



Oil & Gas and New Energy

Throughout the year, we sustained our momentum in strengthening our market presence across the offshore oil and gas, offshore wind, as well as emerging new energy segments. The projects we secured and delivered not only reflect our execution capabilities, but also how we continue to grow and diversify our portfolio across both conventional and transition-related activities.

Among our key milestones was the award of the Irong Timur, Berantai East and Kurma Manis Wellhead Platforms from Vestigo. At the same time, we remained disciplined

in execution, with the Kasawari Gas Development Project (GDP), Kasawari Carbon Capture & Storage (CCS) and CPOC Phase 6 projects progressing steadily as planned.

In parallel, sustained emphasis on sustainability and innovation supported further progress in New Energy initiatives. Collaboration with technology partners enabled the advancement of capabilities in emerging segments, while a consistent focus on operational excellence continued to underpin the delivery of high value contracts and long-term growth opportunities.

Key Focus Areas and Results

| FOCUS AREAS | WHAT WE DID IN 2025 | RESULTS |
|---------------------------------------|--|---|
| International Expansion | Strengthened MHB's international presence across Asia, Middle East, Europe, UK and USA. | Pre-qualified as an EPCIC contractor with international clients and actively participated in major tenders. |
| Diversification into Emerging Sectors | Strengthened MHB's position as a solution provider in New Energy business. | Entered into MoUs with technologies partner for New Energy business. |
| Offshore Wind | Strengthened MHB's international presence across Asia, Australasia, UK and Europe. | Pre-qualified with international clients and actively participated in tenders. |
| Offshore Oil and Gas Development | Achieved on-time completion of the Kasawari Central Processing Platform (CPP), Kasawari CCS and CPOC Phase 6 projects. | On-time delivery of current projects: <ul style="list-style-type: none"> • Kasawari Central Processing Platform (CPP) achieved Notice of Provisional Acceptance (NPA) on 17 January 2025 • Kasawari CCS achieved Mechanical Completion Delivery (MCD) for Jacket on 31 March 2025 • CPOC Phase 6 offshore completion for Jengka-C (JKC), Andalas-D (ADD) and Andalas-E (ADE) on 30 June 2025 • Received Notice of Final Acceptance (NFA) for Bokor CPP on 30 June 2025 • Received final facilities handover certificate for Bekok AA & BB on 9 November 2025 |

| FOCUS AREAS | WHAT WE DID IN 2025 | RESULTS |
|----------------------------|---|--|
| Continued Business Success | Developed relationships with new international clients. | <ul style="list-style-type: none"> • Entered into a framework agreement with MODEC America, Inc. (formerly known as SOFEC, Inc.) for the potential construction, supply and delivery of offshore mooring systems • Yard visits and assessment by clients for their future projects |

Key Contracts / Projects

| NAME OF THE CONTRACT / PROJECT | LOCATION | DESCRIPTION |
|--|----------------------|----------------------------------|
| Vestigo Irong Timur and Berantai East Wellhead Platforms | Terengganu, Malaysia | EPCIC of Wellhead Platform (WHP) |
| Vestigo Kurma Manis Wellhead Platforms | Sarawak, Malaysia | EPCIC of Wellhead Platform (WHP) |

Challenges / Opportunities

| CHALLENGES | MITIGATION ACTIONS | RESULTS |
|---|---|--|
| Global Supply Chain Volatility | <ul style="list-style-type: none"> • Pursued expansion of vendor pool, with smart contract management • Pursued more collaborative contracting approach with clients including reimbursable and cost-plus arrangements | Improved cost competitiveness while mitigating the impact of volatile resource pricing. |
| SST Waiver Uncertainties and Impact on Project Costs | <ul style="list-style-type: none"> • Proactively managed the SST waiver process through continuous engagement with relevant authorities and close monitoring of application status to ensure regulatory compliance • Identified and assessed financial and operational risks arising from unresolved waiver matters, including potential cost overruns and project delays • Kept key stakeholders informed on developments, ensuring transparency and alignment • Implemented mitigation and contingency measures to minimise potential impacts on project delivery and financial performance | Successful approval of the SST waiver would result in a reduced contract price, enhanced cost efficiency and improved competitiveness of the Company's proposal. |
| Yard capacity limits the ability to take on high-value projects | Established partnership with regional fabricators. | Provided flexibility to outsource fabrication works to regional yards when additional capacity support was required. |

Oil & Gas and New Energy

| CHALLENGES | MITIGATION ACTIONS | RESULTS |
|--------------------------|--|---|
| Maintaining productivity | Invested in advanced technologies, including automated panel line systems. | Through this strategic investment, the yard is expected to enhance productivity and quality standards. The adoption of advanced technologies will enable more efficient use of resources, addressing existing limitations and strengthening the facility's ability to meet project demands and operational targets. |

OPPORTUNITIES

| | |
|---|--|
| The sustained increase in capital expenditure across the oil and gas and new energy sectors continues to support a favourable operating environment for MHB. Rising investment activity and steady demand are expected to support a consistent pipeline of project opportunities over the near and longer term. | As operators advance development, expansion and transition initiatives, demand for engineering, fabrication and offshore construction capabilities is expected to remain resilient. MHB's established track record, technical expertise and execution capabilities position the Company to capture a broader share of these opportunities, supporting continued growth and strengthening its market presence across conventional and emerging energy segments. |
|---|--|

Outlook and Prospect

SHORT- TO MEDIUM-TERM

| | |
|---|---|
| The outlook is centred on strengthening regional presence while progressively establishing an international footprint as an EPC contractor, with continued emphasis on improving profit margins. This will be supported by selective expansion into new markets, alongside ongoing efforts to enhance operational efficiency and discipline across all phases of project execution. | Strategic priorities over the longer term are centred on reinforcing the Company's role as a leading global solutions provider to the energy industry. This is underpinned by a continued commitment to innovation, diversification across energy segments and the cultivation of strategic partnerships to enhance capabilities and expand market reach. |
| Energy transition remains a key strategic priority. Focus areas include offshore wind, carbon capture and storage, onshore LNG developments and hydrogen production, where long-term demand is expected to support sustained project activity. | Expansion of the international footprint remains a key focus, particularly in offshore wind, carbon capture and storage, and hydrogen production. |



Marine Repair & Upgrades

Strong execution and consistent delivery underpinned the Marine division's performance, reinforcing our position as a trusted partner in marine repair, maintenance and conversion services. During the year, works were successfully completed on 87 vessels, with 20 delivered ahead of contractual schedules. Service quality remained a key differentiator, reflected in 18 vessels achieving a "Perfect 10" Customer Satisfaction Index rating.

Momentum in international markets continued to build through the award of new and repeat LNG carrier repair contracts worldwide. Engagements with clients from Norway, the UK, the USA, Greece, Vietnam and Singapore

further strengthened the division's international footprint, supported by the expansion of long-term framework agreements that extended market reach and deepened client relationships.

The Marine division will continue to enhance operational resilience and capabilities as part of its strategy to position itself as a premium marine yard. This direction supports the expansion of its global business footprint, the strengthening of long-term client partnerships and the pursuit of sustainable growth through advanced technologies, innovation and automation.

Key Focus Areas and Results

| FOCUS AREAS | WHAT WE DID IN 2025 | RESULTS |
|--------------------------|---|--|
| Order Intake and Revenue | <ul style="list-style-type: none"> Number of contracts secured: 84 New clients: 22 Existing clients: 24 New Territories: 3 (UK, USA & Vietnam) | <ul style="list-style-type: none"> Order Intake: RM1,003.5 million Revenue: RM528.5 million Bid success rate: 39% |
| Vessel Delivery | <ul style="list-style-type: none"> Prioritise timely project completion and efficient delivery of vessels | <ul style="list-style-type: none"> 20 vessels delivered ahead of schedule 67 delivered as per timeline |
| Client Satisfaction | Maintained a client-focused approach to deliver tailored solutions and high-quality services. | 18 vessels achieved a "Perfect 10" Customer Satisfaction Index rating, while the remaining vessels recorded near-perfect scores. |
| Strategic Initiatives | <p>Secured three framework agreements with shipowners, in addition to two en bloc and volume orders. Key initiatives included:</p> <ul style="list-style-type: none"> Incorporation of FPS in May 2025 to enhance our focus on floater conversion business Recognised as the first yard in the world for in-house Gassing Up & Cooling Down (GUCD) and LNG Bunkering Obtained approval for rejuvenation and modernisation of marine facilities | <ul style="list-style-type: none"> 4 special projects secured 2 high-prospect projects to the final stage of award Strengthen global positioning as the No. 2 LNGC repair yard worldwide by Clarksons Research, supported by enhanced docking repair capabilities |

Marine Repair & Upgrades

Key Contracts / Projects

| NAME OF THE CONTRACT / PROJECT | LOCATION | DESCRIPTION |
|--------------------------------|-----------|--|
| TFSO Sepat | Malaysia | Provision of TFSO Sepat Refurbishment, Life Extension & Conversion. |
| FSO Benchamas 2 | Malaysia | Provision of FSO Benchamas 2 Tank Cleaning and Associated Works. |
| FSO Puteri Dulang | Malaysia | Provision of Tank Cleaning, Demucking, Desludging & Residue Disposal Services for Floating, Storage and Offloading (FSO) Puteri Dulang. |
| MTC Ledang | Malaysia | Provision of MTC Ledang Refurbishment, Life Extension & Dry Docking. |
| Petra Orion | Malaysia | Provision of Dry Dock Service & Repairs of Petra Orion. |
| KD Pahang | Malaysia | <i>Perolehan Perkhidmatan</i> Docking Essential Defect (DED). |
| Resolute | Indonesia | Provision of dry docking of work barge. |
| Puteri Delima Satu | Malaysia | Provision of Engineering, Procurement, Construction and Commissioning (EPCC) for the Conversion of Puteri Delima Satu LNG Carrier into Floating Storage Unit (FSU). |
| LNGC repair segment | Global | 26 LNGC completed <ul style="list-style-type: none"> • Malaysia: 9 • Greece: 5 • Norway: 9 • United Kingdom: 2 • USA: 1 |

Challenges / Opportunities

| CHALLENGES | MITIGATION ACTIONS | RESULTS |
|--|---|---|
| Intensifying global competition from Far East shipyards, particularly shipyards in China, continues to challenge LNG carrier repair and floater conversion activities, with additional pressure from emerging LNG-capable yards in Southeast Asia. | MHB differentiates itself through a focused execution approach, prioritising quality performance, schedule reliability, HSSE excellence, and advanced LNG carrier repair capabilities, rather than competing on price. | Despite heightened competition, sustained international demand from LNG carrier owners continues to support repeat business and long-term customer relationships. |
| Geopolitical tensions, including conflicts in the Middle East and disruptions in the Red Sea, compounded by sanctions on Russian energy supplies and evolving US-China tensions, continue to impact trade routes, vessel deployment and docking schedules. | MHB responds through agile planning and flexible slot management, while strengthening international outreach and customer engagement to capture vessel diversion opportunities. | These conditions have contributed to increased international enquiries and improved yard utilisation from owners seeking reliable alternatives outside China and the Middle East. |
| The expansion of LNG carrier repair-capable yards in Europe, driven by rising energy demand across the EU, has seen Greece emerge as a major LNG shipping and Mediterranean hub, intensifying competition for LNG carrier repair works. | In response, MHB has strengthened its presence in the Greek market through focused engagement with shipowners, targeted marketing initiatives and consistent delivery performance. | These efforts have expanded MHB's footprint in Greece, reinforcing long-term client relationships and supporting repeat docking opportunities. |
| Increasing complexity arising from evolving environmental regulations, including EEXI, CII and EU ETS, is raising technical and compliance expectations from shipyards. | MHB has enhanced its energy efficiency upgrade and green retrofit offerings through partnership with technology company, supported by strengthened engineering capabilities and workforce upskilling. | These initiatives have improved MHB's ability to deliver compliant, higher-value upgrade works, strengthening customer confidence and overall competitiveness. |
| Productivity and infrastructure constraints require ongoing modernisation to keep pace with industry standards and technological advancements. | Under its ongoing transformation initiatives, MHB continues to invest in yard modernisation, automation, digital planning and workflow optimisation. | These initiatives support progressive improvements in operational efficiency, service quality and turnaround time, contributing to margin protection. |
| Margin pressure in traditional marine repair necessitates a move up the value chain to capture opportunities arising from the FPSO super cycle. | In response, MHB selectively leverages conversion opportunities, including floating production projects through Floating Production Solutions Sdn Bhd, while maintaining a strong focus on core marine repair activities. | This approach broadens the marine opportunity set with selective exposure to higher-value conversion works, enhancing long-term value creation. |

Marine Repair & Upgrades

Outlook and Prospect

SHORT- TO MEDIUM-TERM

The operating outlook for MHB reflects a continued focus on strengthening its position within the global marine repair and conversion segment. Resilient demand, supported by international diversification and strong customer relationships, provides a stable foundation for sustained activity across the yard.

Productivity enhancement and execution excellence will continue to guide MHB's strategy through the ongoing operational improvement initiatives. These efforts are aimed at improving turnaround time, strengthening execution and enhancing operational efficiency, reinforcing competitiveness in an environment marked by intense competition from Far East shipyards.

Growth will be supported through targeted expansion in the Greek market and across a broader international client base, contributing to stable yard utilisation and repeat business. In parallel, MHB will pursue selective participation in conversion and newbuilding-related projects to capture upside opportunities, while maintaining disciplined risk management and a clear focus on margin quality.

LONG-TERM

MHB's long-term outlook is anchored on its aspiration to be recognised as a premium marine yard, known for reliable delivery, strong technical capabilities and customer-centric service, particularly in LNG carrier repair and complex marine works. This reflects a long-term commitment to execution excellence and the consistent delivery of high-quality outcomes for global clients.

Structural industry trends are expected to support sustainable growth over the longer term. An ageing global fleet, increasingly stringent environmental regulations and continued demand for LNG are anticipated to drive recurring requirements for repair, upgrades and asset life extension, creating a steady pipeline of opportunities across the marine value chain.

To capitalise on these dynamics, MHB will continue to invest in facilities, technology and workforce capabilities. These investments are aimed at enhancing productivity, strengthening technical depth and enabling a measured progression up the value chain, while maintaining a balanced and resilient Marine portfolio that supports long-term value creation.



Asset Integrity Solutions

Operational momentum in 2025 reflected Asset Integrity Solution's continued progress in expanding its role within the onshore maintenance landscape. During the year, we strengthened our core capabilities across plant maintenance, shutdown and turnaround services, as well as jetty maintenance, supporting clients with reliable and technically driven solutions.

Alongside the ongoing Turnaround Main Mechanical & Maintenance Mechanical Static (TA4MS) Master Service Agreement with PETRONAS, we expanded our contract portfolio through the award of a Provision of Manpower, Tools, Equipment, Materials, Consumables and Other Services for Maintenance Repair and Overhaul for Jetty and Single Point Moorings (Topside) for MISC Marine Services Sdn Bhd. This engagement formalised a long-term partnership structured under a three-year contract with an additional one-year extension option, further

strengthening our position within the marine and offshore interface segment.

Project execution remained robust throughout the year. We successfully delivered more than 80 assignments from Malaysian Refining Company Sdn Bhd (MRCSB) under the TA4MS Master Service Agreement (MSA), complemented by five projects from MISC Marine Services Sdn Bhd and a project from KLK Oleomas Sdn Bhd. These outcomes demonstrate our capacity to manage multiple work scopes concurrently while maintaining delivery standards across different operating environments.

Further reinforcing our growth trajectory, we were awarded the 2026 turnaround programme by MRCSB, encompassing optimisation of shutdown equipment self-regulation for OSH and non-OSH, on-stream inspection and shutdown equipment turnaround activities.

Key Focus Areas and Results

| FOCUS AREAS | WHAT WE DID IN 2025 | RESULTS | STAKEHOLDERS IMPACTED |
|----------------------------|--|--|-----------------------|
| Oleochemical | Turnaround Project | Completed turnaround in KLK Oleomas (Site 2) Sdn Bhd. | |
| Petrochemical / Refineries | <ul style="list-style-type: none"> Secured a Master Service Agreement (MSA) for TA4MS Secured a three-year contract, plus one-year contract for the provision of maintenance, repair and overhaul services for jetty and single point moorings (Topside) with MISC Marine Services Sdn Bhd | <ul style="list-style-type: none"> Delivered over 80 major projects comprising Certificate of Fitness renewal and maintenance works for MRCSB as of December 2025, with 16 projects delivered ahead of schedule Completed and delivered more than five jetty maintenance projects for MISC Marine Services Sdn Bhd | |

Asset Integrity Solutions

Key Contracts / Projects

| NAME OF THE CONTRACT / PROJECT | LOCATION | DESCRIPTION |
|--|-----------------------|-----------------------------------|
| Malaysian Refining Company Sdn Bhd (MRC SB) (Groupwide Master Service Agreement (MSA) For Integrated Turnaround Main Mechanical & Maintenance Mechanical Static (TA4MS)) | Sungai Udang, Melaka | Turnaround and Maintenance |
| MISC Marine Services Sdn Bhd (Contract Provision of Maintenance, Repair, and Overhaul for Jetty and Single Point Moorings (Topside)) | Sungai Udang, Melaka | Maintenance, Repair, and Overhaul |
| KL-Kepong Oleomas Sdn Bhd Annual Plant Turnaround Static Equipment Mechanical Work | Pulau Indah, Selangor | Turnaround and Maintenance |

Challenges / Opportunities

| CHALLENGES | MITIGATION ACTIONS | RESULTS |
|---|---|--|
| Secured Tier-1 Jobs with PETRONAS | | |
| Achieving PETRONAS Tier-1 qualification for turnaround and maintenance works. | <ul style="list-style-type: none"> Participated in bidding exercises and secured projects related to mechanical static works Improved work scheduling and quality through better deployment of manpower and equipment Enhanced project documentation and billing processes | Secured Turnaround Projects (TA 2026) with MRC SB, involving approximately 372,000 man hours under Tier 1 scope. |
| Expanding Footprint in an Industry with Established Players | | |
| High market entry barriers due to the strong presence of competitors. | Strengthened client engagement by demonstrating competency and technical expertise through the successful delivery of projects. | Secured a new jetty maintenance contract with MISC Marine Services Sdn Bhd (MMS). |

OPPORTUNITIES

Looking ahead, our growth strategy is anchored in strengthening operational capabilities, expanding our customer base and entering new sectors. A key focus will be on enhancing turnaround execution capacity by increasing man hours and elevating the Standardised Work and Equipment Categories (SWEC) code from Tier 2 to Tier 1. This progression will reinforce operational readiness while strengthening our value proposition through clearer differentiation in capability depth, scale and execution reliability.

In parallel, we will continue to grow our customer base by pursuing opportunities beyond the PETRONAS ecosystem. Efforts will be directed towards diversifying revenue streams through engagements with new clients, reducing reliance on a single customer group and extending services beyond Malaysian Refining Company Sdn Bhd. This broader market approach supports more balanced growth and enhances long-term resilience.

Opportunities within non-oil and gas sectors will also form an important part of our growth agenda. We will actively explore applications of our technical expertise across adjacent industries, while leveraging established relationships within the PETRONAS network to introduce services in non-plant and non-traditional operating environments. This strategic extension allows us to capitalise on our existing strengths while entering markets with complementary maintenance needs.

Underlying these growth initiatives is a continued emphasis on execution excellence. We will maintain our focus on delivering under PETRONAS' TA4MS Master Service Agreement and the MISC Marine Services contract, consistently upholding high-quality standards to exceed customer expectations.

Outlook and Prospect

SHORT-TERM

In the near term, we expect stable opportunities across the petrochemical, oleochemical and power generation sectors. Within the petrochemical industry, operations among established clients in Johor and Melaka are expected to remain steady, sustaining demand for maintenance, turnaround and plant support services. The oleochemical sector continues to offer consistent opportunities, where we support key clients in maintaining efficient and reliable facility operations.

Prospects within the power generation segment also remain favourable, particularly in Kapar, Selangor and Port Dickson, Negeri Sembilan, where ongoing maintenance requirements and operational reliability continue to drive demand for specialised services.

LONG-TERM

Over the longer term, we aim to establish a strong and sustainable presence across Peninsular Malaysia over the next five years. Market outlooks point to steady sectoral growth, with the petrochemical industry projected to expand by approximately five percent annually, the oleochemical sector by two percent and power generation by one percent. This growth trajectory is expected to support continued demand for plant maintenance and support services.

The petrochemical sector will remain a core focus area. Building on our established footprint in Melaka, we plan to secure long-term engagements in other major refining and processing hubs, including Pengerang in Johor and Gebeng in Pahang. The oleochemical sector also presents meaningful growth opportunities, underpinned by Malaysia's strong palm oil feedstock base and expanding downstream production capacity. Within power generation, steady electricity demand and ongoing plant upgrades provide further avenues for us to expand our maintenance service offerings.

What Sustainability Means to Us

MHB Sustainability Framework

Guided by a clear governance structure and Board oversight, MHB has established a sustainability framework that defines how sustainability is embedded into strategy, risk management and operations. The framework provides a disciplined and consistent basis for decision-making, reinforcing accountability while supporting long-term value creation across the business.

The structure of the framework is informed by material matters identified through both internal and external engagement. These insights shape the Group's strategic priorities and ensure that sustainability efforts are focused on areas of greatest relevance to the business and its stakeholders. By aligning sustainability considerations with core business objectives, MHB strengthens its ability to manage risks, capture opportunities and respond to a changing operating environment.

Five pillars underpin the framework. Financial sustainability focuses on delivering responsible and transparent growth for shareholders and investors. Environmental stewardship centres on minimising the environmental footprint of operations while protecting the health and safety of employees, contractors and surrounding communities. The Social pillar emphasises workplace safety, talent development and contributions to positive socio-economic outcomes. Governance reinforces robust systems, ethical conduct and a culture that supports sound decision making and reputational integrity. Stakeholder Engagement integrates ongoing dialogue and collaboration to support business resilience and shared value creation.

In parallel, the Group aligns its sustainability strategy with global development priorities, mapping its initiatives to 13 of the 17 United Nations Sustainable Development Goals. This alignment reflects MHB's intention to contribute meaningfully to broader sustainability outcomes while maintaining a clear focus on performance, resilience and long-term growth.



SUSTAINABILITY REPORTING AND DISCLOSURES

SUSTAINABILITY PERFORMANCE RATING

MHB has continued to advance its sustainability agenda, focusing on delivering measurable environmental, social and governance outcomes that support long-term value creation for its stakeholders. Progress across the Group's core sustainability pillars reflects a deliberate effort to integrate sustainability considerations into operational execution and strategic planning, rather than treating them as standalone initiatives.

Across the business, sustainability priorities are translated into targeted programmes, performance metrics and accountability structures that guide implementation. This approach enables the Group to monitor outcomes, manage trade-offs and drive continuous improvement while maintaining operational discipline. Environmental initiatives are directed towards reducing impacts and supporting decarbonisation objectives, while social priorities reinforce a strong safety culture, workforce capability and positive community outcomes. Governance practices continue to strengthen oversight, ethical conduct and risk management processes.

What Sustainability Means to Us

Integrating the UNSDGs into Our Sustainability Strategy

The United Nations Sustainable Development Goals provide a common global reference for addressing economic, environmental and social challenges. For MHB, the UNSDGs serve as a guiding framework to align sustainability priorities with the broader global vision for inclusive and sustainable development, while remaining grounded in the Group's operating context and strategic objectives.

The prioritisation of the UNSDGs is anchored in the Group's sustainability framework and materiality assessment. Through targeted initiatives under each sustainability pillar, MHB focuses on goals and targets

where its operations, capabilities and value chain can have the greatest influence. This approach supports disciplined allocation of resources and enables progress to be tracked against clearly defined outcomes.

By aligning initiatives to specific UNSDG targets, the Group translates global aspirations into measurable actions that support long-term value creation. This structured integration strengthens accountability, enhances transparency and reinforces MHB's contribution to 13 of the 17 UNSDGs, supporting business resilience while delivering meaningful economic, environmental and social outcomes for stakeholders.

| Sustainability Pillar | Key Performance | UNSDGs |
|--|---|--------|
| FINANCIAL Focuses on delivering sustainable financial growth for our shareholders and investors. | <ul style="list-style-type: none"> Profit After Tax: RM102.8 million Total revenue: RM1,976.3 million | |
| ENVIRONMENTAL Prioritises minimising the environmental impact of its business activities. Our commitment extends to implementing measures that reduce pollution and preserve the natural environment across all facets of our operations. | <ul style="list-style-type: none"> Received 4-Diamond Award under the Low Carbon Cities 2030 Challenge by Malaysian Green Technology and Climate Change Corporation (MGTC) and Ministry of Natural Resources and Environmental Sustainability (NRES) 11.3% emissions intensity reduction of tCO2e / direct million man-hours 99.8% hazardous waste recycled 8% non-hazardous waste recycled Planted 419 trees under River Rehabilitation Programme | |
| SOCIAL 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. | <ul style="list-style-type: none"> Zero fatalities Lost Time Injury Frequency (LTIF): 0.05 Total Recordable Case Frequency (TRCF): 0.15 Zero human rights violations 395 individuals benefitted from community programmes 59,273 total training hours Received Gold Class I at the 43rd Malaysian Society for Occupational Safety and Health (MSOSH) Award 2025 | |
| GOVERNANCE Ensures robust governance processes and systems that drive ethical business practices and a culture of accountability. | <ul style="list-style-type: none"> 100% operations assessed for Corruption Risk Assessment (CRA) Zero incidents of corruption Zero major cybersecurity incident 86% total spend on local suppliers Engaged 35 critical suppliers under the Responsible Supply Chain Programme | |
| STAKEHOLDER ENGAGEMENT Underscores the importance of collaborative efforts with our stakeholders to ensure business success and create shared value. | Customer Satisfaction Index: <ul style="list-style-type: none"> Heavy Engineering: 7.6 Marine: 8.9 | |

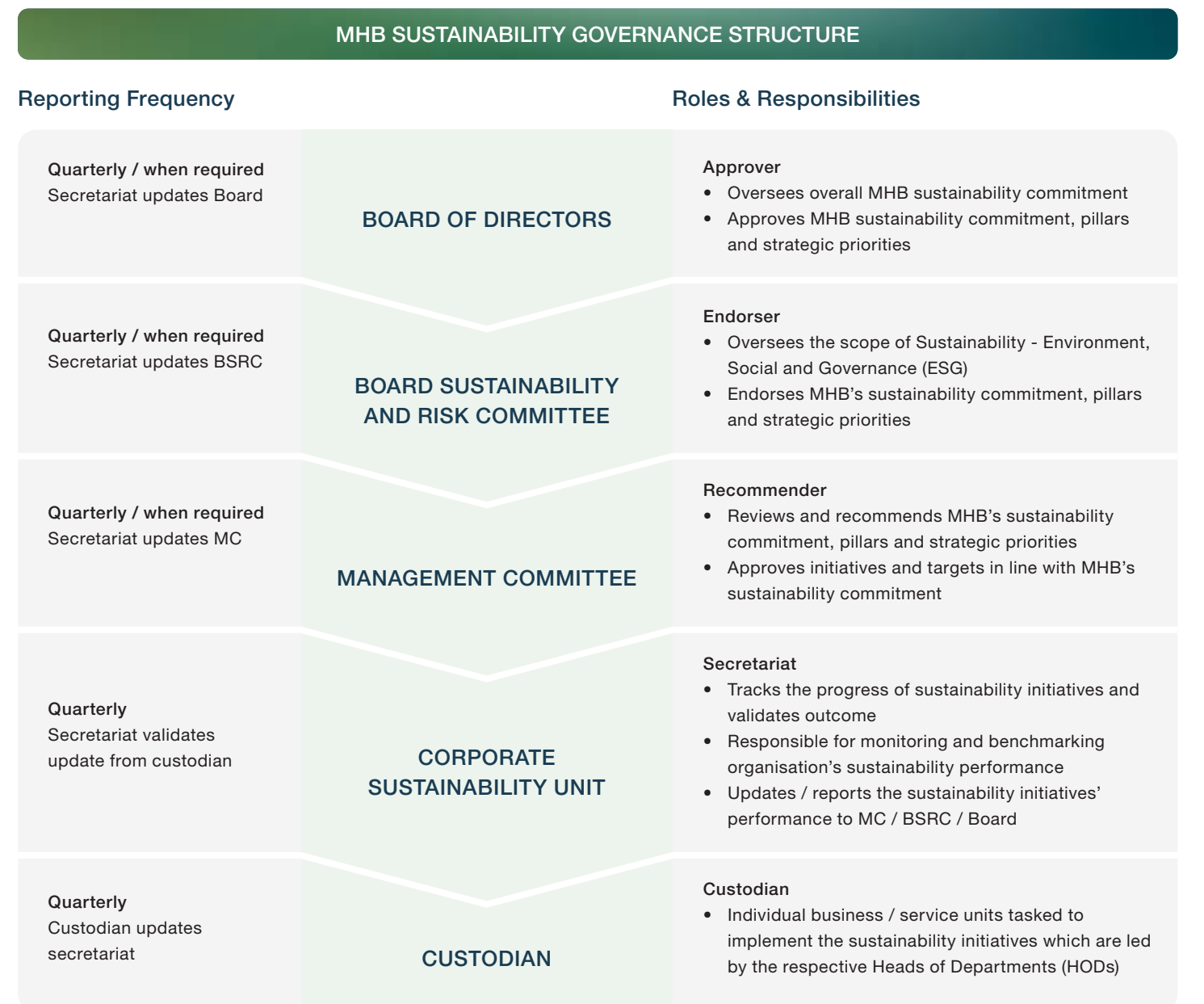
Sustainability Governance Structure

Sustainability governance at MHB is shaped by a clear and structured framework that integrates sustainability into the Group's governance and management processes. This approach places sustainability considerations at the centre of decision-making, supporting alignment between day-to-day operations and long-term strategic objectives. Clear lines of accountability enable the Group to balance stakeholder expectations while managing risks and responding to emerging opportunities.

Overall responsibility for sustainability rests with the Board of Directors (BOD), which sets strategic direction and provides oversight to ensure sustainability is embedded across the organisation. Responsibility for sustainability-related risks is delegated to the Board Sustainability

and Risk Committee (BSRC), allowing these risks to be assessed and managed within the wider enterprise risk framework. This ensures that sustainability considerations are evaluated alongside financial, operational and strategic factors.

At management level, the Management Committee (MC) reviews and approves sustainability initiatives, ensuring alignment with the Group's priorities and operating plans. The Corporate Sustainability Unit supports this structure by overseeing implementation, monitoring performance and tracking progress across the business. Updates on sustainability matters are reported on a quarterly basis to the MC, the BSRC and the BOD, providing consistent visibility and supporting informed oversight across all levels of governance.



What Sustainability Means to Us

Net-Zero Committee (NETZEC)

The establishment of the Net-Zero Committee marks a more focused and coordinated approach to the Group's decarbonisation agenda. Acting in an advisory capacity to the MC, NETZEC provides strategic direction on how environmental priorities are translated into practical actions that support MHB's long-term ambitions.

The committee plays a central role in assessing and recommending decarbonisation initiatives, shaping the Decarbonisation Roadmap for Scope 1 and Scope 2 emissions, and overseeing progress in addressing Scope 3 emissions across the value chain. It also reviews climate-related scenarios, targets and performance metrics, enabling the Group to better understand climate risks and opportunities and to track progress against its net-zero aspirations in a structured and disciplined manner.

Environmental, Social and Governance (ESG) Key Performance Indicators (KPIs)

Sustainability is reinforced across the organisation using ESG KPIs. These indicators are designed to translate sustainability priorities into measurable outcomes that are aligned with the Group's strategic objectives and operational plans.

By integrating ESG KPIs into annual performance assessments, sustainability considerations are embedded into management accountability and decision making. Their inclusion within the MHB Corporate Scorecard further reinforces sustainability as a core component of business performance, ensuring that progress on ESG matters is monitored alongside financial and operational results.

Board Leadership in Sustainability

The Board provides strategic leadership on sustainability, guiding the Group's approach to long-term growth and value creation. Oversight of ESG risks and opportunities forms part of the Board's broader governance responsibilities, with sustainability considerations incorporated into discussions on strategy, investment and business development.

These priorities were examined in depth during the Board Strategic Conversation held on 7 August 2025. Discussions covered areas such as carbon capture and storage (CCS), low-carbon hydrogen opportunities within the Oil & Gas and New Energy segment, and ecosystem participation in Sarawak and Sabah under the Enterprise segment. These deliberations reflect the Board's role in aligning the Group's strategy with evolving sustainability trends and regional development priorities.

Board Role in GHG Roadmap

The Board plays a central role in setting the direction for the Group's greenhouse gas reduction pathway, positioning sustainability as a core element of long-term growth and value creation. Environmental,

social and governance considerations are embedded within strategic oversight, shaping how risks are managed, opportunities are pursued and capital is allocated across the business.

At MHB, sustainability is integrated into strategy and operations through clear Board direction. Environmental priorities focus on reducing carbon emissions through improved energy management and investment in cleaner and more efficient technologies, including hydro blasting and robotic painting. The Board has endorsed a target to achieve a 20 percent reduction in emissions intensity by 2030, reinforcing accountability for delivery against defined milestones.

Social priorities are guided by a strong emphasis on workforce well-being, respect for human rights and talent development. Through targeted capability-building initiatives, the Group invests in developing future-ready skills while fostering positive outcomes for employees and the wider community. Governance considerations remain central to Board oversight, with a focus on transparency, ethical conduct and robust decision-making processes across all operations.

The Board also situates the Decarbonisation Roadmap within the broader context of Malaysia's energy transition and global decarbonisation efforts. By working closely with clients and stakeholders, the Group supports the delivery of sustainable energy and marine solutions while strengthening resilience through innovation and disciplined governance.

This commitment is reinforced through the Annual Business Plan and Budget for 2026, where sustainability is established as a core pillar alongside other strategic priorities. Guided by the FY2026 to 2030 strategy, decarbonisation and ESG driven initiatives are embedded across business planning, operational execution and investment decisions. Sustainability features prominently as one of three main strategic priorities, alongside upgrading core facilities and enhancing service delivery capabilities.

The plan sets out clear actions to reduce operational emissions, manage emissions across the value chain and adopt advanced technologies in support of the Group's net-zero pathway. It also details a broad range of ESG programmes, covering waste reduction, energy efficiency, renewable energy adoption and responsible supply chain practices. Social and governance priorities are addressed through initiatives that uphold human rights, promote diversity, inclusion and transparent procurement.

Measurable targets underpin these commitments, including a 20 percent reduction in emissions intensity by 2030 based on a 2016 baseline and an ambition for 25 percent of cash flow from operations to be generated by new energy projects by 2030. The CAPEX Masterplan further supports sustainable growth through targeted investment in asset rejuvenation, technology adoption and infrastructure upgrades to enhance safety, reliability and environmental performance. Through sustained oversight and strategic direction, the Board reinforces its role in guiding the Group towards responsible growth.

Board Training

Strengthening sustainability capability at Board and senior management level is an important part of the Group's governance approach. To support informed oversight and decision making, MHB works in collaboration with its parent company, MISC Berhad, to provide ongoing training and education on sustainability related developments.

These programmes are designed to keep leaders abreast of emerging trends, regulatory developments and evolving best practices, ensuring that sustainability considerations are effectively integrated into strategic discussions and oversight. Recent sessions have included an introduction to carbon markets, focusing on the role of carbon credits, market trends and their relevance to the Group's business, as well as training on implementing a generative health, safety and environment culture through a top-down leadership approach.

Through continued investment in Board and senior management development, the Group supports informed governance and reinforces its ability to respond to sustainability challenges while identifying opportunities aligned with long-term strategic objectives.

Corporate Scorecard

The Corporate Scorecard is a key mechanism through which sustainability priorities are embedded into how performance is planned, assessed and reviewed across the Group. It provides a structured link between strategy and execution, reinforcing the role of sustainability as part of core business management rather than a parallel agenda.

As part of this approach, MHB is actively developing Environmental, Social and Governance Key Performance Indicators that are aligned with its sustainability objectives. These indicators translate strategic priorities into clear and actionable measures, guiding management focus and supporting consistent implementation across the organisation. The integration of sustainability-related KPIs into the annual performance review process enables the Board to assess progress in a structured and transparent manner.

Corporate Scorecard

| Pillar | KPI | Target 2025 | Achievement in 2025 | |
|---------------|---|--|---|------|
| Environmental | Emissions Intensity Reduction | 7.5% Reduction of tCO ₂ e / Direct Million Man-hours (from baseline 2016) | 11.3% Reduction of tCO ₂ e / Direct Million Man-hours (from baseline 2016) | |
| | Social | Loss Time Injury Frequency (LTIF) | 0.21 | 0.05 |
| | | Total Recordable Case Frequency (TRCF) | 0.66 | 0.15 |
| | | Fatality | 0 | 0 |
| Governance | Non-Personnel Major Incidents | 0 | 0 | |
| | Major Cybersecurity Incidents | 0 | 0 | |
| | Major Breaches of Relevant Laws and Regulations | 0 | 0 | |

What Sustainability Means to Us



Policies and Guidelines

MHB's sustainability approach is supported by a comprehensive set of policies and guidelines that provide a consistent and structured basis for managing environmental, social and governance matters across the organisation. These policies set clear expectations and responsibilities, enabling sustainability considerations to be applied consistently in operational and strategic decision making.

The policies support accountability at all levels of the business, guiding how ESG risks and opportunities are identified, assessed and managed. It also ensures alignment between sustainability objectives, regulatory requirements and stakeholder expectations, reinforcing disciplined governance across the Group's operations.

These policies are reviewed on a regular basis to remain relevant in a changing operating environment. Updates take into account emerging sustainability trends, evolving stakeholder priorities and developments in regulation and industry practice.

| MATERIAL MATTER | POLICIES & GUIDELINES |
|---|---|
| Climate Change | <ul style="list-style-type: none"> MHB Climate Framework Greenhouse Gas Management Procedure |
| Natural Resources & Consumption | <ul style="list-style-type: none"> ISO 14001:2015 Environmental Management System |
| Project & Financial Performance | <ul style="list-style-type: none"> ISO 9001:2015 Quality Management System Statement of Quality Policy Quality Performance Measurement Procedure Price of Non-Conformance Procedure |
| Business Sustainability | |
| Human Capital & Diversity and Inclusion | <ul style="list-style-type: none"> Employee Handbook Collective Agreement (CA) Performance Management System MHB Diversity and Inclusion Statement |
| Governance & Ethics | <ul style="list-style-type: none"> ISO 37001:2016 Anti-Bribery Management System MHB Code of Conducts and Business Ethics MHB Anti-Bribery and Corruption Policy MHB Whistleblowing Policy No Gift Policy MHB No Conflict-of-Interest Policy MHB Corporate Privacy Policy MHB Referral Policy MHB Economic Sanctions and Export Control Policy & Guidelines MHB Raid Protocol Policy MHB Public Position Policy MHB Competition Policy MHB Anti-Bribery Management System Manual |
| Asset Integrity & Reliability | <ul style="list-style-type: none"> ISO 9001:2015 Quality Management System ISO 3834-2:2021 Quality Requirements for Fusion Welding of Metallic Materials ISO 29001:2020 Quality Management System for Petroleum, Petrochemical and Gas Industry EN 1090-1:2009+A1:2011 Execution of Steel Structures and Aluminium Structures |
| Risk Management | <ul style="list-style-type: none"> MHB ERM Framework MHB Project Risk Management Guideline |
| Supply Chain | <ul style="list-style-type: none"> Code of Conduct and Business Ethics for Third Parties Third-Party Compliance Due Diligence Operational Guidelines (TPCDDOG) |
| Human & Labour Rights | <ul style="list-style-type: none"> Human Rights Policy |
| Health & Safety | <ul style="list-style-type: none"> ISO 45001:2018 Occupational Health and Safety Management System Health, Safety and Environment (HSE) Policy Substance Misuse Control Policy Stop Work Policy MHB Security Policy Fatigue Management at Workplace HSE Performance Management Procedure Emergency Preparedness and Response Plan |
| Digitalisation & Cybersecurity | <ul style="list-style-type: none"> ISO 27001:2022 Information Security Management Systems Information Security Procedure Cybersecurity Control Standard |



What Sustainability Means to Us

Memberships & Associations

Active participation in industry associations and professional bodies forms part of MHB's broader approach to responsible business and continuous improvement. Through these platforms, the Group stays informed of evolving industry standards, regulatory developments and emerging sustainability practices that are shaping the energy and marine sectors.

Engagement with these associations enables MHB to contribute to industry wide dialogue while benefiting from knowledge sharing and collaboration with peers. Insights gained are used to strengthen operational practices, enhance sustainability performance and support informed decision-making across the organisation.

These memberships also support the Group's strategic objectives by reinforcing alignment with best practices and encouraging collective progress on sustainability and governance matters. In doing so, MHB contributes to the advancement of more sustainable and responsible industry practices while strengthening its own long-term resilience and competitiveness.

| ASSOCIATIONS | OUR POSITION | CONTRIBUTIONS & VALUE CREATED |
|--|--|--|
| National Institute of Occupational Safety and Health (NIOSH) | Member | <ul style="list-style-type: none"> To demonstrate MHB's successful implementation of OSH-MS To promote OSH amongst employees To emphasise MHB's dedication and commitment towards enhancing occupational safety and health in Malaysia |
| Pasir Gudang Emergency Mutual Aid (PAGEMA) | Member | MHB has 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. |
| Malaysian Oil & Gas Services Council (MOGSC) | Member | MHB's active involvement in MOGSC enables us to engage and collaborate with industry stakeholders, associations, and government agencies in the sector we operate in. |
| Malaysian Offshore Contractors Association (MOCA) | Member | MOCA is an association of offshore contractors for oil & gas industry in Malaysia aiming to promote cohesive working relationships amongst various contractors in the O&G offshore business. |
| Welding Institute of Malaysia (WIM) | Member | Members of WIM benefit from: <ul style="list-style-type: none"> exclusive access to a wide range of technical information free attendance to technical events discounts on attendance to courses, seminars, conferences and more |
| Malaysia Anti-Corruption Academy (MACA) | Member | <p>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.</p> <p>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.</p> |
| Human Resource Development Corporation (HRD Corp) | Registered Training Provider | Enables MHB to conduct HRD Corp-claimable trainings fostering continuous employee development and skill enhancement. |
| | 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) | Certified Facility & Certified Training Provider | <ul style="list-style-type: none"> Certification of MHB's Centre of Excellence as the certified facility for welder accreditation Certified training provider for Safety Induction for Construction Worker (SICW / Green card) |
| 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. |

What Sustainability Means to Us

Climate-Related Financial Risks and Opportunities (TCFD-Aligned Approach During NSRF Transition)

As MHB is classified as a Group 2 entity under the National Sustainability Reporting Framework (NSRF), the Group continues to strengthen its climate-related disclosures by maintaining TCFD-aligned practices while transitioning towards IFRS S2 adoption. The Group's climate framework is structured around four interconnected pillars: governance, strategy, risk management, and metrics and targets, and is aligned with the former Task Force on Climate-related Financial Disclosures (TCFD) Recommendations, which have since been fully incorporated into the ISSB Standards. Together, these elements provide a clear and balanced view of how climate considerations are integrated into decision making at all levels of the organisation.

Governance arrangements define roles and responsibilities for overseeing climate-related matters, ensuring that accountability is clearly established and that oversight is exercised within existing management and Board structures. This supports informed leadership

on climate risks and opportunities and reinforces their relevance to long-term business performance.

Climate considerations are incorporated into strategy, guiding how the Group positions itself in response to transition and physical risks while identifying opportunities linked to changing energy systems and customer needs. Risk management processes assess climate-related financial risks alongside other enterprise risks, enabling potential impacts to be identified, evaluated and managed in a systematic manner.

Metrics and targets provide a basis for tracking performance and progress over time. By monitoring relevant indicators and setting defined targets, the Group strengthens transparency and enables stakeholders to understand how climate-related commitments are translated into measurable actions. Taken together, this framework supports clear and consistent disclosure, offering a transparent perspective on how climate-related financial risks and opportunities are managed.



GOVERNANCE

Oversight of climate-related matters is anchored at Board level, with the Board and the Board Sustainability and Risk Committee integrating climate considerations into strategy, risk management, budgets and business planning. They set objectives, oversee implementation and monitor performance, including the review of significant expenditure and strategic actions. Progress on sustainability and climate initiatives is tracked on a quarterly basis, supporting alignment with established goals and reinforcing strong governance and accountability.

At management level, climate risks form part of the broader enterprise risk framework. The Risk Council, comprising members of the Management Committee, reviews key enterprise risks and mitigation

plans each quarter and reports its findings to the Board. Climate-related risks are incorporated into the Group's risk register and are monitored on an ongoing basis, enabling potential impacts to be identified and managed in a timely manner.

Operational oversight is supported by the Corporate Sustainability Unit, which provides quarterly updates on sustainability and climate-related matters to the Management Committee, the Board Sustainability and Risk Committee and the Board. In parallel, the NETZEC acts as the driver in implementation of decarbonisation initiatives, including those related to climate change.

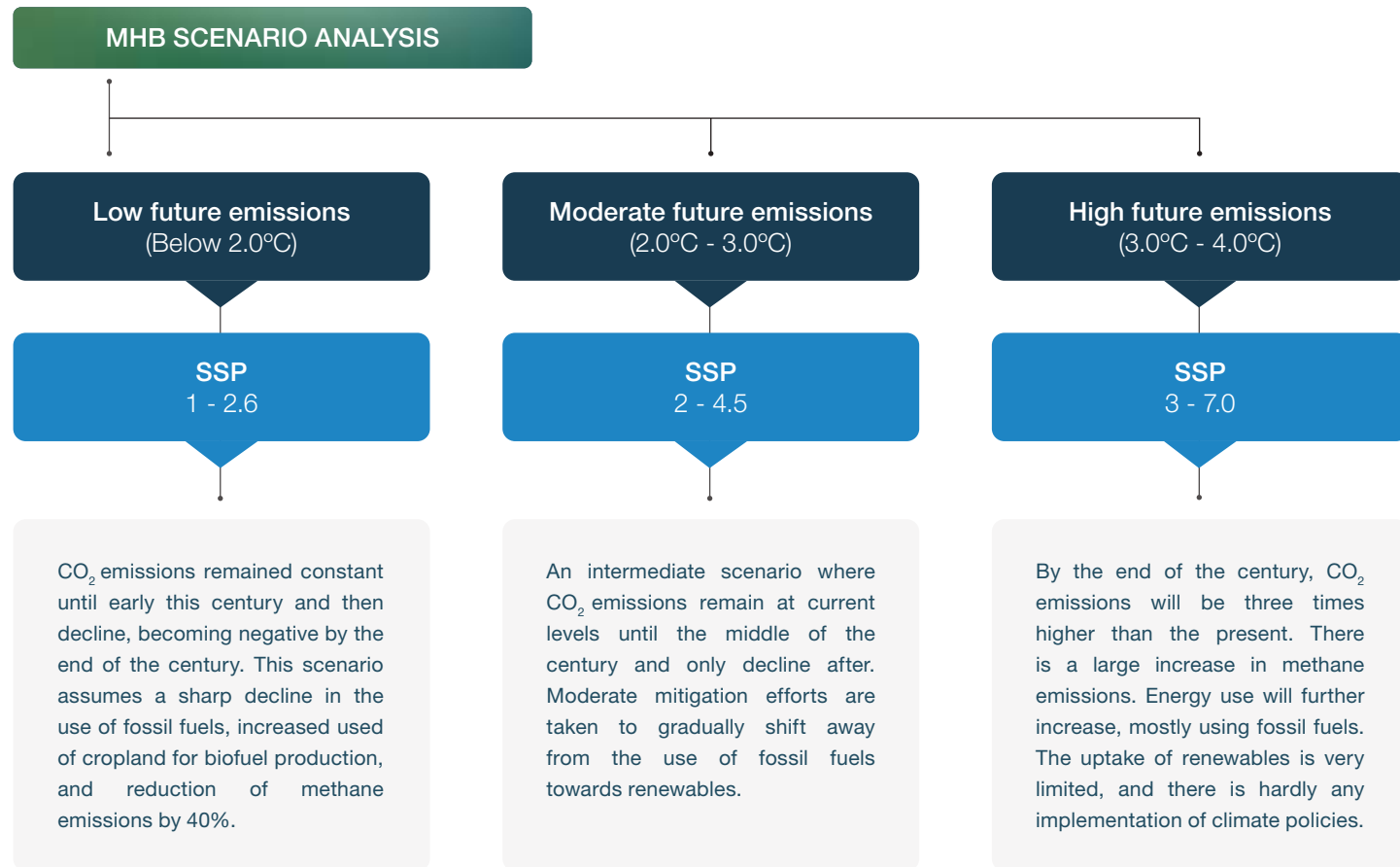
| | Roles & Responsibilities | Reporting Frequency |
|--|--|---|
| BOARD | Approver <ul style="list-style-type: none"> Board oversight on overall MHB climate-related commitment Approves MHB climate-related commitment, pillars and strategic priorities | Quarterly / when required Secretariat updates Board |
| BOARD SUSTAINABILITY AND RISK COMMITTEE | Endorser <ul style="list-style-type: none"> Oversees the scope of Sustainability - Environment, Social and Governance (ESG) Endorses MHB's sustainability commitment, pillars and strategic priorities | Quarterly / when required Secretariat updates BSRC |
| RISK COUNCIL / MANAGEMENT COMMITTEE | Recommender <ul style="list-style-type: none"> Reviews and recommends MHB Climate Framework Approves initiatives and targets in line with MHB's climate-related commitment | Quarterly / when required Secretariat reports to MC |
| SUSTAINABILITY DEPARTMENT | Secretariat <ul style="list-style-type: none"> Tracks the progress of climate-related initiatives and validates outcome Responsible for monitoring and benchmarking organisation's climate-related performance Update / report the climate-related initiatives' performance to MC / BSRC / Board | Quarterly Secretariat validates update from custodian |
| NETZEC / CUSTODIAN | NETZEC / Custodian <ul style="list-style-type: none"> Business units / services units tasked to implement the climate-related initiatives which are led by respective Heads of Departments (HODs) and overseen by the NETZEC | Quarterly Custodian updates secretariat |

What Sustainability Means to Us

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 |

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 (3.0°C - 4.0°C) |
|--------------------------------|---|---|--|
| ENVIRONMENTAL | <ul style="list-style-type: none"> Sea level rise already occurring Changes in sea waves patterns Increased wind speed and wave power Extreme weather damage to infrastructure and navigational safety | <ul style="list-style-type: none"> Larger winter ocean waves, increase in wave heights Bad extreme weather led to Arctic Sea ice loss Reshaping of coastlines and low-lying areas | <ul style="list-style-type: none"> Sea level rise worsening Extreme heatwaves and tropical cyclones Unpredictable sea wave patterns Extreme sea level rise and intense impact on coastal sectors |
| POLITICAL & LEGAL | <ul style="list-style-type: none"> Strong commitment towards the net-zero transition Government initiatives on climate change Carbon pricing is well established Shipping Legal Frameworks and Acts | <ul style="list-style-type: none"> Moderate implementation of carbon pricing and approach towards net-zero transition policies | <ul style="list-style-type: none"> Insufficient policies to meet climate targets Lack of regulations and standards Carbon pricing is not widely adopted |
| ECONOMIC | <ul style="list-style-type: none"> Higher Gross Domestic Product (GDP) growth: average 3.3% annually Rapid transition to renewable energy (RE sources) Reduction in global demand of fossil fuel and non-renewable energy Widely adapts to a low-carbon future in the oil and gas (O&G) industry Investments starts to slow down after 2030 in the energy sector | <ul style="list-style-type: none"> Small investment in green energy Half of the world's energy comes from RE Small reduction in non-RE source demand Expand bioenergy adoption to replace fossil fuels Phase out coal-fired power plants Strong push for electrification Policy commitments to limit fossil fuel usage | <ul style="list-style-type: none"> Slower transformation towards RE Increased in energy-related CO₂ emission Increase in non-RE source demand |
| REPUTATION & SOCIAL | <ul style="list-style-type: none"> Stakeholder pressure to reduce value chain emissions The O&G sector is progressively embracing zero-carbon fuels & RE energy sources Rising trend in clean energy employment | <ul style="list-style-type: none"> Consumer demand drives sustainability in purchasing decisions Companies adapt to meet sustainable consumer expectations Job losses in high-emission industries as the fossil fuel sector phases out | <ul style="list-style-type: none"> Lack of action on climate change Voluntary trend in carbon reduction commitment Lack of pressure from stakeholders |

What Sustainability Means to Us

Strategic Planning

Climate considerations are incorporated into MHB's strategic planning through the use of climate-related remuneration mechanisms. These tools support the integration of decarbonisation priorities into decision making, ensuring that climate actions are considered alongside financial and operational factors. By embedding these elements into ESG related key performance indicators, the Group aligns investment decisions with its approach to managing carbon emissions and climate-related risks and opportunities.

Climate-related Remuneration

Decarbonisation initiatives are reflected within ESG-related key performance indicators in the 2025 Balanced Scorecard. Business units with direct responsibility for carbon management or for addressing climate-related risks and opportunities are assessed based on their contribution to improving carbon and energy performance. This approach links sustainability outcomes with management accountability and incentives.

Oversight of this process sits with the Board Nomination and Remuneration Committee, which reviews senior management's ESG performance and related remuneration. The committee also conducts performance appraisals of the Company and the MD & CEO, making recommendations to the Board based on outcomes from the balanced scorecard. This structure reinforces the role of leadership in delivering climate-related objectives.

Internal Carbon Pricing

Internal carbon pricing is applied to strengthen the assessment of climate impacts in investment decisions. In 2023, an internal carbon price of USD50 per tonne of carbon dioxide equivalent was adopted for new investment assets that emit more than 5,000 tonnes of CO₂ equivalent annually or contribute 0.10 percent or more to total emissions. This price is factored into financial evaluations, enabling potential carbon costs to be considered alongside expected returns.

MHB is currently reviewing its internal carbon pricing mechanism to ensure continued alignment with the parent company and evolving climate-related standards and to strengthen its integration into investment decision-making.

Climate-related Risks and Opportunities Embedded into Business Strategies

Climate considerations are integrated into business planning through a structured and forward-looking strategic process. Each year, the Corporate Strategy and Sustainability Division leads a company-wide strategic planning exercise that evaluates both business and climate-related risks and opportunities across the Group's operations and value chain. For the FY2026–2030 strategy period, decarbonisation forms one of three key strategic priorities, together with upgrading core facilities and enhancing service delivery capabilities.

This assessment informs the development of short-, medium- and long-term strategies, ensuring that climate factors are considered alongside market, operational and financial drivers. The resulting strategic priorities and action plans are presented to the Board for review and approval, reinforcing accountability at the highest level and supporting alignment between climate objectives and overall business direction.

OVERVIEW OF MHB GROUP CLIMATE-RELATED RISKS & OPPORTUNITIES

| | |
|------------------------------|--|
| Physical | <ul style="list-style-type: none"> R1 Increase in extreme weather (wind, temperature and precipitation) (acute) R2 Sea level rise (chronic) |
| Regulatory | <ul style="list-style-type: none"> R3 Increasing environmental / carbon policies and legislation |
| Technological | <ul style="list-style-type: none"> R4 Development of new technologies for low-carbon solutions R5 Training for the right expertise and skills required to manage new low-carbon technologies / new asset class |
| Market | <ul style="list-style-type: none"> R6 Shift in customer expectation R7 Changing capital providers trend R8 Market interest shift towards low-carbon economy |
| Social and Reputation | <ul style="list-style-type: none"> R9 Being perceived as advanced or a laggard in climate change action / failure to comply with regulation R10 Talent retention and attraction |

Short-, Medium-, and Long-term Time Horizons

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 |
|--|--|
| Short-Term (Within the next 2-3 years) | Any climate-related risks that have or are expected to have material financial impact in the next two to three years from current and emerging climate legislation and market interest shift towards low-carbon economy |
| Medium-Term (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"> Extreme weather threats (e.g., changes in precipitation, greater intensity, and frequency of typhoon / cyclone events) Climate-related requirement imposed by existing or potential customers |
| Long-Term (2031-2050) | Any climate-related risks that have or are expected to have material financial impact in addressing the risks and opportunities of the energy transition and global movement towards Net-Zero GHG Emissions by 2050 |

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 are:

- Physical
- Regulatory
- Reputation & Social
- Technological
- Market

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

What Sustainability Means to Us

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 | MEDIUM | HIGH |
|---------------------------------|---------------------|--|--|--|--|
| | | | 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 are 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 and 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 |
| | Technological | Training for the right expertise and skills required to manage new low-carbon technologies / new asset class | 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 assets | Increased interest rates for conventional assets | Increased interest rates for conventional 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 | |

Risk Assessment and Strategic Mitigation

Climate-related risks and opportunities are assessed over defined time horizons to support informed planning and effective mitigation. The analysis that follows sets out potential impacts across the short-term of zero to three years, the medium-term to 2030, and the long-term from 2031 to 2050. This time-based approach enables the Group to consider both immediate and emerging climate-related challenges alongside longer term structural changes.

In line with the recommendations of the Task Force on Climate-related Financial Disclosures, risks are grouped into two broad categories. Physical risks arise from the direct impacts of a changing climate, including acute and chronic weather-related events that may affect

assets, operations and supply chains. Transition risks stem from the global shift towards a low-carbon economy and include policy and regulatory changes, market dynamics, technological developments and evolving stakeholder expectations.

For each identified risk and opportunity, mitigation and management strategies are outlined to address potential impacts on the business. These strategies are integrated into the Group's broader risk management and strategic planning processes, supporting resilience and adaptability as climate related conditions and expectations continue to evolve.

Physical Risks – Acute Extreme Weather

Climate projections indicate an increase in the intensity and frequency of extreme weather events, including severe tropical cyclones and prolonged heatwaves. According to the Intergovernmental Panel on Climate Change, a rise in global average temperatures to 2°C and

beyond is expected to significantly heighten exposure to extreme heat, with an estimated 37 percent of the global population affected. These trends have direct implications for asset intensive operations and workforce safety.

| Impact to Business | Management Approach |
|---|---|
| <p>Time horizon: Medium- to Long-Term</p> <p>Risks Extreme weather events may result in higher insurance costs and physical damage to yard infrastructure. Elevated temperatures and severe weather conditions can disrupt operations and increase health and safety risks to the workforce. Additional capital may be required to upgrade buildings and facilities to withstand more severe conditions, while structures and equipment exposed to external environments face a higher risk of damage. Operational delays linked to weather disruptions may also affect costs and liquidity. In parallel, an increase in weather related personal injury cases could lead to higher insurance premiums.</p> <p>Opportunities The growing intensity of extreme weather events may drive demand for marine repair services, as vessels and offshore assets require repair or reinforcement. While such opportunities are subject to dock capacity constraints, they may support incremental revenue growth within existing operational limits.</p> | <p>The Group's response focuses on protecting assets, maintaining operational resilience and safeguarding people. Critical infrastructure such as cranes, buildings, docks and transporters are protected through lightning protection systems and structural enhancements designed to withstand extreme weather conditions. Asset specifications are reviewed and strengthened on an ongoing basis to address evolving physical risks.</p> <p>Preparedness measures are integrated within the Group's Emergency Preparedness and Response Plan, which forms part of its broader business continuity and disaster recovery framework. In parallel, the Group explores opportunities to support clients through vessel and asset modifications, retrofits or conversions that improve resilience to extreme weather. These services also create opportunities for collaboration with vessel owners and providers of low-carbon and climate resilient technologies.</p> |

What Sustainability Means to Us

Physical Risks – Chronic Extreme Weather

Longer term climate change is expected to give rise to chronic physical risks, particularly under scenarios where global temperatures reach 3°C and above. Rising temperatures are associated with the accelerated melting of glaciers and long-term sea-level rise, which could occur earlier than anticipated. These developments have implications for coastal and marine based operations, where exposure to gradual environmental change may affect asset integrity and operational continuity.

| Impact to Business | Management Approach |
|--|--|
| <p>Time horizon: Medium- to Long-Term</p> | |
| <p>Risks Chronic changes in climate conditions may increase costs associated with upgrading yard infrastructure or adapting facilities to address higher sea levels and prolonged exposure to heat. In more severe scenarios, relocation to higher ground or significant redesign of existing infrastructure may be required to maintain operational viability.</p> | <p>The Group manages chronic physical risks through ongoing monitoring of key risk indicators and the implementation of targeted mitigation measures to strengthen infrastructure resilience. Sea level trends are tracked progressively across marine repair and heavy engineering operations to inform planning and adaptation measures. In parallel, the Group is exploring opportunities to enhance the long-term security of its shipyard by leveraging its strategic location, which is generally less exposed to the impacts of extreme weather. This positioning supports efforts to strengthen operational reliability and to differentiate the shipyard as a secure and resilient option for clients operating in an increasingly challenging climate environment.</p> |
| <p>Opportunities Targeted infrastructure upgrades present an opportunity to strengthen the resilience and security of the shipyard. Enhancing physical robustness and preparedness may position the facility as a more reliable and secure option for clients, reinforcing its standing as a preferred or “yard of choice” in the region.</p> | |

Transition Risks – Regulatory

Efforts to address human induced climate change are driving a rapid expansion of climate- related regulation worldwide. Governments are introducing policies aimed at reducing emissions through carbon pricing, energy efficiency measures and support for low-carbon technologies. This shift is expected to accelerate, with new legislation, standards and reporting requirements shaping how companies operate and invest.

| Impact to Business | Management Approach |
|--|--|
| <p>Time horizon: Short- to Medium-Term</p> | |
| <p>Risks The tightening of environmental and climate regulation may result in higher compliance costs, including the adoption of newer technologies to meet more stringent requirements. Extreme weather events also heighten the risk of spills or leaks, potentially leading to remediation costs, litigation and reputational impact. In addition, the introduction or expansion of carbon pricing mechanisms could increase operating costs through carbon taxes.</p> | <p>The Group assesses regulatory and compliance risks linked to current and emerging climate policies as part of its broader risk management processes. Compliance requirements and associated costs are integrated into operational planning to support timely and effective adherence. To remain informed and prepared, the Group participates in knowledge sharing sessions with relevant stakeholders to understand regulatory developments and market outlooks, and engages with regulators and industry bodies on emerging requirements. Internal assurance activities and self assessments are conducted to monitor compliance, alongside studies on technological options and capital expenditure planning to support regulatory readiness. Within the Marine segment, the Group is future proofing capabilities to support vessel retrofitting in response to regulatory drivers. This includes readiness to support compliance with the Energy Efficiency Existing Ships Index requirements introduced by the International Maritime Organisation (IMO), as shipowners accelerate decarbonisation efforts in response to global regulatory expectations.</p> |
| <p>Opportunities Regulatory change also creates opportunities for collaboration with customers on low-carbon solutions and the deployment of new or existing technologies. Such partnerships may enable cost sharing or full investment by customers. Increased regulation is also expected to drive demand for vessel retrofitting services, as shipowners seek to comply with evolving efficiency and emissions standards.</p> | |

What Sustainability Means to Us

Transition Risks – Technological

Global climate commitments are accelerating the development and deployment of low-carbon technologies across the energy and marine sectors. This rapid pace of change requires continuous adaptation, as the ability to understand, adopt and manage emerging technologies increasingly influences competitiveness and long-term relevance. Maintaining access to appropriate skills and partnerships is therefore essential.

| Impact to Business | Management Approach |
|--|---|
| <p>Time horizon: Short- to Medium-Term</p> <p>Risks The transition towards low-carbon technologies may require significant upfront investment, with insufficient funding potentially constraining development or adoption. Failure to keep pace with technological advances could affect the Group's attractiveness as a fabricator or service provider. Skills gaps may also emerge, limiting the ability to manage new asset classes or comply with evolving technical standards.</p> <p>Additional risks include underperformance of new technologies in meeting regulatory expectations, higher operating costs linked to specialised talent for fabrication or repair, and increased training costs for employees. Demand for specialised subcontractor services may also drive higher costs as low-carbon expertise becomes more sought after.</p> <p>Opportunities The adoption of low-carbon technologies presents opportunities for cost savings through reduced fuel and electricity consumption. Collaboration with customers on low-carbon solutions may enable cost sharing or full investment, strengthening long-term partnerships. Successful adoption can also enhance market share and reputation, positioning the Group as a trusted steward of new low-carbon technologies. Enhanced engineering capability in low-carbon solutions offers a competitive advantage, enabling the Group to better support clients' decarbonisation objectives and respond to evolving market demand.</p> | <p>The Group focuses on building readiness through targeted training and collaboration with low-carbon technology providers. Strengthening internal competency supports early adoption and enables the Group to respond effectively to client requirements linked to decarbonisation. Operational measures include the use of alternative fuels such as biodiesel and liquefied natural gas in selected activities, alongside continuous improvements in energy efficiency. Replacing less efficient technologies with lower carbon alternatives has contributed to reductions in electricity consumption and operating costs, supporting both environmental and commercial objectives.</p> |

Transition Risks – Market

Shifts in the global energy landscape are reshaping market dynamics across the energy and marine sectors. Economic volatility, geopolitical developments and heightened competition continue to influence demand and investment decisions. At the same time, rising expectations around sustainability are accelerating the transition towards a low-carbon economy. As alternative and renewable energy sources gain traction, demand for fossil fuel-related projects may decline, affecting the scale and nature of offshore assets and heavy engineering fabrication works. Capital allocation trends are also evolving, with investors increasingly favouring net-zero and sustainable investments.

| Impact to Business | Management Approach |
|--|--|
| <p>Time horizon: Medium- to Long-Term</p> <p>Risks The energy transition may reduce demand for the fabrication of fossil fuel-related offshore assets. Failure to meet customers' low-carbon requirements could limit competitiveness, while challenges in developing a responsible supply chain may affect project eligibility. Shifts in investor preferences may also constrain access to funding for fossil fuel related activities, increasing the risk of losing financing opportunities. In addition, non-compliance with climate-related contractual requirements could limit the Group's ability to secure green or transition projects.</p> <p>Opportunities Market change presents opportunities to collaborate with green vendors in building a more responsible and resilient supply chain. Growth is expected in decarbonisation and renewable energy segments, including offshore wind, carbon capture utilisation and storage, and carbon capture and storage projects. The existing marine repair business also offers opportunities to generate additional revenue through vessel modifications that reduce greenhouse gas emissions and support regulatory compliance. Access to sustainable finance, such as sustainability linked loans or green financing, may provide preferential funding terms, supporting investment in low-carbon technologies. Successful positioning in these areas may also support longer term value creation and potential improvements in market capitalisation.</p> | <p>The Group actively monitors global economic and geopolitical developments, alongside competitive dynamics, to manage market related risks. Strategic partnerships and the pursuit of low-carbon projects support efforts to position the Group as a credible participant in the low-carbon economy. Decarbonisation initiatives are prioritised to support sustainable development and to strengthen competitiveness in emerging markets. Operational initiatives include the launch of Trash to Cash centre at the West Yard and food composting programme, supporting circular economy principles and operational efficiency. In parallel, the Group is exploring opportunities to secure preferential financing, including sustainability linked loans and green funding, to support investment in low-carbon technology development and long-term strategic objectives.</p> |

What Sustainability Means to Us

Transition Risks – Reputation and Social

Perceptions of how effectively the Group responds to climate change can influence its standing with customers, investors and employees. Being viewed as a leader or a laggard in climate action has implications for competitiveness, access to capital and the ability to attract and retain talent, particularly as sustainability expectations continue to rise across the energy and marine sectors.

| Impact to Business | Management Approach |
|--|---|
| <p>Time horizon: Short- to Long-Term</p> <p>Risks Weak climate performance may erode confidence among customers and capital providers, potentially resulting in lost bids or reduced access to funding. Non-compliance with climate-related regulations could also lead to reputational damage. The transition towards low-carbon solutions may increase operating costs, including the need to employ specialised talent. In a competitive labour market, there is a risk of losing skilled employees to competitors and of facing challenges in attracting top talent where sustainability credentials are a key consideration.</p> <p>Opportunities A credible and well communicated climate strategy can strengthen corporate reputation and brand positioning. Clear sustainability commitments may support higher employee retention and productivity, while enhancing the ability to attract and retain high quality talent. The transition also creates opportunities to develop specialised skills and training in climate-related risk management, supporting long-term workforce capability.</p> | <p>Reputational and social risks are reviewed on an ongoing basis, with particular attention to climate-related expectations in the energy and marine industries. Stakeholder expectations around environmental stewardship are addressed through enhanced assessment of climate-related risks and opportunities, support for internal carbon pricing initiatives, the setting of emissions reduction targets and transparent communication of sustainability efforts. The Group maintains its inclusion in the FTSE4Good Bursa Malaysia Index, reinforcing its commitment to responsible business practices. Engagement with external stakeholders includes sharing knowledge at energy forums and communicating sustainability initiatives with investors and analysts. Employee capability development is prioritised to support the adoption of low-carbon technologies, positioning the Group as a responsible contributor to decarbonisation efforts while strengthening its reputation as an employer of choice.</p> |

Climate Strategy

The Group’s climate strategy is structured around two distinct but connected time horizons, reflecting the need to manage near term transition risks while preparing for longer term structural change in the global energy system. This approach supports a balanced response that addresses current operational realities and positions the business for resilience in a net-zero economy.

In the short-to-medium term, the transition plan focuses on decarbonising existing operations and managing immediate climate-related risks. This includes reducing emissions intensity, improving energy efficiency, strengthening regulatory compliance and integrating climate considerations into investment and operational decisions. These actions are designed to protect financial performance while responding to evolving customer, regulatory and investor expectations.

Over the longer term, the climate strategy looks beyond incremental improvements to position the Group competitively as the energy transition accelerates. This involves building capabilities in low-carbon and renewable solutions, adapting the business portfolio to shifting demand and supporting clients in their own decarbonisation journeys.

LOW-CARBON TRANSITION PLAN
(Short - Medium Term, current year up to 2030)

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. Our efforts include deploying low-carbon technologies at our yards.

Key initiatives include:

- i. Increase energy efficiency and management of our operations
- ii. Transition to lower emitting fuel such as biodiesel and LNG
- iii. Electrification of our equipment
- iv. Renewable energy usage through solar panel installation at our premises

LONG-TERM PLAN
(2031-2050)

We align with the MISC Group’s goal of achieving Net-Zero GHG Emissions by 2050. Our business strategy will evolve by decarbonising operations to meet market demands and exploring new income streams supporting renewable energy value chains. The focus areas include:

Low-carbon operations

Optimise renewable energy usage at our yard

Value chain emissions reduction

What Sustainability Means to Us

Risk Management

Climate-related risks are assessed within the Group's established risk management processes, ensuring that they are considered alongside other strategic, operational and financial risks. This integrated approach supports consistent evaluation and informed decision making across the organisation.

As part of strategic risk business planning, climate risks and opportunities are examined when setting business direction and priorities. This enables potential impacts on operations, assets and markets to be identified early and addressed through appropriate strategic responses.

Climate-related risks are identified, assessed, monitored and reviewed in a structured manner, with mitigation measures developed where necessary. Embedding climate considerations within ERM strengthens oversight, enhances resilience and supports the Group's ability to manage uncertainty in a changing operating environment.

Metrics & Target

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

- GHG Emissions Intensity Reduction
- Total GHG emissions for Scope 1, 2 and 3
- Energy consumption
- Total value from firm bids in low-carbon opportunities
- Revenue from low-carbon services

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

Strategic Risk & Enterprise Risk Management (ERM)

1

Identification & Translation

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

2

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.

3

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 of Corporate Governance (MCCG) 2021 for risk management best practices.

Climate-related Data Performance

Please refer to the ESG Performance Data section for GHG emissions and energy data.

GHG Targets and Commitment

As a subsidiary of MISC Group, MHB supports the Group's commitment to Net-Zero GHG Emissions by 2050. The reference guiding our GHG emissions monitoring and reporting is The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition).

GHG Target:

- Mid-Term Target: 20% GHG Emissions Intensity Reduction against 2016 baseline (Scope 1 & 2)
- Long-Term Target: Net-Zero GHG Emissions by 2050 (Scope 1, 2 and 3)

LONG-TERM COMMITMENT

NET-ZERO GREENHOUSE GAS EMISSIONS BY 2050

| | | |
|---------------------------|--|---|
| Scope (Boundary) | Main Greenhouse gases (GHG): <ul style="list-style-type: none"> • Carbon Dioxide (CO₂) • Methane (CH₄) • Nitrous Oxide (N₂O) | MHB Value Chain: <ul style="list-style-type: none"> • MHB operations (Scope 1 & 2) • Relevant material categories (Scope 3) |
| Measurement Metric | Total GHG in CO ₂ e | |

Moving Forward

This climate-related financial risks and opportunities report provides a clear and transparent account of how the Group identifies, assesses and manages climate-related risks and opportunities. Alignment with the Task Force on Climate-related Financial Disclosures (TCFD) framework reflects a structured approach to integrating climate considerations into strategy, governance and decision making. Moving forward, the Group will strengthen its reporting by progressively adopting the ISSB standards as mandated under the National Sustainability Reporting Framework (NSRF), ensuring alignment with emerging global and national baseline requirements for sustainability-related disclosures.

Through systematic assessment and disclosure, the Group seeks to strengthen stakeholder understanding of the potential financial and operational implications of climate change. This approach supports resilience by enabling risks to be addressed proactively and opportunities to be pursued in a measured and informed manner.

As climate-related challenges continue to evolve, the Group remains focused on advancing sustainable practices, innovation and responsible stewardship. These priorities underpin efforts to deliver long-term value for the organisation, its value chain and its stakeholders, while contributing to the wider transition towards a more sustainable and low-carbon future.

Financial Growth

MATERIAL TOPIC: PROJECT AND FINANCIAL PERFORMANCE

WHY IS IT IMPORTANT?

Maintaining financial stability and resilience is essential in navigating the shifting dynamics of global energy demand, rising environmental expectations and ongoing market volatility. Financial strength underpins the Group's ability to adapt, invest and compete as the energy landscape continues to evolve.

Ongoing relevance in the energy market depends on the capacity to respond to changing client needs, particularly as the transition towards lower carbon solutions accelerates. This places emphasis on delivering complex and technically demanding solutions, maintaining cost competitiveness and executing projects with high levels of efficiency and productivity.

OUR APPROACH

Financial Performance

The Group continues to diversify its business portfolio, sustaining its presence in conventional energy while expanding into new energy segments such as offshore wind, carbon capture and hydrogen. This balanced positioning supports revenue stability while enabling participation in growth opportunities linked to the energy transition.

Contracting strategies are evolving towards more hybrid and collaborative models, including alliance and cost plus arrangements. These approaches strengthen risk sharing, support predictable delivery and safeguard project profitability. Financial discipline is reinforced through focused cost management initiatives and continuous improvement in project execution to protect margins.

Project Performance

Project delivery excellence is a central focus of the Group's operating model. In 2025, practices aligned to global best standards were systematically implemented across business units and operations, strengthening delivery capability and execution discipline. Improvements arising from these initiatives are reflected in overall project performance.

Progress continues across renewable and transition related projects, reinforcing capability in emerging segments. Consistent execution supports a strong delivery track record, enhances reputation and underpins future business opportunities.

Sustainability considerations are closely integrated with financial and project strategies. By aligning profitability with responsible and forward-looking practices, the Group seeks to deliver long-term value for stakeholders while strengthening resilience in an evolving energy environment.

TARGETS

MHB 2030 TARGETS

25%

CFFO from
new energy

50%

CFFO improvement through
operational excellence (from
RM136 million baseline)

20%

Emissions intensity
reduction (from 2016
baseline - 5.09 tCO₂e /
direct million man-hours)

OUR ACTION PLANS AND INITIATIVES

The Group continues to strengthen its market position through targeted actions that support growth, resilience and delivery excellence. Partnerships with global players, including EPC contractors, technology providers and asset owners, are being developed to expand capability and access to opportunities. Group synergies with MISC Berhad and PETRONAS are leveraged to offer integrated solutions across the value chain.

Client engagement has intensified to secure new opportunities, with emphasis on longer term agreements that support revenue visibility. Operational cost optimisation continues through process improvements and technology adoption, alongside strengthened contract management with vendors and subcontractors. Enhanced operating approaches have been integrated across bidding, engineering, procurement, centralised production, project management, quality, and asset management to drive consistency in execution.

PERFORMANCE INDICATORS & METRICS

Project Delivery

Across the Oil & Gas (O&G) and New Energy segments, projects progressed well and were generally ahead of schedule as at fourth quarter of 2025. Renewable and New Energy projects advanced, including Kasawari CCS project. Offshore mechanical completion was achieved for three platforms under the CPOC Phase 6 project.

Within the Marine segment, 20 of 87 vessels were delivered ahead of schedule. Customer satisfaction recorded a score of 8.9, and delivered 26 LNGC repairs reflecting delivery performance and service quality.

Financial Performance

Financial results reflected cost discipline, strategic bidding and improved project efficiencies. Profit After Tax reached RM102.8 million with total revenue of RM 1,976.3 million.

CHALLENGES AND MITIGATION

Challenges

External pressures include higher material costs, labour and talent shortages, and competition from lower cost markets, affecting revenue inflow. Policy uncertainty in renewable energy has also influenced investment decisions by major players. Operational inefficiencies and process leakages have affected productivity and asset utilisation.

Mitigations

Productivity, reliability and efficiency are being addressed through facility upgrades and technology adoption. In the O&G and Renewable and New Energy segment, initiatives include automated assembly lines and robotic welding. In the Marine segment, enhancements include double banking facilities and robotic blasting and painting.

Uncertainty in renewable energy is managed through a balanced portfolio approach, supporting Malaysia's sustainability agenda while sustaining conventional energy activities. MHB's transformation programme shifts the operating model from project centric to MHB centric, with centralised production, standardised execution methodology, construction led engineering, streamlined governance, enhanced quality control regimes, zone-based asset allocation and risk adjusted bid pricing.

OPPORTUNITIES

Global demand patterns and geopolitical shifts, including US-China trade tensions, are creating opportunities beyond traditional markets.

As industry players seek alternatives outside China, the Group has the opportunity to position itself as a competitive global partner.

The anticipated FPSO super-cycle presents further potential. With available resources and capacity, integrated solutions offered together with MISC and PETRONAS position the Group to capture value from this cycle.

Regulations and Decarbonisation

International maritime regulations, including those related to energy efficiency and emissions, are driving demand for vessel retrofits. This creates opportunities to collaborate with technology providers to deliver energy saving technology solutions to shipowners.

OUTLOOKS AND TARGETS

Key Focus Areas (2026–2028)

The focus over the next three years is on institutionalising consistent operating practices across business, operations, and culture. Yard modernisation is advanced through facility upgrades, digitalisation, and automation to enhance efficiency, productivity, and reliability, supporting long-term competitiveness as a structural and offshore fabricator.

Outlook for the Next Three Years

In the O&G and Renewable and New Energy segment, domestic and regional uncertainties highlight the importance of diversifying and expanding global value offerings. At the same time, opportunities continue to grow in renewable and new energy markets.

Within the Marine segment, competition from shipyards in China and neighbouring countries is intensifying, underscoring the need for differentiation.

Approach for the Next Three Years

Marine

The ambition is to be preferred yard, delivering integrated one stop solutions through high value projects, advanced technology and specialist in yard capabilities.

O&G and Renewable and New Energy

The Group is strengthening its core O&G and Renewable and New Energy business while expanding its international presence. Progress into energy transition activities, including onshore module fabrication, is supported through collaboration with established industry partners and technology providers.

Financial Growth

MATERIAL TOPIC: BUSINESS SUSTAINABILITY

WHY IS IT IMPORTANT?

Business sustainability underpins the Group's ability to deliver long-term growth and remain competitive as the global energy landscape shifts towards cleaner and lower carbon solutions. Alignment with Malaysia's national energy transition agenda, combined with a proactive response to market dynamics, regulatory developments and stakeholder expectations, supports resilience and relevance in an increasingly complex operating environment.

For the Group, sustainability in business terms is closely linked to adaptability. The capacity to evolve capabilities, diversify revenue streams and respond to structural change in the energy sector is essential to maintaining performance and securing future opportunities.

OUR APPROACH

The Group's approach to business sustainability is built around four interrelated priorities.

Strengthening Core

Productivity, cost efficiency and delivery excellence are advanced through the transformation programme, which is implemented across all business units. This programme focuses on improving operational discipline, standardising execution and strengthening project outcomes to support consistent performance.

Diversification

The business portfolio continues to broaden beyond conventional oil and gas activities. Expansion into new energy segments such as offshore wind, hydrogen and carbon capture and storage, together with growth in Asset Integrity Solutions and international markets, reduces reliance on a single sector and supports more balanced growth.

Strategic Partnerships

Alliances with global EPCIC players, technology providers and regional partners enhance technical capability, market access and delivery capacity. These partnerships support knowledge transfer, strengthen competitiveness and enable participation in more complex and higher value opportunities.

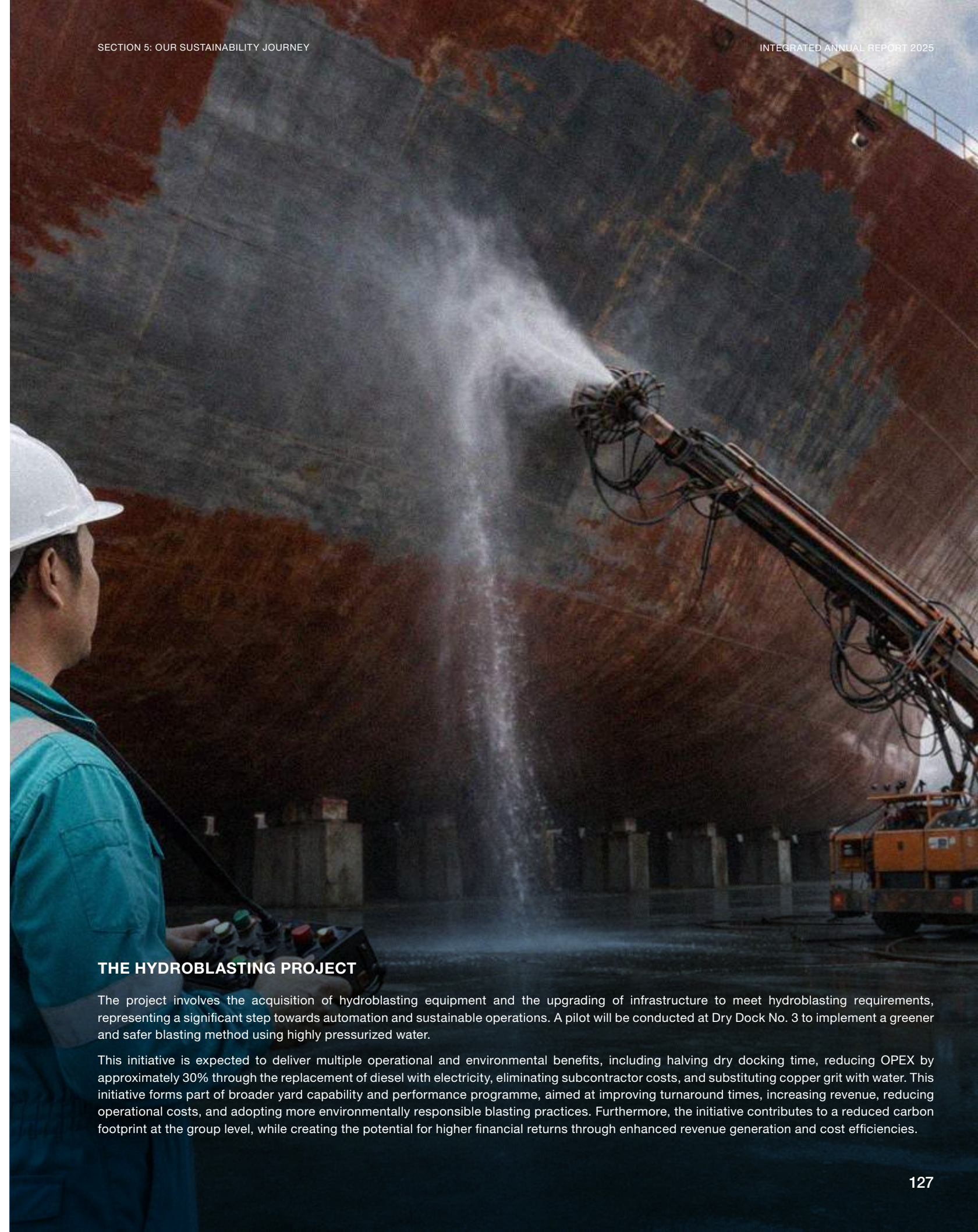
Sustainable Practices

Decarbonisation, digitalisation and responsible supply chain management are embedded into operations to support efficiency, transparency and long-term value creation. These practices reinforce alignment between business objectives and sustainability priorities, supporting a resilient operating model as the energy transition accelerates.

OUR ACTION PLANS AND INITIATIVES

The Group is advancing business sustainability through targeted initiatives that strengthen capability, expand market reach and support the energy transition. Strategic partnerships are being formed with global EPCIC players and technology providers to enhance regional presence and technical depth. Asset Integrity Solutions services are being expanded to onshore facilities, positioning the Group as a more comprehensive one stop solutions provider.

Investment in technology and automation continues to improve yard productivity and reduce emissions. Decarbonisation initiatives include use of renewable energy and energy efficiency upgrades across operations. Yard wide measures are being implemented, including the conversion to Light-Emitting Diode (LED) lighting, adoption of R32 refrigerants, use of electrical air compressors and the conversion to LNG powered abrasive plants burners.



THE HYDROBLASTING PROJECT

The project involves the acquisition of hydroblasting equipment and the upgrading of infrastructure to meet hydroblasting requirements, representing a significant step towards automation and sustainable operations. A pilot will be conducted at Dry Dock No. 3 to implement a greener and safer blasting method using highly pressurized water.

This initiative is expected to deliver multiple operational and environmental benefits, including halving dry docking time, reducing OPEX by approximately 30% through the replacement of diesel with electricity, eliminating subcontractor costs, and substituting copper grit with water. This initiative forms part of broader yard capability and performance programme, aimed at improving turnaround times, increasing revenue, reducing operational costs, and adopting more environmentally responsible blasting practices. Furthermore, the initiative contributes to a reduced carbon footprint at the group level, while creating the potential for higher financial returns through enhanced revenue generation and cost efficiencies.

Financial Growth

PERFORMANCE INDICATORS AND METRICS

New Project Awards

In the O&G segment, three wellhead platform projects were secured from Vestigo. The Marine segment attracted new international clients from the United States, Vietnam, the United Kingdom and Norway, reflecting continued confidence in delivery capability.

Strategic Partnerships

A joint venture with MISC Berhad was incorporated under Floating Production Solutions Sdn Bhd to pursue integrated floater conversion opportunities. Collaborative agreements were also signed with industry players and technology providers across the Energy and Marine segments. Asset Integrity Solutions expanded its service coverage to include Sungai Udang Jetty in Melaka.

CHALLENGES AND MITIGATION

Challenges

The operating environment is shaped by global market volatility and intense competition. Regulatory pressures, including international carbon reduction requirements and local content rules, add complexity to project delivery. Project delays, rising material costs and labour shortages present additional challenges, while uncertainty in renewable energy policy and market uptake continues to influence investment decisions.

Mitigation Actions

These challenges are addressed through continued portfolio diversification into offshore wind, hydrogen, ammonia and carbon capture and storage. Global sourcing strategies are being reviewed, in house capabilities strengthened and talent attraction efforts intensified. Strategic partnerships support technology transfer, market access and capability development.

OPPORTUNITIES

Demand for decarbonisation and energy transition projects continues to grow. Expansion into international markets across the Middle East, Europe and the Asia Pacific region present further potential. Group synergies with PETRONAS, MISC and global technology providers support integrated offerings. Growth opportunities are also present in vessel retrofitting, marine newbuilds and onshore Asset Integrity Solutions, supported by digitalisation and yard modernisation initiatives.

OUTLOOKS AND TARGETS

Key Focus Areas 2026 to 2028

The focus over the next three years is on maintaining a balanced mix of conventional and new energy projects across domestic and international markets. Collaboration with established industry players

and technology providers will support this objective. Delivery of ongoing projects, including offshore wind, carbon capture and storage, wellhead platforms and turret mooring systems, remains a priority, alongside the pursuit of high value and strategically significant awards.

Medium- to Long-Term Outlook

O&G and Renewable and New Energy

Opportunities are expected to continue across both traditional oil and gas and renewable and new energy segments. International expansion and market diversification will support growth while contributing to the global energy transition.

Marine

The Marine segment anticipates stronger demand for premium and extended services, vessel retrofitting and LNG carrier repairs. Growth potential also exists in selected newbuild projects and expansion into additional regional markets.

Decarbonisation

Decarbonisation will continue to shape strategy, with opportunities to support clients in reducing emissions and meeting regulatory requirements. Solutions focused on energy efficiency, emissions reduction and cleaner operations are expected to play an increasing role.

Approach for the Next Three Years and Beyond

O&G and Renewable and New Energy

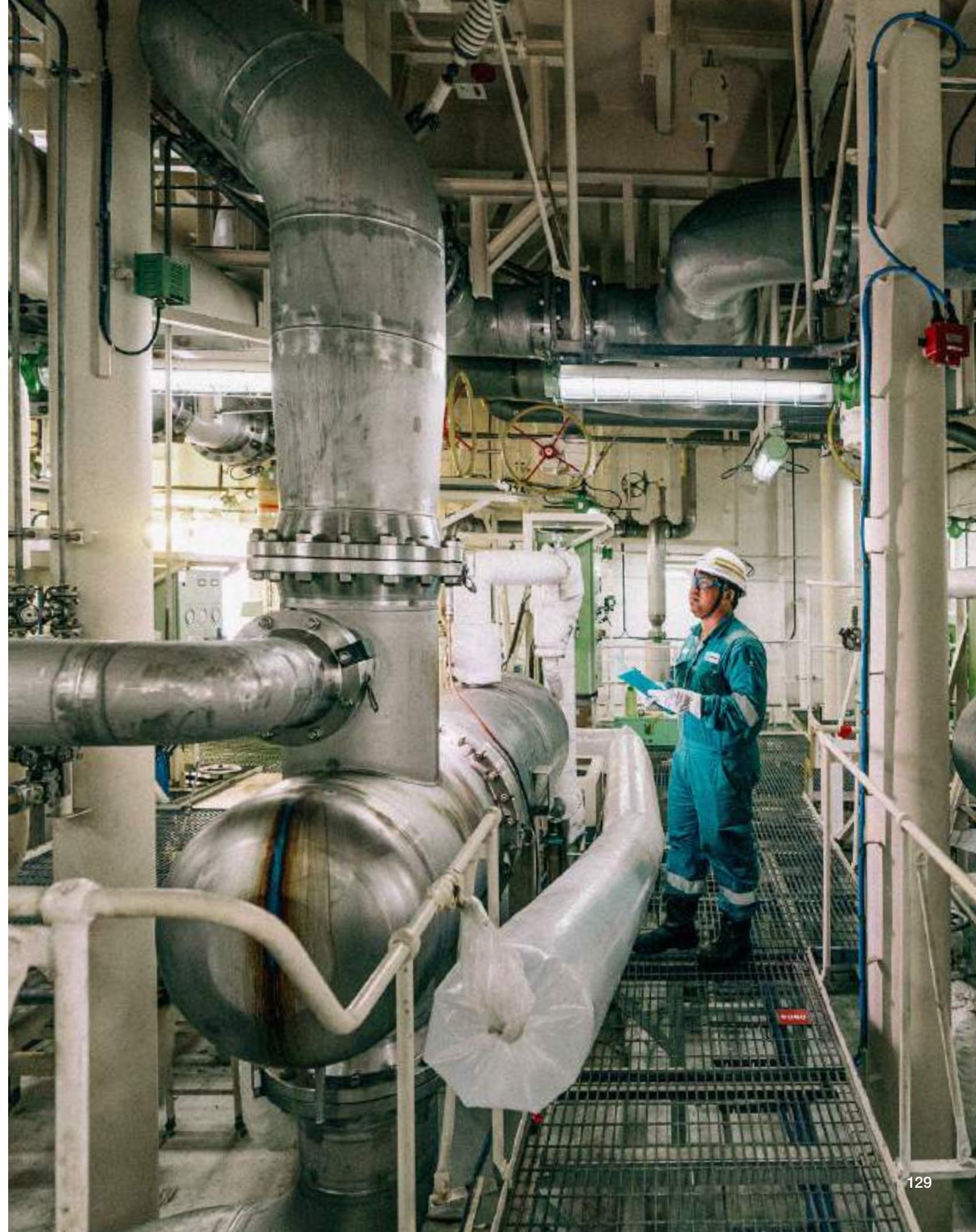
The Group will strengthen its core O&G and Renewable and New Energy business while expanding its international footprint and advancing into energy transition activities such as onshore module fabrication. Strategic partnerships with established industry players and technology providers will support innovation and value creation.

Marine

The Marine business will focus on becoming an integrated one stop yard by improving processes, investing in advanced technology and automation and enhancing client experience. The approach includes selective shipbuilding, retention of existing clients and entry into new markets.

Decarbonisation

Investment in decarbonisation initiatives will continue through technology upgrades, digitalisation and energy efficiency projects. Close collaboration with clients and partners will support the delivery of solutions that enable emissions reduction and sustainable operations, aligned with industry trends and regulatory expectations.



Environmental Stewardship

MATERIAL TOPIC: CLIMATE CHANGE

WHY IS IT IMPORTANT?

Climate change presents a defining challenge for businesses operating in asset intensive and energy related industries. For the Group, rising exposure to extreme weather events, pressure on natural resources and increasingly stringent regulation create tangible risks to operations, supply chain continuity and cost structures. These risks extend beyond physical impacts to include regulatory, financial and reputational consequences that can influence long-term performance and competitiveness.

The way climate risks are addressed has a direct bearing on value creation. As climate-related financial standards tighten and carbon pricing gains traction globally, the ability to adapt business strategy becomes increasingly important. Failure to respond effectively may lead to operational disruption, higher financing costs and erosion of stakeholder confidence. Conversely, a considered and proactive response supports resilience in a rapidly changing operating environment.

At the same time, global industrialisation is advancing against a backdrop of mounting environmental stress. Expectations from investors, regulators, customers and communities are shifting decisively towards stronger environmental responsibility and transparent disclosure. Environmental stewardship therefore serves both an ethical purpose and a strategic one, reinforcing relevance, trust and long-term value generation.

The Group's climate agenda is guided by the ambition to achieve net-zero greenhouse gas emissions by 2050, in alignment with national commitments and international frameworks such as the Paris Agreement. This ambition is shaped by several key drivers: tightening regulatory and compliance requirements, the financial impacts of climate-related risks, rising stakeholder expectations linked to the transition to a low-carbon economy, and strategic opportunities created by new markets and technologies. Alignment with global standards supports investor confidence, global competitiveness and compliance with evolving disclosure expectations.

OUR APPROACH

Climate considerations are integrated into strategic decision making across the organisation. Forward looking climate action and effective greenhouse gas management are viewed as central to managing environmental risk, protecting financial strength and capturing emerging opportunities. The assessment of climate-related risks and opportunities across short-, medium- and long-term horizons informs strategic priorities, guides alignment with industry standards and shapes the Group's pathway through the energy transition.

Environmental management practices are underpinned by certification to the ISO 14001:2015 Environmental Management System. This provides a structured framework for managing environmental impacts and embedding consistent practices across operations. Regular internal and external audits are conducted to assess the effectiveness of environmental controls and to drive continuous improvement. These reviews are carried out through the integrated Health, Safety and Environmental Management System and internal ISO 14001 audits, supporting robust oversight and accountability.

Decarbonisation Strategy

The commitment to achieve net-zero greenhouse gas emissions by 2050 reflects a recognition that climate action must extend beyond high level pledges. Decarbonisation considerations are being embedded into daily operations, investment decisions and long-term planning. This approach acknowledges the scale and urgency of the climate challenge, while positioning the Group to manage transition risks, support regulatory readiness and participate meaningfully in the shift towards a lower carbon economy.

DECARBONISATION TARGETS

7.5%

SHORT-TERM
Emissions intensity reduction from our operations in 2025 (against 2016 baseline)

20%

MID-TERM
Emissions intensity reduction from our operations by 2030 (against 2016 baseline)

Net-Zero

LONG-TERM
GHG Emissions by 2050

These long-term actions are guided by the principles of the Paris Agreement, which provides a common global framework for addressing climate change. The Agreement is anchored on three interconnected goals that shape the direction of climate policy, investment and action worldwide.

The first is to limit the increase in global average temperatures to well below 2 degrees Celsius above pre-industrial levels, while pursuing efforts to cap the rise at 1.5 degrees. This objective underscores the urgency of reducing greenhouse gas emissions and mitigating the most severe physical impacts of climate change.

The second goal focuses on strengthening the ability to adapt to the adverse effects of climate change. This includes supporting development pathways that are climate resilient and low in emissions, while safeguarding food security and livelihoods. For businesses, this highlights the need to build resilience into assets, operations and supply chains as climate impacts intensify.

The third goal seeks to align global financial flows with a low greenhouse gas and climate resilient development pathway. This emphasises the growing role of capital allocation, investment decisions and financing structures in supporting the transition to a low-carbon economy, and reinforces the importance of integrating climate considerations into strategic and financial planning.

OUR ACTION PLANS AND INITIATIVES

Decarbonisation Initiatives

The Group's decarbonisation efforts focus on reducing emissions at source while improving energy efficiency across yard operations. These initiatives are designed to deliver measurable environmental benefits while strengthening operational resilience and regulatory readiness. Our decarbonisation initiatives focus on the four levers:

- **Energy Efficiency**

Improving energy efficiency remains a priority across facilities and operations. One of the most significant measures has been the conversion of high bay and conventional lighting to LED lights. As of December 2025, 881 lighting units had been replaced, reducing electricity consumption and associated emissions.

LED lighting offers longer operational life, lower maintenance requirements and substantially lower energy use compared with traditional lighting. The absence of hazardous substances such as mercury also supports safer handling and improved environmental outcomes, reinforcing the business case for widespread adoption.

Cooling systems have also been upgraded through the phased replacement of R22 refrigerants with R32, which has a significantly lower global warming potential. By the fourth quarter of 2025, 180 units had been converted. This initiative supports compliance with environmental regulations while reducing emissions linked to air conditioning.

- **Low-Emitting Fuel**

Fuel switching forms part of the Group's emissions reduction strategy. Biodiesel has been adopted for transportation and machinery in line with Malaysia's National Biofuel Policy and related regulations, supporting lower greenhouse gas emissions and reduced reliance on imported fossil fuels.

A further step was taken in January 2025 with the completion of the transition from diesel-based to LNG-based burner at the abrasive plant. This change lowered diesel consumption within the yard and contributed to a reduction in Scope 1 emissions.

- **Electrification**

Electrification of equipment supports both emissions reduction and operational efficiency. Instead of deploying diesel-powered air compressors, the Group is progressively adopting electric units, thereby eliminating direct fuel combustion. By the fourth quarter of 2025, four electric air compressors had been deployed, marking continued progress in reducing operational emissions.

- **Renewable Energy Use**

On-site renewable energy supports lower reliance on grid electricity. Solar photovoltaic (PV) systems are in place at our facilities, including 260 panels with an installed capacity of 131 kWp at the Centre of Excellence building, alongside an existing 8.3 MWp solar PV installation at the West Yard. Together, these systems contribute to emissions reduction and long-term energy cost management.

Environmental Stewardship

Climate Change Awareness among Yard Community

Building awareness and understanding among employees is an important enabler of effective climate action. Education supports informed decision making and encourages practical changes in day-to-day activities, including energy use and waste management.

Knowledge sharing initiatives were organised throughout the year. To mark World Environment Day on 5 June, a webinar on compliance with the Environmental Quality Act 1974 was held, delivered by a representative from the Department of Environment Johor. The session highlighted regulatory responsibilities and the role of environmental stewardship within the Group's ESG framework.

During QHSSE and Sustainability Week 2025, further webinars were conducted. These included a session on low carbon city initiatives in Pasir Gudang, highlighting the MHB's involvement as a strategic partner, and a discussion on why sustainability matters within organisations, aimed at strengthening internal awareness and engagement.

The series concluded with a webinar on solid waste management in Malaysia, delivered by the Director of SWCorp Johor. The session focused on regulatory requirements and effective waste segregation practices, supporting stronger compliance and operational discipline.

Stakeholder Engagements

Ongoing engagement with regulators supports strong environmental governance and compliance. The Group works closely with state and federal offices of the Department of Environment, which conduct regular site verifications covering areas such as scheduled waste storage and environmental management plans for dredging activities.

In October 2025, participation in the fifth engagement session between PETRONAS and the Department of Environment provided a platform for dialogue on regulatory developments and enforcement expectations. Discussions covered amendments to environmental legislation, updates to the electronic Scheduled Waste Inventory System, common compliance issues and the regulator's future direction.

These engagements promote transparency and mutual understanding between regulators and industry. Continued collaboration supports higher environmental standards, regulatory alignment and progress towards national sustainability objectives.

Low Carbon Cities 2030 Challenge

Participation in national and regulatory led climate initiatives presents opportunities to strengthen capability, reputation and long-term competitiveness. In 2025, the Group participated in the Low Carbon Cities 2030 Challenge organised by the Malaysian Green Technology and Climate Change Corporation (MGTC). The initiative, which culminates in an awards ceremony serves as a national benchmark for measuring greenhouse gas emissions and supporting the transition of cities towards low-carbon development.

The Low Carbon City Awards are part of the broader Low Carbon Cities 2030 Challenge launched in 2019. The programme encourages local authorities, universities, economic zones and companies to reduce emissions through improvements in building energy efficiency, renewable energy adoption, water efficiency, sustainable mobility, waste reduction and the preservation of green spaces. MHB received a 4-Diamond Award recognition as an industrial partner to the Pasir Gudang City Council for its contribution to achieving the Low Carbon Cities 2030 Framework, reflecting strong performance and consistent data readiness.

The Low Carbon Cities Framework, established in 2011, provides tools including design guidelines, measurement methodologies and assessment mechanisms across four focus areas: urban environment, urban infrastructure, urban transportation and buildings. MHB was invited by the Pasir Gudang City Council to participate as a framework contributor under the Zone category, supported by the Group's sustainability framework, programmes and verifiable data audited by MGTC.

Key Performance for 2025

Evaluating greenhouse gas emissions across core operations supports accurate measurement, accountability and informed decision making. Emissions are quantified in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard, which provides a consistent framework for defining organisational boundaries and emissions scopes. The Group adopts an operational control approach to set its organisational boundary. For the current reporting period, disclosures cover:

Scope 1
All direct GHG emissions emitted from assets and operations falling under MHB's GHG Organisational Boundary

Scope 2
Indirect emissions from electricity purchased

Note: The Group purchased and retired 8,952 MWh of hydro-based Renewable Energy Certificates (RECs) to credibly report renewable electricity under the market-based method. As we do not retain the environmental attributes associated with generation from on-site solar PV system, the RECs provide the certified renewable attributes to assign zero emissions to the equivalent electricity volume.

Scope 3
Indirect emissions from the Group's value chain.

Note: We currently disclose emissions for

Category 6 (Business Travel) and Category 7 (Employee Commuting).

We are progressively enhancing the management of our Scope 3 emissions inventory and will continue to improve disclosures by expanding coverage to other material Scope 3 categories in the future, beyond Category 6 and Category 7.

Over the longer term, the Group has set an ambition to achieve net-zero greenhouse gas emissions by 2050, aligned with the objectives of the Paris Agreement. In support of this ambition, efforts are directed towards strengthening climate resilience and aligning capital allocation and financial flows with pathways that reduce emissions.

SCOPE 1

8,228 tCO₂e



SCOPE 2

32,286 tCO₂e



SCOPE 3

(Category 6 & Category 7)

2,623 tCO₂e



Carbon reduction from renewable sources

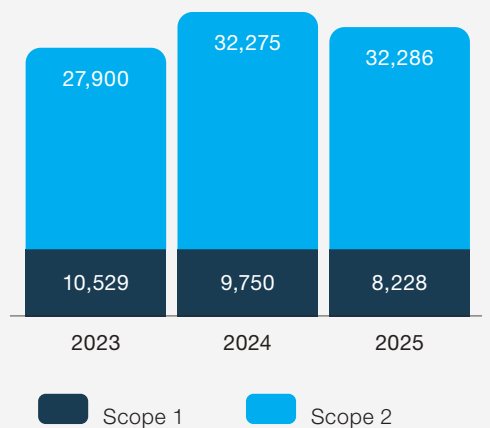
6,050 tCO₂e

Emissions intensity reduction against 2016 baseline (per direct million man-hours)

11.3%



GHG PERFORMANCE (tCO₂e) (2023 - 2025)



Environmental Stewardship

CHALLENGES AND MITIGATIONS

The transition towards lower carbon operations presents a number of practical challenges. In some areas, the availability of mature and commercially viable low-carbon alternatives remains limited, creating technology and innovation gaps for certain processes. Moving towards low-carbon operations also requires significant capital investment and infrastructure upgrades, which must be carefully planned and prioritised.

Reducing Scope 3 emissions presents additional complexity, given the level of influence required across the value chain. Progress depends on supplier readiness, data availability and collaboration with partners. Regulatory uncertainty adds to this challenge, as timelines, standards and enforcement approaches continue to vary across jurisdictions.

Workforce capability is another important consideration. The adoption of new technologies and reporting requirements increases the need for specialised skills in green technologies, emissions monitoring and sustainability reporting.

These challenges are addressed through a combination of phased implementation, targeted investment and collaboration. Technology options are assessed progressively to close innovation gaps, while capital planning supports the staged rollout of decarbonisation initiatives. Engagement with suppliers and partners supports improved Scope 3 data quality and emissions reduction efforts. Ongoing training and capability building programmes strengthen internal expertise, supporting effective implementation and compliance as climate-related requirements continue to evolve.

OPPORTUNITIES

Malaysia's Carbon Tax and Climate Change Policy

The anticipated introduction of Malaysia's carbon tax represents both a regulatory shift and a strategic opportunity. Rather than viewing carbon pricing as a cost burden, the Group sees it as a catalyst to accelerate existing decarbonisation investments. Carbon pricing is expected to sharpen operational efficiency, strengthen competitiveness and support participation in the emerging green economy. Opportunities are also being evaluated in relation to carbon reduction projects and potential revenue streams such as carbon credits.

Emerging regulatory developments, including the National Climate Change Policy 2.0 and the proposed National Climate Change Bill, are expected to reshape the operating landscape. Anticipated measures such as mandatory emissions reporting, enhanced disclosure requirements, carbon pricing mechanisms and sector-specific standards will introduce new compliance obligations while providing policy clarity for long-term investment. Early alignment with these requirements is expected to support access to green financing, reduce carbon-related costs and enhance positioning in global markets.

Energy Efficiency and Conservation Act (EECA) 2024

The enforcement of the Energy Efficiency and Conservation Act (EECA) 2024, effective January 2025, introduces mandatory energy management obligations for large energy consumers. Proactive compliance through energy management systems, periodic audits and continuous efficiency improvements supports regulatory readiness while delivering cost savings and improved operational performance.

National Sustainability Reporting Framework (NSRF)

The National Sustainability Reporting Framework (NSRF) establishes a standardised and internationally aligned approach for sustainability-related financial disclosures by Malaysian listed issuers. Aligned with the International Sustainability Standards Board (ISSB) Standards IFRS S1 and IFRS S2, the NSRF is intended to improve the consistency, comparability and decision-usefulness of sustainability-related disclosures in Malaysia.

Through this approach, the NSRF directs reporting towards sustainability-related risks and opportunities that may reasonably be expected to affect an entity's financial position, financial performance and future prospects. It promotes investor-focused disclosures across governance, strategy, risk management, and metrics and targets. MHB is classified as a Group 2 entity under the NSRF, adopting the ISSB standards from the 2026 reporting cycle in line with the national phased timeline.

Digitalisation

Digitalisation also presents opportunities to improve emissions management and operational efficiency. The use of data analytics, sensors, Internet of Things (IoT) devices and artificial intelligence to monitor electricity consumption and fuel combustion reduces reliance on third party data sources and supports more accurate, timely and efficient resource optimisation.

OUTLOOK AND TARGETS

Near to Medium-Term

The Group plans to expand renewable energy generation through the installation of additional solar panels to further reduce dependence on non-renewable energy. Energy efficiency upgrades will continue, including the replacement of conventional lighting with LED alternatives, further conversion of air conditioning systems from R22 to R32 refrigerants and the electrification of compressors.

Decarbonisation remains a priority, with resources allocated to reduce emissions intensity and support the transition towards lower carbon operational models.

Medium- to Long-Term

Continued integration of innovative technologies and industry best practices is expected to support improvements in sustainability performance. Climate resilience will be strengthened through adaptation of operations and infrastructure to changing climate conditions.

The long-term ambition is to align operations with the objectives of the Paris Agreement, supporting pathways towards low greenhouse gas emissions and sustainable financial flows while reinforcing resilience and long-term value creation.

MHB's Net-Zero 2050 ambition includes Scope 3 emissions across our value chain. We recognise that meaningful reduction of Scope 3 emissions is only possible through strong engagement with our suppliers. Their participation is essential in supporting our net-zero pathway. MHB remains committed to global decarbonisation efforts and continues to explore and deploy technological solutions to mitigate climate impacts.

As part of this commitment, we are enhancing the quality of our Scope 3 inventory by progressively collecting more primary data from suppliers. This will allow us to identify key suppliers for long-term collaboration and, over time, jointly develop emissions reduction targets that support our overall net-zero ambition.

Environmental Stewardship

MATERIAL TOPIC: NATURAL RESOURCES AND CONSUMPTION

WHY IS IT IMPORTANT?

Closing the Loop of Industrial Ecology

Natural resources such as oil, coal and natural gas are finite. Their overuse increases exposure to supply constraints, price volatility and geopolitical risk. Conservation, alongside the shift towards renewable alternatives, supports long-term energy security and a more stable operating environment.

The way natural resources are consumed also has direct implications for human health and quality of life. Overextraction and inefficient use can contribute to pollution, land degradation and water scarcity, with disproportionate impacts on vulnerable communities. Managing resource use responsibly therefore carries both environmental and social significance.

Within this context, the Group recognises that effective environmental management is increasingly critical. Natural resources and ecosystems face mounting pressure from emissions, biodiversity loss, waste generation and water stress. Environmental risk identification and control measures are anchored in structured management systems, supported by waste reduction, pollution prevention and circular economy initiatives.

Waste management practices are guided by circular economy principles, with emphasis on recycling, appropriate treatment and responsible disposal. We are committed to promoting the circular economy by continuing our efforts to divert hazardous waste away from landfill and incineration where feasible, while recycling rates are improved through targeted initiatives such as waste segregation campaigns across operational areas.

OUR APPROACH

We have a robust environmental policy articulating our commitment to comply with applicable environmental laws and regulations, prevent pollution, and improve our environmental performance. This is captured as part of our Health, Safety, and Environment (HSE) Policy. Key policy elements of our commitment include:

- Ensure that measures are taken to protect the environment and that natural resources are used sustainably
- Communicate and engage effectively with key stakeholders on relevant environment matters
- Ensure that appropriate contingency measures are in place to deal with emergencies

As guided by our HSE policy, MHB is committed to prevent and reduce environmental pollution caused by our operations.

Strategic material management plays a central role in aligning operational needs with long-term resource availability. The Group’s approach extends beyond immediate consumption to consider the full lifecycle of materials, from sourcing through use and end of life treatment. This reflects a shift away from the traditional linear model of extract, use and dispose, towards a more circular and resilient resource system.

Circular economy principles are being integrated into operations and the supply chain to support resource optimisation, waste minimisation and value recovery. The focus is not limited to waste handling, but on improving material efficiency and reducing dependency on virgin resources.

A practical example can be seen in marine operations, where copper slag is used as an abrasive for ship blasting activities. The material is supplied under a binding arrangement with a cement manufacturer. Following use, the spent copper slag is returned to the cement plant for co-processing.

Co-processing allows waste materials to replace conventional fuels and raw materials in other industrial processes, recovering both energy and mineral content. When scheduled waste such as spent copper slag is co-processed in cement kilns, it reduces the need for virgin raw materials while supporting cement production. This approach delivers environmental benefits by diverting waste from landfill, reducing land pollution and methane emissions, and lowering the overall environmental burden of waste accumulation.

Resource conservation is further supported through the substitution of virgin materials such as limestone, clay and iron ore with alternative resource materials. This reduces extraction activity, helps conserve ecosystems and limits the environmental impacts associated with mining.

Managing materials at scale requires robust controls. Given the high volume of abrasives used in large scale operations, oversight is maintained through real time inventory tracking, detailed movement records and strict compliance with regulatory reporting requirements. All scheduled waste movements are reported through the Department of Environment’s electronic system, e SWIS V2, supporting transparency, traceability and regulatory compliance.

| TYPE OF ABRASIVE | QUANTITY OF PURCHASED | QUANTITY OF WASTE RECYCLED |
|------------------|-----------------------|----------------------------|
| Copper Slag | 12,498.02 MT | 12,796.93 MT* |
| Garnet | 89 MT | 510.94 MT* |

*Includes abrasives purchased in 2024

TARGET

Hazardous Waste Management Target

| | |
|--------------------|--|
| Target Timeline | 2018 onwards |
| Target Level | To maintain 4R rate of hazardous waste from MHB operations at >95% |
| Target Scope | Marine & Heavy Engineering Operations |
| Measurement Matrix | $4R \text{ Rate (\%)} = \frac{\text{Total 4R}^{(1)}}{\text{Total Generation}^{(2)}} \times 100\%$ <p>Note:</p> <ol style="list-style-type: none"> 1. Amount of waste (hazardous) sent to 4R facility for the reporting year. 2. Total generation of hazardous waste in the reporting year. |

Non-Hazardous Waste Management Target

| | |
|--------------------|--|
| Target Timeline | 2021 - 2025 |
| Target Level | To increase 3R rate of non-hazardous waste from MHB operations at >72% |
| Target Scope | Marine & Heavy Engineering Operations |
| Measurement Matrix | $3R \text{ Rate (\%)} = \frac{\text{Total 3R}^{(1)}}{\text{Total Generation}^{(2)}} \times 100\%$ <p>Note:</p> <ol style="list-style-type: none"> 1. Amount of waste (non-hazardous) recycled for the reporting year 2. Total generation of non-hazardous waste in the reporting year. |

Environmental Stewardship

OUR ACTION PLANS AND INITIATIVES

Waste Management Initiatives

Waste management at MHB is approached as an integral part of resource efficiency rather than a downstream activity. Reducing waste begins with how materials are selected, used and managed throughout operations. By optimising resource utilisation, the Group lowers raw material demand and limits waste generation at source. This approach is guided by a structured five level waste reduction hierarchy, where avoidance and reduction take precedence, followed by reuse, recycling and recovery, with disposal applied only when no viable alternative exists.

Hazardous Waste

Hazardous waste management reflects a disciplined application of this hierarchy. Prevention and recovery are prioritised, while landfilling is treated as the least acceptable outcome. This philosophy is embedded into operational controls, contractor management and waste treatment decisions.

As at December 2025, hazardous waste generation totalled 23,835.14 metric tonnes. Of this amount, 99.8 percent was recycled, reused or recovered, surpassing the Group’s minimum target of 95 percent. This outcome reflects consistent execution of recovery strategies and strong oversight across waste streams.

Blasting activities in the marine segment accounted for a significant share of hazardous waste, totalling 13,462.93 metric tonnes. Copper slag used in these operations is a by-product of copper smelting and qualifies as an alternative raw material due to its mineral content. Through a structured arrangement with a local cement manufacturer, spent copper slag is returned for co-processing in cement kilns, where it replaces conventional raw materials such as clay and limestone. This practice closes the material loop and applies a cradle-to-cradle approach to by product management.

Other hazardous waste streams, including contaminated containers, rags and filters, oil tanker sludge, spent inorganic acids, metal hydroxide and waste paints, are similarly channelled into recycling or recovery pathways. Treatment is carried out through more than ten licensed prescribed premises equipped with appropriate technologies, supporting safe handling and minimising landfill dependency.

Governance and compliance underpin these practices. All appointed treatment facilities are subject to mandatory internal audits to verify compliance with the Environmental Quality Act 1974 and related requirements. This oversight framework supports regulatory assurance, strengthens accountability and drives continuous improvement in hazardous waste management across operations.

| TYPE OF WASTE | PRODUCTS FROM RECYCLING, REPURPOSING, & REUSE |
|---------------------------------|--|
| Spent garnet, Spent copper slag | Alternative raw material |
| Oil-water mixture, Oily sludge | Recovered second grade of oil |
| Waste paint | Recovered organic solvent / low grade paint or thinner |
| Spent lubricating oil | Reused lube oil for heavy machinery |
| Contaminated containers | Clean and reused |
| Contaminated gloves and rags | Cleaned and reused, repurpose to be absorbent materials in spill kit |

Non-Hazardous Waste

- Trash to Cash Centre (TTC)

The management of non-hazardous waste has been strengthened through the establishment of the Trash to Cash Centre (TTC), which serves as a central platform for coordinating recycling efforts across divisions, departments and service offices. The introduction of the TTC has reinforced accountability among employees and subcontractors, embedding responsible waste handling into daily operational practices.

Through this programme, recyclable materials such as paper, aluminium, glass and plastics are segregated at source before being channelled to the TTC and subsequently sent to licensed recycling centres. Resource optimisation is further supported through reuse initiatives, including the recovery of an estimated 58.05 metric tonnes of wooden pallets, which are redeployed within warehouses and workshops to extend their useful life.

As of December 2025, a total of 2,188.00 metric tonnes of non-hazardous waste were generated, comprising paper, plastics, aluminium, glass and metal scraps. Of this volume, 178.94 metric tonnes were successfully recycled. Metal scrap represented the largest recycled waste stream, followed by paper at 58.94 metric tonnes and aluminium at 33.45 metric tonnes. Overall, approximately 8 percent of non-hazardous waste was diverted from landfill disposal, demonstrating continued progress in recycling performance despite the scale and complexity of operations.

- Food Composting Project

Organic waste reduction forms part of the Group’s integrated approach to circular economy practices. A food composting initiative was introduced in November 2024 to divert organic waste from landfill and convert it into nutrient rich compost for on-site landscaping and greening activities. This closed loop system strengthens waste management efficiency while supporting soil health and biodiversity within company premises.

As of December 2025, 9.61 metric tonnes of food waste had been successfully composted. The initiative reflects practical application of circular economy principles and supports the broader effort to embed ESG considerations into daily operations.

Water Management

Water use across our operations is primarily for domestic purposes and operational activities. We maintain a sustainable water management programme to ensure the responsible and efficient use of water. This includes the effective management of effluent from our industrial wastewater and sewage treatment systems.

Effluent Management

Water stewardship is managed through strict compliance with the Environmental Quality (Sewage) Regulations 2009 and the Environmental Quality (Industrial Effluent) Regulations 2009. Wastewater from vessel part cleaning and servicing activities is treated through an on-site Industrial Effluent Treatment System (IETS), while domestic sewage is managed via a Sewage Treatment Plant.

Both systems are operated by certified professionals. The Industrial Effluent Treatment System is overseen by a Certified Environmental Professional in the Operation of Effluent Treatment Systems, while the Sewage Treatment Plant is managed by a Certified Professional Sewage Treatment Plant Operator. Continuous performance monitoring supports early detection of potential exceedances and maintains treatment efficiency.

Monitoring and Compliance

A two-tier monitoring framework is applied to effluent discharge. Regulatory compliance is verified through monthly testing conducted by an accredited external laboratory against Standard B limits. These results form the basis of Online Environmental Reporting submissions to the Department of Environment.

In addition, proactive internal monitoring is conducted by an in-house laboratory. Monitoring parameters follow the Guidance Document on Performance Monitoring, enabling preventive control and optimisation of treatment processes. Checks are conducted daily, weekly and monthly to support stable operations and regulatory compliance.

Performance and Discharge Profile

Consistent monitoring has supported effective system performance and reliable compliance outcomes. The Industrial Effluent Treatment System operates in batch mode with an average discharge of 12 cubic metres per day. The Sewage Treatment Plant operates on a continuous basis with an average discharge of 3,561 cubic metres per month. All treated effluent meets Standard B requirements for inland water bodies.

Daily performance monitoring safeguards nearby sensitive receptors, including agricultural activities along Sungai Masai, supporting responsible water management and environmental protection.

Raising Biodiversity and Environmental Awareness

Bag It Forward Campaign

Employee engagement plays an important role in reinforcing environmental responsibility. In September 2025, MHB launched the Bag It Forward campaign to encourage reuse of paper bags at canteen facilities. The initiative supports the broader phase out of single use plastics and promotes responsible consumption practices.

Employees are encouraged to donate unused paper bags for reuse, with contributions recognised through recycling related performance indicators. The campaign builds awareness, encourages participation and strengthens collective ownership of the Group’s sustainability agenda.

Environmental Stewardship

KEY PERFORMANCE FOR 2025

Hazardous Waste

In 2025, the Group recorded a 99.8 percent implementation rate under the 4R framework for hazardous waste management. This outcome reflects disciplined execution of circular economy practices and a strong focus on reducing reliance on secured landfill disposal. High recovery and treatment rates demonstrate effective control over hazardous waste streams and reinforce accountability across operations. MHB is committed to eliminating waste by practising 4Rs principles (Reduce, Reuse, Recycle and Recover) throughout our operations. By embedding the 4R concept, we reduce our environmental footprint, improve resource efficiency, and contribute to a circular economy.

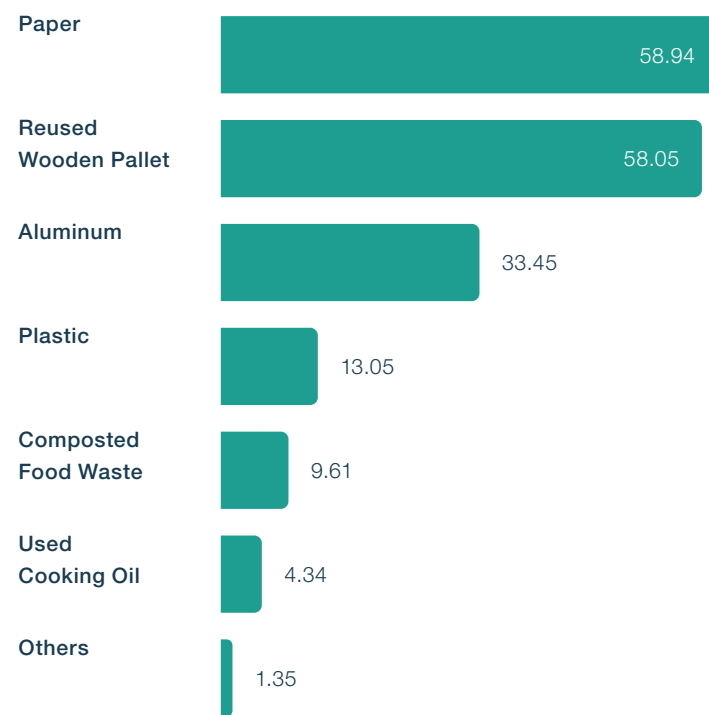
Non-Hazardous Waste

For non-hazardous waste, a recycling rate of eight percent was achieved under the 3R framework in 2025. Given the scale of operations, a large workforce, extensive subcontractor involvement and multiple project phases underway, this level of performance indicates tangible progress in embedding reduction, reuse and recycling practices on the ground.

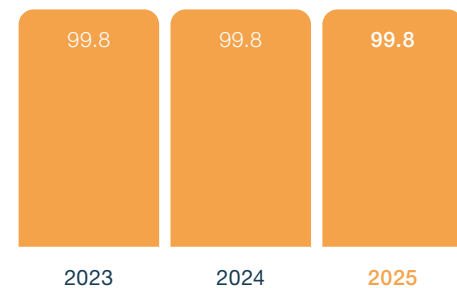
Water Consumption

The increase in water consumption is primarily driven by higher activity within our Marine segment. A surge in vessel arrivals has elevated the demand for water, particularly for maintenance and service activities required for these vessels. As project activity intensifies, the corresponding need for water resources rises to support the operational requirements associated with the growing number of vessels serviced.

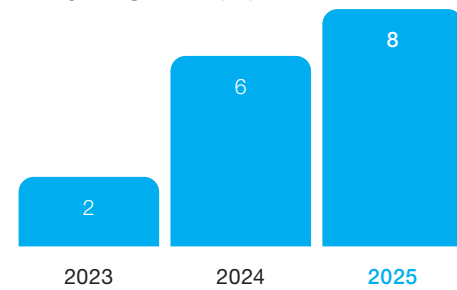
Recycled Waste Breakdown in 2025 (%)



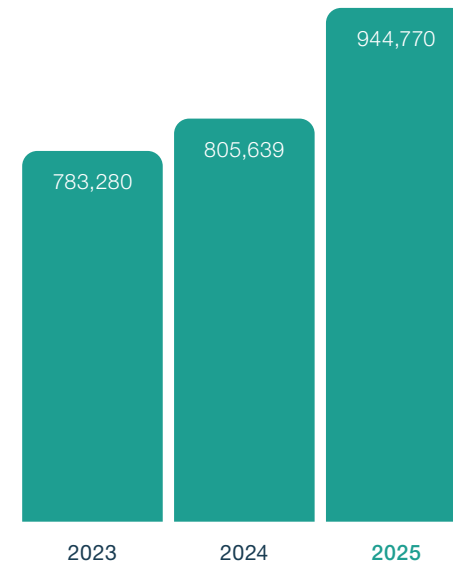
4R for Hazardous Waste (%) (2023 - 2025)



Non-Hazardous Waste Recycling Rate (%)



Water Consumption (m³)



CHALLENGES AND MITIGATION

Segregation at Source

Effective waste segregation at source remains a practical challenge, particularly across large scale operations involving multiple subcontractors and project sites. Improper segregation can lead to contamination of recyclable materials, increasing treatment costs and reducing recovery rates. Differences in environmental awareness, training and commitment among subcontractors may also result in inconsistent application of waste management procedures.

To address this, MHB continues to strengthen awareness, supervision and on-site controls. Clear waste segregation guidelines, routine monitoring and engagement with subcontractors support more consistent practices, while internal campaigns reinforce accountability and shared responsibility across the workforce.

Limited Availability of Recycling Technology

Certain waste streams, particularly wooden waste, present opportunities for higher recycling and reuse. However, limited availability of suitable recycling facilities within the area constrains recovery options. Where facilities are available, high transportation costs can significantly increase operational expenditure, affecting the feasibility of recycling initiatives.

Mitigation efforts focus on identifying alternative recovery pathways, including reuse within operations where practicable, and engaging with industry partners to explore regional solutions. These measures aim to balance environmental benefits with operational and economic considerations.

Market Demand and Economic Viability

Recycling outcomes are also influenced by market dynamics. Fluctuations in recycled material prices affect demand, making it difficult to secure stable, long-term recycling arrangements. Buyer interest often varies with prevailing market rates, introducing uncertainty into recovery planning.

To manage this risk, the Group adopts a flexible approach to recycling partnerships and continuously monitors market conditions. By diversifying recovery options and maintaining readiness to adapt strategies, recycling initiatives can be sustained while remaining commercially viable over time.

OPPORTUNITIES

Emerging policy and market developments present opportunities to strengthen waste management outcomes and advance circular economy practices. National initiatives to develop Waste to Energy facilities offer a pathway to reduce reliance on landfill disposal. Under the Twelfth Malaysia Plan 2021 to 2025, the Ministry of Housing and Local Government has outlined plans to establish six Waste to Energy facilities nationwide. These efforts align with the Circular Economy Blueprint for Solid Waste (2025–2035), which aims to transition Malaysia toward a zero-waste economy by maximising resource recovery and closing the loop on material lifecycles.

In parallel, sustainable packaging presents an opportunity to reduce waste generation across the supply chain. The adoption of Extended Producer Responsibility (EPR) frameworks — encouraging manufacturers to take accountability for the entire lifecycle of their products — is essential for reducing the burden on project sites. By encouraging suppliers and contractors to adopt innovative and recyclable packaging solutions, waste volumes at operational sites can be reduced while improving recyclability. To support these transitions, leveraging the Green Investment Tax Allowance (GITA) and Green Income Tax Exemption (GITE) schemes provides a financial pathway for investing in green assets, such as high-efficiency recycling equipment. Integrating sustainable packaging considerations and EPR principles into procurement reinforces broader supply chain sustainability objectives and strengthens our commitment to Malaysia’s 2050 net-zero aspiration.

OUTLOOKS AND TARGETS

In the short-to-medium term, the Group is focused on strengthening recycling performance across operations. A key priority is the progressive phase out of single use plastics, reducing waste generation at source and improving the quality of recyclable materials collected.

Recycling capacity is expected to be further enhanced through the introduction of on-site shredding technologies, including wood and plastic shredders. Shredded wood waste can be channelled to industries that use it as boiler fuel or landscaping mulch, extending material value and reducing disposal requirements. Plastic shredding enables material to be supplied as feedstock to recyclers or used as an alternative fuel through co-processing in cement kilns.

These initiatives require the development of targeted partnerships with recyclers and industrial users. By creating reliable recovery pathways, waste treatment costs can be reduced while generating modest revenue streams.

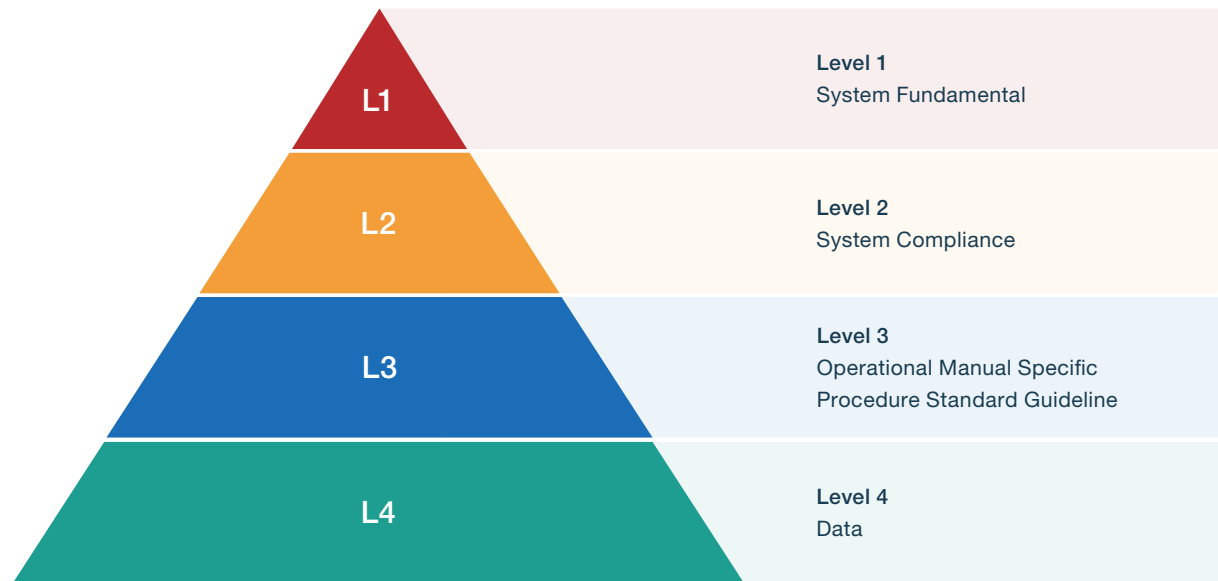
Social Responsibility

MATERIAL TOPIC: HEALTH AND SAFETY

WHY IS IT IMPORTANT?

Health and safety are fundamental to the Group's ability to operate responsibly and sustainably. Maintaining full compliance with regulatory and other applicable requirements safeguards employees, contractors and the surrounding community, while reinforcing trust with

regulators and stakeholders. A strong focus on safety and well-being also supports workforce morale, productivity and retention, protects corporate reputation and underpins the Group's licence to operate in a high risk, asset intensive environment.



LEVEL 1 – SYSTEM FUNDAMENTAL

Policies, Commitments, Conduct and Ethics, and other Directives

Set the direction and vision

- Custodian of Policies – Corporate Quality (CQ)
- Owner of Policies – Respective Division / Department

LEVEL 2 – SYSTEM COMPLIANCE

Frameworks, Management System Manual, Minimum Requirement for yard wide and reference

Set high-level expectation of the organisation in providing mandatory requirement

- Custodian of Manual & Minimum Requirement – Corporate Quality (CQ)
- Owner of Manual & Minimum Requirement – Respective Division / Department

LEVEL 3 – OPERATIONAL MANUAL

Overview of the process interaction in Division / Department

Custodian of Operational Manual – Corporate Quality (CQ)

Owner of Operational Manual – Respective Division / Department

LEVEL 3 – SPECIFIC PROCEDURE

General procedure or detail instruction for specific process in Division / Department

Custodian of procedure – Corporate Quality (CQ)

Owner of procedure – Respective Division / Department

LEVEL 3 – STANDARD GUIDELINE

Guideline for specific process in Division / Department

Custodian of guideline – Corporate Quality (CQ)

Owner of guideline – Respective Division / Department

LEVEL 4 – DATA

Supports the output from instructions / processes

OUR APPROACH

MHB adopts a holistic approach to Health, Safety, Security and Environment that goes beyond compliance. The approach is proactive, integrated and built on collaboration with stakeholders across the value chain. By strengthening HSSE capabilities internally and externally, the Group seeks to create safer workplaces, reduce risk exposure and foster a culture where safety is a shared responsibility. This approach is anchored on six key thrusts.

1. Engagement with Stakeholders and Authorities

Strong and transparent engagement with regulators, industry bodies and relevant authorities supports alignment on expectations and evolving requirements. Ongoing collaboration strengthens compliance, improves safety standards and enables timely response to regulatory developments.

2. MHB Community Health and Well-being

Health and safety considerations extend beyond operational boundaries to include the well-being of surrounding communities. Initiatives are implemented to promote health awareness, community safety and positive social outcomes, reinforcing the Group's role as a responsible corporate citizen.

3. HSSE Competency and Empowerment

Continuous training and capability development form the foundation of effective HSSE management. Employees are equipped with the knowledge, skills and confidence to identify hazards, manage risks and intervene when unsafe conditions arise. This focus on competence supports informed decision making at all levels.

4. Felt Leadership in Driving HSSE Excellence

Leadership commitment is demonstrated through visible and consistent engagement on HSSE matters. Leaders are expected to model safe behaviours, actively participate in safety activities and reinforce the importance of HSSE through their actions, creating a clear tone from the top.

5. Enhancement of Contractor HSSE Capabilities

Contractors play a critical role in operations. Investment in contractor training, clear expectations and ongoing monitoring strengthens safety performance across worksites. Elevating contractor HSSE standards supports consistency and reduces risk across the supply chain.

6. Instilling Generative Culture Behaviours

Beyond rules and procedures, the Group encourages proactive and generative culture behaviours. Employees and contractors are empowered to speak up, look out for one another and take ownership of safety outcomes. This behavioural focus supports a sustainable safety culture where incidents are prevented before they occur.

OUR ACTION PLANS AND INITIATIVES

Leadership engagement and disciplined oversight sit at the core of the Group's health and safety actions. Safety performance is not treated as an operational metric alone, but as a leadership responsibility that is actively reviewed, reinforced and acted upon at the highest level.

Felt Leadership in Driving HSE Excellence

Health and safety performance is reviewed through quarterly HSE scorecards presented to the Board of Directors. These scorecards provide a consolidated view of overall HSE outcomes alongside leading indicators that reflect leadership engagement, site presence and proactive safety actions. Regular Board level visibility reinforces accountability and signals clear expectations that safety leadership must be demonstrated consistently across all levels of the organisation.

Health and Safety Incidents Disclosure and Learning

During 2025, several safety incidents resulting in injuries were recorded. Each incident was investigated promptly using a structured root cause analysis process. Corrective and preventive control measures were identified and implemented without delay. Findings were formally documented and shared across the yard through alerts and safety communications, ensuring that lessons learned were translated into practical improvements. This learning from incidents approach strengthens organisational memory and reduces the likelihood of similar occurrences in the future.

Risk Assessment Framework

Hazard identification and risk management are structured through the Hazard Effects Management Process (HEMP). Individual risk assessments conducted across operations are consolidated into a unified HSE risk framework, enabling visibility of systemic and emerging risks. The most critical risks identified through HEMP are reported quarterly to the Board Sustainability and Risk Committee. This ensures that material HSE risks are actively monitored, prioritised and addressed through targeted mitigation measures.

Social Responsibility

HSE Performance Monitoring

Continuous performance monitoring supports early intervention and improvement. HSE indicators are tracked against defined targets and limits, allowing trends to be identified and corrective actions to be taken in a timely manner. During the year, overall HSE performance improved, with a reduction in injury cases and results surpassing established thresholds. These outcomes reflect the combined impact of leadership engagement, structured risk management and a stronger safety culture across operations.

| INDICATOR | | 2025 | 2024 | 2023 |
|-----------|--------|------|------|------|
| LTIF | Limit | 0.21 | 0.23 | 0.25 |
| | Actual | 0.05 | 0 | 0.13 |
| TRCF | Limit | 0.66 | 0.73 | 0.81 |
| | Actual | 0.15 | 0.19 | 0.40 |
| Fatality | | 0 | 0 | 1 |

Engagement with Stakeholders and Authorities

Health and safety governance is reinforced through structured and continuous engagement with regulators, emergency responders, industry bodies and strategic partners. These engagements provide clarity on regulatory expectations, support early alignment on new or evolving requirements and strengthen collective readiness for operational and emergency scenarios. Regular interactions with authorities such as DOSH, BOMBA and the Department of Environment (DOE) enable constructive dialogue on compliance, enforcement trends and best practices, while joint exercises and audits enhance preparedness and response capability. This outward facing engagement ensures that regulatory intent is clearly understood and translated into consistent operational practice across the yard.

Engagement at All Levels – Being Brilliant at Basics

A strong safety culture is built through everyday discipline and consistent application of fundamentals. Engagement is therefore driven across all organisational levels, from senior leadership to supervisors and trades workers. Leadership grooming programmes, HSSE talks and supervisory coaching sessions focus on strengthening frontline leadership capability, reinforcing accountability and sharpening hazard awareness. These sessions emphasise clarity of roles, adherence to procedures and ownership of safe work practices, ensuring that basic safety principles are consistently applied regardless of task or project phase.

Enhancing Community Health and Well-being

Health and safety initiatives extend beyond immediate operations to include the wider MHB community. Targeted health and wellness campaigns are designed to improve physical and mental wellbeing, raise awareness of occupational health risks and promote preventive care. Activities such as health screenings, blood donation drives and hearing conservation programmes contribute to early detection and intervention, strengthening workforce resilience and supporting a healthier working environment. These initiatives reinforce the link between individual well-being, safe behaviour and sustainable operational performance.

Contractor HSE Capability Development

Contractors are integral to yard operations, making their safety performance a critical determinant of overall outcomes. Contractor HSE capability development focuses on strengthening leadership competence, improving understanding of regulatory and contractual requirements and aligning practices with MHB standards. Structured training programmes, including dedicated HSE upskilling modules for contractor leadership, equip partners with the knowledge and tools needed to drive safety within their own organisations. Ongoing engagement, audits and performance reviews ensure expectations are met consistently, and improvement actions are tracked to closure.

Leadership and Organisation

HSSE governance is supported by defined organisational structures and leadership mechanisms under the transformation programme. Committee based oversight enables coordinated management of HSSE priorities, while Leadership i-Care walkabouts provide personalised engagement at the worksite. These walkabouts allow leaders to observe work conditions directly, engage workers in open dialogue and reinforce expectations through visible commitment. Supervisory grooming and HSSE talks further cascade leadership intent, ensuring that safety values are consistently reinforced through the line organisation.

Communication and Engagement

Effective communication underpins behavioural change. Cultural and operational safety campaigns are aligned with project milestones to ensure relevance and timeliness. Reflective and lateral learning initiatives, conducted in collaboration with Group HSSE, promote learning from incidents, near misses and industry experience. Stakeholder engagement sessions provide opportunities to share expectations, clarify roles and strengthen mutual accountability for safety outcomes.

Operational Health and Safety Risk

Operational risk management focuses on early identification, control and reinforcement at the point of work. Life Saving Rules are actively internalised through training and engagement, while programmes such as HSE Monitoring, SWIFT and supervisory empowerment initiatives strengthen frontline vigilance. Tools such as Take 5 sessions, Generative HSE Culture (GC) sessions and Touch the Heart engagements encourage workers to pause, assess risks and intervene proactively. These initiatives support informed decision making and reduce exposure to high-risk activities.

Integrated Contractor HSSE Management

Safety accountability is embedded into contractor management through an integrated framework that links contractual requirements, performance oversight and consequence management, positioning safety performance as a core contractual obligation rather than a standalone requirement. Monetary and holding sum mechanisms support this approach by promoting consistent application of HSSE requirements across all contractors. To complement these contractual controls, the Group applies a structured approach to capability building, assurance and recognition that supports effective implementation on the ground. The Contractor HSE Upskilling Module builds leadership capability among contractor representatives, while the Significant Contractor Audit Programme evaluates the effectiveness of HSE implementation among major contractors, with insights used to identify improvement actions and share good practices. Contractor performance is also recognised through platforms such as the MISC HSSE Partners Summit, helping to encourage positive safety behaviours and drive continuous improvement across the supply

chain.

QHSSE and Sustainability Week

QHSSE and Sustainability Week 2025 served as a flagship engagement platform, bringing together employees, leaders and partners to reinforce shared ownership of quality, health, safety, security, environment and sustainability. The week featured site engagements, campaigns, health programmes and webinars designed to build awareness and capability. The launch event at the West Yard marked the introduction of the Speak Up for Safety and Line of Fire education campaigns, setting the tone for open reporting and proactive intervention.

Key outcomes included the empowerment of employees through hearing conservation initiatives, blood donation and health screening programmes, and six webinars that reached more than 1,300 participants. These activities strengthened awareness, encouraged participation and reinforced the importance of collective responsibility.

MHB HSE Partners Roundtable

The HSE Partners' Roundtable 2025 provided a strategic forum for senior leaders from key contracting partners to engage directly with the Board and Management Committee. Held under the theme "Partnerships in HSE", the session reinforced the principle that safety excellence is a shared mission. Discussions focused on changes in safety related legislation, competency management and trends in consequence management. The roundtable strengthened alignment, transparency and trust across the contractor ecosystem.

Speak Up for Safety and Line of Fire Campaign

The Speak Up for Safety and Line of Fire campaign was launched to empower the yard community to intervene when unsafe conditions or behaviours are observed. The campaign promotes psychological safety by encouraging individuals to raise concerns without fear of repercussion. Embedded into meetings, toolbox talks and daily interactions, the initiative places strong emphasis on Line of Fire risks, improving hazard identification and reporting quality while strengthening workforce engagement and ownership of safety.

Leadership HSSE Site Engagement

Leaders are encouraged to engage through planned walkabouts, site visits and informal discussions, reinforcing standards through personal interaction. To drive accountability, leadership engagement targets are embedded within the Corporate Scorecard. Each leader is expected to plan, execute and report a defined number of engagements annually, enabling performance to be tracked and reviewed systematically.

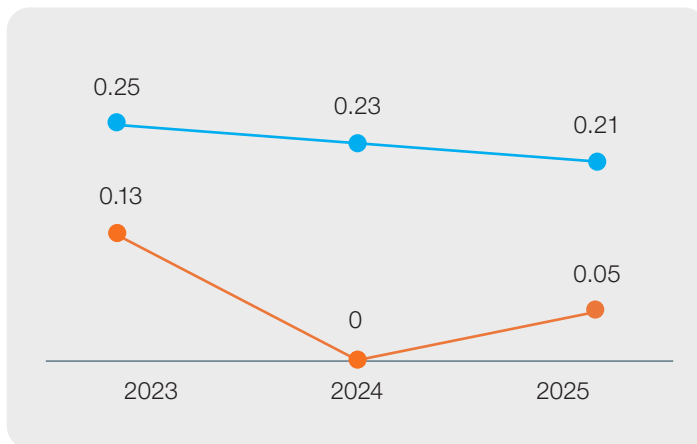
Social Responsibility

Frontline Safety Programmes

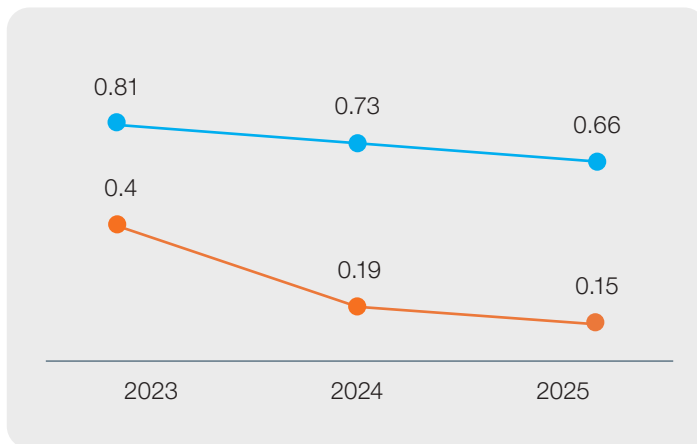
Frontline campaigns remain critical in shaping day to day behaviour. The Marine Take 5 programme reinforces pause and think practices before task execution through self-learning modules, site engagements and merit based initiatives. Project specific campaigns such as ZERO36 and STOP, LOOK, THINK and ACT further promote vigilance, shared responsibility and learning from routine activities. These programmes recognise individuals who demonstrate consistent commitment to safety and contribute to incident free operations.

SAFETY PERFORMANCE FOR 2025

LTIF Trend



TRCF Trend



● Limit ● Actual

CHALLENGES AND MITIGATION

Maintaining high health and safety standards in a complex operating environment presents several structural challenges. Strengthening regulatory compliance often requires additional investment in facilities, systems and equipment, alongside expanded training programmes and capability development. These requirements can increase operating and capital expenditure, particularly as regulatory expectations evolve and become more stringent.

Operational intensity also presents challenges. Fast paced project execution and tight delivery timelines increase pressure on teams and heighten the risk of deviations from established controls if management practices are not consistently applied. Without disciplined planning, supervision and coordination, safety controls may be compromised in favour of schedule or productivity demands.

Cultural transformation represents a further long-term challenge. Building a mature and proactive safety culture is inherently time intensive and requires sustained leadership commitment. The scale and diversity of the workforce, combined with the presence of multiple contractors, introduce varying levels of experience, expectations and ingrained work habits. Resistance to change may arise where new practices challenge long established routines.

These challenges are addressed through a combination of structured governance, leadership accountability and capability building. Investments in systems and infrastructure are prioritised based on risk and regulatory impact, while training programmes are designed to strengthen competence and reinforce consistent application of standards. Regimented management practices, supported by clear roles, planning discipline and performance monitoring, help maintain control even under demanding project conditions.

Cultural change is reinforced through visible leadership, continuous engagement and empowerment at all levels. By encouraging open communication, reinforcing positive behaviours and recognising good performance, the organisation continues to shift mindsets and embed safety as a shared value rather than a procedural requirement.

OPPORTUNITIES

The challenges associated with strengthening health and safety standards also open up opportunities to enhance the way the organisation operates. Investing in robust compliance frameworks reduces legal and regulatory exposure, particularly in an environment where penalties, enforcement actions and operational disruptions can have far greater consequences than the upfront cost of preventive measures. This approach supports business continuity and protects long-term value.

A stronger focus on health and safety also reinforces project management discipline. The introduction of structured controls, clearer planning and more rigorous prioritisation improves execution quality and supports consistent delivery, even under tight timelines. These practices encourage a more agile and responsive operating culture, where teams can adapt to fast changing conditions without compromising safety or standards.

At the same time, sustained engagement on safety creates an opportunity to deepen workforce ownership and resilience. By actively involving employees and contractors in safety initiatives and investing in targeted training and capability development, the organisation strengthens a proactive safety culture. This cultural shift supports safer behaviours, higher productivity and a more engaged workforce, reinforcing health and safety as an enabler of operational excellence rather than a constraint.

OUTLOOK

Short-Term

The immediate priorities build directly on current leadership and operational initiatives. Strengthening HSSE leadership and organisational culture begins with greater visibility of senior leaders at worksites, reinforcing expectations through direct engagement. This is complemented by a deliberate shift towards developing and grooming middle managers, recognising their pivotal role in sustaining HSSE standards and influencing daily behaviours on the ground.

As leadership capability is strengthened, attention turns to improving how operational safety risks are identified and managed. Monitoring will be enhanced through the Lateral Learning Programme and the adoption of Artificial Intelligence Incident and Risk Analysis (AIIRA) tools, allowing lessons from incidents and near misses to be shared more effectively across operations. In parallel, the internalisation of 9 Life Saving Rules will be streamlined, ensuring that disciplined risk assessment and due diligence become an integral part of work planning before any task begins.

To support these efforts during project execution, HSSE contractor management will be further reinforced. Digital tools will be used to systematically record, track and review contractor HSE deliverables, providing clearer visibility of performance. This will be supported by a refreshed and continuous HSSE management framework, enabling earlier identification of underperforming contractors and timely corrective intervention.

Medium- to Long-Term

Building on these foundations, the longer-term focus is on embedding a generative HSSE culture across the yard community. The aim is to raise the bar on safety performance by fostering an environment where risk-based decision-making guides daily operations, accountability is consistently upheld and positive contributions are recognised. Over time, this approach supports safer behaviours that are self-driven rather than rule dependent.

Sustaining this culture requires continued investment in leadership and organisational development. Yard leaders and the wider workforce will be equipped with the values and qualities needed to lead by example and reinforce shared responsibility. A strong safety performance is closely linked to a healthy and well supported community, where people feel cared for, engaged and empowered to act in the interest of collective safety.

Digitalisation will increasingly enable these ambitions. Modern platforms will support clearer and more transparent communication, while ensuring that critical HSSE knowledge and skills are systematically shared across the yard. This enhances engagement, collaboration and proactive intervention, strengthening the overall safety culture.

Contractor management will evolve alongside these developments. By aligning contractors more closely with yard safety expectations and embedding them into the wider yard community, standards can be elevated consistently.

Social Responsibility

MATERIAL TOPIC: HUMAN AND LABOUR RIGHTS

WHY IS IT IMPORTANT?

Respect for human and labour rights underpins MHB's social licence to operate and is central to sustaining trust with employees, clients, investors, and communities. These rights directly influence regulatory compliance, corporate reputation, workforce stability, and project continuity. In a labour-intensive industry with complex supply chains, any failure to uphold fair treatment, safe working conditions, or equal opportunity can expose the business to operational disruption, legal risk, and reputational damage.

Stakeholder expectations have also evolved significantly. Clients increasingly require human rights safeguards as part of contractual obligations. Investors and key stakeholders increasingly scrutinise labour practices, grievance mechanisms, freedom of association, non-discrimination, supply chain due diligence, and other key human rights areas as core indicators. At the same time, regulatory frameworks and voluntary disclosure standards continue to tighten, reinforcing the need for structured governance, consistent implementation, and transparent reporting.

OUR GOVERNANCE FRAMEWORK

MHB's approach to human and labour rights is anchored in strong governance and aligned with international best practice. In 2025, we strengthened our commitment by enhancing our Human Rights Policy, replacing the previous Human Rights Commitment and Modern Slavery Policy. This policy provides a clear, groupwide framework for managing human rights risks and expectations. It has been communicated internally, shared with suppliers, and made available on our corporate website.

The policy is guided by five core principles:

- Respect for internationally recognised human rights
- Risk-based approach on human rights due diligence
- Access to effective grievance mechanisms and remedies
- Clear governance and accountability across the Group
- Transparent monitoring and reporting on human rights matters

MHB is committed to respecting all internationally recognised human rights and complying with the applicable laws of the countries in which we operate. Our commitment is guided by key international frameworks, including:

- The International Bill of Human Rights
- The ILO Declaration on Fundamental Principles and Rights at Work
- The UN Guiding Principles on Business and Human Rights (UNGPs)
- The Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises on Responsible Business Conduct

MHB's policy framework is further reinforced through:

- Code of Conduct and Business Ethics (CoBE)
- Code of Conduct and Business Ethics for Third Parties
- Diversity and Inclusion Statement

KEY LABOUR PRACTICES IN ACTION

Wages and Benefits

MHB complies fully with all local labour laws on wages, overtime, and statutory benefits. Regular internal reviews and audits strengthen oversight of adherence to minimum wage requirements and lawful remuneration practices. This safeguards employee welfare while ensuring regulatory compliance.

Freedom of Labour

We maintain a zero-tolerance approach to forced labour, bonded labour, or human trafficking. All employment relationships are entered voluntarily, without coercion or restriction. Employment contracts are clearly communicated and fairly administered.

Prevention of Child Labour

MHB strictly enforces age-verification procedures to ensure full compliance with legal minimum age requirements, thereby eliminating any risk of child labour across its operations.

Working Hours

Working hours, overtime, and holiday work are managed in line with legal requirements and collective agreements. To prevent excessive working hours and manage fatigue risks, MHB has implemented structured Fatigue Management Guidelines. These measures protect employee well-being and operational safety.

Non-Discrimination

MHB upholds a strong non-discrimination policy across all employment practices. Decisions related to recruitment, promotion, training, and remuneration are free from bias based on gender, race, nationality, religion, age, disability, marital status, pregnancy, or political affiliation.

Freedom of Association and Collective Bargaining

MHB upholds the right to freedom of association and recognition of the right to collective bargaining in accordance with applicable legislation. Collective agreements and employee handbooks are accessible via internal platforms, ensuring transparency and awareness of rights and obligations.

Humane Treatment

We maintain a zero-tolerance stance against harassment, intimidation, physical punishment, or verbal abuse. All employees are treated with dignity and respect, reinforcing a psychologically safe workplace.

Grievance Mechanisms and Remedies

Consistent with UNGPs requirements, MHB provides accessible grievance channels for employees and stakeholders to raise concerns confidentially. These mechanisms enable early identification of risks, ensure issues are investigated promptly and impartially, and facilitate the implementation of corrective actions where required.

Foreign or Migrant Workers

Where foreign or migrant employees are engaged, they shall be employed in full compliance with the labour and immigration laws of the host country.

ACTIONS AND INITIATIVES

MHB operationalises its human rights commitments through an integrated framework that combines strong governance, systematic due diligence and continuous stakeholder engagement. This approach enables the Company to prevent, identify, mitigate and remediate human rights risks across its operations and value chain, while maintaining alignment with international standards and regulatory expectations.

Human Rights Due Diligence

At the core of this framework is a risk-based human rights due diligence process, guided by the United Nations Guiding Principles on Business and Human Rights. Through this process, MHB assesses actual and potential adverse impacts arising from its business activities, and throughout the value chain. The due diligence process prioritises material risk areas that are most relevant to MHB's operating context.

To understand human rights impacts within our operations, we identified the salient human rights topics and issues relevant to the business as a critical first step in implementing an effective human rights due diligence process. This was done together with our parent company and various stakeholders to thoroughly examine the human rights risks and impacts associated with our business. Salient human rights topics include:

- Labour and Working Conditions
- Responsible Security
- Community Well-being
- Supply Chain Management

Human Rights Risk Assessments (HRRRA)

To translate due diligence into action, MHB conducts periodic Human Rights Risk Assessments, previously known as Social Risk Assessments. These assessments systematically identify exposure to human rights risks.

In 2023, a comprehensive HRRRA was conducted at MMHE West Yard. This assessment examined social impacts linked to operations across four key dimensions: labour and working conditions, community well-being, supply chain management and responsible security. The findings provided a clear risk profile and informed the development of targeted mitigation plans.

These mitigation measures strengthened internal controls and proactively managed risks arising from the operations, value chain and community, ensuring consistent standards across the business activities.

Supply Chain Due Diligence and Responsible Procurement

Building on these assessments, MHB extends its human rights commitment throughout its supply chain. Human and labour rights indicators are embedded into supplier onboarding and evaluation processes, ensuring that ethical considerations form part of procurement decisions from the outset.

This includes integrating human rights criteria into supplier due-diligence checklists and strengthening the assessment of human rights risks. Through our Responsible Supply Chain Programme, suppliers are required to complete ESG self-assessment questionnaires that incorporate key human rights elements. Through this structured process, MHB identifies risk exposure across its supplier base, enabling targeted engagement, contractual controls and improvement plans.

For higher-risk suppliers, enhanced monitoring, audits and corrective action plans are implemented. This ensures continuous improvement while strengthening accountability and transparency across the value chain.

Clear Expectations and Contractual Controls

To reinforce these requirements, MHB communicates its human rights expectations clearly to all business partners. Suppliers and subcontractors are contractually required to comply with the Code of Conduct and Business Ethics for Third Parties, which explicitly prohibits forced labour, child labour, human trafficking and debt bondage.

Third parties must also uphold core labour principles, including freedom of labour, fair wages and benefits, lawful working hours, access to grievance mechanisms, non-discrimination, freedom of association, humane treatment and responsible management of migrant workers. Importantly, suppliers are expected to cascade these standards throughout their own supply chains.

Social Responsibility

Third-Party Engagement and Capacity Building

Recognising that compliance is strengthened through collaboration, MHB actively engages suppliers through structured awareness and capacity-building programmes. Human rights compliance forms a core module within the Responsible Supply Chain Programme and was also featured during the SAVE Day event through a forum titled Human Rights Compliance and Expectations.

These sessions serve multiple purposes. They reinforce MHB's ethical commitments, clarify legal and contractual obligations, communicate policy requirements, promote best practices in human rights management and provide a platform for suppliers to share challenges and suggestions. This collaborative approach strengthens supplier capability while building long-term partnerships based on trust and accountability.

Oversight and Governance

To provide strong oversight, MHB established a cross-functional Human Rights Committee (HRC) in 2025. Comprising representatives from Human Resource, Legal and Compliance, Corporate Sustainability, Supply Chain Management and Corporate Quality, Health, Safety, Security and Environment (CQHSSE), the committee plays a central role in governance.

The HRC monitors policy implementation, reviews HRRRA findings and mitigation actions, escalates risks to management and oversees grievance handling and remediation. It also drives awareness initiatives across employees and suppliers. Regular meetings and structured reporting ensure that human rights considerations remain embedded in decision-making at all levels to mitigate human rights risks. Relevant departments handle daily human rights responsibilities, supporting proactive oversight and our commitment to ethical and responsible business practices.

Training and Internal Awareness

Internally, MHB ensures employees understand their responsibilities through continuous training and communication. This includes online session on MHB's Human Rights Journey and MHB Human Rights Policy implementation, as well as awareness campaigns across internal platforms.

These initiatives strengthen employees' ability to identify risks, report concerns and apply ethical principles in daily operations, reinforcing a culture of respect and accountability.

Access to Remedy and Grievance Mechanisms

Complementing preventive measures, MHB maintains a secure whistleblowing channel accessible to employees, contractors and external stakeholders. This platform enables confidential reporting of human rights concerns, labour grievances and ethical misconduct.

All cases are investigated independently and transparently. Where wrongdoing is substantiated, disciplinary actions and corrective measures are implemented, with strict protection against retaliation. This ensures trust in the system and encourages early reporting.

Continuous Monitoring and Transparency

MHB maintains clear reporting lines and governance oversight for human rights matters. Performance, incidents, and improvement actions are monitored and escalated through management and Board structures where necessary.

Continuous Improvement

Finally, MHB adopts a continuous improvement approach. Human rights performance is reviewed regularly through audits, risk assessments and stakeholder feedback. Lessons learned are incorporated into policy updates, training programmes, and internal controls.

Key Performance for 2025



Challenges and Mitigation

While MHB has made steady progress in strengthening its human rights governance and due diligence processes, several practical challenges remain. Addressing these challenges in a structured manner is essential to ensuring the effectiveness and sustainability of our approach.

Limited Resources and Capacity

Implementing comprehensive human rights programmes across a large and operationally complex organisation requires dedicated resources and specialist expertise. Competing business priorities and capacity constraints can limit the speed and scale at which initiatives are rolled out. To mitigate this, MHB continues to strengthen internal capabilities through cross-functional collaboration, targeted training and the development of internal subject matter champions. By embedding human rights responsibilities across departments, we reduce reliance on single teams and create shared ownership for implementation.

Data Collection and Reporting

Capturing accurate, consistent and timely human rights data across operations and the supply chain remains a challenge, particularly in areas such as contractor management, grievance tracking and supplier compliance. To address this, MHB is progressively strengthening its internal controls and monitoring process. These efforts support better decision-making, enable trend analysis and strengthen the quality of disclosures.

Supply Chain Transparency

Ensuring full visibility of labour practices among suppliers presents an ongoing challenge, especially where operations involve multi-layered subcontracting structures. To improve transparency, MHB is strengthening supplier engagement through enhanced due diligence, contractual requirements and targeted audits for higher-risk vendors. We also encourage suppliers to cascade human rights expectations throughout their own value chains, supported by awareness programmes and capacity-building initiatives.

Evolving Frameworks and Standards

The human rights landscape continues to evolve, with new regulations, reporting standards and stakeholder expectations emerging globally. Keeping pace with these developments requires continuous monitoring and adaptive governance. MHB addresses this by actively reviewing policy frameworks, benchmarking against industry best practices and engaging with external experts and peer networks. This ensures our approach remains relevant, compliant and aligned with international expectations.

Opportunities

MHB recognises that a strong human rights framework not only mitigates risk but also creates meaningful opportunities for long-term value creation. By embedding ethical practices into our operations and value chain, we strengthen trust with stakeholders and reinforce our position as a responsible industry player.

Strengthening Brand Reputation through Ethical Leadership

Consistent adherence to human and labour rights standards positions MHB as an organisation guided by integrity and accountability. Demonstrating leadership in ethical business practices enhances credibility with clients, regulators, investors and communities. This strengthened reputation supports business development efforts, reinforces client confidence and differentiates MHB in competitive markets where responsible business conduct is increasingly a key selection criterion.

Enhancing Workforce Engagement and Productivity

A workplace built on fairness, respect and inclusion fosters higher levels of employee trust and morale. By safeguarding rights and providing safe, equitable working conditions, MHB creates an environment where employees feel valued and empowered. This, in turn, drives stronger engagement, improves retention and enhances productivity, supporting operational excellence and long-term performance.

Securing Competitive Advantage in Global Supply Chains

Robust human rights practices strengthen MHB's ability to participate in global supply chains where compliance with international labour standards is increasingly important. Clients and partners are prioritising suppliers with proven due diligence processes, transparent governance and strong ethical credentials. By proactively addressing human rights risks across its supply chain, MHB enhances its competitiveness, secures access to international markets and builds resilient, trusted partnerships.

OUTLOOK

Short-Term

In the immediate term, MHB will focus on ensuring the effective implementation and compliance of its Human Rights Policy across all operations. This includes strengthening internal governance structures, embedding human rights elements into operational and procurement processes, and enhancing monitoring mechanisms to improve overall management effectiveness.

At the same time, targeted awareness programmes will be intensified throughout the supply chain. Through structured engagements, briefings and contractual communications, suppliers and contractors will be guided on their roles and responsibilities, reinforcing shared accountability and consistent human rights standards across business partners.

Medium- to Long-Term

Over the medium- to long-term, MHB will deepen awareness and capability building through the Responsible Supply Chain Programme. This platform will continue to serve as a key mechanism for educating suppliers, sharing best practices and strengthening ethical business conduct across the value chain.

In parallel, the Company will progressively enhance compliance monitoring through risk-based assessments, supplier audits and performance reviews. These measures will ensure human rights standards are consistently upheld, enabling early identification of potential risks and timely corrective actions.

MATERIAL TOPIC: HUMAN CAPITAL

WHY IS IT IMPORTANT?

In today's increasingly competitive and fast-changing business environment, a skilled and capable workforce is essential for sustaining long-term business performance. As the oil and gas industry continues to evolve, MHB recognises that ensuring the availability, readiness and retention of critical skills has become a key priority to support operational continuity and future growth.

Human capital development enables the organisation to close skills gaps, strengthen technical and leadership capabilities and enhance cross-functional collaboration. By cultivating a diverse workforce across roles and levels, MHB strengthens organisational resilience, improves problem-solving capacity and fosters innovation. This diversity of perspectives enhances decision-making quality and supports more agile responses to business challenges.

Strong people management practices also drive operational efficiency. Through structured training, performance management and clear career development pathways, MHB improves productivity, ensures consistency in service delivery and reinforces a high-performance culture. At the same time, effective human capital governance supports regulatory compliance, addresses organisational risks and strengthens internal controls.

Beyond operational outcomes, investing in people reinforces MHB's core values. A motivated and engaged workforce strengthens teamwork, enhances customer experience and encourages positive workplace behaviours. These elements directly contribute to stronger stakeholder trust and long-term brand reputation.

Talent retention is equally prioritised through fair employment practices, competitive rewards and transparent career progression frameworks. These initiatives enable MHB to attract high-quality talent while fostering long-term workforce stability.

OUR APPROACH

At MHB, building a strong and sustainable workforce starts with a people-first strategy that prioritises capability, engagement and long-term growth. Our human capital approach is designed to attract, develop and retain talent while creating an environment where employees can thrive and contribute meaningfully to the organisation's success.

Talent attraction focuses on establishing a diverse and high-quality talent pipeline through merit-based recruitment and inclusive hiring practices. By bringing in individuals with the right technical expertise and leadership potential, we strengthen organisational capability and support future business needs.

Talent development forms the backbone of our workforce strategy. Structured training programmes, leadership development initiatives and continuous upskilling efforts equip employees with relevant competencies to perform effectively today while preparing them for future industry demands. Succession planning further reinforces leadership continuity and reduces reliance on single-role critical positions.

Our performance management framework promotes accountability and continuous improvement. Regular reviews, competency assessments and development planning align individual aspirations with business objectives, enabling employees to progress through clear and transparent career pathways.

Employee experience is strengthened through a supportive work environment, open communication channels and competitive rewards. These initiatives enhance engagement, improve retention and nurture a positive workplace culture where employees feel valued and motivated.

All human capital policies and frameworks are aligned with global best practices and industry standards. This ensures fair, transparent and responsible workforce management, supporting regulatory compliance while reinforcing MHB's commitment to long-term resilience and sustainable value creation.

ACTIONS AND INITIATIVES

Attracting and Retaining Talent in a Competitive Market

MHB continues to strengthen its employer value proposition to attract and retain high-quality talent in an increasingly competitive labour market. Our recruitment strategy focuses on enhancing employer branding through targeted campaigns that highlight our values, employee success stories and workplace culture across digital platforms and social media.

To widen our talent reach, we leverage multiple sourcing channels including job portals, social media platforms, employee referral programmes and strategic partnerships with universities and technical institutions. These collaborations help build sustainable talent pipelines, ensuring a steady flow of future-ready graduates and technical professionals.

Structured onboarding programmes have been introduced to support early engagement, accelerate integration and improve new-hire retention. Personalised onboarding journeys focus on role clarity, cultural alignment and early performance support, enabling employees to transition smoothly into the organisation.

Workforce planning is further strengthened through regular talent gap analysis to identify current and future capability needs. This allows MHB to proactively align recruitment strategies with business growth plans and operational requirements.



Social Responsibility

Building a Future-Ready Workforce

Capability development is a cornerstone of MHB's human capital strategy. We invest in targeted functional upskilling and leadership development initiatives to strengthen workforce competencies across all levels. Technical and professional training programmes are expanded to support critical skill development in line with evolving industry needs.

Structured succession planning sessions are conducted for Manager-level positions and above. These sessions involve the People Development Committee to ensure transparent, well-governed and objective assessment of successor readiness. Successor development plans are customised based on competency gaps, supported by staple leadership training programmes to accelerate capability building.

Funding support and sponsored certification programmes are leveraged to increase employee access to recognised professional qualifications. This reinforces technical credibility while enhancing career mobility and organisational capability.

Ensuring Fair and Transparent Performance Assessment

MHB has implemented a structured performance appraisal system supported by two-way feedback between appraisees and appraisers. A four-tier performance rating framework enhances consistency, objectivity and fairness across performance evaluations.

Self-rating mechanisms are embedded within mid-year and year-end reviews to promote reflective performance discussions and mutual understanding between employees and supervisors. Performance outcomes are aligned with structured salary frameworks and performance-based incentives, reinforcing meritocracy and accountability.

Continuous learning interventions complement the performance framework by cultivating a development-driven culture that encourages growth, feedback and continuous improvement.

Enhancing Employee Experience and Well-being

MHB fosters an inclusive and supportive workplace culture through structured engagement programmes that promote collaboration, work-life balance and healthier lifestyles. Regular workforce engagement activities and feedback sessions provide valuable insights to drive continuous improvement.

Well-being initiatives are implemented to support physical, mental and emotional health, enhancing productivity and long-term engagement. Communication and connectivity are strengthened through digital platforms to improve transparency and employee access to information.

A quarterly training calendar is established to streamline enrolment and planning. Departments maintain competency trackers to monitor Certificate of Competency (CoC) requirements for compliance with legal, HSSE and operational standards.

Targeted development programmes for critical skills, i.e., Project Management and Supply Chain Management continue to strengthen business capability. Strategic partnerships with academic institutions further support talent pipeline and knowledge transfer.

Remuneration and Rewards

MHB continuously reviews its remuneration framework to remain competitive within the industry. Salary increment, salary adjustments and benefit enhancement across all levels to ensure market competitiveness, and fairness for our internal equity.

The four-tier performance rating system directly supports reward differentiation, ensuring employees are recognised and rewarded based on contribution and performance. This approach strengthens motivation, productivity and retention while reinforcing a culture of meritocracy.

Career Succession Planning

Leadership and functional competency development is reinforced through structured engagement sessions with department heads and divisional leaders. These sessions promote awareness and adoption of the Group's capability development framework.

Systematic competency assessment mechanisms are applied to identify skills gaps and evaluate readiness levels for successors in critical roles. A structured talent pool is developed to ensure a steady pipeline of qualified leaders, supporting leadership continuity and long-term organisational resilience.

Performance Management

Our performance management framework aligns individual, team and organisational goals to drive shared success. Clear targets and expectations encourage employees to strive for excellence and deliver results.

Leaders play a critical role in cultivating a feedback-driven culture that strengthens collaboration, accountability and team performance. By integrating people, processes and systems, MHB ensures work is executed efficiently and effectively.

Two-way performance dialogues between appraisees and appraisers promote fairness, transparency and mutual understanding, reinforcing trust and continuous development across the organisation.

KEY PERFORMANCE FOR 2025

100%



Retention rate for MHB Talent Pool Successors and High Potential employees' rate.

Progressive improvement in capability building that includes functional & technical competencies

Steady pipeline of successors for Senior Management positions



CHALLENGES AND MITIGATION

High Competition for Talent

To remain competitive, MHB offers attractive compensation packages complemented by non-monetary benefits such as flexible work arrangements, structured learning pathways and professional development opportunities. Recruitment timelines are streamlined to accelerate decision-making and reduce the risk of losing candidates to competitors. At the same time, we invest in long-term relationship building through networking engagements, career fairs and talent community platforms to maintain sustained engagement with potential candidates.

Budget and Resources

MHB prioritises cost-effective recruitment channels such as employee referrals, social media outreach and university partnerships to widen reach at lower cost. Internal hiring and reskilling initiatives are actively encouraged to fill vacancies from within, strengthening workforce mobility and reducing external hiring dependence. We also negotiate bulk recruitment packages with job boards and service providers to optimise costs and maximise value.

Retention After Hiring

MHB has implemented a structured onboarding framework that supports cultural integration, role clarity and early engagement. Expectations are clearly communicated during recruitment to minimise mismatches. Continuous engagement initiatives and career development programmes are rolled out to strengthen employee commitment and long-term retention.

Career Succession Planning

Leader's readiness is deliberated during structured Succession Planning sessions with input from Management Committee members to ensure objective assessment. A sufficient ratio of successors to incumbents is maintained, with tailored development plans designed to progressively elevate readiness levels. This approach strengthens leadership continuity and mitigates attrition risks among potential successors.

Capability & Development

MHB leverages available funding mechanisms such as HRDC contributions to offset training costs and optimise budget utilisation. Certification requirements are broken down into manageable milestones with clear timelines to support employee readiness. Continuous engagement with authorised assessment agencies ensures timely scheduling and compliance. Efforts are underway to enhance monitoring systems to centralise CoC tracking and validity management.

Performance Management

HR conducts structured familiarisation sessions to align understanding of the performance framework and rating criteria. Two-way assessment discussions are facilitated prior to finalisation, ensuring transparency, mutual understanding and fair evaluation outcomes.

Remuneration and Rewards

To address the challenge of rapidly evolving market salary benchmarks, regular market reviews are conducted to ensure remuneration data remains current and relevant. These reviews guide adjustment priorities and help prevent widening gaps in critical skill areas. In addition, clear communication is maintained with employees regarding the remuneration framework and adjustment approach, fostering transparency and trust throughout the transition.

The organisation also continues to strengthen its total rewards strategy beyond base pay by enhancing non-monetary benefits, career development opportunities, and performance-based incentives. This broader approach supports employee engagement and retention while structural salary alignment is progressively achieved.

Social Responsibility

Employee and Labour Engagement

Engagement programmes are planned well in advance to minimise operational disruption. Activities are diversified to cater to different interests and workforce segments. Budget optimisation strategies are applied to maximise impact while maintaining financial discipline.

OPPORTUNITIES

Strengthening Talent Attraction and Retention

MHB will continue to strengthen its position as an employer of choice by reinforcing its employee value proposition through targeted branding initiatives that highlight career development opportunities, organisational culture and employee benefits. By actively showcasing employee success stories, workplace experiences and career progression pathways across digital platforms and corporate channels, the Company aims to attract high-calibre talent aligned with its values and long-term ambitions.

To ensure a sustainable talent pipeline, MHB will deepen collaboration with universities, polytechnics and technical institutions. These partnerships will support internship programmes, campus engagement activities and industry exposure initiatives that nurture early-career talent and build a future-ready workforce. At the same time, digital recruitment capabilities will be enhanced through the use of data analytics and technology-enabled sourcing tools to improve hiring efficiency, strengthen talent matching accuracy and elevate overall candidate experience.

Internal mobility and employee referral programmes will also be strengthened as a strategic approach to fill roles efficiently while encouraging career progression within the organisation. By promoting internal job postings, providing reskilling opportunities and incentivising referrals, MHB aims to create a more agile and cost-effective recruitment ecosystem.

Advancing Workforce Capability and Skills Development

To support long-term workforce sustainability, MHB will focus on strengthening leadership and technical capabilities in line with evolving industry and business demands. Leadership development programmes and specialised technical training will be expanded to prepare employees for future roles and emerging challenges.

Access to professional certifications will be widened through external funding support and sponsorships, enabling employees to acquire critical skills while enhancing organisational expertise. Structured career pathways will be further refined to provide clarity on progression opportunities, strengthen succession readiness and ensure leadership continuity for critical roles.

Career succession planning will be reinforced through detailed competency frameworks and systematic readiness assessments. This approach allows the Company to identify precise capability gaps for each successor and implement targeted development plans to build a strong leadership pipeline.

Enhancing Performance and Reward Practices

MHB aims to further refine its performance management framework by adopting data-driven insights to strengthen goal alignment, evaluation consistency and employee development planning. Performance dashboards and analytics will enhance transparency and accountability, ensuring performance outcomes are clearly linked to business objectives.

Reward and recognition frameworks will be strengthened through performance-linked incentives that reinforce productivity, ownership and results-driven behaviour. At the same time, personalised development plans aligned with individual aspirations and competencies will be introduced to support sustained high performance and long-term career growth.

The Company will progressively close salary gaps against market benchmarks to remain competitive and attractive to both existing and prospective employees. A diversified compensation structure will be implemented to motivate performance, enhance retention and support talent attraction, while continuous learning opportunities will further strengthen employee engagement and capability development.

Elevating Employee Experience and Engagement

Employee experience will be enhanced through more personalised well-being initiatives that address diverse workforce needs and promote holistic health. These initiatives include mental wellness support, flexible work arrangements and lifestyle-focused programmes that contribute to overall productivity and satisfaction.

Cross-functional engagement activities will be expanded to encourage collaboration, knowledge sharing and organisational cohesion. In parallel, technology-enabled platforms will be leveraged to improve communication, feedback mechanisms and accessibility to learning resources across all locations, creating a more connected workforce.

Employee relations will be strengthened by leveraging successful engagement initiatives to create internal ambassadors who promote participation and positive workplace culture. Partnerships with external wellness and professional development organisations will also be explored to deliver specialised programmes that enhance employee wellbeing and growth. All engagement initiatives will be aligned with corporate values to strengthen organisational identity and foster a sense of belonging.

Recruitment Excellence and Candidate Experience

MHB will continue to strengthen its employer branding strategy by highlighting its culture, values and career opportunities across digital platforms. Simplified application processes and transparent recruitment communication will enhance candidate experience and differentiate the Company from competitors. Constructive feedback will be provided to unsuccessful candidates to maintain positive relationships and strengthen employer reputation.

By integrating digital tools and data-driven recruitment strategies, MHB aims to improve hiring effectiveness while ensuring a fair, inclusive and engaging recruitment journey for all candidates.

Learning and Development Ecosystem

Investment in talent development will remain a strategic priority to strengthen organisational resilience and innovation. A centralised system will be introduced to monitor Certificate of Competency compliance and validity, improving governance and visibility across departments.

Strategic partnerships with academic institutions will be expanded to unlock research collaboration, knowledge transfer and future workforce readiness, supporting long-term organisational growth.

OUTLOOK

Short-Term Outlook

In the immediate term, MHB will prioritise strengthening operational readiness by filling critical vacancies that directly support business continuity. Recruitment efforts will focus on high-demand roles, particularly within technical functions, project management and leadership positions that are essential for project delivery and organisational stability. At the same time, employer branding initiatives will be intensified to attract both active and passive candidates by highlighting MHB's culture, career progression opportunities and value proposition as an employer.

The Company seeks to improve recruitment effectiveness by streamlining hiring timelines for critical roles, sustaining healthy offer acceptance outcomes, and ensuring timely onboarding of new hires to support uninterrupted operations. These objectives will be supported through the use of targeted job platforms, active social media engagement and collaboration with specialised recruitment agencies for niche roles. Internal recruitment processes will also be streamlined by accelerating interview cycles and decision-making timelines to remain competitive in a tight talent market.

Career succession planning will also be strengthened in the short term through the introduction of a structured evaluation framework to assess successor readiness levels. A standardised assessment methodology

will be established to identify capability gaps, enabling the development of tailored development plans for successors at different readiness stages. This structured approach ensures leadership continuity and strengthens organisational resilience.

Learning and development efforts will focus on completing the Functional Competency Framework and rolling out a Common Competency Learning Programme across the organisation. Compliance with Certificate of Competency requirements will be reinforced across all departments to ensure operational and regulatory readiness.

From a performance management perspective, the immediate focus will be on achieving KPIs linked to productivity, project execution, safety and compliance, particularly within the new central production system. KPI alignment was completed within the first quarter of 2025, ensuring performance measurement is directly connected to organisational efficiency and delivery outcomes.

Remuneration and rewards will be guided by principles of fairness, transparency and alignment with organisational goals. Recognition initiatives will be strengthened to reward performance, improve engagement and enhance retention. Employee wellness will also be expanded through comprehensive benefits covering employees and their families, reinforcing MHB's commitment to holistic wellbeing.

Employee and labour relations will focus on increasing participation in engagement and wellness programmes to at least 85 percent by introducing more personalised initiatives. New activity formats, including mental health and digital engagement programmes, will be introduced annually to address evolving workforce needs. A structured feedback mechanism will be implemented to capture insights and continuously improve programme relevance. The Company plans to conduct at least 12 engagement events annually and maintain a minimum 90 percent satisfaction rate in post-event surveys, while strengthening early intervention and communication mechanisms to support a harmonious workplace.

Medium- to Long-Term Outlook

Over the medium- to long-term, MHB will focus on building a sustainable talent pipeline to support business expansion and long-term succession planning. This includes strengthening diversity and inclusion initiatives to foster a more representative workforce and adopting advanced recruitment technologies such as AI-driven sourcing and analytics to enhance hiring effectiveness.

The Company aims to establish the talent pools readiness via the succession planning framework and strategic partnerships with educational institutions will be expanded to secure a steady flow of graduate and early-career talent through structured internship and trainee programmes. Employer branding will be further strengthened through community engagement initiatives and thought leadership platforms, supported by continuous recruitment data analysis to refine hiring strategies.

Social Responsibility

In capability development, MHB targets placing 100 percent of identified talent within the first and second capability quartiles by 2028. Full compliance with Certificate of Competency requirements is targeted by FY2028, alongside the identification of fully ready talent for future skills needs. These efforts will be supported through structured capability development programmes and sustained investment in leadership development.

Performance management will evolve through the new performance management system. This holistic approach enables a more balanced assessment of performance across critical dimensions such as crisis handling, adaptability, situational awareness, problem solving and resilience. Performance development will extend beyond annual reviews, with regular feedback sessions used to identify strengths and development areas in real time. Enhanced performance management tools will support adaptive tracking of behavioural and capability growth over time.

Employee and labour relations will transition from event-based engagement to a fully integrated wellbeing framework covering physical, mental and emotional health. Family and community engagement initiatives will be strengthened, including healthcare and wellness programmes for employees' families. Over time, MHB aims to establish a reputation as a leading employer for well-being by 2030 through participation in national and industry recognition programmes, with sustained employee engagement scores exceeding 90 percent.

Looking Ahead

Looking forward, MHB will continue advancing its human capital agenda with a strong focus on adaptability and long-term sustainability. Targeted talent development, leadership strengthening and enhanced engagement will support evolving business needs. Recruitment strategies will leverage technology-enabled sourcing and expanded partnerships to attract future-ready talent, while continuous upskilling and structured succession planning will ensure organisational continuity.

The Company will further strengthen its performance culture through data-driven insights that support objective evaluation, recognition and rewards. Enhancements to remuneration frameworks will reinforce accountability and high performance. Employee experience will remain a strategic priority, with initiatives centred on well-being, work-life integration and digital enablement. Collectively, these efforts position MHB to respond effectively to industry shifts while sustaining long-term organisational resilience and performance.



MATERIAL TOPIC: STRATEGIC COMMUNITY INITIATIVES

WHY IS IT IMPORTANT?

At MHB, social responsibility is closely linked to how we operate and grow as a business. Creating positive change in the communities surrounding our operations supports stable relationships, long-term trust and a strong social licence to operate. This commitment is shaped by global sustainability goals and local development priorities, and extends beyond compliance or corporate obligation.

By investing in sustainable communities, we contribute to financial well-being, social cohesion and shared prosperity. These efforts strengthen relationships with stakeholders, build confidence among investors and create an environment that supports future business opportunities. Beyond financial outcomes, community engagement enhances overall quality of life and supports the development of social, relational and economic capital. In this way, strategic community initiatives reinforce our role as a responsible corporate citizen whose impact goes beyond physical assets and infrastructure.

OUR APPROACH

To translate this commitment into meaningful outcomes, our community efforts are guided by a principle-based framework. The MHB Community Investment Principles shape how programmes are designed, prioritised and delivered, ensuring that initiatives are both responsive to community needs and aligned with business objectives.

Within this framework, focus is placed on areas where the greatest shared value can be created. Environmental protection and biodiversity conservation address the needs of communities located near industrial operations, while education and youth engagement help build future-ready communities. In parallel, programmes aimed at community well-being and resilience provide support during periods of social or environmental vulnerability, reinforcing stability at the local level.

Local participation plays a critical role in delivering these initiatives. By engaging local businesses, vendors and service providers, the Group supports economic circulation, job creation and skills development within host communities. This approach not only strengthens local ecosystems but also fosters enduring partnerships based on mutual trust and collaboration.

Employee participation further connects the organisation to its communities. Employees actively contribute to CSR initiatives by volunteering their time and skills, extending the reach and impact of each programme. To encourage involvement, consistent communication is maintained through multiple internal channels, ensuring employees are informed, engaged and aligned with upcoming activities.



Social Responsibility

STRATEGIC

Evolves as the business phase progresses and employs various strategies throughout the project cycle

01

ALIGNED

Aligning the strategic issues of the business with the development priorities of local communities, civil society, and / or government to create shared value

02

MULTI-STAKEHOLDER-DRIVEN

Positioning the Company as a partner in multi-stakeholder processes rather than as the principal actor in promoting local development

03

SUSTAINABLE

Seeks to avoid dependency, encourage, self-reliance, and generate long-term benefits that can endure beyond company support

04

MEASURABLE

Measuring the return on community investment to both the Company and the community

05

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.

GOALS AND FOCUS AREAS

MHB's strategic community initiatives are guided by a single overarching objective: to create positive, inclusive and lasting impact in the communities where we operate. This objective shapes how programmes are designed and delivered, with emphasis placed on long-term value creation rather than short-term assistance. By addressing social, environmental and developmental needs in an integrated manner, the Group seeks to generate outcomes that are meaningful for communities and aligned with its broader sustainability priorities.

To translate this ambition into focused and effective action, community investments are concentrated on areas where the Group can make a sustained and measurable contribution. These focus areas provide a clear structure for programme planning and resource allocation, ensuring consistency and impact over time.

Environment

Environmental initiatives form a natural starting point, particularly in communities located near industrial operations. Programmes in this area focus on protecting and restoring the natural environment through river rehabilitation, greening and decarbonisation efforts, waste reduction and biodiversity awareness. Beyond environmental improvement, these initiatives strengthen climate resilience and promote responsible stewardship, while encouraging greater community awareness of environmental protection.

Education

Building on environmental stewardship, education initiatives focus on equipping future generations with the knowledge and skills needed to thrive in a changing world. Support for access to quality education, skills development, knowledge transfer and experiential learning helps nurture environmental and social awareness among young people. These efforts contribute to stronger community capacity and prepare future leaders to participate actively and responsibly in society.

Community Enhancement and Well-being

Complementing environmental and educational efforts, community enhancement initiatives address immediate and long-term social needs. Programmes in this area aim to improve quality of life by supporting welfare, resilience and social cohesion, with particular focus on underprivileged and vulnerable groups. Assistance during periods of need and inclusive engagement activities help strengthen community bonds and build resilience against social and environmental challenges.

ACTIONS AND INITIATIVES

MHB's strategic community initiatives are designed as long-term programmes that integrate environmental stewardship, social investment and strong community participation. Rather than isolated activities, these initiatives are structured to deliver sustained outcomes, strengthen local capacity and reinforce trust between MHB, authorities and the communities surrounding our operations.

MHB River Rehabilitation Programme

Launched in 2022, the MHB River Rehabilitation Programme is a flagship environmental initiative that demonstrates the Group's long-term commitment to ecological restoration and community stewardship. The programme focuses on Sungai Buluh in Pasir Gudang, Johor, a river historically affected by industrial and domestic pollution, particularly along its midstream and downstream segments.

Structured as a three-year programme with a total investment of RM150,000, the initiative targets areas with the highest pollution load and ecological stress. Implementation is carried out through close collaboration with Majlis Bandaraya Pasir Gudang, Universiti Teknologi Malaysia and surrounding local communities. This multi-stakeholder model ensures scientific credibility, regulatory alignment and community ownership, while also strengthening institutional relationships and local trust.

The programme is anchored on four integrated pillars that collectively support environmental recovery and long-term sustainability.

Stakeholder Engagement and Awareness

Awareness and education are central to ensuring lasting impact. Environmental education sessions were conducted with local schools, including hands-on field activities involving students from Sekolah Kebangsaan Pasir Gudang 2. These sessions focused on identifying and documenting local flora and fauna at Laman Rekreasi Sungai Buluh, introducing students to basic environmental monitoring techniques and fostering early appreciation of river ecosystems.

Youth engagement was progressively expanded to strengthen continuity and long-term impact. Participation increased by 66.7 percent, from 30 to 50 primary school students, creating a broader base of young environmental advocates and strengthening intergenerational stewardship within the community.

Social Responsibility

Greening and Decarbonisation

Greening initiatives were implemented to complement water quality improvements and enhance ecological resilience. Tree-planting efforts were supported by geo-tagging and digital monitoring through the GeoTrees platform, enabling real-time tracking of tree growth, health, and carbon-sequestration performance. Tree planting sessions involved residents from MHB housing areas and dedicated MHB River Warriors, reinforcing shared responsibility for environmental care. In 2024 alone, 133 trees were planted across residential areas and Laman Rekreasi Sungai Buluh.

By the second quarter of 2025, cumulative tree planting reached 419 trees across all programme sites. These trees are estimated to sequester up to 12.57 tonnes of carbon dioxide annually, contributing to local decarbonisation efforts while improving shade cover, habitat quality and visual amenity. Tree maintenance and replanting activities were carried out to replace damaged or non-surviving saplings, ensuring continuity of environmental benefits.

Tree species planted include Merawan Siput Jantan (*Hopea odorata*), Merawan Kanching (*Hopea subalata*), Penaga Lilin (*Ceylon ironwood*), as well as various local fruit species such as rambutan, pulasan, jambu bol, sentul, salam, tampoi and kundang.

Capacity Building

To ensure sustainability beyond the programme period, capacity building was prioritised. A Train the Trainers workshop was conducted for 42 MHB staff and residents, facilitated by experts from Universiti Teknologi Malaysia. Participants received practical training in water quality testing, macrocomposite preparation and microalgae analysis, equipping them with skills to monitor river health independently.

Regular monitoring exercises and community-led interventions enabled local stakeholders to take an active role in managing Sungai Buluh. This empowerment approach supports continuity of care, reduces reliance on external intervention and embeds environmental responsibility within the community.

River Revitalisation

Scientific intervention formed the core of the rehabilitation effort. Techniques such as the application of green waste vinegar and macrocomposites were deployed to improve water quality and restore ecological balance. Green waste vinegar is a low-cost, nature-based, biodegradable treatment produced from fruit and vegetable compost and applied at targeted locations to enhance water quality. Complementing this, macrocomposites, an intelligent pollutant-binding material were installed to support on-site remediation and control specific pollution sources. These interventions delivered measurable outcomes.

At the most challenging midstream outlet, classification improved from Class V (heavily polluted) to Class II (clean). Importantly, no segment of Sungai Buluh is currently classified as Class V, representing a major milestone in the river's recovery.

Despite ongoing challenges, including intermittent industrial effluent discharge and proximity to industrial facilities, the programme has demonstrated that targeted, science-based interventions combined with community engagement can deliver tangible environmental improvements. As the programme concludes by year end, MHB is planning a transition to a new environmental initiative that builds on lessons learned and sustained momentum. Programme findings will be formally presented to the Mayor of Pasir Gudang to ensure continued alignment with Sustainable Development Goals and local sustainability priorities.

Community Investment and Social Well-being

Alongside environmental restoration, MHB places strong emphasis on social investment to support underprivileged communities in Pasir Gudang. These initiatives focus on compassion, inclusion and timely assistance, particularly during periods of heightened need.

Ramadan Contributions 2025

During Ramadan 2025, the MHB collectively raised RM66,000 through a donation drive. Contributions were channelled towards breaking fast programmes with underprivileged children and financial assistance for families in need. These initiatives provided immediate support while reinforcing unity and shared values among employees.

A key highlight was the Majlis Berbuka Puasa Bersama Keluarga MHB, which brought together underprivileged students from five selected primary schools. Students received Raya clothing and *duit raya* ahead of Syawal, easing financial burden and bringing festive cheer. The initiative was delivered in collaboration with the District Education Office, school administrators and teachers, ensuring effective outreach and meaningful engagement.

The presence of senior leadership from MHB and MISC added a strong sense of solidarity. Leaders participated directly in iftar, prayers and community interaction, creating a memorable experience for students and families and reinforcing the Group's commitment to community connection.

Beyond organised gatherings, MHB extended support directly to underprivileged households across five villages in Pasir Gudang. Working with the District Office of Johor Bahru and village heads, assistance was delivered to 50 families, ensuring aid reached intended recipients efficiently and respectfully.

Flood Relief Contribution

In March 2025, unexpected flooding affected several villages around Pasir Gudang shortly before Hari Raya Aidilfitri. In response, MHB mobilised volunteers to provide flood relief support to 60 affected villagers across Kampung Pasir Gudang Baru, Kampung Sentosa Damai and Kampung Cahaya Baru.

Essential items such as mattresses, pillows, dry food supplies and *duit raya* were distributed during a handover held at the local community hall. Beyond material aid, the engagement provided reassurance and emotional support, as volunteers took time to listen to villagers' experiences and concerns.

These efforts were made possible through the generosity of the MHB Family, strong collaboration with local authorities and the dedication of 41 volunteers.

KEY PERFORMANCE FOR 2025

RM126,601

Total amount invested in the community where the target beneficiaries are external to the listed issue

395

Number of beneficiaries of the investment in communities

40

Number of operations with local community engagement, impact assessments and development programmes

CHALLENGES AND MITIGATION

Delivering long-term, community-centred environmental and social programmes presents a distinct set of challenges that require sustained effort, adaptive planning and close collaboration with stakeholders. MHB recognises that addressing these challenges effectively is essential to maintaining programme momentum and ensuring lasting impact.

Building consistent community awareness on biodiversity conservation and environmental rehabilitation requires more than one-off engagements. Awareness levels vary across age groups, communities and stakeholder segments, and behavioural change takes time to embed. To mitigate this, MHB adopts a sustained engagement approach that combines recurring educational sessions, hands-on activities and continuous communication. By involving schools, residents and local volunteers in practical monitoring and greening activities, environmental awareness is reinforced through experience rather than messaging alone, supporting deeper understanding and long-term stewardship.

Logistical coordination across multiple stakeholders and locations also presents complexity, particularly for programmes that involve local authorities, academic partners, community groups and volunteers. Differing schedules, approval processes and resource availability can affect programme timelines and execution. To manage this, MHB strengthens early planning, clarifies roles and responsibilities, and maintains regular coordination meetings with key partners. Centralised programme oversight and phased implementation further help align expectations and ensure continuity across activities.

Environmental implementation challenges, including manpower constraints and weather-related disruptions, can affect technical interventions such as green waste vinegar application and macrocomposite preparation. These factors may lead to temporary delays or require adjustments to field activities. MHB mitigates such challenges by building flexibility into programme schedules, training additional volunteers to support technical work and adopting adaptive implementation methods that allow interventions to be rescheduled or modified without compromising overall objectives.

Social Responsibility

OPPORTUNITIES

While these challenges require careful management, they also present meaningful opportunities for MHB to deepen its impact and strengthen the sustainability of its community initiatives. By building on established foundations and proven outcomes, MHB is well positioned to scale its efforts in a way that delivers broader social and environmental value.

Expanding strategic partnerships with academia, local authorities, non-governmental organisations (NGOs) and industry players offers a clear pathway to amplify impact. Collaborations with universities can enhance technical rigour, data quality and innovation, while partnerships with local councils and NGOs enable programmes to be better aligned with community needs and regulatory priorities. Industry participation further brings scale, resources and shared accountability, allowing successful initiatives to reach beyond individual sites or communities.

There is also strong potential to strengthen public-private collaboration to accelerate environmental innovation and community-based solutions. By aligning corporate capabilities with public-sector planning and policy direction, MHB can contribute to more integrated, system-level responses to environmental rehabilitation, climate resilience and social development. Such collaboration supports knowledge sharing, improves programme efficiency and increases the likelihood of long-term adoption by local stakeholders.

Importantly, the success of existing pilot programmes provides a robust platform for replication and continuity. Initiatives such as river rehabilitation, Train-the-Trainers capacity building and youth engagement have demonstrated measurable outcomes and strong community participation. By documenting lessons learned, refining implementation models and securing long-term partners, these pilots can be scaled or adapted to other locations, ensuring their benefits extend well beyond their initial scope and contribute to lasting, self-sustaining community impact.

OUTLOOK

Short-Term

Looking ahead, MHB's community strategy will continue to evolve with a clear emphasis on collaboration, accountability and long-term value creation. In the short term, priority will be placed on strengthening engagement with communities through a more coordinated and inclusive approach. MHB will actively cultivate partnerships with local authorities, academic institutions, community groups and industry players to form a syndicated network anchored by a shared vision for community development. Alongside this, clear and measurable targets will be established to guide programme delivery, enabling consistent tracking of progress and providing a structured basis for evaluating the effectiveness and impact of each initiative. As these foundations take hold, the mid-term focus will centre on deepening community enrichment and supporting sustainable growth. MHB plans to increase investment in community-led projects that demonstrate strong local ownership and measurable outcomes, allowing initiatives to reach wider segments of society while delivering more meaningful and lasting benefits. In parallel, efforts will be directed towards strengthening local economies by supporting job creation, skills development and opportunities for local businesses, ensuring that social investments translate into tangible economic resilience within surrounding communities.

Medium- to Long-Term

Beyond the next three years, MHB's ambition is to embed community and environmental initiatives as enduring pillars of its sustainability journey. Long-term efforts will prioritise deeper investment in programmes that deliver scalable and sustainable outcomes, particularly in environmental protection and community empowerment. River rehabilitation initiatives are envisioned to evolve into model ecosystem projects that integrate education, biodiversity enhancement and eco-tourism, creating shared value for communities while supporting environmental stewardship. At the same time, continued emphasis will be placed on local economic empowerment through structured skills development, job creation and capacity-building initiatives, reinforcing MHB's role as a responsible corporate citizen contributing to resilient, self-sustaining communities over the long term.

MATERIAL TOPIC: DIVERSITY AND INCLUSION

WHY IS IT IMPORTANT?

At MHB, diversity and inclusion are foundational to how we build a resilient, innovative, and future-ready organisation. As our business operates within diverse communities and complex global environments, our ability to attract, develop, and retain talent that reflects this diversity is essential to long-term success.

We view diversity not as a standalone concept, but as the collective mix of similarities and differences that shape perspectives, experiences, and ways of thinking. When these differences are actively engaged and respected, they strengthen decision-making, foster innovation, and enhance our responsiveness to stakeholders. In turn, this contributes to workforce resilience, stronger talent attraction, and sustained business performance.

Against this backdrop, MHB aspires to be an employer of choice by cultivating an inclusive workplace that mirrors the communities we serve. By bringing together individuals with varied backgrounds and perspectives in an environment grounded in respect and trust, we create the conditions for collaboration, adaptability, and lasting value creation for our customers, partners, and stakeholders.

OUR APPROACH

To translate this aspiration into practice, MHB's diversity and inclusion approach is aligned with the principles and direction of our parent company, the MISC Group. This alignment ensures consistency across the Group while allowing us to address the specific needs of our workforce and operating environment.

In 2023, we formalised this commitment through the launch of the MHB Group Diversity and Inclusion Statement, which articulates our expectations for an inclusive and respectful workplace. Published on our website, the statement reinforces diversity as a strategic enabler within our talent framework, rather than a standalone initiative.

Guided by this commitment, we aim to foster a work environment that is open, safe, and respectful, where employees are able to contribute authentically and experience a genuine sense of belonging. This approach applies across the Group, ensuring that opportunities for development, progression, and participation are accessible to all employees on an equitable basis.

Diversity and Inclusion Principles at MHB

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



Merit-Based Talent Practices

Central to our approach is a firm commitment to merit-based talent practices. All employment decisions, from recruitment to development and progression, are guided by qualifications, skills, experience, and performance. This ensures that capability and competence remain the primary drivers of career advancement, supporting both organisational effectiveness and individual growth.

Fair and Unbiased Practices

Supporting this merit-based approach is our emphasis on fairness and impartiality. MHB upholds equitable people practices throughout the employee lifecycle, with decisions made free from discrimination based on gender, race, nationality, religion, or background. These principles reinforce trust in our processes and help maintain a workplace culture anchored in integrity and respect.

Commitment to Gender Diversity

Within this broader inclusion framework, MHB continues to strengthen its focus on gender diversity. Targeted efforts are directed towards enhancing representation and participation across all organisational levels, recognising that balanced gender diversity contributes to stronger leadership, wider perspectives, and more sustainable decision-making.

Inclusive Workforce Practices

MHB's workforce composition reflects our operating context. While the majority of employees are Malaysian, this is complemented by a diverse group of expatriate and foreign workers representing approximately one-fifth of the total workforce. This diversity supports operational continuity and cross-cultural collaboration, while reinforcing inclusive practices aligned with our sustainability objectives.

To ensure inclusion is experienced consistently, MHB promotes equal access to learning opportunities, safety standards, and organisational values regardless of nationality, language, or background. Practical inclusion is emphasised through clear communication and shared understanding, particularly within a multilingual and multicultural work environment.

Social Responsibility

Listening, Learning, and Continuous Improvement

Recognising that inclusion is an evolving journey, MHB actively seeks employee feedback to inform improvement efforts. Pulse Survey was launched to gauge employees feedback on the awareness and motivation to the new way of working. Insights gathered through these channels are reviewed and translated into actions to address emerging issues and strengthen the employee experience.

At the same time, we promote generational diversity by fostering a balanced multi-generation workforce. This approach supports knowledge continuity, equitable opportunities, and long-term talent sustainability, while enhancing engagement, adaptability, and future readiness across the organisation.

Embedding Inclusion in Daily Practice

Ultimately, diversity and inclusion at MHB extend beyond policies and statements into everyday behaviours and practices. By prioritising effective communication, mutual respect, and practical support, we create an environment where employees from all backgrounds can participate confidently and safely. Through this integrated approach, inclusion becomes a lived experience that strengthens our people, our culture, and our long-term performance.

TARGETS

MHB strives to have an inclusive workplace by removing barriers and creating equal opportunities for all employees and does not discriminate in its employment or hiring practices.

ACTIONS AND INITIATIVES

MHB translates its commitment to diversity and inclusion into practice through programmes that are designed to be accessible, participative, and relevant to the realities of our workforce. These initiatives focus on fostering belonging, strengthening understanding across cultures and roles, and supporting employee wellbeing in a practical and inclusive manner.

Inclusive Engagement across the Workforce

During the year, the Company implemented eight inclusive employee and family engagement initiatives spanning sports, recreation, welfare, and employee appreciation. These programmes were intentionally designed to encourage equal participation across functions, grades, and backgrounds, creating shared experiences that strengthened connection and mutual respect within the workforce.

Collectively, these initiatives recorded participation from 1,086 employees, reflecting strong engagement and reinforcing MHB's efforts to cultivate an inclusive and connected workplace culture where employees feel valued beyond their immediate roles.

Supporting Foreign Workers through Targeted Programmes

Recognising the diversity of our workforce, MHB conducted a series of dedicated programmes for foreign workers with a focus on health, safety, well-being, and regulatory compliance. These initiatives were structured to address practical needs while also fostering social inclusion and awareness. By creating safe spaces for engagement and learning, MHB supports a positive living and working environment that enables foreign workers to integrate effectively into the broader yard community.

Embedding Shared Values

A key pillar in strengthening inclusion is ensuring a shared understanding of organisational values. A company-wide programme was developed to support the Company's transformation journey by embedding the desired mindsets and behaviours across all employee groups.

The programme was delivered through a combination of e-learning modules and physical sessions, allowing flexibility and accessibility for supervisors, frontline employees, and foreign workers. To ensure inclusivity, translators were engaged where required, enabling effective communication and comprehension across language barriers. As a result, the programme achieved a 100 percent completion rate, demonstrating strong uptake and reinforcing a common cultural foundation across the organisation.

Inclusive Training and Language Accessibility

To further support understanding across a linguistically diverse workforce, MHB implemented the "Accepting Differences" initiative. This included training translators who could communicate effectively in Bahasa Malaysia and English, and other language such as Hindi and Mandarin ensuring that key messages from the training sessions were clearly conveyed.

These language support measures were embedded into critical programmes such as HSE Induction and Confined Space Entry training, helping to strengthen compliance, and promote safe and inclusive participation in daily operations.

Broad-Based Programmes Supporting Diversity and Inclusion

Beyond targeted initiatives, MHB continues to reinforce diversity and inclusion through a wide range of programmes linked to environmental awareness, human rights, and sustainability. These programmes provide additional platforms for engagement, learning, and shared responsibility across the workforce. During the year, participation was recorded as follows:

| CATEGORY | NO. OF SESSIONS | NO. OF PARTICIPANTS |
|----------------|-----------------|---------------------|
| Environment | 18 | 492 |
| Human Rights | 56 | 843 |
| Sustainability | 14 | 738 |

Together, these initiatives reflect a holistic approach to inclusion, where learning, engagement, and shared values are reinforced through multiple channels.

PERFORMANCE INDICATORS & METRICS

MHB strives to have an inclusive workplace by removing barriers and creating equal opportunities for all employees and does not discriminate in its employment or hiring practices.

100%

completion rate for the MHB transformation programme

8

inclusive employee and family engagement initiatives conducted

Introduced the "Accepting Differences" initiative to promote better understanding and inclusion across our linguistically diverse workforce

CHALLENGES AND MITIGATIONS

Implementing diversity and inclusion initiatives across a large and operationally intensive organisation presents practical challenges that require thoughtful and adaptive solutions. One of the key constraints relates to employee availability for training participation. Operational demands and varied work schedules can limit consistent attendance at D&I programmes. To address this, MHB is expanding and staggering training sessions across multiple time slots and delivery formats, allowing employees to participate without disrupting operational requirements while improving overall access and uptake.

OPPORTUNITIES

Looking ahead, MHB sees significant opportunity to elevate diversity and inclusion from a set of initiatives into a core organisational capability. By embedding inclusion through organisation-wide capability building, structured awareness and inclusion programmes can be expanded across all employee levels, including senior leadership. This shared foundation strengthens understanding, reinforces consistent behaviours, and positions inclusion as an integral part of how the organisation operates and makes decisions.

Positioning diversity and inclusion as a key organisational enabler allows inclusive principles to shape collaboration, decision-making, and ways of working across the organisation. By integrating D&I into daily practices, MHB supports a workplace culture that is more adaptive, respectful, and responsive to diverse perspectives, strengthening the overall effectiveness of its transformation journey.

Over the longer term, this approach provides a mechanism to sustain cultural and behavioural change. Through continuous reinforcement of inclusive leadership and shared accountability, it can help embed positive behaviours, encourage openness and trust, and support the development of a high-performing and future-ready organisation. In this way, diversity and inclusion move beyond policy commitments to become enduring drivers of resilience, innovation, and long-term value creation.

Social Responsibility

OUTLOOK

Short-Term

Over the short term, MHB's focus will be on strengthening the foundations of an inclusive and representative workforce. Priority will be given to enhancing diversity across ethnicity, nationality, age, and employment levels, ensuring that the workforce reflects both the communities in which MHB operates and the evolving needs of the business. Alongside this, the Company will continue to promote equitable opportunities across all workforce segments, from entry-level roles to professional and leadership positions, reinforcing fairness in access to development, progression, and recognition. Building awareness and understanding of inclusive practices across the organisation will also remain a key emphasis, supporting respectful collaboration and constructive engagement in daily operations.

To support these priorities, several initiatives are in the pipeline. MHB will strengthen the monitoring and reporting of workforce diversity metrics, including gender, race, nationality, age group, and job level, to provide clearer visibility and accountability. Talent management and people practices will be reviewed to confirm that hiring, development, and progression processes consistently support fairness and inclusion across diverse employee groups. In parallel, inclusive engagement programmes will be implemented to encourage interaction and participation across functions, grades, and backgrounds, further strengthening a sense of belonging within the organisation. Success in the short term will be reflected through improved diversity representation across key demographics, higher participation of diverse employee groups in development and engagement initiatives, and stronger inclusion and engagement indicators across the workforce.

Medium- to Long-Term

Looking further ahead, the medium- to long-term outlook is anchored on building a more balanced and inclusive organisation that supports resilience and sustained performance. MHB aspires to achieve stronger representation of diverse talent across all levels, including senior and critical roles, recognising that leadership diversity contributes to better decision-making and organisational adaptability. Over time, this more inclusive workforce composition is expected to enhance both operational effectiveness and long-term competitiveness.

To achieve this, MHB will embed diversity and inclusion considerations into workforce planning, talent development, and leadership succession processes. A data-driven approach to monitoring diversity indicators will be sustained, enabling informed decision-making and continuous improvement. At the same time, emphasis will be placed on strengthening inclusive leadership capabilities, ensuring leaders at all levels are equipped to foster equitable treatment, create opportunities for diverse talent, and reinforce inclusive behaviours as a core element of the organisation's culture.

Strong Governance

MATERIAL TOPIC: GOVERNANCE AND ETHICS

WHY IS IT IMPORTANT?

Strong governance and ethical conduct form the backbone of MHB's business sustainability and long-term value creation. Clear accountability, transparent decision-making and responsible leadership are essential to maintaining stakeholder trust, protecting the Company's reputation and strengthening confidence among regulators, customers, investors and business partners.

In a complex operating environment influenced by regulatory changes, geopolitical developments and heightened stakeholder scrutiny, robust governance practices help MHB prevent misconduct, detect potential breaches early and respond effectively to emerging risks. Ethical business conduct goes beyond compliance. It acts as a strategic enabler that strengthens organisational credibility, supports business continuity and reinforces a culture of integrity across all levels of the organisation.

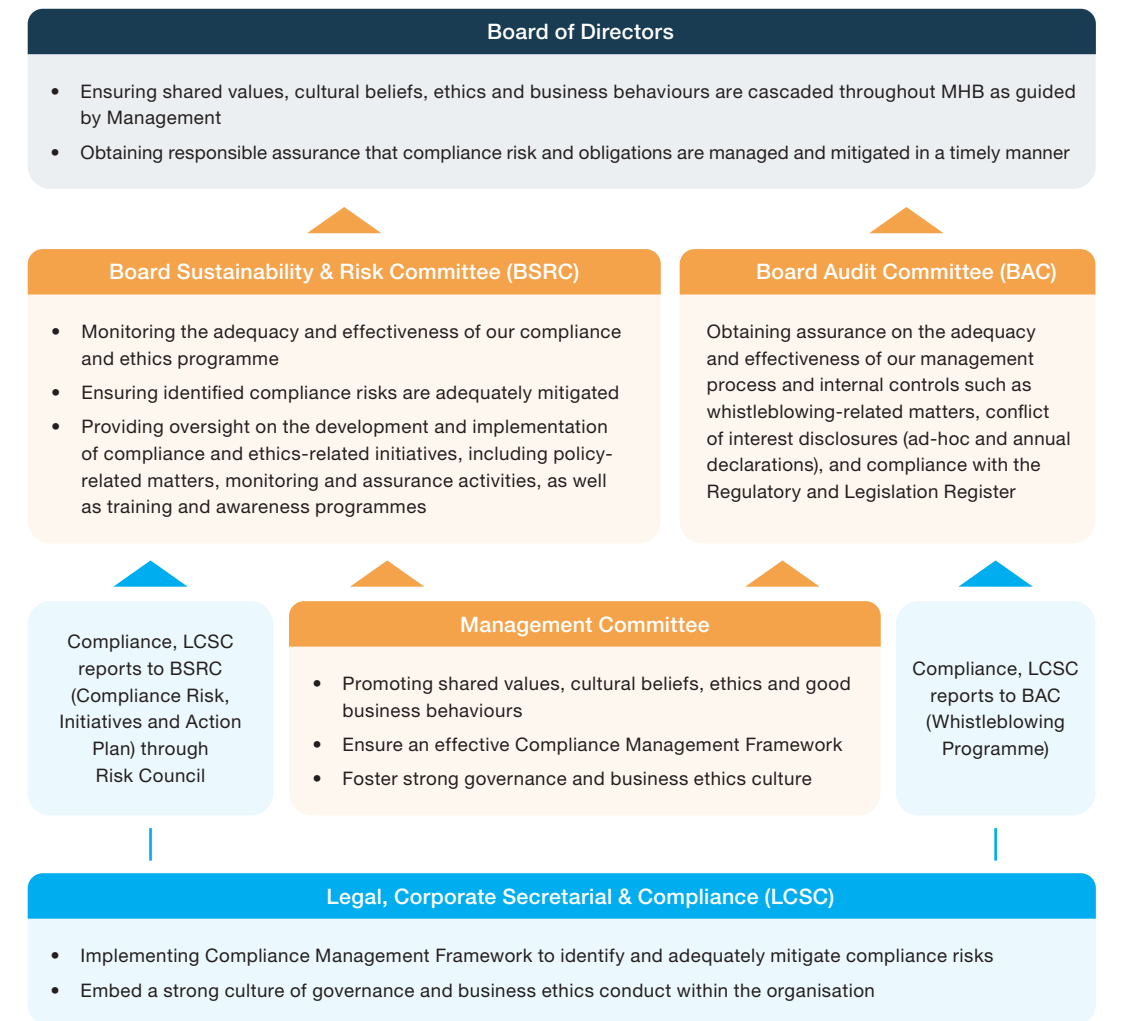
MHB embeds ethical values into daily operations by strengthening governance systems, enhancing internal controls and ensuring employees and business partners understand their responsibilities. This approach supports sustainable growth while safeguarding the Company against legal, financial and reputational risks.

OUR APPROACH

MHB applies a governance and compliance framework anchored on internationally recognised standards and supported by comprehensive internal policies and procedures. This framework provides clear guidance for ethical conduct, regulatory compliance and responsible decision-making across all business activities.

Leadership oversight, regular policy reviews, targeted training programmes and continuous monitoring reinforce the effectiveness of this framework, ensuring it stays relevant in addressing evolving regulatory and business risks.

MHB Compliance Governance Structure: Main Roles and Responsibilities



Strong Governance

Core Standards and Commitments

MHB is certified under ISO 37001:2016 Anti-Bribery Management System (ABMS), a globally recognised standard designed to prevent, detect and respond to bribery and corruption risks. This certification requires robust internal controls, periodic risk assessments and continuous improvement to strengthen anti-bribery practices across operations.

The Company is also a signatory to the Corruption-Free Pledge with the Malaysian Anti-Corruption Commission (MACC). This public declaration reinforces MHB's zero-tolerance stance towards bribery and corruption and demonstrates leadership accountability in promoting ethical business practices.

Ethics and Compliance Policies

Ethical conduct is governed by the MHB Code of Conduct and Business Ethics (CoBE) and the CoBE Country Supplement (Malaysia). These documents define expected standards of behaviour, address conflicts of interest and provide guidance for ethical decision-making in daily operations.

The Anti-Bribery and Corruption Manual and Integrity Management System Manual provide operational guidance, including approval thresholds, documentation requirements and escalation procedures. These manuals help employees identify red flags and manage potential corruption risks effectively.

A Whistleblowing Policy provides secure and confidential reporting channels for employees and external stakeholders. Whistleblowers receive protection from retaliation, encouraging concerns to be raised without fear.

The No Gift Policy prohibits the giving or receiving of gifts, entertainment or benefits that could influence business decisions or create conflicts of interest. This reinforces fairness and impartiality in business dealings.

Compliance and Regulatory Policies

A comprehensive set of policies supports compliance with local and international regulations. The Economic Sanctions and Export Control Policy ensures adherence to trade restrictions and embargoes. The Competition Policy promotes fair market practices.

The Corporate Privacy Policy safeguards personal and corporate data in line with regulatory requirements, strengthening information security and stakeholder trust.

Third Party Compliance Due Diligence Operational Guidelines outline processes for assessing and monitoring ethical risks associated with vendors, subcontractors and business partners.

The Intellectual Property Policy protects proprietary assets while governing responsible use of third-party intellectual property.

Operational and Risk Preparedness Policies

The Raid Protocol Policy guides employees during regulatory inspections and enforcement actions to ensure appropriate responses.

The Referral Policy requires reporting of offences committed by employees or third parties to enforcement authorities, strengthening transparency and compliance with Malaysian laws.

MANAGING CORRUPTION AND COMPLIANCE RISKS

Enhanced controls apply to high-risk activities such as procurement, tendering, vendor onboarding and project execution. These include segregation of duties, approval hierarchies, documentation requirements and periodic audits.

MHB conducts quarterly internal reviews and an annual Corruption Risk Assessment (CRA) to identify and prioritise corruption-related risks. Findings from CRA exercises are reviewed by senior management, while consolidated CRA results and improvement updates are presented annually to the relevant Board Committees.

All third parties undergo risk-based due diligence covering ownership structure, sanctions exposure, ethical reputation and country risk. Enhanced Due Diligence applies to third parties categorised as high risk with additional safeguards implemented.

Whistleblowing and Incident Management

An independent whistleblowing platform allows employees, suppliers and the public to report concerns. All cases are assessed, investigated and escalated to the Whistleblowing Committee. Corrective actions strengthen internal controls and governance practices.

Continuous Improvement

Governance effectiveness is strengthened through regular policy updates, compliance monitoring and targeted training. Employees receive periodic ethics and anti-bribery training to reinforce accountability.

Business partners also participate in awareness sessions and contractual requirements to uphold ethical standards across the value chain. Ongoing capability development ensures governance practices align with regulatory expectations and evolving best practices.

ACTIONS AND INITIATIVES

To reinforce ethical conduct and strengthen governance practices, MHB undertakes regular policy reviews to ensure alignment with MISC Group standards, regulatory developments and international best practices. These reviews help keep governance measures relevant and responsive to emerging risks, particularly in high-risk operational and commercial areas. Any updates arising from the reviews are communicated across the organisation to promote consistent understanding and application.

Capacity building is a key enabler in embedding a strong culture of integrity. For office-based and email-enabled employees, MHB deploys dedicated e-learning modules to enhance awareness of ethical responsibilities, anti-bribery requirements and compliance obligations. The digital format enables flexible access while ensuring consistent messaging across business units. Training participation and completion are monitored to maintain accountability.

To reach non-executive and site-based personnel, MHB adopts a supervisor-led approach. Site supervisors are provided with CoBE training materials and key messages to be delivered through toolbox sessions. This ensures consistent communication of expected behaviours, reporting channels, and personal accountability at the operational level.

Third-party risk management is continuously strengthened through enhanced due diligence processes. MHB applies risk-based assessments to evaluate vendors, subcontractors and business partners based on ownership structure, sanctions exposure and ethical track record. Higher-risk third parties are subject to enhanced due diligence, additional contractual safeguards and ongoing monitoring. This approach strengthens oversight across the supply chain and reinforces shared responsibility for ethical business conduct.

KEY PERFORMANCE FOR 2025

1. Policies / Manuals Reviewed in 2025

- Integrity Management System (IMS) Manual
- Whistleblowing Policy
- Intellectual Property (IP) Policy
- Corporate Privacy Policy
- Code of Conduct & Business Ethics (CoBE)
- CoBE Country Supplements

2. CoBE E-learning Completion (Email-Enabled Employees)

| Category | Completion Status |
|-------------------|-------------------|
| Executive | 1,313 |
| Management | 320 |
| Senior Management | 5 |

3. Non-Executives / Site-Based Workforce CoBE Training

| Category | Completion Status |
|---------------------------------------|-------------------|
| Non-Executives / Site-Based Workforce | 1,434 |

96%

Total percentage of employees who have received CoBE training

Training covers key anti-corruption topics, including:

- Corruption types
- Bribery risks
- Reporting mechanisms

The 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.

4. First Line Assurance – Critical Legal Areas (CLA) Audit

Achieved 100% compliance, with remaining checklist items scheduled for review in upcoming cycles.

5. Corruption Free Pledge

Achieved 100% submission, with 3,667 employees signing the pledge in March 2025.

Strong Governance

CHALLENGES AND MITIGATION

One of the key challenges is ensuring consistent access to ethics and governance awareness for site-based personnel who have limited digital connectivity. To address this, MHB leverages face-to-face toolbox talks delivered by supervisors and site leaders. These sessions translate policy requirements into practical guidance that supports ethical decision-making in daily operations.

Embedding a strong ethical culture across all organisational levels also requires sustained effort. This is mitigated through continuous training programmes supported by visible leadership engagement. Leaders actively reinforce ethical behaviours through regular communications, site engagements and role modelling, ensuring integrity is demonstrated not only in policy but in everyday conduct and decision-making.

Managing risks associated with third-party engagements presents another ongoing challenge, particularly given the complexity of supply chains. MHB mitigates this risk by applying enhanced due diligence measures, including integrity screening, sanctions checks and contractual safeguards. Continuous monitoring of high-risk third parties further strengthens oversight and enables early detection of potential compliance issues.

OPPORTUNITIES

Advances in digital governance tools present an opportunity to further enhance compliance monitoring and data-driven decision-making. By adopting automated tracking systems and analytics, MHB can improve risk visibility, strengthen internal controls and respond more proactively to emerging governance risks.

Transparent governance practices also create an opportunity to deepen stakeholder trust. Clear reporting, consistent disclosures and open engagement with stakeholders reinforce confidence in MHB's ethical standards and accountability.

Expanding training coverage beyond employees to include contractors and business partners offers another opportunity to foster a shared ethical culture across the value chain. This approach promotes alignment in expectations and strengthens collective responsibility for ethical business conduct.

OUTLOOK

Short-Term

In the near term, MHB will focus on strengthening transparency and accountability through regular audits and compliance reviews. Training participation rates will be maintained at a high level, while ethical awareness programmes will be expanded to reach a broader workforce population, including site-based personnel and business partners. Governance controls for third parties will also be further enhanced to improve oversight across procurement and project activities, ensuring potential risks are identified and addressed early.

Medium- to Long-Term

Over the longer term, MHB aims to fully integrate advanced digital governance tools and analytics to support predictive risk monitoring and more informed decision-making. Continuous efforts will be directed towards nurturing an organisation-wide culture of ethics and integrity, reinforced through leadership behaviour, continuous learning and performance expectations. Transparent stakeholder engagement and clear reporting practices will continue to support trust-building and demonstrate accountability across all business dealings.

MATERIAL TOPIC: RISK MANAGEMENT

WHY IS IT IMPORTANT?

In an increasingly complex and interconnected business environment, effective risk management is essential to safeguarding MHB's long-term sustainability and organisational resilience. The Group operates amid geopolitical developments, supply chain disruptions, rapid technological advancements and evolving regulatory requirements. Within this dynamic landscape, a robust risk management framework enables MHB to anticipate emerging threats, minimise potential disruptions and seize strategic opportunities.

Proactive risk governance plays a vital role in protecting our people, assets, financial performance and corporate reputation. By embedding risk considerations into decision-making processes, MHB strengthens its ability to respond swiftly to change, maintain business continuity and support sustainable growth. This disciplined approach ensures risks are not only managed but also leveraged to enhance strategic agility and value creation for stakeholders.

OUR APPROACH

MHB's risk management practices are guided by the MHB Enterprise Risk Management (ERM) Framework and the MHB ERM Guideline, both of which are aligned with and adapted from the MISC Enterprise Risk Management Framework and Process Manual. This alignment ensures consistency in risk governance across the Group while allowing for tailored implementation that reflects MHB's specific operational and strategic context.

The Group adopts a structured, multi-tiered risk management approach designed to strengthen resilience and enhance proactive risk mitigation. Risks are systematically identified, assessed and managed across all levels of the organisation through dedicated risk registers maintained at enterprise, departmental and project levels. This structure enables comprehensive visibility of potential exposures and supports informed decision-making.

Clear accountability is reinforced through defined roles and responsibilities. Risk Owners, supported by the Risk Management Department and the Risk Council, conduct regular reviews to monitor risk trends and the effectiveness of mitigation measures. These governance mechanisms ensure timely escalation and response to emerging risks.

To strengthen oversight, the Risk Management Department provides quarterly updates to the Board Sustainability and Risk Committee. These reports enable continuous monitoring of the Group's evolving risk landscape and ensure strategic guidance from the Board in managing both current and emerging risks.

Refer to SORMIC section for risk management practices across the Group.

ACTIONS AND INITIATIVES

MHB continues to strengthen its risk management maturity through active collaboration with internal and external stakeholders. Regular engagement sessions are conducted to identify, assess and prioritise potential risk exposures that could affect the achievement of business objectives. This collaborative approach ensures diverse perspectives are considered and emerging risks are detected early.

Risk-based assessments are embedded into decision-making processes across the organisation. By integrating risk considerations into strategic planning, project execution and operational activities, MHB ensures that decisions are informed by a balanced evaluation of potential threats and opportunities.

To reinforce risk awareness and accountability, continuous engagement programmes are carried out to strengthen risk management practices and culture throughout the organisation. These initiatives aim to enhance understanding of risk ownership, promote consistent application of risk frameworks and encourage proactive risk identification at all levels.

Ongoing risk monitoring and reporting remain central to governance oversight. Risks are tracked continuously, with regular updates provided to relevant committees to ensure transparency and timely escalation of emerging concerns. This structured reporting mechanism provides management and the Board with clear visibility on the Group's current risk profile.

PERFORMANCE INDICATORS AND METRICS

MHB has established Key Risk Indicators (KRIs) as a core mechanism for monitoring identified risks. These indicators function as early warning tools with defined thresholds to signal changes in risk exposure. Both leading and lagging KRIs are tracked over time to enable proactive management and trend analysis. When indicators exceed predefined limits, alerts are triggered to risk owners for immediate review and mitigation.

In addition, a structured risk matrix is used to systematically assess and prioritise risks based on their likelihood and potential impact. This tool supports consistent evaluation across business units and ensures that mitigation efforts are focused on the most significant threats to the organisation.

Strong Governance

CHALLENGES AND MITIGATION

One key challenge lies in standardising risk management practices across business units with varying objectives, processes and performance metrics. To address this, MHB continues to harmonise risk assessment methodologies and reporting formats to ensure consistency while allowing flexibility to reflect business-specific contexts.

Another challenge involves strengthening risk culture by shifting perceptions across the organisation. Efforts are ongoing to reinforce the understanding that risk is not the same as an issue, but rather a potential event that can be managed proactively. Targeted awareness sessions and leadership engagement are used to embed this mindset and encourage early risk identification.

OPPORTUNITIES

These initiatives create opportunities to further strengthen risk awareness and embed a more resilient risk culture across the organisation. Improved understanding enables more informed decision-making, proactive mitigation and stronger organisational agility in responding to uncertainty.

By systematically identifying potential exposures early, MHB can prevent risks from escalating into operational or strategic issues. This proactive approach supports business continuity and enhances long-term organisational resilience.

OUTLOOK

Looking ahead, MHB will continue to enhance its risk management practices by strengthening both enterprise-wide and project-level risk assessments. This will improve early identification of strategic and operational risks, ensuring consistent evaluation across the Group and supporting informed decision-making at all organisational levels.

In response to evolving global trends, the organisation will also integrate sustainability and climate-related risks into its risk management framework. This reflects growing regulatory expectations, stakeholder demands and the increasing impact of climate change on business operations. Incorporating these factors will strengthen systematic risk identification, assessment and mitigation, reinforcing long-term resilience and supporting responsible, sustainable growth.

MATERIAL TOPIC: ASSET INTEGRITY AND RELIABILITY

WHY IS IT IMPORTANT?

Asset integrity and reliability are fundamental to safe, efficient, and sustainable operations. Maintaining asset integrity safeguards operational safety, protects people and assets, and supports compliance with regulatory and industry standards. Reliable assets reduce the risk of failures and incidents, strengthening operational resilience and reinforcing stakeholder confidence.

Reliability also plays a critical role in minimising unplanned downtime, which directly affects productivity, project delivery, and cost efficiency. Consistent asset performance enables smoother operations, better resource planning, and improved financial outcomes. Collectively, strong asset integrity and reliability practices support MHB's strategic objective of achieving sustainable operations while maintaining trust with clients, regulators, and other stakeholders.

OUR APPROACH

MHB adopts a structured and proactive approach to asset integrity and reliability, combining disciplined maintenance strategies with forward-looking asset management practices. Maintenance activities are anchored on time-based maintenance to ensure routine inspections, servicing, and component replacements are carried out at predefined intervals. This is complemented by condition-based maintenance, where scheduled inspections and performance assessments are used to detect early signs of degradation and prevent failures before they occur.

Beyond routine maintenance, proactive asset management is applied through systematic reviews of asset condition and performance. These reviews allow emerging issues to be identified early, enabling prioritisation of critical assets for targeted intervention, refurbishment, or investment. This approach supports optimal lifecycle management and reduces the likelihood of unexpected disruptions.

Asset management practices are also aligned with sustainability and innovation objectives. By optimising resource use, improving maintenance efficiency, and reducing downtime, MHB enhances operational performance while supporting responsible resource consumption and long-term asset sustainability.

TARGETS

MHB aims to achieve high compliance with preventive maintenance requirements to ensure consistent and reliable asset performance across all operations. In parallel, the Company is focused on reducing unplanned downtime over the next two years by strengthening maintenance strategies, improving asset data quality, and addressing key operational challenges that affect reliability.

ACTIONS AND INITIATIVES

In 2025, MHB is prioritising the strengthening of Computerised Maintenance Management System (CMMS) data accuracy and governance. This initiative focuses on improving the completeness, timeliness, and standardisation of asset, failure, and maintenance records across maintenance and operations functions. Enhanced data governance will improve system alignment and consistency while supporting more reliable reporting and analysis.

At the same time, the Company is evaluating CMMS solutions that can integrate seamlessly with the existing Enterprise Resource Planning (ERP) platform. Establishing a strong and consistent data foundation is a critical enabler for the future adoption of advanced analytics, IoT applications, and predictive maintenance capabilities in subsequent phases.

PERFORMANCE INDICATORS AND METRICS

MHB's commitment to proactive maintenance and asset reliability is reflected in its performance outcomes. Preventive maintenance compliance has reached 100 percent, with all scheduled preventive maintenance tasks completed within the designated timeframes without delays or omissions.

Critical asset uptime stands at 96 percent, indicating that key machines, equipment, and systems remained operational and available for use for the majority of the reporting period. These indicators demonstrate the effectiveness of current maintenance practices while highlighting opportunities for further optimisation.

CHALLENGES AND MITIGATION

One of the key challenges relates to aging assets that require more frequent maintenance and pose a higher risk of failure. To address this, MHB is developing a structured five-year asset replacement plan to guide capital investment decisions and progressively modernise critical equipment.

Limitations in the current CMMS also present challenges, particularly the lack of real-time data capabilities, which restricts visibility into asset condition and performance. This is being addressed through plans to transition towards a more unified platform with enhanced integration and analytics capabilities, supporting better decision-making and predictive insights.

In addition, the reliance on in-house manpower for most repair and maintenance activities can limit flexibility and scalability, especially during peak workloads or when specialised expertise is required. To mitigate this, MHB is implementing a structured manpower strategy that clearly differentiates maintenance activities suitable for in-house execution from those better outsourced. This approach is supported by competency assessments, workload planning, and selective engagement of external specialists to optimise efficiency, capability, and cost control.

Strong Governance

OPPORTUNITIES

Looking ahead, opportunities exist to further enhance asset integrity and reliability through the adoption of AI-driven tools to support predictive maintenance and advanced diagnostics. These technologies can improve failure prediction accuracy and optimise maintenance planning.

Replacing aging equipment with energy-efficient alternatives also presents an opportunity to reduce operational costs and environmental impact while improving performance reliability. Stronger collaboration with cross-functional teams can further enhance process efficiency, streamline workflows, and unlock cost savings across asset-intensive operations.

OUTLOOK

Short-Term

Over the next one to three years, the primary focus will be on establishing a robust CMMS data foundation through improved data accuracy, standardisation, and integration with the ERP system. This phase will build readiness for more advanced reliability analytics and predictive maintenance capabilities in subsequent stages.

During this period, the Company will continue to assess and deploy asset technology upgrades, including robotic and automation-enabled solutions, to enhance productivity, operational efficiency, and execution capability across business units. A key target is the establishment of consistent and credible asset reliability performance measurement through strengthened reliability KPIs, improved failure classification, and enhanced maintenance performance tracking to support data-driven decision-making.

Medium- to Long-Term

In the medium- to long-term, MHB aims to advance asset reliability and maintenance practices through greater use of automation, predictive maintenance, and standardised performance benchmarking. These initiatives will support continuous improvement and position the Company competitively alongside leading international fabrication and marine repair yards, reinforcing long-term operational excellence and sustainability.

MATERIAL TOPIC: SUPPLY CHAIN

WHY IS IT IMPORTANT?

In today's interconnected business environment, the strength and sustainability of MHB's supply chain directly influence operational performance, risk exposure and long-term value creation. Many of the Group's environmental and social impacts occur beyond our direct operations, making responsible supplier management a critical pillar of our ESG journey. A well-governed, sustainability-driven supply chain enhances business resilience, improves productivity and supports consistent delivery to our customers.

Equally important, our suppliers are strategic partners in innovation and value creation. Through close collaboration with vendors who share our commitment to responsible practices, we work together to improve efficiency and support sustainable growth. These partnerships enable MHB to build a robust ecosystem aligned with our long-term vision and sustainability ambitions.

OUR APPROACH

To safeguard business continuity, MHB adopts a proactive approach to identifying and managing supply chain risks. A structured register of critical suppliers is maintained, covering providers of specialised materials, equipment and services essential to our core operations. This enables early identification of potential vulnerabilities and supports contingency planning to minimise disruption.

Sustainability criteria are integrated into procurement and vendor management processes. Through continuous engagement, performance monitoring and capacity-building initiatives, we encourage suppliers to adopt responsible environmental, social and governance practices. Regular dialogue allows us to align expectations, share best practices and drive continuous improvement across our value chain.

This structured approach strengthens supply chain resilience while ensuring alignment with evolving regulatory requirements and stakeholder expectations. By embedding ESG considerations into supplier engagement, MHB enhances operational excellence and reinforces trust with customers and partners.

TARGETS

MHB is progressively developing a comprehensive Scope 3 greenhouse gas emissions inventory based on material categories relevant to our operations. This will be undertaken using the spend-based method in accordance with the GHG Protocol, with engagement prioritised among critical suppliers and frequently engaged vendors on an annual basis to improve data quality and coverage.

In parallel, the Group targets full participation from all critical vendors in the Responsible Supply Chain Programme. Achieving full submission enables us to assess ESG risks, identify improvement opportunities and reinforce responsible business conduct across our supply network.

ACTIONS AND INITIATIVES

MHB Responsible Supply Chain Programme

Strengthening sustainability across our supply network requires a structured and collaborative approach. MHB advances this agenda through the Responsible Supply Chain (RSC) Programme, which serves as the platform for engaging suppliers and enhancing ESG practices throughout the value chain. This will strengthen MHB's sustainability related risk management, improve the overall ESG performance, and embed sustainable procurement as a key enabler of our Net-Zero 2050 ambition.

In 2025, the programme targets 35 critical suppliers - designed to assess performance, reinforce accountability and drive continuous improvement.

The initiative begins with a comprehensive classification of suppliers based on procurement spend, ESG risk exposure and operational dependency. Following enhancements made in 2024 in line with MISC's direction, the criteria for identifying critical suppliers were refined to strengthen risk-based prioritisation. This ensures engagement focuses on suppliers with the greatest influence on sustainability performance and business continuity.

Once identified, these suppliers participate in structured engagement sessions where MHB communicates its sustainability expectations and shares practical guidance on responsible business practices. Four sessions were held in 2025 with the identified critical suppliers, to:

- Increase awareness of sustainability matters, including GHG emissions as part of our Scope 3 emissions management, and human rights.
- Secure their commitment to support our sustainability journey and contribute to the refinement of our Scope 3 GHG emissions inventory and share the progress made.

Suppliers then complete an ESG self-assessment questionnaire covering environmental elements such as energy, emissions, natural resources, waste and biodiversity, social elements such as labour standards, health and safety, human rights and governance elements such as anti-corruption and ethical conduct. The responses generate valuable insights that guide the ongoing development of our RSC strategy and support our long-term net-zero objectives.



Strong Governance

Capability building forms a core pillar of the programme. Targeted workshops and training sessions are organised to deepen suppliers' understanding of ESG requirements and support practical implementation of sustainability measures. These engagements strengthen partnerships and reinforce a shared commitment to responsible sourcing.

Cheeta Digital System

Digitalisation further improves oversight and transparency. MHB continues to enhance the Cheeta supply chain platform, enabling real-time monitoring of supplier performance, stronger data visibility and proactive risk management across procurement activities.

Suppliers Engagement

Greater emphasis is also placed on engaging local suppliers through initiatives such as Subcontractors and Vendors Engagement (SAVE) Day. This supports suppliers' development, diversifies the supplier base and strengthens local economic participation, reinforcing inclusive growth.

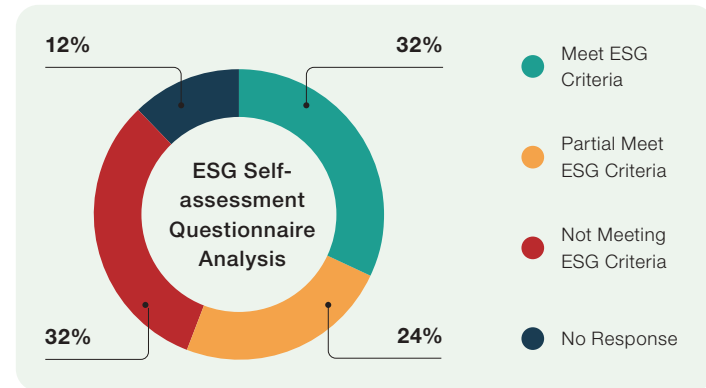
Anchored on the theme "Open Dialogue, Shared Growth, Lasting Excellence," the event created a dynamic platform for transparent conversations, mutual learning, and continuous improvement aligned with MHB's strategic goals. It also reinforced lasting partnerships by fostering trust, respect, and shared goals between MHB and its suppliers.

KEY PERFORMANCE FOR 2025

MHB Responsible Supply Chain Programme

MHB continues to track the effectiveness of its supply chain sustainability initiatives through structured performance indicators and measurable outcomes. These metrics provide visibility on progress, support continuous improvement and strengthen accountability across procurement and vendor management functions.

Under the Responsible Supply Chain Programme, targeted engagement sessions were conducted with critical vendors to enhance awareness of key ESG topics, including Scope 3 emissions and human rights responsibilities. As part of the programme, ESG self-assessment questionnaires covering environmental, social and governance indicators were distributed to 35 identified critical suppliers. These assessments form a key baseline for evaluating supplier sustainability performance, and the findings will inform future engagement strategies and capability-building initiatives.



Cheeta Digital System

Digital transformation has also delivered measurable improvements across procurement processes through enhancements to the Cheeta digital supply chain system. The upgraded commercial bidding module (CT1) strengthened ITB-to-BMR analysis, reducing manual processing while improving bid transparency and efficiency. Vendor management capabilities (CT2) were streamlined, enabling more structured onboarding, performance evaluation and contract governance.

Further automation was achieved through the estimation module (CT3), which digitalised bid analysis workflows from receipt of the Invitation to Bid to final submission of the Bid Management Report. In procurement execution, the centralised Material Take-Off, material coding and purchase request module (CT4) improved data accuracy, strengthened validation controls and enabled smoother handover between commercial and procurement teams.

Procurement management processes (CT6) were enhanced to support strategic sourcing and more efficient purchasing of materials and services, contributing to operational excellence across the organisation. Warehousing and material management (CT7) were also strengthened through digital integration, enabling centralised inventory control, improved storage optimisation and enhanced visibility across logistics workflows.

Suppliers Engagement

Supplier engagement remained a key focus area throughout the year. Four dedicated engagement sessions were conducted with subcontractors and vendors to address performance expectations and strengthen collaboration. These included quality-focused engagements for the TenneT Project on 19 September 2025, leadership engagements led by the Chief Operating Officer on 30 October and 24 November 2025, and the Subcontractors and Vendors Engagement (SAVE 2025) session held on 16 December 2025.

| Responsible Supply Chain | | | |
|---|------|------|------|
| Disclosures | 2023 | 2024 | 2025 |
| Proportion of spending on local suppliers (%) | 93% | 95% | 86% |
| Number of new suppliers that were screened using ESG criteria | 52 | 47 | 33 |

CHALLENGES AND MITIGATION

Managing sustainability performance across a diverse supplier base presents several structural and operational challenges. One key issue relates to measurement and accountability. Inconsistent sustainability metrics used by suppliers make it difficult to benchmark performance and track progress in a standardised manner. One possible option to address this is to develop common metrics in future. This will enable consistent assessment across vendors, improving transparency and comparability while strengthening accountability throughout the supply chain.

Another challenge lies in data compatibility. Differences in systems and technologies among suppliers can limit effective data exchange, reducing visibility and delaying decision-making. MHB is addressing this through the progressive integration of digital platforms, supported by the adoption of industry-standard data formats such as Electronic Data Interchange (EDI) and application programming interfaces (APIs). This approach enables smoother system integration, improves data accuracy and strengthens real-time monitoring of supplier performance.

Diverse values and operating cultures among suppliers also present challenges. Vendors from different regions or industries may demonstrate varying levels of maturity and commitment to sustainability practices. To mitigate this, MHB provides structured guidance and technical support to help partners transition towards more sustainable operations. Engagement sessions are also conducted to strengthen mutual understanding and align expectations.

OPPORTUNITIES

As sustainability expectations continue to rise across industries, MHB is well-positioned to unlock long-term value through more responsible and innovative supply chain practices. This evolving landscape creates meaningful opportunities to strengthen partnerships, optimise operations and enhance competitiveness.

A key opportunity lies in deepening collaboration with suppliers who share similar environmental and social commitments. By working closely with these like-minded partners, MHB can co-create sustainable solutions while positioning this alignment as a market differentiator. This not only reinforces customer confidence but also strengthens brand credibility and long-term relationships.

To further enhance these efforts, digital capability building forms a critical enabler. It will improve operational efficiency, strengthens visibility across procurement processes and stimulates innovation. This data-driven approach supports better decision-making and continuous performance improvement through digital platform.

Complementing digital transformation, the adoption of circular economy principles offers additional value creation potential. MHB continues to explore ways to integrate recycling, reuse and waste reduction practices into its supply chain operations. These initiatives reduce resource dependency, minimise waste generation and unlock cost efficiencies, reinforcing the Group's sustainability objectives.

OUTLOOK

Short-Term

Over the next three years, MHB will focus on deepening the integration of sustainability principles across its supply chain operations. This includes strengthening sustainable procurement practices, reducing carbon footprint across vendor activities and minimising waste generation in alignment with MHB's long-term sustainability ambitions. Sustainability considerations will be further embedded into sourcing decisions, supplier engagement and performance monitoring to drive responsible value creation.

A key initiative supporting this direction is the Responsible Supply Chain Programme. This programme will continue to serve as a primary engagement platform with critical suppliers, enabling structured assessments of ESG practices while strengthening mutual understanding of sustainability expectations.

To support this, MHB will prioritise engagement and capacity-building initiatives with identified critical suppliers. These engagements will focus on improving ESG maturity, strengthening compliance and encouraging the adoption of best practices across environmental, social and governance dimensions.

Medium- to Long-Term

Looking ahead, MHB envisions a progressive transition towards a more digital and automated supply chain ecosystem. This transformation will enhance transparency, improve operational efficiency and strengthen data-driven decision-making, while supporting the Group's shared commitment to achieving net-zero by 2050.

To enable this shift, the Responsible Supply Chain Programme will be expanded to cover a broader supplier base and deeper ESG integration. The programme will play a critical role in supporting Scope 3 decarbonisation efforts by driving emissions accountability across the value chain and fostering long-term partnerships focused on low-carbon solutions.

Strong Governance

MATERIAL TOPIC: DIGITALISATION & CYBERSECURITY

WHY IS IT IMPORTANT?

Digitalisation plays a vital role in strengthening operational efficiency, enhancing decision-making, and driving innovation across the organisation. Through the adoption of smart technologies and digital tools, MHB improves service delivery, optimises business processes, and enhances customer experiences. Digital transformation also supports business continuity and sustainable growth, positioning the organisation to stay competitive in an increasingly technology-driven environment.

As digital adoption accelerates, cybersecurity becomes an essential safeguard. The growing reliance on interconnected systems increases exposure to cyber threats that can lead to financial losses, operational disruption, reputational damage, and regulatory breaches. Strong cybersecurity practices protect critical assets, preserve stakeholder confidence, and maintain the integrity of business operations.

Together, digitalisation and cybersecurity form the foundation of a secure and resilient digital ecosystem. Digitalisation enables growth and innovation, while cybersecurity protects these advancements and ensures they are trusted and sustainable. Both elements are inseparable in supporting MHB's long-term digital transformation journey.

OUR APPROACH

Digitalisation

MHB adopts a collaborative, organisation-wide approach to digital transformation to ensure alignment with strategic objectives and business priorities. Cross-functional teams work together to design and implement digital solutions that enhance operational efficiency and support data-driven decision-making.

To build a future-ready digital ecosystem, MHB partners with technology providers to leverage advanced tools and platforms that can evolve alongside business needs and market trends. Continuous investment in workforce capability development equips employees with the digital skills required to adapt to new systems, technologies, and ways of working. This combination of technology enablement and people readiness allows digital initiatives to deliver sustainable value across the organisation.

Cybersecurity

Cybersecurity is embedded into MHB's digital strategy through a risk-based and proactive approach. Regular cybersecurity risk assessments identify vulnerabilities, evaluate potential impacts, and prioritise mitigation actions.

Robust policies and procedures safeguard data and systems, covering access controls, information security, incident response, and data

protection. These controls are supported by continuous monitoring using advanced threat detection tools to identify and respond to potential cyber incidents in real time.

To strengthen human defences, MHB conducts ongoing cybersecurity awareness programmes to educate employees on emerging threats, safe digital practices, and their role in protecting organisational data. Compliance with recognised standards and regulatory requirements further strengthens governance and accountability.

MHB also leverages 24/7 threat monitoring through the PETRONAS Security Operations Centre (SOC). This enables round-the-clock surveillance, rapid incident detection, and coordinated response across digital infrastructure, strengthening overall cyber resilience.

ACTIONS AND INITIATIVES

Throughout 2025, MHB implemented a comprehensive series of cybersecurity initiatives designed to strengthen organisational resilience and cultivate a proactive security culture across the Group. These initiatives focused on awareness, capability building, behavioural change and governance reinforcement, ensuring employees at all levels are equipped to respond effectively to evolving cyber threats.

Employee awareness continued to be a key priority. Under the Mission Cyber Secure 2025 programme, two open training sessions were conducted and registered under the HR Training Calendar for Q2 and Q3. A total of 167 employees completed eight learning hours, strengthening their understanding of cyber risks and safe digital practices. To complement formal training, four cybersecurity infographics were released via company-wide email announcements and published on the MHB Portal, providing accessible and practical guidance on emerging threats and preventive measures.

Transparency and timely communication were further strengthened through the issuance of four cybersecurity alerts during the year. These alerts informed employees of actual incidents that occurred in 2025, reinforcing situational awareness and shared responsibility in safeguarding company systems. To assess organisational readiness, a mandatory cybersecurity knowledge check was conducted across the workforce, providing valuable insights into literacy levels and identifying areas requiring additional support.

Targeted behavioural interventions were also introduced. Individual ICT Consequence Management coaching sessions were completed with twelve employees involved in security-related cases. These personalised engagements addressed root causes, reinforced accountability and supported behavioural improvement. In parallel, the MHB Phishing Campaign 2025 delivered six focused awareness sessions for employees identified as multiple phishing clickers. These sessions strengthened detection skills, improved response behaviour and reduced exposure to social engineering threats.

All initiatives were delivered through a combination of virtual and in-person formats, ensuring inclusive participation across business units, subsidiaries and support functions.

The 2025 cybersecurity programme was designed to build long-term organisational resilience by embedding security awareness into everyday work practices. Key objectives included improving understanding of cyber risks, strengthening individual competency, enhancing transparency and reinforcing compliance with ICT policies.

Through structured training, targeted campaigns and continuous communication, employees gained deeper awareness of cyber threats and practical risk mitigation measures. Knowledge assessments and coaching interventions strengthened competency, while open disclosure of incidents fostered trust and collective ownership. The programme also reinforced accountability through consequence management and policy compliance. Continuous evaluation of programme effectiveness supports ongoing improvements to MHB's Information Security Management System (ISMS).

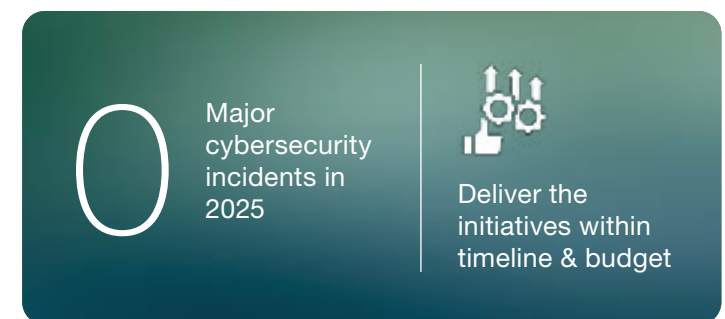
These initiatives delivered measurable impact across the organisation. A stronger security culture emerged, with employees demonstrating increased vigilance and more responsible digital behaviour. Targeted training reduced human-related vulnerabilities and improved threat recognition. Transparent communication strengthened confidence in MHB's cyber governance, while reinforced compliance enhanced audit readiness and regulatory assurance.

Regular programme reviews and performance tracking enable continuous enhancement of the ISMS, ensuring alignment with evolving business needs and risk profiles.

Beyond strengthening cyber defences, the 2025 initiatives generated tangible business value. Improved awareness and compliance significantly reduced the likelihood of cyber incidents, data breaches and operational disruptions. Clear response protocols and informed employees shortened reaction times to threats, minimising productivity losses and downtime.

Transparent governance strengthened stakeholder confidence among clients, partners and regulators. Continuous ISMS improvement supports sustained compliance with ISO 27001 and relevant regulatory requirements.

KEY PERFORMANCE FOR 2025



CHALLENGES AND MITIGATION

Digitalisation

As MHB advances its digital transformation journey, several challenges have emerged. Resistance to change remains a key barrier, as employees and stakeholders adapt to new systems, processes and ways of working. This is often driven by familiarity with legacy practices and concerns over job roles, system complexity or increased accountability. To address this, MHB continues to prioritise structured change management, leadership engagement and targeted communication to reinforce the benefits of digitalisation and build confidence across the workforce.

The development of digital infrastructure also requires substantial upfront capital investment, particularly for system integration, automation tools and data platforms. While this presents short-term financial pressure, MHB mitigates the impact through phased implementation, prioritisation of high-impact projects and rigorous cost-benefit assessments to ensure long-term value creation.

In parallel, the increasing digital footprint introduces greater complexity in safeguarding systems and data. Establishing robust cybersecurity controls across interconnected platforms demands continuous investment, skilled resources and evolving technical capabilities. MHB mitigates this by embedding security-by-design principles into digital projects and strengthening collaboration with technology partners to enhance system resilience.

Cybersecurity

Human factors remain one of the most significant cybersecurity risks. Employee negligence or lack of awareness can unintentionally expose the organisation to threats such as phishing, credential compromise or data leakage. To mitigate this, MHB continues to reinforce mandatory awareness training, targeted phishing simulations and personalised coaching interventions to strengthen cyber hygiene and accountability across all levels.

The rapidly evolving threat landscape also presents ongoing challenges, with new forms of malware, ransomware and social engineering attacks emerging regularly. MHB addresses this through continuous threat monitoring via the PETRONAS Security Operations Centre (SOC), proactive vulnerability assessments and timely security patching to reduce exposure.

Regulatory compliance adds another layer of complexity, as cybersecurity and data protection requirements continue to evolve across jurisdictions. MHB mitigates this by aligning its controls with recognised standards such as ISO 27001 and National Institute of Standards and Technology (NIST) frameworks, conducting regular compliance reviews and updating internal policies to reflect regulatory developments. This approach strengthens governance, enhances audit readiness and ensures sustained alignment with legal obligations.

Strong Governance

OPPORTUNITIES

Digitalisation

Accelerating digital adoption enables MHB to unlock new levels of operational efficiency and business performance. By streamlining workflows and automating routine tasks, the organisation can reduce manual effort, improve productivity and strengthen cost discipline across functions. These improvements allow teams to redirect focus toward higher-value activities that drive innovation and execution excellence.

Customer engagement also benefits from this transformation. Digital platforms and data-driven insights allow MHB to deliver more personalised and responsive services, strengthening client relationships and enhancing market competitiveness. Strategic collaboration with technology partners further supports access to advanced solutions, enabling the organisation to remain agile and future-ready.

The growing use of analytics strengthens leadership decision-making. With better visibility into operational trends and risks, management can make informed strategic choices that support long-term growth. In parallel, digital tools empower employees through continuous upskilling, fostering a workforce that is adaptable, innovative and prepared for evolving business demands.

Cybersecurity

A strong cybersecurity framework reinforces confidence among stakeholders and safeguards MHB's digital ecosystem. Demonstrating sound cyber governance enhances trust with clients, partners and regulators while protecting critical business operations.

Cyber awareness initiatives also contribute to stronger employee engagement. By embedding security consciousness into daily practices, employees play an active role in preventing cyber incidents and protecting company assets. This collective responsibility supports business continuity and strengthens resilience against digital disruptions.

OUTLOOK

Building on the progress achieved in 2025, MHB will further strengthen its Information Security Management System (ISMS) through targeted, forward-looking actions. Continuous cyber awareness programmes will remain a priority, reinforcing safe digital behaviours across the workforce. Role-based training and assessments will be expanded to ensure employees are equipped to manage evolving cyber risks effectively.

Governance practices will be reinforced through regular audits, management reviews and policy enhancements to maintain ISO 27001 compliance. MHB will adopt advanced security tools and analytics to improve threat detection, response speed and reporting accuracy. Cross-functional collaboration will remain central to aligning ISMS initiatives with the Group's broader digital and business transformation agenda.

Short-Term

Over the next two years, MHB will prioritise strengthening its digital infrastructure and cybersecurity foundations to support operational efficiency and business continuity. Key initiatives include the expansion of Wi-Fi coverage across the MMHE West Yard to enhance connectivity and enable more seamless digital operations. This will be complemented by the implementation of Smart Traffic Network Management, which strengthens network security through redundant firewall protection while improving internet speed and performance for all yard users.

Information security will be further strengthened through the adoption of ISO 27001 standards, underpinned by robust cybersecurity governance, risk management, and compliance frameworks across all IT operations. In parallel, MHB will focus on closing system gaps identified under the Panthera project by completing high-priority requirements determined by process owners and key stakeholders. This effort will also include finalising the roadmap for the EPCIC Supply Chain Digitalisation initiative, ensuring digital transformation remains aligned with business needs.

Technology modernisation will continue through the e-Apps refresh programme, transitioning from Microsoft SharePoint to newer platforms. This move will reduce licensing and maintenance costs while strengthening cybersecurity compliance. To manage external risks, MHB will also introduce third-party security assessments to evaluate the cybersecurity practices of vendors and business partners, reducing exposure across the digital ecosystem.

Medium- to Long-Term

Looking ahead, MHB will deliver initiatives outlined in the Technology Roadmap. Advanced technologies such as robotic process automation (RPA), artificial intelligence (AI) and Internet of Things (IoT) solutions will be progressively deployed to support strategic business objectives, improve efficiency and enable smarter decision-making.

Cybersecurity governance will continue to evolve in line with international regulatory developments. MHB will work towards achieving and maintaining compliance with emerging global standards, ensuring long-term resilience in an increasingly complex digital environment.

Stakeholder Engagement

MATERIAL TOPIC: CUSTOMER SATISFACTION

WHY IS IT IMPORTANT?

Delivering consistent value to customers underpins MHB's long-term business success. Customer satisfaction directly influences repeat business, strengthens partnerships and shapes market perception. When clients experience reliable delivery and responsive service, they are more inclined to continue working with MHB, share constructive feedback and recommend our capabilities to others. These trusted relationships support revenue stability, enhance brand credibility and reinforce our competitive standing within the industry.

Against this backdrop, sustained customer satisfaction is essential in a highly competitive market. Retaining existing clients while attracting new opportunities depends on our ability to consistently meet and exceed expectations. By doing so, MHB deepens customer loyalty, positions itself as a dependable partner and creates a strong foundation for sustainable growth, long-term profitability and stakeholder confidence.

OUR APPROACH

To translate this commitment into action, MHB adopts a customer-centric operating model anchored in quality excellence, transparency and continuous improvement. Our focus extends beyond project delivery to building long-term partnerships that create shared value. This approach is reinforced through robust quality assurance systems and proactive engagement at every stage of the project lifecycle.

Customer feedback plays a central role in strengthening service delivery. Through structured performance evaluations and regular stakeholder engagements, we gain insights into client expectations, emerging challenges and areas for improvement. These insights guide corrective actions, quality enhancement programmes and the adoption of industry best practices, allowing us to continuously elevate customer experience.

Equally important is open and transparent communication. By maintaining clear service standards and accessible communication channels, customers are kept informed on project scope, progress and deliverables. This fosters alignment, builds trust and strengthens collaborative relationships throughout project execution.

Quality assurance remains embedded across all operations. Standard operating procedures, internal audits and performance reviews safeguard delivery standards and contractual compliance. This disciplined framework ensures consistency in execution while reinforcing customer confidence in MHB's capabilities.

ACTIONS AND INITIATIVES

Building on this foundation, MHB advanced its transformation agenda in 2025, strengthening organisational performance while embedding a strong customer-focused culture across the business.

The initiative is structured around four strategic pillars that directly support service excellence and business resilience. The Financial pillar strengthens performance sustainability, while People and Culture focuses on building an engaged, inclusive and high-performing workforce. Operational Improvement drives excellence in quality, productivity and procurement practices, and HSSE Intervention reinforces health, safety, security and environmental standards to safeguard people and strengthen client confidence.

Complementing this transformation journey, a reinforcing programme acts as a shared compass that shapes behaviours, mindset and culture across the organisation. It reflects how we operate and succeed together, ensuring that every employee contributes meaningfully to customer value creation.

This culture is further reinforced through values that guide daily decisions and actions. The values emphasise strong accountability through ownership, responsibility, solution-driven thinking, courage, and practicing clear communication, proactive collaboration, contract awareness, cost focus, and practice caution. These values also promote transparency by ensuring visibility, responsiveness, and openness in all actions. Finally, they reinforce efficiency by upholding quality, maintaining pace, enabling growth, and creating space for continuous improvement.

Stakeholder Engagement

PERFORMANCE AND METRICS

Performance is monitored through the key indicator, the Customer Satisfaction Index (CSI). Customer feedback is collected on either a semi-annual basis for heavy engineering project and each vessel to evaluate our performance in terms of execution and delivery. These metrics are reviewed regularly to maintain high standards and strengthen customer trust.

| BASE | RESULT |
|--------------------------|--------|
| Marine: ≥ 8.5 | 8.9 |
| Heavy Engineering: ≥ 7.0 | 7.6 |

CHALLENGES AND MITIGATIONS

People and Culture Challenges

Sustaining a strong quality-driven culture across the organisation remains a key challenge, particularly in the context of evolving business demands and workforce dynamics. Inconsistent quality mindset, declining motivation levels and rising attrition have affected overall performance and engagement. These challenges are further compounded by skills gaps in critical technical and leadership areas, as well as uneven performance among contractors who play an integral role in project delivery.

To address these issues, MHB is actively embedding values of Accountability, Transparency and Efficiency into daily work practices. This cultural reinforcement is designed to shape behaviours, improve ownership and strengthen performance across all levels of the organisation. Complementing this effort, the launch of targeted development initiatives, provides a structured platform for capability building, leadership development and targeted upskilling programmes.

Change management initiatives and engagement sessions are being rolled out to strengthen collaboration, encourage open communication and foster a sense of shared ownership. Through these programmes, employees are empowered to contribute meaningfully to organisational goals. In parallel, digital upskilling initiatives prepare the workforce for Industry 4.0 technologies, equipping employees with future-ready competencies to support business transformation.

Digitalisation Gap and Technology Integration

Another key challenge lies in the limited adoption of advanced digital technologies for real-time monitoring and predictive analytics. Reliance on manual processes has resulted in inefficiencies, reduced visibility and slower decision-making, particularly across complex project environments.

To overcome these constraints, MHB is implementing a Digital Control Tower, which serves as a centralised platform for real-time project health monitoring, cost tracking and risk management. This digital ecosystem enhances data visibility, improves decision accuracy and strengthens governance across project lifecycles.

Further strengthening digital integration, IoT and Smart Yard solutions are being deployed through the installation of sensors and connected devices. These technologies enable real-time asset tracking, predictive maintenance and optimisation of yard utilisation, driving operational efficiency and safety improvements.

Automation and robotics are also being introduced to elevate productivity and precision. Initiatives such as robotic welding, automated material handling and modular fabrication reduce manual dependency, enhance quality consistency and improve workplace safety.

OPPORTUNITIES

Growing Demand for Energy Infrastructure and Offshore Projects

Global energy transition and continued investments in offshore developments, including LNG and renewable energy projects, are driving sustained demand for marine and heavy engineering services. This trend presents MHB with clear growth potential through MHB's established engineering expertise and execution capabilities.

The Group will strengthen MHB's position as a preferred EPCIC partner by expanding modular fabrication capabilities to improve efficiency, shorten delivery timelines, and enhance quality assurance. Strategic partnerships with international oil and gas operators and renewable energy players will be reinforced to secure long-term project pipelines and diversify revenue sources.

Digital Transformation and Industry 4.0 Adoption

Accelerating digitalisation across the marine and construction sectors presents an opportunity to enhance operational efficiency, safety, and cost management. MHB will advance its Industry 4.0 agenda through the deployment of a Digital Control Tower, enabling real-time project monitoring, predictive analytics, and data-driven decision-making.

IoT-enabled smart yard solutions will improve asset visibility, maintenance planning, and yard utilisation. Workforce upskilling through targeted development initiatives will continue to support this transition, equipping employees with future-ready digital competencies and strengthening organisational resilience.

Sustainability and Green Shipping Initiatives

Stricter regulations and rising customer expectations for low-carbon solutions are reshaping the shipbuilding and marine services landscape. MHB will capitalise on this shift by developing eco-efficient solutions such as LNG-powered vessels and low-emission retrofit services.

Investments in energy-efficient yard operations and carbon reduction technologies will support decarbonisation objectives while delivering operational cost efficiencies. Enhanced ESG disclosures will strengthen stakeholder confidence and position MHB as a responsible industry partner.

OUTLOOK

Short-Term

In the near term, MHB will focus on strengthening core operations through the transformation, driving improvements in project delivery, quality, and productivity. The initiative will be embedded across the organisation to reinforce accountability, transparency, and efficiency as key behavioural principles.

People development remains a priority, supported by structured capability-building and upskilling programmes. Digital transformation will be accelerated through the adoption of Industry 4.0 technologies, including the Digital Control Tower, smart yard solutions, and automation tools.

Key targets include improving yard utilisation and productivity through modular construction and automation, supported by a skilled workforce and a performance-driven culture.

Medium- to Long-Term

Over the longer term, MHB aims to be a regional leader in marine and heavy engineering, anchored by clean energy solutions and advanced digital capabilities. Expansion into energy transition projects, including offshore wind, carbon capture and storage, and low-carbon hydrogen, will align growth with global decarbonisation priorities.

The Group will continue investing in future-ready talent through advanced technical and digital skills development. Transformation efforts will be sustained through strong change management practices and continuous reinforcement.

Further investments in smart yard technologies, robotics, and AI-driven analytics will enable predictive maintenance and cost optimisation. Strategic partnerships with PETRONAS, MISC, and global energy players will be strengthened to diversify revenue streams. Responsible Supply Chain and ESG initiatives will be embedded to support sustainability objectives and long-term business resilience.