

ANCHORING SUSTAINABILITY

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At MISC, sustainability reflects our commitment to environmental stewardship and our responsibility to society. Anchored by MISC's Sustainability Strategy and a rolling business plan aligned with 11 relevant SDGs, we continuously refine our approach to meet evolving customer needs, regulatory requirements and stakeholder expectations, driving progress toward our MISC 2050 Vision.

Over the year, we reinforced sustainability integration by embedding relevant KPIs across our businesses, rigorously tracking performance and fostering a sustainability-driven culture. Our adaptability remains key to long-term value creation and is critical in achieving our Net-Zero target by 2050. With deep expertise in the maritime industry, we continue to drive both business and sustainability priorities, recognising their essential role in strengthening our resilience.

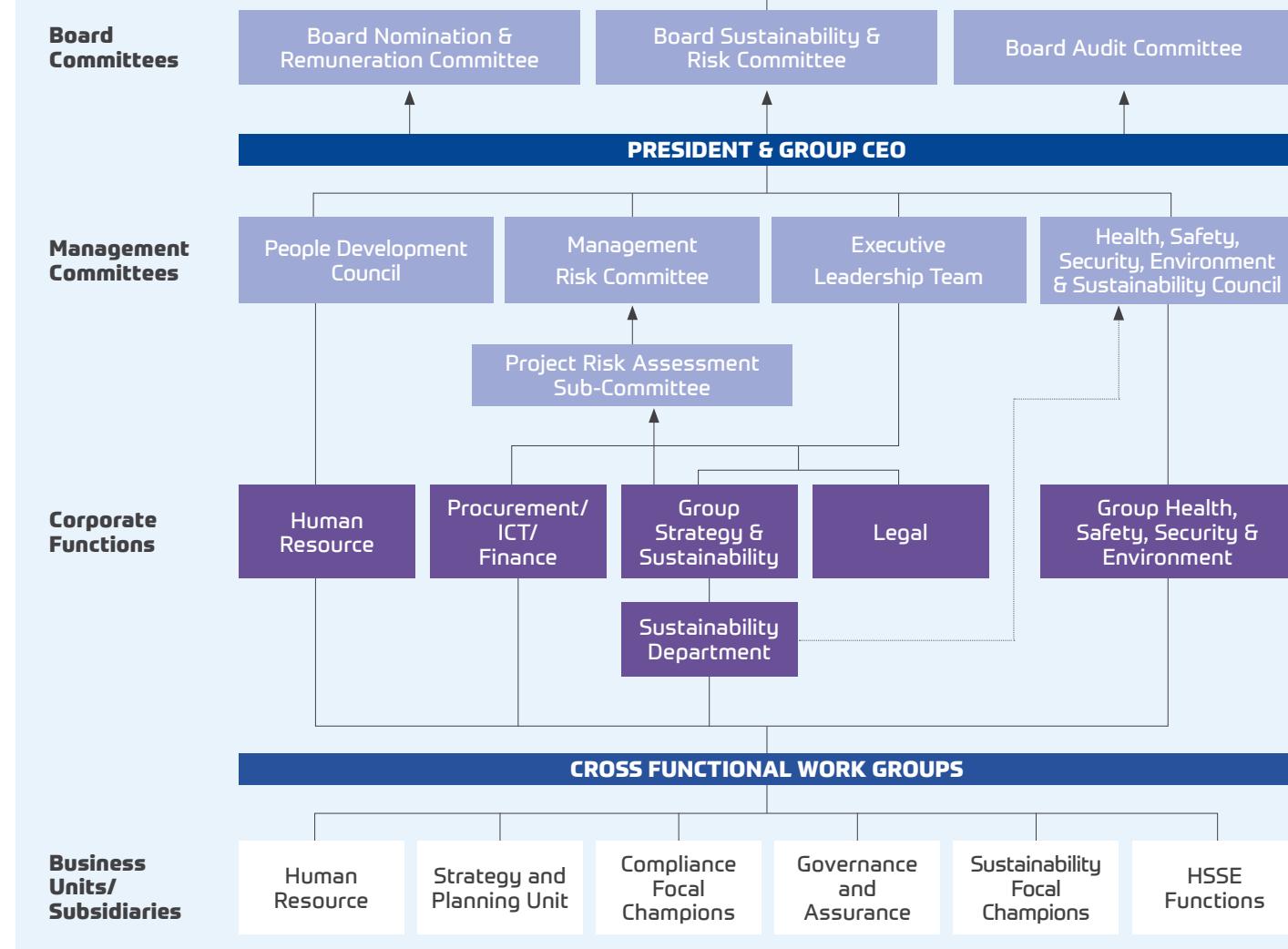
SUSTAINABILITY GOVERNANCE

At MISC, we regard strong governance as a cornerstone of our corporate commitment and a key driver of sustainable business practices. Recognising that today's decisions shape the future, we are dedicated to embedding robust governance principles that support long-term sustainability.

Our governance framework is founded on transparency, accountability and ethical conduct across all operations. By integrating financial and ESG considerations into our decision-making processes, we aim to foster responsible business practices and create enduring value for our stakeholders.

SUSTAINABILITY GOVERNANCE STRUCTURE AT MISC GROUP

BOARD OF DIRECTORS



Board of Directors

- Guides the Group's strategic vision and integrates sustainability into the business strategy
- Oversees sustainability reporting, ESG risk management and compliance with regulations
- Advocates responsible practices and innovation, embedding sustainability into governance processes
- Aligns sustainability goals with long-term value creation and the Group's mission

Board Sustainability & Risk Committee (BSRC)

- Oversees the implementation of the sustainability strategy and addresses ESG issues, including climate change, cybersecurity and human rights
- Assesses sustainability initiatives quarterly, reviewing progress, risks and alignment with business objectives
- Evaluates performance metrics and ensures compliance with regulations, fostering continuous improvement
- Allocates resources for sustainability, approving budgets and investments to achieve strategic goals
- Examines key strategic and operational risks identified during quarterly Management Risk Committee (MRC) meetings, including enterprise-level risk appetite and mitigation plans

Board Audit Committee (BAC)

- Oversees the internal control framework and conducts quarterly reviews of ESG matters, including Health, Safety, Security and Environment (HSSE), business ethics and whistleblowing/grievance cases
- Reviews updates on whistleblowing and grievance reports, along with compliance and ethics matters
- Assesses the Group Health, Safety, Security and Environment (GHSSE) Audit and Assurance Bi-Annual Reports, focusing on maintaining the efficiency and effectiveness of vessels and floating assets

Board Nomination & Remuneration Committee (BNRC)

- Reviews ESG performance as part of the Group scorecard and links it to remuneration policies
- Conducts performance appraisals for the Group and the President & Group CEO (PGCEO), covering financial performance, strategic initiatives, operations, HSSE and people development
- Makes recommendations to the Board for approval based on performance results against the balanced scorecard

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Health, Safety, Security, Environment & Sustainability Council (HSSES Council)	<ul style="list-style-type: none"> Guides the Group's strategic vision and integrates sustainability into the business strategy Oversees sustainability reporting, ESG risk management and compliance with regulations Advocates responsible practices and innovation, embedding sustainability into governance processes Aligns sustainability goals with long-term value creation and the Group's mission
People Development Council (PDC)	<ul style="list-style-type: none"> Composed of MISC's Executive Leadership Team (ELT) Deliberates on talent performance, career development programmes, succession planning, competency assessments and other people development-related issues
Management Risk Committee (MRC)	<ul style="list-style-type: none"> Implements the risk management framework across the Group Meets quarterly to evaluate significant risks and ensure effective risk management plans Assesses the adequacy and effectiveness of controls and mitigation strategies Reports risk-related matters quarterly to the BSRC, which then presents them to the Board Includes the Project Risk Assessment Sub-Committee (PRASC) to address risks related to capital intensive and/or revenue projects
Group Strategy & Sustainability	<ul style="list-style-type: none"> Oversees the Group's sustainability efforts and strategic priorities Drives, coordinates and monitors progress on MISC's sustainability strategic priorities with support from cross-functional working groups at business unit and subsidiary levels Manages external sustainability disclosures, reporting and group-wide sustainability materiality assessments Oversees sustainability-related stakeholder engagements Provides support and guidance to business units and subsidiaries on implementing sustainability strategies, monitoring performance and ensuring appropriate disclosures
Sustainability Custodians/ Focal Champions	<ul style="list-style-type: none"> Supported by cross-functional work groups at business unit and subsidiary levels and composed of individuals from Corporate Functions and Business Units/Subsidiaries Ensures the implementation of identified sustainability initiatives Leverages leadership abilities, expertise and industry knowledge to promote a culture of sustainability across the organisation

 For more information, please refer to the Sustainability Governance section on pages 34 to 36 in MISC Sustainability Report 2024.

ESG RISK MANAGEMENT

ENHANCING SUSTAINABILITY RISK MANAGEMENT



MISC continues to progress in our sustainability risk management to strengthen our commitment to responsible and sustainable business practices. Our risk management process is designed to effectively assess and identify potential risks, including ESG risks, that could impact the organisation. By integrating sustainability considerations into our Enterprise Risk Management (ERM) Framework and Project Risk Assessment Framework, we ensure that both ongoing business operations and new capital-intensive projects are aligned with our sustainability goals.

This systematic approach enables businesses within MISC to incorporate sustainability risks into their risk registers, ensuring these risks are assessed, monitored and mitigated with actionable plans. Furthermore, our risk assessment process is fully embedded into strategic planning to identify and manage risks associated with short-, medium- and long-term business strategies.

INTEGRATING ESG RISKS INTO BUSINESS PROCESSES

MISC has further strengthened its ESG risk management by embedding sustainability risks across all levels of the organisation. Business units, service units and subsidiaries conduct annual reviews of their risk registers, with a particular focus on identifying and addressing risks linked to the Group's business objectives. These identified risks are recorded in each unit's risk profiles and are assessed, treated, monitored and reviewed quarterly to ensure consistent and effective management.

At the Group level, a comprehensive risk register is maintained, capturing Primary Risks that are critical to the organisation. This includes ESG-related risks, which are continuously reviewed and updated. Material updates, along with relevant risk indicators, are reported in a timely manner to Management and the Board, ensuring proactive decision-making and oversight.

 For further details, refer to Our Risks and Mitigation Strategies on page 65.

FINANCIAL RISKS ASSESSMENT WITHIN ESG RISK MANAGEMENT

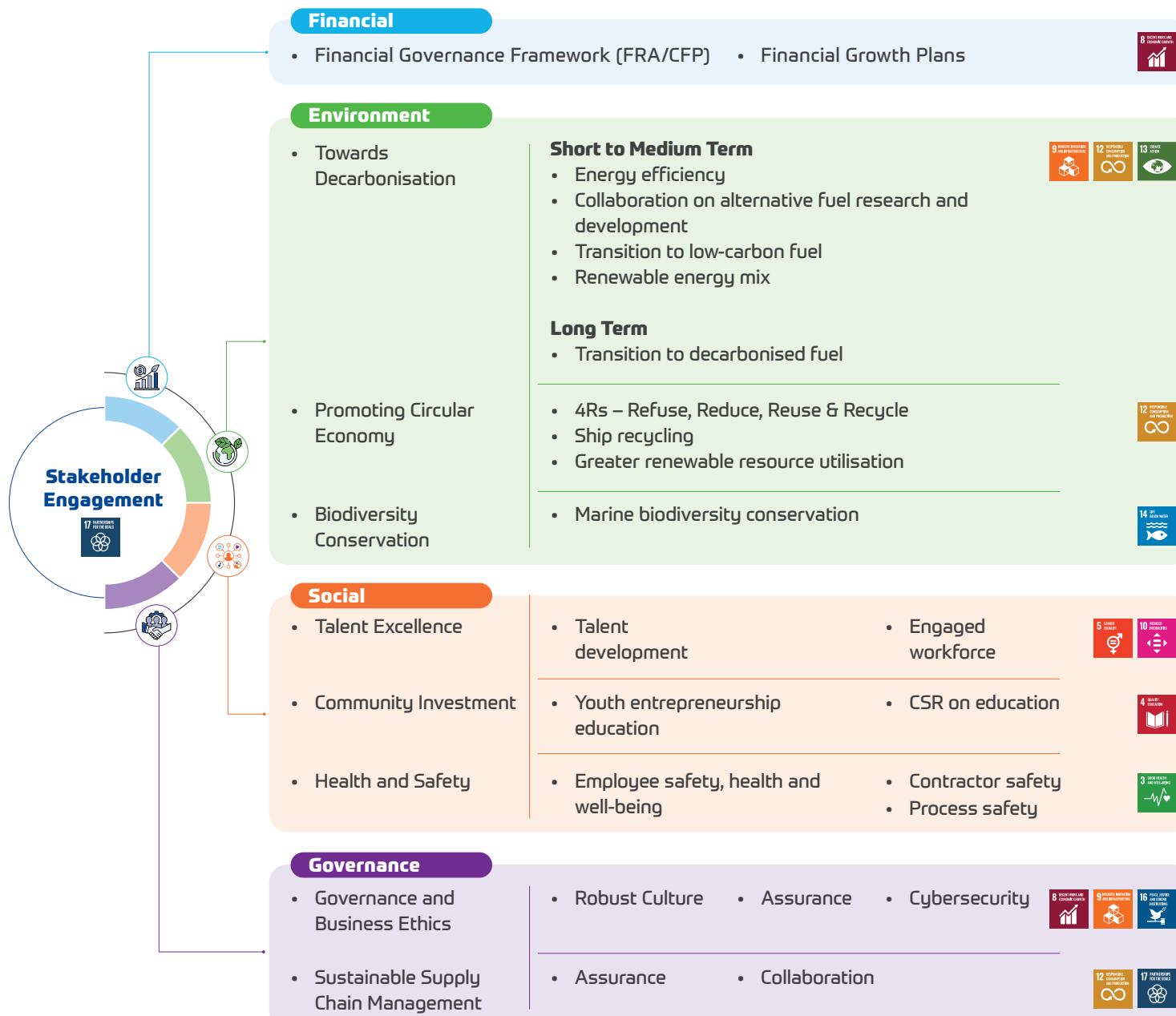
Financial risks remain a critical focus area within MISC's risk management framework. Business units, service units and subsidiaries consistently identify and manage ESG risks with financial exposure, including those related to gearing, cash flow requirements, net profit after tax and access to funding. These risks have been recognised for their potential impact on cash flow and profitability and their significance has been elevated to the Group's top risks.

 For a detailed analysis of financial risks, refer to Our Risks and Mitigation Strategies on page 65.

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SUSTAINABILITY STRATEGY AND ITS KEY PROGRESS IN 2024



KEY PROGRESS IN 2024

Sustainability Pillar	Achievements
FINANCIAL	
Financial	<ul style="list-style-type: none"> • Revenue: RM13.2 billion • Operating Profit: RM2.6 billion • Cash Flows from Operating Activities: RM4.3 billion • <i>FPSO Marechal Duque de Caxias</i> received first oil on 30 October 2024 and Final Acceptance on 2 November 2024 • MISC signed an MoU with Aker Solutions, PETRONAS Carigali Sdn. Bhd. and Clean Energy Systems Inc for a pilot project ZEUS, an innovative energy solution that utilises advanced oxyfuel combustion with immediate CO₂ capture and storage • MISC signed long-term TCPs with QatarEnergy for three newbuild LNGCs • MISC signed long-term TCPs with PLL for 15 years from 2027 for two newbuild LNGCs • MISC entered into an agreement for the sale and purchase of shares with SBM Offshore to acquire the remaining 49% shares of the JV companies of <i>FPSO Kikeh</i> • MHB successfully secured a second offshore wind project to build an OSS HVDC platform under TenneT's 2GW Programme, consisting of topside and jacket
MATERIAL MATTER	<p>SDG 8</p> <p>Financial Performance</p>
ENVIRONMENT	
Towards Decarbonisation	<ul style="list-style-type: none"> • AET entered into TCPs with PTLCL for the world's first two ammonia dual-fuel Aframaxes • AET's LNG dual-fuel VLCCs, <i>Eagle Veracruz</i> and <i>Eagle Ventura</i>, were awarded Green Ship status as part of MPA's Green Ship Programme at the Singapore Registry of Ships Forum 2024 • AET signed long-term in-charters for two newbuild LNG dual-fuel Aframaxes with shipowner Singfar
MATERIAL MATTERS	<p>SDGs 9, 12, 13</p> <p>Climate Change Energy Management</p>
Promoting Circular Economy	<ul style="list-style-type: none"> • Conducted two Ship Recycling Yard audits • Recorded 3R rate of 99.7% of hazardous waste generated from shore operations • 10% reduction in plastic waste generated on vessels • 49% reduction in plastic waste generated by Offshore • 20% reduction in paper consumption on vessels • Recorded 3R rate of 9% of non-hazardous waste generated from shore operations
MATERIAL MATTER	<p>SDG 12</p> <p>Waste Management</p>
Biodiversity Conservation	<ul style="list-style-type: none"> • Received the Sustainable Ecosystem Silver Award at the ESG Positive Impact Awards 2023 by The Star for the HOTO programme • 36 coral reef sites surveyed in 2024 • 3 coral sites rehabilitated since 2020 • 63% turtle nest hatching success rate • 11,400 kg of trash collected (beach and underwater clean-up) since 2020 • 30 mooring buoys were installed since 2020 to significantly reduce the physical impact on the reef due to anchor deployment
MATERIAL MATTER	<p>SDG 14</p> <p>Ocean Health</p>

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Sustainability Pillar Achievements	
SOCIAL	
Health & Safety	<ul style="list-style-type: none"> 100% of employees attended the Generative Culture Leadership Programme 80,771 UCUA cases were raised Received seven awards at the 42nd MSOSH Awards 2024 for Grand, Gold Merit and Gold Glass categories Offshore segment's FPSO Marechal Duque de Caxias Project received the British Safety Award 2024 Received the CSA Jones F. Devlin Safety Award for 47 vessels The Seri Daya and Seri Emperor crews rescued distressed individuals at sea in two separate events
MATERIAL MATTERS  Health and Safety  Security 	
Talent Excellence	<ul style="list-style-type: none"> Achieved an 81% engagement score in the Organisational Cultural Survey 44% Board members are female 95% retention rate for high-performing talent Maintained overall successor ratio for Enterprise Critical Positions (ECP) at 2:1 Invested in RM47.4 million in employee training and development programmes Invested RM29.1 million in training and development programmes for seafarers Facilitated the transition from sea-based to shore-based careers for 42 employees
MATERIAL MATTERS  Talent Development and Retention  Diversity and Inclusion 	
Community Investment	<ul style="list-style-type: none"> Supported 732 students at ALAM through cadet sponsorships of RM21.0 million Awarded 22 new educational scholarships in collaboration with Texas A&M Foundation, Singapore Maritime Foundation, and Dream, Learn, Work 346 employees have volunteered in the HOTO programme since 2021 2,842 local stakeholders and communities in Mersing participated in various awareness and capacity-building programmes since 2020
MATERIAL MATTER  Community Investment 	
GOVERNANCE	
Governance & Business Ethics	<ul style="list-style-type: none"> Roll-out of the MISC Human Rights Policy 100% of our operations were assessed for corruption-related risks Recorded zero major cybersecurity incidents and data breaches
MATERIAL MATTERS  Values, Governance and Business Ethics  Cybersecurity   	
Sustainable Supply Chain Management	<ul style="list-style-type: none"> Rolled out the Sustainable Procurement Statement Continued the Supplier ESG Self-Assurance programme for 100 critical suppliers
MATERIAL MATTER  Sustainable Supply Chain  	

 For more information, please refer to Our Sustainability Voyages on pages 28 to 32 in MISC Sustainability Report 2024.

CONTRIBUTING TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

MISC's prioritised SDGs were determined from the identified material sustainability matters in the materiality assessment exercise conducted in 2022. The selected SDGs were mapped to the Sustainability Strategy pillars and initiatives, as well as the material sustainability matters presented in the Sustainability Report 2024.

Prioritised SDGs	Achievements and Contributions
SDG 3: Good Health and Well-Being 	<ul style="list-style-type: none"> MISC Group won seven awards at the 42nd Malaysian Society for Occupational Safety and Health (MSOSH) Awards 2024 MISC was awarded the CSA Jones F. Devlin Safety Award for 47 of its vessels, where 38 vessels in AET fleet operated a total of 282 years with no lost-time injuries, 6 vessels in our GAS fleet operated a total of 13 years with no lost-time injuries and 3 of our lightering support vessels operated a total of 30 years with no lost-time injuries Offshore segment's FPSO Marechal Duque de Caxias Project was honoured at the prestigious International Safety Awards by the British Safety Council, recognising the distinctive health, safety and well-being practices put in place during the development of the FPSO unit
SDG 4: Quality Education 	<ul style="list-style-type: none"> Invested RM21.0 million in ALAM cadet sponsorship programme Invested RM29.1 million in the seafarers' development programme Invested RM47.4 million in employees training programmes
SDG 5: Gender Equality 	<ul style="list-style-type: none"> 44% female representation on the Board of Directors 24% female representation at the Management level Employed 86 females across our fleet
SDG 8: Decent Work and Economic Growth 	<ul style="list-style-type: none"> Provided job opportunities to more than 9,000 individuals from over 40 nationalities Recorded revenue of RM13.2 billion
SDG 10: Reduced inequalities 	<ul style="list-style-type: none"> Employee remuneration structures comply with applicable laws such as working hours, minimum wage, minimum living wages, overtime hours and legally mandated benefits, according to local jurisdictions where we operate
SDG 12: Responsible Consumption and Production 	<ul style="list-style-type: none"> Recorded 3R rate of 99.7% for hazardous waste and 9% for non-hazardous waste generated from shore operations Installed SOL-X system on 78% of vessels to reduce paper consumption and enhance the effectiveness of our permit-to-work tracking and disclosure
SDG 13: Climate Action 	<ul style="list-style-type: none"> Achieved 32% reduction in GHG intensity compared to 2008 baseline 549 LED lights were replaced by conventional lights in the MMHE's yard area
SDG 14: Life Below Water 	<ul style="list-style-type: none"> Surveyed 36 coral reef sites in 2024 Established three coral rehabilitation sites since 2020 346 employees participated in four separate Employee Participation Programmes (EPP) under the HOTO programme 2,842 local stakeholders and communities in Mersing participated in various awareness and capacity-building programmes since 2020
SDG 16: Peace, Justice and Strong Institutions 	<ul style="list-style-type: none"> Identified 256 potential bribery and corruption risks: <ul style="list-style-type: none"> Developed 16 bribery and corruption risk clusters Established 104 mitigation measures 100% of MISC Berhad's employees completed the Annual Conflict of Interest disclosure
SDG 17: Partnerships for the Goals 	<ul style="list-style-type: none"> Rolled out the Supplier ESG Self-Assurance programme for 100 critical suppliers Held two sustainability-sharing sessions with institutional shareholders and analysts Held a Sustainability Familiarisation Programme with ALAM cadets to introduce cadets to sustainability practices in the maritime industry

 For more information, please refer to MISC Sustainability Report 2024.

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MEMBERSHIPS AND ASSOCIATIONS

As a leading provider of international energy-related maritime solutions and services, MISC Group is driving the future of the industry. We actively engage in key industry discussions, leveraging our expertise to contribute innovative solutions alongside global leaders. Our commitment to sustainability is reflected in our efforts to promote understanding and adoption of sustainable practices through collaboration with a broad range of stakeholders.

As members of prominent industry associations, we take a proactive role in forums, conferences, events and partnerships, fostering meaningful contributions to the advancement of the maritime sector.

Climate-related Trade Associations and Principle/Charter

Getting to Zero Coalition

A partnership between the Global Maritime Forum (GMF), Friends of Ocean Action and the World Economic Forum. The coalition is a powerful global alliance of more than 70 public and private organisations committed to developing zero-emission vessels by 2030 and furthering international shipping's decarbonisation in line with the IMO's aspirations.

Our Position

We collaborate with critical maritime strategic partners on a joint development project for an ammonia-fuelled tanker that supports the shipping industry's drive for a decarbonised future. The joint development enables industry players with similar mindsets to pursue decarbonisation and reduce the effects of climate change.

Call to Action

A multi-stakeholder task force convened by the Getting to Zero Coalition with members from the entire maritime ecosystem including shipping, chartering, finance, ports and fuel production. The Call to Action was delivered to world governments in November 2021 before COP26.

Our Position

We are a signatory to the Call to Action for Shipping Decarbonisation.

Carbon Disclosure Project (CDP)

A not-for-profit organisation that administers the global disclosure system used by investors, businesses, cities, states and regions to manage their environmental impacts.

Our Position

We disclose our carbon management strategies, policies and procedures to CDP annually.

Other Trade Associations and Memberships

Maritime Anti-Corruption Network (MACN)

A global business network that envisages a corruption-free maritime industry that provides fair trade for the benefit of society.

Our Position

Align our contributions to MACN with the SDGs, particularly Goal 16 (Peace, Justice and Strong Institutions) and Goal 17 (Partnership for the Goals).



For more information, please refer to the List of Associations and Principles on page 61 in MISC Sustainability Report 2024.

CLIMATE-RELATED FINANCIAL DISCLOSURES

MISC CLIMATE FRAMEWORK

Framework	2024 Highlights
Governance	<ul style="list-style-type: none"> Established and enhanced Board and Management-level governance for the oversight, evaluation and management of climate-related matters Appointed the Chief Strategy & Sustainability Officer (CSSO) on 1 January 2025
Strategy	<ul style="list-style-type: none"> Reviewed and updated short-, medium- and long-term time horizons Prioritised nine material climate-related physical and transition risks and opportunities Categorised climate-related risks and opportunities systematically, emphasising those with high importance based on their impact, significance and stakeholder interest Disclosed strategic plans to manage climate-related risks and opportunities
Risk Management	<ul style="list-style-type: none"> Embedded climate risk evaluation into our strategic planning and business process through the MISC Resiliency Model Leveraged risk-based tools to integrate climate risk and opportunity considerations into projects and investment opportunities
Metrics and Targets	<ul style="list-style-type: none"> Identified performance indicators and benchmarks to manage climate-related risks and opportunities Medium-term target: 50% reduction in GHG intensity (for shipping operations) by 2030 compared to 2008 levels Long-term target: Net-Zero GHG emissions by 2050



For more information, please refer to the MISC's 2024 Climate-related Financial Disclosures Report and Climate-related Financial Disclosures section on pages 80 to 87 in MISC Sustainability Report 2024.

