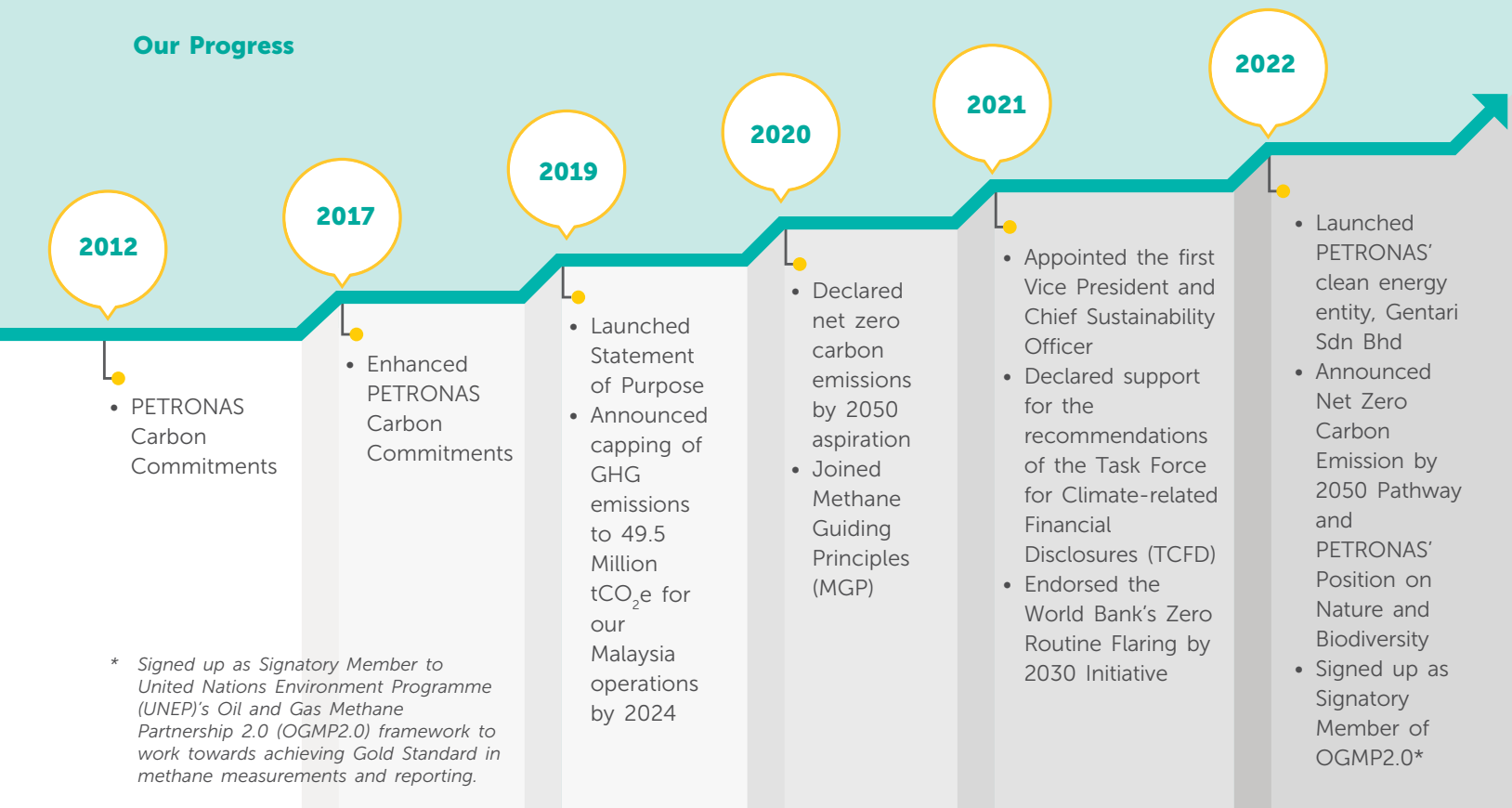


Sustainability Statement

We have a deep-rooted commitment to sustainability as it is an essential part of our business. We firmly believe in responsible practices that create positive impacts on societies and economies. According to the Intergovernmental Panel on Climate Change (IPCC)'s Sixth Assessment Report (AR6), the global community must urgently reduce total greenhouse gas (GHG) emissions by 43 per cent by 2030 to mitigate the worst effects of climate change and secure a better future for all. In 2012, we introduced the PETRONAS Carbon Commitments and over the past decade, we have been working tirelessly to reduce our emissions. As Malaysia's custodian of hydrocarbon resources, we remain steadfast in supporting Malaysia's long-term aspirations and Nationally Determined Contribution to the Paris Agreement.

Our Progress



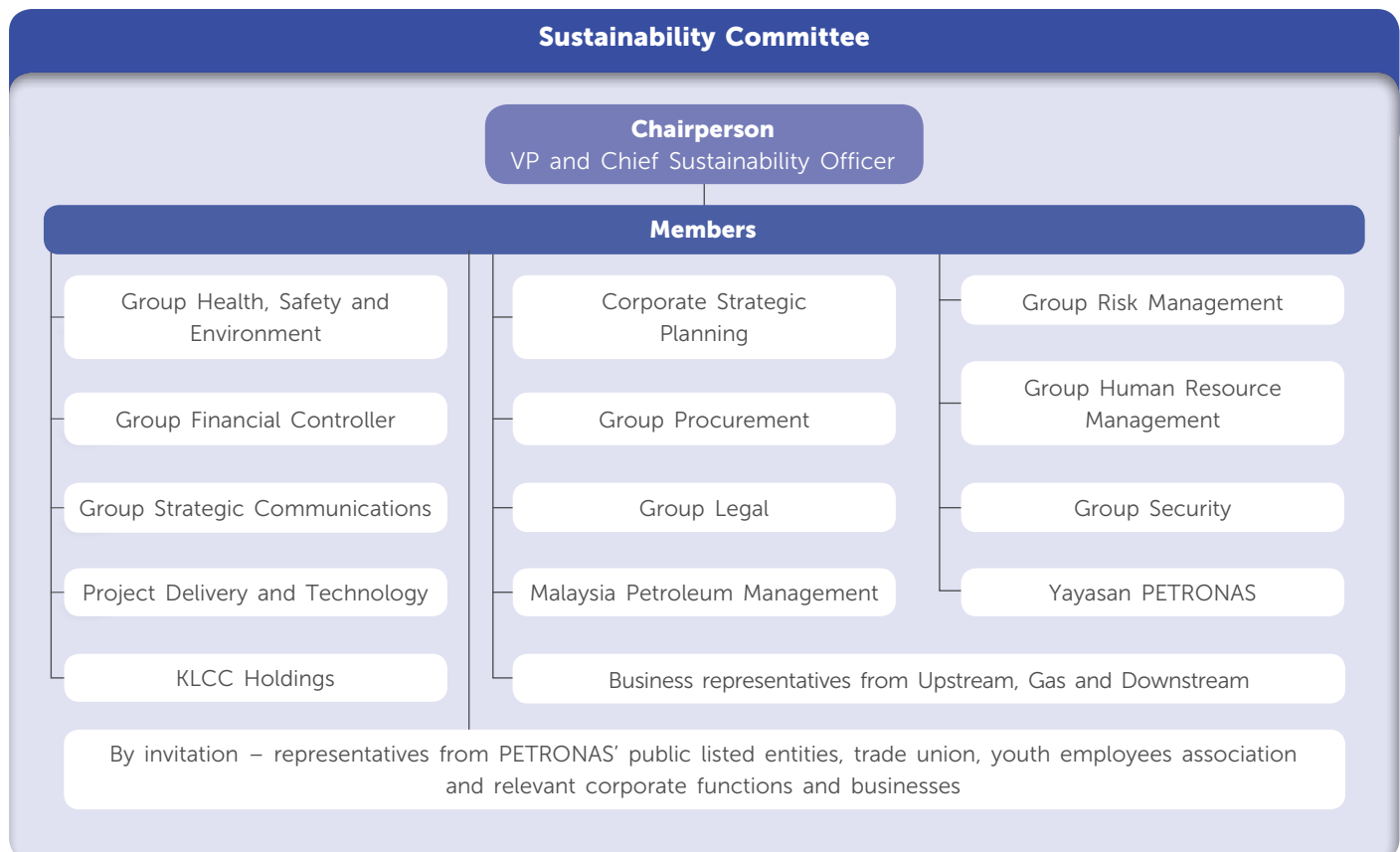
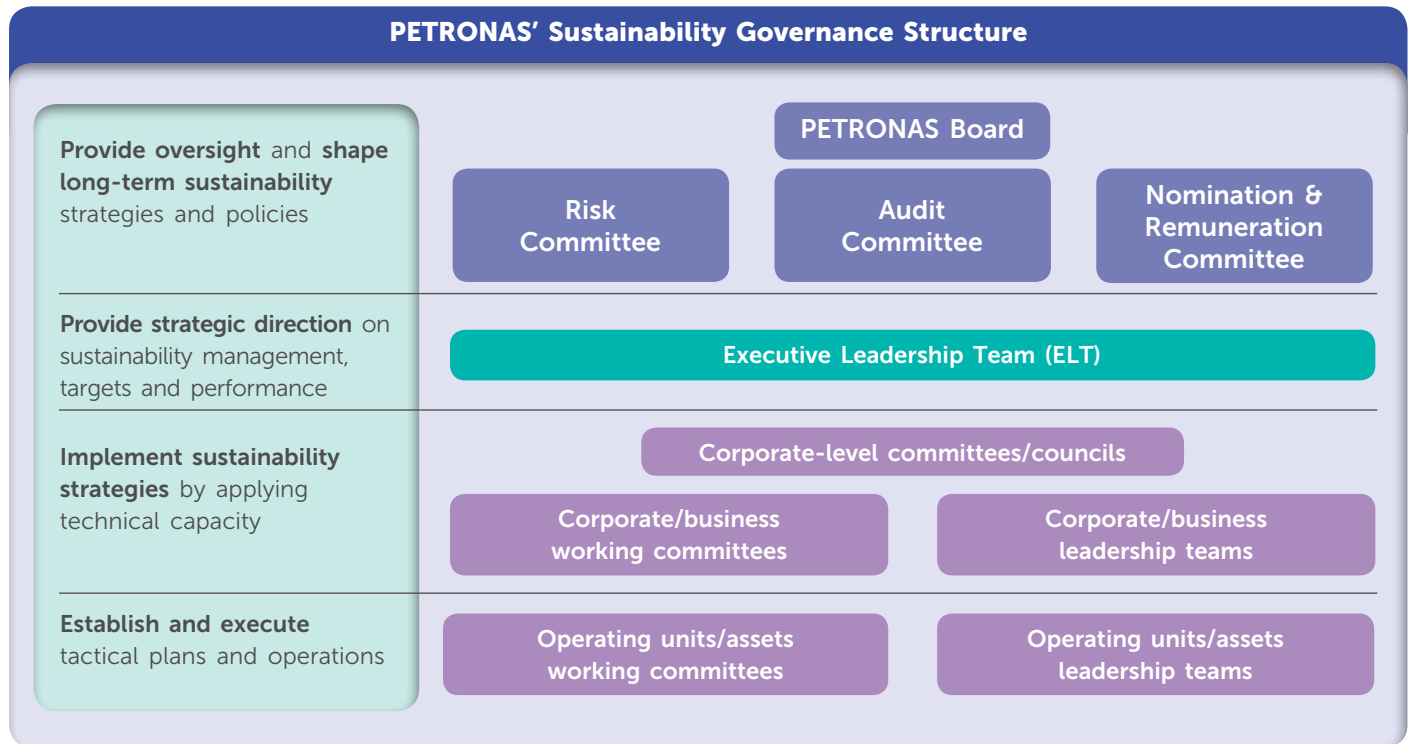
Sustainability at PETRONAS

Sustainability Governance

Our commitment to sustainability starts at the core of our operations and extends throughout our value chain. We understand that countries face an energy trilemma, with security, affordability and sustainability concerns that require a unique spectrum of solutions. Therefore, a collective approach among governments, energy players, public and private sectors is necessary. By working together, we can leverage each other's strengths to achieve a sustainable, low-carbon future in a just and responsible manner.

To ensure accountability and integrity, we have established a dedicated governance structure with clear reporting lines that drives our sustainability strategies, action plans, and initiatives. This structure ensures that our sustainability principles and priorities are fully integrated across the organisation, embedded in decision-making and execution of our sustainability-related matters. With this structure, we delineate roles and responsibilities clearly, enabling effective oversight, decision-making and efficient execution.

Sustainability Statement



Board Oversight

Our board has been taking an active role in climate-related matters discussion. We recognise that climate change is a critical business issue, contributing to a set of risks and opportunities. We are taking more deliberate actions to elevate sustainability, especially climate-related discussions at the Board, to shape the long-term strategic direction of the company.



Key activities undertaken by the Board, prepared by the Executive Leadership Team (ELT) on climate related matters in 2022 were:

- The Risk Committee reviewed the PETRONAS Corporate Risk Profile with consideration of climate-related risks and mitigation actions on a quarterly basis. The full Board approved the subsequent PETRONAS Corporate Risk Profile.
- Approved the Pathway and aligned it to the annual business plan and budget cycle.
- Approved PETRONAS Position on Nature and Biodiversity and Nature-based Climate Solutions strategy in support of the Pathway.
- Approved the long-term incentive plan for senior leadership that includes a performance measure linked to the delivery of the Pathway. In 2022, 20 per cent of the long-term incentive plan constituted sustainability elements, including net carbon intensity (NCI) as well as diversity and inclusion (D&I).
- Approved the formation of Gentari Sdn Bhd, an independent entity focused on providing clean energy solutions.
- Quarterly conversation series with global experts on climate-related topics which include TCFD, human rights and just transition.

Sustainability Statement

Management Oversight

The ELT sets the enterprise-level strategic direction with the aim to align organisational purpose, strategy and business models in support of our Statement of Purpose “A progressive energy and solutions partner enriching lives for a sustainable future”.

In 2022, the ELT prepared all climate-related deliberations that were presented for Board approval, as listed in the section above. In addition, to keep up to date with latest policy developments the ELT specifically discussed the outcomes of the 27th Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC).

Management-level corporate committees supported the ELT in the formulation of strategy relating to climate change and other sustainability themes, as well as in driving systemic change and ensuring operationalisation throughout the organisation. Key corporate committees include:



For more details on PETRONAS Risk Management Committee roles, please refer to the Risks Linked to Creating Value section on page 86