OPERATING RESPONSIBLY

Further details on Operating Responsibly:
https://www.misc.com.my/sustainability

KEY HIGHLIGHTS

Achieved
FULL SCORE in FTSE4Good Bursa Malaysia
(Governance theme) for 2 consecutive years

Achieved
Robust Compliance and Ethics Maturity targets

Maintained
ISO 37001:2016
Anti-Bribery Management System

Completed
Social Risk (Human Rights) Assessment on 2 business segments
In 2020, our efforts were focused on fortifying our governance culture. We enhanced our people’s commitment and competency in terms of ethics and integrity through a variety of initiatives that sought to create a mature and robust compliance and ethics culture. With 2020 marking the final year of MISC’s Compliance and Ethics Programme 2016-2020, we conducted a Compliance and Ethics benchmarking exercise to review and assess our outcomes. We also conducted a Compliance Culture Survey to validate the results of the benchmarking exercise. I am happy to report that we have exceeded the 2020 targets we had set ourselves under the Compliance and Ethics Programme which was to achieve the robust maturity level by 2020. As denoted by the robust maturity level, ethics and integrity have now become a part of all MISC’s business conducts and transactions. Another achievement on our governance front is obtaining the rating of 5/5 for the governance element in the FTSE4Good Index for the second consecutive year. Steering in mind our future focus on expanding our presence into new jurisdictions worldwide, the strengthening of our ethics and integrity culture places us on firm foundations to continue with our global journey of growth in an ethical, transparent and accountable manner.

We were well prepared for the new section 17A of the Malaysian Anti-Corruption Commission (MACC) Act which came into effect on June 2020. Section 17A stipulates corporate liability for a commercial organisation in the event its employees or associates commit corrupt acts or practice for the benefit of the organisation. We conducted a number of anti-bribery and corruption (ABC) training programmes for our employees as well as members of the Board of Directors (Board) to enhance Group-wide awareness, as well as to propagate a strong tone from the top.

We have embedded the principle of due diligence to ensure a viable potential defence to section 17A through a series of assessments, guidelines and processes implemented in alignment with MACC’s Guidelines on Adequate Procedure “1.F.R.U.S.T.” principles, as well as foreign legislation such as the US Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act. This included the ISO 37001:2016 Anti-Bribery Management System (ABMS) certification, which is now held by MISC Bhd., Malaysia Marine and Heavy Engineering Holdings Berhad (MMHE) and AET Tanker Holdings Sdn. Bhd. (AET).

Following MISC’s adoption of our Human Rights Commitment and Modern Slavery Policy and Statement in 2019, in 2020 we made further inroads in this area. We have implemented Group-wide policies that address international laws such as the UK Modern Slavery Act 2015 in addition to ensuring compliance with relevant Malaysian laws. Additionally, in 2020 we updated our Modern Slavery Statement, and have committed to continuously update this statement on an annual basis in line with any legislative changes within both international and local legislations. Having conducted a Materiality Assessment to identify MISC’s businesses that may be exposed to human rights issues and risks, we have now decided to conduct continuous Social Risk Assessments (SRA) to ensure that an adequate mitigation plan is in place to reduce and address human rights risks.

2020 has been a seminal year for MISC Group, as we addressed crucial global socio-economic and environmental issues, as well as current and emerging risks that our business faces. Having identified the key issues which are most important to our long-term business sustainability, we then incorporated our mitigating actions and forward-thinking solutions into our 2021-2025 Sustainability Strategy. This programme is a benchmarking category (100%) meeting and exceeding level 4. The programme is a five-year strategic plan consisting of a set of action plans and deliverables to ultimately create a mature compliance and ethics culture within MISC. The aim is to achieve level 4 or ‘robust’ maturity level by year 2024, where ethics & integrity become a part of all business conducts and transactions.

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Following MISC’s adoption of our Human Rights Commitment and Modern Slavery
The Survey Results

The 2020 results indicate overall improvements from the first survey in 2015. MISC Group employees are confident that the management is demonstrating positive strong tone from the top by supporting the effective implementation of ethics and integrity initiatives within respective business units and subsidiaries.

COMPLIANCE AND ETHICS PROGRAMME – ACTIVITIES IN 2020

ANTI-BRIBERY AND CORRUPTION

Bribery and Corruption Risk Management

The first bribery and corruption risk assessment was conducted in 2017. In October 2019, MISC Berhad commenced its first review and update of more comprehensive bribery and corruption assessment for each business unit’s and service unit’s key activity/process.

A total of 56 bribery and corruption risks identified with 36 risks documented based on business units’ and service units’ key activities/processes.

In 2020, the awareness sessions were conducted via online platforms on a quarterly basis and was conducted by distinguished external speakers and actively participated by an average of 250 employees per session.

The insightful talk touched on the duty as an employee to declare any conflict of interest, the implications of being involved in a conflict of interest situation and shared on potential conflict of interest situations.

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MONITORING OF BRIBERY/CORRUPTION RISK MITIGATION CONTROLS

In 2020, the Risk Management Committee (RMC) agreed for the bribery and corruption risk to be linked to the Enterprise Risk Management (ERM) in 2021 where the key risk indicator will now include a new leading indicator in MISC Berhad’s risk register which will capture the Anti-Bribery Management System (ABMS) audit outcomes.

ISO 37001:2016 Anti-Bribery Management System (ABMS) Journey for MISC Group

Since 2019, MISC, MHB and AET have received certification for ISO 37001:2016 ABMS. Moving forward, MISC Group targets to complete the ISO 37001:2016 ABMS certification for Eaglestar, MIMIS and ALAM by the end of 2021.

REGULATORY AND LEGISLATION (R&L) REGISTER

As a diversified multinational, the Group’s businesses are subject to laws and regulations of all the countries in which we operate. MISC has put in place measures to ensure that our employees and partners adhere to all applicable policies, procedures, laws and regulations of the countries in which we operate and consistently upholds the highest standards of integrity and accountability.

We have developed an R&L Register that contains the list of relevant laws and regulations to MISC Berhad’s operations based on legal operating entities and by functions within MISC Berhad. This will eventually cover the whole of MISC Group – including foreign legislations.

SEE. SPEAK. SUPPORT. PROGRAMMES

MISC had launched the “See, Speak and Support” Campaign back in October 2017, with the objectives of highlighting, and creating awareness, on MISC’s principal elements of the CoBE. There are three main themes:

SEE - If you see something or hear something that makes you feel uncomfortable, do not ignore it.

SPEAK - It takes courage to speak up. Talk with your supervisor, Human Resource division or the Compliance division.

SUPPORT - Do not underestimate the power of support. It can help a colleague to stand up and take action.

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T.R.U.S.T (Compliance towards corporate liability)

The talk focused on Section 17A Corporate Liability Provision of the Malaysian Anti-Corruption Commission (MACC) Act 2009 and Guidelines on Adequate Procedures, in light of the enforcement of the Corporate Liability Provision on 1 June 2020.

CONFIDENTIALITY obligations

Touched on the definition of upholding confidentiality in law and as stated in the MISC CoBE, duty of care that is imposed on employees whilst being employed in MISC as well as post-employment obligations and lastly case studies related to confidentiality breach.

Conductive workplace - Free of discrimination and harassment

The topic covered the meaning of creating a conducive workplace environment, types of discriminations and harassments that could take place in an organisation as well as sharing of case studies.
In 2020, there were two cases raised through the whistleblowing channels. All cases were investigated and deliberated by the WSCG, with three cases closed with no delinquency. However, one case is still under investigation as it was reported in December 2020.

POLICY REVIEWS AND IMPLEMENTATIONS

Corporate Privacy Policy

Following the adoption of the Corporate Privacy Policy and its Master Guidelines in 2019, MISC has rolled out new Personal Data and Information Notice to MISC Berhad employees, directors, vendors, clients, business partners and visitors. A new Privacy Notice for MISC’s corporate websites has also been developed to provide information regarding the processing of personal data of visitors that’s collected from MISC website, social media pages or email messages.

Ongoing gap analysis is being conducted with business units and service units to ensure compliance with data privacy laws and regulations prioritising on Human Resource and Group Health, Safety, Security and Environment (GHSS) divisions as these divisions handle the most personal data within MISC.

Competition Protocols

MISC has Competition Law Guidelines in place which outline the main competition laws applicable in most jurisdictions around the world as well as providing guidelines in ensuring that MISC strictly complies with these rules in its day-to-day business. MISC has subsequently adopted two Competition Law Compliance Protocols in 2020 to support the Competition Law Guidelines as below:

- MISC’s Competition Law Compliance Protocol on Meetings and Information Sharing
- MISC’s Competition Law Compliance Protocol on Merger and Acquisition Transactions

In 2019, MISC established a cross-functional Human Rights Working Group (HRWG) to consider the way MISC implements its human rights commitments across the business and determine any adjustments or enhancement opportunities to improve our human rights performance. The HRWG is tasked, amongst others, to develop policies and procedures which included the adoption of a Modern Slavery Policy, to conduct risk assessments and due diligence and propose improvement actions to mitigate risks identified. The HRWG consists of representatives from business units and subsidiaries and chaired by the Vice-President (VP) of Legal, Corporate Secretarial and Compliance (LSCC).


Since then, MISC Group has conducted Social Risk Assessment (SRA) for two of our business segments. The assessment was done according to PETRONAS SRA Guideline PTG 19.90.05.

The SRA focuses on the assessment of social risk variables under the Human Rights elements in accordance to MISC Group’s Human Rights commitment:

- Labour and working condition
- Community well-being
- Supply chain management

Responsibility

- Forced labour
- Child labour and young workers
- Non-discrimination
- Freedom of association
- Workplace / accommodation health and safety
- Conditions of employment and work

- Contractor/Supplier performance related to labour and working conditions, responsible supply and community well being

- Land management (right of way, compensation, access to natural resources)
- Indigenous peoples
- Cultural heritage
- Community health and safety
- In-migration
- Grievance mechanism

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Additionally, as part of the Sustainability Strategy 2021-2025, Governance and Business Ethics Pillar’s strategic priorities for values, assurance, business ethics, each business units and subsidiaries shall be re-assessed upon significant operational changes or maximum every three years.

In general, the outcomes of the SRAs showed that human rights practices for employees is in accordance with the International Labour Organisation (ILO) and Maritime Labour Convention. The main gaps that are identified are related to the lack of human rights assessment for supply chain related activities. Following this, MISC’s 2021-2025 Sustainability Strategy will be addressing this gap under its Responsible Supply Chain programme. Please refer to the Anchoring Sustainability @ MISC section on page 122 of this Integrated Annual Report for more information.

PUBLIC POLICY POSITIONS/POLITICAL CONTRIBUTIONS

MISC does not allow for any political contributions, or the use of MISC’s facilities, resources and equipment for any political related activities, campaigns or functions so as not to compromise its interest, nor do we receive any form of financial assistance from the government. Employees are also prohibited from using their position in MISC to influence political contributions and support, as stated in our Employee Handbook.

2021-2025 SUSTAINABILITY STRATEGY – GOVERNANCE PILLAR

As part of the 2021-2025 Sustainability Strategy, the Governance Pillar’s strategic priorities of values, assurance and business ethics aim is to continuously embed a culture of strong corporate governance and business ethics and conduct within the organisation. Please refer to the Anchoring Sustainability @ MISC section on page 104 of this Integrated Annual Report for more information.