

# Sustainability Report

Keppel DC REIT is committed to delivering value through sustaining growth in our business, empowering the 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: p62–65

### 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: p66–68

### 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: p69

## Letter to Our Stakeholders

Sustainability is a long-term journey and we will strive to create positive impact wherever we operate.



### Dear Valued Stakeholders,

Keppel DC REIT had an eventful 2017 as it continued to deliver strong portfolio performance and sustainable returns during the year.

As we continue our focus to grow the REIT, we are cognisant of the importance of ensuring the sustainability of our business, empowering the lives of our people and nurturing communities wherever we operate to create long-term value for all stakeholders.

I am pleased to present to you Keppel DC REIT's second sustainability report that details management's approach towards environmental, social and governance (ESG) issues. As a member of the Keppel Group and with a portfolio spanning Asia Pacific and Europe, Keppel DC REIT is committed to addressing the priorities set out in the United Nations' Sustainable Development Goals, particularly in providing robust digital infrastructure for the benefit of communities. We have prepared the report in accordance with the internationally-recognised Global Reporting Initiative (GRI) Standards: Core option. This year, we have taken steps to improve our implementation and established targets that guide us in our sustainability efforts.

Keppel DC REIT's sustainability efforts involve all functions in the manager, including asset management, facility management, investment, human resources, finance, compliance and investor relations. ESG aspects are monitored quarterly.

Data centres are a unique asset class, comprising mission-critical facilities that operate 24/7 to support global business

needs. The need for resiliency and high performance typically see data centres being energy-intensive due to the high power requirements of IT equipment along with the supporting cooling infrastructure needed to maintain optimal environmental conditions within the facility. As we continue to grow Keppel DC REIT, it is inevitable that energy and water consumption levels are expected to increase in absolute terms. Nevertheless, we will strive to embed green initiatives in our business where possible, so as to minimise our impact on the environment.

We have taken robust steps to improve our efforts during the year. Our colocation assets in Australia and Dublin use electricity generated from renewable resources. Water conservation initiatives were also introduced at our assets in Singapore, and have achieved encouraging results. Working with our facility managers, Keppel DC Singapore 1 and 2 saw significant reduction in total water consumption after we set out to increase the water recycling capability of the data centres' cooling towers.

On the governance front, I am also happy to share that Keppel DC REIT topped Singapore's inaugural Governance Index for Trusts, which measures corporate governance practices and takes into consideration the differences in business models and regulatory requirements of trusts and listed companies.

We believe that people are at the core of a successful business. We will continue to provide a safe and nurturing environment for employees that also facilitates innovation and collaboration. We recognise the importance of investing in our people for their professional development. In 2017,

the average training hours per full-time employee was approximately 22 hours.

Safety is one of Keppel's core values, and we seek to provide a safe working environment for the benefit of all stakeholders. Despite our best efforts, we had a non-fatal slip and fall workplace incident at one of our facilities during the year. We have taken immediate actions to prevent similar incidents. We will continue to work closely with our facility managers to create a safe workplace for all employees and stakeholders.

We strive to make a difference in communities where we operate. As part of Keppel Capital, we have adopted the Muscular Dystrophy Association of Singapore (MDAS) as our beneficiary. During the year, a series of three activities was organised for the MDAS beneficiaries. We will continue to support initiatives that uplift the lives of the less privileged.

Sustainability is a long-term journey and we will strive to create positive impact wherever we operate.

We value any feedback that you may have that will help us in our sustainability journey.

Yours sincerely,

**Chua Hsien Yang**  
20 February 2018

## About this Report

### Reporting Period and Scope

Keppel DC REIT's sustainability report for FY 2017 was prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. For succinct and relevant reporting to Keppel DC REIT's stakeholders, this report focuses on the key material areas for Keppel DC REIT's business and covers economic, governance, environmental and social aspects of the business.

The report outlines Keppel DC REIT's practices and initiatives during the financial year from January to December 2017, and will be published annually. However, the performance data stated in this report was annualised based on nine months of actual data, as finalised data was not available at the time of report publication. If actual full year data shows a variance of more than 5% from our annualised data, the data will be restated in the following year's Sustainability Report. There was an instance of significant variance (of more than 5%)

between Keppel DC REIT's annualised data reported in its 2016 Sustainability Report and the actual data. Scope 1 carbon emissions has been restated to 222 tonnes, lower than the annualised data of 246 tonnes due to less diesel used in equipment maintenance and tests in the last three months of 2016.

Data from Keppel DC REIT and the colocation data centre assets which the REIT has operational oversight of is included in this report. Assets covered in this report include Keppel DC Singapore 1 (KDC SGP 1), Keppel DC Singapore 2 (KDC SGP 2) and Keppel DC Singapore 3 (KDC SGP 3) in Singapore, Gore Hill Data Centre (Gore Hill DC) in Australia, and Keppel DC Dublin 1 (KDC DUB 1) in Ireland.

Basis Bay Data Centre (Basis Bay DC) in Malaysia and Keppel DC Dublin 2 (KDC DUB 2) in Ireland are excluded from this report as full-year data was not available. Basis Bay DC was converted from

a master-leased facility to a colocation asset in the middle of the year, while KDC DUB 2 was added to the portfolio in September 2017. The Manager will look into including these facilities in next year's reporting. Otherwise, the reporting scope remains the same as that in the Sustainability Report in 2016.

Standard units of measurements are used in this report and conversion factors, where applicable, are explained in their respective sections. All dollar values expressed are in Singapore Dollar.

Keppel DC REIT's sustainability report is currently not externally assured as it has just embarked on its sustainability journey. The Manager will review the need for external assurance as the sustainability reporting framework stabilises.

Keppel DC REIT values feedback that will enhance its sustainability efforts. Please share your recommendations with us at [investor.relations@keppeldcreit.com](mailto:investor.relations@keppeldcreit.com).

### Performance Data

	2017	Page
Total Energy Consumption (MWh)	217,027	64
Total Water Consumption (m <sup>3</sup> )	214,367	65
Training Hours per Employee	22	67
Accident Frequency Rate <sup>(1)(2)</sup> (reportable accidents per million man-hours)	1.7	68
Accident Severity Rate <sup>(1)(2)</sup> (man-days lost per million man-hours)	36.3	68

<sup>(1)</sup> Excludes the Manager's man-hours.

<sup>(2)</sup> According to Ministry of Manpower guidelines.

1. The report scope outlines practices in Keppel DC REIT's colocation data centre assets that the Manager has operational oversight of.



## Managing Sustainability

As part of its efforts to position Keppel DC REIT as the preferred data centre real estate investment trust, the Manager will continue to uphold strong corporate governance, environmental protection, human capital development, safety performance as well as community outreach initiatives to create long-term value for all stakeholders.

### Leadership and Management Involvement

The Manager adheres to Singapore's Code of Corporate Governance 2012 (the Code), issued by the Monetary Authority of Singapore. The Code provides the framework for controls, checks and accountability and requires the Board of Directors to consider sustainability issues in its business decisions. Accordingly, sustainability and risk management are considered in the evaluation of any investment opportunity.

Keppel DC REIT's Sustainability Committee looks at all relevant functions, including asset management, facility management, investment, human resources, finance, compliance and investor relations. The committee monitors the REIT's sustainability performance and trends for material issues identified by the Manager such as energy efficiency and labour practices. These are reviewed on a quarterly basis, and feedback from the committee assists senior management with the application of the REIT's sustainability strategy.

The Manager's scorecard also takes into account sustainability aspects in support of the Keppel Group's commitment to sustainability.

All employees are guided by the core values of the Keppel Group, its operating principles, and the Employee Code of Conduct which address standards of professional behaviour, in addition to ethical business behaviour.

### Materiality and Stakeholder Analysis

Materiality is fundamental to sustainability reporting and is a key principle of both SGX's Sustainability Reporting Guide and GRI Standards. This report focuses on economic, environmental, social and governance issues that are relevant and significant to Keppel DC REIT and its key stakeholders.

Material issues identified are prioritised in a matrix (see page 60) from the perspective of both internal and external stakeholders. External stakeholders' perspectives were based on feedback and responses to information requests received from external stakeholders such as investors, clients and business partners.

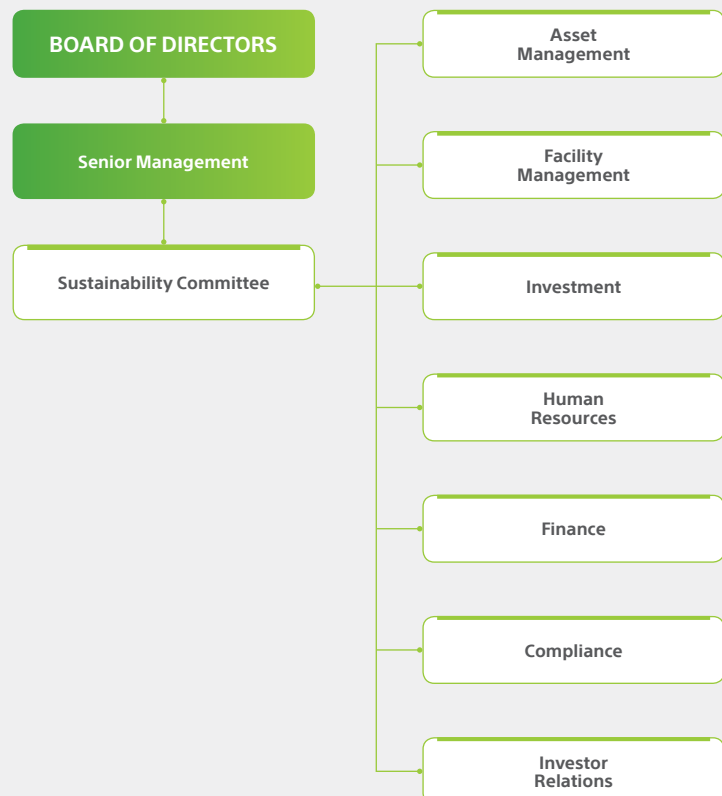
All of the material issues identified were deemed equally relevant, both internally and externally, except for issues in relation to labour practices, safety and health which were considered more significant to internal stakeholders.

This report focuses on the Highly Critical and Critical issues. The Important issues are monitored internally and will be reported to stakeholders if and when the issues become significant. During the year, targets have also been set to guide the Manager in its sustainability efforts while navigating the Highly Critical and Critical issues.

Amongst the Highly Critical and Critical issues, the Manager believes that economic performance, compliance, labour practices and employment, business ethics and transparency are significant throughout Keppel DC REIT's business, while aspects such as building and service quality, energy efficiency, safety and health, water management and sustainable procurement are more relevant to the investment and asset management part of Keppel DC REIT's business.

The Manager monitors and reviews its material issues periodically based on feedback and stakeholder engagements.

### Sustainability Management Structure

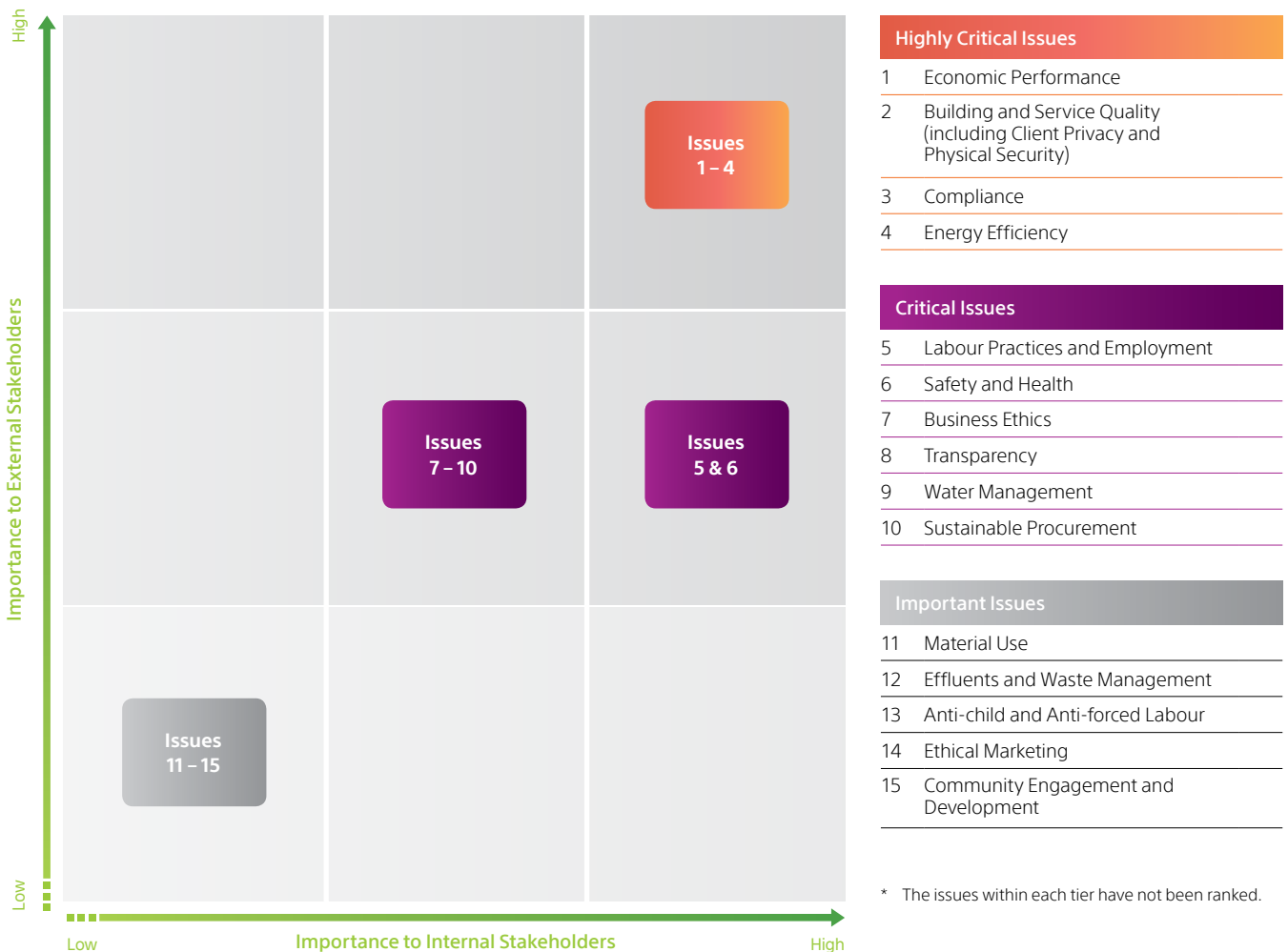


## Managing Sustainability

### Key Material Issues

Key Material Issues	Page Reference	Targets
Economic Performance	47-53	Maximise returns while maintaining financial flexibility and long-term sustainability
Building and Service Quality (including Client Privacy and Physical Security)	63	Obtain satisfactory score and above from key accounts during annual feedback
Compliance	62-63	Zero violation of laws and regulations of the countries where we operate
Energy Efficiency	64-65	Enhance operational efficiency to optimise water and energy consumption; as well as embed green initiatives to enhance energy and water efficiency
Water Management	64-65	
Labour Practices and Employment	66-68	Raise level of employee engagement and increase average training hours
Safety and Health	68	Zero-incident workplace
Business Ethics	62	Zero corruption
Transparency	61	Utilise multiple platforms to enhance stakeholder outreach and communication
Sustainable Procurement	62-63	Full compliance with local laws among our suppliers

### Materiality Matrix\*



## Stakeholder Engagement

Before Keppel DC REIT's sustainability reporting framework was implemented, the key stakeholders were identified during the materiality assessment based on the extent of their ability to affect or be affected by Keppel DC REIT's business policies and developments.

Apart from regulatory responsibilities, the Manager believes in upholding timely, accurate and transparent communication with Keppel DC REIT's stakeholders to gather feedback and address any queries.

Stakeholders are engaged through various platforms at least once a year. Many of the Manager's engagement sessions with stakeholders are undertaken quarterly or on an ongoing basis. The Manager also engages with stakeholders as and when required on an ad-hoc basis.

Through proactive engagement of stakeholders, the Manager will be able to adapt Keppel DC REIT's strategies to the existing business environment, and also address the concerns of stakeholders in its engagement with them.

## Strategic Memberships

The Manager supports various initiatives that advocate good corporate governance and contribute to the advancement of relevant sectors.

The Manager is a member of the REIT Association of Singapore (REITAS) which promotes the Singapore REIT (S-REIT) industry and strives to enhance the operating and regulatory environment for the S-REIT industry. It also supports the Investor Relations Professionals Association of Singapore (IRPAS) that contributes to elevating the overall standard of investor relations in Singapore.

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

In Dublin, the REIT's wholly-owned KDCR (Ireland) Limited is a member of the Large Industry Energy Network (LIEN), facilitated by the Sustainable Energy Authority of Ireland. LIEN is a voluntary group of companies that works together to develop robust energy management and shares knowledge on energy efficiency enhancements.

Below is a summary of the Manager's stakeholder engagement approach:

<p><b>Employees</b> </p> <p><b>Objectives</b> Foster a cohesive identity and provide open feedback channels</p> <p><b>Engagement &amp; Initiatives</b> Employee engagement surveys, orientation programme, training, staff appraisals</p> <p>More details on pages 66-68</p> <p><b>Key Topics</b> Vision and strategy; productivity and innovation; teamwork and collaboration; people development</p>	<p><b>Investors</b> </p> <p><b>Objectives</b> Ensure timely and accurate disclosure</p> <p><b>Engagement &amp; Initiatives</b> Annual General Meetings, local and overseas investor roadshows, quarterly analyst teleconferences, corporate website, email feedback, meetings and conference calls</p> <p>More details on pages 19 and 20</p> <p><b>Key Topics</b> Business strategy and corporate developments; financial performance</p>	<p><b>Clients</b> </p> <p><b>Objectives</b> Build deeper relationships with existing and prospective clients</p> <p><b>Engagement &amp; Initiatives</b> Annual survey, onsite audit, meetings and functions with clients</p> <p>More details on pages 62, 63 and 68</p> <p><b>Key Topics</b> Building and service quality; health, safety and environment matters</p>	<p><b>Business Partners</b> </p> <p><b>Objectives</b> Align our values with suppliers to enhance operational resilience</p> <p><b>Engagement &amp; Initiatives</b> Safety and operations workshops, annual reviews and feedback sessions</p> <p>More details on pages 62, 63 and 68</p> <p><b>Key Topics</b> Compliance; collaboration; health, safety and environment matters</p>	<p><b>Governments</b> </p> <p><b>Objectives</b> Collaborate and work alongside on issues of mutual interest</p> <p><b>Engagement &amp; Initiatives</b> Meetings, site visits and functions</p> <p>More details on page 62</p> <p><b>Key Topics</b> Feedback on new guidelines; opportunities for business collaboration</p>
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## Sustaining Growth

The Manager will continue to uphold strong corporate governance, environmental protection, human capital development, safety performance as well as community outreach initiatives to create long-term value for all stakeholders.

### Corporate Governance

The Manager is committed to uphold sound corporate governance as it is key to the sustainability of the REIT's business excellence.

A majority of the Manager's Board are independent directors, which ensures fair treatment of Unitholders and safeguards their interests. Apart from timely and accurate disclosure of material information, the Manager also employs various platforms in its outreach to the investing community.

More details on Keppel DC REIT's corporate governance guidelines and practices are available on pages 130 to 163.

### Risk Management and Business Continuity

The Manager adopts a holistic and systematic risk management framework that identifies, evaluates and manages risks in its decision-making processes. Sustainability factors are among the key risks considered when evaluating investment opportunities.

Potential risks that may influence asset operations are regularly assessed by the Manager as well as the respective facility managers to ensure optimal asset performance. Financial risks, interest rate and foreign currency exposure are closely monitored and mitigated where appropriate.

Business Continuity Management is an integral part of the Group's Enterprise Risk Management framework. The framework ensures that the Manager and the facility managers address and manage potential threats and disruptions to business.

For more details on Keppel DC REIT's risk management strategy, please refer to pages 54 and 55.

### Compliance, Anti-bribery and Anti-corruption Measures

The Manager believes that anti-bribery and anti-corruption measures are important to protect its brand equity and the long-term business sustainability of the REIT. As such, it adopts a strong anti-corruption and anti-bribery stance and regularly communicates key policy requirements to all employees including senior management and directors. All new employees are required to declare conflicts of interest. During orientation, they are also briefed on the Manager's Employee Code of Conduct, Anti-corruption Policy and whistle-blowing procedures. On top of compliance-related trainings conducted by the Manager during the year, there were online annual training and declaration of adherence to Group policies at the Keppel Group level as well.

The policies are readily available for employees to access in a shared portal. The Manager undergoes periodic internal and external audits to ensure that it adheres to relevant policies. Controls are also in place for financial, operational, compliance and information technology processes.

In addition, employees are responsible for the declaration of conflicts of interests at least once annually and as and when necessary. More details of such policies are available on pages 144 to 150.

The Manager complies with the laws and regulations of the countries where it operates. There were no incidents of corruption or violations of laws, regulations and voluntary codes pertaining to the environment and



1. Keppel DC REIT's data centres and clients' IT systems are well protected with a robust physical security system.

the provision, use, health and safety of products and services of the Manager which it is aware of.

### Supply Chain Management

Keppel DC REIT's supply chain mainly comprises suppliers of mechanical and electrical equipment as well as certain facility management service providers. Facility management services for data centres include physical security, technical maintenance and routine cleaning. These products and services are sourced and procured locally in the cities where the data centres are situated.

To uphold quality service to its clients and meet the stringent requirements of its global clientele, the Manager assesses the track record, quality and reputation of potential suppliers. Environmental responsibility should be an integral part of suppliers' normal practices. In the selection of suppliers, prospective contractors are required to submit their sustainability policies, procedures, accreditations and certifications where applicable, for the Manager's assessment and review.

Safe work method statements outlining the agreed practices with suppliers are reviewed regularly so that they are constantly updated and aligned with the REIT's safety standards. The performance of suppliers is evaluated annually and steps are taken to ensure satisfactory service quality and safety standards through regular client interaction and surveys.

As suppliers are sourced locally, they are expected to abide by local laws on human rights and labour practices. No known non-compliance cases with the law by suppliers were reported during the year.

The Keppel Group Supplier Code of Conduct was introduced and implemented in end 2016 and integrates Keppel's sustainability principles across the REIT's supply chain. Key suppliers are expected to abide by the Code of Conduct, which covers areas pertaining to business conduct, anti-corruption, labour practices, safety and health, and environmental management.

### Building and Service Excellence

Keppel DC REIT's portfolio comprises data centres with high technical specifications and operational resilience that meet international standards. The REIT serves a global clientele across industries such as internet enterprises, financial institutions and information technology services with stringent service-level requirements. A breakdown of the REIT's client profile by trade sector is available on page 34 of this report.

As the REIT's data centres are mission-critical facilities, clients' privacy, physical security and minimal downtime of the facilities are of utmost importance.

The premises and clients' IT systems are well protected with a robust physical security system on a 24/7 basis. Standard Operating Procedures within the facilities mandate that all visitors to the facilities must be pre-approved

and registered in advance with clients or the Manager to minimise the risk of unauthorised entry. Processes and measures such as the non-display of client directories or logos at the facilities are also in place to safeguard clients' privacy. There were no reported cases of contractual breaches on client privacy in 2017.

The Manager continually strives to uphold operational excellence. Annual feedback was gathered from colocation clients on physical security, building and service standards of the facilities. The 2017 rating achieved was satisfactory and above.

The Manager places strong emphasis on the Business Continuity Management (BCM) aspect of the REIT's data centres. Various BCM exercises were conducted throughout the year in the data centres to ensure preparedness in mitigating any impact from potential scenarios such as power outages, fire drills and influenza pandemics.

To ensure disruption-free operations, the Manager maintains strict operating processes and standards for high infrastructure availability in supporting clients' needs. Equipment is periodically maintained and tested to uphold operational excellence.

Operations across all sites are compliant with local regulations and standards. A list of accreditations and certifications attained by the REIT's assets is shown below.

Asset	Award/Accreditation/Certification
KDC SGP 1, KDC SGP 2 & KDC SGP 3	ANSI/TIA 942:2014 – Rated 3
KDC SGP 2	BCA-IMDA Green Mark for Data Centres (2015) Gold <sup>Plus</sup> Award
KDC SGP 3	BCA-IMDA Green Mark for Data Centres (2014) Platinum Award
KDC SGP 1, KDC SGP 2 & KDC SGP 3	ISO 9001:2015 – Quality Management System
KDC DUB 1	ISO 9001:2008 – Quality Management System
KDC DUB 1	ISO 27001:2013 – Information Security Management System
Gore Hill DC, KDC SGP 1, KDC SGP 2 & KDC SGP 3	ISO/IEC 27001:2013 – Information Security Management System
KDC SGP 1, KDC SGP 2 & KDC SGP 3	ISO 50001:2011 – Energy Management System
KDC SGP 1, KDC SGP 2 & KDC SGP 3	PUB – Water Efficient Building
KDC SGP 1, KDC SGP 2 & KDC SGP 3	SS 507:2008 – Business Continuity/Disaster Recovery Services Provider
KDC SGP 1, KDC SGP 2 & KDC SGP 3	SS 564 Part-1:2013 – Energy and Environment Management System
KDC SGP 1, KDC SGP 2 & KDC SGP 3	SS 577:2012 – Water Efficiency Management System
KDC SGP 1, KDC SGP 2 & KDC SGP 3	WSH Council – bizSAFE Level 3

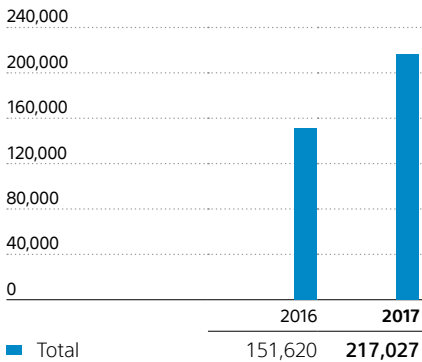


## Sustaining Growth

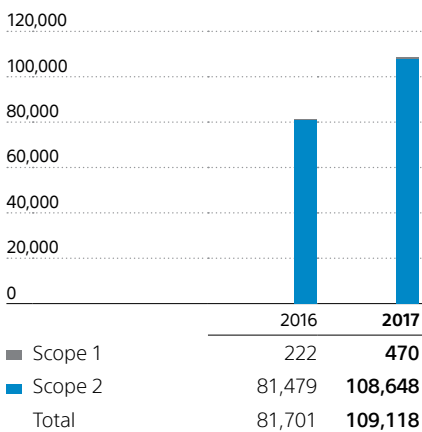
1. The Manager monitors and analyses fuel, electricity and water consumption patterns monthly to make informed maintenance and investment decisions.
2. Several of the REIT's data centres such as Gore Hill Data Centre (pictured) use electricity generated from renewable resources.



Energy Consumption Per Annum (MWh)



Carbon Emissions Per Annum (tCO<sub>2</sub>)



### Energy and Water Management

The Manager believes that it is important to manage its data centre operations in a sustainable manner as it pursues long-term growth for Keppel DC REIT. Electricity and water data is compiled from utility bills while fuel data is compiled from onsite meter readings. These are analysed by the Manager regularly to make informed maintenance and investment decisions.

Keppel DC REIT's portfolio has a mix of master-leased facilities as well as colocation assets<sup>1</sup>. Only environmental data from five colocation assets is reported as the REIT is responsible for the facility management and has operational control over colocation assets but not master-leased facilities. For the purpose of comparison with 2016 full year actual data, 2017's environmental data was annualised based on nine months of actual data, as finalised full year data was not available at the time of publication of this report.

### Energy Consumption

Data centres involve mission-critical operations with high power requirements for accommodating IT equipment as well as the supporting cooling infrastructure needed to maintain optimal environmental conditions for the equipment. In the REIT's data centres, an environment suitable for hosting servers has to be maintained in accordance with respective clients' service level requirements.

During the year, the facilities consumed a total of 217,027 MWh of energy, comprising fuel and electricity consumption. The year-on-year increase in energy consumption

is attributable to the addition of KDC SGP 3 to the REIT's portfolio and reporting scope. Excluding KDC SGP 3, consumption levels would have decreased marginally.

Greenhouse Gases (GHG) emissions from data centre operations comprise mainly Scope 1 direct emissions from fuel consumption and Scope 2 indirect emissions from grid electricity consumption. Grid-supplied electricity forms the majority of the total electricity consumption while diesel fuel is used in data centre operations to power back-up generators in the respective facilities.

Emissions are computed based on the internationally accepted conversion factors<sup>2</sup> and classified using the GHG Protocol<sup>3</sup>. In 2017, Scope 1 carbon emissions from the use of diesel was 470 tonnes, while Scope 2 carbon emissions from electricity consumption was 108,648 tonnes. Total carbon emissions for the year amounted to 109,118 tonnes.

Although overall electricity usage is expected to increase in tandem with business growth, the Manager strives to implement steps and initiatives to optimise the energy usage intensity – measured by Power Usage Effectiveness (PUE) levels – of the facilities. Several of the REIT's data centres such as Gore Hill DC and KDC DUB 1 use electricity generated from renewable resources.

### Water Consumption

Most of the water within the REIT's facilities are used for the chilled water cooling systems used to maintain optimal environmental

conditions for clients' mission-critical IT equipment. The water is then recirculated within the system. During the year, the facilities consumed a total of 214,367 m<sup>3</sup> of water, more than 99% of which was from municipal sources. Non-municipal water sources comprised the use of rainwater by Gore Hill Data Centre for non-potable services.

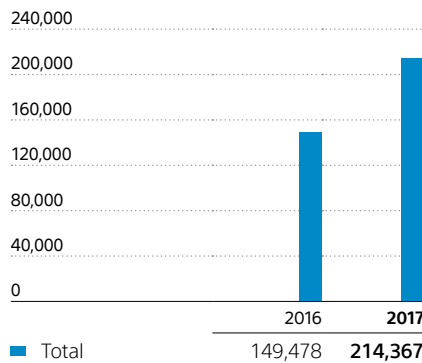
Water consumption in 2017 rose due to the inclusion of KDC SGP 3. If KDC SGP 3 were to be excluded, water consumption would have reduced from 2016 due to the proactive efforts of the facility manager to increase the water recycling capability of its cooling towers.

### Conservation Efforts

Various initiatives have been implemented by the facility managers to reduce environmental impact and ensure compliance with all local environmental regulations. Examples of these energy and water conservation measures include:

- Increase in cooling tower water recycling capability at KDC SGP 1 and KDC SGP 2 to reduce water consumption
- Installation of EcoMesh<sup>4</sup> technology in Gore Hill DC to aid in the cooling of air and reduce energy consumption of the chillers. In addition, chiller step settings were enhanced to improve the performance of the chillers
- Asset enhancement works at KDC DUB 1 that will enhance overall power efficiency
- Awareness campaign in KDC DUB 1 to encourage energy-saving practices in all users and gather suggestions for energy conservation initiatives

**Water Consumption Per Annum (m<sup>3</sup>)**



<sup>1</sup> During the year, Basis Bay DC in Cyberjaya, Malaysia was converted from a master-leased facility to a colocation asset in mid-2017, while another colocation asset – KDC DUB 2 – was acquired in Ireland in September 2017. As full year data was not available at the time of reporting, we will work towards including these two assets in the next sustainability report.

<sup>2</sup> Sources for conversion factors: EMA 2016 for Singapore, SEAI 2016 for Ireland, Department of the Environment for Australia, and United Kingdom Department for Environment, Food and Rural Affairs (DEFRA) 2016. Greenhouse gas emissions are reported in CO<sub>2</sub> for Singapore and Ireland, while Australia's is reported in CO<sub>2</sub>e.

<sup>3</sup> The GHG emission scopes 1 and 2 are defined by the GHG Protocol. Scope 1 refers to emission from company owned and operated facilities, machines, vehicles, etc. Scope 2 refers to emission from sources external to the company, but which provide the company with a service such as power plants and other utilities.

<sup>4</sup> EcoMESH is a unique mesh and water spray system that improves the performance of air-cooled chillers, dry coolers and refrigeration plant whilst reducing energy consumption.



## Empowering Lives

Nurturing a motivated, committed and competent talent pool ensures long-term business sustainability.



The Manager recognises that people are the foundation on which good businesses are built. The Manager is committed to nurture a motivated, committed and competent talent pool with its three-pronged human resource strategy that focuses on career development, employee welfare and employee engagement.

### Profile of Employees

In the beginning of 2017, there was a reorganisation of Keppel Capital, the Manager’s parent company. As part of the reorganisation, functions were centralised to maximise synergies across the various business units within Keppel Capital, including the Manager. In doing so, staff are able to enjoy increased opportunities for learning and career growth, while the Manager would be able to build bench strengths and deploy talents optimally.

The Manager has a direct head count of five as at 31 December 2017. All of them are based in Singapore and are full-time permanent executives. 60% of them are females. The Manager is supported by the centralised functions under Keppel Capital, which has a total headcount of close to 200 across six countries. The functions that support the Manager includes Asset Management, Investments, Compliance, Investor Relations, Finance, Research and Human Resources.

In 2017, there was one new hire and no resignations. The new hire is female and is above 30 years old.

Eight directors sit on the Board of Keppel DC REIT, out of which one is female.

<p><b>Career Development</b> </p> <p><b>Objectives</b> To nurture, develop and empower staff to attain their best potential</p> <p><b>Approach</b> Performance management, talent management, learning and development</p>	<p><b>Employee Welfare</b> </p> <p><b>Objectives</b> To enhance overall staff wellness</p> <p><b>Approach</b> Promote wellness to foster a healthy workforce</p>	<p><b>Employee Engagement</b> </p> <p><b>Objectives</b> To foster a cohesive identity within the company and provide open feedback channels</p> <p><b>Approach</b> Encourage open two-way communication, rewards and recognition system, team-building</p>
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### Policy of Non-discrimination

The Manager embraces diversity and respects the values and cultures of the communities in which it operates.

Merit-based recruitment practices that focus on individuals' competencies as well as job-fit are adopted to ensure equal employment opportunities for all, regardless of race, religion, gender, marital status or age.

As part of its commitment to non-discrimination and equal opportunities, the Manager adheres to the practices spelt out in Singapore's Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP) 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 uphold fair employment practices recommended by TAFEP.

The Manager's Employee Code of Conduct sets the tone in relation to its stance against discrimination. The rules of conduct apply to all employees and are aligned with the Keppel Group's Corporate Statement on Human Rights which is available online.

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

### Provision of Benefits

The Manager complies with all the statutory regulations relating to employment terms and benefits, and offers employees competitive and sustainable compensation. All permanent employees are provided with Group insurance plans, medical coverage, leave entitlements, and contribution to the local pension fund (Central Provident Fund in Singapore).

In addition to the benefits required by local labour legislation, the Manager also provides other benefits such as paternity and maternity leave, leave for childcare, marriage, compassionate grounds and examination, as well as flexible credit points that are awarded to employees for redemption on a host of benefits such as wellness classes or healthcare subsidies.

### Performance Management

The Manager advocates a performance-based culture to drive ownership of collective goals and create a high-performing environment that generates 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 have the opportunity to jointly discuss performance goals based on targets in four key areas: Financial, Process, Customers/Stakeholders and People. These performance goals are also aligned to the Manager's scorecard.

### Succession Planning and Talent Management

The Manager believes that succession planning and talent management is essential to build its bench strength and to ensure business continuity. The framework is

reviewed at least twice a year by the Board and senior management to ensure that high potential employees are identified and groomed for leadership succession.

As part of the Keppel Group, the Manager is able to leverage the talent management process that is centralised at the corporate level. Keppel Corporation's Group Human Resources drives programmes for leadership and executive development. It also coordinates information across the business units to ensure that a comprehensive and fair review of talent is undertaken.

Employees of the Manager also have opportunities to hone their leadership capabilities on internal talent development platforms such as the Keppel Young Leaders at the Group level. These platforms are designed to groom high potential employees, cultivate a global mindset and spur innovation by harnessing the collective strengths of business units across the Keppel Group.

### Training and Development

The Manager recognises the importance of investing in its employees' professional development. Training and development programmes are organised for employees to expand their skill sets and keep abreast of industry trends. In 2017, the average number of training hours per full-time employee was 22 hours. It is not meaningful to provide further breakdown of training hours given the reorganisation under Keppel Capital.

To empower employees to sharpen their competencies effectively, learning and development opportunities are customised to be relevant to their respective disciplines and cater to different career stages.

### Employee Engagement and Wellness

The Manager continually engages its employees to better understand their



1. Corporate activities such as the annual dinner and dance promote wellbeing and forge closer ties among employees.

2. The Manager strives to provide a nurturing environment that facilitates collaboration and innovation.

## Empowering Lives

needs and expectations. Two-way feedback between senior management and employees is highly encouraged. The Manager participated in the Keppel Group's 2017 Employee Engagement Survey that measured employee satisfaction. Administered by an external consultant, the survey achieved 100% participation rate from employees of the Manager and helps senior management gather feedback to review its policies, where appropriate, to better meet employees' needs.

The health and wellbeing of employees are important to the Manager. Healthy snacks and fruits are regularly distributed to all employees to advocate good eating habits and regular health screening programmes are also made available to them. Employees are also encouraged to participate in the Keppel Games, an annual sporting competition organised across the Keppel Group to foster an active lifestyle and team spirit.

The Manager strives to create a conducive working environment for staff. As part of the reorganisation with Keppel Capital, the Manager's new shared office premises include an array of staff-centric design features. An Indoor Air Quality (IAQ) management system was installed in the Manager's office to monitor air flow and quality. Staff were also supplied with ergonomic chairs and Green Mark certified furniture to ensure a comfortable working environment for employees. In the spirit of

fostering a collaborative environment, the Manager also catered for a bistro style pantry and discussion corner, as well as relaxation zones in the office.

The Manager participated in various corporate activities during the year to promote staff wellbeing 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 from the four asset managers.

Employees are able to enjoy quality time with their families at popular leisure destinations such as the Singapore Zoo and River Safari with complimentary entry passes. The Manager also supports the "Eat with Your Family Day" initiative organised by the Centre for Fathering, a non-profit organisation that promotes the importance of family ties and recognises families as the basic unit of society.

### Health and Safety

Safety is a vital part of the workplace culture and the Manager is dedicated to creating a safe workplace for all its employees and other stakeholders. It strives to create a zero-incident workplace by working closely with the respective facility managers of the data centres.

Periodic briefings and site inspections are conducted within facilities to ensure that safety standards are upheld. Visitors to

the data centres, including clients, are briefed on emergency evacuation procedures in the event of a fire. Fire evacuation routes are also prominently displayed at various locations in the data centres.

Equipment is periodically maintained and inspected with the aid of qualified specialists, while high voltage equipment are protected through extensive fire protection systems to ensure the safety of our staff, vendors, clients and for the continuity of operations.

The Manager has in place a systematic incident reporting structure to ensure that senior management and relevant safety personnel are kept abreast of incidents. Incidents, if any, are addressed immediately with the appropriate corrective measures implemented.

In FY 2017, there were zero fatalities in Keppel DC REIT's properties. There was, however, one non-fatal slip and fall workplace incident involving one of the facility manager's contractors. The incident was investigated and the relevant follow-up measures were taken to prevent recurrences. For its employees and facility managers, the Accident Frequency and Accident Severity Rates were zero.

The Manager will continue to uphold safety standards and instil a strong safety culture for the benefit of all its stakeholders.



## Nurturing Communities

In 2017, a total of 702 hours were dedicated by Keppel Capital volunteers to improve the lives of the less privileged.

**We are committed to contribute to the community and create positive impact wherever we operate.**

As a responsible corporate citizen, the Manager strives to engage its stakeholders proactively and support initiatives that positively impact the community.

During the year, the Manager participated in a range of activities to enrich the local communities. As a member of the REIT Association of Singapore, the Manager took part in investor outreach activities to enhance the investment community's understanding of Singapore REITs and support the growth of the REIT industry in Singapore.

The Manager strives to do good as the REIT does well. Together with the other business units under Keppel Capital, the Manager supported a series of three activities that were organised in 2017 for the Muscular Dystrophy Association of Singapore (MDAS), the adopted charity of Keppel Capital. MDAS is a self-help organisation committed to uplift the lives of people with muscular dystrophy.

The first activity of the year was a trip to the Singapore Zoological Gardens in June, where the group enjoyed an afternoon of interactive activities along the zoo trail.

In July, the volunteers and beneficiaries visited KidZania Singapore, an educational indoor theme park where children can role play different real-life professions.

Volunteers partnered with beneficiaries in the role playing and assisted them.

In August, the creativity of the volunteers and beneficiaries was put to test as they teamed up to bake and decorate their cakes at The Enabling Village, a community space for social businesses and partnerships that support people with different abilities.

In November, Keppel Capital collaborated with the charity group, Metta Welfare Association (Metta), to conduct a batik painting workshop where volunteers learnt about the traditional art form under the guidance of Arts@Metta youths with special needs. Participants' batik designs were subsequently sold at Keppel's dinner and dance along with other handicrafts made by Metta, with all sales proceeds going to the charity.

In 2017, a total of 702 hours were dedicated by Keppel Capital volunteers to improve the lives of the less privileged.

In 2017, the Manager contributed \$8,000 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. Keppel DC REIT also contributed sponsorships to various organisations, amounting to \$9,000.

1. As part of the reorganisation with Keppel Capital, the Manager's new shared office premises include an array of staff-centric design features.

2. The Manager supported a series of activities organised for the Muscular Dystrophy Association of Singapore (MDAS), the adopted charity of Keppel Capital.



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