

MHB MODERN SLAVERY STATEMENT 2024

INTRODUCTION

This statement is made in accordance with Section 54 of the UK Modern Slavery Act 2015. It outlines the procedures and steps MHB has taken to manage the risk of modern slavery up to 31 December 2023 as well as future initiatives related to human rights.

ABOUT MHB

Malaysia Marine and Heavy Engineering Holdings Berhad (MHB) is a globally trusted heavy engineering and marine solutions provider for a wide range of offshore and onshore facilities and vessels.

With an illustrious 50-year history of proven excellence and a reputation for delivering integrated solutions to international energy clients, we operate the largest fabrication yard in Malaysia and one of the largest in Southeast Asia. Our specialisation lies in energy offshore construction, including deepwater facilities, marine repair, conversion services, and marine refurbishment, with a niche focus on Liquefied Natural Gas (LNG) carriers.

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

MHB HUMAN RIGHTS COMMITMENT AND MODERN SLAVERY POLICY

In 2021, the MHB Board approved a 'Human Rights Commitment' stating "MHB 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."

Additionally, MHB adopted a Modern Slavery Policy to reinforce this commitment. This policy reflects our commitment to acting ethically and with integrity in all our business relationships, and to implementing and enforcing effective systems and controls to ensure modern slavery and human trafficking do not occur within our activities.

MHB'S VALUES AND CODE OF CONDUCT AND BUSINESS ETHICS

MHB is committed to acting with integrity in all our business dealings. We adhere to a Code of Conduct and Business Ethics (“CoBE”) which outlines the standards and behaviours that MHB upholds, emphasising respect for human rights and compliance with applicable global laws and rules. As a subsidiary of a global corporation, MHB respects the International Bill of Human Rights and supports the United Nations (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.

This affirms our obligations and commitments to:

1. Provide inclusivity, equal employment and remuneration opportunities for all employees regardless of race, nationality, religion and gender;
2. Promote a safe and healthy working environment that is free from sexual harassment and any forms of discrimination;
3. Uphold the right to freedom of association and recognition of the right to collective bargaining in accordance with applicable legislation;
4. Promote community well-being; and
5. Eliminate all forms of forced labour and human trafficking within all our operations.

ACCESS TO REMEDY

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

All cases reported through these platforms are addressed appropriately, and relevant disciplinary actions are taken in cases of concluded wrongdoings including human rights violations. MHB discloses the number of complaints received through our whistleblowing channels in our annual sustainability statement.

HUMAN RIGHTS WORKING COMMITTEE (“HRWC”)

MHB will re-establish a cross-functional Human Rights Working Committee to oversee the implementation of our human rights commitments across the business. The HRWC will assess current practices and determine any adjustments or enhancement opportunities to improve our human rights performance.

HUMAN RIGHTS DUE DILIGENCE PROCESS

To identify and mitigate the risk of human rights violations, MHB has implemented the following initiatives:

1. Conduct a systematic periodical review of potential human rights issues through Human Rights Risk Assessment (“HRRA”) which was previously known as Social Risk Assessment (“SRA”);
2. Determine steps taken and/or intended to be taken in ensuring modern slavery and human trafficking are not present in MHB’s business or supply chains by incorporating custom human rights and labour condition indicators into our due diligence checklist based on the scope of business; and
3. Ensure effective communication, awareness and training on human rights matters by enhancing engagement with key stakeholders and organising regular knowledge sharing sessions.

HUMAN RIGHTS RISK ASSESSMENT

In 2023, MHB conducted Human Rights Risk Assessment (“HRRA”), which was previously known as Social Risk Assessment (“SRA”). The first SRA was performed during the final quarter of the financial year 2019 in MHB’s yard in Pasir Gudang. The HRRA encompasses a review of human rights and modern slavery elements related to labour and working conditions, supply chain practices, security and the livelihoods of impacted communities. Based on the outcome of the HRRA, action plans were developed to mitigate any human rights breaches. Moving forward, we will undertake human rights assessments specifically focused on our supply chain.

SUPPLIER ADHERENCE TO OUR VALUES

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

1. The MHB CoBE for Third Parties includes specific requirements to comply with MHB's Modern Slavery Policy which is available on our website <https://mhb.com.my/about-us/#corporate-governance>. MHB's third parties are required to declare their commitment to abide by the higher standard of integrity expected by MHB and compliance with the Modern Slavery Policy through the signing of the Declaration and Integrity Pledge (DIP).
2. 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 MHB's reputation prior to entering into a formal business relationship with MHB.
3. In line with MHB's zero-tolerance approach to slavery, forced labour and human trafficking, we ensure that our agreements which are used for the purchase and supply of goods and services, will allow us to terminate dealings with any third party in the event of any violations.
4. CoBE training sessions for third parties have been conducted annually since 2019 in ensuring that they understand and shall comply with the standards outlined in the MHB CoBE, including the requirements of the Modern Slavery Policy.

AWARENESS AND TRAINING

To ensure a high level of understanding of the risks of modern slavery and human trafficking within our business and supply chains, we have introduced comprehensive training programmes for all employees, with enhanced training for relevant managers. The first training for employees was conducted in 2019. Additionally, in 2020, training on the formal Grievance Mechanism was provided to the appointed focal personnel to better understand the implementation within MHB.

An e-Learning module on Human Rights Management has been launched on our Talent Management System (TMS). This module aims to provide participants with a thorough understanding of human rights implementations within our operations and supply chains. The module provides an overview of the UN Guiding Principles on Business and Human Rights and MISC Group's Human Rights Commitments. As of December 2023, more than 80% of the total TMS population have completed the e-Learning modules which requires a passing mark of 100%.

To continue providing awareness and training to our employees and suppliers, we plan to further strengthen and broaden our existing capacity-building programme. This expansion will include our business partners and other relevant stakeholders, incorporating crucial aspects of human rights and modern slavery within the supplier ESG programme.

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

A handwritten signature in black ink, appearing to read 'Nazir'.

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MOHD NAZIR MOHD NOR

Managing Director & Chief Executive Officer

Date: 14 August 2024