

Furthermore, we are active contributors towards the Global Methane Pledge Energy Pathway and other regional and global initiatives that address methane emissions in oil and gas value chains. In 2022, we signed up to the United Nations Environment Programme’s Oil and Gas Methane Partnership 2.0. Through this initiative, we strive to improve the accuracy and transparency of our methane emissions reporting, guided by a comprehensive and measurement-based reporting framework.

Since 2021, we have convened the ASEAN Energy Sector Methane Roundtable, in collaboration with PTT Public Company Limited (PTT) of Thailand, Pertamina of Indonesia and since last year the United States Agency for International Development (USAID). The roundtables continue to engage a diverse set of stakeholders from across ASEAN through information sharing, technical exchange and open conversations, to advance strong performance and effective methane emissions management.

**Outlook**

Economic growth across Southeast Asia will put decarbonisation and broader sustainability goals to the test. Each country and each sector need tailored approaches to unlock new business models, without compromising broader development. Conducive policy and regulation will be critical in defining country-specific pathways and in unlocking private sector investment for the next generation of energy systems.

During the year, we stepped up in many ways, from setting measurable targets for our Pathway to Net Zero Carbon Emission by 2050 to investing in real emissions reduction projects, renewables and clean energy solutions. PETRONAS’ leading stance on sustainability will not only grow the business, but galvanise innovation, investment and long-term sustainable growth.

For PETRONAS to succeed at speed and scale we will need to work even more intensely across sectors. New value chains need to be defined and deployed. Such can only be achieved through greater collaboration between the private sector, regulators and investors internationally to realise the benefits of e.g., carbon capture and storage (CCS), hydrogen, biofuels and nature-based solutions fully.

**With our commitments and plans to address climate change and nature loss in place, next, we will engage with stakeholders across our value chain to better understand what a just and equitable energy transition may look like and what our role should be.**

The energy transition is not just a technology and investment play, the associated large-scale investments is a once in a generation opportunity to strengthen social progress and reverse nature loss. As Malaysia’s oil and gas resource custodian, we strive for socially inclusive and sustainable resource development.

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The coming year will undoubtedly continue to be volatile. As we move forward, we will encounter obstacles in advancing sustainability and an equitable energy transition. However as demonstrated over recent years, PETRONAS remains resilient. Our focus on sustainability and strategic priorities coupled with milestone achievements will cement our position as a dynamic and reliable partner in the energy transition set for long-term success.

**Charlotte Wolff-Bye**

Vice President and Chief Sustainability Officer

# Our Integrated Approach to Value Creation

## Understanding Our Environment

### Evaluate Our Operating Landscape

See page 78

Our ability to create value is closely linked to the global macroeconomic landscape and its impact on the energy industry. To stay ahead, we closely analyse the factors that influence the macroenvironment in relation to our business and operations. This helps us to identify potential trends and opportunities, enabling us to adapt our strategies and make informed decisions that optimise our value creation capabilities.

### Strengthen Stakeholder Relationships

See page 70

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



### Monitor Risks And Opportunities

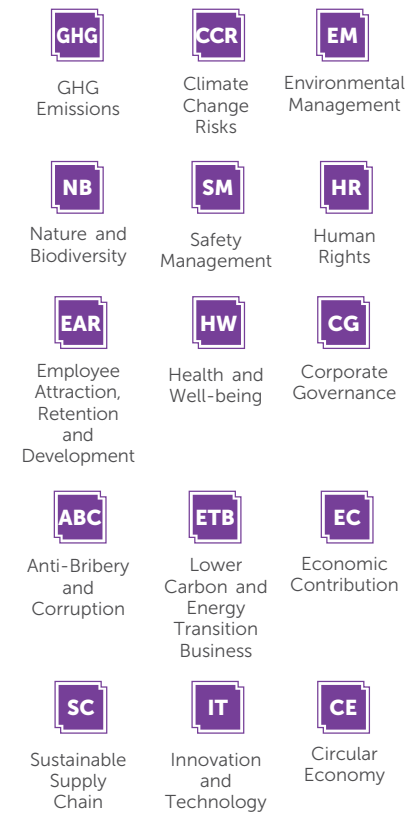
See page 86

With a fully integrated value chain covering upstream, gas, downstream and clean energy, we are exposed to risks and opportunities associated to the energy transition. To ensure the resilience and robustness of our energy portfolio, we continually monitor all risks and effectively mitigate them through our risk management processes. We also view each risk as an opportunity to enhance our operations and to drive our business forward.



## Identifying and Prioritising Our Material Topics

Our ability to create value for stakeholders is influenced by a range of environmental, social and governance (ESG) factors. To ensure we address the issues that matter to our stakeholders, we identified material topics that are closely related or could impact them. This helps us to develop and execute the right strategies to ensure that we continue to deliver value in a sustainable and responsible manner.



See page 80

## Embedding Ethical Environmental, Social and Governance (ESG) Practices

ESG is the golden thread that binds all elements of our value creation process together. It informs our strategic decisions and daily operations – ensuring that we make choices that are aligned with our values and strategic objectives to enable long-term value creation, while ensuring transparency and accountability for our actions.

## Integrating Our Strategy to Allocate Resources Into Our Business Model

### Formulate Business Strategy

See page **102** 

The PETRONAS Energy Transition Strategy anchors on our Statement of Purpose, competitive advantage and commitment to sustainability. We will prioritise reducing emissions as we grow our Core Business and New Business. Equal attention will be given to each priority in our strategy, taking into consideration the availability of resources, opportunities and technological advancements:



**Core Business**  
*More Energy,  
Less Emissions*



**New Business**  
*Capturing New  
Growth  
Opportunities*



**Net Zero  
Carbon  
Emissions**  
*Pathway to Zero*

### Allocate Our Key Capitals

See page **68** 

We utilise various financial and non-financial resources, known as the six capitals, to execute our strategy and achieve growth. These capitals include:

**FC**

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

**MC**

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

**IC**

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

**HC**

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

**SRC**

**Social and Relationship Capital**  
The network of relationships between our business and stakeholders.

**NC**

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