



2nd Half 2021 Sustainability Disclosure

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Four Lenses of Sustainability



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Letter from Chief Sustainability Officer (1/2)

2022 may have not started out as planned as the world was preparing for economic growth and progress after COVID-19. Instead, the pandemic still lives on in many places, affecting everyday life, and everyone is feeling the effects of the global energy supply squeeze and rapid inflation. The situation at hand is relevant also for PETRONAS as we are balancing the need for energy security, affordability and sustainability. All three areas are equally relevant from a sustainability perspective and continue to inform our path forward.

In this 2nd Half 2021 Sustainability Disclosure, we present our performance and our progress against our 2024 sustainability targets as well as other notable aspects of our sustainability activities.

We continue to make good progress on reducing our carbon emissions and in generating positive social impact, whereas we have suffered a setback in some of our safety and environmental performance. Several internal efforts are underway to change the mindset and practices around health, safety and environment. At no point, may we lose our focus on minimising or eliminating our negative impact and ensure that we are a strong positive force in society. Overall, our commitments stand firm across all areas of sustainability, as per our definition of: continued value creation, positive social impact, safeguarding the environment and responsible governance.

In 2022, we will focus on defining our pathway for our net zero carbon emissions by 2050 aspiration. As part of this effort, and in response to emerging disclosure frameworks, we will continue to strengthen our sustainability reporting and public disclosures.



Charlotte Wolff-Bye
Vice President and
Chief Sustainability Officer,
PETRONAS.

Letter from Chief Sustainability Officer (2/2)

Partnering for Success

Despite the progress we are making, we must scale up and accelerate our actions further. Addressing the complex web of sustainability challenges can only be achieved by working together. Collaborative efforts with our stakeholders including government, suppliers, partners, customers, and communities are pertinent for the success of our sustainability journey.

I am excited to go through this journey with you. Do follow us at www.petronas.com as we embrace the opportunities ahead.

Enjoy this Second Half 2021 edition and have a look at the progress we have made so far.



Performance Overview 2021

Upholding our tagline of Passionate about Progress, PETRONAS continues to drive short-, medium- and long-term business value creation through responsible investments. We aim to positively impact the organisation, environment, as well as society at large. Through a steadfast execution of our strategy and innovative collaborations, we have continued to create value over the period in review. You can find details of the Q4 FY2021 Financial Report [here](#).

Safety Is Our Top Priority



Our operations are often in high-risk environments, and despite our best efforts, we are deeply saddened by the passing of three of our colleagues in the second half of 2021. We held the Safety Stand Down in locations across PETRONAS, dedicating a sombre time to pay our last respects, to honour their lives, and to reflect on the incidents and root causes. The focus is on strengthening the culture and environment that saves lives and increases overall worker welfare.

In relation to land transport incidents, we have enhanced our safety management by implementing a Fatigue Remedy & Sleep Hygiene initiative and rolled it out to our Downstream entities. We have also observed additional five Tier-1 Process Safety Events (PSE)¹ in the second half of the year.

There is an increase in the Lost Time Injury Frequency (LTIF) (per 1 million manhours) from 0.10 in 2020 to 0.14 in 2021, as well as an increase in Total Recordable Case Frequency (TRCF) (per 1 million manhours) from 0.29 in 2020 to 0.42 in 2021. Efforts have been intensified in strengthening compliance to standards and operating discipline. On the health management front, we sustained a similar result as recorded in the previous year for Total Recordable Occupational Illness Frequency (TROIF) (per 1 million manhours) of 0.17, main causes were food poisoning and noise induced hearing loss incidents.

In efforts to enhance Health, Safety and Environment (HSE) performance, we will continue to be vigilant in managing our risks by strengthening HSE culture, enhancing governance and leveraging digital technologies.

¹ A Tier-1 PSE is a Loss of Primary Containment (LOPC) with the greatest consequence as defined by API 754, Process Safety Performance Indicators for the Refining and Petrochemical Industries. It is an unplanned or uncontrolled release of any material, including non-toxic and non-flammable materials, from a process that results in one or more of the consequences as listed in the API 754.



Mobilising Resources in Support of National Resilience

When the world rolled out its largest vaccination drive, PETRONAS was quick to respond by forming the PETRONAS Immunisation Programme (PIP) Taskforce and setting up vaccination centres to support the Malaysian National Immunisation Programme. Although the risk of new emerging variants continues to threaten economic recovery, we will continue to monitor the development of the COVID-19 pandemic and its impact on Malaysia and our activities around the world.

In Malaysia, the end of 2021 was tragically marked by the worst flooding seen since 1970. Nevertheless, through the challenges, we saw people from all walks of life band together to give one another help in times of need. We also witnessed our own staff committing themselves selflessly and living up to PETRONAS' purpose of "*enriching lives*". A network of PETRONAS petrol stations quickly established food banks for those needing help with daily provisions. Volunteer networks sprang up almost immediately post-disaster to deliver aid, food, and other supplies to flood victims.

A Strong Momentum in Net Zero Ambitions

The recent United Nations (UN) climate summit, better known as COP26, focused on collective, actionable, and even drastic steps that must be taken to reduce carbon emissions globally. Leading up to COP26, the proportion of global Gross Domestic Production (GDP) covered by a national net zero target had increased to 90% from 23%. Moreover, the summit concluded the rulebook for the Paris Agreement from 2015 and delivered several key pledges including reducing global methane emissions by 30% compared with 2020 levels by 2030, retaining 50% of forest cover and halting deforestation by 2030.

Malaysia has made several climate-related commitments under the 12th Malaysia Plan including additional pledges announced around COP26. Among those which are more relevant to PETRONAS are the revised Nationally Determined Contribution (NDC) to reduce the intensity (against GDP) of greenhouse gas (GHG) emissions by 45% compared to 2005 levels, as well as the pledge to reduce methane emissions. Malaysia also announced the intention to develop a Voluntary Carbon Market (VCM), Domestic Emissions Trading Scheme (DETS), a carbon tax and a Long-Term Low Emissions Development Strategy (LT-LEDS).

To bring momentum to methane emissions reduction in the oil and gas value chain, PETRONAS started a series of ASEAN Methane roundtables to discuss ways to increase collaboration on regional methane emissions management. Furthermore, PETRONAS endorsed the World Bank's Zero Routine Flaring (ZRF) Initiative, pledging to end routine flaring at production sites by 2030.

PETRONAS Greenhouse Gas Emissions on a Downward Trajectory

In managing our GHG emissions, we have recorded a total of 45.2 million tonnes of carbon dioxide equivalent (MtCO₂e) emissions across our global operations for 2021, a reduction of 6.4% from 2020. For our Malaysia operations, 43.8 MtCO₂e was recorded, which is 5.4% lower than in 2020 (46.3 MtCO₂e). The decrease in emissions is mainly due to venting and flaring reduction projects in upstream operations, totaling up to 3.8 MtCO₂e. Combined with an increase in production, the upstream intensity figure has improved by 27% to 47.9 tCO₂e/kboe.

This is at the back of our target to cap GHG emissions to 49.5 MtCO₂e for our Malaysia operations by 2024. In our mission to increase renewable energy capacity to 3,000 megawatts (MW) by 2024, we installed a cumulative 851 MW renewable energy capacity in 2021.

Environmental Management Requiring a Continued Effort

On other aspects of environmental management, we recorded two hydrocarbon spills to the environment that is over one barrel (equivalent to 159 litres), compared to five hydrocarbon spills in the previous year. Our sulphur oxide emissions in 2021 have decreased by 43%, mainly due to the decommissioning of Engen refinery in Durban, South Africa and operational improvements in PETRONAS Floating LNG Ltd.

On water management, we recorded an increase of 19% in freshwater withdrawal volume, totalling up to 71.19 million cubic meters. This is due to the inclusion of freshwater withdrawal from PRPC Utilities and Facilities Sdn. Bhd. in Pengerang, Malaysia. Despite regular water use tracking and increased efficiency of water system operations, there is still a nominal increase in water extraction from water stressed areas.

On waste management, we recorded 59,228 metric tonnes of hazardous waste disposed in 2021, an increase of 25,879 metric tonnes from the previous year due to tank cleaning activities at one of the local oil terminals, as well as waste resulting from drill cuttings at PETRONAS Energy Canada Ltd.



Journey to Systemising our Sustainability Activities

Since declaring our sustainability aspirations, PETRONAS is developing our pathway to achieve net zero carbon emissions by 2050. As part of our push toward greater transparency on our actions to address climate change, we have expressed our support to the Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Stakeholder Capitalism Metrics by the World Economic Forum. Both frameworks will inform our disclosure practices going forward.

PETRONAS also joined the World Economic Forum's Partnering Against Corruption Initiative (PACI) as a signatory. PACI is the leading business voice on anti-corruption and transparency, and by becoming a signatory, we commit to engage in collective global initiatives to initiate transparent practices that will improve the ease of doing business.



Performance Data

Armed with the aspiration of achieving net zero carbon emissions by 2050 (NZCE 2050), this edition remains guided by our four lenses of sustainability, in alignment with United Nations Sustainable Development Goals (UN SDGs).

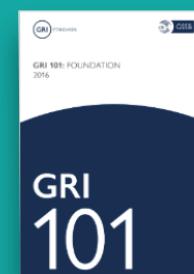


You can find details of the FY2021 Performance Data [here](#).

The performance data are also mapped to key international sustainability reporting standards.

Sustainability Performance Indicators

1. Ipieca¹/ American Petroleum Institute (API)/ International Association of Oil & Gas Producers (IOGP) Sustainability reporting guidance for the oil and gas industry
2. Global Reporting Initiative (GRI) Standards
3. World Economic Forum's International Business Council Stakeholder Capitalism Metrics





SUSTAINABLE DEVELOPMENT GOALS

3 GOOD HEALTH AND WELL-BEING



Supporting National COVID-19 Immunisation

At the upsurge of the COVID-19 pandemic in 2021, PETRONAS set up a PETRONAS Immunisation Programme (PIP) Taskforce comprised of members from multiple PETRONAS departments and representatives from various businesses in order to assist the National Immunisation Programme for PETRONAS staff and contractors.

Steps were taken to safeguard the health and safety of our employees across all areas of operation by managing and reducing the risks of exposure and transmission. These included, among others, work-from-home arrangements; the deferral of domestic and international travel wherever possible unless necessary for business purposes; protocols and safety measures for offshore employees and contractors, stringent standard operating procedures for physical meetings and events such as testing requirements, mandatory face masks, and thorough sanitisation processes as well as a support system to help employees deal with stress resulting from the pandemic.



SUSTAINABLE DEVELOPMENT GOALS

3 GOOD HEALTH AND WELL-BEING



Supporting National COVID-19 Immunisation

PETRONAS contributed RM4 million towards the setup and operation of six industrial vaccination centres (Pusat Pemberian Vaksin Industri (PPVIN)) in Malaysia with the first one at Pengerang Integrated Complex in Johor on 16 June 2021, followed by Kertih, Miri and Bintulu. This was achieved through collaborations with relevant ministries, state health authorities and service providers. This success is also shared among various PETRONAS departments, joint ventures and contractors with more than 30,000 personnel vaccinated. More than 1,000 staff dependents and community members, including school-going children, have been vaccinated at the PPVINS. In addition, PETRONAS contributed more than RM750,000 to vaccination centres PPV in Selangor, Perak, Kedah and Perlis.

PETRONAS also conducted another industry collaboration, a first-of-its-kind offshore outreach programme. It was implemented in Sarawak, Sabah and Labuan, where more than 2,000 staff and contractors were vaccinated.

As of December 2021, 99.7% of staff in PETRONAS Malaysia operations were fully vaccinated, and 99.8% of Malaysia's manpower in our offshore ecosystem were also fully vaccinated. As a result of this proactive vaccination drive throughout PETRONAS, the weekly average of COVID-19 new positive cases recorded a significant reduction of 27% from Q3 2021 (45 cases/day) compared to Q4 2021 (33 cases/day). Overall trending of COVID-19 illnesses for severe categories* has also decreased substantially:

73.5% reduction of Category 3 cases from Q3 2021 (0.87%) compared to Q4 2021 (0.23%)

63.4% reduction of Category 4 cases from Q3 2021 (0.68%) compared to Q4 2021 (0.25%)

57% reduction of Category 5 cases from Q3 2021 (0.20%) compared to Q4 2021 (0.09%)

*Clinical categories for COVID-19 as defined by Malaysia's Ministry of Health are: Category 1 (asymptomatic), Category 2 (symptomatic without pneumonia), Category 3 (symptomatic with pneumonia), Category 4 (symptomatic with pneumonia and require supplemental oxygen), and Category 5 (critically ill with multi-organ involvement).

Providing a Lifeline for Flood Victims

Midway through December 2021, as many Malaysians continued to deal with the effects of the pandemic, several parts of the country were hit by devastating flash floods causing further disruption to lives and businesses. Around 60 people lost their lives and thousands were displaced. Recognising the impact on the communities we operate in, PETRONAS immediately mobilised our resources, including our own employees and dealers, to help ease the burden of the flood victims.

SUSTAINABLE DEVELOPMENT GOALS

11 SUSTAINABLE CITIES AND COMMUNITIES



Providing a Lifeline for Flood Victims

PETRONAS allocated RM25 million towards relief and assistance for the victims. The fund was pledged by units and subsidiaries within the PETRONAS Group, including Yayasan PETRONAS, the Corporate Social Responsibility arm of PETRONAS. This augmented the sum contributed by other government-linked companies (GLCs) which are part of the GLC Disaster Relief Network (GDRN) which has now been rebranded as GLC For The People and Nation (GLC Demi Rakyat dan Negara).

Separately, three PETRONAS Organisations: the Kelab Sukan dan Rekreasi PETRONAS (KSRP), the Association of Wives and Women Employees of PETRONAS (PETRONITA) and Badan Kebajikan Islam PETRONAS (BAKIP); jointly embarked on a donation drive to channel funds to the victims via the Malaysian Red Crescent Society (MRCS).

PETRONAS Dagangan Berhad (PDB) donated mineral water, LPG cooking gas cylinders and stoves, as well as deploying ROVR mobile refuelling trucks to provide fuel to the generators used to power water pumps.

As part of the contribution, Yayasan PETRONAS delivered 8,000 relief packages to 30 flood-stricken districts in Kelantan, Kuala Lumpur, Melaka, Negeri Sembilan, Pahang, Perak and Selangor.

The items in the packages included mineral water, warm blankets, biscuits and hygiene kits containing face masks, hand sanitisers, wipes, toothpastes and toothbrushes.

PETRONAS also assisted our employees affected by the floods by providing temporary accommodation, meal allowances, special leave, financial assistance, food and consumables.



SUSTAINABLE DEVELOPMENT GOALS

11 SUSTAINABLE CITIES AND COMMUNITIES



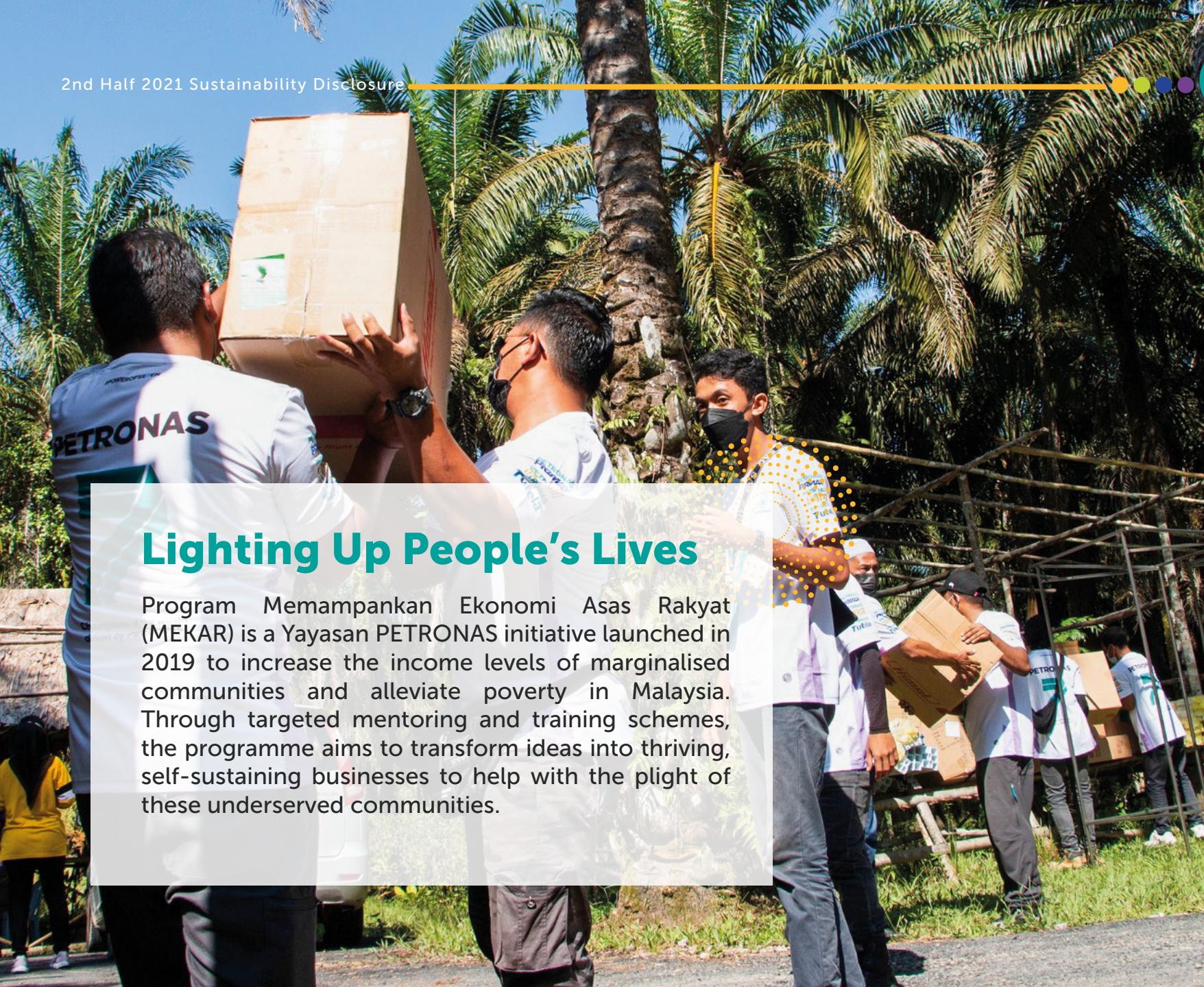


SUSTAINABLE DEVELOPMENT GOALS



Lighting Up People's Lives

Program Memampangkan Ekonomi Asas Rakyat (MEKAR) is a Yayasan PETRONAS initiative launched in 2019 to increase the income levels of marginalised communities and alleviate poverty in Malaysia. Through targeted mentoring and training schemes, the programme aims to transform ideas into thriving, self-sustaining businesses to help with the plight of these underserved communities.



Lighting Up People's Lives

The Sentuhan Harapan MEKAR Johor @ Kluang programme, organised in collaboration with Jabatan Kemajuan Orang Asli (JAKOA) Johor, Kampung Orang Asli Berasau and Yayasan Universiti Tun Hussein Onn Malaysia (UTHM), aims to enhance the livelihood and economic growth of marginalised communities by providing solar-powered electricity, in keeping with PETRONAS' sustainability goals.



A sustainable and reliable electric supply built using photovoltaic (PV) solar panel technology designed to last for over 10 years was provided for the Kampung Orang Asli Berasau community. Besides generating power for basic daily needs, the solar panels are complemented with batteries which can store enough power to last for up to three days in periods of rainy weather.

The community is the only settlement in Johor without access to the national grid, and the residents had been relying on shared diesel-powered generators to supply two hours of electricity daily. A total of 11 houses, two cultural houses, and a community hall were installed with solar power systems. A freezer with its own solar panel was installed in one of the cultural houses for shared use. As part of the programme, community members were taught how to perform basic maintenance on the solar panels.



The solar panel installation benefited 17 families in the community with each household saving an estimated RM450 per month. In the future, Yayasan PETRONAS through MEKAR aims to improve the livelihood of other communities in a similar way all over Malaysia.



1 NO POVERTY
10 AFFORDABLE AND CLEAN ENERGY

Delivering Carbon Neutral LNG

PETRONAS' partnerships with our long-term customers in carbon neutral liquefied natural gas (LNG) solutions demonstrate our commitment to advance a common sustainability agenda as a responsible LNG provider.

Delivering carbon neutral LNG involves offsetting the carbon emissions from the LNG supply chain through the purchase of renewables-based and nature-based carbon credits. Through the carbon credits, PETRONAS has offset the estimated life cycle carbon footprint of LNG cargo in accordance to a reputable literature reference* for carbon footprint accounting. This includes emissions generated from the upstream gas exploration and production, transportation, liquefaction and shipping of the cargo.

On 18 August 2021, PETRONAS completed the delivery of our maiden carbon neutral LNG cargo to Shikoku Electric Power Company Inc. of Japan. The cargo was delivered from the PETRONAS LNG Complex (PLC) in Bintulu and was received at the Sakaide LNG terminal on Shikoku Island, Japan.

PETRONAS LNG Ltd., a subsidiary of PETRONAS, also signed an agreement with China's Shenergy Group Co. Ltd. on 30 September 2021 for the delivery of three carbon neutral LNG cargoes from PLC in Bintulu. The deal includes deliveries of carbon neutral LNG to China's Shenergy terminals in Shanghai between October 2021 and March 2022.

On 31 December 2021, Malaysia LNG Sdn. Bhd., a subsidiary of PETRONAS, successfully delivered a carbon neutral LNG cargo to Hiroshima Gas Co. Ltd. (Hiroshima Gas). This was Hiroshima Gas's first carbon neutral LNG cargo and is a continuation of PETRONAS' commitment towards becoming a sustainable solutions partner to our customers.

*Life Cycle GHG Emission Study on the Use of LNG as a Marine Fuel by Sphera, commissioned by SEA-LNG and The Society for Gas as a Marine Fuel (SGMF), 2021.

SUSTAINABLE DEVELOPMENT GOALS



Turning to the Sun for Cleaner Energy

PETRONAS began expanding into renewable energy with our first solar photovoltaic project in 2013. The latest development in this agenda is the installation of ground-mounted and rooftop solar systems in four PETRONAS assets beginning mid-2021. These solar power systems have a combined capacity of over 66.0 megawatts peak (MWp).

Another project is being undertaken by NE Suria Satu Sdn. Bhd., a joint venture between PETRONAS and Hong Kong's NEFIN Group, to install rooftop solar panels on 13 buildings belonging to the Lotus's hypermarket chain in Malaysia. The RM20.1 million project is expected to be operational by 31 July 2022.



Safeguard the Environment

Responsible Governance
Positive Social Impact

Continued Value Creation

SUSTAINABLE DEVELOPMENT GOALS

7 AFFORDABLE AND CLEAN ENERGY



Turning to the Sun for Cleaner Energy

Our efforts include the completed 8.3MWp solar rooftop installation at Malaysia Marine and Heavy Engineering Holdings Berhad's yard in Pasir Gudang, Johor, which is the largest of such installations in a single compound in Malaysia. A 7.3MWp solar rooftop installation at Universiti Teknologi PETRONAS in Seri Iskandar, Perak, is also on track for completion by 2022.

The remaining two projects in the pipeline include a 49.0MWp ground-mounted and rooftop solar installation at Pengerang Integrated Complex in Johor, which is targeted for completion in the third quarter of 2022. The second project is a 1.4MWp solar rooftop installation at Institut Teknologi Petroleum PETRONAS (INSTEP) in Terengganu. The installation at INSTEP will also see an additional 5.0kWp solar training system installed to provide students with hands-on experiential learning, in addition to the renewable energy modules and products the institute offers.

The combined installed capacity at the four assets, for comparison, can generate enough energy to power more than 20,000 households.

Moving forward, PETRONAS continues to assess the energy consumption of our assets and the Group's portfolio to identify opportunities for electrifying processes and maximising renewable energy use as part of a phased approach towards achieving net zero carbon emissions by 2050.



Solar rooftop installation at Universiti Teknologi PETRONAS in Seri Iskandar, Perak

SUSTAINABLE DEVELOPMENT GOALS

7 AFFORDABLE AND CLEAN ENERGY



SUSTAINABLE DEVELOPMENT GOALS



13 CLIMATE ACTION



17 PARTNERSHIPS FOR THE GOALS



Creating Momentum for Methane Management in ASEAN

The recent Sixth Assessment Report by the Intergovernmental Panel on Climate Change highlighted the urgent need for reducing methane emissions to slow the rate of global warming. The oil and gas industry has an important role in contributing to methane emissions reduction.

On 26 October 2021, PETRONAS together with PTT of Thailand organised the inaugural ASEAN Methane Roundtable with the aim of exploring opportunities to collaborate in managing methane emissions among key oil and gas companies in the region.

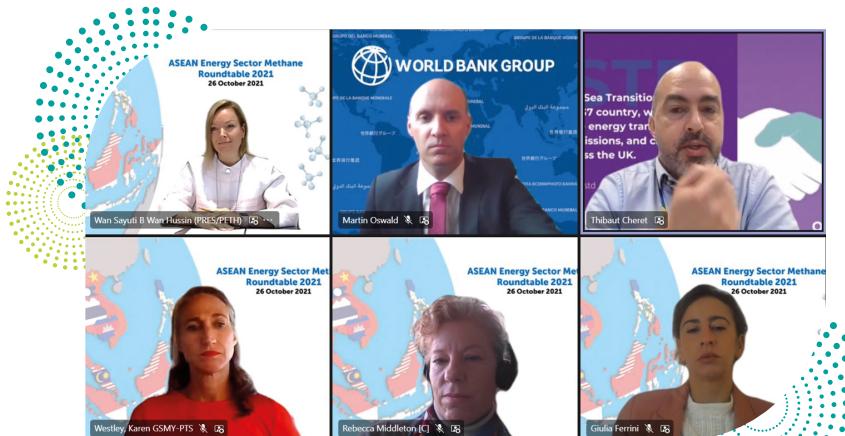
Participants from PETRONAS, PTT, PERTAMINA and Shell as well as those from international organisations such as the United Kingdom Oil and Gas Industry Association Limited, International Energy Agency, Environmental Defense Fund, World Bank Group, the UN Environment Programme and Methane Guiding Principles attended the roundtable to discuss collaborations on policy development, industrial practices and the regulation of methane emissions management in the region.

Creating Momentum for Methane Management in ASEAN

Going forward, the roundtables will be held bi-annually over the next five years. Participants commit to encouraging and promoting technical knowledge-sharing to improve their practices, and to be transparent about their performance, contributing towards a sustainable future in line with internationally recognised frameworks and standards.

In addition, PETRONAS is also a member of Methane Guiding Principles (MGP), fostering effective methane management in line with internationally recognised frameworks and standards. PETRONAS strives to continually reduce methane emissions; advance strong performance across gas value chains; improve accuracy of methane emissions data; advocate sound policies and regulations on methane emissions; and increase transparency.

The collaboration provides PETRONAS with opportunities to accelerate the implementation of methane emission management programmed through strategic collaborations, upskilling programmes, and access to technical studies as well as best practice sharing.



SUSTAINABLE DEVELOPMENT GOALS

13 CLIMATE ACTION
17 PARTNERSHIPS FOR THE GOALS





Partnering for New Lower Carbon Value Chains

The need to develop clean energy supplies is becoming more pressing as the rate of climate change increases. To be most effective, this has to be a shared responsibility and commitment among all actors of the energy industry. Collaboration is key to developing new technologies and innovative processes for carbon capture and reducing carbon emissions. With an aspiration to achieve net zero carbon emissions by 2050, PETRONAS and our subsidiaries have signed several Memoranda of Understanding (MoU) with strategic partners.

Partnering for New Lower Carbon Value Chains

On 10 September 2021, PETRONAS Gas & New Energy Sdn. Bhd. (PGNESB) partnered with ENEOS Corporation (ENEOS) to jointly develop a hydrogen supply chain between Malaysia and Japan, and to explore other hydrogen opportunities. This will see both parties embark on a joint study in hydrogen production and its transportation in methylcyclohexane (MCH) form, where hydrogen gas is converted into a liquid form to enable large volume deliveries.

An MoU signed on 9 November 2021 between PETRONAS and ExxonMobil Exploration and Production Malaysia Inc. (Exxon Mobil) will see joint exploration of opportunities in carbon capture and storage (CCS) technologies to help decarbonise Malaysia's upstream industry and provide carbon dioxide (CO₂) storage solutions for the region.

Under the terms of the MoU, both parties will assess the viability of potential CCS projects in selected offshore locations in Peninsular Malaysia and identify suitable technologies with poten-

tial applications in carbon capture, transport and storage.

On 25 November 2021, an agreement between Japanese trading company Sumitomo Corporation, Tokyo Gas Co. Ltd. and PETRONAS was established to conduct a feasibility study on the production of carbon neutral methane for use in Japan. The study will explore the concept of methanation by reacting green hydrogen produced from renewable energy with CO₂. Through this process, CO₂ emissions from the combustion of the carbon neutral methane will be offset with the CO₂ separated or captured during production.

PETRONAS, POSCO International Corporation and POSCO Engineering & Construction Co. Ltd. signed an MoU on 17 December 2021 to jointly explore opportunities in CCS technologies, as well as CO₂ storage solutions in Malaysia. Both parties will assess opportunities to unlock CCS potential and identify suitable technologies with potential applications in carbon capture, and the transportation and storage of CO₂.



SUSTAINABLE DEVELOPMENT GOALS

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



17 PARTNERSHIPS FOR THE GOALS



13 CLIMATE ACTION



Promoting Transparency on Climate-Related Actions

PETRONAS acknowledges the importance of transparency on climate-related disclosures in order for energy to be responsibly delivered in a way that benefits both the people and the planet.

In our effort towards greater transparency regarding our actions on climate change, PETRONAS endorses the World Economic Forum's Stakeholder Capitalism Metrics, World Bank's Zero Routine Flaring by 2030 Initiative, and the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), in line with the Group's aspiration to achieve net zero carbon emissions by 2050.

SUSTAINABLE DEVELOPMENT GOALS

13 CLIMATE ACTION



Promoting Transparency on Climate-Related Actions

PETRONAS adopted the core set of the Stakeholder Capitalism Metrics promoted by the International Business Council of the World Economic Forum. This alignment further strengthens PETRONAS' efforts to benchmark our progress on sustainability matters and improve transparency in our disclosures.

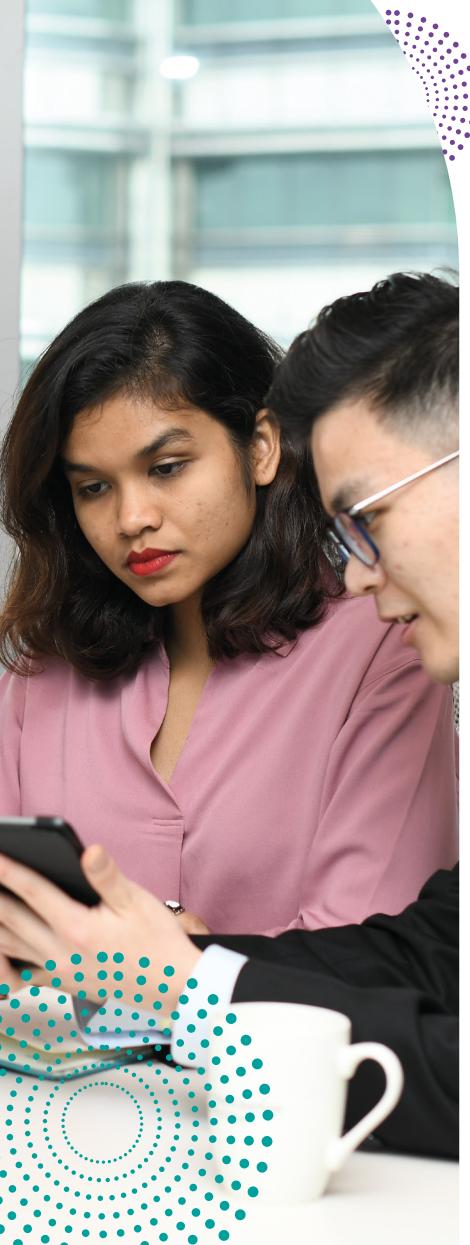
Under the Zero Routine Flaring Initiative, PETRONAS pledges to avoid routine flaring in new oil field developments, and to end routine flaring at existing oil production sites by 2030. This is applicable to PETRONAS' Upstream operations within operational control and excludes safety and non-routine flaring.

By supporting the initiative, PETRONAS joins a growing global coalition of governments, companies and institutions that demonstrate strong environmental leadership and effective natural resource management by publicly reporting our flaring data on an annual basis. PETRONAS targets to have our first disclosure by 2023. This supports PETRONAS' contribution to Malaysia's Nationally Determined Contribution (NDC) in mitigating climate change and builds upon the PETRONAS Carbon Commitments introduced in 2012.

The TCFD provides recommendations to incorporate consideration of the effects of climate change into routine business and financial decisions. By increasing transparency on financially material climate-related risks and opportunities, the recommendations promote more informed financial decision-making by investors, lenders and others, and help facilitate the transition to more sustainable, lower-carbon companies.

As of 25 April 2022, more than 3,000 organisations around the world have demonstrated their support to TCFD's recommendations in building a more resilient financial system and safeguarding against climate risk through better disclosures.





Declaring A Clear Stance Against Corruption

The World Economic Forum's Partnership Against Corruption Initiative (PACI) builds on public-private cooperation, responsible leadership and technological advances to be the principal CEO-led platform in the global anti-corruption arena. PACI aims to address corruption, transparency and emerging-market risks through collaboration between business leaders, international organisations and governments.

In July 2021, PETRONAS became a PACI signatory, joining collective initiatives to increase public trust in business, deliver fair markets and level the playing field by fighting corruption.

PETRONAS has a firm zero-tolerance policy against all forms of bribery and corruption. The PETRONAS Code of Conduct and Business Ethics (CoBE) sets out our core principles in this regard. The PETRONAS Anti-Bribery and Corruption (ABC) Policy and Guidelines Manual elaborates upon those principles, providing guidance to employees concerning how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business. Our No Gift Policy and PETRONAS Integrity Compliance Framework (PICF) collectively aim to strengthen the culture of ethics and integrity across the Group.

Our Whistleblowing Policy provides an avenue for any of our employees and members of the public with an avenue to disclose any improper conduct within PETRONAS. We also encourage our joint venture partners and associate companies to adopt this policy. All disclosures can be made through a secure and confidential channel, and the whistleblower will be protected from any adverse action as long as the disclosure is made in good faith.

PETRONAS' Management corroborated the Company's resolve towards becoming a graft-free organisation and has signed the Malaysian Anti-Corruption Commission (MACC) Corruption-Free Pledge (CFP). The Company was also among the first in Malaysia to be certified with ISO 37001: Anti-Bribery Management System certification in 2017.



SUSTAINABLE DEVELOPMENT GOALS

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS



PETRONAS