



# Other Businesses



PETRONAS' non-core businesses made remarkable progress in 2022, delivering strong results that contributed to the company's overall financial performance.

At MISC, the company has been busy developing new income streams in renewable energy and waste-to-value solutions. MISC secured over USD1.1 billion in long term contracts, expanded its supplier base and successfully raised USD1.0 billion in funding under the USD3.0 billion Global Medium Term Notes programme. With new maritime regulations pushing for global decarbonisation, MISC responded by investing in green asset classes like dual-fuel and low-carbon emission vessels, positioning themselves as a key player in the Green Economy.

KLCCP Stapled Group saw a sustainable recovery with an impressive 9.5 per cent increase in retail sales and new tenants joining the fold. Our retail, Suria KLCC and the retail podium of Menara 3 PETRONAS recorded its highest tenant sales, almost doubled last year's and even surpassed pre-COVID levels in 2019 by 9.5 per cent. KLCCP Stapled Group's Mandarin Oriental, Kuala Lumpur tripled its occupancy levels, signalling a promising future for the business. KLCC Group as a whole also achieved a commendable 119 out of 169 sustainability targets, showcasing its commitment to a better future.



# Business Review

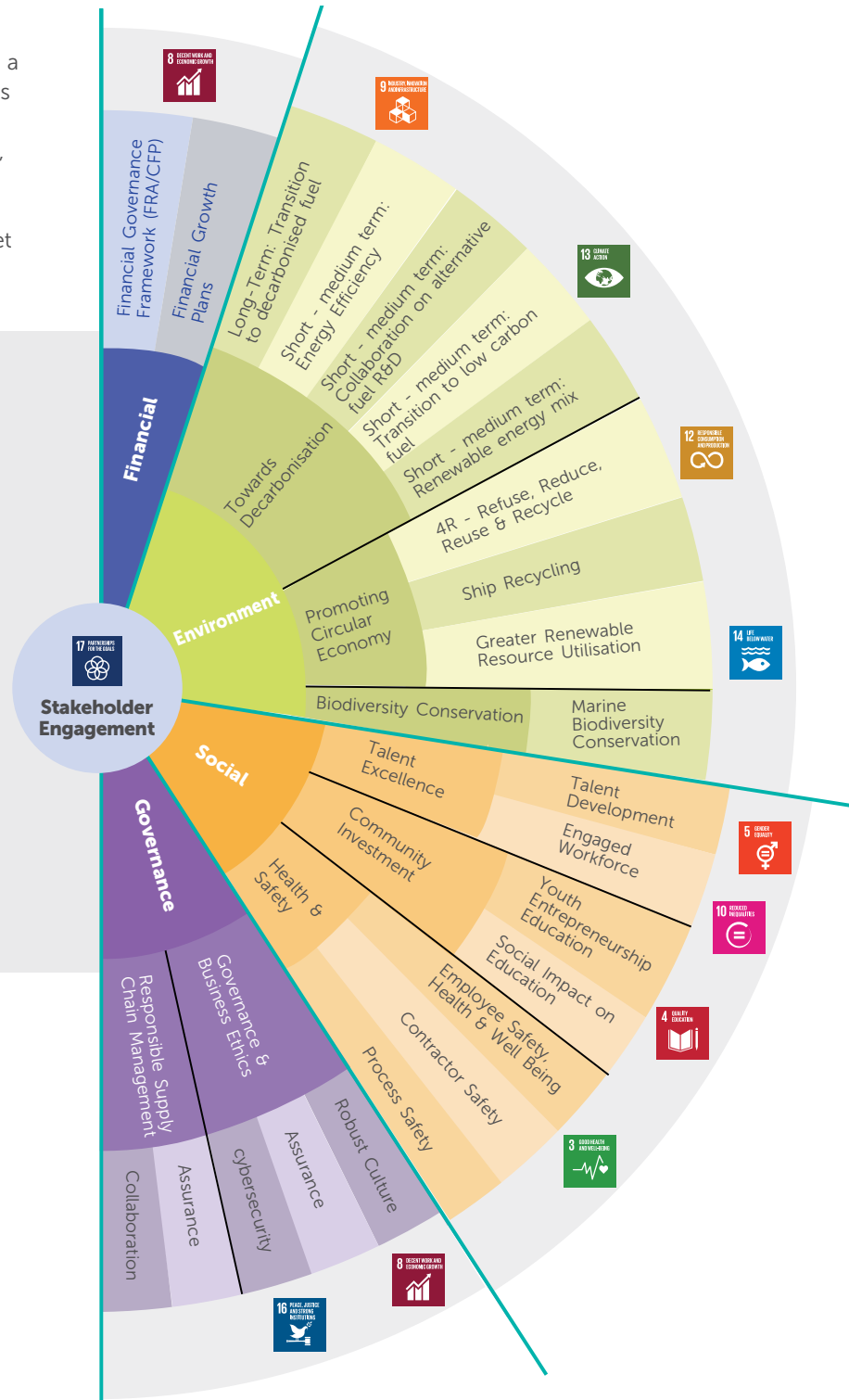
## Maritime and Logistics

MISC is a subsidiary company and key solutions provider to PETRONAS. It is a global leader in energy-related maritime solutions, with over 50 years of experience and a modern fleet of more than 100 owned and chartered vessels and assets, backed by a workforce of 9,300 employees worldwide. Its vessels and assets include LNG and Ethane carriers, Petroleum and Product vessels, FPSs and LNG FSUs, with a total capacity of over 13 million deadweight tonnage (dwt) MISC is committed to providing sustainable maritime transportation solutions to meet the world's energy needs and contribute to the PETRONAS NZCE 2050 Pathway.

**MISC Group is steadfast in growing its businesses to become one of the world's most sustainable energy-related maritime solutions and services provider.**

**Our sustainability mission is to deliver long-term stakeholder value by operating safely, sustainably and responsibly to sustain positive impacts for the environment and society.**

MISC Group's Sustainability Strategy aligns with the United Nations' Sustainable Development Goals (SDGs) by prioritising 11 key goals in line with the Company's business practices and sustainability framework.



**Our Climate Commitment**

Net Zero Greenhouse Gas Emissions by 2050

50% reduction in GHG intensity emissions by 2030 compared with 2008 base year

**Net Zero GHG Commitment**

MISC Group is committed to achieving net zero GHG emissions by 2050



We are committed to the Global Maritime Forum's mission to shape the future of global seaborne trade to increase sustainable long term economic development and well-being.



Getting to Zero Coalition is a global alliance committed to develop commercially viable deep sea zero emission vessels powered by zero emission fuels into operation by 2030.



A partner to The Castor Initiative, a multi-stakeholder global coalition that is committed to jointly developing commercially viable deep-sea zero-emission vessels (ZEV) fuelled by ammonia by 2030.



Made a strategic investment into Daphne Technology alongside Shell Ventures, Trafigura and Saudi Aramco Energy Ventures, marking our entry into R&D for GHG abatement technologies aligned with our ongoing decarbonisation initiatives.



MISC has set up a dedicated New Energy and Decarbonisation (NE&D) team.

# Business Review

Financial	Environment	Social	Governance	Stakeholder Engagement
<p><b>Achieve Growth in Predictable and Recurring Sources of Cashflow</b></p> <ul style="list-style-type: none"> <li>Owned 11 dual-fuel low-carbon vessels (including 3 vessels under construction).</li> <li>Secured a USD527 million 11-year Sustainability Linked Loan (SLL) to finance the delivery of its six large ethane carriers (VLEC).</li> <li>Internal Carbon Pricing (Shadow Price) at USD50/tonne.</li> </ul>	<p><b>Towards Decarbonisation</b></p> <ul style="list-style-type: none"> <li>Developed Material Scope 3 Inventory.</li> <li>17 per cent reduction in GHG intensity.</li> <li>Total GHG: 4.2 Million tCO<sub>2</sub>e.</li> <li>Signed two MoUs to build 2 VLCCs and 2 Aframax zero-emissions by 2025 and 2026.</li> </ul> <p><b>Promoting Circular Economy</b></p> <ul style="list-style-type: none"> <li>Initiated Ship Recycling Yard Assurance Programme.</li> <li>99 per cent hazardous waste recycled.</li> </ul> <p><b>Biodiversity Conservation</b></p> <ul style="list-style-type: none"> <li>Developed MISC Group Heart of the Ocean (HOTO) Guidelines.</li> <li>Sponsored RM200,000 for UMT-MMS Sea Turtle Conservation Initiative.</li> <li>Launched Employee Participation Programme for reef surveys and capacity building at Mersing Island and UMT-MMS Sea Turtle Conservation Programme.</li> <li>32 reef sites surveyed and 3 reef sites rehabilitated.</li> <li>2,181 turtle nests conserved, with 78 per cent turtle hatching success.</li> </ul>	<p><b>Health and Safety</b></p> <ul style="list-style-type: none"> <li>47 per cent improvement in LTIF compared to 2021 (2021: 0.15).</li> <li>64 per cent improvement in TRCF compared 2021 (2021: 0.39).</li> <li>14 HSE Management System Assurance completed.</li> <li>135,929 UCUA raised.</li> <li>42 Management walkabouts conducted.</li> </ul> <p><b>Talent Excellence</b></p> <ul style="list-style-type: none"> <li>Enhanced Leadership Pathway and Functional Curriculum to fulfil current and future development needs.</li> <li>Continued with FlexWork (optimise work-life integration and maximise work efficiency).</li> <li>Introduced FlexCareer (introducing contingent workforce).</li> <li>94 per cent high performance talent retention.</li> <li>Maintained successor ratio of 2:1.</li> </ul> <p><b>Community Investment</b></p> <ul style="list-style-type: none"> <li>RM24.2 million channelled in sponsorship for ALAM cadets.</li> </ul>	<p><b>Values, Assurance and Business Ethics</b></p> <ul style="list-style-type: none"> <li>42 per cent women Board members.</li> <li>Implemented Compliance and Ethics Survey 2022 Management Scorecard FY2022.</li> <li>Recertification of ISO 37001:2016 Anti-Bribery Management System.</li> <li>Carried out annual review of MISC Group Bribery and Corruption Risk Assessment 2022.</li> <li>Zero human rights grievance reports.</li> <li>Zero major cybersecurity breach.</li> </ul> <p><b>Responsible Supply Chain Management</b></p> <ul style="list-style-type: none"> <li>Completed ESG self-assessment on 20 critical suppliers.</li> <li>104 suppliers/vendors attended the Annual CoBE, ESG and HSE Training for MISC Group Third Parties 2022.</li> </ul>	<p><b>Create Value through Trusted Stakeholder Relationships</b></p> <ul style="list-style-type: none"> <li>Remains as a listed constituent in the Dow Jones Sustainability Index (Emerging Market) for two consecutive years and FTSE4Good Index for nine consecutive years.</li> <li>MISC is the only Malaysian transportation sector company and one of the three Malaysian companies listed in DJSI Emerging Market Index globally.</li> <li>Included in the S&amp;P Global Sustainability Yearbook 2023 as a Sustainability Yearbook Member for the first time.</li> <li>197 engagements with customers, investors and financial institutions on our approach to sustainability completed.</li> </ul>

## Outlook

- We expect the market to remain challenging this year. The ongoing geopolitical tension in Europe continues to influence economic development and trade as we cope with high inflation and increasing interest rate environment.
- Closer to our industry, the strengthening of regulations in relation to emissions will require a radical approach and closer collaboration by the industry players to ensure compliance.
- Notwithstanding the continued challenging outlook, 2023 is filled with opportunities for MISC. We see ourselves shifting gears both in terms of the execution of current projects and advancement towards achieving our 2050 objectives whilst being selective on strategic client positioning, strong recurring cash flows and cleaner energy solutions.