

Positive Social Impact

Talent and Future Pipeline

Why Is It Important?

We are currently in the midst of an era of energy transition, which is predominantly driven by the need to transform the global energy system for a low carbon future. To capitalise on opportunities that the transition brings, our most valuable asset – our diverse group of talented employees – must be equipped with skills, capabilities and experience that are relevant for the future.

As competition for talent increases, we are focused on transforming our workforce to be ready to achieve our strategic priorities, including delivery of our Net Zero Carbon Emissions by 2050 (NZCE 2050) Pathway. By empowering and nurturing existing and potential talents, we can create a more equitable and sustainable future and contribute to economic growth, while positioning ourselves as a preferred employer in the industry.

What Is Our Approach?

We believe in upholding a high-performance culture, where we attract and retain talents with critical skills and offer opportunities for upskilling and reskilling. We recognise that our employees are crucial for business sustainability and we want to ensure that they are equipped with the right skills, mindset and behaviour; hence, we invested RM264 million in employee training and development in 2022.

Our five key Capability Development Priorities for developing our people to meet evolving needs are:

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| Sustainability | <ul style="list-style-type: none"> Elevate sustainability practices by expanding awareness programmes. Equip or acquire talents with technical expertise to embed sustainability into decision-making and daily operations. |
| Continuous Improvement (CI), Agile and Innovation | <ul style="list-style-type: none"> Agile and Innovation skills to ideate, incubate and scale new ideas. Continuous Improvement (CI) play a big role in delivering business results to maximise cash flow and improve efficiency. |
| Digital | <ul style="list-style-type: none"> Accelerate digital solutions through digital literacy programmes. Equip or acquire talents with technical expertise in automation and advanced analytics to improve productivity, enable better decision-making and utilise data for competitive advantage. |
| Technical and Functional | <ul style="list-style-type: none"> Technical and functional capabilities needed to grow our businesses. Equip or acquire talents with expanded technical and functional expertise. |
| Leadership | <ul style="list-style-type: none"> Nurture leadership at all levels to ensure talents deliver desired results expected from their roles, establishing a robust and sustainable succession plan for driving Core and Growth business respectively. |

Our aim is to redefine the talent experience by focusing on people, processes and platforms. We want to create an empowered, agile and enabled workforce that can make meaningful progress and have a sustainable impact. To achieve this, we focus on developing future skills in areas such as analytics, sustainability and digitalisation. We also encourage our employees to take charge of their career progression by enhancing relevant talent management principles and processes.

In developing future talents, we provide education sponsorships to students as well as industrial and technical training opportunities for new graduates. We offer talented young people learning opportunities at our industry-recognised learning institutions such as Universiti Teknologi PETRONAS (UTP), Institut Teknologi Petroleum PETRONAS (INSTEP) and Akademi Laut Malaysia (ALAM) that provide energy industry-related curriculum and training programmes.

Value Creation in 2022

Existing Talent

For our existing talents in the company, we focused on the five key Capability Development Priorities, supported by our in-house learning institutions and platforms, enhanced talent ecosystem and a sustainable pool of leaders.

Sustainability

We scaled up efforts in building our people’s knowledge and capabilities in the area of sustainability to accelerate our ability to deliver our NZCE 2050 Pathway and fortify trust among stakeholders.

Sustainability Capability Development Framework

The Sustainability Capability Development Framework was developed as part of our efforts to equip employees with sustainability-related knowledge, practices and processes. We also identified learning pathways and priorities for leaders and top talents, functional sustainability practitioners and the broader employee population.

Advancing Sustainability Conversations

Engagement with Leaders

We engaged leaders through conversations to raise awareness on the need for change and to improve understanding of how the organisation’s performance can be enhanced.

We engaged with members of the PETRONAS Board and the Board of Directors of our public-listed companies to help oversee sustainability-driven strategies and guide stakeholder-oriented long-term goals. Executive leaders received guidance in developing a strategic direction that is aligned to organisational purpose, strategy and business models that contribute towards society and the environment.

One of the Top Leaders Dialogue sessions in 2022 featured the launch of our NZCE 2050 Pathway and provided our leaders with greater clarity on sustainability challenges and targets. As a result of this dialogue, leaders felt more engaged, aligned, inspired and united in purpose.

On a global level, we also took part in sustainability conversations and leadership programmes provided through our membership in the World Business Council for Sustainable Development (WBCSD), a network of around 200 leading companies committed to advancing sustainable business practices.

Improving Sustainability Knowledge and Skillsets

Colleagues from across the Group benefitted from a range of learning opportunities made available to enhance relevant knowledge and functional skills to drive and shape future sustainability practices.

- **101** employees completed training programmes on sustainability delivered by the Cambridge Institute of Sustainability Leadership, Yale School of Management, Harvard Kennedy School, Institute of Management Development and Centre for Sustainability and Excellence.
- **132** sustainability change agents were appointed.
- **84** employees were upskilled with Level 1 Methane Emissions knowledge.
- **289** employees including top leaders, have attended sustainability masterclasses.

We also carried out awareness-building initiatives for all employees to ensure they were able to apply the knowledge obtained on sustainability, its drivers, tools and approaches in their daily actions. Towards this end, a sustainability e-learning module was also made compulsory for all new hires.

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- **30,000** employees completed the Sustainability e-Learning module.
- All Trade Unions Executive Committee members from *Kesatuan Kakitangan PETRONAS (KAPENAS)* Peninsular Malaysia, Sarawak, Sabah, Labuan including *Kesatuan Pekerja-pekerja Optimal Chemicals Malaysia Sdn Bhd (KEPKO)*, attended our sustainability-themed engagements and information sessions.

Continuous Improvement (CI), Agile and Innovation

We believe that being agile and innovative are critical factors in realising our transition towards a low carbon future. At the same time, we also need to effectively drive business performance and maximise cash flows.

Continuous Improvement (CI)

As a business entity, we continue to equip our people with the right knowledge, methodologies, skills and mindset to understand and improve our current business processes. This will ensure sustainable operations and cost efficiency in meeting customer needs and business objectives.

Since PETRONAS Lean Six Sigma (PLSS) was introduced in 2016, production performance has become more sustainable, with reduced cost, increased productivity and enhanced customer satisfaction. We have upskilled more than 11,000 employees on CI Awareness and developed almost 2,000 PLSS practitioners.

The PLSS process is subject to an annual Maturity Assessment to sustain the deployment of LSS across the organisation. In 2022, six operating units reached the status of PLSS Matured Organisation, namely Project Delivery and Technology (PD&T), Malaysian Refining Company Sdn Bhd (MRC SB), Global HR Services (GHR S), Engen Limited, Malaysia LNG Sdn Bhd (MLNG) and PETRONAS Chemicals Methanol (PC Methanol).

- **143** PLSS improvement projects were executed.
- Saved **216,821** manhours.
- Over **4,000** employees upskilled in CI Awareness.
- **299** practitioners were certified in PLSS: 228 Yellow Belts, 66 Green Belts, five Black Belts.
- **185** practitioners were trained in PLSS: 148 Green Belts, 31 Black Belts and six Master Black Belts.
- Achieved **57.77 per cent** Process Cycle Efficiency (PCE).

Agile

In response to the dynamic pace of change experienced across the energy industry, we intensified efforts to develop more agile capabilities through our Agile Leadership and Capability Programmes. This will enable our people to ideate, incubate and scale new ideas and deliver customer solutions at pace.

As part of our goal to strengthen talent capabilities, we continued to enhance the Agile Coaching Enablement (ACE) programme by integrating it into the PETRONAS Leadership Centre to improve agile-based knowledge and application. We also strengthened the agile leadership platform by improving exposure to outside-in good practices on business agility through key engagements and learning programmes. In addition, we infused agile leadership topics into key leadership programmes and engagements such as the Top Leaders Dialogue sessions.

- **32** employees appointed as Agile coaches to support agile teams and pods across the business.
- **16** employees received Agile Coach (ICP-ACC) certification.
- **31** employees received Agile Leadership Certification.
- Launched the first e-learning module on Agile via myLearningX with participation from more than **800** employees.
- **6,690** employees upskilled with Agile capabilities programmes since its launch in 2018.

Nurturing Innovative Capabilities

We continued to strengthen our employees' capabilities in order to build an innovation ecosystem across the Group. Taking advantage of the rapid progress made in building the foundation for innovation in 2021, the PETRONAS Working Backwards (PWB) Methodology and innovation framework was expanded to business divisions in PETRONAS and the Innovation Masterclass was established as a permanent offering at the PETRONAS Leadership Centre (PLC).

As a result, innovation practitioners are actively ideating and incubating high potential projects, contributing to the innovation opportunity funnel and boosting new business possibilities for growth in Core and New Business areas.

To inculcate a comprehensive innovative mindset and culture, learning modules and engagements are seeded into key activities, events and digital platforms such as the Knowledge Series, information sessions, Venture Build Fireside chats, and exhibitions throughout the year.

Key highlights in building innovation capability in PETRONAS through PWB:

- More than **850** employees involved in new business and innovation initiatives upskilled through Innovation Masterclasses.
- More than **200** practitioners in action comprising of "sharks", coaches, programme managers and incubators.
- **3,400** employees completed the awareness self-learning training on myLearningX.

- More than **100** ideas were registered from Innovation Masterclasses, with more than **30** high potential opportunities progressing into Incubation and Venture Build stages.

- At the end of 2022, an opportunity incubated using PWB, that is Vehicle-as-a-Service (VaaS), which leases electric vehicle fleets to businesses, was successfully launched to market under Gentari and is currently generating revenue.

Digital

Digitalisation and technology play a heavy role in our transition towards net zero carbon emissions. We recognise that the future of work will involve increased cross-functional collaborations and automation to improve productivity and decision-making, supported by data to drive competitive advantage. Therefore, we need to equip our employees and acquire new talents with the right technical depth, tools and methodologies in automation and advanced analytics to harness value from digital solutions.

Shaping a Digitally-Competent Workforce

In our efforts to shape a digitally-competent workforce, we conducted upskilling sessions and introduced tools, techniques and methodologies on analytics that can be applied to better solve business pain points and improve day-to-day operations.

- Upskilled **28,000** employees as part of our efforts to prepare them for jobs of the future.
- Upskilled close to **14,500** employees in Analytics, exceeding our initial target of **14,000**.

Collaboration with Industry Players

We collaborated with Microsoft and Tata Consultancy Services to share new perspectives in our Knowledge Series webinars. We strengthened our position in the digital segment over the long term, partnering with Accenture to develop a customer-centric approach to building digital products. We also co-hosted the Amazon Web Services (AWS) User Group Meet-Up, where we extended our PETRONAS Cloud Community of Practice (CoP) to external cloud enthusiasts.

- 162** employees attended the Realising Value in Digital Product Management programme to improve customer-centric product development.

- 100** participants attended the AWS User Group event. Out of this, **80** represented a cross-section of the industry and **20** were from PETRONAS Group Digital.

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Technical and Functional

We focused on strengthening the foundational capabilities of our people in our efforts to further grow our traditional portfolio of oil and gas, as well as prepare them in our pursuit of non-traditional growth to ensure PETRONAS' long-term survivability. To achieve this, we aim to increase our capability strength to 75 per cent by 2025.

- ➔ Recorded a **62.5 per cent** capability bench strength for Technical Skill Group (SKG) and 40.4 per cent for Business SKG.

We recognise that capability building is especially important for our new businesses such as Renewable Energy; carbon capture and storage (CCS); and Remote Autonomous Operations (RAO). As such, we continued to upskill our people via formal learning and On-the-Job learning (OJL).

Various upskilling programmes were also conducted and tailored to the needs of the respective businesses as we continued to develop our people in strengthening our core business. Programmes included Multi-Skill Acceleration Programmes for technical non-executives from the Upstream business and digital marketing for the marketing and trading teams from the Downstream and Gas businesses, while Project Delivery and Technology (PD&T) employees were provided training based on our new focus areas. A Capability Development Framework review was conducted for Risk Management fraternity while Finance saw the establishment of the Finance Academy, a structured learning platform to strengthen core or niche skills in support of new business areas.

Leadership Development

Continuous development of leaders at all levels is essential in creating a robust talent pipeline and sustainable bench strength for effective succession. Working with reputable partners, we focused on three key areas to develop leadership skills, equipping senior leaders to lead and steer the workforce towards achieving organisational goals, continuously building a pipeline of leaders and supporting competency upskilling or reskilling programmes and new ways of working for talents.

84 Senior Managers graduated from the Tactical Excellence programme.

38 General Managers attended the Strategic Excellence programme in 2022 and are expected to graduate in 2023.

109 Managers graduated from the Managerial Excellence programme.

91 Executives completed the Professional Excellence programme.

90 Executives completed the Building Leaders programme.

In-house Learning Institutions and Platform

We continued to accelerate capability development by leveraging our specialised learning institutions namely the PETRONAS Leadership Centre (PLC), Institut Teknologi Petroleum PETRONAS (INSTEP), the Centre for Advanced and Professional Education at Universiti Teknologi PETRONAS (CAPE UTP), Akademi Laut Malaysia (ALAM), as well as the myLearningX virtual learning platform. In creating a future-relevant workforce, these learning institutions and platforms provide opportunities for our talents to be upskilled on leadership and the energy industry as a whole.

PETRONAS Leadership Centre (PLC)

The PETRONAS Leadership Centre (PLC), previously known as PERMATA when it was established in 1989, was created to develop progressive leaders that would not only make an impact on our organisation, but also the global energy industry. The new PLC campus was completed in 2022.

Developing and Nurturing Leaders

The programmes at PLC are designed to equip leaders with the skills and knowledge required to tackle the most pressing challenges faced across their diverse functions and industries. Towards this end, we ensure that our content is consistently relevant and delivered via the latest learning and development practices.