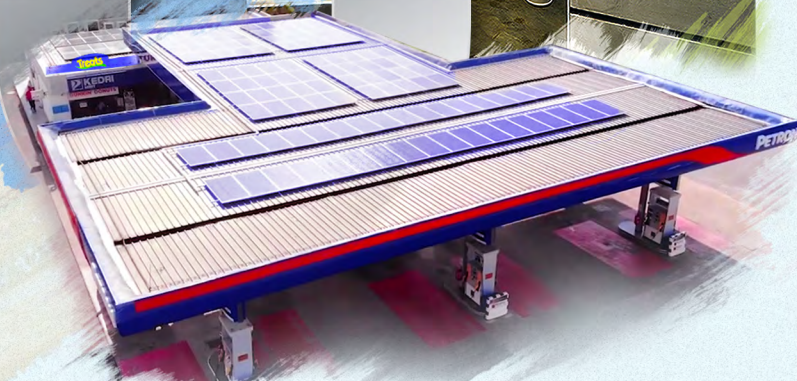




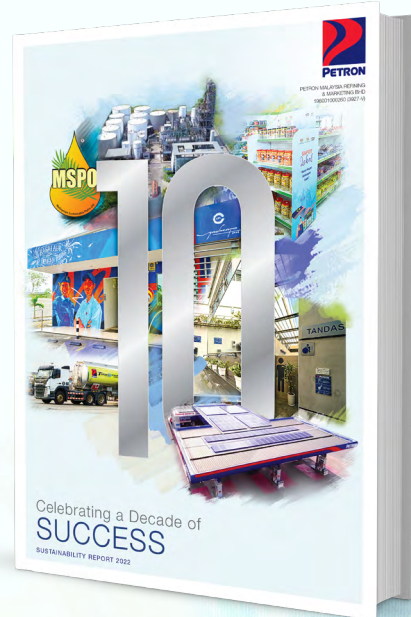
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Celebrating a Decade of SUCCESS

SUSTAINABILITY REPORT 2022

INSIDE THIS REPORT



COVER RATIONALE

CELEBRATING A DECADE OF SUCCESS

In 2022, Petron Malaysia celebrated 10 years of fuelling happiness. We trace back our humble beginnings to the time we built the first Petron service station in MRR2 Selayang, Kuala Lumpur in 2014. The following decade saw the incredible growth of our service station network, as well as numerous upgrades in our refinery, plant and distribution facilities, placing us at the forefront of the local oil industry.

Our 2022 Sustainability Report cover design highlights our journey in sustainability efforts, which aim to create positive economic, environmental and social impacts. The metallic silver in our 10th anniversary logo reflects the Company's strength and resilience in its journey.

In this Sustainability Report, we also celebrate the people — employees, business partners and other stakeholders, who have shared their time and dedication with us. We are proud of what we have achieved together and the impact we have made on our customers' lives through the products and services we offer, embedding sustainability in all that we do. Throughout our 10 years of Sustainability Journey, we have consistently created value for our stakeholders, planting the seeds today, for tomorrow.

We are poised to grow, rise and fuel more successes in the next decade and beyond without forgetting our responsibilities to the environment and the communities. We look forward to turning the pages to the next and more exciting chapters of our journey to sustainability.

OUR VISION

To be the leading provider of total customer solutions in the oil sector and its allied businesses.

OUR MISSION

We will achieve this by:

- Being an integral part of our customers' lives, exceeding expectations and meeting changing needs, delivering a consistent customer experience through quality products and innovative services
- Developing strategic partnerships in pursuit of growth opportunities
- Fostering an entrepreneurial culture that encourages teamwork, innovation and excellence
- Acting with professionalism, integrity and fairness at all times
- Adhering to the strictest safety and environmental standards
- Promoting the best interests of all our stakeholders and caring for our community

OUR VALUES



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Fostering Societal Well-Being

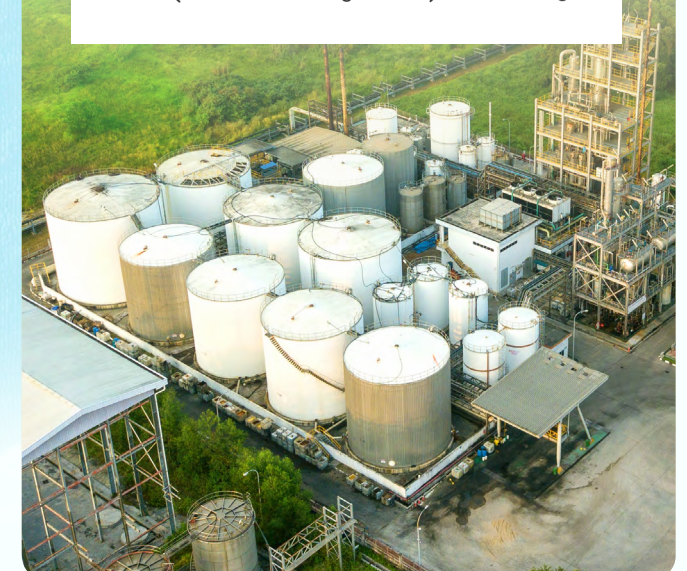
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ABOUT THIS REPORT

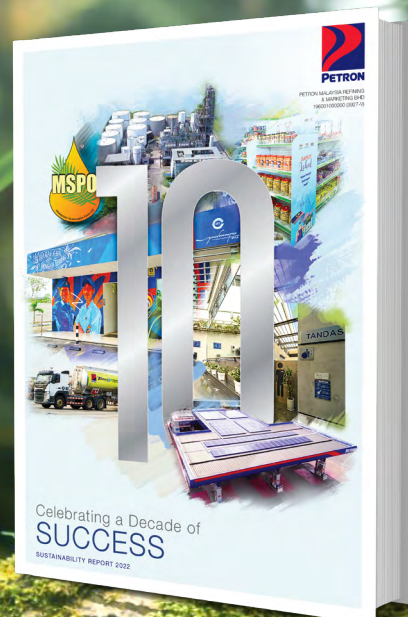
Our pursuit of a better and more resilient future is underpinned by our efforts in sustainability. It is the focal point of everything we do - from the time crude oil is refined to the time our petroleum products reach our customers.

Our six corporate values – Excellence, Customer Focus, Innovation, Teamwork, Ethics and Safety – sum up our efforts towards a sustainable future. As we advance forward to become the leading provider of total customer solutions in the oil sector and its allied businesses, we remain guided by our sustainability commitment, even in the face of recent challenges.

From our first step into sustainability reporting in 2013 Annual Report, we have continued to enhance our disclosures to comply with evolving local and global reporting standards and regulations. In 2018, we published our inaugural stand-alone Sustainability Report.

The content of this report is based on matters that are material to our business, communities, and the environment, reflecting our Economic, Environmental, and Social (EES) impacts, determined through a materiality assessment, as reported on page 20-21. This report outlines our initiatives, programmes and performance outcomes related to these material matters. It also communicates our efforts to incorporate sustainability into our everyday operations and business management, reflecting our commitment to generate long-term value for our stakeholders.

SUSTAINABILITY IMPACTS

**ECONOMIC****ENVIRONMENTAL****SOCIAL**

ABOUT THIS REPORT

SCOPE AND BOUNDARIES

This report encompasses the sustainability performance of Petron Malaysia Group, which includes Petron Malaysia Refining & Marketing Bhd (PMRMB), Petron Fuel International Sdn. Bhd. (PFISB) and Petron Oil (M) Sdn. Bhd. (POMSB). This report covers all operations within the entities above, unless otherwise specified. The reported information covers the time period of 1 January 2022 to 31 December 2022.

REPORTING FRAMEWORKS

This sustainability report has been prepared with reference to the Global Reporting Initiative (GRI) Standards and GRI 11: Oil and Gas Sector 2021 as well as the following reporting guidelines and requirements:

- Bursa Malaysia Sustainability Reporting Guide 2nd and 3rd Editions
- Securities Commission's Malaysian Code on Corporate Governance (MCCG) 2021
- The United Nations Sustainable Development Goals (UN SDG)

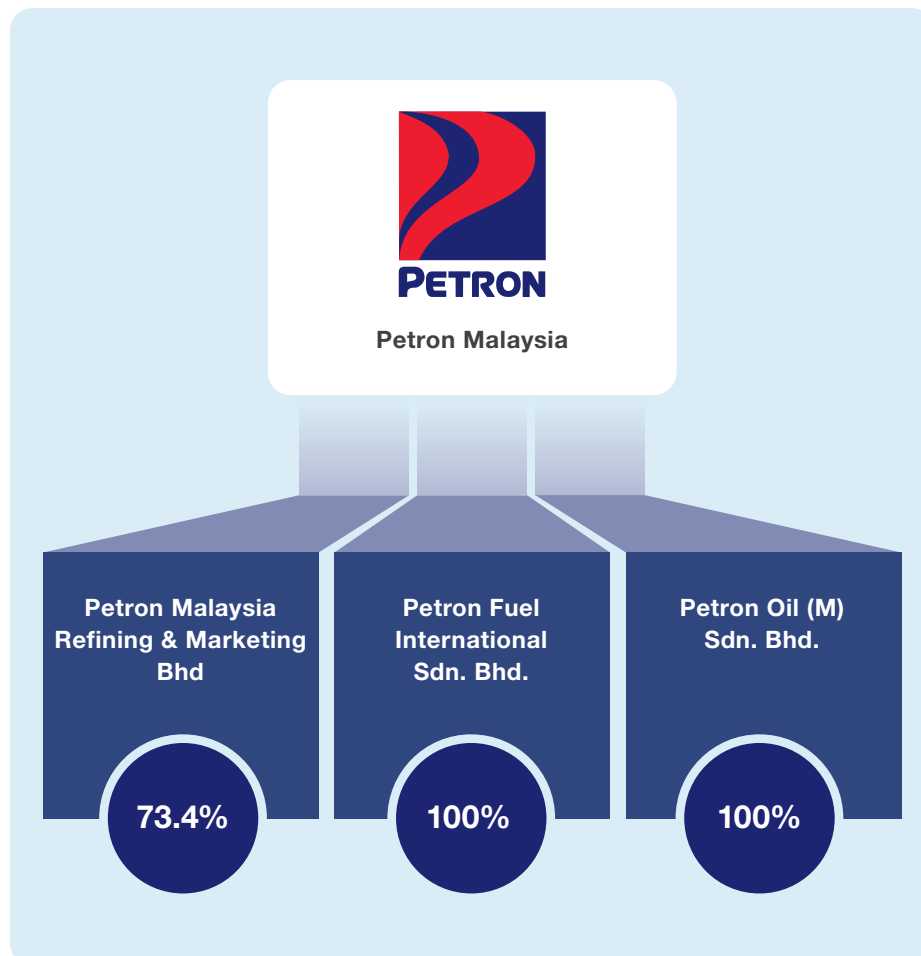


THE BUSINESS OF PETRON

OUR STRUCTURE

Petron Malaysia Group is under the Petron Corporation since 2012 and Petron is an Asian company with global mindset. We aim to be an integral part of the journey of every Malaysian.

Petron Malaysia Group comprises **Petron Malaysia Refining & Marketing Bhd (PMRMB)**, and its sister companies, **Petron Fuel International Sdn. Bhd.** and **Petron Oil (M) Sdn. Bhd.** Petron Malaysia Group is Malaysia's third-largest downstream oil and gas player.



PMRMB is a publicly listed company on the **Main Board of Bursa Malaysia Securities Berhad** since 2012

Our head office is located at **Damansara Heights, Kuala Lumpur**

We have **658 employees** under Petron Malaysia Group

THE BUSINESS OF PETRON

CONNECTING PEOPLE WITH OUR PRODUCTS

Our Business	Our Facilities	Our Products
REFINERY 	Port Dickson Refinery, Negeri Sembilan	Refined Products <ul style="list-style-type: none"> Gasoline 100, 97 and 95 RON Automotive Diesel Oil (ADO) Liquefied Petroleum Gas (LPG) Jet Fuel Naphtha Low Sulphur Waxy Residue (LSWR)
TERMINALS 	11 strategically located terminals and plant <ul style="list-style-type: none"> Port Dickson Terminal, Negeri Sembilan Bagan Luar Terminal, Penang Kuantan Terminal, Pahang* Westport Terminal (JV-BHP), Selangor* KLIA Aviation Depot (JV-Petronas/Shell), Selangor Klang Valley Distribution Terminal (JV-Petronas/Shell), Selangor Pasir Gudang Terminal (JV-Chevron), Johor* Sepangar Bay Terminal, Sabah* Sandakan Terminal, Sabah* Tawau Terminal, Sabah* Lumut PME Plant, Perak 	Distribution of our high quality fuels and LPG <div> </div> <ul style="list-style-type: none"> Blaze 100RON Euro 4M Turbo Diesel Euro 5 <div> </div> <ul style="list-style-type: none"> Blaze 97RON Euro 4M Diesel Max Euro 5 <div> </div> <ul style="list-style-type: none"> Blaze 95RON Euro 4M Petron Gasul
RETAIL 	>750 service stations nationwide >100 F&B inserts on our non-fuel offerings	Treats Our convenience store Treats , provides a rewarding one-stop shop experience to cater to customers' needs.
LPG 	~140 service stations offer cash and carry LPG	Petron Gasul provides efficient energy for Malaysian households for cooking, lighting, etc. <div> </div>
INDUSTRIAL 	Unbranded Mini stations, Transportation, Power Plants, Plantations, Airlines, Workshops	High quality selection of industrial products to fuel the Malaysian economy <ul style="list-style-type: none"> Automotive Diesel Oil (ADO) Gasoline Jet Fuel Bulk LPG Lubricants

* PMRMB's sister companies' facilities

MESSAGE FROM THE CHAIRMAN



To Our Valued Stakeholders,

The impacts of climate change have continued to worsen over the last few years, affecting businesses and livelihoods globally as weather events and natural disasters swing towards greater extremes. Petron being an oil company is also balancing its efforts to care for the environment as well as to support economic development of the country as we fuel the energy needs of the economy.

RAMON S. ANG
Chairman

At Petron Malaysia, we are cognisant of our role in helping the nation to accelerate towards a low-carbon future and in responding to the global climate change emergency. We are committed to support Malaysia's aim of achieving carbon neutrality as early as 2050. This includes supporting Malaysia's National Energy Policy 2022–2040, which aims to drive the sustainable development of the energy sector while ensuring optimal utilisation of energy resources. Efforts such as identifying climate-related risks and opportunities, producing cleaner fuels, and promoting a circular economy. These are in addition to reducing our operational greenhouse gas (GHG) emissions.

We have commenced our journey towards cleaner energy since 2016 by introducing Malaysia's first and only RON 100 fuel, a motor gasoline with typically less than 10ppm sulphur content, emitting cleaner air and lower GHG. In addition, in the same year, our Turbo Diesel B7 complied with E5's sulphur content regulation. This clearly demonstrates our commitment to produce cleaner energy even before we invested in a Diesel Hydrotreater (DHT) facility, which produces cleaner fuel with lower sulphur content. Commissioned in 2021, this facility includes a Bio-Sulphur Recovery (BSR) plant that uses an eco-friendly desulphurisation process for it to be recovered as elemental sulphur that can be used to make fertilisers, enabling us to reduce our waste and further venture into the circular economy. Alongside the DHT, our new Marine Import Facility 2 (MIF2), which was also commissioned in 2021, has enabled us to lower our carbon emission as we can now receive larger parcels of imported finished

products, thus reducing the frequency of imports. Additionally, our investments in a Multi-Product Pipeline and the Klang Valley Distribution Terminal have allowed us to rationalise our truck deliveries by an average of 720,000 km/month. This generates an equivalent to 486,000 kg of CO₂ emissions savings or carbon sequestered by 8,036 tree seedlings grown for 10 years.

The year 2022 was a momentous occasion for Petron Malaysia as we marked our 10th Anniversary, symbolising a significant achievement throughout a decade-long journey. During the year, we continued to invest in our facilities not only to increase production and efficiency, but also to bolster our sustainability efforts. This included the completion of our Lumut Palm Methyl Ester (PME) plant expansion, further boosting production capacity by 30% or up to 90,000 metric tonnes of PME per year, enabling us to meet the rising demand for biodiesel to support Malaysia's aspiration to improve air quality through cleaner emissions. The Lumut PME Plant (LPP) also completed the refurbishment and upgrading of its wastewater treatment plant, enabling the plant to further reduce its effluents by more than half.

STEPPING UP OUR SUSTAINABILITY EFFORTS

In the year under review, we took several concrete measures to strengthen the foundations of our sustainability journey. As a start, we enhanced our sustainability governance by establishing a Board Sustainability Committee (BSC) to steer sustainability strategies, priorities and targets. The BSC is tasked with advising the Board, which has oversight of sustainability matters including climate-related risks and opportunities.



Petron continues its commitment to uphold the highest occupational safety and health standards

To manage our economic, environmental and social (EES) impacts better, we reviewed our material matters by holding an in-depth materiality assessment. This crucial step allowed us to include Climate Change, Natural Resources, Biodiversity and Sustainable Supply Chain as the sustainability matters that are material to our business and stakeholders.

Additionally, we have taken steps to align our sustainability strategy with the Company's corporate strategy. This includes incorporating Petron Malaysia's six core values (Excellence, Customer Focus, Innovation, Teamwork, Ethics and Safety) into our enhanced sustainability framework, which is anchored on EES. Furthermore, we are reviewing and revising our sustainability-related policies. These efforts will enable us to implement strategic sustainability initiatives that are aligned with Petron Malaysia's goals and embed sustainability across our operations.

SUSTAINABILITY ACHIEVEMENTS

Our sustainability achievements in 2022 demonstrated our positive EES impacts and commitment to support the nation's mobility as businesses recovered from COVID-19 disruptions.

We made a significant impact to the nation's economy in the year under review by contributing over RM18 billion of economic value, which included paying taxes, dividends and salaries, investing in local community and supporting local businesses. To this end, we channelled RM8.2 billion or 46% of our procurement spend to local suppliers, who form 96% of our total suppliers. To further empower the local community, we have engaged

120 local entrepreneurs in our *Sapot Lokal* programme since its launch in 2021. This initiative supports local entrepreneurs by enabling them to sell their goods in our service stations and we plan to expand the programme to 150 service stations by 2025 and to all Treats stores by 2030.

Our support for local economic growth is also reflected in the presence of 95% local talent in our Senior Management team, where we prioritise local individuals in senior positions with decision-making authority. This allows the local community to acquire leadership skills, earn higher income, and contribute to local economic development.

While generating economic growth is an important part of our sustainability journey, we also prioritise high standards of ethical business practices and good governance. I am proud to report that we have maintained zero incidents of corruption cases and money laundering incidents. This was due to our robust Anti-Corruption and Anti-Money Laundering Policies, and the stringent measures we took to combat bribery and corruption in our organisation, including assessing all our operations for risks related to corruption.

Our efforts to operate and grow responsibly have led us to attain various international standards across our operations. International standards such as ISO 14001:2015 Environmental Management System, ISO 9001 Quality Management System and ISO 45001:2018 Occupational Health and Safety Management System achieved by our various business units reflect our commitment to minimise the negative impact of our operations.

MESSAGE FROM THE CHAIRMAN

Under the environmental pillar, we have continually sought to implement renewable energy solutions to reduce our operational GHG emissions. We believe this will contribute to the nation's target of achieving 31% renewable energy share in the national installed capacity mix by 2025. It is worthy to note that we have made strides in adopting simpler, readily available and energy-efficient alternatives such as switching to LED and solar-powered lights. We target to fully implement this initiative across our operations and business units by the end of 2023. Furthermore, 15 of our service stations are installed with solar power panels and we aim to install solar power panels in 120 of our service stations by 2024. This is estimated to reduce 6,740 tCO₂ equivalent (CO₂e) of emissions per year, which is equivalent to carbon sequestered by 101,103 tree seedlings grown for 10 years.

Apart from energy conservation, we have implemented other initiatives to conserve natural resources and protect the environment. This includes harvesting rainwater in all our operations for non-essential usage such as cleaning, landscaping and toilet flushing. In addition, we intensified our recycling efforts and awareness across our business units and successfully increased our waste diverted from disposal by three times in volume compared to 2021. We also embarked on a Green Lung Project with Universiti Putra Malaysia to preserve and enhance the biodiversity of more than 400 acres of green areas within Port Dickson Refinery (PDR).



The year 2022 also saw us continuously engaging with our employees and keeping them safe at the workplace. We recorded zero injuries and fatalities and we will continue to implement strict measures to ensure that the highest safety standards remain in place. We will also continue to increase the occupational safety and health knowledge and awareness of our employees

and contractors through training and rigorous risk assessments and management. In 2022, all of our operations including service stations were evaluated for risks and hazards, and the number of employees receiving OSH standards training increased to 306 from 211 in 2021.

To develop an agile, diverse and thriving workforce, we prioritise the learning and development of our employees. As COVID-19 restrictions eased, we were able to resume physical training sessions. This resulted in a significant increase in the participation of management and female employees with the resumption of our Management Development Training in the Head Office. We also enhanced the sustainability knowledge and reporting skills of our Technical Working Group, whose roles are vital in enabling us to embed sustainability practices in our operations.

To remain relevant, we believe in having a diverse workforce with employees from various backgrounds and age groups. Notably, we have achieved a 33% representation of women on the Board of Directors, consistently meeting and exceeding the 30% benchmark over the past three years. This is aligned with the recommendation in the Malaysian Code on Corporate Governance (MCCG). Within our Senior Management team, female employees constitute 23% of the team. Additionally, we are developing transition assistance programmes for Petron employees who are nearing retirement, and we target to launch the initiative by 2024.

MOVING FORWARD

Given the increased volatility in the oil and gas sector, it is imperative that we conduct our business endeavours with sustainability in mind. Going forward, we will further enhance our sustainability efforts to mitigate risks and capitalise on opportunities. This will include adopting the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) to bolster our climate risk management. To enhance our leadership's commitment to sustainability, we aim to provide anti-corruption and anti-money laundering training to all Board members by 2024. We will also further embed sustainability practices in our supply chain by establishing a Sustainable Supply Chain & Procurement Policy by 2023 and a Supplier Code of Conduct by 2025. These efforts will pave the way for a more holistic sustainability approach as we contribute to the transition to a low-carbon economy while supporting the nation's mobility and energy security needs towards a prosperous and strong economy.

RAMON S. ANG
Chairman

AWARDS AND CERTIFICATIONS

AWARDS



Malaysian Society for Occupational, Safety and Health Awards (MSOSH) 2022

Category: Grand Award Winner
Kuantan Terminal*

Category: Gold Merit
Bagan Luar Terminal
Pasir Gudang JV Terminal*
Sepang Bay Terminal*

Category: Gold Class 1
Port Dickson Terminal
Sandakan Terminal*
Tawau Terminal*
KLIA Aviation Depot



Prime Minister's Hibiscus Award 2021/2022

Exceptional Achievement in Environmental Performance
Pasir Gudang JV Terminal*
Port Dickson Refinery

Notable Achievement in Environmental Performance
Sepang Bay Terminal*
Bagan Luar Terminal
Kuantan Terminal*



Graduates' Choice Award

2023 Most Preferred Graduate Employers to Work For (Received in 2022)
Oil & Gas category: 4th place
Convenience Store category: 8th Place



Graduan Brand Awards

Malaysia's Top 50 Most Preferred Employers 2022
27th Place

CERTIFICATIONS



5S/Quality Environment Certification

3-Star Rating (Highest)
Bagan Luar Terminal,
Kuantan Terminal*,
Tawau Terminal*,
Sandakan Terminal*

2-Star Rating
Pasir Gudang JV Terminal*,
Port Dickson Terminal

1-Star Rating
Sepang Bay Terminal*



Integrated Management System (ISO 9001, ISO 14001, ISO 45001)

Port Dickson Refinery,
Port Dickson Terminal,
Kuantan Terminal*,
Bagan Luar Terminal,
Pasir Gudang JV Terminal*

Quality Management System (ISO 9001)

KLIA Aviation Depot,
Sepang Bay Terminal*,
Tawau Terminal*,
Sandakan Terminal*



Malaysian Sustainable Palm Oil (MSPO) Certification
Bagan Luar Terminal,
Lumut PME Plant



HALAL Certification from JAKIM
Lumut PME Plant

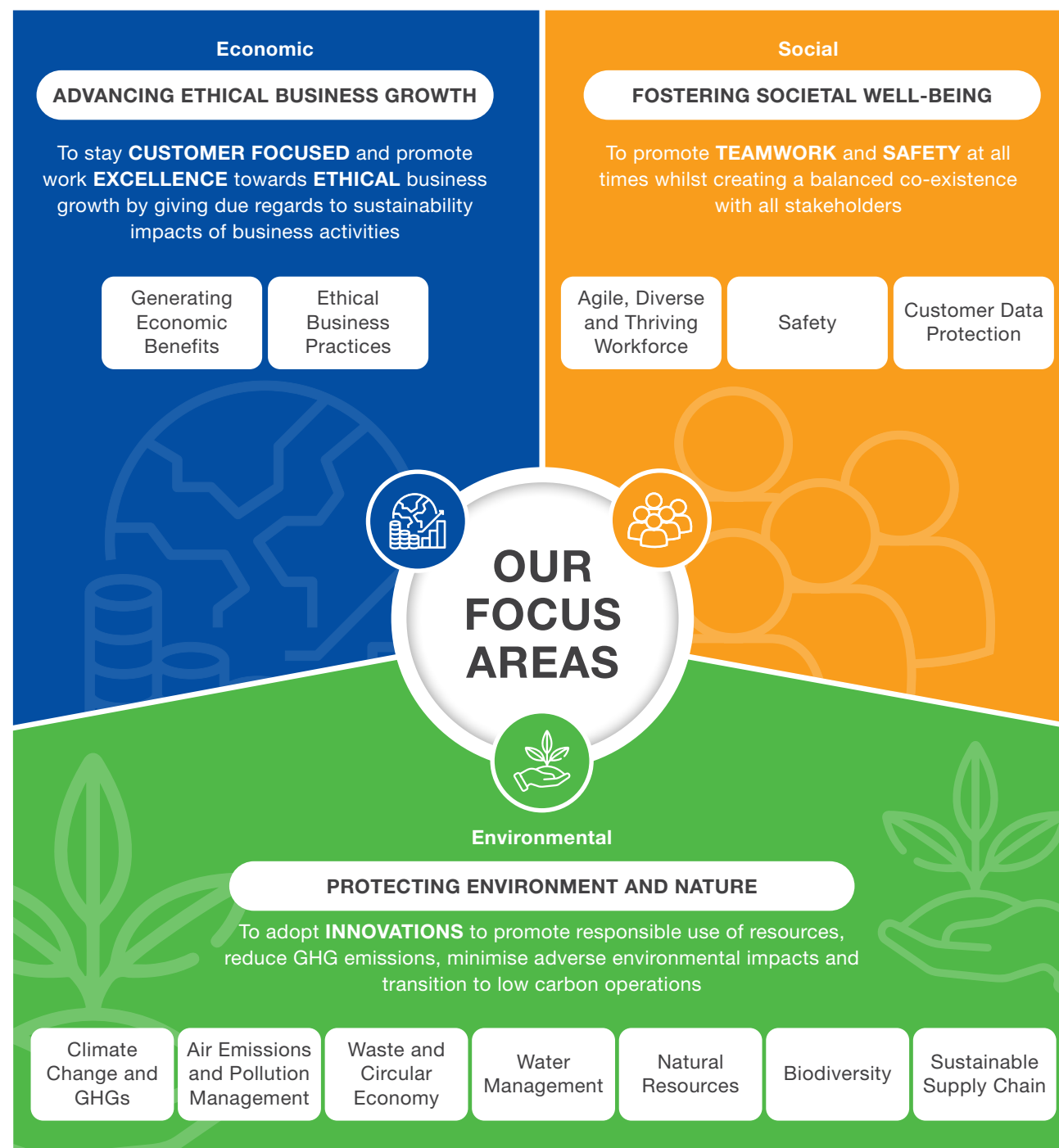
KOSHER Certification from Orthodox Jewish Community of Singapore
Lumut PME Plant

* PMRMB's sister companies' facilities.

SUSTAINABILITY FRAMEWORK

At Petron Malaysia, we are guided by sustainability principles, as we seek to create sustainable value for our stakeholders. We are part of our ultimate parent company's commitment to achieve net zero by 2050, consistent with Malaysia's target.

In 2022, we engaged an external consultant to review our approach to sustainability and enhance our sustainability framework. As a result, we integrated the six values of Petron Malaysia: Excellence, Customer Focus, Innovation, Teamwork, Ethics and Safety into an enhanced sustainability framework.



SUSTAINABILITY GOVERNANCE

A strong governance structure plays a crucial role in driving an organisation's sustainability performance, ensuring that the business operates responsibly. We continuously seek ways to strengthen our governance to create value for our stakeholders.

Our Board of Directors (BOD) has the oversight of sustainability matters within the organisation. In 2022, Petron Malaysia took a significant step towards advancing sustainability by establishing the Board Sustainability Committee (BSC) to effectively lead and promote sustainable practices within the organisation. The BSC reports to the BOD on the sustainability performance of Petron Malaysia and reviews and endorses sustainability material matters, strategies, goals and targets. The BSC meets four times a year and is supported by a Sustainability Council (SC), which is assisted by a Technical Working Group (TWG).

The BOD, BSC, SC and TWG work closely through holding regular meetings to focus on mitigating significant EES impacts, resulting risks and leveraging opportunities to fulfil Petron Malaysia's intended sustainability outcomes. We conducted our first Sustainability Board Evaluation for the year 2022 as part of the annual Board Evaluation. The Sustainability Board Evaluation is one of MCCG 2021's recommended best practices.

The survey questions covered, among others, whether Board members can effectively convey and deliberate on the Company's sustainability matters. It also measured the effectiveness of the Company's overall sustainability governance framework in managing and reporting its risks, targets and initiatives. The evaluation, which received an average rating of 3.94 out of 5, reflected the nascent stage of our sustainability journey, including our sustainability governance. It is worth noting that the BSC was only formed in the second half of 2022. We will continue to address the gaps and focus on the areas where we are lacking.

To further reinforce our sustainability governance, policies, guidelines and procedures are established and implemented through our management systems based on respective ISO management system standards. For more information on our policies and guidelines, refer to <https://www.petron.com.my/investor-relations/corporate-governance/>.



Sustainability Policy

Our enhanced Sustainability Policy reflects our commitment to generate positive economic impact, minimise our environmental footprint, bolster our social contributions and enhance our corporate governance.

For more information on our Sustainability Policy, please visit our corporate website.
<https://www.petron.com.my/investor-relations/corporate-governance/>



SUSTAINABILITY GOVERNANCE

Petron Malaysia's Sustainability Governance Structure and the Key Roles and Responsibilities



Note:
Read more about the sustainability roles and responsibilities of our BOD at <https://www.petron.com.my/wp-content/uploads/2023/03/Charter-Board-Sustainability-Committee-27122022.pdf>.

STAKEHOLDER ENGAGEMENT

Stakeholders are individuals or groups of people whose actions and decisions can impact or be impacted by our decision making, activities and growth. As such, we regularly engage with our relevant stakeholders to identify and understand their needs and expectations. We use the results of the engagement process to inform the development of our sustainability strategy and supporting initiatives.

In 2022, we revised our prioritised stakeholder groups, resulting in the identification of nine key categories. We prioritised the stakeholders by assigning weight based on their dependency and influence on Petron Malaysia and vice versa. This was done through internal discussions and using historical information. We are mindful of the dynamic relationships we have with our stakeholders, as our relationships depend on various factors and the changing business environment. As a result, we added Financial Institutions as a new stakeholder group and included Union in the Employees stakeholder group. We have also separated contractors/vendors/suppliers and service providers from the Business Partners group, and categorised them as External Providers. Additionally, we have divided the Customers stakeholder group into two groups: one consisting of dealers, distributors and commercial entities, and the other comprising end users. This division allows us to better focus on the different needs of our customers.

The table provides an overview of the list of prioritised stakeholder groups for the present time including their relevant needs and expectations, the various methods of engagement and the frequency of our engagements with them.

Stakeholder Groups	Stakeholder's Relevant Needs and Expectations	Engagement Methods	Frequency
1 REGULATORS - authorities, local governments/ministries We seek to work closely with regulators and authorities to ensure compliance and to keep abreast of the evolving regulatory landscape.	<ul style="list-style-type: none"> • Demonstration of compliance with respective authorities' requirements • Supporting government policies and objectives • Timely and responsive communication and actions 	Meetings	Ongoing
		E-mail communication	Ongoing
		Site visits and inspections	Ongoing
		Periodic reports	Monthly/ Quarterly/ Annually
2 CUSTOMERS - dealers, distributors, commercial Our dealers and distributors are the face of the Company before our prospective customers. They also act as an important channel of communication between Petron and the end customers.	<ul style="list-style-type: none"> • Quality products and services as per product specifications • Fair and competitive product pricing • Timely and responsive communication and actions • Provision of support and guidance • Honouring contractual agreements • Conducive environment to conduct business 	Corporate website www.petron.com.my	As and when
		Meetings	Ongoing
		Social media - Instagram and Facebook	Ongoing
		E-mail/Memo communication	As and when
		Corporate website www.petron.com.my	As and when
		Petron Miles Website www.petronmiles.com.my	As and when
		Call PMiles Customer Service Hotline 1300 888 812	

STAKEHOLDER ENGAGEMENT

Stakeholder Groups	Stakeholder's Relevant Needs and Expectations	Engagement Methods	Frequency
3 CUSTOMERS - end users We continue to gather feedback from our end users to improve the quality of our products and services as we seek to deliver excellence.	<ul style="list-style-type: none"> Quality products and services as per product specifications Fair and competitive product pricing Timely and responsive communication and actions - good customer service Public safety and security Good housekeeping at service stations 	Social media - Instagram and Facebook E-mail Petron Care petroncare@petron.com.my Corporate website www.petron.com.my Petron Miles Website www.petronmiles.com.my Call PMiles Customer Service Hotline 1300 888 812	Ongoing As and When As and When As and When
4 EMPLOYEES - direct hire, permanent, regular, third party contract workers, unions Employees are the driving force behind Petron Malaysia. As such, we strive to meet their needs and ensure the provision of a safe, healthy and conducive workplace to nurture their career development.	<ul style="list-style-type: none"> Safety and health at the workplace Fair and competitive compensation and benefits Compliance to legal requirements and labour standards Opportunities for training and education Comprehensive guidance and support at workplace Non-discrimination and equal opportunity Diversity and representation at the workplace Employment security Job satisfaction 	Intranet/Internal Memo Team meetings Team building sessions Individual/Group discussions/ Coaching Formal performance evaluation Training on HR Policies Corporate website www.petron.com.my	Ongoing Weekly/ Monthly/ As and when Annually Ongoing Annually Ongoing As and when
5 LOCAL COMMUNITIES - surrounding public, neighbouring industries Engaging with the local communities in our operational areas enables us to address their needs and generate long-lasting positive impact. We are committed to give back to society and ensure no one is left behind in our bid to contribute to a sustainable future for all.	<ul style="list-style-type: none"> No harm to public safety, security and the environment No disturbance to quality of life Support for and participation in community programmes Timely, responsive and transparent communication and actions Potential business opportunities 	Advocacy programmes such as Go-to-Safety Point, road safety and environment Corporate Social Responsibility (CSR) programmes Fenceline community engagements/Meetings with community representatives Instant messaging/telephone calls/letters	Annually Annually Quarterly Ongoing

STAKEHOLDER ENGAGEMENT

Stakeholder Groups	Stakeholder's Relevant Needs and Expectations	Engagement Methods	Frequency
6 INVESTORS/ SHAREHOLDERS Shareholders and investors are vital for the health and wealth of the Company. Regular engagements with our shareholders and investors will ensure long-term business growth and sustainability.	<ul style="list-style-type: none"> Continued profitability and growth Product and service innovation to meet changing demands Compliance to legal and other requirements Petron image and reputation to maintain business and social licence to operate Compliance to legal and other requirements 	Annual General Meeting Annual Report & Sustainability Report Announcements Corporate website www.petron.com.my Engaging with the local Treasury/Investor Relations group in Manila	Annually Annually As required As and when As and when
7 EXTERNAL PROVIDERS - Contractors/Vendors/ Suppliers/Service Providers We work closely with our contractors, vendors, suppliers and service providers to deliver excellence and explore opportunities for sustainable mutual growth.	<ul style="list-style-type: none"> Clear contract specifications Clear requirements on compliance with Petron's code of conduct, policies and requirements Honouring contractual agreements e.g. prompt payment Fair treatment of workers according to legal requirements and labour standards Fair procurement practices - non-discrimination and equal opportunity Timely, responsive and transparent communication and actions Continued business relationship 	E-mail communication/memo Site visits/instant messaging/ telephone calls Meetings by territory/area	Ongoing Ongoing Monthly/ Quarterly/ Annually As and when
8 FINANCIAL INSTITUTIONS We ensure continuing access to competitive rates/terms by maintaining the trust and confidence of financial institutions. They provide insight into the early identification of opportunities and emerging trends within the financial markets.	<ul style="list-style-type: none"> Compliance to banking terms and conditions and legal requirements Continued financial soundness Timely, responsive and transparent communication and continued business relationships 	Meetings and telephone calls E-mail communication	As and when Ongoing
9 BUSINESS PARTNERS AND JOINT VENTURES (JVs) We actively engage with our business partners and JVs by exploring mutually beneficial partnerships.	<ul style="list-style-type: none"> Honouring terms and conditions of agreement Timely, responsive and transparent communication and actions Continued business relationship 	Meetings E-mail communication Periodic report	Monthly/ Quarterly/ Annually As and when Ongoing Monthly/ Quarterly/ Annually

MATERIALITY ASSESSMENT

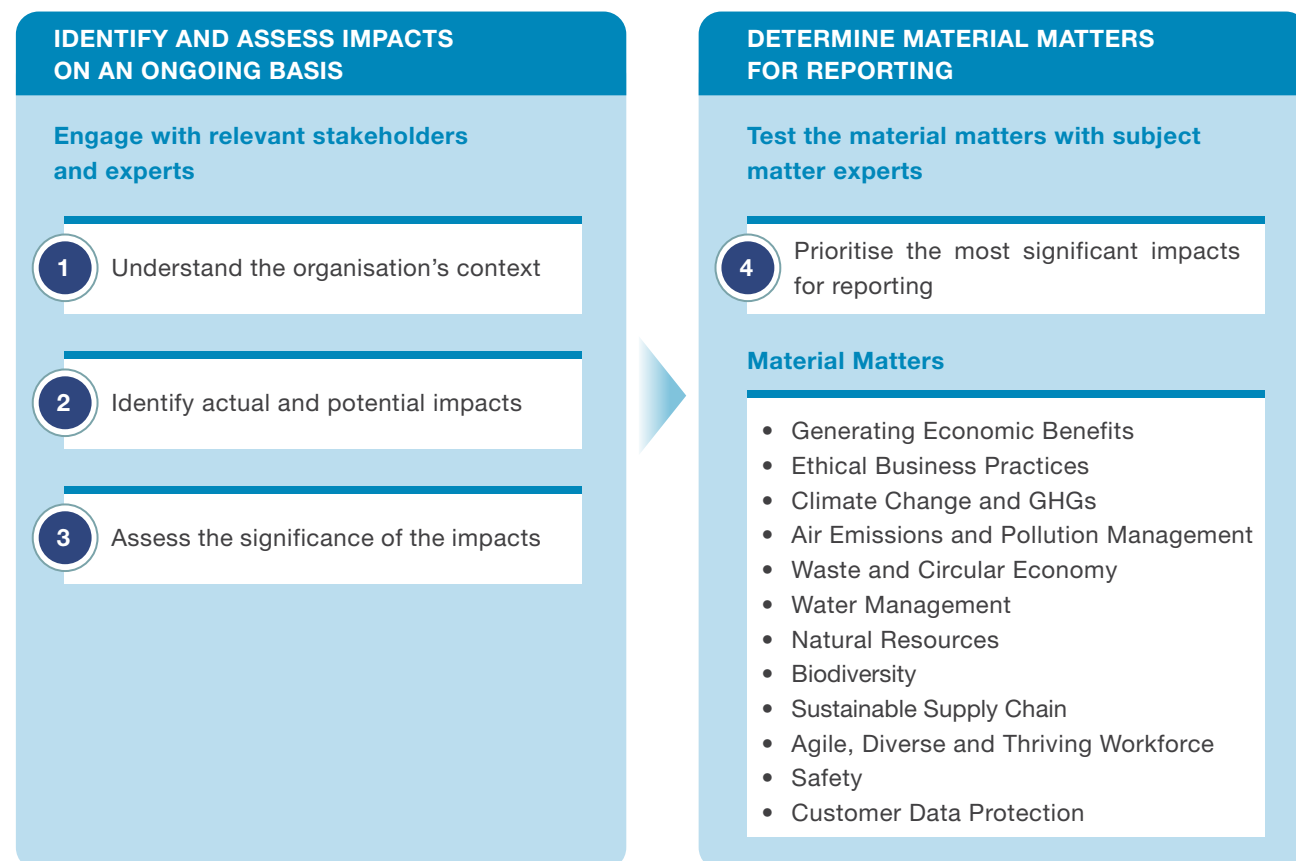
Our material matters represent Petron Malaysia's significant impacts on the economy, environment, and people, including impacts on their human rights. We review our material matters from time to time to ensure that they remain relevant with current sustainability issues in the oil and gas sector and to meet stakeholders' needs and expectations. The output of the materiality assessments helps us to address our significant EES impacts and resulting risks and opportunities for Petron Malaysia.

In 2022, we conducted a materiality assessment by determining our actual and potential EES impacts, assessing their significance and engaging with key stakeholders for their inputs. In assessing the EES significant impacts, factors such as the severity, likelihood, scale and scope of the impacts were taken into account. We also took into consideration impact assessments that have been carried out by Petron Malaysia to fulfil regulatory requirements such as Environmental Impact Assessment (EIA) and those

conducted to conform to international standards such as ISO 14001 and ISO 45001. Stakeholder input was gained through responses provided via questionnaires and engagement sessions.

We followed a defined step-by-step process as advocated by GRI. This process involved multiple employee awareness workshops, internal focus group interviews and discussions to ensure we captured the relevant EES impacts.

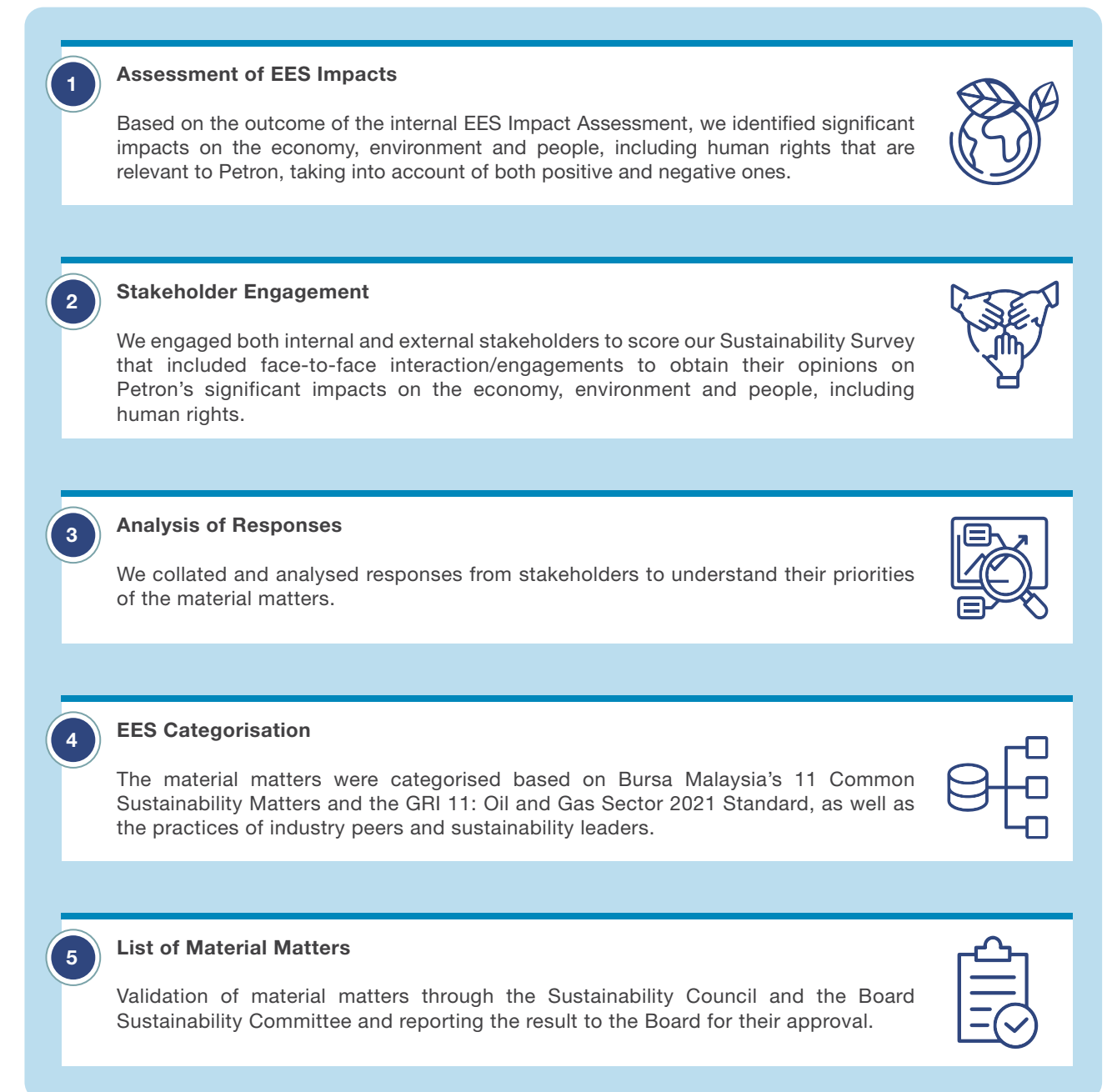
For more information on stakeholder groups engaged for the identification and prioritisation of sustainability matters, refer to Stakeholder Engagement from page 15-17.



MATERIALITY ASSESSMENT

MATERIALITY ASSESSMENT PROCESS

Petron Malaysia's material matters are determined based on a comprehensive materiality assessment process as demonstrated below:

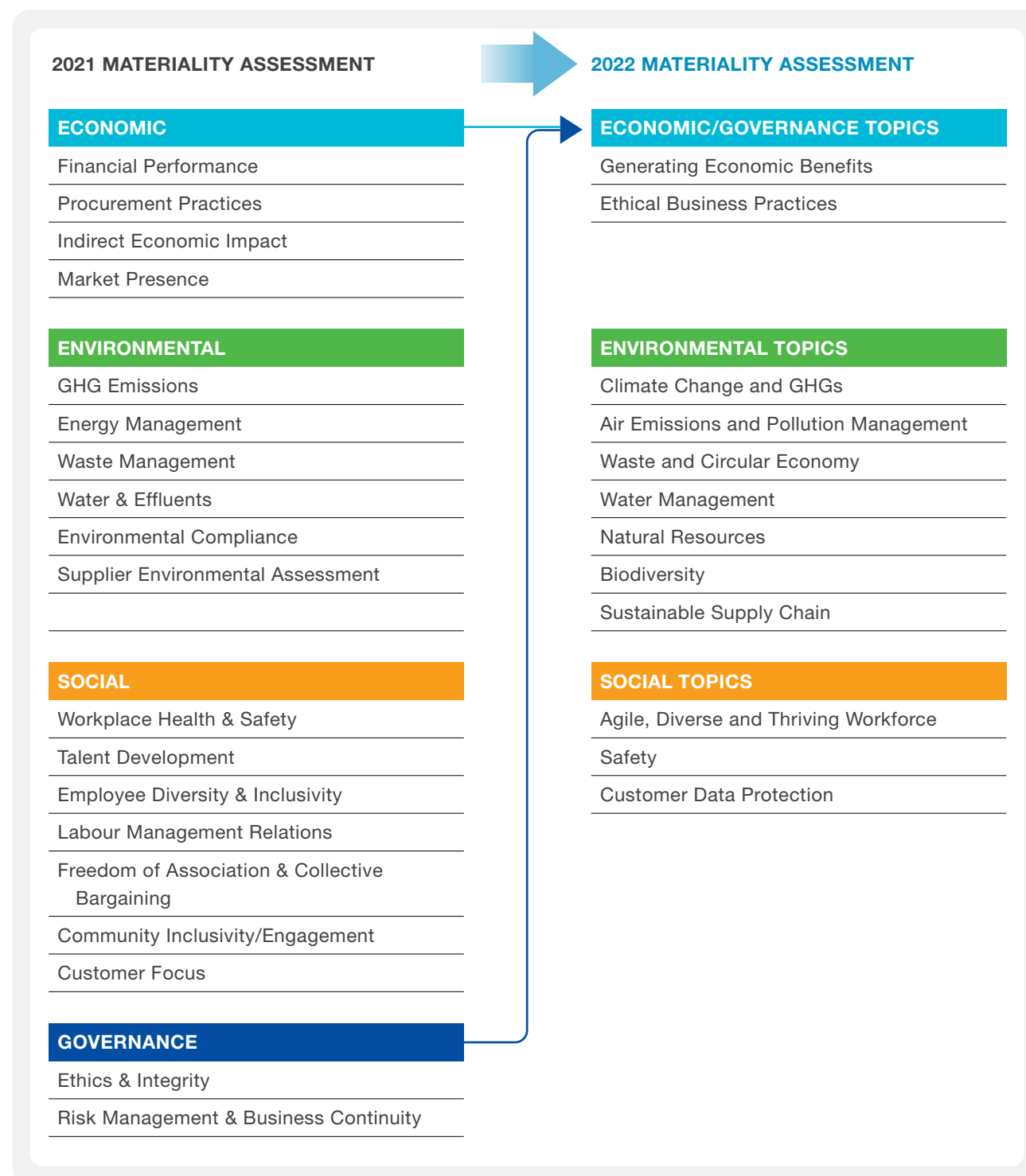


MATERIALITY ASSESSMENT

MATERIALITY ASSESSMENT RESULT

Based on the survey results and the internal assessment, there are 12 material matters prioritised for reporting by Petron. The 12 material matters provide a level of granularity to our previous material matters to enable development of more focused strategies and goals surrounding the material matters. These are also easily associated with the identified EES impact resulting from our activities, products and services. Risk management, a key governance topic for Petron is deliberated in our Annual report 2022 under the 'Risk Management Statement'.

Below is a summary of the changes made:



MATERIALITY ASSESSMENT

One of the outcomes of the materiality assessment was the inclusion of Climate Change as a material topic, which we cannot ignore. This is in response to the urgency of global warming and the effects of climate change affecting oil and gas companies, including Petron Malaysia, which have been viewed as a major contributor to carbon emissions. To reflect the higher level of stakeholder awareness, we expanded the previous GHG Emissions material topic to include Climate Change and GHGs.

Another significant change was the combination of Economic and Governance material topics, which now come under "Advancing Ethical Business Growth". This shows that it matters how we conduct our business and hence we are committed to grow our business ethically with good governance practices in place. To emphasise on good business ethics, we added Customer Data Protection, which reflects our commitment to safeguard the personal data of our customers.

Additionally, we added Agile, Diverse and Thriving Workforce as a new material topic, which further simplifies the key topics related to employee development and the sustainability of our human capital as well as safety performance.

Our sustainability impacts on the local communities go beyond Social and encompasses Environmental and Economic. To reflect this, we have removed Community Inclusivity/Engagement as a material topic and incorporated community engagement in the new Generating Economic Benefits material matter. Further to that, we expanded the previous Supplier Environmental Assessment material matter to Sustainable Supply Chain to include both Environmental and Social impacts, especially human rights.

After finalising the 12 material sustainability topics, we embarked on an assessment to test the effectiveness of the Company's implementation of measures for the new material matters across our operations. The assessment enabled us to understand the present maturity of the adoption of sustainability practices and processes within our operations. It also provided insights into material issues that are important to our stakeholders.



RISKS AND OPPORTUNITIES

To achieve our sustainability outcomes, it is pertinent for us to identify risks and opportunities associated with the material matters so that we can mitigate the risks and capture opportunities presented. The table below shows the risks and opportunities associated with the 12 material matters and the goals we have established to ensure they are addressed.

RISKS AND OPPORTUNITIES

ECONOMIC/GOVERNANCE TOPICS



ADVANCING ETHICAL BUSINESS GROWTH

Material Matter	Description	Risk	Opportunity	Goal
Generating Economic Benefits 	Through the revenue from our operations, we make direct and indirect contributions to the economy wherever we operate, be it by paying taxes and wages, procuring from local suppliers, or supporting the creation of job opportunities along our supply chain. Our economic contributions help develop public infrastructure and other social investments.	<ul style="list-style-type: none">Poor sales or low profitability can diminish our direct and indirect economic contribution to society, lower market share and reduce our attractiveness to lenders, investors and shareholders, leading to undervaluation of the Company.	<ul style="list-style-type: none">Promoting Petron Malaysia brand and enhancing brand equity, resulting in higher sales and profit and wealth contribution.Advancing organisational value and enhancing product and service presence.Promoting transparency and enhancing confidence of investors and lenders.	To improve the overall sustainability performance of Petron Malaysia and deliver enhanced value to stakeholders.
Ethical Business Practice 	We have a responsibility to uphold our integrity in the course of doing business and strive for the same in our supply chain. Unethical business practices e.g. corruption, embezzlement, fraud, intimidation or false claims have adverse economic consequences to society as it promotes uneven wealth distribution and further worsens inequality. Such practices indirectly encourages uncontrolled environmental exploitation and human rights abuse.	<ul style="list-style-type: none">Unethical business practices occurring in any part of our operations or supply chain can lead to litigation, sanctions and incur compensation costs. Any allegation of our involvement in unethical business conduct can lead to a decline in customer and investor confidence, as well as drop in share value and brand reputation, affecting our legal and social licence to operate.	<ul style="list-style-type: none">Continuing to advocate ethical business practices in the oil and gas industry including among external goods and services providers to bolster stakeholder confidence.	To conduct business at the highest level of integrity and promote Petron Malaysia's core values at all times.



RISKS AND OPPORTUNITIES

RISKS AND OPPORTUNITIES

ENVIRONMENTAL TOPICS



PROTECTING ENVIRONMENT AND NATURE

Material Matter	Description	Risk	Opportunity	Goal
Climate Change & GHGs 	<p>Being an oil company, the production and use of our products contribute to climate change. The combustion of fossil fuels to generate energy gives rise to greenhouse gas (GHG) emissions, contributing to the warming of the planet which leads to climate change. In turn, our operations and supply chain face climate related risks that can affect business continuity.</p>	<ul style="list-style-type: none"> TRANSITION RISKS: <p><i>Policy and legal risks:</i> Governments may introduce regulations aimed at mitigating the impacts of climate change, such as emissions reduction targets, carbon taxes, stricter products and services requirements, or enhanced emissions reporting obligations and climate related disclosures, which can increase the costs of doing business in terms of operations and potential compensation payments.</p> <p><i>Technology risks:</i> Current refinery, terminals and retail technology may not be able to achieve full value due to changing demand for alternative fuel sources. This will require capital investments and may increase operating costs and negatively impact the continued viability of the facility.</p> <p><i>Market risks:</i> The transition to renewable energy, reduction in global demand for fossil fuel increased demand for electric vehicles, policies favouring lower emission transportation modes and overall growing restrictions on oil and gas production may impact our business model and resilience.</p> <p><i>Reputation risks:</i> Growing unfavourable perception of the oil and gas industry and increasing stakeholder concerns on climate change will lead to heightened scrutiny over our performance in addressing climate change impacts. Failure to identify and effectively address known climate risks on our assets and production capacity can affect customers, investors and lenders preferences as well as our business and social licence to operate.</p> PHYSICAL RISKS: <p>Physical risks resulting from climate change can be event-driven (acute) or longer-term shifts (chronic) in climate patterns.</p> <p><i>Acute Risks:</i> Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as storms, droughts, heavy rainfall or floods. For our refinery, terminals and service stations, this may mean reduced availability of raw materials (e.g. crude etc.) due to supply chain disruptions, physical damage to equipment and facilities, delayed construction projects, increased risk of spills/leaks and limited employee mobility and transportation activities due to unsafe road conditions. These impacts can ultimately lead to reduced revenue, increased repair and other remediation costs, as well as higher insurance premiums.</p> <p><i>Chronic Risks:</i> Chronic physical risks refer to longer-term shifts in climate patterns (e.g., sustained higher temperatures) that may cause sea level rise or chronic heat waves. These incremental changes over time can mean increased energy and water consumption, for example those related to production equipment, compressor stations and cooling towers as it compensates the increase in temperatures. This is exacerbated by potentially higher energy costs and reduced water availability in the future. As for sea level rise, this intensifies storm surges which can damage facilities and lead to shutdowns. Such impacts may cause disruptions in our supply chain and financial health in the long-term.</p> 	<ul style="list-style-type: none"> Improving production efficiency through climate risk management by identifying areas to reduce GHG emissions, such as through energy efficiency measures, waste reduction and supply chain optimisation. Improving stakeholder relations by taking proactive steps to manage climate risks and to be viewed more favourably by stakeholders, including customers, investors and regulators. Enhancing product diversification to include more low carbon products and services for example by providing electric charging stations and other renewable energy solutions, ultimately transitioning into a renewable energy provider to meet climate goals. Incorporating specific climate adaptation and mitigation requirements into our processes and operations including the selection of materials and design features e.g. installation of solar panels and climate adaptive design features into our building standards and incorporating climate related criteria for our supply chain. Staying competitive and capitalising on emerging trends through innovations such as product development, supply chain management and renewable energy and water reclamation technologies. Improving data collection, analysis and monitoring to help establish effective climate strategy and ensure transparent and reliable disclosures to all our stakeholders. 	<p>To reduce GHG emissions and address climate change risks.</p>

RISKS AND OPPORTUNITIES

RISKS AND OPPORTUNITIES

ENVIRONMENTAL TOPICS



PROTECTING ENVIRONMENT AND NATURE

Material Matter	Description	Risk	Opportunity	Goal
Air Emissions & Pollution Management 	Our production processes, transportation and day-to-day operations at the terminals, refinery and service stations as well as our products, may release pollutants that end up in the air (other than GHGs), soil, waterways and oceans; and may also emit excessive noise and light. The prevention and management of such environmental pollution is critical for us to maintain a legal and social licence to operate.	<ul style="list-style-type: none"> Exposure to harmful environmental releases can negatively affect human health e.g. respiratory illnesses, neurological disorders; and the health of natural ecosystems. Noise and light pollution can create a nuisance to surrounding communities and the public at large which can lead to legal action, incurring remediation and compensation costs, ultimately affecting overall profitability and reputation. 	<ul style="list-style-type: none"> Effective management of environmental pollution provides a competitive advantage by differentiating Petron Malaysia from other industry players at a time when environmental sustainability is increasingly important to customers, investors and other stakeholders. Enhancing research and development (R&D) efforts to improve our products and processes to minimise potential pollution and costs for treatment and remediation. 	To reduce harmful air emissions and pollution arising from Petron Malaysia's operations.
Waste & Circular Economy 	The traditional linear concept of "take, make and dispose" can lead to negative environmental impacts and cannot be sustained as these resources deplete. We have a responsibility to address our waste-related impacts resulting from our operations and supply chain and to implement circular economy principles in our processes.	<ul style="list-style-type: none"> Slow adoption of circularity measures in our operations and supply chain can lead to missed opportunities for cost savings and revenue generation. This along with poor waste management practices can result in legal action, leading to financial penalties and damage to the Company's reputation. 	<ul style="list-style-type: none"> Enhancing R&D efforts to incorporate circularity into our products and services and reduce disposal costs in the long term e.g. utilising sustainable packaging, and increasing scheduled waste recovery. 	Minimise waste and promote circular economy.
Water Management 	Water is a vital resource for our operations. Being a commodity "shared" with other members of society, we have a duty to ensure our interactions with water i.e. water consumption and wastewater discharge, is managed effectively throughout our operations and supply chain.	<ul style="list-style-type: none"> As water scarcity may become an issue in the future, our reliance on water for operations will be affected and this will lead to business implications. Discharges to water bodies from our production processes including through accidental spills/ leaks throughout our supply chain can lead to water pollution. This affects water quality and availability for society at large, leading to poor public perception and potential legal action and remediation costs. Such events and the increasingly frequent supply disruptions due to water scarcity indirectly increases operations cost. 	<ul style="list-style-type: none"> Implementing latest water technologies related to reclamation/recycling, harvesting and treatment to help meet water needs during supply disruptions and minimise water and treatment costs in the long term. Collaborating and partnering with other stakeholders, such as NGOs, government agencies, and communities, to share knowledge, resources, and best practices, and to collectively address water-related challenges. 	Conserve and protect shared water resources.
Natural Resources 	The use of natural resources such as crude oil and minerals as raw material in our products and services can contribute to their depletion. Our reliance on these resources must be addressed to minimise our impact on its availability at the same time ensuring continuity of our products and services.	<ul style="list-style-type: none"> Natural resource scarcity and depletion can directly drive-up material costs. This may require the use of substitutes or making other process changes which can incur extra costs and disrupt our delivery of products, leading to adverse financial implications. 	<ul style="list-style-type: none"> Exploring renewable energy as an alternate source of income e.g. biofuels, wind, solar or hydrogen. Utilising renewable raw materials with minimal harm to the environment and adopting latest technologies into our processes to minimise reliance on non-renewable resources e.g. using solar power throughout our operations, implementing chemical-free processes and using recycled or biobased packaging for our products. 	To reduce the use of non-renewable material and increase the use of renewable material.

RISKS AND OPPORTUNITIES

RISKS AND OPPORTUNITIES

ENVIRONMENTAL TOPICS



PROTECTING ENVIRONMENT AND NATURE

Material Matter	Description	Risk	Opportunity	Goal
Biodiversity 	<p>Uncontrolled release of waste and discharges including spills/leaks of hazardous material from our activities can contaminate land and natural waterbodies, potentially harming the species and ecosystems they support. Activities such as land clearing for construction of new buildings or facilities (e.g. roads, pipelines); and those occurring within our supply chain (e.g. extraction of crude oil) may also increase access to and damage natural habitats. We thus have a clear responsibility to address our impacts on biodiversity loss wherever we operate.</p>	<ul style="list-style-type: none"> Biodiversity loss can occur through e.g. uncontrolled release of harmful waste onto land and oceans, clearing of forests, or extraction of natural resources, among others. Such events, compounded by climate change, contribute to biodiversity loss, which may incur legal action, restoration costs, and poor public perception. 	<ul style="list-style-type: none"> Investing in biodiversity conservation programmes with high conservation value. 	<p>Protect and promote biodiversity.</p>
Sustainable Supply Chain 	<p>There is increasing government/market expectations/requirements for supply chain responsibility in the oil and gas industry. As such we are responsible for addressing the impacts of our external goods and services providers along the supply chain, including their environmental, social and ethical performance. Issues of concern include human rights and environmental practices, corruption, diverse and inclusive supply chain and capacity building.</p>	<ul style="list-style-type: none"> Unaddressed environmental and social impacts occurring in our supply chain (including customers) will incur remediation costs and negatively affect our reputation. Disruptions in the supply chain caused by stop work orders or other factors e.g. resource unavailability and global sanctions, will cause delays and affect our productivity. These can reduce confidence from our investors, customers, the general public as well as potential suppliers/ business partners. 	<ul style="list-style-type: none"> Developing supply chain sustainability programmes including sustainable procurement to enhance sustainability performance in the supply chain and leveraging on the collective knowledge to improve our processes. 	<p>Prevent and mitigate negative environmental and social impacts in our supply chain.</p>

RISKS AND OPPORTUNITIES

RISKS AND OPPORTUNITIES

SOCIAL TOPICS



FOSTERING SOCIETAL WELL-BEING

Material Matter	Description	Risk	Opportunity	Goal
Agile, Diverse & Thriving Workforce 	Persons who work on our behalf, including our employees, are essential for our continued operations and the achievement of our goals. We recognise our significant role in contributing to society's resilience by ensuring our workers are provided for and empowered. This requires ensuring fair treatment in the workplace and upholding diversity, equity and inclusion (DEI) principles.	<ul style="list-style-type: none"> Employee/worker concerns over compensation and benefits, limited career development opportunities and lack of a sense of belonging or empowerment can lead to higher turnovers and affect our productivity. Not being able to maintain reputation as an attractive workplace or leveraging on diversity in our workforce will also lead to missed opportunities for innovation, collective knowledge and overall workforce resilience in a rapidly changing business environment. 	<ul style="list-style-type: none"> Establishing workforce development programmes fit for a low carbon future. 	Develop an agile and resilient workforce for the future.
Safety 	Our activities inherently carry safety and health risks due to the nature of our operations, products and services. We therefore have a duty to manage potential safety and health impacts such as injuries and illnesses to employees, other workers, customers and the public that may arise from our operations e.g. refinery, terminals, transportation and service stations, as well as those occurring in the supply chain.	<ul style="list-style-type: none"> Our workers including employees, face physical risks such as fires, exposures to hazardous chemicals, manual handling, as well as those related to psychosocial risks. These types of risks can also occur in our supply chain which if unaddressed can lead to disruptions in our production and delivery. Failure to manage physical safety and health risks from our operations, products and services can also cause injuries and illnesses to our customers and surrounding communities. These factors will affect our legal and social licence to operate. 	<ul style="list-style-type: none"> Enhancing our operations and products to embed a safety culture aimed at minimising safety and health risks for our workers and the public through innovative means and use of technology. Participating in national occupational safety and health benchmarking/awards to enhance our reputation as a safe operator. 	Promote safety at all times as a vital core value to Petron Malaysia.
Customer Data Protection 	Breaches of customer data in our possession will compromise our customers' privacy and safety. We are responsible for upholding best practices when collecting, using and securing our customers' personal data to ensure prevention of data losses and breach of their right to privacy.	<ul style="list-style-type: none"> The invasion of our customer data privacy and safety can lead to loss of trust from customers and investors, incurring legal action and compensation costs, ultimately damaging our reputation. 	<ul style="list-style-type: none"> Continuing to monitor cyber threats and enhancing our data protection systems to maintain stakeholders' confidence. 	Safeguard all rights related to data privacy.

ADVANCING ETHICAL BUSINESS GROWTH

Treats

LEBIH JIMAT DENGAN MATA GANJARAN.



We are committed to managing the sustainability impacts of our activities to grow our business ethically. We remain focused on our customers while promoting excellence to ensure long-term sustainable business growth.

We contribute to economic development through the payment of taxes, providing essential fuels to support national mobility, while taking into consideration the welfare of our local communities. We emphasise ethical business practices to maintain the trust we have built with our stakeholders. In this context, we comply with all the necessary laws such as the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act (AMLA).

KEY HIGHLIGHTS

Generated
>RM18 billion
of economic value

Paid
RM26 million
in taxes

94% of
suppliers
engaged were
local

100% of business
operations assessed for
corruption related risks

Invested
>RM600 thousand
in local communities



GENERATING ECONOMIC BENEFITS

As an organisation that is committed to grow responsibly, we strive to promote sustainable development through contributing directly and indirectly to the economy. Not only are we committed to deliver tangible profits to our shareholders, but we also balance it with our other outward financial obligations. This includes helping the economy to develop through paying taxes, supporting local suppliers, creating job opportunities and investing in the local communities where we operate. The Company also recognises its vital role in supporting the nation's mobility and towards nation building. In essence, we believe the long-term financial stability of our contributions are aligned with SDG 8: Decent Work and Economic Growth, where we support decent job creation and entrepreneurship through small and medium-sized enterprises (SMEs).

In tandem with these objectives, we are also supported by a strong governance structure, that implements effective sales strategies, optimising costs and resources, and having in place a comprehensive risk management approach. Further insights on this is discussed in our [Annual Report 2022](#).

DIRECT ECONOMIC IMPACT MANAGEMENT

In 2022, PMRMB generated RM18.4 billion from selling 33.8 million barrels of petroleum products, a 100% increase from the RM9.2 billion revenue generated in 2021. The increase was due to higher oil prices,

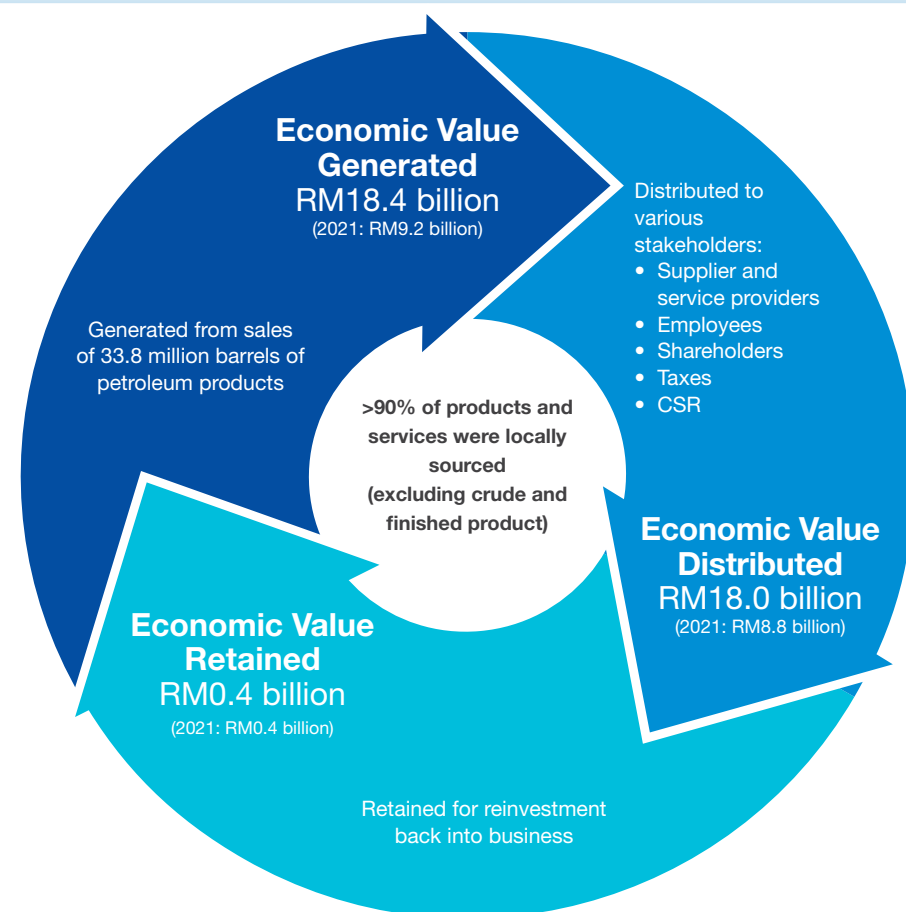
reopening of borders and the removal of COVID-19 restrictions, resulting in an upsurge in travelling and a corresponding surge in the demand for fuel. We retained a slightly lower value of RM388 million for reinvestment after payment of taxes, distribution of dividends to shareholders and payments to suppliers, business partners and contractors. This is retained by the Company and reinvested back into the business. We distributed RM18.0 billion in payments to our suppliers and vendors, employees' salaries, dividends to shareholders, taxes to the government and to various CSR programmes.



GENERATING ECONOMIC BENEFITS

DIRECT ECONOMIC IMPACT PERFORMANCE

Direct Economic Value Generated & Distributed



	2020	2021	2022
ECONOMIC VALUE GENERATED (REVENUE)	RM6.5 billion	RM9.2 billion	RM18.4 billion
Other Income	RM70 million	RM61 million	RM98 million
ECONOMIC VALUE DISTRIBUTED			
Payment to Suppliers/Business Partners/Contractors	RM6.4 billion	RM8.7 billion	RM17.9 billion
Salaries and Benefits for Employees	RM76 million	RM69 million	RM48 million
Dividend Paid to Investors	RM32 million	RM14 million	RM54 million
Tax Paid to Government	RM17 million	RM6 million	RM26 million
Community Investment	RM525 thousand	RM155 thousand	RM608 thousand
ECONOMIC VALUE RETAINED FOR REINVESTMENT	RM18 million	RM424 million	RM388 million

Data for PMRMB only.

Note:
Further details of our financial performance can be found in the MD&A section in our AR2022.

GENERATING ECONOMIC BENEFITS

Supporting Local Industries

We support local industries by extending business opportunities to our surrounding communities and prioritising goods and services from local vendors and service providers. This will not only help drive local economic growth but also enhance the cost-effectiveness and efficiency of our supply chain. We only resort to acquiring products and services from overseas when all other local alternatives have been thoroughly explored and exhausted. To foster a network of trusted partners, we cultivate close relationships with our partners and actively seek out reputable local suppliers when procuring goods and services. By doing so, we help to create job opportunities for the local communities.

In 2022, we paid RM17.9 billion to suppliers, business partners and contractors, up from RM8.7 billion in 2021. Local suppliers constituted 94% of our entire vendor pool, accounting for 46% of our total procurement expenditure, equivalent to RM8.2 billion in cost. To support national demand for petroleum products post COVID-19, there was an increase in our spending on foreign suppliers, totalling RM9.7 billion as the nation is a net importer of crude oil and petroleum products. However, if we were to exclude crude and finished products, more than 90% of our spend was on locally sourced products and services. Non-local vendors are usually for specialised services where local support is not available, such as foreign vendor support for our DHT and BSR facilities.

Supporting Local Suppliers and Total Monetary Value of Payments Made to Suppliers

	Unit	2020	2021	2022
Total Suppliers		1,012	1,007	1,004
Local Suppliers	Number	935 (92%)	938 (93%)	941 (94%)
Foreign Suppliers		77 (8%)	69 (7%)	63 (6%)

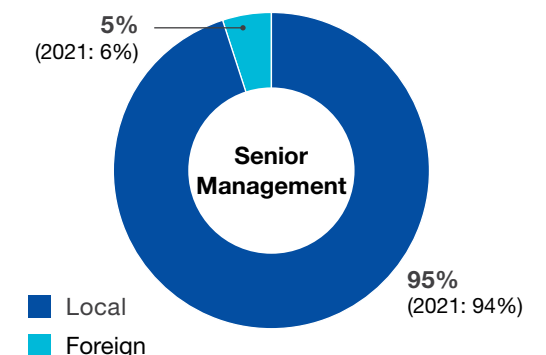
	Unit	2020	2021	2022
Total Spent		6.4	8.7	17.9
Payments to Local Suppliers	RM billion	3.8 (60%)	4.4 (50%)	8.2 (46%)
Payments to Foreign Suppliers		2.6 (40%)	4.3 (50%)	9.7 (54%)

Note:
Figures reported in 2020 and 2021 have been restated under accruals basis as guided by GRI 204-1.

Uplifting Local Leadership

We prioritise local talent in Senior Management to provide leadership opportunities and higher paying positions to the local community, enabling us to contribute to local economic growth. The inclusion of local individuals in our Senior Management team not only showcases Petron Malaysia's strong market presence, but also enhances our human capital and strengthens our understanding of the needs and aspirations of the local community.

In 2022, the proportion of Senior Management hired from the local community in Malaysia increased by 1% compared to the past two years. All the operations in Malaysia are significant to our business. Local refers to Malaysian citizens while Senior Management refers to employees who hold positions above the supervisor level and are responsible for leading decision-making processes within their respective teams and departments.



Dividend Paid to Investors

We provide returns on our stakeholders' investments through our dividends. In 2022, we increased dividends to shareholders to RM54 million from RM14 million in 2021. The dividend pay-out, which translated to about 23% of the 2021 net income, considered among others, the cash position and funding requirements of the Company.

Taxes

We also paid RM26 million in taxes in 2022, which included corporate tax, service tax and property taxes such as quit rent and assessment. The higher taxes paid was mainly because of higher instalment in 2022 compared to the tax offset we received in 2021 due to overpayment in 2020.

GENERATING ECONOMIC BENEFITS

Serving Local Communities

Investing in local communities enable us to foster our relationship with them and to raise awareness on safety and the environment. We strive to position ourselves as a trusted and approachable partner within the local communities we serve, including the fenceline communities who are impacted by our operations and activities. We actively engage with these communities to address their needs and contribute to a thriving society.

We reach out to the communities we serve through various corporate social responsibility (CSR) initiatives, disaster relief efforts, sponsorships and donations. Our CSR initiatives consist of educational programmes, which aim to promote safety within communities. They include our flagship programmes, the Go-to-Safety-Point (GTSP) and the Road Safety Programme.

We also extend support and assistance to communities in need, such as victims of natural disasters and underprivileged groups. We sponsor various initiatives and programmes that enhance the well-being of the local communities in areas where we operate. This includes supporting the activities and charitable programmes organised by local villages, schools and organisations, such as during festivities and sports tournaments.



Additionally, where necessary, we hold engagement sessions or townhall meetings with the relevant local communities to effectively communicate our upcoming projects and the potential impacts on the communities. This enables us to foster open dialogues, address concerns and ensure transparency in our operations.

In 2022, we invested **RM608 thousand** in various community programmes, including:

Go-to-Safety-Point (GTSP) - RM244 thousand



Road Safety Programme - RM100 thousand



Disaster Relief - RM198 thousand



Green Programme - RM5 thousand



Sponsorship - RM62 thousand



COMMUNITY-BASED INITIATIVES

Go-To-Safety-Point (GTSP)

Our GTSP programme reflects our commitment to advance community safety. Developed in collaboration with the Royal Malaysia Police (RMP), GTSP aims to transform our service stations into 'safe havens' that offer early assistance during emergencies.

All Petron Malaysia service stations are fully equipped to serve as GTSP locations and our dedicated dealers and service station staff are given comprehensive training to provide immediate assistance in various emergency scenarios.

In August 2022, we held our first physical GTSP training session, as the previous training sessions for the Retail Sales team were done virtually due to COVID-19 movement restrictions. The training was attended by our Retail Sales team and police representatives from Jabatan Pencegahan Jenayah Dan Keselamatan Komuniti (JPJJK), Bukit Aman. The session presented crucial training on the GTSP programme such as rendering of early assistance and/or administering basic first aid by service station staff/dealers, citizen's arrest and the rights to self-defence. A representative from RMP also shared some tips on how to minimise break-ins at the service stations. All participants earned a Certificate of Participation by JPJJK, to encourage greater participation.



During the year, we also actively drove this programme through various initiatives:

- Training and refresher sessions consisting of quizzes and re-enactment of actual events:
 - **25** service stations in Melaka on 26 October
 - **31** service stations in Terengganu on 31 October
 - **44** service stations in Penang, on 30 November



- Launch of Petron Malaysia's Mural and Safety Posters in Nilai, Negeri Sembilan on 29 September
 - 11 service selected stations are now locations of our service station mural which carries a unique safety themed message using old Malay proverbs. We collaborated with 10 local artists from Art Battalion to showcase their talent. In addition, new safety themed posters with the visuals of the murals were launched during the event and placed at all Petron service stations



- GTSP Commendation Letter Ceremony in Nilai, Negeri Sembilan on 29 September
 - **28** service station dealers received GTSP Commendation Letter from RMP for handling 30 GTSP incidents in years 2020 and 2021



- Sabah State GTSP in Kota Kinabalu on 20 October
 - Attended by 200 guests from Petron service station dealers, RMP Sabah, NGOs, community policing representatives and members of the media
 - Launched service station mural painting and presentation of GTSP Commendation Letter to Sabah dealers



GENERATING ECONOMIC BENEFITS

GENERATING ECONOMIC BENEFITS

Road Safety Programme



Our Road Safety Programme aims to foster and enhance road safety awareness among school students and the general public. Focusing on newly licenced young drivers aged between 16 and 17, this initiative is aligned with the government's endeavour to reduce the number of road accidents.* To reach out to the wider community, we collaborate with strategic partners to carry out the initiatives under this programme.

In 2022, we:

- Revived our Petron Malaysia Road Safety Programme (RSP) with the Road Transport Department (RTD)
 - we conducted our physical RSP in collaboration with the Road Safety Section of RTD. The initiative was in partnership with the District Education Office, with SMK Putra Perdana Puchong being nominated for the programme. The school has a student population of 3,000, many of whom commute on motorcycles. Among the highlights were a talk on blind spots of large and heavy vehicles by our company hauler, LPG fire safety tips for home and a demonstration on fire extinguishing techniques by the Fire and Rescue Department. We sponsored 1-litre lubricants as prizes for 60 students who participated in a safe riding demonstration organised by Metro Driving Academy
- Contributed **>150 bottles** of Rider 4T Premium Multigrade Motorcycle for the Melaka Road Safety Campaign & Ops Bersepadu in conjunction with Hari Raya 2022
- Took part in the 2022 National Road Safety Campaign & Ops Bersepadu launched by JPJ Putrajaya during the Hari Raya and Chinese New Year celebrations. As a gesture of support, we donated goodie bags with health essentials including face masks, mask holders and tissue boxes

Disaster Relief

In 2022, many families were impacted by the floods that hit several states, with livelihoods affected and even lives lost. As part of our CSR programmes, we reached out to the affected families and individuals, including service station staff, by donating daily sustenance and cash.

We contributed:

- Home Start-Up packages comprising a 12kg GASUL LPG, a set of regulator and hose, two mattresses, two pillows and a blanket. The packages, worth RM350 each, benefitted **400** flood victims in the states of Pahang, Johor and Selangor. We collaborated with the Malaysian Red Crescent Society (MRCS) for logistical arrangement for the purchase and delivery of items while our LPG dealers delivered the gas cylinders
- Through our Volunteerism in Action (VIA) Emergency Flood Relief Appeal Fund:
 - **RM27,000** was raised from employees and service station dealers, enabling the purchase of home and personal care items. They included 180 boxes consisting of cutleries, kitchen utensils and sanitary items, which were distributed to victims in Pahang, Klang Valley and Negeri Sembilan. This was in collaboration with the Malaysian Association of Youth Clubs (MAYC) of Perak, Pahang and Selangor
 - **540** flood relief packages were distributed to Petron service station staff and victims in Kelantan and Terengganu. The packages contained essential items such as towels, blankets, canned foods, biscuits, mineral water and personal care items worth RM120 per pack. The packages were available at five drop-off points and manned by 28 staff and dealers
 - **13** boxes of used and new items such as towels, blankets, undergarments, sarongs, disposable diapers and prayer robes, collected during the week of VIA Day at Petron HQ and PD, were distributed to flood victims at the relief centre by our Petron dealers



Green Programme

In protecting the environment, we endeavour to raise awareness on the importance of environmental conservation among the communities, other than reducing our operational GHG emissions. In 2022, we selected Sekolah Menengah Dato' Abdul Samad (SDASA) to kick-start the first phase of our 3-year green programme in Port Dickson.

As part of raising environmental awareness among the students, we teamed up to plant 28 fruit trees and bamboo plants in the school compound. Planting trees of various species help to promote better understanding on the importance of sequestering carbon naturally from the atmosphere. Further to that, the school will be able to raise funds through selling fruits harvested from the trees. In addition, we installed a rainwater harvesting system in the school using upcycled materials to reduce dependence on purchased water. We hope that these initiatives will reduce our environmental footprint and have a positive impact on the local community.

In the next two years, Sekolah Tinggi Port Dickson (STPD) and Sekolah Kebangsaan Port Dickson (SKPD) will be undergoing their specific activities along with SDASA as part of phase two and three of our PD Green Programme. The schools were selected based on their proximity to our refinery and are part of the government's School Transformation 2025 Programme (TS25). This TS25 programme aims to empower school leadership and maximise potential through improving the pedagogical quality of teaching and students' well-being.

INDIRECT ECONOMIC IMPACT

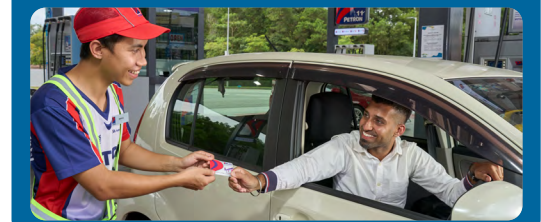
Sapot Lokal

- Pilot with **50** entrepreneurs in 2021
- Benefited **120** local entrepreneurs with more than **1,000** products sold



Provide Job Opportunities

- Retail: **>750** service stations nationwide employing **>7,000** employees
- LPG: **270** employed through LPG network



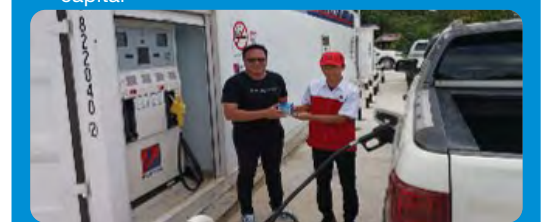
Volunteerism In Action (VIA)

- Invested in community programmes such as:
 - Flood relief
 - Medi-Camp Plus
 - Food packs for university students
 - Back to School



Encourage Rural Entrepreneurship

- 1st Portable Container System (PCS) was introduced in 2016
- 7 additional units in operation in Sabah
- Provided opportunity for rural entrepreneurs to become service station dealers with smaller capital



* Source: Malaysian Institute of Road Safety Research (MIROS) -Young motorcycle riders aged between 15 and 18 are among the highest risk groups for fatal road accidents.

GENERATING ECONOMIC BENEFITS

GENERATING ECONOMIC BENEFITS

Supporting Entrepreneurship with “Sapot Lokal”

We help local businesses grow by promoting their goods at our service stations. Piloted in six service stations in the Klang Valley in 2021, “Sapot Lokal” aims to promote rural entrepreneurship and help local businesses recover from the economic slowdown caused by COVID-19. It enables entrepreneurs to display and sell their locally produced products on the “Sapot Lokal” shelves provided by the participating service stations. To ease the financial burden of the merchants, Petron offered competitive fees and waived new listing fees for the “Sapot Lokal” products.

Starting with 50 local entrepreneurs from the rural areas, the programme has since benefited 120 local entrepreneurs as of end of December 2022. The programme is a collaboration with the Ministry of Rural Development and the Ministry of Domestic Trade and Consumer Affairs. Some of the best-selling products that are sold on the Petron “Sapot Lokal” shelves include pastes, “sambal”, “kerepek”, “keropok” and popular local food and beverages. The response from consumers was encouraging, as product sales quadrupled compared to the total sales made in 2021. In 2022, we further expanded the “Sapot Lokal” initiative beyond Klang Valley with the opening of Petron Seremban 2 (IJM) in Negeri Sembilan. Going forward, we plan to expand the “Sapot Lokal” programme to 150 service stations by 2025 and to all Treats stations by 2030.

Providing Job Opportunities

Through our expansive network of service stations, we actively contribute to a wide range of domestic economic activities including creating job opportunities and supporting local business growth. As a testament to this commitment, our retail network of more than 750 service stations across the country provides employment to **>7,000** employees, whereby majority of them are Malaysians. At the same time our LPG distributors and distribution centres provide another **270** jobs.

Encourage Rural Entrepreneurship

We provide opportunities for rural entrepreneurs where possible to general indirect economic impact. In 2016, we introduced the Portable Container System (PCS), which supports our goal to reduce our environmental footprint while giving rural residents a chance to set up and operate service stations with lower initial capital requirements. This allows rural entrepreneurs to become dealers in remote areas where fuel consumption is not economically viable to place full fledge service stations. As such, it provides access to rural residents to buy fuel at retail regulated prices as opposed to buying from unsafe containers at a higher price. Since its inception in 2016, a total of seven PCS units have been installed in Sabah.

Volunteerism in Action (VIA)

Volunteerism in Action (VIA) is our employee volunteer programme. Our employees own this initiative where they dedicate their time, energy and resources to support the underserved and underprivileged through a range of CSR initiatives. These initiatives involve sponsoring school essentials to underprivileged students and donating personal care items to flood victims during relief programmes. Additionally, Petron’s dealers are invited to participate in these programmes and they have generously contributed to VIA, amplifying the impact of our initiatives. On 22 April, 30 volunteers consisting of staff and dealers embraced the Ramadan spirit by distributing food packs to university students as part of the Berbuka Puasa Bersama Petron programme.



Since December 2021, the VIA raised >RM90,000 from donations by employees, which went towards various local community programmes:

Emergency Flood Relief Appeal – RM27,000 funds collected in December 2021

Flood Relief Programme for Kelantan & Terengganu – RM4,800 funds collected through charity breakfast and merchandise sales

Berbuka Puasa Bersama Petron and Donation Drive – RM9,500 funds collected

Medi-camp Plus 2022 Donation Drive – RM7,100 funds collected

Back to School Programme for 2022 – RM42,000 funds collected for 120 school children in Klang Valley and Port Dickson

ETHICAL BUSINESS PRACTICES

Petron Malaysia is committed to uphold ethical business practices by preventing corruption and exercising good corporate governance across its operations. Ethical business practices are vital for building and maintaining trust besides mitigating risks, strengthening customer relationships and retaining talent. By integrating ethics into our core values and operations, our organisation can generate positive impacts for our stakeholders in the areas where we operate, while ensuring sustainable business growth.

Sound business ethics play a crucial role in our corporate governance as it guides our decision-making, fosters accountability and ensures we manage our business operations responsibly. Our commitment to uphold the highest ethical standards ensures a zero-tolerance approach towards corruption, bribery and fraud within our organisation. We strive to conduct our business fairly and with integrity, to safeguard the interests of our stakeholders including shareholders, management, employees, customers, suppliers and the wider community. By integrating ethical practices into our corporate governance framework, we aim to build trust, enhance our reputation and create long-term value for all our stakeholders.

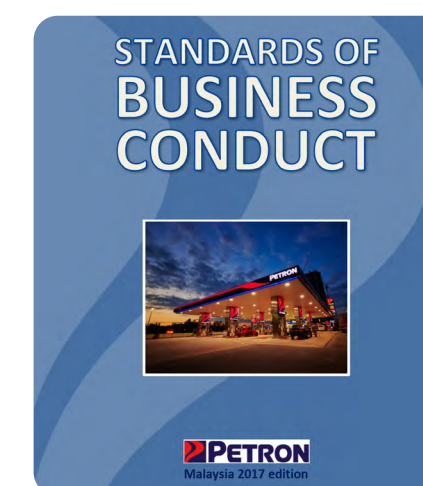
ETHICAL BUSINESS MANAGEMENT

KEY HIGHLIGHTS

- ✓ Employees received training on anti-corruption
- ✓ Operations assessed for corruption-related risks
- ✓ Zero incidents of corruption
- ✓ Employees completed Annual Declaration
- ✓ New suppliers screened for AMLA

Standards of Business Conduct

We continue to be guided by the Company’s Code of Conduct known as the Standards of Business Conduct (SBC), which aims to minimise legal, regulatory, financial and reputational risks across our operations. The SBC serves as an overarching framework of policies and guidelines for a wide range of ethical-related matters, such as business ethics and integrity, anti-corruption and anti-money laundering. In 2022, a revised set of SBC*, which included revised policies on sexual harassment, anti-corruption, anti-money laundering and whistleblowing have been implemented.



The revised SBC, which is available on the Company’s website at www.petron.com.my, includes the following policies:

- Dealers and Suppliers Partnership
- Ethics and Business Integrity (Anti-Harassment, Anti-Sexual Harrassment, Conflicts of Interest & Directorship, Company Confidentiality, Company Property, Compliance with Laws)
- Anti-Corruption
- Whistleblowing
- Fair Competition
- Political Activities
- Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities

Our commitment to safeguard ethics and integrity is also shown in the separation of duties between the Chairman and the Chief Executive Officer. Furthermore, our Board consists of five Independent Directors, three Executive Directors and one Non-Independent Non-Executive Director. In addition, our Board Audit & Risk Management Committee (BAC) and the Nominating Committee are chaired by Independent Directors.

* For more information on the SBC, refer to page 63 in the AR 2022.

ETHICAL BUSINESS PRACTICES

As a testament to our high standards of integrity, our Manila based internal auditors, who audit all Petron Corporation companies in the region, Petron Malaysia included, conduct not more than seven internal audits annually and report to the BAC. This enables our organisation to leverage on Petron Corporation's best practices in internal auditing and allows us to independently manage our own internal audits.

Both the Internal Audit as well as the external auditor report to the BAC. Our external auditor is responsible for providing comprehensive reports to the BAC, encompassing all matters related to audits, including routine statutory audits or special audits. Additionally, the BAC reviews and approves the Audit Plan annually and engages in private discussions with the external auditor without the presence of the Management or Executive Directors. In the year under review, the Committee convened privately with the external auditor once.

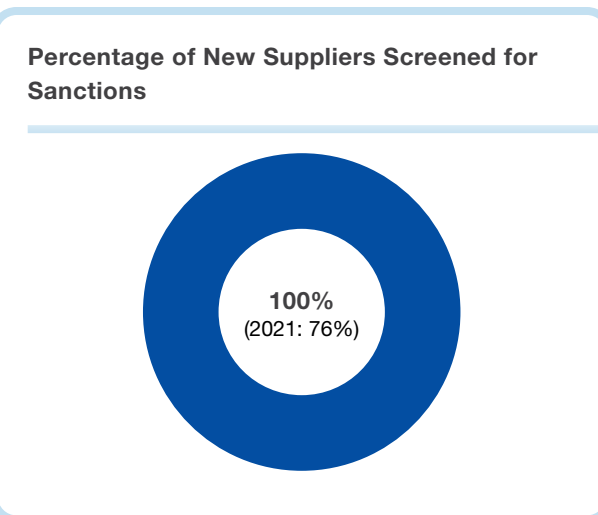
An Ethical Supply Chain

We have in place a Dealers and Suppliers Partnership Policy, which requires all our vendors and suppliers to adhere to Petron Malaysia's SBC. Our vendors and suppliers are also protected by our Whistleblowing Policy, which enables them to report any suspected misconduct or corrupt practices without fear of reprisals.*

As part of our commitment to cultivate ethical business practices, we communicate our standards and policies to our dealers. We also provide ethics and business training during the induction process for new Retail dealers, with a priority on management level and conduct refresher training once every five years. We aim to start tracking the number of attendees in future. On the other hand, LPG dealers are expected to adhere to their contractual agreement with Petron throughout their business dealings with us. The terms in their contractual agreement cover various aspects of business standards in relation to ethics and integrity. In addition, the aforementioned policy is also available for reference in our operating handbook.

We have been conducting sanctions screening based on the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act (AMLA) 2001. Prior to registering any vendors and suppliers, we verify the companies and their directors against the sanctions list by the Ministry of Home Affairs, which keeps a record of companies that are linked to crimes, wars, terrorism or slavery.

In 2022, 100% of our new suppliers and vendors were screened against the sanctions list and zero suppliers were found to be on the list. The following details the percentage of new suppliers who went through this procedure since it was initiated:



Anti-Corruption

We uphold a zero-tolerance approach towards corruption by enforcing policies, providing training and creating awareness among the relevant stakeholders. We consistently communicate our Anti-Corruption and Anti-Money Laundering policies and procedures to our employees, business partners, suppliers and vendors via email, training, intranet and our corporate website.

To ensure our operations are free from corruption, we conduct corruption risk assessments periodically to ascertain if there are any corruption or money-laundering acts within our operations, third parties and vendors engaged by Petron Malaysia. In 2022, a risk assessment was conducted for 100% of the business operations of Petron Malaysia and there were zero incidents of confirmed corruption cases, related risks and money laundering incidents. This assessment is subject to Internal Audit and is conducted every three years or as and when required. In 2022, there were zero instances of anti-competitive behaviour and violations of anti-trust and monopoly legislation.

Anti-Corruption Training

Our employees, including newly onboarded staff, receive annual training on the SBC. While all our employees have undergone training on the SBC, they are also required to attend the SBC refresher course from time to time. During the COVID-19 movement restriction from 2020 to 2021, SBC training sessions were conducted online to emphasise communication and training on anti-corruption policies and procedures. In 2022, we resumed physical training, with 48% of employees attending the physical sessions. The training included the revised policies on anti-corruption, sexual harassment, whistleblowing and anti-money laundering.

The remaining employees are expected to complete the training by 2023. All employees also completed their annual declaration, confirming their understanding of and compliance with the Company's core policies. From 2020 to 2022, we have consistently communicated our policies on anti-corruption to our governance body members, ensuring that they are updated and well aware of the latest standards and practices. However, training on anti-corruption policies and procedures has yet to be conducted for the BOD but we aim to provide the training to 100% of our BOD members by the third quarter of 2024.

ETHICAL BUSINESS PERFORMANCE

Percentage of Employees Trained on Anti-Corruption Policy

2022: 48%

Percentage of Operations Assessed for Corruption-related Risks

2022: 100%

Total Number & Percentage of Employees who attended Refresher Training on the SBC

2022:
Total: 317/658 employees
 48%

Management: 281
 56%

Non-Management: 36
 22%

Percentage of Employees who completed Annual Declaration

2022: 100%

ETHICAL BUSINESS PRACTICES

* For more information on our supply chain management, refer to Sustainable Supply Chain on page 60-62.

PROTECTING ENVIRONMENT AND NATURE



In the pursuit of reducing and minimising the adverse environmental impacts of our operations, products and services, we are committed to adopt best practices and innovations that promote responsible consumption of resources. Our efforts include monitoring and tracking our emissions, waste management, and water usage, enabling us to accelerate the transition to low-carbon operations.

We always strive to go beyond regulatory compliance and align our practices with international standards. Some of our operations have already attained international standards in environmental management, namely the ISO 14001:2015 Environmental Management System (EMS) Standard. Based on the EMS SIRIM Audit conducted in 2022, there were zero non-conformance reports in both refinery and terminals.

We are guided by an overarching Environmental Business Plan (EBP) that sets out specific yearly targets for a period of five years to continuously reduce our negative environmental impacts. The EBP ensures periodic review of our targets and aligns our initiatives with the Company's overarching sustainability strategy. The EBP's targets are also aligned with Petron Malaysia's overall Business Plan which is approved by the Board, in addition to meeting the EMS standard.

Our environmental data are from operations of which Petron Malaysia owns more than 50% equity share and have full operational control. These include Port Dickson Refinery, Port Dickson Terminal, Bagan Luar Terminal, Kuantan Terminal, Sepangar Bay Terminal, Sandakan Terminal, Tawau Terminal and Lumut PME Plant (LPP). The Group energy consumption and GHG emissions data also covered the Head Office (HQ) and Petron Retail Training Centre (PRTC), as well as the operations mentioned above. PDR refers to both our refinery and terminal in Port Dickson.

KEY HIGHLIGHTS



CLIMATE CHANGE AND GHGs

The impacts of climate change have exacerbated over time, encompassing heightened temperatures, shifts in precipitation patterns, more frequent or intense extreme weather events and rising sea levels. These changes have adversely impacted the environment, human health and well-being.

Globally, extreme weather events have led to significant disruptions in daily life. In 2022, more than 100 locations across Malaysia experienced flooding across the nation while 16 landslides occurred in Johor, Kelantan, Pahang, Perak and Terengganu. These incidents displaced over 72,000 people, who were forced to seek refuge in 418 evacuation centres.¹

Climate change is accelerated by global warming, which is primarily caused by the increased concentration of greenhouse gases (GHGs) in the atmosphere, released through human activities. These activities include the burning of fossil fuels such as coal, oil and gas, emitting GHG emissions that trap the sun's heat and contribute to the elevation of temperatures. Deforestation and industrial processes also contribute to this phenomenon. The UN has concurred that climate change is a primary driver of biodiversity loss and that up to one million species are threatened with extinction, many within decades.²

Despite the pledges made by many corporations to attain net zero emissions by 2050, climate experts are advocating for a 50% reduction in emissions by 2030. This is necessary to stop global warming temperatures from exceeding 1.5 degrees Celsius and to further mitigate the devastating impacts of climate change.³ Therefore, it has become crucial for corporations to collectively intensify their endeavours in their climate action.

At Petron, we are highly aware of the important role we play in responding to the global climate change emergency. We are committed to address climate risks associated with Petron Malaysia's operations and supply chain. Our commitment to climate action is underpinned by the BOD's oversight of sustainability material matters, which includes the approval of strategies, goals and targets related to Climate Change and GHGs. We have also enhanced Scope 1 and 2 GHG emissions disclosures in our 2022 Sustainability Report.

To ensure we are moving in the right direction, we have taken initial steps to adopt the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. In 2022, we developed a Climate Action Guide that will help us in developing our climate action strategy, to meet the TCFD recommendations. This strategy will determine the long-term climate action plans for Petron Malaysia.

The early steps of our climate action plan begin with recognising Climate Change as our material matter, following a materiality assessment conducted in 2022.

As TCFD disclosures will be mandatory by Bursa Malaysia in 2025 for main market listed companies, we are currently developing the policies and supporting strategies required. We plan to start adopting TCFD in 2024 and further improve our disclosures against the TCFD recommendations by 2025.

Going forward, we plan to:

- Develop** internal policies and strategies on climate change that support a structured plan to contribute to reducing global warming
- Identify and incorporate** climate-related risks and opportunities associated with our operating environment
- Incorporate** aspects of Petron's Climate Policy into Petron's Business Plans
- Develop and standardise** a GHG inventory to monitor and measure GHG emissions
- Develop** climate-related targets and metrics
- Set up** a climate task force, raise awareness and encourage change in behaviours

¹ Source: <https://reliefweb.int/disaster/fi-2022-000379-mys>

² Source: <https://www.un.org/en/climatechange/science/climate-issues/biodiversity>

³ Source: <https://www.un.org/sustainabledevelopment/climate-change/>

CLIMATE CHANGE AND GHGs

EFFICIENT ENERGY MANAGEMENT

Petron has undertaken significant efforts in shifting to renewable energy, demonstrating a commitment to optimise its energy management practices and reduce its GHG emissions. We support the Malaysian government's National Energy Policy 2022-2040, which aims to drive sustainable development of the energy sector while ensuring optimal utilisation of energy resources. Malaysia has also increased the share of renewable energy in its installed capacity to a revised target of 31% by 2025, from 6% in 2020.¹

While we continue to seek renewable energy solutions, we have progressed with simpler and readily available energy efficient alternatives by replacing conventional light bulbs with LED and solar-powered lights. This initiative, which is implemented in the refinery, terminals, LPP, retail service stations, head office and training centre, is carried out progressively and expected to be completed in 2023.

Additionally, our new service stations have been designed to utilise more natural lighting and open ventilation to reduce consumption from grid electricity. Currently, 15 service stations have been installed with solar power panels. By 2024, we aim to power 120 of our service stations with solar energy, which will translate to 6,740 tCO₂e of reduction in total per year.²

Alongside our efforts to reduce electricity consumption from the grid, we also focus on improving our overall operations through efforts in energy efficiency during the year. Specific facilities are selected as pilot projects to assess the current consumption of energy via energy audits. Within these facilities, energy efficient lighting and equipment such as LED and solar powered lighting, and energy efficient air-conditioning were installed to optimise energy utilisation at these buildings.



In 2022, we continued supporting the yearly Earth Hour global event as a symbol of commitment to the planet. Non-essential lightings at our terminals and service stations, including the main canopy, were switched off for one hour. We ensured the safety of our staff and customers by providing reflective vests to personnel in our service stations and terminals and implementing traffic management measures. This is a gesture to show that we also have a part to play.

Our dedicated energy team, comprising personnel from building management, refinery and terminals, is tasked with developing and implementing an energy management plan to further drive our energy management goals. Petron is dedicated to improve its energy management practices to protect and conserve the environment. Going forward, Petron aims to adopt more energy-efficient equipment and appliances to better manage energy consumption and reduce wastage.

CLIMATE CHANGE AND GHGs

ENERGY PERFORMANCE

In support of Malaysia's climate change ambitions to reduce GHG emissions by 45% by 2030 from 2005 levels, we remain steadfast in our commitment to energy efficiency by continuing to reduce our carbon footprint.

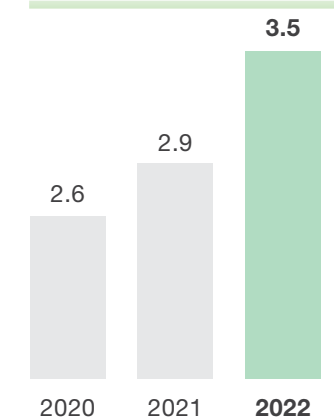
In the year under review, the Group's energy consumption experienced a notable increase of 22% compared to 2021, due to the resumption of our business operations after COVID-19 restrictions, no shut downs, as well as the full year impact of DHT operations but at a lower intensity level.

At our operating sites, Petron's energy is derived from electricity and non-renewable sources, namely diesel, gasoline, natural gas and Light Fuel Oil (LFO), which is utilised across our value chain including at terminals, warehouses and service stations. Our head office building, offices and retailers consume only electricity. Our energy consumption mainly comes from gasoline, which is utilised for boilers and generator sets. The refinery accounted for more than 95% of the Group's total energy consumption, attributed to the processing of crude oil into finished petroleum products. LPP also experienced the sharpest increase in energy consumption, recording an 8% rise against 2021, which was largely due to the plant's 30% capacity expansion and the commissioning of its wastewater treatment plant during the reporting year.

Energy consumption at our terminals also increased by 12% compared to 2021, due to higher demand post COVID-19 restrictions. Additionally, energy consumption at both the headquarters and the Petron Retail Training Centre increased as employees returned to work in the office after the easing of COVID-19 restrictions.

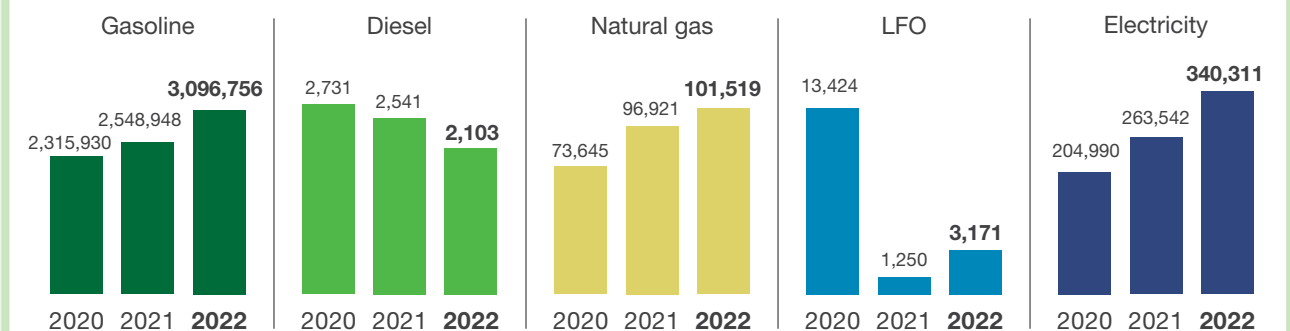
In 2021, there was a marked increase in total and unit intensity, mainly attributed to the commissioning of the DHT and BSR plant start-up activities. The charts below provide a comprehensive breakdown of our Group's energy consumption by source and energy intensity:

Group Energy Consumption
(Million Gigajoules (GJ))

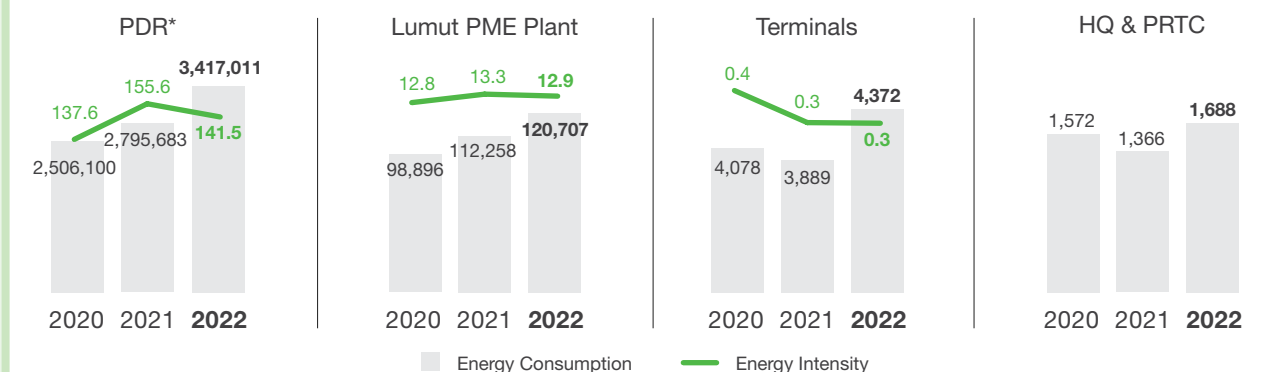


Note:
This data comprises non-renewable energy and electricity.

Group Energy Consumption by Sources (Gigajoules (GJ))



Energy Consumption (GJ) and Intensity (GJ/KBBL)



* Port Dickson Refinery and Terminal

¹ Source: Malaysia aims 31% RE capacity by 2025 - MIDA | Malaysian Investment Development Authority.

² Note: The reduction of CO₂e is calculated using MY Energy Commission 2019 Grid Electricity Emission Factor.

CLIMATE CHANGE AND GHGs

GHG EMISSIONS MANAGEMENT

Our GHGs consist mostly of Carbon Dioxide (CO₂), with minimal Methane (CH₄) and Nitrous Oxide (N₂O). These CH₄ and N₂O emissions arise only from incomplete fuel gas combustion in furnaces, boilers and electricity consumption. Otherwise, a complete combustion will produce carbon and water.

In advancing towards a low-carbon operation, we strive to reduce our operational GHG emissions by implementing initiatives such as investing in DHT and Marine Import Facility 2 (MIF2) projects. The implementation of DHT has broadened our range of crude oil sources, enabling us to handle higher sulfur content but better value crude oil varieties. This enhancement has positively impacted our feedstock expenses and product output, facilitating the production of ultra-low sulfur diesel products that adhere to Euro 5 standards, in line with the government's directive to phase out Euro 2 diesel. In 2022, the MIF2, comprising a single buoy marine and two 250,000 barrel product tanks, enabled the utilisation of larger marine vessels. The reduction in the number of shipments by 69% also resulted in lower carbon emissions from the vessels.

During the year under review, we engaged subject-matter experts to conduct energy audits at selected facilities within the Group. The purpose was to obtain expert advice in identifying potential renewable energy solutions. We are currently reviewing and discussing the best available and effective options to be implemented.

To minimise our GHG emissions, we will continue to monitor and ensure our operations are optimised and efficient by:

- 1 Optimising heat integration to reduce furnace firing, and flaring (for process streams)
- 2 Conducting regular and preventive maintenance and servicing especially on heat exchangers and burners
- 3 Conducting leak detection and repair programmes for tanks, pipelines, valves and flanges
- 4 Installing vapour monitoring wells along pipelines to detect leakage

GHG Emissions Across Petron Network

	Refinery	LPP	Terminals
Applicable GHGs	CO ₂ , CH ₄ , N ₂ O	CO ₂	CO ₂
Scope 1	<ul style="list-style-type: none">• Furnaces• Boiler• Flaring• Genset• Company Vehicles	<ul style="list-style-type: none">• Boiler• Forklift	<ul style="list-style-type: none">• Pump• Genset• Company Vehicles
Source of Emission Factors	<ul style="list-style-type: none">• American Petroleum Institute (API) Compendium of GHG Emissions Methodologies for the Natural Gas and Oil Industry (2009)	<ul style="list-style-type: none">• U.S. Environmental Protection Agency (EPA) 2021	
Scope 2	Purchased Electricity		
Source of Emission Factors	MY Energy Commission 2019 Grid Electricity		

Carbon sequestered by
15,000 tree seedlings
grown for
10 years



What is 1
kiloton of CO₂
equivalent?

CO₂ emissions from
117 homes'
electricity use for
one year



Source: US EPA Gov

CLIMATE CHANGE AND GHGs

GHG EMISSIONS PERFORMANCE

The Group's GHG emissions (Scope 1 and Scope 2) increased in 2022 mainly due to higher crude run to cater for increased demand after COVID-19 restrictions and full year operations of DHT for us to produce cleaner E5 fuel. Intensity, however was lower than 2021 after the start-up process and we had more reliable DHT operations. For Scope 3 GHG emissions, we plan to develop a GHG inventory by 2025, which will cover Scope 3 emissions data in phases. Additionally, we are also working towards setting and incorporating climate-related targets into all our initiatives.

About 97% of the Group's GHG emissions came from the refinery, of which 75% of CO₂ emissions were released from furnace burning while 7% originated from the flaring of excess gas. The remaining 18% stemmed from electrical consumption. Meanwhile, our terminals' Scope 1 GHG emissions dropped by 45% against 2021 due to reduced consumption of gasoline and diesel for maintenance activities and standby equipment, mainly due to fewer maintenance activities. At LPP, the plant's 30% capacity expansion directly contributed to the overall increase of 7% against 2021 in GHG emissions. Additionally, the plant's expanded capacity enabled us to produce more PME for our biodiesel products as part of our approach to producing renewable fuel which is environmentally sustainable. In 2021, the commissioning of our DHT furnace led to increased emissions. The start-up activities initially caused higher intensity compared to the more stable operations in 2022.

Group GHG Emissions

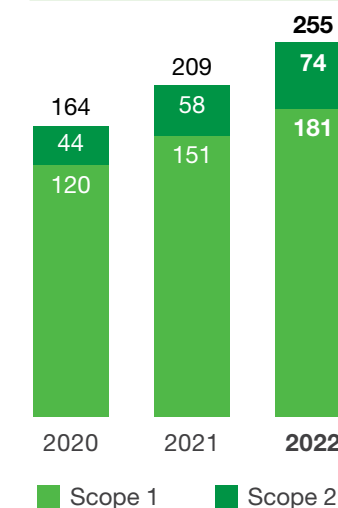
SCOPE 1

Direct GHG emissions from sources owned or controlled by Petron Malaysia including flaring, combustion, process and fugitive emissions.

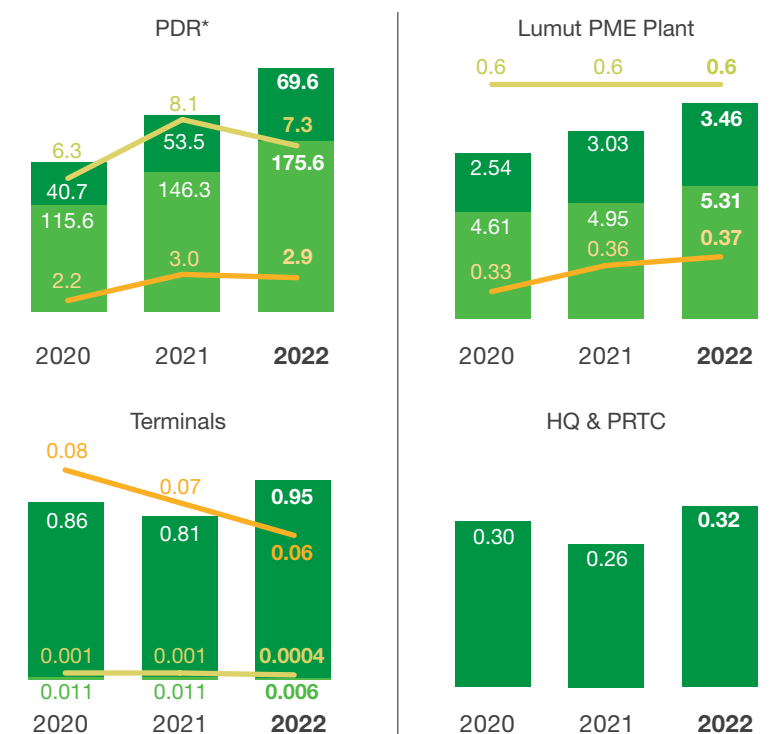
SCOPE 2

Indirect GHG emissions associated with purchased energy such as electricity, steam, heat or cooling.

Group GHG Emissions (ktCO₂e)



GHG Emissions (ktCO₂e) and Intensity ((ktCO₂e)/MBBL)



* Port Dickson Refinery and Terminal

Note:
The global warming potential rates used in the calculation of CO₂e are based on the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5) over a 100-year period.

AIR EMISSIONS AND POLLUTION MANAGEMENT

Given the pressing need to preserve the health of our planet, it is crucial for all stakeholders to prioritise the reduction and effective control of air emissions other than greenhouse gases (GHGs). In Petron's context, this encompasses emissions such as Sulphur Oxides (SOx) and Nitrogen Oxides (NOx) which are required to be monitored by local environmental laws.

Managing air emissions and pollution including spills and leaks is part of our commitment to minimise the negative environmental impacts of our operations and business activities. Other than SOx and NOx, we are always striving to reduce other sources of potential pollution, such as oil, soil, noise and light pollution from our service stations, refinery and terminals through training and assessments.

As part of our Safety, Security, Health and Environment (SSHE) Policy, we ensure that our operations meet all the relevant standards and government regulations. For example, the refinery and LPP carry out quarterly assessments on air quality and noise monitoring under a comprehensive Environmental Monitoring Programme (EMP), as well as weekly effluent water testing under Department of Environment (DOE) compliance monitoring. Our Refinery is also linked to DOE's Integrated Remote Monitoring Enforcement (iREMOTE) system, which enables them to monitor our gas emissions from the Predictive Emission Monitor System (PEMS). For terminals, air quality and noise monitoring assessments are carried out annually while effluent water testings are conducted every six months.

We also monitor community grievances on pollution incidents. We set targets for resolution time to make sure all grievances are closed in a timely manner.

We are proud to report that we have been producing and selling cleaner and better-quality fuel with lower sulphur content, in line with the government's Clean Air Action Plan (CAAP) aspirations and requirements. The CAAP is a set of strategies and indicators that present a roadmap to effectively achieve better air quality to support the Environmental Quality Act 1974. In 2022, there were zero significant instances of court-imposed fines in relation to non-compliance with environmental laws and regulations.

SOx AND NOx EMISSIONS

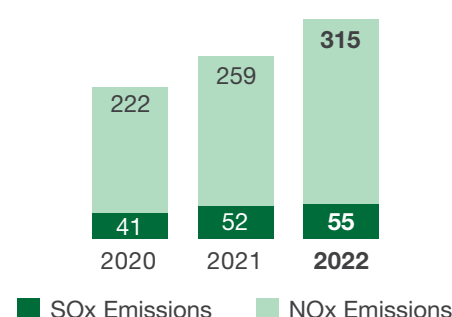
SOx and NOx are major gaseous pollutants emitted from fossil fuel combustion, which causes air pollution. At Petron Malaysia, SOx and NOx are mainly from the furnace in the refinery unit as part of the initial design that was constructed in 1963. Nevertheless, when we built our DHT in 2021, we made a conscious effort to install DHT furnace fitted with Oxygen (O₂) and Carbon Monoxide (CO) analyser which minimises SOx and

NOx formation by controlling excess air to manage the combustion. To manage air pollution, the refinery monitors and tracks its SOx and NOx emissions.

At the terminals and LPP, SOx and NOx emissions data is negligible as the diesel gensets and diesel engine fire water pumps are only on standby mode with short functionality testing on a weekly basis.

In 2022, the SOx emissions went up by 6% while the NOx emissions rose by 22% compared to 2021 due to increase in demand post COVID-19 restrictions as well as no plant shutdown and full-year operation of DHT. Due to operational disruptions at our BSR plant, the SOx and NOx emissions slightly exceeded the DOE limits in 2022, in which we immediately notified the DOE. The increase was also due to full year impact of DHT unit furnace. However, we have put in place control measures to ensure that our emissions do not breach the regulated limits. These measures include shutting down boiler as and when required, monitoring emissions via PEMS and controlling excess air emissions with the O₂ and CO analyser.

SOx and NOx Emissions
(Tonnes)



SOx and NOx Intensity
(KG/KBBL)

	2020	2021	2022
SOx	2.2	2.9	2.3
NOx	12.2	14.4	13.0

Note:
This data is limited to PD Refinery and Terminal.

AIR EMISSIONS AND POLLUTION MANAGEMENT

SPILLS/LEAKS MANAGEMENT

Spills management is an integral part of our operations. We are cognisant that all spill incidents require immediate attention and effective management to prevent negative environmental impacts such as damage to the marine ecosystem, wildlife and coastal environment. Taking immediate action will also enable us to mitigate legal and reputational risks.

As such, we have in place a Mechanical Integrity & Global Reliability System to closely monitor our processes and equipment to prevent spills, which is part of our overarching Petron Operations Integrity Management System (POIMS). Consisting of programmes that ensure the testing, inspection and maintenance of equipment, the system facilitates the documentation of inspections into a maintenance management system. It takes into consideration risk analysis, regulatory requirements and the applicable industry codes and recommended practices. In addition, the system ensures that the operations management is informed of any critical maintenance required and inspections that are not carried out according to schedule.

Other than the system, we have also established safety operating envelopes and surveillance programmes for the monitoring and testing of equipment. We equip our employees with proper training and resources. We also conduct periodic emergency response exercises to test the level of preparedness. For the refinery, we target to

identify 100% of our equipment for Risk-Based Inspection and to develop an action plan by 2025 to replace aging equipment.

For retail service stations, we have in place a secondary leak detection system. Service station dealers are trained to update the oil loss template daily. Furthermore, we have set targets to ensure that our operations have zero products that are released to the environment. This is ensured through the monitoring of Tank Pump Reconciliation Report and engineering control by installing an Automatic Tank Gauging (ATG) system to prevent potential leaks. Additionally, the use of Critical Safety Devices (CSD) plays a vital role in ensuring that our products remain safely contained within the tanks and pipelines.

In the event of a spill incident, prompt actions are taken according to procedures and regulatory requirements to ensure that the incident is well managed with minimal impact to the environment and the health of the local communities. We strictly adhere to our Incident Severity Determination and Notification Workflow.

Our refinery and terminals collaborate with the Petroleum Industry of Malaysia Mutual Aid Group (PIMMAG)*, a non-profit organisation that aims to enhance environmental protection by pooling resources in response to oil spill incidents in both Malaysian territorial waters and the Economic Exclusive Zone.

SPILLS/LEAKS PERFORMANCE

In the year under review, we had zero significant (reportable) spill/leak incidents across the Group.

	Number of reportable spills	Estimated spills volume (Litres)
Spills on land	0	0
Spills on water	0	0
Spills at offsite	0	0

Note:
Significant (Reportable) spills are spills above 10bbls on land and at offsite, as well as above 3 bbbs on water, as per Petron Work-Related Incidents and Injury (WII) guidelines - Incident Severity Determination, which are applicable across the Group.

We have in place several preventive measures, including operating procedures under unusual working conditions. These conditions refer to power outages, bad weather or storms, communication outage and more. We will also conduct critical safety equipment tests following the occurrence of the above condition, ensure manning requirements during marine discharge, conduct retraining and competency evaluations.

Our refinery has always targeted to achieve zero spills for both non-chemical and chemical spills. Due to stringent measures in place, the refinery maintained its record of zero oil spills since 2019.

* For more information on Petron's collaboration with PIMMAG, refer to page 76 in Safety.

WASTE AND CIRCULAR ECONOMY

The significance of efficient waste management cannot be overstated when it comes to preserving the long-term health of our planet. It plays a crucial role in safeguarding the environment, conserving valuable resources, ensuring public health, and advancing sustainable development.

At Petron Malaysia, it is vital to manage our waste efficiently to minimise and mitigate any adverse environmental impact of our operations, products and services. Poor waste management will expose us to legal, reputational and financial risks, which could eventually disrupt our operations.

We minimise waste for disposal by adopting circularity measures such as reusing and recycling waste generated from our operations. We also closely monitor and track our waste through data collection in order to improve our waste management. We ensure that our hazardous waste is properly disposed according to the Environmental Quality Act (EQA) 1974 by engaging authorised operators with licenced disposal facilities.

WASTE MANAGEMENT

The generation, recording, storage and disposal of our hazardous waste comply with environmental laws and local scheduled waste regulations. We have in place a Department of Environment (DOE) Certified Environmental Professional in Scheduled Waste Management (CePSWaM) to ensure that the storage of our hazardous waste complies with the DOE's regulations.

As our terminals do not possess authorised onsite disposal facilities, all hazardous waste meant for disposal is sent to offsite licenced facilities. We aim to reduce our hazardous waste where possible through methods such as recovery and recycling. For instance, used or empty additive drums are sold to authorised

recyclers while oil sludge is segregated where the oil is sold to approved recyclers and the remaining sludge is disposed of to local authorised hazardous waste management concessionaires. The off-spec oil mixture as well as used lubricants are sold to DOE-authorised recyclers.

Our terminals will reduce the volume/weight of the hazardous waste by removing the water content and extracting as much oil as possible before allowing the waste to settle at the bottom of the empty additive drums. The process of separating oil from water is repeated until the quality of the water meets Standard B before it is discharged into public sewage. The whole disposal process is managed by licenced third-party transporters and incinerators/disposers approved by the DOE.

In addition, we recover and vacuum oil in skim ponds before re-processing it in crude tanks, while ensuring compliance with EQA's Standard B, which regulates discharge downstream of raw water intake. We also recycle reforming catalyst to recover any reusable metals.

We conducted audits and inspections across our sites and identified several opportunities for improvement (OFI) in compliance with hazardous waste regulations. These OFIs were immediately addressed and rectified. We will continue to enforce and monitor hazardous waste regulatory compliance through various audits and site visits.

Bio-Sulphur

PDR's diesel hydrotreater (DHT) was commissioned in 2021, in support of the government's initiative to improve air quality. The DHT further reduces the sulphur content to meet Euro 5 spec of 10ppm (parts per million) as outlined in the Clean Air Action Plan 2010 compared to 500ppm Euro 2M. The DHT's built-in Bio-Sulphur Recovery (BSR) unit is capable of turning sulphur into bio-sulphur feedstock through desulphurisation using organic bacteria to remove Hydrogen Sulfide (H₂S) and recover it as elemental sulphur.

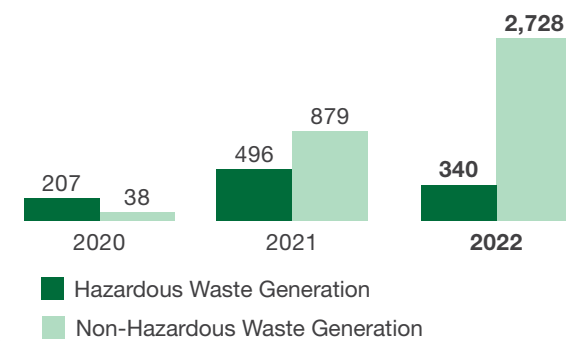
In 2022, we received approval from the DOE to classify the sulphur by-product as non-hazardous. This enabled us to recycle the by-product as bio-sulphur, which is used for fertiliser manufacturing.



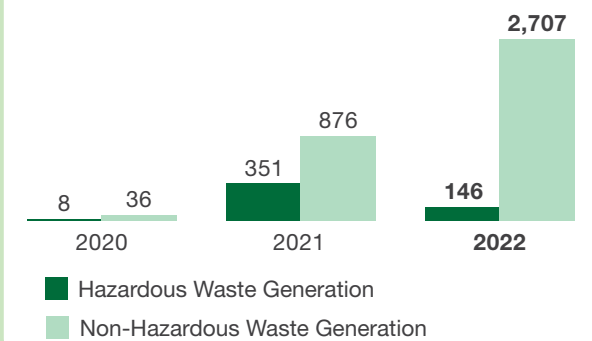
WASTE AND CIRCULAR ECONOMY

WASTE PERFORMANCE

Group Waste Generation (Tonnes)



Lumut PME Plant Waste Generation (Tonnes)



Hazardous Waste Performance

Our hazardous waste consists mostly of oily sludge, mixed oil waste, used additive drums and used lube oils from tank truck loading operations, storage tanks maintenance, diesel forklifts and generators operations. We dispose of our hazardous waste through DOE authorised contractors.

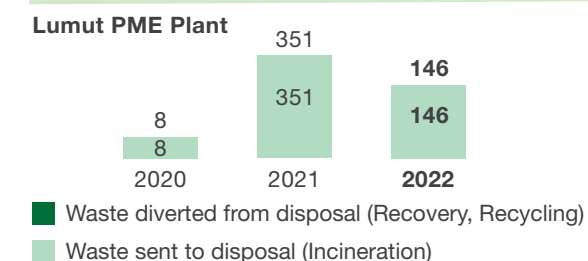
In 2022, the Group's hazardous waste dropped by 31% primarily due to less waste generated by LPP, the largest hazardous waste contributor.

LPP's waste generation accounted for 43% of the total hazardous waste produced by the Group in 2022. LPP's waste generation dropped by 58% following the commissioning of its fully upgraded wastewater treatment plant and the installation of a filter press. Additionally, the guidance provided by CePSWaM also played a pivotal role in minimising the generation of hazardous waste.

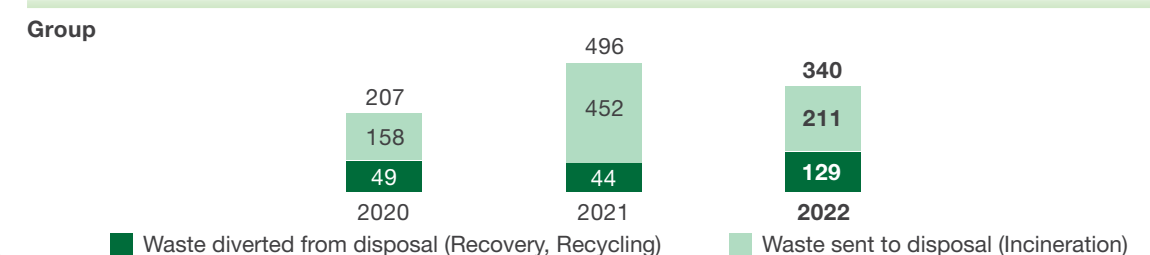
At PDR, the hazardous waste generation decreased from 2020 to 2022, as there were no major maintenance in 2021 and 2022. PDR's scheduled waste is generated from plant shutdown, tank maintenance and repair, lagoon desludging activities which take place every five years, and spent or used oils from refinery vehicles, pick-up trucks, forklifts and compressors. In addition, PDR has started implementing hazardous waste reduction and recycling initiatives to improve its hazardous waste management. This included awareness training on hazardous waste management, proper segregation of waste, site visits at vendors' premises and increased engagement with recycling and recovery vendors. As a result, PDR managed to send 40 tonnes of contaminated containers to DOE-approved vendors to be recovered before the containers were sold off. In addition, biosulphur waste from BSR has been reclassified as non-hazardous by DOE.

At the terminals, hazardous waste generation increased by 49% from 2021 to 2022, primarily driven by an increased fuel demand. This was attributed to the higher delivery of products to service stations, as a direct consequence of the easing of COVID-19 restrictions and the resumption of travelling activities, leading to the demand for oil surge and higher quantities of waste generated at the terminals.

Hazardous Waste Generated (Tonnes)



Hazardous Waste Generated (Tonnes)



WASTE AND CIRCULAR ECONOMY

Non-hazardous Waste Performance

We dispose of non-hazardous waste through authorised contractors, in compliance with local council laws. Our non-hazardous waste consists mostly of solid domestic waste such as metal, plastic, paper, electronics and construction waste.

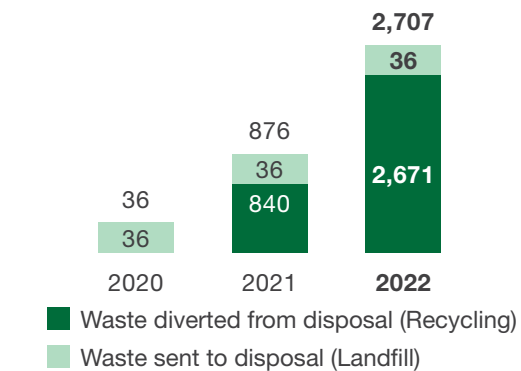
In 2022, the Group's non-hazardous waste increased due to the resumption of normal terminal and plant operations amid the removal of COVID-19 restrictions. However, our waste diverted from disposal also increased by about three times in volume compared to 2021 due to more recycling efforts and awareness in our business units.

Due to LPP's 30% plant capacity expansion, LPP became the main contributor of non-hazardous waste generation within the Group. The increase in the non-hazardous waste generation from 2021 to 2022 was in tandem with LPP's increased production capacity.

As a result of the plant capacity expansion, there was also a surge of pitch Palm Methyl Ester (PME), which added to our waste diverted from disposal, enabling us to further contribute to our circular economy. Inventoried in 2022, the pitch PME is subsequently transformed by an industrial recycler into valuable and useful products such as feedstock for biodiesel and bunker oil.

Non-hazardous Waste Generated (Tonnes)

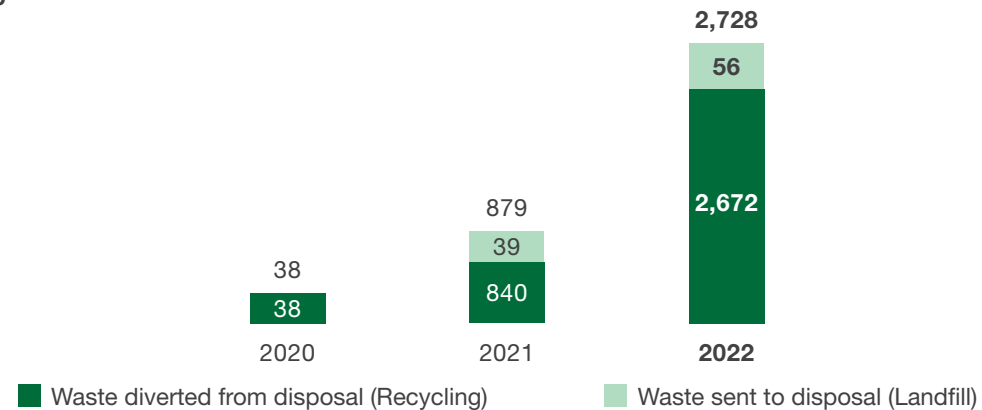
Lumut PME Plant



The terminals also recorded a sharp increase of 512% of non-hazardous waste that was sent to disposal compared to 2021. This was due to increased awareness in reporting apart from resumption of normal operations, leading to more accurate waste classification. The collection of data enables the terminals to improve its waste monitoring and management such as determining baseline and establishing targets to reduce non-hazardous waste sent to landfills. Going forward, we will engage specific and qualified recyclers for waste collection to ensure waste segregation and to reduce waste to disposal.

Non-hazardous Waste Generated (Tonnes)

Group



WATER MANAGEMENT

Water is critical for sustainable development and the well-being of our planet, given its vital role in our ecosystems and daily lives. At Petron, water is crucial in all aspects of our operations, spanning from the refinery to service stations. We take our water management seriously to mitigate and minimise any negative social and environmental impacts. Water disruptions or scarcity will disrupt our operations and impact our productivity while lack of water management from our operations will lead to water pollution and affect the natural water resources, the marine ecosystem and even the health of nearby communities.

We ensure that our water practices and management comply with Standard B of the Environmental Quality Industrial Effluents Regulations (IER) 2009 and the Environmental Quality Act (EQA) 1974. We are committed to optimise our water usage, reducing water consumption and conserving water resources through various initiatives and practices. This includes reusing water to reduce raw water withdrawal, harvesting rainwater for non-essential usage and treating wastewater before releasing it to ensure regulatory compliance. We will continue to monitor and manage our water withdrawal, effluents, and consumption to preserve the natural resource for the benefit of our communities.

WATER MANAGEMENT

Water Conservation

Across our operations, we implement various initiatives to conserve water and minimise the consumption of raw water. Our water conservation efforts include reusing water in the refinery cooling tower and harvesting rainwater for non-potable purposes such as landscaping. The water intended for reuse is treated with biodegradable chemicals to ensure that it is fit for its purpose. The refinery also recirculates water condensed from steam back to its boilers.

We collect rainwater by installing rainwater harvesting systems at our refinery, terminals and service stations for basic cleaning, landscaping and toilet flushing purposes. To measure and keep track of our rainwater consumption where possible, containers with flowmeters are used as indications. The rainwater harvesting system, which can be installed above and underground, has also been incorporated into Petron Malaysia's Service Station Design & Construction Guidelines. Subject to local regulations, each system has a capacity of collecting about 0.006 to 0.009 megalitres (ML) of rainwater. The refinery installed the system at its office building



and workshop, and reused 0.062 ML of rainwater in 2022. Our terminals also repurpose drums as rainwater storage tanks. Currently all our terminals, the refinery and 37 service stations are equipped with rainwater harvesting system and we plan to expand the capacity as well as the usage moving forward.

Water Withdrawal and Consumption

Our operations withdraw water directly from local municipal supplies for our daily activities and we use harvested rainwater for non-essential purposes. We do not withdraw water from seas, lakes, rivers, wells or any water catchment or underground water sources. According to the World Resource Institute's (WRI) Aqueduct Water Stress Atlas, none of our operations are within water stressed areas. That said, in 2030, Perlis, Kedah, Penang, Melaka, Kuala Lumpur, Putrajaya and Labuan are projected to fall under water stressed areas.

LPP remained as our biggest water user for operational purposes, constituting 62% of our total consumption in 2022. Water is used for the plant's cooling tower, production process and steam generation.

Our terminals do not require large amounts of water for their operations. As our water is mainly used in refinery processes in the refinery, the usage is minimal at terminals except during annual maintenance and repair activities. Water is mainly for office consumption, toilet amenities, cleaning and sanitation services, truck loading, bay cleaning and washing, tank or pipeline cleaning and maintenance activities. In times of emergency, water is used for fire-fighting readiness, including the testing of equipment, drills and actual incidents at the terminals.

To manage water consumption, we monitor the refinery process water tank level on a daily basis and will start sourcing from available suppliers when the water level falls below the critical mark. The refinery consumes an average of 0.3 ML of water on a daily basis.

At our LPG terminals, water is mostly required for cylinder washing. To reduce water consumption, the terminals filter water used in the cleaning process and stores it in a sump. Fresh water is periodically added to maintain the required water level. Water is also necessary for cooling and lubricating the chain conveyor system that transports the cylinders during the washing process. The cooling and lubrication system is not a closed water system and needs occasional fresh water refill to maintain its operational water level. However, the system does not consume as much water as is required for cylinder washing.

WATER MANAGEMENT

Wastewater and Effluents

We are committed to responsible and lawful wastewater disposal practices. We discharge our wastewater and effluents according to Standard B of the Environmental Quality Industrial Effluents Regulations (IER) 2009 and the Environmental Quality Act (EQA) 1974. In addition, we are guided by the Group's Sustainability and Safety, Security, Health and Environment (SSHE) policies. All our wastewater from the refinery, fuel distribution terminals and LPP are treated before it is discharged into nearby approved receiving water bodies.

In 2022, we completed the upgrading works of the LPP wastewater treatment plant, which has enabled us to treat up to 0.1 ML of wastewater per day, in compliance with Standard B of the IER. To ensure full compliance, LPP conducts water quality tests on a daily basis.

At the terminals, we utilise Oil Waste Separator (OWS), which assists in segregating oil, silt, dirt and sediment. This allows clear water to be released into the designated public drains or sewer systems. The terminals conduct an efficiency test once every six months and submit all results to the DOE for review.

At PDR, wastewater from refinery processes is treated in a constructed wetland before being discharged into swamps. The water lagoon is regularly maintained through various methods such as regular dredging, depth surveys and planting of hyacinth. These measures are to ensure the effectiveness of the wastewater treatment process and to meet required regulatory standards. Water quality is monitored daily and weekly, as required by regulations, through testing of samples by a DOE approved laboratory. Reports collected on a weekly basis are accumulated and submitted to DOE every month via DOE Online Environmental Reporting website.

WATER PERFORMANCE

In 2022, the Group's water performance showed an overall increase primarily due to the resumption of full operations. This was a result of the lifting of COVID-19 restrictions, allowing for the expansion and normalisation of activities.

At the refinery, there was an increase in water withdrawal due to higher crude production, no plant shutdown and a full year impact of DHT operations. Furthermore, there were LPG spheres maintenance and repair using hydrotests, a method used to detect pipe leakages by injecting water into the pipe systems. Hydrotests, which require about 0.8 ML of water each time, are conducted on heat exchangers after maintenance and other static equipment that have been repaired as required by DOSH.

PDR also experienced a rise in water discharge, which was largely attributed to the open pond system that naturally accumulates rainwater due to its design. Water consumption increased at PDR due to a full year of operation without any shutdowns.

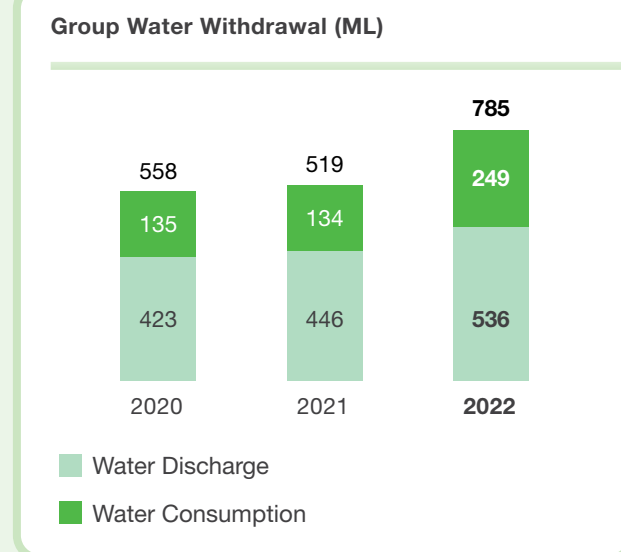
Meanwhile, LPP withdrew more water compared to 2021 due to the plant's capacity expansion and the commissioning of its upgraded wastewater treatment plant in February 2022. The commissioning of the treatment plant effectively decreased LPP's water discharge compared to 2021.

At the terminals, there was an increase in water withdrawal due to resumption of normal operations to support increase in demand for fuel. The terminals' water withdrawal is synonymous with water consumption, except during tank maintenance and repair, which requires a large volume of water for tank cleaning and hydrostatic testing. Hydrostatic testing is a test that detects leakages that occur at elevated operating pressures. The participation of Kuantan Terminal* (KTN) and Bagan Luar Terminal (BLT) in a Mutual Aid Agreement to supply fire water to neighbouring terminals for tank maintenance and repair purposes has also contributed to higher water consumption.

Water Withdrawal - Total amount of water taken from surface water, groundwater, seawater, or a third party, either permanently or temporarily, and conveyed to a place of use.

Water Discharge - Total amount of water released back to surface water, groundwater, seawater, or a third party.

Water Consumption - Difference between the water withdrawal and water discharge.



* PMRMB's sister companies' facilities.

To intensify our efforts in minimising our negative environmental impact, we have included Natural Resources, Biodiversity and Sustainable Supply Chain as our new material matters.

While Natural Resource Consumption focuses on the sustainable consumption of raw materials, Biodiversity discloses our efforts in conserving the natural environment. Sustainable Supply Chain details how we integrate sustainability practices into our supply chain.

As this is our first year disclosing these new material matters, limited information is available and we aspire to improve the disclosures in the future.

NATURAL RESOURCES

Natural resources play a vital role in the operations of a business organisation. Organisations that recognise and manage natural resources responsibly are better positioned for long-term success in an increasingly environmentally conscious world.

At Petron Malaysia, we rely on natural resources such as crude oil, water, land and other natural materials for our products and services. Meanwhile, we are cognisant of the impacts our operations may have in contributing to the depletion of natural resources. As such, we work towards achieving a balance between growing responsibly and generating profits, in line with the aim of UN SDG 12 of ensuring sustainable consumption and production patterns.

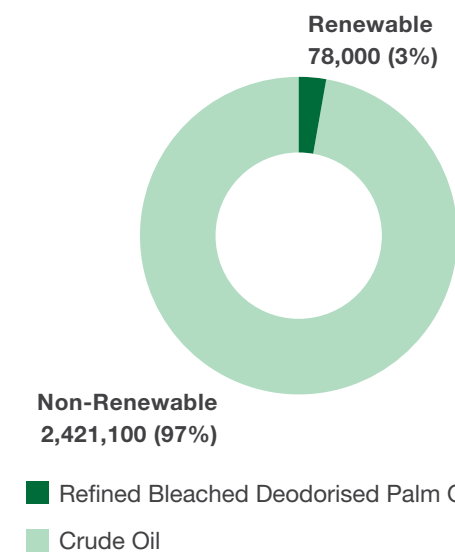
SUSTAINABLE CONSUMPTION

In our effort to improve sustainable consumption in Petron Malaysia, we have increased the use of renewable materials. We define sustainable consumption as utilising products and services in a way that minimises impact on the environment and natural resources. Our commitment to sustainable consumption of natural resources is exemplified through our Palm Methyl Ester (PME) plant in Lumut, Perak, which produces renewable PME for blending with Automotive Diesel Oil (ADO) to create biodiesel. As part of the MSPO Supply Chain Certificate Standard's mass balance and traceability principle, LPP is required to monitor and track both MSPO-certified and non-certified Refined Bleached Deodorised Palm Oil based on mass flowmeter, weighbridge and daily record.

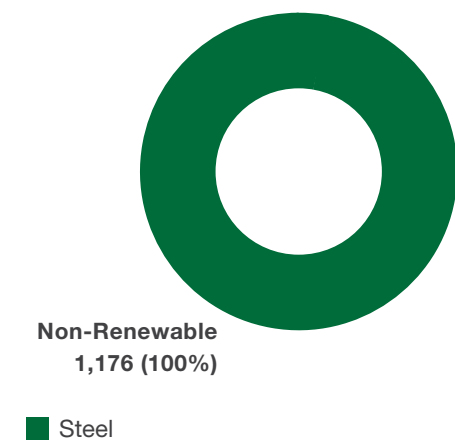
Further to that, the current plastic packaging for lubricant products, which is purchased directly from Petron Corporation contains 10% of recycled plastic, on average. Excess packaging resulting from production of bottles are incorporated into virgin materials during new bottle production. We also use Tapis, a locally produced, high-quality and extra light low sulphur crude oil, which produces higher quality clean products and conversion feed.

As we believe that conserving natural resources is a collective effort of all stakeholders, our sustainability practices are extended to our stakeholders including suppliers, dealers and customers. For example, our LPG cylinder exchange programme, which is applicable to our dealers and customers, minimises the use of raw materials or natural resources to produce new cylinders. As a result, we have not ordered the 50 kg and 12 kg cylinders in the last six years, as we still have sufficient supply.

Total weight of materials used to produce primary products and services (Tonnes)



Total weight of materials used to package primary products and services (Tonnes)



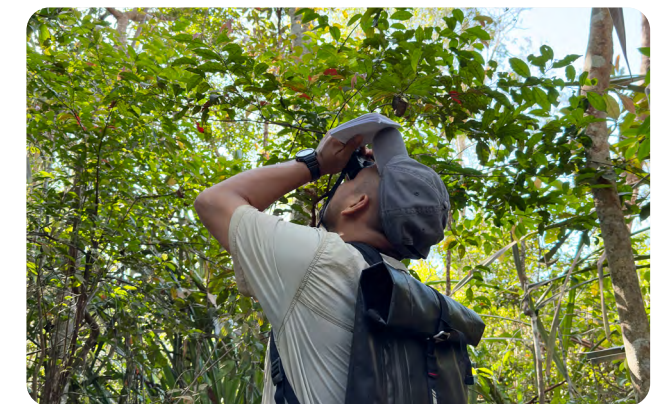
BIODIVERSITY

According to the UN, the planet's biodiversity has been disrupted by the effects of climate change, land use activities, and uncontrolled consumption patterns.

At Petron Malaysia, we are aware that our activities, products and services may impact the ecological systems and the biodiversity within, either indirectly through the GHG emissions we emit, deforestation or extraction of natural resources that occur in our supply chain or directly through potential pollution incidents. As such, we strive to conserve the natural surroundings and the biodiversity found within the areas where we operate, as we continue to develop new strategies to protect the environment. All our terminals are situated in established industrial zones and port operations which are not adjacent to protected areas or areas currently known to have high biodiversity value. We conduct Environmental Impact Assessment (EIA) for any new terminal project or expansion to existing terminal facilities, including refinery.

We believe in working with external parties through purposeful collaborations to enable us to further our conservation efforts. In 2022, we explored opportunities with Universiti Putra Malaysia (UPM) through a Green Lung Project at PDR to preserve and enhance the biodiversity

of more than 400 acres of green areas within the refinery's vicinity. These green areas are meant for agricultural land use. The collaboration involved identifying the variety and density of flora and fauna species. The project was also to estimate the available carbon stock and carbon sequestration potential of the forest. The findings will be disclosed in our next Sustainability Report.



In order to safeguard the biodiversity value and the ecological system surrounding the PDR, we implement stringent measures to prevent any harm to the environment. We are committed to maintaining pollution-free operations and adhering strictly to all applicable laws and regulations. Our dedicated efforts include closely monitoring the quality of water and ensuring that our effluents and discharge meet the local regulations, thus protecting the forest and the adjacent marine environment.¹

Our commitment to protect the environment and the ecological systems is not only limited to the PDR operations. At our Lumut PME Plant, we have a water treatment plant to ensure that discharge from the plant's operation does not pollute the local water resources. Additionally, we strive to mitigate and minimise indirect biodiversity impacts in our supply chain by incorporating sustainability practices

and screening suppliers and vendors based on the requirements by the Department of Environment.²

Going forward, we aspire to pilot forest restoration programmes within the enclave of PDR through enrichment planting to further enhance the habitats of the flora and fauna in the area. We remain open to conducting new biodiversity assessments whenever necessary to ensure a comprehensive understanding of the ecosystem and to help identify and protect International Union for Conservation of Nature (IUCN) Red List Endangered Species. We shall review our past projects on mangrove planting and strategise a more comprehensive plan moving forward. Lastly, we will make efforts to reduce any impact on biodiversity in our supply chain, such as adopting a robust procurement process to support the sustainability of our business operations.

¹ Read more about Petron's environmental conservation efforts in Air Emissions and Pollution Management on page 50-51 and Water Management on page 55-56.

² Read more about Petron's initiatives in reducing negative environmental effects in its supply chain in Sustainable Supply Chain on page 60-62.

SUSTAINABLE SUPPLY CHAIN

At Petron Malaysia, we rely on more than 900 vendors consisting of suppliers and contractors for smooth daily operations to provide fuel for the nation's mobility. While suppliers supply material goods, contractors provide services that may or may not include material supply. In the upstream supply chain, we work closely with transport and logistics companies to supply crude oil while our distribution network consisting of haulers and forwarders work with retailers and commercial dealers to supply goods and services in the downstream value chain.

UPSTREAM SUPPLY CHAIN:	DOWNSTREAM SUPPLY CHAIN:
1. Exploration and Production Companies	1. Refineries*
2. Drilling Contractors	2. Petrochemical Companies
3. Oilfield Service Companies	3. Distributors* and Wholesalers
4. Equipment Manufacturers	4. Retailers*
5. Oilfield Services and Equipment Suppliers	5. Transport and Logistics Companies/ Forwarders/Haulers
6. Geophysical and Seismic Service Providers	6. Contractors
7. Rig Operators	7. Dealers
8. Transport and Logistics Companies	8. Suppliers
9. Original Equipment Manufacturer (OEM)	9. Consultants
10. Partners/Authorised Agents	10. Trainers
	11. Customers



* These roles are carried out by Petron Malaysia.

SUSTAINABLE SUPPLY CHAIN

PROCUREMENT PRACTICES

We ensure that all materials and services purchased meet Petron Group's standards and have minimal impact on the environment and our society. We promote transparency and fair procurement practices by providing equal opportunities and level playing field with all vendors participating in the tender.

Our Procurement Department strives to seek cost-effective and timely purchase of quality goods and services by working closely with reputable vendors and users. Our aim is to lower our operating expenses and improve profitability over the long term without sacrificing quality.

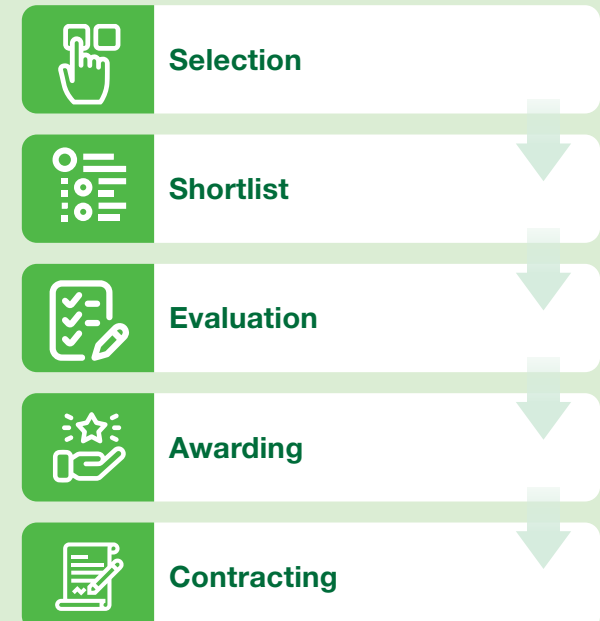
To protect our reputation and maintain good relationships with vendors, we adhere to an efficient payment process system to ensure that obligations for all goods and services received are paid on time. Both our Procurement and Finance Departments diligently monitor payment status to avoid delays or unsettled obligations to our vendors.

We acknowledge that our end-to-end supply chain activities have the potential to generate significant environmental and social impacts, including pollution and human rights violations. Moving forward, we shall incorporate environmental and social assessments in our supplier evaluation process to align with sustainable supply chain principles, such as the ones provided in the ISO 20400:2017 Sustainable Procurement Guidance. Currently, we prioritise DOE approved suppliers and contractors in the selection and accreditation of our vendors.

Across our operations, our refinery and terminals such as PD Terminal, Kuantan Terminal and Bagan Luar Terminal have attained the ISO 45001:2018 Occupational Health Safety Management System (OHSMS) and the ISO 14001:2015 Environmental Management System (EMS), which require environmental and OHS evaluation during the supplier selection process and performance evaluation. These terminals have also attained ISO 9001 Quality Management System, which along with ISO 14001, ensures that their suppliers' environmental performance is monitored and tracked for further improvement. The ISO 9001 standard provides a "plan, do, check, act" cycle and the concept of continual improvement. Going forward, we aim for our operations to attain the ISO 20400 certification on Sustainable Procurement.

Retail and LPG dealers are engaged and trained on risk assessments that are relevant to managing environmental impacts. Our service station dealers are provided a document and training covering oil spill cleaning and scheduled waste management. Additionally, oil interceptor cleanings are verified weekly by service station staff. These are further reviewed quarterly by territory managers. The document is accessible to all service station dealers via Retail Station Operating Manual provided during induction training. This shows our commitment to manage the environmental impacts through our supply chain.

Petron Malaysia's Supply Chain



For more information on our expenses and the number of local and foreign suppliers, refer to Generating Economic Benefits on page 35.

SUSTAINABLE SUPPLY CHAIN

VENDOR ASSESSMENTS AND EVALUATIONS

In 2022, all of our supply vendors including our haulers, have established sustainability programmes, either through their sister or parent company, to ensure that their business operations are aligned with Petron's sustainability objectives and practices. This will not only enhance Petron's sustainability journey, but also increase our vendors' long-term growth and business stability.

We assessed 100% of our vendors for the last three years prior to work commencement to determine any potential environmental and social impacts they may have in their business operations. This is also to ensure that they meet the required standards and comply with all the relevant regulations. While we currently do not have specific human rights criteria in our assessments, we plan to engage contractors with established human rights management programmes. This will be part of the new social criteria in our pre-qualification documents, tender analysis and Supplier Performance Evaluation scoring, which we plan to implement in 2025.

Where relevant, we also ensure that our vendors meet the necessary human rights criteria based on applicable standards. For instance, our LPP, certified with the Malaysian Sustainable Palm Oil (MSPO) standards, ensures that its suppliers of Refined Bleached Deodorised Palm Oil comply with the MSPO requirements. These requirements encompass both environmental and social criteria, including human and labour rights. LPP's production of renewable PME blended with ADO to produce biodiesel also underscores Petron Malaysia's commitment to support renewable energy and its transition to a low-carbon economy.

In our terminals, all suppliers and contractors are assessed based on the POIMS' occupational safety and health criteria during vendors' pre-selection process and the annual performance evaluation. The POIMS committee monitors and tracks the assessments to ensure that they are carried out accordingly.

In the Retail business unit, we mitigate negative social impacts in our supply chain by emphasising our safety practices. We engage our contractors based on their past project performance, capability and safety practices.

To minimise negative social impact, the Asset Management Group (AMG) ensures that their contractors are equipped with proper training, personal protective equipment and safety. AMG also takes steps to minimise

negative environmental impacts by ensuring that contractors working on maintenance and project tasks are aware of any potential environmental damage in the event of an incident. Both aspects, social impact and environmental impact, are verified and audited internally by the respective business units' SSHE team.

Across our operations, we conduct internal and external audits periodically to evaluate the effectiveness of our approach and our practices thoroughly, besides identifying areas for improvement.

Additionally, we communicate and advocate sustainability practices such as environmental awareness and contributions to communities among our vendors, service station dealers and business partners from time to time. Among the initiatives implemented in 2022 were Earth Hour observation, contribution to MediCamp in Sabah and donation of free food packs to customers and university students during Ramadan.

Looking ahead, we plan to enhance the sustainability of our supply chain by establishing a Sustainable Supply Chain & Procurement Policy by 2023 and implementing a Supplier Code of Conduct by 2025. Additionally, we will also explore the feasibility of developing and conducting environmental and social assessments for our supply chain. These assessments will enable us to evaluate, manage and address the potential environmental and social impacts associated with the sourcing and procurement of goods and services from our suppliers. This will ensure that our entire supply chain aligns with the principles of sustainability, ethics and responsible practices.



The success of our Company relies on an agile, diverse and thriving workforce. We strive to retain our talent by providing a conducive and safe work environment that fosters career growth without discrimination. Our Equal Employment Opportunity Policy ensures that all male and female employees are given equal opportunities to upskill and remain agile. To instil a positive work environment, we provide our employees with a range of benefits that care for their well-being. We regularly engage with them through activities and programmes that will build stronger relationships and ensure that their labour rights are protected through the Staff Union.

As a responsible organisation, we are also committed to protecting the safety of our community and our employees. We comply with all the relevant occupational safety and health laws and regulations and remain guided by our overarching Safety, Security, Health and Environment (SSHE) Policy. We protect the data privacy of our customers by complying with the Personal Data and Protection Act (PDPA) 2010.

KEY HIGHLIGHTS

33% women representation on the Board of Directors

25% employees in Staff Union

Achieved **0 injuries and fatalities**

92% increased training hours for Management Development Training

>306 employees received training on health and safety standards



AGILE, DIVERSE AND THRIVING WORKFORCE

Demographic shifts are one of the trends that lead to business challenges such as shortage of services and skill gaps. In the current competitive world, it is vital for business organisations to ensure fair treatment without discrimination at the workplace to retain talent for sustainable business growth.

At Petron Malaysia, we actively promote an agile and diverse work environment to develop a thriving workforce. This is demonstrated in our commitment to uphold fair practices across our operations by ensuring non-discriminatory practices and promoting employee well-being to support our sustainability goals. Employees are given equal opportunities to advance their careers, regardless of background, race, age, gender or religion. This includes equipping our employees with the relevant skills through structured learning and development programmes to ensure job satisfaction and to retain our talent, ultimately contributing to the long-term growth of our organisation.

AGILE WORKFORCE MANAGEMENT

We are committed to nurture a workforce that is flexible, adaptable and capable of responding quickly to changes in the industry, especially in the face of the challenges of transitioning to a low-carbon economy. Thus, we empower our people through training and education to ensure that they are equipped with the latest industry knowledge and skills.

Training and Education

To identify employee training needs and competency gaps, we utilise an Individual Development Plan (IDP). The tool enables us to develop strategic learning programmes that will address skill and competency gaps identified during the performance appraisal of each employee. We monitor an employee's progress by reviewing the IDP together with the employee to gauge the effectiveness of the training and development efforts. The IDP is adjustable to suit the changing needs of each individual. To assess the closure of competency gaps, the relevant supervisors will conduct various assessments such as performance reviews, skill assessments or post-training evaluations.

During 2020 and 2021, we recorded fewer training hours due to COVID-19 restrictions. The majority of sessions were technical training for DHT and BSR at the refinery. This explains the larger number of participants from non-management level, who are predominantly male employees. After the COVID-19 restrictions were lifted, training substantially increased in 2022 to meet the needs of employees, particularly those hired within the past three years, ensuring their competency in their roles.

We resumed the Management Development Training (MDT) in 2022 in the Head Office, which has a higher proportion of female and management employees. Aimed at assisting employees in achieving their developmental needs via soft skills training, the MDT covers four areas, namely Communication, Individual Effectiveness, Leadership and Corporate Culture & Knowledge.

The training included:

- Leading & Engaging A Multi-Generational Workforce**
- Coaching & Mentoring Skills**
- Strategic Influencing & Negotiation Skills**
- Problem Solving & Decision Making**
- Project Management Essentials**

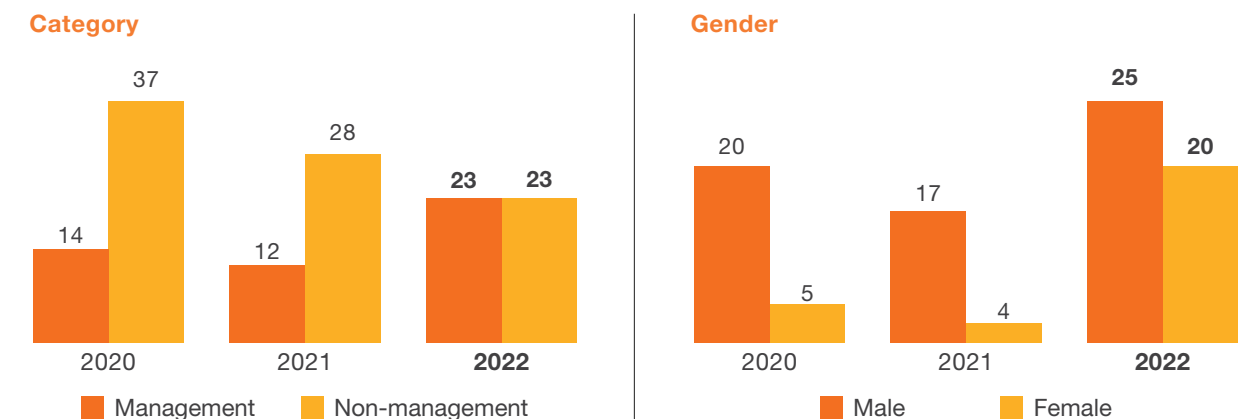
The MDT is organised by our Human Resources Department while technical training is managed by the respective business units.

We are currently taking initiative to enhance the sustainability knowledge and competencies of our employees. We have commenced sustainability-related training in 2022 with our Sustainability Council and Technical Working Group (TWG). The training and workshops were conducted by external consultants, tailor-made to suit the Company's needs. The TWG also attended external public training, which focused on GRI Reporting Standards. These sustainability training sessions are part of our Company-wide sustainability capacity building and we target to incorporate sustainability-related training into our annual training programme by 2025.

AGILE, DIVERSE AND THRIVING WORKFORCE

AGILE WORKFORCE PERFORMANCE

Average Training Hours per Employee



DIVERSE WORKFORCE MANAGEMENT

Diversity in the workplace not only promotes innovation, adaptability and recruitment but also improves decision-making and employee engagement, which are crucial factors to drive organisational success and growth in the ever-changing business landscape.

Our business operations across Malaysia gives us the opportunity to harness talent from wide ranging racial groups. This includes hiring and promoting local talent from Peninsular Malaysia, Sabah and Sarawak, enabling us to provide leadership opportunities to individuals from all communities, including minority ethnic groups. For instance, 95% of our workforce in the East Malaysia operations are local to Sabah and Sarawak. We also have employees originating from East Malaysia in our HQ and in our Peninsular Malaysia operations. We remain committed to uphold an environment that is free from discrimination. In the year under review, there were zero cases of discrimination reported, and we will strive to maintain this record. Our effort to provide a non-discriminatory workplace is supported by Petron's Whistleblowing Policy, which allows employees to report on any unfair treatment without fear of repercussions or prejudice. The Whistleblowing Policy protects whistleblowers and ensures that their identities remain private and confidential.¹

DIVERSE WORKFORCE PERFORMANCE

Our Sustainability Impact

The group has a total of 658² employees with higher male to female ratio. Our refinery and fuel distribution terminals predominantly consist of male engineers and technicians due to the nature of the job, with 66% of the workforce being male employees. This is a trend that is consistent with the industry's demographic. The majority of our workforce consists of young talent, with 68% falling between the age of 30 and 50 while 19% are below 30 and 13% are above 50 years old. While this is in line with current industry practice, we continue to welcome and provide equal opportunities for the generation above 50 years old, as we recognise their value and experience. We are also currently developing transition assistance programmes for soon-to-retire Petron employees, which we target to launch by 2024. Our dedication to diversity is further reflected in our plan to recruit differently-abled people by 2023.

¹ For more information on the Whistleblowing Policy, refer to our SBC on our corporate website.

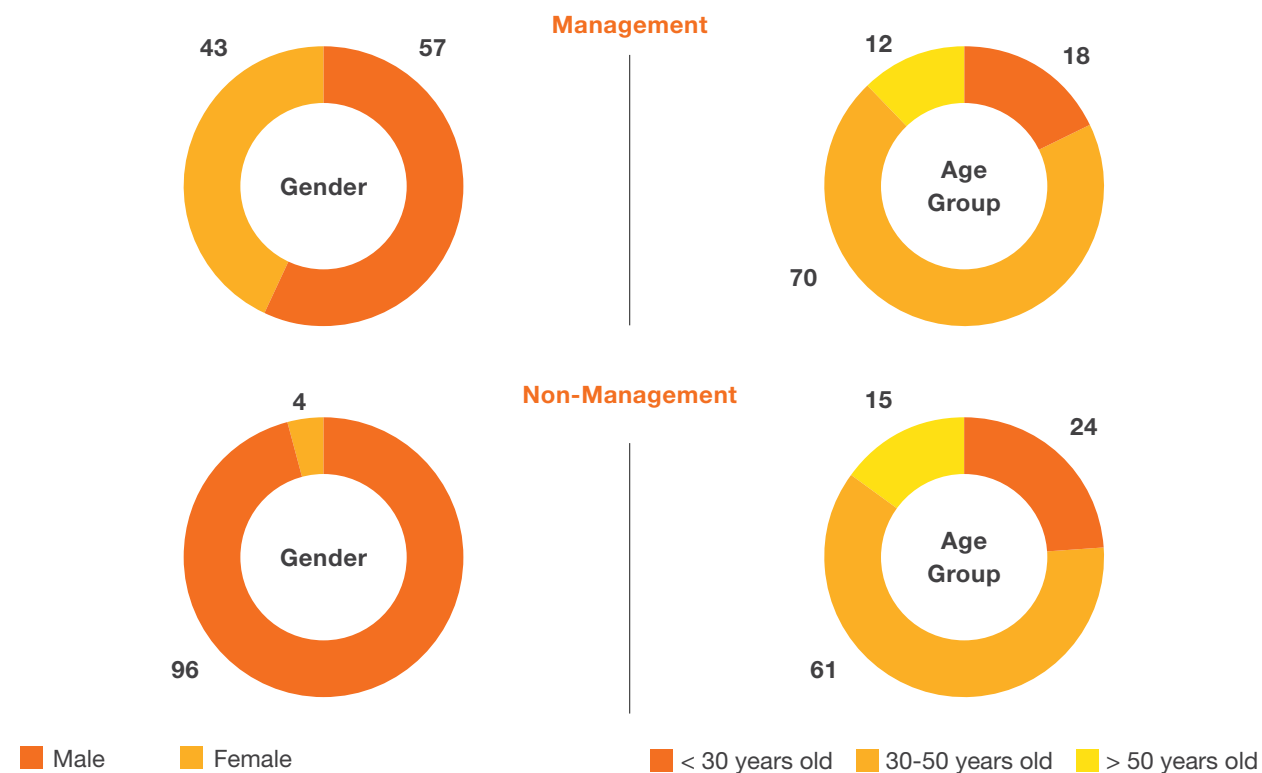
² Figure represents full-time permanent employees.

AGILE, DIVERSE AND THRIVING WORKFORCE

Employee Diversity in 2022

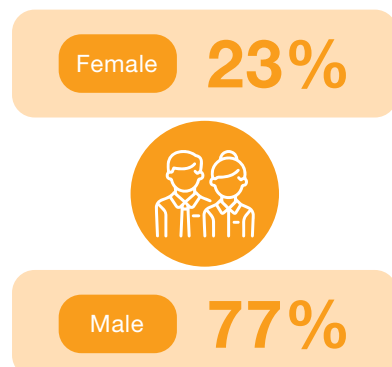
Our employees consist of Management (white-collar employees) and Non-management (blue-collar employees).

Employee diversity by employee category, by age group and by gender (%)

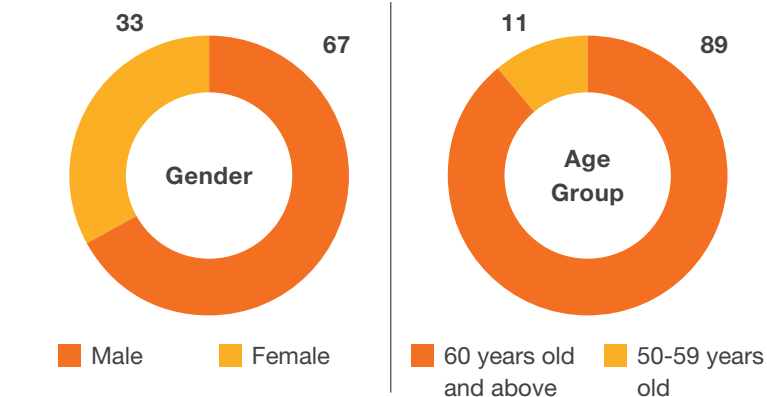


Diversity at our workplace is also demonstrated in our leadership, whereby 33% of the Members of the Board are female. We have consistently met the 30% mark for three years, in line with the recommendation of the Malaysian Code on Corporate Governance (MCCG). Additionally, members of the Board are selected based on working experience and academic credentials, which are assessed against requirements outlined in the Companies Act 2016, Bursa Malaysia's Main Market Listing Requirements and Petron Malaysia's policy on fit and proper criteria of director. Within our staff, female employees comprised 23% while male workers made up 77%.

Senior Management in 2022 (%)



Board of Directors diversity by gender and by age group (%)

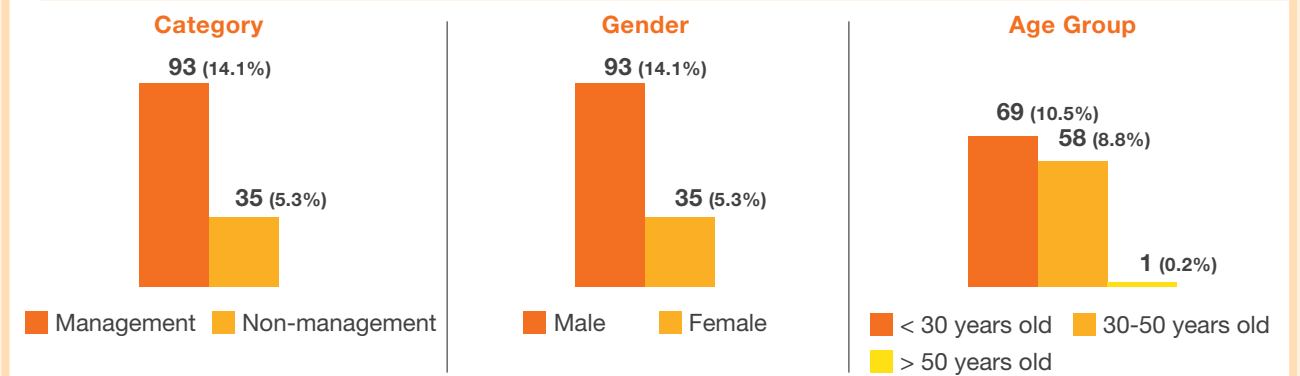


AGILE, DIVERSE AND THRIVING WORKFORCE

Employment in 2022

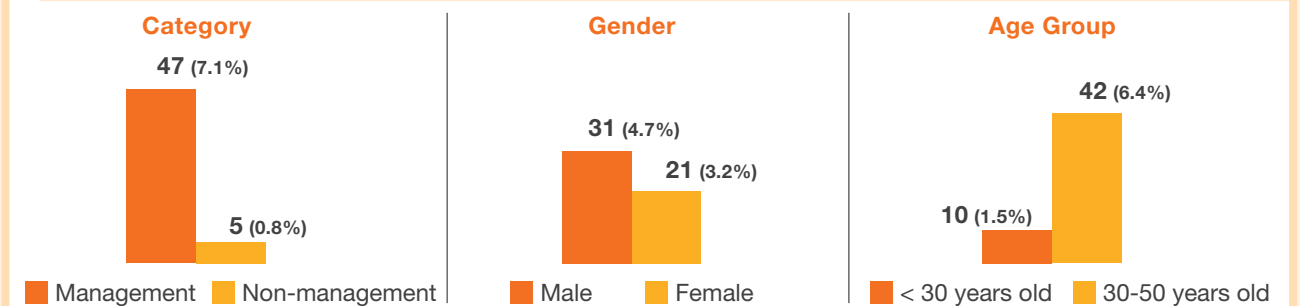
We recorded a surge in new hires this year for both Management and Non-management primarily due to the lifting of COVID-19 restrictions. The highest increase of new hires is among employees below 30 years old. This is in line with our strategy to provide opportunity to young talent. However, with the increased job opportunities in the market, this also had corresponding effect to our turnover rate. In the year under review, the turnover rate for the age group of 30 to 50 is the highest compared to other age groups while those above 50 years old, generally worked until retirement.

Total number and rate of employee hires



Note: All operations in Malaysia.

Total number and rate of employee turnover



Note: All operations in Malaysia.



AGILE, DIVERSE AND THRIVING WORKFORCE

THRIVING WORKFORCE MANAGEMENT

We actively support our employees' well-being to enable them to thrive in their careers. Our initiatives focus on prioritising physical and mental well-being, creating a sense of purpose and belonging, while fostering a positive workplace environment through employee empowerment, collaboration and motivation. We are committed to provide fair treatment, as outlined in our SBC and our policy on equal employment opportunity, which can be found on our corporate website.

Employee Benefits

We go beyond regulatory compliance and meeting the minimum wage requirement by offering a comprehensive set of employee benefits, ranging from healthcare to retirement, education and home benefits. The benefits we provide align with industry peers and meet the needs of our employees, as well as the demands of Union members. These benefits are applicable to permanent employees in all operations in Malaysia.

1	Petron Medical Plan	4	Medical Disability Retirement Plan	7	Home Ownership Assistance Plan
2	Education Refund Plan	5	Car Allowance	8	Survivors' Benefits Plan
3	Retirement Benefit	6	Petrol Rebates	9	Social Club Assistance Plan

Employee Well-being Programmes

Engaging regularly with our employees will enable us to meet their needs and lead to various positive outcomes including increased job satisfaction, enhanced work productivity and talent retention. In 2022, we focused on engagement activities and programmes that advocated good health and work-life balance.

1

Petron Malaysia's 10th Year Anniversary – To celebrate our decade-long operations, Petron Malaysia rolled out a list of initiatives to further inculcate a sense of belonging in our employees:

- Company-wide celebration across all locations, with celebratory meals in conjunction with the 10th Year Anniversary
- New lanyard, cardholder, ID card and time capsule jar painting competition with the 10th Year Anniversary theme
- Quizzes on Petron with prizes to be won leading to the 10th Anniversary celebration

2

ExCITES (Excellence, Customer Focus, Innovation, Teamwork, Ethics and Safety) Programme – This incorporates the Company's values into the day-to-day work in Petron Malaysia:

- Launched ExCITES song in conjunction with the 10th Anniversary Celebration
- Refreshed ExCITES email signature and desktop wall papers to include the 10th anniversary logo
- Organised lucky draws, in collaboration with ExCITES Safety Champion

3

Departmental Teambuilding Programmes – Aimed at strengthening cohesiveness with current employees and building team rapport with new hires:

- Physical team building activities organised by all departments during the second half of 2022 to reconnect with colleagues
- Breakfast with General Manager session targeting various groups of employees

AGILE, DIVERSE AND THRIVING WORKFORCE

4 Petron Office Safety, Health & Care Committee (POSHCC) Programmes

- Green Bag Talks covering:
 - COVID-19 Booster & Beyond
 - Safety Awareness During Festive Seasons
 - Hand, Foot and Mouth Disease Prevention
 - Keeping Your Heart Healthy
 - Mental Health
- TENTu HAPPY Zumba in conjunction with Petron's 10th Year Anniversary



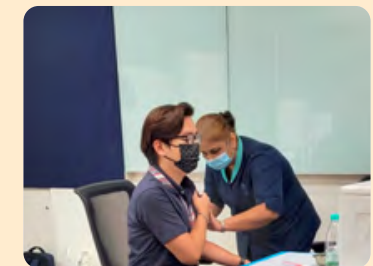
5 Petron Kuala Lumpur Recreational Club (PKLRC) Programmes

- Kahoot! Quiz
- TENTu Happy Lucky Draw
- Football Friendly Match - Petron Malaysia Football Club VS DOSH Putrajaya
- Boxing for Fitness
- Petron Idol 2022
- Petron Annual Dinner



6 Flu Vaccination Programme

- Expanded our vaccination programme into an annual flu vaccination drive
- Encouraged all employees to participate in the drive



Labour-Management Relations

To maintain a productive work environment, we strive to improve our labour management relations by engaging with the workers' union. One of our initiatives includes issuing a minimum of three weeks' notice prior to any operational changes to mitigate operational disruptions. This ensures that all employees are well-informed before final decisions are made and changes are implemented. During the notice period, we actively engage with our union workers to gather valuable inputs, as we believe in seeking employees' perspectives and including their feedback in the decision-making process.

As for collective agreements, we require a notice period of three months for consultation and negotiation. This extended timeframe allows for thorough discussions and ensures that all relevant parties have sufficient time to review and contribute to the process. By adhering to these terms, we promote transparency and constructive dialogue between the management and the Union.

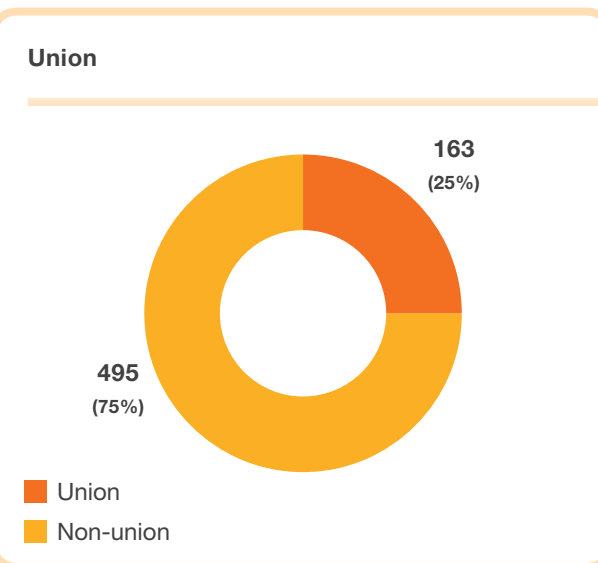
Freedom of Association and Collective Bargaining

Non-management employees have the right to join the Staff Union, which operates under the patronage of the National Union in Peninsular Malaysia or Sabah. Union members are given the opportunity to negotiate for better working benefits while ensuring their performance meets the Company's expectations. The Company maintains a friendly and productive relationship with the Staff Union. This includes discussing and negotiating the terms of a new Collective Agreement once every three years. In 2022, 25% of our employees were union workers, mainly technicians and plant operators at the refinery and terminals. Any issues and concerns are addressed during the quarterly Union meeting and Union sittings are minuted by HR.

AGILE, DIVERSE AND THRIVING WORKFORCE

We strive to address the needs of our employees from various categories. Management staff are obliged to address their concerns directly to the HR Department while contractual employees may address their concerns through their respective employer or recruitment agency.

We respect and uphold our employees' right to freedom of association and collective bargaining to ensure that workers' rights are protected. This allows employees to actively participate in the development of their work environment, a testament of our commitment towards greater equity and inclusivity in labour practices. Additionally, protecting workers' interests and promoting fair labour practices also benefit our workforce, enabling us to attract top talent in the industry, reduce turnover and enhance overall productivity.

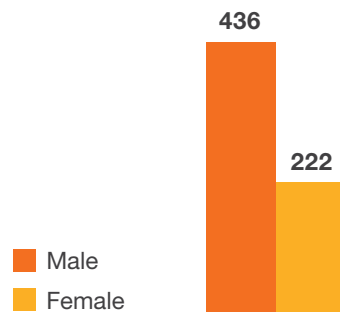


THRIVING WORKFORCE PERFORMANCE

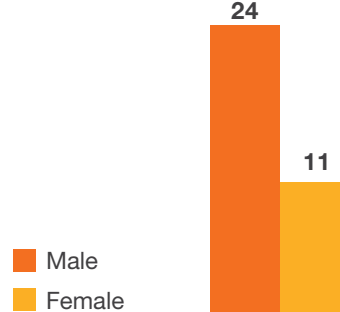
Parental Leave

Our employees are entitled to 90 days of maternity leave and 5 days of paternity leave, in compliance with the latest Employment Act 1955. In 2022, 100% of employees that were on parental leave returned to work after the leave ended. More than 80% of female employees continued to work one year after returning to work.

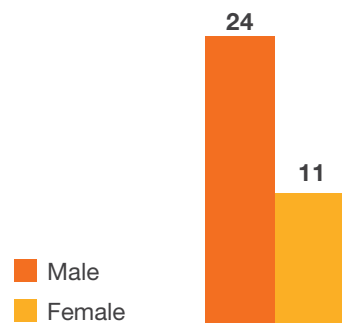
Total number of employees entitled to parental leave



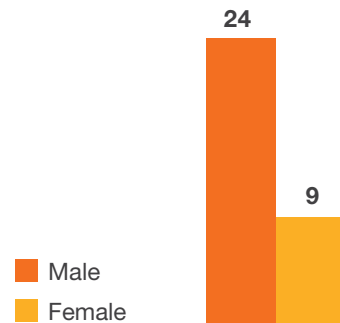
Total number of employees that took parental leave



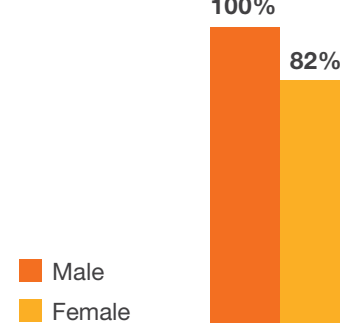
Total number of employees that returned to work in the reporting period after parental leave ended



Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work



Return to work and retention rates of employees that took parental leave



AGILE, DIVERSE AND THRIVING WORKFORCE

Awards

Petron Malaysia received several recognitions during the year for its commitment towards its employees. The awards included:



Graduates' Choice Award - 2023 Most Preferred Graduate Employers to Work For (received in 2022)

Oil & Gas category –
4th Place

Convenience Store category –
8th Place

Graduan Brand Awards - Malaysia's TOP-50 Most Preferred Employers 2022

All industries –
ranked 27th

BEST EMPLOYER BRAND



TALENTBANKTM
GRADUATES' CHOICE OF EMPLOYER

100% VOTED BY THE UNIVERSITY STUDENTS

SAFETY

Occupational Health and Safety (OHS) is a fundamental human right and it can protect and promote the health and well-being of our human capital. At Petron Malaysia, we go beyond regulatory compliance to embed a robust and effective occupational safety culture, which includes community safety, OHS, product safety (quality) and process safety (asset integrity). This is done through rigorous risk management, comprehensive training and awareness programmes for employees and contractors, including regulatory and standards compliance. Our focus on OHS is encapsulated in our ExCITES core values of Safety throughout our business operations.

Our Safety, Security, Health, and Environment (SSHE) Policy serves as an overarching policy that ensures the health and safety of the public and our workers not limited to employees, but also contractors and suppliers. The SSHE Policy also guides us in minimising the negative environmental impact of our operations. It is complemented with the Petron's Customer Relations Policy and Quality Policy, all of which are included in our SBC and encompass vital areas that include safety risk identification and management, and implementation of preventive measures and product quality control.

We are committed to comply with the Occupational Safety & Health Act (OSHA) 1994 (Amendment) Act 2022 and the Environmental Quality Act (EQA) 1972. We have in place stringent measures and unwavering compliance to standards across our operations and product offerings. In 2022, there were zero recorded incidents of non-compliance related to product safety, mislabelling and false advertising that would have resulted in fines or warnings. Additionally, an audit by SIRIM in the refinery and terminals reported zero non-conformance to ISO 45001 standards. We also recorded zero significant instances of court-imposed fines in relation to non-compliance with OHS laws and regulations.

To uphold the highest standards of safety, health and product quality across our operations, we are committed to adopt and benchmark against the best international standards. Currently, nine of our operational sites within the Petron Malaysia Group are certified with international standards in OHS, quality management and environmental management. Going forward, we aim for LPP to obtain the ISO 45001 certification within the next five years.

HEALTH AND SAFETY MANAGEMENT

Petron Malaysia International Standards Achievements



* PMRMB's sister companies' facilities.

Key Highlights

- Zero recorded Lost Time Injuries (LTI) in 2022
- Completed implementation of Petron Operations Integrity Management System (POIMS) across all Petron's operations, employees, contractors and vendors
- Achieved ISO certification for our refinery and terminals
- Zero incidents of non-compliance due to product safety, mislabelling or false advertising

SAFETY

COMMUNITY SAFETY

We prioritise the health and safety of local communities to minimise and mitigate risks of our business, which could affect our licence to operate. We regard local communities as people who live in areas that are close to our facilities and are impacted by our operations, such as our fenceline communities.

As such, we manage the potential safety and health impacts and risks that may arise from our operations and supply chain, including at our refinery, terminal, plants, transportation activities and service stations. Our commitment is demonstrated by enhancing our asset integrity and critical incident management through internal training, strategic collaboration and awareness sessions.

We engaged with our neighbouring communities from time to time to communicate the impacts of our activities and identify their needs and concerns. Our aim is to mitigate and minimise the public's health and safety risks during our operations and in the event of any critical incident.

Throughout 2022, we gathered community feedback through multiple mini sessions, to communicate the progress, management and impact of our projects. Communication with the community is conducted through meetings with community representatives, letters and ad-hoc communication through WhatsApp. We also have in place a Community Grievance Mechanism to enable members of the public to report grievances on safety and the environment which will be recorded, reviewed quarterly and monitored via our POIMS system. The community can also report grievances during activities held under Control of Industrial Major Accident Hazard (CIMAH) and Petroleum Industry of Malaysia Mutual Aid Group (PIMMAG).

For the year under review, we recorded three motor vehicle accidents (MVA) involving our haulers. We continued training our delivery fleet with defensive driving techniques to prevent MVAs. As such, we reduced the frequency of MVAs to zero accident per 10,000 trips in 2022.



Petron Malaysia's Tandas Kita Bersih Initiative

In addition to public health and safety, we care for our customers' and communities' well-being through promoting hygienic and sanitary conditions in public spaces to curb the spread of communicable diseases and illnesses. We are proud to report that our Tandas Kita Bersih initiative ensures that all our service stations in

Malaysia are dedicated to keep their toilets clean, functional and dry at all times. The initiative reflects our contribution to UN SDG 6: Clean Water and Sanitation, which includes the target of achieving access to adequate and equitable sanitation and hygiene for all by 2030.

Since its launch in 2018, Tandas Kita Bersih has gained various recognitions for its significance and success. In 2022, eight service stations were awarded by the local councils for their effort in providing clean toilets. Additionally, Petron service stations in Melaka won three out of six awards in the Melaka Cleanliness and Beautification Award organised by the state government and the Ministry of Domestic Trade and Consumer Affairs. These service stations were assessed by local district councils, state DOSH and the ministry.

Awards Won for Tandas Kita Bersih Initiative in 2022

National Clean Public Toilet Competition (Service Station Category) - Ministry of Local Government Development (KPKT)	Cleanest Premises Award for Public Food & Toilet (Service Station Category) – Petaling Jaya City Council (Selangor)	Cleanest Public Toilet Award (Service Station Category) – Pasir Gudang City Council (Johor)	Melaka Cleanliness and Beautification Award (Service Station Category) – Melaka
1st Place: Petron Senai Jaya	Petron Damansara Kayu Ara	2nd Place: Petron Kota Masai	1st Place: Petron Simpang Ampat
3rd Place: Petron Stadium Hang Jebat	Petron Taman Universiti	3rd Place: Petron Masai Kong Kong	2nd Place: Petron Stadium Hang Jebat
	Petron Lebuhraya Utama		6th Place: Petron Tg. Keling

SAFETY

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM (OHSMS)

We have a comprehensive OHSMS in place that covers all our operations and employees, contractors and vendors. The Petron Operations Integrity Management System (POIMS) encompasses a framework of systems and procedures that are designed to identify and manage safety, health, environmental and security risks and hazards. Since its development in 2012, the POIMS has served as the foundation for maintaining the highest standard of OHS operations. The POIMS is aligned with the OSHA 1994 (Amendment) Act 2022 and the EQA 1972.

To uphold the credibility of the system, the POIMS has been reviewed and verified by SIRIM QAS International Sdn. Bhd., which confirmed POIMS' compliance with the requirements of the ISO 45001:2018 OHS Management Systems. The POIMS is applicable to all operating units and comprises of the following 11 key elements, which reflect management leadership, commitment and accountability towards operational integrity, assessment and improvement:

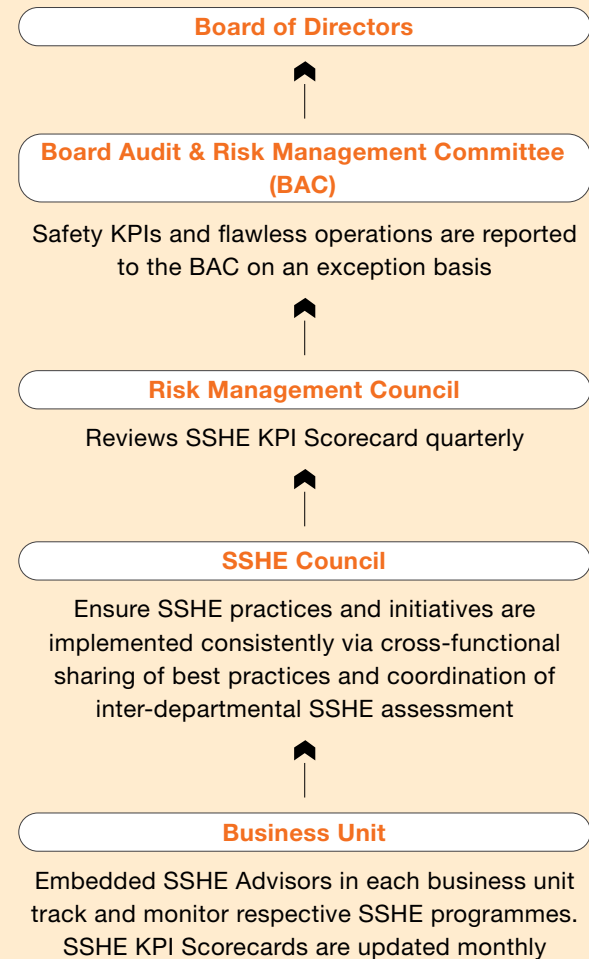
POIMS comprises the following 11 key elements

- 1 Management Leadership, Commitment and Accountability
- 2 Risk Assessment and Management
- 3 Facilities Design and Construction
- 4 Information/Documentation
- 5 Personnel and Training
- 6 Operations and Maintenance
- 7 Management of Change
- 8 Third Party Services
- 9 Incident Investigation and Analysis*
- 10 Community Awareness and Emergency Preparedness
- 11 Operations Safety Assessment and Improvement

* For more information on our POIMS Incident Investigation and Analysis, refer to page 77.

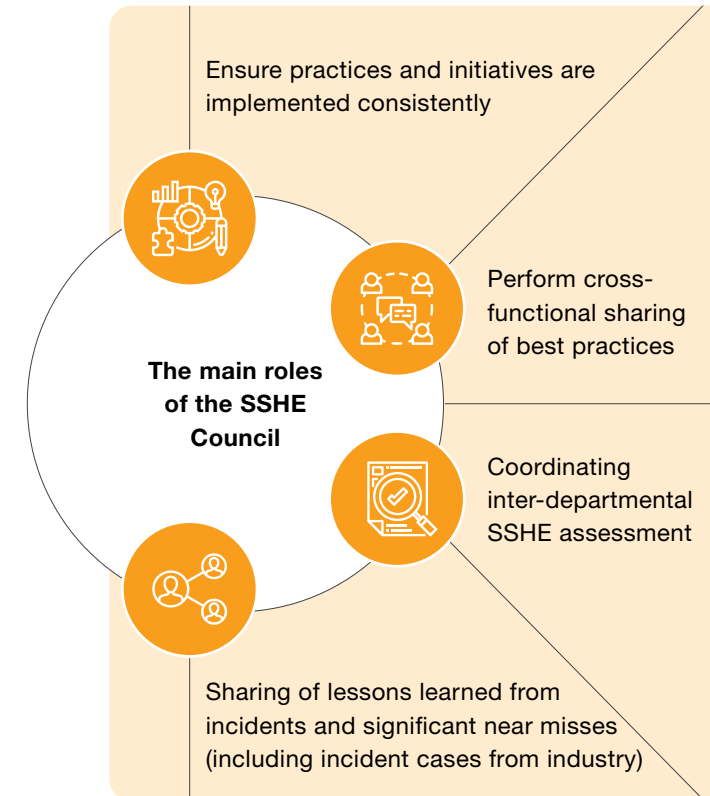
OHS GOVERNANCE

SSHE Governance structure



We believe in demonstrating good leadership in OHS to inculcate an effective health and safety culture. This commitment includes adhering to legal and regulatory requirements, promoting a positive OHS culture that fosters awareness and active participation, as well as mitigating and minimising risks associated with OHS incidents. To this end, it is necessary for Petron to strengthen its OHS governance to develop and maintain comprehensive policies, frameworks, systems and practices to ensure effective OHS management across the organisation.

In 2022, we enhanced our OHS governance by replacing the Safety, Security, Health and Environment Leadership Team (SSHELT) with the Safety, Security, Health and Environment (SSHE) Council. The SSHE Council aims to provide guidance and sharing of SSHE best practices, initiatives and lessons learned from incidents among all business units.



The SSHE Council is in charge of identifying and implementing best practices and initiatives that are specific to business units and promoting best practices to achieve SSHE goals in a cost-effective manner. The SSHE Council also coordinates assessments of SSHE core activities to establish quality benchmarking and sharing of opportunities to improve our OHS. Through this continued sharing of knowledge and experience, we aim for continuous improvement in SSHE's performance and maintain smooth operations at refinery, terminals and in other business activities. Safety performance is shared to the SSHE Council monthly via KPI Scorecards, while safety KPIs and flawless operations are reported quarterly to the Risk Management Council and BAC only on an exception basis.

The SSHE Council is chaired by the Refinery Manager, who reports to the SSHE Council's Sponsor on the progress of OHS matters within Petron Malaysia. The Sponsor's position is held by Petron Malaysia's General Manager. The SSHE Council Chairperson also oversees and coordinates company-wide SSHE programmes besides planning and assigning resources for SSHE advisory service on distinct subjects including POIMS and other safety policies and guidelines.

Additionally, we have in place a Petron Office Safety, Health & Care Committee (POSHCC)* which was established to embed safety culture across our operations. POSHCC's main objective is to enhance the safety, health and welfare of our employees and engage them on safety-related issues through initiatives such as Green Bag talks. POSHCC comprises management representatives as well as nominated members from each department. To ensure compliance with the Occupational Safety & Health Act 1994 - Section 30: Establishment of Safety & Health Committee, the committee convenes quarterly to deliberate on SSHE initiatives and progress updates on various initiatives.



* For more info on POSHCC's initiatives, refer to page 78.

SAFETY

SAFETY

MITIGATION AND MANAGEMENT OF HAZARDS AND RISKS

As our operations encompass a wide range of facilities including service stations nationwide, it is vital for us to put in place effective and robust hazard and risk management systems. Risk management is part of our asset integrity or process safety to ensure that we identify and eliminate the sources or factors that would lead to potential incidents.

Prior to the commencement of any project, a thorough risk identification and assessment is conducted to identify and address any high-risk activities. This includes conducting Job Safety Analysis (JSA), Hazard Identification, Risk Assessment and Risk Control (HIRARC) and Hazard Identification, Risk Assessment and Determining Controls (HIRADC) to accurately evaluate and rank the risk levels (high, medium, low) of each project accordingly.

In addition, our risk management is supported by the POIMS Risk Assessment and Management system, which requires the implementation and execution of a comprehensive risk management plan by trained and qualified personnel. The plan includes hazard identification, assessment and follow-ups to prevent and mitigate risks to employees, operations, facilities and equipment. All of Petron Malaysia's operations including refinery, supply, distribution and service stations are covered by risk assessments. Our management of safety risks also includes Emergency Response Preparedness exercises, which require each operational site to conduct periodic drill exercises to assess their preparedness for crises or high-risk situations.

At our Port Dickson Refinery, a Hazard and Operability Study (HAZOP) is conducted before the start of a project to examine the project's plans and existing processes or operations and address any design or engineering issues that require immediate attention.

In March 2022, we organised an Emergency Response Plan exercise at Pantai Tanjung Gemok which allowed us to observe the preparedness of our PDR Oil Spill Response (OSR) Team in managing OSR incidents.



We collaborated with Petroleum Industry of Malaysia Mutual Aid Group (PIMMAG) to ensure that we are able to handle any OSR incidents in the future. The exercise included injection of scenarios and media response management. Apart from 40 Petron staff and 25 PIMMAG staff, various government agencies participated in the event.

40

Petron staff



25

PIMMAG staff

Among them were the Malaysia Marine Department, the Royal Malaysia Police, the Department of Environment, Department of Occupational Safety and Health, Fire and Rescue Department and the Malaysian Maritime Enforcement Agency.



Our risk assessment is conducted bi-annually to identify hazards and to implement the necessary measures to mitigate or minimise the risks identified. Additionally, we conduct an annual internal SSHE assessment at our refinery and selected fuel distribution terminals to ensure their compliance to regulations. In 2022, our refinery and KTN* were audited and found to have met the POIMS system criteria, with no significant issues.

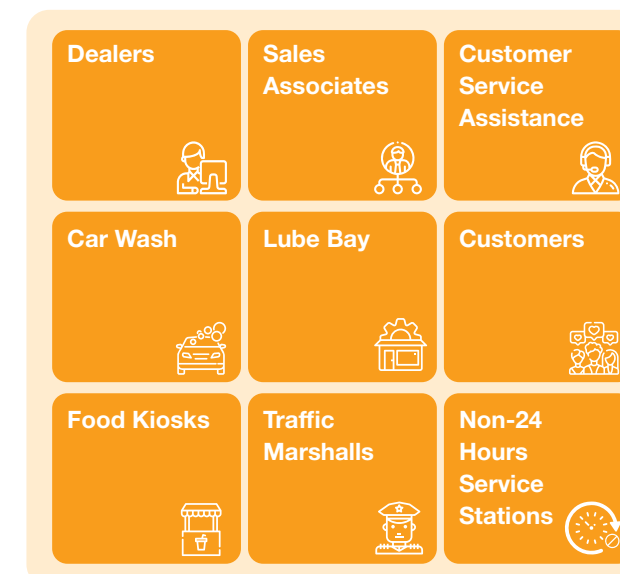
Moreover, we rolled out several risk assessment tools to guide our service station dealers and LPG distributors. The assessments are consistent with potential SSHE exposure such as excessive noise identification, safe operations demonstrations, Control of Industrial

Major Accident Hazard (CIMAH), ergonomic risks and chemicals hazardous to health assessment. We maintain a risk register to document all work-related SSHE risks we have identified and assessed.

To address retail risks, our HIRARC framework provides recommendations to mitigate the identified risks. Dealers or business owners of the service stations are responsible for acknowledging and implementing the HIRARC recommendations. Additionally, we conduct an excessive noise identification assessment annually, as required by DOSH under the Industry Code of Practice.

* PMRMB's sister companies' facilities.

In 2022, 100% of our operations, including service stations, were evaluated for risks and hazards. The assessments were conducted by the embedded SSHE advisors in their respective business units. HIRARC assessments at service stations covered the following criteria and all the service stations were categorised as having medium to high risk levels.



MANAGEMENT OF CRITICAL INCIDENTS AND HAZARDOUS SITUATIONS

Critical incidents and hazardous situations may expose our workers, contractors, vendors and the local communities to environmental, health and/or safety risks. Critical incidents include loss of control or containment or hydrocarbons, fires, explosions and spills while hazardous situations refer to work-related hazards such as working with heavy machinery, falling structures, slips, trips and falls from height. If an incident or a hazard is not managed effectively, it could lead to fatalities, injuries or ill health, and contamination of air, soil and water. As such, we have in place various comprehensive systems and guidelines for workers to report on critical incidents and hazardous situations. Moreover, we have an encompassing Whistleblowing Policy that allows internal and external stakeholders to report any incidents anonymously and protect them from reprisals.

In the event of a hazardous situation, our workers can report the incident via the You See You Act (UCUX) form and submit the Near Miss Hazard Identification & Unannounced Field Observation (UFO) reports. In the event of an incident, employees or contractors must comply with the POIMS Incident Investigation and Analysis, which was developed to minimise the

occurrence and severity of recurring incidents and near losses in the workplace. The employee or contractor must report to their supervisor or division manager, who will alert the department head through phone immediately, especially for incidents classified as high severity. The severity levels, notification process and timeframes are outlined in the Work-Related Incidents and Injury Guide, which is accessible to all employees via Petron My Hub intranet. Respective business units will investigate the root cause of the incident within 21 days to determine corrective actions and follow-up measures. Lessons learned from the incident will be disseminated to all departments by the SSHE Council.

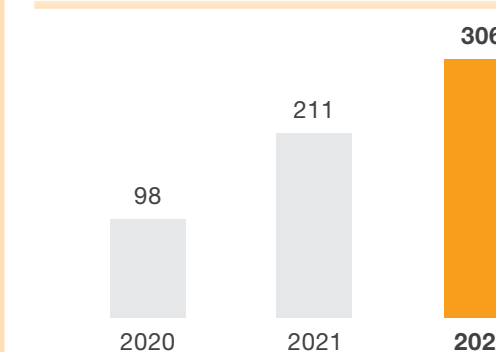
OHS TRAINING

To strengthen our safety culture, we work closely with DOSH to keep abreast with the latest regulatory requirements and standards and provide OHS training to our workers. Ensuring safe work conditions for our employees and contractors will enhance their safety awareness and prevent injuries and illnesses, hence minimising Lost Time Injuries and improving productivity.

We provided a wide range of OHS training through physical and virtual sessions. This included mandatory training on SSHE Induction, HIRARC, Petron Online Incident Reporting System (POIRS), basic personal protective equipment (PPE) and defensive driving for all frequent drivers among employees and contractors.

To better manage and track our training sessions, we utilise a SSHE training matrix. In 2022, the number of employees who received training on health and safety standards increased by 95% compared to 2021, due to the hiring of more employees to fill LPP's expanded capacity.

No. of Employees Trained on Health and Safety Standards



Note:
Data for PDR, terminals and Lumut PME Plant only.

SAFETY

SAFETY

Defensive Driving Training Course

Compulsory training for all frequent drivers

Frequent drivers refer to personnel who drive more than 8,000km annually on company business

Refresher training is conducted every 5 years

While we have mandatory training for all employees and contractors, some business units conducted additional OHS training that are unique to their operations.

Refinery	Distribution and Terminal Operations
<ul style="list-style-type: none"> Standard Operating Procedure Boiler Steam Engine Driver Grade-1 Refresher First Aid + Cardiopulmonary Resuscitation (CPR) with Automated External Defibrillator (AED) FTD: Fire Team Development Integrated Management System (IMS) Requirements Training Course (ISO 9001:2015, ISO 14001:2015 & ISO 45001:2018) Loss Prevention System (LPS) Stage-1 (LPS & Job Safety Analysis (JSA)) LPS Train-the-Trainer POIMS Overview Refresher 	<ul style="list-style-type: none"> Noise Exposure (Annually) Chemical Exposure (Biennially) Ergonomic Awareness Training (Periodically) Awareness Session on HIV/AIDS (Periodically) External Regulatory Competency Training
	Retail Business
	<ul style="list-style-type: none"> Passenger & Service Vehicle Management Guide Petron Authorisation Green Card Training

OCCUPATIONAL HEALTH SERVICES

Instilling a safety culture at our workplace includes promoting non-occupational medical and healthcare services such as providing access to mental health resources, counselling services, employee assistance programmes and annual medical screenings for individuals aged 40 and above. Employees below 40 years old are entitled to a health screening once every three years. Further to that, we provide comprehensive medical coverage for our employees and their dependents. We also continue engaging with employees via POSHCC* through virtual and physical health talks on diverse topics including COVID-19 Booster

& Beyond, Mental Health, Safety Awareness During Festive Seasons, Hand, Foot and Mouth Disease (HFMD) Prevention and Keeping Your Heart Healthy.

We engage Occupational Health Doctors (OHDs) who are registered with DOSH to provide employees and contractors with access to healthcare services. This enables us to meet the regulations stipulated in the Occupational Safety and Health (Use and Standard of Exposure to Chemicals Hazardous to Health) Regulations 2000. The OHDs supervise and oversee our Company doctors during medical surveillance on workers who are exposed to or likely to come into contact with hazardous chemicals.

* Read more about POSHCC's role in Petron's OHS on page 75.

SAFETY

The OHDs also perform health surveillance among employees and contractors working in confined spaces, ensuring that the operational site complies with the Industry Code of Practice for Safe Working in a Confined Space 2010. The OHDs can provide medical advice, conduct health talks and assess employees' mental health before referring anyone requiring treatment to

mental health specialists. To this end, we provide access to the PsikoSosial Support Helpline and the Mental Illness Awareness & Support Association (MIASA), which are accessible to all workers, including local and foreign service station staff who seek emotional support, guidance and advice.

HEALTH AND SAFETY PERFORMANCE

Awards

Each year, Petron Malaysia facilities receive MSOSH awards in recognition of our occupational safety and health performance.



SAFETY

In the year under review, we recorded zero fatalities and zero high-consequence work-related injuries among employees and non-employees despite recording a higher number of hours worked. This reflects the strong safety culture we have within our organisation and the proactive steps we have taken to safeguard everyone's well-being.

As for work-related ill health, we have effectively maintained zero cases among employees and non-employees since 2019. This accomplishment serves as a testament to our rigorous approach to risk assessments and management. We will continue to ensure full compliance with all the applicable health and safety laws and regulations in our endeavour towards maintaining zero injuries and zero work-related diseases.

Employees

	2020	2021	2022
No. of hours worked	815,187.7	897,054.3	897,197.1

	2020		2021		2022	
	Number	Rate	Number	Rate	Number	Rate
Fatalities	0	0	0	0	0	0
Work-related Injuries	0	0	0	0	0	0
High-consequence Work-related Injuries	0	0	0	0	0	0
Recordable Work-related Injuries	0	0	1	0.2	0	0

Non-Employees (Contractors)

	2020	2021	2022
No. of hours worked	4,894,126.3	2,580,590.9	2,308,376.1

	2020		2021		2022	
	Number	Rate	Number	Rate	Number	Rate
Fatalities	0	0	1	0.1	0	0
Work-related Injuries	1	0	0	0	0	0
High-consequence Work-related Injuries	0	0	0	0	0	0
Recordable Work-related Injuries	4	0.2	1	0.1	0	0

Notes :

1. Rates were calculated based on 200,000 work hours.
2. Data for PDR, terminals and Lumut PME Plant only.
3. Non-employees refer to workers who are not employees but whose work/or workplace is controlled by Petron Malaysia.
4. High-consequence work-related injuries are injuries that result in fatality or an injury from which the worker, does not, or is not expected to fully recover from to pre-injury health status within six months.
5. Recordable work-related injuries are injuries that result in fatality or days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury diagnosed by a physician or other licenced healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness.
6. The rates for employees and non-employees have been rounded up to one decimal point.

CUSTOMER DATA PROTECTION

Protecting our customers' personal data is of paramount importance in today's digital age. It involves keeping sensitive information safe from unauthorised access, use or disclosure. At Petron Malaysia, we are committed to maintain the highest standards and best practices in the collection, utilisation and protection of our customers' data. Our primary objective is to prevent data losses and to uphold our customers' right to privacy.

DATA PROTECTION MANAGEMENT

We remain guided by the Information Technology Policy which is as per Petron Malaysia's SBC. Additionally, we have aligned our practices with ISO 27001 Information Security Management System (ISMS) as well as ISMS policies guidelines of San Miguel Corporation, which have been adjusted with necessary localisations to Malaysia.

We strive to protect our customers' personal data through initiatives such as enhancing cybersecurity awareness and cybersecurity systems. This does not only improve customer trust and loyalty but also elevates our reputation, giving us a competitive edge, ensuring regulatory compliance and cultivating long-term customer relationships. Any breaches to privacy or loss of customer data may expose Petron Malaysia to legal, reputational and financial risks.

PRIORITISING THE PROTECTION OF CUSTOMER DATA

As the third largest downstream oil and gas player in Malaysia, we collect a massive amount of customer data across our operations for various purposes. Thus, it is crucial to secure the data and ensure that it is kept private and confidential as we strive to deliver excellent customer service. We have in place a Personal Data Protection Act (PDPA) notice to inform customers of our intention to only require or procure the necessary personal data, and that we do not process personal data for any other purposes that are not within the scope of our business.

In 2022, we implemented various measures to enhance our cybersecurity system, including remaining vigilant against potential cyber threats and implementing fail-safe mechanisms. We also increased employee awareness through simulated phishing exercises and cybersecurity bulletins to share best practices among employees. Our customer data include feedback, responses and enquiries derived from our engagements with customers through platforms such as Petron Care, Petron Miles (PMiles) and social media. The feedback, enquiries, responses and resolution rates made via Petron Care are recorded in our system to enable us to better understand customer needs and allow us to improve our products, services and practices.

Similarly, customer feedback, queries and complaints made via the PMiles Call Centre are secured in our system. The number of calls reflects the volume of customers we manage through the PMiles Call Centre. All customer data received through the calls is protected under the PDPA 2010 as outlined in our PMiles Terms and Conditions. These terms must be complied by all outsourced call centres. This includes restricting access to only authorised personnel and reviewing the access log on a quarterly basis.

DATA PROTECTION PERFORMANCE

In 2022, there were zero substantiated complaints concerning breaches of customer privacy, losses of customer data and non-compliances to standards and regulations. Going forward, we will continue to step up our efforts to improve our cybersecurity to protect the privacy of our stakeholders.

We have an updated Personal Data Protection Act Notice (PDPA Notice)

Please read this PDPA Notice carefully to understand how we treat Personal Data. Should you have any questions and/or concerns regarding this PDPA Notice, Petron Malaysia's ("Petron") use of your Personal Data and the Collected Data, or your rights in relation thereto under the Personal Data Protection Act 2010, please do not hesitate to email: contactus@petron.com (Attention : General Counsel/Company Secretary).

[Click here to read the PDPA Notice in full.](#)

☐ I accept the terms in the PDPA Notice.

I AGREE

MEMBERSHIP OF ASSOCIATIONS

Company	Organisation/Association	Petron Malaysia's Participation
PMRMB/PFISB/POMSB	<ul style="list-style-type: none"> Malaysian Society for Occupational Safety and Health (MSOSH) 	Refinery – Port Dickson Terminals – Port Dickson, Bagan Luar, KLIA Aviation Depot, Kuantan*, Pasir Gudang*, Sepangar Bay*, Sandakan* and Tawau* Lumut PME Plant
PMRMB/PFISB/POMSB	<ul style="list-style-type: none"> PIMMAG – Petroleum Industry of Malaysia Mutual Aid Group <p>PIMMAG is established to enhance the protection of the environment through the provision of pooled resources to respond to oil spill contingencies arising in Malaysia and Malaysian waters, including the Exclusive Economic Zone. Its major shareholders are the oil companies operating in Malaysia. However, any company with oil related activities is also eligible to join as a member.</p>	Members of PIMMAG Advisory Committee (PAC): <ul style="list-style-type: none"> Supply and Distribution SSHE & Training Advisor PDR Emergency Response Coordinator Refinery – Port Dickson Terminals – Port Dickson, Bagan Luar, KLIA Aviation Depot, Kuantan*, Pasir Gudang*, Sepangar Bay*, Sandakan* and Tawau* Lumut PME Plant Also covers inland Offshore Self Regulation - Retail Service Stations, Commercial and Fleet.
PMRMB	<ul style="list-style-type: none"> Malaysian Biodiesel Association (MBA) 	Lumut PME Plant Operations Manager

* PMRMB's sister companies' facilities.

SUSTAINABILITY PERFORMANCE DATA

ECONOMIC				
Material Matters Indicators	Unit	2020	2021	2022
Economic Value Generated				
• Revenue	MYR'bil	6.5	9.2	18.4
• Other Income	MYR'mil	70	61	98
Economic Value Distributed				
• Payment to Suppliers/Business Partners/ Contractors	MYR'bil	6.4	8.7	17.9
• Salaries and Benefits for Employees	MYR'mil	76	69	48
• Dividend paid to Investors	MYR'mil	32	14	54
• Tax paid to Government	MYR'mil	17	6	26
• Economic Value Retained for Reinvestment	MYR'mil	18	424	388
Supporting Local Suppliers and Uplifting Local Leadership				
• Percentage of Local Suppliers/Business Partners	%	92	93	94
• Percentage of Payments to Local Supplier	%	60	50	46
• Proportion of Senior Management Hired from the Local Community	%	94	94	95
Community Investment				
• Total Amount Invested in Local Community	MYR'thousands	525	155	608
• Beneficiaries of the Investment in Communities	Number	-	28,189	5,245
Employees who have Received Training on Anti-corruption (by Employee Category)				
• Management	%	-	100	56
• Non-Management	%	-	100	22
Ethical Business Performance				
• Operations Assessed for Risks Related to Corruption	%	-	100	100
• Confirmed Incidents of Corruption and Actions Taken	Number	-	0	0
• Legal Actions for Anti-competitive Behaviour, Anti-trust and Monopoly Practices	Number	0	0	0
• Employees that have Completed Annual Declaration	%	100	100	100
• New Suppliers that were Screened using Social Criteria	%	-	76	100

ENVIRONMENTAL				
Material Matters Indicators	Unit	2020	2021	2022
Group Energy Consumption	GJ	2,610,646	2,913,196	3,543,778
Group Energy Consumption (by Sources)				
• Gasoline	GJ	2,315,930	2,548,948	3,096,756
• Diesel		2,731	2,541	2,103
• Natural Gas		73,645	96,921	101,519
• LFO		13,424	1,250	3,171
• Electricity		204,990	263,542	340,311
Energy Consumption				
• PD Refinery and Terminal	GJ	2,506,100	2,795,683	3,417,011
• Lumut PME Plant		98,896	112,258	120,707
• Terminals (BLT, KTN, SBT, SDK, TWU)		4,078	3,889	4,372
• HQ & PRTC		1,572	1,366	1,688
Energy Intensity				
• PD Refinery and Terminal	GJ/KBBL	137.6	155.6	141.5
• Lumut PME Plant		12.8	13.3	12.9
• Terminals (BLT, KTN, SBT, SDK, TWU)		0.4	0.3	0.3

SUSTAINABILITY PERFORMANCE DATA

ENVIRONMENTAL				
Material Matters Indicators	Unit	2020	2021	2022
Group Greenhouse Gas (GHG) Emissions				
• Scope 1	KilotonnesCO ₂ e (ktCO ₂ e)	120	151	181
• Scope 2		44	58	74
GHG Emissions				
• PD Refinery and Terminal - Scope 1	ktCO ₂ e	115.6	146.3	175.6
• PD Refinery and Terminal - Scope 2		40.7	53.5	69.6
• Lumut PME Plant – Scope 1		4.6	5.0	5.3
• Lumut PME Plant – Scope 2		2.54	3.03	3.46
• Terminals (BLT, KTN, SBT, SDK, TWU) – Scope 1		0.011	0.011	0.006
• Terminals (BLT, KTN, SBT, SDK, TWU) – Scope 2		0.86	0.81	0.95
• HQ & PRTC - Scope 2		0.30	0.26	0.32
GHG Emissions Intensity				
• PD Refinery and Terminal - Scope 1	ktCO ₂ e/MBBL	6.3	8.1	7.3
• PD Refinery and Terminal - Scope 2		2.2	3.0	2.9
• Lumut PME Plant – Scope 1		0.6	0.6	0.6
• Lumut PME Plant – Scope 2		0.33	0.36	0.37
• Terminals (BLT, KTN, SBT, SDK, TWU) – Scope 1		0.001	0.001	0.0004
• Terminals (BLT, KTN, SBT, SDK, TWU) – Scope 2		0.08	0.07	0.06
Emissions of Sulphur Oxides (SOx) & Nitrogen Oxides (NOx)				
• SOx	Tonnes	41	52	55
• NOx		222	259	315
Emissions of SOx & NOx Intensity				
• SOx	KG/KBBL	2.2	2.9	2.3
• NOx		12.2	14.4	13.0
Group Significant (Reportable) Spills				
• Spills on Land	Number	0	0	0
• Spills on Water		0	0	0
• Spills at Offsite		0	0	0
Group Significant (Reportable) Spills				
• Spills on Land	Litres	0	0	0
• Spills on Water		0	0	0
• Spills at Offsite		0	0	0
Group Waste Performance (Hazardous)				
• Waste Generated	Tonnes	207	496	340
• Waste Diverted from Disposal		49	44	129
• Waste Sent to Disposal		158	452	211
Group Waste Performance (Non-Hazardous)				
• Waste Generated	Tonnes	38	879	2,728
• Waste Diverted from Disposal		-	840	2,672
• Waste Sent to Disposal		38	39	56
Group Water Performance				
• Water Consumption	Megalitres (ML)	135	134	249
• Water Discharge		423	446	536
• Water Withdrawal		558	519	785
Total Weight of Materials Used to Produce Primary Products and Services				
• Renewable Materials	Tonnes	-	-	78,000
• Non-Renewable Materials		-	-	2,421,100
Total Weight of Materials Used to Package Primary Products and Services				
• Non-Renewable Materials		-	-	1,176

SUSTAINABILITY PERFORMANCE DATA

SOCIAL				
Material Matters Indicators	Unit	2020	2021	2022
Total Number of Employees	Number	613	600	658
Percentage of Board Members by:				
• Gender	%			
- Male		67	67	67
- Female		33	33	33
• Age Group				
- 60 years and above		100	100	89
- 50-59 years		-	-	11
Employee Diversity (by Employee Category, by gender, age group and employment contract)				
• Management	%			
- Male		57	55	57
- Female		43	45	43
- < 30		17	17	18
- 30-50		69	70	70
- > 50		14	13	12
• Non-Management				
- Male		93	95	96
- Female		7	5	4
- < 30		20	20	24
- 30-50	58	60	61	
- > 50	22	20	15	
• Permanent	%	-	-	81%
• Contract		-	-	19%
Total Training Hours (by Employee Category)				
• Management	Hours	3,918	3,419	11,589
• Non-Management		5,037	4,190	3,726
Average Training Hours Per Employee (by Gender)				
• Male	Hours	20	17	25
• Female		5	4	20
Average Training Hours Per Employee (by Employee Category)				
• Management	Hours	14	12	23
• Non-Management		37	28	23
New Hires (by Employee Category)				
• Management	Number	23	32	93
• Non-Management		6	19	35
New Hires (by Gender)				
• Male	Number	17	36	93
• Female		12	15	35
New Hires (by Age Group)				
• < 30	Number	12	35	69
• 30-50		17	16	58
• > 50		0	0	1
Turnover (by Employee Category)				
• Management	Number	24	45	47
• Non-Management		2	2	5

SUSTAINABILITY PERFORMANCE DATA

SOCIAL				
Material Matters Indicators	Unit	2020	2021	2022
Turnover (by Gender)				
• Male	Number	18	33	31
• Female		8	14	21
Turnover (by Age Group)				
• < 30	Number	5	19	10
• 30-50		21	27	42
• > 50		0	1	0
Employees that were Entitled to Parental Leave				
• Male	Number	400	391	436
• Female		213	209	222
Employees that Took Parental Leave				
• Male	Number	-	19	24
• Female		-	11	11
Employees that Returned to Work in the Reporting Period after Parental Leave Ended				
• Male	Number	-	19	24
• Female		-	11	11
Employees that Returned to Work After Parental Leave Ended That Were Still Employed 12 Months After Their Return to Work				
• Male	Number	-	19	24
• Female		-	10	9
Retention Rate of Employees that Took Parental Leave				
• Male	%	-	100	100
• Female		-	91	82
Workforce Breakdown (by Union/Non-Union)				
• Union	Number	138	149	163
• Non-Union		475	451	495
• Union against Total Employees	%	23	25	25
OHS Performance				
• Employees Trained on Health and Safety Standards	Number	98	211	306
• Lost Time Injuries (LTI)	Number	0	1	0
	Rate	0	0.1	0
Number of Hours Worked				
• Employees	Hours	815,187.7	897,054.3	897,197.1
• Contractors		4,894,126.3	2580,590.9	2,308,376.1
Fatalities				
• Employees	Number	0	0	0
• Contractors		0	1	0
Work-related Injuries				
• Employees	Number	0	0	0
• Contractors		1	0	0
High Consequence Work-related Injuries				
• Employees	Number	0	0	0
• Contractors		0	0	0
Recordable Work-related Injuries				
• Employees	Number	0	1	0
• Contractors		4	1	0

GRI CONTENT INDEX

Statement of use	Petron Malaysia Refining & Marketing Bhd has reported the information cited in this GRI content index for the period 1 January 2022 to 31 December 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	GRI 11: Oil and Gas Sector 2021

GRI Standard	Disclosure	Location (Remarks/Pg. No.)
GRI 2: General Disclosures 2021	2-1 Organisational details	6-7. Refer also to PMRMB's Annual report 2022 page 8.
	2-2 Entities included in the organisation's sustainability reporting	5
	2-3 Reporting period, frequency and contact point	5
	2-4 Restatements of information	35
	2-5 External assurance	Refer to PMRMB's Annual report 2022 page 83.
	2-6 Activities, value chain and other business relationships	60
	2-7 Employees	66
	2-9 Governance structure and composition	Refer to PMRMB's Annual report 2022 page 91.
	2-10 Nomination and selection of the highest governance body	Refer to PMRMB's Annual report 2022 page 91.
	2-11 Chair of the highest governance body	Refer to PMRMB's Annual report 2022 page 91.
	2-12 Role of the highest governance body in overseeing the management of impacts	14. Refer also to PMRMB's Annual report 2022 page 91.
	2-13 Delegation of responsibility for managing impacts	14. Refer also to PMRMB's Annual report 2022 page 91.
	2-14 Role of the highest governance body in sustainability reporting	14. Refer also to PMRMB's Annual report 2022 page 91.
	2-15 Conflicts of interest	Refer to PMRMB's Annual report 2022 page 56, 66, 77.
	2-17 Collective knowledge of the highest governance body	Refer to PMRMB's Annual report 2022 page 92.
	2-18 Evaluation of the performance of the highest governance body	13
	2-19 Remuneration policies	Refer to PMRMB's Annual report 2022 page 62.
	2-20 Process to determine remuneration	Refer to PMRMB's Annual report 2022 page 72-73.
	2-21 Annual total compensation ratio	Refer to PMRMB's Annual report 2022 page 72-73.
	2-22 Statement on sustainable development strategy	8
	2-23 Policy commitments	Refer to PMRMB's Annual report 2022 page 63-64.
	2-24 Embedding policy commitments	Refer to PMRMB's Annual report 2022 page 63-64, 77-78.
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GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	72	-
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GLOSSARY

Facilities

- | | |
|--|---|
| 1. BLT – Bagan Luar Terminal | 8. PGT – Pasir Gudang Terminal (JV/Chevron) |
| 2. KLIA – KLIA Aviation Depot (JV-Petronas/Shell) | 9. SBT – Sepang Bay Terminal |
| 3. KTN – Kuantan Terminal | 10. SDK – Sandakan Terminal |
| 4. KVDT – Klang Valley Distribution Terminal (JV-Petronas/Shell) | 11. TWU – Tawau Terminal |
| 5. LPP – Lumut PME Plant | 12. WPT – Westport Terminal (JV-BHP) |
| 6. PDR – Port Dickson Refinery | 13. HQ – Head Office |
| 7. PDT – Port Dickson Terminal | 14. PRTC – Petron Retail Training Centre |

- | | |
|--|---|
| ADO – Automotive Diesel Oil | EBP – Environmental Business Plan |
| AED – Automated External Defibrillator | EES – Economic, Environmental and Social |
| AMG – Asset Management Group | EIA – Environmental Impact Assessment |
| AMLA – Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act | EMP – Environmental Monitoring Programme |
| API – American Petroleum Institute | EMS – Environmental Management System |
| ATG – Automatic Tank Gauging | EPA – United States Environmental Protection Agency |
| BAC – Board Audit & Risk Management Committee | EQA – Environmental Quality Act |
| BCP – Business Continuity Plan | ExCITES – Excellence, Customer Focus, Innovation, Teamwork, Ethics and Safety |
| BOD – Board of Directors | GHG – Greenhouse Gas |
| BSR – Bio-Sulphur Recovery | GJ – Gigajoules |
| BSC – Board Sustainability Committee | GRI – Global Reporting Initiative |
| CAAP – Clean Air Action Plan | GTSP – Go-To-Safety-Point |
| CH ₄ – Methane | H ₂ S – Hydrogen Sulfide |
| CIMAH – Control of Industrial Major Accident Hazard | HAZOP – Hazard and Operability Study |
| CO – Carbon Monoxide | HIRARC – Hazard Identification, Risk Assessment and Risk Control |
| CO ₂ – Carbon Dioxide | HIRADC – Hazard Identification, Risk Assessment and Determining Controls |
| CO ₂ e – Carbon Dioxide equivalent | IMS – Integrated Management System |
| CEPSWAM – Certified Scheduled Waste Competent Personnel | iREMOTE – Integrated Remote Monitoring Enforcement |
| CPR – Cardiopulmonary Resuscitation | ISMS – Information Security Management System |
| CSD – Critical Safety Devices | IUCN – International Union for Conservation of Nature |
| CSR – Corporate Social Responsibility | JPJKK – Jabatan Pencegahan Jenayah Dan Keselamatan Komuniti |
| DHT – Diesel Hydrotreater | JSA – Job Safety Analysis |
| DOE – Department of Environment | JV – Joint Venture |
| DOSH – Department of Occupational Safety and Health | |

GLOSSARY

LFO	– Light Fuel Oil	POMSB	– Petron Oil Malaysia Sdn. Bhd.
LPG	– Liquefied Petroleum Gas	POSHCC	– Petron Office Safety Security Health and Care Committee
LPS	– Loss Prevention System	PPE	– Personal Protective Equipment
LSWR	– Low Sulphur Waxy Residue		
LTI	– Lost Time Injuries		
MAYC	– Malaysian Association of Youth Clubs	RMP	– Royal Malaysia Police
MCCG	– Malaysian Code on Corporate Governance	RSP	– Road Safety Programme
MDT	– Management Development Training	RTD	– Road Transport Department
MIF2	– Marine Import Facility 2		
MRCS	– Malaysia Red Crescent Society	SBC	– Standards of Business Conduct
MSOSH	– Malaysian Society for Occupational Safety and Health	SC	– Sustainability Council
MSPO	– Malaysian Sustainable Palm Oil	SDASA	– Sekolah Menengah Dato’ Abdul Samad
		SHEE	– Safety, Security, Health and Environment
		SSHELT	– Safety, Security, Health and Environment Leadership Team
N ₂ O	– Nitrous Oxide	SKPD	– Sekolah Kebangsaan Port Dickson
NOx	– Nitrogen Oxides	SMEs	– Small and Medium-sized Enterprises
		SOx	– Sulphur Oxides
		STPD	– Sekolah Tinggi Port Dickson
O ₂	– Oxygen	TCFD	– Task Force on Climate-Related Financial Disclosures
OEM	– Original Equipment Manufacturer	TS25	– School Transformation 2025 Programme
OHD	– Occupational Health Doctors	TWG	– Technical Working Group
OHS	– Occupational Health and Safety		
OHSMS	– Occupational Health Safety Management System		
OSHA	– Occupational Safety & Health Act		
OSR	– Oil Spill Response	UCUX	– You See You Act
OWR	– Oil Waste Separator	UFO	– Unannounced Field Observation
		UN SDG	– United Nations Sustainable Development Goals
		UPM	– Universiti Putra Malaysia
PCS	– Portable Container System	VIA	– Volunteerism in Action
PD	– Port Dickson		
PDPA	– Personal Data and Protection Act		
PEMS	– Predictive Emission Monitor System		
PFISB	– Petron Fuel International Sdn. Bhd.		
PKLRC	– Petron Kuala Lumpur Recreational Club		
PIMMAG	– Petroleum Industry of Malaysia Mutual Aid Group		
PME	– Palm Methyl Ester		
PMRMB	– Petron Malaysia Refining & Marketing Bhd		
POIMS	– Petron Operations Integrity Management System		
POIRS	– Petron Online Incident Reporting System		



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