors or the CEO)	Pages 63 to 66

Code of Corporate Governance 2012

Specific Principles and Guidelines for Disclosure

Relevant Principle of Guideline	Page Reference
<p>Guideline 9.2 Fully disclose the remuneration of each individual director and the CEO on a named basis. There will be a breakdown (in percentage or dollar terms) of each director's and the CEO's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives</p>	Pages 63 to 66
<p>Guideline 9.3 Name and disclose the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands of S\$250,000. There will be a breakdown (in percentage or dollar terms) of each key management personnel's remuneration earned through base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives. In addition, the company should disclose in aggregate the total remuneration paid to the top five key management personnel (who are not directors or the CEO). As best practice, companies are also encouraged to fully disclose the remuneration of the said top five key management personnel</p>	Pages 63 to 66
<p>Guideline 9.4 Details of the remuneration of employees who are immediate family members of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year. This will be done on a named basis with clear indication of the employee's relationship with the relevant director or the CEO. Disclosure of remuneration should be in incremental bands of S\$50,000</p>	Page 66
<p>Guideline 9.5 Details and important terms of employee share schemes</p>	Pages 63 to 66
<p>Guideline 9.6 For greater transparency, companies should disclose more information on the link between remuneration paid to the executive directors and key management personnel, and performance. The annual remuneration report should set out a description of performance conditions to which entitlement to short-term and long-term incentive schemes are subject, an explanation on why such performance conditions were chosen, and a statement of whether such performance conditions are met</p>	Pages 63 to 66
<p>Guideline 11.3 The Board should comment on the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems</p> <p>The commentary should include information needed by stakeholders to make an informed assessment of the company's internal control and risk management systems</p> <p>The Board should also comment on whether it has received assurance from the CEO and the CFO: (a) that the financial records have been properly maintained and the financial statements give true and fair view of the company's operations and finances; and (b) regarding the effectiveness of the company's risk management and internal control systems.</p>	Pages 67 to 69
<p>Guideline 12.1 Names of the members of the AC and the key terms of reference of the AC, explaining its role and the authority delegated to it by the Board</p>	Pages 66 and 73
<p>Guideline 12.6 Aggregate amount of fees paid to the external auditors for that financial year, and breakdown of fees paid in total for audit and non-audit services respectively, or an appropriate negative statement</p>	Page 66
<p>Guideline 12.7 The existence of a whistle-blowing policy should be disclosed in the company's Annual Report</p>	Pages 74 and 75
<p>Guideline 12.8 Summary of the AC's activities and measures taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements</p>	Pages 66 and 67
<p>Guideline 15.4 The steps the Board has taken to solicit and understand the views of the shareholders e.g. through analyst briefings, investor roadshows or Investors' Day briefings</p>	Pages 69 and 70
<p>Guideline 15.5 Where dividends are not paid, companies should disclose their reasons.</p>	Not applicable

Risk Management

Sound and effective risk management remains an integral part of Keppel REIT’s business strategy.

A sound and robust risk management framework ensures that the Manager is ready to meet challenges and seize opportunities.

The Enterprise Risk Management (ERM) framework, which forms part of Keppel REIT’s System of Management Controls, provides a holistic and systematic approach to risk management. It outlines the reporting structure, monitoring mechanisms, specific risk management processes and tools, as well as Keppel REIT’s policies and limits in addressing and managing key risks identified. The ERM framework also allows Keppel REIT to respond promptly and effectively in the constantly evolving business landscape.

Robust ERM Framework

The Manager adopts a five-step risk management process comprising risk identification, risk assessment, formulation of risk mitigation measures, communication and implementation, as well as monitoring and review. The ERM framework is dynamic and evolves to adapt to the changing business environment.

The risk assessment takes into account both the impact and likelihood of occurrence, and covers the investment, financial, operational and reputational aspects of Keppel REIT’s business. Tools such as a risk rating matrix, key risk indicators (KRIs) and risk register assist the Manager in its risk management process.

The Board is responsible for governing risks and ensuring that the Manager maintains a sound risk management system and internal controls to safeguard Unitholders’

interests and Keppel REIT’s assets. Assisted by the Audit and Risk Committee (ARC), the Board provides valuable advice to management in formulating various risk policies and guidelines. The terms of reference of the ARC are disclosed on page 73 of this Report.

The Board and management meet quarterly or more frequently, when necessary, to review Keppel REIT’s performance; assess its current and future operating, financial and investment risks; as well as respond to feedback from the compliance manager and auditors.

The Board, assisted by the ARC, has in place three Risk Tolerance Guiding Principles for the Manager and Keppel REIT. These principles, which determine the nature and extent of the significant risks that the Board is willing to take in achieving its strategic objectives, include:

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

The risk management assessment framework also determines the adequacy and effectiveness of the risk management

system within Keppel REIT. In 2017, the Board has assessed and deemed Keppel REIT’s risk management system to be adequate and effective in addressing the key risks identified below:

1. Operational Risk

- All operations are aligned with Keppel REIT’s strategies to ensure income sustainability and maximise distributable income growth. Measures include prompt lease renewals to reduce rental voids, monitoring of rental payments to minimise rental arrears and bad debts, as well as controlling property expenses to maximise net property income.
- Standard operating procedures are reviewed regularly and industry best practices are incorporated into daily operations.
- The Manager actively engages and fosters close relationships with tenants to manage a well-spread lease expiry profile.
- Business continuity plans are tested regularly to ensure Keppel REIT is able to respond effectively to disruptions resulting from internal and external events, while continuing its critical business functions and minimising impact on its people, operations and assets.
- Keppel REIT’s assets undergo regular external audits to ensure that safety standards and procedures are implemented and up-to-date.
- For assets that are co-owned, the Manager works closely with the property managers and co-owners to optimise asset

5-Step Risk Management Process



performance and control property expenses. The Manager and co-owners jointly assess and approve all leases and capital expenditures. The Manager also attends regular operational meetings to ensure that the assets are well-managed.

- Asset enhancement works are conducted, when applicable, to ensure that the properties remain competitive.

2. Financing Risk

- Liquidity and financing risks are managed in accordance with established guidelines and policies. The Manager proactively monitors its cash flow, debt maturity profile, gearing and liquidity positions, including diversifying its funding sources and managing tenure of borrowings, to ensure a well-staggered debt maturity profile.
- The Manager maintains a robust cash flow position and ensures that there are sufficient working capital lines to meet financial obligations.

3. Exposure to Financial Markets Risk

- The Manager constantly monitors exposure to foreign exchange and interest rates. It utilises various financial instruments, where appropriate, to hedge against such risks.
- As at end 2017, approximately 77% of its borrowings are on fixed rates.
- In 2017, the Manager adhered to its policy and forward-hedged its income from the Australian assets.

4. Credit Risk

- Creditworthiness of tenants is assessed prior to signing of lease agreements. Credit risks are further mitigated through the upfront collection of security deposits, where applicable.
- Systematic rental collection procedures are implemented to ensure regular collection of rents, thereby preventing rental arrears.

5. Investment Risk

- Comprehensive due diligence is conducted prior to any proposed transaction to assess and evaluate potential investment risks. All investment proposals are evaluated objectively based on the Manager's investment criteria, as well as the target asset's specifications, location, expected returns, yield accretion, growth potential and performance sustainability, taking into account the prevailing economic climate and market conditions.



- The Board reviews and approves all investment proposals only after evaluating the feasibilities and risks involved.
- To manage concentration risk, the effect of each proposed transaction on the Singapore-overseas ratio is assessed before any transaction.
- Considered risks are taken in a controlled manner, exercising the spirit of enterprise as well as prudence to earn the optimal risk-adjusted returns on invested capital.

6. Compliance Risk

- The Manager, being a Capital Markets Services Licence holder, complies with applicable laws and regulations, including the Listing Rules of the Singapore Exchange, Code on Collective Investment Schemes, Property Fund Appendix and conditions of the Capital Markets Services Licence for REIT Management issued by the Monetary Authority of Singapore under the Securities and Futures Act, as well as the tax rulings issued by the Inland Revenue Authority of Singapore.
- The Manager closely monitors changes in legislations and regulations, as well as new developments in its operating environment.
- Keppel REIT and the Manager undergo regular internal and external audits to ensure that they adhere to relevant policies and processes.
- Recognising that non-compliance with laws and regulations has potential significant reputational and financial impact, particular emphasis is placed on regulatory compliance in all of Keppel REIT's business operations.

1. Regular emergency drills and exercises are carried out in Keppel REIT's properties.

Environmental Responsibility

The Manager adopts a proactive and holistic approach towards environmental management and seeks to improve the sustainability performance of its buildings.

Environmental Management

The Manager adopts a holistic and proactive approach towards environmental management and is guided by Keppel REIT's Environmental, Social and Governance Policy, which seeks to minimise impacts such as resource depletion, GHG emissions and waste generation.

The environmental management systems put in place by the Manager provide a systematic framework for performance assessment. In managing its properties, the Manager aligns itself with global environmental standards including the International Organisation for Standardisation's ISO 14001:2015. In addition, new or updated legal requirements pertaining to environmental issues are reviewed by the Manager quarterly. Staff are also encouraged to report any incidences of non-compliance of environmental laws or regulations.

Sustainability Benchmarks

Keppel REIT's properties have been awarded internationally-recognised green certifications by leading industry bodies including the Building and Construction Authority (BCA) of Singapore. The BCA Green Mark Scheme incorporates international best practices in environmental design and performance, and the Platinum certification is awarded only to exemplary projects that demonstrate environmentally sustainable building practices and innovative green features.

Keppel REIT is the only REIT that has all its Singapore assets certified Platinum under the BCA Green Mark Scheme. In Australia, the majority of our assets have achieved 5 Stars NABERS Energy rating.

Stakeholder Engagement

The Manager actively engages stakeholders such as its partners, tenants, suppliers and service providers, through regular training sessions and seminars to share and encourage the adoption of sustainable best practices.

The Manager continues to work with its tenants to roll out green initiatives at workplaces. For example, Green Fit-Out and Green Office Operation Guides are distributed to encourage tenants to retrofit and operate green workspaces. Recycling bins and electronic waste collection points are also available at Keppel REIT's properties to encourage recycling efforts.

Keppel REIT, in collaboration with Keppel Land, works with other organisations to raise environmental awareness among stakeholders.

In 2017, eco-activities and initiatives which Keppel REIT supported and rallied its tenants and staff to participate include the following:

- Eco-Action Day: to encourage organisations and individuals to pledge green actions for an eco-friendlier Singapore;

- National Geographic Earth Day Run: to raise funds for climate change initiatives; and
- The premiere screening of "An Inconvenient Sequel: Truth to Power", a documentary which supports climate action.

Environmental Targets

Keppel REIT has set the following environmental targets, with 2010 as the base year:

- Reduce energy usage intensity by 30% by 2030;
- Reduce GHG emissions intensity by 30% by 2030; and
- Reduce water usage intensity by 60% by 2030

Through the implementation of energy and water conservation initiatives, as well as harnessing of technology and innovations to reduce resource consumption and GHG emissions at its properties, Keppel REIT is on track to achieving these reduction targets by 2030.

Environmental Performance¹

Energy and Water Consumption

Total energy consumption, which comprises electricity, district cooling, direct cooling and heating at Keppel REIT's properties, was about 45,000 MWh in 2017. Building energy intensity, or energy use per gross floor area, was at around 0.122 MWh/m² in 2017, a 2% reduction from 2016's level.

Total water consumption for Keppel REIT's properties was about 210,000 m³ in 2017. Water intensity, or water use per gross floor area, was about 0.536 m³/m², a decrease of 4% as compared to 2016.

Waste Management

Keppel REIT aims to manage waste at its properties responsibly. Recycling bins and electronic waste collection points are placed at Keppel REIT's properties for use by tenants and the public. Green campaigns are also regularly organised to remind and encourage tenants to reduce and recycle waste.

In 2017, the total non-hazardous waste generated and disposed amounted to around 3,200 tonnes. Waste intensity, or waste generated per gross floor area, was about 0.01 tonne/m² in 2017, which is comparable to that of 2016.



1. The Manager seeks to inculcate a sense of environmental responsibility among its stakeholders, including tenants (pictured), through various initiatives such as PUB's Save Water campaign.

Sustainability Awards

	Awards	Year
Keppel REIT	Global Real Estate Sustainability Benchmark (GRESB) 2017 achievements:	
	2nd among 13 Asian listed office entities	2017
	3rd among 52 Asian listed companies	2017
Singapore		
Ocean Financial Centre	BCA Green Mark Platinum	2016/2013/2008
	BCA Green Mark Pearl	2016
	BCA Green Mark Office Interior – Gold ^{PLUS} (Management Office)	2016
	PUB Water Efficient Building (Gold)	2015
	ASEAN Energy Awards – Large Building	2015
	SS 577 – Water Efficiency Management System (WEMS) Certification	2015
	Skyrise Greenery Award – Excellence Award	2013
	US LEED Platinum Certification – Core and Shell	2009
Bugis Junction Towers	BCA Green Mark Platinum	2017/2014
	BCA Green Mark Office Interior – Gold ^{PLUS} (Management Office)	2016
	ASEAN Energy Awards	2016
	PUB Water Efficient Building (Silver)	2015
Marina Bay Financial Centre (Towers 1 and 2)	BCA Green Mark Platinum	2017
	BCA Green Mark Office Interior – Platinum (Management Office)	2017
	PUB Water Efficient Building (Gold)	2015
	SS577 – Water Efficiency Management System	2015
Marina Bay Financial Centre (Tower 3)	BCA Green Mark Platinum	2016
	BCA Green Mark Pearl	2015
	PUB Water Efficient Building (Gold)	2015
	SS577 – Water Efficiency Management System	2015
One Raffles Quay	BCA Green Mark Platinum	2016
	SS577 – Water Efficiency Management System	2015
	PUB Water Efficient Building (Silver)	2014
Australia		
8 Chifley Square, Sydney	5 Stars NABERS Energy rating	2017/2016
	GBCA 6 Star Green Star – Office Design v2	2012
8 Exhibition Street, Melbourne	5 Stars NABERS Energy rating	2017/2016
	275 George Street, Brisbane	5 Stars NABERS Energy rating
David Malcolm Justice Centre, Perth	GBCA 5 Star Green Star – Office As Built v2	2010
	GBCA 5 Star Green Star – Office Design v2	2008
	GBCA 5 Star Green Star – Office As Built v3	2017
	GBCA 5 Star Green Star – Office Design v3	2013

Intensity

Energy (MWh/m²)

2017		0.122
2016		0.124

GHG Emissions (tonne/m²)

2017		0.058
2016		0.062

Water (m³/m²)

2017		0.536
2016		0.559

GHG Emissions

Keppel REIT is committed to reduce GHG emission levels, through initiatives to improve the energy efficiency of its properties.

Total GHG emissions² in 2017 was about 45,000 tonnes of carbon dioxide equivalent, translating into GHG emissions intensity of 0.058 tonne/m² of gross floor area in 2017, a reduction of about 6% from 2016's level.

Where feasible, Keppel REIT also explores the use of renewable sources to reduce GHG emissions. For example, Ocean Financial Centre and Bugis Junction Towers have solar panels which harvested close to 254,000 kWh of

electricity and in turn reduced about 188 tonnes of GHG emissions³ in 2017.

Compliance

There have been no incidences of non-compliance with environmental laws and regulations in 2017.

¹ The data on environmental performance of some assets was annualised for 2017, as not all finalised data was available at the time of publication of this report.

² Conversion factors for GHG emissions were obtained from the relevant service providers and local authorities, such as the Australian Government's Department of Climate Change and Energy Efficiency.

³ 100 kWh of renewable energy harvested is equivalent to 0.074 tonne of carbon dioxide emission.

Safety and Health

The Manager fosters a strong safety culture and ensures a safe environment for all its stakeholders.

As part of the Keppel Group, the Manager is guided by the Keppel Workplace Safety and Health Strategy, which aims to reduce the occurrence of occupational injuries through the adoption of best practices. The strategy is driven by four key aspects:

- Implementing an effective safety management system;
- Communicating safety and health-related matters regularly;
- Equipping employees with safety and health knowledge; and
- Honouring and recognising employees and contractors for safety excellence.

Strong Culture

The Manager upholds safety as one of its core values. Safety-related messages are communicated to employees regularly to promote safety awareness and encourage employees to take ownership of safety. All staff adhere to the safety and health regulations, safety policies and principles as stipulated in the Keppel Safety Disciplinary Code and Employee Handbook. Employees are also encouraged to be forthcoming in reporting any safety lapses that they come across.

To ensure that the property managers' site staff and tenants are familiar with the building's emergency evacuation procedures, the Manager conducts fire and evacuation drills at least

once a year at all of Keppel REIT's Singapore properties. For its properties in Australia, all fire wardens, including those of tenants, are required to undergo bi-annual training sessions conducted by external accredited trainers. The Manager also carries out business continuity plans and emergency drills for scenarios such as a pandemic or security lock-down.

Annual safety audits are carried out at Keppel REIT's properties to ensure compliance with the relevant laws and regulations, as well as industry best practices. Any safety and health issues which are identified during these safety audits are addressed by the Manager and the respective property managers.

Safety Recognition

Testament to its continuous work with vendors along its supply chain to improve their safety and health performance, Keppel REIT Property Management Pte Ltd, the property manager for Ocean Financial Centre and Bugis Junction Towers, was recertified as a bizSAFE Partner for another two years from 2017 to 2019 and was also recertified with the bizSAFE Star from 2017 to 2020.

Raffles Quay Asset Management Pte Ltd, the property manager for Marina Bay Financial Centre and One Raffles Quay, was also recertified as a bizSAFE Partner from 2018 to 2020 and recertified with the bizSAFE Star from 2017 to 2020.



Safety Recognition

bizSAFE Partner

Keppel REIT Property Management and Raffles Quay Asset Management were both recertified as bizSAFE Partners.

Safety Performance

Zero

Incidents and fatalities for the Manager and property managers in 2017.



Stakeholders Engagement

The Manager believes all accidents can be prevented. In this aspect, the Manager has adopted various platforms to facilitate learning, as well as the sharing of best practices and experiences among its employees, staff of the property managers, contractors and partners. These platforms include the annual Keppel Group Safety Convention, regular safety-related publications and an e-safety portal. Posters highlighting safe work practices are also put up at Keppel REIT’s properties and in the Manager’s office to share and communicate important safety messages.

The Manager’s employees and staff of the property managers are encouraged to embrace safety as a personal and collective responsibility. They also receive regular updates on safety-related matters, including company safety policies, action plans and incident-reporting procedures. All new employees of the Manager and property managers have to undergo a safety initiation course as part of their orientation programme.

Safety Performance

In 2017, there were zero fatalities at Keppel REIT’s properties. There were also zero incidents and fatalities for the Manager and the property

1. *The Manager actively engages its stakeholders through platforms such as the annual Keppel Group Safety Convention.*

2. *Regular exercises and drills ensure that employees and tenants are familiar with the latest emergency procedures.*



managers in the year. However, there was one workplace incident involving a subcontractor. The affected worker suffered a shoulder injury after losing his balance and falling off a ladder. The incident was thoroughly investigated and the findings were shared with all the relevant parties. Follow-up measures

have since been implemented by the Manager and the property manager to prevent the recurrence of similar incidents.

There were no cases of non-compliance of health and safety regulations by the Manager or the property managers in 2017.

The Keppel Workplace Safety and Health Strategy



People Matters

Recognising that people are its greatest asset, the Manager strives to nurture and develop its talent pool as it creates value and drives further growth for Keppel REIT.

The Manager believes that people form the core of a successful business. It is committed to nurture a motivated, skilled and competent workforce with its human resource strategy, through which employees are developed to their fullest potential and are encouraged to harness innovation in their personal and professional growth. This strategy is three-pronged, focusing on career development, employee welfare and employee engagement.

Profile of Employees

In the beginning of 2017, there was a reorganisation of the workforce at Keppel Capital. Centralised functions were formed to support the various units within Keppel Capital, which includes the Manager. This is to provide opportunities for learning and career growth, as well as to build bench strength and ensure optimal use of resources. Keppel Capital has a total headcount of close to 200.

The Manager's workforce as at end 2017 comprised a total of nine staff, including eight full-time permanent employees and one full-time contract staff. All permanent employees are based in Singapore and are full-time executives. The Manager is supported by Keppel Capital's centralised functions including asset management, investment, finance, compliance, human resources, research and investor relations.

Prior to the reorganisation of the workforce:

- Four female employees left the Manager, and one was below 30 years old;
- The other three were above 30 years old.

After the reorganisation:

- One new female employee below 30 years old was hired; and
- One female employee above 30 years old left.

Policy of Non-discrimination

The Manager respects the values and cultures of the communities where it operates and embraces workforce diversity.

The Manager adopts merit-based recruitment practices and emphasises diversity and inclusiveness.

Hiring selections are based on individual competencies, as well as organisation and job fit. Its hiring policies ensure equal employment opportunities for all, regardless of race, religion, gender, marital status or age. As at end 2017, the gender ratio of the workforce was 55% female and 45% male. 89% of the workforce were executives.

The Manager demonstrates its commitment to non-discrimination and equal opportunities. It adheres to the practices spelled out by the Tripartite Alliance for Fair and Progressive Employment Practices and strives to uphold the principles articulated in its Employer's Pledge of Fair Employment Practices, which are guided by the following five principles:

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

The Manager's commitment to human rights is supported by its Employee Code of Conduct, which sets the tone in relation to its stance against discrimination on any basis, including any bias on the basis of ethnicity, gender, religious beliefs, or age. The rules of conduct apply to all employees. The Manager's stance on human rights is aligned with that of



1. Various corporate activities are organised to promote staff well-being and forge closer ties among employees.

the Keppel Group and is articulated in its Corporate Statement on Human Rights, which is available at Keppel Corporation Limited's corporate website.

In 2017, there were no reported incidences of discrimination raised by the Manager's employees. None of the Manager's employees are covered under any collective bargaining agreements.

Provision of Benefits

The Manager complies with all statutory regulations relating to employment terms and benefits, and offers employees competitive and sustainable compensation. All permanent employees are provided with benefits like health insurance plans, medical and annual leave entitlements, as well as contributions to employees' Central Provident Fund.

Eligible female employees in Singapore are entitled to a maximum of 16 weeks of paid maternity leave, while eligible male employees are entitled to a maximum of two weeks of paid paternity leave, in accordance with the Ministry of Manpower's legislation. In 2017, no employees went on maternity or paternity leave.

In addition to the benefits mandated by local labour legislation, the Manager also provides other benefits such as additional leave for marriage, examinations and compassionate reasons.

Performance Management

The Manager subscribes to a pay-for-performance philosophy, as it believes this drives ownership of collective goals and leads to a high-performance culture that creates long-term value for all stakeholders.

A robust performance management system ensures that permanent employees receive regular performance and career development reviews. Opportunities for advancement, promotion, recognition of achievements, compensation, training and other conditions of employment are provided based on merit. Supervisors and employees will jointly discuss performance goals based on targets in four key areas: Financial, Process, Customers & Stakeholders and People.

Succession Planning and Talent Management

Succession planning and talent management continue to be a key priority of the Manager, to build and develop its bench strength in ensuring business continuity. The framework is reviewed at least twice a year by senior management and the Board to ensure high-potential employees are identified and groomed for leadership succession.

As part of the Keppel Group, the Manager benefits from the talent management process that is centralised at the corporate level. Keppel Corporation's Group Human Resources department drives programmes for leadership and executive development, and coordinates information across the business units to ensure that the review of talent is undertaken with consistent data.

Keppel Young Leaders is a centralised platform for high-potential employees across the Keppel 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 through harnessing the collective strength of the Group. There are also additional opportunities to network with peers in other Keppel business units and engage with senior management.

Established in 2015, the Keppel Leadership Institute (the Institute) aims to groom global Keppel leaders who uphold Keppel's core values and are guided by its operating principles. The Institute exemplifies the Keppel Group's commitment to develop and equip leaders with capabilities to drive Keppel's businesses into the future.

Training & Development

The Manager recognises the importance of investing in its people for their professional development. It encourages and provides training and development programmes for employees to expand their skill sets and keep pace with industry trends. In 2017, the average training hours per full-time employee was 27.8 hours.

To enable employees to develop and refine their skills and competencies, the Manager customises learning and development programmes to cater to different career stages and industry needs.

Employee Engagement

The Manager continually engages its employees to better understand their needs and expectations. Two-way feedback between management and employees is highly encouraged. Staff of the Manager participated in the Keppel Group 2017 Employee Engagement Survey which measures employee satisfaction. The survey was administered by an external consultant and saw strong participation from employees. The Manager, with the support of Keppel Capital, reviews the results and implements appropriate measures and initiatives to continually engage its employees.

Health and Wellness

Employees of the Manager participated in Keppel Games, an annual Keppel Group-wide sporting competition organised to promote wellness and foster a healthy workforce and team spirit.

The health and well-being of staff are important to the Manager. Healthy snacks and fruits are provided regularly to all employees to advocate good eating habits. Regular health screening programmes are also available for employees. In addition, an indoor air quality management system is installed at the Manager's office to measure air flow and quality. Ergonomic chairs and BCA Green Mark-certified system furniture, together with purpose-built dining booths, a bistro-style café, as well as fun and relaxation zones within the office help create an environment that encourages collaboration and team bonding.

The Manager organised various corporate activities during the year to promote staff well-being and forge closer ties among employees. In September 2017, the Manager participated in Keppel Capital's inaugural staff day, which brought together approximately 200 employees.

Community Relations

The Manager is committed to nurture the community and make positive contributions wherever it operates.

As a responsible corporate citizen, the Manager adopts a proactive approach in engaging its stakeholders and supporting initiatives that positively impact the community.

Beyond monetary contributions, its engagement activities involve its tenants and the local communities. It also seeks to encourage further growth of the REIT sector.

Engaging Tenants

The 12th Keppel REIT and 42nd Ocean Financial Centre Golf Tournament took place on 16 June 2017 at the Sentosa Golf Club.

Jointly organised by the Manager and Keppel Land, the annual event is a platform for management to engage and network with its tenants and key stakeholders.

Fostering closer ties in the REIT sector

On 26 July 2017, the Manager hosted an event organised by the REIT Association of Singapore (REITAS) at Bugis Junction Towers. The event was well-attended by industry professionals from

various REITs. It provided networking opportunities for participants and facilitated the sharing of information on the Singapore REIT industry.

Supporting the Underprivileged

As part of Keppel Capital, the Manager continued to support the Muscular Dystrophy Association of Singapore (MDAS) in 2017. MDAS is a self-help organisation committed to uplifting the lives of people with muscular dystrophy. Together with Keppel Capital, the Manager organised three experiential and educational activities in 2017 for MDAS beneficiaries.

The first activity on 22 June 2017 saw volunteers pair up with beneficiaries from MDAS to tour the Singapore Zoological Gardens. Walking through the exhibits, staff bonded with the beneficiaries as they experienced intimate encounters with animals. They also participated in activities and games such as the Amazing Race, where they were required to deduce clues and navigate to the finishing line.

On 21 July 2017, beneficiaries from MDAS visited KidZania at Sentosa,



an educational theme park which provides realistic role-play for children to find out more about real-life applications such as different careers and the concept of managing money. Accompanied by Keppel Capital volunteers, the beneficiaries tried their hand at various professions and accomplished challenging tasks.

Led by Mr Tan Swee Yiow, the CEO of the Manager, volunteers teamed up with beneficiaries from MDAS for the third event held on 30 August 2017. Staff and beneficiaries participated in the Junior Master Chef Challenge, a baking session at The Enabling Village, a community space for social businesses and partnerships that support people with different abilities.

In November, Keppel Capital collaborated with Metta Welfare Association to conduct a batik painting workshop, where volunteers learnt this traditional technique under the guidance of Arts@Metta youths with special needs. The participants' batik designs were subsequently sold at the company's dinner and dance, along with other handicrafts made by youths, with all sales proceeds going to Metta.

In total, Keppel Capital volunteers committed over 700 hours with various beneficiaries in 2017.

In 2017, the Manager contributed \$34,000 to the Keppel Care Foundation to support the Keppel Group's various philanthropic initiatives. Keppel Care Foundation donated \$10,000 to MDAS in 2017, which included contributions from the Manager. The Manager also sponsored \$4,500 for a fundraising event by the National University of Singapore's Building and Estate Management Alumni.

As part of a CSR initiative involving tenants, the Manager participated in the annual Christmas Grant-a-Wish initiative at two of its properties – Ocean Financial Centre and Bugis Junction Towers. Christmas trees were placed at the lobbies of these buildings, with wish tags from the beneficiaries supported by Care Corner Singapore.

With the support of staff and tenants, the wishes were fulfilled and gifts were delivered to children from needy families in the Admiralty, Woodlands and Toa Payoh neighbourhoods.



1.
The Manager and beneficiaries from the Muscular Dystrophy Association of Singapore worked together to bake brownies at the Junior Master Chef Challenge.

2.
Through the Grant-a-Wish initiative at Ocean Financial Centre and Bugis Junction Towers, staff and tenants fulfilled the wishes of less-privileged children.

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GRI Standard	General Standard Disclosures	Disclosure	Page Reference
	Organisational Profile		
102-1	Name of the organisation	●	3
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102-3	Location of headquarters	●	Back Cover
102-4	Location of operations	●	3
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102-9	Supply chain	●	54
102-10	Significant changes to the organisation and its supply chain	●	8-9
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102-12	External initiatives	●	52, 54, 87, 90
102-13	Membership of associations	●	55
	Strategy		
102-14	Statement from senior decision-maker	●	6-9, 52
	Ethics & Integrity		
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102-17	Mechanisms for advice and concerns about ethics	○	74-75
	Governance		
102-18	Governance structure	●	11, 54
	Stakeholder Engagement		
102-40	List of stakeholder groups	●	56
102-41	Collective bargaining agreements	●	91
102-42	Identifying and selecting stakeholders	●	56
102-43	Approach to stakeholder engagement	○	56
102-44	Key topics and concerns raised	●	56
	Reporting Practice		
102-45	Entities included in the consolidated financial statements	●	53, 126-130
102-46	Defining report content and topic Boundaries	●	55
102-47	List of material topics	●	55
102-48	Restatements of information	●	2016 data in SR2016 was annualised. They have been updated to full year figures in this report.
102-49	Changes in reporting	●	There were no significant changes from previous reporting periods in the list of material topics and topic Boundaries.
102-50	Reporting period	●	53
102-51	Date of most recent report	●	2 March 2017
102-52	Reporting cycle	●	Annual
102-53	Contact point for questions regarding the report	●	21
102-54	Claims of reporting in accordance with the GRI Standards	●	53
102-55	GRI content index	●	94-96
102-56	External assurance	●	This report has not been externally assured.
	Category: Economic		
	Economic Performance		
103-1	Explanation of the material topic and its Boundary	●	55
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103-3	Evaluation of the management approach	○	64
201-1	Direct economic value generated and distributed	○	4-5
201-3	Defined benefit plan obligations and other retirement plans	●	All employees are covered by Singapore's mandatory "Central Provident Fund (CPF)" system. Typically 20% and 17% of the salary is contributed by the employee and employer respectively.
201-4	Financial assistance received from government	●	54
	Anti-Corruption		
103-1	Explanation of the material topic and its Boundary	●	55, 70-71
103-2	The management approach and its components	●	70-71, 84

Legend ● Fully reported ○ Partially reported

GRI Standard	General Standard Disclosures	Disclosure	Page Reference
103-3	Evaluation of the management approach	●	85
205-2	Communication and training about anti-corruption policies and procedures	○	54
205-3	Confirmed incidents of corruption and actions taken	●	No cases of corruption in FY 2017.
Anti-Competitive Behaviour			
103-1	Explanation of the material topic and its Boundary	○	54-55
103-2	The management approach and its components	●	54
103-3	Evaluation of the management approach	●	85
204-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	●	No legal cases for anti-competitive or anti-trust behavior for FY 2017.
Category: Environmental			
Materials			
103-1	Explanation of the material topic and its Boundary	○	55, 86-87
103-2	The management approach and its components	○	86-87
103-3	Evaluation of the management approach	●	86-87 Keppel REIT is looking into formulating evaluation methods.
301-1	Materials used by weight or volume	●	Keppel REIT does not have data for FY 2017.
Energy			
103-1	Explanation of the material topic and its Boundary	●	55, 86-87
103-2	The management approach and its components	●	86-87
103-3	Evaluation of the management approach	○	86-87
302-1	Energy consumption within the organisation	○	86
302-3	Energy intensity	●	87
Water			
103-1	Explanation of the material topic and its Boundary	●	55, 86-87
103-2	The management approach and its components	●	86-87
103-3	Evaluation of the management approach	○	86-87
303-1	Water withdrawal by source	○	86
CRE2	Building water intensity	○	86-87
Emissions			
103-1	Explanation of the material topic and its Boundary	●	55, 86-87
103-2	The management approach and its components	●	86-87
103-3	Evaluation of the management approach	○	86-87
305-2	Energy indirect (Scope 2) GHG emissions	○	87
305-4	GHG emissions intensity	○	86-87
305-5	Reduction of GHG emissions	●	87
Effluents and Waste			
103-1	Explanation of the material topic and its Boundary	●	55, 86-87
103-2	The management approach and its components	●	86-87
103-3	Evaluation of the management approach	○	86-87
306-2	Waste by type and disposal method	○	86
Environmental Compliance			
103-1	Explanation of the material topic and its Boundary	○	55, 86-87
103-2	The management approach and its components	●	86-87
103-3	Evaluation of the management approach	●	86-87
307-1	Non-compliance with environmental laws and regulations	●	87
Category: Social			
Employment			
103-1	Explanation of the material topic and its Boundary	●	55, 90-91
103-2	The management approach and its components	●	90-91
103-3	Evaluation of the management approach	○	90-91
401-1	New employee hires and employee turnover	●	90
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	●	Not applicable, Keppel REIT has no temporary nor part-time employees
401-3	Parental leave	○	91

Legend ● Fully reported ○ Partially reported

GRI Content Index

GRI Standard	General Standard Disclosures	Disclosure	Page Reference
	Occupational Health and Safety		
103-1	Explanation of the material topic and its Boundary	●	55, 88-89
103-2	The management approach and its components	●	88-89
103-3	Evaluation of the management approach	◐	88-89
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	◐	89
	Training and Education		
103-1	Explanation of the material topic and its Boundary	●	55, 91
103-2	The management approach and its components	●	91
103-3	Evaluation of the management approach	◐	91
404-1	Average hours of training per year per employee	◐	91
404-3	Percentage of employees receiving regular performance and career development reviews	◐	91
	Diversity and Equal Opportunity		
103-1	Explanation of the material topic and its Boundary	●	55, 90-91
103-2	The management approach and its components	●	90-91
103-3	Evaluation of the management approach	◐	90-91
405-1	Diversity of governance bodies and employees	◐	13-17, 90
	Non-Discrimination		
103-1	Explanation of the material topic and its Boundary	●	55, 90-91
103-2	The management approach and its components	●	90-91
103-3	Evaluation of the management approach	◐	90-91
406-1	Incidents of discrimination and corrective actions taken	●	91
	Local Communities		
103-1	Explanation of the material topic and its Boundary	●	55, 92-93
103-2	The management approach and its components	●	92-93
103-3	Evaluation of the management approach	●	92-93 Keppel REIT is looking into formulating evaluation methods.
413-1	Operations with local community engagement, impact assessments, and development programs	●	Local community engagement is conducted in Singapore, where 87.2% of Keppel REIT's assets by value are located
413-2	Operations with significant actual and potential negative impacts on local communities	●	None of our operations have had negative impacts on local communities.
	Customer Health and Safety		
103-1	Explanation of the material topic and its Boundary	●	55, 88-89
103-2	The management approach and its components	●	54, 88-89
103-3	Evaluation of the management approach	◐	88-89
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	●	54
	Marketing and Labeling		
103-1	Explanation of the material topic and its Boundary	◐	55
103-2	The management approach and its components	●	55
103-3	Evaluation of the management approach	●	55
CRE8	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment.	●	87
417-3	Incidents of non-compliance concerning marketing communications	●	There were no incidents of non-compliance with regulations and voluntary codes concerning marketing communications.
	Customer Privacy		
103-1	Explanation of the material topic and its Boundary	◐	55
103-2	The management approach and its components	●	55
103-3	Evaluation of the management approach	●	55 Keppel REIT is looking into formulating evaluation methods.
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	●	There were no substantiated complaints concerning breaches of customer privacy and losses of customer data

Legend ● Fully reported ◐ Partially reported