



MISC MODERN SLAVERY STATEMENT 2021/2022

Introduction

This statement is made in accordance with Section 54 of the UK Modern Slavery Act 2015 by MISC Berhad known as “MISC”. It is intended to communicate the procedures and steps which MISC has taken relating to the management of the risk of modern slavery up to 3 June 2021.

About MISC

MISC was incorporated in 1968 and is a world leading provider of international energy related maritime solutions and services. The principal businesses of the Group comprise energy shipping and its related activities, owning and operating offshore floating solutions, marine repair and conversion, engineering and construction works, integrated marine services, port management and maritime services as well as maritime education and training.

Operating a modern and diversified fleet, backed by a workforce of over 8,600 employees from all over the world, we are committed to creating value for our stakeholders and contributing to the sustainability of our industry.

MISC Human Rights Commitment and Modern Slavery Policy

In May 2019, the MISC Board has approved a ‘Human Rights Commitment’ where *“MISC is committed to respecting internationally recognised human rights in areas of its operations, complying with its Code of Conduct and Business Ethics (CoBE), and all relevant legal requirements.”*

MISC has also adopted a Modern Slavery Policy in conjunction with this statement, which reflects MISC’s commitment to acting ethically and with integrity in all its business dealings and relationships and to implementing and enforcing effective systems and controls to ensure modern slavery and human trafficking is not taking place anywhere in its business and supply chains.

MISC’s Values and Code of Conduct and Business Ethics

MISC is committed to acting with integrity in all its business dealings and relationships. The MISC and its group of companies (“MISC Group”) adheres to a Code of Conduct and Business Ethics which outlines the standards and behaviours that the MISC Group upholds and which emphasises due respect for human rights and compliance with applicable global laws and rules.

As a global corporation, MISC respects the International Bill of Human Rights and supports the UN Universal Declaration of Human Rights as well as the principles concerning fundamental rights set out in the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work.

Access to Remedy

MISC has a comprehensive whistleblowing policy in place and encourages all its employees, customers, contractors, business partners etc. to report any concerns related to its direct activities or its supply chain. This includes any circumstances that give rise to an enhanced risk of modern slavery or human trafficking.

MISC has now set up a specific Grievance Mechanism to further enhance access to remedy in relation to human rights grievances. A Grievance Mechanism Procedure has been developed to ensure that a grievance channel and a procedure are established for employees, any party involved in providing services to MISC and the public to address related grievances. This includes a Grievance Resolution/ Appeal Committee (“GRAC”) that has been established with the primary objective of facilitating a joint-decision making process on all human rights related grievances.

Human Rights Working Group

MISC has established a cross-functional Human Rights Working Group (“HRWG”) to consider the way MISC implements its human rights commitments across MISC Group, develop policies and procedures e.g. Modern Slavery Policy and identify any improvement or enhancement opportunities to its human rights performance.

Human Rights Due Diligence Process

As part of MISC’s initiative to identify and mitigate risk of human rights violations, the HRWG is to:

1. Conduct Social Risk Assessment (“SRA”) and Human Rights Due Diligence across the MISC Group in phases;
2. Determine steps taken and/ or intended to be taken with regards to ensuring modern slavery and human trafficking are not taking place in MISC’s business or supply chains; and
3. Ensure effective communication, awareness and training on human rights matters.

Social Risk Assessment

The first SRA was conducted in October 2019 whereby the sites chosen within MISC Group were identified through a prioritisation workshop held in July 2019. The SRA encompasses a review of human rights and modern slavery elements on labour/ working conditions, supply chain, security and livelihood of impacted communities. Based on the outcome of the SRA, action plans were drawn to mitigate the identified risks. SRAs for other sites within MISC Group will be continued to meet the commitments of MISC Human Rights and Modern Slavery Policy.

As to date, 2 SRAs on 2 main subsidiaries have been completed. The HRWG plans to complete the first cycle of SRAs on MISC Group by 2022, in line with MISC's Sustainability Strategy 2025 (Governance Pillar).

Third Party Adherence to Our Values

In compliance with MISC Human Rights Commitment and the Modern Slavery Policy, we seek to work with third parties who share our values of integrity, committed to fighting bribery and corruption and contribute to sustainable development. MISC also requires our third parties to respect internationally-recognised human rights, complying with **MISC Code of Conduct and Business Ethics (CoBE) for Third Parties** and all relevant legal requirements.

- The MISC CoBE for Third Parties has been enhanced to include specific requirements to comply with MISC's Modern Slavery Policy which is available on <https://www.misc.com.my/compliance-business-ethics/>. Our third parties are also required to declare their commitment to abide the higher standard of integrity expected by MISC and compliance to the Modern Slavery Policy through the signing of the Declaration and Integrity Pledge ("DIP").
- **Third Parties Compliance Due Diligence** assessment is conducted to ensure that all pre-qualified third parties do not pose any significant associated compliance risk, which includes human rights related risks, that could jeopardise the reputation of MISC prior to entering into a formal business relationship with MISC.
- As part of MISC's Sustainability Strategy 2025, under the Governance Pillar through the Responsible Supply Chain Management, an ESG assurance programme is being implemented where self-assessment checklists for critical third parties covering human rights has been developed.
- In accordance with our zero-tolerance approach to slavery, forced labour and human trafficking we will seek to ensure that all future agreements, which are used for the purchase and supply of goods and services, will allow us to terminate and cease dealing with any third party in the event of any violations.
- On 23 July 2020, 70 participants from 47 third party companies of MISC Group attended an awareness session conducted for third parties as part of MISC's initiative on enhancement to our Supply Chain Management in ensuring that our third parties understand and shall comply to similar standards as per MISC CoBE which includes the Modern Slavery Policy. The awareness session for third parties is planned to be continued in quarter 3 of year 2021.

Awareness and Training

To ensure a high level of understanding of the risks of modern slavery and human trafficking in our business and supply chains, we introduced training for all employees with enhanced training for relevant managers. The first training for employees was conducted in February 2019 with participation from the HRWG members and representatives from each business function. This was followed by an awareness session to all employees on MISC's Human Rights Commitment and Modern Slavery Policy held in December 2019. A training on Grievance Mechanism was conducted in 2020 to better equip HRWG's understanding on its implementation within MISC Group. Continued training was implemented via e-Learning for all employees, with mandatory participation and minimum passing requirements. To date 85% of MISC employees completed and passed the Human Rights module rolled out in 2020.

This statement has been approved by the MISC's Board of Directors ("Board") and is signed on behalf of the Board by:

A handwritten signature in black ink, appearing to be "Yee Yang Chien", written over a dotted line.

Yee Yang Chien

President and Group Chief Executive Officer / Director
MISC Berhad

Date: 3 June 2021