

GROUP CEO REVIEW

Commentary by Mr Lim Chern Yuan, Group Chief Executive Officer



The year 2022 saw the acceleration of our transition to becoming a sustainability-driven energy infrastructure and technology company, as we made significant strides in creating value across all our portfolios amid the pandemic's loosening grip on the world. Throughout this journey, we remained deeply committed to sustainability and inclusivity in the advancement of our business, cognisant that a balanced approach to value creation is crucial to the longevity of the organisation. Therefore, we will continue to find the balance between environmental needs and social needs.

Secured
USD5.3 billion
firm contract for FPSO
Agogo in Angola
on 27 February 2023

FPSO Anna Nery achieved
first oil
on 7 May 2023

Signed MoU with Gentari
and EV Connection
to boost EV charging
coverage in Malaysia

Expanded into Singapore
through LHN Group
collaboration

Tripled capacity of
renewables projects under
construction and
pre-construction to
774 MW

Expanded into Indonesia,
bringing our renewables
presence to
9 countries

Established
Farosson, our new
advisory, investment
and asset
management arm

Formalised a
commitment to
have at least
30% of equity in
non-oil-based FPSO
activities by 2030

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OVERVIEW

The energy sector is undergoing a significant transformation as governments, corporations and communities strive to cope with the global energy crisis. The crisis is multi-dimensional, with the trilemma of energy security, sustainability and affordability making it increasingly clear that we need to diversify away from a single energy commodity and change the very nature of the energy system. It is equally important to bear in mind that this change needs to happen while safeguarding energy security and affordability worldwide.

According to BloombergNEF, investments in renewable energy amounted to USD495 billion in 2022, making up the largest portion of global energy transition investment ("ETI") last year. And this growth is expected to continue. This anticipated growth is supported by various factors including the introduction of more supportive policies and stronger demand for renewables – accelerated by the ongoing energy crisis triggered by the Russia-Ukraine conflict and global warming.

2022 was certainly eventful for the oil & gas segment as geopolitical sanctions, paired with years of underinvestment, brought supply disruptions which sent Brent crude oil prices soaring to USD120 per barrel. The price has since fallen to USD85 per barrel as of early 2023 due to looming uncertainties stemming from fears of a global recession, which may impede growth of the segment moving forward. As always, we will execute our business strategies with strong capital discipline to manage exposure risk and generate stable recurring cash flows.

In the year under review, we continued to push forward in our offshore production, renewables and green technologies business units through the securing and delivery of projects as well as establishing strategic partnerships to gain stronger footholds in these spaces.

In our well-established FPSO business, we are pleased to report that we completed construction of FPSO Anna Nery, with its sail away in July 2022 and first oil at the Petrobras-operated Marlim field on 7 May 2023. The completion of the FPSO Anna Nery project, which commenced in 2019, was particularly significant for Yinson as it was undertaken and completed satisfactorily despite the challenges brought about by the pandemic.

Meanwhile, work on FPSO Maria Quitéria and FPSO Atlanta is tracking according to schedule, with construction for both assets expected to be completed in 2024. Post financial year-end, the Group secured a USD5.3 billion firm contract for the provision, operation and maintenance of an FPSO for the Agogo Integrated West Hub Development Project in Angola. This signals our first foray into Angola and our eighth FPSO project in the West African region.

YR, which is now about three years old, further grew and developed our global pipeline of renewable energy projects which now stands at over 5 GW. We also moved into the pre-construction phase for the two wind energy projects we acquired in Brazil in 2022, bringing the total capacity of projects under construction/pre-construction and operational to 951 MW.



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YR also made good progress building our presence in Asia, while continuing our expansion in Latin America and Europe. We acquired a majority stake in Indonesian solar system provider Inecosolar, marking our entry into the Indonesian renewable energy space. Also, building on a collaboration agreement we signed with Plus Xnergy in 2021, we formalised the partnership with a joint venture to develop up to 250 MW of commercial and industrial rooftop solar projects in Malaysia.

Our focus in the coming year will be on progressing additional projects to be ready for construction and thus towards becoming revenue-generating profitable projects. Additionally, we will continue to look out for appropriate and timely capital recycling opportunities to further increase value to the Group.

When YGT was first established in 2020, we entered the market by making strategic green technology investments. A year later, we had identified and started growing the key opportunity areas which Yinson would strategically focus on – the electrification of marine and land transportation. In 2022, we zeroed in on building the businesses where we have operational control, namely our electric vehicle (“EV”) infrastructure business chargEV, our EV leasing business drivEV and our marine electrification business marinEV. We also grew the capabilities of our in-house digital team to develop the architecture and software necessary to integrate the various technologies together; creating a new class of smart assets and establishing technological synergies between the businesses. This digital integration plays a key role in the development of the strong ecosystem of the future.

YGT continues to make significant headway towards our goal of decarbonising both land and sea logistics through electrification. This year, we leveraged chargEV, Malaysia’s largest EV charging network, to bring EV charging stations to the masses. To this end, we celebrated two landmark events that took place post year-end. The first was a Memorandum of Understanding (“MoU”) with Gentari and EV Connection to make charging stations from all three providers available to all our members, and the second was our expansion into Singapore through a collaboration with Singapore-listed LHN Group. Another important milestone during the year was the commencement of construction of our all-electric cargo marine vessel, Hydromover, with our Goal Zero Consortium partners. Concurrently, the prototype for Hydroglyder, our fully electric passenger vessel, is undergoing construction. Both of these products are on track for full trials by end-2023.

SAFEGUARDING ENERGY SECURITY, SUSTAINABILITY AND AFFORDABILITY

Our growth journey is underpinned by the belief that the availability of affordable and sustainable energy is key to generating growth and development across all levels of society, benefitting all mankind. We strongly believe in inclusivity as the world transitions to a low-carbon economy and this is where we believe Yinson can not only play a catalysing role, but also a leadership role.

Here, we believe that oil & gas will continue to be relevant to the energy mix for the foreseeable future, and we intend to be an integral part of that landscape. However, alongside this, we hold an equally strong view that diversifying into renewables is necessary to accelerate the energy transition and to capture a greater share of the overall energy infrastructure market. Venturing into green technologies is the next logical step as it will equip us with the capabilities to create accessible solutions to bring affordable green energy to the broader community.

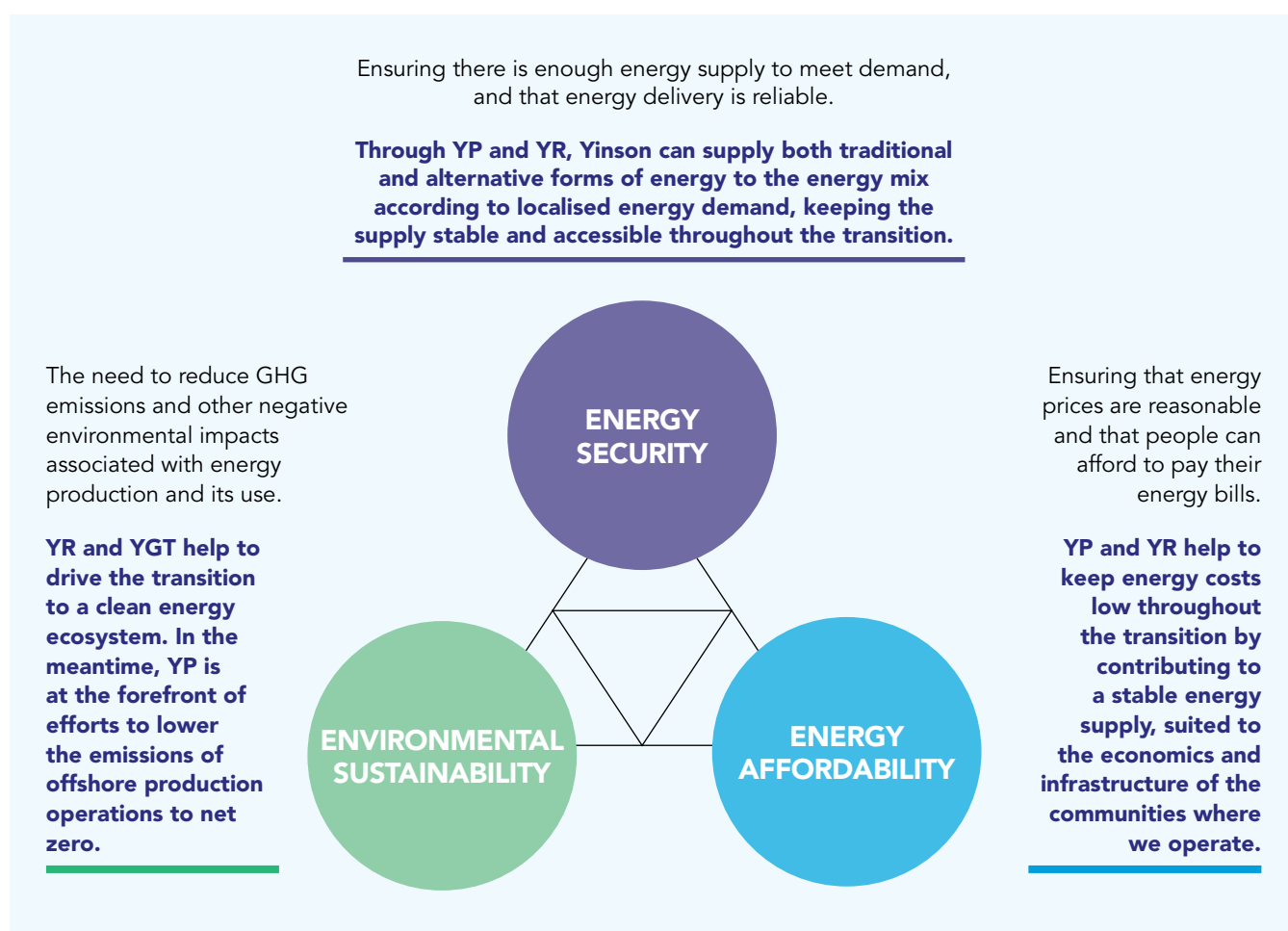
The energy trilemma refers to the challenge of balancing three important and often competing priorities in the energy sector – energy security, environmental sustainability and energy affordability. The energy trilemma arises because it is not easy to achieve all three of these goals simultaneously. For example, increasing energy security may require a heavier reliance on fossil fuels, which may have negative environmental impacts and increase costs. On the other hand, pursuing environmental sustainability through an excessively quick rollout of renewable energy can create power network stability issues which will reduce the security of supply, especially in developing countries where a stable energy infrastructure is needed to help people escape poverty and create better lives. Yinson is uniquely positioned to be able to contribute to this balance, and our business decisions are driven by our strong desire to do so. That said, we equally believe that aligning our business decisions with the concerns raised by the energy trilemma is critical to our current and future profitability and sustainability.

Modern energy is directly linked to the wellbeing, prosperity and development of every economy, so we believe there will always be a strong demand for it. Thus, Yinson’s ability to contribute to the generation of vital energy products, strengthened by our good operational and ESG track record, provides us with a healthy financial outlook.

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However, energy demand does not develop uniformly. It is affected by factors such as availability, infrastructure, market competition and government policies. Therefore, we cannot deploy one single blanket approach to meeting energy security needs across different sectors and geographies. Some advanced countries already meet close to 100% of their energy needs with renewable energy, whereas many developing nations are much further away. For these developing nations, transitioning away from fossil fuels too fast may affect the stability of energy supply – something that can disproportionately affect poorer economies, leading to economic slowdown, decreased quality of life and many other societal concerns.

The graphic below summarises how Yinson's businesses contribute to energy security, environmental sustainability and energy affordability.



We have always said that we believe in a future where energy is clean, accessible, affordable and reliable for everyone. But I also want to emphasise that we believe in the here and now – that providing energy security and affordability to as many people as possible today and throughout the transition is just as vital. In fact, I believe that it is impossible to achieve a sustainable future if we are not inclusive now and throughout the transition.

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CLIMATE ACTION AT THE FORE

We believe that energy must be at the heart of the solution to climate change. News of extreme weather events, rising sea levels, biodiversity loss, human health impacts and soaring economic costs inundate our newsfeeds daily, highlighting the urgent need for action.

Climate change and greenhouse gas (“GHG”) emissions continue to be Yinson’s most material matter, and where we believe we have the greatest potential to lead. This is why we have placed ESG considerations at the heart of everything we do. ESG is front and centre in all our business decisions, influencing how we finance our projects, the risks we are willing to take and even the new business opportunities we are pursuing.

From a governance and financial perspective, ESG performance is vital for business growth, opening doors for funding, partnerships and new opportunities. Conversely, poor ESG performance is costly because of the potential exposure to penalties, environmental violations, erosion of stakeholder confidence and loss of business opportunities.

We recently performed a TCFD Climate Risk Assessment involving transition risk exposures such as policy, market, reputation and technology. Following the assessment, we have decided to develop an Internal Carbon Pricing Framework with a revised incremental carbon price, which we will pilot for carbon-intensive business units. When the framework is in place, we intend to establish a Sustainable Investment Fund to invest in low-carbon projects that support and accelerate the energy transition. This is one of the initiatives we are working on to manage climate-related transition risks and accelerate the implementation of solutions that contribute to the decarbonisation agenda.

Furthermore, Yinson is formalising a commitment to have at least 30% of equity in non-oil-based FPSO activities by 2030, solidly demonstrating our commitment to purposefully directing capital to support the energy transition agenda.

These are bold commitments for us, requiring deliberate action and a unified approach across all our business units. To this end, we have shaped our key business units to contribute materially to the fight against climate change, as outlined in the next section.

EXPANDING OUR RENEWABLES FOOTPRINT

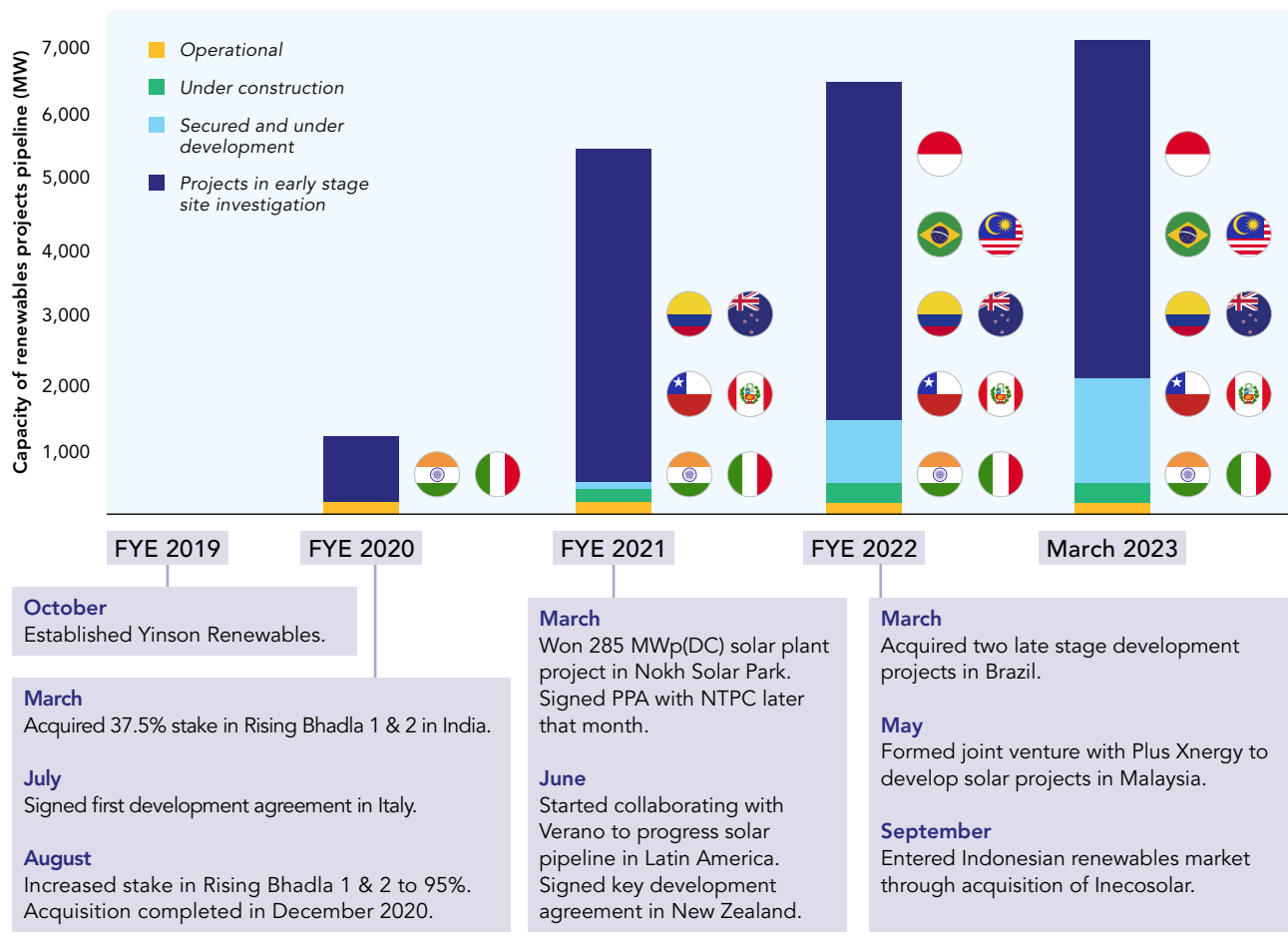
YR has experienced exponential growth since its inception in 2019. We now have a healthy project pipeline across wind and solar in our three core geographical regions of Latin America, the Asia Pacific and Europe, a strong in-house team and local partners in the regions where we have a presence.

We have invested time and resources to lay a good foundation for our renewables business, building a pipeline across the entire value chain and assembling a strong project management team. Investing in early-stage renewables projects exposes us to some risks – but we have the expertise to manage these. Moreover, the capital at risk is limited at this point in the development process. We believe that getting involved early enables us to deliver higher returns in the longer run, plus improved opportunities for capital recycling. We also take a conservative approach when valuing our renewables assets as this results in a strong balance sheet over the long term.



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GROWTH OF YINSON RENEWABLES SINCE ESTABLISHMENT



REDUCING EMISSIONS IN OUR FPSOs

Although Yinson is fully committed to reducing emissions in our FPSOs, modifying our existing fleet can prove challenging as we are constrained by space and design limitations, contractual obligations and the client's readiness to implement new emissions reducing technology. Nevertheless we have made significant progress on our efforts to retrofit a closed flare system for one of our FPSOs. This modification implemented is a significant step towards closing the flare of the asset, and will contribute to reducing flaring levels in the time to come. On an ongoing basis, however, our strategy is to ensure that we proactively pursue opportunities to install the latest technologies on our new FPSOs or FPSOs that are currently being built.

FPSO Maria Quitéria, for example, incorporates a closed flare system and combined cycle power generation technology which reduces and recycles gas to generate power on the FPSO. With these measures, we aim to reduce emissions by more than 20% compared to the status quo.

FPSO AGOGO: Leading the way to a Zero Emissions FPSO



Closed Flare and Hydrocarbon Blanketing | Combined Cycle Power Generation | Carbon Capture and Storage | Electrification | Seawater Turbine Generator

FPSO Agogo is regarded as an industry-leading project in terms of low emissions design and implementation. Together with our client, Azule Energy, we are excited to be leading the decarbonisation agenda through FPSO Agogo.

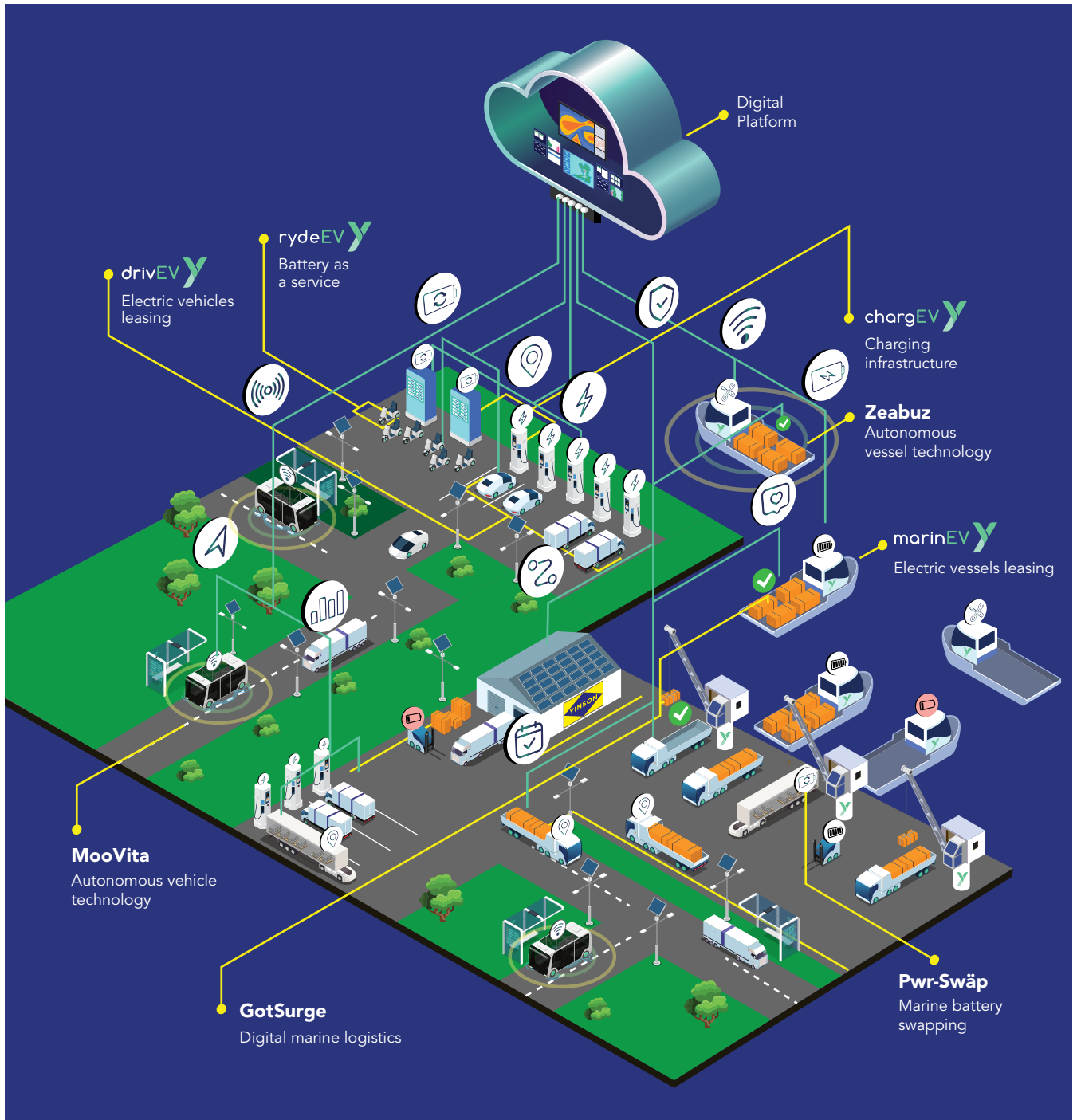
The design of the asset will be the greenest in Yinson's fleet to date, and will have significant impact on lowering Yinson's carbon intensity.

The design of the asset is projected to reduce the asset's lifecycle emissions by up to **27%**, compared to if the emissions-lowering technologies were not implemented over the contract period.

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BUILDING A SMART, CLEAN TRANSPORTATION SYSTEM ACROSS LAND AND SEA

Since being established in 2020, YGT has made good progress towards building a land and marine transportation ecosystem that runs on clean energy. Most novel technologies, such as green technologies, start out being relatively more expensive compared to their traditional counterparts. We aim to adapt these technologies to make them more affordable and accessible for businesses and consumers, until they ultimately become the new normal. We believe that reaching this critical mass everywhere is key to meeting global climate targets.



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THE BUSINESS CASE FOR INVESTING IN THE TRANSITION

Over the years, Yinson has navigated the various challenges and changes in the energy landscape by standing firmly on our fundamentals. We started out in transport and logistics, then pivoted to becoming a full-fledged FPSO provider. Sustainability and the energy transition provided, and is currently still providing, the biggest impetus for our current transformation into an energy infrastructure and technology company. These transformations, albeit bold, were carefully strategised and operationalised with the aim of building profitable, sustainable businesses.

The energy transition presents one of the greatest opportunities of this lifetime as the world strives to achieve net zero emissions by 2050. Green energy, which is already commercially viable, will continue to be more competitive in the global energy mix and its reliability will continue to improve with cheaper energy storage and new innovations.

We believe that aligning our businesses with the trends and opportunities presented by the energy transition and climate action presents a great value creation opportunity, while enabling us to contribute materially to the global fight against climate change. This long-term view of our business further supports the needs of many of our investors, such as pension funds and insurance funds that are seeking stability in returns over long periods of time.

Our business teams excel in developing robust assets that we operate and maintain as business owners. As our business units pursue their growth plans, our latest addition, Farosson, through its asset management segment, will supply further capital pools to invest in businesses, both internal and external, which align with its mandate of sustainable investments. This will unlock the value of contracted future cash flows generated by these projects, enabling capital to be redeployed for the businesses to achieve their growth aspirations. I believe that this will support Yinson in attaining our business goals and achieving our sustainability targets. I have great confidence in the capable and passionate team led by Mr Daniel Bong, who previously held the role of Group CSO and Head of Group Corporate Advisory. The team's cumulative knowledge and experience are a unique advantage that Farosson has, and will be instrumental in unlocking the growth of this new business.



BUILDING OUR CORE RESOURCE – OUR EMPLOYEES

At Yinson, we continuously strive to adapt and evolve with changing business and economic realities, leveraging our ability to identify good business opportunities. Over the years, we have grown from strength to strength, earning the trust of the global investor community, major energy players and governments. This achievement did not come overnight, and was ultimately a result of the dedication and consistent effort we have put into developing the backbone of our business – our people.

Yinson has always prioritised investments in human capital and digitalisation to take our business to the next level. For example, at the time when the FPSO market was clearly underinvested, we knew we had to be ready for a market that would eventually be seeking out FPSO contractors. This was why we invested in our people at that time, with a focus on upskilling, directing their energies to high value-add initiatives. Our efforts have held us in good stead, as we have built a team that has been able to carry us through our high growth phase when the economy reopened post-pandemic. We continue to work hard to ensure that we maintain our strong standing as an employer of choice, as it is key to be able to continue attracting and retaining the skills needed across all our business units.

We launched our Human Resources (“HR”) Transformation Plan in 2020 with the aim of establishing global consistency, delivering HR solutions that can be implemented locally across our global offices, leveraging digitalisation and creating an agile HR framework that can adapt through change. Now, three years later, we have achieved our key deliverables against the seven areas of transformation we identified. We are now moving into the next phase of our people strategy journey. Our people vision does not change; however, our focus will now be on five key areas which are: Embedding our New People Solutions, Driving Employee Experience, Focusing on Leadership & Culture Development, Continuing our Global Human Resources Information System (“Global HRIS”) implementation, and HR Capability Development.

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DIVERSITY, EQUALITY & INCLUSION IS OUR STRENGTH

Yinson is a strong advocate of Diversity, Equality & Inclusion (“DEI”), and we strive to walk the talk in this regard and make this energy transition journey a truly inclusive one. We firmly believe that DEI will help us to make more well-informed and balanced decisions by bringing diverse opinions, experiences, ideas and perspectives to problem-solving. Concurrently, we have no doubt that employees who are valued and respected will be more engaged and motivated to see an organisation’s success.

For instance, as a global company, we aim to ‘localise’ our operations as much as possible to be less reliant on expatriates. We also make an active effort to look at important details, such as how we phrase job opportunities in the organisation and shape communications, to ensure there is no bias. Even the composition of various committees is scrutinised to ensure that they are diverse and inclusive.

From a gender perspective, our policies are geared towards equal opportunities for all our employees. For example, we have removed barriers to women applying for roles on an FPSO and adapted the accommodation settings to their needs. A highlight of the year was the launch of our first formal employee resource group, Yinson Lean-In – a space where women are empowered and supported to reach their professional and personal goals. The group was launched on International Women’s Day, and activities are championed by Lean-In representatives in our various country offices and their male allies.

On the inclusion front, our Singapore office has committed to hiring differently abled persons under an initiative called The Unlimited, in partnership with SG Enable, the focal Singaporean government agency for disability and inclusion. We are looking forward to having our first cohort of differently abled Yinsonites on board in 2023. In terms of diversity, given Yinson’s global footprint, it is incumbent upon us to foster an inclusive environment that will enable the organisation to benefit from an incredible range of diverse ideas, perspectives and leadership skills. This is why we sent five of our young leaders from Brazil, Ghana, Malaysia and Norway to the One Young World 2022 Manchester summit where they met other young leaders from over 190 countries to develop solutions for a better world through more responsible and effective leadership.

All in all, we will continue to improve and invest in our DEI policies and practices to continue to support and attract a larger pool of talent capable of excelling at Yinson.

INVESTING IN FUTURE TECHNOLOGIES

Digitalisation plays a crucial role at Yinson as it empowers strong decision-making across our organisation by placing global, real-time and accurate information at our fingertips, in addition to freeing up our people from tedious and mundane tasks. Digitalisation is also the key to resource efficiency and better safety performance. We have invested significantly in digitalisation across all our business units and functions. This has given us an edge over the competition, as we are able to demonstrate stronger abilities to take on projects and execute them well, efficiently and safely.

Additionally, we believe that investing in digitalisation is one of the most effective ways to reduce costs in the long run amid increasing inflationary pressures.



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TOWARDS FULLY AUTONOMOUS AND SUSTAINABLE FPSO SOLUTIONS

YP continues its digital transformation journey in alignment with its strategic goal of investing in asset lifecycle management via a proactive digitalisation strategy. Enabling digital technology while empowering our people has been key to ensuring data is accessible, structured and quality-assured for visual presentation through an integrated data visualisation platform. This forms the foundation for data contextualisation and automation. In addition, we believe it is the key to creating an efficient and sustainable supply chain while reducing human risk exposure, carbon footprint and cost.

Over the past years, we have invested in digitalising various aspects of our FPSO business, such as through 3D printing of maintenance parts, using drones and remotely operated vehicles (ROVs) to inspect and maintain our operating assets, integrating cloud-based platforms for digital warehousing and building up our integrated data visualisation platform. These various components of our digitalisation efforts are now coming together in an initiative called Project Polaris, through which we aim to eventually develop industry-leading, fully autonomous and sustainable FPSO solutions. To this end, we signed an MoU with leading industrial software leader AVEVA in December 2022, a company we have already been partnering with for many years on our digitalisation journey.

Project Polaris, focusing on FPSO Helang, will provide scalable enterprise system integration, enabling asset strategy optimisation, predictive maintenance and automated Lifecycle Costing (LCC), as well as a unified operations centre for visualisation and human interaction for data-driven decision-making. The contextualisation and automation of data through Project Polaris will form the foundation for further integration of existing engineering tools, enabling efficient data-driven decision-making across the asset lifecycle.



Another significant way Yinson is endeavouring to support the decarbonisation of the world is by investing in the development of future business solutions. We aim to find alternative, low or zero carbon fuels that can disrupt the heavy industries and overall energy system. One example is the offshore production of blue and green ammonia, which we have studied and where we are currently exploring commercial feasibility. Other examples are Direct Air Capture ("DAC") and Carbon Capture & Storage ("CCS"), which we are actively exploring for future implementation across industries.

CLOSING REMARKS

The Group certainly has a lot to look forward to as we continue building our growth story and shaping the Yinson of the future. A sustainability mindset will continue to drive our direction, and our passionate workforce will continue to ensure that we deliver well on our commitments.

To my fellow Board members, Senior Management and leadership teams – we have made some big decisions together this year as a company, and I believe our collective knowledge and experience have guided us to make decisions that bring the most value to our stakeholders. To our many stakeholders, many of whom have now become close business associates and friends – thank you for supporting us as we execute our purpose. We are grateful that you have placed your trust in us and we will strive to continuously deliver value to you. To our employees and crew all over the world – you are the backbone of our business. We truly appreciate your hard work and sacrifices in order for us to 'Passionately deliver **powerful** solutions'.