

# OUR CAPITALS

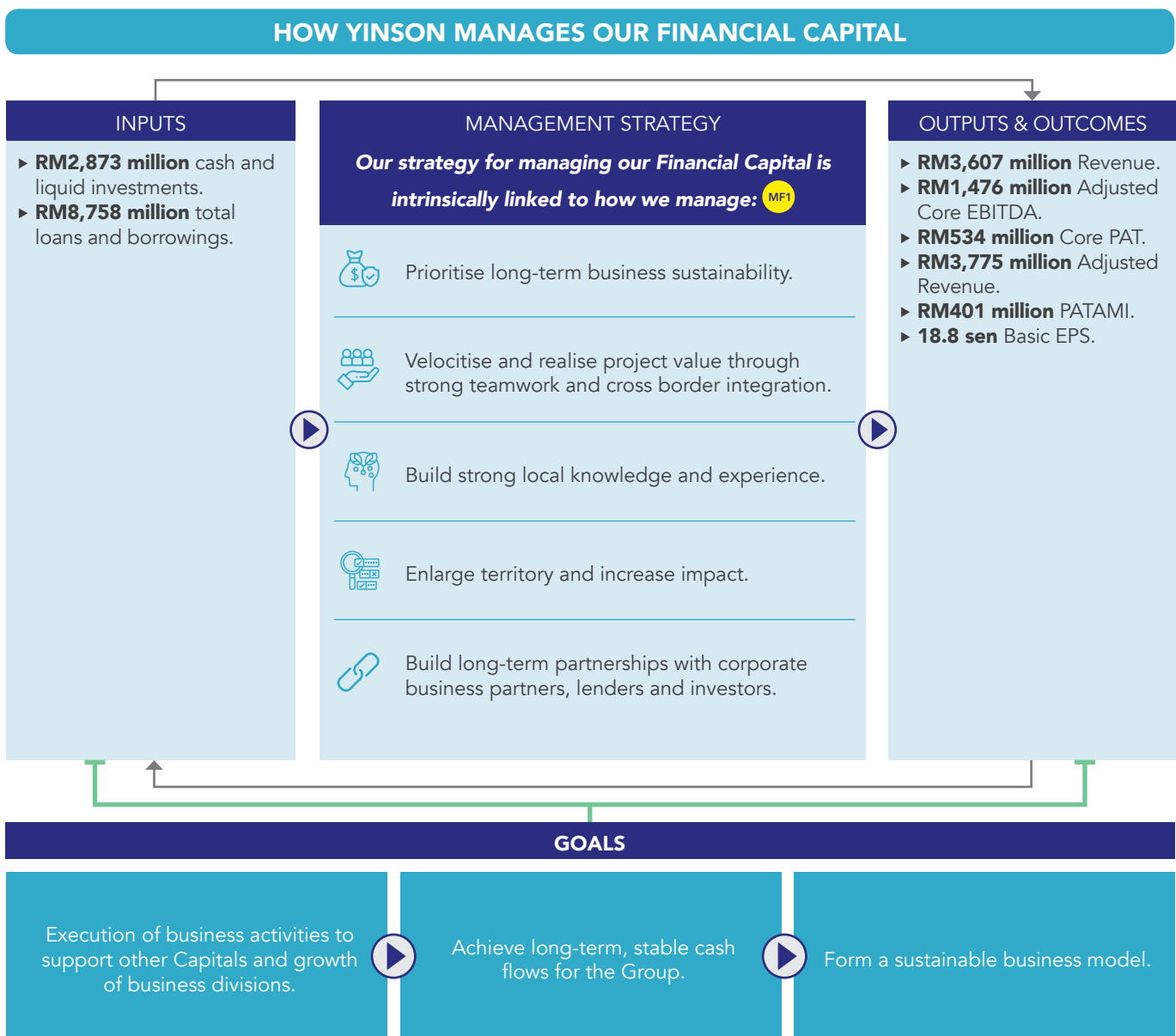
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# FINANCIAL CAPITAL

**Financial Capital refers to the pool of funds that are available to an organisation for the provision of services. These funds could be obtained through financing, such as debt, equity or grants, or generated through operations or investments.**

‘Business Management and Value Creation’ is one of Yinson’s material topics, identified during our materiality assessment as a topic in which Yinson has a high potential to lead. How we manage this material topic is intrinsically linked to how we manage our Financial Capital. Our Financial Capital is critical to executing business activities, supporting all our other Capitals, and ensuring Yinson’s long-term business viability. Our overarching strategy for managing our Financial Capital aims to achieve long-term, stable cash flows and profitability for the Group, ultimately bringing sustained value to all our stakeholders.





FINANCIAL CAPITAL

**MF1 MATERIAL TOPIC: BUSINESS MANAGEMENT & PROFITABILITY**

<p><b>DEFINITION OF MATERIAL TOPIC</b> Continued enhancements on processes directly related to business profitability, covering cost management and timely delivery of contracts.</p>	<p><b>IMPACTS</b></p> <div style="display: flex; align-items: center;"> <div style="display: flex; gap: 5px;"> <div style="background-color: #f96; padding: 2px; font-size: 8px;">7 SUSTAINABLE AND CLEAN ENERGY</div> <div style="background-color: #c00; padding: 2px; font-size: 8px;">8 DECENT WORK AND ECONOMIC GROWTH</div> <div style="background-color: #f96; padding: 2px; font-size: 8px;">9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</div> </div> <div style="margin-left: 10px; display: flex; gap: 5px;"> <div style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px; font-size: 8px;">S1</div> <div style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px; font-size: 8px;">S2</div> <div style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px; font-size: 8px;">S3</div> <div style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px; font-size: 8px;">S4</div> <div style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px; font-size: 8px;">S5</div> <div style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px; font-size: 8px;">S6</div> <div style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px; font-size: 8px;">S7</div> <div style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px; font-size: 8px;">S9</div> <div style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px; font-size: 8px;">S10</div> </div> <div style="margin-top: 5px; display: flex; gap: 5px;"> <div style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px; font-size: 8px;">GS1</div> <div style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px; font-size: 8px;">GS3</div> <div style="border: 1px solid #ccc; border-radius: 50%; padding: 2px 5px; font-size: 8px;">GS4</div> </div> </div>
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**WHY IS THIS TOPIC MATERIAL TO US?**  
At Yinson, we manage our business to deliver strong cash flows to fund current operations and fuel growth. We believe that solid liquidity and solvency management are foundational to our business, and must be complemented by proper business planning to realise Yinson’s short, medium and long-term business objectives. Our overarching strategy for managing our Financial Capital guides the management of our financial inputs and outputs towards achieving long-term and sustainable cash flows and profitability. Disciplined and diligent cost management frees up working capital to be channelled into growth opportunities, thereby maximising Yinson’s ability to create value for our stakeholders.

<p><b>RISKS</b></p> <ul style="list-style-type: none"> <li>• Lack of business profitability affects a company’s ability to deliver financial returns to shareholders.</li> <li>• Inadequate liquidity and business planning hamper a business’ ability to react to unexpected business downturns and opportunities.</li> <li>• Weak financial positions prevent companies from investing in new growth areas, leading to missed business opportunities.</li> <li>• Unclear pictures of financial positions and business plans lead to poor business decisions.</li> </ul>	<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• Robust financial management leads to sustained returns to stakeholders, inspiring stakeholder confidence.</li> <li>• A sound understanding of the Group’s financial position and its businesses to enable strategic business planning.</li> <li>• Profitability enables the quality of deliverables to be maintained and adequate funds to be allocated for business growth.</li> <li>• A strong financial position is a key enabler for business goals to be achieved.</li> </ul>
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**Management approach**

We are a high growth business operating in the midst of a global movement towards a low-carbon, climate-resilient environment and an ever evolving economic and geopolitical climate. To deliver our vision and strategy, we recognise the need to operate within a resilient financial framework that provides a strong financial position to support our growth plans.

*Our capital strategy*

Our capital strategy focuses on equity sell-down, refinancing and re-leveraging, which allows us to augment cash flows to enhance returns of our ongoing investments, thereby accelerating the returns of our Financial Capital to be deployed into new projects. Through the successful deployment of these capital strategies, Yinson has been able to grow our business and fund the capital requirements of our high capital expenditure projects, while continuing to provide our shareholders with stable and sustainable returns.



On a project level, we have a successful track record of capital raisings. This includes a USD670 million mini perm financing for FPSO Anna Nery raised in 2021, which was used to refinance an existing USD400 million bridge loan received in September 2020. In the same year, we had also successfully refinanced INR5.8 billion of project debts for our Bhadla solar plants, on the back of a strong operational track record. Another example of a successful refinancing exercise was the RM800 million refinancing of FPSO JAK in 2019, which allowed us to enjoy lower interest rates whilst velocitising our future cash flow to be invested into other projects.

## FINANCIAL CAPITAL

On a platform level, Yinson's long-term equity structure includes perpetual securities and Sukuk Mudharabah. These instruments allow us to raise capital while not diluting the equity of our existing shareholding. Yinson has successfully expanded its capital structure with five issuances since its inaugural exercise in 2015, and in December 2021 has proposed a Renounceable Rights Issue together with free detachable warrants which aims to raise gross proceeds of up to RM1.22 billion. On top of these, we have also successfully raised corporate borrowings, which enable us to be flexible when providing funding for our equity requirements, in turn allowing us to pursue business opportunities in a timely manner. To navigate the increasingly challenging oil & gas financing landscape, we have been innovating and exploring other modes of financing such as project-level preference shares, non-recourse project equity, junior loans and local currency financing.



*Financing innovation highlight, pg 53; Sustainable financing highlight, pg 55; Financial Review, pg 66*

With ESG performance becoming an increasingly important consideration for lenders and borrowers, Yinson has been actively exploring financial instruments that are linked to sustainability. Such instruments can capitalise on our leadership position in sustainability within the industry, whilst also incentivising us to manage our business more sustainably. Green bonds, for example, are an increasingly attractive source of funding due to their growing liquidity, driven by the increased appetite from ESG-focused investors.

#### *Financing & funding partners*

The execution of our capital strategy is made possible through the careful cultivation of our relationships with our financing and funding partners over the years. One of Yinson's Core Values is being 'open' – meaning we are committed to fostering an environment of trust and honest communications. This Core Value guides how we engage and build relationships with banks and other funding partners, allowing them to better understand our business and appreciate its resilience.

Over the years, we have built relationships with a network of banks active in FPSO financing. We believe that these strong relationships have been the key to the success of our capital raising initiatives over the years. We have been able to partner with banks to innovate new deal structures, and have also seen these deals positively received.

Our diversification into renewables and green technologies, as well as with our central focus on sustainability, has led us to actively expand our network to bankers and lenders that are keen to support our growth in these areas. Starting these new relationships, and building them over the coming years, is a key strategy to ensure that we will continue to fund and grow our other business arms for years to come.

#### **YINSON'S RECENT FINANCING DEALS**

YEAR	DEAL	OUTCOMES
2021	RM1.0 billion Sustainability-Linked Sukuk Wakalah Programme	<ul style="list-style-type: none"> <li>• Offer upsized from an initial target of RM700 million to RM1.0 billion.</li> <li>• Oversubscribed by 1.66 times.</li> </ul>
	USD670 million mini perm financing for FPSO Anna Nery	<ul style="list-style-type: none"> <li>• Underwritten by ING, Natixis and Standard Chartered Bank.</li> <li>• Total of 11 banks participating including the underwriting banks.</li> </ul>
	INR5.8 billion refinancing for Bhadla solar plants	<ul style="list-style-type: none"> <li>• Extended tenors at reduced interest rates.</li> </ul>
2020	USD400 million bridge financing for FPSO Anna Nery	<ul style="list-style-type: none"> <li>• Participated by 7 local and international banks.</li> </ul>
2019	USD800 million refinancing of FPSO JAK	<ul style="list-style-type: none"> <li>• Participated by 13 local and international banks.</li> <li>• Oversubscribed by over 45%.</li> </ul>



*Bankers & lenders, pg 124*

## FINANCIAL CAPITAL

### *Cash flow & liquidity management*

Our robust free and available cash position provides us with a strong foundation for growth and expansion, as well as an adequate buffer to weather any unforeseen cash requirements. Our free and available cash is derived through cash flows from operations, raising of financial capital and drawdown of loans and borrowings pending deployment for projects. Yinson's robust cash flow and liquidity management focuses on capital preservation and liquidity, ensures our cash are available to fund our business operation requirements based on cash flow predictions. Our strategy for managing liquidity includes:

- Maintaining an appropriate mix of high-quality liquid investments and adequate cash buffers to meet unexpected cash outflows.
- Maintaining 5-year cash flow projections to match the allocation of long-term financial capital with project capital expenditure needs.
- Using reasonable assumptions on continuing operations and financing of projects secured, Yinson's liquidity is sufficient for at least the next 5 years.
- Conducting regular stress testing to assess cash flow vulnerability under distressing situations and deploying the necessary action plans.



*Cash flows and liquidity, pg 66*

### *Managing financial risks*

Yinson implements and maintains an effective system of risk management and internal control, with instruments, organisational structures and procedures designed to maintain the balance between risk and reward, relative to potential opportunities. An integral part of the risk management and internal control system is the Enterprise Risk Management ("ERM") model which Yinson has adopted and developed over time. The model aims to manage the main risk that may impact strategic and management objectives, ensuring greater consistency of methodologies and tools to support risk management.

Additionally, Yinson's Corporate Treasury Policy sets out the parameters for the management of Yinson's free cash, with the objective of capital preservation and liquidity.

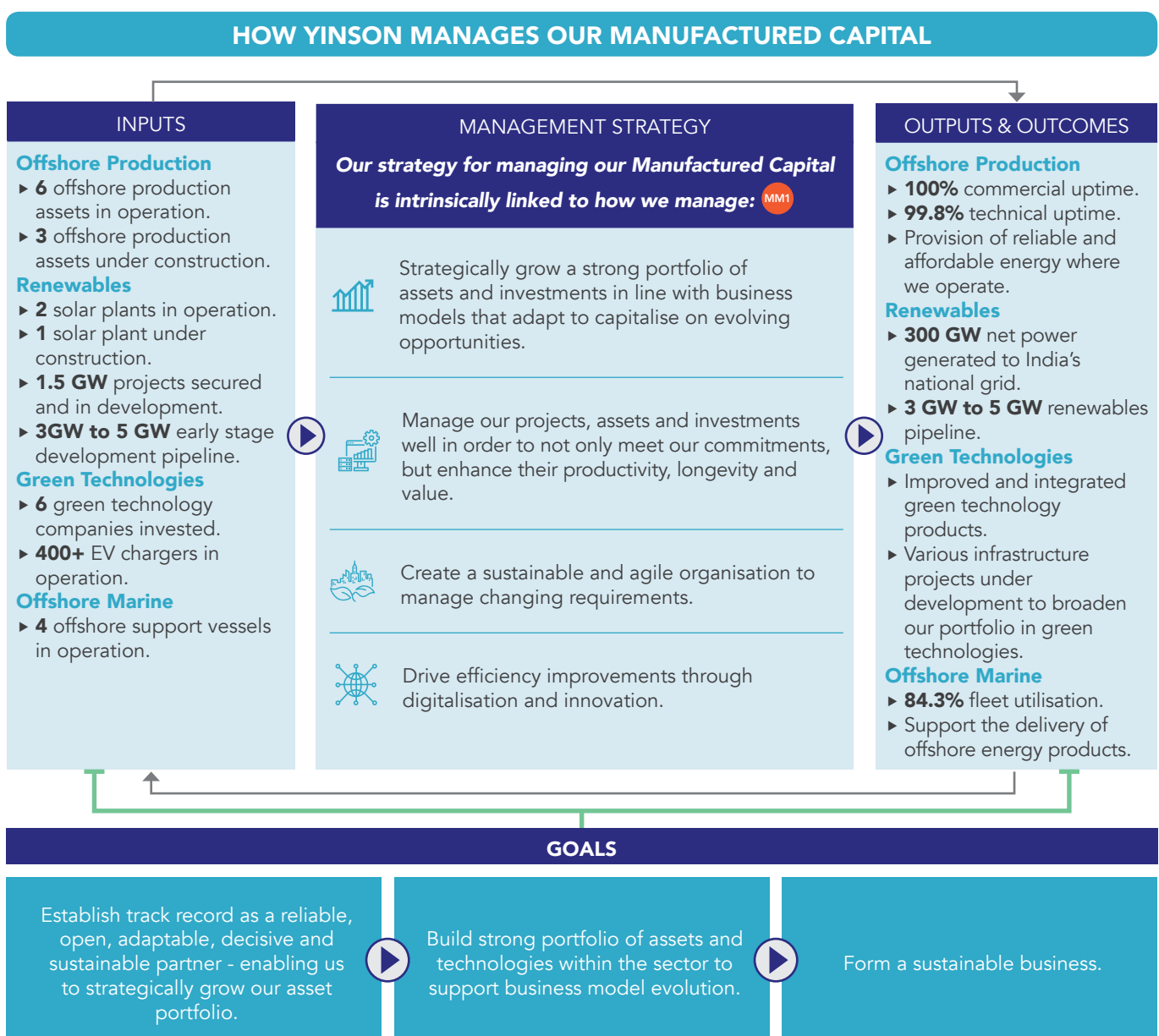


*Establishing good corporate compliance structures & processes, pg 76; Statement on Risk Management & Internal Control, pg 202*

# MANUFACTURED CAPITAL

**Manufactured Capital refers to the manufactured physical objects that are available to an organisation for use in the production of goods or provision of services, including buildings, equipment and infrastructure. For Yinson, this includes the physical assets that we own that allow us to deliver energy products and services to the global energy supply chain.**

‘Business Model Innovation’ is one of Yinson’s material topics, identified during our materiality assessment as a topic in which Yinson has a high potential to lead, as well as a topic which has the most material impact on our business. How we manage this material topic is intrinsically linked to how we manage our Manufactured Capital. Our strategy for managing our Manufactured Capital is to grow a strong asset portfolio that is aligned with our goals and strategies, and manage them well in order to enhance their productivity, longevity and value. Innovating our business model, such as through our diversification into renewables and green technologies, allows for the strategic growth of our asset portfolio. Good management of these assets can then create revenue streams that fuel our growth plans, ultimately safeguarding the sustainability of the Group.



## MANUFACTURED CAPITAL

<span style="background-color: #ff6600; border-radius: 50%; padding: 2px 5px; font-weight: bold;">MM1</span> MATERIAL TOPIC: BUSINESS MODEL INNOVATION	
<p><b>DEFINITION OF MATERIAL TOPIC</b>                  Improve business resilience against external pressures, market signals and trends through offering of innovative products and services.</p>	<p><b>IMPACTS</b></p>
<p><b>WHY IS THIS TOPIC MATERIAL TO YINSON</b>                  The inherent uncertainties of the global market have demonstrated that businesses need to be resilient, innovative and forward-looking. We believe that oil &amp; gas will remain essential in the global energy mix and will reach peak demand in the coming decade. With our core business related to oil &amp; gas production, Yinson understands the need for adapting our business model in order to maintain long-term value creation and competitiveness. A key way we are adapting our business model is by diversifying our business interests through investments in renewables and green technology-based solutions. We have also embarked on a strategic review of our FPSO business and a GSR to make the right decisions for our growth and long-term sustainability. Even as we adapt our business model for the future, we are cognisant that managing our current assets and businesses well is of paramount importance, as it builds our track record as a reliable partner who delivers on our commitments. This provides assurance of our capabilities to carry out our growth plans, and the financial capability to do so.</p>	
<p><b>RISKS</b></p> <ul style="list-style-type: none"> <li>• Lack of thoughtful business model innovation could cause businesses to miss out on potential new growth areas.</li> <li>• Hasty entry into new business streams and technologies without the requisite experience and due diligence may lead to a high failure rate.</li> <li>• The growth of new businesses may outpace that of existing talent skillsets, leading to increased employee attrition.</li> <li>• Significant resource outlay into new projects without an adequate understanding of the risks may impact the stability of the existing business model.</li> <li>• Failure to meet commitments on asset delivery or operations could affect track record, and in turn lower stakeholder confidence.</li> </ul>	<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• The ability to innovate and adapt business models to capture opportunities in the transitional business landscape can assure the sustainability of the business.</li> <li>• Nimbleness in comparison to peers on identifying and investing in suitable new business segments could lead to a first-mover advantage.</li> <li>• Companies that are able to clearly communicate their business model and plans for business transition can gain investor confidence and support.</li> <li>• A strong track record on asset delivery and operations provides an edge over competitors for new project bids and ventures.</li> </ul>
Management approach	
<p><i>Growing a strong portfolio of strategic assets</i></p> <p>Yinson’s investment decisions for potential new assets and projects are guided by our Group Investment Policies, which outline the target of minimum returns on investments. Under the framework, returns are correlated to a project’s risk factors such as counterparty, contractual legal terms, technical requirements, operational requirements, political environment, tax, ESG considerations, project partners involved and strategic considerations.</p> <p>Additionally, any project-specific risk factors are also discussed by Yinson’s MC when making investment decisions. The updated framework allows a balance to be achieved between the commercial expectations from an investment and Yinson’s strategic goal of achieving sustainable growth.</p> <p>Separate policies were adopted for Yinson Production, Yinson Renewables and Yinson GreenTech to take into account that the value chains of these businesses are significantly different. The Board and Management will continually review the policies to keep up to date with best practices. The strategies for each business division are elaborated within the respective business reviews and summarised as below:</p> <p><b>Yinson Production</b></p> <ul style="list-style-type: none"> <li>• Build a sustainable pipeline of conversion and redeployment projects in the world’s most active offshore production regions.</li> <li>• Build our track record in low emission design, execution and operation.</li> </ul> <p><b>Yinson Renewables</b></p> <ul style="list-style-type: none"> <li>• Participate in the full renewables value chain.</li> <li>• Market selection based on strong market fundamentals and potential, scalability, good and reliable counterparties, quality projects, and risk and reward balance.</li> <li>• Project selection is based on resource and partner quality and the ability to deliver value through the value chain.</li> </ul>	

## MANUFACTURED CAPITAL

**Yinson GreenTech**

- Identify and invest in strategic green technology assets within the marine, mobility and energy segments.
- Contribute to building a green ecosystem in the geographical areas where the Group currently has a presence.
- Relentlessly drive innovation in line with government incentives and industry trends.

**Regulus Offshore**

- Participate in the Asia Pacific region bids with a focus on the Malaysian market to support PETRONAS and Petroleum Arrangement Contractors.
- Secure quality and long-term projects that can bring stable cash flow.



*Increasing our portfolio of profitable assets, pg 103; Market positioning, pg 109; Market selection, pg 109; Project selection & local partners, pg 109; Strategic green technology investments, pg 115; Malaysia operations update, pg 117*

**Delivering quality assets with value add**

'Professional and skilled project management team' is a Yinson Edge, where we believe we have an edge over the competition. Guided by our Project Management Philosophy, Yinson Production has an excellent track record of delivering our offshore production assets on time, on budget and in line with client expectations. Now having diversified into Renewables and Green Technologies, the same culture of excellence and reliability translates into the delivery of our renewables and green technology assets.

We believe in adding value to our assets through innovation and digitalisation. For example, we are pioneering the technologies of our Zero Emissions FPSO concept, which goes beyond the scope of traditional FPSO design. In another example, we are working with strategic and technology partners to develop an integrated green marine transport solution which combines advanced hydrofoil technology, swappable battery solutions and a digital platform for monitoring, control and analytics.

Yinson's management approach for the delivery of our assets includes:

- Cultivating open and honest relationships with our clients and stakeholders which are built on trust.
- Creating and maintaining a sustainable, agile and effective project management structure and team to manage changing project requirements, leveraging on Yinson's diverse expertise.
- Ensuring quality through effective equipment, vendor and service provider selection.
- Increasing focus on embracing the energy transition, utilising Yinson's core competencies to develop affordable, low carbon energy solutions.



*Leading the way with responsible solutions, pg 103; Excellent project execution to support reputation, pg 103; Building a strong leadership team, skilled workforce & organisational culture; pg 104; Building the platform to create value, pg 109; Driving innovation in line with government incentives & industry trends, pg 115*

**Safe & reliable asset operations with value add**

Yinson's high standards of operational excellence guide the management of our assets in the operational phase of their lifecycle. These standards are supported by effective risk management, quality assurance and continuous improvement. We also look to enhance the value of our operational assets through innovation and digitalisation, such as the 3D printing and drone-assisted technologies developed by our ALM team, and the development of an integrated digital platform for Yinson GreenTech's mobility segment.

Yinson's management approach for the operations of our assets includes:

- Health & safety: We are committed to safeguarding the health, safety and security of our employees, subcontractors and assets, as well as continually adapting to Covid-19 risk.
- Operational performance: We strive to maintain excellent fleet uptime, stable renewable energy generation, reliable performance of green technology assets and strong fleet utilisation.
- Environmental performance: We seek to lower our environmental impact across all our business divisions through monitoring and managing our environmental outputs.



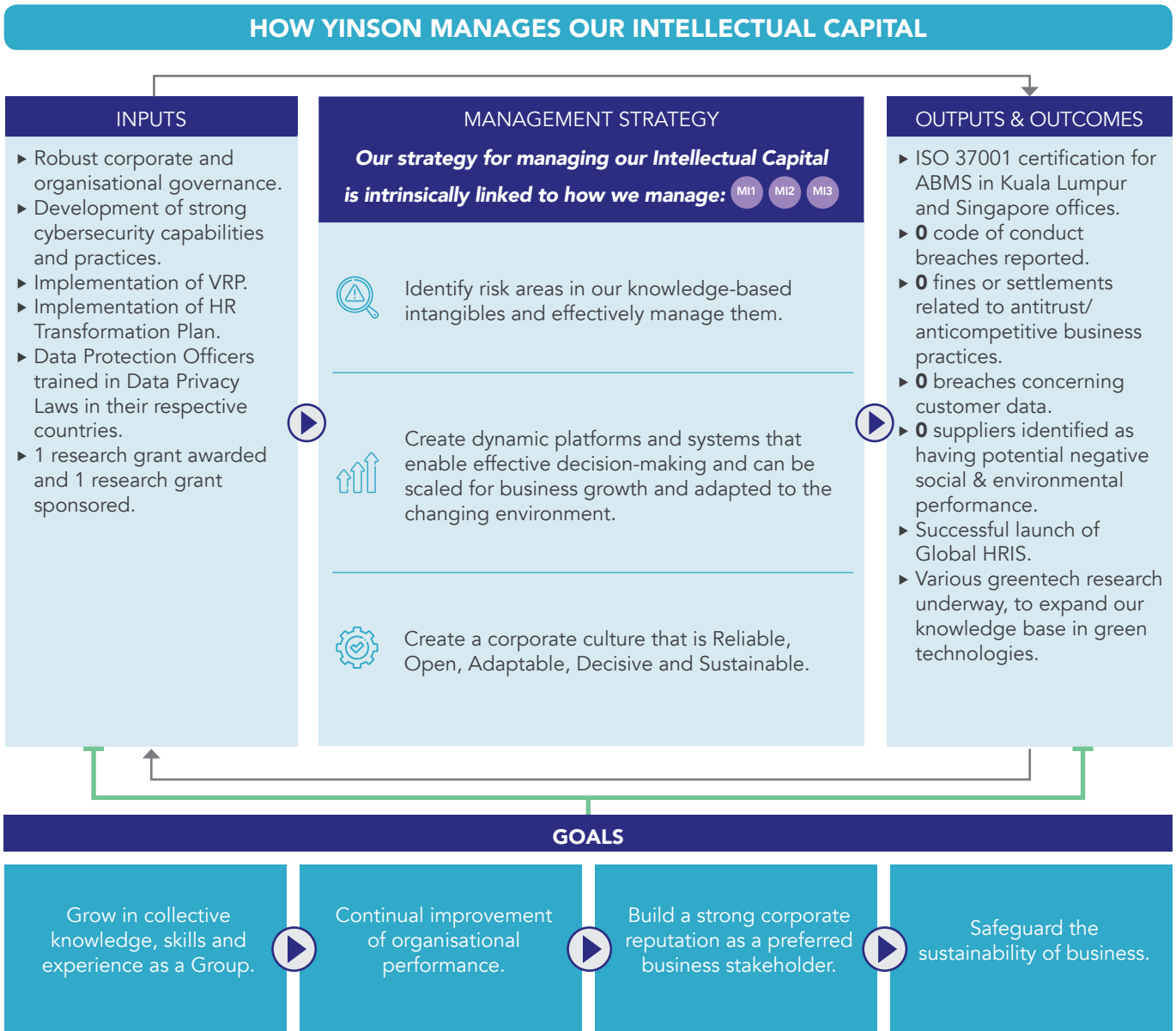
*Investing in emerging technologies & digitalisation, pg 44; Environmental performance, pg 101; Industry-leading operations & safety performance, pg 103; Human capital development, pg 151*



# INTELLECTUAL CAPITAL

**Intellectual Capital refers to the organisational, knowledge-based intangibles including IP and organisational capital such as tacit knowledge, systems, procedures and protocols.**

‘Good Corporate Governance’, ‘Cybersecurity’ and ‘Digitalisation’ are three of Yinson’s material topics, identified during our materiality assessment. The first two topics were identified as topics which can add operational value to Yinson, while the third was identified as a foundation topic for Yinson. Our strategy for managing our Intellectual Capital focuses on building strong systems and structures which can help us to deliver on our commitments, manage risks and excel on the global playing field; enhancing the collective knowledge and experience of the Group, as well as the creation of a conducive working environment that encourages teamwork.



INTELLECTUAL CAPITAL

**MI1 MATERIAL TOPIC: GOOD CORPORATE GOVERNANCE**

**DEFINITION OF MATERIAL TOPIC**

Upholding of business policies and processes to be a responsible and ethical corporate citizen.

**IMPACTS**

**WHY IS THIS TOPIC MATERIAL TO US?**

Yinson is committed to high standards of integrity and ethics in the conduct of our business. Corporate governance involves balancing the interests of our many stakeholders and provides the framework for attaining of our objectives encompassing every sphere of management, from action plans and internal controls to performance management and corporate disclosures. Thus it is crucial to the mitigation of risks in all areas of our business. Our Board continues to provide prudent leadership and strategic guidance to safeguard stakeholder value creation with robust governance framework and effective control systems.

**RISKS**

- Poor corporate governance could lead to reputational risks, including loss of public trust and investor/shareholder confidence.
- Poor management of corporate governance risks could have significant negative impact to business operations and profitability.
- Long-term business sustainability may be affected by weak corporate governance practises.
- Overextension of corporate governance procedures could lead to bureaucracy issues or slower decision-making.

**OPPORTUNITIES**

- Checks and balances arising from good corporate governance practises enable the robust and appropriate control and oversight of the business.
- Robust governance controls in operations can improve external confidence, leading to positive financial and reputational impacts.
- Transparency of corporate governance practices can facilitate trust building amongst all stakeholders and boost shareholder confidence.

**Management approach**

*Policies, procedures & frameworks*

Yinson embeds world class business practices and a robust corporate governance and risk framework with key focus on transparency, accountability, effective leadership, and sustainable performance. We are committed to continuously reviewing, enhancing, and improving our governance practices and frameworks towards ensuring the best interests of our stakeholders are upheld. Our corporate governance practices are guided by policies and procedures including:

- Corporate Disclosure Policy & Procedure.
- Stakeholder Communication Policy & Procedure.
- Data Privacy & Procedure.
- Information Security Policy & Procedure.
- Sanction Policy.



Scan this QR code for our full list of publicly available policies

*Training & awareness*

Yinson continues to provide training and guidance to ensure ethical decision-making. We roll out awareness training through a combination of training methods, including the following methods carried out in FYE 2022:

- Mandatory employee ABAC training on our LMS.
- Certified training for DPOs to enhance knowledge on data privacy laws, who were then empowered to roll out awareness trainings in the local offices.
- Awareness webinars on Information Security for employees.
- Monthly legal awareness webinars conducted by in-house legal team.



Corporate Compliance Review, pg 76; Legal & Insurance Review, pg 78

## INTELLECTUAL CAPITAL

### *Intellectual Property*

We recognise the importance of IP as a valuable company asset. Yinson continues to strengthen the management of IP through the implementation of a Global Initiative for IP, which includes:

- Training and awareness programmes for employees to identify and understand IP.
- Securing Yinson's IP, including trademarks, copyrights, designs and patents.
- Development of IP Management Plan and Strategy.



*Intellectual Property Initiative, pg 80*

### *Corporate tax governance*

Yinson continues to balance corporate tax governance with business activities and ethical, social and development-related expectations. Our approach to tax governance centres around a 'Compliance first' philosophy and includes considerations for tax management and governance, tax strategy and our relationship with tax authorities. Yinson's Whistleblowing Policy & Procedure has mechanisms that were formulated to report tax-related malpractices.

### *Sustainability governance*

Yinson has a sound governance structure in place to guide and manage sustainability-related matters. Our Board maintains oversight of sustainability strategies through our Sustainability Committee ("SC"). The SC is chaired by our Group CEO, with the committee made up of our key senior management. The SC convenes quarterly to review and guide our Group-wide sustainability efforts. The key function of the SC includes formulating sustainability strategies, setting metrics and targets, monitoring sustainability performance and managing sustainability risks and opportunities.



*Sustainability governance, pg 123*

### *Anti-Bribery & Anti-Corruption*

Safeguarding Yinson against corruption and bribery is amongst the top priorities of our organisation. Yinson's management approach towards anti-bribery and anti-corruption is guided by our ABAC policy. In FYE 2022, Yinson was awarded ISO 37001 certification from Bureau Veritas for our ABMS. We continue to implement procedures and processes aligning ISO 37001 ABMS Standard.



*Anti-Bribery & Anti-Corruption, pg 71*



### *Whistleblowing*

Yinson encourages all stakeholders including business partners, general public, employees, third-parties and vendors to raise genuine concerns about suspected or possible violations of Yinson's COBE, improprieties in matters of financial reporting, non-compliances with laws and regulations, non-compliance with the Yinson's policies and procedures and to disclose any improper conduct or other malpractices with Yinson through our designated channels, without fear of unfair treatment or reprisal.




*Whistleblowing, pg 76*

INTELLECTUAL CAPITAL

<b>MI2 MATERIAL TOPIC: CYBERSECURITY</b>	
<b>DEFINITION OF MATERIAL TOPIC</b> Ensuring digital systems and assets are safeguarded against external cyber threats.	<b>IMPACTS</b>  <span style="margin-left: 10px;">S1</span> <span style="margin-left: 10px;">S2</span> <span style="margin-left: 10px;">S3</span> <span style="margin-left: 10px;">S4</span> <span style="margin-left: 10px;">S5</span> <span style="margin-left: 10px;">S6</span> <span style="margin-left: 10px;">S7</span> <span style="margin-left: 10px;">S9</span> <span style="margin-left: 10px;">S10</span> <span style="margin-left: 10px;">GS1</span> <span style="margin-left: 10px;">GS2</span>
<b>WHY IS THIS TOPIC MATERIAL TO US?</b> As Yinson continues to enhance our systems and processes through digitalisation and technology, we become increasingly reliant on data, much of which are proprietary and confidential, and which are being stored and processed in an electronic format. This drives the need for robust cybersecurity. Any intrusion into Yinson's digital systems could affect our business activities and potentially result in financial losses, theft of proprietary and/or confidential information, loss of competitiveness and/or business interruption and reputational damage.	
<b>RISKS</b> <ul style="list-style-type: none"> <li>Reputational risks may arise from social data leaks, especially for companies that provide B2C products and services.</li> <li>Cyberattacks may lead to operational issues such as assets being frozen, leading to downtime.</li> <li>Costs of handling and recovering from cyberattacks are significant and may have great impact on an affected company financially and reputationally.</li> <li>Platform concentration risk may arise for businesses that depend too heavily on a single data storage platform.</li> </ul>	<b>OPPORTUNITIES</b> <ul style="list-style-type: none"> <li>Businesses that are able to stay ahead of rapidly evolving cybersecurity threats with strong cybersecurity expertise and practises can provide confidence for the business to grow without undue worry of potential external threats.</li> <li>The ability to manage cybersecurity risks well can raise stakeholder confidence and mark a company as a partner of choice, as there is assurance that information shared during the course of doing business is secure.</li> </ul>
<b>Management approach</b>	
In response to cybercriminals' increased attacks on Information Technology, Operational Technology and Industrial Control Systems, Yinson is working actively to ensure that we are well prepared to manage these risks.	
Yinson's Cyber Risk Management Roadmap consists of multiple initiatives which will strengthen the cybersecurity system within the Group. Steps taken include actively training our people, updating our processes to be more relevant and putting in relevant technology that can help us reduce our cyber risks.	
Achieving and maintaining the cybersecurity of our offshore assets have been a continual effort, carried out through a combination of active internal training, updating our processes to be more relevant and putting in applicable technologies that can help us to reduce our cyber risks adequately.	
 <i>Information security &amp; cybersecurity, pg 74</i>	



## INTELLECTUAL CAPITAL

MI3 MATERIAL TOPIC: DIGITALISATION	
<p><b>DEFINITION OF MATERIAL TOPIC</b> Integrate digital solutions into business processes and operations to optimise business growth in line with technology.</p>	<p><b>IMPACTS</b></p> 
<p><b>WHY IS THIS TOPIC MATERIAL TO US?</b> Technological advancement is one of the biggest forces shaping today's business landscape. In order to keep our edge as a leader in our fields, we need to capitalise on emerging technologies and innovative digital tools that can be enablers for the growth of our business divisions. Our investments are guided by a thoughtful strategy that considers how the technology impacts productivity, asset lifecycles, scale-up potential and long-term business sustainability. The implementation of digital technologies and solutions will enable automation, increase data quality, collection and structure to be redeployed into our existing workflow. Digitalisation allows for higher process efficiency, reduction of human errors and better control over business operations.</p>	
<p><b>RISKS</b></p> <ul style="list-style-type: none"> <li>• Non-standardisation of internal processes may lead to inefficiencies in decision-making and operational processes, and worse, compromised safety of employees.</li> <li>• Lack of modern digital tools and mediums may create an uncompetitive business environment where work is hampered, leading to operational inefficiencies and loss of employee morale.</li> <li>• Companies that fail to embrace and invest in digitalisation and innovation may find themselves falling behind in the competitive business landscape.</li> </ul>	<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• Utilisation of digital solutions may reduce low-value, tedious work, freeing up staff capacity for more value-adding work.</li> <li>• Cost efficiencies may arise from processes that are made more efficient through digitalisation and technology.</li> <li>• New revenue streams may be unlocked through utilisation of data and novel technologies produced from assets and business processes.</li> <li>• Good access to accurate and timely data leads to better decisions made in a shorter time, which is a significant competitive edge for businesses.</li> <li>• A company that invests in new technology and digitisation platforms could contribute significantly towards solving global issues like climate change and energy inequity.</li> </ul>
Management approach	
<p>By embracing digitalisation, Yinson creates value through optimisation of existing processes/workflows, enhancement of our core products and creation of new digital services. Yinson will continue to reinforce our organisation and governance to provide guidance, framework and to support further digitalisation.</p> <p><i>Optimisation of existing processes &amp; workflows</i></p> <p>One of the key aims of digitalisation for Yinson is to ensure that timely and accurate data is provided to all stakeholders in order to increase efficiency and improve the quality of decisions made. The focus on digitalisation is Group-wide, connecting and aligning all Yinsonites to common workflows regardless of divisions, teams or geographies. Examples of digitalisation of our processes are found throughout this Report, and include:</p> <ul style="list-style-type: none"> <li>• A central Treasury Management System that monitors our liquidity, receivables, payables and debt through dashboards and analytics.</li> <li>• An ERP system that synchronises accounting data to be shared Group-wide. It features a cloud-based document system and dashboards of all key areas to empower users with control of their data and outstanding tasks.</li> <li>• A lifecycle cost model that is based on ISO 15663 that assesses the economic viability of various alternatives by calculating their lifecycle cost to support decision-making.</li> <li>• A centralised data management system to manage our engineering information and implement global engineering solutions.</li> <li>• An ISO 9001-qualified VRP which enhances our capabilities relating to pre-qualification assurance and vendor performance.</li> <li>• A Global HRIS which unites various HR systems across our global offices into a single, unified solution for all employees.</li> <li>• An ISO 45001-certified HSE Management System that provides a single and clear framework for the organisation to improve our HSE performance.</li> <li>• The YMS digitalises all the work processes in Yinson Production and makes them available both onshore and offshore.</li> </ul> <p>In terms of IT infrastructure, Yinson has adapted to demands of operating during and post Covid-19 pandemic. We have allocated resources, improved our technology and adapted our workflow to the needs of hybrid working mode. We have since transitioned to a fully cloud-based communication and collaborative platform. We empower our employees to work from home by providing hardware, software and training support.</p>	

## INTELLECTUAL CAPITAL

*Innovation of new digitalisation & technology products*

'Forefront of innovation and disruption' is one of Yinson's business strategies for catalysing growth and keeping us relevant to the changing environment. We encourage our people to think outside the box when faced with challenges and not be satisfied with the status quo, but to instead find ways to do things better, faster and more productively. When complemented by strong governance and risk management, we believe that innovation can revolutionise and propel business performance. Examples of such innovation include data collection and digital twin representation, drone-assisted technology for unmanned asset inspection and 3D printing to improve our supply chain process.



*Asset lifecycle management at Yinson, pg 45*

Yinson GreenTech is a powerful platform for the development of profitable, disruptive businesses based on clean technologies and digitalisation. By identifying and investing in strategic green technology companies, coupled with our growing in-house expertise, we aim to relentlessly drive innovation in order to build low carbon businesses that can serve customers to support their own net zero ambitions. To this end, we have embarked on various digital initiatives including the development of an integrated platform that combines fleet management, data analytics and user interfaces.



*Business Review - Green Technologies, pg 111*

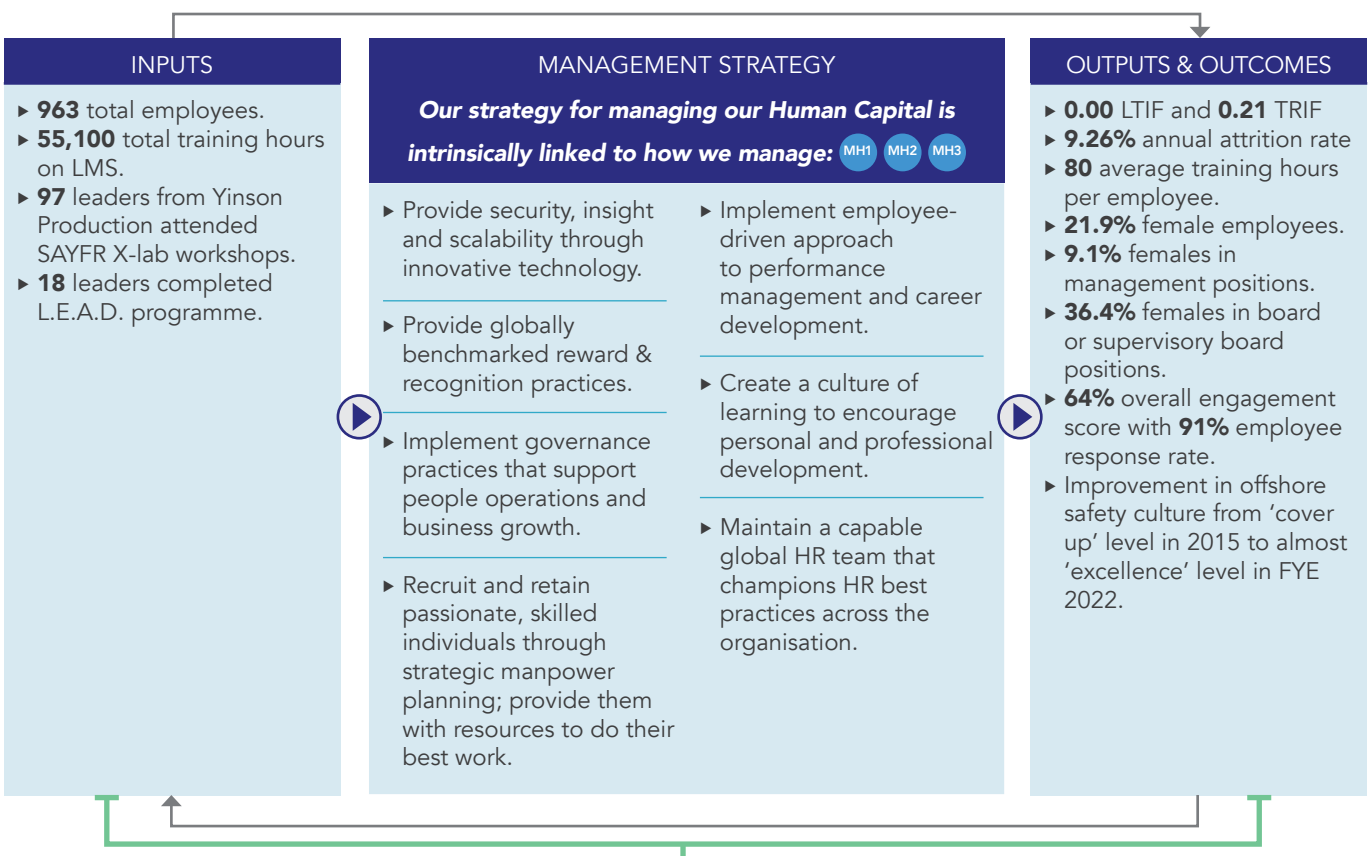


# HUMAN CAPITAL

**Human Capital refers to our people’s competencies, capabilities and experience, as well as their motivations to innovate and align to the Group’s vision, mission, strategies and goals. At Yinson, our Human Capital consists of our onshore employees and offshore crew.**

‘Human Capital Development’, ‘Operational Health & Safety’ and ‘Human & Labour Rights’ are three of Yinson’s material topics, identified during our materiality assessment. The first topic was identified as a topic and where Yinson can lead, while the second and third topics were identified as topics which can add operational value to Yinson. Our people are our most valuable stakeholder group, without which it would be impossible to execute any of our plans effectively. As individuals who spend the greater part of their day contributing towards the success of our organisation, employees are the key to maximising the output and outcomes of all our other Capitals. Our approach to managing Human Capital centres around providing employee-driven solutions that are relevant, add value, and enable our people to succeed.

## HOW YINSON MANAGES OUR HUMAN CAPITAL



## GOALS

Zero health and safety issues across our assets.	Achieve leadership position as employer of choice.	Enhance employees’ growth and development to support sustainable business growth.
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## HUMAN CAPITAL

<span style="background-color: white; color: #003366; border-radius: 50%; padding: 2px 5px; font-weight: bold;">MH1</span> MATERIAL TOPIC: HUMAN CAPITAL DEVELOPMENT	
<p><b>DEFINITION OF MATERIAL TOPIC</b></p> <p>Maintain our standing as an employer of choice through utilising competitive programmes that attract, retain and reward employees.</p>	<p><b>IMPACTS</b></p> <div style="display: flex; align-items: center; gap: 10px;"> <div style="display: flex; gap: 5px;"> <div style="background-color: #c00000; color: white; padding: 2px 5px; font-size: 8px; font-weight: bold;">4</div> <div style="font-size: 8px; font-weight: bold;">QUALITY EDUCATION</div> </div> <div style="display: flex; gap: 5px;"> <div style="background-color: #c00000; color: white; padding: 2px 5px; font-size: 8px; font-weight: bold;">5</div> <div style="font-size: 8px; font-weight: bold;">GENDER EQUALITY</div> </div> <div style="display: flex; gap: 5px;"> <div style="background-color: #c00000; color: white; padding: 2px 5px; font-size: 8px; font-weight: bold;">8</div> <div style="font-size: 8px; font-weight: bold;">DECENT WORK AND ECONOMIC GROWTH</div> </div> <div style="display: flex; gap: 5px;"> <div style="background-color: #c00000; color: white; padding: 2px 5px; font-size: 8px; font-weight: bold;">9</div> <div style="font-size: 8px; font-weight: bold;">QUALITY INFRASTRUCTURE</div> </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <div style="background-color: #0070c0; border-radius: 50%; padding: 2px 5px; font-size: 8px; font-weight: bold;">S2</div> <div style="background-color: #0070c0; border-radius: 50%; padding: 2px 5px; font-size: 8px; font-weight: bold;">S3</div> <div style="background-color: #0070c0; border-radius: 50%; padding: 2px 5px; font-size: 8px; font-weight: bold;">S4</div> <div style="background-color: #0070c0; border-radius: 50%; padding: 2px 5px; font-size: 8px; font-weight: bold;">S5</div> <div style="background-color: #0070c0; border-radius: 50%; padding: 2px 5px; font-size: 8px; font-weight: bold;">S7</div> <div style="background-color: #0070c0; border-radius: 50%; padding: 2px 5px; font-size: 8px; font-weight: bold;">S8</div> <div style="background-color: #0070c0; border-radius: 50%; padding: 2px 5px; font-size: 8px; font-weight: bold;">S9</div> </div> <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <div style="background-color: #0070c0; border-radius: 50%; padding: 2px 5px; font-size: 8px; font-weight: bold;">GS1</div> <div style="background-color: #0070c0; border-radius: 50%; padding: 2px 5px; font-size: 8px; font-weight: bold;">GS5</div> <div style="background-color: #0070c0; border-radius: 50%; padding: 2px 5px; font-size: 8px; font-weight: bold;">GS6</div> </div>
<p><b>WHY IS THIS TOPIC MATERIAL TO US?</b></p> <p>Dramatic changes to the labour market have caused big shifts in workforce dynamics, with employees placing increasing importance on factors such as workplace flexibility, benefits, working environment, company culture and sustainability performance. Additionally, global skilled labour shortages, including in the oil &amp; gas industry, is causing a fierce competition for talent. Yinson needs to actively work to maintain its standing as an employer of choice in order to continuously attract and retain top level talent. We aim to do this by implementing all facets of our strategy for managing Human Capital, including Reward &amp; Recognition, Resourcing, Talent &amp; Performance Management and Learning &amp; Development.</p>	
<p><b>CHALLENGES</b></p> <ul style="list-style-type: none"> <li>Companies that do not continually review their organisation’s core competencies requirements to suit changing business needs may risk having a workforce that is unable to deliver business commitments.</li> <li>Inability to retain employees may result in loss of knowledge and competencies, higher costs incurred to hire/retrain replacements and a decrease in employee morale due to overwork.</li> <li>High employee attrition may lead to reputational risk, compromising a company’s ability to attract talents moving forward.</li> <li>Companies who do not effectively manage succession planning may risk having vacancies in critical roles.</li> <li>Companies that do not continually invest in employee wellbeing, learning &amp; development, performance management and other retention measures could risk talent departure.</li> </ul>	<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>Constantly investing in employee talent development will ensure the workforce is able to meet demand for new skills and capabilities needed to deliver business strategies.</li> <li>New business opportunities and greater value may be unlocked from training and empowerment of employees.</li> <li>A strong reputation as a company that prioritises human capital development may provide a competitive edge when attracting talent.</li> <li>Companies which engage with, appreciate and take care of their employees are more likely to retain them even if poached by a competitor.</li> </ul>
<p><b>Management approach</b></p>	
<p><i>HR Transformation Plan</i></p> <p>Yinson continues to roll out our HR Transformation Plan, which aims to provide employee-driven solutions that are relevant, add value and enable our people to succeed. The Plan aims to establish global consistency, deliver HR solutions that can be enacted locally across our global offices, leverage on digitalisation and create agile HR framework that can adapt through change. This transformation journey is driven by the Group HR function with support from Senior Management and all business leaders.</p> <p>Some of the key milestones in our HR transformation journey includes:</p> <ul style="list-style-type: none"> <li>Enhancement of HR governance documentation including Employee Handbook, Grievance Policy, Disciplinary Policy, Group Travel and Expenses Policy &amp; Procedure and Succession Planning and Management Policy &amp; Procedure.</li> <li>Launch of our LMS to host and manage learning resources for all employees.</li> <li>Launch of the Global HRIS as a single, unified HR solution for the company. The Global HRIS will be expanded to include performance management, recruitment &amp; onboarding, succession &amp; compensation.</li> <li>Embarked into the Total Rewards Strategy Project to review the Group’s approach to rewards across the business.</li> <li>Establishment of Yinson Future of Work Philosophy outlining the management’s commitment to provide richness of choice, flexibility and autonomy to our leaders, teams and employees.</li> </ul>	
<div style="display: flex; align-items: center;"> <p>People Review, pg 82</p> </div>	



## HUMAN CAPITAL

### *Diversity, Equality & Inclusion*

A strong commitment to DEI underpins our HR Transformation Plan. We believe that our diversity is our strength, and it helps us to excel on a global playing field. Our DEI Policy guides our approach to strengthen our diversity objective, ensuring an open and all-inclusive working environment for our employees.



*Diversity, equality & inclusion, pg 84*

### *The wellbeing of our people*

We aim to create a working environment where our people can feel safe, happy and free from the worries of health-associated risks. We believe when the wellbeing of our employees and their families are taken care of, our people will be able to deliver their best work. For example, great effort was taken during periods of remote working to care for and engage with our employees, to minimise the effects of fatigue and stress on employees' physical and mental health. As restrictions lifted, we began a phasic approach to reopening our offices, and Yinson continues to support a hybrid working model in our office locations. Yinson also endeavours to create a vibrant work environment that is conducive for collaboration and both physical and mental wellbeing.



*Work-life balance, pg 92; The wellbeing of our people, pg 94*

### *Talent acquisition*

Yinson has built our leadership position in ESG and sustainability, allowing us to build a strong employer brand as a company that cares about the environment, our people and our communities. We believe our industry-leading sustainability practices, complemented with stable financial performance and strong corporate governance track record, are key to attracting a skilled and motivated workforce whose values align to ours.

We are committed to supporting the local workforce in the areas that we operate, in order to strengthen the local economy and enable transfer of talent. We believe this creates a healthy operating environment in order for us to continue growing and thriving.

Yinson also believes in investing in the emerging generation through our internship and graduate programmes. In FYE 2022 we ran such programmes in Ghana, Malaysia, Singapore and Norway as part of our commitment to building the local workforce and building the next line of leadership within the company.



*Local workforce, pg 88; Talent acquisition, pg 94*

### *Talent retention*

Yinson aims to have an effective and comprehensive retention strategy that encompasses all aspects of an employee's career and wellbeing. These include having a solid learning & development programme, reward & recognition scheme, and performance management systems and processes. We also aim to make our hybrid work model even more attractive, allowing greater flexibility for our people to pursue their personal and professional interests. Further, we will work on continually enhancing our DEI practices and organisational culture to help our people appreciate each other's uniqueness and ability to contribute towards the same vision and mission.



*Reward & recognition, pg 89; Talent retention, pg 95*

HUMAN CAPITAL

**MH2 MATERIAL TOPIC: OPERATIONAL HEALTH & SAFETY**

**DEFINITION OF MATERIAL TOPIC**  
 Provision of secure working conditions and systems to safeguard human health and wellbeing in all operations.

**IMPACTS**

S1 S2 S3 S4 S5 S6 S7 S8 S9  
 S10 GS1

**WHY IS THIS TOPIC MATERIAL TO US?**  
 As a player in the offshore production industry, Operational Health & Safety is a key topic of concern, as any major safety incidents on any of our assets could result in injury or loss of life, asset or environmental damage or financial and reputational impact. A robust HSE regime is able to keep our crew safe and prevent major safety incidents, protecting Yinson from financial, operational, reputational and legal ramifications. This theme is supported by continuous improvements that are undertaken by the HSEQ Department.

**RISKS**

- Lapses in HSE regime may result in safety incidents, or in the very worst scenario, loss of life, which could have catastrophic financial, operational and reputational impacts on a business.
- Poor HSE performance may have negative operational impact such as damaged assets, loss of uptime, while financial impact can be seen through cost required for crew recovery or asset repair.
- This material topic is a basic necessity for the industry, hence doing well may yield rapidly diminishing marginal benefits.

**OPPORTUNITIES**

- A robust HSE regime keeps offshore personnel safe and prevents the occurrence of major incidents, leading to higher stakeholder confidence in the company.
- A strong HSE record can be a key differentiator in the FPSO business when it comes to securing financing, as investors, bankers and lenders scrutinise a company's safety performance as part of their due diligence process.
- Strong HSE performance leads to reduced downtime – and thus better reliability of our assets and people-related processes.
- Leveraging technological innovations such as real-time sensors and remote monitoring may yield further improvements in a company's HSE performance – a further differentiator that could set an FPSO contractor apart from its competition.

**Management approach**

Yinson is committed to safeguarding the health and safety of our employees, subcontractors and assets, as well as minimising Yinson's environmental impact. Yinson takes all measures to control risks, yet we understand that emergencies can still happen. Our goal is to have zero health and safety issues across our assets.

*HSE governance*

Yinson's HSE governance framework starts at the top, with our Senior Management taking on responsibility for internal HSE governance. HSE performance and initiatives are reported to Senior Management monthly. Our Health & Safety Policy guides Yinson's commitment to the highest standards with respect to HSE matters. Yinson applies an integrated HSE Management System which outlines key procedures for identifying, analysing, evaluating and managing requirements in accordance with both HSE and quality standards. The HSE Management System conforms to all guidelines and standards established for our industry, and is certified to ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018.

*Industry-leading operations and safety performance, pg 104; People review, pg 83*

*Operationalising HSE*

In terms of HSE, contractors are covered by the same principals, procedures and targets applicable to our employees. Safety controls of our operations are safeguarded by a robust framework which includes:

- HSE Coordination Committee is tasked with formulating and coordinating activities as per HSE requirements, providing oversight of hazardous works, monitoring of HSE performance and reviewing issues.
- Pre-screening and pre-qualification of vendors through our VRP.
- HSE Manual and Project HSE Plans outlines requirements for compliance to all applicable HSE regulations, standards, codes, recommendations and guidelines as per statutory, government or other applicable regulations.
- Regular safety training and development programme.
- HSE Reporting, which adopts Kelvin TOP-SET methodology for incident investigation.

## HUMAN CAPITAL

External HSE Audits are held in accordance to all applicable industrial standards. Yinson Production adheres to the ISO standards of which we are certified and Regulus Offshore adheres to the ISM Code. Our internal HSE audits are conducted annually covering offices, all offshore and marine assets.

### *Emergency response programmes*

The nature of our industry requires that we commit towards managing emergencies, however unlikely they may be. Our approach towards emergency response programmes are set out within our ISO 45001-certified HSE Management System and include the following elements:

1. Define Situation of Hazard and Accidents
2. Emergency preparedness programmes
3. Emergency response plans
4. Local emergency response teams



Scan this QR code for more information on how we operationalise HSE and our emergency response programmes




### *Safety Culture Transformation programme*

We believe the most effective way to prevent mistakes from escalating into major incidents is to build a culture where our people embrace failure. Yinson has been working systematically to develop and improve our safety culture since 2015. The SAYFR Framework was adopted to measure and benchmark our safety culture performance against the best performers in the industry. Our structured and diligent work over the years have resulted in a very high safety culture in the organisation. We continue to implement the latest SAYFR methodologies and digital tools to further enhance our safety culture and create a flexible learning environment. In FYE 2022, our offshore and onshore crew leaders took part in "X-lab Workshops" facilitated SAYFR safety experts, where safety leadership behaviours and dilemmas were explored and discussed.



HSE performance, pg 99; Industry-leading operations & Safety Performance, pg 104; Sustainability in our operations & projects, pg 123

HUMAN CAPITAL

<span style="background-color: white; color: #1a3d54; border-radius: 50%; padding: 2px 5px; font-weight: bold;">MH3</span> MATERIAL TOPIC: HUMAN & LABOUR RIGHTS	
<p><b>DEFINITION OF MATERIAL TOPIC</b>                  Maintenance of key principles relating to HLR standards as those defined by international conventions.</p>	<p><b>IMPACTS</b></p> <div style="display: flex; align-items: center; gap: 10px;"> <div style="display: flex; flex-direction: column; gap: 5px;"> <div style="background-color: #c00000; color: white; padding: 2px; font-size: 8px; font-weight: bold;">8 SOCIAL INEQUALITY AND ECONOMIC GROWTH</div>  </div> <div style="display: flex; flex-direction: column; gap: 5px;"> <div style="background-color: #e67e22; color: white; padding: 2px; font-size: 8px; font-weight: bold;">9 INDUSTRY TRANSITION AND INFRASTRUCTURE</div>  </div> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="background-color: #00a0c0; border-radius: 50%; padding: 2px 5px; font-size: 8px; font-weight: bold;">S1</div> <div style="background-color: #00a0c0; border-radius: 50%; padding: 2px 5px; font-size: 8px; font-weight: bold;">S2</div> <div style="background-color: #00a0c0; border-radius: 50%; padding: 2px 5px; font-size: 8px; font-weight: bold;">S3</div> <div style="background-color: #00a0c0; border-radius: 50%; padding: 2px 5px; font-size: 8px; font-weight: bold;">S4</div> <div style="background-color: #00a0c0; border-radius: 50%; padding: 2px 5px; font-size: 8px; font-weight: bold;">S5</div> <div style="background-color: #00a0c0; border-radius: 50%; padding: 2px 5px; font-size: 8px; font-weight: bold;">S7</div> <div style="background-color: #00a0c0; border-radius: 50%; padding: 2px 5px; font-size: 8px; font-weight: bold;">S8</div> <div style="background-color: #00a0c0; border-radius: 50%; padding: 2px 5px; font-size: 8px; font-weight: bold;">S9</div> <div style="background-color: #00a0c0; border-radius: 50%; padding: 2px 5px; font-size: 8px; font-weight: bold;">S10</div> </div> <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <div style="background-color: #00a0c0; border-radius: 50%; padding: 2px 5px; font-size: 8px; font-weight: bold;">GS1</div> <div style="background-color: #00a0c0; border-radius: 50%; padding: 2px 5px; font-size: 8px; font-weight: bold;">GS5</div> </div>
<p><b>WHY IS THIS TOPIC MATERIAL TO US?</b>                  Basic human rights and fair employment are fundamental aspects of any responsible business. These basic rights are based on the principles of dignity, fairness, respect and equality. Human rights offers a common framework to understand societies' expectations and deliver value to stakeholders in a more sustainable way. At Yinson, we support and respect the observance of human rights in all our operations. It refers to the fair and humane treatment of all employees; treating everyone with respect, and having zero tolerance for discrimination, harassment or bigotry. Additionally, it is imperative that we maintain fair employment, fair remuneration and diversity in the workplace. Fair business and employment practices foster a productive work environment and an atmosphere of trust among employees, suppliers, and other stakeholders. At the same time, diversity pushes innovation through the exchange of perspectives and experiences.</p>	
<p><b>CHALLENGES</b></p> <ul style="list-style-type: none"> <li>Non-adherence to HLR standards could give rise to lawsuits and long-term reputational harm.</li> <li>A company with poor HLR standards may not be able to attract and retain employees.</li> <li>A company with a poor HLR standards may experience lower stakeholder confidence, resulting in challenges such as securing new sources of funding, lower governance scores, exclusion from sustainability indexes and losing out on business opportunities.</li> </ul>	<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>Good HLR practices will help protect brand equity, with reputational risks safeguarded.</li> <li>Fair employment considerations such as diversity and inclusivity may lead to reputational uplifts, attracting talent from a wide spectrum of backgrounds and cultures.</li> <li>HLR performance is an important ESG consideration, thus contributes to inclusion in sustainability indexes and other sustainability-linked business opportunities including funding.</li> <li>HLR performance is an important criteria in the selection of business partners and vendors, as well as during project bids, with international companies increasingly emphasising it as a pre-requisite for eligibility.</li> </ul>
Management approach	
<p>At Yinson, we adhere to Yinson's HLR Policy which demonstrates our commitment to international human rights principles which include among others, the Universal Declaration of Human Rights and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. Further, we observe the MNE Declaration where we actively implement Group-wide measures to avoid causing or contributing and to prevent and remedy violations of HLR where identified. The objective of our commitment is to ensure our activities are governed by human rights principles and applied to all employees, contractors and any third party across our operations. This extends to the rights of host communities, contracted partners, employees, and all other stakeholders which whom we interact across our value chain.</p> <p>Yinson treats all employees fairly and honestly. We adhere to all relevant labour laws that protect employees' rights, including providing competitive salaries and benefits. We also do not tolerate or engage in forced labour in any form including modern slavery in any shape. At Yinson, we respect the rights of our employees to freedom of association, freedom of opinion and expressions and collective bargaining.</p> <p>As we continue to expand globally, Yinson embraces the different backgrounds of all employees. DEI underpins our HR Transformation Plan, and we are committed to upholding these principles to provide an open and all-inclusive working environment where our employees feel safe to speak up without fear of discrimination. To promote equality, our HR Transformation Plan has taken a proactive approach towards equitable pay. We have reviewed our current approach to rewards across the business under the Total Rewards Strategy Project. A Group-wide total rewards philosophy is currently being formulated with detailed action plan for equitable pay being developed.</p>	
<p> <i>Compliance of our supply chain &amp; third parties, pg 73; Vendors &amp; suppliers, pg 128</i></p>	

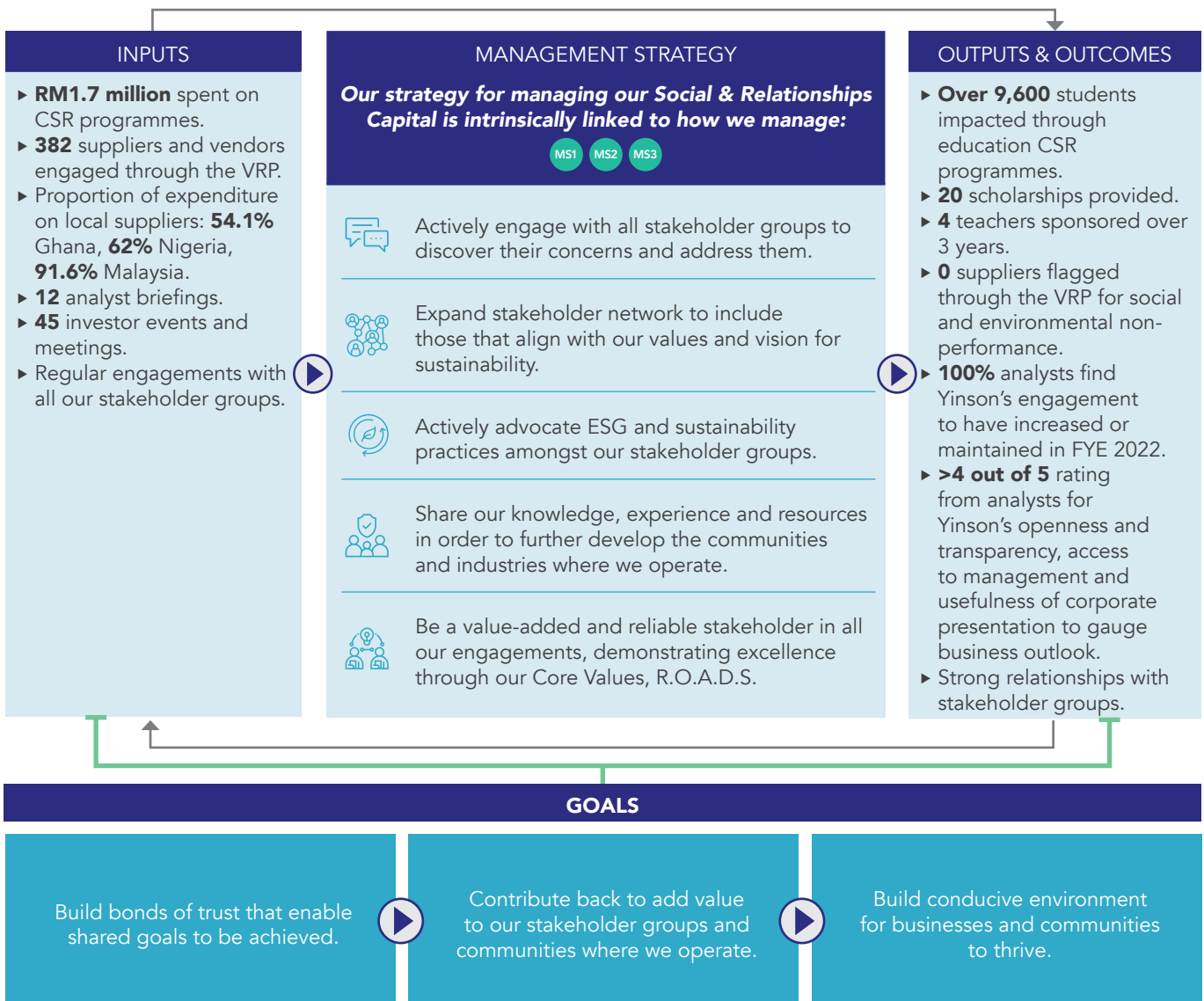


# SOCIAL & RELATIONSHIPS CAPITAL

**Social & Relationships Capital refers to the institutions and relationships within and between communities, groups of stakeholders and other networks, and the ability to share information to enhance individual and collective wellbeing.**

‘Sustainable Supply Chain’, ‘Client Relationships’ and ‘Community Engagement’ are three of Yinson’s material topics, identified during our materiality assessment. The first topic was identified as a topic that can add operational value to Yinson, while the second and third were identified as foundation topics for Yinson. Our ecosystem of stakeholders play a vital role in our long-term success, as they provide our social license to operate. Through active and meaningful engagement with our stakeholders, we aim to build the bonds of trust that will enable our shared goals to be achieved, which in turn helps to build a conducive environment for businesses and communities to thrive.

## HOW YINSON MANAGES OUR SOCIAL & RELATIONSHIPS CAPITAL



## SOCIAL & RELATIONSHIPS CAPITAL

<span style="background-color: white; color: #1a3d54; border-radius: 50%; padding: 2px 5px; font-weight: bold;">MS1</span> MATERIAL TOPIC: SUSTAINABLE SUPPLY CHAIN MANAGEMENT	
<p><b>DEFINITION OF MATERIAL TOPIC</b>                      Management of suppliers and contractors to ensure sustainability principles are upheld within the value chain.</p>	<p><b>IMPACTS</b></p> <div style="display: flex; align-items: center;"> <div style="display: flex; gap: 5px;"> <div style="background-color: #c00000; color: white; padding: 2px; font-size: 8px; font-weight: bold;">8 SOCIAL INEQUALITY AND ECONOMIC GROWTH</div> <div style="background-color: #e67e22; color: white; padding: 2px; font-size: 8px; font-weight: bold;">9 INDUSTRY TRANSITION AND INFRASTRUCTURE</div> </div> <div style="margin-left: 10px;"> </div> </div>
<p><b>WHY IS THIS TOPIC MATERIAL TO US?</b>                      As we have long-term commitments in the countries where we operate, we continuously work to strengthen our supply chain, as this is crucial to the continuity of our business. The sustainability performance of our vendors and suppliers are important considerations during vendor selection, as we firmly believe that this indicates their ability to remain resilient amid changing circumstances. Developing our supply chain's understanding and capabilities in ESG is a significant way to enhance business productivity and improve sustainability. A supply chain that aligns with our focus on sustainability shares our goals for a better future. This shared understanding sets a firm foundation on which collaborations can be built.</p>	
<p><b>CHALLENGES</b></p> <ul style="list-style-type: none"> <li>Suppliers who have poor sustainability performance are more likely to experience disruptions to their operations, in turn affecting their client's operations.</li> <li>Suppliers, and by extension their clients, may experience reputational damage due to lapses in ESG practices.</li> </ul>	<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>Companies who actively advocate sustainability practices in their supply chain can increase the overall sustainability of the industry and community.</li> <li>Having a sustainable supply chain may uncover potential for innovation and market differentiation.</li> <li>Companies who take a firm stance on the sustainability of their supply chain can gain reputational advantages that can increase the attractiveness of the business to potential clients, investors and employees.</li> </ul>
<p><b>Management approach</b></p>	
<p>Over the years, Yinson has continually enhanced our vendor pre-qualification assurance and vendor performance capabilities with regards to ESG performance. In FYE 2021, we further enhanced our ISO 9001-qualified VRP to include the following: an ESG Module, country specific forms to registration sites (Regulatory data), supplier annual updates on key focus areas, remote support question set, clarifications on safety and compliance and finance question sets, and improved functionality (insurance and ABAC and sustainability rules and Yinson Categories of Supply). Alongside commercial considerations, ESG considerations form part of the screening done through the VRP, with criteria including third party sanctions and negative media monitoring, HSEQ risk assessments, employee training, adequacy of health and safety management systems, fair labour practices, safety culture and pollution prevention. We require all vendors to comply with Yinson's ABAC Policy and provide an ABAC declaration as part of the registration and pre-qualification process in the VRP. In addition, we further require our high-risk vendors to complete an online training and an assessment to ensure they understand Yinson's stance on ABAC matters.</p> <p>We also carry out ESG engagements with vendors that are flagged through our VRP as not meeting our established criteria. When flagged, Yinson's compliance personnel will engage with vendors for reconciliation exercises, and work with the vendors towards completing the assessment process.</p> <p>In March 2022, we released a new ESG module that is benchmarked to global standards and methodologies including GRI, ISO, CDP, TCFD, WEF and SASB standards.</p>	
<p> <i>Compliance of our supply chain &amp; third parties, pg 73; Vendors &amp; suppliers, pg 128</i></p>	

SOCIAL & RELATIONSHIPS CAPITAL

**MS2 MATERIAL TOPIC: CLIENT RELATIONSHIPS**

**DEFINITION OF MATERIAL TOPIC**

Maintenance of relationships with Yinson’s business partners and clients to ensure mutual success.

**IMPACTS**



S1 S2 S3 S4 S6 S9 S9 S10 GS3

**WHY IS THIS TOPIC MATERIAL TO US?**

Our clients in our offshore and renewables businesses are key stakeholders for the Group, as they currently provide our primary revenue streams that allow us to deliver our projects, operate and grow. Our client relationships are long-term, for example, the tenure of our contracts with some of our offshore production and renewables clients are more than 20 years long. Throughout the contract tenure, continual engagement is essential to ensure that we continue to meet our contractual obligations amid a changing external environment. Additionally, strong client relationships can open the doors to opportunities to innovate new solutions, expand on business networks and advocate on shared concerns such as climate change.

**CHALLENGES**

- Lack of engagement with clients can cause a mismatch in expectations, leading to unfulfilled contractual obligations and expectations, further risking litigation, financial and reputational ramifications.
- Poor client relationships can cause a drop in client confidence, leading to loss of future business opportunities.

**OPPORTUNITIES**

- Good client relationships can enhance operational, financial and reputational performance, leading to improved efficiencies and cross-learning opportunities.
- Strong client relationship management promotes business growth through future collaboration opportunities, network expansion and innovation of new solutions.
- An open relationship based on trust and common goals allows companies to better manage unplanned situations, as it enables quick decision-making.

**Management approach**

Partnering with the right clients is the first step in how we manage client relationships. We seek to conduct our business with reputable clients, which allows us to limit or remove counterparty risks. The majority of our key clients are investment grade or large national oil companies. We also seek like-minded clients who share our values of ESG and sustainability. We believe these foundations allow us to have meaningful, long-term and value-adding client relationships.

We engage regularly with our clients in order to find out and address their key areas of concern, which were highlighted in our recent materiality assessment as operational excellence and meeting our contractual obligations. We communicate openly and transparently with clients on these areas of concern through regular engagement including scheduled reports, kick-off and milestone meetings, regular communications and dialogue, site visits and stakeholder engagement events.

We also seek to add additional value to our clients wherever possible. For example, in line with our desire to contribute to the mitigation of climate issues, we have included low emission technologies in our FPSO designs for our clients’ consideration. The successful implementation of these designs leverage on our close working relationship with our clients.



*Leading the way with responsible solutions, pg 103; Charter contracts, pg 81; Clients, pg 125*

**MS3 MATERIAL TOPIC: COMMUNITY ENGAGEMENT**

**DEFINITION OF MATERIAL TOPIC**

Collaboration with local communities where we have operations on social projects that benefit the wider public.

**IMPACTS**



S1 S2 S7 S8 S9 S10 GS1

**WHY IS THIS TOPIC MATERIAL TO US?**

Community engagement helps create foster long-term trust and growth. Through empowerment and proactive contribution to our host communities, we reinforce our commitment to creating shared value between Yinson, the community and the environment. A good standing in our local communities provides us with the social license to operate. Our CSR programmes are guided by two core principles of environmental conservation & preservation and quality education. Helping to develop a skilled local workforce and keeping the natural environment healthy contributes to the sustainability of the operating environment, allowing Yinson to operate efficiently for the long run. Community involvement also helps with employee satisfaction, providing our people with purpose and fulfilment.

## SOCIAL & RELATIONSHIPS CAPITAL

<p><b>RISKS</b></p> <ul style="list-style-type: none"> <li>• Failure to maintain good relationships with local communities may lead to localised conflicts and reluctance to support the company, affecting operations and reputation.</li> <li>• A lack of understanding of local community concerns could result in ill-considered business decisions.</li> </ul>	<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• Good community practices enable the company to attract and retain local talent.</li> <li>• A social license to operate allows companies to add value to the local community, creating a sustainable operating environment.</li> <li>• Meaningful engagement enables companies to understand concerns from different communities in different operating areas, enabling companies to respond and improve.</li> <li>• Good community engagement promotes good reputation and branding.</li> <li>• Social work can be a key differentiator for businesses, providing a competitive advantage.</li> </ul>
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### Management approach


As a global organisation whose operations touch the lives of individuals all over the world, we are committed to good corporate citizenship in every community we operate in. Our CSR programmes are designed to support Yinson’s CSR mission, which includes:

- Promoting quality education and effective learning.
- Promoting education through sport.
- Providing skills improvement and training opportunities to meet the demands in the energy industry.
- Promoting environmental conservation and rehabilitation.

Our CSR objectives are to:

- Create long-term positive outcomes in our communities and the environment.
- Create shared value between Yinson, the communities and the environment.
- Be a corporate leader in the community where we operate.
- Encourage Yinson employees to actively participate in CSR initiatives.

CSR activities at Yinson are driven by our CSR Committee, which comprises one representative from each country office. The committee meets monthly to receive updates and review proposed CSR programmes submitted by Yinsonites. Every Yinsonite is encouraged to nominate and champion CSR activities in the local community. Yinson collaborates with various stakeholders to offer impactful community solutions. Our community programmes aim to create value for all parties involved, including NGOs, collaborators and society at large. We strive to sustain long-term impact through ongoing interventions. A summary of our CSR programmes in FYE 2022 are elaborated in the Group CEO Review, with a full list of our CSR activities over the years found on our website.

 *Driving local impact, pg 47; Local workforce, pg 88; Local communities, pg 127*



Scan this QR code to read about all Yinson’s CSR efforts



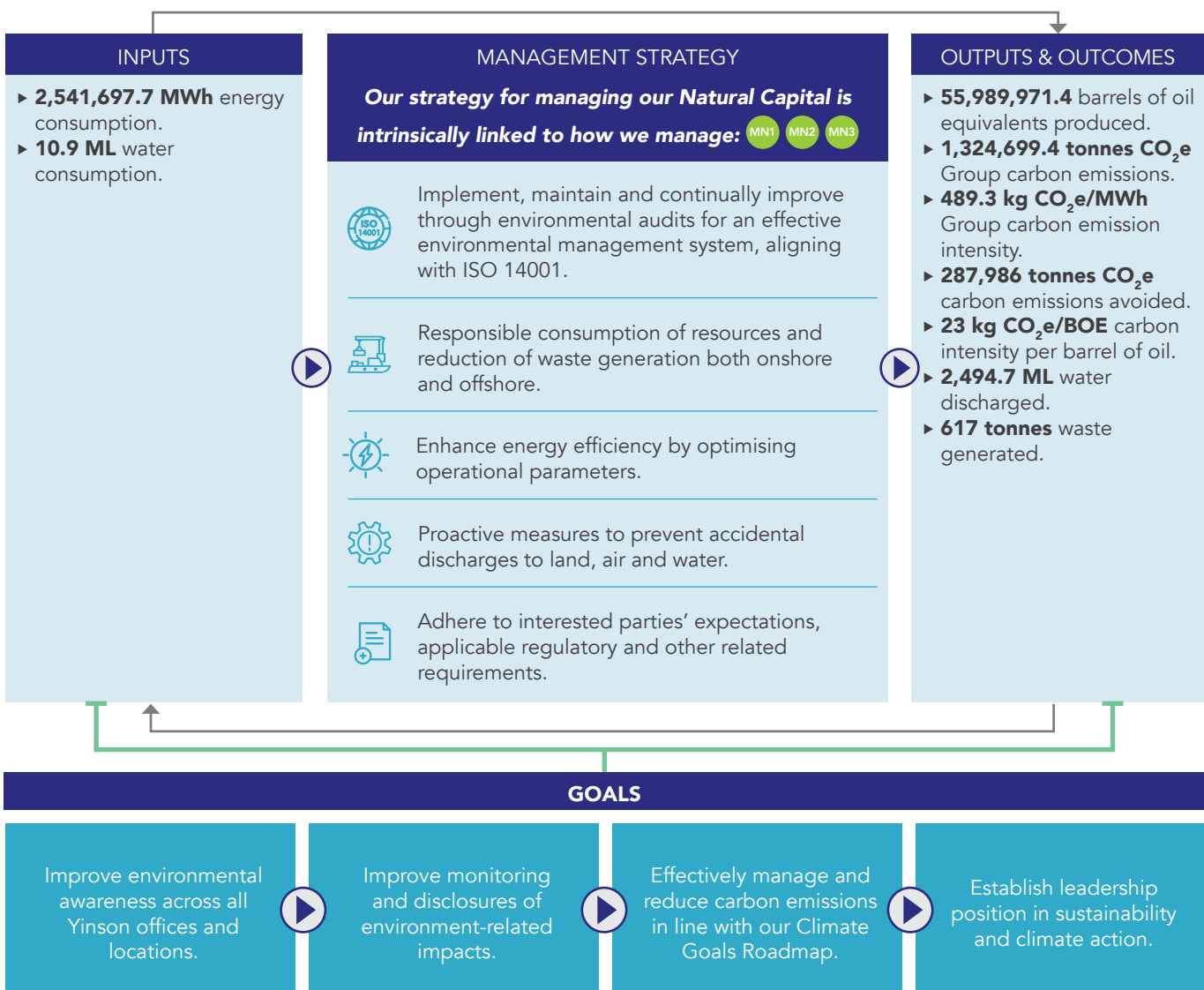
# NATURAL CAPITAL

**Natural Capital consists of all renewable and non-renewable environmental resources and processes that provide goods or services that support the past, current or future prosperity of an organisation.**

‘Climate Change & Greenhouse Gas Emissions’, ‘Environmental Stewardship’ and ‘Waste & Pollution Management’ are three of Yinson’s material topics, identified during our materiality assessment. ‘Climate Change & Greenhouse Gas Emissions’ was identified as one of Yinson’s most material topics, and where we have the highest potential to lead. ‘Waste & Pollution’ was identified as a topic that can add operational value to Yinson, whereas ‘Environmental Stewardship’ is a foundation topic for us. Our strategy for managing our Natural Capital focuses on improving awareness internally and across our value chain, implementing innovative solutions for lowering our environmental impact, improving our environmental monitoring and disclosure and establishing a leadership position in sustainability.

Yinson is committed to ensure the accuracy and integrity of information and underlying operational processes, to improve the quality of our decision-making processes. We undertake internal and external environmental audits regularly to ensure environmental performance.

## HOW YINSON MANAGES OUR NATURAL CAPITAL



NATURAL CAPITAL

**MN1 MATERIAL TOPIC: CLIMATE CHANGE & GREENHOUSE GAS EMISSIONS**

**DEFINITION OF MATERIAL TOPIC**  
 Integration of climate-related considerations into business strategies, as well as limiting the generation of carbon emissions from all operations.

**IMPACTS**

S1 S2 S3 S4 S5 S6 S7 S8 S9  
 GS1 GS2 GS3 GS6

**WHY IS THIS TOPIC MATERIAL TO US?**  
 Many key sustainability risks that are financially material are climate-related. Hence, climate change forms a large portion of sustainability risk in Yinson's business. We recognise that we cannot manage what we do not measure. Therefore, carbon accounting and GHG emissions is one of the topics that we focus on in our engagements with our stakeholders. Acknowledging the business' vulnerability to the impact of climate change is a critical consideration when making strategic business decisions, as it has a material effect on our performance, reputation, operating environment, supply chain and overall long-term business sustainability.

- CHALLENGES**
- The maturity and feasibility of many climate technologies are not yet established, which may lead to higher costs and risk of failure for early adopters.
  - It may become increasingly challenging and expensive to source high-quality carbon offsets which are independently verified, which could affect an organisation's ability to achieve its climate goals.
  - Companies that do not manage and disclose their GHG emissions well may face added stakeholder pressure, eventually affecting their reputation and ability to operate.
  - Poor management and disclosure of GHG emissions can result in exclusion from sustainability indexes, business and financing opportunities.
  - The workforce is increasingly seeking climate-responsible employers, which will cause issues with employee attraction and retention for companies that do not manage their climate risk well.

- OPPORTUNITIES**
- Factoring climate change considerations into decision-making will strengthen strategic planning capabilities, resulting in business models that are resilient and lead to sustainable growth trajectories.
  - Early adopters and innovators of climate solutions and technologies may have a headstart in their GHG reduction journey, establishing their leadership position in this area.
  - There is potential to commercialise climate solutions and technologies towards achieving global climate targets.
  - Businesses that generate high quality carbon credits may reap financial benefits.
  - Good management of GHG and climate matters can boost a company's reputation, whilst increasing the company's attractiveness as an employer and client.
  - Good management of GHG and climate matters opens up new business and financing opportunities.

**Management approach**

*Data monitoring & verification*

Yinson accounts for and reports Scopes 1, 2 and 3. We are committed to ensuring the adoption of appropriate calculation methodologies in order to maintain the integrity of information disclosed. Our methods are based on internationally recognised practices and standards such as EEMS, Greenhouse Gas Protocol, ISO 14064 and IPIECA. We also conduct verification of our FPSO operations' GHG emissions with a third-party verifier, which is available on our website.



Scan this QR code to view the verification statement on our GHG emissions

Our offshore production division is the Group's largest emitter of GHGs, thus great focus is devoted to monitoring, verifying and disclosing its emissions. When reporting on emission from our FPSOs, we consider:

- GHG emissions from FPSOs, such as fuel gas and MGO consumption, flaring and production volumes.
- Energy consumption on FPSOs, which is the energy content of the hydrocarbon fuel used to produce electricity, heat, steam, etc.
- Cold venting from cargo tanks.

A detailed elaboration on the scope of these emissions, as well as the calculation methodology and ratios used, are detailed in the GHG Methodology & Verification section of our Sustainability Statement.

*GHG methodology & verification, pg 134*

## NATURAL CAPITAL

### *Improving the quality of our disclosures*

Climate disclosure standards are constantly evolving, with both the scientific and business communities maturing in their understanding of emissions and in line with changing global trends. As a company that strives to demonstrate sustainability leadership, Yinson aims to improve the quality of our emissions disclosures in line with latest standards, in order to reflect a transparent picture of our climate action journey.

In line with this, we have adjusted our GHG consolidation approach from equity share to operational control, and reclassified the accounted emissions for FYE 2022 and moving forward. Yinson reassessed the selection of consolidation approach due to several reasons as follows:

- To align with the industry best practices and to be comparable to our peers.
- To reduce any potential double counting of Scopes 1 and 2 emissions among clients, suppliers and partners.
- To identify the areas of operations and emissions where Yinson has direct control.

We also discovered an error in our disclosure for the total emissions during a third party assurance, which caused a variance of less than 1%. With this, we have restated our GHG emission for FYE 2021, which has been verified by DNV.

Details on the reclassification and restatement is elaborated in further detail in our Sustainability Statement.



*GHG methodology & verification, pg 134*

### *Stakeholder advocacy & engagement*

As a responsible business owner, we acknowledge the importance of accounting Scope 3 emissions. Therefore, further engagements will be conducted with clients to understand the collaboration effort and partnership required to reduce the emissions of these FPSOs.

There is currently a shrinking pool of skilled FPSO contractors and a significant increase in project awards this year, resulting in a strong FPSO market. This market positioning gives Yinson greater opportunities to engage with potential clients to warm up to the idea of lower emissions FPSOs. As a Group that has sustainability at our core and that has set the lowering of our fleet's emissions as a non-compromisable KPI, we believe we bring the extra edge when it comes to executing FPSO products in line with the evolving trends of the energy transition. As such, we will continue to engage with potential clients on low emission designs for our FPSOs and current clients on the possibility of including low emission technologies onboard our current assets.



*Climate Action: No longer a luxury but a necessity, pg 41; Embracing the Energy Transition, pg 43; Leading the way with responsible solutions, pg 103*

Our climate initiative performance has been identified as a key area of concern for many of our stakeholder groups. For our bankers & lenders, how we manage our climate risk and GHG emissions helps them to gauge our long-term outlook and how well we are insulated against potential crisis. For our Government & regulatory bodies, meeting environmental performance standards provides us with our regulatory license to operate. Thus we frequently engage with our stakeholder groups on this topic, as listed in our Stakeholder Engagement section.



*Our approach to stakeholder engagement, pg 124*

### *Reducing our carbon emissions*

Yinson has set an ambitious target to achieve carbon neutrality by 2030 and net zero by 2050, in which it covers emissions from Scopes 1 and 2. We aim to reduce Scopes 1 and 2 emissions from our operating assets and increase the utilisation of renewable energy in our operations. Apart from reducing carbon emissions in our operations, Yinson also focuses on purchasing high quality carbon credits to compensate for the emissions in our operations. Yinson will continuously revisit the strategy as carbon removal technologies such as CCUS and DAC solutions become technologically and economically feasible.

NATURAL CAPITAL

Yinson recognises the importance of Scope 3 emissions and our role in the value chain to reduce emissions on a global scale. Yinson is looking to have close partnerships and regular discussions with our clients to further reduce Scope 3 emissions, especially emissions from downstream leased assets. We are also expanding supplier engagement through our VRP to further understand Scope 3 emissions accounting in our value chain.



Compliance of our supply chain & third parties, pg 73; Sustainable supply chain management, pg 157; Client relationships, pg 158

**MN2 MATERIAL TOPIC: WASTE & POLLUTION MANAGEMENT**

<p><b>DEFINITION OF MATERIAL TOPIC</b> Responsible management of materials from acquisition to waste disposal that relate to the achievement of our business goals.</p>	<p><b>IMPACTS</b></p>
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**WHY IS THIS TOPIC MATERIAL TO US?**  
Waste and pollution are byproducts of Yinson’s business operations that can have a significant negative impact on our surrounding natural environment and biodiversity if not managed well. Waste and pollutants from our offshore operating assets need to undergo highly specialised handling procedures, due to the specific nature of the waste as a byproduct of oil & gas production; as well as the asset’s position of being out at sea, i.e. with limited access to waste disposal infrastructure on land. Management of waste and pollutants is highly regulated, and needs to be adhered to in order to receive our regulatory license to operate. Managing this material topic well contributes to the creation of natural surroundings that are more conducive to business activities in terms of health and wellbeing, smooth business operations and positive brand recognition.

<p><b>RISKS</b></p> <ul style="list-style-type: none"> <li>• Poor waste and pollutant management results in a natural environment that is polluted, causing health &amp; wellbeing issues and loss of biodiversity, with long-term effects on the balance of the natural ecosystem – indirectly impacting business operations.</li> <li>• Poor waste and pollutant management affects brand reputation and performance against ESG indicators, making a company less attractive to skilled talent, investors and other stakeholders.</li> <li>• A company may face penalties or lose its license to operate if found to be in violation of regulatory standards for waste and pollutant management.</li> </ul>	<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• Good waste and pollutant management contributes to healthier natural surroundings and biodiversity, providing a conducive environment for business operations.</li> <li>• Companies which display strong leadership in managing waste and pollutants can enjoy a strong brand reputation, which is attractive to skilled talent, investors and other stakeholders.</li> <li>• Companies that invest in technologies to monitor and manage their waste and pollutants can establish a competitive edge, as well as contribute to industry improvement in this area as a whole.</li> </ul>
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**Management approach**

*Waste Management Plan*

Yinson Production adheres to the International Convention for the Prevention of Pollution from Ships (MARPOL). The requirements set out in Annex V of the protocol aims to eliminate any discharge of garbage from shipboard operations to the environment. This is achieved by creating vessel-specific Garbage Management Plans to ensure a system for garbage management onboard our assets. The waste onboard is segregated into 11 different categories, among those are plastics, food waste, cooking oil, e-waste and fishing gear, hazardous waste from our operations and cargo residues.

Yinson continuously strives to keep waste or potential pollutants that we may be emitting from operations at a minimum level. Where unavoidable, we seek to ensure all such discharges are properly handled as per guidance from relevant regulatory and best practice approaches.

*Data monitoring*

We cannot manage what we do not measure, hence much focus is placed on ensuring we accurately monitor the waste and pollutants we generate onboard. We monitor and measure waste and pollutants onboard our vessels through our ISO 14001-certified HSE Management System and internal processes detailed within our YMS. Our environmental performance is monitored through dashboards that provide up-to-date, aggregated graphical representations of environmental statistics.

## NATURAL CAPITAL

<span style="background-color: #76b82a; border-radius: 50%; padding: 2px 5px; font-weight: bold;">MN3</span> MATERIAL TOPIC: ENVIRONMENTAL STEWARDSHIP	
<p><b>DEFINITION OF MATERIAL TOPIC</b>                      Advocacy of environmentally-friendly organisational practices including considerations for efficient energy management.</p>	<p><b>IMPACTS</b></p> <div style="display: flex; align-items: center; gap: 10px;"> <div style="display: flex; gap: 5px;"> <div style="background-color: #f1c40f; padding: 2px; font-size: 8px;">7</div> <div style="font-size: 8px;">SUSTAINABLE AND CLEAN ENERGY</div> </div> <div style="background-color: #e74c3c; padding: 2px; font-size: 8px;">8</div> <div style="font-size: 8px;">SECURE WORK AND ECONOMIC GROWTH</div> <div style="background-color: #e67e22; padding: 2px; font-size: 8px;">9</div> <div style="font-size: 8px;">INDUSTRIAL INNOVATION AND INFRASTRUCTURE</div> </div> <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <div style="border: 1px solid #ccc; border-radius: 50%; padding: 2px;">S2</div> <div style="border: 1px solid #ccc; border-radius: 50%; padding: 2px;">S3</div> <div style="border: 1px solid #ccc; border-radius: 50%; padding: 2px;">S4</div> <div style="border: 1px solid #ccc; border-radius: 50%; padding: 2px;">S7</div> <div style="border: 1px solid #ccc; border-radius: 50%; padding: 2px;">S8</div> <div style="border: 1px solid #ccc; border-radius: 50%; padding: 2px;">S9</div> </div> <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <div style="border: 1px solid #ccc; border-radius: 50%; padding: 2px;">GS1</div> <div style="border: 1px solid #ccc; border-radius: 50%; padding: 2px;">GS2</div> <div style="border: 1px solid #ccc; border-radius: 50%; padding: 2px;">GS5</div> <div style="border: 1px solid #ccc; border-radius: 50%; padding: 2px;">GS6</div> </div>
<p><b>WHY IS THIS TOPIC MATERIAL TO US?</b>                      Taking responsibility for our environmental impact contributes towards creating natural surroundings that are more conducive to business activities in terms of health and wellbeing and smooth business operations. It also lowers overall operations costs and improves positive brand recognition, giving us the social license to operate. As a large multinational company, Yinson has the capacity to make a real difference in the promotion and practice of environmental awareness and environmental stewardship. There are also strict regulatory standards that must be complied to which could have regulatory repercussions if not met. The key areas in which Yinson focuses on environmental stewardship are energy, air emissions, water and biodiversity.</p>	
<p><b>RISKS</b></p> <ul style="list-style-type: none"> <li>A natural environment that is polluted and not well-balanced causes health and wellbeing issues in the community and disruption to business operations and daily lives.</li> <li>Unsustainable energy consumption takes a toll on the energy supply chain.</li> <li>Lack of environmental stewardship by businesses can affect biodiversity of the local area, with long-term effects on the balance of the natural ecosystem.</li> <li>Poor environmental stewardship affects brand reputation and performance against ESG indicators, making a company less attractive to skilled talent, investors and other stakeholders.</li> <li>Regulatory penalties and disruptions to operations may occur if companies are found to be in breach of environmental requirements and standards.</li> </ul>	<p><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>Good environmental business practises contribute to healthier natural surroundings for employees and the local community, leading to improved business operations and community wellbeing and preservation of biodiversity.</li> <li>Responsible energy use promotes a more stable and affordable supply chain, contributing to the development of local economy and improved quality of life – leading in turn to a more conducive business operating environment.</li> <li>Companies with strong environmental stewardship and display leadership in this area can enjoy a strong brand reputation, which is attractive to skilled talent, investors and other stakeholders.</li> <li>Companies that invest into technologies to monitor and manage their environmental indicators can take a leadership position in this area. This can be a competitive edge and a potential revenue stream, as well as a means to contribute to the industry's environmental stewardship as a whole.</li> </ul>
<p><b>Management approach</b></p>	
<p><i>HSE governance</i></p> <p>We leverage on our overarching Sustainability Policy, specifically the Environmental Conservation &amp; Protection principle, to guide our focus in maintaining excellent performance in environmental stewardship. Governance on our Sustainability Policy has Board and Management-level oversight, and is driven by our Corporate Sustainability Department and ESG Taskforce, which comprises representatives from every business division. This ensures that the operations both at Group and division-level adhere to the principles in our Sustainability Policy. The ESG Taskforce representatives are assigned with accountability of ensuring the execution of our Sustainability Policy's principles.</p> <p>All environmental discrepancies are reported to relevant stakeholders such as the regulatory bodies, NGOs or national governments.</p>	
<p><i>Biodiversity &amp; ecosystem management</i></p> <p>Our management and employees are committed to remain vigilant in any HSEQ matters including potential biodiversity impact from Yinson's operations. We have also committed to SDG 14, Life Below Water, to ensure the prevention of marine pollution of all kinds and sustainably manage and protect marine and coastal ecosystems.</p>	



## NATURAL CAPITAL

Yinson integrates a combination of international and national regulation and industry best practices as the basis in our engineering solutions. We also comply to these regulations and procedures in our operational practices. These regulations include:

- International Convention for the Prevention of Pollution from Ships (MARPOL):  
A convention aimed to limit the discharges of potentially pollutive substances in the waters where we operate and covers regulations to prevent pollution by oil, noxious liquid substances, sewage, garbage and air pollution. Yinson adopts the MARPOL requirements onboard all our units.
- The International Convention for the Control and Management of Ships' Ballast Water and Sediments:  
A convention aimed to limit the adverse impact of the discharging of ballast water in sensitive areas, and by extension to prevent the introduction of foreign organisms into marine biomes.

Yinson practices regular reporting to any external and internal stakeholders of any accidental discharge of potentially harmful substances in accordance with MARPOL and the International Convention on Oil Pollution Preparedness, Response and Co-operation. In addition, to mitigate the risk of adverse impact on the biomes where we operate where residual risk remains we implement operational procedures and emergency response procedures.

All Yinson Production assets have a unit-specific Shipboard Marine Pollution Emergency Plan (SOPEP) onboard. The SOPEP Manual outlines emergency preparedness scenarios in the event of a discharge to the marine biome surrounding our operating assets. We are committed to transparency in our reporting and will disclose the number of any events in our annual reports, as well as the volume of spills as shown in the Performance Data section of this report.

Our clients have prepared Environmental Impact Assessments (EIA) for the offshore fields where our assets operate. We are cognisant that our operations have the potential to impact the marine environment and as a result, we have created a framework to limit our potential impact based on international regulation, national regulation and industry best practice.



*Environmental performance, pg 101; Sustainability governance, pg 123*

### Energy management

Energy is a key resource that we consume in the operation of our business. Our FPSO division consumes the highest portion of energy in our business, as electricity is generated onboard using gas from the field to power our FPSO operations. Our offshore marine operations utilise purchased fuel to operate our marine vessels and equipment onboard. The least consumption comes from our onshore offices. We seek to monitor our energy usage well, and lower it where possible, such as through conversion of equipment with low load ratings, energy efficient buildings onshore and efficient monitoring systems to detect inefficiencies.

### Air emissions

These are defined as non-GHGs associated with air emission, such as nitrogen oxides, sulphur dioxide, sulphur oxides, carbon monoxide, and volatile organic compounds. The emissions are based on activity data and conversion factors recommended by UK Oil & Gas 'EEMS – Atmospheric Emissions Calculations (Issue 1.810a)'. We actively monitor and measure the air emissions onboard our assets to meet stringent regulatory requirements on emissions levels. We aim to minimise our air emissions as much as possible by selecting low-emission technologies and engines for utilisation onboard our assets.

### Water

Through the production process, Yinson's FPSOs discharge produced water, slop and seawater (used for cooling purposes) to sea during daily operations. The World Bank requires that produced water discharges containing oil and grease to be below 30 ppm. We have successfully reduced our produced water discharges to levels below 15 ppm across all our assets, hence going below regulatory requirements. This is a feature created by design, whereby the discharge system for slop tanks (which is used for storage and eventual discharge of produced water and slop) is designed to only allow discharge after confirmation of slop tank oil in water levels to be below 15 ppm.

# TRADE-OFFS IN OUR CAPITALS

**We are cognisant of the interdependencies that exist between our Capitals and strive to allocate resources in a way that maximises their use whilst also creating long-term value. When weighing trade-offs between our Capitals, we consider short-term consequences against long-term value creation while staying closely aligned to our corporate vision and business strategies.**

TRADE-OFF	HOW YINSON MANAGES THE TRADE-OFF
<p><b>C2 C3 C4 C5</b></p> <p>High liquid assets and bank balances boost stakeholder confidence, thus improving our Social &amp; Relationship Capital. However, this may impede fueling our Manufactured Capital, Intellectual Capital, and Human Capital that are required for the Group’s growth and expansion.</p>	<p>Our approach for managing our Financial Capitals is to stay focused on investing in the areas of ESG and our new business ventures over the next few years. We believe this strategy will generate long-term value and sustainable, scalable revenue streams for our stakeholders far into the future.</p>
<p><b>C1 C4 C5 C6</b></p> <p>As over 90% of our revenue is derived from our Offshore Production business, there will certainly be an impact on our Natural Capital.</p> <p>However, revenue generated from the division creates employment to local communities in countries we operate and fuels the growth of our business operations, benefiting Human Capital, Social &amp; Relationships Capital, and Financial Capital. Our contribution to the oil &amp; gas supply chain ensures that the developing countries where we operate, such as Ghana and Nigeria, will continue to enjoy stable and affordable energy, promoting economic activities and improving quality of life, and thus bringing long-term value to all our stakeholders.</p>	<p>We continue to reinforce our commitment towards reducing the adverse impacts on our Natural Capital. We are currently leading the way in realising our Zero Emissions FPSO Concept and are working closely with our clients to achieve this goal. We also joined the TCFD and released our Climate Goals Roadmap and SLF Framework. We also continued our diversification push for renewables and green technologies, acquiring new wind energy projects and forming strategic partnerships with green technology companies.</p>
<p><b>C1 C3 C4</b></p> <p>As a responsible organisation, the Group is committed towards maintaining high levels of governance among our employees and ensure sound governance systems and processes are in place. While these will have an impact on our Human Capital and Financial Capital, from spending on corporate governance enhancements and training, increasing cybersecurity protocols to improving our vendor screening process, we believe these investments are crucial to improve our Intellectual Capital, which ensures business continuity.</p>	<p>We are ensuring that the highest standards of governance to fulfil international standards in relation to applicable legislations are being adopted. We are progressively developing an internationally recognised governance and risk management framework and strategy along with strengthening our COBE. In 2021, our ABMS was certified to ISO 37001 by Bureau Veritas.</p>
<p><b>C1 C3 C4 C5</b></p> <p>As our business expands, our Financial Capital is impacted by our investments in expanding our workforce, which is our Human Capital. We aspire to be an employer of choice and in doing so, we shall invest in building a thriving workplace environment to retain the right talent, which will add value to our Intellectual Capital and Social &amp; Relationships Capital.</p>	<p>We will continue investing in building our Human Capital as we believe our people are the key to the execution of all our strategies and achievement of our goals. Our HR Transformation Plan continues to make headway with many initiatives being rolled out, which include updating our DEI Policy, expanding our internship and graduate programmes, revising our employee benefits, improving our performance management system and allowing hybrid work arrangements to keep our people safe, happy and productive.</p>

## TRADE-OFFS IN OUR CAPITALS

## TRADE-OFF



We have aggressively rolled out monitoring and management of our ESG key indicators, which have an impact on our Financial Capital. Nonetheless, we believe such investments will help us achieve our sustainability goals and enhance the management of our Natural Capital. This will in turn inspire better management of our Social & Relationships Capital due to improved stakeholder confidence.

## HOW YINSON MANAGES THE TRADE-OFF

We have greatly improved the quality of our ESG disclosures over the past few years due to our investments in environmental indicators and monitoring tools. We are beginning to see the results as we scored well in the ESG Risk Rating by Sustainalytics for Energy Services industry and the Oil & Gas Equipment subindustry globally. We were also awarded The Sustainable Business Awards Malaysia 2020/21 in recognition of the Group's exemplary CSR and ESG engagement efforts, and the BPAM Bond Market Award 2022 and The Asset Triple A Awards 2021 (Best Green Financing) – both awards for our contribution to the Malaysian Bond and Sukuk market.

