

Recharge to Grow

Value We Create

The framework boundaries and principles that guide us in our Integrated Reporting journey

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Our Integrated Approach to Value Creation

At PETRONAS, we adopt an integrated approach to deliver long-term sustainable value to our stakeholders. We do this to gain a holistic view of our activities, examining the interaction between the environment, the evolving expectations of our stakeholders and our overall operations to achieve our business aspirations. This ensures that our business remains strong, resilient and sustainable, thus enabling us to meet the energy needs of current and future generations.

Our Integrated Approach to Value Creation

Reinforcing Good Governance

We see corporate governance as a critical tool in our value creation story. For us, it means going beyond compliance in protecting the best interest of all stakeholders. We uphold the highest levels of integrity, governance and ethical business practices, anchored by a strong culture of transparency and accountability. This safeguards our business and protects the best interest of all our stakeholders.

Understanding the Context

Operating Landscape

Our ability to realise our value creation abilities hinges on the global macroeconomic landscape and its impact on the global oil and gas industry. The varying factors that affect the macroenvironment are closely analysed in relation to our business and operations, allowing us to identify potential trends and opportunities.

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Stakeholder Expectations

As we transition to expand our portfolio to include cleaner energy solutions, we are aware of the importance of managing the changing needs of our stakeholders. We proactively engage in meaningful dialogues, collaborations and engagements on various platforms to position ourselves as a credible, trustworthy partner.

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Developing and Deploying Our Strategy

Material Topics

Our ability to deliver stakeholder value is influenced by a range of ESG factors. Hence, we identify material topics that are closely related or could impact our stakeholders to help us develop and execute the right strategies that will drive the future of energy.

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Strategy

We are guided by PETRONAS' Three-Pronged Growth Strategy (3PGS), designed to meet our long-term stakeholder needs and position us as a progressive energy and solutions partner enriching lives for a sustainable future. The 3PGS are:

1. Maximising Cash Generators
2. Expanding Core Business
3. Stepping Out

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Our Key Capitals

The effective execution of our strategy is measured based on our ability to reasonably and intelligently utilise the following six types of resources:



Financial Capital:

The pool of funds obtained through financing or generated by our business.



Manufactured Capital:

The physical assets and infrastructure required to ensure our business operates.



Intellectual Capital:

The intellectual capabilities and intangibles associated with our brand, technical expertise and experience.



Human Capital:

The skills and knowledge inherent in our workforce to drive business operations.



Social and Relationship Capital:

The network of relationships between our business and stakeholders



Natural Capital:

The natural resources such as water, fuel, and materials used across our operations.

Creating Meaningful Value for All

Our ultimate goal is to create sustainable value for all our stakeholders. Through our integrated approach, we ensure all elements are taken into consideration to allow us to deliver value, now and for the future.

See pages 80-81 for a full disclosure of how the capitals are fully utilised in our Value Creation Model

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Our Key Capitals

Our value creation story relies on a range of resources broadly categorised into Financial, Manufactured, Intellectual, Human, Social and Relationship, and Natural Capitals. The efficient and intelligent utilisation of these capitals is key to achieving our operational, commercial and growth aspirations.



Financial Capital



Guided by strong financial metrics and a prudent financial management track record, we have built a pool of funds to finance operations and deliver business growth. By upholding disciplined Financial Capital spending, we are able to balance stakeholder value with business growth.

→ Return on Average Capital Employed
10.8%
2020: (4.1%)

→ Net Cash Position
RM67.2 billion
2020: RM52.1 billion

→ Return on Total Assets (ROTA)
11.2%
2020: (2.3%)



Manufactured Capital



We possess an extensive range of highly reliable and efficient assets, such as our offshore platforms, floating facilities, processing plants, innovative equipment, world-class office buildings and many more. Our Manufactured Capital allows us to meet the changing market and energy demands, current and future.

→ Property, Plant and Equipment
RM282.9 billion

→ Capital Investment
RM30.5 billion
2020: RM33.4 billion

→ Overall Equipment Effectiveness (OEE)
98.1% G+NE
93.3% Downstream



Intellectual Capital



Our operations are backed by proprietary technologies, knowledge, systems procedures and protocols that drive value creation and deliver sustained growth. This is our differentiating factor and will enable us to meet our long-term strategic objectives.

→ **RM361.80 million** Investment in Technology

→ **175** researchers attached to **178** laboratories in PETRONAS Research Sdn Bhd

→ **RM84.8 million** spent for digital intangible assets

Our Key Capitals

Although each capital is distinct from one another, they are interrelated. Therefore, our strategy development and execution involve contemplating the dynamics between the six capitals to optimise stakeholder value over the short, medium and long term.



Human Capital



The future of our organisation depends on the skills, knowledge and capabilities of our people. We invest in providing a wholesome talent experience to nurture a high-performing, innovative culture that is able to navigate a volatile industry for long-term growth.

→ Investment in Employee Training and Development:
RM111.9 million

→ A diversified workforce of **46,884** employees across the globe

→ Employees breakdown
72% Male
28% Female



Social and Relationship Capital



We develop long-lasting, mutually-beneficial relationships with our stakeholders to help business growth and improve the well-being of the communities. Doing so enables us to build stakeholder trust and support in our ability to deliver value far into the future.

→ More than **RM163 million** was invested in the PETRONAS Education Sponsorship Programme (PESP)

→ Over **7,000** benefited from various education programmes

→ **2** MARA Junior Science College (MRSM) campuses are in construction in Ranau, Sabah and Bintulu, Sarawak



Natural Capital



Our business model leverages natural resources to ensure the security of energy supply as well as the development of quality products and services for customers. Respecting the delicate balance between the natural environment and human economy, we advocate responsible utilisation of natural resources to create sustainable value for all stakeholders.

→ **RM0.6 billion** of CAPEX spent in renewable energy

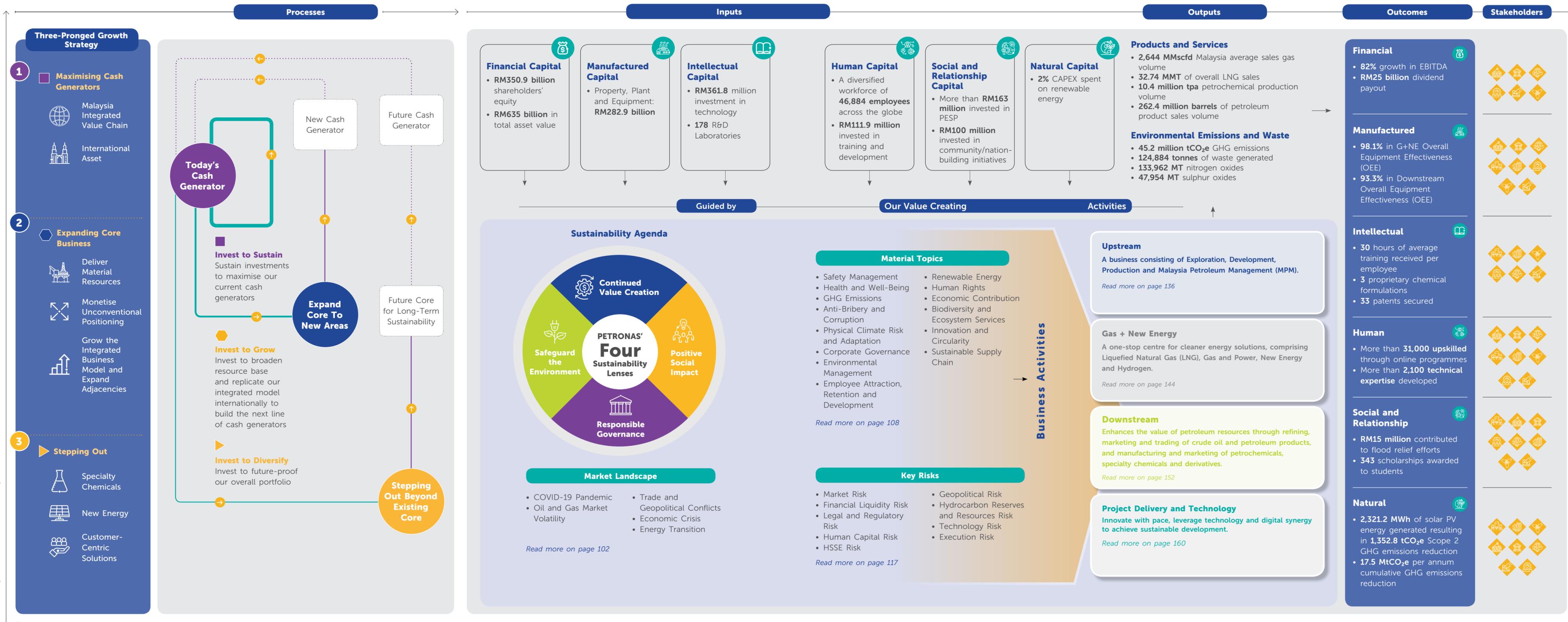
Value Creating Business Model

Statement of Purpose

A Progressive Energy and Solutions Partner Enriching Lives for a Sustainable Future

Brand Positioning Passionate About Progress

Value Creation Model



Value We Create

Performance by Capital



Financial Capital

Our strong financial base through income and earnings generated by our business, is necessary to fund our long-term objectives.



Inputs

	2021	2020
Total assets (RM billion)	635.0	574.1
Shareholders' equity (RM billion)	350.9	330.6
Cash Flows from operations (CFFO) (RM billion)	78.6	40.7
Free cash flows (RM billion)	48.1	7.3

Trade Offs

- Financial Capital helps create value through its conversion into other forms of capital.
- We need to balance the utilisation of Financial Capital between investments in our core business, predominantly Manufactured Capital, and growth.
- Financial Capital is utilised to fund capital investments and operating expenditures to increase other capitals to achieve long-term growth and sustainable performance.
- Although this may reduce our short-term Financial Capital, we can replenish this and create greater financial value in the long run through disciplined and effective investment decisions.

Outputs/Outcomes

	2021	2020
Revenue (RM billion)	248.0	178.7
Profit/(Loss) After Tax (RM billion)	48.6	(21.0)
EBITDA (RM billion)	100.5	55.3
CAPEX (RM billion)	30.5	33.4
Dividend Payout to Government (RM billion)	25.0	34.0

Actions to Enhance Outcomes

- Strengthen liquidity and risk management to protect cash flow.
- Maintain prudent and disciplined financial management system.
- Uphold and strengthen transparency and corporate governance disclosures.

Performance by Capital



Manufactured Capital

Our highly reliable and efficient equipment, infrastructure and other physical assets are required to meet evolving market demands.



Inputs

	2021	2020
Number of producing fields	247	247
Offshore platforms	432	432
Floating Facilities	30	30
Number of LNG Plants	4	3
LNG Floating Facilities	2	2
Number of gas processing complexes	2	2
Number of utilities complexes	2	2
Number of regasification terminals	2	2
Number of gas pipelines	4	4
Number of processing plants	5	5
Number of petrochemical production sites	11	11

Trade Offs

- As an asset-heavy organisation, the growth of our company depends on growth in our Manufactured Capital.
- Financial Capital needs to be used to expand our infrastructure, processing plants, equipment, renewable technologies, and more so that we can continue meeting society's energy demands, which contribute to our Social and Relationship Capital.
- However, we must manage our Manufactured Capital in a responsible manner. Health and safety issues will negatively affect our Human Capital, while poor environmental practices impact our Natural, and Social and Relationship Capital (loss of stakeholder trust).
- Our focus on clean energy solutions means expanding our Manufactured Capital to include renewable infrastructure, which requires a high amount of Financial Capital in the near term, but this will positively impact all other capitals, particularly Natural, Social and Relationship, and Intellectual Capitals.

Outputs/Outcomes

	2021	2020
LNG Sales (MMT)	32.74	33.12
Malaysia average sales gas volume (MMscfd)	2,644	2,521
Total petrochemical production volume (million tpa)	10.4	10.7
OEE (%)		
– G+NE	98.1	96.8
– Downstream	93.3	90.0
Renewable energy installed capacity (MW)	851	644

Actions to Enhance Outcomes

- Improve asset reliability and integrity to deliver business targets.
- Ensure world-class maintenance of assets to deliver operational excellence.
- Increase focus on customer-centric and demand-led solutions to gain access to broader market and achieve business targets.

Performance by Capital

How We Sustain Value: Performance by Capitals

The business growth achieved over the long-term is dependent on our ability to draw value from our six capitals, which are categorised as Financial, Manufactured, Intellectual, Human, Social and Relationship, and Natural Capitals. As these capitals are largely based on our resources and relationships that are essential to our business, they provide stakeholders with greater clarity on how we maximise positive outcomes, minimise trade-offs and, at the same time, balance our environmental, social and governance (ESG) scorecard. We leverage these capitals in a responsible manner to deliver our strategy for long-term sustainable growth and, most importantly, create added value for our stakeholders.

Performance by Capital



Intellectual Capital



Our proprietary technologies, knowledge, systems procedures and protocols that enable us to deliver sustained value and growth.

Inputs

	2021	2020
Number of R&D Laboratories	178	160
Number of dedicated researchers	175	184
Investment in technology (RM million)	361.8	335.7

Trade Offs

- It is important to invest in smart and innovative solutions that improve our Intellectual Capital and overall competitive advantage.
- We channel Financial Capital into research and development (R&D) to enhance our end-to-end visibility and processes across the value chain, including operational and cost efficiencies.
- Although this may immediately deplete our Financial Capital, the expected benefits gained in the coming years will strengthen our long-term value through improved Natural, Social, Human, and Intellectual Capitals, which inadvertently results in sustainable financial growth.

Outputs/Outcomes

	2021	2020
Number of new products and softwares launched	35	14
Number of patents secured	33	31
Number of proprietary chemical formulations	3	5
Number of technical solutions deployed/piloted	62	23
Number of registered trademarks	67	54

Actions to Enhance Outcomes

- Foster innovation and accelerate presence in the digital space for optimised, effective solutions across the value chain.
- Intensify low-carbon technology solutions, R&D capabilities and innovation pipeline to maximise efficiency and support towards NZCE 2050.
- Improve cost and operational effectiveness in the delivery of top quartile products.
- Improve the number of patents secured.

Performance by Capital



Human Capital



A diverse and high-performance workforce equipped with future-ready skills and capabilities.

Inputs

	2021	2020
Total number of PETRONAS employees	46,884	48,679
Total investment for training and development (RM million)	111.9	170.0
Gender diversity in workforce (% of women)	28	28

Trade Offs

- We believe in investing in upskilling and reskilling our global workforce to compete and win in the future marketplace, given the constantly changing market landscape.
- We invested in digital tools to better churn insights and intelligence from data, simplify work processes, empower decision making and enable seamless collaboration.
- Additionally, we continue to invest in providing the right environment for our people to thrive, for example a conducive workplace that promotes well-being, Diversity and Inclusion (D&I), and organisational culture.
- This may impact Financial Capital but will positively impact Human Capital to deliver business performance, hence, it will also benefit Financial Capital in the longer term.

Outputs/Outcomes

	2021	2020
Lost Time Injury Frequency (LTIF)	0.14	0.10
Fatal Accident Rate (FAR)	1.13	1.47
Employee attrition rate (%)	8.4	4.9
Number of employees completed online training	31,207	30,268
Number of Technical Professionals developed	1,281	1,173

Actions to Enhance Outcomes

- Intensify investment in upskilling/reskilling programmes especially in areas such as agile ways of working, innovation, analytics, and digital, as well as sustainability.
- Provide flexible work arrangements to ensure the safety, health, and well-being of employees.
- Continue to build awareness and progress to improve D&I.
- Continue to inculcate the refreshed PETRONAS Cultural Beliefs through various engagements and communications.

Performance by Capital



Social and Relationship Capital



A strong network of mutually-beneficial relationships that allow us to contribute to societal well-being and empowerment.

Inputs

	2021	2020
Total investment in PETRONAS Education Sponsorship Programme (PESP) (RM million)	>163	>177
Investments in community/nation-building initiatives (RM million)	100	100

Trade Offs

- To achieve our strategic vision, we need to build stakeholder trust and loyalty, which is essentially reflected in our Social and Relationship Capital.
- We utilised our Financial Capital in 2021 to protect our stakeholders and business from the impact of COVID-19. Funds were channelled to help employees navigate new work environments, support suppliers' operations during lockdown periods, and provide critical assistance to communities in need.
- While this may have impacted Financial Capital, it has enhanced our position as a responsible corporate citizen among our stakeholders, which indirectly serves all our other capitals.

Outputs/Outcomes

	2021	2020
Total number of beneficiaries from various PETRONAS programmes	7,272	5,175
Total contribution to flood relief efforts (RM million)	15	n/a
Number of students awarded scholarships (Malaysian)	302	370
Scholars recruited by PETRONAS (%)	66	61
Total contribution to COVID-19 relief efforts (RM million)	86.0	50.6

Actions to Enhance Outcomes

- Strengthen collaboration and relationships with industry players.
- Drive multifaceted strategic initiatives with government agencies to help shape policies for the energy industry.
- Amplify collaborations with the Malaysian Government and host governments for humanitarian relief efforts such as COVID-19, natural disasters, and others.
- Enrich the lives of our communities by continuing to provide education opportunities through sponsorship, programmes, and infrastructure.
- Advocate the use of natural gas and renewable energy to stakeholders to realise our energy transition plan.

Performance by Capital



Natural Capital



The responsible utilisation of natural resources by our operations, as well as our ability to take care of the environment.

Inputs

	2021	2020
Total freshwater withdrawal (million m ³)	71.19	60.03

Trade Offs

- A large part of our operations still depend on carbon-based energy and materials, resulting in waste and emissions that could potentially impact Natural Capital.
- In achieving our NZCE 2050 aspiration, we need to improve our consumption of Natural Capital. This requires investments in reduction and mitigation initiatives that minimise our environmental footprint.
- Financial Capital is channelled into our Manufactured Capital as we invest in resource-efficient infrastructure and operations, thus minimising our use of Natural Capital.
- We also use Financial Capital to improve our Human Capital, in which we train and upskill employees so they can accelerate the move towards a low-carbon economy, which improves Natural Capital in the long term.
- Through resource efficiency, we can achieve cost savings for improved Financial Capital in the long run. Furthermore, by taking care of our Natural Capital, we also gain stakeholder trust (Social and Relationship Capital).

Outputs/Outcomes

	2021	2020
Absolute GHG emissions (MtCO ₂ e)	45.2	48.3
Hazardous waste disposed (MT)	59,228	33,349
Oil in water content (MT)	452	532
Sulphur oxides emissions (MT)	47,954	84,225
Nitrogen oxides emissions (MT)	133,962	138,035

Actions to Enhance Outcomes

- Continue to reduce carbon footprint by accelerating lower carbon solutions, leveraging technology-driven operations.
- Enhance operational efficiency and achieve zero continuous hydrocarbon venting and flaring to reduce GHG emissions.
- Pursue new plastics economy and waste reduction potential to address global waste issue and Malaysia's sustainability agenda.
- Enhance our research and development activities in carbon capture and storage (CCS) technology to effectively manage high carbon dioxide (CO₂) field development.

Engaging with Stakeholders

Our stakeholders are at the heart of everything we do. We work with a broad range of stakeholders, with a strong emphasis on proactive, transparent and open engagement. This, in turn, promotes mutually beneficial relationships and value for our stakeholders and PETRONAS. From rising inequalities, climate change, natural disasters and the COVID-19 pandemic; stakeholder management has been key in navigating a volatile business environment. Hence, meaning collaborations and timely engagements with relevant stakeholders are important in fulfilling our strategic objectives.

To ensure this, we identify, attend to our stakeholders' expectations, track our engagement outcomes against our planned initiatives, and measure our stakeholders' sentiments through a stakeholder management system through periodic surveys. Ultimately, our goal is to be recognised as a credible and progressive partner in providing the right solutions and contributing towards common goals.



Federal/Host Governments

Quality of Engagement: ●●●●○

Material Topics:

Why They Are Important

We proactively engage with government agencies and regulators as this enhance lasting relationship in ensuring continuous business operations. In addition, we serve as a key thought partner in shaping policies that support the broader economy with the foresight to anticipate future regulations that may potentially affect the industry. It also builds trust and promotes synergies to advance mutually-beneficial objectives. This strengthens our position as a responsible solutions partner for the industry and for the government, as well as a trusted partner in nation-building.

How We Create Value

- Catalyse nation-building through economic contributions, as well as provide human capital development and employment opportunities.
- Engage as a credible thought partner in shaping policies for the energy industry to help realise the government's aspiration in advancing the country's sustainability agenda.

Stakeholders' Key Concerns

- Nation-building agenda.
- Compliance with laws and regulations.
- Ethical business practices.
- Health and safety.
- Employment opportunities.
- Human capital development.
- Sustainable development.
- Environment and climate change.
- Social development.

PETRONAS' Response

- Supported Government nation building and economic recovery initiatives such as *Program Bakul Prihatin Negara* and *Program CERDIK*.
- Participated in Government's initiative under the collaboration with the Economic Planning Unit (EPU) to develop clear targets and policies for the National Energy Policy and the Natural Gas Roadmap.
- Collaborated in COVID-19 responses and management measures to ensure business continuity.
- Strengthened collaborations on NZCE 2050 aspiration and sustainability ambitions.
- Operated in compliance to safety standards, laws and legislations.
- Provided timely update and information on PETRONAS business operations.

Engagement Channels/Platforms

- Face-to-face and virtual meetings.
- Regular reporting, briefings and meetings.
- Participated in government-related conferences and exhibitions.

W
W
Q

Value Creation Highlights

- Conducted various programmes that benefitted 3,111 students in vocational and industrial training such as GEES, VISTA, internship and others.
- Advisory role in Chemical Industry Roadmap to bring up the chemicals sector to position Malaysia amongst the top competitive nations by 2030.
- Allocated RM25 million for disaster relief aid nationwide.

Engaging with Stakeholders

Quality of Engagement

- No existing relationship
- Relationship established, but much work to be done to improve quality of relationship
- Relationship established, value-generating connection, but with some room for improvement
- Good-quality, mutually beneficial relationship, with some room for improvement
- Strong relationship of mutual benefit

Frequency of Engagement

- W** Weekly
- M** Monthly
- E** Every Two Months
- Q** Quarterly
- T** Twice Yearly
- Y** Yearly



State Governments

Quality of Engagement: ●●●●○

Material Topics:

Why They Are Important

As PETRONAS operates in various states within Malaysia, continuous engagements with state governments help broaden their understanding of our operations and build trust over the long term. We operate according to the state's regulatory requirements to ensure safe operations and minimise business disruptions. In return, it creates business opportunities for the local industries, enriches local communities, and contributes to the state and country's economy.

How We Create Value

- Spur the state's economic growth and social upliftment through local industry and human capital developments, as well as equitable employment opportunities.
- Establish partnership with the states and leverage the pool of local talents and the new energy growth frontiers.

Stakeholders' Key Concerns

- Employment opportunities.
- Skills and entrepreneurship development.
- Environment and climate change.
- Community investment.
- Compliance with laws and regulations.
- Social development.
- Ethical business practices.
- Health and safety.

PETRONAS' Response

- Supported the states' economic transformation projects, and economic recovery efforts.
- Provided technical advisory to states during crisis such as during water supply shortages in certain states.
- Ensured business continuity by adhering closely to state laws and regulations.
- Provided timely updates and information on PETRONAS' business operations.
- Contributed to the construction of two MARA Junior Science College (MRSM) campuses in Sabah and Sarawak to encourage and promote students' interest in STEM for a combined capacity of 900 students.

Engagement Channels/Platforms

- Face-to-face and virtual meetings.
- Regular meetings, briefings and dialogues with state Ministries.
- Joint Working Committee meetings and Strategic Dialogues.

W
W
Q

Value Creation Highlights

- Participated in state governments' policy-shaping initiatives and programmes.
- Facilitated engagements and communications between businesses and various state governments as well as agencies for business opportunities in the new energy sector.

Engaging with Stakeholders



Customers

Quality of Engagement: ●●●●○

Material Topics:

Why They Are Important

Customers provide valuable feedback, which enables us to deliver innovative and quality customer-centric products, services and technological solutions that create value and improve their overall experience. Our strong ability to constantly diversify our portfolio will also build long-term trust and loyalty from customers, which ultimately will support our growth and sustainability agenda.

How We Create Value

Provide positive customer experience through superior, innovative products and timely product delivery with reliable after-sales support.

Stakeholders' Key Concerns

- Customer experience.
- Health and safety.
- Operational efficiencies.
- Product quality and availability.
- Product pricing and credit terms.
- Ethical practices.
- Sustainability matters.
- Environment and climate change.

PETRONAS' Response

- Introduced high-quality and innovative products and solutions.
- Ensured supply reliability and security of oil and gas products.
- Rolled out the PETRONAS Dynamic Diesel Euro 5 with Pro-Drive that contains less sulphur at more than 1,000 PETRONAS stations nationwide.
- Expanded Setel@ ecosystem, enabling seamless service delivery across key lines of our business and providing added convenience to our customers.
- Increased usage of environmentally friendly products and packaging such as sustainable fabrics for PETRONAS merchandise through PRYSM products.
- Issuance of biodegradable and compostable bags at PETRONAS stations.
- Continued collaboration with Alam Flora for drive-through recycling initiatives at selected PETRONAS stations and collected 8.72 tonnes of recyclable items.
- Mobilised ROVR (mobile refuelling service) to provide critical refuelling services in areas affected by flood in Malaysia.

Engagement Channels/Platforms

- Face-to-face and virtual meetings.
- Events, dialogues, roadshows and engagements.
- Marketing activities and outreach programmes.
- Social media platforms (such as YouTube, Facebook, Instagram and Twitter).
- Company's website.
- Feedback management system.
- Customer appreciation programmes.



Value Creation Highlights

- Provided reliable services, innovative and sustainable products and solutions to customers.

Engaging with Stakeholders



Internal/Employees

Quality of Engagement: ●●●●○

Material Topics:

Why They Are Important

Our workforce is unquestionably our most valuable asset. We value their talent and contributions, and that is why their health, safety and overall well-being remain our top priority. Despite challenges faced during the COVID-19 pandemic, they remained committed and dedicated to helping PETRONAS achieve its 2021 business goals against a challenging market landscape. They are fundamental to our success, growth and sustainability.

How We Create Value

- Provide a wholesome talent experience that emphasises on a self-driven culture for growth via learning and development, supported by the right environment.
- Encourage the spirit of innovation and creativity to accelerate the move towards a lower carbon future and new energy industry.

Stakeholders' Key Concerns

- Competitive remuneration and benefits.
- Flexible work arrangement.
- Opportunities for career growth.
- Learning and development.
- Strategic direction, business growth and performance.
- Safe and healthy work environment.
- Ethical and sustainable business practices.
- Diversity and inclusion.

PETRONAS' Response

- Provided upskilling and reskilling of existing talents to ensure we have the best talents in the right role.
- Provided regular enterprise engagement and communications to keep employees informed and engaged.
- Ensured the overall safety, health and well-being of employees.
- Enhanced PETRONAS' Remote Working Arrangement.
- Provided New Ways of Working (NWOW) assistance and introduced monthly Connectivity Assistance.
- Conducted various programmes as part of Diversity and Inclusion (D&I) efforts to enhance gender diversity in many areas including leadership.
- Established Employee Assistance Programme 2.0 (myFriends), MIND-A-CARE (First Aid for Mental Health), Building Personal Resilience via iC4RE in efforts to safeguard PETRONAS' employees mental well-being.
- Introduced myLearningX, a new digital learning platform that offers personalisation and flexible learning options.
- Advocated youth empowerment through PETRONAS Young Professionals Club (YPC).

Engagement Channels/Platforms

- Staff engagement sessions.
- Leaders' Townhall.
- Employee feedback sessions.
- Intranet and email blast announcements.



Value Creation Highlights

- Close to 100 per cent of PETRONAS employees have been fully vaccinated.
- More than 30,000 users on PETRONAS Dot App – an internal platform for employees to stay engaged with the latest happenings within the Group, have dialogue with Leaders and quick access to important announcements during the Movement Control Order (MCO). It became a valuable and cohesive tool for PETRONAS staff groupwide to remain connected.

Engaging with Stakeholders



Shareholders/Investors/Credit Rating Agencies

Quality of Engagement: ●●●●○

Material Topics:

Why They Are Important

We nurture stakeholders' trust and confidence to ensure continued access to capital at competitive rates/terms. We also value the stakeholders' support in imparting market intelligence and insights, which enable early identification of opportunities and emerging trends within the financial markets.

How We Create Value

Progressive business with strong fundamentals, prudent financial performance and good governance with firm commitment towards energy transition and sustainability goals.

Stakeholders' Key Concerns

- Business and industry outlook.
- Financial positions and shareholders' returns.
- ESG and energy transition.
- Regulatory compliance.

PETRONAS' Response

- Provided accurate and timely reporting with transparency.
- Robust fundamentals and resilient financial performance.
- Strong commitment to delivering NZCE 2050 aspiration (aligned with the international frameworks, standards and progressive improvements in ESG practices).

Engagement Channels/Platforms

- Stakeholder engagements.
- Financial results announcements.
- Analyst briefings.
- Announcements and disclosures via corporate websites.
- Annual General Meetings.



Value Creation Highlights

- Maintained standalone credit ratings.
- Continued access to capital at competitive rates and terms, notably USD3.6 billion bonds issued with lowest coupon and tightest issue spread for PETRONAS in recent years.

Engaging with Stakeholders



Media

Quality of Engagement: ●●●●○

Material Topics:

Why They Are Important

The media is an important partner in relaying the right messages and information to our stakeholders. It builds brand strength, safeguards our reputation and strengthens rapport. Continuous engagements are conducted with the media to increase PETRONAS' share of voice, to shape perception and address the expectations of our targeted audiences (media/industry/public).

How We Create Value

- Communicate accurate and timely information to build trust and confidence.
- Advocate transparency, ethical business conduct and practices, business performance, environmental, social and corporate governance.
- Sustain media trust towards PETRONAS.
- Maintain professional relationship with the media.
- Credible conduit for information dissemination.
- Enhance visibility of PETRONAS' corporate agenda and business developments.
- Manage positive perception towards PETRONAS' performance, behaviour and transparency.

Stakeholders' Key Concerns

- Governance.
- Products/Services.
- Financial Performance.
- Leadership.
- Technology and digital innovation.
- Sustainability and renewables.
- Environment and climate change.

PETRONAS' Response

- Fostered open and transparent communication.
- Ensured timely communication and dissemination of information.
- Undertook robust activation of media strategies and plans.
- Initiated collaboration and support for meaningful initiatives.

Engagement Channels/Platforms

- Face-to-face and virtual engagement sessions (dialogues, press conferences, press releases, announcements).
- Timely dissemination of information via press releases, statements or announcements.
- Media sponsorships.



Value Creation Highlights

- Positive reporting on PETRONAS-related news.
- Improved mitigation on issues.
- Increased publicity.
- Strengthened media presence.
- Facilitated fair and informed reporting of stories.
- Maintained positive news sentiment.
- Maintained positive public perception.

Engaging with Stakeholders



Industry Partners and Government-linked Companies (GLCs)

Quality of Engagement: ●●●●○

Material Topics:

Why They Are Important

We continue to work closely together with industry partners to elevate industry standards as well as develop new cleaner technology and solutions for a mutually-thriving and sustainable energy industry. This enables us to improve operational efficiencies and build capabilities to explore new areas for growth that support our NZCE 2050 aspiration in meeting the energy needs in a lower-carbon future.

How We Create Value

- Develop the nation in a sustainable manner through collaborations on research, development and commercialisation of technology solutions fit for the energy industry and beyond.
- Improve industry standards/regulation through advocacy via regulators (government/non-government).
- Deploy and exchange best practices to improve operations, products and services across multiple industries.

Stakeholders' Key Concerns

- Governance and integrity.
- Business continuity and industry relevance amidst Just Transition phase.
- Health, safety and environment.
- Local participation in the industry.
- Industry requirements, local content, regulations and policies.
- Business opportunities.
- Oil and gas as well new as energy capabilities.

PETRONAS' Response

- Timely delivery of capital projects for PETRONAS.
- Applied best practices, research and development (R&D), commercialisation and technology solutions.
- Strengthened the supply chain through collaborative programmes and initiatives.
- Continued to nurture vendors under programmes such as Vendor Development Programme (VDP) and support the vendors by facilitating access to financing under the Vendor Financing Programme (VFP).
- Collaborated with relevant stakeholders in countries where we operate, such as the governments, regulators, agencies and organisations.
- Elevated knowledge sharing and technology transfer in engineering solutions.
- Improved monetisation through commercialisation of PETRONAS' emerging technologies.

Engagement Channels/Platforms

- Face-to-face and virtual meetings.
- Familiarisation visits for stakeholders.
- Content sharing and festive greetings via emails.
- Official events (MoU signings, launching ceremonies, etc).

Value Creation Highlights

- Capabilities in key energy industry activities through multilateral knowledge sharing with regional industry players.
- Technical expertise and technologies on hydrogen production available to customers from both industry players and public.
- Drones at PETRONAS facilities are being used as a case study for application in other industries and wider purposes resulting in operational efficiency, cost optimisation and reduction of HSE risks.

Engaging with Stakeholders



Communities/Non-Government Organisations (NGOs)

Quality of Engagement: ●●●●○

Material Topics:

Why They Are Important

Community engagement reflects our position as a responsible corporate citizen, builds public trust and ensures the continued viability of our business in the long term. We aim to enrich the lives of the communities through the social investments we make towards societal upliftment and safeguarding the environment.

How We Create Value

Uplift communities and work with NGOs of similar cause for greater social good in creating positive social impact, safeguarding the environment and continuous value creation.

Stakeholders' Key Concerns

- Governance and integrity.
- Health, safety and environment.
- Education.
- Social well-being.
- Compliance with relevant legislation.
- Sustainability.
- Ethical practices.
- Human rights.

PETRONAS' Response

- Implemented community development and socio-economic programmes.
- Collaborated with NGOs for the protection and preservation of wildlife, environment and social causes such as recycling and rainwater harvesting.
- Introduced eco-friendly product designs and operations.
- Amplified Food Bank Programme at 400 PETRONAS stations.
- Established Industry Vaccination Centre or *Pusat Pemberian Vaksin Industri* (PPVIN) at six locations across Malaysia.
- Conducted periodic engagement with communities on safety education and crisis preparedness at PETRONAS operations areas to improve community resilience.
- Conducted surveys and focus group discussions to identify and mitigate social and safety risks with local communities near to PETRONAS' operation.

Engagement Channels/Platforms

- Corporate Social Responsibility (CSR) programmes.
- Regular briefings and engagements with local communities.

Value Creation Highlights

- Improved the economy of communities through the MEKAR programme.
- Increased the livelihood of local farmers and the lower-mid income demographics (B40 and M40) via PETRONAS Dagangan Berhad's (PDB) Segar@Mesra.
- Promoted local brands via the Love Local campaign at PDB's *Kedai Mesra*.
- Local community grasp the significance of environmental care and coastal ecology with about 20,263 mangrove trees planted in a 14,000 sqm ecoCare area along the Sungai Kertih in Terengganu.

Because We Care

The year 2021 has been particularly difficult for many Malaysians. Not only were there resurgence of new COVID-19 variants and economic slowdown, but but also severe floods that affected several states in Malaysia at the end of the year. It was a challenging year for everyone across various stakeholder groups who faced loss of lives and livelihoods, leaving far-reaching economic consequences.

Despite the challenges, we rallied our workforce together. We stood united to reach out and help those in need, through on-the-ground support, digital solutions, and monetary contributions. To this end, we prioritised the health and safety of our workforce and our communities through rapid, coordinated and effective response. Leveraging on our workforce's broad range of competencies, we partnered with governments and forged powerful alliances to drive economic recovery, assisting our vendors through a difficult period significantly marked by the pandemic. Meanwhile, for our customers, we introduced products, services and solutions to cater to their needs.



Federal Government/Host Governments



What Happened

Governments around the world faced continuous pressure to revitalise the economy. In Malaysia, the government accelerated the National Vaccination programme and gradually opened economic sectors. Various stimulus packages were introduced to help businesses and the population, especially those from the lower-income group.

Our Response

- Strengthened COVID-19-related Standard Operating Procedures (SOPs) throughout our value chain.
- Contributed RM4 million towards the setup and operation of six PPVINS.
- Introduced the Green Bubble and Green Net approaches at 33 assets in Malaysia and PETRONAS' selected international locations to curb the spread of COVID-19.
- Channelled funds to purchase critical medical equipment and supplies to hospitals and frontliners.
- Collaborated with government agencies to facilitate approvals for essential vendors to operate during the MCO.
- Facilitated business continuity mitigation during the pandemic by liaising with authorities and government agencies as well as coordinated approval for *Program Imunisasi Industri COVID-19 Kerjasama Awam-Swasta* (PIKAS) for more than 10,000 employees and contractors nationwide.
- PETRONAS contributed RM10 million and Yayasan PETRONAS contributed RM5 million to NADMA's flood relief efforts.

Because We Care



State Governments

What Happened

State governments faced challenges in accelerating vaccinations and managing post COVID-19 economic recovery efforts.



Our Response

- Collaborated with oil-producing state governments (Sabah, Sarawak and Terengganu) to minimise oil and gas supply disruption by assisting in state-led economic recovery, COVID-19 and natural disaster relief aid.
- Contributed more than RM750,000 towards the development of vaccination centres in Kedah, Perak, Perlis and Selangor.
- Mobilised ROVR to flood-impacted areas to help residents' refuelling needs in Kuala Lipis, working closely with the Ministry of Domestic Trade and Consumer Affairs, Pahang.
- Mobilised assistance for COVID-19 and flood relief efforts in the respective states.
- Yayasan PETRONAS also contributed medical equipment and supplies to Hospital Canselor Tuanku Muhriz UKM (HCTM), Kuala Lumpur; Hospital Sungai Buloh and Hospital Shah Alam, both in Selangor; and Hospital Labuan, and to the Kelantan State Health Department, amounting to approximately RM3.4 million.



Customers

What Happened

Customers adapted to the new normal by leveraging technology and solutions to work, learn as well as stay connected with friends and family. In addition to strict COVID-19 SOPs, border closures and restricted movements led to challenges in obtaining their daily needs and disrupted the security of energy supply.

Our Response

- The Setel@ App, which was introduced by PDB to encourage customers to make seamless purchases minus the queues, was also used as a platform for donations toward PETRONAS' Food Bank Programme.
- Implemented innovative solutions to ensure the security of energy supply to customers via ROVR, ISO tanks, bunker solutions, Virtual Pipeline System (VPS) and more.
- Implemented strict SOPs in retail and customer-facing areas.



Because We Care



Internal/Employees

What Happened

The safety and well-being of our employees remained a top priority. With the implementation of a flexible working arrangement policy, employees continued to Work From Home (WFH), except for those in critical and essential sectors. Strict safety measures, including cybersecurity awareness, were implemented. Assistance on mental well-being was also rendered to employees in managing WFH challenges, particularly having an appropriate work-life balance.

Our Response

- Provided financial and connectivity assistance to support employees working from home.
- Achieved close to 100 per cent vaccination rate among employees with the establishment of 11 vaccination centres, onshore and offshore across our operations nationwide, partnering with governments and the private sector.
- Established COVID-19 One-Stop Centre, Incident Action Plan (for international assets), Pandemic Preparedness and Response Team (PPRT), COVID-19 digital platform and E-Health Vaccination, backed by 85 technical guidelines and directives to improve Business Continuity and safeguard the workforce.
- Introduced My Personnel e-Tracker (MyPeT) app for oil and gas personnel and supply chain to ensure minimal industry-wide disruption at domestic and international assets.
- Partnered NALURI (for EAP Counselling) and Malaysian Psychiatric Association (for MIND-A-CARE Programme) to improve mental health and overall well-being of employees.
- Partnered with the private medical sectors to provide 200 emergency/non-emergency assistance to COVID-19 infected employees.
- Enhanced security measures during the various containment measures to protect PETRONAS' interests, locally and abroad.
- Distributed hygiene kits to employees.
- Extended financial support to vaccinated employees and international assignees and their families returning to Malaysia.
- Established quarantine centres for employees from the Upstream and gas operations at local hotels to allow smooth transition and changes in shifts.



Because We Care



Industry Partners and Government-linked Companies (GLCs)

What Happened

The pandemic caused disruption to the supply chain, both locally and globally. The MCOs and cautious outlook by various economic sectors led to suppliers and vendors facing difficulties in obtaining access to financial assistance and also inability to operate during the lockdowns.

Our Response

- Enabled essential vendors to operate during restrictive movement periods for business continuity by facilitating approvals with government agencies.
- Simplified internal interface processes between PETRONAS and vendors to overcome logistic challenges due to travel restrictions.
- Continued to support and ease Oil and Gas Services and Equipment (OGSE) vendors by facilitating access to financing under the Vendor Financing Programme.



Communities/Non-Government Organisations (NGOs)

What Happened

More segments of our communities, especially those in the lower-income segment, continued to be impacted by COVID-19. Apart from unemployment, many lacked access to food, basic hygiene necessities, and remained unaware of the importance of being vaccinated.

Our Response

- Initiated COVID-19 relief aid by providing necessary supplies to prevent, control and treat impacted communities located across our domestic and international assets.
- Total donations of more than RM2 million raised for the PETRONAS Food Bank Programme which benefitted 2,142,000 recipients during the COVID-19 pandemic.
- Assisted frontliners via the PDB Coffee Break Programme at 15 hospitals nationwide, with discounts for vehicle-related services.
- Contributed medical equipment and hygiene products/kits to frontliners and communities in collaboration with Federal and State authorities.
- Activated disaster relief for communities affected by flood in key operating states.
- Contributed over RM30 million worth of learning devices that benefitted 12,000 B40 students to support virtual learning during the pandemic for the CERDIK initiative.

