

BUSINESS REVIEW

PETROLEUM & PRODUCT SHIPPING

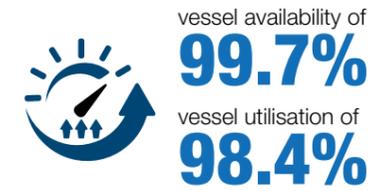
The Petroleum & Product Shipping segment helmed by AET continues to strengthen its reputation as one of the leading providers of safe, high quality and comprehensive maritime transport, and specialist energy maritime logistics services to the global energy industry. Our fleet of 76 petroleum and product tankers move petroleum, refined products and chemicals worldwide to meet the world's evolving energy needs. Alongside the provision of conventional energy shipping services, we are market leaders in the operation of specialist lightering services.

Over the years, we have developed our leadership presence in various segments of our global business, including strengthening our strategic presence in very large crude carriers (VLCCs) and mid-size tankers, growing our partnerships in the dynamic positioning shuttle tankers (DPST) space in Latin America and the North Sea, and expanding our lightering services in the US Gulf and Latin America. AET is also the only tanker company worldwide to possess modular capture vessels (MCV) for marine well blowout containment systems in the US Gulf.

Further details on Petroleum & Product Shipping
<https://www.misc.com.my/solutions/petroleum-shipping>



KEY HIGHLIGHTS



Awarded contract for the construction and time charter of **2 eco-efficient** LNG dual-fuel VLCCs

Took delivery of **2 LNG dual-fuel DPSTs** on long-term charters to Equinor

Took delivery of **4 eco-efficient DPSTs** on long-term charters to Petrobras

Took delivery of **1 eco-efficient DPST** in January 2021 on long-term charter to Shell

AET has performed **1,984 days of Lost Time Injury (LTI) free** lightering operations in the US Gulf, with AET Offshore (AETO) and our Global Lightering Team accomplishing **5 years of LTI free** (July 2015–2020)

Winner of Maritime and Port Authority of Singapore (MPA) International Safety@Sea Award for **Outstanding Contribution to Search and Rescue Efforts** in 2019 by AET owned *Eagle Kuching*

The Chamber of Shipping America (CSA) Jones F. Devlin Awards recognised our outstanding safety records for a combined **54 ships and 4 workboats** in our fleet

CSA also recognised **56 ships and 2 workboats** with the **Environmental Achievement Awards**, reflecting industry recognition of our stringent HSSE and environmental protection measures

FINANCIAL PERFORMANCE

Revenue **RM3,864** million

Operating Profit **RM469** million



CAPTAIN RAJALINGAM SUBRAMANIAM
President & CEO, AET

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PRESIDENT & CEO'S REMARKS

While 2020 started on a stable footing, by the end of the first quarter of the year, the COVID-19 pandemic had triggered a global health and economic crisis with wide-ranging implications for the maritime and logistics industry. At AET, there was a significant shift in our business, as we dealt with the new landscape. Relying on our strategy, strong brand reputation and high-performance workforce, AET maintained strict focus to sustain our operations as an 'essential services' business delivering the world's energy. We adapted time tested crisis management plans, which we rolled out across all our regions of operation.

Keeping our employees safe was our utmost priority, and we effected new working norms such as remote working arrangements and accelerated our adoption of digital platforms and technologies in order to enable remote working. The shifting work patterns proved to be challenging for our employees on several fronts, as

they sought to deliver on their jobs and responsibilities efficiently and productively whilst dealing with the emotional stress of living through a pandemic. But we learned how to balance our approach in keeping our team members safe and maintaining good business efficiencies.

As for our seafarers, heightened health and safety standard operating procedures (SOPs) led to increasingly stringent restrictions on crew changes being implemented by global authorities globally. Many seafarers had to extend their time onboard vessels. However, AET and the MISC Group made every effort to proactively seek out ways to bring our seafarers back home safely.

Our customers in the energy sector were impacted by the drastic drop in demand actuated by the pandemic. This along with the global glut in oil output, led to many energy majors reducing CAPEX for the year. At AET, we worked together with our customers to ensure that we delivered on our contractual obligations despite the difficulties encountered. We operationalised our strategic priorities to continue to build secure income streams and diversify our portfolio.

A milestone we are particularly proud of is the agreement we entered into for the construction and time charter of two LNG dual-fuel very large crude carriers (VLCCs) ever built. Delivery of these vessels will commence in 2022 and will

grow our long-term secured income portfolio as part of the greener shipping solutions. AET was also awarded long-term charter contracts for three Suezmax second-generation dynamic positioning shuttle tankers (DPSTs) by Petrobras, effectively expanding our presence in the Latin America region.

Another significant achievement was the delivery of seven DPST newbuilds. These comprised our first two LNG dual-fuel DPSTs and five eco-efficient DPSTs. All these vessels are on long-term charters with major international energy players. You can read more on our key achievements for the year in the Key Developments section of this Business Review.

AET continued to deliver on customer expectations throughout the year. We collaborated with our customers and evolved our business to support them in their energy transition. Our agreement with one of the World's leading energy majors on LNG dual-fuel VLCCs is an example of our collaborative approach with our customers. These vessels will be amongst the most environmentally friendly VLCCs in the market and represent a significant step on our part to provide greener shipping solutions that respond to our customers' needs. Our teams have also done well in renewing various lightering and VLCC time charter contracts with quality customers across the globe.

Our efforts to provide responsive and proactive services to our customers were reflected in the results of our first ever Net Promoter Score customer survey that was conducted during the year. A total of 60% of customers responded as being 'Satisfied' with our levels of service, while another 40% were 'Very Satisfied'.

Most importantly, in an extremely challenging year, we have maintained the financial trust of our key stakeholders such as banks and financiers to sustain strong lines of financing and credit, and secured attractively-priced longer-term debt financing for our new deliveries in 2020 and 2022.



Our Sustainability Journey

At AET, governance is not merely an exercise in compliance, and we believe in practicing a robust governance culture throughout the organisation. In 2020, we achieved the ISO 37001 Anti-Bribery Management certification as a result of our sustained focus on establishing a culture of integrity, transparency, openness, and compliance. Alongside this, we continued to develop our high-performance culture that is centred on doing what is right rather than what is convenient.

Despite the pandemic, we remained on course with our corporate social responsibility (CSR), in particular on the education agenda, to build the capability of our next generation of maritime talent. We brought onboard 19 interns, to expose them to the maritime and logistics industry at our global operations. Our team members across various units in AET supported this human capital development as part of our commitment to build future maritime talent.

Mindful of the difficulties faced by communities across the globe as a result of the pandemic, we did our part to give back to society. In 2020, we funded over two million meals for the underprivileged in the form of either cooked meals or food packs. Our CSR donation for the year stood at USD600,000 to support COVID-19 impacted vulnerable community members. We partnered with national and local charities' food programmes in Singapore, United States,

Brazil, and United Kingdom where our key offices are located, and in India and the Philippines where we have a significant shipping industry sea faring presence.

In 2020 we continued to drive the sustainability agenda across every aspect of our business, and we plan to expand our sustainability commitments in line with MISC's Sustainability Strategy 2021–2025 as well as our own strategic business objectives. Reflecting the global transition to clean energy, AET's customers are shifting their focus from being oil and gas providers to becoming integrated energy providers. A key takeaway from the pandemic has been the acceleration of the environmental agenda as the means to drive a sustainable future.

We are looking into various means by which we can continue to bring environmental, social and governance (ESG) matters to the fore within our business. We have found sweet spots in terms of providing LNG and dual-fuel sourced vessels as an eco-friendlier fuel alternative. Bearing in mind the energy transition shift, we have already started looking at how we can rejuvenate our fleet and minimise environmental impacts in the various localities we operate in. Our aspiration is to have a larger percentage of our operating fleet on cleaner fuels, including LNG, by 2025.

We strongly believe in developing a diverse and inclusive maritime workforce as an essential component of our

employee management approach. In 2020 we furthered our commitment in this area by adopting our Diversity and Inclusion Policy. Our multi-generational talent pool is the backbone of our success, and we seek to develop multi-generational maritime employees who are sensitive to global social causes. We continue to champion a balanced workforce in the maritime industry, and AET's male to female gender ratio of 56:44 reflects our successful efforts in this regard. We have stayed on course with our talent development agenda and leadership succession plan, to create a cadre of leaders who both inspire and motivate.

As we move into 2021, we expect an evolving global trading landscape providing both opportunities and challenges amidst a global reset. However, we believe we are in position to effectively manage emerging risks and future challenges that may arise. We believe that success is a team sport, and our strength lies in our diverse and inclusive team with over 20 nationalities, energised and focused to remain sustainable and purposeful. We remain committed to ensuring our profitability, strengthening our balance sheet whilst improving our stakeholder returns.

CAPTAIN RAJALINGAM SUBRAMANIAM
President & CEO, AET

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MARKET REVIEW

In early 2020, the tanker market was focused on ensuring compliance with the International Maritime Organisation (IMO) 2020 sulphur regulation. The resulting time out-of-service for scrubber retrofits is estimated to have reduced the active crude tanker capacity by 1.1% and product tanker capacity by 0.5% in 2020, and provided some support to the tanker market during the year.

In the first half of the year, the crude tanker market fundamentals were largely positive, despite some early signs of demand destruction due to the COVID-19 pandemic. After the collapse of Organisation of Petroleum Exporting Countries and its allies (OPEC+) talks in Q1 2020, oil supply from some Middle Eastern crude producers increased significantly with a sharp drop in oil prices leading to inventory building in some regions, and significant floating storage requirements. The unprecedented demand for floating tonnage, which peaked at 12% of the fleet by the end of May 2020 took away tanker capacity from the active trading fleet supporting freight rates that reached record highs.

Starting June, subsequent production cuts implemented by the OPEC+ to mitigate against the oversupply of oil pressured seaborne crude trade, and tanker earnings weakened substantially. The tanker market continued to ease back in the second half as impacts from COVID-19 and deep supply cuts by OPEC+ intensified. On the tanker supply side, the tanker fleet grew by 1.1%, a modest growth on the back of a limited orderbook.

Ship owners have been cautious in newbuilding orders, for a combination of factors, with only 81 newbuild crude tankers ordered in 2020 compared to 102 in 2019. Overall, only 189 crude vessels were on order at the end of 2020, which represents just 8.9% of overall deadweight tonnage (DWT) capacity compared to 12.6% DWT capacity a year earlier in January 2019. On the scrapping front, for the large part of 2020, the incentive to scrap remained low due to the tonnage demand for floating storage.



KEY DEVELOPMENTS

Against the COVID-19 backdrop, AET took delivery of a series of tankers including two LNG dual-fuel DPSTs; *Eagle Blane* and *Eagle Balder* and five eco-efficient DPSTs; *Eagle Petrolina*, *Eagle Paulinia*, *Eagle Paraiso*, *Eagle Passos* and *Eagle Pilar* (delivered in January 2021). Despite challenging market conditions brought about by everchanging health policies and requirements due to the pandemic, all seven vessels have been safely delivered in full compliance with the customers' stringent acceptance tests and are operating on long-term charters in the North Sea and the Brazilian Basin.

As part of our VLCC fleet rejuvenation strategy, AET entered into an agreement with Chartering and Shipping Services SA, a wholly owned subsidiary of Total for the construction and time charter of two of the world's most environmentally friendly VLCCs in the market. Delivery of these vessels will commence in 2022. This will contribute to our objectives of increasing both secured income from long-term contracts and number of eco-efficient vessels in our fleet.

The contracts secured with Petrobras in early 2020, coupled with our contracts with Shell in December 2019 have enabled AET to expand our presence in Latin America and strengthen our relationships with customers in the region. This enhanced Latin American presence places AET in a sweet spot for West-East crude trades which we envision will continue to grow, driven by Latin American exports to the Asia Pacific region.

In 2020, we reviewed our mid-sized tanker fleet portfolio to ensure we continue to operate an optimum portfolio of vessels without compromising our services to our customers. As a result of this review, we accelerated the sale of two older Aframax tankers from 2023 to fourth quarter of 2020 that were no longer aligned with our sustainability ambitions, as well as to improve our operating and financial performance in view of the pandemic driven challenging market environment and outlook. The 10 DPSTs currently on long-term charter contracts with Equinor and Petrobras have notably contributed to AET's earnings during the year and will provide a firm base as we enter 2021.

From late 2021 to 2022 we will take delivery of another six DPSTs on long-term charters with Shell and Petrobras. In addition, two LNG dual-fuel VLCCs are scheduled for delivery in 2022, which will be on long-term charter contracts with Total. We will continue to ensure that these tankers are constructed and delivered as per our customer expectations. These vessels when delivered will improve our financials further. Purposeful sustainable profitability will always be our guiding principle in our commercial strategy and portfolio management.

Our continuous commitment to upholding the highest levels of HSSE was recognised by the Maritime and Port Authority (MPA) of Singapore's International Safety@Sea Award in acknowledgement of AET's rescue of three French sailors in the Bay of Biscay. The CSA's Jones F. Devlin Awards recognised our outstanding safety records for a combined 54 ships and 4 workboats in our fleet. CSA also recognised 56 ships and 2 workboats with the Environmental Achievement Awards, reflecting industry recognition of our stringent HSSE and environmental protection measures.

SUSTAINABILITY

We maintained our sustainability commitments during the year, to create value for all our stakeholders as follows.

Sustainability Pillar	Initiatives and outcomes
Shareholders 	<p>We leverage on a strong environment, social and governance (ESG) proposition to tap into new markets and expand our footprint in existing markets. Our ESG-led business development approach enhances investment returns by allocating capital to more promising and more sustainable opportunities. AET's secured income strategy focuses on long-term contracts, which delivers sustainable returns for shareholders. This has proven to be a financially sustainable strategy given the COVID-19 crisis.</p>
Customers 	<p>We strengthened our customer engagements and collaborations to continue building relationships of mutual trust and respect. In 2020, AET and Total announced the agreement of the time charter of two LNG dual-fuel VLCCs. The two newbuilds are scheduled to be delivered to AET commencing 2022. When in service, they will emit around 20% less CO2 greenhouse gases than conventional vessels, 85% less NOx and 99% less SOx. Besides that, 99% fewer fine particles will be released.</p> <p>As part of our emissions reduction strategy, we partnered with Shell to promote LNG as a sustainable marine fuel.</p> <p>We supported the US Coast Guard Foundation's Virtual Awards Fundraiser as a guardian sponsor, our first in-person event with customers in 2020, in compliance with Texas' social distancing requirements of a maximum 10 pax.</p> <p>In 2020, AET conducted the biennial Customer Engagement Survey to gain deeper insights into our customer expectations and requirements. The Customer Engagement Survey results showed that 60% of our customers were 'Satisfied' with our services while another 40% of the customers were 'Very Satisfied'. Please refer to the Anchoring Sustainability @ MISC section on page 104 of this Integrated Annual Report for more details.</p>
Governance and Business Ethics 	<p>In June 2020, AET established our own Anti-bribery Management System (ABMS) and published the ABMS Manual in our Business Process Management (BPM). The Anti-bribery and Corruption Policy was approved by our Board of Directors and has been published on both our external website and in our BPM. Along with the ABMS Manual and Anti-bribery and Corruption Policy, we have also introduced the Third-Party Due Diligence SOP and Joint Venture Management Framework and Guideline SOP. As well as that, we revised our Global Disciplinary Policy and Recruitment processes and conducted multiple employee awareness sessions on our ABMS and anti-bribery and corruption controls across all our offices.</p> <p>We also received the ISO 37001:2016 certification, an international Anti-Bribery Management System standard designed to help organisations combat bribery risk in their own operations and global value chains. This certification signifies to our customers, industry partners and employees that as an organisation, we have robust anti-bribery management systems in place, building on our strong global culture of integrity and governance to tackle bribery and corruption risks.</p> <p>To embed the Code of Conduct and Business Ethics (CoBE) as a key and fundamental constituent of the AET culture, we provided Ethics and Compliance Training for our people through an e-learning platform. All AET shore employees have completed this module. In order to increase employee awareness on AET's compliance policies, we launched a new learning initiative using artificial intelligence (AI) named Clever Nelly.</p>

Sustainability Pillar	Initiatives and outcomes
Employees 	<p>Response to COVID-19</p> <p>In the face of the pandemic, AET established the Pandemic Response Team (PRT) chaired by the CEO, and consisting of the Executive Leadership Team (ELT), the Product Business Head and the Corporate HSSE (CHSSE) Head. The team put in place a robust Pandemic Response plan, looking at the control measures for business travel, personal travel, managing visitors and social distancing measures.</p> <p>As an organisation with employees and business operations in various global locations, the workplace measures took into consideration the different national and regional level responses, health threat assessment, risk of infection during commutes, medical response capability in the locality, support for medically at-risk groups and the need to maintain business continuity. Following the spread of COVID-19, AET introduced flexible work arrangements, and although we were faced with situations that make relieving crew members difficult, we explored all avenues to relieve our crew as timely as possible amidst the ever-changing global health measures. As a result, our fleet continued their voyages without causing any significant headwind for our customers.</p> <p>As part of our efforts to ensure the health and safety of our people during the pandemic, we provided them access to a virtual doctor through our partnership with three application platforms, namely 'Doctor Anywhere', 'Doctor World', and 'Hi Doc'. This move enabled our workforce to get timely medical attention whenever required.</p> <p>For our seafarers, we introduced enhanced maritime security protocols for vessels calling into high-risk areas such as the Gulf of Guinea and the Persian Gulf to assure our people of their safety and security.</p> <p>Diversity and Inclusion</p> <p>In 2020, as part of our commitment to diversity and inclusion, AET adopted the Diversity and Inclusion Policy. The policy centres on promoting diversity and inclusion as an essential element of AET's human capital management, based on our central belief that an inclusive workplace fosters a sense of belonging and helps employees of all backgrounds to thrive.</p> <p>Under the Diversity and Inclusion framework, gender, nationality, and multi-generations are the three focus areas that we are leveraging to build our Employee Value Proposition (EVP). We benchmark gender equality through the Bloomberg Gender-Equality Index (GEI), which utilises a Gender Reporting Framework. Given the international landscape of our company, our talent pool is inherently diverse, with 20 nationalities. AET's male to female gender ratio is nearly equal at 1:0.8. We have a significant number of female leaders in our management, with 29% in middle management and 25% in the senior leadership.</p> <p>Talent Management</p> <p>We believe in supporting our people through a robust talent development agenda that encourages all employees to enhance their knowledge and learn new skills to remain relevant in the evolving business environment. In line with encouraging cross-learning among the different teams and offices, we launched the 'New Norm in Learning 2020', where our internal subject matter experts conducted sharing sessions on Sustainability, Inclusivity and Leadership, Compliance Awareness, and Business Awareness. This contributed to over 1,478 hours of learning for our employees.</p>

Sustainability Pillar	Initiatives and outcomes
Environment 	<p>Despite the difficulties of the year, AET has retained our sterling reputation in the environmental space, reinforcing our reputation as a greener shipping solution provider.</p> <ul style="list-style-type: none"> AET took delivery of <i>Eagle Blane</i> and <i>Eagle Balder</i> amongst one of the first LNG dual-fuel DPSTs ever built. These sister DPSTs meet substantial emission benefits when operating on LNG as fuel. LNG emits approximately 20 to 25% less CO2 than conventional marine fuels when providing the same amount of propulsion power. The vessels also emit 85% to 90% less SOx and NOx, 98% less particulate matter and 93% less black carbon particulates than DPSTs burning conventional fuel. AET also took delivery of a series of five eco-efficient DPSTs, namely the <i>Eagle Petrolina</i>, <i>Eagle Paulinia</i>, <i>Eagle Paraiso</i>, <i>Eagle Passos</i> and <i>Eagle Pilar</i>. All five vessels were safely delivered and gained the customers' stringent acceptance tests, operating on long-term charters to Petrobras and Shell in the Brazilian Basin. <i>Eagle Petrolina</i>, <i>Eagle Paulinia</i>, and <i>Eagle Paraiso</i> are the first DPST vessels to have received DNV GL's SmartShip notation. <ul style="list-style-type: none"> To qualify for DNV GL's SmartShip descriptive notation, a vessel must be equipped with technological features considered as smart technologies in marine applications, following the DNV GL Class Guidelines for SmartShip CG-0508. The vessels received the notation for their navigation decision support system with route optimisation features, an energy efficiency management system with trim optimisation, and a ship performance monitoring system. The shuttle tankers are installed with SVESSEL, Samsung Heavy Industries' (SHI's) solution to meet the SmartShip standard, which enables monitoring, planning, reporting, and managing of information data of the vessel from onshore. Furthermore, <i>Eagle Passos</i> is the first shuttle tanker to be granted an ABS smart notation, which recognises the vessel's data communication and network infrastructure. These DPSTs operate to the highest operational and environmental standards, including full compliance with IMO NOx Tier 3 and SOx emission requirements. In 2020, our Aframax LNG dual-fuel tanker, <i>Eagle Brasilia</i> and LNG dual-fuel DPST, <i>Eagle Balder</i> were certified by the Green Foundation Award (GFA), joining three other AET vessels <i>Eagle Barents</i>, <i>Eagle Bergen</i> and <i>Eagle Blane</i>. AET was also certified as a Green Seal Partner, validating our commitment to promoting sustainability by focusing on waste reduction and recycling, responsible use of office supplies, training and education. AET offices in Singapore, Houston, and Rio De Janeiro are now Green Seal certified.



Sustainability Pillar

Community



Initiatives and outcomes

In 2020, AET for the first time sponsored a MaritimeONE Scholarship with the Singapore Maritime Foundation (SMF). Driven by our desire to contribute to maritime education and training, we support our home grown cadetship programme in ALAM through EagleStar. Between 10 to 15% of our sea staff onboard our ships are trainees from ALAM. During the global pandemic, we are looking to do more for the communities where we are based. Despite the current challenges, our global intern programme continues to grow, and in 2020, we welcomed 19 undergraduates into the AET family to learn more about international shipping. We have collectively invested more than 7,600 hours in training and developing these promising individuals who have benefited from working in a hands-on capacity across a variety of functions within our diverse and multi-cultural teams.

During the year, we contributed some USD600,000 towards food programmes to support over 2 million meals for the COVID-19 impacted vulnerable community members. The contributions were made through the national and local charities' food programmes in Singapore, United Kingdom, United States, Brazil, India and Philippines. The details of our contributions are as follows:

- **Singapore:** Migrant Workers' Centre (MWC) delivered over 10,700 food care packs to workers in various sites and dormitories and provided 10,500 cooked meals for workers in need. AET employees also contributed 75 food packs to migrants in need.
- **India:** Akshaya Patra Foundation provided 6,625 families with food packs in Delhi, Mumbai, Vadodara, and Ahmedabad, translating into more than 270,000 much-needed meals.
- **Philippines:** Philippine Business for Social Progress supported around 3,175 families with food packs (fresh and dried goods) in Metro Manila and Cebu City, translating in over 240,000 cooked meals. 100 fishermen, farmers, sewer workers and their families received much-needed income from the food and masks sold for the packs, reinvested in fishing and farming supplies.
- **US:** Houston Food Bank catered over 225,000 meals to children, families, and seniors in need, while the Galveston County Food Bank provided around 300,000 meals to meet the growing demand of the community.
- **Brazil:** Rio Contra Corona distributed food packs to 13,500 families most impacted by COVID-19 in the Rocinha, Vidigal and other underprivileged communities in Rio De Janeiro, translating to close to 1 million meals.
- **UK:**
 - The Trussell Trust supported foodbanks that needed infrastructure to serve the underprivileged impacted by COVID-19.
 - The contribution to Felix Project translated into about 115,000 meals cooked with the fresh supply being rescued and delivered to frontline charities.

Our employees participated in the 'Walk for Our Children 2020' (Virtual Edition) to support the Singapore Children's Society (SCS) with a collective goal to contribute 10 million steps by end November 2020. Our employees exceeded the target set clocking a total of 33,876,503 steps which also raised SGD1,150 for this campaign from personal donations. This was complemented by AET's bronze sponsorship of SGD5,000 for the charity walk with all funds raised to support SCS's day-to-day programmes and services.

A key part of AET's crisis management readiness plan in 2020 focused on an integrated response structure in close collaboration with other stakeholders. During the year, AET and Eaglestar collaborated with Gallagher Marine Systems (GMS) on a crisis drill requiring the setting up of a Unified Command (UC). The drill allowed AET to conduct further tests on our new Crisis Management Plan involving regional and global crisis management teams. Over 40 personnel from agencies such as GMS, the United States Coast Guard, Texas General Land Office and others have come together to constitute the UC. This partnership has strengthened our people's ability to respond swiftly in the event of a crisis.

MOVING FORWARD

The tanker market is expected to remain challenging in 2021, as subsequent waves of infections continue to hit oil demand centres of North America, Europe and Asia. Sustained oil supply cuts by OPEC+ are continuing to impact tanker demand. However, demand is likely to return by the second half of the year on the back of vaccine availability, and increase in refinery runs, which may support tanker rates.

Tanker newbuilding activities have slowed down, due to in part COVID-19 and weak market outlook, but also in view of recent regulatory developments amplifying shipowners' concerns on the choice of propulsion systems and fuels. Overall, the tanker fleet capacity growth is projected to be 1.5% in 2021, underscored by high scrapping potential for an older fleet amid challenging market conditions.

The maritime sector is increasingly focused on the reduction of shipping's GHG emissions. The continuing evolution of maritime regulation towards emissions reduction is in line with AET's Sustainability Agenda to care for the environment and operate responsibly. Oil and gas players are expected to continue investing in energy with a focus on efficiency and GHG reduction technologies along their value chain, while the shipping finance fraternity is coming together with initiatives that promote alignment of their financing portfolio with IMO's GHG ambition such as Poseidon Principles.

There is no single solution available to shipowners to meet emission reduction ambitions as green technologies continue to evolve and LNG is expected to remain one of the most competitive transition fuel option for shipping in terms of price and environmental impact. As a pioneer in LNG dual-fuel vessels, AET's specialised capability in managing these assets sets us apart from the competition.

AET continues to monitor the development of eco-efficient technologies closely and seeks collaboration opportunities with technology and energy companies focusing on cleaner energy applications in maritime and shipping. Bearing in mind the uncertainties ahead, AET's business strategies are geared towards pursuing long-term sustainability by growing our secured-income portfolio and participating in eco-efficient shipping opportunities either on our own or through strategic partnerships.

