

PETRONAS Energy Transition Strategy

As the energy landscape continues to evolve, we remain steadfast in our commitment to a responsible and progressive energy transition. Our strategy is designed to balance energy security, affordability and sustainability to support Malaysia's long-term development, while responding to the world's growing energy demand. This strategy is anchored on three core pillars: generating value from our Core Business while reducing emissions, expanding cleaner energy solutions through New Business and advancing our Pathway to Net Zero.

Core Business



More Energy, Less Emissions

We play a key role in oil and gas industry to help meet growing energy demand, generate cash flow and deliver returns to shareholders.

New Business



Capturing New Growth Opportunities

We pursue New Business to strengthen the robustness of our long-term portfolio. Each business will move at its own pace and trajectory, depending on technological advancement and market environment.

Net Zero Carbon Emissions



Pathway to Net Zero

We take a strategic and responsible approach to emissions reduction, balancing technological constraints and evolving policies while ensuring long-term business resilience.

Key abatement levers have been identified to reduce greenhouse gas emissions, with focus on delivering near- and medium-term targets.

Focus Areas

Upstream

Advance exploration and development to address global energy demand, sustain vibrancy of Malaysia's oil and gas ecosystem, while high-grading our portfolio, to deliver lower-carbon fuels in a cost-efficient manner.

Gas and Maritime

Maintain market leadership in the liquefied natural gas sector by sustaining reliable production, optimising value from existing assets, and intensifying portfolio integration. Continue to explore new supply opportunities to strengthen global presence as a key differentiator in delivering reliable, competitive suite of energy solutions.

Downstream

Optimise margin through continuous operational and commercial excellence, while extending value across the chain through enhanced offerings to respond to changing customer requirements and better capture market opportunities.

Specialty Chemicals

Strengthen portfolio through innovation, profitability and access to new capabilities, markets and geographies.

Bio-based Value Chain

Scale up bio-based products and offerings aligned with evolving customer preferences, leveraging strategic partnerships.

Carbon Capture and Storage

Mature carbon capture and storage (CCS) solutions and position Malaysia as a leading regional hub.

Renewable Energy

Scale core market projects, emphasise renewable energy-hydrogen synergies and leverage long-duration energy storage value.

Hydrogen

Advance green hydrogen and ammonia projects, secure offtake agreements to underpin those projects, boost cost competitiveness and strengthen market position via partnerships and technologies.

Green Mobility

Expand electric vehicle charging points, and scale Vehicle-as-a-Service across Asia Pacific.

Key Abatement Levers

Zero Routine Flaring and Venting

Systematically eliminate routine flaring and venting in existing and new production sites.

Energy Efficiency

Optimise energy use across operations, through operational excellence, digital solutions, process and equipment optimisation.

Electrification

Electrify PETRONAS operations through asset modification, infrastructure development and sourcing for renewable energy, where feasible.

Carbon Capture and Storage

Mature CCS deployment to reduce carbon emissions at identified assets.

Value Creation Model

PETRONAS Energy Transition Strategy



Core Business
More Energy,
Less Emissions



New Business
Capturing
New Growth
Opportunities



Net Zero Carbon Emissions
Pathway to
Net Zero

Our Capitals

FC

Financial Capital

Capital available to the Group to finance our operations, activities and investments in other growth areas.

MC

Manufactured Capital

Assets and infrastructure that underpin our business.

HC

Human Capital

Our skilled workforce that drive and deliver our strategy and long-term value.

IC

Intellectual Capital

Our proprietary technologies, solutions and organisational systems that deliver value and growth.

NC

Natural Capital

We depend on environmental resources across our operations and manage impacts on land, water, air and biodiversity through responsible use, waste management and greenhouse gas reduction.

SRC

Social and Relationship Capital

Our engagements and relationships with stakeholders, including government agencies, local communities and customers.

Inputs

- **RM766.7 billion** in total assets

- **RM327.4 billion** in property, plant and equipment

- **RM339.2 million** investment in training and development

- **RM562.2 million** in technology investments

- Over **RM7 billion** on emissions reduction projects and cleaner energy solutions, specifically on renewable energy, hydrogen, and carbon capture and storage projects
- **8.64 billion** barrels of oil equivalent (boe) 2P Reserve*

Note:

* 2P Denotes the best estimate of Reserves. The sum of Proved plus Probable Reserves.

- Contributed more than **RM700 million** worldwide on social impact programmes

Supply and Generation

Liquefaction



Processing



Sustainability Approach



Creating Sustainable Value through Responsible Governance



Delivering Net Zero

+ Please refer to Our Approach to Sustainability on pages 48 to 49 and Material Topics on pages 50 to 53.

Operating Landscape

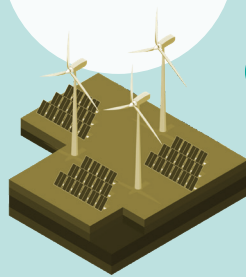
- Geopolitics and Macroeconomics
- Global Trade and Supply Chain Resilience
- Energy Market and Capital Discipline
- Energy Transition
- Sustainability including Climate Change Commitments

+ Please refer to Operating Landscape on pages 32 to 33.

Refining



Renewable Energy



Thriving with Nature



Fostering a Just Transition



Key Risks

- Market
- Financial Liquidity
- Legal and Regulatory
- Sustainability
- Health, Safety, Security and Environmental
- Geopolitical
- Hydrocarbon Reserves and Resources
- Technology
- Execution
- Human Capital

+ Please refer to Risks Linked to Creating Value on pages 34 to 47.

Outputs and Outcomes

FC

Sustaining profitability and growth to meet Malaysia's current and future energy needs through reinvestment, emissions reduction efforts and dividends.

- **RM55.1 billion** profit after tax
- **RM32.0 billion** dividend to the Government

MC

Managing a resilient asset and infrastructure portfolio aligned with strategic goals for long-term productivity.

- **35.7 million** metric tonnes LNG sales
- **11.2 million** metric tonnes chemical production volume
- **247.8 million** barrels of petroleum products sales volume

HC

Strengthening a skilled talent and succession pipeline.

- **56.9** hours of average training per employee

IC

Strengthening long-term resilience by investing in research and development, technology and new businesses with lower-carbon emissions.

- **20 per cent** of planned annual capital expenditure allocated to New Business and emissions reduction over the next five years
- **31** patents secured
- **2** proprietary formulations

NC

Responsible resource use and ecosystem management to ensure operational continuity, compliance and long-term value.

- **2,451 thousand** barrels of oil equivalent (boe) per day crude oil, condensates and natural gas production
- **1.3 million** tonnes carbon dioxide equivalent per year of greenhouse gas emissions reduced through emissions reduction projects
- **47,620** tonnes total hazardous waste reused, recycled or recovered
- More than **20,000** mangroves and other trees planted to restore and enhance local ecosystems

SRC

Supporting social progress through community projects.

- **400** programmes globally across education, environment, and community well-being and development

Trade-offs

- Investments in Manufactured, Natural and Intellectual Capitals, ranging from emissions reduction technologies to capability building, require significant Financial Capital. While this may create short-term financial pressure, these trade-offs are necessary to secure future value and long-term resilience.

- Strengthening Intellectual and Human Capitals through talent development, innovation and knowledge-sharing may constrain Financial Capital in the short term. However, these investments build future talent capabilities that enhance operational effectiveness, innovation and competitiveness while contributing to Malaysia's socio-economic progress.

- Building trust with communities, partners and stakeholders strengthens Social and Relationship Capital, which reduces reputational and regulatory risks. This, in turn, can put pressure on our Financial Capital but in the long run, protects our other Capitals.

Stakeholders

FG SG C E
SIC GIP CN IO

FG SG C SIC
M GIP IO

FG SG E SIC
IO

FG SG E SIC
GIP IO

FG SG E SIC
GIP IO

FG SG C E
SIC M GIP CN
IO

Operating Landscape

The 2024 election supercycle saw about three billion voters across more than 60 countries head to the polls at a time of heightened geopolitical tensions and increased market volatility. Political transitions in key economies have shifted focus toward policies that prioritise domestic interests, with governments increasingly supporting the growth of local industries to strengthen employment and build resilient supply chains. While cross-border cooperation remains crucial, the increased focus on national priorities and new trade requirements has further complicated supply chain dynamics and affected economic collaboration, including in the energy transition. The move towards inward-looking policies, particularly by major economies, presents additional challenges to global business operations, limiting market access and posing risks to project deliveries.

The oil and gas sector navigated a challenging landscape marked by OPEC+ intervention, geopolitical tensions and energy transition pressures. Nevertheless, it remained resilient, with crude oil prices averaging above USD80 per barrel. Global gas demand reached a record high, driven by population growth and economic expansion in emerging markets. The upstream sector embraced capital discipline, focusing on shareholder returns, while the services sector pursued mergers and acquisitions to enhance competitiveness. Although upstream investment growth moderated to 4 per cent following previous double-digit gains, earnings remained strong due to cost management and relatively stable oil prices.

The chemical sector faced headwinds from weak consumption and oversupply, while the liquefied natural gas (LNG) market softened due to subdued global demand. Shifting political landscapes following the elections triggered widespread policy reviews, contributing to investment uncertainty and profitability pressures in the renewable energy and green mobility sectors.

The global climate summit COP29, held in Azerbaijan in November 2024, delivered incremental progress. A new framework for carbon markets was agreed upon, enabling international carbon credit trading. Developed countries pledged to triple climate finance to at least USD300 billion annually by 2035, with combined public and private financing targets reaching USD1.3 trillion per year.



Outlook

The global outlook for 2025 remains uncertain amid escalating trade disputes and increased geopolitical tensions. Trade disruptions, driven by higher tariffs and policy volatility, pose risks to global growth and international cooperation. Strained relations may lead to retaliatory measures, further dampening economic activity.

Heightened geopolitical instability, particularly in the Middle East and Europe, and the continued targeting of vessels in the Red Sea have disrupted global trade flows. These tensions have affected critical chokepoints such as the Suez and Panama Canals, the Straits of Malacca and the South China Sea, which together account for around half of global maritime commerce. The resulting rise in shipping rates is intensifying inflationary pressures and threatening supply chain stability. With no imminent resolution in sight, disruptions are expected to persist, particularly in the Red Sea, where attacks are forcing vessels to divert via the Cape of Good Hope. However, a de-escalation in trade conflicts could provide an upside to global growth as businesses gain clarity in policies and strategic direction.

The oil market is expected to remain volatile in 2025 due to sustained geopolitical instability and economic uncertainty. Production growth may lead to a surplus, although conflict-driven supply shocks could result in temporary price spikes. In the chemical sector, growing capacity and subdued demand could limit price gains, while in the LNG sector, prospects for growth may be dimmed by trade restrictions and policy uncertainties.

The energy transition is set to progress but will remain uneven due to regional disparities and the geopolitical climate. The 2025 update to Nationally Determined Contributions aims to prompt countries to raise their climate ambitions. However, rising defence spending and reduced international cooperation could hinder climate financing, even as advances in clean energy technologies and grid infrastructure enhance long-term prospects.

PETRONAS views the current environment as an opportunity to diversify market exposure through new alliances. We uphold strict capital discipline by adopting a value-over-volume strategy, focusing on capital-efficient, shorter-cycle projects that deliver quicker returns while safeguarding energy supply and advancing emissions reduction efforts. We remain committed to our Net Zero Carbon Emissions by 2050 Pathway while continuing to strengthen governance, due diligence, human capital practices and community engagement, and embedding sustainability more deeply across our value chain.

+ Please refer to PETRONAS Energy Transition Strategy on page 29, Risks Linked to Creating Value on pages 34 to 47, Strategic Review on pages 60 to 81 and Sustainability Performance Review on pages 84 to 175.

Risks Linked to Creating Value

Navigating volatile market conditions, technological disruptions and the complexities of the energy transition demands a robust and adaptive risk management approach. Recognising this, PETRONAS focuses on identifying, assessing and mitigating risks that could derail business ambitions and strategic objectives. By embedding risk considerations into decision-making processes, we safeguard our assets, ensure operational resilience and align with stakeholders' expectations. This approach enables us to drive strategic progress while reinforcing our commitment to contribute positively to the global energy landscape.

Strengthening Resilience through Risk Management

We implement a robust risk management and internal control system across PETRONAS and its subsidiaries (the Group), which is designed to manage exposures and leverage opportunities that drive sustainable value creation. The system provides reasonable assurance against material misstatements or losses.

Oversight of the system's adequacy and effectiveness rests with the PETRONAS Board, supported by the Risk Committee (RC), Audit Committee (AC) and Executive Leadership Team (ELT). Specific to the risk management system, a Risk Management Committee (RMC) and risk management functions support the implementation by ensuring an integrated approach when addressing risks and safeguarding organisational resilience.

Roles and Responsibilities

PETRONAS Board

Responsible for overseeing and ensuring a sound system of risk management and internal control across the Group.



RC
Risk Committee

Responsible for reviewing principal risks in the PETRONAS Corporate Risk Profile, as well as overseeing the adequacy and effectiveness of the risk management system for the Group.

AC
Audit Committee

Responsible for oversight functions in relation to the Group's internal controls.



ELT
Executive Leadership Team

Responsible for reviewing and reporting key risk management matters to RC and the Board.

+ The above risk oversight structure shall be read together with Corporate Governance at PETRONAS on pages 186 to 205.

RMC
Risk Management Committee

RMC serves as a central platform to support PETRONAS' Management and the Board in managing risks and maintaining acceptable levels of risks, as well as providing guidance and advisory on the Group's risk management system and its implementation.

Risk Management Functions

Risk management functions exist within the Group to drive risk management implementation, and provide risk reporting and assurance to PETRONAS Management and the Board that risks are effectively being managed across the Group.

How We Manage Risks

The PETRONAS Risk Policy underpins the Group's approach to risk management, driving the adoption of best practices and integrating risk-based decision-making into the processes of value protection and creation. By ensuring a balanced view of exposures, this approach aligns with our commitment to achieving business objectives while strengthening organisational resilience.

Supporting this policy is the PETRONAS Resiliency Model, which offers a cohesive framework for managing risks effectively across the organisation. It emphasises three core pillars of resilience: Enterprise Risk Management, Crisis Management and Business Continuity Management.

PETRONAS Risk Policy and PETRONAS Resiliency Model

PETRONAS Risk Policy

- **PETRONAS is committed to becoming a risk resilient organisation.**
- **PETRONAS shall continuously strive to implement:**
 - Risk management best practices to protect and create value within the set boundaries.
 - Risk-based decision-making by providing a balanced and holistic view of exposures to achieve business objectives.
- **Managing risk is everyone's responsibility.**

PETRONAS Resiliency Model

Enterprise Risk Management

Structured and holistic approach to identify, assess, manage and monitor risks. The aim is to **REDUCE** the likelihood and impact of identified risks to enhance the organisation's ability to achieve its strategic objectives.

Crisis Management

Comprehensive set of processes that aims to prepare the organisation to **RESPOND** and manage crises to protect people, environment, assets and reputation.

Business Continuity Management

Holistic management process that aims to build the capability of an organisation to **RECOVER** and continue delivering products or services at acceptable predefined levels following a prolonged disruptive incident.

Risks Linked to Creating Value

Enterprise Risk Management

Enterprise Risk Management (ERM), governed by the PETRONAS ERM Framework, is a systematic process of identifying, assessing, treating, monitoring and reviewing of risks. It supports our ability to reduce the likelihood and/or mitigate risks that may impact our business objectives through the implementation of mitigation measures, and monitoring of risk profile and risk appetite.

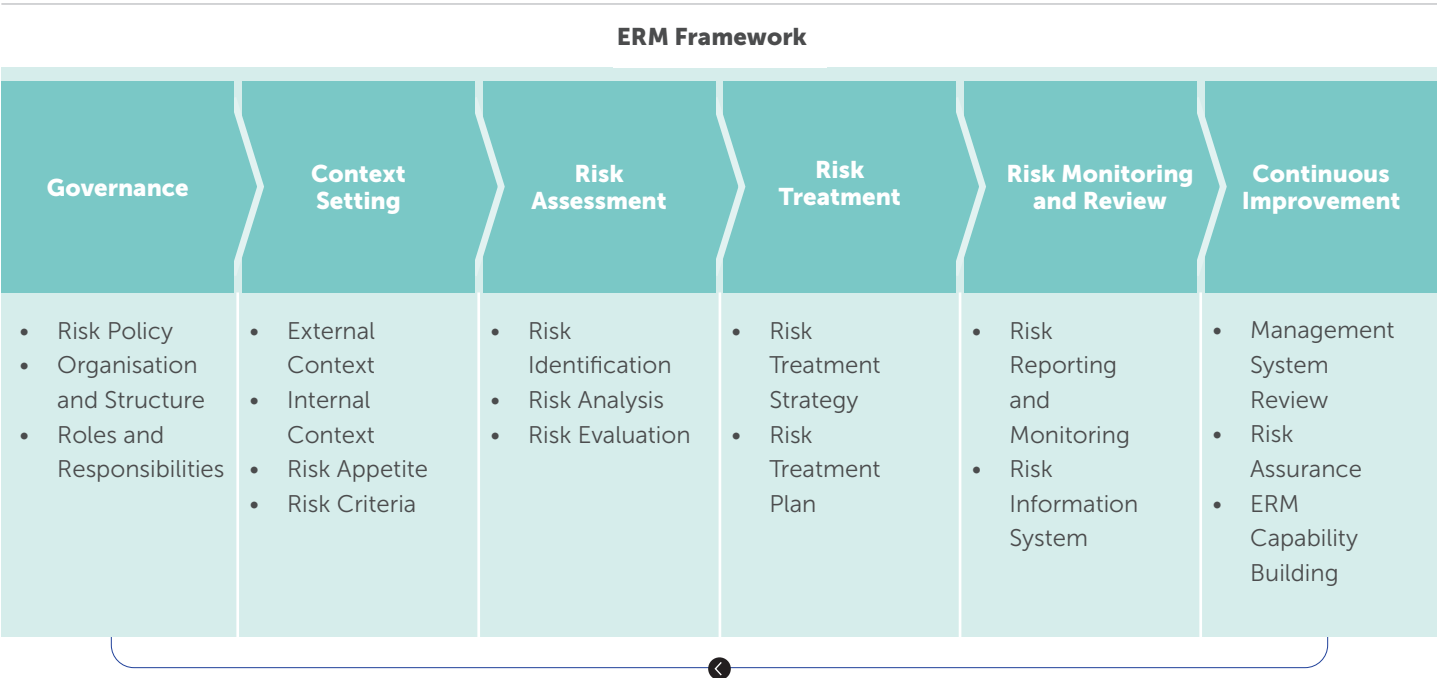
In intensifying our efforts to be a risk-resilient organisation, the risk profile and the corresponding risk mitigations and key risk indicators are monitored at both corporate and respective business levels across the Group.

Our risk appetite guides strategic decisions, reflecting our position, propensity and willingness to accept and manage risks within tolerable limits in strategic, financial, operational and reputational areas while complying with legal and regulatory standards. The risk appetite for each area is determined by its respective tolerance and threshold levels.

At the corporate level, the PETRONAS Corporate Risk Profile and Risk Appetite are monitored and reported quarterly to the Risk Management Committee, Executive Leadership Team, Risk Committee and the Board.

We also conduct risk assessments at key decision points to:

- Ensure that decisions impacting our business operations and strategies are made with careful consideration of risk-reward trade-offs.
- Create risk-reward conversations at respective decision platforms and/or approving authority.



Crisis Management and Business Continuity Management

Crisis Management and Business Continuity Management are integrated processes, each governed by its respective PETRONAS Crisis Management Framework and Business Continuity Management Framework. These frameworks aim to prepare our domestic and international operations to effectively respond to crises and recover from any business disruptions.

For Crisis Management, we adopt a three-tiered response protocol that clearly defines roles and responsibilities at every level: emergency site management, operating unit management and corporate, while ensuring collaboration with internal and external response agencies and/or authorities. This structured approach enables us to respond effectively to crises that significantly impact the organisation's normal operations, particularly in terms of people, environment, assets and reputation, which could lead to substantial business disruption.

Meanwhile, Business Continuity Management focuses on strengthening our capabilities to recover and restore critical business functions to ensure the continuous delivery of products or services at predefined acceptable levels. This includes recovering effectively from prolonged crises that severely deteriorate and disrupt business operations and services and enabling a swift return to acceptable business operations with minimal disruption to stakeholders.

To drive continuous improvement and enhance capabilities, we periodically conduct testing and exercises by simulating crisis and business disruption scenarios identified in the respective crisis and business continuity plans. These exercises aim to ensure that the response and recovery strategies remain robust and effective.

Crisis Management and Business Continuity Management Frameworks

Governance	Crisis and Business Continuity Assessment	Response and Recovery Strategy	Testing and Exercising	Continuous Improvement
<ul style="list-style-type: none"> Risk Oversight Structure Roles and Responsibilities 	<ul style="list-style-type: none"> Identification of: <ul style="list-style-type: none"> Crisis and business disruption scenario Crisis threshold and critical business function 	<ul style="list-style-type: none"> Establishment of respective crisis and business continuity plan 	<ul style="list-style-type: none"> Conduct testing and exercises 	<ul style="list-style-type: none"> Management System Review Risk Assurance Crisis and Business Continuity Capability Building



Risks Linked to Creating Value

Risk Management in 2024

In 2024, we continued to address and manage material risks that are critical to our business and the nature of our operations. These risks, outlined below, have the potential to significantly impact the execution of our strategy and the continuity of our business operations, either directly or indirectly. Our proactive approach to risk management ensures we remain resilient and adaptive in an evolving landscape.



Market Risk

MR

What It Means

The Group’s performance is influenced by factors beyond our control. This includes market factors such as fluctuation in global and regional supply and demand for crude oil, gas and related products, competition from alternative energy sources, geopolitical tensions and macroeconomic headwinds. These factors can directly impact supply and demand, potentially leading to prolonged downturns or instability in crude oil, oil and gas product prices. Shifts in government policies and consumer preference toward cleaner and renewable energy sources as well as products could heighten the competition for conventional oil and gas products, requiring PETRONAS to diversify our core business.

➤ Impact on Value

- Price and Demand:** Geopolitical tensions, uneven growth across regions and slowdown in economic activities in key economies have contributed to weaker-than-expected demand for crude oil and related oil and gas products, limiting price growth, impacting our financial performance and shareholder returns.
- Currency Fluctuations:** PETRONAS’ revenue and costs are denominated in United States dollars. Movements in major currencies, particularly the dollar against the Malaysian Ringgit significantly impacts our revenue, operational costs and capital investments.
- Changes in Market Preference:** A growing focus on climate change mitigation and adaptation, and increasing pressure to transition to a lower-carbon economy will continue to shape customer preferences, intensify competition in the energy market and affect returns for conventional oil and gas businesses, impacting our value chain.
- Fulfilment of Contractual Obligations:** Changes in market dynamics will affect revenue, operational costs and counterparties’ ability to fulfil contractual obligations as our commercial agreements are pegged to commodity prices. This could impede our growth prospects and ability to sustain our business.

➤ Impact on Capital

- Financial Capital:** Changes in market environment can disrupt steady returns and challenge the Group’s future growth and business sustainability.
- Manufactured Capital:** Changes in market conditions and increased market volatility can lead to fluctuations in the value of manufactured capital.
- Intellectual Capital:** Rapid technological and market shifts can render existing intellectual capital redundant.
- Natural Capital:** Shifting market environment and outlook may render prospective oil and gas investments and asset life extension efforts uneconomical.

Mitigation Strategies

- Optimise resource allocation and ensure adaptability to market changes by undertaking regular strategic reviews and resource prioritisation.
- Drive proactive and timely interventions through continuous monitoring and reviewing of portfolio composition and counterparty performance.
- Protect value, margin and cash flow against adverse crude oil and related oil and gas product price fluctuations and foreign exchange movements by undertaking hedging activities.
- Implement prudent financial risk management in accordance with principles stated in the PETRONAS Financial Policy and PETRONAS Financial Standards.
- Assess potential foreign exchange risk exposure for major capital projects at the investment decision phase to determine an appropriate risk management strategy.
- Advocate and raise awareness on business strategies by engaging with stakeholders, including governments, banks, financiers and investors to obtain support.

Tactical Opportunities

- The volatile commodity market presents opportunities for PETRONAS to capitalise on trading opportunities and unlock additional value by leveraging favourable price volatility. Growing awareness of climate change enables the inclusion of environmental, social and governance (ESG)-linked products into hedging and trading activities in line with the market’s shift towards sustainable practices.
- Shifts in consumer preferences allow PETRONAS to diversify into new markets, including venturing into renewables and cleaner energy solutions and offering other ESG-related products.
- Geopolitical uncertainties may create new market avenues, supply bases and partnerships.
- Accelerating the use of digital and cost management tools and technology to mitigate the impact of price volatility provides an opportunity for PETRONAS to generate value.

Risk Movements

In 2024, persistent geopolitical tensions, particularly in the Middle East and Europe, alongside sustained price volatility and a prolonged elevated interest rate environment, continue to shape the global landscape. These ongoing concerns have heightened uncertainties in the value chain and global supply as well as demand for our products. If worsened, they will have a direct impact on our business. We will continue to manage these risks through the approved mechanisms, such as periodic strategic review of portfolio composition and hedging programmes, and monitor key signposts for early intervention.

Material Topics

Stakeholders

Capitals



Financial Liquidity Risk

FLR

What It Means

Our business activities require significant capital investments, sufficient operating cash flows and/or external financing for operational and growth projects in a timely manner. Influencing factors include unfavourable market conditions, any global and regional financial crisis such as the 2008 global financial crisis and 2023 US regional banking crisis, change in ESG and climate change-related regulations, and shifting operational and stakeholder requirements.

Impact on Value

- **Affordability and Capital Availability:** Our inability to maintain optimum liquidity position can reduce income, which can affect business agility and limit capital investment for future growth, as well as our ability to meet shareholders' expectations.
- **Credit Rating and Borrowing:** Lower income may lead to credit rating downgrades. Coupled with non-compliance with ESG and climate change requirements, this could increase our borrowing costs and limit our access to capital markets.
- **CAPEX Concentration:** Higher capital allocation towards new business and emissions reduction may impact our business portfolio and revenue stream due to delays in return realisation, resulting from lower yields compared to conventional oil and gas, challenges in securing the right talent and the timely deployment of technology.

Impact on Capital

Financial Capital: Regulatory changes, market conditions, stakeholder demands and business challenges can impact our financial and liquidity position, affecting our ability to maintain cash flow, gain access to financing and safeguard long-term value creation for stakeholders.

Mitigation Strategies

- Strengthen execution and implement prudent financial risk management in line with the PETRONAS Financial Policy and PETRONAS Financial Standards to attain financial resiliency.
- Fortify management oversight on overall liquidity management strategies to achieve financial objectives and support the Group's business growth, including asset and liability management strategies through the established oversight platforms.
- Drive timely interventions to address liquidity gaps through regular monitoring and reviewing of our liquidity position against our risk appetite on liquidity and indebtedness levels.
- Protect value and margins against adverse price movements by undertaking hedging activities and utilisation of approved financial derivatives such as forwards and swap contracts to provide greater predictability of financial results and to mitigate the downside risks.
- Improve PETRONAS' response in safeguarding the Group's financial sustainability by implementing liquidity crisis management and business continuity measures aligned with the established Liquidity Risk Contingency Protocol.
- Ensure readiness for external funding and borrowing through timely and comprehensive reporting and continuous engagements with stakeholders, including governments, banks, financiers and investors.

Risk Movements

Financial liquidity risk indicators remain elevated even with the implementation of controls and mitigations, including strict capital discipline and robust portfolio management amid the market's volatility, varying stakeholder demands, changes in regulatory requirements and business challenges. However, supplementary measures such as liquidity buffers and internal borrowings are in place to address gaps and ensure financial stability, if needed.

Risks Linked to Creating Value

Material Topics



Stakeholders



Capitals



Legal and Regulatory Risk

LR

What It Means

PETRONAS operates within a complex legal and regulatory landscape, adhering to critical laws with enterprise risk and extra-territorial effects such as ethics, anti-bribery, corruption, sanctions, competition and data privacy. Our business also requires adherence to a multitude of existing, evolving and emerging regulatory requirements at the operational level. We are also exposed to claims and legal proceedings involving human rights, tax, workforce non-compliance and others, which impact the broader organisation, including financials and reputation.

Impact on Value

- Litigation Uncertainties:** Adverse litigation and commercial disputes can negatively affect our operations, financial condition and reputation.
- Emerging Regulations:** The accelerated pace of the energy transition and evolution of regulatory requirements in other areas such as human rights exposes us to the need to adapt and comply with emerging regulations and policies, which could increase compliance costs and impact our licence to operate.
- Policy Uncertainties:** Changes in the business landscape, including political and socio-economic landscape where we operate may expose PETRONAS to policy uncertainties and regulatory changes, which may impact the running of our businesses.

Impact on Capital

- Financial Capital:** Legal and regulatory breaches and inability to meet regulatory requirements can lead to financial penalties, reduce our access to external financing and increase our cost of doing business.
- Social and Relationship Capital:** Legal and regulatory breaches can damage relationships with key stakeholders and erode trust and confidence.
- Human Capital:** Non-compliance with legal requirements could undermine our reputation as a preferred employer, leading to potential talent loss.

Mitigation Strategies

- Strengthen legal and regulatory governance by implementing frameworks such as the PETRONAS Code of Conduct and Business Ethics, PETRONAS Legal Compliance Framework and PETRONAS Contractors Code of Conduct on Human Rights.
- Establish Whistleblowing/Centralised Complaint Management System to foster accountability and ethical behaviour as part of ethics and integrity management. The system offers a secure platform for employees to express their views openly and to take decisive actions towards progress.
- Increase awareness and competency of our workforce through regular training and communication on applicable laws.
- Drive proactive interventions through regular monitoring and reviewing of our legal, regulatory and anti-corruption compliance against our risk appetite.
- Implement identified action plans with specific short-, medium- and long-term targets to achieve net zero carbon emissions by 2050 and manage other sustainability-related regulatory impacts.

Risk Movements

Legal and regulatory risk is elevated especially in the areas of critical laws and the sustainability space. Key contributing factors are persistent geopolitical tensions, national elections and fragmented alliances that heighten our exposure to sanction laws. Another factor impacting our business is the accelerated pace of emerging regulatory requirements. The impact to our business is managed through the implementation of the PETRONAS legal and integrity frameworks, as well as a dedicated sustainability regulatory oversight function. This ensures we continue to adhere to evolving and emerging laws and regulations, while also playing an advocacy role to shape the regulatory ecosystem.

Material Topics



Stakeholders



Capitals



Sustainability Risk

SR

What It Means

PETRONAS acknowledges the scientific consensus on climate change and inconsistent stakeholder expectations for a lower-carbon economy. We are committed to our Net Zero Carbon Emissions by 2050 Pathway and continue to integrate sustainability into our strategy and operations. Adapting to evolving regulations and mandatory disclosure standards necessitates a further strengthening of efforts. In doing so, PETRONAS remains equally focused on compliance, reinforcing responsible operations and contributing towards a just and equitable transition that fosters greater social progress.

Impact on Value

- **Capital Market Access:** The inability to meet ESG requirements of financial institutions and investors may limit and constrain our access to capital, affecting our overall growth.
- **Competitive Standing:** Ineffective management of our sustainability-related risks and opportunities will impact our ability to retain preferred-partner status and capture opportunities in the energy transition in a timely manner. This may diminish our competitive edge in the energy industry and have an adverse effect on our long-term earnings, cash flows and financial condition.
- **Energy Transition Challenges:** The inability to offer competitive low-carbon energy solutions may impact our contribution to Malaysia's national energy transition efforts. If the market for cleaner energy projects weakens, or if PETRONAS is unable to meet expectations due to regulatory or technical challenges, adverse weather, or the inability to secure offtake agreements for energy generated from cleaner energy projects at economically viable terms, our revenue, liquidity and financial standing may be adversely affected.

Impact on Capital

- **Financial Capital:** Delivering our commitments on emissions reduction and developing lower-carbon solutions exposes us to higher capital and additional operating costs, as these technologies are new and may be less effective or more expensive than anticipated in the short term to achieve long-term benefits.
- **Manufactured Capital:** Physical impacts of climate change may cause damage to our assets, disrupt operations and adversely impact our value chains. A global transition to lower-carbon energy sources could reduce demand for many of PETRONAS' products, leading to lower revenue and potential asset impairment as they are no longer economically viable for development or operation.
- **Social and Relationship Capital:** If not well understood by the broader public, our energy transition strategy and efforts to shift towards a lower-carbon business may lead to a disconnect in expectations, potentially damaging our brand and reputation, eroding trust and confidence, and affecting our ability to secure resources and attract talent. Any erosion of PETRONAS' reputation may impede our strategic objectives and affect our overall financial performance.
- **Human Capital:** Transitioning to a lower-carbon business will require specialised skills that need to be acquired as part of our talent acquisition and development strategy. The inability to advance towards a just transition that respects human rights is detrimental to our operations and enterprise reputation.
- **Natural Capital:** The inability to mitigate our impact on nature and biodiversity could affect our reputation and long-term survivability.

Mitigation Strategies

- Pace the implementation of our action plans to realise our Net Zero Carbon Emissions by 2050 Pathway with specific short-, medium- and long-term targets, while closely monitoring our emissions reduction performance, evolving volatility in stakeholder expectations and customer sentiments.
- Invest in training, formal vocational and tertiary education to ensure skillsets match business needs.
- Systematically elevate our business activities according to international standards for human rights through the establishment of a Human Rights Policy and associated implementation.
- Maintain a disciplined approach to funding our emissions reduction projects and activities, and advancing lower-carbon energy solutions.
- Operationalise the PETRONAS Nature and Biodiversity Position to conserve, protect and restore nature in Malaysia and in countries where we operate, in support of our commitment to Net Zero Carbon Emissions by 2050 Pathway.
- Deepen the understanding of how climate change affects the resilience of our assets and value chains to ensure we remain adaptive and future-ready in a rapidly evolving risk landscape.

Tactical Opportunities

- Capture new growth opportunities in areas, including biofuels, specialty chemicals, circular economy, renewable energy and hydrogen value chains.
- Deployment of emissions reduction and lower-carbon solutions presents opportunities for new partnerships, collaborations and investment opportunities.
- Explore new revenue streams in carbon capture and storage, and energy efficiency solutions.
- Implement capacity-building programmes to support suppliers in strengthening their understanding of human rights and aligning with applicable legislation and PETRONAS standards.

Risk Movements

Inconsistent expectations from investors, customers and regulators continue to create expectation gaps, leading to intensified scrutiny on energy companies' ability to contribute towards energy security, deliver measurable emissions reductions and transform their business models. In this regard, we actively share our energy transition progress while implementing targeted greenhouse gas reduction projects to meet short- and medium-term goals. We are growing our cleaner energy solutions business through our subsidiary, Gentari Sdn Bhd (Gentari), while strengthening internal governance and sustainability capacity, including rolling out the PETRONAS Carbon Commitment, PETRONAS Position on Nature and Biodiversity, and PETRONAS Human Rights Policy across our business entities.

Risks Linked to Creating Value

Material Topics

CE

CG

CDP

EC

EAR

EM

HW

HR

IT

NB

SM

SC

Stakeholders

FG

HG

C

E

GIP

CN

IO

Capitals

FC

MC

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SRC

Health, Safety, Security and Environmental Risk

HSR

What It Means

Given the nature of the industry in which PETRONAS operates, health, safety, security and environmental (HSSE) risks may arise from our operations and project execution-related activities. There are also risks associated with regulatory compliance, operational challenges and threats from physical attacks or civil unrest in some of the countries where PETRONAS has investments. We also face emerging risks from technological advancements, including cyber-physical threats. Evolving regulations on product safety and environmental impact have further added to our operational complexities. Managing these risks requires vigilant oversight of our operations, as well as our stakeholders, assets and natural resources.

Impact on Value

- Operational Incidents:** Any HSSE incident that results in injuries, loss of life or damage to assets and the environment can disrupt our operations, impact our reputation and increase cost of doing business.
- Security Threats:** Security threats, particularly in high-risk countries, require thorough, disciplined and frequent internal assessments to safeguard our personnel, business operations and assets.
- Stringent Regulations:** Evolving and more stringent regulatory requirements may increase cost of compliance and cause delay or failure to obtain regulatory approvals, impacting PETRONAS' business, financial position, operations and reputation.

Impact on Capital

- Financial Capital:** HSSE incidents can result in penalties, compensation, asset damage and operational disruptions, impacting our financial position.
- Social and Relationship Capital:** HSSE incidents can erode stakeholders' trust and damage our reputation.
- Natural Capital:** The inability to contain HSSE incidents can damage the environment and threaten our commitment to be a responsible steward of natural resources.
- Human Capital:** HSSE incidents can result in personnel injuries, loss of life and cause reputational damage to our status as a favourable employer.
- Manufactured Capital:** HSSE incidents can damage and impact the security of our assets.

Mitigation Strategies

- Sustain HSSE governance with dedicated health, safety and environmental (HSE) and security management systems, supported by the HSE Mandatory Control Framework and PETRONAS Security Standards.
- Enhance the competency of our employees, contractors and partners, leveraging digital solutions and technology for operational discipline through training programmes for HSSE business leads and practitioners.
- Enhance the culture of accountability by reinforcing positive behaviours and promoting collective commitment to HSSE excellence.
- Optimise HSSE readiness through continuous digital monitoring and use of predictive analysis platforms.
- Strengthen organisational resilience through the implementation and periodic reviews and simulation exercises of HSSE crisis and business continuity plans.

Risk Movements

While HSE risk remains inherent, the security risk landscape has elevated particularly for our operations in the Middle East. We manage these risks by continuously improving our processes and mitigation strategies. We focus on preventing major incidents, ensuring legal compliance and addressing evolving security threats to protect our people, environment, assets and reputation. Our efforts include strengthening the Accountability and Behaviour Reinforcement programme, conducting periodic HSSE crisis and business disruption simulation exercises and enhancing management oversight through management site visits to foster a strong Generative HSE Culture.

Material Topics

CG CDP EC EAR EI SC

Stakeholders

FG SG HG C SIC IO

Capitals

FC MC HC SRC

Geopolitical Risk

GR

What It Means

Our global footprint exposes our business activities to various political, legal and fiscal developments. This includes regulations and directives, which in turn, could limit development plans, production volumes, export limits, pricing and trade policies, local content prioritisation, environmental protection controls, commercial agreements sanctity, possible nationalisation of assets, expropriation and cancellation of rights. Additionally, the risk of armed conflicts and civil unrests will trigger asset and manpower reviews and reprioritisation. Developments in these areas have the potential to directly or indirectly impact our commercial and operational strategies, as well as our financial position.

Impact on Value

- **Operational Disruption and Contractual Changes:** Dynamic political and legal environments, coupled with geopolitical crises, can lead to disruption in supply chain and business operations, as well as changes in contractual terms and agreements that would impact our financial stability and growth potential.

Impact on Capital

- **Financial Capital:** Unfavourable geopolitical developments may subject our business to penalties and litigations, disrupt business operations and growth, impacting cash flows and financial position.
- **Manufactured Capital:** Escalation of geopolitical incidents may cause disruptions to the supply chain and impact our assets in the affected locations.
- **Human Capital:** Escalation of geopolitical incidents may compromise the safety and security of our employees in the affected locations.
- **Social and Relationship Capital:** The inability to manage key relationships in areas where we operate may damage our reputation, erode stakeholder trust and affect our licence to operate.

Mitigation Strategies

- Execute effective and robust country risk management by establishing a dedicated and robust stakeholder management function in identified countries where we operate, to ensure effective implementation of legal and regulatory requirements and for intelligence gathering to identify emerging geopolitical risks in the respective countries.
- Conduct risk assessments and due diligence in supporting international investment decisions during all phases of the business value chain including but not limited to acquisition of assets phase, pre-entry, in-country, exit management and crisis management covering all phases of the business value chain. This includes continuous review of supply chain and sourcing strategies, contract renegotiations and identification of alternative sources.
- Drive proactive exposure management through periodic monitoring and review of our investment portfolio against our risk appetite.
- Improve the quality of life and socio-economic outcomes for communities where we operate through continuous social programmes.

Tactical Opportunities

- Seize opportunities in non-traditional markets to bridge supply-demand gaps and enhance energy security.

Risk Movements

Geopolitical risk is becoming more complex amid an increasingly dynamic and volatile geopolitical landscape, affecting oil and gas-producing nations. In 2024, the Middle East conflict and attacks on vessels in the Red Sea, and the South China Sea situation resulted in soaring global shipping rates, heightening our exposure, underscoring the need to safeguard our people and operations. We manage this risk by closely monitoring key developments, strengthening security measures and implementing targeted intervention plans. These efforts enable us to navigate uncertainties and ensure business resilience.

Risks Linked to Creating Value



Hydrocarbon Reserves and Resources Risk

HR

What It Means

Our ability to produce and supply oil and gas is linked to successful discovery and effective development of such reserves and resources to fulfil our commitments. This involves exploration success, project maturation, reservoir performance, asset acquisition or reprioritisation, and commercial arrangements. Given the nature of the business, exploration activities are exposed to technical challenges and limited information, while production activities have to contend with issues relating to declining pressure, and equipment integrity and reliability. Changes in policies can also affect the valuation of our assets.

Impact on Value

- Supply Shortfalls:** Insufficient supply can lead to third-party sourcing at a premium or otherwise failure to meet customer demands, resulting in contract non-performance, loss of trust, market share erosion and lower profitability.
- Impairment Impact:** A downward revision of reserves can happen due to poor exploration results or technical challenges. This, in turn, will impact future cash flows and potentially result in the need to impair.

Impact on Capital

- Financial Capital:** Inability to monetise resources, including a viable commercial arrangement, can jeopardise the Group's operations and financial stability.
- Intellectual Capital:** Challenges in developing discovered resources and failure to integrate new technologies and innovations can erode project value and weaken asset performance.
- Manufactured Capital:** Internal and external challenges such as technical, high contaminant fields may impact reserves and resources, reduce asset efficiency and disrupt operations.

Mitigation Strategies

- Strengthen resource path to monetisation through execution of area development plan, acceleration of resource maturity and increase reserves base according to the established plans.
- Improve reservoir and field performance through execution of robust operational excellence programmes to manage asset integrity and reliability issues, and adopt value improvement practices for field development, leveraging technology and digitalisation.
- Drive production sustainability efforts, including leveraging carbon capture and storage technology development for high carbon dioxide fields.
- Establish robust petroleum resource management by conducting the Annual Review of Petroleum Resources, as per the reserves and resources management system requirement to ensure stringent monitoring.

Tactical Opportunities

- Technical challenges have prompted the deployment of the Right Asset, Right Player strategy to align suitable assets with capable partners supported by progressive fiscal terms to ensure equitable returns for PETRONAS and partners.
- Leverage fit-for-purpose technologies to address technical challenges and enhance project and asset efficiency, value and investment appeal.

Risk Movements

Hydrocarbon reserve and resource indicators remain uncertain due to project deferments that can result in negative movements in the reserves and resources valuation. Nonetheless, targeted interventions are in place to manage reserves and resources, ensuring we meet our contractual commitments.

Material Topics



Stakeholders



Capitals



Technology Risk

TR

What It Means

Our expanding digital footprint unlocks new opportunities and enhances business processes but it invariably increases our vulnerability to cyber threats. Sophisticated attacks targeting vulnerabilities in inherent digital infrastructure pose risks to data and systems confidentiality, integrity and availability. Identity theft and unauthorised access further heighten our security concerns. Aside from cyber security risks, rapid technological advancements and digital shifts present risks of obsolescence, challenging our long-term competitiveness.

Impact on Value

- **Cyber Security Threats:** Undetected cyberattacks have the potential to disrupt our operations, compromise the safety of our employees, and result in legal and regulatory penalties, thereby damaging our reputation.
- **Technological Obsolescence:** Ineffective development and deployment of technology can materially impact our strategic delivery and operational credibility.

Impact on Capital

- **Manufactured Capital:** Failure to innovate and adapt to technological advancements and digital shifts in a timely manner can lead to operational disruptions and technological obsolescence.
- **Intellectual Capital:** Ineffective innovation and adaptation to technological advancements and digital shifts can result in the obsolescence and inability to create value from our intellectual assets.
- **Financial Capital:** Inability to innovate and adopt new technologies and digital shifts may impact our competitiveness and financial returns.
- **Social and Relationship Capital:** Inadequate implementation of cyber defence measures can harm our reputation and erode stakeholder confidence.

Mitigation Strategies

- Maintain robust digital, and information and communication technology governance through continued focus on cyber security, enterprise architecture, enterprise data and digital project delivery, including enforcing Enterprise Cyber Security Governance Framework, PETRONAS Cyber Security Incident Response Procedure and Cyber Security Ransomware Crisis Management.
- Enhance organisational resilience through implementation and periodic review of the relevant information and communication technology, and cyber security crisis management and business continuity measures that are supported by the established security operations centre and related cyber security monitoring, threat hunting and incident management capabilities.
- Increase competitive advantage by executing in-house research and innovation solutions, leveraging PETRONAS Technology Management System.
- Establish an artificial intelligence Centre of Excellence to govern and scale artificial intelligence capabilities effectively, strengthen implementation oversight and promote responsible use.
- Foster innovation culture by establishing platforms for employees to develop innovative ideas and incorporating technology considerations into investment strategies and decisions, particularly for new businesses.
- Protect innovation and Intellectual Property through establishment and periodic review of policies at the enterprise level.
- Ensure availability of capable resources to develop and deploy technology by recruiting experts for research and development, and continuously upskilling our researchers.
- Advocate for and implement the Cyber Security Act 2024 for the oil and gas industry in Malaysia.

Tactical Opportunities

- Innovative practices and new technology, including advancement and deployment of artificial intelligence, will foster an ecosystem that creates value for the organisation, accelerates growth efforts and supports emissions reduction initiatives.
- Rapid technological advancements present opportunities for monetisation through matured technologies and innovative solutions.

Risk Movements

Technology risk continues to evolve amid a rapidly changing operating landscape. In 2024, the growing prominence of artificial intelligence has further heightened exposure to technological and cyber security threats. As these risks become more sophisticated, we are strengthening technology management, cyber resilience, responsible artificial intelligence usage and information security. We also implement innovative measures, including adopting the latest technologies and leveraging artificial intelligence-driven solutions to stay ahead of emerging threats and drive continuous improvement.

Risks Linked to Creating Value

Material Topics

CE

CC

CG

CDP

EC

EM

EI

HW

HR

IT

SM

SC

Stakeholders

FG

SG

HG

E

SIC

GIP

IO

Capitals

FC

MC

IC

SRC

Execution Risk

ER

What It Means

Our business is dependent on the successful delivery of complex, long-term and capital-intensive projects, and maintaining high levels of asset integrity, in providing value-added solutions for our customers. The challenges faced include technical issues and supply chain disruptions which could impact the ability to achieve the target schedule, budget and scope.

Impact on Value

- Project Delivery Delays and Cost Escalations:** Delays in the execution and cost overruns of capital-intensive projects can adversely impact our business strategy, operations and financial condition.
- Supply Chain Disruptions:** Disruptions in the supply chain can lead to delays in delivery and cost escalations for critical goods, jeopardising production continuity and the ability to meet customer demands while weakening competitive market positioning.
- Capital Investment Gap:** Insufficient capital investment can compromise project viability, hindering production targets, competitiveness and sustainability goals in an evolving market.

Impact on Capital

- Financial Capital:** Poor planning, ineffective execution of projects, disruptions in supply chain as well as lack of skilled manpower, can lead to project and operational disruptions. If these exposures are not well managed, they can significantly impact our financial standing, future earnings, cash flow and operations flow.
- Intellectual Capital:** Lack of innovation in our execution may lead to outdated intellectual property and improper technology application, resulting in economic loss.
- Social and Relationship Capital:** Operational disruptions, product quality reliability issues, disruptions in the supply chain, including challenges from our vendors and partners, may damage our reputation and erode stakeholders' confidence.
- Manufactured Capital:** Poor project execution and improper management of assets can weaken operational performance and damage our assets and facilities.

Mitigation Strategies

- Dedicate adequate time and resources during the Front-End Loading phase, project execution and operational activities, to ensure strict gatekeeping and adherence to compliance frameworks such as the PETRONAS Group Project Management System, PETRONAS Asset Management System, PETRONAS Procurement Standard, and Plant and Facility Risk Management Guideline.
- Strengthen organisational resilience through implementation and periodic review of the relevant crisis management and business continuity measures, including re-evaluation of sourcing strategies, contract renegotiations and identification of alternative sources.
- Foster innovative partnerships with Malaysian financiers for vendor financing and nurture local vendors through the identified vendor development programmes.
- Enhance the competency of employees through capability development programmes and collaboration with contractors, peers and partners.
- Ensure efficient delivery of planned projects through established line-of-sight platforms, targeted discussions, identified quick wins and implemented structural changes to facilitate early intervention.

Tactical Opportunities

- Amid an increasingly complex environment, achieving project and operational excellence presents an opportunity to strategise on ensuring long-term security of supply at competitive prices and maintaining competitive advantage through strategic partnerships with key suppliers.

Risk Movements

Execution risk continues to evolve mainly due to volatility and disruptions in the supply chain as a result of regulatory changes, demand fluctuations and raw material shortages. Taking cue from the escalation of prices and a heated market, the industry's ability to adapt and innovate in response to rising cost is vital to ensure resilience and long-term growth. We manage this risk through the implementation of proactive and strategic supply-demand planning, robust asset management and procurement strategy, as well as business continuity measures that are periodically reviewed and tested to ensure our adaptability to the volatile environment.

Material Topics

Stakeholders

Capitals



Human Capital Risk

HCR

What It Means

Our people are vital to PETRONAS' pursuit of business goals and the successful execution of the PETRONAS Energy Transition Strategy and our Net Zero Carbon Emissions by 2050 Pathway. Attracting the right talent, retaining critical skills and fostering continuous talent development remain key challenges as we build a continuously strong workforce in the face of a rapidly evolving industry landscape, heightened competition and technological advancements.

Impact on Value

- **Talent Pipeline:** The inability to attract and retain skilled talent can weaken our talent pipeline and ability to remain competitive.
- **Strategy Delivery:** The inability to create and have the right mix of capable workforce with the right culture and mindset that aligns with the company's goals may affect timely execution of our strategies and aspirations, leading to potential opportunity loss and impact our long-term goals and sustainability.

Impact on Capital

- **Human Capital:** Failure to retain our standing as a preferred employer may impact our ability to attract and retain talent.
- **Social and Relationship Capital:** Failure to retain our position as an employer of choice may impact our reputation, eroding stakeholder confidence.
- **Intellectual Capital:** Failure to recruit, develop and align talent aspiration with business priorities may impact our capacity to sustain and innovate solutions.
- **Manufactured Capital:** Failure to recruit, develop and align talent requirement with business priorities can lead to ineffective strategy execution and operational disruptions.
- **Financial Capital:** Failure of PETRONAS employees to adapt to the right work culture and mindset, can impede the successful execution and realisation of PETRONAS' strategy and can have adverse impact on earnings, cash flows and financial standing.

Mitigation Strategies

- Implement strategic workforce planning through analytical tools to improve talent fulfilment.
- Keep our workforce competitive and agile by developing programmes with reputable learning institutions and intensifying upskilling and reskilling efforts in key business areas.
- Strengthen and ensure a sustainable pipeline of talent through education sponsorship programmes, partnerships and on-the-job training.
- Foster a high-performance culture through the implementation of various programmes and activities anchored on the PETRONAS Cultural Beliefs, Shared Values, and diversity and inclusion initiatives.
- Enhance leadership capabilities through structured assessments and development programmes.

Tactical Opportunities

- Heightened competition for talents creates opportunities for us to establish long-term partnerships with government agencies and learning institutions for better access to resources and research and development.
- Technological advancements provide opportunities to enhance how we work through automation, upskilling, reskilling and more efficient use of data to meet evolving workforce needs.

Risk Movements

Human capital risk remains amid evolving workforce expectations, technology advancements and ongoing challenges in acquiring, retaining and developing talent. These dynamics are relevant across both core and emerging business areas in line with the pace of the energy transition. In response to this, we continuously refine our approach to strategic workforce planning, anchoring on meritocracy, inclusivity and continuous growth to ensure a resilient workforce.

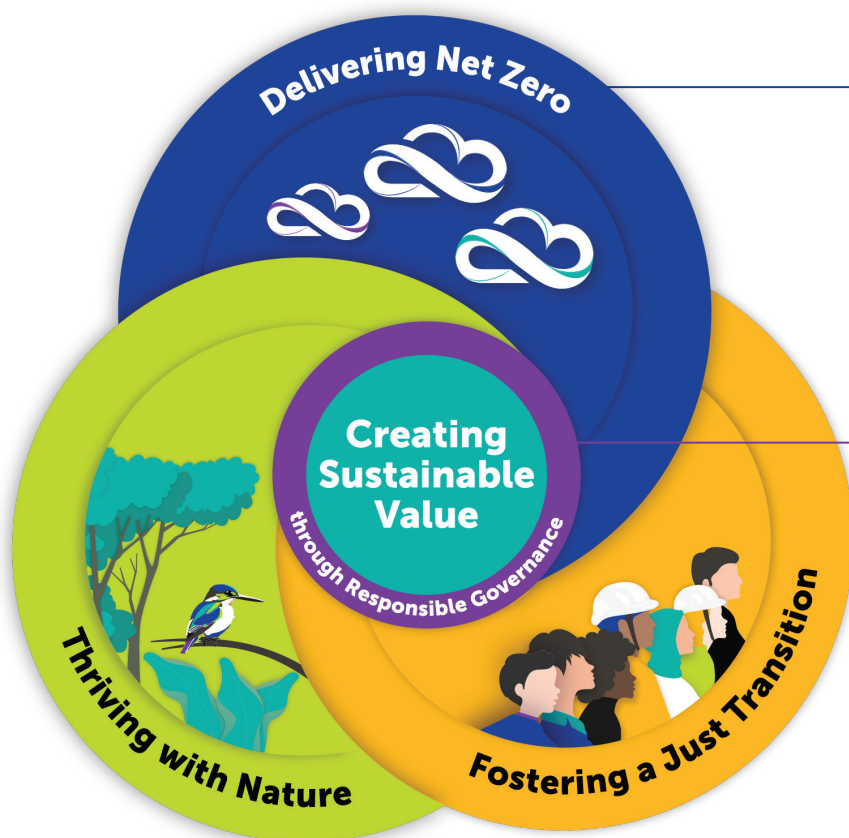
Our Approach to Sustainability

The refreshed PETRONAS Sustainability Approach provides a unified approach to navigate and support the delivery of the PETRONAS Energy Transition Strategy, while grounded in responsible governance.

This approach marks a new step in our sustainability journey, moving us from ambition to action to create an enduring positive impact.

It is designed to seamlessly integrate climate change, nature and social considerations into our practices and processes, making sustainability a value driver to our Core and New Business functions.

By thoroughly embedding sustainability across the organisation, we aim to strengthen resilience, drive results and create desired impact wherever we operate.



Creating Sustainable Value through Responsible Governance

Delivering Net Zero

Thriving with Nature

Fostering a Just Transition



Scan the QR code to access PETRONAS' Sustainability Governance Structure.

Material Topics

Align with UN SDGs

With our purpose guiding our efforts to be a progressive energy and solutions partner, we believe that creating sustainable value and practising responsible governance are essential for organisational resilience. This approach supports our PETRONAS Energy Transition Strategy, including our ambitions of achieving net zero carbon emissions, thriving with nature and fostering a just transition.

- CG** Corporate Governance
- CDP** Cyber Security and Data Protection
- EC** Economic Contribution
- EI** Ethics and Integrity
- IT** Innovation and Technology
- LCT** Lower-Carbon and Energy Transition Business
- SM** Safety Management



The evolving energy landscape requires urgent action to respond to the expanding challenge of climate change. To deliver on our Net Zero Carbon Emissions by 2050 Pathway, we will reduce emissions across our core operations while also investing in lower-carbon business growth opportunities, and deepen our understanding of how climate change affects the resilience of our assets and value chains to ensure we remain adaptive and future-ready.

- CC** Climate Change
- GHG** Greenhouse Gas Emissions



Nature and biodiversity are essential for sustaining life on Earth and we recognise our operations' impact on them and our dependency on healthy ecosystems. We are committed to using natural resources responsibly, promoting circular practices and, where possible, addressing the loss of nature and biodiversity. We engage in practices that restore, protect and conserve ecosystems in Malaysia and the countries where we operate.

- CE** Circular Economy
- EM** Environmental Management
- NB** Nature and Biodiversity



While energy transition will vary from country to country, it must always be inclusive and drive broader societal progress. We are committed to advancing a just transition that upholds human rights and support our employees, contractors, suppliers, partners and communities to have access to equitable opportunities for socio-economic growth.

- EAR** Employee Attraction, Retention and Development
- HW** Health and Well-being
- HR** Human Rights
- SC** Sustainable Supply Chain



Material Topics

Identifying and managing material topics enable us to focus on the issues that have the greatest impact on our long-term business performance and are most important to our stakeholders. This ensures our strategy remains aligned with both external expectations and operational priorities.

In 2024, our sustainability priorities remain anchored to the material topics identified through our materiality assessment. We continue to strengthen our materiality assessment process in line with the latest developments in sustainability reporting. This includes new regulatory and disclosure requirements, such as the European Sustainability Reporting Standards (ESRS) and Malaysia's National Sustainability Reporting Framework (NSRF), which are aligned with the IFRS Sustainability Disclosure Standards.

Since 2022, we have applied a double materiality approach to assess the impacts of material topics to the external environment (impact materiality) and the financial implications of the material topics to our business (financial materiality).


Impact Materiality

Evaluated from both positive and negative aspects, covering actual and potential impacts from our own operation on society and environment, and business relationships in the upstream and downstream value chain.

Financial Materiality

Evaluated in terms of negative consequences from reputational, financial or commercial risks associated with the material topics, as well as positive upside risks or opportunities.

Our materiality assessment identifies 16 key topics that are material to PETRONAS, guiding the management of sustainability efforts. This assessment highlights the significance of perceived impacts and trends compared to the previous year.

Sustainability Approach	Material Topics	Descriptions
 <p>Creating Sustainable Value through Responsible Governance</p>	CG Corporate Governance	Corporate Governance is crucial for ensuring accountability, performance and transparency within PETRONAS. Strong governance can enhance business resilience and attract investors, fostering trust among stakeholders and promoting long-term sustainability.
	CDP Cyber Security and Data Protection	Cyber Security and Data Protection is vital as PETRONAS increasingly employs digital solutions. A strong cyber security framework and investment in advanced protective measures ensure business continuity and safeguard stakeholder information, maintaining trust and operational integrity, in an environment where cyber attacks pose greater security threats.
	EC Economic Contribution	Our ability to drive long-term business growth goes hand-in-hand with the prosperity of the markets and communities in which we operate. We contribute to development that benefits multiple segments of society through the generation of economic value from our products and services, capital payouts, payments to government, compensation to employees and vendors, as well as financial contribution towards social and environmental causes.
	EI Ethics and Integrity	Ethics and Integrity are fundamental to maintaining PETRONAS' reputation and enabling responsible business practices. Fostering strong ethical practices can enhance stakeholder relationships, operational integrity, and a culture of high ethical standards and trust.
	IT Innovation and Technology	Innovation and Technology drive PETRONAS' ability to adapt to industry shifts and deliver sustainable energy solutions. Investing in technologies presents an opportunity to position PETRONAS as a leader in the energy transition, with positive impacts including enhanced operational efficiency and sustainable practice.
	LCT Lower-Carbon and Energy Transition Business	Lower-Carbon and Energy Transition Business presents opportunities for PETRONAS in renewables and lower-carbon energy solutions. Our PETRONAS Energy Transition Strategy directs our efforts to invest in promising new energy value chain reduce emissions and better meet stakeholder expectations while contributing towards global climate goals in a financially prudent manner.
	SM Safety Management	Safety Management is essential for ensuring the safety of our employees, contractors and communities. Implementing strong safety practices can mitigate risks and improve operational efficiency.

After two revalidation cycles of our material topics in 2022 and 2023, we completed a comprehensive assessment in 2024. Our double materiality assessment process in 2024 included an overview of our value chain, and alignment of impact thresholds with risk thresholds, as per our Risk Quantification Guideline. We also considered the impact of our material topics and the associated risks and opportunities over the short-, medium- and long-term.



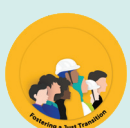
Our Materiality Assessment Process

Identification	Stakeholder Engagement	Prioritisation	Endorsement
We identified potential material topics by considering regulatory requirements on reporting and disclosure standards, stakeholder perspectives, peer-benchmarking and media insights.	We gathered stakeholder views through external surveys and through internal workshops. Guided by the PETRONAS Risk Quantification Guideline, these inputs were used to assess the impact and financial materiality of the various topics.	Topics were further prioritised in response to Board and Executive Leadership Team insights, and recalibrated in consultation with Group strategy and risk management teams to align with our strategic priorities and risk profile.	The materiality assessment results were endorsed by the PETRONAS Sustainability Committee and approved as per company internal governance.

Legend: ●○○ Material ●●○ More Material ●●● Most Material ▲ Increase In Impact = No Changes In Impact ▼ Decrease In Impact

Impact Materiality		Financial Materiality		Our Response
Significance	Trend Compared to 2023	Significance	Trend Compared to 2023	
●●○	▲	●●○	=	+ Please refer to Corporate Governance at PETRONAS on pages 186 to 205.
●●○	=	●●○	▲	+ Please refer to Cyber Security and Data Protection on pages 90 to 91.
●●●	▲	●●●	▲	+ Please refer to Key Messages on pages 14 to 28.
●●○	▲	●●○	=	+ Please refer to Commitment to Governance on pages 176 to 205.
●●○	=	●●○	▲	+ Please refer to Strategic Review on pages 60 to 81.
●●●	=	●○○	▼	+ Please refer to Strategic Review on pages 60 to 81 and Delivering Net Zero on pages 92 to 111.
●●○	=	●●●	=	+ Please refer to Safety Management on pages 85 to 89.

Material Topics

Sustainability Approach	Material Topics	Descriptions
 Delivering Net Zero	CC Climate Change	<p>Climate change presents both challenges and opportunities for PETRONAS. This include potential physical risks to PETRONAS' assets and value chain, as well as transition risks that encompass regulatory and market challenges associated with climate change. Proactive climate risk management offers the opportunity to protect assets, enhance business continuity, ensure resilience and build stakeholder confidence. However, failing to manage these risks may pose significant threats to assets in the form of extreme weather events reducing demand for our products and disrupt operations, potentially leading to financial losses, regulatory non-compliance and reputational damage.</p>
	GHG Greenhouse Gas Emissions	<p>Managing our Greenhouse Gas (GHG) Emissions is critical for PETRONAS to achieve our commitment to net zero carbon emissions by 2050. Our emissions reduction efforts are carried out through four key abatement levers to attain our emissions reduction targets. Failure to address our emissions could lead to financial losses and reputational damage.</p>
 Thriving with Nature	CE Circular Economy	<p>Circular Economy practices promote resource efficiency and waste reduction. Creating value from waste presents new business opportunities, enhances regulatory compliance and strengthens stakeholder trust.</p>
	EM Environmental Management	<p>Our Environmental Management is guided by responsible resource utilisation, pollution prevention and sustainable practices. Our internal standards steer our operations in managing air emissions, wastewater, waste, water use and oil spill prevention, ensuring regulatory compliance and protecting natural resources.</p>
	NB Nature and Biodiversity	<p>With climate change being a significant driver of biodiversity loss and the risk of irreversible damage to ecosystems, PETRONAS is committed to deepening our understanding of both our impacts on and dependencies upon Nature and Biodiversity. Our ability to address our impacts responsibly is essential to maintaining our social licence to operate, avoiding fines, operational disruptions, financial losses, and ensuring long-term business resilience.</p>
 Fostering a Just Transition	EAR Employee Attraction, Retention and Development	<p>Employee Attraction, Retention and Development is vital for cultivating an agile, skilled and motivated workforce. Investing in employee development helps build a future-ready workforce, driving business success and ensuring continuity in delivering our strategy. Retaining and developing existing talent can strengthen business sustainability and resilience in the long run.</p>
	HW Health and Well-being	<p>The Health and Well-being of employees is important to PETRONAS to ensure a productive and healthy working environment. Proactive measures to foster a sound work culture negate the risks of employees feeling undervalued, experiencing low morale or facing reduced productivity.</p>
	HR Human Rights	<p>Respecting Human Rights across our operations and supply chains is fundamental to ethical and sustainable business practices at PETRONAS. Upholding human rights practices fosters trust, strengthens stakeholder relationships and promotes fair labour practices. Failure to address human rights risks can lead to human rights abuses, legal consequences, financial losses and reputational harm, ultimately impacting business resilience and long-term success.</p>
	SC Sustainable Supply Chain	<p>Sustainable Supply Chain management promotes ethical sourcing while minimising environmental and social impacts across the value chain. It ensures that products are safe, sustainable and responsibly managed. These initiatives also drive cost efficiencies, foster innovation in sustainable materials and processes, and strengthen brand reputation, ultimately creating value for both the business and our stakeholders.</p>

Legend: ●○○ Material ●●○ More Material ●●● Most Material ▲ Increase In Impact = No Changes In Impact ▼ Decrease In Impact

Impact Materiality		Financial Materiality		Our Response
Significance	Trend Compared to 2023	Significance	Trend Compared to 2023	
●●○	▼	●●○	▼	+ Please refer to Delivering Net Zero on pages 92 to 111.
●●●	=	●●●	=	+ Please refer to Delivering Net Zero on pages 92 to 111.
●○○	▼	●○○	▼	+ Please refer to Circular Economy on pages 124 to 129.
●●○	=	●●○	=	+ Please refer to Environmental Management on pages 118 to 123.
●●○	=	●○○	▼	+ Please refer to Nature and Biodiversity on pages 113 to 117.
●●○	▲	●●○	=	+ Please refer to Employee Attraction, Retention and Development on pages 147 to 158.
●○○	=	●○○	=	+ Please refer to Health and Well-being on pages 159 to 162.
●●●	▲	●●○	=	+ Please refer to Human Rights on pages 132 to 144.
●●○	=	●○○	▼	+ Please refer to Sustainable Supply Chain on pages 145 to 146.

Engaging with Stakeholders



Celebrating our 50th anniversary with national badminton players, and local youth and children.

Creating Value in the Pursuit of Progress and Prosperity

PETRONAS' growth over the past 50 years was built on the trust of our stakeholders, which paved the way for enduring collaborations, leveraging each other's strengths and capabilities to further mutual objectives. These shared experiences have strengthened our relationships and built resilience. We strive to forge meaningful partnerships and engage closely with our stakeholders. Their support is critical to every PETRONAS achievement and venture, and will continue to be key in shaping a more agile, value-centric and resilient PETRONAS.

Frequency

- O Ongoing
- Q Quarterly
- A Annually
- AR As Required



Chairman of PETRONAS, Tan Sri Dato' Seri Mohd Bakke Salleh, celebrating Hari Raya with employees and their families.



President and Group Chief Executive Officer of PETRONAS, Tan Sri Tengku Muhammad Taufik, and President and Chief Executive Officer of Mitsubishi Corporation, Katsuya Nakanishi, at the signing of a Memorandum of Understanding (MoU) ceremony in September 2024.

Frequency

O Ongoing
 Q Quarterly
 A Annually
 AR As Required

Federal Government

FG

Why They Matter to Us

A strong, trust-based relationship with the Federal Government of Malaysia, key ministries, regulators and agencies ensure smooth business operations while reinforcing our commitment to national development.

Common Areas of Interest

- Nation-building agenda
- Compliance with laws and regulations
- Ethical business practices
- Health and safety
- Socio-economic and industry development
- Environment and climate change
- Sustainable development

Our Response

- Actively participated in national policy discussions to support Malaysia's energy security, energy transition and carbon management efforts.
- Strengthened alignment with the Government's net zero and sustainability goals through consultation on transition plans and implementation of responsible operational practices.
- Collaborated with government agencies and regulators to strengthen energy industry standards, prioritise safety and enhance environmental compliance.
- Partnered with federal agencies to drive community-based sustainability initiatives and strengthened environmental stewardship.

+ Please refer to Key Messages on pages 14 to 28, Strategic Review on pages 60 to 81, Creating Sustainable Value through Responsible Governance on pages 84 to 91, Delivering Net Zero on pages 92 to 111, Thriving with Nature on pages 112 to 129 and Fostering a Just Transition on pages 130 to 162.

Meaningful Outcomes

- Continuous nation-building through economic contribution.
- Human capital and industry upliftment.
- Credible thought-partner in shaping energy policies that support Malaysia's energy transition aspirations.

Engagement Mode and Frequency

In-person engagements
 Statutory reporting, meetings and briefings
 Participation in government-related initiatives
 Periodical performance briefings
 Roundtable discussions

O
 O
 O
 Q
 A

State Governments

SG

Why They Matter to Us

Strong relationships with State Governments foster productive collaborations that create valuable opportunities for local industries and empower communities. These efforts directly contribute to both state and ultimately national economic growth. By maintaining continuous and close engagement, we minimise potential disruptions and ensure smooth, safe operations within the regulatory frameworks set by state authorities. We are committed to uphold operational excellence and safety where we operate.

Common Areas of Interest

- State economic growth and reliable energy supply
- Local participation and industry development
- New energy and sustainability opportunities
- Social development
- Biodiversity conservation

Our Response

- Collaborated with State Governments through formal platforms and joint committees to align on shared development goals and economic priorities.
- Engaged in strategic dialogues with state leadership to explore business opportunities and strengthen energy access and resilience.
- Supported local socio-economic development through community-focused partnerships through Yayasan PETRONAS.
- Contributed to disaster preparedness and climate adaptation through coordinated state-level responses.

+ Please refer to Strategic Review on pages 60 to 81, Creating Sustainable Value through Responsible Governance on pages 84 to 91, Delivering Net Zero on pages 92 to 111, Thriving with Nature on pages 112 to 129 and Fostering a Just Transition on pages 130 to 162.

Meaningful Outcomes

- Uplifted lives and communities.
- Business opportunities for local industries.
- Progressed energy transition ambitions through state-level collaborative initiatives.

Engagement Mode and Frequency

In-person engagements
 Joint Coordination Committee and Joint Working Committee meetings
 Participation in State Government programmes
 Strategic dialogues
 Site visits
 Engagements with various state agencies

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Engaging with Stakeholders

Frequency

- O

Ongoing
- Q

Quarterly
- A

Annually
- AR

As Required

Host Governments		HG	
<h3>Why They Matter to Us</h3> <p>Proactive engagement with Host Governments where we operate outside of Malaysia fosters favourable diplomatic relations and strategic partnership. This helps us to effectively navigate geopolitical risks and support sustainable growth in an ever-evolving global business landscape. Regular interaction with Host Governments helps us understand complex regulatory and legal frameworks, ensuring compliance and preserving our licence to operate. This is to ensure our presence is welcomed by Host Governments, thereby minimising disruptions to our international activities.</p>			
<h4>Common Areas of Interest</h4> <div><div><ul style="list-style-type: none">Economic contributionOperational efficienciesCompliance with laws and regulationsEthical business practices</div><div><ul style="list-style-type: none">Health and safetyHuman rightsCommunity developmentGreenhouse gas emissions</div></div>			
<h3>Our Response</h3> <div><ul style="list-style-type: none">Fostered strong and continuous engagement with Host Governments, authorities and embassies.Collaborated with key ministries and stakeholders to align on national energy priorities, human rights, investment opportunities and resource development.Participated in global and bilateral dialogues to advance energy transition goals and strengthen PETRONAS' international positioning.Supported government-to-government and business-to-government ties through regular engagements to safeguard our licence to operate and strengthen relationships.Implemented social impact initiatives tailored to the needs of local communities in host countries.</div> <div><div><div>+</div><div>Please refer to Strategic Review on pages 60 to 81, Creating Sustainable Value through Responsible Governance on pages 84 to 91, Delivering Net Zero on pages 92 to 111, Thriving with Nature on pages 112 to 129 and Fostering a Just Transition on pages 130 to 162.</div></div></div>		<h3>Meaningful Outcomes</h3> <div><ul style="list-style-type: none">Economic growth in host countries.Socio-economic and community development for the local communities.Good bilateral and multilateral relations between Malaysia and host countries.</div> <div><div><div>✓</div><div>Engagement Mode and Frequency</div></div><div><div>In-person and virtual engagements</div><div>Meetings and briefings</div><div>Participation in Host Government-related initiatives</div><div>Site visits</div></div><div><div>O</div><div>Q</div><div>A</div><div>A</div></div></div>	
Customers		C	
<h3>Why They Matter to Us</h3> <p>Our valued customers are essential to our business. Their insightful feedback drives continuous improvement of our energy solutions, products and services, including reliable after-sales support and timely delivery. This customer-centric approach addresses evolving needs and environmental concerns, ensuring our business continues to grow.</p>			
<h4>Common Areas of Interest</h4> <div><div><ul style="list-style-type: none">Product pricing, availability, safety and qualityInnovative products, solutions and servicesRetail loyalty programme privileges and benefitsProduct management optimisation</div><div><ul style="list-style-type: none">Brand reputation and advocacyStrategic networking opportunitiesSeamless customer experienceSustainability initiatives</div></div>			
<h3>Our Response</h3> <div><ul style="list-style-type: none">Delivered safe, sustainable and high-performance hydrocarbon products to our business customers, supported by continuous innovation and strategic partnerships.Enhanced customer satisfaction and engagement through tailored experiences and ongoing relationship-building efforts.Maintained consistent communication and collaboration with customers across local and international markets.Incorporated customer insights to drive product development and service improvements.</div> <div><div><div>+</div><div>Please refer to Strategic Review on pages 60 to 81 and Creating Sustainable Value through Responsible Governance on pages 84 to 91.</div></div></div>		<h3>Meaningful Outcomes</h3> <div><ul style="list-style-type: none">Strengthened customer loyalty and brand equity by consistently delivering safe, reliable and innovative products and services.Deepened long-term partnerships and enabled customer-centric solutions through continuous engagement and feedback integration.Development of new products and service offerings by responding to customers feedback.</div> <div><div><div>✓</div><div>Engagement Mode and Frequency</div></div><div><div>In-person meetings</div><div>Social media engagements</div><div>Customer feedback system</div><div>Marketing activities and outreach programmes</div></div><div><div>O</div><div>O</div><div>O</div><div>O</div></div><div><div>Online customer surveys</div><div>Customer appreciation programmes</div><div>Events, dialogues, roadshows and engagements</div></div><div><div>O</div><div>Q</div><div>Q</div></div></div>	

Frequency

O Ongoing
 Q Quarterly
 A Annually
 AR As Required

Employees

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Why They Matter to Us

The collective expertise and commitment of employees shape operational excellence, fostering growth and enabling our organisation to navigate challenges and seize opportunities. We are committed to nurturing a respectful and supportive work environment that prioritises employee well-being.

Common Areas of Interest

- Safe and healthy work environment
- Learning and development opportunities
- Career progression
- Diversity and inclusion
- Work culture rooted in Shared Values
- Ethical and sustainable business practices
- Flexible working arrangements

Our Response

- Reinforced a safe, healthy and supportive work environment across operations, anchored in a strong culture of ethics, compliance and generative safety practices.
- Provided learning, development and upskilling opportunities to maximise employee potential.
- Promoted diversity, inclusion and employee well-being by strengthening wellness programmes, creating inclusive workspaces and fostering a culture of openness.
- Strengthened governance and transparency through structured initiatives on ethics, integrity and compliance.
- Recognised employee contributions and supported engagement initiatives.

+ Please refer to *Creating Sustainable Value through Responsible Governance* on pages 84 to 91 and *Fostering a Just Transition* on pages 130 to 162.

Meaningful Outcomes

- Fostered a safe, inclusive and supportive workplace culture.
- Enabled continuous development through upskilling, wellness support and engagement initiatives, strengthening both professional and personal well-being.
- Established the Culture Professionals Network to drive a positive and high-performance organisational culture.

Engagement Mode and Frequency

Internal communications
 Knowledge-sharing engagements and forums
 Townhalls
 Organisational culture survey
 Upskilling sessions (in-person, virtual, hybrid)

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Shareholders, Investors and Credit Rating Agencies

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Why They Matter to Us

Clear and consistent communication on financial and strategic information builds trust and confidence, enabling business growth through improved access to capital and reduced borrowing costs. Through regular engagements, we gain market insights to adapt to financial and capital market trends, contributing to our long-term strategic goals.

Common Areas of Interest

- Business and industry outlook
- Progress and deliverables of projects
- Financial position and shareholder returns
- Energy transition initiatives
- Sustainable value creation
- Environmental, social and governance performance

Our Response

- Maintained transparent and timely communication through regular reporting, financial disclosures and performance updates.
- Demonstrated financial resilience and strengthened confidence by delivering robust fundamentals and clear strategic guidance.
- Enhanced sustainability disclosures in line with international standards to provide greater transparency on PETRONAS' long-term commitments and Net Zero Carbon Emissions by 2050 Pathway.

+ Please refer to *Key Messages* on pages 14 to 28, *How We Create Value* on pages 29 to 59, *Strategic Review* on pages 60 to 81, *Sustainability Performance Review* on pages 82 to 175, *Commitment to Governance* on pages 176 to 205, and *Financial Review and Other Information* on pages 206 to 218.

Meaningful Outcomes

- Ensured consistent access to accurate financial, strategic and sustainability information to support investment decisions and credit assessments.
- Demonstrated financial resilience and strategic alignment, contributing to stable investor relations and credit ratings.

Engagement Mode and Frequency

In-person and virtual engagements
 Meetings and briefings
 Financial results announcements
 Analyst briefing
 Annual General Meetings
 Announcements and disclosures via corporate websites

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Engaging with Stakeholders

Frequency

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- Q

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- A

Annually
- AR

As Required

Media		M
Why They Matter to Us <p>Ongoing media engagement strengthens PETRONAS' visibility and shapes perceptions among target audiences, including industry observers and the general public. By sharing impactful content, we build brand strength, safeguard reputation, enhance media rapport and foster strong, accessible relationship with the media.</p>		
Common Areas of Interest		
<div><div><ul style="list-style-type: none">Business and strategyFinancial performanceLeadership</div><div><ul style="list-style-type: none">GovernanceProducts and servicesEnvironmental and sustainability efforts</div></div>		
<div><div>Our Response<ul style="list-style-type: none">Implemented robust media strategies to ensure timely, accurate and transparent communication.Fostered open and constructive engagement with media partners to strengthen relationships and support shared initiatives.Supported media causes and recognising excellence in journalism through sponsorships and awards, while fostering strong relationships with the media.</div><div>Meaningful Outcomes<ul style="list-style-type: none">Strengthened PETRONAS' reputation as a credible and responsible organisation through timely and transparent media engagement.Enhanced public understanding of PETRONAS' business strategies, sustainability commitments and innovation efforts.Improved issue mitigation capabilities.</div><div>Engagement Mode and Frequency<div><div>In-person and virtual engagements</div><div>Meetings and briefings</div><div>Digital updates through websites and social media</div><div>Press conferences, press releases and interviews</div><div>Responses to media queries and maintained open communication channels</div></div></div></div>		
Government-linked Companies and Industry Partners		GIP
Why They Matter to Us <p>Collaboration with industry partners is vital to operations, elevating standards and advancing sustainable energy technologies. Partnerships with Malaysia Government-linked Companies and other key industry partners ensure alignment with national objectives while fulfilling PETRONAS' energy security, revenue-generation, environmental and social commitments. These collaborations enable collective contributions to advance economic progress, energy transition, the development of innovative solutions and the promotion of sustainable business practices.</p>		
Common Areas of Interest		
<div><div><ul style="list-style-type: none">Governance and integrityIndustry requirements, regulation and policiesBusiness continuity and energy transition relevance</div><div><ul style="list-style-type: none">Health, safety and environmentBusiness opportunities and participation in the industryIndustry partner capability development</div></div>		
<div><div>Our Response<ul style="list-style-type: none">Strengthened strategic partnerships with Government-linked Companies and industry partners to drive business and sustainable energy initiatives.Engaged through structured forums, formal agreements and thought leadership platforms to unlock exploration opportunities and support partners.Expanded vendor communication and development programmes to raise industry standards and promote sustainability in the oil, gas, services and equipment sector.Facilitated collaborative industry initiatives and events that enhance digital expertise, competitive and resilient market practices.</div><div>Meaningful Outcomes<ul style="list-style-type: none">Enhanced industry standards and regulations.Contributed to the resilience and competitiveness of the oil and gas services and equipment sector.Facilitated sector capability and market access by aligning partner efforts with national energy transition goals and sustainable practices.</div><div>Engagement Mode and Frequency<div><div>In-person and virtual engagements</div><div>Meetings and briefings</div><div>Forums, conference and exhibitions</div><div>Company events</div><div>Familiarisation visits</div></div></div></div>		
<div><div><div><div></div><div>Please refer to Strategic Review on pages 60 to 81, Creating Sustainable Value through Responsible Governance on pages 84 to 91 and Fostering a Just Transition on pages 130 to 162.</div></div></div></div>		

Frequency

O Ongoing
 Q Quarterly
 A Annually
 AR As Required

Communities and Non-Governmental Organisations

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Why They Matter to Us

Collaborating with communities and non-governmental organisations (NGOs) helps address social and environmental concerns. These engagements uplift the well-being of communities, support environmental stewardship and build public trust, which are essential for long-term success.

Common Areas of Interest

- Human rights
- Education
- Community well-being and development
- Governance and integrity
- Health, safety and environment
- Compliance with relevant legislation
- Sustainability
- Ethical practices

Our Response

- Collaborated with NGOs, academic institutions and local partners to promote environmental protection, conservation and sustainable development.
- Facilitated open and transparent engagement with communities and NGOs, including providing platforms for dialogue and grievance resolution.
- Contributed to education and skills development through funding, training and industry-focused programmes aimed at long-term socio-economic growth.
- Supported communities through targeted relief, livelihood improvement and capacity-building initiatives, especially in underserved areas.

+ Please refer to *Creating Sustainable Value through Responsible Governance* on pages 84 to 91, *Delivering Net Zero* on pages 92 to 111, *Thriving with Nature* on pages 112 to 129 and *Fostering a Just Transition* on pages 130 to 162.

Meaningful Outcomes

- Improved community resilience and socio-economic well-being through inclusive, needs-based interventions.
- Strengthened environmental stewardship and local capabilities through collaborative partnerships.

Engagement Mode and Frequency

Meetings and briefings

PETRONAS' signature social impact programmes:
Powering Knowledge, Uplifting Lives and Planting Tomorrow
Engagements with local communities

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International Organisations

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Why They Matter to Us

Fostering long-term partnerships with international organisations based on shared objectives enable inclusive participation, meaningful discussions and coordinated actions towards a just energy transition. These strategic engagements strengthen PETRONAS' global presence and enhance our capacity to navigate the complexities of the dynamic energy industry.

Common Areas of Interest

- Opportunities and barriers to a just energy transition
- Capacity and capability building
- Sharing of global best practices, frameworks and standards

Our Response

- Built strategic partnerships and facilitated knowledge exchange to advance climate, nature and energy transition actions at regional and global levels.
- Collaborated with international organisations and industry groups to co-develop solutions for decarbonisation and methane emissions reduction.
- Contributed to global dialogues and publications on sustainability, climate policy and carbon markets.
- Invested in internal capacity-building by engaging global experts to enhance sustainability leadership and awareness.

+ Please refer to *Key Messages* on pages 14 to 28, *Strategic Review* on pages 60 to 81, *Creating Sustainable Value through Responsible Governance* on pages 84 to 91, *Delivering Net Zero* on pages 92 to 111, *Thriving with Nature* on pages 112 to 129 and *Fostering a Just Transition* on pages 130 to 162.

Meaningful Outcomes

- Strengthened PETRONAS' role in shaping inclusive and collaborative approaches to the energy transition and climate action.
- Enabled knowledge sharing and solution development across borders in areas such as decarbonisation, biodiversity and market-based climate mechanisms.

Engagement Mode and Frequency

Meetings and briefings

Dialogues, panels and roundtable discussions

In-person and virtual engagements

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