

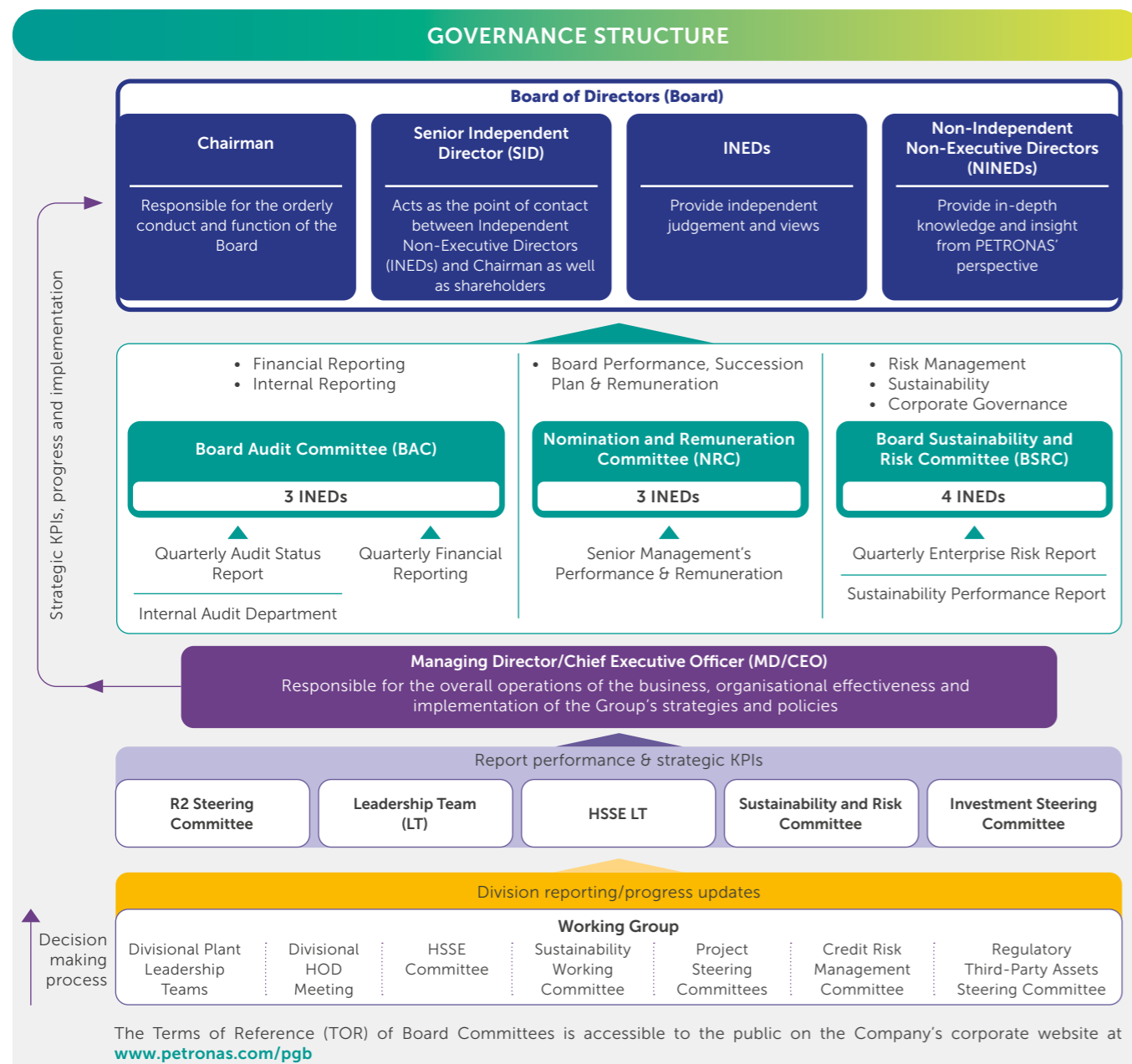
SUSTAINABILITY PRACTICES

SUSTAINABILITY GOVERNANCE AT PGB

PGB's leadership recognises that a robust sustainability framework is indispensable for the Group's businesses as it has material impact on our business strategy and performance as well as our ability to create long-term value. As such, our Leadership Team is ensuring focused sustainable practices and initiatives are being brought into play to bolster our business framework. This is all the more important amidst the existing and emerging headwinds of the ever-evolving market environment.

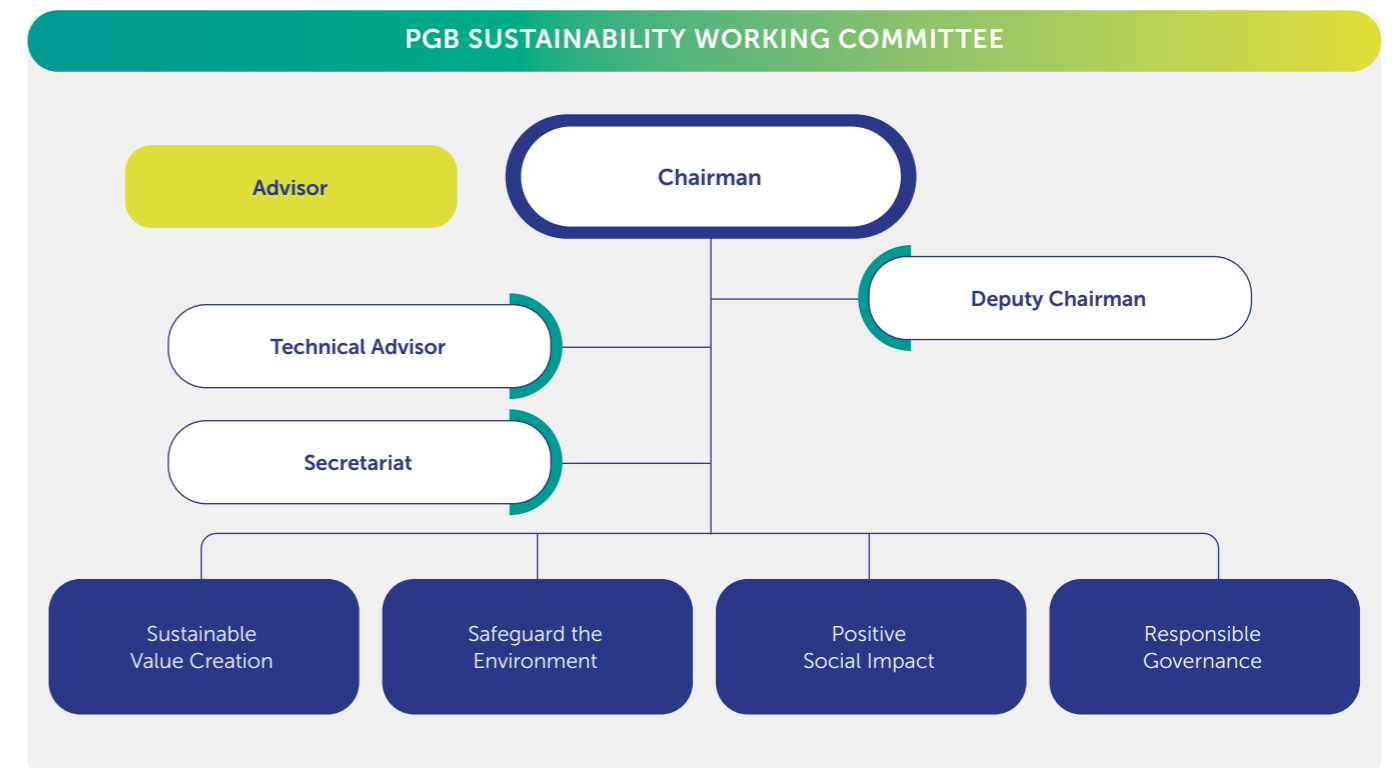
Sustainability Development Governance Structure

Today, PGB's Board Sustainability and Risk Committee (BSRC) is responsible for overseeing sustainability governance at PGB. Together, with the Sustainability Working Committee that comprises of different team members from various departments (i.e., Risk Management, Human Resource Management, Environment, HSSE, etc.) to review and implement the initiatives under the PGB Sustainability Blueprint. Both of the BSRC and SWC are to weigh up the Group's sustainability considerations and ascertain that all sustainability strategies, priorities and targets, as well as the performance against these targets, are communicated to internal and external stakeholders in a transparent manner.



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PGB's Sustainability Working Committee is tasked to keep a keen eye on the execution of approved sustainability initiatives under PGB's Sustainability Blueprint and Framework. By leveraging a robust sustainability governance mechanism and sound sustainability practices, they are ensuring that these initiatives will do much to secure PGB's future. In ensuring that sustainability issues are factored in across all our products and services, the committee holds monthly meetings to ensure sustainability is embedded into our value creation activities and ESG goals. The structure as well as roles and responsibilities of PGB's Sustainability Working Committee are outlined below. The Sustainability Working Committee in turn is monitored by a Risk Compliance Committee, chaired by the MD/CEO, with members comprising representatives from all the functions across the business units.



Investment Steering Committee

PGB's Investment Steering Committee was established in 2021 and is helmed by the MD/CEO. This committee is responsible for looking into investment-related matters, investment strategies and investment decisions on a monthly basis. As part of the investment guidelines, consideration is to be given to sustainability metrics such as carbon emissions, amongst other factors, when evaluating investment opportunities in addition to commercial and financial parameters. This will ensure more effective decision-making during the investment deliberation process.

The well-defined sustainability governance structure that has been implemented throughout PGB aims to ensure that all decisions are made in an equitable and balanced manner for the long-term, sustainable growth of the Group.

SUSTAINABILITY PRACTICES

OUR APPROACH TO SUSTAINABLE DEVELOPMENT

Our Sustainability Blueprint

The PGB Sustainability Blueprint has been established and approved in March 2023. The PGB Sustainability Blueprint covers sustainability goals, lenses, ambitions, result areas, initiatives, and targets. All of these are aligned with and support PETRONAS's Statement of Purpose, "A progressive energy and solutions partner, enriching lives for a sustainable future". Under the Sustainability blueprint we have implemented 14 sustainability-related initiatives in 2023, aligning to its respective lenses.



Aside from aligning our blueprint initiatives with the seven UNSDGs, we have also aligned them with international standards such as the GHG Protocol and Oil & Gas Methane Partnership (OGMP 2.0) Framework as well as the standards of the global rating agencies. On top of these, PGB's initiatives line up with PETRONAS' Net Zero Carbon Emissions by 2050 pathway and PETRONAS' Sustainability Agenda.

To ensure clear demarcation and objective execution of our sustainability endeavours, we have adopted the Four Sustainability Lenses as stated in the PETRONAS Sustainability Development Guidelines i.e., Sustainable Value Creation, Safeguard the Environment, Positive Social Impact and Responsible Governance. We have replaced "Continued Value Creation" with "Sustainable Value Creation" to better illustrate our long-term value creation efforts.

SUSTAINABILITY PRACTICES

PGB'S FOUR SUSTAINABILITY LENSES

- Sustainable Value Creation**
Stable profit generation underpinned by long term contracts, safe and reliable operations, and effective portfolio management.
- Safeguard the Environment**
Deploy innovative operations and technologies to safeguard the environment and pursue step out in lower carbon solutions.
- Positive Social Impact**
Protect and add value to the well-being of employees, partners and communities.
- Responsible Governance**
Uphold strong governance mechanisms and ethical business practices.

As the four lenses are interrelated to each other, we have identified four overriding ambitions that enable us to craft the focus areas and the relevant initiatives. PGB's four overriding ambitions are as follows:

- Grow profits through the current portfolio and new sustainable investments.
- Achieve net zero CO₂e by FY2050 and efficient management of pollution, waste and water.
- Zero major HSSE, human right and corruption cases.
- Full compliance with Task Force on Climate-Related Financial Disclosures (TCFD) by FY2024 and the attainment of a "4" or better rating on FTSE4Good Bursa Malaysia by FY2025.

OUR SUSTAINABILITY REPORTING PRACTICES

PGB's standalone Sustainability Report 2023 serves as a tool to highlight the key Value Creation and ESG initiatives undertaken by the Group for the year under review. It aims to communicate how we are progressively assessing and fine-tuning our sustainability agenda in order to achieve our business goals. It can be accessed in digital format on our corporate website at www.petronas.com/pgb/sustainability/reporting.

Our reporting practices are guided by local and international statutory and reporting frameworks, particularly Bursa Malaysia Securities Berhad's (Bursa Malaysia) Sustainability Reporting Guide (3rd Edition), as well as the updated FTSE4Good Bursa Malaysia Index's ESG indicators. We are also guided by the reporting requirements of organisations such as the International Petroleum Industry Environmental Conservation Associations' sustainability reporting guidance for the oil and gas industry (4th Edition, 2020) and the Global Reporting Initiative Universal Standards 2021.

TOWARDS SUSTAINABLE GROWTH

Even as the agenda of sustainability had gained more prominence and is now being embedded in greater measure within PGB, we have greater clarity on what we need to do as we set out to achieve sustainable business success and growth.

To augment our sustainability efforts and ensure a balanced business strategy is in place, we will leverage the PGB Sustainability Blueprint which addresses all the essential elements within PGB's four Sustainability Lenses. This blueprint provides the Group a holistic roadmap that points out how we are to achieve our sustainability ambitions.

As we venture forth to realise PGB's sustainability aspirations, our leadership will adopt a laser-focused approach and leverage the approved initiatives and milestones specified in the blueprint. Our goal is to embed effective sustainability practices and inculcate a robust sustainability culture across all our business operations. Once the fundamental building blocks are laid, we will focus on rolling out our sustainability programmes in the most efficient manner to achieve and sustain the set targets.

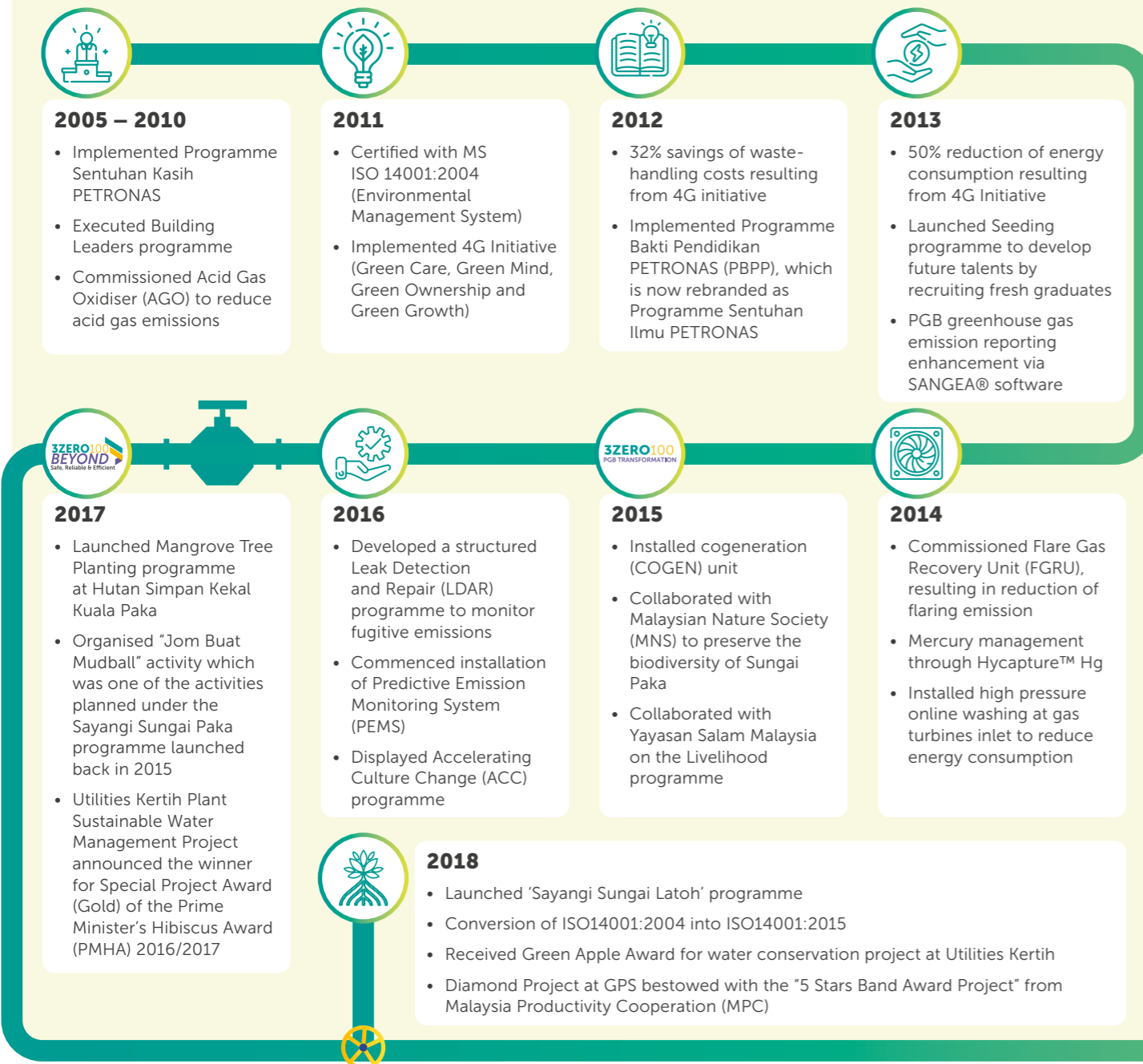
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While the pathway for our internal plan has been neatly laid out, we are mindful that there are still a host of external challenges from the dynamic environment that we operate in which need to be considered. In order for PGB to be able to manoeuvre through the complexities of the marketplace, we will ensure that our internal structure and capabilities across the organisation are adequately resourced and well-primed.

This will help us to address all risks and opportunities that may come our way in a timely and effective manner.

Moving forward, the agenda of sustainability will continue to serve as a central feature of our overall business strategy. We intend to make the best use of our existing sustainability initiatives and practices while remaining open and flexible to adopt new ones. This is all the more important given the uncertain, ever-evolving market landscape in which we operate. As we make the most of our value creation activities and good progress on the ESG fronts for the benefit of all, we remain confident of reinforcing PGBs' position as a model for responsible corporate behaviour.

SUSTAINABILITY KEY MILESTONES



SUSTAINABILITY PRACTICES

