

Recharge for Resilience

Financial Review and Other Information

An overview of our
financial performance and
other relevant details

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Group Financial Results and Position

Analysis of Financial Results

Consolidated Statement of Profit or Loss and Other Comprehensive Income or Loss

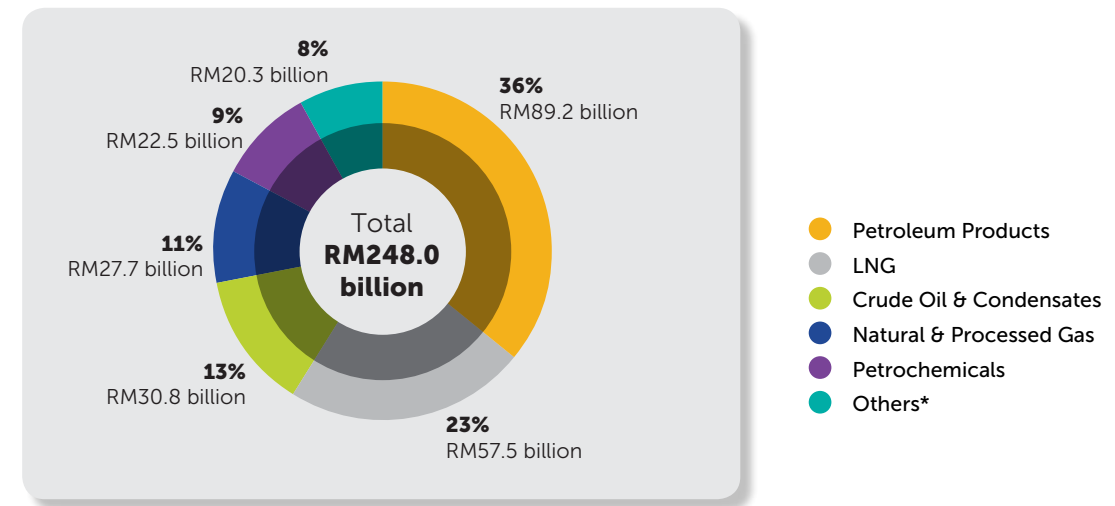
	Financial Year ended 31 December	
In RM million	2021	2020
Revenue	247,962	178,741
Cost of revenue	(158,646)	(134,958)
Gross profit	89,316	43,783
Selling and distribution expenses	(9,423)	(8,174)
Administration expenses	(11,536)	(9,675)
Net impairment write-back/(losses) ¹	2,307	(32,681)
Other expenses	(3,136)	(5,871)
Other income	4,904	4,102
Operating profit/(loss)	72,432	(8,516)
Financing costs	(5,069)	(4,133)
Share of profit after tax and non-controlling interests of equity accounted associates and joint ventures	1,882	328
Profit/(Loss) before taxation	69,245	(12,321)
Tax expense	(20,645)	(8,708)
PROFIT/(LOSS) FOR THE YEAR	48,600	(21,029)
Other comprehensive income/(loss)		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Net changes in fair value of equity investments at fair value through other comprehensive income (OCI)	639	13
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net movements from exchange differences	3,533	(452)
Cash flow hedge	(174)	(1,447)
Others	170	28
Total other comprehensive income/(loss) for the year	4,168	(1,858)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	52,768	(22,887)
Profit/(Loss) attributable to:		
Shareholders of the Company	41,792	(23,851)
Non-controlling interests	6,808	2,822
PROFIT/(LOSS) FOR THE YEAR	48,600	(21,029)
Total comprehensive income/(loss) attributable to:		
Shareholders of the Company	45,010	(25,019)
Non-controlling interests	7,758	2,132
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	52,768	(22,887)

¹ Includes certain amount relating to loss on remeasurement of finance lease receivables and write-off of assets.

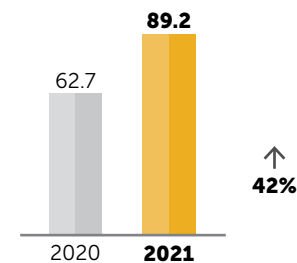
Group Financial Results and Position

Revenue by Products

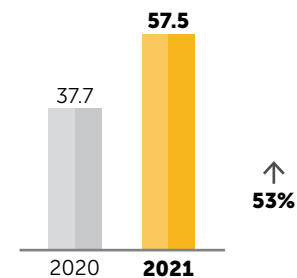
The Group's total revenue was RM248.0 billion, primarily contributed by petroleum products and LNG which accounted for 36 per cent and 23 per cent of revenue, respectively.



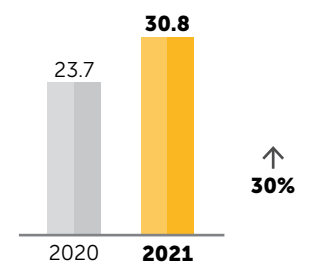
Petroleum Products
(RM billion)



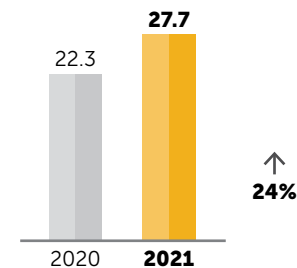
LNG
(RM billion)



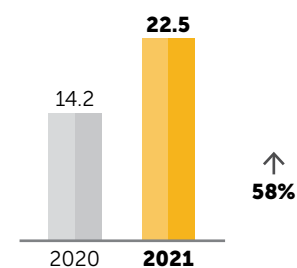
Crude Oil & Condensates
(RM billion)



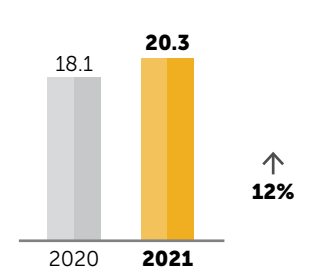
Natural and Processed Gas
(RM billion)



Petrochemicals
(RM billion)



Others*
(RM billion)

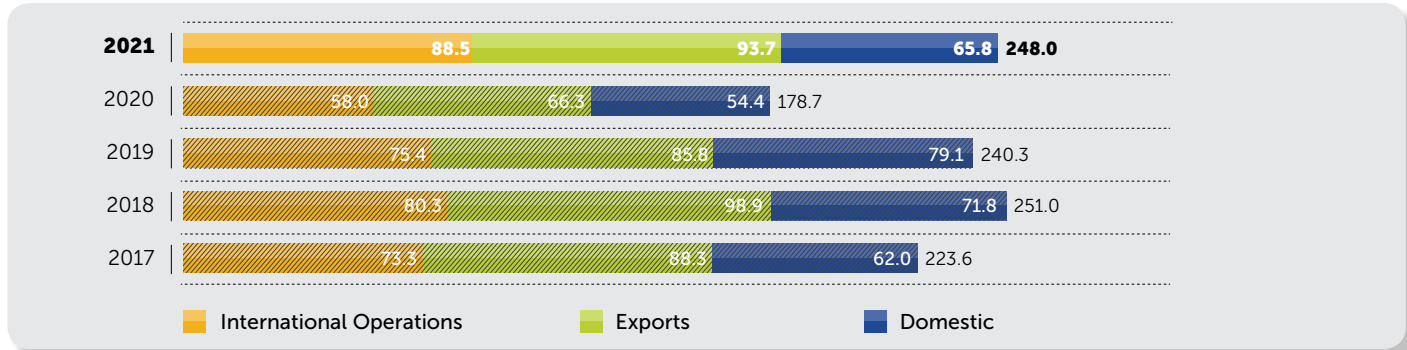


* Others mainly comprise Maritime and Logistics, Services and Property.

Group Financial Results and Position

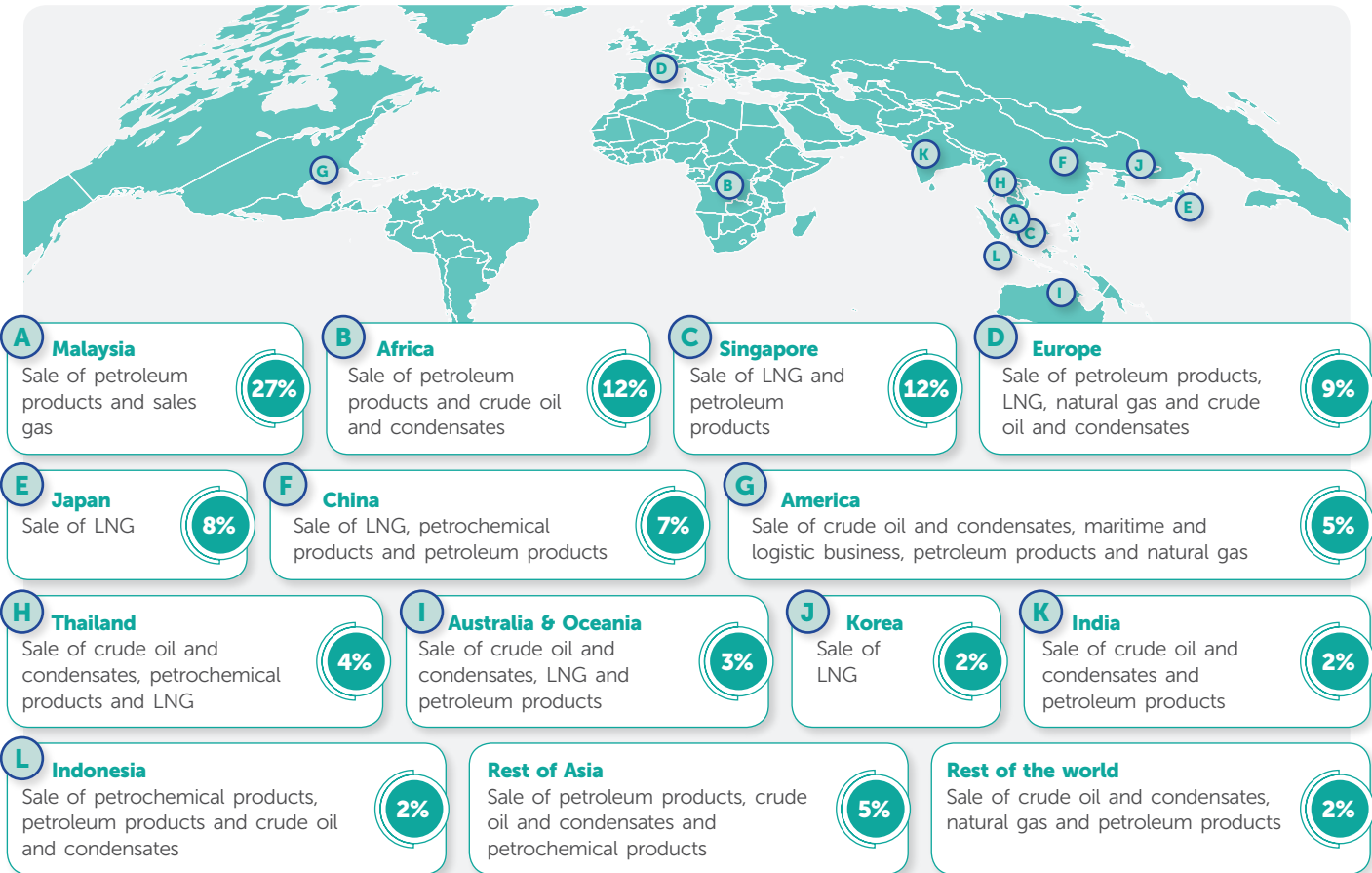
Revenue by Geographical Trade

(RM billion)



- The Group recorded higher revenue for all categories of its geographical trade in 2021 as a result of significantly higher product prices.
- Revenue from exports at RM93.7 billion remained as the major contributor to the Group’s revenue, which accounted for 38 per cent of total Group revenue. The exports revenue recorded during the year was 41 per cent higher as compared to 2020 mainly attributed to higher sales volumes and upward trending of key benchmark prices for major products.
- Meanwhile, international operations revenue which accounted for 36 per cent of the Group’s total revenue recorded an increase of 53 per cent as compared to FY2020, also resulted from higher sales volume following improvement of travel restrictions as well as upward trending of key benchmark prices.
- Domestic operations recorded an increase of 21 per cent during the year primarily attributed to higher key benchmark prices for major products, mainly petroleum and petrochemical products.

Revenue by Geographical Segments



Group Financial Results and Position

Group Cost

Group cost stood at RM204.4 billion, a slight increase against last year by RM0.2 billion, mainly due to higher price-sensitive expense items by RM35.7 billion.

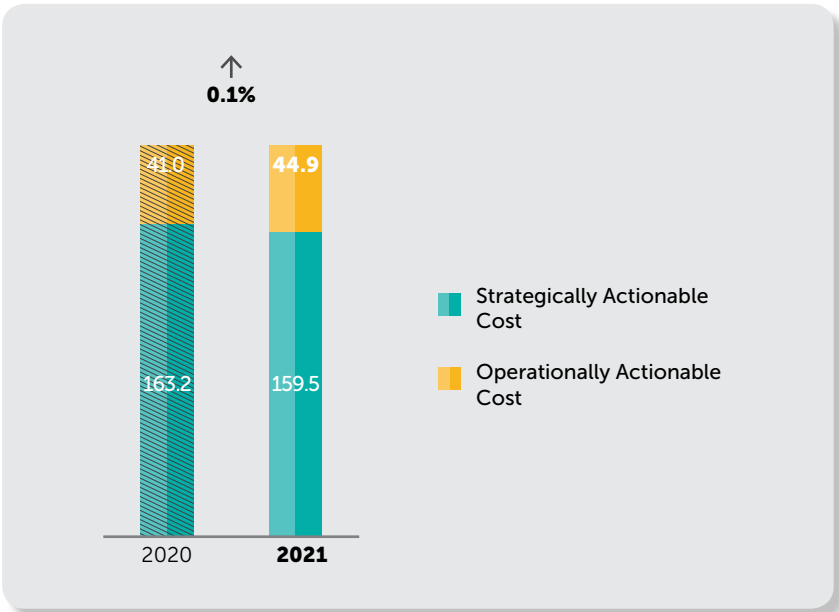
PETRONAS Group

Total Cost Anylsls Breakdown

Revenue (in RM billion)	248.0	178.7	
			Variance FY2021 vs FY2020
In RM billion	FY2021	FY2020	
Strategically Actionable Costs	159.5	163.2	(3.7)
Product costs	86.8	63.6	23.2
Tax Expenses, Sales Tax & Duties and Cash Payments	33.5	21.0	12.5
Price-Sensitive Expense Items	120.3	84.6	35.7
Depreciation, Amortisation, Write-Off & Write-Down	34.6	36.0	(1.4)
Net Impairment on Assets	0.2	35.2	(35.0)
Others (Forex, Finance Cost, etc)	4.4	7.4	(3.0)
Operationally Actionable Costs	44.9	41.0	3.9
Production and transportation expense, purchase services, materials & supplies	26.8	23.9	2.9
Others (HR cost, rental, leases, utilities, G&A etc)	18.1	17.1	1.0
TOTAL GROUP COSTS	204.4	204.2	0.2
Group Cost to Revenue Ratio (%)	82%	114%	

Operating Costs

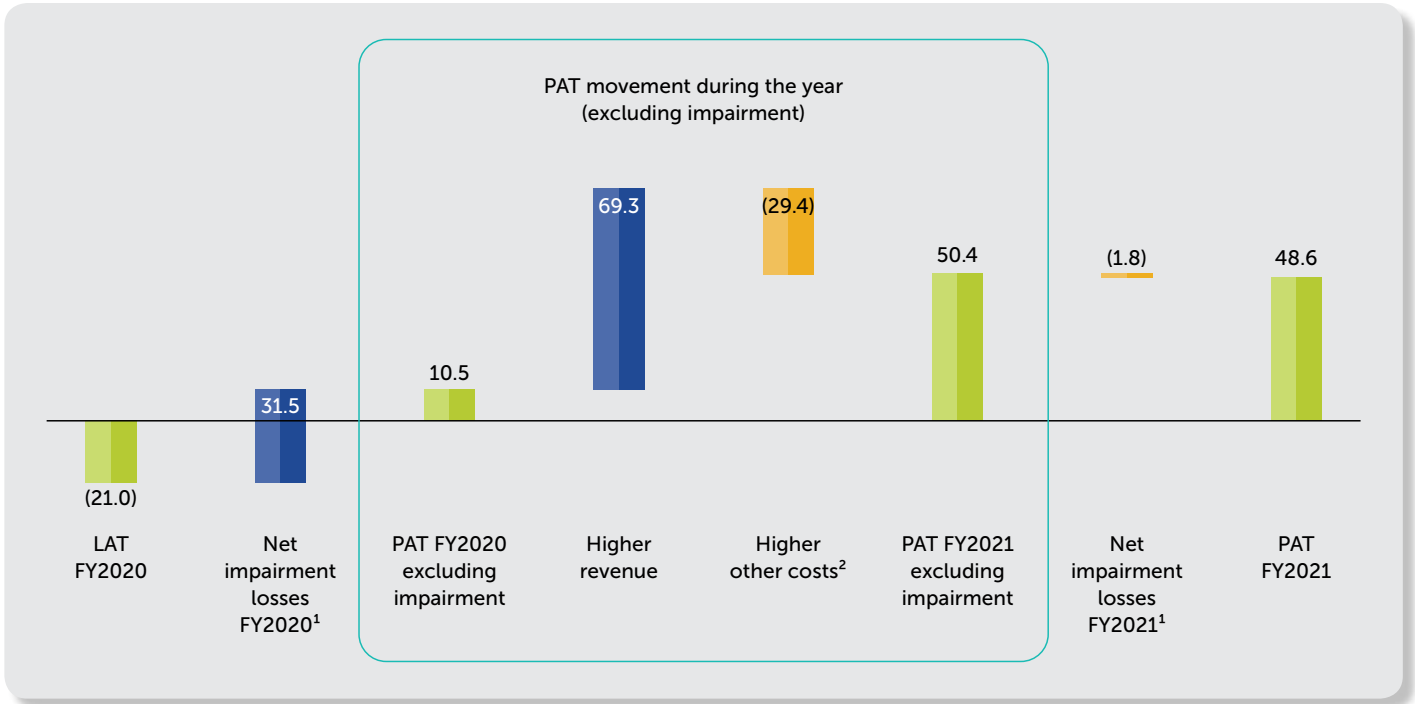
(RM billion)



The Group recorded a slight increase of operating cost by 0.1 per cent despite an increase of revenue by 39 per cent. This resulted in a lower Group Cost to Revenue ratio by 32 per cent aligned with the rigorous measures to reduce costs.

Group Financial Results and Position

Profit/(Loss) After Tax
(RM billion)



1 Includes write-off of exploration expenditure under intangible assets, loss on remeasurement of finance lease receivables and provision for contracts exposure and net of deferred tax

2 Other costs mainly comprise of lower product costs

Excluding impairment, PETRONAS Group recorded PAT of RM50.4 billion for the year ended 2021, an increase of more than 100 per cent compared to RM10.5 billion in FY2020 mainly contributed by higher revenue realised, partially offset by slightly higher cost.

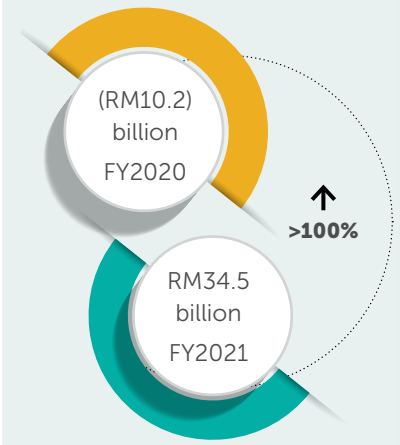
During the year, minimal net impairment on assets reported by PETRONAS as compared to last year was consistent with most oil majors following rising oil prices and growing demand recovery.

Group Financial Results and Position

Segment Earnings

The Group operates three core business segments, namely Upstream, Gas + New Energy and Downstream. Corporate and Others, which complements our core businesses, comprising primarily logistic and maritime segment; property segment and central treasury; as well as project delivery and technology function.

PAT/(LAT) Upstream



Upstream

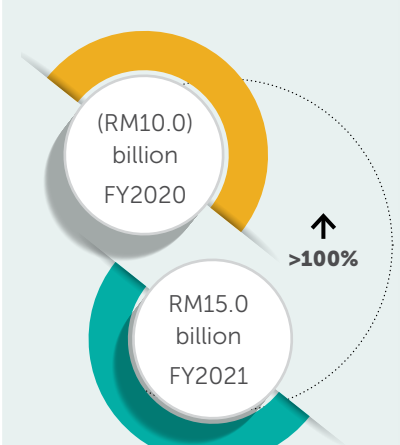
During the year, the Upstream segment recorded a PAT of RM34.5 billion as compared to LAT of RM10.2 billion for the same period in 2020 primarily driven by higher revenue and net impairment write-back as compared to net impairment losses reported in the prior year. This was partially offset by higher taxation as well as product costs and cash payments in line with higher prices.

The increase in Upstream revenue was mainly attributable to higher average realised prices for crude oil and condensates and natural gas as well as higher natural gas sales volume.

Total daily production average of 2,275 thousand barrels of oil equivalent (boe) per day in 2021, increased from 2,209 thousand boe per day in 2020 and was mainly due to higher crude oil production from international operations coupled with higher natural gas production contributed by stronger demand for both Malaysia and international operations.

Further details on Upstream's operational performance can be found on pages 136-140.

PAT/(LAT) Gas + New Energy



Gas + New Energy

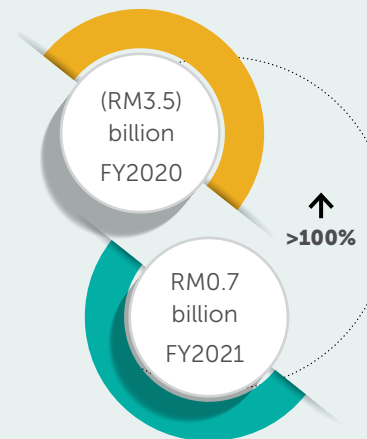
Gas + New Energy recorded a PAT of RM15.0 billion in contrast to a LAT of RM10.0 billion in corresponding year mainly contributed by higher revenue coupled with lower impairment losses on assets partially offset by higher product costs.

Higher sales gas performance for the year compared to the same period last year, contributed by higher demand from the power sector. PETRONAS has also secured up to 697 million standard cubic feet per day (MMscfd) of natural gas supply deals from new and existing customers.

More information on Gas + New Energy's operational performance is available on pages 144-151.

Group Financial Results and Position

PAT/(LAT) Downstream



Downstream

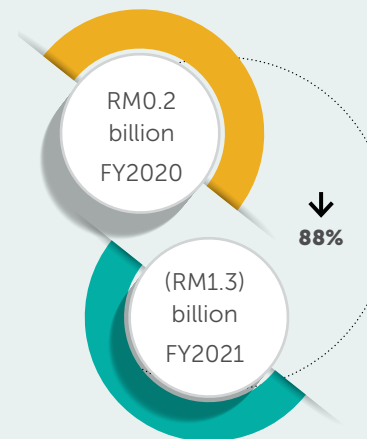
The Downstream business also recorded a PAT of RM0.7 billion against a LAT of RM3.5 billion in the previous year, higher by RM4.2 billion mainly contributed by improved petrochemicals and refining margins, and offset by higher impairment losses on assets.

During the year, Downstream business recorded stable operations with Overall Equipment Effectiveness (OEE) sustained at 93.3 per cent, on the back of strong asset reliability.

Petroleum products sales volume was 262.4 million barrels, higher by 0.6 million barrels following increased trading activities. Crude oil sales volume was 109.7 million barrels, lower by 27.7 million barrels mainly due to lower marketing volume. Petrochemical products sales volume was comparable at 8.2 million metric tonnes.

More information on Downstream's operational performance is available on pages 152-159.

PAT/(LAT) Corporate and Others



Corporate and Others

Our Corporate and Others business recorded a LAT of RM1.3 billion, as compared to FY2020's PAT of RM0.2 billion.

Loss recorded in 2021 was mainly due to higher operating expenditure partially cushioned by lower impairment losses and favourable foreign exchange gain due to the strengthening of the US Dollar against the Ringgit.

MISC Berhad (MISC) and KLCC Property Holdings Berhad (KLCCP) were the two major contributors to this segment. MISC recorded a PAT of RM1.7 billion during the year, mainly from the deliveries of Very Large Ethane Carriers (VLECs), Dynamic Positioning Shuttle Tankers (DPSTs) and construction profit for FPSO Project in Brazil. KLCCP's PAT increased to RM0.5 billion as compared to RM0.4 billion in the previous year mainly due to lower operating expenses incurred coupled with lower tax expense.

Further information is provided in MISC's and KLCCP's 2021 annual reports.

Group Financial Results and Position

Analysis of Financial Position

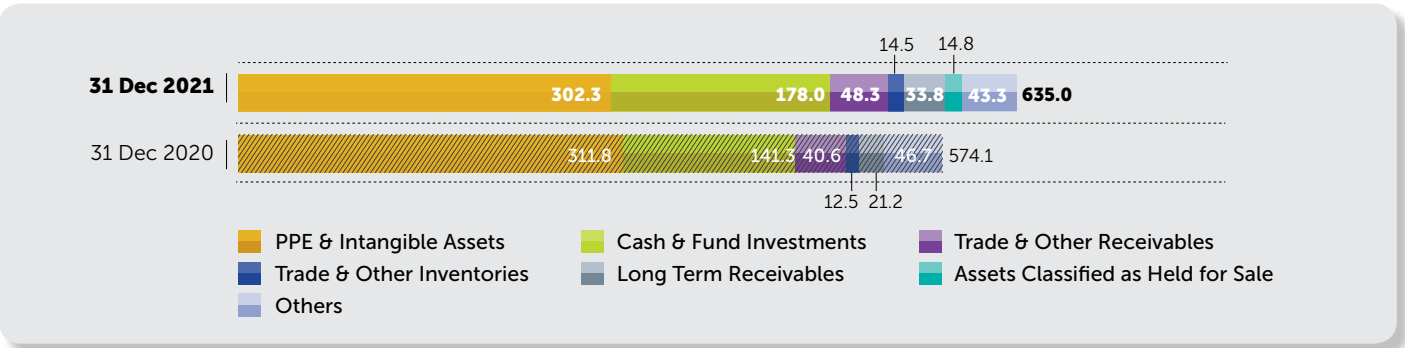
Consolidated Statement of Financial Positions

<i>In RM Mil</i>	As at 31.12.2021	As at 31.12.2020
ASSETS		
Property, plant and equipment	282,898	291,717
Investment properties and land held for development	13,167	13,454
Investments in associates and joint ventures	9,229	12,599
Intangible assets	19,394	20,044
Long-term receivables	33,751	21,232
Fund and other investments	2,955	1,009
Deferred tax assets	20,983	20,622
TOTAL NON-CURRENT ASSETS	382,377	380,677
Trade and other inventories	14,477	12,491
Trade and other receivables	48,324	40,583
Fund and other investments	10,479	9,779
Cash and cash equivalents	164,556	130,523
	237,836	193,376
Assets classified as held for sale	14,791	18
TOTAL CURRENT ASSETS	252,627	193,394
TOTAL ASSETS	635,004	574,071
EQUITY		
Share capital	100	100
Reserves	350,756	330,521
Total equity attributable to shareholders of the Company	350,856	330,621
Non-controlling interests	53,484	50,413
TOTAL EQUITY	404,340	381,034
LIABILITIES		
Borrowings	86,619	76,808
Deferred tax liabilities	9,543	8,455
Other long-term liabilities and provisions	50,620	51,056
TOTAL NON-CURRENT LIABILITIES	146,782	136,319
Trade and other payables	51,825	43,728
Borrowings	21,212	11,421
Taxation	6,913	1,569
	79,950	56,718
Liabilities classified as held for sale	3,932	–
TOTAL CURRENT LIABILITIES	83,882	56,718
TOTAL LIABILITIES	230,664	193,037
TOTAL EQUITY AND LIABILITIES	635,004	574,071

Group Financial Results and Position

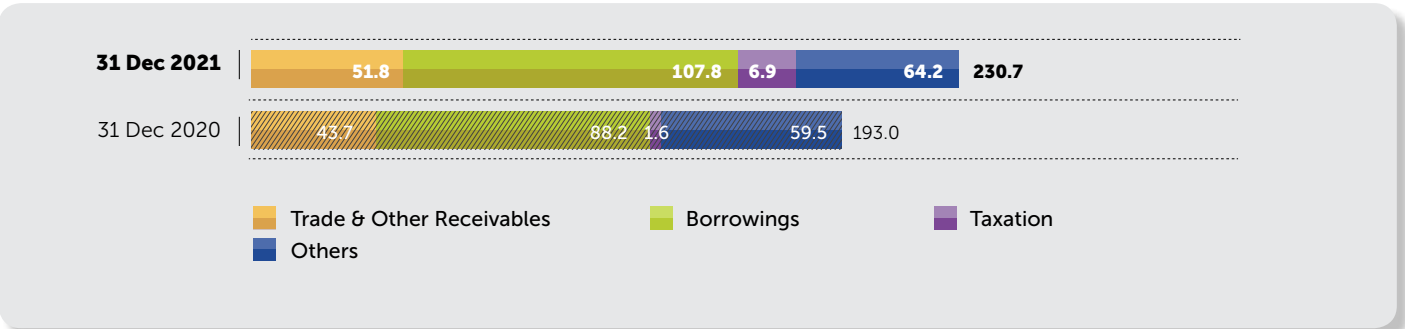
Total Assets

(RM billion)



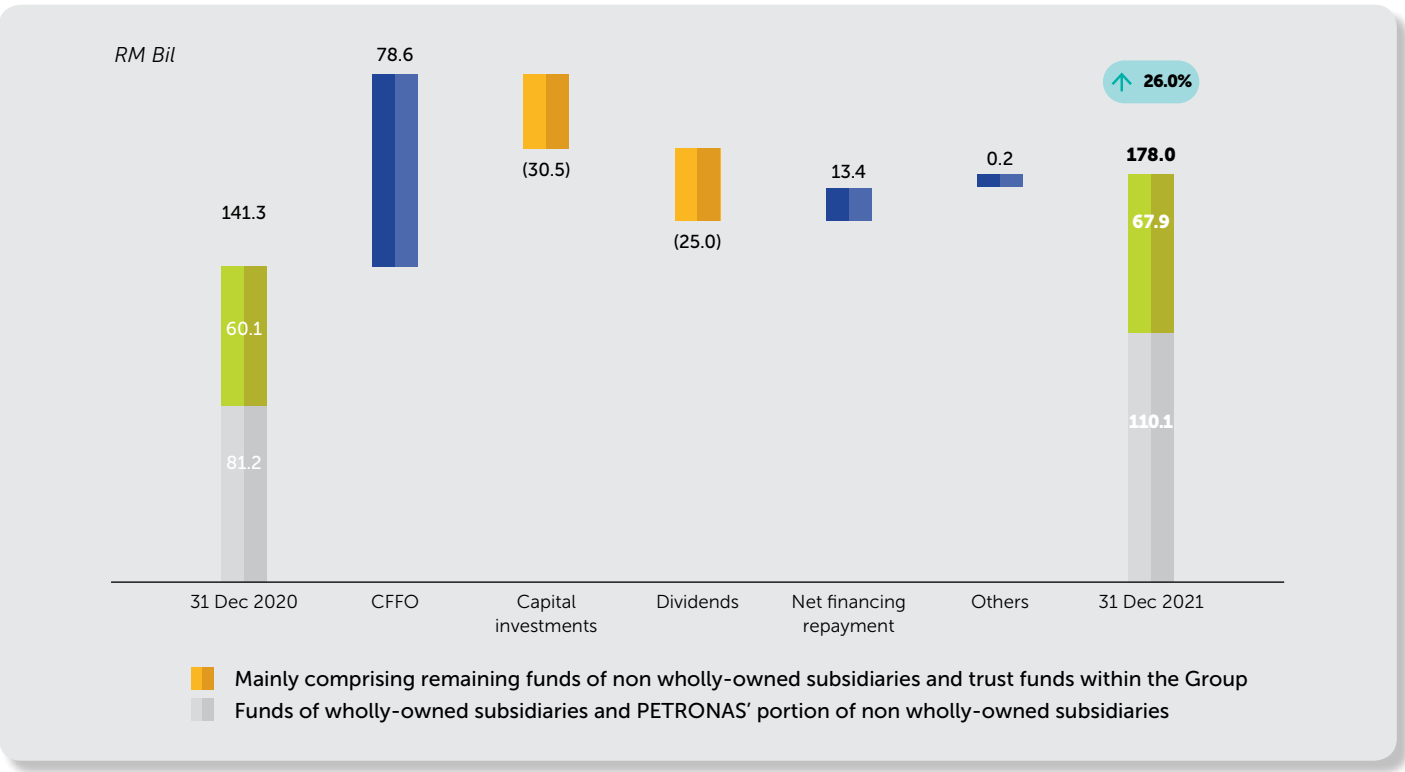
Total Liabilities

(RM billion)



Movement in Cash and Fund Investments

(RM billion)



Group Financial Results and Position

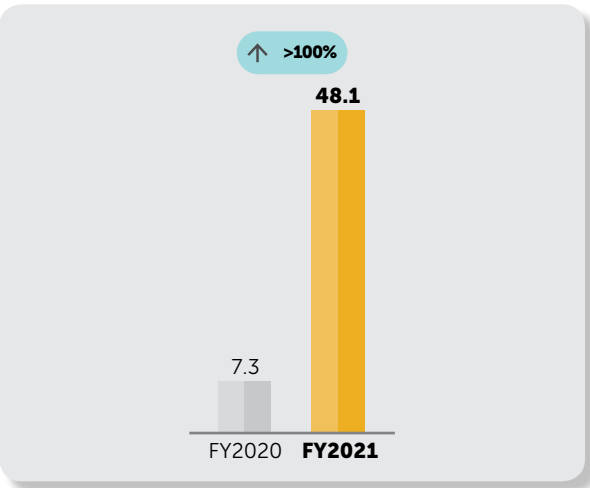
Analysis of Cash Flow

Consolidated Statement of Cash Flows

	Financial Year ended 31 December	
In RM Mil	2021	2020
Cash flows from operating activities		
Profit/(Loss) before taxation	69,245	(12,321)
Adjustments for non-cash items	32,655	69,840
Net changes in working capital	(8,813)	(4,197)
Cash generated from operations	93,087	53,322
Interest expenses paid	(3,584)	(2,689)
Interest income	2,998	4,838
Taxation paid, net of refund	(13,904)	(14,726)
Net cash generated from operating activities	78,597	40,745
Cash flows from investing activities	(29,504)	(32,914)
Cash flows from financing activities	(16,056)	(17,467)
Net increase/(decrease) in cash and cash equivalents	33,037	(9,636)
Decrease/(Increase) in cash and cash equivalents restricted	304	(322)
Net foreign exchange differences	1,692	(1,752)
Cash and cash equivalents at beginning of the year	128,141	139,851
Cash and cash equivalents at end of the year	163,174	128,141
Cash and cash equivalents		
Cash and bank balances and deposits	164,556	130,523
Bank overdrafts	(2)	(698)
Less: Cash and cash equivalents restricted	(1,380)	(1,684)
	163,174	128,141

Free Cash Flow Analysis

(RM billion)



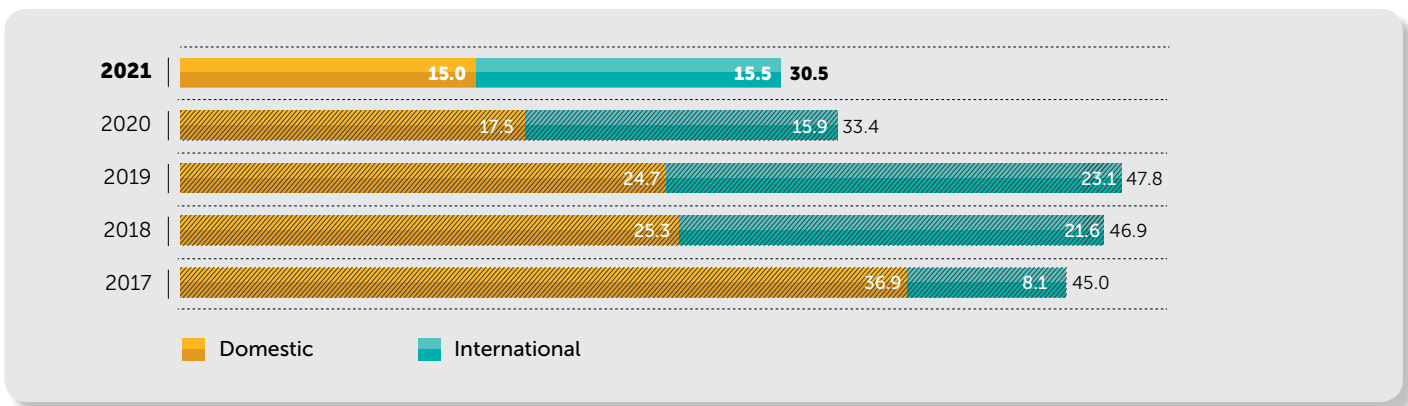
The Group generated free cash flow of RM48.1 billion during the year, increasing by RM40.8 billion or more than 100 per cent as compared to RM7.3 billion in 2020 mainly due to increased funds from operations in line with increase in profits. This was partially offset by lower interest income received from funds and other investments following lower overall interest.

Group Financial Results and Position

Capital Investments

Domestic and International Capital Investments Breakdown

(RM billion)

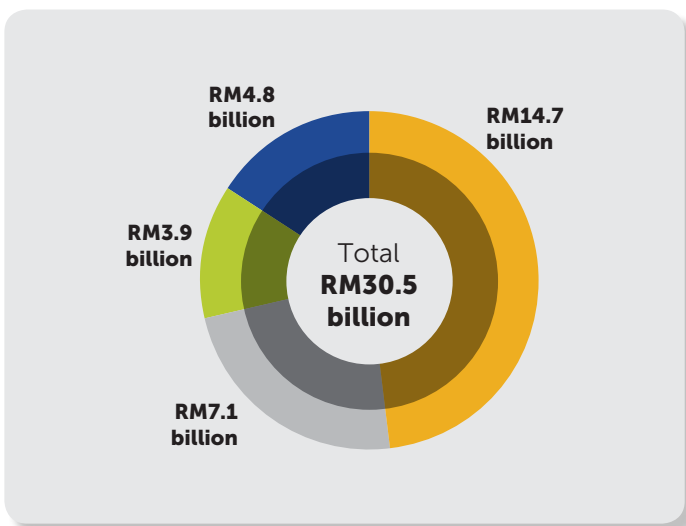


* The figure has been restated to include cost of acquisition of subsidiaries and investment in associates and joint ventures.

During the year, while we continued investing, many projects were affected by the prolonged movement restriction order, coupled with supply chain interruptions Both our domestic and international projects, experienced delays and deferrals, resulting in lower overall CAPEX spent during the year, which is RM30.5 billion and lower by RM2.9 billion, compared with RM33.4 billion in FY2020. Notwithstanding, close to RM1.0 billion was spent on Stepping Out, mainly on the renewables energy space.

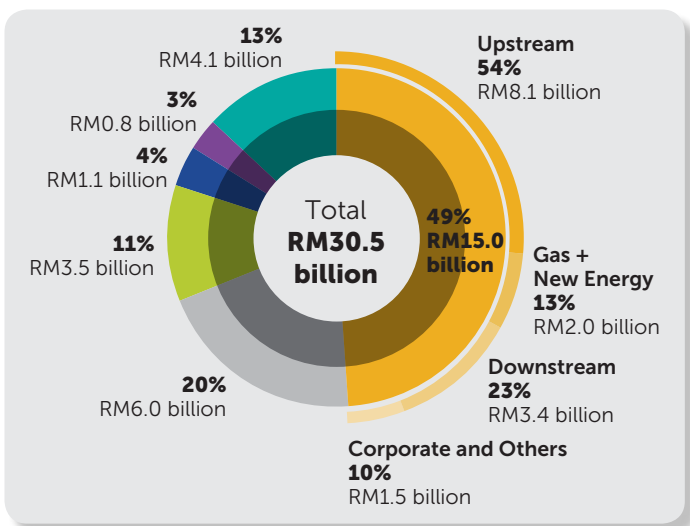
Segment Capital Investments

Capital investments by Business Segments in FY2021



- Upstream
- Gas + New Energy
- Downstream
- Corporate & Others

Capital Investments by Geographical Segment FY2021



- Malaysia
- Canada
- USA
- Iraq
- Argentina
- Rest of the World

Group Financial Results and Position

Capital Investments

Segment Capital Investments

Aligned with PETRONAS' Three-Pronged Growth Strategy, we continue to strengthen our core-business and pursue growth, by upholding strict capital discipline. We intensified our capital allocation exercise, to ensure sufficient allocation for our core cash-generating assets, and increased allocation for investments in growth or, what we call Step-Outs. Over the next five years, starting from 2022, we have allocated about circa 20 per cent of total planned CAPEX, for Step-Outs.

Upstream

- Capital investment for the Upstream business accounted for 48 per cent of the Group's total capital investment with a total spending of RM14.7 billion, an increase of RM0.3 billion as compared to the preceding year which reflected the Group's deliberate action to strengthen our core-business and pursue growth despite the prolonged movement restriction orders.
- The capital investments for 2021 were predominantly spent in exploration, development and production activities aimed at sustaining and growing production in Malaysia and international operations.
- About RM8.1 billion or 54 per cent of Upstream total capital investment was spent mainly for development of new fields. Amongst others, key projects in Malaysia include Kasawari Gas Field Development, Bakau Gas Field Development, Limbayong Gas Field Development and Pegaga Gas Field Development.
- Meanwhile, a total of RM6.6 billion was allocated towards international portfolio investments; key countries include Argentina, Azerbaijan, Canada and Iraq. The highlights of the investments include Upstream acquisition of 10 per cent participating interests in North Montney Joint Venture (NMJV) from Japan Petroleum Exploration Co Ltd (JAPEX) and Argentina La Amarga Chica mainly drilling activities.

Gas + New Energy

- Gas + New Energy accounted for 23 per cent of the Group's total capital investment and incurred a total spending of RM7.1 billion in FY2021.
- Capital investments for FY2021 were predominantly spent on international ventures particularly for the LNG project in Canada.
- Meanwhile, New Energy investments closer to home under PETRONAS New Energy includes solar panel installation at Universiti Teknologi PETRONAS (UTP), Perak, Institute Teknologi Petroleum PETRONAS (INSTEP) in Terengganu and Pengerang Integrated Complex in Johor.

Downstream

- The Downstream business utilised capital investment of RM3.9 billion during the year or 13 per cent of the Group's overall capital investment allocation.
- The spending made during the year was mainly allocated towards operational project as well as turnaround activities from PCG, PDB and MRC. Other investments were mainly related to Pengerang Integrated Complex (PIC) which is targeted to be operationalised in 2022.

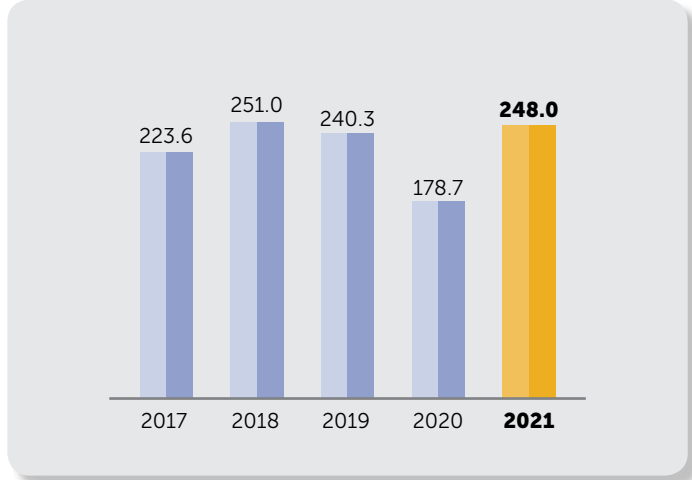
Corporate and Others

- Businesses under Corporate and Others spent RM4.8 billion during the year which was lower by RM1.6 billion as compared to 2020 with MISC accounting for 73 per cent of the total spending.
- During the year, MISC's significant investments were mainly from the deliveries of five units of Very Large Ethane Carriers (VLEC) of RM1.5 billion and petroleum newbuild vessels of RM1.4 billion, in which MISC contributed to PAT of RM1.7 billion.

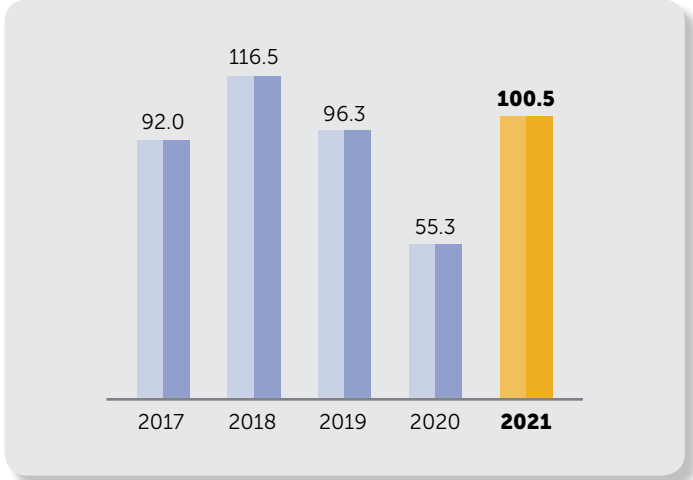
Group Financial Results and Position

Five-Year Key Financial Indicators

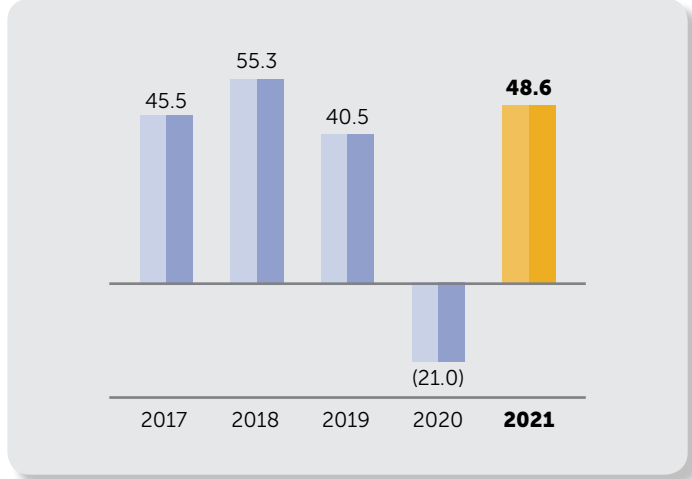
Revenue
(RM billion)



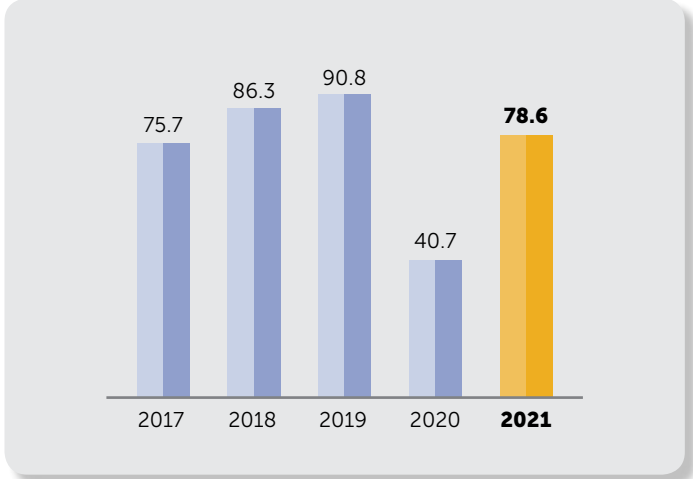
EBITDA
(RM billion)



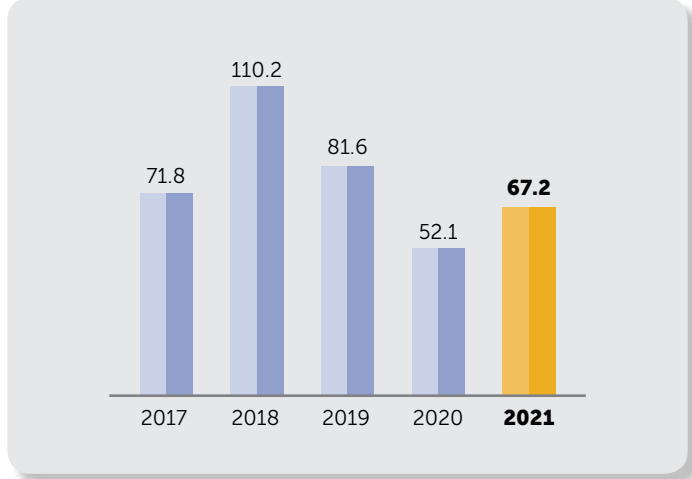
Profit/(Loss) After Tax
(RM billion)



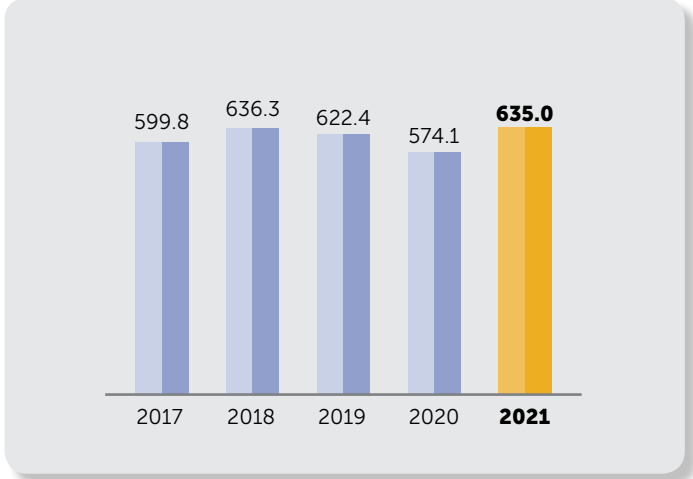
Cash Flows from Operations (CFFO)
(RM billion)



Net Cash Position
(RM billion)

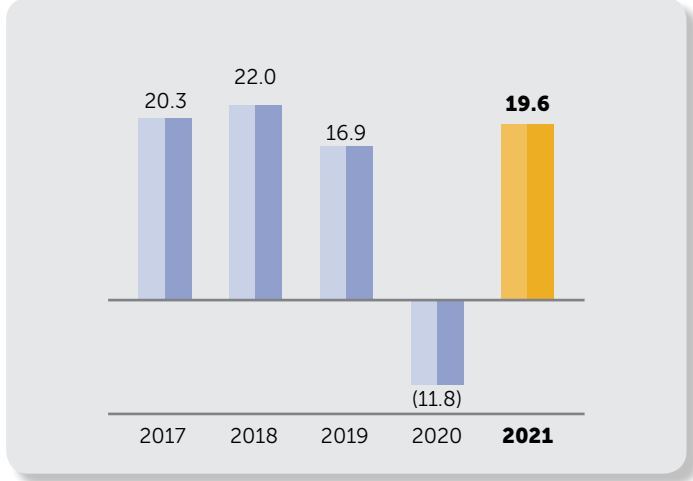


Total Assets
(RM billion)

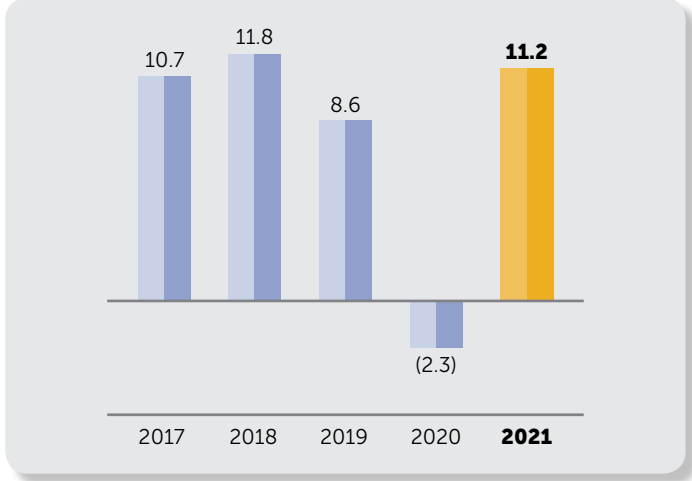


Group Financial Results and Position

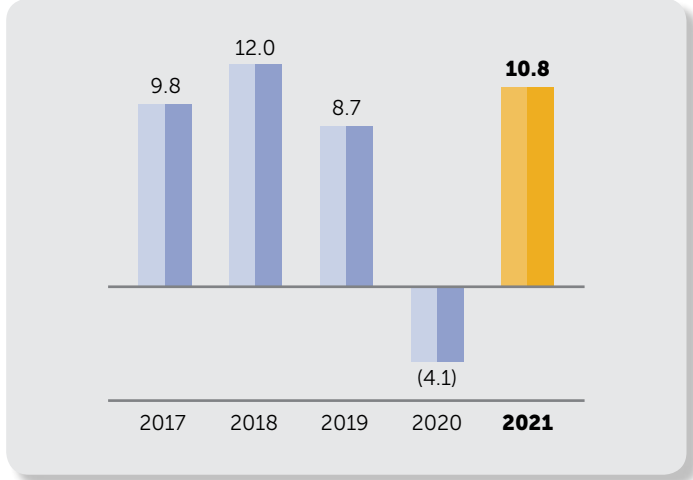
PAT Margin
(%)



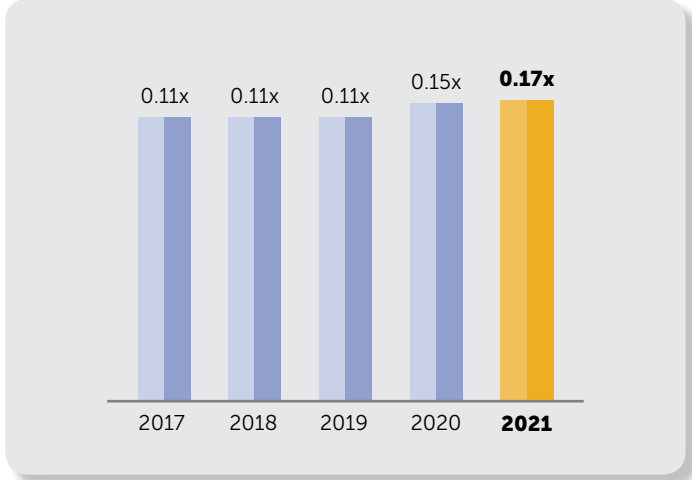
Return on Total Assets (ROTA)
(%)



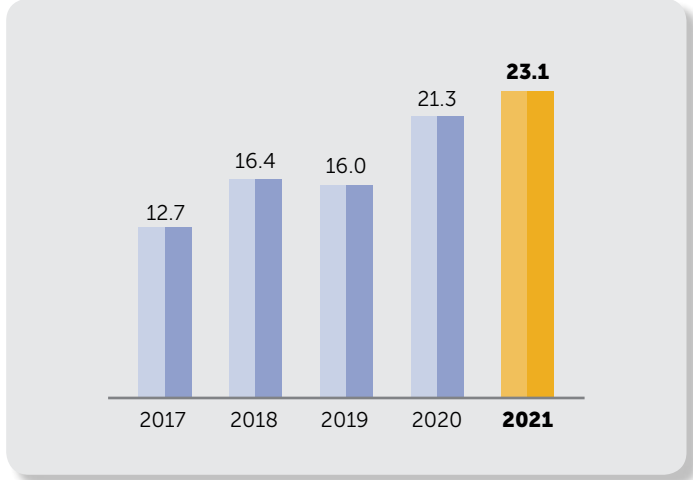
Return on Average Capital Employed (ROACE)
(%)



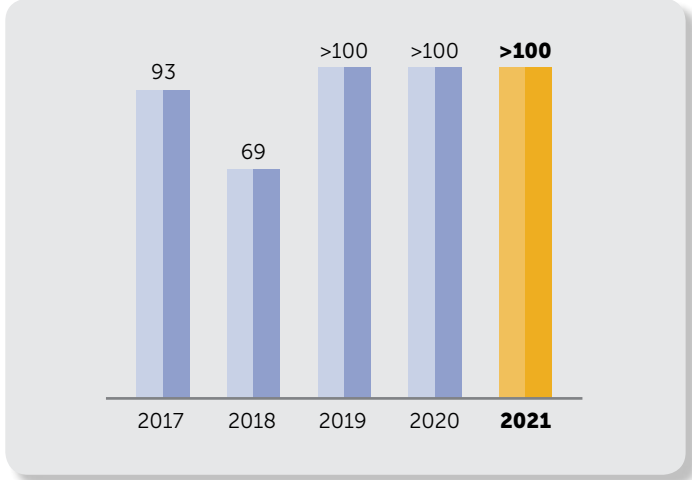
Debt/Assets Ratio
(x)



Gearing Ratio*
(%)



Dividend Payout Ratio
(%)



* Gearing ratio is calculated as adjusted total debt (total debt including financial guarantees) divided by adjusted total equity (total equity plus deferred tax liabilities and minus capitalised interest) and adjusted total debt. Gearing ratio for corresponding period has been restated to conform with this formula.

Appendix

Non-Financial Content Index

The results of our Materiality Assessment helped determine the non-financial topics covered in this report. This index includes references to the World Economic Forum’s Stakeholder Capitalism Metrics, the Global Reporting Initiative Standards (2021) and the Ipieca/API/IOGP Sustainability reporting guidance for oil and gas industry. The guidelines are available at weforum.org, globalreporting.org and ipieca.org.

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Glossary of Terms

Abbreviation	Full Term/Definition
2C	Contingent Resources
2P	Petroleum Reserves
3R	Reduce, reuse, recycle
AC	Audit Committee
ASEAN	Association of Southeast Asian Nations
B40	Bottom 40 per cent of income earners
bbl	Barrel
bboe	Billion barrel of oil equivalent
BCM	Business Continuity Management
BCP	Business Continuity Plan
BES	Biodiversity and Ecosystem Services
Bio-MEG	Bio-Monoethylene Glycols
Board	Board of Directors
boe	Barrel of oil equivalent
C3	Corporate Command Centre
CAPEX	Capital Expenditure
CCS	Carbon capture and storage
CFO	Chief Financial Officer
CFFO	Cash Flows from Operations
CIMS	Crisis and Incident Management System
CM	Crisis Management
CO ₂	Carbon dioxide
CoBE	Code of Conduct and Business Ethics
CoCHR	Contractors Code of Conduct on Human Rights
CoE	Centre of Excellence
COP26	United Nations Climate Change Conference
COVID-19	2019 novel coronavirus (or 2019-nCoV)
CSO	Chief Sustainability Officer
CSR	Corporate Social Responsibility
CERDIK	An initiative fully funded by Government Linked Companies (GLCs), Government Linked Investment Companies (GLICs), and the private sector. Announced in the Budget 2021, it provides digital access including distribution of laptops, tablet computers, data connectivity, and an e-learning platform to B40 students
D&I	Diversity and Inclusion
DOSH	Department of Occupational Safety and Health
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
ELT	Executive Leadership Team
ERM	Enterprise Risk Management

Abbreviation	Full Term/Definition
ESG	Environmental, social and governance
EV	Electric Vehicle
FAR	Fatal Accident Rate
FID	Final Investment Decision
FLNG	Floating Liquefied Natural Gas
FY	Financial Year
GCEO	Group Chief Executive Officer
G+NE	Gas + New Energy
GEES	Graduate Employment Enhancement Scheme
GHG	Greenhouse gas
GRI	Global Reporting Initiative
GW	Gigawatt
HERE	Hybrid Emergency Response Exercise
HOTS	Higher Order Thinking Skills
HRM	Human Resource Management
HSE	Health, Safety and Environment
HSSE	Health, Safety, Security and Environment
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
INED	Independent Non-Executive Director
INSTEP	Institut Teknologi Petroleum PETRONAS
ISO	International Organisation for Standardisation
JTC	Joint Technical Committee
kboe	Kilo barrels of oil equivalent
kg	Kilogramme
LAT	Loss After Tax
LBV	LNG bunkering vessel
LCA	Life Cycle Assessment
LNG	Liquefied Natural Gas
LOPC	Loss of Primary Containment
LTIF	Lost Time Injury Frequency
LTIP	Long-term incentive plan
MBR	Malaysia Bid Round
MEKAR	Memampankan Ekonomi Asas Rakyat
MCO	Movement Control Order
MFRS	Malaysian Financial Reporting Standards
mmBtu	Million British thermal units
MMscfd	Million standard cubic feet per day
MMT	Million metric tonnes
MOH	Ministry of Health

Glossary of Terms

Abbreviation	Full Term/Definition
MPM	Malaysia Petroleum Management
mtpa	Metric tonnes per annum
MW	Megawatt
MWh	Megawatt-hour
MyPet	My Personnel e-Tracker
NADMA	National Disaster Management Agency
NCIA	Northern Corridor Implementation Authority
NEDs	Non-Executive Directors
NGOs	Non-government organisations
NINED	Non-Independent Non-Executive Director
NZCE 2050	Net zero carbon emissions by 2050
O&G	Oil and gas
OEE	Overall Equipment Effectiveness
OEM	Original Equipment Manufacturer
OGSE	Oil & Gas, Services and Equipment
OPEC+	Organisation of the Petroleum Exporting Countries Plus
OPEX	Operating Expenditure
OPU	Operating Unit
PAC	Petroleum Arrangement Contract
PAT	Profit after tax
PCB	PETRONAS Cultural Beliefs
PCC	PETRONAS Carbon Commitments
PCG	PETRONAS Chemicals Group Berhad
PD&T	Project Delivery and Technology
PDB	PETRONAS Dagangan Berhad
PDR	Product Delivery Reliability
PESP	PETRONAS Education Sponsorship Programme
PETRONAS Group	Petroleum Nasional Berhad (PETRONAS) and its subsidiaries
PIC	Pengerang Integrated Complex
PGB	PETRONAS Gas Berhad
PGU	Peninsular Gas Utilisation
PLC	PETRONAS LNG Complex
PLI	PETRONAS Lubricants International
PPRT	Pandemic Preparedness and Response Team
PPV	Pusat Pemberian Vaksin
PPVIN	Pusat Pemberian Vaksin Industri
PRPC	PETRONAS Refinery and Petrochemicals Corporation Sdn Bhd
PSC	Production Sharing Contract

Abbreviation	Full Term/Definition
PV	Photovoltaic
R&D	Research and Development
RC	Risk Committee
RMC	Risk Management Committee
RM	Ringgit Malaysia
ROVR	An innovative service which allows for a seamless and safe refuelling experience for both the commercial and everyday drivers, beyond conventional petrol stations
SAF	Sustainable aviation fuel
SDG	Sustainable Development Goal
SEED.Lab	Social Enterprise Education Lab
SME	Small and Medium Enterprise
STEM	Science, Technology, Engineering and Mathematics
SOP	Standard Operating Procedure
TCFD	Task Force on Climate-related Financial Disclosures
tCO ₂ e	Tonnes (t) of carbon dioxide (CO ₂) equivalent
The Board	Petroleum Nasional Berhad (PETRONAS) Board of Directors
The Group	Petroleum Nasional Berhad (PETRONAS) and its subsidiaries
tpa	Tonnes per annum
TRCF	Total Reportable Case Frequency
TROIF	Total Recordable Occupational Illness Frequency
UK	United Kingdom
UN	United Nations
UNGPs	United Nations Guiding Principles on Business and Human Rights
UPC	Unit Production Cost
USA	United States of America
USD	US dollar
UTP	Universiti Teknologi PETRONAS
VDP	Vendor Development Programme
VISTA	Vocational Institution Sponsorship and Training Assistance
VPS	Virtual Pipeline System
WBCSD	World Business Council for Sustainable Development
WEF	World Economic Forum
WFH	Work from home