

Chief Strategy & Sustainability Officer's Message



Dear Stakeholders,

The past year has seen significant shifts in the global economy, geopolitical landscape and energy markets. In this evolving environment, the Group has focused on strengthening core businesses, expanding into new energy markets and advancing decarbonisation efforts. Navigating these changes requires agility, balancing long-term growth with the transition to a low-carbon economy while ensuring resilience in a complex operating landscape.



NAVIGATING MARKET UNCERTAINTIES AND PROGRESSING ENERGY TRANSITION

In 2024, geopolitical developments played a central role in shaping global trade and energy markets. Rising tensions in key maritime routes, particularly in the Middle East, disrupted global shipping, leading to vessel rerouting and logistical challenges. Meanwhile, the Russia-Ukraine conflict continued to reshape trade flows, with businesses reassessing supply chain dependencies and market access. Political transitions added further uncertainty, as new policies took shape following elections in over 70 countries, including the United States. These developments brought on both risks and opportunities, requiring close monitoring to assess potential implications to global energy supply chains and inflationary pressures.

Within the shipping industry, these shifts influenced market dynamics. The LNG sector experienced an increase in vessel availability, while delays in liquefaction projects affected demand for LNGCs. In contrast, petroleum tanker rates remained stable, supported by sustained tonne-mile demand and a historically low number of newbuild deliveries. The FPSO market continued to gain momentum, driven by increased offshore exploration and long-term production investments, particularly in Africa and Brazil's pre-salt fields.

Regulatory developments are also shaping the future of the maritime industry. Stricter decarbonisation measures introduced under the IMO Framework are now in effect, with preparations underway for the full enforcement of the EU's Emissions Trading System (ETS) and the 2025 FuelEU Maritime Regulation. In Malaysia, the anticipated Climate Change Bill and carbon tax on high-emission industries will further shape our domestic sustainability strategy. These evolving regulations will accelerate the industry's transition towards eco-efficient vessels and alternative fuels.

DELIVERING ON STRATEGIC PRIORITIES

Our strategic focus in 2024 was anchored on three key pillars: Business Model Transformation, Strategic Partnerships and Client Positioning and Organisational Culture and Behaviour. These pillars directed our efforts towards financial resilience, sustainable growth and environmental stewardship by strengthening core revenue streams, expanding into new energy ventures and ensuring long-term competitiveness. Our achievements during the year reflect our commitment to this strategic focus.

Project delivery remained a priority. A key milestone was the successful delivery of *FPSO Marechal Duque de Caxias*, achieving first oil on 30 October 2024. This achievement underscores our ability to execute complex deepwater offshore projects despite pandemic-related disruptions. The FPSO, which is now fully operational, reinforces our offshore presence while securing long-term revenue stability. We also took proactive steps to rejuvenate our LNG fleet, securing long-term charters with PETRONAS and QatarEnergy for five newbuild LNGCs.

With a steady pipeline of deliveries from 2025 to 2027, we remain on track to expand our fleet with modern, eco-efficient LNGCs. Aligning with our objective to optimise our fleet, we successfully concluded the sale of three LNGCs: *Portovenere*, *Lerici* and *Puteri Intan*, unlocking capital for reinvestment into newer and more efficient vessels. Additionally, we optimised our FPSO portfolio through the acquisition of SBM's 49% equity stake in *FPSO Kikeh* and the divestment of our 49% stake in *FPSO Espírito Santo*, aligning our asset base with long-term value creation.

To accelerate our energy transition ambitions, we formalised the NED division within MISC, which will work collaboratively with our core business segments to drive strategic investments in carbon abatement and sustainable solutions. We also enhanced operational efficiencies by establishing Marine Services on 1 April 2024, through the successful integration of Eaglestar Marine Holdings (L) Pte. Ltd. (Eaglestar) and MISC Maritime Services Sdn. Bhd. (MMS) to deliver enhanced maritime services.

Beyond strengthening core operations, our investments in sustainability yielded measurable progress. The Group recorded a 32% reduction in average GHG intensity from the gas and petroleum fleet compared to 2008 levels. Building on this momentum, we secured long-term charters with PETRONAS' trading arm, PTLCL, for the world's first two ammonia dual-fuel Aframax tankers, further reinforcing our decarbonisation efforts. Further strengthening its renewables footprint, MHB secured its second offshore wind project to construct an OSS HVDC platform, as part of TenneT's 2GW Programme in the Netherlands.

Industry recognition highlighted the impact of these efforts. AET's LNG dual-fuel VLCCs, *Eagle Veracruz* and *Eagle Ventura*, were awarded Green Ship status under MPA's Green Ship Programme. Additionally, the Group was honoured with the Industry Excellence Award in Transportation & Logistics at the National Corporate Governance & Sustainability Awards 2024.

CHARTING A LOW-CARBON FUTURE WITH MISC 2030 AMBITION

As part of our long-term vision, the Group refined its strategic direction, transitioning from the MISC 2030 Aspiration to the MISC 2030 Ambition. This renewed strategy is anchored on three focus areas: Resilient Core, Profitable New Energy Business and Decarbonisation.

MISC's Resilient Core remains the foundation of our business, ensuring operational excellence and financial discipline. We are advancing fleet rejuvenation, enhancing asset utilisation and optimising cost efficiency, while upholding safety and quality standards. By strengthening project execution and unlocking value through the strategic monetisation of our assets, we continue to reinforce long-term resilience.

At the same time, we are driving a Profitable New Energy Business by expanding into carbon capture, offshore wind

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and alternative fuels. Through strategic partnerships and integrated value offerings, MISC is positioning itself as a key player in the maritime solutions value chain, ensuring sustainable and commercially viable growth in emerging energy markets.

Aligned with our sustainability commitments, decarbonisation is central to our strategy. We will continue to adopt emissions reduction technologies and invest in lower carbon solutions as part of our strategy. Our transition is further supported by dual-fuel assets and a responsible supply chain approach, enabling MISC to navigate the evolving energy landscape with a reduced carbon footprint.

Through these three focus areas, MISC 2030 Ambition sets a clear path towards a low-carbon future, balancing profitability with sustainability to drive long-term value creation.

To further support our MISC 2030 Ambition, we will continue to prioritise environmental conservation, investments in people and communities, as well as upholding good governance practices. In 2024, we launched a new Human Rights policy which replaced the previous Human Rights Commitment and Modern Slavery Policy, to strengthen responsible business practices across our operations and supply chains.

FUTURE OUTLOOK

Geopolitical conflicts and shifting alliances are driving a more polarised world, increasing economic uncertainty and trade disruptions. The shipping industry must brace for volatility in 2025 due to shifting trade flows and new environmental regulations. Strong oil and gas demand, particularly in Asia, will support tanker demand. At the same time, with renewables outpacing fossil fuel investments, stricter IMO regulations will accelerate decarbonisation through alternative fuels, greater energy efficiency and the prospect of carbon pricing mechanisms.

We are committed to creating value across a diverse business portfolio. Fleet rejuvenation will continue, improving operational efficiency and strengthening our market position. At the same time, development in the global energy transition, renewable energy and low-carbon fuel value chains, will be actively pursued to support long-term growth. Robust risk management will also remain central in our business conversations as we navigate the uncertain landscape.

With a disciplined approach, the Group is positioned to generate sustainable value for our stakeholders and shape a future-ready MISC.

RAJA AZLAN SHAH RAJA AZWA

Chief Strategy & Sustainability Officer