



# NURTURING GROWTH, BUILDING A SUSTAINABLE FUTURE

INTEGRATED ANNUAL REPORT 2024



Malaysia Marine and Heavy Engineering Holdings Berhad (MHB) Registration No. 198901001515 (17821-X)

Integrated Annual Report 2024



[www.mhb.com.my](http://www.mhb.com.my)

**Malaysia Marine and Heavy Engineering  
Holdings Berhad (MHB)**

Registration No. 198901001515 (17821-X)

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# NURTURING GROWTH, BUILDING A SUSTAINABLE FUTURE

Fifty years ago, a seed was planted—one that would grow through storms, adapt to shifting landscapes, and reach ever higher towards the sky. That seed was MHB, rooted in resilience and strengthened by innovation. Over the decades, we have navigated challenges, expanded our horizons, and embraced transformation. Today, as we stand at the threshold of a new era, we are no longer just growing—we are nurturing a future that is built to last. The tree on our cover tells this story: a testament to perseverance, steady progress, and the ability to thrive in an ever-changing world.

Like nature, growth requires care, foresight, and an unwavering commitment to sustainability. The branches of our journey extend into new frontiers, with deeper roots anchoring us in responsibility and purpose. The digital elements woven into the tree's form reflect our forward-thinking approach, where technology and innovation drive us towards solutions that benefit both the energy industry and the environment. Against the backdrop of towering structures and moving cranes, the contrast is clear—our transformation is not just about what we build but how we build it, ensuring that progress and sustainability go hand in hand.

The story of this tree is also a reflection of our next great chapter. From our ventures in offshore energy to our bold steps into renewables, we are expanding beyond the familiar, embracing the challenge of decarbonisation, and stepping into a future where our impact is measured not just in achievements, but in lasting change. Just as a single seed has the power to grow into a thriving forest, our journey today is about laying the foundation for the next fifty years—and beyond.



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Proxy Form



# ABOUT THIS REPORT

MHB's Integrated Annual Report (IAR) 2024 provides a comprehensive and balanced evaluation of the Group's performance in delivering value to its diverse stakeholders. The report offers detailed insights into material matters, strategic priorities, risk management, corporate governance, and both financial and non-financial performance. It also demonstrates MHB's dedication to advancing innovation and adopting low-carbon solutions as part of its long-term value creation strategy.

## REPORTING SCOPE AND BOUNDARIES

Covering the period from 1 January to 31 December 2024, this report also includes material events occurring after the financial year-end up to the publication date, with relevant remarks or indicators provided where applicable. References to Malaysia Marine and Heavy Engineering Holdings Berhad (MHB) denote the holding company, while Malaysia Marine and Heavy Engineering Sdn Bhd (MMHE) refers to the principal operating subsidiary located in Pasir Gudang, Johor.

## MATERIALITY

This IAR reflects key factors influencing the Group's strategic direction, including its ability to execute strategies, generate shared value, and sustain long-term financial and non-financial performance. It also incorporates an analysis of identified risks and the priorities of stakeholders.

## OUR INTEGRATED THINKING

Through its corporate and sustainability strategies, the Group demonstrates its approach to value creation by aligning financial and non-financial capitals. This involves identifying connections, impacts, and synergies among material topics, stakeholder expectations, strategic goals, risks, and opportunities.

## SUSTAINABILITY RISKS AND GOVERNANCE

Sustainability risks and opportunities are integrated across all markets, forming an essential part of performance modelling, with detailed disclosures provided throughout this report to offer a comprehensive view of these efforts.

## INTEGRATED ANNUAL REPORT (IAR) 2024

This report offers shareholders and all stakeholders a balanced and comprehensive perspective on the Group's financial and non-financial performance. It examines the external operating environment, outlines the business model and strategy, highlights key achievements, and includes detailed financial statements, material matters, corporate governance practices, and risk management frameworks.

## SUSTAINABILITY STATEMENT (SS) 2024

This Statement highlights the Group's sustainability progress, with disclosures aligned to global reporting standards such as Global Reporting Initiative (GRI) Standards and sustainability indices like FTSE4Good. It also considers the priorities of internal and external stakeholders, demonstrating our commitment to advancing sustainable practices.

## REPORTING FRAMEWORKS

- International <IR> Framework issued by the IFRS Foundation in 2021
- Main Market Listing Requirements (MMLR) issued by Bursa Malaysia
- Companies Act 2016 (CA 2016)
- Malaysian Code on Corporate Governance 2021
- Corporate Governance Guide (4th edition) issued by Bursa Malaysia
- Bursa Malaysia Sustainability Reporting Guide
- Malaysian Financial Reporting Standards (MFRS)
- International Financial Reporting Standards (IFRS)
- Global Reporting Initiative (GRI) Standards
- United Nations Sustainable Development Goals (UNSDGs)
- FTSE4Good Bursa Malaysia Index

## ASSURANCE

The financial information in this report is based on the consolidated audited financial statements for the financial year ended 31 December 2024, audited by Ernst & Young PLT. The MHB internal team has maintained its continuous oversight in the preparation of this IAR to ensure that all data provided are reliable and accurate as of the date of publication. At present, the MHB Sustainability Statement 2024 has not been subject to an assurance process.



## EXCLUSIONS

In line with our disclosure framework, we withhold information in the following circumstances:

- Where disclosure could compromise our strategic or competitive advantage
- Where contractual obligations prevent the release of information
- Where information cannot be verified

## FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements reflecting MHB's expectations regarding its future value creation potential. These statements are subject to significant uncertainty, owing to the dynamic nature of the operating environment and the inherent complexities of the industry in which MHB operates. As such, actual outcomes may differ from those anticipated in these forward-looking statements.

## STATEMENT OF THE BOARD OF DIRECTORS

*The Board of Directors acknowledges its responsibility to ensure the integrity of MHB IAR 2024. In the Board's opinion, this report has addressed all material issues and matters and presents MHB's performance for the year 2024.*

**Mohammad Suhaimi Mohd Yasin**  
Chairman

# ABOUT THIS REPORT

## Six Capitals

- Human Capital
- Financial Capital
- Manufactured Capital
- Intellectual Capital
- Social Capital
- Natural Capital

## Stakeholders

- Government and Regulators
- Suppliers / Vendors
- Business Partners
- Local Institutions
- Customers
- Employees
- Board of Directors
- Shareholders / Investors / Financial Providers
- Communities

## Material Matters

### FINANCIAL GROWTH

- Project & Financial Performance
- Business Sustainability

### ENVIRONMENTAL STEWARDSHIP

- Climate Change
- Natural Resources & Consumption

### SOCIAL RESPONSIBILITY

- Health & Safety
- Strategic Community Initiatives
- Diversity & Inclusion
- Human & Labour Rights
- Human Capital

### STRONG GOVERNANCE

- Supply Chain
- Risk Management
- Asset Integrity & Reliability
- Governance & Ethics
- Digitalisation & Cybersecurity

### STAKEHOLDER ENGAGEMENT

- Customer Satisfaction

# WHO WE ARE AND WHAT WE DO

# WHO WE ARE AND WHAT WE DO

## MHB: AN OVERVIEW

With a heritage spanning over 50 years, Malaysia Marine and Heavy Engineering Holdings Berhad (MHB) has earned a global reputation for excellence in energy and marine solutions. Trusted by international energy clients, MHB operates Malaysia's largest fabrication yard—also among the largest in Southeast Asia—and delivers integrated solutions for a wide range of offshore and onshore facilities, and vessels.

MHB specialisation lies in offshore construction, including deepwater facilities, as well as marine repair, conversion, and refurbishment services, with a niche focus on Liquefied Natural Gas Carriers (LNGCs).

Today, MHB is at the forefront of the green energy revolution, spearheading initiatives in renewable energy and decarbonisation. Leveraging our extensive expertise, we construct carbon capture facilities, advanced offshore wind farm substations, and provide fabrication services for green hydrogen facilities, supporting our clients' aspirations for cleaner and more sustainable energy solutions.

### VISION

To consistently provide better marine and heavy engineering related solutions

### MISSION

To consistently be better, we strive:



To exceed the expectations of our customers



To promote individual and team excellence of our employees



To create a positive difference to the lives of communities



To care for the environment and operate responsibly



To drive sustainable value for our shareholders

### SHARED VALUES

#### LOYALTY

Loyal to corporation

#### PROFESSIONALISM

Strive for excellence

#### INTEGRITY

Honest and upright

#### COHESIVENESS

United, trust and respect for each other

### MHB CULTURAL BELIEFS



#### Results Matter

I stretch my limits to deliver superior results



#### Own It!

I own the results and don't blame others



#### Focused Execution

I plan, commit and deliver with discipline



#### Nurture Trust

I always keep my promise and build mutual trust



#### Tell Me

I seek, give and act positively on feedback



#### Shared Success

I collaborate for the greater good of MHB and the MISC Group



# WHO WE ARE AND WHAT WE DO

Incorporated in **1973** and listed on the Main Market of Bursa Malaysia Securities Berhad in 2010



A constituent of FTSE4Good Bursa Malaysia Index since **2015**

Our Centre of Excellence, a dedicated learning centre for oil and gas and marine industries has trained over **126,000 personnel** as of end 2024



More than **68 million** man-hours recorded annually for the past three years



Fabrication tonnage capacity of **129,700 MT**



Own one of the **largest goliath cranes** in Southeast Asia

Own one of the **largest dry docks** in Southeast Asia

Own one of the **largest shiplifts** in the world

## OUR STRATEGIC LOCATION



## OUR GLOBALLY-RECOGNISED CERTIFICATIONS

- **ISO 45001: 2018 Certified** Occupational Health and Safety Management Systems
- **ISO 14001: 2015 Certified** Environmental Management Systems
- **ISO 37001: 2016 Certified** Anti-Bribery Management Systems
- **ISO 9001: 2015 Certified** Quality Management Systems
- **ISO 3834-2: 2021 Certified** Quality Requirements for Fusion Welding of Metallic Materials
- **ISO 29001: 2020 Certified** Quality Management System for Petroleum, Petrochemical and Natural Gas Industries
- **IECEx Certified** Repair and Overhaul Services of Ex d, Ex e and Ex n of Certified Rotating Machines and Enclosures
- **American Society of Mechanical Engineers (ASME) U & R** Stamp Authorisation for the Manufacture and Repair of Pressure Vessels
- **EN 1090-1: 2009 + A1: 2011 Certified** Execution of Steel and Aluminium Structures

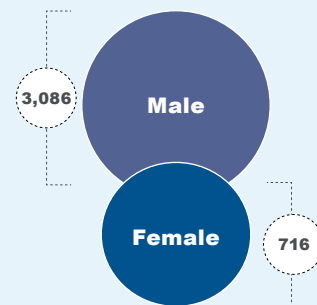
## OUR PEOPLE



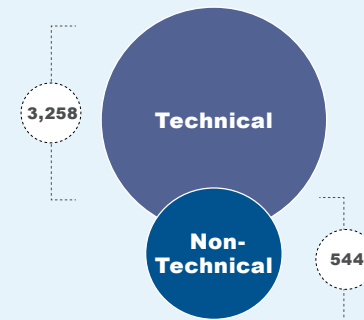
NUMBER OF EMPLOYEES (AS OF 31 DECEMBER 2024):

**3,802**

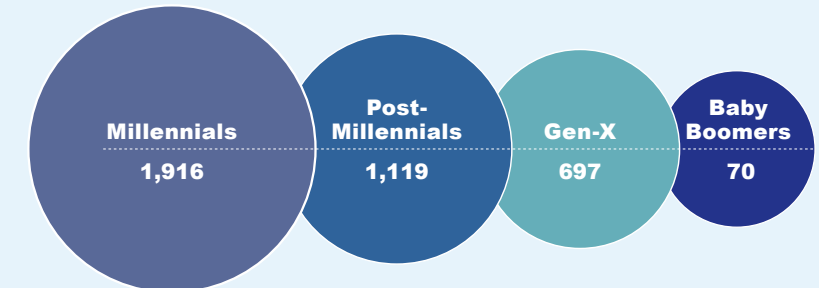
### EMPLOYEE COMPOSITION:



### TECHNICAL / NON-TECHNICAL:



### AGE DIVERSITY:



Note: Manpower generation data is based on the new definition i.e Baby Boomers (1965 and before), Gen X (1966-1979), Millennials (1980-1994) and Post-Millennials (1995 and after).

# WHO WE ARE AND WHAT WE DO

# WHO WE ARE AND WHAT WE DO

## OUR SOLUTIONS

### HEAVY ENGINEERING



**Over 50 years**  
of delivering integrated and complex solutions for oil and gas and marine industries

#### OIL & GAS

##### OFFSHORE

Engineering, Procurement, Construction, Installation and Commissioning solutions of offshore facilities

- Deepwater facilities
- Fixed platforms
- Turrets

##### ONSHORE

Fabrication solutions of onshore modules and facilities

- Pre-Assembled Units (PAU) modules
- Pre-Assembled Rack (PAR) modules

##### CONVERSION

Conversion of offshore facilities in one location

- Floating Production Storage and Offloading (FPSO)
- Floating Storage and Offloading (FSO)
- Floating Storage Units (FSU)
- Mobile Offshore Production Units (MOPU)

#### GREEN SOLUTIONS

##### RENEWABLE ENERGY

##### OFFSHORE WIND

Engineering, Procurement and Construction solutions of offshore wind facilities

- High-Voltage Direct Current (HVDC) and High-Voltage Alternating Current (HVAC) Offshore Substations (OSS)
- Foundations for wind turbine generators

##### HYDROGEN

Engineering, Procurement and Construction solutions of hydrogen and ammonia facilities

##### CARBON CAPTURE

Engineering, Procurement, Construction, Installation and Commissioning solutions of offshore and onshore carbon capture and storage facilities

Proven expertise in full range EPCIC services with the delivery of over **200 OFFSHORE FACILITIES** which include:



- 63 Wellhead Platforms (WHP) - 60 delivered, 3 ongoing
- 1 Tension Leg Platform (TLP)
- More than 30 Floaters conversion projects
- 24 Turrets
- 16 Central Processing Platforms (CPP) - 15 delivered, 1 ongoing
- 71 Jackets - 67 delivered, 4 ongoing
- 1 Semi-submersible
- 1 Spar

### MARINE



Complete offshore conversion facilities with a track record of more than **30 Conversion Projects**

#### MARINE REPAIR AND UPGRADES

##### REPAIR AND LIFE EXTENSION

Comprehensive marine repair and life extension solutions for various types of vessels, rigs and marine facilities

- Gas carriers: Liquefied Natural Gas Carriers (LNGCs) / Liquefied Petroleum Gas Carriers (LPGCs)
- Product tankers (chemical, crude oil, petroleum) and Very Large Crude Carriers (VLCCs)
- Container vessels and bulk carriers
- Offshore supply vessels
- Dredgers, car carriers, navy vessels
- Oil rigs, semi-submersibles and others

##### MARITIME DECARBONISATION RETROFITS

Various solutions on Energy Saving Technologies (EST) retrofitting and installation to decarbonise vessel operations

Comprehensive marine services with close to **4,000 MARINE REPAIR** and upgrade including conversion services on various types of vessels, rigs and marine facilities.



- Dry Dock No. 1 - Capacity: **450,000 dwt**
- Dry Dock No. 2 - Capacity: **140,000 dwt**
- Dry Dock No. 3 - Capacity: **400,000 dwt**

### PLANT TURNAROUND AND SHUTDOWN MAINTENANCE



#### ONSHORE OPERATIONS AND MAINTENANCE

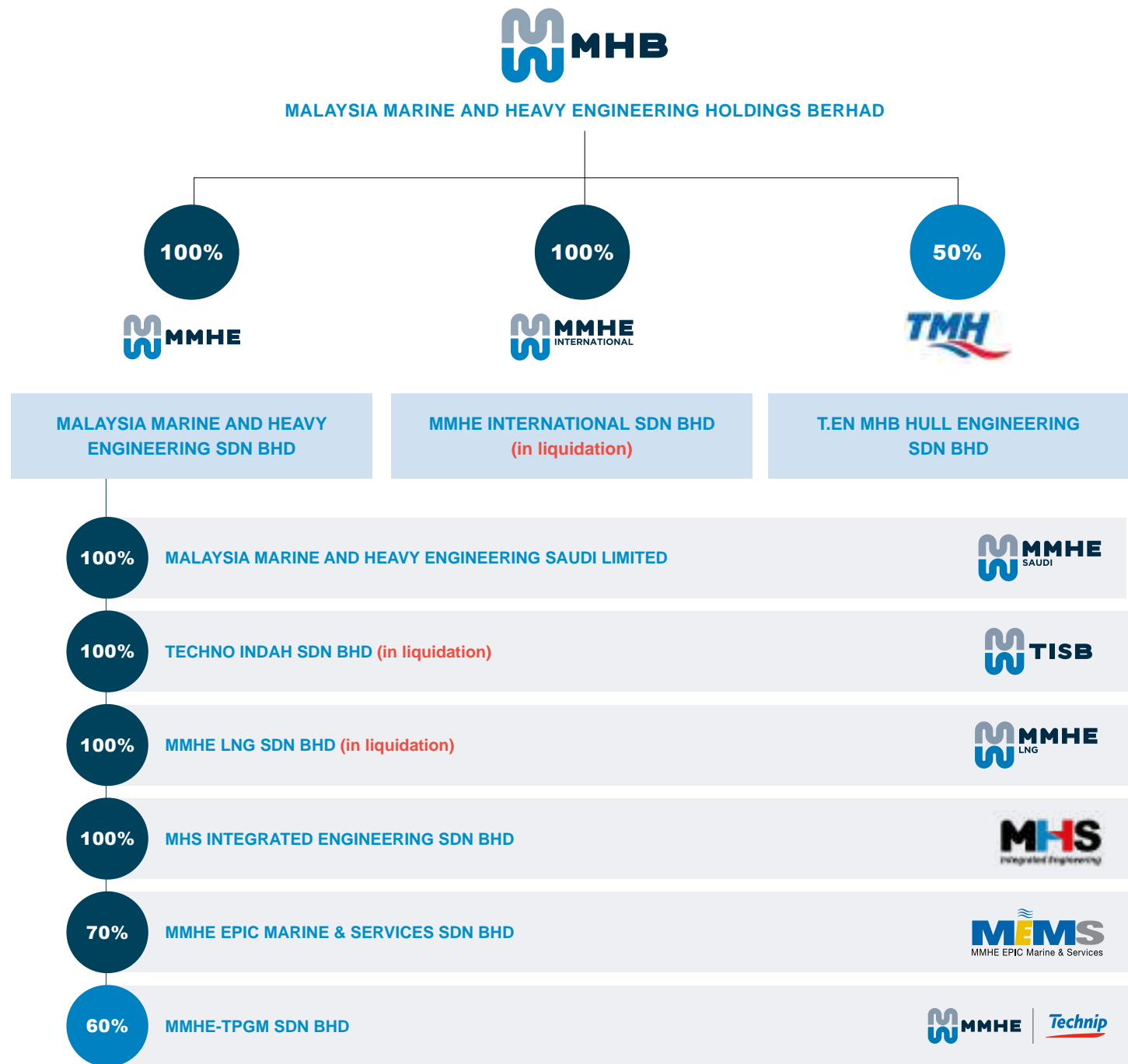
##### ONSHORE OPERATIONS AND MAINTENANCE

- Plant Turnaround and Shutdown
- Plant Maintenance Services (Static Equipment) / Daily Plant Maintenance Services
- Piping and Fabrication Works
- Electrical and Instrument Works
- Light Engineering Fabrication (Telco & Grid Tower, Guardrail & Gantry for Highway)

##### ONSHORE FABRICATION & INSTALLATION

- Steel Structure, Piping, Modular Installation, Stick Built Fabrication

# CORPORATE STRUCTURE



Legend: ● Subsidiary    ● Jointly Controlled Entity

# CORPORATE INFORMATION

## Board of Directors

Chairman, Independent Non-Executive Director  
**Mohammad Suhaimi Mohd Yasin**

Independent Non-Executive Director

- Wan Yusoff Wan Hamat
- Keith Taylor
- Mariah Mohamad Said
- Azhar Noordin

Non-Independent Non-Executive Director

- Shamsul Bahar Ahamad Zainal Badri
- Zahid Osman
- Raja Azlan Shah Raja Azwa

Managing Director & Chief Executive Officer  
Non-Independent Executive Director  
**Mohd Nazir Mohd Nor**

### Registered Office

Level 31, Menara Dayabumi  
Jalan Sultan Hishamuddin  
50050 Kuala Lumpur  
Malaysia  
Telephone : +603 2273 0266  
Email : enquiries@mmhe.com.my  
Website : www.mhb.com.my

### Auditors

Ernst & Young PLT  
Level 23A Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur  
Malaysia  
Telephone : +603 7495 8000

### Form of Legal Entity

Incorporated on 18 February 1989 as a private company limited by shares and converted into a public company limited by shares on 14 June 2010

### Stock Exchange Listing

Listed on the Main Market of Bursa Malaysia Securities Berhad since 29 October 2010  
Stock Code : 5186  
Stock Name : MHB

### Board Audit Committee

- Mariah Mohamad Said (Chairperson)
- Keith Taylor
- Shamsul Bahar Ahamad Zainal Badri

### Board Nomination & Remuneration Committee

- Wan Yusoff Wan Hamat (Chairman)
- Mariah Mohamad Said
- Raja Azlan Shah Raja Azwa

### Board Sustainability & Risk Committee

- Keith Taylor (Chairman)
- Wan Yusoff Wan Hamat
- Raja Azlan Shah Raja Azwa
- Azhar Noordin

### Company Secretaries

**Shahrin Albakri Mustafa Albakri MCCS**  
(M01832)  
Suruhanjaya Syarikat Malaysia  
Practicing Certificate (202108000633)

**Haniza Sabaran FCIS (CS) (CGP)**  
(MAICSA 7032233)  
Suruhanjaya Syarikat Malaysia  
Practicing Certificate (201908001761)

### Share Registrar

Boardroom Share Registrars Sdn Bhd  
11th Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
Telephone : +603 7890 4700  
Facsimile : +603 7890 4670

### Place of Incorporation and Domicile

Malaysia

## CHAIRMAN'S MESSAGE



MOHAMMAD SUHAIMI MOHD YASIN  
CHAIRMAN

Dear Stakeholders,

2024 has been a year of meaningful progress for MHB. Despite an evolving global landscape shaped by geopolitical uncertainty, economic volatility, and supply chain challenges, the Group has demonstrated adaptability and resilience, ensuring it remains well-positioned for sustainable growth. Through disciplined execution and strategic realignment, MHB has strengthened its financial position, enhanced operational efficiencies, and reinforced its governance frameworks, while maintaining its commitment to responsible business practices.

### NAVIGATING A COMPLEX MACROECONOMIC LANDSCAPE

The global energy sector experienced significant disruptions over the year. The prolonged Russia-Ukraine conflict, along with continued sanctions on Russian oil and gas caused a realignment in global energy markets. Europe deepened its reliance on liquefied natural gas (LNG) imports from the US and the Middle East, while Russia redirected its exports to Asia, reshaping global trade flows. Meanwhile, escalating tensions in the Middle East disrupted critical maritime routes, forcing vessel rerouting and increasing tonne-mile demand. Rising insurance premiums and higher operational costs led to an overall surge in shipping expenses, further complicating supply chain logistics.

Adding to this complexity, 2024 was a year of political transition, with elections held in over 50 countries across the US, Europe, Asia, and Africa, introducing new economic and regulatory shifts. The energy sector was further influenced by the Organization of the Petroleum Exporting Countries (OPEC+) and its allies' decision to extend production cuts through 2025, reinforcing its strategy to maintain market stability. These global developments required businesses to adopt a proactive and agile approach, anticipating shifts in market conditions and capitalising on opportunities that arise from these transitions.

Against this backdrop, MHB has maintained a balanced portfolio between conventional oil and gas and new energy projects. Recognising the ongoing importance of gas and LNG in the global energy mix, the Group has actively enhanced its LNG vessel repair capabilities through collaboration with specialist technology providers to strengthen its technical expertise. These initiatives have positioned MHB as a competitive and forward-thinking industry player, ready to capitalise on emerging opportunities and evolve with market dynamics. Meanwhile, the focus remains on securing energy-related projects, reinforcing MHB's essential role in the evolving energy landscape.

### DELIVERING MEANINGFUL CHANGE

For MHB, 2024 was a period of transformation, as the Group took decisive steps to refine operations, increase accountability, and build an agile and resilient organisation. The challenges faced over the past year showcased the need for greater efficiency, process optimisation, and strategic realignment. In response, MHB has implemented a series of structural enhancements to fortify its long-term resilience.

A key milestone was the enhancement of the Group's quality management framework. The introduction of an independent quality assurance unit has strengthened governance, improving oversight and reinforcing adherence to high operational standards. Engineering processes have been streamlined to reduce inefficiencies and optimise project timelines, ensuring improved execution across key projects. By fostering collaboration with engineering firms and adopting global best practices, MHB has bolstered its capabilities, improving efficiency and enhancing the quality of project delivery.

As part of our transformation efforts, we also initiated proactive measures to optimise our business portfolio and cost, restructure our organisation, improve our processes, and practise prudent cash management. These changes are starting to deliver measurable results, with the Group returning to profitability in 2024. With these improvements in place, we are now better positioned to pursue new opportunities and foster sustainable long-term growth.

However, we recognise that true resilience is built over time, and therefore this transformation is not a one-time effort, but a continuous journey that evolves with emerging challenges, industry shifts and the changing needs of our clients and stakeholders. As we move into 2025, we remain committed to furthering our transformation by refining our strategies, enhancing operational processes, and further strengthening our organisational framework.

### STRENGTHENING GOVERNANCE OVERSIGHT

MHB operates within a strong governance framework that ensures transparency, accountability, and robust risk management. The Board plays a central role in overseeing strategic decision-making, ensuring the Group is well-equipped to navigate evolving regulatory landscapes and industry challenges.

Governance oversight is carried out through independent committees, including the Board Audit Committee and the newly renamed Board Sustainability and Risk Committee. These committees ensure that the Group's governance frameworks remain aligned with regulatory requirements and best practices while providing dedicated scrutiny over key areas such as financial reporting, risk mitigation, and sustainability integration.

Sustainability is a critical component of MHB's corporate strategy and governance framework. The Board has established clear objectives to reduce greenhouse gas (GHG) emissions by 2030 and achieve Net-Zero by 2050, ensuring that sustainability initiatives are strategically aligned with our long-term goals. Regular monitoring and reporting mechanisms are in place to track progress and ensure that these initiatives translate into measurable value. As the energy transition accelerates, the Board continues to assess MHB's role in the evolving energy landscape, including investment opportunities in low-carbon solutions and new energy markets. This ongoing evaluation ensures that MHB remains competitive and aligned with global energy trends while delivering sustainable long-term growth.

## CHAIRMAN'S MESSAGE

### PRIORITISING HEALTH, SAFETY AND QUALITY CULTURE

Health, safety and quality culture remain fundamental to MHB's operations, with a structured approach to risk mitigation, workplace safety enhancements, and leadership engagement. The Group acknowledges that fostering a strong safety and quality culture requires continuous improvement, investment in training, and a proactive approach to risk management.

In 2024, a total of 26 million safe man-hours were achieved without recording a Lost Time Injury (LTI) and with zero fatalities. We also made notable improvements in key safety indicators, including Lost Time Injury Frequency (LTIF) and Total Recordable Case Frequency (TRCF). These milestones reflect MHB's unwavering commitment to maintaining a safe and secure working environment, reinforcing the effectiveness of our safety culture and risk management practices.

Another key milestone during the year was the integration of generative safety behaviours into workplace culture. This initiative encourages employees to identify and address risks proactively, embedding a culture of safety awareness and accountability. In parallel, we also made notable strides in fostering a generative quality culture. An annual survey on generative quality culture revealed an improvement in the rating from 4.02 in 2023 to 4.23 in 2024, reflecting our ongoing commitment to quality.

To further elevate Health, Safety, Security and Environment (HSSE) standards, over 108,000 hours of HSSE training were conducted for both employees and contractors, covering key areas such as chemical handling, working at heights, and emergency response preparedness in 2024. Strengthening collaboration with contractors remained a priority to ensure that safety standards were consistently upheld across the value chain. Equally important, our close engagement with regulatory authorities and industry partners helped reinforce our compliance with best-in-class safety protocols.

As MHB moves forward, we will continue to enhance workplace safety measures, and strengthen our commitment to quality, ensuring that both employees and stakeholders benefit from a safe, secure, and high-performance working environment.

### BUILDING A SUSTAINABLE FUTURE

MHB's approach to sustainability extends beyond environmental considerations to encompass social responsibility and stakeholder engagement. The MHB River Rehabilitation Programme is a key initiative that showcases the Group's commitment to making a positive environmental and community impact.

In 2024, the programme expanded to Sungai Buluh in Pasir Gudang, Johor, focusing on four key areas: stakeholder awareness, river revitalisation, greening and decarbonisation, and capacity building. More than 160 participants took part in biodiversity education, river clean-ups, and projects designed to improve water quality. Tree-planting initiatives were also organised, offering practical training in environmental management, supported by digital monitoring tools to track long-term impact.

## CHAIRMAN'S MESSAGE



Further efforts were directed towards capacity-building, equipping local communities with skills in organic farming, composting, and sustainable waste management. By embedding sustainability into community initiatives, MHB continues to play a role in fostering environmental stewardship and ensuring long-term social value creation.

In recognition of these efforts and our ongoing commitment to sustainability, MHB has attained a 4.0 FTSE4Good rating in 2024, an improvement from the 3.6 rating in 2023. This achievement was further reinforced when MHB received the Industry Excellence Award in the energy sector at the National Corporate Governance & Sustainability Awards (NACGSA) and was named one of Malaysia's Top 25 Overall Excellence Award winners by Minority Shareholders Watch Group (MSWG), further affirming our leadership in sustainability and industry best practices.

### POSITIONING FOR THE FUTURE

MHB enters 2025 with a clear strategy for long-term growth, focused on strengthening core operations, expanding into new energy markets, and improving project execution capabilities.

The Group continues to refine its contracting strategies, supply chain management, and resource optimisation, ensuring projects are delivered efficiently and to the highest industry standards. With a strong order book, MHB is improving contractual frameworks, incorporating risk-sharing models such as alliance concepts, reimbursable agreements, and cost-plus structures to mitigate market fluctuations.

## MD & CEO'S MESSAGE

The sustained demand for LNG presents a significant avenue for MHB to establish itself as a leading provider of LNG carrier dry docking, repair, and conversion services. In parallel, the Group's proven track record and capabilities in floater conversions enables MHB to capitalise on emerging opportunities in the growing floater conversion market, particularly for floating production storage and offloading (FPSO) facilities, which are gaining prominence in the rapidly evolving offshore energy sector. As the demand for FPSOs increases, driven by the expansion of deepwater and subsea oil and gas projects, MHB is actively pursuing these growth areas to strengthen its position in this market.

Maintaining a balanced portfolio between conventional and new energy investments remains central to MHB's long-term roadmap. While conventional energy remains relevant, the Group is scaling up investments in offshore wind, hydrogen, and carbon capture projects, aligning its business with the global energy transition.

As we reflect on the achievements of 2024, I would like to extend my sincere appreciation to all who have contributed to MHB's progress. The support of our shareholders and the strategic guidance of our Board have been crucial in navigating an evolving operating landscape, strengthening our position, and ensuring we remain well-placed to capitalise on future opportunities.

Equally vital has been the dedication of our people—our Management team, employees, contractors, vendors, and subcontractors. Their professionalism, adaptability, and determination have enabled MHB to deliver high-quality solutions in a competitive environment. Their resilience and commitment to excellence have allowed us to stay efficient and responsive to changing industry demands.

We are also grateful to our clients and business partners for their trust in MHB. Their confidence drives us to continually raise our standards, innovate, and deliver exceptional service, safety, and operational performance. Strengthening these relationships remain a key priority as we work together to create long-term value in the evolving energy sector.

The foundation we have built in 2024 provides a strong platform for future growth. As we enter 2025 with renewed ambition and a clear strategic direction, we are well-positioned to leverage our robust order book, capitalise on opportunities across both conventional and new energy markets, and enhance operational efficiencies across all aspects of our business. While the external landscape remains complex, our proactive approach ensures we can adapt swiftly, mitigating risks while sustaining momentum towards long-term, sustainable value creation.

Looking ahead, MHB remains committed to driving innovation, advancing sustainability, and generating value for all stakeholders. Through disciplined execution, strategic investment, and the collective efforts of our employees and partners, we are confident that MHB will continue to build on this momentum, strengthening its market position and driving sustainable growth in the years to come.

**Mohammad Suhaimi Mohd Yasin**  
Chairman

Dear Stakeholders,

**2024 has been a defining year for MHB, marked by strategic transformation, operational excellence, and renewed resilience. The challenges of recent years have driven us to reassess our strengths, refine our processes, and embrace change with a renewed focus on efficiency and agility. Through the collective commitment of our people, we have emerged stronger, returning to profitability and reaffirming our position as a leader in Heavy Engineering and Marine segments.**



**MOHD NAZIR MOHD NOR**  
MD & CEO

### A YEAR OF RENEWAL AND RESILIENCE

The past year has been marked by economic and geopolitical uncertainties, supply chain disruptions, and shifting industry dynamics—challenges that have tested businesses worldwide, and MHB was no exception. This has prompted us to embrace change, compelling us to strengthen our core operations, address inefficiencies, and build a more agile and resilient organisation.

Throughout the year, we took deliberate steps to drive transformation. Our efforts were centered on optimising our business portfolio, restructuring our organisation, enhancing operational efficiencies, and reinforcing our commitment to Health, Safety, Security and Environment (HSSE). By improving processes, fostering innovation, and maintaining a strong focus on safety, we are now better equipped to respond to the demands of a rapidly changing market.

This shift has been a collective effort, with the Board, management, and over 4,000 employees working closely to identify our strengths, address areas for improvement, and implement targeted initiatives to rebuild our foundations. Our focus extended beyond operational changes to include a shift in how teams collaborated and approached challenges. We have adopted a more integrated and cohesive approach, fostering teamwork and streamlining workflows to enhance project productivity, efficiency, and reliability.

A key component of our transformation has been the launch of two major initiatives: Project Management Excellence and Procurement Excellence. The Project Management Excellence is designed to elevate our project execution capabilities, driving greater productivity and efficiency. Meanwhile, Procurement Excellence focuses on refining our sourcing strategies, strengthening supplier relationships, and optimising costs to sustain our competitive advantage. Procurement, representing a significant portion of our project costs, plays a critical role in boosting our competitiveness and reinforcing the resilience of our supply chain.

Simultaneously, we are investing in the upskilling and reskilling of our workforce, ensuring that our employees are well-prepared to navigate the evolving industry landscape.

This new approach to working has already yielded tangible results. By aligning our teams around shared objectives, we have seen more effective project execution, improved quality, cost savings, and timely delivery—all while reinforcing safety as a core value. These achievements have contributed to our return to profitability in 2024, a testament to the dedication, perseverance, and resilience of the entire MHB team.

As we look to the future, we are only at the beginning of an ongoing journey for the MHB family. We understand that change is not a destination,

## MD & CEO'S MESSAGE

but an ongoing process. Rest assured, as we move forward, we will continue refining our processes, adapting to emerging challenges, and ensuring our organisation remains agile, resilient, and responsive to the evolving needs of the market.

### DELIVERING STRATEGY THROUGH OPERATIONAL EXCELLENCE

Our unwavering commitment to HSSE has been a cornerstone of our achievements in 2024. This is reflected in our outstanding safety record, with 26 million safe man-hours achieved without a Lost Time Injury (LTI) and zero fatalities. We also made significant progress in improving key safety indicators, including Lost Time Injury Frequency (LTIF) and Total Recordable Case Frequency (TRCF). These accomplishments reflect our ongoing dedication to safeguarding the well-being of our employees and contractors while cultivating a culture of safety and excellence.

Amidst the challenging operating environment, we remained focused on reinforcing our core capabilities and upholding the highest standards in project delivery. This approach has led to projects being executed with improved productivity and efficiency, culminating in significant achievements, including the successful delivery of three major Heavy Engineering projects in 2024—the Kasawari Gas Development, Jerun Development, and Rosmari-Marjoram Gas Project—showcasing our ability to manage and deliver complex projects.

The Kasawari Gas Development reached a key milestone with the attainment of Ready-for-Start-Up (RFSU) in April 2024, followed by the achievement of First Gas Export in August 2024. For the Jerun Development, RFSU was attained in June 2024 and First Gas Export was achieved in July 2024. Meanwhile, the Rosmari-Marjoram project remained on track, with the jacket and topside successfully sailed away in September 2024. These milestones reflect our strong execution capabilities and reinforce our reputation as a trusted partner in the Heavy Engineering segment.

Beyond operational improvements, MHB has expanded its market reach and diversified revenue streams by entering the European offshore wind farm sector, positioning the Group as a key player in new energy infrastructure. This growth was further bolstered by securing a second contract with Petrofac for TenneT's Offshore Substation (OSS) High Voltage Direct Current (HVDC) Platform for Nederwiek 1 in the Netherlands. This follows our first OSS HVDC subcontract awarded in November 2023 for the IJmuiden Ver Alpha project. The second contract is part of TenneT's 2-Gigawatt (2GW) Programme, and MHB and Petrofac are exploring additional opportunities in this sector.

This project highlights MHB's focus on portfolio diversification and our ability to adapt to the evolving energy landscape. Our expansion into offshore wind infrastructure supports a more balanced energy mix, aligning with industry shifts and sustainability goals. As a result, our order book comprises both conventional and new energy projects, ensuring long-term viability.


In the Marine segment, we successfully delivered a total of 86 vessels, including 16 LNG vessels. Notably, 15 of these vessels were delivered ahead of schedule, exceeding client expectations and reinforcing our reputation for reliability and operational efficiency. The improvement in service quality is evident in our customer satisfaction survey, with 18 vessels receiving a perfect score of 10, while the remaining vessels achieved scores ranging from 8 to 9, highlighting our continued commitment to excellence.

To further strengthen our market position, we have expanded into the Greek market, marking a significant breakthrough in a new region. This marks an important milestone in our journey as we continue to grow our global presence. The expansion plays a key role in our strategy to

diversify operations, secure long-term success, and reinforce our position in key LNG vessel markets—ultimately enhancing our competitive edge.


These accomplishments align with MHB's strategic priorities, demonstrating the successful delivery of our goals centered on operational excellence and maximising returns. We enhanced project delivery in the Heavy Engineering segment, ensuring the highest standards of quality, cost efficiency, and timeliness. In the Marine segment, we increased revenue and margins by leveraging the shift to new energy and adapting to evolving regulations. We also optimised business performance by improving operations through automation and process improvements to drive greater efficiency.

The progress we made in 2024 has laid a solid foundation for our continued growth. As we move forward, we are committed to fostering sustainability, embracing innovation, and staying adaptable and resilient in the face of future challenges.

 *More information on our project pipeline, milestones and achievements can be found on pages 80 - 85.*

### RETURN TO PROFITABILITY

Through collective effort, prudent cash management and strategic focus, we have delivered a strong financial recovery, reporting revenue of RM3.6 billion, an increase from RM3.3 billion in 2023. This growth reflects the resilience and dedication of our teams across both the Heavy Engineering and Marine segments, demonstrating our commitment to performance excellence and effective project delivery. Most notably, we recorded a profit before taxation of RM123.3 million, marking a significant turnaround from the RM483.1 million loss in 2023. Our return to profitability reaffirms our perseverance to delivering long-term, sustainable value to our stakeholders.

 *More information on our FY2024 performance can be found in the Chief Financial Officer's (CFO) Message on page 18.*

### SUSTAINABILITY AND INNOVATION: A COMMITMENT TO THE FUTURE


Sustainability is at the heart of our long-term vision, and in 2024, we made significant progress in advancing our Environmental, Social and Governance (ESG) goals. We achieved an 8.5 percent reduction in carbon intensity compared to our 2016 baseline, bringing us closer to our goal of a 20 percent emissions reduction by 2030 and ultimately reaching net-zero emissions by 2050. These milestones are a testament to the strength of our decarbonisation strategy, which focuses on integrating low-carbon solutions, embracing automation, and driving digitalisation to enhance efficiency and reduce our environmental impact.

Our technology roadmap, introduced in 2024, marks an important step forward. It gives us a clear, structured path for embedding advanced technologies across our operations. Through automation and data-driven decision-making, we are not only improving productivity but also optimising resource use—ensuring we remain competitive in an industry that is evolving faster than ever.

As we continue our journey towards a sustainable future, we are actively expanding into offshore wind, hydrogen, and carbon capture initiatives. Our involvement in projects such as the TenneT OSS HVDC and Kasawari Carbon Capture and Storage reflects our commitment to delivering innovative, sustainable solutions. These efforts position MHB at the forefront of the industry's low-carbon transformation, showcasing our ability to lead and adapt in an evolving energy landscape.

Recognising the importance of collaboration, we view strategic alliances as a key driver of our growth. In 2024, we signed a Memorandum of Understanding (MoU) with HD Hyundai Marine Solutions to advance maritime decarbonisation efforts. This strategic collaboration enables knowledge exchange and the development of cutting-edge technologies that align with our sustainability goals.

As part of our ongoing commitment to corporate social responsibility, we have invested RM134,173 in community programmes, with 272 employees volunteering a total of 42,670 man-hours to create positive change. These initiatives have directly benefited 502 individuals, showcasing our dedication to corporate social responsibility and supporting local communities. A key element of our sustainability efforts is the MHB River Rehabilitation Programme, which focuses on revitalising rivers, supporting greening initiatives, and contributing to decarbonisation. The programme also plays a vital role in raising awareness and providing education to stakeholders, fostering greater environmental stewardship.

 *More information on our sustainability initiatives can be found on pages 86 - 152.*

### INVESTING IN TALENT FOR A SUSTAINABLE FUTURE

At MHB, we recognise that the key to staying ahead in an ever-evolving industry lies in developing the expertise required for new energy and sustainability. Our people are at the heart of our success, and investing in their development is essential to maintaining our momentum and driving future progress.

To ensure our team is well-equipped with the knowledge and skills required for effective project execution, we have introduced targeted professional development programmes. These initiatives focus on enhancing our employees' understanding of new energy, low-carbon technologies, and ESG principles.

In 2024, we invested RM2.9 million in people development, resulting in 118,282 training man-hours. This investment has not only empowered our workforce with the competencies needed to excel in both conventional and new energy sectors, but also reflects our commitment to upskilling what we consider our most valuable asset—our people.

In line with our ongoing efforts, we have fostered collaboration with Malaysia Technical University Network (MTUN) institutions through the Work-Based Learning programme, further strengthening our talent pipeline. This programme helps bridge the gap between academia and industry, offering high-performing students invaluable real-world experience at MHB. This ensures we continue to nurture skilled professionals who will contribute to the company's long-term growth and success.

### LOOKING AHEAD: STRATEGIC PRIORITIES FOR THE FUTURE

As MHB moves forward, our strategic priorities remain firmly aligned with the Group's vision and MHB's strategic roadmap. We will continue to build on our strengths, focusing on project delivery excellence and positioning MHB as a premium marine yard, establishing ourselves as a leading player in both segments by 2030.

## MD & CEO'S MESSAGE

Guided by these goals, we are focusing on three core priorities that will drive our growth and strengthen our leadership across key industry segments. These priorities are:

#### Project Delivery Excellence

Project delivery excellence remains our core focus. We continuously refine our project management processes to ensure timely completion, staying within budget, and meeting the highest standards of quality and safety. By enhancing agility, optimising execution, and fostering strategic partnerships, we aim to reinforce MHB's industry position, maintain revenue stability, and deliver long-term value.

#### High Quality Order Book

With a strong and diverse order book, we are refining our contracting strategies by incorporating risk-sharing models, such as alliance concepts and cost-plus agreements, to strengthen client partnerships and better navigate global supply chain disruptions and market volatility. Our focus extends beyond profit targets, as we also aim to secure a high-quality order book that aligns with our strategic objectives and deliver long-term value.

To drive our continued growth, we are strengthening our domestic presence while expanding our international footprint as a leading EPCIC contractor in the Heavy Engineering segment to capture global project orders. In parallel, the steady LNG demand through 2030 presents valuable opportunities to grow our Marine segment, particularly in marine repair and conversion projects. Furthermore, our expertise in floater conversions positions us to capitalise on the growing FPSO market, driven by rising global energy demand and advancements in deepwater exploration technology.

#### Balanced Portfolio

To ensure a resilient business model, we are expanding MHB's presence in both conventional and new energy markets. While conventional energy remains vital for global energy security, we are strategically focusing on growth areas like offshore wind, hydrogen, and carbon capture to align with global energy transition goals. Our focus is to strengthen our position in new energy, secure green projects, and reduce carbon intensity. By adhering to regulatory standards and leveraging our experience—particularly with the Kasawari CCS project—we aim to capitalise on the growing CCS offshore hubs both domestically and internationally, supporting the transition to low-carbon solutions.

While challenges such as supply chain disruptions and geopolitical tensions continue to shape the landscape, they also present new opportunities. Shifting supply chains and evolving trade dynamics, for example, open doors to attract new clients and diversify our project pipeline. By maintaining a diversified portfolio and staying agile in response to these market dynamics, we are positioning MHB to capitalise on emerging trends, reinforcing our leadership in the industry.

### ACKNOWLEDGEMENT AND APPRECIATION

The progress we have made in 2024 is a reflection of our shared vision and collective effort. With the support of our Board, the dedication of our employees, and the trust of our stakeholders, this journey has been built on collaboration and resilience. I would like to extend my sincere gratitude to our Board, employees, clients, and stakeholders for their unwavering support, which has been essential in shaping our success.

While we take pride in our accomplishments, we know the challenges ahead will demand that we remain focused, adaptable, and committed to continuous improvement. Looking ahead, I am confident that MHB is well positioned to navigate the future with resilience, innovation, and a strong commitment to sustainability. Together, we will continue to drive progress, create value, and shape the "MHB of the Future."

**Mohd Nazir Mohd Nor**  
MD & CEO

# CHIEF FINANCIAL OFFICER'S MESSAGE



Dear Stakeholders,

I am pleased to present MHB's financial performance for 2024, a year that marked a decisive turnaround for the Group. In a year of significant challenges, we remained focused on our strategic priorities, delivering tangible progress and restoring financial stability. Having navigated a period of volatility in 2023, we entered this financial year with a clear commitment to operational excellence, efficiency, and resilience. Today, I am proud to report that we have met these commitments, demonstrating the strength of our business model and the determination of our people.

MOHAMMAD ROMZI SHAFI'E  
CHIEF FINANCIAL OFFICER

## NAVIGATING A COMPLEX OPERATING LANDSCAPE

The operating environment in 2024 presented significant challenges, including prolonged geopolitical tensions, persistent inflationary pressures, and ongoing supply chain disruptions. These factors contributed to higher input costs and operational complexities across the industry. Recognising these headwinds, we took decisive action to mitigate risks and safeguard financial stability.

A key priority during the year was refining our contracting strategies, incorporating risk-sharing arrangements such as alliance models and cost-plus structures to manage market volatility. Liquidity management remained a priority, particularly in the early part of the year when operational cash flow constraints required targeted interventions. Through disciplined financial oversight, securing additional funding, and optimising banking facilities, we successfully stabilised our cash position, ensuring business continuity while maintaining financial flexibility.

Our ability to rebound from adversity reflects the effectiveness of the measures we have put in place to enhance financial discipline, strengthen cost management, and optimise operations. By driving efficiency, upskilling our workforce, and making targeted investments, we have reinforced MHB's competitive position and future growth prospects. As we build on this momentum, our focus remains on delivering long-term, sustainable value to our stakeholders.

## FINANCIAL PERFORMANCE AND STRENGTHENED POSITION

Against this backdrop, MHB delivered a strong financial recovery, achieving revenue of RM3.6 billion, an increase from RM3.3 billion in 2023. Both the Heavy Engineering and Marine segments contributed to this growth, reflecting improved operational efficiencies and stronger project execution. The Group recorded a profit before taxation of RM123.3 million, marking a significant turnaround from the loss of RM483.1 million in 2023, demonstrating the effectiveness of our strategic initiatives and cost-control measures.

# CHIEF FINANCIAL OFFICER'S MESSAGE

Our financial position was further reinforced by a RM113.0 million increase in shareholder equity, driven by comprehensive income recognised during the year. We successfully improved our liquidity by reporting a positive net operating cash flow of RM124.1 million. This ensures MHB remains in a strong position to address any financial challenges. At the same time, total liabilities reduced by RM231.8 million, primarily due to the reduction of trade and other payables and the full settlement of RM105.7 million in revolving credit facilities. As a result, the gearing ratio strengthened, decreasing from 0.29 to 0.19. The Group ended the year with an order book of RM5.3 billion, securing a solid pipeline of projects that will support operations until 2028.

## SEGMENTAL PERFORMANCE AND GROWTH STRATEGIES

The Heavy Engineering segment delivered a robust performance, with revenue increasing to RM3,186.6 million from RM2,985.5 million. The steady progression of major projects into advanced construction phases was a key driver of this growth. The segment recorded an operating profit of RM110.1 million, a substantial improvement from the RM499.1 million loss in 2023, attributed to cost recovery claims recognised during the year. This recovery highlights the success of our operational restructuring efforts and proactive project execution strategies.

The Marine segment also performed strongly, with revenue rising to RM422.0 million, up from RM323.9 million in the previous year. Increased demand for marine conversion and repair services underpinned this growth, reflecting the resilience of the business. Correspondingly, the segment's operating profit improved to RM41.0 million, from RM22.5 million in 2023, supported by enhanced resource utilisation and higher project volumes.

## DELIVERING LONG-TERM VALUE THROUGH STRATEGIC FOCUS

Our financial recovery was underpinned by a clear and disciplined strategic focus, driving improvements across five key areas:

1	2	3	4	5
<b>Enhancing project delivery</b>	<b>Maximising revenue streams</b>	<b>Strengthening organisational efficiency</b>	<b>Prudent financial management</b>	<b>Proactive client engagement</b>
Successful completion of three major Heavy Engineering projects within scope and with precision.	Both Heavy Engineering and Marine segments capitalised on market opportunities, increasing project wins and improving service offerings.	Optimised workforce planning, cost-control measures, and strategic asset allocation contributed to operational efficiency.	Strong cash preservation measures and disciplined credit oversight enabled full repayment of revolving credit facilities, reducing debt levels and improving balance sheet strength.	Close collaboration with clients helped to address cost overruns, recover change orders, and reinforce financial resilience.

# CHIEF FINANCIAL OFFICER'S MESSAGE

# KEY HIGHLIGHTS FOR 2024



## COMMITMENT TO SUSTAINABILITY AND ESG

Beyond financial performance, we remain committed to Environmental, Social, and Governance (ESG) priorities. Sustainability is embedded in our long-term business strategy, ensuring that we continue to operate responsibly while delivering value to all stakeholders.

During the year, we accelerated our transition towards lower-carbon operations, making significant investments in emissions-reducing technologies. Key initiatives included the conversion of conventional lighting to energy-efficient LED systems, electrification of targeted utility equipment, and enhanced climate risk assessments to future-proof our assets. These efforts align with our Net-Zero greenhouse gas emissions goal by 2050, reflecting our commitment to long-term sustainability.

Acknowledging the increasing importance of climate resilience, we have integrated ESG considerations into capital allocation and asset management decisions. This includes exploring the feasibility of converting aging fossil fuel-based assets to renewable alternatives, ensuring that our infrastructure remains future-ready. Workplace safety, employee well-being, and diversity initiatives also remain key focus areas as we continue to embed responsible business practices across the organisation.

## FUTURE READY

As we look ahead, MHB's strategy for 2025 is centred on driving operational efficiency, capitalising on emerging market opportunities, and maintaining disciplined financial management. We will prioritise investments in aging asset renewal, technology integration, and ICT enhancements to support long-term growth.

Strengthening our core operations, securing high-value contracts, and positioning MHB as a premium yard in the Marine segment will be critical to our growth trajectory. At the same time, we are expanding into new energy space, including offshore wind, carbon capture, and hydrogen, aligning our business with the global energy transition. Automation and digitalisation will remain key enablers of efficiency and competitiveness, while our workforce planning initiatives will ensure that we continue to attract and retain top talent. Additionally, we will pursue capital optimisation measures, rebalancing underutilised assets to unlock additional value and enhance returns.

The year 2024 was a pivotal one for MHB—a period of transformation, recovery, and renewed momentum. Through disciplined execution, innovation, and the dedication of our teams, we have successfully repositioned the Group for long-term sustainable growth. As we move forward, I am confident in MHB's ability to adapt to evolving market dynamics, capture new opportunities, and continue creating long-term value for our shareholders and all stakeholders.

On behalf of the Group, I would like to express my gratitude to our investors, business partners, and employees for their continued support. We remain committed to delivering sustainable growth and ensuring that MHB is well-positioned to thrive in the years ahead.

**Mohammad Romzi Shafi'e**  
Chief Financial Officer

## FIFTY YEARS OF PROGRESS, A FUTURE BUILT TO LAST

Fifty years ago, MHB took root as a seed of ambition—one that has weathered storms, adapted to shifting landscape and reached ever higher. Built on resilience and strengthened by innovation, our journey has been defined by transformation, expansion and an unwavering commitment to progress. Like nature, sustainable growth requires care, foresight and responsibility. Our branches now extend into new frontiers, firmly anchored in purpose, while technology and innovation drive us toward solutions that benefit both industry and the environment. From offshore energy to renewables, we are stepping beyond the familiar, embracing decarbonisation and laying the foundation for the next fifty years and beyond.

### Our Business and Operations Achievements



## HEAVY ENGINEERING

**3** Offshore Projects Sailed Away



**3** Offshore Projects Achieved First Gas

**1** Offshore Project Awarded



## MARINE

Successfully delivered **86 VESSELS**, including **16 LNGCs**, for repair and maintenance services



Strategic expansion into **GREECE MARKET** with **2 LNGCs** dry-docking and cargo tank repair works

**7** frame agreements / volume bookings / en bloc agreements secured

## MoU SIGNED WITH HD HYUNDAI MARINE SOLUTION CO., LTD

to accelerate maritime decarbonisation efforts towards more sustainable practices



33 new customers secured comprising **14 LOCAL** and **19 INTERNATIONAL** new customers secured from Greece, USA, the Netherlands, United Kingdom, Japan, Korea, Cyprus, Saudi Arabia, Norway, Vietnam and Denmark

Major wins in conversion projects



**A MODU into a WIF**

**An LNGC into an FSU**



## PLANT TURNAROUND AND SHUTDOWN MAINTENANCE

Successfully **RENEWED 3-YEAR** Contract for Groupwide Master Service Agreement (MSA) for **INTEGRATED TURNAROUND MAIN MECHANICAL & MAINTENANCE MECHANICAL STATIC (TA4MS)** for Malaysian Refining Company Sdn Bhd



**OLEOCHEMICAL TURNAROUND (TA) AWARDED**

# KEY HIGHLIGHTS FOR 2024

# KEY HIGHLIGHTS FOR 2024

## Our Financial Performance in 2024



## Awards & Accolades



MHB Wins Awards at **National Corporate Governance & Sustainability Awards (NACGSA)** 2024:

Industry Excellence Award (Energy)

Top 25 Overall Excellence Award



MiSHA Prime Award Platinum (MPA1)

MiSHA Specific Award Gold (MSA1)

MHB **Excels in Yard Qualification** and Malaysian Industry Council for Defence, Enforcement and Security (MIDES) Audits



MHB receives **5-Star Recognition for Safety and Health** Assessment Systems in Construction (SHASSIC)

MHB Wins **Gold Class 1 Award** at 42nd Malaysian Society for Occupational Safety and Health (MSOSH) Awards under Petroleum, Gas, Petrochemical and Allied Sectors category

MHB Receives Award for **Best Table-Top Exercise Simulation** among 20 Marine Facilities in Johor

## OUR SUSTAINABILITY HIGHLIGHTS

In advancing our long-term business sustainability, we have strengthened our commitment through our Sustainability Framework. This year, our emphasis on sustainability has evolved into a powerful force for creating value. We are focusing on key areas such as Finance, Environment, Social Impact, and Governance to ensure that our efforts not only sustain but actively generate lasting value across all aspects of our operations.

### ENVIRONMENT



Emission Intensity Reduction

**8.5%**



Hazardous Waste Recycled

**16,185 MT**

### GOVERNANCE



Major Cybersecurity Incidents

**Zero**



Corruption Incidents

**Zero**

### SOCIAL

Health & Safety



Total Man-Hours

**26 Million Hours**

Lost Time Injury (LTI)

**Zero**

Fatality

**Zero**

Talent Management



Total Training Hours

**118,282 Hours**

Talent Retention

**97%**

Human Rights

**260**

third parties engaged on Human Rights Awareness

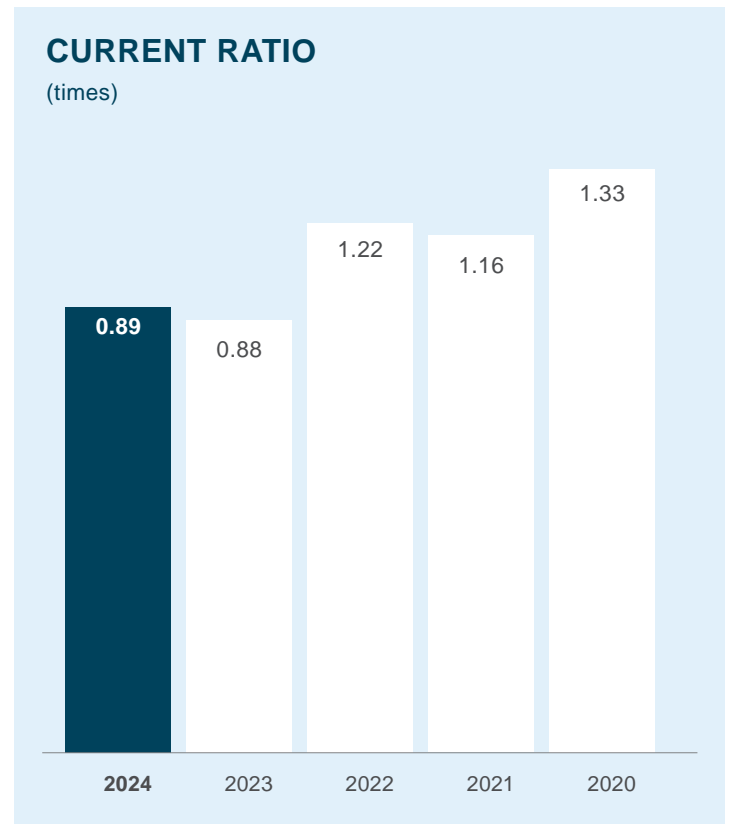
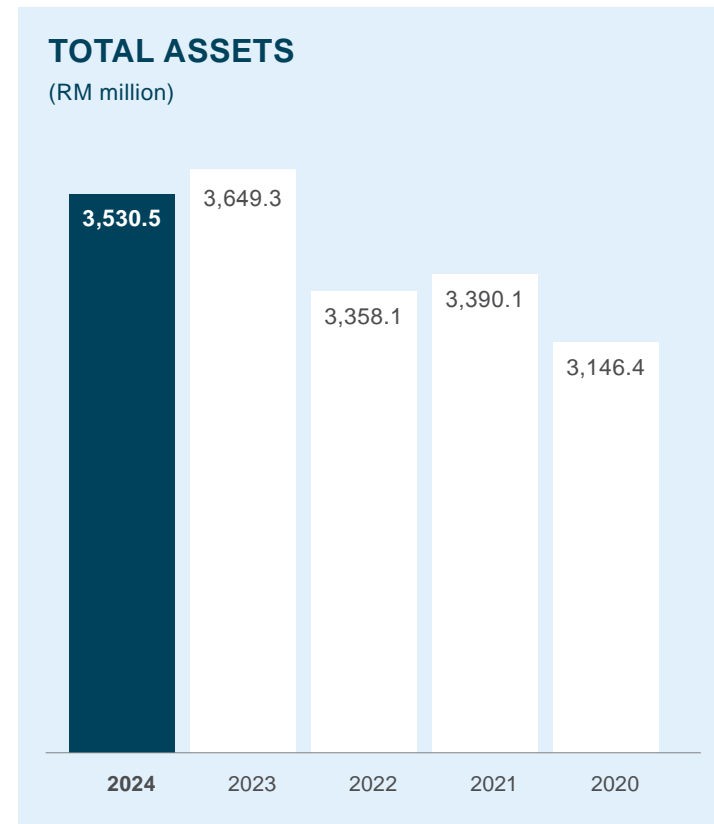
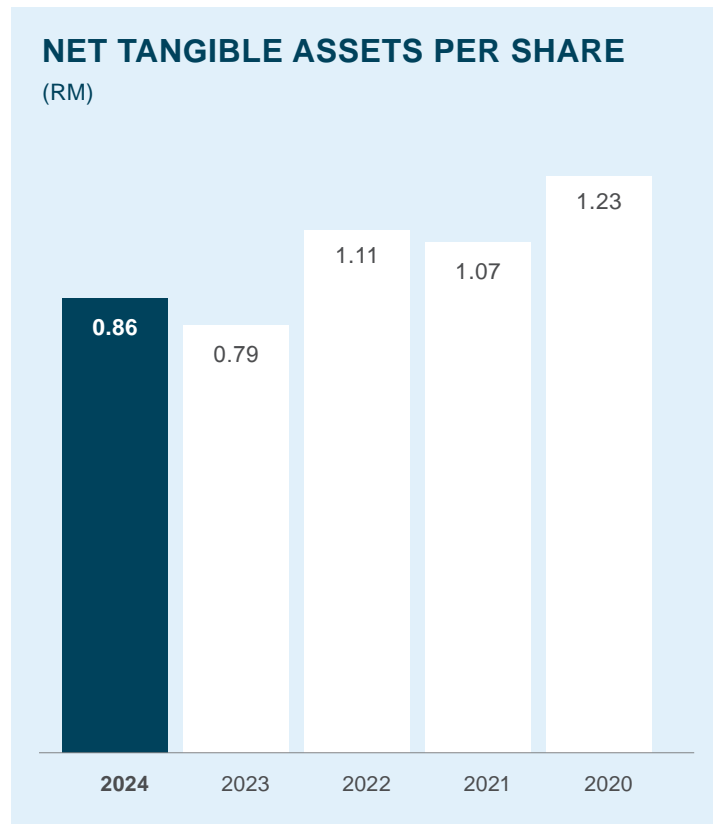
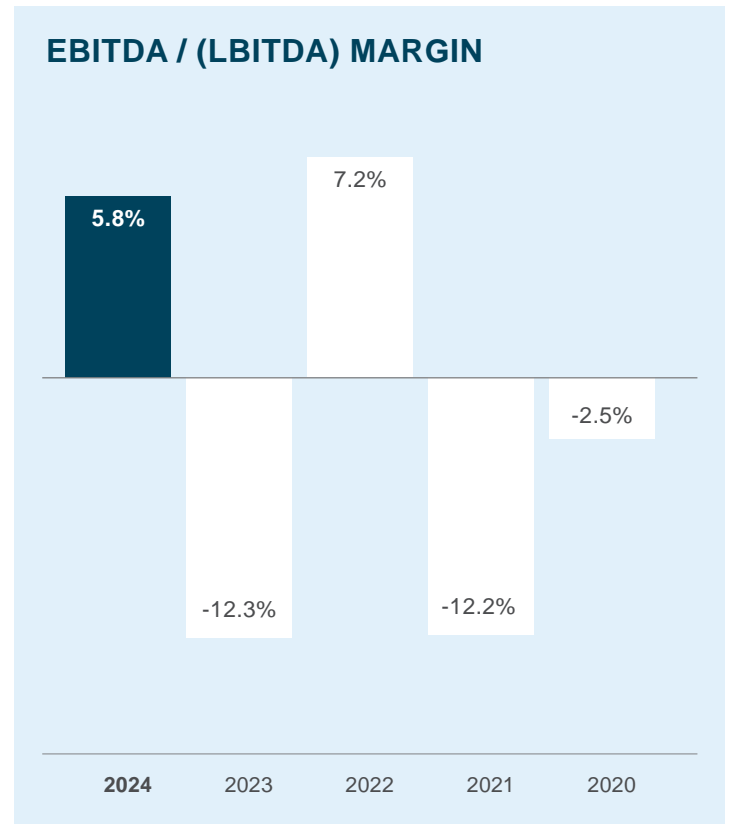
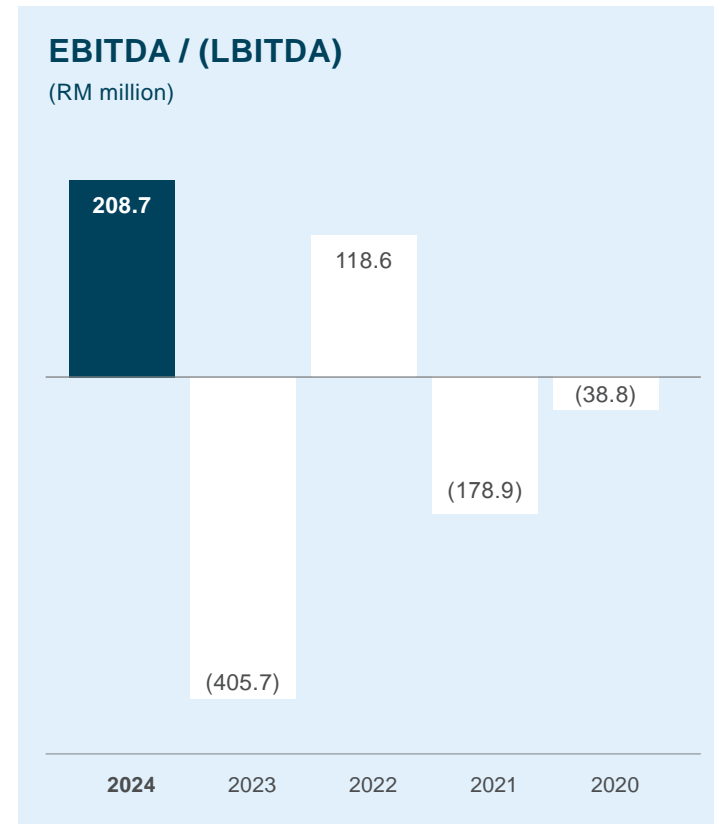
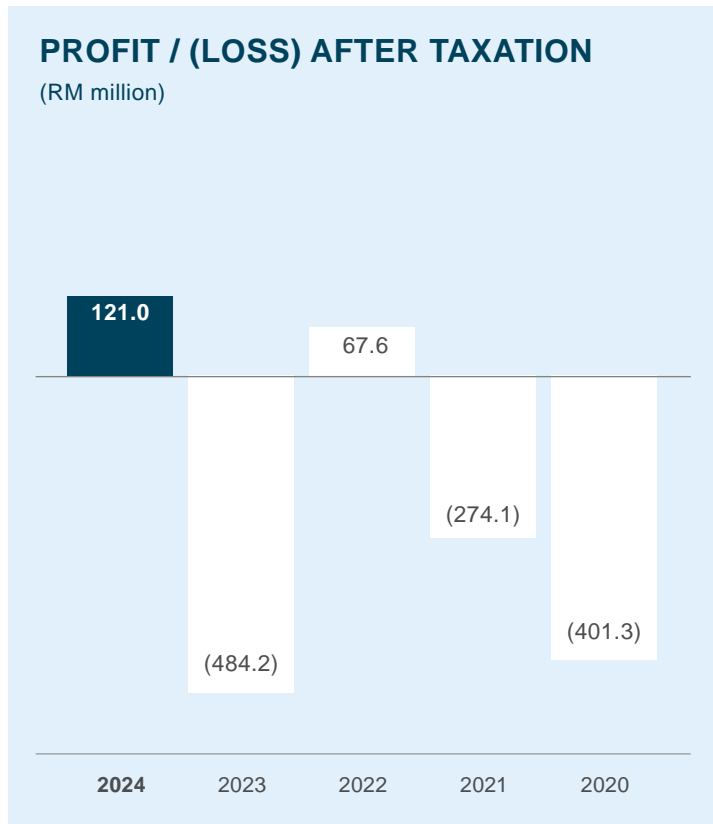
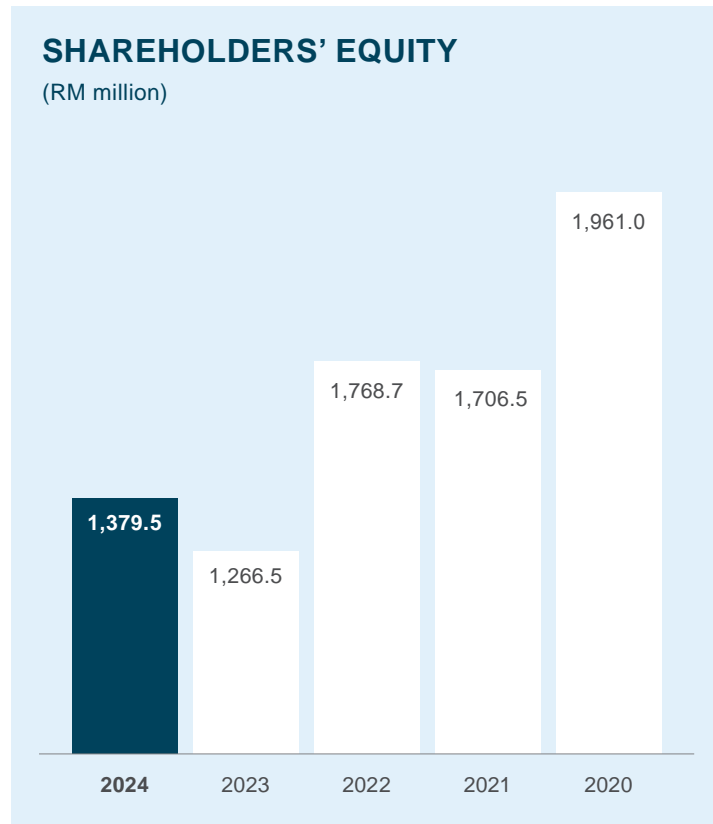
Community Investment



**RM134,173**

# FIVE-YEAR GROUP FINANCIAL PERFORMANCE

# FIVE-YEAR GROUP FINANCIAL PERFORMANCE



# 2024 JOURNEY AND KEY MILESTONES

## 6 January

MHB Participates in Program Gotong Royong Johor Bersih at Pantai Lido, Johor with Menteri Besar of Johor

## 23 - 24 February

MHB Cares: Back to School Sale Programme 2024

## 25 February

Successful Sailaway of SK408W Jerun Central Processing Platform (CPP) Topside, built for client, SapuraOMV



## 27 February - 1 March

MHB Participates in Offshore Technology Asia 2024 in Kuala Lumpur

## 2 - 3 March

MHB Participates in Talentbank Career Fair

## 5 March

MHB Hosts Business Partner Engagement Session

## 4 April

MHB Cares:

- MHB Helps 50 Families across 5 Villages in Pasir Gudang, Johor
- MHB Hosts Iftar Gathering with MHB Employees, Orphanage and Underprivileged Students from Various Schools in Pasir Gudang

## 11 May

MHB River Rehabilitation Programme: Community Empowerment Workshop

## 30 June

MHB Hosts and Co-organises PETRONAS' 50th Anniversary "Journey of the Twin Torches" Celebration in Pasir Gudang, Johor



## 24 June

MHB Participates in Project Delivery & Technology and Partners Health, Safety & Environment (HSE) Conference 2024 in Kuching, Sarawak

## 12 June

MHB Welcomes Deputy Minister of Human Resources and Department of Occupational Safety and Health (DOSH) at MMHE West Yard, Pasir Gudang, Johor



## 3 - 7 June

MHB Participates in Posidonia 2024, the Largest Edition of the World's Premier Shipping Exhibition in Athens, Greece

## 30 May

MHB Expands its Footprint in Clean Energy by Securing Second Offshore Wind Project to Build Offshore Substation (OSS) High Voltage Direct Current (HVDC) Platform in Support of TenneT's 2GW Programme in the Netherlands



## June - July

Successful Sailaway of Andalus-C (ADC) and Jengka-D (JKD) Wellhead Platforms (WHP) for Joint Development Area (JDA) Field Development Project (Phase 6), built for client Carigali-PTTEPI Operating Company Sdn Bhd (CPOC)

## 1 July

MHB Achieves First Gas for SK408W Jerun Development Project



## 18 July

MHB Launches Health, Safety, Security & Environment (HSSE) and Sustainability Month 2024

## 8 August

MHB Signs Memorandum of Understanding (MoU) with the Manpower Department to Advance Malaysia's Technical Education and Workforce Development



## 9 August

MHB Achieves First Gas for Kasawari Gas Development Project, built for client PETRONAS

## 21 August

MHB Receives Positive AA-IS Rating from Malaysian Rating Corporation Berhad (MARC)



## 30 September - 1 October

MHB Excels in Yard Qualification and Malaysian Industry Council for Defence, Enforcement and Security (MIDES) Audits

## 26 September

MHB Wins Awards at National Corporate Governance & Sustainability Award (NACGSA) 2024:

- Industry Excellence Award (Energy)
- Top 25 Overall Excellence Award



## 26 September

Successful Sailaway of Rosmari-Marjoram Topside, built for client Sarawak Shell Berhad



## 3 September

• Receives 5-Star Recognition for Safety and Health Assessment Systems in Construction (SHASSIC)

- MHB, through MMHE, Signs MoU with HD Hyundai Marine Solution Co., Ltd, Marking a Significant Advance in the Maritime Industry's Efforts to Decarbonise and Achieve Net-Zero Emissions



## 1 October

MHB Secures Conversion Works of a Mobile Offshore Drilling Unit (MODU) into a Mobile Water Injection Facility (WIF) by Uzma Engineering Sdn Bhd



## 10 October

MHB Celebrates Long-Serving Employees at Anugerah Jasa Bakti MHB 2024

## 25 October

MHB Celebrates 7 Million Safe Man-Hours for Kasawari CCS Project



## 4 - 5 November

MHB Receives Award for Best Table-Top Exercise Simulation among 20 Marine Facilities in Johor



## 11 November

MHB Wins Gold Class 1 Award at the 42nd Malaysian Society for Occupational Safety and Health (MSOSH) Awards under Petroleum, Gas, Petrochemical and Allied Sectors category



# 2024 JOURNEY AND KEY MILESTONES

## 5 December

MHB Welcomes Mayor of Pasir Gudang City Council (MBPG) to MMHE West Yard, Pasir Gudang, Johor



## 30 November

MHB Holds 14th Extraordinary General Meeting of MMHE Union

## 28 November

MHB Conducts Emergency Exercise, Ex-Barracuda 2024, Strengthening Emergency Preparedness and Response Plan

## 25 November

MHB Celebrates 2 Million Man-Hours without Lost Time Injury (LTI) for Floating Production Storage and Offloading (FPSO) Bunga Kertas Project

## 23 November

MHB River Rehabilitation Programme: Train the Trainers & Pouring of Green Waste Vinegar



## 16 November

MHB River Rehabilitation Programme: Tree Planting Activity

## 12 November

MHB Participates in BPCO 2nd Decarbonisation Technical Conference 2024 in Athens, Greece



# OUR OPERATING ENVIRONMENT

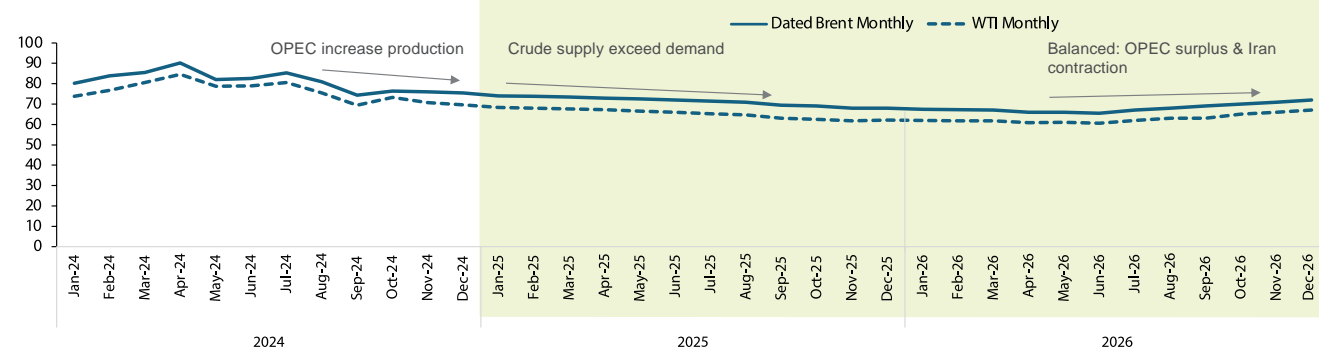
# OUR OPERATING ENVIRONMENT

## GLOBAL ENERGY MARKETS GROWTH

### What Happened in 2024?

#### Dated Brent and WTI price outlook 2024 - 2026

Unit: \$ / b



#### 2024 (Average Brent \$81 / b)

- Organization of the Petroleum Exporting Countries (OPEC) plans to increase its production for the first time since 2024, effective December 24, resulting in oil price drop in Q4

#### 2025 (Average Brent \$71 / b)

- Continuous oil surplus anticipated unless OPEC backtrack its plan to increase production
- Escalating conflict between Israel & Iran could alter the oil market flows, apart from the growing role of CAPEX which has impacted crude oil demand

#### 2026 (Average Brent \$68 / b)

- Higher OPEC+ output and weak crude demand (especially from China) contributed to lower crude oil price
- Possible contraction supply from Iran due to recent US presidential election which may balance the crude price

Source: Global Crude Oil Markets Short-term Outlook, November 2024; IHS Markit

#### How Were We Impacted?

MHB benefits from 2024 stable oil price and continuous streams of projects in pipeline in both upstream and offshore wind segments.

#### How Did We Respond?

Due to the firm demand in the conventional space up until 2030 and rising market opportunities in energy transition, MHB is maintaining a balanced portfolio between both conventional oil & gas and energy transition segments.

#### What is Our Outlook?

##### Short-Term

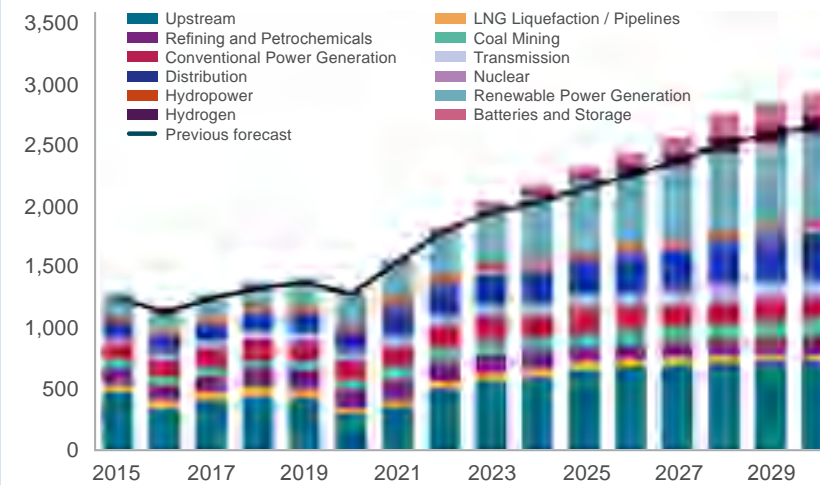
- Continue pursuing projects towards balanced portfolios domestically and internationally
- Explore strategic collaboration on areas where internal competency or capabilities are unavailable or insufficient to pursue MHB's goals

##### Medium to Long-Term

MHB recognises the bigger role played by gas and LNG as the 'transition fuel' in this decade. However, we are also preparing a pipeline of projects for the Energy Transition in the longer term.

### How Did this Impact the World?

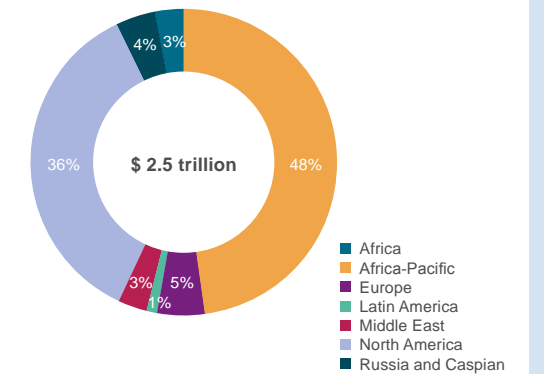
#### Global Energy Spend (\$, Billion)



- Global energy spending is \$2.19 trillion in 2024, where the bulk is in upstream oil & gas at \$603 billion, followed closely by renewables energy at \$518 billion
- Transmission & Distribution is the third highest sector and expected to continue rising as more renewable power enter the grid
- Globally, CAPEX is rising through 2030 with renewables doubling up in 2025 compared to 2021, whilst battery and storage spending is experiencing tremendous growth of 566% during the same period

Source: Energy Sector Capital Expenditure, Issue 4 2024; S&P Global

#### Spending on renewable power 2024 - 2030



- China alone is outpacing Asia with 30% CAPEX spent on renewables from 2024 to 2030
- US, Europe and India introduced tariff, subsidies and bonuses to maintain domestic competitiveness against Chinese batteries, electric vehicles and cleantech exports

#### Which Material Matters?



#### Which Stakeholders Impacted?



For further details on Stakeholders and Material Matters, please refer to pages 46 and 56, respectively.

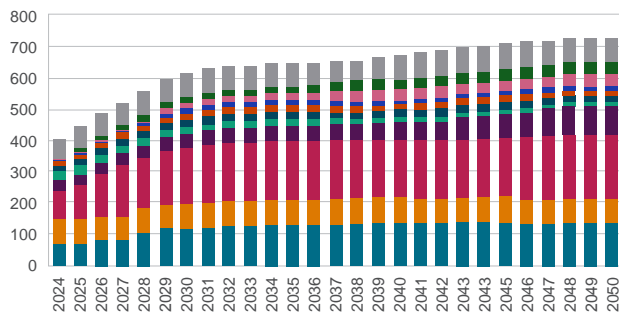
# OUR OPERATING ENVIRONMENT

# OUR OPERATING ENVIRONMENT

## GLOBAL AND REGIONAL LNG MOVEMENTS

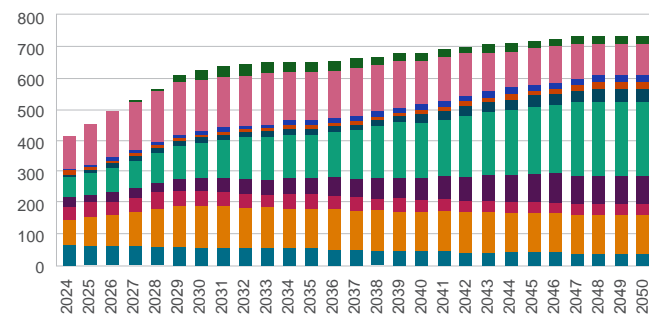
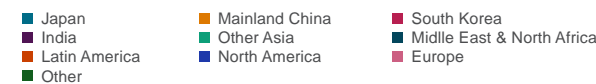
### What Happened in 2024?

#### Global LNG Supply (MMtpa)



- LNG projects momentum has shifted from the US to Middle East, adding substantial new LNG supply globally up to 2030
- The Middle East is capitalising on large reserves, low-cost gas, access to funds from cash-rich national oil companies (NOCs) and favourable locations close to Asia
- Russia on the other hand, despite having access to large, inexpensive gas reserves, have struggled as sanctions have taken its toll on them

#### Global LNG Demand (MMtpa)



- Global LNG demand is expected to grow by 50% between 2024 to 2030, driven by large liquefaction capacities coming online mid-2025 onwards
- Demand from Europe to surge in early 2030s, driven by phasing out of coal especially in Germany and Poland and lowering of Russian piped gas
- Asia accounts for 40% of global demand by 2050, highly contributed by China and India, due to government policies

Source: Long-term LNG Outlook refresh, Q3 2024; S&P Global & IHS Markit

#### How Were We Impacted?

- As demand for LNG will still prevail in the long term, there will be continuous demand for vessels with cryogenic LNG cargoes
- MHB shall continue to pursue capabilities in LNG and other potential cryogenic vessel repairs in the marine segment

#### How Did We Respond?

- MHB recognises the importance of gas and LNG in both Heavy Engineering and Marine business hence actively strengthening our capabilities in repair of cryogenic vessels, including exploring collaboration with specialist and technology providers
- In the Heavy Engineering segment, MHB continues to pursue gas-related projects, leveraging on our experience in Kasawari Gas Development Project and Rosmari Majoram gas project

#### What is Our Outlook?

##### Short-Term

MHB is taking a stock-take on its internal capabilities, and embarking on a long term programme to improve project management capabilities and project deliveries.

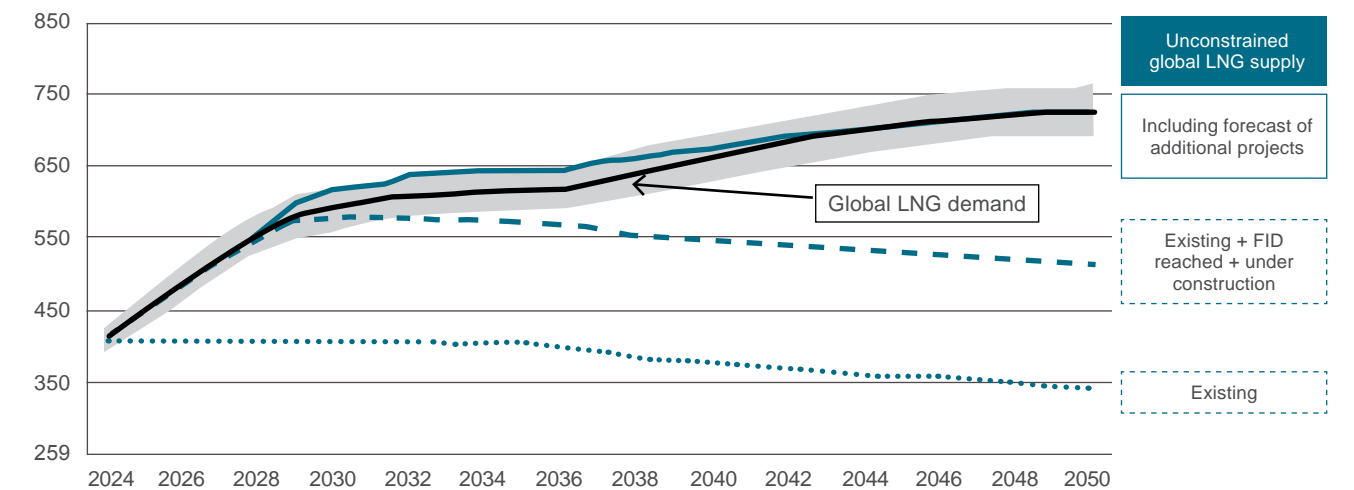
##### Medium to Long-Term

MHB believes that a balanced portfolio will help us endure the current landscape as well as sustain us in the longer term.

### How Did this Impact the World?

- Higher supply from Qatar and UAE will be offset by higher import dependency in Europe, assuming long-term sanctions against Russian gas and phasing out of coal
- Asia will remain the biggest market and following 2 years of record volumes and robust contract signing, the future LNG market remains optimistic globally

#### LNG demand versus global LNG supply (MMt)



Data compiled on 25 July 2024

Grey shaded area represents the reasonable range of demand up and downside; LNG markets are loosely balanced as long as supply is within the grey range

Source: Long-term LNG Outlook, Q3 2024; S&P Global & IHS Markit

#### Which Material Matters?



#### Which Stakeholders Impacted?



For further details on Stakeholders and Material Matters, please refer to pages 46 and 56, respectively.

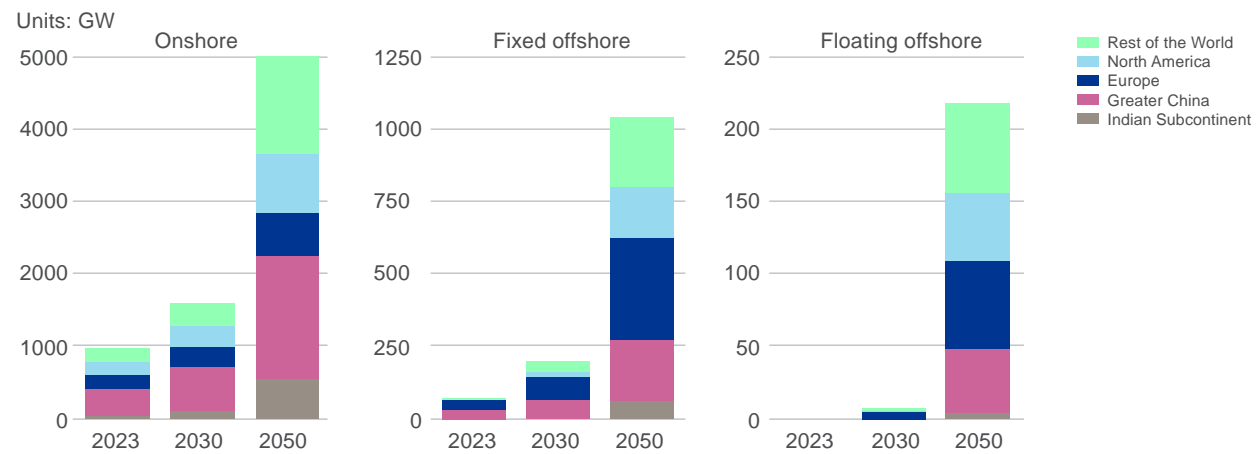
# OUR OPERATING ENVIRONMENT

# OUR OPERATING ENVIRONMENT

## OFFSHORE WIND MARKETS GROWTH

### What Happened in 2024?

#### Global installed wind capacity by region (GW)



- Total installed capacity of wind power in 2023 was 1 TW and 93% of which was onshore wind turbines. Total wind capacity is expected to grow to 1.8 TW by 2030
- While onshore wind remains the largest contributor in wind power, offshore wind is facing challenges specifically in higher construction costs due to the specialised materials required, foundations needed and logistical challenges
- Energy NOCs that have exposure in offshore wind have also announced scaling-back of investments in the segment
- Floating offshore wind continues to become an emerging segment, with many schemes announced in 2024

Source: DNV Analysis, Reuters

#### How Were We Impacted?

While global offshore wind is affected by the above mentioned challenges, MHB continues to pursue such opportunities and received the award for the second offshore substation (OSS) high voltage direct current (HVDC) project in the TenneT wind farm development.

#### How Did We Respond?

Despite the short-term challenges, MHB shall continue to pursue growth in offshore wind projects, as offshore wind power is a significant building block in Net-Zero 2050 in the longer term.

#### What is Our Outlook?

##### Short-Term

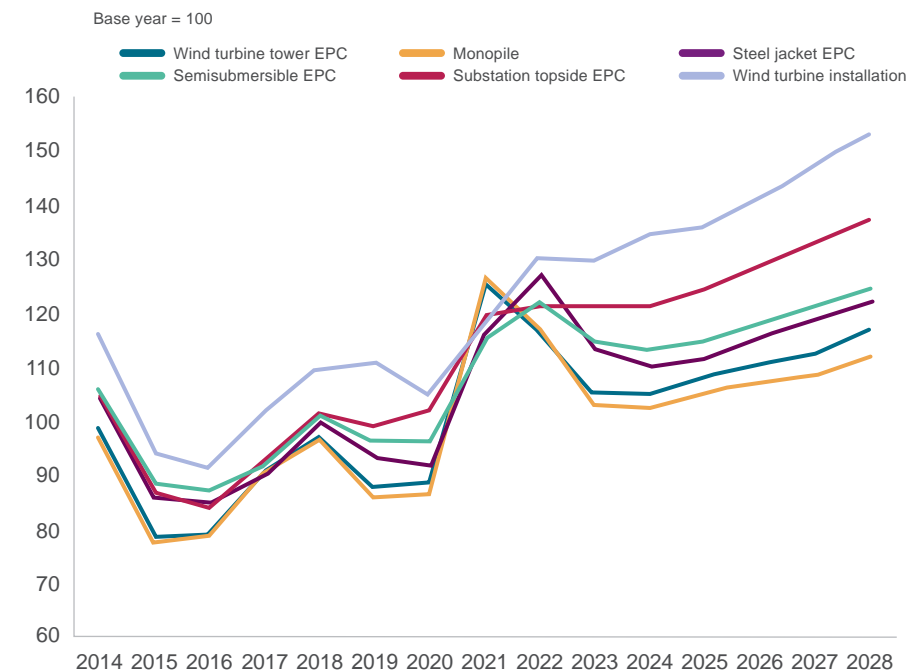
- MHB shall leverage its success in winning TenneT series project (OSS HVDC) to seize more opportunities in Europe and Asia specifically on HVAC and HVDC substations
- MHB shall explore opportunities to expand the international supply chain to cater for international offshore wind projects

##### Medium to Long-Term

MHB shall continue to seek suitable partners to bid for contracts as well as engage with developers and technology providers for pilot / commercial scale on floating wind projects.

### How Did this Impact the World?

#### Cost trends for offshore wind categories (based on Q1 2024 cost models)



- The surge in global demand with the energy and commodity crisis in Europe creates inflationary pressures on prices, which impacts offshore wind prices in general
- Steel prices were low in 2024, but wind turbine installation and substation topside EPC costs are rising. Prices are expected to rebound after 2024 as steel mills cut production
- Global offshore wind industry is experiencing headwinds. Consensus says soaring costs, project delays, and lack of supply chain investment are slowing installations

Source: IHS Markit, Reuters Analysis

#### Which Material Matters?

3 9 12

#### Which Stakeholders Impacted?



For further details on Stakeholders and Material Matters, please refer to pages 46 and 56, respectively.

# OUR OPERATING ENVIRONMENT

# OUR OPERATING ENVIRONMENT

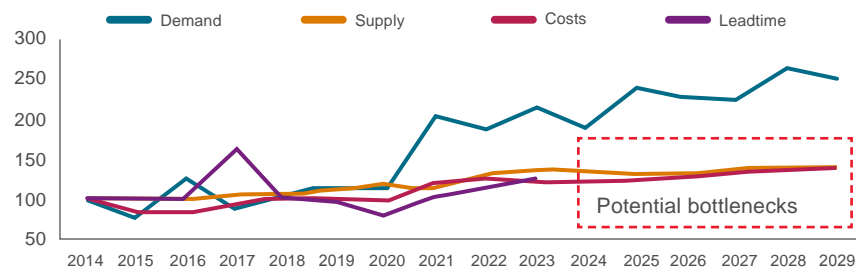
## FLOATING OFFSHORE UNITS (FPSO, FLNG, FSRU & FSU)

### What Happened in 2024?

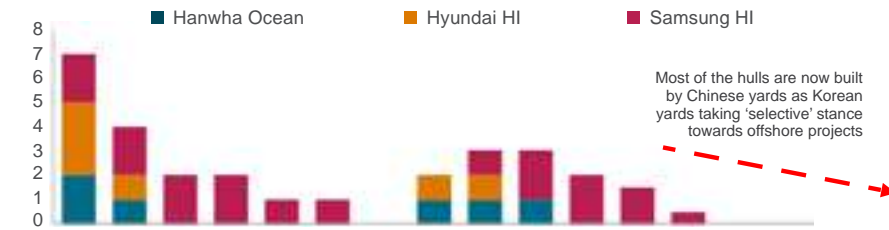
#### FPSO

- Demand is healthy over the next 5 years led by South America and Petrobras as the largest buyer over the past 10 years mainly for their huge oil fields in Brazil and Guyana
- Overall capacity has increased significantly, driven by Chinese yards and Singapore yards' aggressiveness in offshore EPC market
- South Korean yards are taking a more selective stance towards offshore structures which they see as riskier compared to shipbuilding while emphasising profitability
- Yard-led EPC market is tightly controlled by South Korean and Singaporean yards while Chinese yards are becoming important subcontractors to them
- Chinese yards are now building most of the hulls and this model is also favoured by buyers who are cautious about the bottleneck risk of constructing the entire FPSO in the same yard

FPSO newbuild key market indicator (base year 2014 = 100\*)



South Korea ship-shaped hulls under construction (number of hulls)



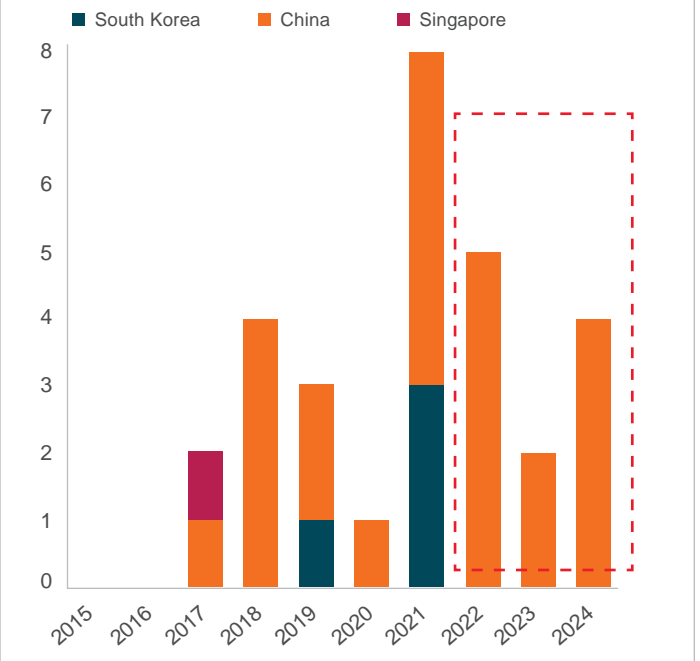
#### FLNG

- Large and complex FLNG will gravitate towards South Korean yards while China yards will be more attractive for smaller and medium-sized units; Samsung Heavy Industries is pursuing the most complex projects and Wison is offering standardised FLNG design

#### FSRU / FSU

- FSRU and FSU market are experiencing significant growth globally driven by increasing demand for LNG hence the requirement for regasification capabilities either via fixed or floating facilities

Newbuild FPSO hull construction market share (number of new orders)



Source: S&P Global FPSO Newbuild & Conversion, November 2024

#### How Were We Impacted?

Due to robust demand in floating offshore units, tight yard capacities and South Korean yards focusing on more complex structures, there is ample opportunity for MHB to pursue such projects, having a well-known track record in delivering such projects in the past.

#### How Did We Respond?

MHB could leverage on our previous track record in floater conversions and explore internal opportunities within MISC Group to strengthen our knowledge and capabilities in floating offshore units.

#### What is Our Outlook?

##### Short-Term

Apart from exploring the topside module fabrication for floating offshore units, MHB will continue pursuing conversion projects in the floating offshore segments.

##### Medium to Long-Term

Beyond peak oil, there could be limited demand for FPSO but there is still potential demand for FLNG, FSRU and FSU as long as LNG still relevant, hence gaining capabilities in constructing floating offshore units will be advantageous for MHB.

#### Which Material Matters?

- 11
- 12
- 3

#### Which Stakeholders Impacted?



For further details on Stakeholders and Material Matters, please refer to pages 46 and 56, respectively.

# OUR OPERATING ENVIRONMENT

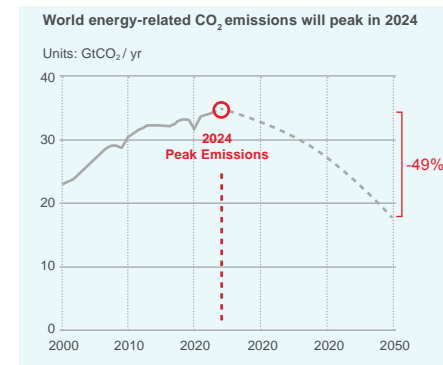
# OUR OPERATING ENVIRONMENT

## CCUS MARKET GROWTH

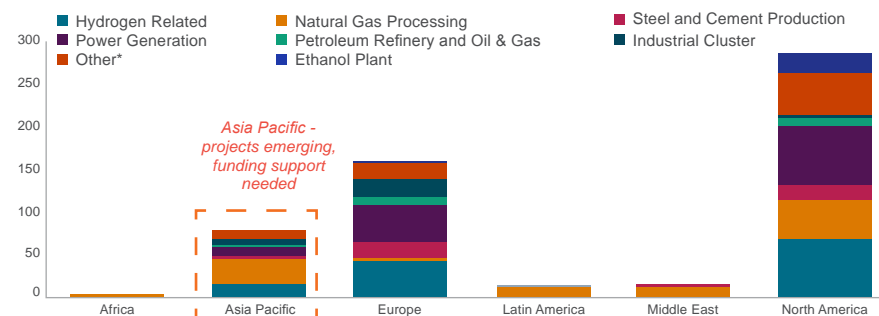
### What Happened in 2024?

#### 2024 is a significant year for CCS, with Northern Lights launch and a forecasted peak CO<sub>2</sub> emissions year

- 2024 is a forecasted peak energy-related CO<sub>2</sub> emissions year, while carbon capture, utilisation & storage (CCUS) projects continue to be announced globally mainly in the US, Canada, Europe, Australia, UK and China
- In Asia Pacific region, Australia, Malaysia and Indonesia continue their activities as potential CCUS hubs, while Japan is the only country with a clear CCUS target. However, with slow policy actions and funding support, the region faces uncertainty
- In line with the main outcomes of 29th United Nations Climate Change Conference (COP29) funding will be needed to support developing countries CCUS' projects
- Increasing policy actions such as carbon prices determine the uptake of CCUS in power, manufacturing, and industrial processing. The expected introduction of the EU Carbon Border Adjustment Mechanism (CBAM) in 2026 is also being seen as a catalyst for CCUS projects, especially for EU-exporting countries



#### Regional large-scale CCUS project pipeline by sector (MMt / y)



Source: DNV Energy Transition Outlook, TradeWinds News Carbon Capture, Utilization and Storage 2024 - 2034, Wood MacKenzie, S&P Global Carbon Sequestration projects and policies overview H1 2024

### Northern Lights

- Europe's first cross-border commercial CCS value chain project; Norwegian's Northern Lights is complete and ready for operations. Their first 1.5 mtpa capacity is said to be fully booked
- Captured and liquefied CO<sub>2</sub> will be shipped to the Oygarden terminal where it will be sent to offshore storage location 2,600 metres below the North Sea for permanent storage



Photo: The Northern Lights Carbon Capture and Storage facilities at Øygarden outside of Bergen

### How Did this Impact the World?

- Government policies such as tax incentives and carbon pricing will drive the evolution of CCUS, however funding support is needed for projects to progress, as per key outcomes in COP29
- Implementation of CBAM in 2026 threatens exports as free allowances will progressively be phased out – Malaysia's EU exporting industries such as steel will be affected

#### How Were We Impacted?

Malaysia is recognised as a potential major CCUS hub in the region, with abundant opportunities for MHB to participate in CCUS value chain projects, leveraging our current experience with the Kasawari CCS project.

#### How Did We Respond?

MHB continues to pursue CCUS projects by having early and close engagements with industry and government stakeholders.

#### What is Our Outlook?

##### Short-Term

MHB continues to explore CCUS opportunities locally and internationally and build our track record in the segment, where opportunities also include onshore modular fabrication for any components and facilities in the CCUS value chain.

##### Medium to Long-Term

- CCUS is a key component in Net-Zero 2050 – hence despite publicised short-term headwinds, MHB shall continue to enhance its capabilities in the segment to capture longer term opportunities
- MHB potential exposures in the CCUS value chain will also include opportunities in repair and maintenance of LCO<sub>2</sub> carrier vessels in the longer term

#### Which Material Matters?

- 9
- 10
- 12

#### Which Stakeholders Impacted?



For further details on Stakeholders and Material Matters, please refer to pages 46 and 56, respectively.

# OUR OPERATING ENVIRONMENT

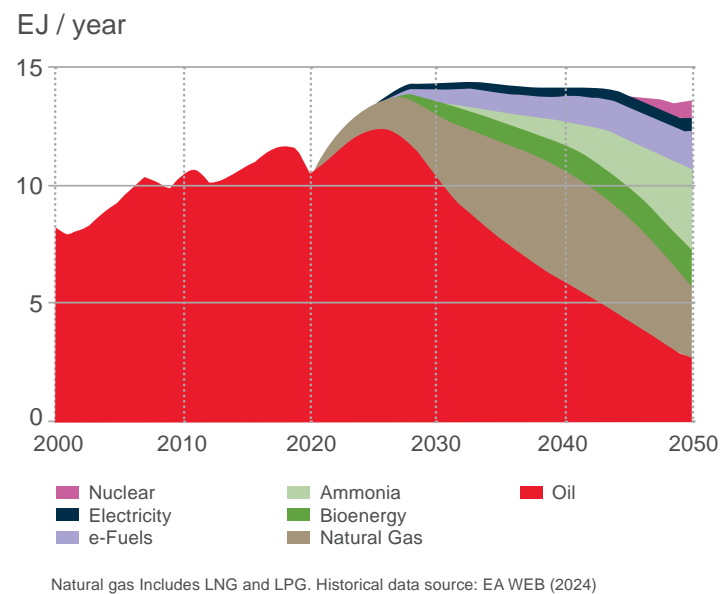
# OUR OPERATING ENVIRONMENT

## MARITIME DECARBONISATION

### What Happened in 2024?

- Gas (LNG & LPG) will still be prominent up until 2040 as decarbonised fuel options are expensive and DNV foresees that oil will still prevail with the use of onboard CO<sub>2</sub> capture. However, its success is dependent on CCUS value chain development as a whole including liquified CO<sub>2</sub> transport and storage globally
- Ammonia and e-Fuels will slowly substitute the gap left by oil with assumption that bunkering and infrastructure readiness will occur in mid-2030s onwards

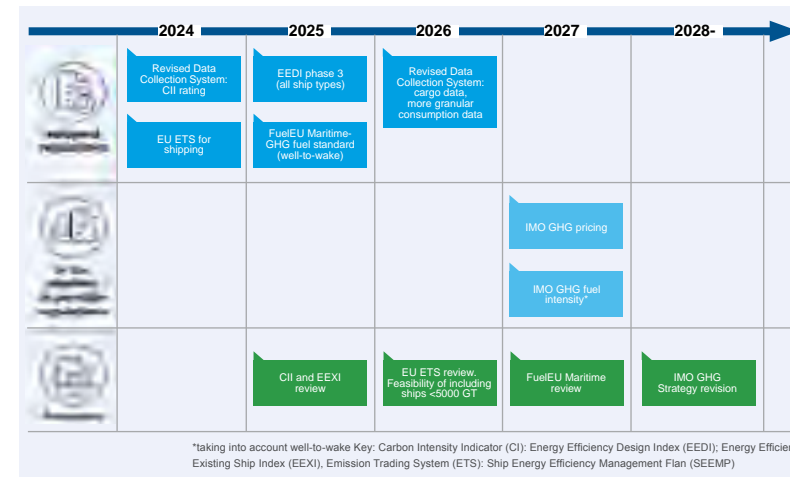
### Maritime Energy Demand by Carrier, until 2050



Source: DNV Energy Transition Outlook, EU Emission Trading System

- Multiple policies are taken into effect in 2024 – 2025 namely EU Emissions Trading System (EU ETS), Carbon Intensity Indicator (CII) and FuelEU where 2024 is the first year for CII rating for vessel based on their operation performance in 2023. 2024 also is the first year where ships trading in EU is subjected to EU ETS
- While EU ETS penalises emissions, FuelEU penalises fuel selection by imposing a well-to-wake GHG intensity requirement enforcement and pooling mechanism that offers flexibility to enable over-compliant vessels to cover other vessels

### GHG regulatory timeline towards 2030



### How Did this Impact the World?

- While regulatory requirements such as EU ETS and FuelEU are coming into being, most vessel owners are taking time to evaluate their current options, and most vessel owners tend to opt for inexpensive options that do not require large capital outlay. One of the most apparent solution is slow steaming ie deliberate speed reduction of the vessels that can reduce emissions
- There are pros and cons of each option, and vessel owners must carry out a cost and benefit analysis in order to determine the best solution, in order to reduce potential penalties from emissions regulations such as FuelEU
- Hence, shipyards - both in the space of newbuilding and the aftermarket - have opportunities to offer technology solutions for vessel owners to decarbonise their operations

### How Were We Impacted?

MHB is not directly impacted by regulations and policies for maritime decarbonisation as listed. However, it presents market opportunities for retrofits and upgrades as additional services to clients.

### How Did We Respond?

MHB is continuously exploring collaborations with technology providers as well as experienced shipyards. In 2024, we signed several collaborations with technology providers, including HD Hyundai Marine Solutions.

### What is Our Outlook?

#### Short-Term

LNG carriers will remain relevant as the world transitions into cleaner fuels. Hence, MHB will continue supporting clients in their maritime decarbonisation efforts.

#### Medium to Long-Term

MHB shall continue to explore emerging technologies such as onboard carbon capture as retrofits, which may become more prominent post 2030 as vessel owners try to mitigate high costs of alternative fuels such as methanol and ammonia.

### Which Material Matters?

2 3 9

### Which Stakeholders Impacted?



For further details on Stakeholders and Material Matters, please refer to pages 46 and 56, respectively.

# OUR OPERATING ENVIRONMENT

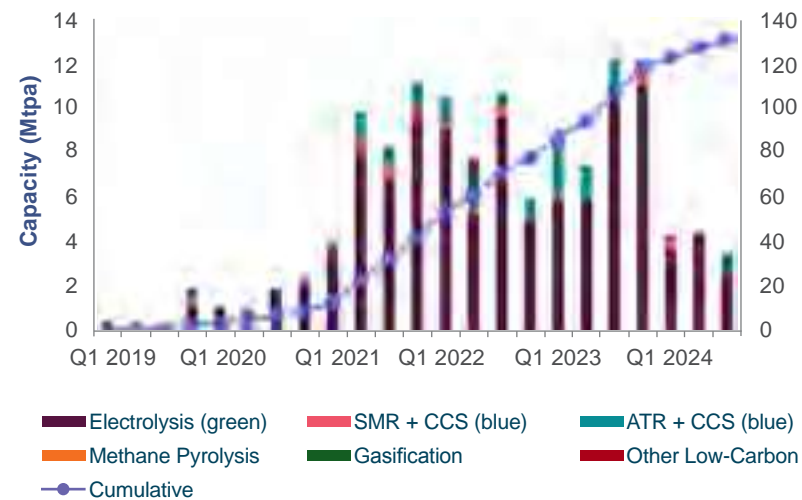
# OUR OPERATING ENVIRONMENT

## HYDROGEN MARKETS

### What Happened in 2024?

- The number of low-carbon hydrogen projects announcement is decreasing in 2024 where several high-profile projects have been either cancelled or delayed
- Despite national strategies and policies to support adoption of hydrogen, delays in implementation and insufficient demand creation policies are slowing the progress

### Low-carbon hydrogen project announcements



Source: LENS Hydrogen; excludes cancelled or retired projects  
SMR: Steam methane reforming, ATR: Autothermal reformation

Source: Wood Mackenzie, DNV

### How Were We Impacted?

Despite global shortcomings in the immediate term, MHB shall continue to prospect for hydrogen projects, and also deepen capabilities especially in the design and engineering aspect.

### How Did We Respond?

MHB shall continue to pursue this initiative as low-carbon hydrogen projects are key components for Net-Zero 2050.

MHB shall position ourselves as a partner of choice through providing technology-driven EPC solutions for up-scaled standard modular hydrogen production.

### What is Our Outlook?

#### Short-Term

- MHB will seek pilot studies or projects to set a foothold in fabricating hydrogen electrolyser modules
- MHB shall strengthen and deepen capabilities in design and engineering for fabrication of such hydrogen facilities

#### Medium to Long-Term

- MHB shall explore more collaborations to expand market reach and capabilities
- MHB shall develop range of hydrogen electrolyser products to cater to different market segments, including opportunities in offshore hydrogen production in the longer term

### How Did this Impact the World

- Hydrogen remains an expensive option, making potential buyers reluctant to pay premium for it as a fuel, even when the technology is ready for use
- Current hydrogen costs often exceed USD 5 / kg and can be up to 5 times per megawatt than natural gas in Europe
- Without higher carbon prices or subsidies, hydrogen adoption will be limited



Source: Wood Mackenzie, DNV, European Energy

### Which Material Matters?

4 9 12

### Which Stakeholders Impacted?



For further details on Stakeholders and Material Matters, please refer to pages 46 and 56, respectively.

# OUR OPERATING ENVIRONMENT

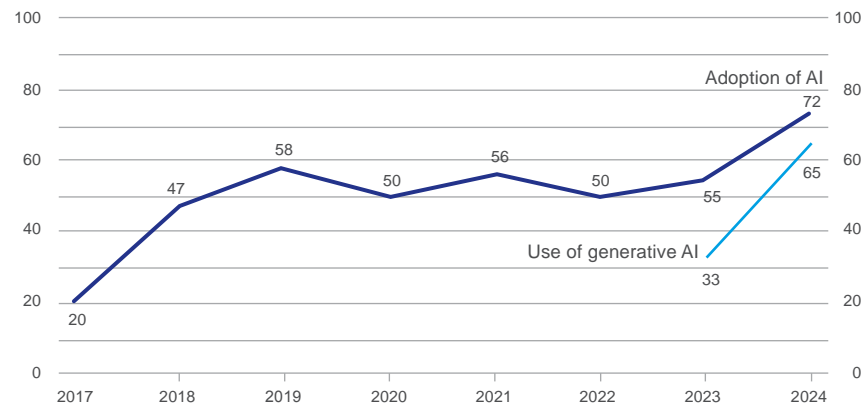
# OUR OPERATING ENVIRONMENT

## DIGITALISATION

### What Happened in 2024?

#### Global Growth Adoption of AI

Organisations that have adopted AI in at least 1 business function, % of respondents



In 2017, the definition for AI adoption was using AI in a core part of the organisation's business or at scale. In 2018 and 2019, the definition was embedding at least 1 AI capability in business processes or products. Since 2020, the definition has been that the organisation has adopted AI in at least 1 function.

- A McKinsey survey reveals that over the past six years, AI adoption among respondents remain steady at around 50% before rising to 72% in 2024
- Two-thirds of respondents in almost every region reported their organisations are using AI with the highest growth of adoption seen in professional services
- Companies are now using AI in most areas of their business, with half of respondents stated that AI has been adopted in two or more business functions

Source: McKinsey & Company

#### How Were We Impacted?

MHB will continue to look for opportunities to increase efficiency and productivity through AI and digitalisation processes.

#### How Did We Respond?

MHB has developed a Technology Roadmap, which consolidates proposed technology solutions in the organisation, which are aligned with its strategic priorities and affordability.

#### What is Our Outlook?

##### Short-Term

MHB will invest in technology solutions to improve current operational efficiency.

##### Medium to Long-Term

MHB will continue exploring and adopting more advanced technologies that meet three criteria; data-driven intelligence, hyper-connectivity and advanced automation.

### How Did this Impact the World?

#### Benefits of AI / Digitalisation

- AI is transforming the way businesses make decisions by analysing vast amounts of data, to yield and uncover patterns and trends
- Increased efficiency and productivity by automating repetitive tasks, streamlining workflows, and providing data-driven insights
- Improve customer experiences by providing personalised and efficient interactions through advanced data analysis
- Reduction of manpower resources through automation



Source: Harvard Business School, Dassault System

#### Which Material Matters?

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#### Which Stakeholders Impacted?



For further details on Stakeholders and Material Matters, please refer to pages 46 and 56, respectively.

# OUR OPERATING ENVIRONMENT

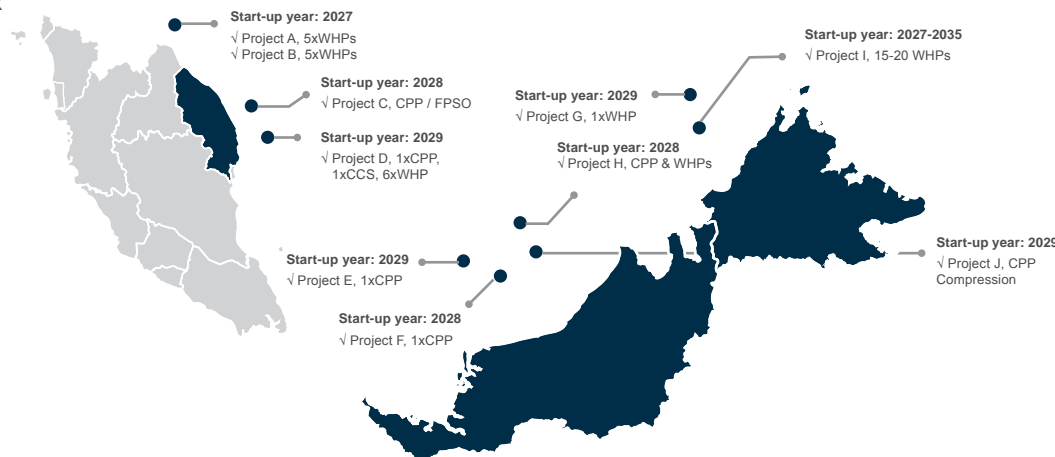
# OUR OPERATING ENVIRONMENT

## MALAYSIA

### What Happened in 2024?

- The fossil fuel projects pipeline in Malaysia remains robust for the coming years. However, energy transition policies such as National Energy Transition Roadmap (NETR) and Hydrogen Economy & Technology Roadmap (HETR) are also in place to support Malaysia's commitment towards Net-Zero 2050
- It is noted that a major proportion of Malaysia's domestic upstream opportunities for fossil fuels and energy transition projects have come from Sarawak
- Sarawak is signaling its localisation emphasis significantly through its announcement that PETROS will serve as the 'gas aggregator' in Sarawak
- For hydrogen projects, initiatives are still in early stages, but show significant promise due to resources, energy infrastructure, and government support
- Malaysia is also working on developing a CCS value chain, with the push for CCS being particularly important as the carbon tax is set to be implemented in phases, starting in 2026
- With continued investment and international collaboration as well as with energy transition policies, Malaysia could position itself as a regional leader in the clean energy economy

### Fossil Fuels Projects in Malaysia



Source: MOSTI, CSS Analysis

### How Were We Impacted?

Opportunities remain abundant in traditional fossil fuel projects, with increasing opportunities in energy transition projects in Malaysia, especially in CCUS.

### How Did We Respond?

- MHB shall continue to bid in any fossil fuel and energy transition projects that are related and aligned with MHB's core competencies
- MHB shall strengthen engagements with Sarawak stakeholders
- MHB shall initiate early engagements for CCS requirements in Malaysia

### What is Our Outlook?

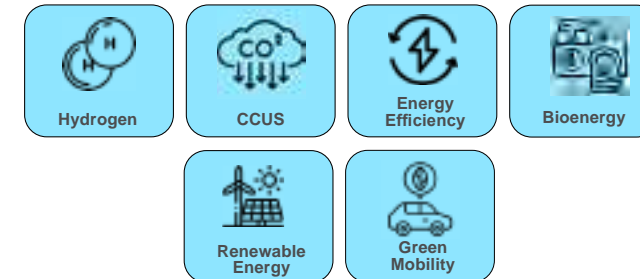
#### Short-Term

- In line with Malaysia's continued use of fossil fuels and moderate approach to the energy transition, MHB also takes a similar balanced portfolio approach in the short-term
- Close and regular engagements with local stakeholders especially in Sarawak

#### Medium to Long-Term

- MHB shall continue to serve domestic opportunities where available that are aligned with its core competencies
- MHB will strengthen capabilities especially in engineering and project management, that will enable market opportunities beyond the domestic market

### National Energy Transition Roadmap (NETR) Flagship Project Areas



### Hydrogen Economy and Technology Roadmap (HETR) Strategic Thrusts

- Strengthening Governance System, Institutional Framework, and Regulatory Mechanism
- Facilitating Enabling Environment and Economic Instruments
- Accelerate Commercialisation of Technology to Enable Export and Domestic Uptake
- Capacity Development and Capability Enhancement
- Communication, Education, Public and Awareness

### How Did this Impact the World?

- With policies such as NETR and HETR in place in Malaysia, there will be more interest in energy transition projects especially for hydrogen and CCUS
- Sarawak is increasingly taking control of its natural resources through state appointed entities from hydrocarbon production to carbon storage and trading
- Malaysia is taking a balanced approach by continued investment in fossil fuel projects, alongside advancements in energy transition initiatives to support economic growth and job creation

### How Were We Impacted?

Opportunities remain abundant in traditional fossil fuel projects, with increasing opportunities in energy transition projects in Malaysia, especially in CCUS.

### How Did We Respond?

- MHB shall continue to bid in any fossil fuel and energy transition projects that are related and aligned with MHB's core competencies
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- MHB shall initiate early engagements for CCS requirements in Malaysia

### What is Our Outlook?

#### Short-Term

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#### Medium to Long-Term

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### Which Material Matters?



### Which Stakeholders Impacted?



For further details on Stakeholders and Material Matters, please refer to pages 46 and 56, respectively.

# ENGAGING WITH STAKEHOLDERS



Engaging with stakeholders is essential to MHB’s ability to generate long-term value, serving as a cornerstone for sustainable growth and responsible corporate development. By fostering open collaboration and gaining deeper insights into our diverse stakeholders, we not only navigate the complexities of our industry but also reinforce our dedication to ethical conduct, innovation and meaningful contributions to society.

We determine our stakeholders by evaluating their unique roles and connections to our business. Furthermore, we classify them based on the extent to which they are directly or indirectly impacted by our operations. This structured approach ensures our engagement strategies align with the varying interests and influences within our stakeholder ecosystem.

Our stakeholder identification process follows a two-step methodology:

- **Mapping our stakeholder ecosystem**

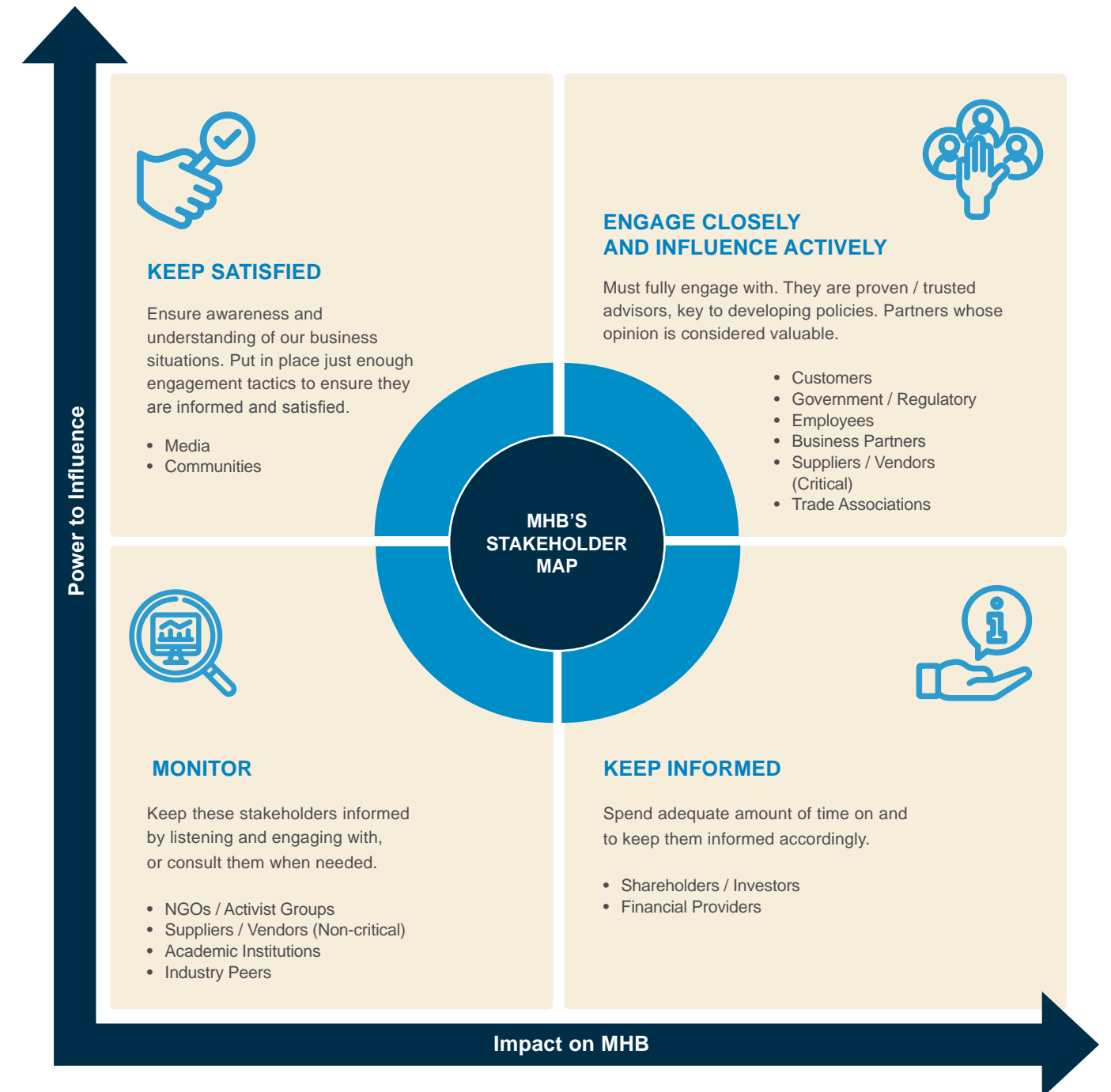
We identify both internal and external stakeholders by gathering insights from MHB’s departments, considering the degree of influence these groups have on our daily operations. A thorough assessment is conducted to determine those directly or indirectly affected by our activities.

- **Assessing stakeholder needs in relation to business objectives**

Through this evaluation, we shape strategic goals that drive sustainable value for both MHB and our stakeholders. We assess the level of interdependence and customise our engagement efforts based on each group’s impact and influence on our business.

# ENGAGING WITH STAKEHOLDERS

We prioritise stakeholders based on their impact and influence, using insights from our analysis. This information is represented in MHB’s Stakeholder Map, serving as our compass for stakeholder engagements throughout the year.



# ENGAGING WITH STAKEHOLDERS

# ENGAGING WITH STAKEHOLDERS

GOVERNMENT AND REGULATORS												
Level of Engagement	Why are They Important	Key Concerns	Our Responses	Desired Outcomes	Values Created	Engagement Platforms	Frequency	Capitals	Material Topics	Risks	Strategic Pillars	UNSDGs
Mature Relationship	MHB believes in proactively and continuously ensuring complete adherence to all legal requirements that are pertinent to our business. Engaging with enforcement agencies such as MACC reinforces our shared commitment to promoting integrity, ethical conduct, and good governance.	<ul style="list-style-type: none"> <li>Ensure legal / regulatory compliance with relevant laws and requirements</li> <li>Best practices in management of health, safety, environment, labour and construction standards</li> <li>Ensure alignment with updated regulatory standards for workforce training competencies and completing registrations with relevant government bodies to operate effectively</li> <li>Prevent bribery and corruption, fostering a culture of transparency and accountability</li> </ul>	<ul style="list-style-type: none"> <li>Maintained ongoing dialogues with government bodies and regulators to determine licensing and business activity scope</li> <li>Continuous communication with the stakeholders for updates and changes through respective focal persons, workshops and circulations</li> <li>Implemented improvements to reduce our environmental footprint</li> <li>Implemented initiatives to ensure safety is prioritised</li> <li>Implemented initiatives to ensure compliance with the relevant regulations including updating and changing MHB's policies and procedures to reflect the latest regulations</li> <li>Engaged with MACC to deliver anti-corruption workshops for employees, reinforcing compliance with anti-bribery laws and ethical standards</li> </ul>	<ul style="list-style-type: none"> <li>Committed to complying with evolving legal and regulatory requirements, including keeping informed of the latest updates and changes</li> <li>Uphold ethical standards and mitigate corruption risks</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced insight into the challenges and intricacies of maintaining an environmentally responsible operation</li> <li>Promoted ethical conduct, reduced corruption risks and ensured legal compliance</li> <li>Strengthened trust in MHB as a compliant and responsible corporate entity</li> </ul>	<ul style="list-style-type: none"> <li>Face-to-face and virtual meetings</li> <li>Reporting</li> <li>Anti-corruption workshops and training sessions facilitated by MACC representatives</li> </ul>	As Required			<ul style="list-style-type: none"> <li>Health and Safety Risk</li> <li>Environmental Risk</li> <li>Legal and Regulatory Risk</li> </ul>	PDE	

SUPPLIERS / VENDORS												
Level of Engagement	Why are They Important	Key Concerns	Our Responses	Desired Outcomes	Values Created	Engagement Platforms	Frequency	Capitals	Material Topics	Risks	Strategic Pillars	UNSDGs
Partnership and Strategic Alignment	Our suppliers and vendors are essential partners in fostering a collaborative alliance. Together, we proactively address challenges, strengthen our relationships and drive shared success.	<ul style="list-style-type: none"> <li>Strengthen our partnerships and build on shared commitments</li> <li>Opportunity to communicate, address transparency and align goals</li> <li>Share new ways of working solutions for industry challenges and opportunities</li> <li>Understanding vendors' key challenges and concerns</li> <li>Resource management and operational efficiency</li> <li>Implementation of sustainability practices in our value chain</li> </ul>	<ul style="list-style-type: none"> <li>Established KPI between MHB and its partner</li> <li>Collaborative risk management</li> <li>Facilitated problem-solving workshop</li> <li>Enhanced ongoing communication</li> <li>Quality Compliance (Defect / Rework) Assessment</li> <li>Included supply chain partners in our sustainability journey</li> <li>Created meaningful relationships with partners to address key challenges collaboratively</li> <li>Elevated product / service quality</li> </ul>	<ul style="list-style-type: none"> <li>Strategic alignment between MHB and its vendors and subcontractors to foster effective collaboration towards shared objectives</li> <li>Build trust and collaboration with supply chain partners</li> <li>Sustainability integration – Align partners with ESG goals for shared impact</li> <li>Reduce disruptions and enhance performance</li> <li>Minimise disputes and ensure supply chain resilience</li> <li>Deliver superior products and services</li> <li>Drive growth through collaborative problem-solving</li> </ul>	<ul style="list-style-type: none"> <li>Improved customer satisfaction</li> <li>Promoted a culture of continuous improvement</li> <li>Exchanged ideas for technology advancement and innovative solutions</li> </ul>	<ul style="list-style-type: none"> <li>SAVE event / workshops</li> <li>Face-to-face and virtual meetings</li> </ul>	<ul style="list-style-type: none"> <li>As Required</li> <li>Quarterly / Annually</li> </ul>			Supplier Risk	PDE	

# ENGAGING WITH STAKEHOLDERS

# ENGAGING WITH STAKEHOLDERS

BUSINESS PARTNERS												
Level of Engagement	Why are They Important	Key Concerns	Our Responses	Desired Outcomes	Values Created	Engagement Platforms	Frequency	Capitals	Material Topics	Risks	Strategic Pillars	UNSDGs
Partnership and Strategic Alignment	Our business partners are vital in cultivating a collaborative alliance, where we proactively address challenges together to strengthen our bond and create mutual success.	<ul style="list-style-type: none"> <li>Technology advancement and innovative solutions</li> <li>Collaboration, information and knowledge sharing for mutual growth</li> </ul>	<ul style="list-style-type: none"> <li>Included supply chain partners in the organisational and sustainability journey</li> <li>Created meaningful relationships with partners to address key challenges collaboratively</li> <li>Elevated product / service quality</li> <li>Win-win negotiation and collaboration</li> <li>Leveraged long-term partnerships</li> </ul>	Mutually beneficial relationships that drive success, growth and profitability for both parties	<ul style="list-style-type: none"> <li>Improved customer satisfaction</li> <li>Expanded customer base</li> <li>Exchanged ideas and innovations</li> <li>Secured long-term business opportunities</li> </ul>	Face-to-face and virtual meetings	As Required		3 4 8 10	Supplier Risk	PDE HOOB	

CUSTOMERS												
Level of Engagement	Why are They Important	Key Concerns	Our Responses	Desired Outcomes	Values Created	Engagement Platforms	Frequency	Capitals	Material Topics	Risks	Strategic Pillars	UNSDGs
Mature Relationship	We consider customers essential for fostering robust relationships and elevating the quality of our project delivery.	<ul style="list-style-type: none"> <li>Strategic networking and knowledge sharing</li> <li>Brand reputation and advocacy</li> <li>Potential business opportunities, partnerships and collaborations</li> </ul>	<ul style="list-style-type: none"> <li>Utilised multiple engagement platforms for active customer feedback</li> <li>Committed to a responsive, customer-centric approach</li> <li>Improved customer experience and satisfaction</li> </ul>	Build long-term relationships, brand loyalty and trust	<ul style="list-style-type: none"> <li>Gained insights into market trends, positioning and emerging technologies</li> <li>Promoted ethical conduct and enhanced global industry presence for an enriched customer experience</li> <li>Strengthened MHB's industry presence, developed strategic relationships, enhanced brand visibility and contributed to the advancement and sustainability of the energy industry</li> </ul>	Face-to-face and virtual meetings Conferences and exhibitions Customer satisfaction survey	As Required		2 3 4 5	Customer Risk Competition Risk	PDE HOOB	   

# ENGAGING WITH STAKEHOLDERS

# ENGAGING WITH STAKEHOLDERS

EMPLOYEES												
Level of Engagement	Why are They Important	Key Concerns	Our Responses	Desired Outcomes	Values Created	Engagement Platforms	Frequency	Capitals	Material Topics	Risks	Strategic Pillars	UNSDGs
Mature Relationship	Our employees are the beating heart of our success, essential for creating a cohesive and motivated workforce while fostering a collaborative environment, leading to increased employee satisfaction rates and organisational success.	<ul style="list-style-type: none"> <li>Employees well-being, health and safety</li> <li>Maintain positive management-employees relations</li> <li>Inclusive work environment</li> </ul>	<ul style="list-style-type: none"> <li>Acknowledged and involved employees in driving value creation</li> <li>Implemented diverse engagement activities</li> <li>Designed initiatives to inspire and maintain employee motivation and commitment</li> </ul>	Inculcate a positive workplace culture where employees are productive, engaged, innovative and aligned with the company's vision and mission	<ul style="list-style-type: none"> <li>Improved employee job satisfaction rates</li> <li>Experienced career development and growth in a sustainable organisation</li> </ul>	<ul style="list-style-type: none"> <li>Townhalls</li> <li>Staff engagement activities</li> <li>Internal communications</li> <li>Union management</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> <li>As Required</li> </ul>		<ul style="list-style-type: none"> <li>1</li> <li>4</li> <li>8</li> <li>13</li> <li>15</li> </ul>	<ul style="list-style-type: none"> <li>Human Capital Risk</li> <li>Health and Safety Risk</li> </ul>	PDE	<ul style="list-style-type: none"> <li>3 GOOD HEALTH AND WELL-BEING</li> <li>5 GENDER EQUALITY</li> <li>8 DECENT WORK AND ECONOMIC GROWTH</li> <li>10 REDUCED INEQUALITIES</li> </ul>
BOARD OF DIRECTORS												
Level of Engagement	Why are They Important	Key Concerns	Our Responses	Desired Outcomes	Values Created	Engagement Platforms	Frequency	Capitals	Material Topics	Risks	Strategic Pillars	UNSDGs
Mature Relationship	Our Board of Directors plays a crucial role in setting the strategic direction of the company, ensuring governance practices are upheld and overseeing financial and operational performance.	<ul style="list-style-type: none"> <li>Financial performance</li> <li>Strategic oversight and direction</li> <li>Sustainability and governance</li> <li>Project delivery challenges</li> </ul>	<ul style="list-style-type: none"> <li>Carried out strategic direction as provided by the Board of Directors</li> <li>Implemented operational improvement activities</li> <li>Ensured proper governance and internal control are in place</li> </ul>	Setting the long-term vision and goals of the organisation while ensuring robust governance and oversight	<ul style="list-style-type: none"> <li>Improved financial performance</li> <li>Enhanced operational efficiency and productivity</li> <li>Upholding strong governance practices</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Board Strategic Conversation</li> <li>Visits</li> <li>Board meetings</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>As Required</li> <li>Quarterly</li> </ul>	 	<ul style="list-style-type: none"> <li>2</li> <li>4</li> </ul>	<ul style="list-style-type: none"> <li>Financial Risk</li> <li>Legal and Regulatory Risk</li> </ul>	PDE, HOOB	<ul style="list-style-type: none"> <li>3 GOOD HEALTH AND WELL-BEING</li> <li>5 GENDER EQUALITY</li> <li>8 DECENT WORK AND ECONOMIC GROWTH</li> <li>10 REDUCED INEQUALITIES</li> </ul>
SHAREHOLDERS / INVESTORS / FINANCIAL PROVIDERS												
Level of Engagement	Why are They Important	Key Concerns	Our Responses	Desired Outcomes	Values Created	Engagement Platforms	Frequency	Capitals	Material Topics	Risks	Strategic Pillars	UNSDGs
<ul style="list-style-type: none"> <li>Management or Engagement (for Investor Relations)</li> <li>Mature Relationship (for Financial Providers)</li> </ul>	Our shareholders, investors, and financial providers are instrumental in instilling confidence and shaping a positive perception of the company's financial health. Their support serves as a testament to our unwavering commitment to long-term value creation.	<ul style="list-style-type: none"> <li>Transparent and inclusive communication for decision-making</li> <li>Convey timely and accurate information on the company's financial performance</li> <li>Enhance transparency for a deeper understanding of the company's activities</li> </ul>	<ul style="list-style-type: none"> <li>Practised transparent communication</li> <li>Delivered financial value through regular engagements</li> <li>Provided pertinent information on strategic outcomes, growth potential, governance, ethical standards and social and environmental impacts</li> </ul>	Establish and maintain a reputation for financial integrity, responsibility and transparency	<ul style="list-style-type: none"> <li>Disseminated complete, transparent and timely information, empowering the investment community to make well-informed decisions</li> <li>Provided a space for shareholders to express their views and seek clarification to build trust</li> <li>Granted a deeper understanding of MHB's overall business operations</li> </ul>	<ul style="list-style-type: none"> <li>Face-to-face and virtual meetings</li> <li>Reports</li> <li>Website</li> <li>Annual General Meeting</li> <li>Visits</li> </ul>	<ul style="list-style-type: none"> <li>As Required</li> <li>Quarterly</li> <li>Annually</li> </ul>		<ul style="list-style-type: none"> <li>2</li> <li>3</li> </ul>	Financial Risk	PDE	<ul style="list-style-type: none"> <li>8 DECENT WORK AND ECONOMIC GROWTH</li> </ul>

# ENGAGING WITH STAKEHOLDERS

# ENGAGING WITH STAKEHOLDERS

COMMUNITIES												
Level of Engagement	Why are They Important	Key Concerns	Our Responses	Desired Outcomes	Values Created	Engagement Platforms	Frequency	Capitals	Material Topics	Risks	Strategic Pillars	UNSDGs
<ul style="list-style-type: none"> <li>Advocate</li> <li>Collaborate &amp; Empowerment</li> </ul>	In the vibrant tapestry of our community, we find the keys to trust, responsiveness to local needs, and a shared commitment. Our decisions and initiatives are not just about impact but are woven with the fabric of our community's well-being and values, creating a harmonious and thriving connection.	<ul style="list-style-type: none"> <li>Socio-economic development of local communities</li> <li>Empowering local economies through job creation, skills development and strategic partnerships with local businesses</li> <li>Health, safety, and environmental management, ensuring sustainable practices, safeguarding community health and fostering environmental stewardship</li> <li>Community well-being and development, uplifting the socio-economic and cultural fabric of local communities</li> </ul>	<ul style="list-style-type: none"> <li>Implemented community-centred initiatives</li> <li>Launched initiatives aimed at improving livelihoods and well-being through donations to underprivileged communities and contributions to orphanages</li> <li>Conducted engagement and environmental education sessions through the MHB River Rehabilitation Programme</li> <li>Organised Train of Trainers (ToT) awareness campaigns to promote sustainable practices and educate communities on environmental conservation</li> <li>Contributed to philanthropic donations</li> </ul>	Create a positive, long-term relationship and enhance the overall well-being of the community	<ul style="list-style-type: none"> <li>Demonstrated our commitment to conduct business and grow our organisation in ways that positively contribute to society</li> <li>Raised local communities' awareness to ensure sustainable development and improvement in their quality of life</li> </ul>	Community programmes	As Required		1 8 14	<ul style="list-style-type: none"> <li>Health and Safety Risk</li> <li>Environmental Risk</li> </ul>	PDE	

LOCAL INSTITUTIONS												
Level of Engagement	Why are They Important	Key Concerns	Our Responses	Desired Outcomes	Values Created	Engagement Platforms	Frequency	Capitals	Material Topics	Risks	Strategic Pillars	UNSDGs
Collaboration or Value Creation	Our local institutional partners and academics play a vital role in creating a supportive business environment. Their active contribution fosters community integration, ensures alignment with regional regulations and initiatives, establishing a mutually beneficial relationship that enriches all stakeholders involved.	<ul style="list-style-type: none"> <li>Collaboration on human capital development and talent pipeline</li> <li>Diverse pool of potential candidates</li> <li>Brand and industry awareness</li> <li>Influence in crafting syllabus and learning content through the placement of Industrial Advisory Panel</li> </ul>	<ul style="list-style-type: none"> <li>Engaged closely with local institutions on industrial insights</li> <li>Collaborated through awareness sessions with students</li> <li>Officialised collaboration through the signing Memorandum of Collaboration (MOC), Memorandum of Agreement (MoA), Certificate of Competency (CoC) and Letter of Intent (LoI) with government agencies and institutions</li> </ul>	Contribute to the broader societal well-being by fostering educational and industrial synergy	<ul style="list-style-type: none"> <li>Fostered a collaborative industry and academic synergy</li> <li>Ensured alignment with current business trends, offering valuable insights and resources to academia</li> <li>Reinforced a commitment to industry leadership</li> </ul>	<ul style="list-style-type: none"> <li>Career talks</li> <li>Visits</li> <li>Programmes</li> </ul>	As Required		13	Human Capital Risk	PDE	

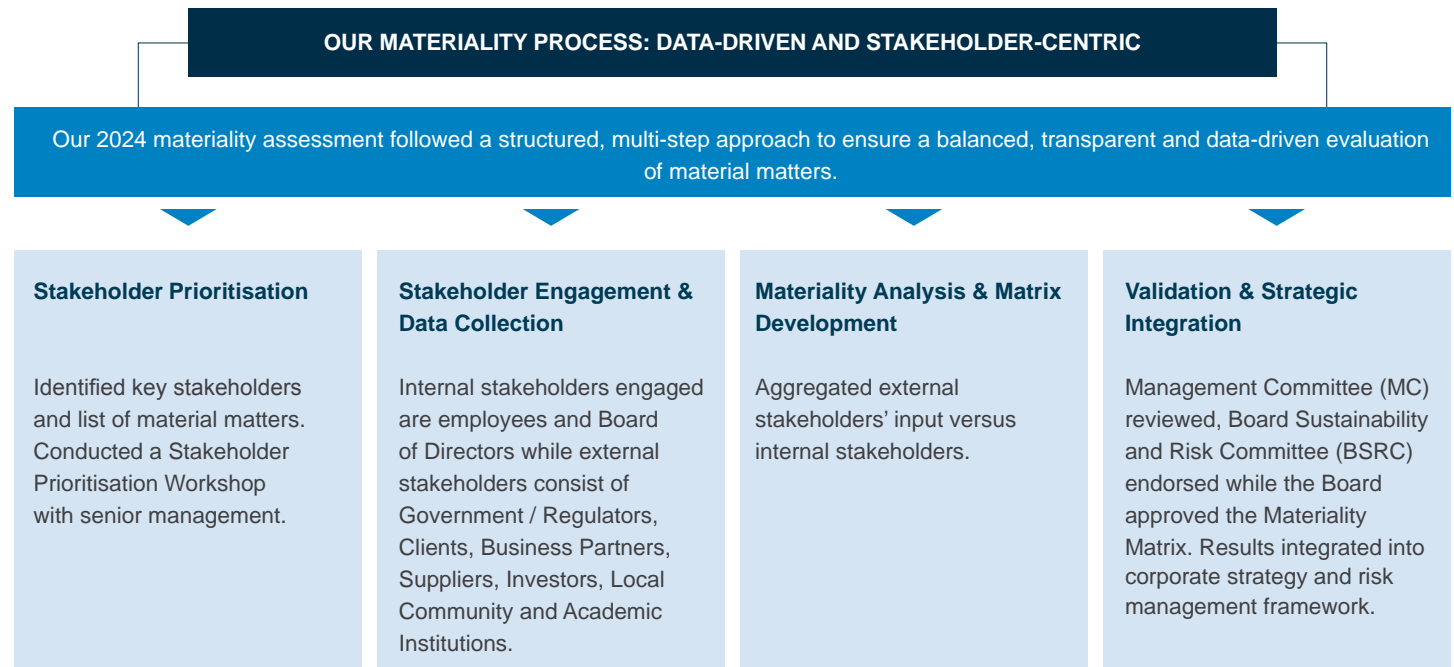
# OUR MATERIAL MATTERS

# OUR MATERIAL MATTERS

## Understanding Our Evolving Priorities

At MHB, our commitment to sustainable value creation is driven by a deep understanding of the environmental, social and governance (ESG) factors that impact our business and stakeholders. Our 2024 materiality assessment ensures that our sustainability efforts remain relevant, aligned with our corporate strategy and responsive to emerging risks and opportunities.

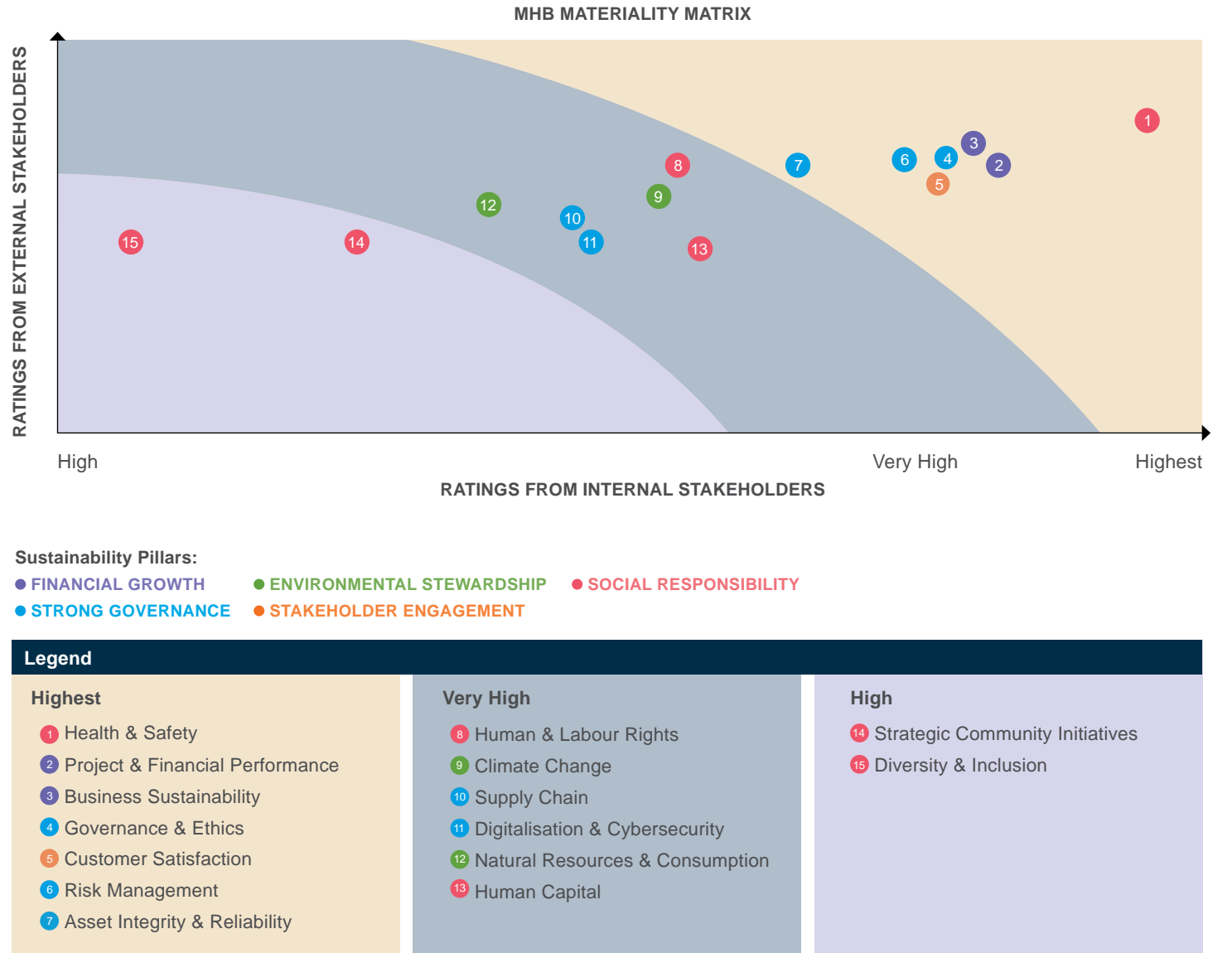
Building on our 2021 materiality assessment, we have reassessed and refined our material matters to reflect the evolving business landscape, regulatory expectations and stakeholder priorities.



## Materiality Assessment Results

The 2024 assessment reaffirmed the importance of core ESG themes, with notable shifts reflecting industry trends and strategic priorities. As part of our continuous refinement process, the number of material matters in 2024 was adjusted from 16 to 15. This change reflects reclassification rather than a reduction in focus. Specifically, 'Skilled Workforce' and 'Employee Engagement' has been incorporated under 'Human Capital,' while 'Technology & Operational Innovation' has been redefined as 'Digitalisation & Cybersecurity.'

Material Topics	Why It Matters	Key Changes in 2024
Health & Safety	Employees well-being, workplace safety culture	Maintained highest priority
Project & Financial Performance	Business resilience, profitability, and sustainable growth	Elevated to highest priority category amid transformation initiative
Climate Change	Decarbonisation, regulatory risks, net-zero transition	Increased significance
Supply Chain	Ethical sourcing, supplier resilience	Maintained very high priority
Digitalisation & Cybersecurity	Data security, operational efficiency	Reclassified from Technology & Operational Innovation
Natural Resources & Consumption	Resource efficiency, waste management	Increased priority
Diversity & Inclusion (D&I)	Inclusive workforce, employee engagement	Adjusted from very high to high due to the ongoing D&I initiatives
Human Capital	Talent development, workforce planning	New categorisation, integrating skilled workforce and employee engagement



## Turning Insights into Action

With our materiality assessment concluded and a refreshed understanding of what is important to MHB as well as our stakeholders, we will be able to turn these insights into tangible results through:

- Enhanced Risk Management – Addressing sustainability-related risks including climate-related risks to our operations.
- Stronger Stakeholder Trust – Strengthening relationships through transparency and accountability.
- Long-Term Value Creation – Embedding sustainability into core business strategies for resilience and competitive advantage.

## Looking Forward

As the ESG landscape continues to evolve, MHB remains committed to regularly reassessing our material matters to ensure alignment with stakeholder expectations, global best practices and regulatory changes. This iterative approach enables us to stay ahead of sustainability trends while driving meaningful impact for our stakeholders and business.

# OUR MATERIAL MATTERS

# OUR MATERIAL MATTERS

Material Matters	Definition	Strategic Focus Areas	Stakeholders	UNSDGs
<b>Health &amp; Safety</b>	Provide a healthy and safe environment to ensure our employees' well-being is prioritised and protected.	PDE		
<b>Project and Financial Performance</b>	Monitor and improve project and financial performance to ensure long-term profit growth.	PDE		
<b>Business Sustainability</b>	Initiate new business ventures, exploring areas such as renewable energy for sustained income.	PDE, HQOB, BP		
<b>Governance &amp; Ethics</b>	Implement holistic corporate governance and business ethics to drive a strong and ethical governance culture.	PDE		
<b>Customer Satisfaction</b>	Ensure positive customer experiences from our services contribute towards our brand growth, customer retention and increase in new associations.	PDE		

Material Matters	Definition	Strategic Focus Areas	Stakeholders	UNSDGs
<b>Risk Management</b>	Effective risk management including climate-related risks to manage risk exposure on our business.	PDE		
<b>Asset Integrity &amp; Reliability</b>	Proactively manage risks in deployed assets for continuous operational improvement.	PDE		
<b>Human &amp; Labour Rights</b>	Ensure ethical behaviours in all business dealings and relationships, implementing effective human rights practices within our value chain.	PDE		
<b>Climate Change</b>	Reduce our carbon emissions through our decarbonisation efforts, energy efficiency and investment in low-carbon technology.	PDE, BP		
<b>Supply Chain</b>	Work with responsible partners to enable sustainable and responsible supply chain practices within our value chain.	PDE		

Legend: PDE Project Delivery Excellence HQOB High Quality Order Book BP Balanced Portfolio

# OUR MATERIAL MATTERS

# DELIVERING OUR STRATEGY AND ITS FOCUS

Material Matters	Definition	Strategic Focus Areas	Stakeholders	UNSDGs
<b>Digitalisation &amp; Cybersecurity</b>	Improve our capabilities through digitalisation of our processes and securing our data via robust cybersecurity measures.	PDE		
<b>Natural Resources &amp; Consumption</b>	Responsible use of our natural resources to ensure water efficiency and minimise wastage.	PDE		
<b>Human Capital</b>	Attract and retain talents by offering talent development.	PDE		
<b>Strategic Community Initiatives</b>	Comprehensive community initiatives to improve the quality of life of our surrounding communities.	PDE		
<b>Diversity &amp; Inclusion</b>	Illustrate efforts to promote the social and economic inclusion of all employees, regardless of gender, sexuality, race, age, disability, ethnicity, religion, economic, or other statuses.	PDE		

MHB remains steadfast in navigating an evolving business landscape with vigilance and resilience. Our strategy reflects a proactive response to the global push for energy transition and decarbonisation.

Aligned with our vision, the MHB FY2024-30 Strategic Focus sets a clear path toward excellence in heavy engineering project delivery and our ambition to become a premium marine yard by 2030. The MHB30 Target is shaped by the strategic direction of our parent company, MISC, through MISC Aspiration 2030, reinforcing our commitment to industry leadership and long-term growth.





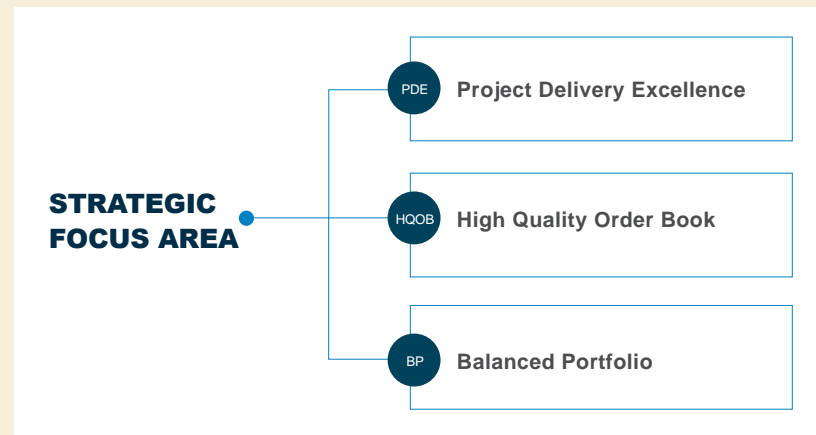
# VALUE CREATION BUSINESS MODEL

# VALUE CREATION BUSINESS MODEL



## INPUTS

- HUMAN**
  - 3,802 Employees (as of 31 December 2024)
  - RM2.92 million invested in employee training
- FINANCIAL**
  - Cash and bank balances of RM458.0 million
  - Net cash generated from operations of RM124.1 million
- MANUFACTURED**
  - Property, plant and equipment (PPE): RM1,506.7 mil
  - Right-of-use assets (ROU): RM189.5 million
  - CAPEX: RM111.9 mil
- INTELLECTUAL**
  - Investment of new technology to improve operation activities
  - Deployment and execution of digital applications and system for better project tracking and reporting
- SOCIAL & RELATIONSHIP**
  - Continuous transparent engagements with existing stakeholders
  - Building new strategic partnerships and trusted relationships
  - Investment in a variety of engagement
- NATURAL**
  - Environmental awareness campaigns: RM53,000
  - Scheduled and non-scheduled waste management plans and activities
  - Environmental monitoring activities: RM219,436
  - Electricity consumption: 48,410 MWh



## SIX CAPITALS

- Human Capital
- Financial Capital
- Manufactured Capital
- Intellectual Capital
- Social Capital
- Natural Capital

## STAKEHOLDERS

- Government and Regulators
- Suppliers / Vendors
- Business Partners
- Local Institutions
- Customers
- Employees
- Board of Directors
- Shareholders / Investors / Financial Providers
- Communities

## MATERIALITY MATTERS

- FINANCIAL GROWTH**
  - Project & Financial Performance
  - Business Sustainability
- ENVIRONMENTAL STEWARDSHIP**
  - Climate Change
  - Natural Resources & Consumption
- SOCIAL RESPONSIBILITY**
  - Health & Safety
  - Strategic Community Initiatives
  - Diversity & Inclusion
  - Human & Labour Rights
  - Human Capital
- STRONG GOVERNANCE**
  - Supply Chain
  - Risk Management
  - Asset Integrity & Reliability
  - Governance & Ethics
  - Digitalisation & Cybersecurity
- STAKEHOLDER ENGAGEMENT**
  - Customer Satisfaction

## UNSDGs



## OUTPUT & OUTCOMES

- HUMAN**
  - Total of 118,282 hours of employee training
  - Average of 26.3 hours hours of training per year, per employee
  - Employee turnover rate of 17.0%
  - Total of 77 employees certified with specialist certifications
- FINANCIAL POSITIVE OUTPUTS**
  - Revenue increased to RM3,608.6 million
  - Recorded net cash generated from operations of RM124.1 million
- MANUFACTURED POSITIVE OUTPUTS**
  - Heavy Engineering segment secured 1 contract and achieved certification that enables independent manufacturing of pressure vessels
  - Marine segment completed 86 vessels for repair and maintenance jobs and 15 vessels are delivered ahead of schedule
- INTELLECTUAL**
  - Proportion of spending on local suppliers for digitalisation: 100%
  - Initiated supply chain digital solutions
  - Digitalisation of procurement function, enhanced category management and strategic sourcing via PANTHERA
- SOCIAL & RELATIONSHIP**
  - Supply Chain Management processes
  - Health and safety briefings and programmes
  - Established new Wellness Centre located at Centre of Excellence for employees and subcontractors
  - Engaged with 350 members of the investment community
- NATURAL**
  - GHG emissions:
    - Scope 1 - 9,750 tonnes CO<sub>2</sub>e
    - Scope 2 - 32,290 tonnes CO<sub>2</sub>e
  - NOx emissions: 8.38 tonnes
  - SOx emissions: 2.23 tonnes
  - PM10 emissions: 1.06 tonnes

# KEY CAPITALS

# KEY CAPITALS



## FINANCIAL CAPITAL

We practise prudent financial management and strict capital discipline guided by our strategy, which places the organisation in a strengthened position to remain resilient in a volatile operating environment. Maintaining a strong financial position enables our other capitals to contribute to the organisation's performance and provide value to our stakeholders.

Inputs			Outputs		
Metric	2024 (RM 'mil)	2023 (RM 'mil)	Metric	2024 (RM 'mil)	2023 (RM 'mil)
Total Assets	3,530.5	3,649.3	Profit After Tax	121.0	(484.2)
Shareholders' Equity	1,379.5	1,266.5	Dividend Distribution	Nil	Nil
Cash Flows from Operations (CFFO)	124.1	(162.8)	Revenue	3,608.6	3,309.4
Free Cash Flow	12.2	Not reported	CAPEX	111.9	82.1
			EBITDA	208.7	(405.7)

### Stakeholders:



### Risks:

- Liquidity and Cash Flow Risk: Potential challenges in maintaining liquidity due to negative cash flows from operations, impacting financial flexibility and growth investments
- Revenue and Profitability Volatility: Fluctuations in revenue and profitability affecting financial resilience and investor confidence
- Capital Allocation and Investment Risk: Reduced CAPEX may limit asset upgrades and long-term competitiveness

### Actions to Enhance Outcomes

- Prudent management of financial commitments, firm discipline in capital allocation and responsible investment
- Strengthened cost optimisation measures and cash flow management to enhance liquidity and profitability
- Alignment with strategic initiatives to maintain sustainable financial growth

### Trade-offs

- Maintaining cost efficiency while upholding quality standards is essential to sustaining operational excellence
- Continuous improvement initiatives may require short-term resource allocation, impacting immediate results but ultimately driving long-term success



## MANUFACTURED CAPITAL

We utilise our diverse range of assets from our integrated business portfolio to deliver while meeting evolving market demands and advancing delivery of the Net-Zero carbon emissions by 2050 ambition. Continuous investments in new technologies support our efforts to reduce emissions and drive business growth.

Inputs		Yard Facilities	
Metric	2024 (RM 'mil)	Facility	2024
Property, Plant, and Equipment	1,506.7	Number of Workshops	47
Right-of-Use Assets	189.5	Unit of Overhead and Gantry Cranes	132
CAPEX	111.9		

### Stakeholders:



### Risks:

- Operational Risk: Potential for equipment malfunction during the transition phase
- Financial Risk: Budget overruns due to unforeseen project complexities
- Compliance Risk: Delays in meeting new regulatory standards

### Actions to Enhance Outcomes

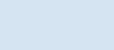
- Enhancing monitoring and tracking systems to ensure the reliability of critical equipment, thereby maximising asset availability
- Optimising uptime through the reinforcement of preventive and corrective maintenance processes, aligning performance with operational targets

### Trade-offs

- Our focus on enhancing manufactured capital has significantly improved our project readiness, ensuring that we are well-prepared to support upcoming Heavy Engineering and Marine projects
- By investing in owned assets instead of relying on rented equipment, we have not only reduced operational costs but also enhanced reliability and availability of critical resources
- This shift has streamlined scheduling and delivery performance, allowing us to meet project timelines more effectively and scale up operations to align with future demands
- These improvements position us as a more efficient and dependable partner for our stakeholders

Heavy Engineering Facilities		Outputs	
Facility	2024		
Fabrication Areas	6	<ul style="list-style-type: none"> <li>• Replacement of ageing assets to improve asset availability at site, including 80T level luffing crane, land berth facilities and production machinery for Marine Operations</li> <li>• Construction of a new blasting &amp; painting workshop at the MMHE East Yard, upgrading of existing blasting &amp; painting workshop at the MMHE West Yard &amp; power upgrading for Heavy Engineering Operations projects</li> </ul>	
Goliath Cranes	2		
Transporters	6		
Crawler Cranes	10		
Mobile Cranes	10		
Fabrication Area No. 4 Loadout Facilities	55,000 MT		
Fabrication Area No. 5 Loadout Facilities	40,000 MT		
Bulkhead Structure	5,000 MT		

### Stakeholders:



### Risks:

- Overall equipment reliability leading to increased uptime
- Innovation in production facilities supporting sustainability aims
- Focus on minimising unplanned downtime by enhancing maintenance strategies and addressing key operational challenges
- Strive for high compliance in preventive maintenance to ensure consistent and reliable asset performance across all operations

### Actions to Enhance Outcomes

- Overall equipment reliability leading to increased uptime
- Innovation in production facilities supporting sustainability aims
- Focus on minimising unplanned downtime by enhancing maintenance strategies and addressing key operational challenges
- Strive for high compliance in preventive maintenance to ensure consistent and reliable asset performance across all operations

### Trade-offs

- Overall equipment reliability leading to increased uptime
- Innovation in production facilities supporting sustainability aims
- Focus on minimising unplanned downtime by enhancing maintenance strategies and addressing key operational challenges
- Strive for high compliance in preventive maintenance to ensure consistent and reliable asset performance across all operations

Marine Facilities		Outcomes	
Facility	2024		
Dry Docks	3	<ul style="list-style-type: none"> <li>• Overall equipment reliability leading to increased uptime</li> <li>• Innovation in production facilities supporting sustainability aims</li> <li>• Focus on minimising unplanned downtime by enhancing maintenance strategies and addressing key operational challenges</li> <li>• Strive for high compliance in preventive maintenance to ensure consistent and reliable asset performance across all operations</li> </ul>	
Land Berths	2		
Synchrolift System	1		
Shiplift Bulldozers	3		
Fixed and Portable Winches	72		
Level Luffing Crane	15		
Quay Structures	7		
Mobile Aerial Platform	16		

# KEY CAPITALS

# KEY CAPITALS

## HUMAN CAPITAL

Our diverse and high-performing workforce is essential to delivering our strategic priorities. We invest in nurturing agile, innovative, future-ready skilled employees to ensure business continuity and competitiveness in a dynamic industry landscape.

Inputs			Outputs	
Metric	2024	2023		
Total Employees	3,802	4,717	<ul style="list-style-type: none"> <li>Total hours of employee training: 118,282 hours</li> <li>Average hours of training per year per employee: 26.3 man-hours</li> </ul>	
Percentage of Women Employees (%)	18.8	18.7		
Investment in Training and Development (RM 'mil)	2.92	3.8		
Total New Hires	322	2,029		

Outcomes	
<ul style="list-style-type: none"> <li>Enhanced compliance, upskilling and employee development</li> <li>Improved employee engagement scores</li> <li>Increased upward mobility and internal promotions</li> </ul>	

### Stakeholders:



### Risks:

- Employee retention: Loss of competent talents due to turnover rate
- Securing top talent in a competitive market

### Actions to Enhance Outcomes

- Our Capability Development Strategy is aligned with the company's objectives to address existing capability gaps while adapting to evolving market and technological demands
- Under MHB Reset, the key focus areas for 2025 include strengthening core skills for our business in Project Management, Engineering and Procurement

### Trade-offs

- Investing in human capital development initiatives, such as training, mentoring and on-the-job learning, is vital for sustained organisational success
- While allocating resources to these programmes enhances employee skills, engagement and long-term productivity, it can result in increased short-term operational costs
- To balance these needs, the operations manager and capability development team should collaborate closely to align training schedules with operational requirements, ensuring minimal disruption to business activities

## INTELLECTUAL CAPITAL

Our intellectual capital encompasses the knowledge, expertise and innovation driven by digitalisation, research and development. It fuels our competitive advantage, fosters continuous improvement and strengthens strategic decision-making, enhancing our organisational processes and intellectual property.

Inputs			Outputs	
Metric	2024 (RM 'mil)	2023 (RM 'mil)		
Heavy Engineering Digitalisation	1.59	1.28	<b>Heavy Engineering:</b> <ul style="list-style-type: none"> <li>Improved project predictability, execution and efficiency through the implementation of Advanced Work Packaging (AWP) and 4D Planning</li> <li>Strengthened compliance, safety and operational efficiency with the integration of Digital Flange Management System (DFMS) and Schedule Risk Analysis</li> </ul>	
Marine Digitalisation	0.23	0.15		
ICT - PANTHERA	3.05	9.70		

**ICT & Marine:**  
Increased process automation, resulting in faster approval cycles, reduced manual intervention and lower error rates

**Supply Chain:**  
Enhanced procurement transparency, governance and decision-making through the integration of digitalised platforms like PANTHERA

### Outcomes

- Heavy Engineering: Improved operational visibility, enhanced project management efficiency and increased productivity through digital adoption and automation
- ICT: Strengthened infrastructure capabilities, including personnel tracking, connectivity and process automation, leading to optimised asset and workforce management
- Supply Chain: Greater transparency, enhanced compliance and governance in procurement and supplier relationships, improving overall efficiency in sourcing and contracting

### Stakeholders:



### Risks:

- Heavy Engineering & ICT: Potential risks related to system integration challenges, requiring robust change management strategies
- ICT & Supply Chain: Heightened cybersecurity vulnerabilities due to increased reliance on digitalisation, necessitating enhanced security protocols and monitoring
- Heavy Engineering & Marine: Workforce upskilling and change management needed to ensure seamless adoption of new digital tools and workflows

### Actions to Enhance Outcomes

Initiative	Business Unit	Description
Advanced Work Packaging (AWP)	Heavy Engineering	Structured execution bundles integrating planning, materials and constraints for efficiency.
4D Planning & Scheduling	Heavy Engineering	Integrates 4D models with scheduling data for enhanced project planning and risk mitigation.
Digital Flange Management System (DFMS)	Heavy Engineering	Tracks flange integrity with real-time data for safety and compliance.
Schedule Risk Analysis (SRA)	Heavy Engineering	Uses predictive models to assess and mitigate scheduling risks.
Robotic Process Automation (RPA)	Heavy Engineering	Automates key processes, reducing errors and improving efficiency.
Contract & Subcontract Approval System	Heavy Engineering	Enhances workflow automation and approval processes for efficiency and compliance.
Digitalised Material & Service Requests	Marine	Streamlines request process for improved procurement and operational efficiency.
DWC 2.0 Development	Marine	Upgrades digital workflow for enhanced marine operational tracking.
Wi-Fi Expansion	ICT	Enhances connectivity across MMHE West Yard and marine workshops.
Personnel Tracker System (PTS)	ICT	Feasibility study for real-time personnel tracking in shipyard environments.
Procurement & Vendor Onboarding	Supply Chain	Digital system streamlining procurement cycle and supplier engagement.
Automated RFQ & Bidding	Supply Chain	Reduces manual effort and improving bid transparency.
Warehousing & Inventory Management	Supply Chain	Optimises storage, tracking, and logistics through digital integration.
Real-time Tracking & Analytics	Supply Chain	Strengthens governance and decision-making through data insights.

### Trade-offs

- Heavy Engineering: Balancing upfront investments in digitalisation tools with immediate financial constraints while ensuring long-term efficiency gains
- Marine & ICT: Managing the complexity of transitioning from manual to digital workflows, requiring workforce training and adaptation
- Supply Chain: Addressing challenges in integrating new digital procurement platforms with existing legacy systems, ensuring smooth operational transitions without disrupting supply chain processes

# KEY CAPITALS

# KEY CAPITALS

## NATURAL CAPITAL

Given our reliance on a wide range of natural resources, we are committed to minimising our environmental impact and investing in technologies that support emission abatement and cleaner energy solutions to achieve Net-Zero GHG Emissions by 2050.

Inputs			Outputs		
Metric	2024	2023	Emissions Type	2024	2023
Electricity Consumption (MWh)	48,410	41,829	Scope 1 GHG Emissions (tonnes CO <sub>2</sub> e)	9,750	10,529
Water Consumption (cbm)	805,639	783,280	Scope 2 GHG Emissions (tonnes CO <sub>2</sub> e)	32,290	27,900
Scheduled Waste Generated (MT)	16,725.30	19,009	Scope 3 GHG Emissions (tonnes CO <sub>2</sub> e for employee commuting)	3,923.58	4,691.22
			Scope 3 GHG Emissions (tonnes CO <sub>2</sub> e for business travel)	597.28	578.45
			NOx Emissions (tonnes)	8.38	9.81
			SOx Emissions (tonnes)	2.23	2.77
			PM10 Emissions (tonnes)	1.06	1.29

Outcomes	
•	Reduction in GHG emissions intensity to achieve 2030 target and long-term Net-Zero GHG Emissions by 2050
•	Improved waste management efforts and increased recycling rate

**Stakeholders:**

**Risks:**

- Environmental degradation due to business operations
- Increasing regulatory requirements and compliance costs
- Transition risks associated with implementing new environmental standards

Actions to Enhance Outcomes	Trade-offs
<ul style="list-style-type: none"> <li>• Intensify decarbonisation efforts through renewable energy, energy efficiency measures and electrification</li> <li>• Strengthen hazardous waste management by co-processing and repurposing scheduled waste</li> <li>• Improve non-hazardous waste management via the Trash-to-Cash Centre and single-use plastic reduction</li> </ul>	<ul style="list-style-type: none"> <li>• Investments in low-carbon technologies and sustainable practices may impact short-term financial performance but will enhance long-term value and compliance with regulatory standards</li> <li>• Balancing operational demands with sustainability goals requires continuous innovation and collaboration</li> </ul>

## SOCIAL AND RELATIONSHIP CAPITAL

We strive to establish and nurture meaningful connections with our stakeholders, including employees, investors, regulators, vendors, subcontractors and local communities. Through targeted initiatives, we build trust, strengthen our license to operate and enhance the long-term sustainability of our business.

Inputs			Outputs		
Metric	2024	2023			
Investment in Education, Community Well-being & Environmental Programmes (RM)	134,173	146,603	•	We enhanced HSE compliance among employees and contractors, improving overall workplace safety performance	
Community Engagement Initiatives Health, Safety & Environment (HSE) Training Man-Hours	34	56	•	Our proactive engagement with stakeholders strengthened corporate reputation and trust, ensuring continued license to operate	
Beneficiaries from various community programmes	51,834	45,903	•	Transparency and accountability in investor relations were reinforced through structured engagement with the investment community	
	502	350	•	Our education, health and environmental initiatives positively impacted local communities, fostering long-term goodwill and sustainability	

Outcomes	
•	Improved stakeholder engagement has led to better alignment between business goals and stakeholder expectations
•	A heightened safety culture among employees and contractors has reduced workplace incidents and improved overall well-being
•	Strengthened vendor and supplier relationships have enhanced supply chain resilience and business continuity
•	Social responsibility initiatives have contributed to meaningful community development, reinforcing our role as a responsible corporate citizen

**Stakeholders:**

**Risks:**

- Non-compliance with regulatory requirements could negatively impact stakeholder confidence and business continuity
- Ensuring that all suppliers and subcontractors adhere to ethical and sustainability standards remains a challenge
- Maintaining long-term engagement momentum with key stakeholders requires ongoing commitment and strategic planning

Actions to Enhance Outcomes		
Initiative	Focus Area	Description
Stakeholder Engagement	HSE & Compliance	We strengthened our collaboration with regulators, authorities and community leaders through structured engagement sessions to ensure regulatory compliance and reinforce stakeholder trust.
Contractor HSE Capabilities	Safety	We conducted assurance programmes for subcontractors to align their health, safety and environmental practices with industry standards, enhancing overall workplace safety.
Community & Health Well-being	Employee & Public Welfare	We organised multiple health talks, wellness screenings and public awareness campaigns aimed at improving physical and mental well-being for employees and communities.
Supply Chain Engagement	Vendor Development	We engaged with suppliers and subcontractors to promote ethical sourcing, compliance with environmental and social standards, and overall supply chain sustainability.
Investor Relations	Corporate Governance	We maintained transparent communications with the investment community through regular analyst briefings, investor presentations and structured shareholder engagements.

Trade-offs	
•	Increasing investment in stakeholder programmes requires higher short-term costs, but this contributes to long-term business sustainability and stakeholder trust.
•	Balancing operational efficiency with supplier development efforts demands strategic resource allocation to ensure both business continuity and sustainable growth.

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## 1. COMPETITION RISK

Risks related to potential challenges and strategies by competitors that could impact the company's market position, profitability, or growth.

Impacts on Value	Impacts on Capitals	Mitigation Strategies	Opportunities	Material Topics	Stakeholders	Key Capitals
<ul style="list-style-type: none"> <li>Limited Engineering, Procurement, Construction, Installation and Commissioning (EPCIC) capability, lags in adopting new technologies and digitalisation may impede access to new and international markets, hinder customer expansion and limit service diversification</li> <li>Slow transitioning to a low-carbon economy and technology results in the loss of low-carbon business opportunities and competitiveness</li> <li>The emergence of new ship repair yards in the Far East and Europe with more price competitive and technological innovation intensifies competition</li> </ul>	<ul style="list-style-type: none"> <li>Financial: Reduced competitiveness, limited market access and poor pricing strategy may lead to lost revenue and profitability</li> <li>Intellectual: Slow adaptation to a low-carbon economy may hinder innovation and market relevance</li> <li>Physical: Limited use of new technology and digital solutions into the existing assets can reduce operational efficiency and hinder market competitiveness</li> <li>Human: Organisation's uncompetitive and growth-limited environment may lead to the loss of talent to more progressive organisations and opportunities elsewhere</li> </ul>	<ul style="list-style-type: none"> <li>Strategic partnership to enhance EPCIC capabilities</li> <li>Enhanced capability and competency in renewable energy projects to support the energy transition agenda</li> <li>Increased in-house capability to enhance productivity and competitiveness</li> <li>Innovation and technology adoption through partnerships and collaborations with technology providers to increase capability in servicing new-generation vessels</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen Heavy Engineering Operations by improving capability, timely delivery and enhancing quality and performance</li> <li>Expansion of service scope to secure long-term relationships with marine clients</li> <li>Diversify into new technologies and digitalisation to improve productivity and deliverables</li> </ul>	<ul style="list-style-type: none"> <li>Project and Financial Performance</li> <li>Business Sustainability</li> <li>Risk Management</li> <li>Climate Change</li> <li>Customer Satisfaction</li> <li>Skilled workforce</li> </ul>		

## 2. FINANCIAL RISK

Risk associated with maintaining a strong balance sheet, liquidity and sustainable cash flow in a volatile market.

Impacts on Value	Impacts on Capitals	Mitigation Strategies	Opportunities	Material Topics	Stakeholders	Key Capitals
<ul style="list-style-type: none"> <li>Inadequate, unsustainable and fluctuating cash flow affecting business operations</li> <li>Volatility of foreign exchange rates adversely affects the business working capital</li> <li>Client payment delays or defaults expose MHB to credit risk, which negatively impacts its cash flow and profitability</li> </ul>	<ul style="list-style-type: none"> <li>Financial: Inadequate cash flow can disrupt business operations and limit the company's capacity to meet debt obligations</li> <li>Physical: Limited cash flow may restrict maintenance, upgrades, or expansion of physical assets as well as investment in new technology</li> </ul>	<ul style="list-style-type: none"> <li>Implemented prudent cash management and timely collection to ensure adequate cash reserve</li> <li>Secured additional funding to support cash flow requirements and ensure business operation continuity</li> <li>Implemented hedging strategy to minimise foreign exchange risk</li> </ul>	<ul style="list-style-type: none"> <li>Regular review of cash flow management and collection strategies to identify areas for improvement and make adjustments</li> <li>Continuous assessment and evaluation of foreign exchange management strategies for each project ensure better alignment with market conditions and optimize working capital</li> </ul>	<ul style="list-style-type: none"> <li>Project and Financial Performance</li> <li>Business Sustainability</li> <li>Financial Risk Management</li> </ul>		

## 3. LEGAL AND REGULATORY RISK

Risk arises from poor corporate governance and irresponsible business practices, potentially resulting in a reprimand by authorities, reputational damage, loss of investors' confidence and negative publicity.

Impacts on Value	Impacts on Capitals	Mitigation Strategies	Opportunities	Material Topics	Stakeholders	Key Capitals
<p>Non-compliance with critical legal and regulatory requirements areas such as sanctions, competition and trade, data privacy, export controls and ethics and integrity pose a risk of prosecution and reputational damage.</p>	<ul style="list-style-type: none"> <li>Financial: Non-compliance to critical legal and regulatory requirements areas may lead to fines, reputational damage and reduced investor confidence</li> <li>Human: Non-compliance may reduce employee morale, driving talent to leave and hindering the attraction of top talent, as employees increasingly seek organisations with strong ethical standards</li> <li>Social and Relationship: Legal and regulatory breaches can erode trust with stakeholders leading to strained client and partner relationships, lost business opportunities and increased regulatory scrutiny</li> </ul>	<ul style="list-style-type: none"> <li>Attested business / services units to regulatory compliance based on revised rules and legislation</li> <li>Ongoing engagement with external regulators to stay updated with the current development</li> <li>Ongoing employee awareness and participation ensure regular updates on legal and regulatory requirements</li> </ul>	<p>Strengthen the company's reputation for good governance, fostering sustainable growth and stronger client relationships.</p>	<ul style="list-style-type: none"> <li>Project and Financial Performance</li> <li>Business Sustainability</li> <li>Risk Management</li> <li>Governance and Ethics</li> <li>Human and Labour Rights</li> </ul>		

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## 4. ENVIRONMENTAL RISK

Environmental risks arising from business operations which include pollution, resource depletion and habitat disruption lead to non-compliance with regulations, negative impacts on ecosystems and penalties.

Impacts on Value	Impacts on Capitals	Mitigation Strategies	Opportunities	Material Topics	Stakeholders	Key Capitals
<ul style="list-style-type: none"> <li>Business operations and activities lead to higher GHG emissions, potentially hindering the achievement of Net-Zero targets</li> <li>Improper management of scheduled waste and non-compliance with regulations may lead to penalties</li> <li>Pollution incidents could lead to operational shutdowns, penalty and reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>Financial: Improper practices in meeting the regulatory requirements may lead to penalties</li> <li>Physical: Extreme weather events may damage assets, reduce the longevity of assets, higher maintenance costs and may lead to operation disruptions</li> <li>Natural: Pollution and waste contribute to ecosystem degradation leading to resource depletion</li> <li>Social and Relationship: Failure to address environmental risks stemming from operational activities could damage relationships with the community, regulators, clients and investors</li> </ul>	<ul style="list-style-type: none"> <li>Identified initiatives have been incorporated into MHB's decarbonisation strategy to reduce Scope 1 and Scope 2 emissions</li> <li>Developed Scope 3 Strategy and Roadmap to manage emissions throughout our value chain</li> <li>Established a task force to implement proper schedule waste management around the yard</li> </ul>	<ul style="list-style-type: none"> <li>Collaborate with strategic partners for low-carbon solutions</li> <li>Enhancing the company's branding and reputation by effectively communicating sustainability efforts and achievements to both internal and external stakeholders</li> <li>Explore business opportunities in green energy industries</li> </ul>	<ul style="list-style-type: none"> <li>Project and Financial Performance</li> <li>Business Sustainability</li> <li>Risk Management</li> <li>Climate Change</li> <li>Governance &amp; Ethics</li> <li>Supply Chain</li> <li>Employee Engagement</li> <li>Natural Resources and Consumption</li> </ul>		

## 5. HEALTH AND SAFETY RISK

Risks related to any occurrence of major health and safety incidents that may result in injury or loss of life or affecting employees' well-being, potentially affecting business operations and reputation.

Impacts on Value	Impacts on Capitals	Mitigation Strategies	Opportunities	Material Topics	Stakeholders	Key Capitals
<ul style="list-style-type: none"> <li>Major health and safety incidents may lead to injuries or fatality</li> <li>Non-compliance with health and safety regulatory requirements could result in fines or legal action and reputational damage</li> </ul>	<ul style="list-style-type: none"> <li>Financial: Major health and safety incidents can result in penalties and operational disruptions due to stop-work orders</li> <li>Human: Health and safety incident can lead to staff unavailability and operational disruption caused by injuries or fatalities</li> <li>Social and Relationship: Health and safety failures can lead to reputational damage and undermine relationships with communities, regulators and customers</li> </ul>	<ul style="list-style-type: none"> <li>Established smart and effective communication and engagement programmes on HSE-related information to foster safety consciousness and awareness</li> <li>Enhanced training modules in HSE practices for workers and contractors</li> <li>Conducted HSE audits on contractors for improvements</li> </ul>	<ul style="list-style-type: none"> <li>Promote a culture that prioritises safety awareness, accountability, and continuous improvement</li> <li>Identify areas for improvement in health and safety processes</li> <li>Strengthening HSSE practices enhances the company's reputation</li> </ul>	<ul style="list-style-type: none"> <li>Project and Financial Performance</li> <li>Risk Management</li> <li>Business Sustainability</li> <li>Health and Safety</li> <li>Human and Labour Rights</li> <li>Customer Satisfaction</li> <li>Governance and Ethics</li> <li>Employee Engagement</li> </ul>		

## 6. GEOPOLITICAL RISK

Risk related to the potential impact of political, legal and economic instability, including war, sanctions and civil unrest that may disrupt operations and hinder new business opportunities.

Impacts on Value	Impacts on Capitals	Mitigation Strategies	Opportunities	Material Topics	Stakeholders	Key Capitals
<ul style="list-style-type: none"> <li>Political instability, sanctions or civil unrest can interrupt the global supply chain that may lead to operation delays and increased costs</li> <li>Geopolitical uncertainties may disrupt the supply chain, leading to contract renegotiations and changes in terms or long-term agreements</li> <li>Trade restrictions, tariffs or sanctions may limit access to key markets, reducing growth opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Financial: Limited attention to geopolitical developments may lead to business penalties and litigation, disrupt operations, cost escalation and impact our financial position</li> <li>Physical: Escalation of geopolitical incidents may cause disruptions in supply chains that may affect project schedules and delivery</li> <li>Social and Relationship: Geopolitical tensions may strain partnerships and limit our ability to build or sustain trusted relationships with stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Executed effective and robust country risk management by conducting risk assessments and due diligence in supporting our decisions on international business engagement</li> <li>Stay updated on geopolitical developments through continuous monitoring and assessment</li> </ul>	<p>Leverage geopolitical risk assessments to identify growth opportunities and strategically enter stable markets.</p>	<ul style="list-style-type: none"> <li>Project and Financial Performance</li> <li>Health and Safety</li> <li>Governance and Ethics</li> <li>Supply Chain</li> </ul>		

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## 7. TECHNOLOGY RISK

Risk of potential cyberattacks, technology failures, outdated systems or the inability to adapt to new technological advancements that may disrupt operations or affect the overall performance and productivities.

Impacts on Value	Impacts on Capitals	Mitigation Strategies	Opportunities	Material Topics	Stakeholders	Key Capitals
<ul style="list-style-type: none"> <li>Cyberattacks and illegal access to ICT infrastructure, systems and applications may disrupt operations, compromise databases, endanger employees and damage the company's reputation</li> <li>Outdated IT infrastructure and technology system obsolescence increase the likelihood of operational disruption due to system failure and disruption</li> <li>Inability to keep pace with digital solutions and new technology hinders competitiveness</li> </ul>	<ul style="list-style-type: none"> <li>Financial: Cyberattacks and technology failures, such as system outages or network disruptions causing production or service delays that may result in financial losses</li> <li>Physical: Late adoption of digital solutions and new technology systems may reduce operation efficiency and productivity</li> <li>Intellectual: Late adaptation and familiarisation with advanced technology may result in losing our competitive edge</li> <li>Human: Inadequate expertise in technology advancement among existing talent to adapt to evolving technology.</li> </ul>	<ul style="list-style-type: none"> <li>Upgraded network infrastructure by replacing outdated, non-compliant network switches with new units that meet MISC cybersecurity standards</li> <li>Conducted cybersecurity audits and compliance assessments to identify vulnerabilities, mitigate risks, ensure regulatory compliance and safeguard sensitive information</li> <li>Adopted digital solutions in procurement and vendor management activities to achieve procurement excellence</li> <li>Built in-house capabilities and expertise through partnerships while enhancing training programme, conducting benchmarking, and increasing technology awareness</li> </ul>	<ul style="list-style-type: none"> <li>Addressing technological risks can lead to the adoption of new, advanced technologies that improve productivity, processes, products, or services and create long-term value</li> <li>Cybersecurity awareness programmes strengthen the employees' ability to identify cyber threats</li> </ul>	<ul style="list-style-type: none"> <li>Project and Financial Performance</li> <li>Business Sustainability</li> <li>Governance &amp; Ethics</li> <li>Risk Management</li> <li>Asset Integrity and Reliability</li> <li>Technology and Operational Innovation</li> </ul>		

## 8. PROJECT RISK

Risk related to project execution and delivery that may affect schedule, cost and quality.

Impacts on Value	Impacts on Capitals	Mitigation Strategies	Opportunities	Material Topics	Stakeholders	Key Capitals
<ul style="list-style-type: none"> <li>Poor project management leads to cost overruns, schedule slippage and quality issues</li> <li>Quality non-conformance can cause project delays, reduce profitability and reputation damage</li> </ul>	<ul style="list-style-type: none"> <li>Financial: Poor project management and planning lead to ineffective project execution, impacting project profitability</li> <li>Physical: Inadequate and improper management of assets and asset integrity may affect operational performance and project delivery</li> <li>Intellectual: Lack of innovation, the use of digital solutions and ineffective operating model in project execution may lead to economic loss</li> <li>Social and Relationship: Non-conformance in quality and project delays may strain relationships with clients, affecting long-term trust and collaboration</li> <li>Human: Poor project management can lead to team burnout, low morale and reduced productivity, affecting employee engagement and retention</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced training and development programmes in Project Management</li> <li>Implement microplanning to drive daily production visibility</li> <li>Established centralised resource management to ensure optimal use of resources to increase productivity across disciplines</li> </ul>	<p>Implementing innovative project execution processes improves overall project management efficiency and effectiveness.</p>	<ul style="list-style-type: none"> <li>Project and Financial Performance</li> <li>Business Sustainability</li> <li>Risk Management</li> <li>Customer Satisfaction</li> </ul>		

## 9. HUMAN CAPITAL RISK

Risks associated with attracting, retaining and developing talents and management of employee well-being that are crucial for supporting company goals.

Impacts on Value	Impacts on Capitals	Mitigation Strategies	Opportunities	Material Topics	Stakeholders	Key Capitals
<ul style="list-style-type: none"> <li>Inadequate capability and competency may jeopardise work deliverables</li> <li>Inability to retain and attract talents may lead to operational disruptions</li> <li>Inadequate management of employee well-being leads to employees dissatisfaction and low productivity</li> </ul>	<ul style="list-style-type: none"> <li>Human: Insufficient talent and mass resignation jeopardises business operations and competency gap in the employees' skill sets affects deliverables and performance</li> <li>Intellectual: Incompetence and lack of expertise in driving digitalisation may weaken the company's competitive edge</li> </ul>	<ul style="list-style-type: none"> <li>Built in-house capabilities and expertise through partnerships with industry leaders while enhancing training, development and succession planning to strengthen workforce competency</li> <li>Monitored the performance and progress of identified successors, High Performers (HiPos) and critical talent</li> <li>Implemented a new remuneration package aligned with market standards</li> </ul>	<p>Investing in employee development programmes can close skill gaps, enhance employee capabilities and improve retention rates.</p>	<ul style="list-style-type: none"> <li>Project and Financial Performance</li> <li>Employee Engagement</li> <li>Skilled Workforce</li> <li>Diversity and Inclusion</li> <li>Business Sustainability</li> <li>Risk Management</li> <li>Human and Labour Rights</li> <li>Health and Safety</li> </ul>		

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## 10. CUSTOMER / CLIENT

Risk associated with failing to meet client / customer expectations, leading to potential loss of customer retention and attraction.

Impacts on Value	Impacts on Capitals	Mitigation Strategies	Opportunities	Material Topics	Stakeholders	Key Capitals
<ul style="list-style-type: none"> <li>Poor performance in quality and delivery of services may result in losing clients / customers</li> <li>Poor customer experience and satisfaction can lead to reputational damage, affecting the retention of existing and attraction of new ones</li> </ul>	<p>Financial: Not meeting customer expectations and poor performance can lead to loss of revenue and reduced profitability due to decreased customer retention and attraction of new clients / customers.</p>	<ul style="list-style-type: none"> <li>Enhanced project delivery with robust project management practices to ensure project execution is on schedule and meeting standards</li> <li>Enhanced in-house manpower competency to deliver projects efficiently and effectively</li> <li>Improved engagement with clients / customers by enhancing client relationship management</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced service offerings and operational capabilities can build long-term client relationships</li> <li>Explore new markets and attract new clients focusing on timely delivery, quality and performance improvements</li> </ul>	<ul style="list-style-type: none"> <li>Project and Financial Performance</li> <li>Health and Safety</li> <li>Business Sustainability</li> <li>Risk Management</li> <li>Customer Satisfaction</li> <li>Skilled Workforce</li> <li>Technology and Operational Innovation</li> <li>Human and Labour Rights</li> </ul>		

## 11. SUPPLIER RISK

Risks arise from potential disruptions in procurement and timely delivery of critical materials, equipment and services necessary for project execution. Additionally, price fluctuation may occur due to supplier delays, logistics and transportation failures, geopolitical instability, shifting demand and natural disasters.

Impacts on Value	Impacts on Capitals	Mitigation Strategies	Opportunities	Material Topics	Stakeholders	Key Capitals
<ul style="list-style-type: none"> <li>Price fluctuations in raw materials and services may lead to cost overruns, reducing project profitability</li> <li>Delayed material delivery can result in delay in project completion</li> <li>Failure of a supplier to meet its contractual obligation will impact project delivery</li> </ul>	<ul style="list-style-type: none"> <li>Financial: Cost increases due to material price fluctuations and delays impact project delivery and reduce profitability</li> <li>Social and Relationship: Supplier issues can strain the client-supplier relationships affecting future collaborations and the company's reputation</li> </ul>	<ul style="list-style-type: none"> <li>Streamlined material procurement during bidding and execution to ensure accurate material specifications and quantities as well as timely delivery</li> <li>Evaluated the subcontracting strategy to opt for the most appropriate contracting model</li> <li>Implemented a risk-based solution to manage critical materials, ensuring timely delivery and minimising disruptions</li> </ul>	<p>Adopt process optimisation and digitalisation to enhance the efficiency, precision and productivity of procurement activities.</p>	<ul style="list-style-type: none"> <li>Project and Financial Performance</li> <li>Business Sustainability</li> <li>Risk Management</li> <li>Supply Chain</li> <li>Customer Satisfaction</li> </ul>		

## 12. ASSET RISK

Risks associated with the reliability, availability and maintainability of assets and facilities.

Impacts on Value	Impacts on Capitals	Mitigation Strategies	Opportunities	Material Topics	Stakeholders	Key Capitals
<ul style="list-style-type: none"> <li>Breakdown or dysfunction of machines and assets, along with the unavailability of critical equipment, can lead to unplanned downtime and operational disruptions</li> <li>Damage to yard infrastructure leading to hazardous conditions and incidents</li> <li>Ageing assets and facilities may cause operational disruptions due to equipment breakdowns and frequent maintenance schedule</li> </ul>	<ul style="list-style-type: none"> <li>Financial: Unplanned downtime and repair costs can erode profitability</li> <li>Physical: Ageing facilities and failure or malfunction of equipment reduce asset availability and readiness</li> <li>Human: Hazardous conditions and incidents resulting from damaged yard infrastructure can lead to employee injuries</li> </ul>	<ul style="list-style-type: none"> <li>Implemented Preventive Maintenance through the Computerised Maintenance Management System (CMMS) to ensure effective maintenance tracking and management</li> <li>Developed a structured plan for the replacement of ageing assets</li> <li>Managed equipment and spare parts inventory to prevent delays in asset or spare part replacements when needed</li> </ul>	<ul style="list-style-type: none"> <li>Effective asset management contributes to improved productivity</li> <li>Minimising service interruption will enable efficient operations and prevent both major and minor shutdowns</li> <li>Ensuring all critical assets are in good working condition will streamline project delivery</li> </ul>	<ul style="list-style-type: none"> <li>Project and Financial Performance</li> <li>Business Sustainability</li> <li>Risk Management</li> <li>Customer Satisfaction</li> <li>Asset Integrity and Liability</li> <li>Technology and Operational Innovation</li> </ul>		

# HEAVY ENGINEERING











We continued to strengthen our market presence in 2024, driven by notable achievements across the offshore oil and gas, offshore wind and emerging renewable sectors. Key milestones included securing a second offshore wind project in the Netherlands and achieving mechanical completion and first gas for the Jerun CPP Topside. With our focus on sustainability and innovation, we made strides in establishing a foothold in hydrogen production and carbon capture projects while maintaining operational excellence in delivering high-value contracts.



### What We Do

Our specialised business unit in Heavy Engineering covers engineering, procurement, construction, installation and commissioning (EPCIC) contracting for complex oil & gas facilities fabrication, offshore substations (OSS) for offshore wind farms (OWFs), fixed platforms, floating facilities and onshore facilities. Serving regional and international clients, we advance in emerging sectors like carbon capture and storage (CCS), and hydrogen production. Our purpose is to offer innovative solutions and contribute to sustainable growth in the energy industry, establishing a robust global presence.

### KEY FOCUS AREAS AND RESULTS

Focus Areas	What We Did in 2024	Results	Stakeholders Impacted
<b>International Expansion</b>	Strengthened MHB's international presence across Asia and Europe.	Pre-qualified as an EPCIC contractor with international clients; awarded offshore wind projects in the Netherlands.	 
<b>Diversification into Emerging Sectors</b>	Ventured into hydrogen production and CCS.	Signed MoUs and pre-bid agreements for hydrogen projects	 
<b>OWF Development</b>	Expanded into the OSS business with TenneT's 2-gigawatt (GW) Programme.	Secured second OSS project (Nederwiek 1) and continued work on IJmuiden Ver Alpha project.	 
<b>Offshore Oil and Gas Development</b>	Achieved ahead-of-schedule completion for Jerun CPP Topside and Kasawari CPP.	Delivered first gas for Kasawari; near-zero carryover work for Shell's Jacket Rosmari-Marjoram Project.	 
<b>Continued Business Success</b>	Maintained strong client relationships such as Petrofac.	Secured repeat OSS project in the Netherlands.	 

# HEAVY ENGINEERING

### KEY PROJECTS / CONTRACTS

Name of Contract / Project	Location	Description
Rosmari-Marjoram	Offshore Sarawak, Malaysia	EPC of Wellhead Platform (WHP).
Kasawari CCS	Offshore Sarawak, Malaysia	EPCIC of CCS Platform.
Kasawari CPP	Offshore Sarawak, Malaysia	EPCIC of CPP Kasawari Gas Development Project.
CPOC Phase 6	Malaysia-Thailand Joint Development Area (MTJDA)	EPCIC of 5 WHPs.
Ijmuiden Ver Alpha (HVDC OSS)	Netherlands	EPC of OSS HVDC platform, including engineering, fabrication, and sea fastening.
Nederwiek 1 (HVDC OSS)	Netherlands	EPC of OSS HVDC platform, including topside and jacket fabrication.

### CHALLENGES / OPPORTUNITIES

Challenges	Mitigation Actions	Results
Streamlining Estimation Database	Upgraded the database to a Single Point of Truth (SPoT).	Digitalised process flow from bidding to project execution.
Global Supply Chain Volatility	Negotiated with clients for more flexible contract terms (e.g., reimbursable, cost-plus).	Improved cost competitiveness and mitigated impact of volatile resource pricing.

### Opportunities

1. Strengthening the OWF market with EPCIC contracts for OSS projects.
2. Building a track record for CCS projects.
3. Establishing strong partnerships with technology providers for hydrogen production.

### OUTLOOK AND PROSPECTS

Short to Medium-Term	Long-Term
Our focus is to strengthen our regional presence and establish an international footprint as an EPC contractor, targeting improved profit margins. This includes expanding into new markets while enhancing operational efficiencies across project execution. The energy transition remains a priority, with a focus on OWF, CCS and hydrogen production.	We aim to solidify our position as a leading global solution provider for the energy industry, underpinned by continuous innovation, sector diversification and strategic partnerships. Our efforts will focus on expanding our international reach, particularly in OWF CCS and hydrogen production.

# MARINE

# MARINE

In 2024, we cemented our reputation as a trusted partner in marine repair, maintenance and conversion services. This year saw the successful delivery of 86 vessels, with 15 completed ahead of schedule. Strategic initiatives, including workforce upskilling and partnerships with industry players, enhanced operational capacity and strengthened client relationships. Notable milestones included conversions and repairs for liquefied natural gas carriers (LNGCs) and various floaters reflecting our ability to meet complex, high-value project demands. With our focus on automation and excellence, we continue to maintain our competitive edge in the global market.



### What We Do

We specialise in the marine services business, offering comprehensive repair, maintenance, and refurbishment services for a wide range of vessels. Our expertise spans small tugboats, offshore support vessels (OSVs), tankers, LNGCs and offshore oil rigs. With state-of-the-art cargo containment system facilities, we are uniquely positioned to handle the specialised requirements of LNGCs. By combining advanced technology, industry best practices and operational excellence, we deliver reliable, cost-effective repair solutions that meet the needs of our diverse clientele.

## KEY FOCUS AREAS AND RESULTS

Focus Areas	What We Did in 2024	Results	Stakeholders Impacted
Vessel Delivery	Prioritised timely project completion and efficient delivery of vessels.	<ul style="list-style-type: none"> <li>15 vessels delivered ahead of schedule</li> <li>71 delivered as per timeline</li> </ul>	
Client Satisfaction	Maintained a client-focused approach to ensure tailored solutions and high-quality services.	18 vessels received a perfect satisfaction rating, while the rest scored nearly perfect.	
Manpower Upskilling	Conducted targeted training programmes to improve workforce skills.	Upskilled 414 skilled and 478 semi-skilled workers; completed subject matter expert (SME) training for 90 trainees.	
Manpower Capacity	Established Smart Partnership Agreements with subcontractors for steady manpower supply.	Signed agreements with 3 hull contractors and 2 piping contractors.	

## KEY CONTRACT / PROJECT

Name of Contract / Project	Location	Contract / Project Description
FPSO Bunga Kertas	Malaysia	Repair, Rejuvenation and Refurbishment of FPSO.
BOSS 6	Malaysia	Conversion of Mobile Drilling Unit into Mobile Water Injection Unit.
ENERGOS GRAND	Greece	Dry docking repair and LNG Reliquification Plant Installation.
FSU Puteri Delima Satu	Malaysia	Conversion of LNGC into Floating Storage Unit (FSU).

## CHALLENGES / OPPORTUNITIES

Challenges	Mitigation Actions	Results
<ul style="list-style-type: none"> <li>Rising Middle East violence worsens instability, adding to trade challenges from Russia's war. Houthi control of Red Sea routes forces major shipping firms to reroute, impacting global trade</li> <li>Growing LNGC-capable shipyards in the Far East and Europe fuel tough competition. Our top rival excels in technology innovation, becoming a key hub in a vital global marine network</li> <li>Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII) compliance demands greener technology and skilled workforce upgrades</li> <li>Malaysia's ecosystem limits our growth, making it essential to leverage international's market to improve our services and offerings</li> </ul>	<p>MHB can tackle these challenges by forming strong logistics partnerships, and staying updated on geopolitical risks to handle Middle East instability. To stay ahead of rising competition, MHB should invest in new technology, form global alliances, and improve its pricing and branding. Meeting green regulations like EEXI and CII requires adopting eco-friendly technology, upskilling workers, and working with industry experts. Since Malaysia's market limits growth, MHB must expand internationally, enhance its services, and upgrade its facilities to compete globally.</p>	<ul style="list-style-type: none"> <li>Expanded business presence in international markets by securing contracts with new clients through enhanced branding and strategic outreach</li> <li>Maintained strong relationships with key existing clients to retain business volume and ensure long-term partnerships</li> <li>Elevated the skill levels of general workers to meet expected productivity standards, enabling timely project delivery and improving customer satisfaction ratings</li> <li>Sustained profitability through efficient operations and strategic financial management</li> <li>Drove investment initiatives in facility modernisation and infrastructure upgrades, allowing MHB to handle larger, more complex projects while enhancing capacity and service quality</li> </ul>

## Opportunities

- Diversify into shipbuilding to provide end-to-end solutions, including design, construction, and delivery.
- Strengthen position in LNGCs repair by leveraging expertise and expanding automation technologies.

## OUTLOOK AND PROSPECTS

Short to Medium-Term	Long-Term
<p>Our primary objective is to strengthen our market share, particularly in the LNGCs repair segment, where we aim to establish a dominant presence. To achieve this, we are embracing automation technologies to enhance productivity and streamline our repair processes. By leveraging advanced automation, we expect to significantly reduce turnaround times, enabling faster and more efficient repair activities. This strategic focus on innovation not only improves our operational efficiency but also positions us as a leader in the competitive marine repair market, particularly within the specialised LNGCs sector.</p>	<p>Our ambition is to evolve into a 'Premium Marine Yard', offering exceptional, high-quality services to our clients across a wide spectrum of marine solutions. We aim to position ourselves as a one-stop centre for all marine services, catering to every aspect of the industry, from conversion and repair to life-extension and shipbuilding. By consistently delivering superior standards of service, innovative solutions, and technical expertise, we strive to establish ourselves as the preferred partner for clients seeking comprehensive and reliable marine services.</p>

# PLANT TURNAROUND AND SHUTDOWN MAINTENANCE

In 2024, Plant Turnaround and Shutdown Maintenance (PTSM) continued to build upon its reputation as a reliable service provider for onshore facilities, delivering high-quality plant maintenance, shutdown and turnaround services. The year saw the successful completion of 85 projects under the Master Service Agreement (MSA) for TA4MS with Malaysian Refining Company Sdn Bhd (MRCSB), alongside key engagements with Palm-Oleo (Klang) Sdn Bhd and KLK Oleomas Sdn Bhd. We also secured a three-year contract renewal for MSA-TA4MS, with an improved rate structure. Through a combination of strategic client engagement, service diversification and industry partnerships, PTSM remains committed to strengthening its position in Malaysia’s growing petrochemical, oleochemical and power sectors.



### What We Do

PTSM provides specialised plant maintenance, shutdown and turnaround services for petrochemical, oleochemical and power plants. As an MSA-appointed service provider for PETRONAS, we deliver a comprehensive range of solutions, including piping fabrication, mechanical equipment cleaning, valve repair, electrical and instrumentation work and daily maintenance. With a skilled workforce, ISO-backed quality assurance and a commitment to safety and sustainability, PTSM continues to exceed client expectations and drive operational excellence.

## KEY FOCUS AREAS AND RESULTS

Focus Areas	What We Did in 2024	Results	Stakeholders Impacted
<b>Petrochemical / Refineries</b>	Delivered turnaround and maintenance under MSA TA4MS.	<ul style="list-style-type: none"> <li>Completed 85 projects with MRCSB</li> <li>21 ahead of schedule</li> </ul>	
<b>Oleochemical</b>	Strengthened client relationships with major industry players.	Established PTSM as a preferred contractor for large-scale projects with KLK Oleomas.	
<b>Power</b>	Engaged TNB Remaco for future business expansion.	Signed an NDA with TNB Remaco to explore long-term collaboration over five years.	

# PLANT TURNAROUND AND SHUTDOWN MAINTENANCE

## KEY CONTRACT / PROJECT

Name of Contract / Project	Location	Contract / Project Description
KL-Kepong Oleomas Sdn Bhd (FAL 1 Annual Plant Turnaround)	Pulau Indah, Selangor	Maintenance for static equipment during FAL 1 plant shutdown.
Palm-Oleo (Klang) Sdn Bhd (Oleo Annual Shutdown 2024)	Bukit Raja, Selangor	Turnaround vessel opening and cleaning.
Malaysian Refining Company Sdn Bhd (MRCSB) - MSA TA4MS	Sungai Udang, Melaka	Turnaround and maintenance under Groupwide Master Service Agreement (MSA).

## CHALLENGES / OPPORTUNITIES

Challenges	Mitigation Actions	Results
Building Strategic Partnerships for Technology	Explored partnerships for technology integration in plant maintenance.	Identified and engaged with technology providers.
Expanding Footprint in a Competitive Market	Strengthened client engagement and showcased successful project execution.	Expanded footprint with Palm-Oleo (Klang) Sdn Bhd for 2024 turnaround services.

## Opportunities

1. Enhancing Capabilities: Increase turnaround man-hours to elevate Standardised Work and Equipment Categories (SWEC) Code from Tier 2 to Tier 1, fulfilling MSA TA4MS requirements.
2. Growing Customer Base: Expand into non-PETRONAS opportunities and diversify revenue streams.
3. Diversification into Non-Oil and Gas Sectors: Explore plant turnaround and maintenance in non-chemical and oleochemical industries.
4. Building Track Records and Credibility: Strengthen execution quality to exceed customer expectations and secure long-term contracts.

## OUTLOOK AND PROSPECTS

Short to Medium-Term	Long-Term
<p>PTSM is positioned for continued growth, supported by strong client relationships and increasing demand in the oleochemical, petrochemical and power sectors. In oleochemicals, we will continue delivering critical maintenance for key clients, ensuring high operational reliability. The petrochemical sector, particularly in Pasir Gudang, Johor and Melaka, is expected to maintain steady operations, creating consistent demand for turnaround services. Additionally, ageing power plants in Port Dickson present an emerging market for maintenance solutions, offering growth potential in the power segment. These targeted efforts will ensure immediate performance gains, while laying the foundation for long-term expansion.</p>	<p>PTSM aims to broaden its market presence across Malaysia, capitalising on sectoral growth trends. The oleochemical market in Asia Pacific region—including Malaysia—is projected to grow at a Compound Annual Growth Rate (CAGR) of 8.1% (2024-2030), driven by expanding production capacities and new developments. A major industry player has already initiated an expansion project in Kota Tinggi, Johor, signaling increased demand for plant maintenance services. By positioning ourselves as a leading provider in this segment, we aim to secure new contracts for future oleochemical plant expansions.</p> <p>Beyond petrochemicals, sustainable refining projects, including bio-based chemicals, represent key opportunities for diversification. Meanwhile, Pengerang, Johor and Gebeng, Pahang, are expected to remain major hubs for refinery and petrochemical operations, where we plan to establish long-term service agreements. Additionally, we see potential in green hydrogen project maintenance, leveraging Malaysia’s growing investment in renewable energy infrastructure. By continuously expanding our service offerings, strengthening client relationships, and pursuing high-value opportunities, PTSM is set to become a leading player in the plant turnaround and maintenance sector, ensuring sustained long-term growth.</p>

# WHAT SUSTAINABILITY MEANS TO US



MHB River Rehabilitation Programme

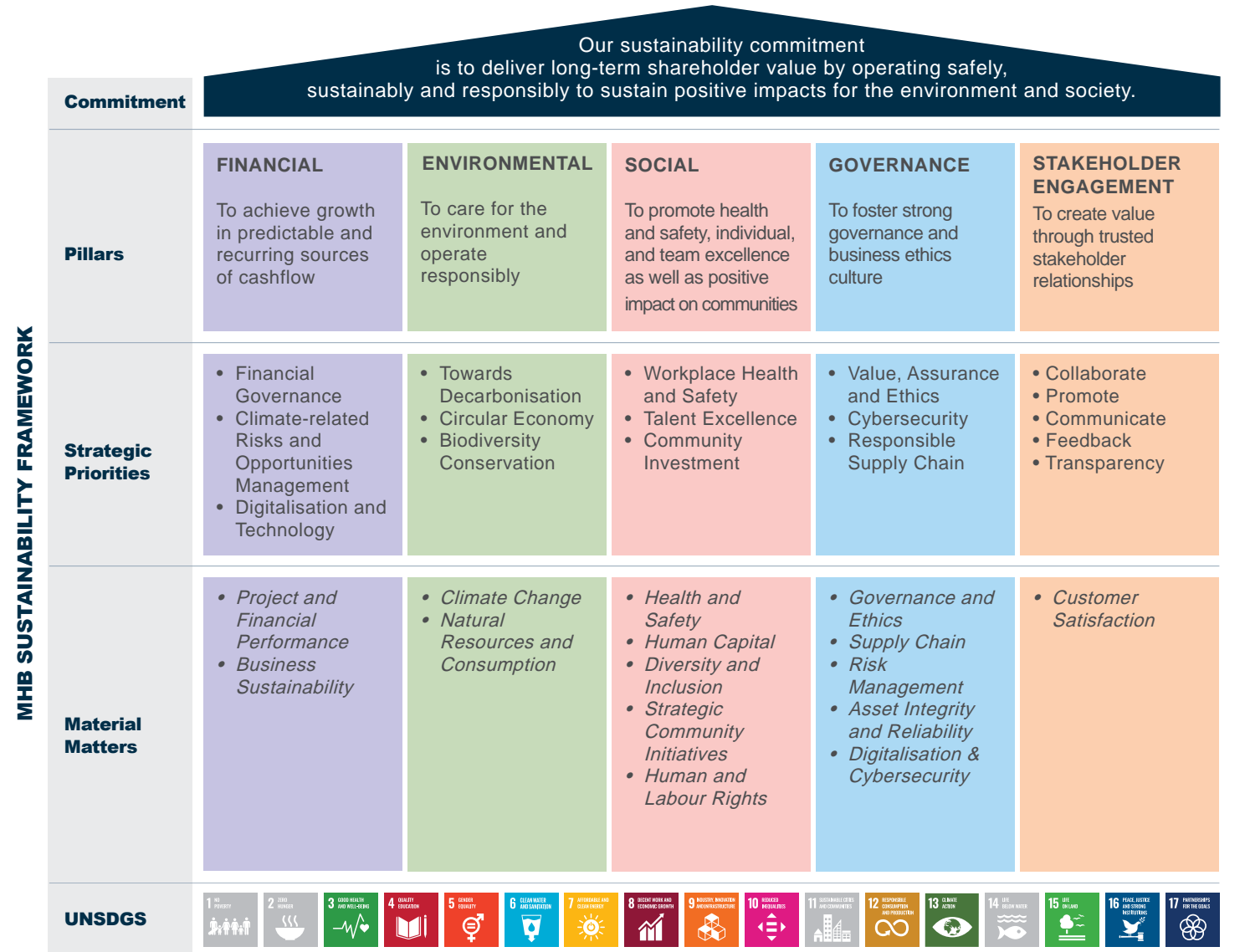
## WHAT SUSTAINABILITY MEANS TO US

### SUSTAINABILITY COMMITMENT AND STRATEGY

In 2024, we reinforced our commitment to sustainability by prioritising long-term shareholder value through safe, sustainable, and responsible operations. Our approach is designed to deliver lasting positive impacts for the environment and society while meeting the increasing expectations of stakeholders and addressing the urgency of climate action. These efforts align with our ambition to achieve a Net-Zero future by 2050, creating a more resilient and future-ready organisation.

MHB's sustainability strategy provides a structured and transparent roadmap for sustainable growth, underpinned by a robust framework that focuses on five core pillars: Financial, Environmental, Social, Governance, and Stakeholder Engagement.

These pillars serve as the foundation for all sustainability initiatives, enabling us to address material issues critical to our operations and stakeholders.



MHB SUSTAINABILITY FRAMEWORK

### SUSTAINABILITY REPORTING AND DISCLOSURES

### SUSTAINABILITY PERFORMANCE RATING

# WHAT SUSTAINABILITY MEANS TO US

MHB has continued to advance its sustainability agenda, focusing on delivering measurable environmental, social, and governance (ESG) outcomes that drive value creation for all stakeholders. Significant progress has been achieved across our core sustainability pillars, reflecting our commitment to embedding sustainability into the Group's operations and long-term strategy.



**Focuses on delivering sustainable financial growth for our shareholders and investors. This is achieved through responsible, transparent, and accountable practices, ensuring that we create long-term value.**

- ACHIEVEMENTS**
- In the Heavy Engineering segment, the organisation successfully secured RM1.73 billion in order intake, including notable projects such as OSS HVDC platform for Nederwiek 1 while achieving zero non-conformance incidents for major quality issues
  - In the Marine segment, MHB recorded RM422.0 million in order intake and delivered 17.4% of projects, equating to 15 out of 86 vessels, ahead of schedule. For Group Financials, we achieved RM121.0 million in Net Profit After Tax (NPAT)



**Prioritises minimising the environmental impact of its business activities while ensuring the health, safety, and well-being of employees, vendors, subcontractors, and surrounding communities. Our commitment extends to implementing measures that reduce pollution and preserve the natural environment across all facets of our operations.**

- ACHIEVEMENTS**
- Successfully achieved 8.5% emission intensity reduction compared to the 2016 baseline
  - 1,901 trees planted in MMHE West Yard for the Yard in the Garden project
  - Installed 131 kWp solar panels at MHB's Centre of Excellence building, in addition to the existing 8.3 MWp solar panels at the MMHE West Yard
  - Achieved recycling rate of 99.8% for scheduled waste
  - Successfully planted 100 trees at MMHE flat through the "Kempen 1 Rumah 1 Pokok" initiative
  - River Rehabilitation efforts focused on restoring and maintaining the health of Sungai Buluh in Pasir Gudang, Johor, through innovative and sustainable methods



**Prioritises health and safety, individual and team excellence, and the positive socioeconomic development of the communities we serve. We remain focused on fostering a safe, inclusive, and supportive environment for all stakeholders.**

- ACHIEVEMENTS**
- Zero fatalities
  - 26,710,956 total man-hours
  - RM134,173 spent on community programmes
  - 502 individuals benefitted from community programmes
  - RM2.92 million invested in training and development programmes
  - MHB received a 5-star rating at the SHASSIC Awards, with a score of 96.69%. This accolade awarded by the Construction Industry Development Board (CIDB), highlights our exceptional safety and health performance
  - At the MiSHA National Excellence Awards 2024, MHB earned two significant recognitions:
    - The MiSHA PRIME AWARD PLATINUM (MPA1) for OSH Principle of Prevention, showcasing our commitment to effective risk management
    - The MiSHA SPECIFIC AWARD GOLD (MSA 1) for OSH Leadership Excellence, reflecting our proactive safety leadership
  - Earned the 42<sup>nd</sup> Malaysian Society for OSH (MSOSH) Award – Gold Class 1 Award

# WHAT SUSTAINABILITY MEANS TO US



**Ensures robust governance processes and systems that drive ethical business practices and a culture of accountability. These measures not only strengthen our internal controls but also enhance our reputation as a responsible corporate citizen.**

- ACHIEVEMENTS**
- No corruption cases
  - Zero major cybersecurity incidents
  - No data breach incidents
  - Hosted 6 Human Rights Awareness sessions, tailored for third parties, reflecting our commitment to ethical operations
  - Ongoing enhancement of our Cheeta Digital Supply Chain System enables real-time monitoring of supplier performance, transparency, and risk management
  - MHB received the Industry Excellence Award (Energy) and was named one of Malaysia's Top 25 Overall Excellence Award winners at the National Corporate Governance & Sustainability Awards (NACGSA) 2024, organised by the Minority Shareholders Watch Group (MSWG)



**Underscores the importance of collaborative efforts with our stakeholders to ensure business success and create shared value. Through meaningful dialogue and partnerships, we continuously align our initiatives with stakeholder expectations.**

- ACHIEVEMENTS**
- Conducted the 2024 materiality assessment exercise to identify the most significant sustainability matters
  - Renewal of our licence from DOSH as Competent Petroleum Contractors / Operators on 22 February 2024, and renewal of MHB's Centre of Excellence accreditation for Confined Space Training on 4 March 2024
  - Leadership visit by MHB's top management to the Johor office of DOSH on 20 March 2024, followed by a Leader-to-Leader HSE conversation with PETRONAS HSE Vice President's Office on 2 April 2024
  - Industrial visit by the Deputy Minister of Human Resources and DOSH on 12 June 2024, underscoring our commitment to strengthening relationships with authorities
  - Representation at key industry events such as the PETRONAS PD&T Partners' Forum (24–26 June 2024) and the MISC Partners Summit on 8 October 2024
  - Participation in critical safety drills, including a Department of Environment (DoE) mock-up audit on oil spill response (6 August 2024) and the Tier-2 Emergency Response Exercise Ex-Barracuda with local emergency organisations (28 November 2024)
  - Courtesy visit by Datuk Bandar of Majlis Bandaraya Pasir Gudang to MMHE West Yard on 5 December 2024

# WHAT SUSTAINABILITY MEANS TO US

## Integrating the UNSDGs into Our Sustainability Strategy

MHB's sustainability efforts reflect our commitment to addressing global challenges and contributing to shared prosperity. Guided by the United Nations Sustainable Development Goals (UNSDGs), we have adopted these goals as a framework to align our operations with the global vision for a sustainable future.

Our prioritisation of the SDGs is rooted in our sustainability framework and strategic priorities. Through targeted initiatives within each pillar, we have made measurable contributions to 13 SDGs, demonstrating our dedication to meaningful and impactful change. By aligning our efforts with specific UNSDG targets, we focus on areas where our operations have the greatest influence, ensuring long-term value creation for stakeholders.

 <p><b>3 Good Health and Well-being</b></p> <ul style="list-style-type: none"> <li>Fitness classes supplementing existing gym facilities for employees</li> <li>Conducted Employee Wellness Talk sessions</li> </ul>	 <p><b>8 Decent Work and Economic Growth</b></p> <ul style="list-style-type: none"> <li>95% spending on local suppliers</li> </ul>
 <p><b>4 Quality Education</b></p> <ul style="list-style-type: none"> <li>Signed Memorandum of Collaboration (MoC) with Ministry of Human Resource Malaysia (MOHR) on TVET development</li> <li>Signed MoU with Manpower Department, Ministry of Human Resource to have access to all learning institutions under the department for talent pipeline, technical supports, curriculum development and internship or attachment of the graduates and lecturers</li> <li>Smart partnership with local institution through signed MoU, MoA and LoI for talent pipeline, exchange of expertise (attachment), and interns or Work-Based Learning (WBL) placement</li> </ul>	 <p><b>9 Industry, Innovation and Infrastructure</b></p> <ul style="list-style-type: none"> <li>Supply chain management digitalisation through PANTHERA project</li> </ul>
 <p><b>5 Gender Equality</b></p> <ul style="list-style-type: none"> <li>18.8% (716 employees) of the company's employees are now women</li> </ul>	 <p><b>10 Reduced Inequalities</b></p> <ul style="list-style-type: none"> <li>Conducted 4 sessions of Diversity &amp; Inclusion (D&amp;I) Phase 2 for leadership positions</li> </ul>
 <p><b>6 Clean Water and Sanitation</b></p> <ul style="list-style-type: none"> <li>Performance monitoring laboratory for Industrial Effluent Treatment System (IETS) and Sewage Treatment Plants (STPs)</li> </ul>	 <p><b>12 Responsible Consumption and Production</b></p> <ul style="list-style-type: none"> <li>Recycled 99.8% of generated scheduled waste</li> <li>Establishment of Trash-to-Cash (TTC) Centre at West Yard has improved the management of non-hazardous waste</li> </ul>
 <p><b>7 Affordable and Clean Energy</b></p> <ul style="list-style-type: none"> <li>Generated approximately 8,826 MWh in 2024 of solar power and fully consumed by the MHB's operations</li> </ul>	 <p><b>13 Climate Action</b></p> <ul style="list-style-type: none"> <li>Net-Zero GHG Emissions by 2050 target</li> <li>8.5% emissions intensity reduction for 2024 compared to 2016 baseline</li> </ul>
	 <p><b>15 Life on Land</b></p> <ul style="list-style-type: none"> <li>Planted 1,901 trees in MMHE West Yard</li> <li>100 trees were planted at the MMHE Flat residential area representing a variety of species, each contributing to the diversity and vitality of our local ecosystem</li> </ul>
	 <p><b>16 Peace, Justice and Strong Institutions</b></p> <ul style="list-style-type: none"> <li>Engaged 260 third parties on Human Rights Awareness training</li> </ul>
	 <p><b>17 Partnerships for the Goals</b></p> <ul style="list-style-type: none"> <li>Engagements with 7 key vendors for Scope 3 as part our decarbonisation journey</li> </ul>

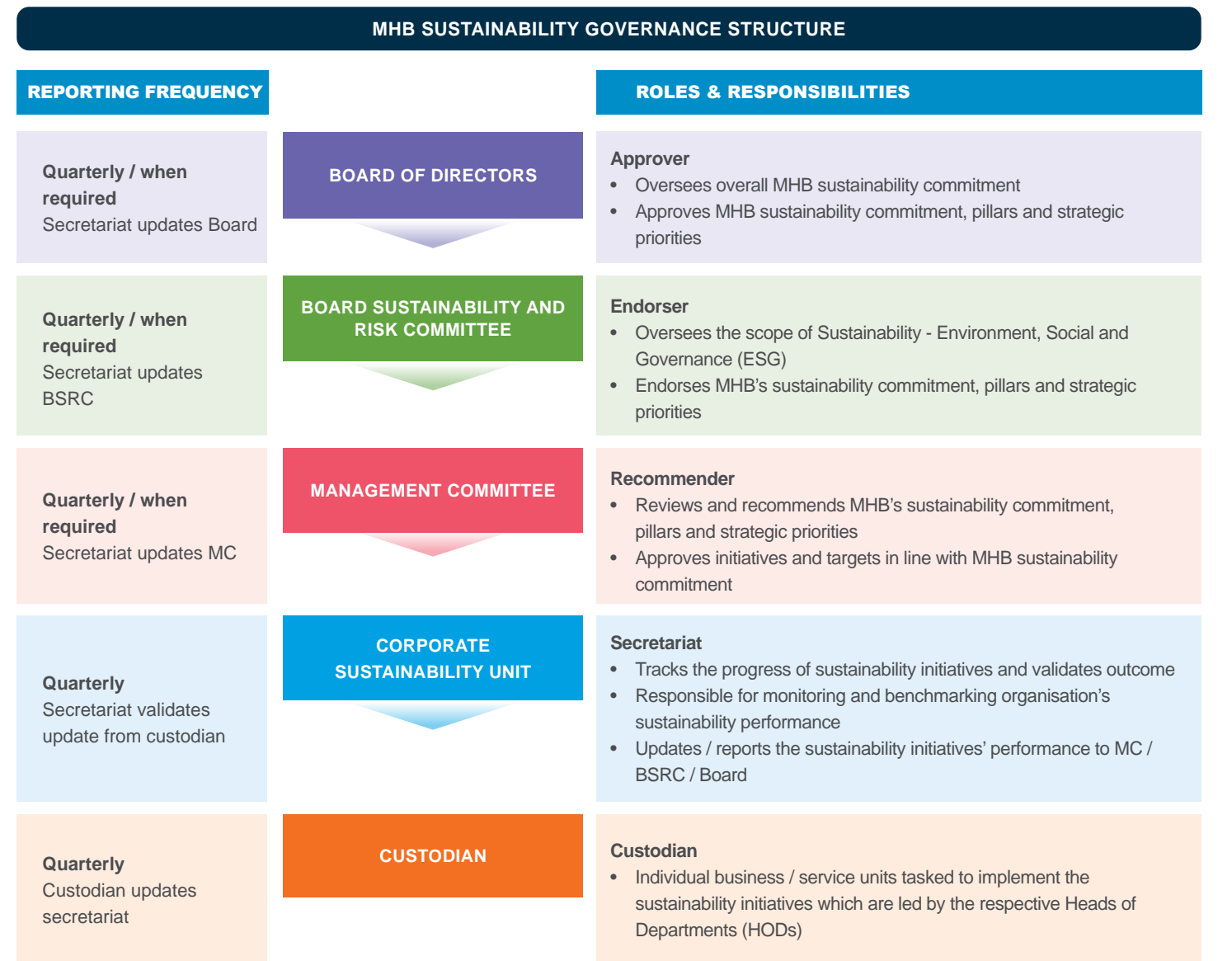
# WHAT SUSTAINABILITY MEANS TO US

## Sustainability Governance Structure

MHB's approach to sustainability is built on a well-defined governance structure designed to seamlessly integrate sustainability into every aspect of our operations. This structure ensures that sustainability considerations are central to our decision-making processes, supporting the alignment of our business activities with long-term strategic goals. By embedding clear accountability and oversight mechanisms, we effectively balance stakeholder priorities with the need to manage risks and capitalise on opportunities.

The Board of Directors (BOD) holds ultimate responsibility for embedding sustainability into MHB's strategic direction and operations. Oversight of sustainability risks is delegated to the Board Sustainability and Risk Committee (BSRC) ensuring that risks are managed within the broader strategic context. The Management Committee (MC) plays a pivotal role in reviewing and approving sustainability initiatives, aligning them with the Group's strategic priorities.

The Corporate Sustainability Unit functions as the operational arm of this governance structure, monitoring the implementation of initiatives and tracking progress. Reporting is conducted quarterly, ensuring that updates are consistently provided to the MC, BSRC, and BOD.



# WHAT SUSTAINABILITY MEANS TO US

## Net-Zero Committee (NETZEC)

Established in the previous year, the Net-Zero Committee (NETZEC) plays a pivotal advisory role to the Management Committee, driving the company's commitment to achieving net-zero emissions. The committee is instrumental in advancing environmental initiatives and aligning them with MHB's long-term sustainability objectives.

NETZEC's responsibilities include evaluating and recommending potential decarbonisation initiatives, providing strategic guidance on the development of the Greenhouse Gas (GHG) Roadmap for Scope 1 and Scope 2 emissions monitoring, and overseeing the company's progress in reducing Scope 3 emissions.

Furthermore, the committee assesses climate-related scenarios, metrics, targets, risks, and opportunities, ensuring that MHB remains on track in our decarbonisation journey.

## Embedding Sustainability through ESG Key Performance Indicators

MHB has established Environmental, Social, and Governance (ESG) Key Performance Indicators (KPIs) to foster a strong sustainability culture across the organisation. These KPIs are closely aligned with the company's strategic objectives, providing a clear framework to translate sustainability strategies into actionable and measurable outcomes.

By integrating ESG KPIs into the annual performance review process, the management team is guided in driving initiatives that advance the company's sustainability agenda. Furthermore, sustainability is embedded within the MHB Corporate Scorecard, ensuring it remains a core component of the Group's business objectives and overall performance evaluation.

## Board Leadership in Sustainability

The Board is dedicated to steering the company towards sustainable growth and delivering long-term value creation for stakeholders. Sustainability remains central to the Group's strategic priorities, with an ongoing focus on enhancing performance in managing ESG risks and opportunities.

In July 2024, the Board Strategic Conversation provided a platform for in-depth discussions on key sustainability topics. These included advancing carbon capture and storage initiatives, exploring low-carbon hydrogen opportunities within the Heavy Engineering segment, and fostering ecosystem participation in Sarawak and Sabah under the Enterprise segment. These deliberations reflect the Board's commitment to aligning the Group's strategy with emerging sustainability opportunities while addressing critical environmental and societal challenges.

## Decarbonisation as a Strategic Priority

In October 2024, the Board approved MHB's Annual Business Plan (ABP) for 2025–2030, firmly positioning decarbonisation at the centre of its strategic agenda. The ABP outlines key initiatives aimed at reducing the Group's environmental footprint and advancing its commitment to achieving net-zero carbon emissions.

The plan includes a targeted minimum 20% reduction in Scope 1 and Scope 2 emissions intensity by 2030, alongside the development of a comprehensive roadmap and strategy to address Scope 3 emissions. Additionally, the Responsible Supply Chain Programme will be implemented to ensure sustainable practices across the value chain.

## Board Oversight of Sustainability

In August 2024, the Board actively participated in the Materiality Survey, reviewing and approving the findings of the 2024 materiality assessment. This process, conducted in alignment with Bursa Malaysia's Sustainability Reporting Guidelines, ensures that material sustainability matters are periodically reassessed to reflect evolving priorities and developments. The approved materiality matrix has been disclosed in this Integrated Annual Report.

Further emphasising its role in sustainability governance, the Board undertook an internal Board Effectiveness and Evaluation (BEE) process in 2024. This assessment evaluated the Board's performance in managing sustainability risks and opportunities, with a particular focus on ESG criteria.

## Enhancing Leadership Capability in Sustainability

MHB, in collaboration with our parent company MISC, is committed to equipping our leadership with the knowledge and tools needed to navigate the evolving sustainability landscape. In 2024, a series of targeted training programmes were organised for Board members and senior management to enhance their understanding of emerging sustainability trends and best practices.

Key programmes conducted included *Pathways towards Decarbonisation: Strategies and Sustainable Practices for the Energy Industry, Overview of the International Sustainability Standards Board (ISSB) IFRS S1 & S2, Navigating Ammonia as the Low Carbon Solution, and Clean Energy Outlook and Trends.*

These initiatives reflect MHB's proactive approach to fostering informed and capable leadership, ensuring that decision-makers are prepared to address sustainability challenges while leveraging opportunities that align with the Group's long-term objectives.

## Policies and Guidelines

MHB's approach to sustainability is underpinned by a robust framework of policies and guidelines that ensure consistency, accountability, and alignment across the Group's operations. These policies provide clear directives for addressing ESG matters and are integral to embedding sustainability into our decision-making processes. These policies are reviewed periodically to reflect emerging trends, stakeholder expectations, and regulatory requirements. Together, they form the foundation of MHB's commitment to sustainable growth and responsible corporate practices.

Material Matters	Policies & Guidelines	
<b>Climate Change</b>	<ul style="list-style-type: none"> <li>MHB Climate Framework</li> </ul>	<ul style="list-style-type: none"> <li>Greenhouse Gas Management Procedure</li> </ul>
<b>Natural Resources &amp; Consumption</b>	<ul style="list-style-type: none"> <li>ISO 14001:2015 Environmental Management Systems</li> <li>Environment Minimum Standard</li> </ul>	<ul style="list-style-type: none"> <li>Integrated Waste Management Taskforce</li> </ul>
<b>Project &amp; Financial Performance</b>	<ul style="list-style-type: none"> <li>ISO 9001:2015 Quality Management Systems</li> <li>Quality Performance Measurement Procedure</li> </ul>	<ul style="list-style-type: none"> <li>Statement of Quality Policy</li> <li>Price of Non-Conformance Procedure</li> </ul>
<b>Digitalisation &amp; Cybersecurity</b>	<ul style="list-style-type: none"> <li>Information Security Procedure</li> <li>ISO 27001:2022 Information Security Management Systems</li> </ul>	<ul style="list-style-type: none"> <li>Cybersecurity Control Standard</li> </ul>
<b>Business Sustainability</b>	<ul style="list-style-type: none"> <li>ISO 9001:2015 Quality Management Systems</li> </ul>	
<b>Strategic Community Initiatives</b>	<ul style="list-style-type: none"> <li>Community Investment Guideline</li> </ul>	
<b>Diversity &amp; Inclusion</b>	<ul style="list-style-type: none"> <li>Diversity &amp; Inclusion Statement</li> </ul>	
<b>Human Capital</b>	<ul style="list-style-type: none"> <li>Employee Handbook</li> <li>Performance Management System</li> </ul>	<ul style="list-style-type: none"> <li>Collective Agreement (CA)</li> <li>General Conditions of Subcontractor for Labour only</li> </ul>
<b>Governance &amp; Ethics</b>	<ul style="list-style-type: none"> <li>ISO 37001:2016 Anti-Bribery Management Systems</li> <li>Anti-Bribery and Corruption Policy</li> <li>No Gift Policy</li> <li>Corporate Privacy Policy</li> <li>Economic Sanctions and Export Control Policy &amp; Guidelines</li> <li>Public Position Policy</li> <li>Anti-Bribery Management System Manual</li> </ul>	<ul style="list-style-type: none"> <li>Code of Conducts and Business Ethics</li> <li>Whistleblowing Policy</li> <li>No Conflict-of-Interest Policy</li> <li>Referral Policy</li> <li>Raid Protocol Policy</li> <li>Competition Policy</li> </ul>
<b>Asset Integrity &amp; Reliability</b>	<ul style="list-style-type: none"> <li>ISO 9001: 2015 Quality Management Systems</li> <li>ISO 3834-2: 2005 Quality Requirements for Fusion Welding of Metallic Materials</li> <li>ISO 29001: 2020 Quality Management Systems for Petroleum, Petrochemical and Gas Industry</li> <li>EN 1090-1: 2009 + A1: 2011 Execution of Steel Structures and Aluminium Structures</li> </ul>	
<b>Risk Management</b>	<ul style="list-style-type: none"> <li>MHB ERM Framework</li> </ul>	<ul style="list-style-type: none"> <li>MHB Project Risk Management Guideline</li> </ul>
<b>Supply Chain</b>	<ul style="list-style-type: none"> <li>Code of Conduct and Business Ethics for Third Parties</li> <li>Third-Party Compliance Due Diligence Operational Guidelines (TPCDDOG)</li> </ul>	
<b>Human &amp; Labour Rights</b>	<ul style="list-style-type: none"> <li>Human Rights Policy</li> <li>Modern Slavery Statement</li> </ul>	
<b>Health &amp; Safety</b>	<ul style="list-style-type: none"> <li>ISO 45001:2018 Occupational Health and Safety Management Systems</li> <li>Health, Safety and Environment (HSE) Policy</li> <li>Substance Misuse Control Policy</li> <li>Stop Work Policy</li> <li>MHB Security Policy</li> <li>Fatigue Management at Workplace</li> <li>HSE Performance Management Procedure</li> <li>Emergency Preparedness and Response Plan</li> </ul>	

# WHAT SUSTAINABILITY MEANS TO US

## Memberships and Associations

MHB actively participates in various industry associations and professional organisations to remain aligned with evolving best practices, industry standards, and sustainability advancements. These memberships enable the Group to contribute to broader industry dialogues while leveraging knowledge-sharing opportunities to enhance its operational and sustainability strategies. These associations play a critical role in supporting MHB's efforts to achieve its strategic objectives while contributing to the development of sustainable and responsible industry practices.

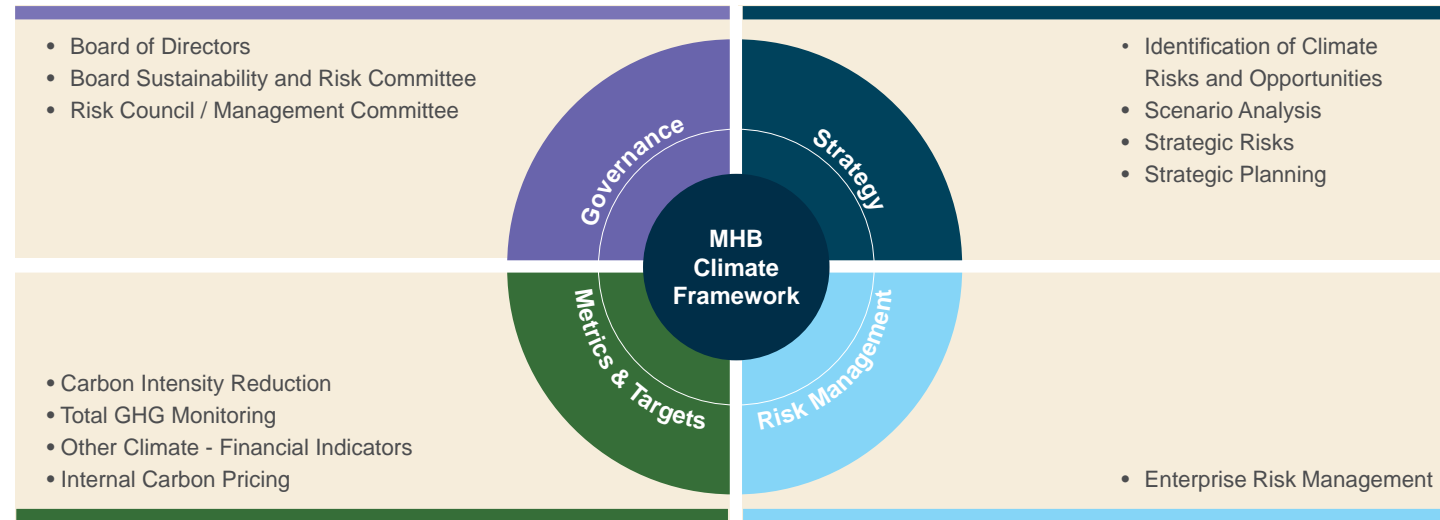
Associations	Our Position	Contributions & Value Created
National Institute for Occupational Safety and Health (NIOSH)	Member	<ul style="list-style-type: none"> <li>Demonstrate MHB's successful implementation of OSH-MS</li> <li>Promote OSH amongst employees</li> <li>Emphasise MHB's dedication and commitment towards enhancing occupational safety and health in Malaysia</li> </ul>
Pasir Gudang Emergency Mutual Aid (PAGEMA)	Committee Member	We have been actively involved in emergency exercises and participated in annual emergency drills conducted by other PAGEMA members to test the preparedness of the ERT, management and employees in dealing with the emergency and their ability to respond to rescue activities.
Malaysia Oil & Gas Services Council (MOGSC)	Committee Member	Our active involvement in MOGSC enables us to engage and collaborate with industry stakeholders, associations, and government agencies in the sector we operate within.
Malaysia Offshore Contractors Association (MOCA)	Committee Member	MOCA is an association of offshore contractors for oil & gas industry in Malaysia aiming to promote cohesive working relationships amongst various contractors in O&G offshore business.
Welding Institute of Malaysia (WIM)	Corporate Member	Members of WIM benefit from: <ul style="list-style-type: none"> <li>Exclusive access to a wide range of technical information</li> <li>Complimentary access to technical events</li> <li>Discounts on attendance to courses, seminars, conferences and more</li> </ul>
Malaysia Anti-Corruption Academy (MACA)	Member	The Malaysia Anti-Corruption Academy (MACA) through its Corporate Integrity Development Centre (CIDC) provides a certified programme which is recognised in Malaysia to produce Certified Integrity Officer (CeIOs) whose roles are to plan, implement and monitor the effectiveness of integrity programmes in our organisation.
		CIDC provides training with regards to organisational integrity, which encompasses governance, management ethics and laws in the fight against corruption, misappropriation of funds and abuse of power.

# WHAT SUSTAINABILITY MEANS TO US

Associations	Our Position	Contributions & Value Created
Human Resource Development Corporation (HRD Corp)	Registered Training Provider MHB	Enable MHB to conduct HRD Corp-claimable trainings fostering continuous employee development and skill enhancement.
Human Resource Development Corporation (HRD Corp)	Subject Matter Expert – Welding	Appointment of MHB employee as the Subject Matter Expert / Specialist in welding. The role is to involve in the development of welding-related training syllabus and applicable standards.
Construction Industry Development Board (CIDB)	<ul style="list-style-type: none"> <li>Certified Facility</li> <li>Certified Training Provider</li> </ul>	<ul style="list-style-type: none"> <li>- Certification of MHB's Centre of Excellence as the certified facility for welder accreditation</li> <li>- Certified training provider for Safety Induction for Construction Worker (SICW / Green card)</li> </ul>
Department of Occupational Safety and Health (DOSH) Malaysia	Certified Training Provider	Certified training provider for safe working in confined space programmes.
Malaysia Auxiliary Police Association (MAPA)	Member	MAPA is a recognised association by the Royal Malaysia Police (RMP) with the objective of coordinating auxiliary police agencies across Malaysia to ensure a standardised service by all members. MAPA also acts as a mediator between agencies and RMP leadership on all matters.
Association of Marine Industries of Malaysia (AMIM)	Committee Member	Collaborates in shipbuilding and ship repair initiatives, driving innovation and excellence in the marine industry.

# CLIMATE-RELATED FINANCIAL RISKS AND OPPORTUNITIES

Our Climate Framework encompasses governance, strategy, risk management, and metrics & targets. This ensures that our disclosures in this report offers a transparent and thorough perspective on how we navigate climate-related financial risks and opportunities.



## GOVERNANCE

The Board and Board Sustainability and Risk Committee (BSRC) integrate climate considerations into strategy, risk management, budgets, and business plans. They set objectives, oversee implementation, and monitor performance, including major expenditures and strategic actions. They track sustainability and climate initiatives quarterly to ensure alignment with goals, emphasising robust governance and effective oversight. The Risk Council (RC), comprising Management Committee (MC) members, addresses enterprise risks quarterly, reviewing key risks and mitigation plans and reporting to the Board. Climate risks are integrated into MHB's risk register and monitored regularly. The Corporate Sustainability Unit (CSU) provides quarterly updates on sustainability matters to the MC, BSRC, and the Board. The Technical Committee / Custodian proposes new sustainability initiatives, including climate-related matters.

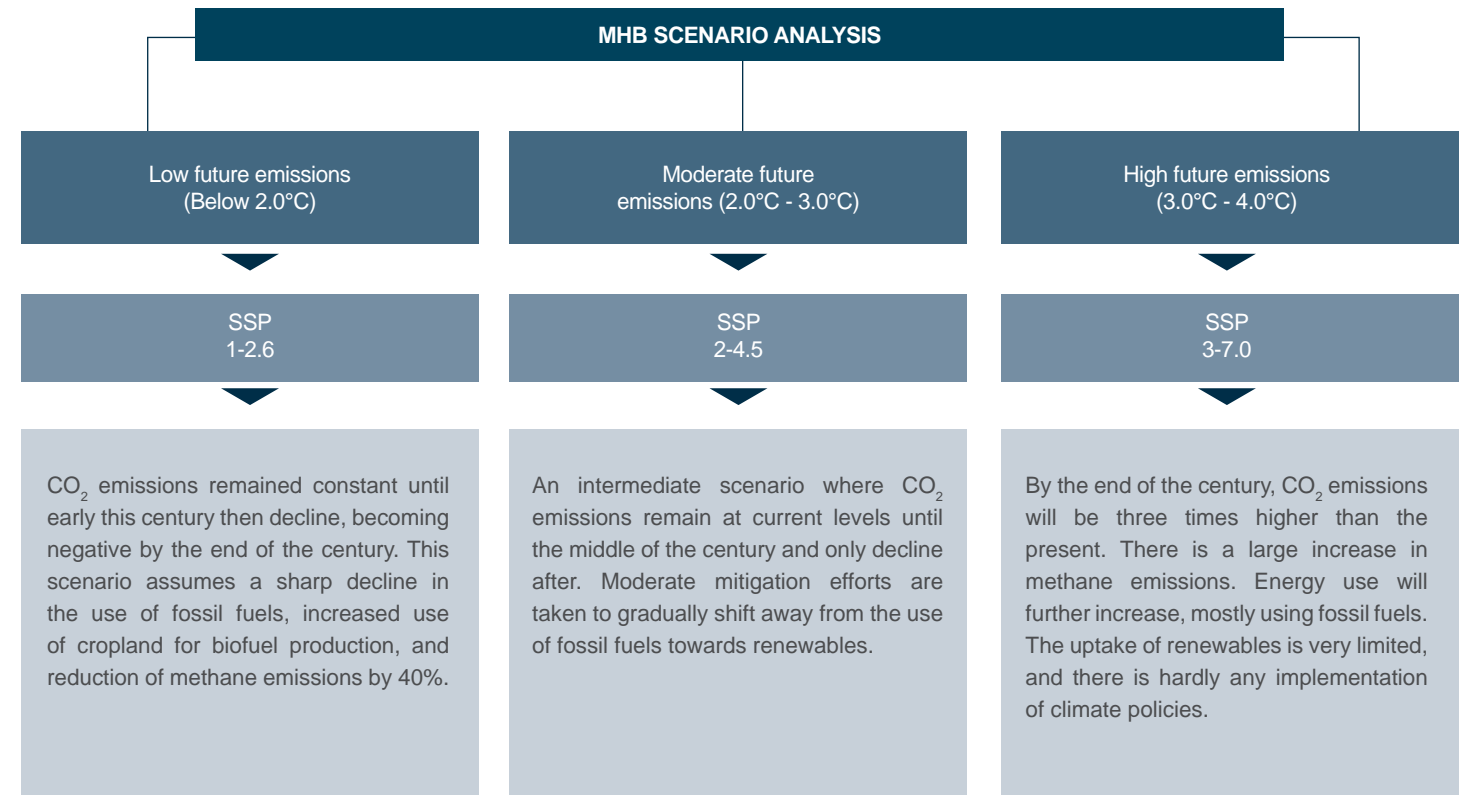
	Roles & Responsibilities	Reporting Frequency
<b>Board</b>	<b>Approver</b> <ul style="list-style-type: none"> <li>Board oversight on overall MHB climate-related commitment</li> <li>Approves MHB climate-related commitment, pillars and strategic priorities</li> </ul>	Quarterly / when required <i>Secretariat updates Board</i>
<b>Board Sustainability and Risk Committee (BSRC)</b>	<b>Endorser</b> <ul style="list-style-type: none"> <li>Oversees the scope of MHB Climate Framework</li> <li>Endorses MHB climate-related commitment, pillars and strategic priorities</li> </ul>	Quarterly / when required <i>Secretariat updates BSRC</i>
<b>Risk Council / Management Committee</b>	<b>Recommender</b> <ul style="list-style-type: none"> <li>Reviews and recommends MHB Climate Framework</li> <li>Approves initiatives and targets in line with MHB climate-related commitment</li> </ul>	Quarterly / when required <i>Secretariat reports to MC</i>
<b>Corporate Sustainability Unit (CSU)</b>	<b>Secretariat</b> <ul style="list-style-type: none"> <li>Tracks progress of climate-related initiatives and validates outcome</li> <li>Responsible for monitoring and benchmarking organisation's climate-related performance</li> <li>Update / report the climate-related initiatives performance to MC / BSRC / Board</li> </ul>	Quarterly / when required <i>Secretariat validates updates from custodian</i>
<b>Technical Committee / Custodian</b>	<b>Technical Committee / Custodian</b> <ul style="list-style-type: none"> <li>Individual business units / services units tasked to implement the climate-related initiatives which are led by respective Heads of Departments (HODs)</li> </ul>	Quarterly / when required <i>Custodian updates secretariat</i>

# CLIMATE-RELATED FINANCIAL RISKS AND OPPORTUNITIES

## STRATEGY

### Scenario Analysis

Below is an illustration of the three climate scenarios that we have implemented, aligning with the Intergovernmental Panel on Climate Change's (IPCC) sixth assessment report from 2021.



### Shared Socioeconomic Pathway (SSP) Scenario Projection

MHB Scenario Analysis (°C)	Scenario	Projection of temperature rise from 2021 to 2040		Projection of temperature rise from 2041 to 2060		Projection of temperature rise from 2081 to 2100	
		Mean	Range	Mean	Range	Mean	Range
Below 2.0	SSP1-2.6	1.5 °C	1.2 ~ 1.8 °C	1.7 °C	1.3 ~ 2.2 °C	1.8 °C	1.3 ~ 2.4 °C
2.0 – 3.0	SSP2-4.5	1.5 °C	1.2 ~ 1.8 °C	2.0 °C	1.6 ~ 2.5 °C	2.7 °C	2.1 ~ 3.5 °C
3.0 – 4.0	SSP3-7.0	1.5 °C	1.2 ~ 1.8 °C	2.1 °C	1.7 ~ 2.6 °C	3.6 °C	2.8 ~ 4.6 °C

# CLIMATE-RELATED FINANCIAL RISKS AND OPPORTUNITIES

To understand and connect the political, business, and social responses to climate change and associated global carbon budgets, emissions pathways and the expected physical climate-related impacts, the climate analysis and scenarios were derived based on the following driving forces:

Driving Forces	Low Emissions Scenario (< 2°C)	Moderate Emissions Scenario (2°C – 3°C)	High Emissions Scenario (3°C – 4°C)
<b>ENVIRONMENTAL</b>	<ul style="list-style-type: none"> <li>Sea level rise already occurring</li> <li>Changes in sea wave patterns</li> <li>Increased wind speed and wave power</li> <li>Extreme weather damage to infrastructure and navigational safety</li> </ul>	<ul style="list-style-type: none"> <li>Larger winter ocean waves, increase in wave heights</li> <li>Bad extreme weather led to Arctic sea ice loss</li> <li>Reshaping of coastlines and low-lying areas</li> </ul>	<ul style="list-style-type: none"> <li>Sea level rise worsening</li> <li>Extreme heatwaves and tropical cyclones</li> <li>Unpredictable sea wave patterns</li> <li>Extreme sea level rise and intense impact on coastal sectors</li> </ul>
<b>POLITICAL &amp; LEGAL</b>	<ul style="list-style-type: none"> <li>Strong commitment towards the Net-Zero transition</li> <li>Government initiatives on climate change</li> <li>Carbon pricing is well established</li> <li>Shipping Legal Frameworks and Acts</li> </ul>	<ul style="list-style-type: none"> <li>Moderate implementation of carbon pricing and approach towards Net-Zero transition policies</li> </ul>	<ul style="list-style-type: none"> <li>Insufficient policies to meet climate targets</li> <li>Lack of regulations and standards</li> <li>Carbon pricing is not widely adopted</li> </ul>
<b>ECONOMIC</b>	<ul style="list-style-type: none"> <li>Higher GDP growth: average 3.3% annually</li> <li>Rapid transition to renewable energy (RE) sources</li> <li>Reduction in global demand of fossil fuel and non-Renewable Energy (non-RE)</li> <li>Widely adapts to a low-carbon future in the oil and gas (O&amp;G) industry</li> <li>Investment starts to slow down after 2030 in the energy sector</li> </ul>	<ul style="list-style-type: none"> <li>Small investment in green energy</li> <li>Half of the world's energy comes from RE</li> <li>Small reduction in non-RE source demand</li> <li>Expand bioenergy adoption to replace fossil fuels</li> <li>Phase out coal-fired power plants</li> <li>Strong push for electrification</li> <li>Policy commitments to limit fossil fuel usage</li> </ul>	<ul style="list-style-type: none"> <li>Slower transformation towards RE</li> <li>Increased in energy-related CO<sub>2</sub> emission</li> <li>Increase in non-RE source demand</li> </ul>
<b>REPUTATION &amp; SOCIAL</b>	<ul style="list-style-type: none"> <li>Stakeholder pressure to reduce value chain emissions</li> <li>The O&amp;G sector is progressively embracing zero-carbon fuels &amp; RE energy sources</li> <li>Rising trend in clean energy employment</li> </ul>	<ul style="list-style-type: none"> <li>Consumer demand drives sustainability in purchasing decisions</li> <li>Companies adapt to meet sustainable consumer expectations</li> <li>Job losses in high-emission industries as the fossil fuel sector phases out</li> </ul>	<ul style="list-style-type: none"> <li>Lack of action on climate change</li> <li>Voluntary trend in carbon reduction commitment</li> <li>Lack of pressure from stakeholders</li> </ul>

## Strategic Planning

MHB's strategic decisions concerning climate actions are based on climate-related remuneration and internal carbon pricing. The incorporation of these factors integrates decarbonisation initiatives into ESG-related key performance indicators (KPIs) and guides our approach to addressing carbon emissions in investment decisions.

### Climate-related Remuneration

We incorporate decarbonisation initiatives into ESG-related KPIs in the 2024 Balanced Scorecard. Business units directly involved in carbon management or addressing climate-related risks and opportunities are rewarded for their contribution to improving the company's carbon and energy performance. The Board Nomination and Remuneration Committee (BNRC) reviews senior management's ESG performance and remuneration. They also conduct performance appraisals on the Company and MD & CEO recommendations to the Board based on the balanced scorecard outcomes.

### Internal Carbon Pricing

We adopt an internal carbon price of USD50 / ton CO<sub>2</sub>e for new investment assets emitting over 5,000 tonnes of CO<sub>2</sub> equivalent annually or contributing 0.10% or more to total CO<sub>2</sub> equivalent emissions. This pricing is integrated into financial investment decisions.

# CLIMATE-RELATED FINANCIAL RISKS AND OPPORTUNITIES

## Climate-related Risks and Opportunities Embedded into Business Strategies

The Corporate Strategy and Sustainability (CSS) Division conducts an annual company-wide strategic planning exercise. This process involves evaluating business and climate-related risks and opportunities and translating them into short, medium, and long-term strategies for approval by the Board.

OVERVIEW OF MHB GROUP CLIMATE-RELATED RISKS AND OPPORTUNITIES	
<b>PHYSICAL</b>	<ul style="list-style-type: none"> <li>R1 Increase in extreme weather (wind, temperature and precipitation) (acute)</li> <li>R2 Sea level rise (chronic)</li> </ul>
<b>REGULATORY</b>	<ul style="list-style-type: none"> <li>R3 Increasing environmental / carbon policies and legislation</li> </ul>
<b>TECHNOLOGICAL</b>	<ul style="list-style-type: none"> <li>R4 Development of new technologies for low-carbon solutions</li> <li>R5 Training for the right expertise and skills required to manage new low carbon technologies / new asset class</li> </ul>
<b>MARKET</b>	<ul style="list-style-type: none"> <li>R6 Shift in customer expectation</li> <li>R7 Changing capital providers trend</li> <li>R8 Market interest shift towards low-carbon economy</li> </ul>
<b>SOCIAL AND REPUTATION</b>	<ul style="list-style-type: none"> <li>R9 Being perceived as advanced or a laggard in climate change action / failure to comply with regulation</li> <li>R10 Talent retention and attraction</li> </ul>

## Short, Medium and Long-term Time Horizon

We have defined our short, medium, and long-term time horizons to identify climate risks and opportunities. In doing so, we consider the impacts of these climate-related issues on our business.

Time Horizon	Time Horizon Rationale on Material Financial Impact
<b>Short Term</b> (Within the next three years)	Any climate-related risks that have or are expected to have a material financial impact in the next three years from current and emerging climate legislation and market interest shift towards a low carbon economy.
<b>Medium Term</b> (Current year up to 2030)	Any climate-related risks that have or are expected to have material financial impact in facing the following situations: <ul style="list-style-type: none"> <li>Extreme weather threats (e.g., changes in precipitation, greater intensity, and frequency of typhoon / cyclone events).</li> <li>Climate-related requirements imposed by existing or potential customers.</li> </ul>
<b>Long Term</b> (2031 – 2050)	Any climate-related risks that have or are expected to have a material financial impact in addressing the risks and opportunities of the energy transition and global movement towards Net-Zero GHG Emissions by 2050.

# CLIMATE-RELATED FINANCIAL RISKS AND OPPORTUNITIES

## Identification of Climate-related Risks and Opportunities

We determine the risks and opportunities that have a material financial impact on our organisation by considering the following matters:

MHB SCENARIO ANALYSIS					
Climate-related driving forces that present risks and opportunities for MHB. These driving forces are:			Expected time horizons of a particular climate issue becoming a global threat	Likelihood of the climate issue to impact MHB's business objectives	The severity / financial impacts of climate risks on MHB's business objectives
Physical	Regulatory	Reputation & Social			
Technological	Market				

## Climate Scenario Analysis on Physical and Transition Risks

Under each climate-related physical and transition risk, we have analysed the potential impact across different temperature increase scenarios (Low, Medium, High). The impact is evaluated in terms of operational costs (OPEX), capital expenditure (CAPEX), and other relevant factors.

Risk Category	Element	Potential Risks and Opportunities	Low Emissions Scenario (Below 2.0°C)	Medium Emissions Scenario (2.0°C – 3.0°C)	High Emissions Scenario (3.0°C – 4.0°C)
Physical	Acute	Extreme weather (acute)	Minimal impact as assets today is built to withstand certain extreme weather conditions	Increased operational cost (OPEX) to maintain and reinforce assets due to heightened extreme weather	Increased OPEX to maintain and reinforce assets due to heightened extreme weather
	Chronic	Sea level rise (chronic)	Additional cost of property maintenance / reinforcements and relocations due to erosion from sea level rise / tidal wave changes	Additional cost of property maintenance / reinforcements and relocations due to erosion from sea level rise / tidal wave changes	Increased OPEX to relocate or implement adaptation measures for operations at coastal locations
Transition	Regulatory	Increasing environmental / carbon policies and legislations & carbon pricing	Escalating compliance cost due to increasingly heightened carbon regulations - capital expenditure (CAPEX) and operational cost (OPEX)	Increased compliance cost due to moderately increasing carbon regulation - capital expenditure (CAPEX) and OPEX	Increased compliance cost due to moderately increasing carbon regulation - capital expenditure (CAPEX) and operational cost (OPEX)
	Technological	Development of new technologies for low-carbon solutions	Significantly increased investment costs in low-carbon solutions	Increased investment costs in low-carbon solutions	Increased investment costs in low-carbon solutions
		Training for the right expertise and skills required to manage new vessels / shipment	Increased talent development cost (OPEX)	Increased talent development cost (OPEX)	Slight increase in talent development cost (OPEX)
	Market	Shift in customer and market expectations towards a low-carbon economy	Reduced market demand for petroleum production, storage and transportation assets and logistics services	Moderate reduction in market demand for petroleum production, storage and transportation assets and logistics services	Moderate reduction in market demand for petroleum production, storage and transportation assets and logistics services
		Changing capital providers trends	Lack of funding / increased interest rates for conventional marine fuelled assets	Increased interest rates for conventional marine fuelled assets	Increased interest rates for conventional marine fuelled assets
Reputation & Social	Being perceived as advanced or a laggard in climate change action / failure to comply with regulation	Increased costs, potential fines, and a negative impact on reputation from failure to meet stakeholders' increasing social awareness	Increased costs, potential fines, and a negative impact on reputation from failure to meet stakeholders' increasing social awareness	More room for adjustments to expectations and requirements towards low carbon solutions with lesser concerns on compliance issues	
	Talent retention and attraction	Increased OPEX to attract and retain talents	Increased OPEX to attract and retain talents	Moderate increased OPEX to attract and retain talents	

LEGEND: **LOW** Insignificant to minor impact to MHB's current business objectives | **MEDIUM** Moderate impact to MHB's current business objectives | **HIGH** Major impact to MHB's current business objectives

# CLIMATE-RELATED FINANCIAL RISKS AND OPPORTUNITIES

## Risk Assessment and Strategic Mitigation

In the series of tables that follow, we identify climate-related risks and opportunities with potential impact on our business over short (0-3 years) medium- (up to 2030), and long-term (2031-2050) time horizons, as well as our strategies to manage and mitigate each risk. Risks are categorised into two groups:

- Physical risks created by a changing climate.
- Transition risks, created by the world's transition to a low-carbon economy.

### Physical Risks – Acute extreme weather

Climate models forecast an escalation in the intensity and frequency of severe tropical cyclones globally. According to the IPCC, at 2°C and beyond, a rise in average temperature will contribute to extreme heatwaves, which expects 37% of the global population to be exposed to severe heat.

Impact to Business	Management Approach
<p>Time horizon: Medium- to Long-Term</p> <p><b>Risks:</b></p> <ol style="list-style-type: none"> <li>1. Increased insurance costs and damages to yard infrastructure from extreme weather events</li> <li>2. Operational disruptions and health hazards due to extreme temperatures and weather incidents</li> <li>3. Costs for upgrading building sites and infrastructure to withstand extreme weather</li> <li>4. Potential damage to structures and equipment exposed to external weather conditions</li> <li>5. Increased costs and liquidity damage from operational delays caused by extreme weather</li> <li>6. Rise in personal injury cases due to extreme weather, leading to higher insurance premiums.</li> </ol> <p><b>Opportunities:</b></p> <p>Potential revenue growth from marine repairs necessitated by the increasing intensity of extreme weather events. (Note: Limited by dock utilisation constraints)</p>	<ul style="list-style-type: none"> <li>• We safeguard critical assets (cranes, buildings, docks, transporters) with lightning protection systems and structural enhancements to withstand extreme weather</li> <li>• We continuously enhance asset specifications to address physical risks, supported by an integrated Emergency Preparedness and Response Plan within our business continuity and disaster recovery plans</li> <li>• We explore revenue opportunities by offering modifications, retrofits, or conversions on vessels and assets to better cope with extreme weather that fosters partnerships with vessel owners and low-carbon technology providers</li> </ul>

### Physical Risks – Chronic extreme weather

If temperatures are kept at 3°C and above, heatwaves will intensify the melting of glaciers which can be expected to melt completely even before 2030.

Impact to Business	Management Approach
<p>Time horizon: Medium- to Long-Term</p> <p><b>Risks:</b></p> <ol style="list-style-type: none"> <li>1. The increased costs from the need to upgrade building sites / yard infrastructures or relocate to higher grounds</li> </ol> <p><b>Opportunities:</b></p> <p>To be a more secured shipyard, i.e., "yard of choice" post-yard infrastructure update</p>	<ul style="list-style-type: none"> <li>• We continually monitor risk indicators and implement specific mitigation measures to ensure the resilience of our business infrastructure. Additionally, we manage the risk by progressively monitoring sea levels in our marine repair and heavy engineering operations</li> <li>• We explore the opportunity to enhance our shipyard's security by leveraging its strategic location, which is generally less exposed to the impact of extreme weather. This positioning aims to establish us as a more secure shipyard, the "yard of choice" for potential clients</li> </ul>

# CLIMATE-RELATED FINANCIAL RISKS AND OPPORTUNITIES

# CLIMATE-RELATED FINANCIAL RISKS AND OPPORTUNITIES

## Transition Risks – Regulatory

Addressing human-induced climate change is one of the most significant challenges that the international community must undertake. Protecting the earth's climate implies a transformational agenda requiring a resolute and enduring commitment. More and more countries are implementing policies to reduce their emissions, including energy efficiency measures. A well-balanced package of carbon pricing, energy efficiency measures and targeted support for low-carbon technologies should be at the core of climate mitigation policy. More countries will be coming up with legislation, standards, and requirements.

### Impact to Business

Time horizon: Short- to Medium-Term

#### Risks:

1. Increased compliance costs as extreme weather can lead to increased risk of spill leak leading to damages and potential litigation
2. Increased cost of compliance (e.g., newer technology) to meet growing stringent environmental and climate policies and regulations
3. Higher operational costs due to Carbon Tax incurred

#### Opportunities:

1. Increased opportunities to collaborate on low-carbon solutions / existing new technologies to customers and receive buy-in, resulting in cost sharing and potential full investments from customers
2. Increased opportunities in retrofitting vessel

### Management Approach

We assess regulatory and compliance risks related to current and emerging climate regulations. Compliance requirements and costs are integrated into our processes to ensure adherence. To stay updated on regulations, we:

- Attend sharing sessions by relevant stakeholders to learn about market outlook and regulatory developments
- Engage with stakeholders, including regulatory bodies
- Conduct internal assurance activities and self-assessments for compliance
- Conduct studies on technological options and plan CAPEX allocations for compliance
- We future-proof our Marine Operations segment to retrofit vessels for compliance with EEXI standards as shipowners are rapidly decarbonising vessels due to regulations like the Energy Efficiency Existing Ships Index (EEXI) from the International Maritime Organisation (IMO)

## Transition Risks – Technological

Global climate policies and commitments have accelerated the development of new technologies on low-carbon solutions. Keeping updated with new technologies through partnerships with low carbon technology providers, and training for the right expertise and skills required to manage new low-carbon technologies is vital.

### Impact to Business

Time horizon: Short- to Medium-Term

#### Risks:

1. Insufficient funds for new low-carbon solutions development
2. Inability to keep up with emerging low-carbon technologies, affecting fabricator preference
3. Lack of skilled talent to manage low-carbon solutions
4. Potential underperformance of technologies in meeting regulations
5. Increased operating costs for talent in repairing or fabricating new asset class vessels
6. Additional training costs for in-house employees on low-carbon technologies
7. Potential cost increase for subcontractor services due to specialised skills

#### Opportunities:

1. Potential increase in annual cost savings from reduced fuel and electricity consumption
2. Collaboration opportunities with customers on low-carbon solutions, potentially leading to cost sharing or full investments
3. Potential increase in market share and reputation as a steward of new low-carbon technology adoption
4. Competitive advantage in catering to client needs for decarbonisation with enhanced engineering competency in low-carbon technologies

### Management Approach

- We ensure our readiness to handle low carbon technology through training and collaboration with technology providers. With increased competency in low carbon technologies, we have an early advantage in catering to clients' decarbonisation needs
- We use alternative fuels like biodiesel and Compressed Natural Gas (CNG) for our operations. Actively improving energy efficiency by replacing less efficient technologies with low carbon alternatives has helped us reduce electricity consumption costs

## Transition Risks – Market

Market instability arises from global economic volatility, geopolitical shifts, and fierce competition. Increasing sustainability movements heighten customer expectations for a low-carbon economy. The transition to alternative and renewable energy will likely decrease global demand for fossil fuels. This could impact market size requirements for oil and gas projects, offshore assets, and heavy engineering fabrication works. Additionally, capital providers' shift towards Net-Zero and sustainable investments may reduce funding availability for fossil fuel-related projects.

### Impact to Business

Time horizon: Medium- to Long-Term

#### Risks:

1. Reduced demand for fossil-fuel-related offshore assets fabrication due to energy transition
2. Failure to meet customer's low-carbon requirements
3. Challenges in developing a responsible supply chain
4. Risk of losing funding opportunities
5. Inability to secure green projects due to non-compliance with climate-related contract requirements

#### Opportunities:

1. Collaboration with 'green' vendors to develop a responsible supply chain
2. Additional revenue opportunities in decarbonisation and renewables segments (e.g., offshore wind farms, CCUS / CCS projects)
3. Increased revenue through existing marine repair business by offering modifications to reduce GHG emissions
4. Revenue from vessel modifications to comply with GHG emissions regulations
5. Access to preferential rates from capital providers (e.g., sustainability-linked loans, green financing)
6. Potential increase in market capitalisation

### Management Approach

- We address global economic volatility, geopolitical shifts, and intense competition to manage market risks
- We establish ourselves as a leader in the low-carbon economy through strategic partnerships and winning low-carbon projects.
- We intensify decarbonisation efforts, contribute to sustainable development, and secure new low-carbon projects
- We launch waste-to-value initiatives at West Yard to promote a circular economy
- We plan to secure preferential rates, such as sustainability-linked loans or green financing, to fund low-carbon technology development

## Transition Risks – Reputation and Social

Being perceived as either advanced or a laggard on climate change action could impact our reputation with customers and may impact talent retention and attraction

### Impact to Business

Time horizon: Short- to Long-Term

#### Risks:

1. Poor climate performance may result in reduced customer / capital providers confidence and lost bids.
2. Potential reputational lost due to non-compliance on climate related regulations.
3. Increased operating cost in employing more talent in driving low carbon solutions.
4. Loss of talent due to poaching by competitors.
5. Difficulty in attracting top talent due to employee prioritize sustainability-focused organization.

#### Opportunities:

1. Strengthening company branding and reputation
2. Increased employee retention for improved productivity
3. Retaining and attracting higher-quality talent
4. Niche training opportunities for climate-related risk management

### Management Approach

- We consistently evaluate reputational risks, particularly those associated with climate challenges in the energy and marine industries. This is primarily due to high stakeholder expectations for environmental stewardship
- We meet stakeholder expectations by:
  - Enhancing our climate-related risks and opportunities assessment, supporting MISC's Internal Carbon Pricing studies, setting emissions reduction targets, and communicating sustainability efforts
  - Maintaining our position in the FTSE4Good Bursa Malaysia Index
- We demonstrate commitment to decarbonisation by:
  - Sharing knowledge in energy forums
  - Introducing sustainability initiatives with investors and analysts
- We also prioritise employee capability development to align with new low-carbon technologies, positioning ourselves as stewards in driving decarbonisation advancement

# CLIMATE-RELATED FINANCIAL RISKS AND OPPORTUNITIES

## Climate Strategy

Our climate strategy is divided into two-time horizons to decarbonise existing businesses and mitigate our long-term financial impacts by positioning ourselves competitively in the Net-Zero economy:

- A transition plan for short and medium-term risks.
- A long-term climate strategy.

### Low-Carbon Transition Plan (Short – Medium Term)

We implement decarbonisation initiatives aligned with MISC Group's Commitment to Net-Zero GHG Emissions by 2050 by integrating climate factors into our business strategy and financial planning, including internal carbon pricing. Our efforts include deploying low-carbon technologies at our yards.

#### Key initiatives include:

Renewable energy usage through solar panel installation at our premises.	Increase the energy efficiency and management of our operations.	Electrification of our yard activities.
Building strategic partnerships with carbon removal technology providers.	Exploring new businesses in renewable energy.	Continuously enhancing technical and operational efficiency.

We have transitioned to biofuel usage at our yards as part of our decarbonisation efforts. Additionally, we offer modifications and retrofits on vessels and assets to reduce GHG emissions through collaboration with low-carbon solution providers.

### Long-term Plan (2031-2050)

#### Net-Zero GHG Emissions Commitment

We align with the MISC Group's goal of achieving Net-Zero Greenhouse Gas emissions by 2050. Our business model will evolve by decarbonising operations to meet market demands and exploring new income streams supporting renewable energy value chains.

#### Decarbonisation of Existing Operations

Initiatives include replacing conventional lights with LED lighting for energy efficiency and transitioning air conditioner refrigerants from R22 to R32, reducing global warming potential.

#### Residual Emissions

Acknowledging unavoidable emissions, we seek offset solutions to achieve Net-Zero GHG emissions by 2050.

#### New Income Streams

As the world shifts towards renewable energy, we aim to integrate new business opportunities into our portfolio, focusing on the Renewable Energy Value Chain. This strategic approach ensures financial sustainability and relevance leading up to 2050.

# CLIMATE-RELATED FINANCIAL RISKS AND OPPORTUNITIES

## RISK MANAGEMENT

MHB evaluates climate risks as part of its:

- Strategic Risk business planning
- Enterprise Risk Management (ERM) programme

### Strategic Risk & Enterprise Risk Management (ERM)

#### Identification & Translation

We identify strategic climate risks through external analysis and regulatory considerations, translating material risks and opportunities into five-year business priorities.

#### Scope & Review Process

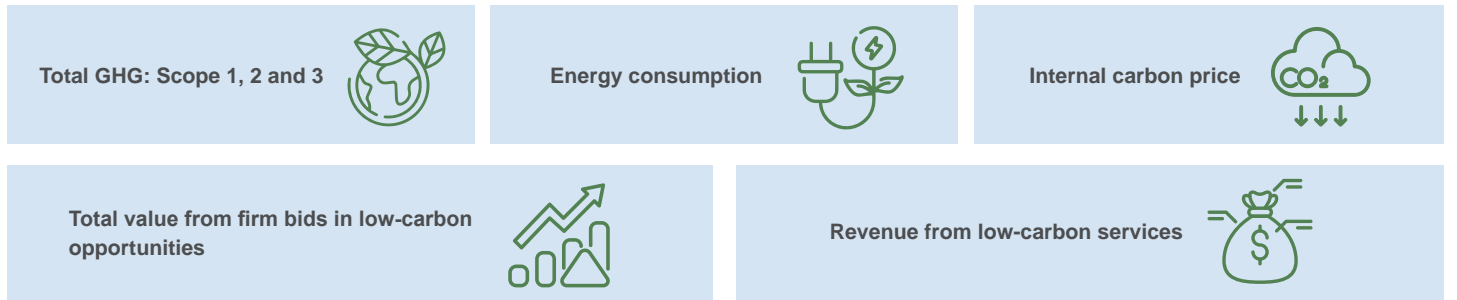
Risk management operates at service / business unit / subsidiary levels, with quarterly reviews by the Risk Management Department, then escalation to the Risk Committee (RC) and deliberation by the Board Sustainability and Risk Committee (BSRC) before reporting to the MHB Board.

#### Annual Review & Adoption of Standards

Service / business units conduct annual risk profile reviews, emphasising alignment with MHB's objectives, including climate-related risks. We adopt the PETRONAS Resiliency Model (PRM) and follow ISO 31000 and the Malaysian Code on Corporate Governance (MCCG) 2021 for risk management best practices.

## METRICS AND TARGETS

MHB employs a strategic set of key metrics to diligently measure and manage climate-related risks and opportunities. These essential metrics encompass:



These metrics serve as critical benchmarks for us to assess and enhance MHB's environmental performance, aligning with established protocols and industry best practices.

# CLIMATE-RELATED FINANCIAL RISKS AND OPPORTUNITIES

# FINANCIAL GROWTH

## Climate-Related Data Performance

Please refer to the ESG Performance Data Table inside this Integrated Annual Report for our GHG emissions and energy data.

### Greenhouse Gas (GHG) Targets and Commitment

As a subsidiary of MISC, MHB supports the Group's commitment to Net-Zero GHG emissions by 2050. The following key standards and references guide our GHG emissions monitoring and reporting:

- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition), Third IMO GHG Study 2014.

Long Term Commitment	Net-Zero Greenhouse Gas Emissions by 2050	
Scope (Boundary)	Main Greenhouse gases (GHG); <ul style="list-style-type: none"> <li>Carbon Dioxide (CO<sub>2</sub>)</li> <li>Methane (CH<sub>4</sub>)</li> <li>Nitrous Oxide (N<sub>2</sub>O)</li> </ul>	MHB Value Chain: <ul style="list-style-type: none"> <li>MHB operations (Scope 1 &amp; 2)</li> <li>Relevant material categories (Scope 3)</li> </ul>
Measurement Metric	Total GHG in CO <sub>2</sub> e	

## Moving Forward

This climate-related financial risks and opportunities report serves as a comprehensive and transparent disclosure of MHB's climate-related risks and opportunities. We have demonstrated our commitment to integrating climate considerations into our business strategy and decision-making processes. Through diligent assessment and disclosure, we aim to enhance stakeholder understanding of our climate-related impacts, foster resilience, and contribute to the broader global effort towards a sustainable and low-carbon future.

As we continue to navigate the dynamic landscape of climate-related challenges, we remain steadfast in our pursuit of sustainable practices, innovation, and responsible stewardship, underlining our dedication to creating long-term value for our organisation, our value chain, and our stakeholders.

## PROJECT AND FINANCIAL PERFORMANCE

### Why it is Important?

MHB's financial stability is fundamental to sustaining business growth, maintaining competitiveness and supporting future investments. A disciplined financial strategy allows us to withstand market fluctuations, cost pressures, and evolving industry demands while ensuring consistent returns to stakeholders. Strong project execution and financial management enable MHB to secure a competitive edge in the market and sustain long-term value creation.

### Our Approach

MHB prioritises robust project and financial growth, which supports our ability to obtain further operational efficiencies and ensure sustainable practices to strengthen our overall position in the oil & gas industry. We adhere to ISO 9001:2015 Quality Management Systems, reinforcing disciplined project execution and risk management. Our key strategy is to uphold project delivery excellence, ensuring completion on time, within budget and according to scope.

### Performance in 2024

MHB delivered a solid financial and operational performance, exceeding targets we had set for 2024. As of December 2024, the company secured RM1.73 billion in order intake for Heavy Engineering, including the OSS HVDC platform for Nederwiek 1 project. For Marine segment, MHB recorded an order intake of RM391.5 million, with 17.4% of projects (15 out of 86 vessels) delivered ahead of schedule. Our Asset Integrity Solutions (AIS) has recorded another successful year with a RM30.5 million revenue. Financially, MHB achieved RM121.0 million in Net Profit After Tax (NPAT), reflecting cost discipline, strategic bidding and enhanced project efficiencies.



### Challenges & Mitigation

Challenges	Mitigation Strategies
Project overruns and cost escalations, driven by material price volatility and labour shortages.	Enhanced procurement strategies, securing cost-efficient materials and strengthening in-house capabilities.
Competitive pressure from regional and global players, particularly Chinese and Southeast Asian shipyards.	Refined project execution processes, reducing delays and ensuring quality assurance.
Fluctuations in the global oil market, impacting investment cycles and project pipelines.	Optimised revenue streams, focusing on contract flexibility and diversified financial models.

### Opportunities

MHB is leveraging emerging opportunities to strengthen financial and project performance, including:

Growth in specialised marine services, including high-value vessel retrofits and new-generation engine repair.

Strengthening order pipelines in international markets through enhanced client engagement and competitive project delivery.

Advancing contracting models, improving risk-sharing mechanisms with clients to optimise revenue potential.

### Outlook

MHB remains focused on enhancing financial resilience and operational efficiency. Short-term priorities include strengthening cost discipline, optimising yard resources and improving liquidity management. We will also enhance our contracting strategies where possible through the alliance concept or by using the reimbursement and cost-plus financing model. Over the medium to long term, MHB will expand its project portfolio, refine its financial models and enhance contracting strategies to drive sustainable financial growth.

For further information on MHB's broader diversification strategy, please refer to the Business Sustainability topic.

# FINANCIAL GROWTH

# FINANCIAL GROWTH

## BUSINESS SUSTAINABILITY

### Why it is Important?

In the rapidly evolving oil and gas industry, MHB's long-term sustainability hinges on strategic diversification, operational resilience and alignment with global energy transition trends. As market demands shift and environmental expectations rise, embedding sustainability into our core business is essential to maintaining competitiveness, securing growth opportunities and ensuring business continuity in an increasingly complex landscape.

### Our Approach

MHB integrates sustainability into its business strategy by balancing financial discipline, environmental stewardship and operational excellence. Our approach ensures that we remain resilient amidst industry fluctuations by investing in new energy solutions, expanding our service offerings and strengthening partnerships in emerging markets. By leveraging innovation and sustainable practices, we are building a robust foundation for long-term value creation and contributing to the broader energy ecosystem.

### Policies & Commitments

- ISO 9001:2015 Quality Management Systems – Ensuring consistent quality and efficiency across operations.
- Strategic Diversification – Reducing reliance on conventional O&G projects by expanding into renewables and energy transition solutions.

### Key Strategies

MHB's sustainability strategy focuses on:

#### Diversification into New Energy Solutions

Expanding our portfolio into offshore wind, hydrogen, ammonia and Carbon Capture and Storage (CCS) projects to align with the global energy transition.

#### Strengthening Market Positioning

Establishing a stronger presence in international markets by forming strategic alliances and leveraging technology collaborations.

#### Enhancing Asset Integrity Solutions (AIS)

Strengthening service capabilities for industrial plant maintenance, turnaround and asset longevity to support a low-carbon economy.

#### Operational Excellence for Decarbonisation

Implementing energy efficiency measures, reducing carbon intensity and aligning with MISC's net-zero aspirations through the MHB30 initiative.

### Performance in 2024

MHB made significant strides in its business sustainability efforts:

#### Heavy Engineering:

Secured **RM1.73 billion** in order intake, including the OSS HVDC platform for Nederwiek 1 project.



#### Marine:

Expanded client base internationally, with **increased demand** for conversion works as well as vessel retrofits supporting decarbonisation efforts.

#### Asset Integrity Solutions (AIS):

**Renewed** a three-year Master Service Agreement (MSA) (2024-2027) contract for plant maintenance and turnaround services, reinforcing our position in the sector.



### Challenges & Mitigation

Challenges	Mitigation Strategies
Volatile global oil market affecting conventional project pipelines.	Accelerating diversification into offshore wind, hydrogen and CCS to mitigate dependency on O&G projects.
Regulatory shifts and stringent decarbonisation requirements.	Enhancing service capabilities in energy-efficient retrofits and collaborating with global technology providers.
Securing sufficient AIS projects beyond existing contracts.	Expanding service offerings to oleochemicals, power plants, and petrochemicals to broaden market reach.

### Opportunities

MHB is well-positioned to capture emerging opportunities that support sustainable growth:

#### Expanding Regional Presence

Leveraging strategic alliances to penetrate new markets in the Middle East, Europe, and Asia-Pacific.

#### Technology Collaborations

Partnering with industry leaders in offshore wind, hydrogen, and CCS to enhance service capabilities.

#### Decarbonisation-Driven Demand

Capitalising on growing regulatory and market-driven demand for sustainable vessel retrofits and low-carbon industrial solutions.

### Outlook

In the short term, we will be focused on project delivery excellence through the transformation initiative, which enhances operational efficiency and sustainability-driven project management. We aim to build a high-value order book comprising both conventional and new energy projects. Strengthening strategic partnerships will broaden our market access, while enhancing our marine capabilities will reinforce our position as a preferred yard for repairs, upgrades, and retrofits.

Over the medium to long term, we will expand our footprint in offshore wind, CCS, and hydrogen, aligning with Malaysia's National Energy Transition Roadmap (NETR) and global sustainability trends. We will continue strengthening our marine services, positioning ourselves as a one-stop provider for next-generation vessel retrofits and energy-efficient upgrades. Decarbonisation remains a core focus, with the MHB30 target guiding our commitment to reducing emissions and achieve our net-zero aspirations.

# ENVIRONMENTAL STEWARDSHIP

# ENVIRONMENTAL STEWARDSHIP

## CLIMATE CHANGE

### Why it is Important?

The natural environment is the foundation of our economy, climate and overall existence; caring for it means caring for our collective well-being. As a listed company, we are aware of the impact of our decisions and our responsibility to safeguard natural ecosystems for present and future generations. This commitment drives our efforts to reduce our ecological footprint, limit the use of finite resources and move towards a circular economy.

In a rapidly industrialising world facing growing environmental challenges, the need for a cleaner and healthier environment has never been greater. Stakeholders increasingly seek partnerships with organisations that uphold progressive and environmentally responsible values. Our dedication to environmental stewardship is not just a moral obligation but also a sound business strategy that ensures long-term resilience and value creation.

### Our Approach

We remain committed to the global initiative aimed at achieving Net-Zero Greenhouse Gas Emissions by 2050, as well as our medium-term target of 20% reduction in carbon emissions intensity by 2030 benchmarked against our 2016 baseline. We recognise that our dedication to this objective and the ramifications of climate change must transcend superficial declarations and be firmly integrated into our daily operations.

To promote the effective execution of our Environmental Policy, we have secured certification under the ISO 14001:2015 Environmental Management Systems. These certifications are crucial for embedding effective environmental management practices within our operations.

We also conduct regular internal and external audits and assessments that evaluate the effectiveness of our environmental procedures and seek to enhance our environmental practices and performance, adhering to the requirements of certification standards. These evaluations are carried out through the integrated Health, Safety and Environmental Management Systems (HSEMS) and internal audits for ISO 14001.

<b>Long-term Target:</b> <b>Net-Zero</b> GHG emissions by 2050	<b>Medium-term Target:</b> <b>20%</b> reduction in carbon emissions intensity by 2030 compared to the 2016 baseline
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### Performance in 2024

MHB has shown substantial progress in its emissions management:

<b>Emissions Reporting</b> Delineated our emissions boundaries and scopes for the current year in accordance with the GHG Protocol Corporate Accounting and Reporting Standard, reporting on Scope 1, Scope 2 and selected Scope 3 emissions, with a focus on Category 6 (Business Travel) and Category 7 (Employee Commute).	<b>Emissions Reductions</b> Achieved a 8% reduction in Scope 1 emissions, primarily driven by completed projects such as the SK408W Jerun Development Project and Rosmari-Marjoram Project. Similarly, Scope 2 emissions increased by 14%, due to the additional work from current projects and the increase of maximum demand.
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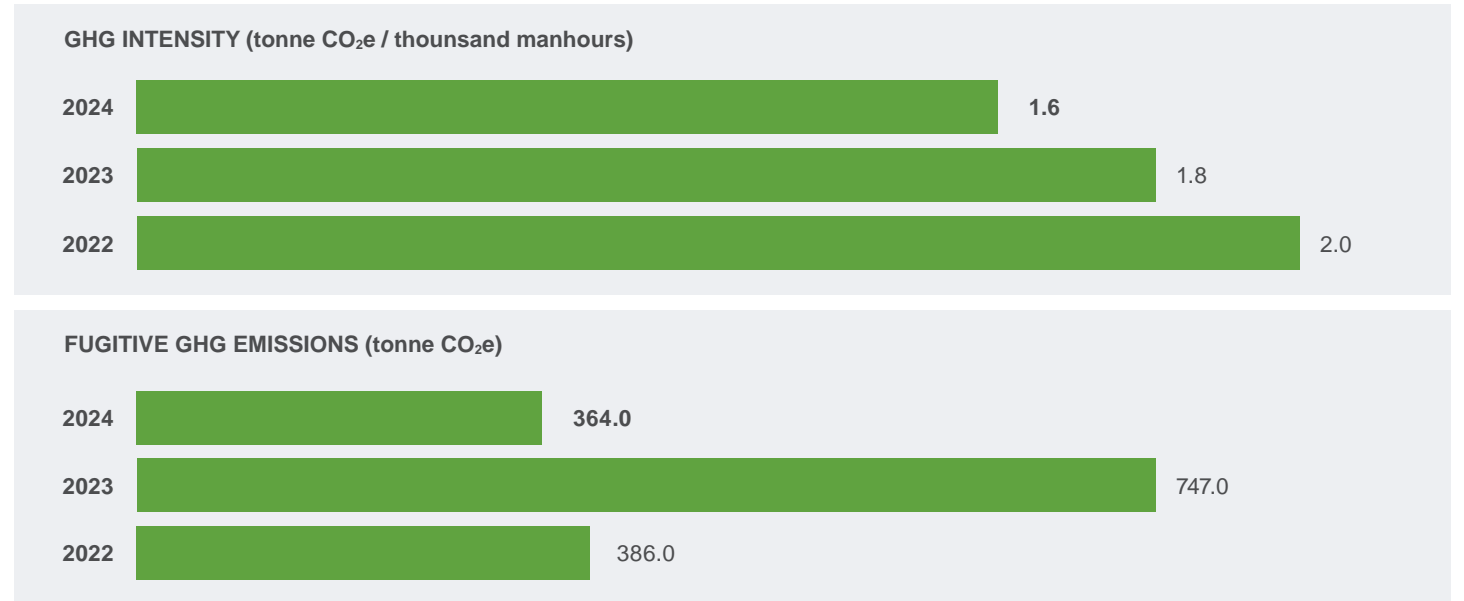
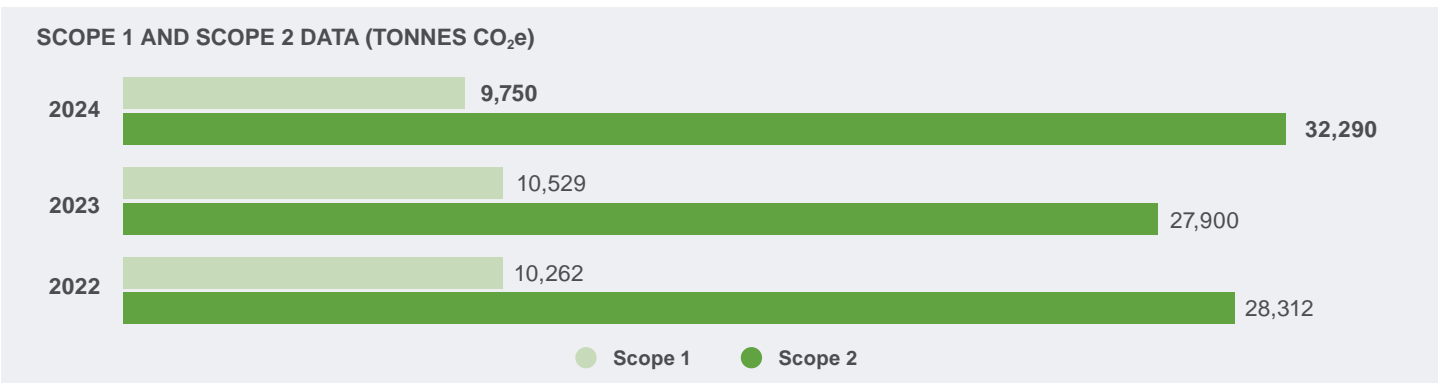


Table 1: Disclosures for GHG Emissions

Disclosures	2022	2023	2024
Direct (Scope 1) GHG Emissions (tonnes CO <sub>2</sub> e)	10,262*	10,529*	9,750
Energy Indirect (Scope 2) GHG Emissions (tonnes CO <sub>2</sub> e)	28,312	27,900*	32,290
Energy consumption within the organisation (Litres) – Petrol	20,571	30,124	45,836
Energy consumption within the organisation (tonnes CO <sub>2</sub> e) - Gas	3,358*	2,372*	3,165
Energy consumption within the organisation (Litres) - Biodiesel	2,674,840*	3,154,582*	2,523,484
Energy consumption within the organisation (MWh) - Electricity	42,446	41,829*	48,410
Energy consumption within the organisation (MWh) - Renewable Energy (Solar Power)	8,956	8,826	8,826
Energy consumption within the organisation (MWh)	74,014*	78,089*	70,413
Energy Intensity (GJ / RM Million)	166*	90*	80
Reduction of energy consumption from the previous year (%)	(30)* <sup>a</sup>	(6)* <sup>a</sup>	10
Indirect (Scope 3) GHG Emissions (tonnes CO <sub>2</sub> e)			
Category 6 – Business Travel (tonnes CO <sub>2</sub> e)	266.5	578.45	597.28
Category 7 – Employee Commuting (tonnes CO <sub>2</sub> e)	5,288 <sup>b</sup>	4,691.22* <sup>b</sup>	3,923.58 <sup>b</sup>
Nitrogen Oxides (NOx) Air Emissions (tonnes)	8.19*	9.81*	8.38
Sulfur Oxides (SOx) Air Emissions (tonnes)	2.34*	2.77*	2.23
PM10 Air Emissions (tonnes)	1.09*	1.29*	1.06
Carbon Intensity (tCO <sub>2</sub> e / revenue) RM Million	24*	13*	12
Carbon Intensity (tCO <sub>2</sub> e / thousand man-hours)	2*	1.76*	1.59
Reduction of GHG Emissions from previous year (%)	(17)	0	(9)

Note:  
 \* Restated data after internal verification  
<sup>a</sup> Increase in energy consumption  
<sup>b</sup> Projected emissions based on 100% headcount

# ENVIRONMENTAL STEWARDSHIP

# ENVIRONMENTAL STEWARDSHIP

## Challenges & Mitigation

Challenges	Mitigation Strategies
Significant upfront investment required for cleaner technologies and energy-efficient systems.	Phased implementation of decarbonization initiatives, in alignment with our decarbonization roadmap, to achieve our targets.
Complex global supply chain, with suppliers holding varying sustainability goals.	Engagement with our suppliers and vendors to embark on our sustainability journey.

## Opportunities

MHB stands ready to embrace new opportunities that arise from the challenges posed by climate change:

### Climate Risks Integration

Incorporating climate risks fully into decision-making processes, similar to other financial, legal or operational risks, in preparation for the introduction of the Climate Change Bill and its strict disclosure requirements for public listed companies, which may impact MHB. The Bill will also explore climate finance mechanisms and introduce changes to corporate governance, ensuring climate risks are integrated into decision-making processes.

### Energy Efficiency Compliance

Setting new energy efficiency standards, establish targets and adopt energy-saving technologies and practices to comply with the Energy Efficiency and Conservation Act 2024 Act. Effective from 1st January 2025, the Act will affect industries consuming over 21,600 GJ of energy per annum and with an annual electricity bill of RM 2.4 million, including MHB.

### Smart Resource Optimisation

Optimising operations by applying data analytics and digital technologies through the implementation of smart system, such as IoT devices, sensors and AI to monitor the electricity and fuel combustion emissions. Applying data analytics and digital technologies will enable more efficient resource use, fostering cost savings and improving data accuracy.

## Outlook

For the short-term outlook, we remain focused in implementing our decarbonisation strategy to reduce our Scope 1 and 2 emissions. This includes increasing the use of renewable energy to reduce reliance on non-renewable sources. Our energy efficiency initiatives will continue, including starting using eco-friendlier material conversions such as replacing conventional lighting with energy-efficient LED alternatives, upgrading more air conditioning systems from R22 to R32 refrigerants and electrification from fossil fuels like converting additional diesel-powered compressors to electric models. Additionally, we are exploring other initiatives to further accelerate our decarbonisation efforts, minimize our carbon footprint, and streamline operations toward greener alternatives.

In the medium to long-term outlook, we are dedicated to addressing our Scope 3 emissions, and this can only be achieved by collaborating with our suppliers to manage their emissions. This is crucial for achieving our net-zero aspiration. We conduct engagements with our key suppliers to raise awareness and understand suppliers' gaps and challenges. As we engage with our suppliers, we will continue to refine our Scope 3 inventory data collection.

In addition, we will continue to integrate innovative technologies and industry best practices to drive continuous improvement in sustainability metrics. To enhance climate resilience, we are reinforcing our operations and infrastructure to adapt to climate change, ensuring long-term sustainability. In line with our net-zero carbon aspiration, we are also aligning our operations with the goals of the Paris Agreement, pursuing pathways for low greenhouse gas emissions and sustainable financial flows.

## NATURAL RESOURCES AND CONSUMPTION

### Why it is Important?

The overconsumption of finite resources such as oil, coal and natural gas presents significant operational challenges, driving up costs and disrupting supply chains, which can delay project timelines. Geopolitical tensions surrounding energy supply chains further amplify these risks, highlighting the urgent need for energy efficiency, renewable alternatives and sustainable practices.

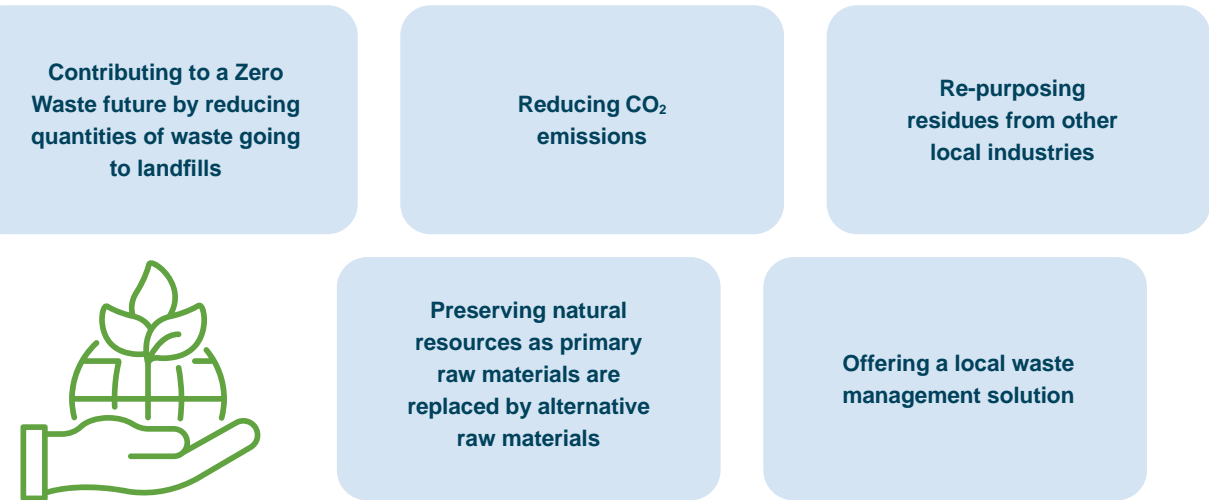
Moreover, environmental challenges such as pollution, soil erosion and water scarcity exacerbate regulatory pressures and compliance costs. We recognise the complexities these challenges present. By prioritising sustainable resource management, we not only mitigate these risks but also ensure compliance with evolving regulations.

### Our Approach

At MHB, strategic material management is central to our business. It ensures that we access and use natural resources efficiently and sustainably, aligning our goals with the long-term availability of essential materials. Moreover, strategic material management encourages us to minimise our environmental impact and promote the circular economy by responsibly sourcing materials. It also addresses risks by developing backup plans, exploring alternative materials and diversifying supply sources.

Our present approach to ensuring the sustainable consumption of natural resources extends to the entire lifecycle of materials, from sourcing to disposal. For example, in our marine operations, we use copper slag as an abrasive in ship blasting activities. This material is supplied by a cement manufacturer under a binding contract and the by-product is sent back to their factory for co-processing.

Co-processing involves substituting natural resources or raw materials with waste-derived materials in cement industrial processes. By implementing co-processing, cement plants create a positive impact on both the environment and local communities:



# ENVIRONMENTAL STEWARDSHIP

The consistency in our business operations provides us with an advantage in developing our strategic plan for materials and waste management, though challenges remain. The traditional linear framework of “take, make and dispose” can have a negative environmental impact and is unsustainable, as earth’s resources are finite and may eventually be depleted or become inaccessible.

We are dedicated to taking responsibility for the waste impact associated with our operations and supply chain and incorporating circular economy principles into our processes. As such, we have implemented efficient management practices for both hazardous and non-hazardous waste, in line with our commitment to supporting the circular economy.

## Hazardous Waste

Our waste management practices at shore operations are aligned with the principles of the waste hierarchy. We prioritise strategies for waste avoidance and reduction, viewing landfill disposal as the least acceptable method of waste management.

The copper slag abrasive material we predominantly use is determined by project needs. Copper slag, a by-product of the copper smelting process, serves a variety of applications, including as Alternative Raw Materials (ARM) in the cement industry. These alternative raw materials, which contain usable minerals like silica and iron, can be used in the kiln to replace traditional raw materials such as clay and limestone. In support of our commitment to circular waste management, we have partnered with a local cement factory to use copper slag for our vessel services, ensuring the spent material is returned for co-processing. This initiative exemplifies our dedication to the cradle-to-cradle concept, effectively closing the loop on this by-product.

In addition to copper slag, other hazardous wastes generated during our operations include contaminated containers, rags and filters, oil tanker sludge, spent inorganic acids, metal hydroxide and waste paints. With the aid of recent technological advancements, industries can now recycle and recover these hazardous materials, significantly reducing the volume of waste that ends up in landfills. To further minimise waste disposal, we have appointed ten prescribed premises equipped with the latest waste management technologies for treating hazardous waste. As part of our assurance process, all these premises undergo audits by our internal team to ensure compliance with the Environmental Quality Acts (EQA) 1974.

## Non-Hazardous Waste

With the establishment of the Trash-to-Cash (TTC) Centre, the management of non-hazardous waste has significantly improved across all divisions, departments and service offices. The insights gained from the TTC have driven both staff and subcontractors to take responsible action in managing their waste. Paper, aluminium, glass and plastics are consistently segregated from general waste and collected at our TTC before being sent to external recycling centres. Additionally, wooden pallets are optimally reused at warehouses and workshops in MHB yards, with an estimated 1.7 MT of pallets being reused every month.

Since 2018, our parent company MISC, has taken significant steps to phase out disposable plastic drinking bottles from company-organised meetings and events, replacing them with reusable non-plastic alternatives or biodegradable options where possible. This initiative, which initially applied to our parent company, has since been extended to other subsidiaries. In 2023, we took further action by targeting the elimination of other single-use plastics, including disposable cups, plastic containers and cutlery.

In our commitment to environmental excellence, we have also researched one of the materials used in stainless steel blasting: a crushed glass abrasive known as DURAGRIT®. This material was sent to the Standard and Industrial Research Institute of Malaysia (SIRIM) for hazardous, toxicity, and carcinogenicity testing, which confirmed its non-hazardous properties after use. The spent DURAGRIT® is then directed to the construction sector, where it serves as a substitute for sand in road construction projects.

Furthermore, we have initiated a food composting project to address food waste generated by our canteen operators and consumers. On average, approximately 190 kg of food waste is produced daily, amounting to an annual total of 61.60 MT. This project is expected to enhance waste management practices within the organisation and the organic compost produced will be used for on-site landscaping, contributing to our ongoing environmental efforts.

# ENVIRONMENTAL STEWARDSHIP

## Performance in 2024

MHB remains focused on driving progress in its resources management efforts:

### Abrasives Consumption

Consumed large quantity of abrasives during the year under review, given the high demand and scale of our services. We kept updated our inventory, recorded each movement and reported the activity to the Department of Environment Malaysia using the online reporting system.



Type of abrasive	Quantity of purchased	Quantity of waste recycled
Copper Slag	12,394.10 MT	10,900.99 MT
Garnet	935 MT	981.49* MT

Note: \* includes amount from previous year

### Abrasive Waste

Generated a total of **11,395.59 MT** of abrasive waste from blasting activities, recorded by our Marine segment.



### Hazardous Waste

Generated a total of **16,725.3 MT** of hazardous waste and recycled, reused or recovered about 99.77%. Consequently, this effort ensures that MHB maintains a recycling rate of a minimum of 95% for its hazardous waste recycling target.



### Non-Hazardous Waste

Generated a total of **2,256.66 MT** of non-hazardous waste in MHB for the year 2024 and recycled a total of 132.46 MT, approximately 6% of the total waste, diverting it from disposal at landfills.



### Food Composting Machine

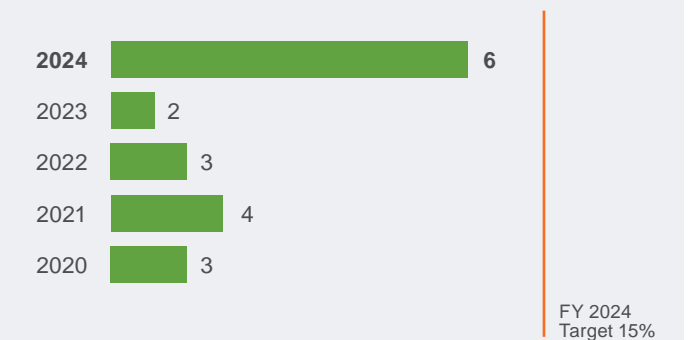
Installed at MHB canteen and composted **2.65 MT** of food waste for the year of 2024.



### 3R FOR HAZARDOUS WASTE (%)

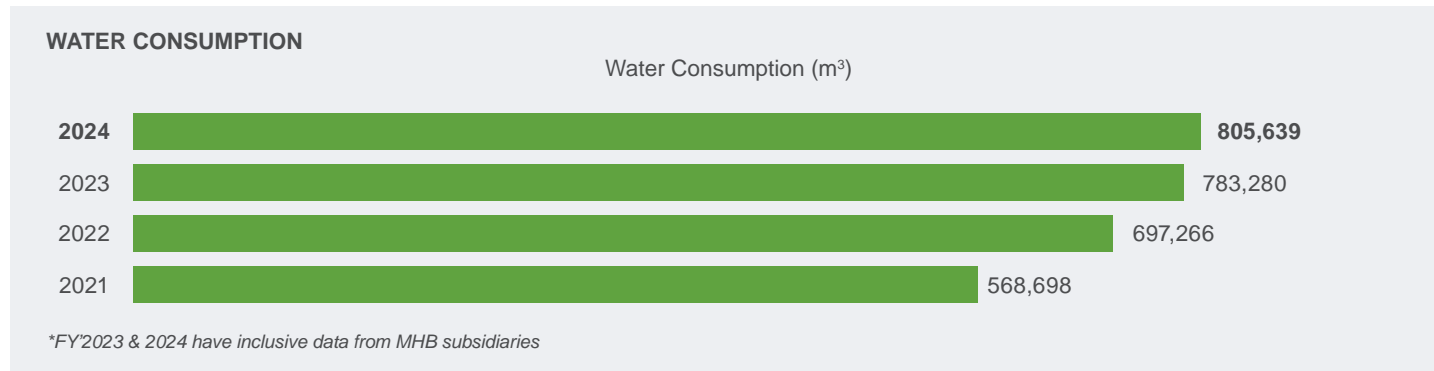


### 3R FOR NON-HAZARDOUS WASTE (%)



# ENVIRONMENTAL STEWARDSHIP

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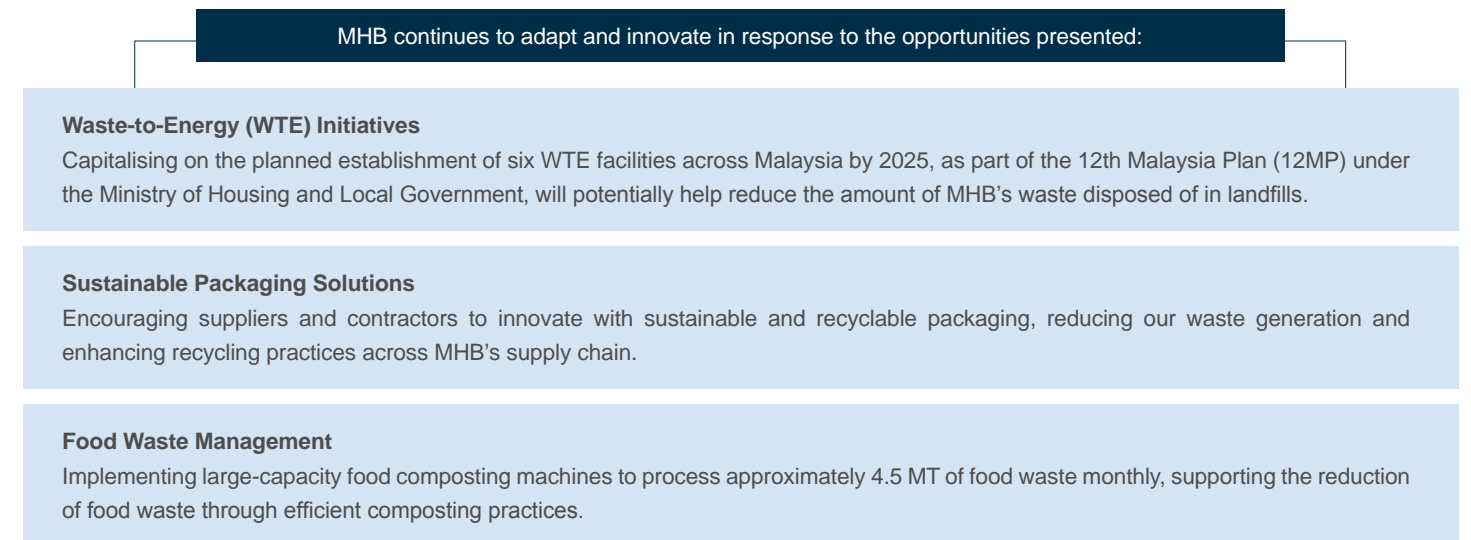
Disclosures	2022	2023	2024
<b>Scheduled Waste</b>			
Scheduled waste generated (MT)	16,364	19,009	16,725.3
Waste diverted from disposal (MT)	20,730	18,979	16,185
Waste directed to disposal (MT)	175.92	14.59	37.72
<b>Non-Scheduled Waste</b>			
Waste generated (MT) inclusive waste diverted from landfill	4,868.83	4,767.53	2,256.66
Waste diverted from disposal (MT)	124.93	108.08	132.46
Waste directed to disposal (MT)	4,743.90	4,659.45	2,124.20
Waste recycled (MT)	124.93	108.08	132.46
Iron / Steel from Yard Cleaning – Recycled (MT)	646.26	468.69	310.99
<b>Total non-scheduled waste and scheduled waste to landfill</b>			
Scheduled Waste (MT)	175.92	14.59	37.72
Non-Scheduled Waste (MT)	4,743.90	4,659.45	2,124.20
Food Waste (MT)	68.32	62.04	61.60
<b>Type of Recycled Waste</b>			
Plastic (MT)	78.91	25.24	15.60
Paper (MT)	19.46	29.21	69.47
Aluminium (MT)	-	-	21.01
Wood (MT)	26.56	53.63	20.4
Food Waste Composted (MT)	-	-	2.65
<b>Type of Reused Waste</b>			
Used Cooking Oil (MT)	-	-	3.34
<b>Water Management</b>			
Industrial Wastewater Discharged (m <sup>3</sup> )	61	439	439
Water Consumption (m <sup>3</sup> )	697,266	783,280*	805,639

Note:  
\* Restated data after internal verification

## Challenges & Mitigation

Challenges	Mitigation Strategies
Improper segregation of waste at the source leads to contamination, making recycling and waste disposal processes more expensive.	The establishment of waste collection facilities which involves bin, vehicles and equipment will improve the segregation of waste at source.
The demand for sustainable products and packaging is a powerful force driving change, as today's business activities align to reduce the environmental impact associated with them.	With the promotion of extended producer responsibilities option, it can ensure that the manufacturer to be responsible for the end-of-life management of their products.

## Opportunities



## Outlook

Over the short and medium term, we aim to enhance our recycling rate through the ongoing phase-out of single-use plastics and the sourcing of wooden waste recycling facilities.

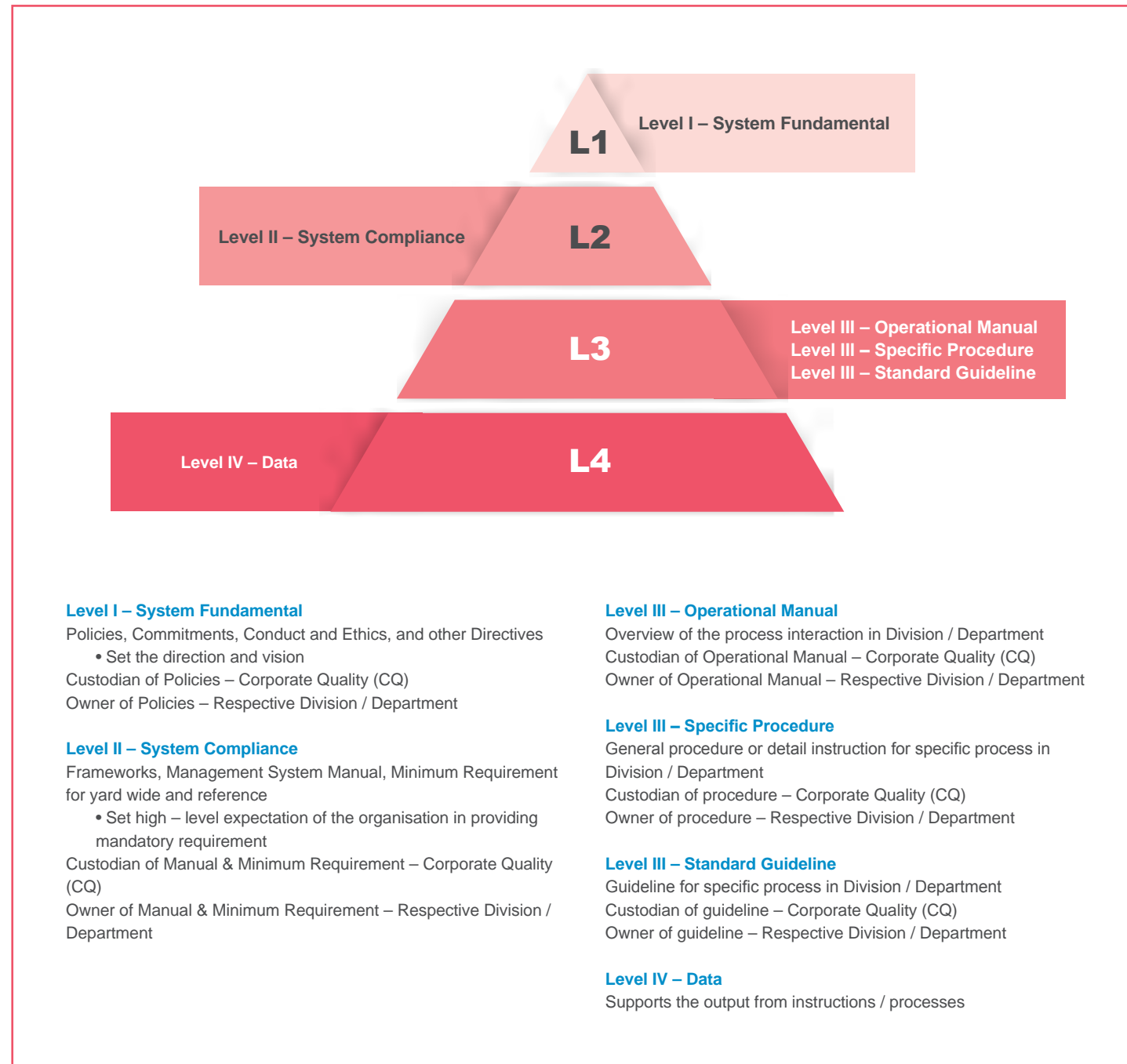
# SOCIAL RESPONSIBILITY

# SOCIAL RESPONSIBILITY

## HEALTH AND SAFETY

### Why it is Important?

At MHB, we are committed to protecting the safety and well-being of our employees. Ensuring the safety of their workplace is not only critical to the continuity and resilience of our operations, but also a strategic imperative that guides our moral compass. By ensuring that we meet and exceed regulatory requirements, we uphold our reputation as a conscientious and reliable company while reaffirming our commitment to operational excellence.



### Our Approach

MHB takes a holistic approach to Health, Safety, Security and Environment (HSSE) that is proactive and grounded in a collaborative relationship with our stakeholders. This allows us to ensure ongoing regulatory compliance and empower our workers and partners by investing in the development of HSSE capabilities across our value chain. Our approach is divided into six key thrusts:

#### Engagement with Stakeholders and Authorities

Strengthening collaboration with regulatory bodies to enhance compliance and safety standards

#### MHB Community and Health Well-being

Committing to initiatives that promote the health and well-being of our communities

#### Enhancement of Contractor HSSE Capabilities

Investing in training and resources to elevate the health and safety competencies of our contractors

#### Instilling Generative Behaviours

Encouraging proactive safety behaviours that contribute to a sustainable safety culture

#### HSSE Competency and Empowerment

Fostering a culture of empowerment through continuous training and development in HSE practices

#### Felt Leadership in Driving HSSE Excellence

Demonstrating leadership commitment to HSE excellence through visible actions and engagement at all levels

### Performance in 2024

#### HSE Performance Management

We strive to continually improve our HSE performance by setting and reviewing targets, as well as monitoring and evaluating progress through performance management and audits. Our HSE Performance is measured using two methodologies:

#### At Operational Level

MHB tracks performance using indicators like leading and lagging indicators, as well as the Incident Triangle. This data is reviewed quarterly at the HSE Management Committee meeting, chaired by the MD & CEO, with the Management Committee and Union Representative in attendance.

#### At Corporate / Group Level

Corporate HSE creates an annual HSE Scorecard, a strategic tool for monitoring and managing various business aspects, including Health, Safety and Environment (HSE) performance, such as incident rates and HSE audits. It focuses on four key elements: Lost Time Injury Frequency (LTIF), Total Recordable Cases Frequency (TRCF), Total Number of Fatalities, and Total Number of Non-personnel Major Incidents.

#### HSE Risk Management

As an organisation, the method adopted by MHB is the Hazard and Effect Management Process (HEMP) methodology. HEMP is conducted by the Risk Management Assessing Team consisting of the Risk Management Committee (coordinator) and group of subject matter experts for the relevant hazard groups identified. In addition to that, when scoped down to day-to-day activity conducted at working level, additional risk assessment is being conducted through Job Hazard Analysis which emphasised more on a particular activity and all its steps.

#### Safety hazard

Any force strong enough to cause injury, or damage to property. Examples are slippery or uneven surfaces, unguarded and moving machinery parts and confined spaces, etc.

#### Health hazard

Agents causing immediate (acute) or long-term (chronic) illness, including physical agent (noise, vibration), chemical (welding fume), biological (virus, bacteria), ergonomic and psycho-social (stress).

#### Environmental impact

Change to the environment whether adverse or beneficial, wholly or partially resulting from an organisation's environment aspect such as generation of waste and / or by-product, emission to air and use of raw material / natural resources.

# SOCIAL RESPONSIBILITY

## Our Policies and Certifications

All MHB's HSE plans and activities are implemented in accordance with the following policies and certifications:

Policies	Certification
<ul style="list-style-type: none"> <li>Health, Safety and Environmental (HSE) Policy</li> <li>Substance Misuse Control Policy</li> <li>Stop Work Policy</li> </ul>	<ul style="list-style-type: none"> <li>ISO 45001: 2018 Occupational Health and Safety Management Systems</li> <li>ISO 14001: 2015 Environmental Management Systems</li> </ul>

## Overall Performance

KPIs	Minimum	Business Plan	Stretch	FY 2024
LTIF	0.28	0.23	0.11	0.00
TRCF	1.12	0.73	0.34	0.19
Fatality	0	0	0	0
Non-Personnel Major Incidents	0	0	0	0

MHB Health & Safety Performance			
Disclosures	2022	2023	2024
Number of participants trained on health and safety standards (employees)	6,737	5,693	11,122
Total learning man-hours in health and safety standards (employees)	39,101	45,903	51,834
Number of participants trained on health and safety standards (contractors)	10,633	9,987	11,710
Total learning man-hours in health & safety standards (contractors)	52,559	47,715	56,673
Number of total man-hours achieved (inclusive of contractors)	19,368,454	22,304,938	26,710,956
Safe-Manhours without LTI	5,744,499	4,454,094	30,075,220
Major Property Damage	0	0	0
Major Fire	0	0	0
Major Oil Spill	0	0	0
Lost Time Injury (LTI)	2	2	0
Total Recordable Case (TRC)	3	9	5
Fatality	0	1	0
Lost Time Injury Frequency (LTIF)	0.10	0.13	0.00
Total Recordable Case Frequency (TRCF)	0.16	0.40	0.19

Note: LTIF and TRCF are per 1 million man-hours

## Engagement with Stakeholders and Authorities

- Renewed Competent Petroleum Contractors / Operators license and MHB Centre of Excellence accreditation as competent firm for confined space training with Department of Occupational Safety and Health (DOSH)
- Organised visits and meetings involving the authorities and business partners:

Industrial visit by Deputy Minister of Human Resources and DOSH

MHB's top management visited the office of DOSH's Johor state director

Leader to Leader HSE Conversation between MHB Management and PETRONAS HSE Vice President's Office

- Participated in PETRONAS PD&T Partners' Forum and MISC Partners Summit
- Participated in Department of Environment (DoE) mock-up audit on emergency oil spill response
- Participated in Tier-2 Emergency Response Exercise Ex-Barracuda with Fire and Rescue Department of Malaysia, Malaysian Civil Defence Force and Pasir Gudang Emergency Mutual Aid (PAGEMA)

# SOCIAL RESPONSIBILITY

## Enhancement of Contractor HSE Capabilities

- Conducted an assurance programme for 14 contractors, where their health, safety and environment (HSE) capabilities were assessed through their HSE management systems and cultural programmes
- Organised MHB business partner engagement sessions as part of enhancing HSE performance, delivery and capabilities of significant subcontractors

## HSE Competency and Empowerment

- Awarded Outstanding HSSE Performance for SK408W Jerun Development Project by OMV Group in Vienna
- Successfully conducted a total of 51,834 hours of HSE training, including comprehensive programmes on chemical handling, hearing conservation, forklift safety, working at height, scheduled waste management and safety inductions, as at December 2024
- Received Shell Malaysia Safety Award 2023 – Finalist Upstream Category
- Received recognition for the Kasawari Carbon Capture & Storage (CCS) Project from the Malaysian Industrial Safety and Health Association (MiSHA) at the MiSHA National Excellence Awards 2024

MiSHA PRIME AWARD PLATINUM (MPA1) – Recognising our dedication to the OSH Principle of Prevention (OSHPoP), emphasising our focus in effective risk management for a safer work environment

MiSHA SPECIFIC AWARD GOLD (MSA 1) – Awarded for OSH Leadership Excellence, celebrating our proactive approach in fostering a strong culture of safety leadership

- Awarded with Gold Class 1 from Malaysian Society of Occupational Safety and Health (MSOSH)
- In 2024, 18 out of 86 vessels repaired in Marine Operations received a perfect 10 / 10 customer satisfaction rating for HSE excellence.

## Community and Health Wellbeing

- Held a series of impactful health talks focused on physical health in a heavy industry environment, treatment for work injuries and raising awareness on a healthy lifestyle and illnesses
- Organised three blood donation drives
- Launched the Health Passport Programme to encourage employees to participate in various health screening programmes for preventing non-communicable diseases. The programme includes BMI screening, blood glucose and blood pressure checks, dental and eye check-ups

## Instilling Generative Behaviours

- Generative culture Awareness training to all MHB frontliners
- PETRONAS Generative Culture Module to all managerial employees

## Felt Leadership in Driving HSE Excellence

- Monthly management walkabouts
- Top leaders' personal walkabouts and engagements programme
- Weekly project management walkabouts
- Yard Zone Leader Programme, where zonal leaders are appointed from middle managers to be responsible for safety, culture, facility and asset integrity
- As a fundamental principle, we have incorporated HSE considerations into our management walkabouts. Our desired outcomes include:

Demonstrating care through HSE practices

Creating meaningful experiences that facilitate mindset shifts among our teams

# SOCIAL RESPONSIBILITY

## Challenges & Mitigation

Challenges	Mitigation Strategies
Strict compliance with HSSE requirement may cause operational delays	Implementing the 'HSE as License to Operate' strategy by instilling a safe working culture and incorporating calculated risk according to the desired risk appetite.
Implementing well-being programmes may incur high initial costs	By maximising existing resources and focusing on priority and preventive measure, the programmes are rolled out in phases to suit current and future resources capabilities.
Implementing a change in safety culture requires significant time and effort, and it may also encounter resistance from staff	Strategise short, medium and long term HSE Frameworks to balance out resource capability and planned expenditure, thereby increasing HSE capabilities.

## Opportunities

Ensuring that we uphold high HSSE standards mitigates our legal risks. Additionally, it allows us to foster greater trust with our stakeholders and regulators, which is foundational to stronger relationships. Our commitment to HSSE also enhances our reputation as a responsible company and employer.

A safe and supportive work environment also empowers employees to perform at their best, contributing to better productivity and lower turnover rates. The cultivation of a generative safety culture also encourages employees to take ownership of their work environment and practices.

## Outlook

In the short term, MHB will continue to work towards inculcating a generative HSSE Culture within the organisation and its supply chain. We will reinforce our HSSE structure and leadership through two new measures, namely the introduction of an Excellence Matrix to guide our performance review and recognition processes, as well as an annual agenda and journal to support middle managers in improving their HSSE standards.

To enhance our monitoring of operational safety risks, we will perform behavioural analyses during incident investigations. In addition, we will establish a yard traffic management system to further mitigate risks at our operational sites.

It is crucial that all partners within our value chain are aligned to ensure we uphold high HSSE standards across our operations. We will manage our third-party providers of HSSE services by setting KPIs for the heads of these firms, enhancing our tender process and maintaining high standards of safety, health and environmental protection.

As we enhance our environmental stewardship, we continue to practice responsible waste management by replacing single-use plastics with sustainable packaging, encourage waste segregation at the source and collect real-time data on effluent discharge.

In the medium to long term, we aim to improve our HSSE performance through initiatives such as safety climate assessments, AI-driven surveillance, real-time risk dashboards, virtual reality training and contractor certification schemes.

# SOCIAL RESPONSIBILITY

## STRATEGIC COMMUNITY INITIATIVES

### Why it is Important?

At MHB, social responsibility reflects our commitment to creating a meaningful and positive change for the communities around the area where we operate our business. As the cornerstone of our values, this commitment is aligned with the goals of global sustainability and local development, going beyond compliance or corporate obligations.

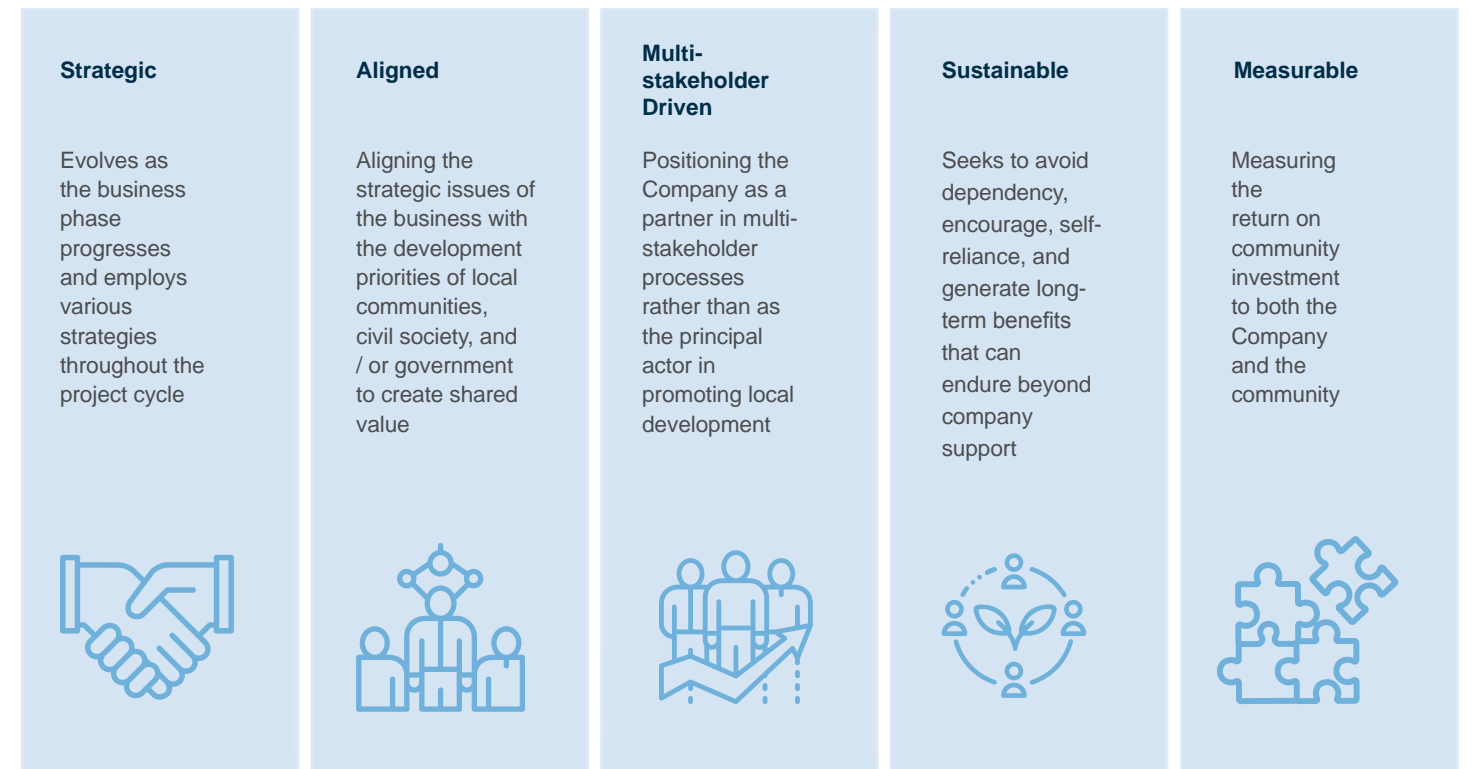
Supporting sustainable communities is part of our continuous investment that enhances their financial wellbeing, strengthen relationships and builds trust, while boosting investors' confidence and attracting new business opportunities.

Promoting collaboration and engagement initiatives has benefits beyond financial gains, improving the well-being of stakeholders and the social environment besides encouraging the growth of social, relational and financial capital. Strategic community initiatives reinforce our corporate citizenship responsibilities beyond building physical structures.

### Our Approach

Our principle-based approach helps us strengthen our efforts in creating social and economic value. We are guided by the MHB Community Investment Principles in the planning and implementation of our collaborative and engaging programmes and community empowerment initiatives.

### MHB's Community Investment Principles



# SOCIAL RESPONSIBILITY

# SOCIAL RESPONSIBILITY

### MHB's Approach to Measuring CSR Impact

In evaluating the concrete outcomes of our Corporate Social Responsibility (CSR) impact, we focus on mid to long-term initiatives, exemplified by the MHB River Rehabilitation programme. Collaboratively, we establish Key Performance Indicators (KPIs) to intricately measure our progress. A systematic approach is maintained through quarterly reports, where qualitative assessments and quantitative metrics are diligently incorporated. This rigorous evaluation process serves as a vital tool in comprehensively assessing the effectiveness of our initiatives.

### MHB's Approach to Community Investments

Our investments are rooted in a comprehensive commitment to both commercial and non-commercial initiatives. As part of addressing socio-economic challenges within the community, our programmes are designed to alleviate the burdens faced by the underprivileged communities. Reflecting on our approach to environmental stewardship, we invest a substantial amount of RM50,000 annually for a three-year duration to the MHB River Rehabilitation programme. This investment goes to support various facets, including a special study, development of revitalisation mechanisms, and the coordination of stakeholders and community programmes.

We solidify our commitment to strategic community initiatives focusing on education, environment and community enhancement and well-being. Thus, we have designed our programs to promote collaboration and engagement for sustainable progress. To strengthen our support for sustainable communities, we focus on impactful, inclusive and long-term solutions for a sustainable future for all. We have set goals for CSR initiatives to create positive and lasting change for the communities we serve.



We have employees actively participating in our CSR initiatives, volunteering their time and energy for support and contribution to produce measurable performance and impact. To support this, we encourage their participation by sharing clear and engaging messages about our CSR programmes through communication channels such as email, portal, digital boards, roadshows and text messages to keep them updated on upcoming activities.

Our strategic approach to collaboration and engagement helps us address challenges and identify opportunities to create sustainable value from our CSR initiatives and communities' investments.

### Performance in 2024

#### MHB River Rehabilitation Programme

Beyond our collaborative partnerships with Pasir Gudang City Council (MBPG) and University of Technology Malaysia (UTM) through the ongoing River Rehabilitation Programme, we have also actively engaged local communities around Sungai Buluh, MHB's adopted river in Pasir Gudang, Johor. We actively engage and educate local communities through this programme, raising awareness that aligns with sustainable development goals. By integrating these initiatives, we are improving Sungai Buluh's environmental rehabilitation and the quality of life for the local communities.

For 2024, we organised various activities under the MHB River Rehabilitation Programme, including:

Our activities / events	Participation Rate	Key Highlights
Courtesy Visit and Briefing to Yang Berhormat (YB) Mr Ling Tian Soon, Johor State EXCO for Health and Environment  Date: 19 March 2024 Location: Iskandar Puteri	<ul style="list-style-type: none"> <li>11 official representatives from MHB, UTM and MBPG</li> </ul>	<ul style="list-style-type: none"> <li>Presented the MHB River Rehabilitation Programme vision and potential outcomes</li> <li>Requested YB EXCO's assistance in facilitating and involving relevant parties under his supervision</li> <li>Designated the MHB River Rehabilitation Programme as one of the initiatives under Johor Bersih Agenda</li> </ul>
Community Empowerment Workshop  Date: 11 May 2024 Location: Laman Sungai Buluh	<ul style="list-style-type: none"> <li>21 volunteers from MHB</li> <li>30 volunteers from SKPG2 Students</li> <li>28 volunteers from UTM</li> </ul>	<ul style="list-style-type: none"> <li>Maintained, preserved and monitored the growth of existing trees around the MMHE Flat Community</li> <li>Transferred GeoTrees innovation technology as a platform for tree inventory reporting, monitoring and growth maintenance; and</li> <li>Encouraged community involvement in environmental and biodiversity rehabilitation efforts</li> </ul>
PETRONAS 50th Anniversary Celebration  Date: 30 June 2024 Location: Laman Sungai Buluh	<ul style="list-style-type: none"> <li>More than 50 volunteers comprising MHB, PETRONAS &amp; Communities</li> </ul>	<ul style="list-style-type: none"> <li>Demonstrated MHB's commitment to environmental (biodiversity) conservation and sustainability via river rehabilitation initiative</li> <li>Celebrated PETRONAS 50th Anniversary</li> </ul>
Filtration of Green Waste Vinegar  Date: 3 August 2024 Location: Koperasi MMHE, Johor Port & Wisma Pelaut	<ul style="list-style-type: none"> <li>10 volunteers from MHB</li> <li>2 volunteers from MBPG</li> <li>8 volunteers from UTM</li> </ul>	<ul style="list-style-type: none"> <li>Employed a nature-based approach to improve the water quality of Sungai Buluh</li> <li>Leveraged the existing microorganism to biodegrade the pollutants contributed by the industries along the river</li> </ul>
Kempen 1 Rumah 1 Pokok (Tree Planting Program)  Date: 16 November 2024 Location: Flat MMHE	<ul style="list-style-type: none"> <li>18 volunteers from MHB</li> <li>2 volunteers from MBPG</li> <li>10 volunteers from UTM</li> <li>2 volunteers from Jabatan Perhutanan Negeri Johor</li> </ul>	<ul style="list-style-type: none"> <li>Planted 100 trees at MMHE Flat, Pasir Gudang</li> <li>Conducted river rehabilitation and environmental protection activities, including planting, maintaining and monitoring trees using the UTM GeoTrees system</li> </ul>
Pouring of Green Waste Vinegar  Date: 23 November 2024 – now (ongoing) Location: #1 – Wisma Pelaut #2 – Johor Port	<ul style="list-style-type: none"> <li>10 volunteers from communities</li> <li>5 volunteers from MHB</li> <li>3 volunteers from UTM</li> </ul>	<ul style="list-style-type: none"> <li>Initiated the application of green waste vinegar at two identified locations (midstream &amp; upstream) along the Sungai Buluh stream</li> <li>This effort supported the river rehabilitation process by improving water quality and promoting a healthier ecosystem</li> </ul>

# SOCIAL RESPONSIBILITY

## Community Upliftment Initiatives

We strive to empower underprivileged communities through our social impact programme in Pasir Gudang.

### Ramadan Contribution to the Underprivileged Residents & Welfare Homes

#### Objective

To alleviate the burden of underprivileged residents in Pasir Gudang area during the month of Ramadan and to celebrate *Aidilfitri*

#### What We Did

- Supported 50 families with groceries and financial aid, valued at up to RM665 for each families, amounting to RM33,240
- Supported five welfare homes through financial aid, amounting to RM18,300

#### Our Impact

Fostered stronger relationship and rapport with local stakeholders for collaborative support.

### Iftar Celebration with Stakeholders & Orphanages

#### Objective

To alleviate the burden of underprivileged residents in Pasir Gudang area during the month of Ramadan and to celebrate *Aidilfitri*

#### What We Did

Hosted an *iftar* event for 80 orphans at MMHE Flat and distributed *duit raya* and new clothes for each recipient valued at RM11,083

#### Our Impact

Fostered stronger relationship and rapport with local stakeholders for collaborative support.

### Our Overall Performance

In 2024, over **272 volunteers** participated in 34 CSR initiatives, logging 42,670 man-hours.



Disclosures	2022	2023	2024
Total amount of corporate or group donations / community investments made to registered not-for-profit organisations	RM9,630	N/A	RM5,000
Total amount invested in the community where the target beneficiaries are external to the listed issue (RM)	RM78,730	RM146,603	RM134,173
Number of beneficiaries of the investment in communities	531	350	502
Number of operations with local community engagement, impact assessments and development programmes	28	56	34

# SOCIAL RESPONSIBILITY

## Challenges & Mitigation

Challenges	Mitigation Strategies
<p>As we continue to play our role to strengthen ties and create positive change in our communities, we face various challenges to effectively implement and measure our community initiatives. We acknowledge that raising community awareness about environmental rehabilitation and biodiversity is not an easy task. Apart from that, coordinating logistical and resource requirements for expanding community programs also present challenges in implementing our community initiatives.</p> <p>Other challenges that lie ahead include measuring real-time green waste vinegar efficiency and installing a macrocomposite for improved river water quality.</p>	<p>We are actively finding ways to address the challenges by reviewing how we can effectively engage with a broader range of groups within our communities.</p>

## Opportunities

Notwithstanding the challenges encountered over the years, MHB is steadfast in its commitment to leveraging new opportunities for growth and value sharing. We will continue to foster partnerships with local and global stakeholders for greater reach and resources and public-private collaboration to enhance environmental innovations and social well-being.

## Outlook

While we strive to enhance our community initiatives, we are committed to advancing community engagement and enrichment through a multi-faceted approach.

We will actively foster collaboration and partnerships with various stakeholders to create a syndicated network that shares a common vision for community development. We are setting clear and measurable targets that will serve as benchmarks for assessing the impact and success of community initiatives.

MHB's focus will shift towards deepening our commitment to community enrichment and fostering sustainable growth as we move into the mid-term horizon.

To strengthen our commitment to strategic community initiatives, we will amplify our investment in community-driven projects and programmes to ensure a broader reach and more profound impact. We also plan to strengthen local economies by supporting local businesses through job creation and skills development opportunities.

# SOCIAL RESPONSIBILITY

# SOCIAL RESPONSIBILITY

## DIVERSITY AND INCLUSION

### Why it is Important?

MHB is committed to being an ‘employer of choice’ by hiring and retaining a diverse workforce that reflects the communities we serve. We value diversity in our organisation as we believe that employees with varied backgrounds and experiences bring unique perspectives that drive innovation within our business, honing our competitive edge. Additionally, a diverse workforce enhances our ability to reach and serve a wider range of markets, boosting customer satisfaction and loyalty.

### Our Approach

In line with the commitment of our parent company MISC Group, we are dedicated to upholding diversity and inclusion in the workplace. We aim to create a workplace that values openness, trust, respect and safety, allowing each employee to be their authentic selves, experience a sense of belonging and thrive in their roles. These values permeate the Group to ensure that all employees have equal opportunities for growth and success. Our commitment is underlined by the MHB Diversity & Inclusion Statement which is published on MHB Corporate Website. It highlights the crucial role diversity plays in our talent strategy.

Our recruitment and promotion processes are rigorous and impartial, strictly adhering to merit-based principles and focused on qualifications and competence. We strive to be unbiased, avoiding discrimination based on gender, race or religion. While we do not have a specific Diversity & Inclusion (D&I) survey, we actively participate in the PETRONAS Organisation Survey (POCS) and carry out internal Human Resources (HR) surveys annually to identify issues and address them.

To achieve the gender diversity goals set out in the Malaysian Code on Corporate Governance (MCCG) 2021, we aspire to reach a 30% gender diversity target in both Board renewal and Senior Management appointments. Our Board candidacy criteria stresses on meritocracy, prioritising relevant qualifications, experience, knowledge and expertise. For more information on MHB’s Board Charter, visit our website at <https://mhb.com.my/about-us/#boardofdirectors>.

### Performance in 2024

#### D&I Awareness Training Programmes

In 2024, we conducted several training sessions to raise awareness on D&I that were aimed at employees occupying managerial positions onwards and foreign workers. Our training programme modules for managers and more senior employees have been reviewed, while the second phase of our D&I training programme has been launched, with a focus on instilling inclusive leadership values and developing critical listening skills to mitigate bias.

We have carried out four sessions of training programme under phase 2 involving 67 or 29% of MHB’s 232 employees in leadership positions. Furthermore, all 721 of the foreign workers in our employment have received D&I awareness training.

**Diversity & Inclusion Principles at MHB**

- Merit-Based Approach
- Unbiased Practices
- Gender Diversity Goals





Disclosures		2022	2023	2024
Breakdown of Employees by Gender (%)	Female %	18.5	18.7	18.8
	Male %	81.5	81.3	81.2
Breakdown of Male Employees by Position (headcount)	Senior Management	30	29	31
	Management	200	236	242
	Senior Executive	216	299	260
	Executive	644	897	749
	Non-Executive	1,653	2,373	1,804
	Total	2,743	3,834	3,086
Breakdown of Female Employees by Position (headcount)	Senior Management	3	2	3
	Management	46	57	52
	Senior Executive	67	90	80
	Executive	242	350	331
	Non-Executive	264	384	250
	Total	622	883	716
Breakdown of Male Employees by Age Group (headcount)	60-69 years	24	37	65
	50-59 years	371	417	380
	40-49 years	549	771	861
	30-39 years	1,014	1,305	991
	20-29 years	721	1,253	789
	18-19 years	64	51	0
	Total	2,743	3,834	3,086
	Breakdown of Female Employees by Age Group (headcount)	60-69 years	1	2
50-59 years		43	46	51
40-49 years		152	218	240
30-39 years		250	269	246
20-29 years		175	343	174
18-19 years		1	5	0
Total		622	883	716
Number of Senior Management from Local Communities		Malaysian	29	29
	Johorian	7	6	4
Female in Technical Position (%)		8.8	11.8	11.2
Employee Turnover (%)	Female	3.3	2.5	7.1
	Male	15.5	13.9	20.1
	Total (%)	18.8	16.4	27.2
Number of employees taking parental leave		93	79	177

# SOCIAL RESPONSIBILITY

# SOCIAL RESPONSIBILITY

## Challenges & Mitigation

Challenges	Mitigation Strategies
Employee availability to participate in training sessions	Widen availability of sessions to accommodate different schedules and facilitate attendance
Trainer availability	Seek other D&I champions internally to lead training sessions, briefing them on the training pack and module before sessions commence
Formulating content for Phase 2 D&I training	Review content alongside D&I champions to ensure it is more objective and aligns with inclusive leadership initiatives

## Opportunities

We will tap into opportunities to further integrate D&I into our workplace and enhance our collective learning experience through the following initiatives:

- Conducting awareness training for employees up to senior executive level
- Pairing the New Way of Working (WOW) with D&I, to cultivate MHB new transformation culture.
- New Way of Working (WoW) aimed to transform workplace culture. It will be a structured approach to drive long-term behavioural and mindset changes.

## Outlook

We continue to build a truly inclusive MHB Group that embraces talents of all backgrounds and enables them to thrive in their roles. We will be amplifying our D&I initiatives in 2025 with training aimed at new and existing staff. D&I elements will be embedded into our onboarding programmes, while we prioritise training to instil inclusive leadership values across all levels of the organisation. As we transition under our transformation initiative, we will integrate D&I elements into WOW. Our focus continues to be on fortifying our leadership and diversity metrics, supporting our long-term goal of embedding D&I practices deeply within MHB.

## HUMAN AND LABOUR RIGHTS

### Why it is Important?

At MHB, human and labour rights are not just a responsibility but a guiding principle that supports MHB's growth and resilience. We recognise the importance of human and labour rights as the foundation for a transparent, accountable and fair organisation.

Upholding human and labour rights helps us nurture an inclusive workplace, engage with communities respectfully and ensure all our stakeholders are treated equitably. This commitment drives our long-term objectives, supporting both business success and positive contributions to society.

### Our Approach

MHB is committed to respecting all internationally recognised human rights, as outlined in the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work.

Our approach is guided by the United Nations Guiding Principles on Business and Human Rights ("UNGPs") and the Organization for Economic Cooperation and Development ("OECD") Guidelines for Multinational Enterprises on Responsible Business Conduct. We also comply with our Code of Conduct and Business Ethics ("CoBE") and all relevant legal requirements in the countries where we operate.

We also uphold the human rights of all individuals affected by our activities, promoting diversity and inclusion while eliminating all forms of discrimination. This includes recognising the right to collective bargaining in accordance with applicable laws and taking a firm stance against modern slavery, child labour and human trafficking.

Our commitments have been established in the following areas:

- Freedom of Labour**  
by not engaging or employing people, under any circumstances, against their own free will or engaging in bonded labour or debt slavery.
- Prevention of Child Labour**  
by not employing children below the legal minimum working age requirement of any country. MHB maintains a stringent hiring policy, ensuring that all new employees are aged 18 and above.
- Wages and Benefits**  
by complying with all applicable laws related to employee compensation, including minimum wage, overtime hours and legally mandated benefits.
- Working Hours**  
by complying with local laws or agreements regarding working hours, overtime hours, and work during holidays. Elimination of excessive working hours by rolling out the Fatigue Management Guidelines.
- Non-Discrimination**  
by respecting diversity in the workplace and not engaging in any form of unlawful discrimination based on gender, race, ethnicity, skin colour, religion, nationality, sexual orientation, age, marital status, pregnancy, political affiliation, or disability in hiring and employment practices.
- Freedom of Association**  
MHB has recognised the right of our staff to be members of a union. We uphold the right to freedom of association and recognition of the right to collective bargaining in accordance with applicable legislation. The Employee Handbook and Union's Collective Agreement are made available for employees to refer to on the employees' internal portal.
- Humane Treatment**  
by respecting employee's rights and ensuring no harsh and inhumane treatment, including any form of mental or physical coercion, or verbal abuse of employees.
- Foreign and Migrant Workers**  
where if foreign or migrant employees are engaged, they are to be employed in full compliance with the labour and immigration laws of the host country.

# SOCIAL RESPONSIBILITY

## Human Rights Due Diligence

We adopt a risk-based approach to human rights due diligence, focusing on areas of material importance such as labour and working conditions, supply chain management, responsible security and community well-being. These areas are further influenced by factors including climate change, environmental issues and the energy transition.

Our approach involves identifying, preventing, mitigating and addressing actual and potential adverse human rights impacts arising from our activities, whether directly linked to our operations, products, or services. We also prioritise significant risks and key areas, incorporating insights from our stakeholder engagement.

Since 2019, Human Rights Risk Assessment (HRRA), which was previously known as Social Risk Assessment (SRA) has been conducted on material human rights matters for our business operations. In 2023, we conducted the HRRA at our MMHE West Yard to evaluate social impacts and develop a mitigation plan aligned with MHB's Human Rights commitment. This assessment covers key areas such as labour and working conditions, community well-being, supply chain management and responsible security in line with MISC Group's Human Rights standards. The identification and mitigation of human rights risks enable us to manage actual or potential impacts arising from our business activities.

## Access To Remedy

MHB has established a whistleblowing channel that provides a safe and secure avenue for all internal and external stakeholders, including members of the public, to disclose any improper conduct or concerns related to our business and operations including human rights grievances.

All cases reported through these platforms are addressed appropriately and relevant disciplinary actions are taken in cases of concluded wrongdoings including human rights violations.

## Performance In 2024

MHB has shown substantial progress in its human rights management:

### Human Rights and Labour Policy Framework

The following policies and statements have been established to support us in strengthening governance and ethical practices:

<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
<b>MHB Human Rights Policy</b>	<b>Modern Slavery Statement</b>	<b>Code of Conduct and Business Ethics ("CoBE")</b>	<b>Code of Conduct and Business Ethics for Third Parties ("CoBE Third-Parties")</b>	<b>Diversity &amp; Inclusion Statement</b>

### Awareness Talk on Human Rights

During MHB HSSE & Sustainability Month 2024, we conducted a webinar on human rights titled - Sustainability Talk: Raising Awareness On Human Rights. The objective is to raise awareness among employees on human rights matters that includes the definition of human rights, the relevant international frameworks, and laws regarding human rights and MISC's Group human rights journey.

### MHB Awareness Session on Human Rights Matters for Third Parties:

Held and attended by 260 vendors and subcontractors, the session reaffirmed MHB's commitment to human rights and responsible business practices. In line with our human rights commitment and CoBE for Third Parties, it aimed to raise awareness of human rights responsibilities, clearly communicate expectations for third parties and ensure compliance with all relevant legal and contractual obligations.

# SOCIAL RESPONSIBILITY

## Supply Chain

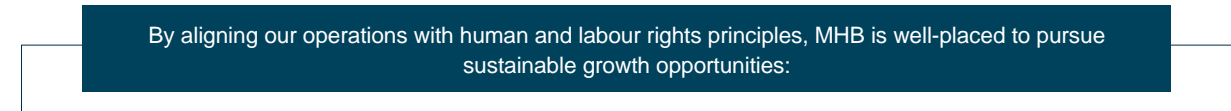
We expect our contractors and suppliers to adhere to the human rights principles as outlined in our CoBE for Third Parties: freedom of labour, prevention of child labour, wages and benefits, working hours, grievance mechanisms, nondiscrimination, freedom of association, humane treatment, and foreign and migrant workers.

Disclosures	2022	2023	2024
Total number of unionised employees (under Collective Agreement including non-executives)	319	320	311
Total number of union members	246	224	232
Number of substantiated complaints concerning human rights violations	0	0	0
Number of discrimination incidents	0	0	0
Number of corrective actions regarding discrimination incidents taken	0	0	0

## Challenges & Mitigation

Challenges	Mitigation Strategies
Ensuring comprehensive knowledge and awareness of human rights elements	To continuously conduct training and awareness sessions as a proactive approach to enhance understanding

## Opportunities



### Human Rights Commitment

Demonstrating MHB's dedication to managing human rights issues through proactive policies and actions.

## Outlook

In the short term, we aim to effectively implement our human rights policy, improve our management systems and raise awareness throughout our supply chain.

Looking ahead, we will work towards building a responsible supply chain programme and maintaining consistent monitoring of human rights compliance across our supply chain.

# SOCIAL RESPONSIBILITY

# SOCIAL RESPONSIBILITY

## HUMAN CAPITAL

### Why it is Important?

In a rapidly evolving business environment, MHB's success is driven by the strength of its workforce. As the oil and gas industry undergoes structural changes, talent development, engagement and retention have become critical to ensuring long-term business sustainability.

A well-structured human capital strategy enables us to build a skilled, motivated and future-ready workforce. This includes ensuring leadership continuity through succession planning, equipping employees with technical and soft skills and fostering a high-performance culture that drives innovation and operational excellence.

Moreover, maintaining a fair, transparent and rewarding work environment is essential for attracting and retaining top talent. Competitive remuneration, career growth opportunities and a positive workplace culture not only enhance productivity but also reinforce MHB's position as an employer of choice.

### Our Approach

Our approach focuses on talent attraction, development, performance management and employee experience, ensuring a resilient and future-ready workforce. Our policies and frameworks align with global best practices and industry standards, reinforcing our commitment to fair, transparent and sustainable workforce management.

#### Attracting and Retaining Talent in a Competitive Market

- Enhancing employer branding and structured recruitment strategies to attract top talent
- Offering competitive compensation packages and leveraging employee referrals
- Strengthening partnerships with universities and technical institutions to build long-term talent pipelines
- Implementing seamless onboarding and career development programmes to improve retention

#### Building a Future-Ready Workforce

- Investing in targeted upskilling functional and leadership development initiatives
- Implementing structured succession planning to ensure leadership continuity
- Expanding technical and professional training programmes for capability building
- Leveraging funding support and sponsored programmes for certification accessibility

#### Ensuring Fair and Transparent Performance Assessment

- Implementing structured appraisal systems and two-way feedback mechanisms
- Introducing the 4 Ratings Performance System for enhanced evaluation consistency
- Aligning employee performance with structured salary frameworks and performance-based incentives
- Providing continuous learning interventions to strengthen performance culture

#### Enhancing Employee Experience and Well-being

- Fostering an inclusive and supportive work environment through engagement initiatives
- Implementing well-being programmes and work-life balance strategies
- Enhancing communication through digital tools to improve employee connectivity
- Conducting regular workforce engagement activities and feedback sessions

### Capability Development Framework



Through MHB's Leadership and Functional Competency programmes, we provide essential leadership skill sets and job-specific skills competencies

### Performance In 2024

Attracting and Retaining Talent in a Competitive Market	
Initiative	Key Outcomes
Career Succession Planning	Conducted competency evaluations for successors in critical roles, ensuring structured leadership development. Established a talent pool of successors to align readiness levels with business continuity needs.
Recruitment & Talent Acquisition	Improved turnaround time (TAT) for hiring, ensuring critical roles were filled efficiently. Leveraged cost-effective hiring channels, including employee referrals, social media and university partnerships, while negotiating bulk agreements with job boards.
Building a Future-Ready Workforce	
Initiative	Key Outcomes
Learning & Development	Delivered training programmes based on Training Needs Analysis, covering technical and leadership development. Upskilled 69 employees through Certification Scheme for Welding Inspection Personnel 3.0 & 3.1 welding inspector certifications. Ensured compliance with statutory competency training, e.g., Certificate of Competencies.
Ensuring Fair and Transparent Performance Assessment	
Initiative	Key Outcomes
Performance Management	Introduced the 4 Ratings Performance System to ensure fair and transparent assessments. Integrated self-assessment and structured appraisal frameworks, enhancing two-way feedback. Conducted mid-year and annual performance reviews to align contributions with business goals.
Remuneration & Rewards	Implemented the New Salary Structure, aligning compensation with industry benchmarks and launched the Productivity-Linked Incentive Plan.

# SOCIAL RESPONSIBILITY

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Enhancing Employee Experience and Well-being	
Initiative	Key Outcomes
Employee & Labour Relations	Organised 10 engagement events, achieving 100% participation.
Health & Well-being	Launched new wellness initiatives promoting mental, physical and emotional well-being. Conducted workplace safety and well-being training, reinforcing MHB's commitment to a healthy work environment.

### Challenges & Mitigation

Attracting and Retaining Talent in a Competitive Market	
Challenge	Mitigation Strategy
High competition for talent, with multiple organisations vying for the same skill sets.	Enhanced compensation structure, introduced flexible work arrangements and optimised recruitment timelines to improve hiring efficiency.
Retention challenges due to misalignment of expectations and onboarding gaps led to early attrition.	Introduced a structured onboarding programme, clarified role expectations during recruitment and enhanced post-hiring career development initiatives.

Building a Future-Ready Workforce	
Challenge	Mitigation Strategy
Gaps in competency levels among successors for critical roles posed a challenge to leadership continuity.	Refined succession planning through structured readiness assessments, planning workshops and ensuring a sufficient successor-to-incumbent ratio.
High certification costs and eligibility restrictions made access to upskilling programmes difficult.	Leveraged HRD Corp contributions and sponsored programmes to reduce costs and introduced an objective selection process to ensure fair access.
Scheduling conflicts for certification assessments with authorised agencies delayed employee development.	Improved coordination with regulatory bodies to streamline assessment timelines and ensure timely certification completion.

Ensuring Fair and Transparent Performance Assessment	
Challenge	Mitigation Strategy
Gaps between self-assessment and superior evaluation created misalignment in performance ratings.	Introduced two-way communication sessions to improve alignment between appraisees and appraisers before finalising performance reviews.
Prolonged implementation of the new salary structure created uncertainty among employees.	Developed a structured implementation schedule to ensure timely adjustments while maintaining financial feasibility.
Limited understanding of the new Productivity-Linked Incentive Plan (PLIP) created gaps in monitoring and performance linkage.	HR conducted training sessions with line managers and provided clear guidelines to ensure effective execution of the incentive plan.

Enhancing Employee Experience and Well-being	
Challenge	Mitigation Strategy
Balancing engagement initiatives with operational demands was challenging.	Scheduled activities outside peak business periods to optimise participation without disrupting workflows.
Diverse employee preferences made it difficult to design inclusive engagement programmes.	Introduced a broader range of initiatives based on employee feedback to increase participation.

### Opportunities

#### Strengthening Talent Attraction and Retention

MHB aims to enhance its reputation as an employer of choice by implementing targeted branding campaigns that showcase career growth opportunities, workplace culture and employee benefits. Expanding talent pipelines is also a priority, with a focus on strengthening university partnerships and technical training collaborations to secure a steady stream of skilled talent. Additionally, MHB seeks to optimise digital recruitment by integrating AI-driven talent sourcing and data analytics to improve hiring efficiency and candidate experience.

#### Advancing Workforce Development and Upskilling

To ensure a future-ready workforce, MHB is focused on expanding leadership and technical competency programmes that prepare employees for evolving industry demands. Increased certification access will also be a key area of improvement, with efforts to leverage external funding sources and corporate sponsorships to subsidise specialised training programmes. Furthermore, structured career pathways will be established to provide clear professional growth opportunities and enhance succession readiness.

#### Enhancing Performance Management and Reward Systems

MHB is committed to utilising data-driven performance insights to refine goal-setting processes and employee development strategies. Expanding incentive models is also a priority, with a focus on refining productivity-linked rewards and recognition programmes to drive motivation and accountability. Additionally, MHB plans to introduce personalised employee development plans that align with individual competencies and career aspirations to foster a high-performance workforce.

#### Elevating Employee Experience and Engagement

Personalised employee well-being programmes will be introduced to cater to diverse needs and preferences, ensuring holistic support for all employees. MHB is also exploring cross-departmental collaboration initiatives, such as engagement activities that strengthen teamwork and knowledge-sharing across business units. Furthermore, technology-enabled employee experience platforms will be developed to enhance communication, engagement and accessibility to learning resources.

### Outlook

As we continue to strengthen our human capital strategy, the focus will be on driving long-term workforce resilience through strategic talent development, performance excellence and enhanced employee engagement.

Talent acquisition efforts will prioritise expanding partnerships and leveraging digital recruitment tools to attract the next generation of industry professionals. The company will continue to invest in upskilling and leadership development to ensure a future-ready workforce, while refining its succession planning frameworks to maintain leadership continuity.

To sustain a high-performance culture, MHB will enhance data-driven performance management systems and continue refining our remuneration and incentive structures to reward excellence and drive motivation.

Employee experience will remain central to MHB's workforce strategy, with a greater emphasis on work-life balance, employee well-being and workplace digitalisation to foster an inclusive and engaged workforce. By aligning human capital initiatives with business growth strategies, we are well-positioned to navigate evolving industry demands while ensuring a high-performing, resilient and future-focused workforce.

# STRONG GOVERNANCE

# STRONG GOVERNANCE

## SUPPLY CHAIN

### Why it is Important?

The sustainability performance of our vendors and suppliers is central to our ESG journey, as the most significant environmental and social impacts occur within our supply chain. A well-aligned supply chain strengthens business resilience, operational efficiency and customer satisfaction while advancing productivity and supporting our Group's sustainability goals. By establishing partnerships with vendors who share our vision, we create sustainable solutions and build an ecosystem that aligns with our long-term growth objectives.

### Our Approach

We prioritise identifying and managing potential supply chain vulnerabilities in our operations. Our critical supply chain providers deliver specialised materials including gases, diesel / biodiesel and pedestal cranes, alongside key services such as transportation and installation, lifting services, weighting and loadout services, hook-up and commissioning, as well as blasting and painting.

Our MHB Code of Conduct and Business Ethics (CoBE) guides our external engagements through core principles of ethics and integrity. We conduct Know Your Counterparty (KYC) processes for new and existing partners, analyse supply chain risks according to policy guidelines and evaluate suppliers using Coupa Risk Assessment. Every MHB employee responsible for procurement receives training to make decisions aligned with our sustainability commitment.

**KYC Process and Legal Alignment**  
Our Know Your Counterparty (KYC) process goes beyond routine compliance checks, incorporating thorough due diligence for new and existing partners. This ensures legal alignment and fosters a commitment to ethical business practices as embedded in our CoBE.

**Proactive Supply Chain Risk Management**  
Identifying high-risk areas within our supply chain is a proactive step. We analyse gaps according to established policy guidelines and take strategic actions to strengthen these areas, maximising overall Group performance.

**Strategic Objectives and Continuous Improvement**  
Setting clear objectives and action plans, we actively support our sustainability commitment. This includes pursuing continuous improvement in line with MISC Group practices, aligning with our policy guidelines and ensuring our operations evolve responsibly.

**Supplier Evaluation for Sustainability**  
Aligned with our sustainability commitment, we assess suppliers through the Coupa Risk Assessment programme prioritising those actively fostering sustainability. Beyond compliance, our focus on specific impact areas ensures a holistic reduction of environmental footprints, in line with our broader sustainability objectives.

**Employee Awareness and Sustainability**  
Every MHB employee is made aware of our sustainability-related policy. Specifically, those who are responsible for procurement undergo targeted training, empowering them to make sustainable decisions that resonate with our commitment to responsible practices.

**Advocacy for Responsible Supply Chain Practices**  
All vendors and subcontractors are required to adhere to the Health, Safety, and Environment (HSE) policy throughout the project execution. Moreover, as part of our commitment to ethical conduct, we extend our advocacy for responsible supply chain practices beyond our organisational boundaries. We actively promote these principles within our industry, playing a pivotal role in fostering ethical behaviour across the broader business landscape.

### Performance in 2024

Throughout 2024, we made significant strides in digitalising and strengthening our supply chain operations. The implementation of our PANTHERA project marked a major milestone, with the successful launch of the Cheeta system across multiple operational areas. This digital transformation streamlined our commercial bidding, vendor onboarding, sourcing execution and warehousing processes, significantly reducing manual interventions and increasing operational efficiency.



Our vendor engagement initiatives yielded notable results, with successful collaboration with 5 out of 8 identified strategic suppliers. The Coupa Risk Assessment programme extended to 45% of our critical vendors, encompassing 88 key partners. We strengthened our commitment to responsible business practices by conducting 6 comprehensive Human Rights awareness sessions, reaching 260 participants from our vendor and subcontractor network.

### Challenges & Mitigation

Challenges	Mitigation Strategies
<b>Measurement and Accountability</b>	
Inconsistent sustainability metrics among suppliers	Implemented standardised KPIs for evaluation
<b>Data Compatibility</b>	
System integration across partner platforms	Explored the adoption of industry-standard electronic data integration for seamless data exchange
<b>Value Alignment</b>	
Varying levels of sustainability commitment across regions	Provided expert support and targeted training for sustainable transitions

### Opportunities



### Outlook

Our vision emphasises excellence in sustainable supply chain management, with emphasis on integrating advanced digital solutions and automation. We are prioritising the development of our ESG Self Assurance programme to strengthen supplier capabilities and accelerate our progress towards Net-Zero by 2050. Through engagement and capacity building with critical suppliers, we plan to create lasting value across our operations while maintaining important standards of environmental and social responsibility.

# STRONG GOVERNANCE

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## RISK MANAGEMENT

### Why it is Important?

Effective risk management is critical in the oil and gas industry where operational, financial and environmental risks can impact business objectives and continuity. By identifying, assessing and addressing potential risks, MHB strengthens its resilience, enhances decision-making and ensures long-term stability. This proactive approach not only protects the company's interests but also reinforces its ability to navigate challenges while driving sustainable growth.

### Our Approach

At MHB, the Board of Directors ensures the company remains well-prepared to navigate uncertainties and sustain long-term stability by implementing a structured risk management framework. This multi-tiered approach strengthens resilience and enhances proactive risk mitigation, ensuring risks are systematically identified, assessed and managed across all levels of the organisation.

To support this, we maintain risk registers at the enterprise, departmental and project levels, allowing for a structured assessment of potential exposures. Risk Owners, the Risk Management Department and the Risk Council conduct regular reviews and monitoring to reinforce accountability and enable timely responses. The Risk Management Department provides quarterly updates to the Board Sustainability and Risk Committee, ensuring ongoing oversight and strategic guidance in managing the organisation's evolving risk landscape.

### Performance in 2024

In 2024, we strengthened our risk management framework by implementing the following initiatives:

**MHB is well-positioned to capture emerging opportunities that support sustainable growth:**

**Stakeholder Engagement and Risk Assessment**  
Collaborated with relevant stakeholders to identify and assess potential risk exposures that could impact business objectives. Continuous engagement to enhance risk management practices, awareness and culture across the organisation.


**Risk-Based Decision-Making and Monitoring**  
Supported risk-based assessments to aid decision-making while maintaining continuous and timely risk monitoring and reporting to the relevant committees.

**Crisis Management and Business Continuity Management**  
Developed Crisis Management strategies to address crises affecting People, Environment, Assets, Reputation, Financials and Systems (PEARFS) to strengthen the capability to anticipate, prepare, respond and manage crisis across all risk dimensions. We also implemented a Business Continuity Management plan to minimise operational disruptions in the event that such an event does occur.

**Enterprise Risk Management (ERM) Framework Implementation**  
Provide a structured approach to identifying, evaluating, treating, and managing risks, enhancing the company's ability to anticipate and prepare for imminent and emerging risks.

**Sustainability-related Risk and Climate Changes**  
Incorporated risk management strategies to address sustainability-related risks and the potential impacts of climate change on business operations and services ensuring alignment with the MHB ERM Framework.

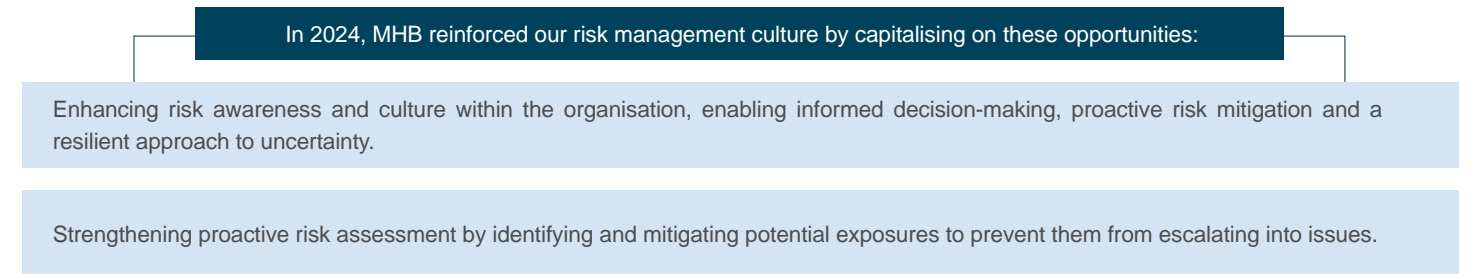
**Risk Monitoring Tools**  
Established Key Risk Indicators (KRIs) as a control tool to track identified risks, with defined limits providing early warning signals. Both leading and lagging KRIs were utilised to monitor risk exposure over time, triggering alerts to risk owners. Additionally, a risk matrix was implemented as a structured assessment tool to prioritise risks to ensure timely mitigation and effective management of risk exposure.



### Challenges & Mitigation

Challenges	Mitigation Strategies
Streamlining the risk management practice across business units with different sets of objectives, processes and performance metrics.	Developed a standardised risk management framework with aligned objectives, processes, and performance metrics across business units. Implemented governance mechanisms and cross-functional coordination to ensure consistency while allowing flexibility for unit-specific requirements.
Fostering risk culture by transforming the organisation's understanding of risk, and emphasising the importance of managing it through calculated, risk-based decision making.	Strengthened risk awareness and culture, promoting proactive risk mitigation, and fostered a more resilient approach in managing risk to embed understanding at all levels of the organisation.

### Opportunities



### Outlook

Continue strengthening risk management practices to ensure they remains relevant, effective and aligned with evolving challenges. This includes maintaining close collaboration with relevant stakeholders to ensure seamless alignment in risk management approaches.

# STRONG GOVERNANCE

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## ASSET INTEGRITY AND RELIABILITY

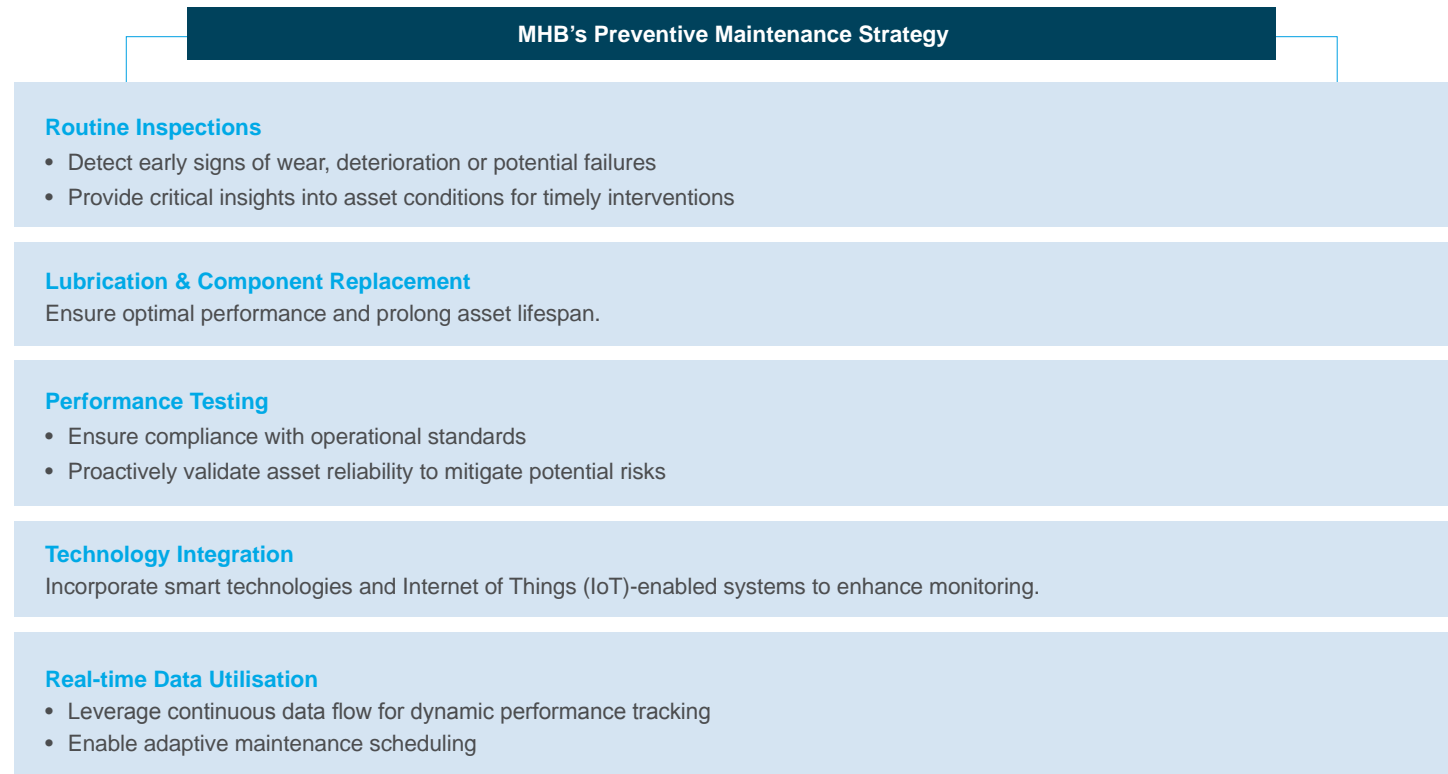
### Why it is Important?

In a rapidly evolving energy landscape, ensuring asset integrity and reliability is fundamental to safeguarding operational safety, maintaining regulatory compliance and upholding our commitment to responsible business practices. A strong framework minimises disruptions, enhances efficiency and optimises costs—allowing us to sustain peak performance while mitigating operational risks. Proactive asset management not only strengthens resilience but also maximises resource utilisation, reinforcing stakeholder confidence in our ability to deliver consistent, high-quality solutions. More importantly, it aligns with our long-term vision for sustainable growth, ensuring we remain a trusted and forward-thinking industry leader.

### Our Approach

MHB adopts a structured approach to asset integrity and reliability, integrating advanced maintenance strategies, proactive asset management and sustainability-driven innovations.

We implement time-based maintenance to ensure routine inspections and replacements at planned intervals as this reduces the risk of unexpected failures. Condition-based maintenance further strengthens this framework, enabling scheduled assessments that detect potential issues early, thereby preventing costly disruptions.



Our asset management strategy also incorporates proactive evaluations to assess asset performance and longevity. Through continuous monitoring, we identify emerging challenges, prioritise critical areas for improvement and allocate resources efficiently to sustain peak operational efficiency. This proactive approach not only enhances reliability but also reinforces stakeholder confidence in our ability to deliver consistent, high-quality solutions. Aligned with our sustainability commitments, we optimise resource utilisation and minimise downtime.

### Performance in 2024

MHB has strengthened our asset integrity and reliability through structured maintenance strategies and digital enhancements, ensuring optimal operational performance.

**Improving Operational Performance**  
Our commitment to proactive maintenance and reliability has resulted in:

**100%** Preventive Maintenance (PM) Compliance Rate

All scheduled preventive maintenance tasks have been completed within the designated time frame, without any delays or missed tasks.

**97%** Critical Assets Uptime

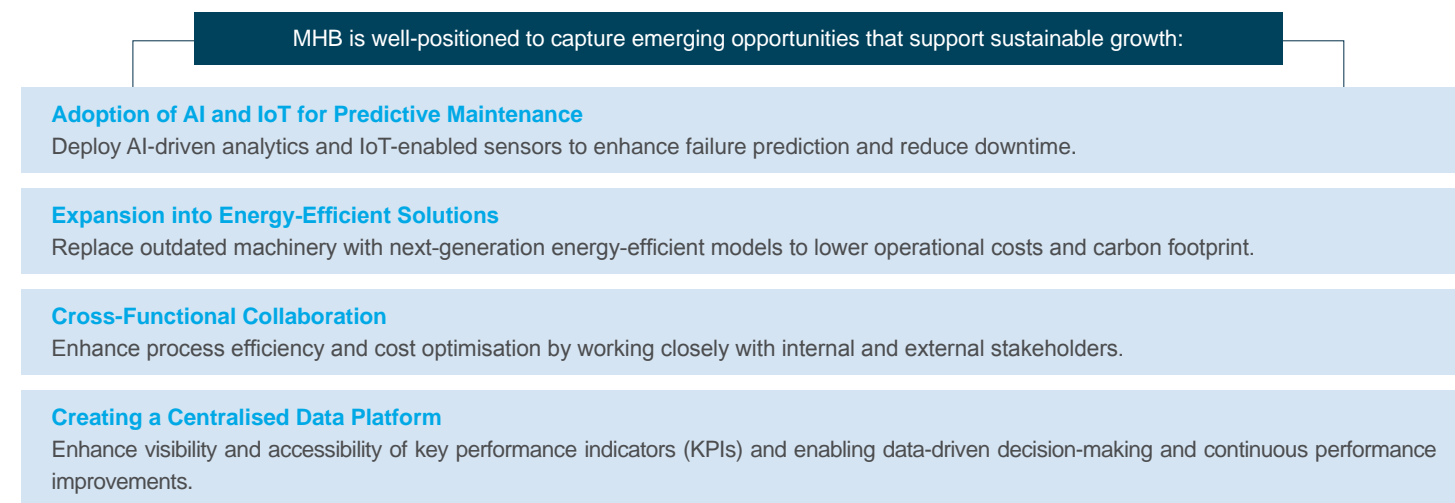
Critical assets, such as machines, equipment, or systems, remain operational and available for use 97% of the total time within a given period.



### Challenges & Mitigation

Challenges	Mitigation Strategies
Ageing assets requiring frequent maintenance.	Implemented a five-year asset replacement plan to phase out obsolete equipment.
Limitations in current Computerised Maintenance Management System (CMMS).	Transitioned to a unified digital platform with real-time monitoring capabilities.
Budget constraints for asset maintenance and upgrades.	Prioritised high-impact projects and explored cost-effective, scalable solutions.

### Opportunities



### Outlook

In the short term, we are completing the first phase of the new CMMS to streamline asset maintenance processes and improve reporting accuracy. Over the next two years, we will focus on minimising unplanned downtime by refining maintenance strategies and addressing critical operational challenges to enhance efficiency and resilience. Additionally, we are implementing IoT solutions to enable real-time asset tracking and proactive maintenance. Our key priority is to deliver consistent and reliable asset performance across all operations.

For the medium to long term, our goal is to establish a fully digitised and integrated asset management system, seamlessly connecting data insights with operational workflows. This transformation will drive innovation in maintenance practices, fostering continuous improvements that enhance asset performance, optimise resource allocation and reinforce long-term sustainability.

# STRONG GOVERNANCE

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## GOVERNANCE AND ETHICS

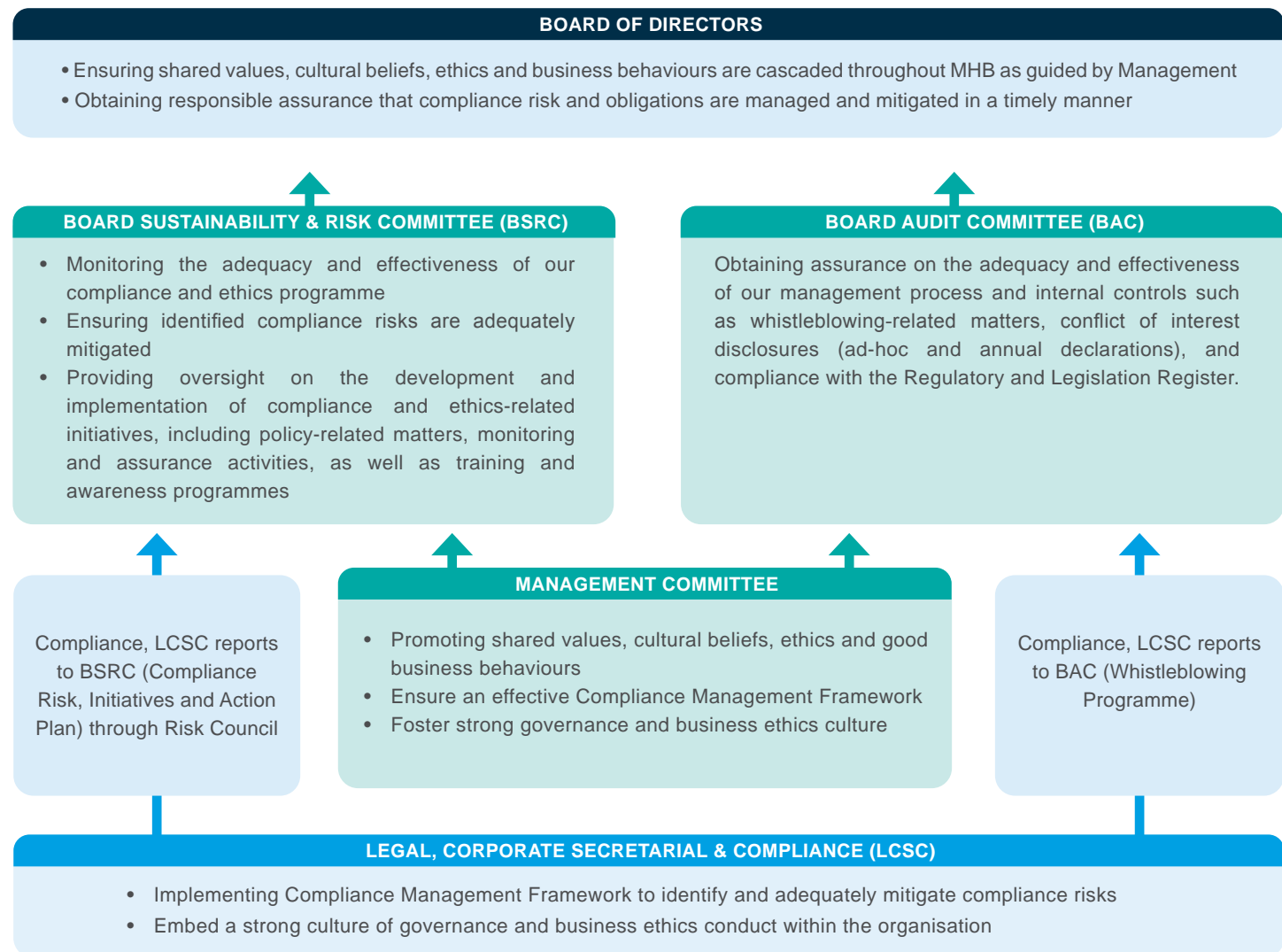
### Why it is Important?

MHB's governance and ethical framework ensures effective decision-making, accountability and transparency. These principles are essential for maintaining stakeholder trust, regulatory compliance and sustainable business growth. Strong governance mitigates risks, enhances corporate credibility and ensures that decision-making processes are aligned with ethical principles. We uphold high standards of governance and ethics as this strengthens integrity and reinforces our role as a responsible and trusted industry leader.

### Our Approach

MHB integrates governance and ethics into our operational framework by adhering to globally recognised best practices, regulatory requirements and industry benchmarks. We continuously strengthen our governance structures to ensure ethical decision-making and effective risk management.

### MHB COMPLIANCE GOVERNANCE STRUCTURE: MAIN ROLES AND RESPONSIBILITIES



### Governance Framework

MHB's governance framework establishes the guiding principles, values and standards that shape ethical conduct across the organisation. The Board plays a critical role in promoting transparency and accountability while ensuring effective risk oversight across legal, regulatory and ethical domains. Our governance structure reflects a commitment to diversity, with specialised committees overseeing key areas such as audit, risk and nomination.

### Monitoring and Oversight

MHB's compliance mechanisms cover various regulatory requirements, including sanctions, export controls, human rights protection, anti-corruption policies, competition laws and data privacy regulations. To facilitate ethical reporting, MHB provides multiple confidential channels for whistleblowing, ensuring protection for individuals acting in good faith. Additionally, clear provisions are in place to handle cases where whistleblower privileges may be revoked under specific circumstances.

### Compliance and Reporting

We ensure compliance with national and international legal frameworks through structured programmes such as the Compliance Attestation Initiative, Regulatory and Legislation Collation and myAssurance. Ongoing internal audits and quarterly reports to the Board support continuous improvements, aligning with the Malaysian Code on Corporate Governance 2021 and upholding the highest ethical standards.

For more details on our compliance policies, visit: <https://mhb.com.my/about-us/>

Our approach is anchored on key policies, frameworks, and certifications, including:

Focus Area	Policies	What this Policy Means
Core Standards and Commitments	ISO 37001:2016 Anti-Bribery Management Systems (ABMS)	An internationally recognised standard designed to help organisations identify, prevent and respond to bribery risks effectively.
	Corruption-Free Pledge (MACC)	A formal declaration with the Malaysian Anti-Corruption Commission reaffirming MHB's strong commitment to a zero-tolerance policy on corruption.
Ethics and Compliance	MHB Code of Conduct and Business Ethics (COBE)	Establishes fundamental ethical values and expected conduct for all employees.
	MHB Anti-Bribery and Corruption Manual	Provides structured guidelines for preventing and addressing bribery in line with ABMS.
	MHB Whistleblowing Policy	Offers a confidential and secure platform for reporting unethical behaviour while safeguarding whistleblowers.
	MHB No Gift Policy	Prohibits gift exchanges to eliminate potential conflicts of interest and maintain transparency.

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Focus Area	Policies	What this Policy Means
Compliance and Regulatory Policies	MHB Economic Sanctions and Export Control Policy & Guidelines	Ensures adherence to global trade regulations and mitigates legal and financial risks.
	MHB Competition Policy	Reinforces fair business practices in alignment with competition laws.
	MHB Corporate Privacy Policy	Protects sensitive business and personal data in compliance with data privacy regulations.
	Third-Party Compliance Due Diligence Guideline	Evaluate third-party engagements to ensure ethical alignment with MHB's standards.
Operational and Risk Preparedness	MHB Raid Protocol Policy	Establishes clear procedures for managing regulatory inspections and audits.
	MHB Referral Policy	Defines structured criteria for handling business and recruitment referrals.

### Performance in 2024

MHB has made significant strides in reinforcing governance and ethics in the following areas:

### Strengthened Policies and Guidelines

Given the evolving regulatory landscape, we conducted regular policy reviews to align with MISC Group's global standards and best practices. During the year, we reviewed and updated six key policies / manuals as follows:

<b>1</b> Code of Conduct and Business Ethics (CoBE)	<b>2</b> CoBE Country Supplement (Malaysia)	<b>3</b> Anti-Bribery and Corruption (ABC) Manual	<b>4</b> Anti-Bribery Management System (ABMS) Manual	<b>5</b> Sanctions and Export Control Guidelines	<b>6</b> Competition Law Guidelines
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### Corruption Risk Assessment



MHB undertakes quarterly Corruption Risk Assessment (CRA) to:

- a) Identify corruption-related risks
- b) Assess and prioritise identified risks
- c) Evaluate the effectiveness of existing controls to mitigate risks

The Corruption Risk Register is updated quarterly to ensure risks, ratings and mitigation measures, are adequately captured in line with ISO 37001:2016 ABMS and the Adequate Procedures Guidelines.

### Implemented Training and Awareness Programmes

To enhance accessibility and engagement in professional development, we implemented e-Learning programmes for employees with email access. This initiative ensures flexible, self-paced learning, empowering our workforce with essential skills while maintaining efficiency in a digital-first environment.

 <p>Achieved <b>100%</b> e-Learning completion on the Anti-Bribery &amp; Corruption Manual.</p>	 <p>Recorded <b>96%</b> e-Learning completion on CoBE.</p>
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Training	Employees	Completion Status
Anti-Bribery & Corruption Manual (ABC)	Executive	891
	Senior Executive	287
	Management	243
	Senior Management	33
		<b>100%</b> completed
Conduct of Conduct and Business Ethics (COBE)	Executive	883
	Senior Executive	259
	Management	260
	Senior Management	32
		<b>96%</b> completed

*Note*

- 1. Anti-Bribery & Corruption Manual (ABC) training objective is to equip employees with sufficient awareness on ABC Manual and to provide guidance concerning on how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.
- 2. Code of Conduct and Business Ethics (CoBE) training objective is to provide understanding and awareness of employees' obligations under CoBE that covers the key principles and provisions of CoBE that all employees are required to comply with.

### Ethical Awareness at Project Sites

Site supervisors are crucial in reinforcing ethical standards and governance at project sites. By equipping them to conduct toolbox talks as needed, we ensure that our non-executives employees –comprising both direct and indirect workers receive regular, practical guidance on ethical conduct. To complement this, we rolled out an e-learning module via Microsoft Forms to standardise ethical awareness across our workforce.

### Audit Compliance

Enhancing third-party due diligence is essential for maintaining ethical and responsible partnerships. By implementing stricter assessment measures, we ensure that all external collaborations align with our values, regulatory standards, and commitment to integrity.

 <p><b>1,186</b> non-executive employees completed the e-Learning module.</p>	 <p>Achieved <b>100%</b> compliance in the myAssurance (First Line Assurance) audit for Critical Legal Areas, with a few checklist items scheduled for evaluation in future cycles.</p>
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# STRONG GOVERNANCE

# STRONG GOVERNANCE

## Challenges & Mitigation

Challenges	Mitigation Strategies
Limited access for direct workers (non-executives) at project sites	Site supervisors conduct in-person ethics toolbox talks
Embedding an ethical culture across all levels	Leadership-driven compliance training programmes
Managing third-party risks	Enhanced due diligence and risk monitoring

## Opportunities

MHB is poised to drive excellence through strengthened governance and ethical practices, as follows:

### Harness Technology to Strengthen Compliance

Optimise compliance and analytics by leveraging PETRONAS tools such as myAssurance, myGovernance and emerging digital platforms.

### Build Stakeholder Trust

Increase transparency in reporting to reinforce credibility with investors and regulatory bodies.

### Expand Ethics Training Initiatives

Extend ethics training to third-party contractors and partners to promote a shared culture of integrity.

## Outlook

MHB is committed to driving excellence in governance and ethical practices through a structured, forward-looking approach.

In the short term, we will enhance transparency and accountability by conducting assessments on critical legal areas and policy reviews, focusing on sanctions, competition, data privacy, export controls and ethics. Leveraging PETRONAS tools like myAssurance and myGovernance, we will optimise compliance processes while targeting at least 90% participation in e-Learning training for email-enabled employees to drive awareness and adherence to ethical standards.

For the medium to long term, MHB will embed a culture of integrity through sustained training and awareness initiatives. We are transitioning towards fully integrating advanced compliance tools and analytics to enhance governance and risk management capabilities and strengthen stakeholder engagement through innovative reporting mechanisms. These efforts will reinforce transparency and trust, positioning MHB as a leader in ethical business practices and corporate governance.

## DIGITALISATION AND CYBERSECURITY

### Why it is Important?

Embracing digitalisation opens new opportunities for efficiency, smarter decision-making and innovation, helping the organisation stay competitive in a fast-changing world. It enhances customer experiences, ensures business continuity and supports long-term growth. However, as we become more connected, the risk of cyber threats also grows, bringing potential financial, reputational and regulatory challenges. Therefore, strengthening cybersecurity is just as important—it protects critical assets, builds stakeholder trust and ensures we can operate safely and securely. Digitalisation drives progress, but cybersecurity keeps that progress secure. Together, they shape a resilient, future-ready organisation.

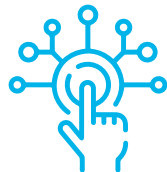


### Our Approach

Our approach to digitalisation and cybersecurity is centred around strengthening operational efficiency, enhancing security measures and equipping the workforce with the necessary digital capabilities. We also collaborate across departments to ensure digital initiatives align with organisational goals and operational priorities. Furthermore, we partner with technology providers to integrate advanced solutions that support business growth and improve overall system capabilities.

To safeguard digital operations, we conduct regular risk assessments to identify vulnerabilities and prioritise mitigation measures. We also enforce cybersecurity policies that cover data protection, access controls and incident response to strengthen security measures and mitigate potential threats. Our cybersecurity management is guided by MHB's Cybersecurity Control Standard, which aligns with industry best practices and MISC Group's security protocols.

### Performance in 2024

MHB continues to advance its digitalisation and cybersecurity efforts in 2024 through:

 <h3>Digitalisation Initiatives</h3> <ul style="list-style-type: none"> <li>Piloted a system to monitor and track individual movements for security, efficiency and resource management in collaboration with the Corporate Strategy &amp; Sustainability Division</li> <li>Implemented continuous improvements for systems under the PANTHERA project, covering commercial bidding, vendor management, price estimation, procurement and material management and logistics</li> <li>Integrated Coupa, SAP S/4HANA and MHB Procurement Management System for Purchase Order / Sale Order and invoicing processes</li> <li>Modernised and streamlined MHB's in-house developed applications to boost productivity</li> <li>Expanded Wi-Fi coverage across MHB yards</li> <li>Installed new ICT equipment for MMHE East Yard activation</li> </ul>	 <h3>Cybersecurity Initiatives</h3> <ul style="list-style-type: none"> <li>Published 10 cybersecurity awareness artworks across the organisation</li> <li>Developed and monitored Phishing Campaign Trending Analysis in quarterly reports</li> <li>Conducted 6 one-to-one ICT Consequence Management awareness training sessions with employees</li> <li>Completed 50 cybersecurity awareness roadshow sessions across all divisions</li> <li>Launched the e-Learning module "Cybersecurity and You" on MHB myPortal in May 2024</li> <li>Conducted two open training sessions registered in the MHB HR Training Calendar for the second and third quarter of 2024</li> </ul>
 <p>In 2024, no substantiated complaints were received regarding breaches of customer privacy.</p>	

# STRONG GOVERNANCE

# STAKEHOLDER ENGAGEMENT

## Challenges & Mitigation

Digitalisation	
Challenges	Mitigation Strategies
Resistance to change from employees and stakeholders.	Provided regular updates and maintained open communication channels to help alleviate fears, uncertainties, and misunderstandings among employees and stakeholders.
High initial investment costs for digital infrastructure.	Broke down the digitalisation project into smaller, manageable phases to improve budget control and reduce financial burden. Focused on the most critical digital infrastructure needs first, prioritising investments that had the greatest impact on the business. Considered cloud-based solutions to reduce upfront infrastructure costs, as cloud services offered scalability and flexibility, allowing payments only for what was used.
Lack of strong cybersecurity measures to prevent data breaches.	Established a Cybersecurity Incident Response Plan to swiftly address and mitigate the impact of data breaches.

Cybersecurity	
Challenges	Mitigation Strategies
Employee negligence or lack of awareness of cybersecurity issues.	Conducted frequent cybersecurity awareness programme and distributed communication pack as well as ran simulated phishing attacks to help employees recognise and respond appropriately to real phishing attempts.
The cyber threat landscape is constantly evolving, with new malware, ransomware and phishing attacks emerging regularly.	Kept up to date with the latest threat intelligence and continuously monitored MHB systems for any suspicious activities, ensuring early detection and response to new threats.
Adapting to changing regulations and ensuring compliance with cybersecurity procedures.	Conducted regular assessments on cybersecurity compliance status to identify gaps and areas for improvement.

## Opportunities

In 2024, MHB continues to leverage on digitalisation and cybersecurity by:

Digitalisation	Cybersecurity
<ul style="list-style-type: none"> <li>Optimising Operational Efficiency: Streamlining workflows, automating processes and reducing manual tasks to improve productivity and manage costs effectively</li> <li>Enhancing Customer Experience: Delivering seamless and tailored services using data-driven insights and digital platforms</li> <li>Strengthening Collaboration: Building partnerships with technology providers and industry leaders to integrate advanced solutions</li> <li>Driving Data-Driven Decisions: Utilising analytics and emerging technologies to support strategic planning and informed decision-making</li> <li>Empowering the Workforce: Upskilling employees to foster adaptability and innovation in an evolving digital landscape</li> </ul>	<ul style="list-style-type: none"> <li>Reinforcing Confidence and Trust: Implementing robust cybersecurity practices to strengthen trust among customers, employees and stakeholders</li> <li>Promoting Employee Awareness: Cultivating a security-conscious culture to strengthen vigilance and reduce insider risks</li> <li>Enhancing Business Resilience: Safeguarding continuity by mitigating cyber risks that could disrupt operations</li> <li>Leveraging Advanced Security Tools: Applying AI and machine learning for predictive threat detection and prevention</li> </ul>

## Outlook

MHB is committed to strengthening our digital infrastructure and cybersecurity to enhance efficiency, security and compliance. In the short term, we will focus on expanding Wi-Fi coverage, enhancing network security, and advancing key digital projects including the PANTHERA system and e-Apps transition. We will also conduct third-party security assessments to evaluate vendor and partner cybersecurity practices, mitigating external risks.

Over the medium to long term, we will implement initiatives outlined in the Technology Roadmap, integrate emerging technologies such as Robotic Process Automation, Artificial Intelligence and Internet of Things and ensure continued compliance with evolving international cybersecurity regulations.

## CUSTOMER SATISFACTION

### Why it is Important?

Meeting and exceeding customer expectations directly influences our market leadership and business sustainability. Each successful project delivery strengthens client relationships, enhances our industry credibility and generates new business opportunities through positive recommendations. Our commitment to customer satisfaction encourages continuous improvement in our service quality, setting industry benchmarks and securing our position as a preferred maritime and engineering solutions provider.

### Our Approach

Our customer satisfaction framework centres on detailed evaluations conducted twice yearly for heavy engineering projects, alongside individual assessments for each vessel project. This feedback system enables accurate measurement of our project execution and delivery standards. Internal quality audits verify our management systems' effectiveness, while our benchmark requires a minimum Customer Satisfaction Index score of 7 out of 10 across all feedback channels.

### Performance in 2024

The year marked significant achievements in customer service excellence. Our Marine segment achieved an exceptional satisfaction rating of 9.0, reflecting our commitment to service quality. The Heavy Engineering segment demonstrated improvement with a score of 7.2, surpassing previous performance levels.

Market expansion efforts proved successful, particularly in our Marine Operations where we welcomed 33 new partnerships - establishing relationships with 14 local and 19 international clients. Our total client portfolio comprised 55 customers, with successful delivery of 86 vessels and projects. Service quality improvements were evident in our complaint statistics, with zero reported issues in Marine Operations and efficient resolution of 8 cases in Heavy Engineering.



## Challenges & Mitigation

Challenges	Mitigation Strategies
Workforce Capability	
Maintaining optimal skill levels across specialised project teams	Implementation of targeted professional development programmes
Technology Advancement	
Keeping pace with rapid technological evolution in project delivery	Strategic integration of digital solutions and automation systems
Performance Consistency	
Standardising service excellence across diverse project portfolios	Development of unified quality benchmarks and monitoring systems