

Chairman's Letter

Dear Stakeholders,

Against a backdrop of persistent volatility that defined 2024, the PETRONAS Group remained steadfast in delivering our purpose. Across the world, intensifying geopolitical risks and ongoing conflicts further amplified the urgent need to reinforce energy systems and ensure security of supply. For PETRONAS, our Energy Transition Strategy remains a clear guide for the Group as we work to fulfil expectations of our stakeholders.



Tan Sri Dato' Seri Mohd Bakke Salleh
Chairman

On behalf of the Board, I am proud to recognise the achievements of our people, whose invaluable dedication and commitment have delivered a strong performance for the year in review, strengthening our foundations to create long-term sustainable value for our stakeholders.

50 Years of Nation-Building

PETRONAS commemorated its 50th anniversary in 2024. The milestone coincided with a period of uncertainty in the global operating environment. Despite the challenges, the PETRONAS Board and Executive Leadership Team continued to steer the organisation towards its purpose to be a progressive energy and solutions partner. In doing so, our efforts were channelled towards ensuring security of supply and generating profitable long-term growth.

For the year in review, PETRONAS made the scheduled dividend payment of RM32 billion to the Government of Malaysia. As the sole contributor to the National Trust Fund, PETRONAS also continued to make its contribution of RM500 million in the same period, resulting in a cumulative RM13.5 billion contribution to the Fund as of 2024.

Since its establishment in 1974, PETRONAS has contributed RM1.5 trillion to the nation's economy, in the form of dividends, taxes, cash payments and others.

Even as we contend with the intensifying pressures in the industry, I am also pleased to note that PETRONAS, as a key driver of Malaysia's National Energy Transition Roadmap, has stood resolute in delivering the targets under the Net Zero Carbon Emissions by 2050 Pathway, having successfully achieved our short-term emissions reduction target in 2024.

In that same vein, the Group also continued to uphold its commitment to pursue strengthened governance and compliance to meet the expectations of global stakeholders.

○ Making Impactful Progress



Powering Knowledge: Empowering STEM teachers through a comprehensive 24-month programme to boost student interest and competence in STEM subjects, while enhancing their higher-order thinking skills.

PETRONAS believes that true progress is achieved when organisations and communities grow together. Since inception, PETRONAS has collaborated with stakeholders and communities wherever we operate to deliver meaningful impact where it is most needed. For 50 years, the Group has remained closely attuned to societal development, tailoring our signature programmes to the demands of the era. In 2024, PETRONAS contributed RM700 million to more than 400 social impact programmes.

In the nascent years of Malaysia's oil and gas industry, we focused on nurturing talent through education by introducing the PETRONAS Education Sponsorship Programme (PESP), which has benefitted 39,000 students since 1975. We also established the Institut Teknologi PETRONAS (INSTEP) and Universiti Teknologi PETRONAS (UTP), which has been recognised as the Number One university in Malaysia by the Times Higher Education World University Rankings.

Chairman's Letter

Later, PETRONAS expanded its focus to uplifting societies through our *Memampankan Ekonomi Asas Rakyat* programme, providing access to necessities like water and electricity through the 'Water for Life' initiative and the installation of solar panels in rural areas. As our operations grew across borders, these initiatives were replicated and further customised to the needs of global communities.

In recent years, PETRONAS has introduced several environmental and social programmes, such as Rigs-to-Reef, mangrove conservation, the Imbak Canyon Conservation project, COVID-19 aid and flood relief. These efforts have had a lasting positive impact on Malaysians and local communities where PETRONAS operates.



Planting Tomorrow: Helping to rehabilitate vital mangrove forests and river reserve areas in Malaysia through community-based tree planting initiative.

Strengthening Foundations for Future Growth

PETRONAS has played a crucial role in shaping Malaysia's oil and gas landscape. As a regulator, we nurtured a competitive ecosystem by introducing balanced fiscal terms in Production Sharing Contracts to grow the value pie. We also dutifully managed Petroleum Arrangement Contractors, and Oil and Gas Services and Equipment (OGSE) players to ensure compliance with high standards and governance.

Through the Vendor Development Programme (VDP) and VDPx, PETRONAS has supported 171 small and medium enterprise (SME) vendors since 1993, where 20 have successfully expanded their businesses into international markets. On the vendor financing front, 357 vendors have benefitted from RM2.2 billion in funding to expand their operations since the Vendor Finance Programme (VFP) was introduced in 2018.

Meanwhile, the PETRONAS Supplier Support Programme (PSSP) which was launched in 2024, aims to equip SMEs with sustainability capabilities and access to transition financing necessary to remain competitive in a low-carbon future. In the year under review, 417 vendors have enrolled in the programme.

At PETRONAS, we believe that sustainable growth is only possible when all industry players grow in tandem. With increased complexity in the macro environment putting downward pressure on margins, innovation and efficiency are foreseen to be key factors in project feasibility and profitability.

Moving forward, it will be more pivotal than ever that Petroleum Arrangement Contractors, OGSE players and technology providers strike mutually beneficial partnerships to jointly contribute to a progressive sector in Malaysia.

The Year Ahead

As we look ahead to 2025, we anticipate unrelenting volatility to persist with geopolitical shifts continuing to redefine the trade landscape and realign priorities in the energy transition. The industry is already responding to these shifts with sharpened focus on portfolio resilience, prudent financial management and strategic industry partnerships. In this regard, PETRONAS has put in place a series of transformative measures that will best position us to continue executing our Energy Transition Strategy, deliver long-term value to our stakeholders, and fulfil our purpose as a progressive energy and solutions partner.

With Malaysia assuming the chair of ASEAN in 2025, PETRONAS also looks forward to playing a part in strengthening regional collaboration to shape the future of energy for this region.

In closing, I would like to take this opportunity to thank Datuk Johan Mahmood Merican, Dato Haji Ibrahim Haji Baki and Datuk KY Mustafa for their exemplary leadership and contributions as members of the PETRONAS Board of Directors. I wish them every success in their future endeavours.

I would also like to extend a warm welcome to our new Board members namely, Datuk Dr Shahrazat Haji Ahmad and Datuk Seri Abdul Rasheed Ghaffour. Their vast experience and diverse perspectives will be invaluable in steering PETRONAS forward.

On behalf of the Board, I would like to record my heartfelt appreciation to Tan Sri Tengku Muhammad Taufik, President and Group CEO of PETRONAS, and his Executive Leadership Team for steering the Group towards delivering business strategies with agility and integrity. My deep appreciation also goes out to all employees for their sheer dedication and upholding of our Shared Values in discharging their duties.

Finally, I am grateful to our valued stakeholders, including the Federal and State Governments of Malaysia, our host countries, partners and customers for their continued trust and support. As we set forth in this next chapter, PETRONAS looks forward to building on these enduring partnerships to continue enriching lives in the next 50 years and beyond.



The Angsi platform in the waters off Terengganu, Malaysia.

President and Group Chief Executive Officer's Letter

Dear Stakeholders,

The year 2024 was beset by wave upon wave of political change and technological disruptions that reshaped global markets, trade policies and the operating landscape at large. The radical shifts and the volatility in their wake have reinforced emphasis on energy security and affordability among countries around the world against the backdrop of a still-fragile global economy.



Tan Sri Tengku Muhammad Taufik
President and Group Chief Executive Officer

As PETRONAS crossed its 50-year mark in 2024, we remained steadfast in executing our Energy Transition Strategy with the aim of ensuring we would continue being able to deliver more value to shareholders and stakeholders reliably, responsibly and sustainably.

Alhamdulillah, we continued to grow our diverse portfolio through a relentless focus on operational and commercial excellence, strategically positioning the Group in order to remain resilient and dynamic in the ongoing energy transition.

Safety at the Forefront

The safety and well-being of our people remain our paramount priority.

In 2024, PETRONAS worked to reinforce safety culture and measures to create a safer working environment, recording zero major fire incidents and a 13 per cent reduction in Loss Time Injury.

Despite our best efforts, we regrettably recorded two tragic incidents that resulted in the loss of lives. We are deeply saddened by the loss suffered by their friends and families. The Group is now even more determined to do better towards delivering the only acceptable target in this regard – zero fatalities and injuries.

Delivering Value Reliably and Responsibly

Amid persistent uncertainty in the global landscape, PETRONAS made steady progress in our Energy Transition Strategy, which remains a clear and pertinent guide in the pursuit of long-term growth.

I am pleased to report that PETRONAS managed to deliver steady financial performance in 2024, with a Profit After Tax (PAT) of RM55.1 billion on the back of RM320.0 billion in revenue. Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) stood at RM114.1 billion for the year under review.

The Group remained steadfast in its philosophy of practicing prudent financial management and disciplined capital allocation in an increasingly complex ecosystem. This ensured that we continued to drive long-term value, even as we reduced emissions as set out in the PETRONAS Net Zero Carbon Emissions (NZCE) by 2050 Pathway.

The milestone accomplishments in 2024 include:

- 1 Expanded global portfolio through 20-year extension for the Ketapang Production Sharing Contract (PSC) and a multi-year contract for the Bobara Working Area in Indonesia, acquisition of 50 per cent share of the Papua New Guinea Prospecting License and third concession of Onshore Block 2 in Abu Dhabi, United Arab Emirates.
- 2 Produced a record-breaking 2,000 thousand barrels of oil equivalent (kboe) per day from Malaysia operations.
- 3 Awarded 14 PSCs in the Malaysia Bid Round 2024 to 12 unique contractors.
- 4 Reached final investment decision (FID) for a 100MW power plant in Malaysia while making good progress towards first cargo from LNG Canada in 2025 and bringing onstream our third floating LNG facility by 2027.
- 5 Expanded maritime solutions on offer with seven contracts for vessel newbuilds and entered a joint venture to procure liquified carbon dioxide (LCO₂) carriers, adding to the current fleet of 102 LNG, petroleum and product vessels, as well as 12 Floating Production, Storage and Offloading (FPSO) and Floating Storage and Offloading (FSO) vessels.
- 6 Reached FID to construct a biorefinery in the Pengerang Integrated Complex in Malaysia with partners Enilive and Euglena, expected to be operational by 2028.
- 7 Signed a Memorandum of Cooperation to advance ASEAN grid interconnectivity with the export of renewable energy from Vietnam to Malaysia and Singapore.
- 8 Expanded renewables portfolio in India with a 200MW co-located solar-wind turbine project, 400MW interstate transmission system-connected wind-solar hybrid project, and delivery of 650MW renewable energy for the country's first renewable energy-green hydrogen production.
- 9 Entered a joint venture to develop a global scale hydrogen production hub in Malaysia with SEDC Energy.
- 10 Progressed towards large-scale carbon capture and storage (CCS) deployment with 11 agreements and Memoranda of Understanding to carbon dioxide storage solutions, infrastructure and value chain development, as well as regulatory compliance and certification.
- 11 Achieved the short-term GHG emissions target by limiting emissions from Malaysia operations to 46.55 million tonnes of CO₂ equivalent, below the target limit of 49.50 million tonnes of CO₂e, as laid out in our Net Zero Carbon Emissions by 2050 Pathway.

President and Group Chief Executive Officer's Letter

Transformation for Long-Term Resilience

As the oil, gas and energy industry weathered a tumultuous year of mounting market pressures, continued margin erosions and intensified geopolitical risks, it also became glaringly evident that reindustrialisation, deglobalisation and the artificial intelligence (AI) revolution are now set to collectively contribute to a surge in worldwide energy demands.

These contrasting complexities occurred as PETRONAS reached its remarkable 50-year milestone. Even as we celebrate in the achievements brought forth by steadfast focus on our strategy – strengthening Core Business, pursuing opportunities in New Businesses and responsibly managing emissions – the Group has now set in motion a transformative exercise to strengthen our long-term resilience against the current backdrop.

Measures in this regard are already being undertaken in an objective, transparent and respectful manner, including:

- 1 Increasingly prudent capital allocation and targeted reinvestment, with sharper focus on value accretive and revenue-generating businesses.
- 2 Pursuit of strategic partnerships and novel collaborative models, such as satellite models, equity partnerships and joint ventures to pursue returns even as risks multiply in the operating environment.
- 3 Transformation of our workforce by creating a fit-for-purpose structure, aligning process with purpose.
- 4 Reallocating resources and amplifying efforts to eliminate inefficiencies.

The Group is confident that this undertaking, as challenging as it may be, will place PETRONAS in an even more competitive and resilient position to grow our international portfolio and secure market positions with focused agility.

Importantly, the measures will ensure that we can continue to discharge our *Amanah* or duty of trust as Malaysia's national oil company – providing energy security, generating economic growth and contributing towards the nation's sustainability ambitions.

It is vital to also highlight that amid this transformation, PETRONAS will remain unwavering in our commitment to deliver on our decarbonisation targets as set out in our NZCE by 2050 Pathway. In this regard, PETRONAS can register that we have made continued progress since its introduction in 2020, and we continue to contribute to Malaysia's National Energy Transition Roadmap as well as its Nationally Determined Contributions.



PETRONAS' New Energy Technical Service Centre in Pinghu, Jiaxing, China.

○ Moving Forward with Purpose

In our first 50 years, PETRONAS has evolved significantly. From our humble beginnings as the regulator of Malaysia's oil and gas resources, we have evolved into an integrated and dynamic global energy company. We have contributed towards developing a thriving local oil and gas sector and fortified our reputation as a trusted energy and solutions partner, contributing to societies wherever we operate.

Together with our growing global footprint, PETRONAS has also built a strong reputation as a regional voice advocating for a just and equitable energy transition with collaboration as its cornerstone. With Malaysia taking up the mantle as chair of ASEAN and as PETRONAS once again partners with CERAWeek by S&P Global to organise the second edition of Energy Asia in 2025. The coming year is shaping up to be one of accelerated action towards the energy future of our collective vision.

In this opportunity, permit me to record my gratitude for the dedicated service of PETRONAS' global workforce, the exemplary leadership and support of the Executive Leadership Team, and the strong support of governments, authorities, stakeholders and partners, whose valued contributions have made the Group's accomplishments possible.

I would also like to extend my appreciation to our Chairman, Tan Sri Dato' Seri Mohd Bakke Salleh, and the PETRONAS Board of Directors for their trust and valuable counsel through a period of immeasurable uncertainty.

As the amazing employees tirelessly strive to strengthen PETRONAS' foundations for its next 50 years and beyond, I look forward to the progress we will continue to make together in delivering a sustainable future for all.



The Twin Torches, reunited on 17 August in celebration of PETRONAS' 50th anniversary. Brought by teams from across Malaysia, the torches serve to symbolise unity, camaraderie and resilience.

Executive Vice President and Group Chief Financial Officer's Letter

Dear Stakeholders,

PETRONAS' financial strategy is built on striking the right balance in reinforcing financial resilience while driving growth, securing Malaysia's energy needs while advancing sustainability, and optimising performance while ensuring commercial viability. Rather than pursuing short-term gains, we ensure that every investment is value-accretive for us to continue moving forward, especially as the world is evolving at an accelerated pace.



Liza Mustapha
Executive Vice President and Group Chief Financial Officer

Global economic instability in 2024 presented challenges across industries, and the energy sector was no exception. Sluggish economic activity, particularly in China and Europe, coupled with uncertainties over oil demand and global recovery, contributed to market volatility. Oil prices remained under pressure due to fears of a recession in the United States and easing supply concerns. At the same time, the call for energy transition remained strong and continued to compound the industry's complexity.

In navigating this complex landscape, PETRONAS remained guided by its core financial principles of strategic agility, sound risk management and value-driven decision-making. We have always applied rigour to our financial management, ensuring that every decision supports both our resilience and long-term growth. This means balancing three critical priorities: sustaining our Core Business, scaling up new growth opportunities under New Business and responsibly managing our emissions reduction journey under our Net Zero Carbon Emissions by 2050 Pathway. These priorities underpin PETRONAS' long-term vision allowing us to continue delivering secure, affordable and responsible energy for Malaysia and our global customers.

Financial Performance

In 2024, PETRONAS recorded revenue of RM320.0 billion, lower than the previous year by 7 per cent due to softer average realised prices, particularly in LNG. Nevertheless, increased sales volume provided a cushion against the decline. Revenue was also impacted by the divestment of Engen Limited and its subsidiaries (Engen Group), a South African-based downstream petroleum company in which PETRONAS had held a majority stake since 1998. Following the completion of the divestment in May 2024, only five months of Engen Group's financial results were included in PETRONAS' revenue for the year.

Profit After Tax stood at RM55.1 billion, reflecting the impact of lower prices and the absence of favourable tax adjustments recorded in 2023, which were mainly related to the recognition of deferred tax assets. The realisation of foreign currency translation reserves from the Engen Group divestment also contributed to the lower Profit After Tax. The Group's Earnings Before Interest, Tax, Depreciation and Amortisation was RM114.1 billion, in line with the decline in profits.

Despite these market headwinds, PETRONAS maintained a strong financial position, ending the year with total assets of RM766.7 billion, slightly lower by 1 per cent than 2023. Shareholders' equity increased to RM451.2 billion, mainly due to profit recorded during the year. Cash Flows from Operations remained robust at RM102.5 billion, providing sufficient liquidity to support business operations, capital expenditure, growth commitments, debt obligations and dividend payments to shareholders.

Revenue

RM320.0 billion

2023:
RM343.6 billion

Profit After Tax

RM55.1 billion

2023:
RM80.7 billion

Total Assets

RM766.7 billion

2023:
RM773.3 billion

Capital Allocation and Investment Strategy

PETRONAS applies a sharp and disciplined approach to its capital allocation framework to ensure financial strength while delivering shareholder value and funding future growth. Every investment decision is based on a careful balance between strengthening our Core Business, expanding into new opportunities and advancing emissions reduction efforts, with all three receiving equal focus to secure PETRONAS' resilience and long-term viability.

Our approach is not about pursuing short-term gains at the expense of long-term resilience but ensuring that every investment is value-accretive and aligned with our financial parameters to maintain a strong balance sheet.

In 2024, our capital expenditure stood at RM54.2 billion, primarily directed towards Upstream and Gas projects. More than 60 per cent of capital expenditure in 2024 was invested in Malaysian projects, a 27 per cent increase from the previous year, reinforcing PETRONAS' role in supporting Malaysia's Oil and Gas Services and Equipment ecosystem to strengthen energy supply and build future capabilities. Key projects included the PETRONAS Shore-based Floating LNG project in Sabah, which expanded LNG production capacity; and the Integrated Bekok Oil project in Peninsular Malaysia, which sustained upstream production.

Effective liquidity management underpins our capital allocation strategy, providing funding flexibility to meet obligations, support growth and navigate market uncertainties. PETRONAS maintains access to multiple financing levers, a structured cash management strategy and a strong credit rating, which supports continued access to capital markets.

Over the next five years, PETRONAS plans to maintain an average capital expenditure of circa RM50 billion annually, with 20 per cent allocated towards New Business and emissions reduction initiatives.

Executive Vice President and Group Chief Financial Officer’s Letter

Energy Transition and Growth Strategy

Globally, energy transition commitments and efforts continue to unfold in complex and uneven ways. Some companies that moved aggressively into renewables are now pulling back, while others are recalibrating their ambitions in response to market realities. PETRONAS has remained steady and consistent in its approach to ensure that our transition is well-paced, financially sound, measured and sustainable for the long term.

Our Core Business remains the anchor of our financial strength. It continues to generate steady cash flow, which enables us to invest in emissions reduction efforts and support the growth of our New Business ventures. Rather than making abrupt shifts, we have been strengthening our oil and gas operations to be more efficient and responsible by integrating carbon capture, methane abatement and energy efficiency measures to reduce emissions while maintaining reliability and competitiveness.

We will continue to focus on gas as a transition fuel and prioritise emissions abatement over offsets by reducing emissions at source, as much as we can.

We aim to capture value-accretive growth opportunities to enhance business resilience and future-proof our portfolio. Our diversification strategy is designed to ensure that each new venture delivers long-term value, has the potential to achieve scale and incorporates differentiated risk management. By focusing on opportunities that align with our capabilities, we are expanding beyond our Core Business in a way that is both strategic and financially disciplined.

PETRONAS invested close to RM2 billion in emissions reduction activities and cleaner energy solutions under Net Zero Carbon Emissions by 2050 Pathway efforts in 2024.

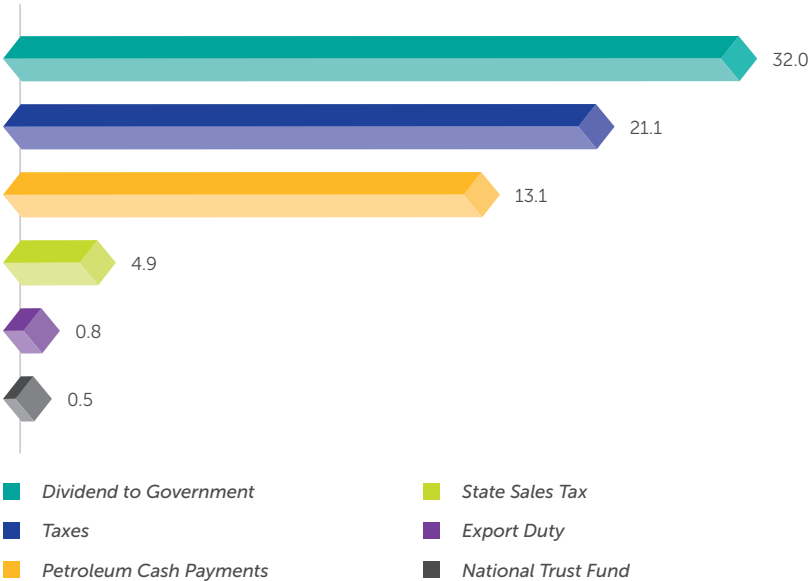
Sustaining Economic Growth through Financial Contributions

In 2024, PETRONAS contributed RM72.4 billion in dividend, taxes, cash payments and other financial commitments to the Government of Malaysia. This included RM32.0 billion in dividend to the Government, declared after full consideration of the Group’s current and future commitments as well as growth plans. We also paid RM26.8 billion in taxes, including petroleum income tax, corporate income tax, state sales tax, export duties and other statutory payments. Cash payments of RM13.1 billion were made to Federal and State Governments for the value of hydrocarbon resources monetised by PETRONAS and contractors. PETRONAS also remains the sole contributor to the National Trust Fund, with RM0.5 billion contributed during the year.

These payments result from our strategic financial approach, where economic value is not only retained to fund operations, investments and the energy transition, but also distributed responsibly to sustain Malaysia’s fiscal strength, empower state-level development and build national economic resilience. To date, PETRONAS has cumulatively contributed more than RM1.5 trillion to the nation in the form of such payments.

Beyond direct payments, PETRONAS’ financial footprint creates broader economic value through its supply chain, workforce and industry partnerships. In 2024, the Group invested more than RM700 million in social impact initiatives globally, generating indirect economic benefits by improving access to education, skills development, clean energy and climate resilience in underserved communities.

Contributions to the Federal and State Governments of Malaysia, and the National Trust Fund (RM billion)



Governance and Risk Management

PETRONAS operates in an increasingly complex and dynamic environment where financial discipline, governance and risk management are essential to secure long-term value. In 2024, we enhanced our internal control framework to further strengthen financial compliance and risk oversight across our global operations. These improvements include tighter financial reporting standards, strengthened risk governance structures and enhanced due diligence measures for investment decisions.

Compliance and ethical considerations have long been part of our decision-making processes. These foundations are continuously strengthened through ongoing refinement of our enterprise risk management frameworks, improved financial transparency and deeper integration of climate-related financial disclosures in line with evolving industry standards.

Our financial strategy for 2025 will be shaped by key risks, including commodity price volatility, economic uncertainties, regulatory shifts and the ongoing energy transition, all of which require a structured and forward-looking approach to financial planning.

One of the top financial risks PETRONAS faces is commodity price fluctuations, which have become more volatile in recent years. To mitigate exposure, we apply a structured hedging strategy that protects against extreme price swings while maintaining financial flexibility. Our price assumptions for planning purposes are based on supply and demand fundamentals, ensuring robust investments.

Our investment decisions are guided by a strict risk-reward framework, prioritising financially viable, long-term projects. We take a highly selective approach, choosing projects that can withstand market volatility while actively managing commodity price risks.

Liquidity risk is also carefully managed through diverse funding strategies, including access to capital markets, securing trade finance facilities and revolving credit arrangements. By maintaining a conservative balance sheet, strong credit ratings and a disciplined approach to debt management, PETRONAS ensures sufficient financial strength to support ongoing business commitments and future investments.

We continue to make good progress on our sustainability disclosures, and aim to fully adopt international frameworks such as the IFRS Sustainability Disclosure Standards (IFRS S1 and S2) and Malaysia's National Sustainability Reporting Framework (NSRF). This alignment enhances transparency, supports accountability and reinforces our commitment to long-term value creation. We welcome the convergence of sustainability disclosures and reporting frameworks as a step towards more structured and consistent reporting.

Strengthening Financial Resilience for Future Growth

As PETRONAS advances into the future, balancing national energy security with commercial agility will be critical. Continued portfolio rationalisation will shape a leaner and more efficient organisation. This deliberate and structured approach provides PETRONAS with the agility to adapt to market shifts while maintaining stability, reinforcing its role as a trusted energy partner for today and the future.



Bekok C Platform.

Vice President and Group Chief Sustainability Officer's Letter

Dear Stakeholders,

For over 50 years, PETRONAS has been a nation-builder, maximising Malaysia's hydrocarbon resources to contribute to the nation's economic growth and social progress. Today, we continue this ethos with a refreshed approach to sustainability, shaping the future energy system and leading the next chapter of sustainable energy transformation for long-term success.



Charlotte Wolff-Bye
Vice President and Group Chief Sustainability Officer

In 2024, multilateral negotiations on climate change, biodiversity, and plastics were inconclusive, adding further fragmentation and inconsistency in frameworks and regulations across the world. Despite this, expectations for the energy sector to lead the charge on delivering energy security and cleaner energy remain high.

Our commitment to sustainability with a focus on 'Delivering Net Zero, Thriving with Nature and Fostering a Just Transition' remains steadfast. In practice, this means reducing the environmental impact of our operations, developing solutions to meet customers' energy needs, and collaborating across sectors to address significant sustainability challenges.

We continue to make progress in various aspects of sustainability performance. To enhance transparency, we have strengthened our disclosures by expanding the scope of independent assurance. We were also delighted to be recognised as the top brand in the 2024 Brand Finance ASEAN Sustainability Perceptions Index.

○ Delivering Net Zero

A functioning modern society relies on a stable and affordable supply of energy. Today, energy accounts for approximately three-quarters of global manmade greenhouse gas emissions. PETRONAS is committed to achieving better emissions performance from our oil and gas operations and creating new value-accretive opportunities by pursuing renewable energy and low-carbon solutions.

Technology development and strategic partnerships remain central to this transformation. PETRONAS leverages innovation through advanced research and development, digitalisation and artificial intelligence to deliver tailored emissions reduction solutions and drive sustainability across our operations. Our efforts support national decarbonisation ambitions across markets where we have industrial operations.

In 2024, PETRONAS' Malaysia operations successfully met our short-term target by limiting operational-control emissions to below 49.50 million tonnes of carbon dioxide equivalent (CO₂e), amounting to 46.55 million tonnes CO₂e, which is an almost 3 per cent increase from the previous year. Our Groupwide equity share emissions were 48.32 million tonnes CO₂e, up by around 4 per cent. Both increases were due to higher production levels, and strengthened accounting and monitoring accuracy. Overall, since launching our initial carbon commitments in 2012, we have reduced annual emissions significantly by over 21 million tonnes CO₂e.

We are making steady progress toward our 2030 target of reducing our Groupwide emissions by 25 per cent. Our efforts are focused on energy efficiency, eliminating routine flaring and venting, and electrification. Additionally, we have laid the groundwork to deploy carbon capture and storage technologies.

A notable achievement is a 62 per cent reduction in methane emissions from Groupwide operations, exceeding our 2025 target of a 50 per cent reduction from a 2019 baseline ahead of schedule. Our 2030 target of a 70 per cent reduction is now within reach. Accelerating methane emissions is important, given methane's potent impact on global warming.

We also established a Groupwide energy management system in preparation to meet Malaysia's Energy Efficiency and Conservation Act 2024 and enable continuous improvement consistent with industry best practices.

Our Net Zero Carbon Emissions by 2050 Pathway is not only about reducing our carbon footprint but also creating new opportunities for growth and resilience in a rapidly changing global market.

We are advancing commercial carbon capture and storage services to support high-emissions sectors such as steel, power, chemicals and cement.

Gentari Sdn Bhd (Gentari), our clean energy solutions entity, has secured 8 gigawatts of cumulative renewable energy capacity, including both installed and under construction, and has installed over 1,000 electric vehicle charging points globally.

○ Thriving with Nature

We recognise the intrinsic connection between natural ecosystems and the resilience of our business and society. To address nature and biodiversity loss, we concentrate on responsible resource use, circularity practices and ecosystem restoration, protection and conservation. This approach applies across all our operations, with emphasis on Malaysia, one of the world's most significant areas for ecological biodiversity.

In 2024, we established governance mechanisms to proscribe new project development in UNESCO World Heritage sites, with a commitment to help protect culturally and naturally significant locations. We continued biodiversity and ecosystem services risk assessments and improved our internal capabilities in how to engage Indigenous Peoples meaningfully and to help ensure our industrial activities are in better harmony with nature.

PETRONAS participated in Bursa Malaysia's auction of Malaysian nature-based carbon credits, marking an important step forward for the voluntary carbon market in Southeast Asia. We also formed a partnership with the Sarawak Forestry Corporation to develop Nature-based Solution projects. Carbon credits from such future projects will offset residual and hard-to-abate emissions, complementing our broader carbon reduction efforts.

Vice President and Group Chief Sustainability Officer's Letter

Our environmental performance showed mixed results in 2024. Freshwater withdrawal increased by 4 per cent to 82.6 million cubic metres, primarily due to additional requirements from the start-up operations. Hazardous waste generated rose by 23 per cent to 187,294 metric tonnes, reflecting the impact of expanded operational activities. However, other environmental indicators improved: Nitrogen Oxide (NOx) emissions decreased by 10 per cent, while Sulphur Oxide (SOx) emissions fell by 8 per cent.

Fostering a Just Transition

We are dedicated to contributing to an energy transition that respects human rights, and promotes inclusive development and prosperity. We call this effort 'Fostering a Just Transition'. In 2024, we published our updated Human Rights Policy, which is currently being implemented.

A successful energy transformation depends on a skilled, adaptable workforce. In 2024, PETRONAS continued strengthening talent development through our learning institutions.

Universiti Teknologi PETRONAS (UTP) expanded its academic programmes and launched the first-of-its-kind Bachelor of Integrated Engineering, combining mechanical, electrical and chemical disciplines under one curriculum to meet evolving industry demands.

Institut Teknologi Petroleum PETRONAS (INSTEP) enhanced technical competency development for emissions reduction and carbon accounting, while the PETRONAS Leadership Centre developed new programmes to advance sustainability leadership among talent, leadership, Board of Directors and external stakeholders.

Beyond talent development, we also launched our PETRONAS Supplier Support Programme, engaging over 1,000 vendors since August 2024. This free programme strengthens industry sustainability capabilities, and helps businesses in Malaysia serve emerging lower-carbon energy value chains.

Scaling Up Activity through Collaborations and Partnerships

Cross-sectoral partnerships are vital to enforce meaningful change, and PETRONAS has consistently taken a leading role in fostering such collaborations through regional outreach in Southeast Asia.

A key milestone in 2024 was the launch of the ASEAN Energy Sector Methane Leadership Programme 2.0 with our partners. We also announced plans to establish the Southeast Asia Methane Emissions Technology Evaluation Centre in collaboration with the Japan Organization for Metals and Energy Security.

At the climate summit COP29 in Baku, PETRONAS, together with other Southeast Asian partners, published a joint communiqué committing to a progressive approach to decarbonisation and methane emissions management in the region.

Sustainability as a Driver for Resilience and Value Creation

PETRONAS' approach remains rooted in strategic pragmatism, centering on energy security, affordability and sustainability.

We continue advancing our sustainability ambitions to remain strong amid changing geopolitics, market conditions and national policies. With robust governance, continued investment in technological solutions, skills and collaboration across the ecosystem, we are confident in our ability to bolster organisational resilience and creating long-term sustainable value.