



1st Half 2019 Sustainability Disclosure

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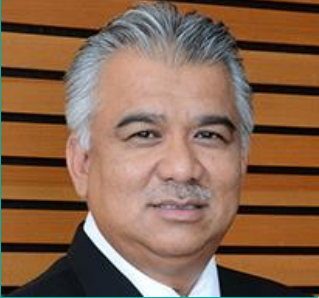
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Letter from the Chairman, SD & HSSE Council



*Dzafrî Sham
Chairman, SD & HSSE
Council*

The world is changing. The megatrends are upon us, and 2040 will be a very different realm compared to the world we are living in today due to increasingly high global population and change of demography. With the world population expected to surpass 9 billion in 2040, the world will need 41% more water, 28% more land, 28% more food and 25% more energy. It is imperative for us to instil the right culture and mindset within the organization to grow our business responsibly, while benefiting the people and the environment.

PETRONAS has been on its sustainability journey for nearly two decades now. We have recently crafted our Statement of Purpose (SoP) to reflect the dynamic growth and innovation we are aspiring to, as well as direct us towards new ways of achieving distinctive business outcomes and anticipating the needs of customers. The SoP also dictates that the benefits we create can and must be sustained over the longer term, and measured in terms of stakeholder value creation, societal progress and environmental sustainability.

Taking inspiration from this, our Sustainability Agenda describes clearly four Lenses of Sustainability that embrace the importance of Environmental, Social and Governance (ESG) components. The four Lenses are Continued Value Creation; Safeguard the Environment; Positive Social Impact and Responsible Governance. These four lenses are a reflection of PETRONAS' commitment to a solid long term value-creation that also incorporates prudent ESG risk mitigations such as regulatory-related and reputation management. It is aligned with the seven Sustainable Development Goals that we believe we can make the greatest impact.

Moving forward, our aim is to minimize the impact of our own footprint, whilst developing and delivering climate-friendly strategies and solutions. We do so because we are driven by our commitment to enrich lives for a sustainable future. We do so because we care.

Thank you.

“Sustainability is increasingly taking a more prominent role in everything we do. Moving forward, we need to harness the spirit of care to propel us forward, enrich lives for a sustainable future.”

45 years of progress... It is a journey towards a new chapter...

Statement of Purpose

“A progressive energy and solutions partner, enriching lives for a sustainable future.”

PETRONAS has always been passionate about striving towards a better future, delivering progress to our nation, communities, organisations and helping individuals grow to their full potential.

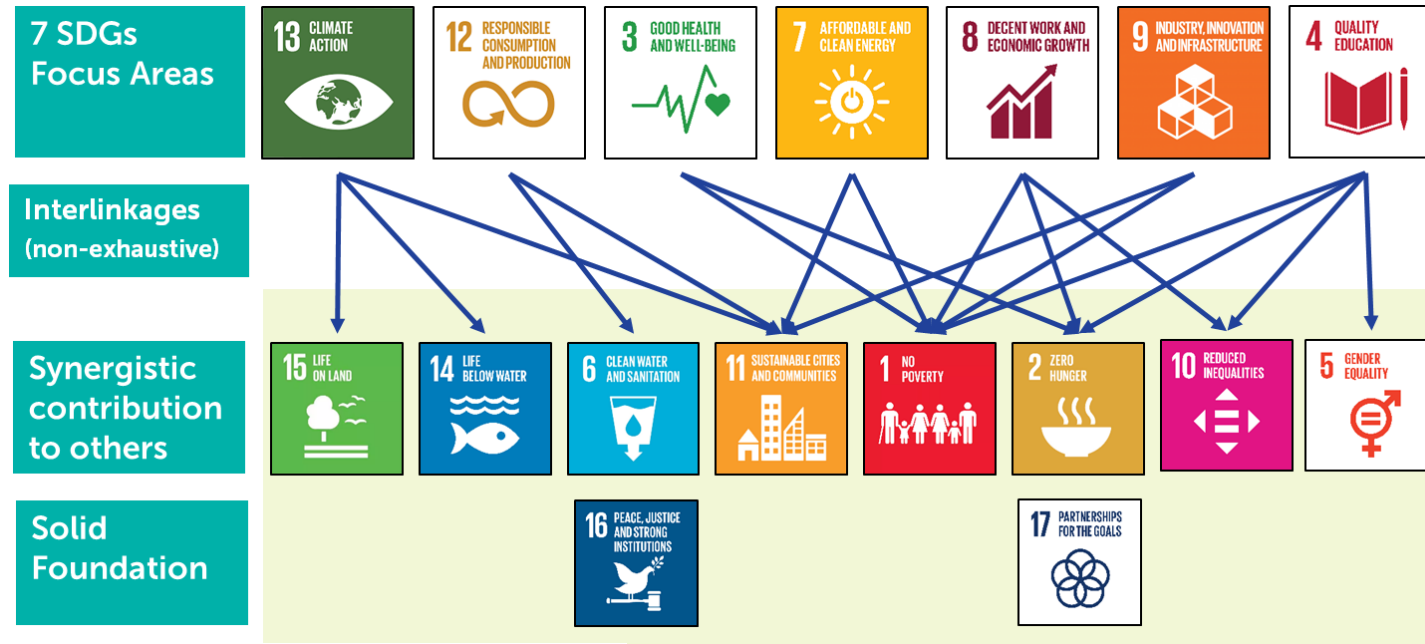
With the new Statement of Purpose introduced in March 2019, the sustainability element will be embedded into PETRONAS' business strategy in order to deliver a positive impact on the society and environment.



PETRONAS is evolving on how it manages sustainability to better meet the challenges and stakeholder expectations of the new market reality

PETRONAS prioritises seven (7) Sustainable Development Goals

These seven Goals will create substantial contributions and provide positive externalities across multiple Goals.



Our sustainability commitment is not a mere branding exercise; it is a conscious pledge to the protection of our people and the planet.

Earlier this year, PETRONAS Executive Leadership Team (“ELT”) endorsed the group-wide implementation of SDGs. Efforts are immediately channelled in strengthening sustainability communication and stepping-up current environmental & social-related initiatives.



Structured and focused governance is imperative to steer SDGs' group-wide implementation

Establishment of PETRONAS' Sustainable Development (SD) & HSSE Council

The advisory body to steer the development and implementation of SD and HSSE related strategies group-wide.

The Council is made up of senior management members, representing our integrated business value chain and is responsible for overseeing the Group wide implementation of PETRONAS' SD strategies. In addition to the advisory role, the Council serves as a governance body that drives the progress of SD; and solidifies SD and HSSE excellence in PETRONAS.



Inspired by the Statement of Purpose, we have crafted our Sustainability Agenda, aimed at providing focus and to better orchestrate the implementation of SD elements in the business practices

Endorsement of PETRONAS Sustainability Agenda

Our Sustainability Agenda describes clearly four Lenses of Sustainability that embrace the importance of Environment, Social and Governance (ESG).

The four lenses are **Continued Value Creation**; **Safeguard the Environment**; **Positive Social Impact** and **Responsible Governance**. These four lenses are a reflection of PETRONAS' commitment to a solid long term value-creation that incorporates prudent ESG risk mitigations. It is also aligned with the seven Sustainable Development Goals that we can make the greatest impact.



Four Lenses of Sustainability



**Continued
Value Creation**



**Safeguard the
Environment**



**Positive
Social Impact**



**Responsible
Governance**



PETRONAS Corporate Integrity Advocacy Programme (CIAP)

Communications on the culture of integrity is significant to PETRONAS' continuous commitment in upholding high standards of governance and in combating any form of corruption within the organization.

Themed “***Corporate Liability – A Change in Corporate Liability Landscape***”, the PETRONAS Corporate Integrity Advocacy Programme (CIAP) for its top managements addresses the changing landscape following the introduction of corporate liability clause in the Malaysian Anti-Corruption Commission (Amendment) Act 2018.

To strengthen its stance towards becoming a graft-free organization, the culture of integrity would instil a sense of *Amanah*, which is the concept of being in a position of trust, amongst our employees. This sense of *Amanah* inculcates good governance and establishes greater resilience against the threat of corruption.

Sustainability
Lenses



Responsible
Governance



Continuous commitment in
PETRONAS' zero tolerance
to bribery and corruption.

UN
SDGs








A New Synergy for the Future of Energy

As part of PETRONAS' three-pronged strategy for growth, we had also announced our plan to venture into new business areas to future-proof our organisation in the face of a rapidly changing external environment.

Stepping-out into renewable energy through Amplus acquisition is a reflection of PETRONAS' aspiration to contribute towards the Malaysian government's target of 20% Renewables in the country's energy mix by 2025.

Over 500MW of developing cumulative capacity with distributed energy assets across India, Middle East and South East Asia, Amplus offers PETRONAS with customer-centric energy solutions which are dynamic to meet end-to-end customers' needs and guaranteed savings.

Sustainability Lenses	 Safeguard the Environment	✓ Transitioning to lower carbon solutions.	UN SDGs		
	 Continued Value Creation	✓ Capitalizing on the global shift towards renewable energy.			
					

Read more: <https://www.nst.com.my/business/2019/04/479636/petronas-acquires-singapore-based-solar-power-company-amplus-energy>





Towards Protection of Imbak Canyon

The Imbak Canyon Conservation Area (ICCA) located in the heart of Borneo, is a Class 1 Forest Reserve and home to a wide variety of flora and unique endangered wildlife conserved primarily for environmental protection and biodiversity conservation.

With rich biodiversity of over 600 species recorded to date, the Imbak Canyon Studies Centre (ICSC) becomes the perfect research hub for scientists and researchers around the globe.

Since 2010, PETRONAS committed a total of RM83 million towards the conservation of Imbak Canyon. The first and biggest partnership with Yayasan Sabah Group aims to conserve a gazetted forest protection area in the state. Moving forward, Yayasan PETRONAS plans to introduce an environment research grant to steer research related to biodiversity, carbon sink and possibly new energy.

Sustainability Lenses



Safeguard the Environment



Continued Value Creation



Commitment in conservation of gazetted forest protection.



Host to world-class biodiversity and environmental research.

UN SDGs

