

PUSHING FURTHER THE PETRON WAY



Sustainability
Report 2019



Petron Malaysia
Refining & Marketing Bhd
Registration No.
196001000260 (3927-V)



OUR VISION

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

OUR MISSION

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

OUR VALUES



- *Excellence*
- *Customer Focus*
- *Innovation*
- *Teamwork*
- *Ethics*
- *Safety*



Sustainability Policy

We at Petron have a responsibility to our stakeholders to grow our business while upholding our commitment to health, safety, and the environment. Our corporate social responsibility and sustainability efforts are at the forefront of our priorities alongside protecting our profitability, market leadership, and operational efficiency.

This is how we do business. We continuously enhance our performance and at the same time, create a positive impact on our society, our nation, and our planet.

In line with this,

We will conduct ourselves and our business operations in a manner consistent with applicable sustainable practices under these three main pillars:

- **Economic Sustainability**
 - Create long-term economic value for our Company and our shareholders
 - Ensure the highest standards on Corporate Governance and Risk Management practices
- **Environmental Sustainability**
 - Adhere to all applicable environmental legislation and Government regulations
 - Effectively manage our environmental footprint in every aspect of our operations
- **Social Sustainability**
 - Contribute to addressing the economic and social needs of our communities
 - Make a positive impact on the society through promoting safe, secure and healthy lifestyle
 - Nurture progressive cultural values among our communities.

In line with our efforts, we engage our stakeholders to join us as we move ahead in our sustainability journey. Internally, we have in place stringent standards to ensure business continuity while minimising our environmental footprint. As we track our progress, we also let the public in on our development in accordance with Bursa Malaysia Guidelines on Sustainability Reporting. Through sustainability, we can realise our strategic goals better and more efficiently, while further strengthening our position in the industry.

A handwritten signature in black ink, appearing to read "R. Ang".

Ramon S. Ang
Chairman
Petron Malaysia
November 1, 2019

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MESSAGE FROM THE CHAIRMAN



RAMON S. ANG

Chairman
Petron Malaysia Refining & Marketing Bhd.
(PMRMB)

Our sustainability programmes are anchored on three pillars

Dear Shareholders,

Sustainability is ingrained in Petron's operations, and year after year, we strive to push our efforts further to achieve our goals. The development of a Sustainability Policy is a testament to the fact that we are here for the long term and we remain committed to sustainability.

Despite challenges in 2019, Petron went ahead with the expansion of our service station network and upgrades in our facilities throughout the country. This is in line with our drive to provide the best products and services for the benefit of our customers. In so doing, we remained conscientious of our contributions to the economy, impact on the environment, and safety and well-being of our employees and fenceline communities.

Our sustainability programmes are anchored on three pillars: Economic, Environmental and Social. All programmes under the different pillars are carefully thought out to ensure that they advance the Company's sustainability agenda and involves both our internal and external stakeholders.

The formulation and implementation of our environmental policies, regulations and standards is spearheaded by Corporate SSHE. This is to ensure consistent and best practices on environmental management are communicated and adapted consistently throughout the Company. In managing our



ECONOMIC



ENVIRONMENTAL



SOCIAL

MESSAGE FROM THE CHAIRMAN



environmental footprint, we adhere to the country's environmental regulations and in addition, develop our own systems to gauge, manage and mitigate our impact on the environment. Emissions are managed using Greenhouse Gas-Air Pollutant Accounting and Energy Conservation measures.

Under Economic Sustainability, the Company practises prudent financial management to maintain sound financial ratios, maximise shareholder value and ensure sustainable growth. This translates to investing in key projects that supports the business to increase the quality of the products and services we offer. We are selective in our partnership with suppliers and contractors and priority is given to local enterprises that practice similar sustainability parameters as the Company. This, in turn, provides employment opportunities for the local workforce.

Aligned with Petron's emphasis on people, under the social pillar, our sustainability programmes encompass those that benefit both internal and external stakeholders. Our employees are provided with a conducive workplace

that enables them to grow and gain skills through training and professional development programmes. Implementation of Total Quality Management (TQM) throughout the Company reinforces Petron's core values of Excellence, Customer Focus, Innovation, Teamwork, Ethics and Safety (ExCITES) which support the Company's efforts in consistently delivering quality products and services.

In providing quality services, we continuously listen to the needs and wants of our customers. The Petron Care Hotline facilitates this and we endeavour to act immediately on customers' feedback and suggestions.

Petron believes in giving back to the people, in particular those in our fenceline communities through our corporate social responsibility (CSR) programmes. We strive to organise advocacy programmes in collaboration with relevant government bodies and employee volunteers in the areas of youth development, road and fire safety, and care for the environment. Our Volunteerism in Action (VIA) initiatives have grown from strength to strength and in 2019, we are proud to have extended these programmes to our Petron service station dealers.

'Pushing Further' in our sustainability agenda in 2019 has been a challenge for us, but we not only continued to explore new programmes, we also enhanced existing ones along with our commitment to this agenda.

Petron Care Hotline:



1300228211



Email:
petroncare@petron.com.my

THE BUSINESS OF PETRON



Petron Nilai, USIM

“

Petron Malaysia is part of Petron Corporation, the leading oil company in the Philippines.

”



Eight years since the acquisition of ExxonMobil's downstream business, the Petron Malaysia group, composed of Petron Malaysia Refining & Marketing Bhd. (PMRMB), a public company listed on the Main Board of Bursa Malaysia; Petron Fuel International Sdn. Bhd. (PFISB) and Petron Oil (M) Sdn. Bhd. (POMSB), has pushed its growth further, from over 450 to about 700 service stations throughout Malaysia.

Our vision to be the leading provider of total customer solutions in the oil sector and its allied businesses is being realised for both our retail and commercial businesses with the continuous expansion of our network, upgrades in facilities and supply chain integration which are focused towards giving our customers the best fuel products and experience while patronising our service stations, Treats, P-Kedai marts, as well as through our commercial sales channels.

We take pride in the distinctive blue and red logo that adorn our headquarters in Bukit Damansara, Kuala Lumpur, service stations across the country, refinery, ten strategically located depots and terminals, and at our recently acquired Lumut PME plant.

THE BUSINESS OF PETRON

With 625 employees within all three operating companies, Petron pushes its sustainability agenda forward to protect and ensure our competitiveness throughout the industry. Petron promotes equal employment opportunities, and our personnel policies, programmes and practices are in accordance with local laws and regulations in all stages of employment. Managers and supervisors are responsible for implementing and administering policies and in enforcing a work environment free from discrimination.

Our retail business has continuously performed well and we continue to expand our network of stations to cater to the growing demand. An additional 57 stations were streamed, out of which 31 are under PMRMB. With more stations, we also increased the number of Treats and P-Kedai marts



and carefully selected partnerships with both local and international food chains to make an overall 'Fuel Happy' experience at our sites.

Our product Petron Blaze 95 was in the process of being upgraded to meet Euro 4M standards in preparation for its implementation in January 2020 to join the ranks of our Blaze RON 100 Euro 4M and Blaze 97 Euro 4M.

Our collaboration with Malaysia Airlines Enrich, PayNet and other strategic partners contributed to the increase in P-Miles loyalty card members. Our service station dealers initiated their own efforts to encourage their regular customers to remain loyal to the Petron brand.

As for our Commercial business, we continued to grow in key industries, which includes the aviation business. We are one of the major jet fuel suppliers at Kuala Lumpur International Airport (KLIA) and KLIA2. Other sectors like manufacturing, plantation and fisheries help in further growing our commercial business.

We increased our LPG sales through our third party LPG bottling facility in the north where there is growing demand. At that same time, more service stations around the country are carrying our Petron Gasul through our 'Cash and Carry' service. This sales channel is gaining more popularity as customers get to purchase domestic use LPG at government regulated prices.

Our Port Dickson Refinery (PDR) underwent its biggest investment for the Diesel Hydrotreater project which will enable Petron Malaysia to produce Euro 5 diesel in compliance with new government standards. Another major project in PDR is the Marine Import Facility 2 (MIF2), which will install two additional product tanks with a total capacity of 500KB and a new offshore marine import facility to cater to higher gasoline demand.



Network expansion programme

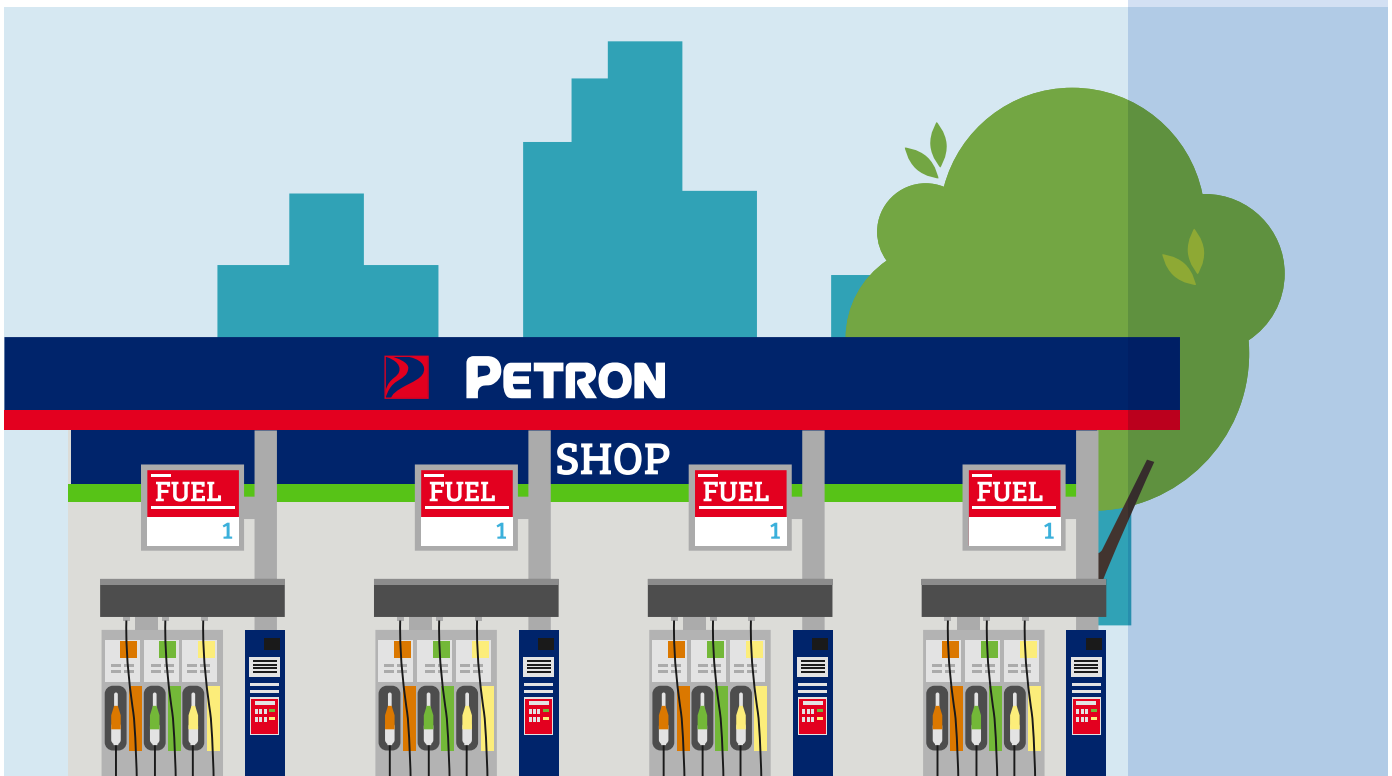
57

new service stations opened

31

are under PMRMB

ABOUT OUR REPORT



This Sustainability Report covers the period January 1, 2019 to December 31, 2019. The information in this Report covers Petron Malaysia Refining & Marketing Bhd. (PMRMB) but may include mention on its sister companies Petron Fuel International Sdn.Bhd. (PFISB) and Petron Oil (M) Sdn.Bhd. (POMSB). Together they form the Petron Malaysia Group, the third largest downstream oil and gas company in Malaysia.

Petron Malaysia Refining & Marketing Bhd operations covers our Petron Malaysia Head Office in Kuala Lumpur, Port Dickson Refinery, Bagan Luar Terminal and PMRMB service stations. Together with our sister companies, we continue to strive in our sustainability journey that we have embarked on. In 2019, we pushed the effort to a further degree by establishing a Sustainability Policy which Petron Malaysia Group has embraced.

This is the third year that PMRMB is producing a sustainability report. We continue to utilise a materiality matrix that was finalised after extensive discussions among our stakeholders. These materiality factors were the basis of review

with both internal and external stakeholders which includes service station dealers, business partners, vendors, suppliers and contractors.

Sustainability programmes for the Petron Malaysia group are categorised under Economic, Environmental and Social pillars. With continuous improvement in mind, we strive to create, innovate and implement impactful programmes under each category.

To support Petron Malaysia's commitment towards implementing sustainable and responsible practices under the environmental pillar, monitoring and measurement methods of the data for the reports are those prescribed in our Integrated Management System (IMS) in general and Environmental Management System (EMS) in particular, which are fully compliant with all local regulatory requirements.

Our Management Committee oversees the Petron Technical Working Group to ensure applicability and materiality of the set indicators. Ultimately, we aim to enhance our data generation and information management from all our stakeholders as we progress in our sustainability reporting.

Sustainability programmes



ECONOMIC



ENVIRONMENTAL



SOCIAL

ECONOMIC SUSTAINABILITY



Petron Malaysia Refining and Marketing Bhd (PMRMB) continued to expand our reach in the Malaysian market by growing further our service station network bringing our products and services closer to more consumers, and helping fuel the nation's economic growth.



PME Plant, Lumut

Together with our sister companies, Petron Fuel International Sdn. Bhd. and Petron Oil (M) Sdn. Bhd., we streamed 57 new stations in 2019, with 31 under PMRMB. This brings our total service station count to about 700 throughout Malaysia.

Apart from supplying fuel through our extensive service station network and terminals, PMRMB also partnered with local distributors and dealers throughout Peninsular Malaysia to provide the Petron Gasul liquefied petroleum gas (LPG) brand to residential and commercial customers. We expanded our bulk LPG loading facility at one of our third-party bottling plants to cater to the growing demand in the north. We are the first to introduce self-cart LPG in our service stations to bring Gasul closer to our consumers. PMRMB also continued to support the aviation industry by providing world-class Jet A1 fuel to more international and domestic carriers, making the year 2019 our highest sales volume on record.

To support the government's mandate to supply biofuel, we introduced Biodiesel B10, a premium diesel fuel with 10% Palm Methyl Ester (PME) content in all our stations beginning

February 2019. This also boosted demand for the local palm oil industry and helped to ensure stable palm oil prices. We also acquired a PME plant in Lumut in March to enhance the stability and quality of our biodiesel supply.

As part of our efforts for a cleaner environment, we invested significant capital upgrading at our Port Dickson Refinery to produce EURO 5 compliant diesel. PMRMB's ongoing Diesel Hydrotreater Unit project, which is expected to be complete by 2021, also spurred economic activities in the local community as well as provided employment.

For the year ended 31 December 2019, PMRMB reported earnings per share of 65.6 sen and contributed RM64 million in corporate taxes to the government. Our shareholders also benefited from the 12 sen per share cash dividend equivalent to 18% of PMRMB's 2019 net income. While the business environment remains challenging amid uncertainties in the global oil market, we are committed to continue contributing to the nation's economic growth and sustainability.

PROCUREMENT: ENGAGEMENT WITH CONTRACTORS AND SUPPLIERS

Engagement with contractors and suppliers or business partners play a key role in our day-to-day operations.

Petron's key engagement values are:

1 ETHICS AND INTEGRITY

We observe the highest standards of Ethics and Integrity when purchasing goods and services. We act in an honest and professional manner and treat all parties fairly.

2 TRANSPARENCY AND ACCOUNTABILITY

Petron's purchasing activities comply with relevant regulations and internal policies. All contractors and suppliers are treated fairly and given equal access to information to assist with their quotation.

3 SUSTAINABILITY

We are committed to sustainable procurement and where appropriate, we endeavour to design tenders and quotation to provide an advantage to goods, services and/or processes that have low environmental impact. However, sustainability considerations are balanced against value for money outcomes.

4 LOCAL ECONOMY

We make a conscious effort to support the local economy and as such, give preference to Malaysian contractors and suppliers.

ExCITES

Recognising people as its greatest assets, Petron ensures the alignment of all levels of employees by reinforcing ExCITES, or Excellence, Customer Focus, Innovation, Teamwork, Ethics, and Safety. In 2019, we introduced these values to the old and new members of the Petron family.

To highlight these values, we agreed on producing life-sized cut-outs of our Champions and place them strategically in our offices and facilities. This way, we can showcase our ExCites Champions to every Petron employee and provide a unique way of sharing knowledge about their larger-than-life personalities and commitment to embodying Petron's values.

Our General Manager and ExCITES Lead Champion Faridah Ali unveiled their own cut-outs together with the other ExCITES Champions: Fadzilah Mohd Tahir for Excellence; Choong Kum Choy for Customer Focus; Danny Chen for Innovation; Nizam Mansor for Teamwork; Manoj Devadasan for Ethics; and Lokman Hani for Safety. The unveiling was well received by the employees and the cut-outs are now placed on every floor at the Petron Head Office, the lobby of Port Dickson Refinery, and ten other Petron facilities all over the country, reminding our employees to aim only for the best while they stay rooted to the core of what makes Petron an industry leader.

This effort has ignited the spirit of ExCITES anew, reintroducing essential Petron values through the Champions.



**DIVIDEND
DECLARED**

**RM32.4
million**



**NET
INCOME**

**RM177
million**



**SALES
VOLUME**

**RM36.3
million
barrels**



REVENUE

**RM11.5
billion**

CUSTOMER FOCUS

Petron Malaysia puts great importance on customer experience to ensure customer loyalty and satisfaction. We have in place programmes such as the Mystery Shopper Survey, Retail Excellence and Fuel Happy Games to help us assess, motivate, and reward our dealers and staff and in turn, give our customers the best experience whenever they visit our service stations.

We take pride in our growing service station network and our continuous promotional programmes that support our retail sales. In line with this, the role of Customer Service has significantly increased with our team of dedicated support specialists ensuring that all customer feedback and complaints are captured and responded to adequately and on time.

In 2019, PetronCare received a total of 4,372 customer queries, 40% higher from the previous year. Customer enquiries made up the bulk of our total customer engagements (88%); this was higher by 45% compared to 2018 figures, indicating that customers are more aware of our PetronCare hotline.

PetronCare hotline and email are the most convenient channels for customers to contact Petron, covering almost 96% of total feedback.

ECONOMIC SUSTAINABILITY

CORPORATE GOVERNANCE



The PMRMB Board Charter and the Management Committee Charter also spell out the roles and responsibilities of the Board and the Management Committee of Petron Malaysia Refining & Marketing Bhd. It also has a Nominating Committee and an Audit and Risk Management Committee with clearly defined roles and responsibilities as mandated by the Malaysian Code of Corporate Governance 2017. The Management Committee of Petron in Malaysia is comprised of all Department Heads, in addition to those who are Management Committee members of Petron Malaysia Refining & Marketing Bhd. Management Members together with other department managers meet every week to review the progress in all business and support areas and to manage any risks.



The Company has a written Standards of Business Conduct (SBC) in place that can also be accessed from the Company's website www.petron.com.my. This Code of Conduct contains policies and practices designed to create and support strong corporate governance, which includes guidelines on business ethics, conflicts of interest, alcohol and drug use, gifts and entertainment, harassment in the workplace and employees' outside directorships.

The SBC is regularly communicated to Petron employees, contractors, and vendors, so that they have a clear understanding of the Company's expectations. Periodic training is also carried out for these stakeholders to ensure understanding of our governance requirements. As of 2019, all employees of Petron went through SBC training. New hires are also required to undergo a comprehensive and compulsory training on the SBC.

The Company likewise employs ethical business practices. A 'Fair Competition Policy' reinforces the Company's commitment to compete fairly and ethically within the framework of applicable competition laws in all aspects of business.

Employees and officers must abide by competition and other laws intended to ensure and maintain competition in the market place and ensure the Company does not engage in any prohibited trade practices. The SBC has a 'whistle-blower' policy built in to ensure that any issue of non-compliance with

the SBC is brought to the attention of the management without any reprisals against the 'whistle-blower'.

The internal audit function is being provided by Petron Corporation, its parent company in order to ensure independence from local management. For a more in-depth discussion of Petron's ownership, capitalisation, corporate governance practices, and sales and revenue we invite you to access our 2019 annual report at www.petron.com.my.



ECONOMIC SUSTAINABILITY

RISK MANAGEMENT

The Board recognises that risks associated with managing a publicly-listed downstream oil company encompass financial, foreign exchange, legal compliance, crude and product supply, distribution, environmental issues, industrial requirements, safety and human resources.

- i Alignment or adoption of best practices from Petron Corporation
- ii Defined organisational structure with clear lines of accountability and delegation of authority
- iii Periodic reviews of controls including internal audits are performed while financial audits are conducted annually by external auditors
- iv Key policies covering business ethics, conflicts of interest, alcohol and drug use, gifts and entertainment, harassment in the workplace and employees' outside directorships are in place in the form of the Code of Conduct
- v An integrity management system based on Petron Corporation's best practices to assess and sustain the effectiveness of the organisation's system of controls
- vi Effective communication lines within the Management by holding regular Management Committee meetings where matters and risks pertaining to each business unit and function are reviewed

Realising the need for risk management associated with price volatility of crude and petroleum, Petron Malaysia has a highly effective hedging process (that is devoid of any speculative elements). A Commodity Risk Management Group composed of dedicated team members meet weekly to review the market and hedging position to protect the company's interests. Also mindful of the effect of the fluctuating foreign exchange involving the Malaysian Ringgit and the US Dollar, hedging on US dollar is carried out to protect the interests of the company against payments to be made in US Dollar for purchases made.

Petron Malaysia also has a robust set of Business Continuity Plans that are reviewed periodically to ensure that any emergency or any unforeseen disruption on its operations can be readily managed and that a back-up/contingency plan is in place.

For more information on our Risk Management, visit www.petron.com.my.

ENVIRONMENTAL SUSTAINABILITY



OUR COMMITMENT

A sustainable environment can be achieved if all individuals take responsibility and take appropriate actions guided by the processes and measures in place that will ensure the attainment of our sustainability agenda for the environment. Petron Malaysia's Vision and Mission Statement sets out the Company's commitment to improve all that are impacted by our business:

- Acting with professionalism, integrity and fairness at all times;
- Adhering to strict safety and environmental standards and;
- Promoting the best interests of all stakeholders and caring for our community.

Our management approach is such that we expect strict adherence to appropriate operational procedures from employees in all levels, and the Company provides the required resources and tools to meet, if not exceed, all regulatory and industry standards in promoting and protecting the environment.

The Company organises environmental programmes throughout the year to actively engage our employees in environmental conservation through volunteerism. These initiatives are extended to our fenceline communities and

partners like local councils, municipalities, and our service station dealers. Our regular collaborations ensure that succeeding generations will enjoy a healthy and sustainable environment.



Acting with professionalism, integrity and fairness at all times



Adhering to strict safety and environmental standards

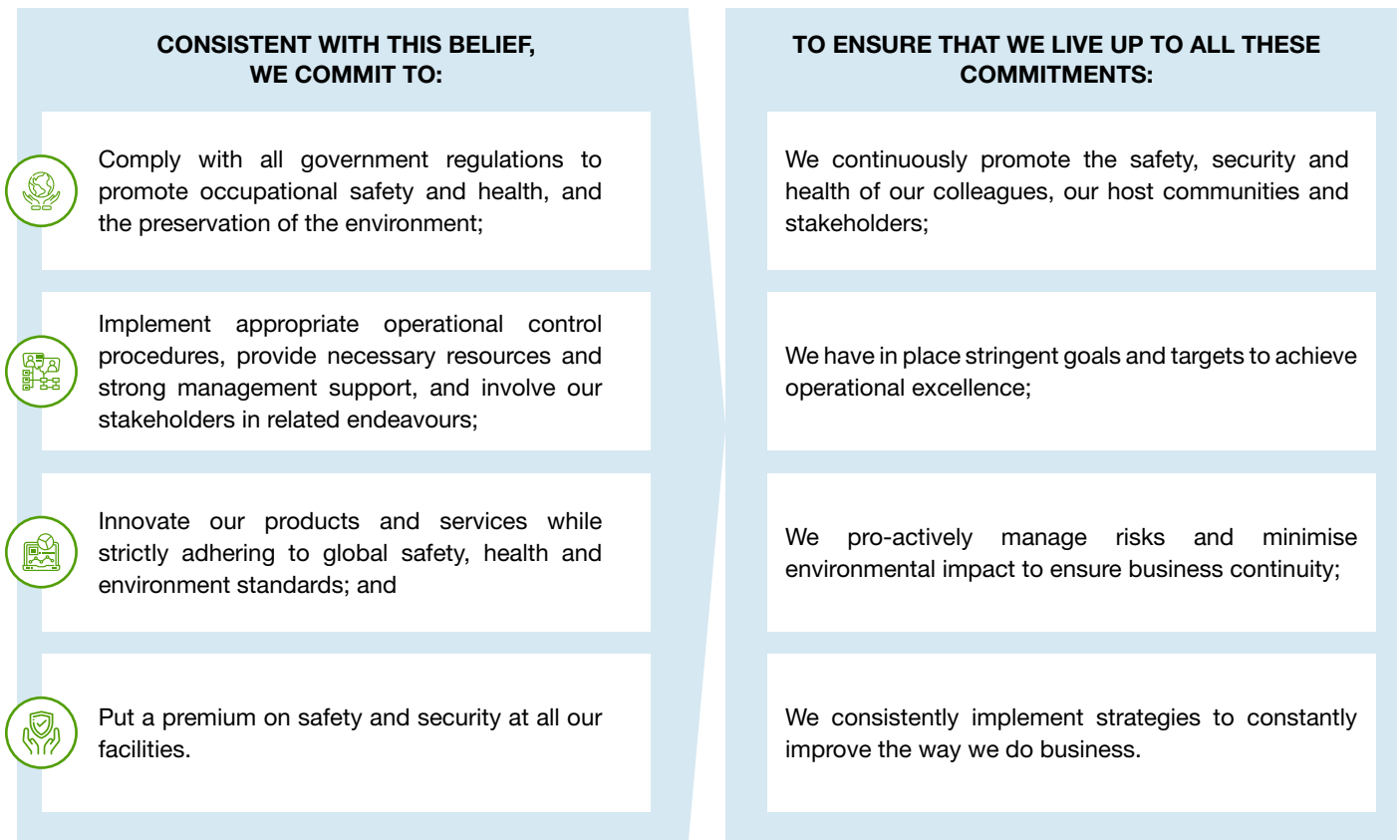


Promoting the best interests of all stakeholders, and caring for our community

Safety, Security, Health and Environment Policy

Petron Malaysia is fully committed to conduct our operations in a manner that protects the environment and ensures the safety, security, and health of our employees, customers, suppliers, contractors and the public in general. We believe that this is vital to ensure the continuity of our business and sustain the Company for the long term.

The guiding principles as prescribed in our SSHE Policy are well-ingrained in all aspects of our operations, from the head-office to the service stations, our refinery, our terminals, and all our site offices and distribution centres.



Guided by these principles, various programmes are put in place in all levels of our operations to ensure that we meet all commitments as stated in our policy and in our Vision and Mission statements.

OUR ENVIRONMENTAL PROGRAMMES

Petron acknowledges that our business operations have an impact on the environment. Thus, we exert every effort to meet and whenever possible, exceed regulatory standards and requirements. This includes establishing systems throughout our value chain to effectively measure our emissions, discharges, consumption, utilisation and impact in order to better manage our environmental footprint. Beyond compliance, we undertake activities with our stakeholders that contribute to preserving biodiversity and advocate greater awareness towards nurturing nature.

Safety, Security, Health and Environment (SSHE) committees are established at our refinery, terminals and offices and involves employees at various levels. This exhibits our true commitment in our efforts to provide petroleum products that deliver maximum performance without compromising the environment.

Our Port Dickson Refinery (PDR) and terminals implements strategic programmes to reduce wastes, manage emissions and optimise energy utilisation which allows us to make a substantial environmental impact in our operations. These have resulted in improved energy and water conservation despite the expansion projects of the Company.

Petron conducts trainings regularly to effectively communicate its sustainability vision and direction to employees, business partners, community leaders, and project beneficiaries. We also engage and brief our network of service station dealers and haulers to ensure our SHE policies and practices are fully understood and strictly adhered to at the operations level.

ENVIRONMENTAL SUSTAINABILITY

Our Environmental Business Plan (EBP)

We put a five (5)-year Environmental Business Plan (EBP) in place to track and monitor our environmental performance at our refinery. In regularly documenting and measuring our performance against regulatory and industry standards, we ensure that our business processes, facilities, products, and services have minimal environmental impact.

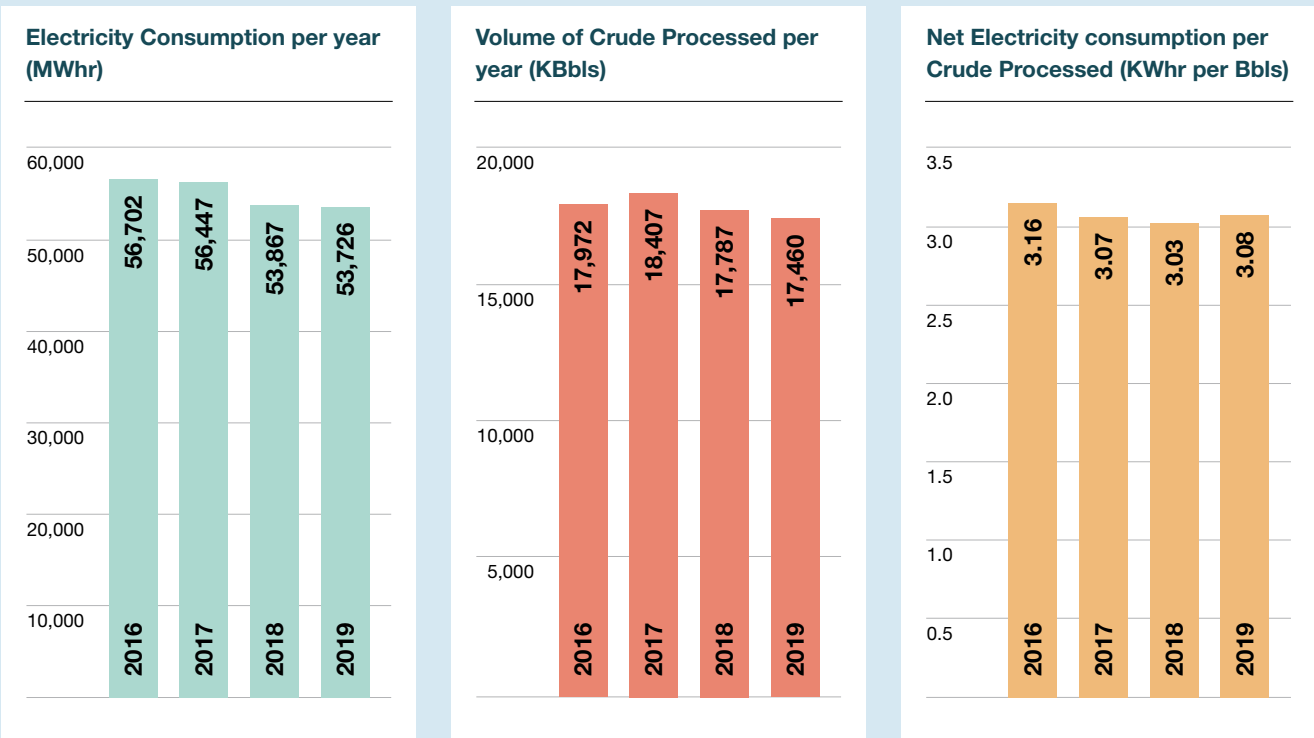
The EBP is a document that describes the impact of site operations and emissions in relation to environment conservation and regulatory compliance. It identifies strategic environmental focus areas and the initiatives to achieve them. Our EBP covers current environmental strategies and action plans up to a five-year period. This programme is implemented at operating sites and serves as a guideline to improve and sustain Petron’s environmental performance consistent with our ‘Protect our Environment Today for a better Tomorrow’ philosophy. The EBP focuses on reducing the environmental impact related to expected operations over a 5-year period, including those emanating from new business challenges.

The following are the main considerations and processes applied in developing our EBP:



- Environmental aspects, impacts, metrics and quantitative targets of sites;
- Identification of actions and initiatives to meet the site and Corporation’s environmental targets;
- Compliance with all applicable regulations and requirements;
- Review of short and long-term regulatory changes and plan operating changes and facilities upgrading;
- Implementation of environmental best practices through development of a specific list of prioritised opportunities or needs, including those where technological support is necessary.

PDR yearly electrical consumption per volume of crude processed (2016 - 2019)



Improving Our Energy Efficiency

At Port Dickson Refinery, we saw a gradual decrease in our net electricity consumption per volume of oil processed every year in the last four years. From 3.16 KWhr/Bbl (56,702 MWhr to process 17,972 KBbls) in 2016, it went down to 3.07 KWhr/Bbl (56,447 MWhr was used to process 18,407 KBbls of crude oil) in 2017, then 3.03 KWhr/Bbl (53,867 MWhr of electricity to process 17,787 KBbls of crude oil) in 2018, and 3.08 KWhr/Bbls) in 2019.

Our terminal operations showed a parallel trend as it also reduced electricity consumption. From 3,704 MWhr in 2016 to 3,692 MWhr in 2017, and 3,630 MWhr in 2018, we attained 3,267 MWhr in 2019. Overall, total electricity consumption for the whole company, including head office, stood at 57,412 MWhr in 2019, from 58,218 MWhr in 2018 and 60,557 MWhr in 2017.

In general, Port Dickson Refinery accounted for around 93% of total company consumption of electricity. Slight reduction of crude processed also contributed to lower overall company electricity demand.

Improving Water Footprint

In addition to normal water usage in the processing units, water is also used during unit process maintenance work. In 2019, our Port Dickson Refinery implemented its yearly temporary shutdown to carry out maintenance program, which required additional water usage. Nonetheless, the consumption was less compared to 2018 when the refinery underwent a major 40-day mandatory shutdown which occurs every three years for regulatory inspections and maintenance activities. In 2019, water consumption was 478,175 m³, 13% less compared to 555,020 m³ in 2018. Water consumption in 2017 was 456,597 m³.

The Refinery was also the biggest consumer of water in Petron, accounting for some 84% of the company's total demand. All water consumed was purchased from the respective state water authority. The refinery's freshwater footprint per barrel of crude processed was 37.4 litres for 2019, higher compared to 31.3 litres in 2018 and 27.7 litres in 2017. This increase was mainly due to lower volume of crude oil processed and greater water demand for maintenance activities.

For terminal operations throughout the country, water consumption in 2019 was higher compared to previous year, as the latest data included consumption by the new LPP (Lumut POME Plant) officially owned by Petron Malaysia Refining & Marketing Berhad. In 2019, total water consumption by all terminals was 89,992 m³ compared to an average 52,500 m³ in the past years. In addition, scheduled regulatory tank maintenance and repair which involved hydrotesting and cleaning of storage tanks contributed to this higher water usage.



For waste water discharged from refinery operations that flows into the water retention pond (main lagoon) for treatment, total volume for 2019 was 473,195 m³. This is a marked reduction compared to 614,019 m³ in 2018 and 723,361 m³ in 2017. Improved methods of measuring water flow into the treatment pond contributed to better waste water volume recording. The waste water effluent qualities were all within the DOE Standard "B" allowable limits before being discharged into public water streams

Managing our Materials

Annually, the refinery puts into plan scheduled maintenance activities which requires temporary shutdown. In 2019, along with unplanned stoppage due to unavailability of SBM usage, the total duration of shutdown was 50 days. This resulted in 17,460 KBbls of crude processed at the refinery, a dip from the 2018 volume of 17,787 KBbls and 18,407 KBbls in 2017. Following the scheduled maintenance activities, the refinery resumed operations at optimised levels and with full safety and reliability.



ENVIRONMENTAL SUSTAINABILITY

Reducing Air Emissions

With continual lower electricity consumed in 2019 and 2018, total Indirect GHG emission from purchased electricity at the refinery and terminals remained around 26.1 kilotonnes versus 24.8 kilotonnes in 2017.

Total Emission from 6 Furnaces & Boiler and Flaring Activity



Continuous monitoring of direct emission from plant operations (furnaces and boilers), control of flaring and effective maintenance programmes enabled the refinery to manage the total direct emissions, which was increasing prior to turnaround activities due to reduced efficiency from equipment fouling and scaling. The scheduled maintenance activities successfully brought efficiency back to the plant operations.



Minimum Discharges, Cleaner Operations

Waste oil generated from refinery plant operation is recovered from the skim pond as slop oil for recycling. As for crude sludge, it is handled for treatment while the free oil recovered is channelled to the plant for reprocessing. At the terminal, slop oils generated are sold to licensed recyclers per approval by the Department of Environment. Under Malaysian Environmental Quality Act & Regulations, all hazardous and toxic wastes classified as “Scheduled Wastes” must be sent to Prescribed Premises (license facilities) for treatment or disposal.

In 2019, a total of 431 tonnes of scheduled wastes were disposed. This was significantly higher than the 43.3 tonnes in 2018 due to waste generated from lagoon desludging, plant maintenance and materials from project site. The refinery and terminals also engaged the services of licensed recyclers to recover oil from oily slop and sludge and use it as downgraded fuels in burners or as raw material. This supports the government initiative for a “cradle-to-cradle” approach in using hazardous waste as raw material input to reduce using incineration or landfill facilities for disposal. Non-hazardous wastes are collected and disposed at the local municipal landfill.

Our Green Programme

The preservation and conservation of the environment must be instilled in the youth. This calls for Petron to work together with our fenceline communities and younger generations to create awareness in protecting the environment, then levelling up that knowledge to a greater commitment by all stakeholders to work together towards that goal. Our Green Outreach Programmes

are carefully structured to maximise engagement by the society and take collective action towards a long-term environment sustainability goal. We are carrying these out together with local municipalities, government agencies, surrounding communities, non-governmental associations and school students.

In August, 400 children and teachers of SJK Chung Hwa Tamparuli participated in a programme with an environmental theme. We kept the children engaged by organising a colouring contest and a Creative DIY artwork competition with prizes for the winners. Our Petron employees contributed three sets of levels 1-3 National Geographic for Kids magazines, with some volunteers even reading out the stories to the children to encourage them to read and improve their proficiency in English whilst learning about the environment.

This programme was led by our terminal management and was supported by our Corporate SSHE and Corporate Affairs personnel. The highlight of the programme was an environmental awareness booth set up by the Sabah Department of Environment (DOE) and an interesting and educational video screening on environmental preservation.

In November 2019, our Port Dickson Refinery collaborated with the Negeri Sembilan State DOE and a local municipality contractor to conduct an Environment Programme at Pantai Saujana, Port Dickson. This involved the participation of 40 school children and 60 volunteers from PDR and KL Head Office, Retail Sales and our service station dealers. Activities included environmental awareness through book reading as

ENVIRONMENTAL SUSTAINABILITY

well as beach cleaning using the concept of “plogging” which is picking up as much litter as possible while jogging or walking along the beach to keep our beach clean.

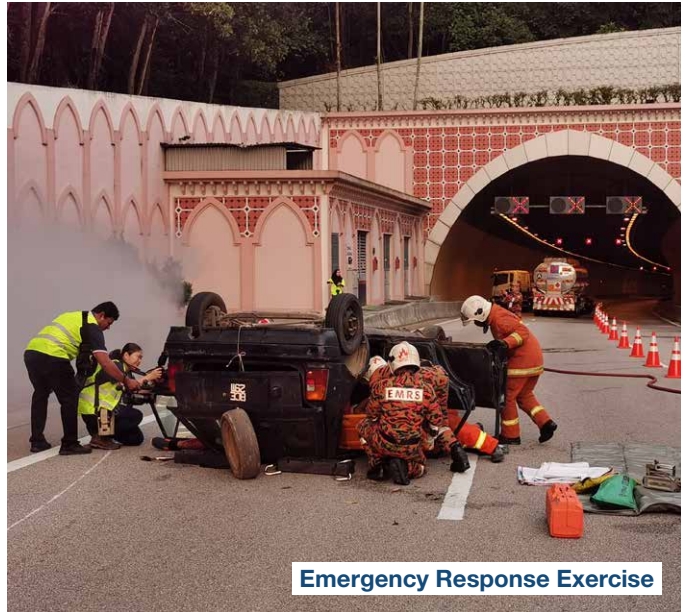
The children were also given a live demonstration of several equipment used by DOE to measure the level of water pollution and what causes the pollution to occur. It is our hope that our green programme activities were successful in nurturing the young to be environmentally conscious and play their role beginning now to create a sustainable future for the generations to come.

Oil Spills and Remediation

We are a registered member of PIMMAG (Petroleum Industries of Malaysia Mutual Aid Group). When conducting oil spill trainings and field response exercise for employees and contractors every two years, PDR receives support from PIMMAG. Our Refinery and Terminal operations management send their Emergency Response Teams (ERT) members to Oil Spill Response (OSR) courses for operators, supervisors and management regularly. These courses are organised periodically by PIMMAG to enhance the team members’ knowledge and skills in handling potential oil spills both on land and in the water.

With the signing of a Memorandum of Understanding with PIMMAG in 2019, our Bagan Luar Terminal has been designated as the Northern Region Oil Spill Response satellite base with stockpiles of various types of equipment in preparedness of oil spill. A major exercise was conducted which involved various local authorities and government agencies who are relevant in managing emergencies associated with oil spill at sea.

In addition, plant personnel are also regularly trained in firefighting. Quarterly fire drill trainings and simulations covering different scenarios of fire incidents were conducted throughout 2019, as well as in previous years. Safety inspections and risk assessments were also undertaken to ensure any potential fire scenarios are identified and addressed.



Emergency Response Exercise

In 2019, we jointly collaborated with our transportation hauler companies and a highway authority (SPRINT) to successfully conduct an emergency response exercise associated with truck rollover. This was an all-encompassing exercise which involved the Royal Malaysia Police, ambulance services, Fire Safety Department and the hazardous material teams (HAZMAT) from the various Government agencies.

For our retail business operations, we have an Underground Risk Management programme in place. This risk-based approach identifies ageing pipelines and underground tanks that may potentially impact its surroundings in the event of any leaks. Annually, some 20 service stations undergo pipeline or underground tank replacements. In the event of an incident, a remediation system is in place to swiftly mitigate impacts in the surrounding areas.

Product Responsibility

We adhere to the strict standards mandated by the different government agencies in Malaysia, such as the Department of Environment (DOE), Ministry of Domestic Trade and Consumer Affairs (MDTCA) and Scientific and Industrial Research Institute of Malaysia (SIRIM) for all fuel products manufactured and sold by Petron Malaysia.

In 2016, Petron Malaysia launched Blaze RON 100, making Petron the first and only oil company in Malaysia to offer RON 100 Euro 4M motor gasoline. Blaze RON 100 contains less than 10ppm sulphur, which meets the Euro 5 sulphur standards of 10ppm. This ultra-low sulphur content contributes significantly towards a cleaner environment. Blaze RON 100 Euro 4M has a proprietary additive package which contains detergent and combustion enhancer. The detergent cleans the dirty engine inlet system, valves and fuel injectors and continues to keep



engine parts clean. This leads to cleaner burning and reduces harmful emissions. The combustion enhancer meanwhile improves fuel combustion, resulting in more complete burning and cleaner emissions.

In September 2016, Petron introduced the Euro 5 compliant Turbo Diesel, which is a cleaner Biodiesel B7 fuel. Its sulphur content of not more than 10ppm is 50 times less compared to Euro 2M diesel Sulphur content, readily meeting the Euro 5 standard. The low Sulphur contributes to a cleaner environment and is also an enabler to allow exhaust after treatment device to operate at optimum level.

Prior to 2019, Petron Malaysia service stations offered Petron Diesel Max (B7), which meets the government mandated Malaysian Standard MS 123-1:2014, modelled after the European EURO2 diesel standard. Petron Diesel Max (B7) contains 7% Palm oil Methyl Ester (POME), which supports the government’s mandate to progressively increase biodiesel content in diesel. This is in line with the country’s efforts to increase utilisation of biofuel for the future.

In 2019, Petron Malaysia worked closely with the government to introduce higher biodiesel (B10) content in the country and on February 1, 2019 we implemented Biodiesel B10 Euro 2M replacing B7 Euro 2M at our retail stations. This further contributes to cleaner vehicular exhaust emissions and promote the use of more renewable energy for sustainability.

On July 1, 2019, Petron Malaysia implemented **Biodiesel B7 Euro 2M** to the industrial and commercial sectors replacing B0 (neat diesel). This is the first time biodiesel fuel was introduced to diesel users in the industrial and commercial sectors. The aim of this is to reduce harmful emissions into the air and promote use of renewable energy for sustainability.

Petron Malaysia implemented **Diesel Max B10 Euro 2M** replacing B7 Euro 2M for cleaner vehicular exhaust emissions

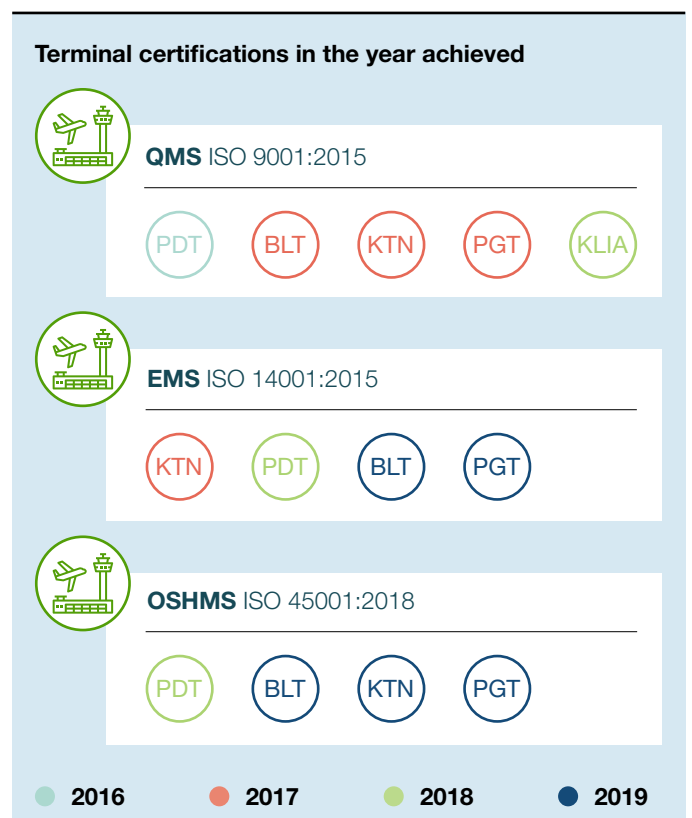
Petron Malaysia implemented **Turbo Diesel B7 Euro5** to reduce harmful emissions into the air

Product Stewardship (product impact on the environment)

All petroleum products sold by Petron Malaysia carry Safety Data Sheets (SDS) which provide information including product composition, impacts on safety, human health and the environment, safe handling as well as identifying and quantifying any hazardous chemical in the product. All Petron Safety Data Sheets comply with the latest Globally Harmonized Standard (GHS) on Safety Data Sheet Reporting Format.

Petron Malaysia is committed towards providing good quality products to ensure customer satisfaction. This is administered by structured internal management system namely Product Quality Management System (PQMS) and Petron Operations Integrity Management System (POIMS). Our operating sites at Port Dickson (Refinery and Terminal) adopted ISO 9001:2015 Quality Management System since 2016. The certifications have also been achieved at other terminals (in 2017 for Bagan Luar Terminal and Pasir Gudang JV Terminal as well as in 2018 for KLIA Aviation Depot). The certification of ISO 9001:2015 is in line with the Company’s Total Quality Management (TQM) which emphasises high quality controls during manufacturing processes and distribution via its supply chain.

The certifications of QMS, EMS and OHSMS affirm Petron Malaysia’s commitment to adhere to the strictest Safety, Security, Health and Environmental (SSHE) Policy requirements and to operate within the parameters of highly accepted quality policies, processes and practices.



ENVIRONMENTAL SUSTAINABILITY



Benzene, Lead and Sulphur contents in fuels



Under the legally mandated MS 118-2:2005 (Euro2M) standard for 95RON gasoline fuel, benzene level is set at 5% max, lead at 0.013% wt. max and sulphur level at 500 ppm max. All Petron Blaze95 fuel sold by Petron Malaysia fully comply with the benzene, lead and sulphur limits in this standard.



Under the legally mandated MS 118-3:2011 (Euro4M) standard for 97RON gasoline fuel, benzene level is set at 3.5% max, lead at 0.013% wt. max and sulphur level at 50 ppm max. All Petron Blaze97 fuel sold by Petron Malaysia fully comply with the benzene, lead and sulphur limits in this standard.



Under the legally mandated MS 123-1:2014 (Euro2M) standard for diesel fuel, sulphur level is set at 500 ppm max. All Petron Diesel Max B7 fuel sold by Petron Malaysia fully comply with the Sulphur limit in this standard.



For Turbo Diesel Euro 5, sulphur level is set at 10 ppm max. All Petron Turbo Diesel fuel sold by Petron Malaysia fully comply with the sulphur limit in this standard.

Petron ULSADO-EIA Project

The Malaysian government initiated a programme to improve fuel quality through the introduction of better fuel standards beginning with the Euro-2M Standard before moving on to Euro 4-M Standard. In the latest phase to Euro-5 Standard, the Government through the Department of Environment (DOE) introduced new fuel specification standards for better air emission by gazetting the Environmental Quality (Control of Petrol and Diesel Properties) (Amendment) Regulations 2015, (an amendment to the 2007 legislation). The regulation pertaining to the specific standards and properties for petrol and diesel fuels were set to include total sulphur, lead, distillation, oxygen content, benzene, olefins, aromatics, cetane number/index and polycyclic aromatic hydrocarbons (PAHs).

To meet these new standards introduced by the DOE, PDR is undergoing major upgrading works to ensure that we can produce fuel products to meet the Euro-5M standards. This involves the installation of a new Diesel Hydrotreater (DHT) unit and ancillary facilities within the PDR to remove sulphur from the diesel. The treated diesel will then meet the following Euro-5M specifications:

- a) maximum sulphur level of 10 ppm
- b) maximum density of 845 kg/m³ at 15°C
- c) maximum distillation temperature of 360°C at 95 vol%
- d) maximum polycyclic aromatic hydrocarbons of 8 mass%

Petron LPP – WWTP Upgrading

A key challenge acknowledged upon the acquisition of the Lumut PME Plant (LPP) facility in March 2019 is to ensure the effluent discharges from its Waste Water Treatment Plant (WWTP) continuously comply to Standard B of the Environmental Quality (Industrial Effluent) Regulations 2009. The plant generates about 60 to 70 cubic meters of waste water from its operations per day. Several initiatives were embarked on, namely maintenance and refurbishment of the existing WWTP tanks, pumps and equipment as well as improvising the existing chemical treatment processes. These activities were carried out upon consultation with third party environmental specialists, Petron Corporation Environmental Advisor in Manila and the state Department of Environment (DOE).

The collaborative effort had been successful; nonetheless, the focus to reduce the Chemical Oxygen Demand (COD) and Biochemical Oxygen Demand (BOD) parameters with allowable limits of below 100 mg/l and 50 mg/l respectively remain a challenge. We continue to engage closely with state DOE and provide constant updates on the project status. Our continuous effort is with the aim of making significant improvements to the plant WWTP operations, which supports our sustainability agenda of being an organisation that is responsible and conscientious towards the environment, while ensuring that we meet all the regulatory requirements.

Retail OSH Minimum Compliance

Safety is one of the core values of Petron Malaysia. It governs everything we do at all levels— from our employees, contractors, customers, assets, communities and the environment within and outside of the workplace, to the way we operate the business every day. We accept no compromises in this area and we set to achieve that through our Petron Operations Integrity Management System (POIMS). By using POIMS, operational risks and hazards

are systematically identified, evaluated and controlled. Through our assurance programme, we make sure that the risk controls and safeguards we put in place are functioning.

Our culture of safety in Petron Malaysia, particularly Occupational Safety and Health (OSH) practices, is the result of a long and ongoing corporate journey. It has been a journey we have shared with the Department of Occupational Safety and Health (DOSH) since its first Petroleum (Safety Measures) Act 1984 audit in 2015, our Petron service station dealers, their staff, as well as LPG Redistribution Centres (RC) and stockist. DOSH has been auditing our service stations, LPG RCs and stockist on a periodic basis. Written Standard Operating Procedure (SOP) is a core component of the DOSH comprehensive audit programme. All the tools used, such as our hazards identification, Risk Assessment & Risk Control (HIRARC) for retail and LPG operations, job safety analysis, Dealer Driver Controlled Delivery (DDCD) checklist and permit to work for high risk work (e.g. hot work, confined space, working at height), are regularly inspected.

Training for personnel in our retail outlet is another focus of the DOSH audit to minimise safety incidents in service stations. DOSH requires all workers to undergo training on how to execute operational processes and operate equipment in an incident free manner.

DOSH also evaluates emergency preparedness and response training. The quality of exercises on incident scenarios such as fire, spills, injuries and natural disasters are reviewed to assess service stations' commitment, emergency preparedness and response and see that they are in accordance with regulatory compliance and Petron guidelines. Under Control of Industrial Major Accident Hazards (CIMAH) regulations 1996, LPG stockists that are major hazards installations (MHI) are also required to do off-site Emergency Response Plan (ERP) to ensure preparedness for major accidents.

The end of year 2019 witnessed the beginning of the COVID-19 pandemic which placed much strain on businesses. Due to this, DOSH introduced self-audit among Retail and LPG dealers to ensure grading audit continuity. We continued to work closely with DOSH and believe that workplace inspection continues to be an important activity. Through this partnership between Petron, DOSH and dealers, we uphold our commitment to help our employees, dealers and contractors remain safe and healthy. We firmly believe that all incidents are preventable, that safety is everybody's business, and going out of our way to care for others allows us to readily achieve our slogan - "Nobody Gets Hurt".



SOCIAL SUSTAINABILITY

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Petron puts in continuous effort to push further and progress the Company on social responsibility strategies and programmes for all our stakeholders. We recognise the importance and value of our own employees and we believe in giving back to society, particularly those in the fenceline communities of our refineries, terminals, service stations, offices and other business facilities.

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RMP Commendation Letter, Pahang



VIA Back to School

Our Management approach in identifying business impacts on our employees, customers and local communities looks into several aspects, in particular safety and education – we instil safety awareness through programmes that involve community members, school children, university students and experts in the subject, such as the Royal Malaysia Police (RMP), Road Safety Department, Fire Safety Department, Education Department and many others. We encourage and give due recognition to students who excel in education and co-curriculum as they will be the future leaders of the country.

OUR SOCIAL PROGRAMMES

Safety and Security

The ‘Go-to Safety-Point’ (GTSP) programme designates all our service stations as a place where the general public can seek early assistance in the event of an incident. Implemented jointly with RMP, this has been in place since 2013 and we were the first oil company in the industry to implement this nationwide using our extensive service station network.

In 2019, we focused on GTSP refresher trainings for our service station dealers in Johor and Selangor. Together with RMP, we reiterated to our dealers and station staff the role of service stations and their staff under the GTSP programme. In Klang, we connected the dealers to the nearest RMP station to their site by inviting the Officer in Charge (OCS) to attend the GTSP

refresher training conducted by Bukit Aman RMP. This was welcomed by the service station dealers as they are assured of establishing close contact and good rapport with the nearby Police Station personnel.

The state police awarded all oil companies operating in Penang with a ‘Certificate of Recognition’ for GTSP compliance. It was indeed an honour for us to be regarded as an integral part of the country’s efforts in safeguarding the safety of our community.

Under the category of road safety, we continued our collaboration with the Road Safety Department to promote safety on the roads for both school children as well as the community at large. Our targeted groups remain to be university students and school children who are new and young drivers, as well as car owners in general.

We continued with our Road Safety Programme which has been a major programme of the company for six years and counting. We introduced a modern twist in 2019: the Petron Road Safety Digital Challenge. This is an online web-based game meant for university students to test their knowledge on road safety, car care, road signages and general traffic rules. This innovative campaign drastically improved the number of participants with a total of 9,600 students from 84 institutions nationwide participating. We also collaborated with partners such as JKJR (Road Safety Department), JPJ (Road Transport Department)

and Bosch, all of which had a direct input in the game, as well as setting up exhibitions during the opening and closing events. The events were held at UiTM Puncak Alam and UUM Sintok, respectively.

We collaborated with Honda, Michelin and Bosch to provide free vehicle car checks for the public, in conjunction with the festive seasons of Chinese New Year and Hari Raya Aidil Fitri, as well as the school holidays. Close to 7,000 vehicles underwent the complimentary car checks, providing them peace of mind for their long journeys ahead. We also took part in the “Balik Kampung” highway authority LITRAK safety campaign during the Hari Raya Aidil Fitri period alongside the Selangor Road Safety Department. In Sabah, we worked with the Road Safety Department to give away safety vests, helmets and Petron car seat pocket organisers to motorcyclists and drivers as part of a Road Safety Campaign.

We also had a year-long collaboration with Bosch, in conjunction with their Drive for Life campaign. This included providing a free 25-point vehicle check in five locations during Aidil Fitri, as well as giving a talk on “Safe Habits at Service Station” to the Ministry of Women, Family and Community Development in Putrajaya.

In Kedah and Sabah, we ran our Road Safety School Outreach programmes with 1,300 school children and teachers. There were live demonstrations by MODENAS and a licensed driving centre on safe riding. A Petron tanker was on display to exhibit blind spots on large vehicles. We also combined the session in Kedah with a fire safety at home talk presented by our LPG team. In Sabah, there was a live fire extinguishing demonstration conducted by the Fire Safety Department with their own state of the art Fire Engine and Fire Department motorcycle units on display.



CARING FOR OUR COMMUNITIES

Inspiring Future Leaders

Petron Malaysia supported the Negeri Sembilan state education department's efforts to recognise future leaders by contributing the cash award given out to school children, teachers and schools that excel in both academics and co-curricular activities, including sports. Petron is a co-sponsor in the highly acclaimed “Majlis Anugerah Insan Terbilang” event held yearly in Negeri Sembilan.



‘VOLUNTEERISM IN ACTION’ (VIA)

Our VIA programmes have grown in size and scope over the years. And in 2019, we continued to work with our employees in making a positive difference in the lives of the less fortunate.

We celebrated with children at an orphanage in Klang for Chinese New Year, and a home for abandoned children, orphans and the elderly in Cheras during Deepavali. During these events, we had ‘Let’s Read!’ and ‘Give a Kid a Book’ sessions, where our employee volunteers read out from our carefully selected reading materials which were then donated to the homes for them to keep. The children were also given goodie bags filled with school supplies, towels and new bedsheets. Our volunteers were entertained by the children who danced, sang and played the harmonica whilst we reciprocated with our group and solo performances.

In May 2019, we once again worked with Food Aid Foundation, a non-profit organisation to provide pre-dawn meals for the staff of Hospital Ampang and carers of patients as they got ready for fasting. More than 50 employee volunteers prepared, packed then distributed the 500 food parcels.

SOCIAL SUSTAINABILITY

Our Management trainees ran a programme in collaboration with OrphanCare Foundation which assists with the process of re-establishing the bond between parents and children. Three families were taken to the National Science Centre and benefitted greatly from this programme. They went home with grocery vouchers, Petron lubricants, Petron Gasul and other items that helped them settle back comfortably with their families, along with educational board games and story books for the children.

VIA's flagship programme, 'Back to School' took an unprecedented turn in 2019 when VIA was opened for the first time to Petron station dealers as equal sponsors with our employees. A total of 140 children were sponsored, mostly hailing from PPR Seri Cempaka and the others from Pusat Jagaan Saaii. The children were each given school necessities, which included two sets of school uniforms, shoes and other items like stationeries, scientific calculators and geometry sets. The children were treated to a half day filled with activities in our office where they had the opportunity to mingle with their respective sponsor.

Our final VIA programme in 2019 was an event in collaboration with our hauler companies from Peninsular Malaysia and Borneo. VIA donated a set of National Geographic for Kids magazine to a home in Port Dickson to the delight of the 33

underprivileged children. Our generous haulers contributed many household items to ensure that the children were comfortable in the place they called 'home'.

OUR EMPLOYEES

Human Resources (HR) plays a pivotal role in the implementation of sustainability practices which affect many HR-related matters. Petron takes pride in recruiting the best talents with the right qualifications and relevant experience and giving them the best suited positions with room for growth in the organisation. We have a Total Remuneration system that ensures employees are fairly compensated along with a robust annual performance appraisal process in place.



With that in mind, HR takes pride in the carefully selected 'Benefits' programme to give the best value in employment under the Company;

Benefit Plans



Car Allowance Program



Petron Medical Plan



Home Ownership Assistance Plan



Education Refund Plan



Social Club Membership Plan



Medical Disability Retirement Benefit Plan



Survivor's Benefit Plan



Retirement Benefit Plan

All regular employees are eligible to participate in the Petron Benefits Plan. The Benefits plan have the following objectives;



Provide financial assistance to regular employees to purchase vehicles for personal use



Assist employees and their dependents in paying for medical expenses



Assist employees in purchasing a new home



Provide financial assistance to eligible employees to undertake further studies



Provides protection to eligible employees who are medically disabled while in service and are proved not fit to continue work with the Company by a panel of doctors

SOCIAL SUSTAINABILITY



To provide protection to survivor(s) or designated beneficiary(ies) of the employees in the event of death or disability of the employees



Lump sum benefits will be provided to eligible employee upon retirement. The plan is integrated with EPF contribution



For senior management employees, social club memberships are provided to promote the Company's image and to give them the opportunity to interface and increase rapport where necessary with counterparts in other companies and the public in the vicinity of their work location



Our unionised employees total 133 in Peninsular Malaysia and eight in Sabah. Our unionised employees in Peninsular Malaysia are affiliated with the National Union of Petroleum and Chemical Industry Workers (NUPCIW) whereas the ones in Sabah are affiliated with the Sabah Petroleum and Industry Workers Union (SPIWU). Both have a similar but separate three-year term Collective

Agreement in place. We also prescribe to Freedom of Association and there has been no evidence where the right to exercise freedom was at risk in the year 2019.

Petron Malaysia practices a non-discriminatory policy and for 2019, we have no reports of such incidences within the Company.

Training and Education within Petron Malaysia has always been given priority to ensure we equip our employees with the correct skill set to perform their jobs well. Our HR selects courses which are done in-house for personal developmental growth and employees may enrol in technical trainings so as to develop our employees further in their careers within the Company.

AWARDS AND RECOGNITION FOR 2019



As testament to Petron’s emphasis on safety, health, and positive branding, 2019 witnessed a significant number of awards and recognitions in various categories.



On 18 October 2019, Petron Malaysia won its first Graduates’ Choice Award after being in the Top 3 Most Preferred Employer in the Oil & Gas (O&G) Sector. Petron Malaysia was recognised as one of the most attractive employers in O&G Malaysia in 2019, voted by university students as their preferred employer brand from a total of 83 companies across 23 categories.

Petron was bestowed with the Putra Brand Silver Award which recognises brand building as an integral business investment and measured by consumer preference. The Putra Brand Awards is the premier award-giving body in Malaysia and was launched in 2010 by the Association of Accredited Advertising Agents Malaysia (4As) in association with Malaysia’s Most Valuable Brands (MMVB).

Facilities such as the Port Dickson Refinery and Terminal, Bagan Luar Terminal, Kuantan Terminal, Pasir Gudang JV Terminal, Sepangar Bay Terminal, Tawau Terminal, Sandakan Terminal and Kuala Lumpur International Airport Aviation Depot all received the Grand and Gold Class Awards by the Malaysian Society for Occupational Safety and Health (MSOSH) as recognition for their occupational safety and health performance.

In 2019, the Port Dickson Refinery received the MSOSH Grand Award for Safety Excellence. Our PDR gained certification for ISO 14001 (EMS) & ISO 45001 (OHSMS) and received NCOSH Certificate of Appreciation for reaching the Final Stage.

Other noteworthy accolades and awards from MSOSH and various organisations, government and business groups for 2019 were:



Graduates’ Choice Award – Top 3 Most Preferred Employer in the Oil & Gas (O&G) Sector



The APPIES 2019 Malaysia Marketing Campaigns Award – Gold for the Talking Car Fuel campaign and Silver for the Rest Area Table Top campaign



Putra Brand Awards 2019 – Silver



Brand of the Year 2019 Award at the Malaysia Social Media Week



2019 AWARDS, RECOGNITIONS & MILESTONES

Productivity Champion Award

2019

Sepangar Bay Terminal

Malaysian Society for Occupational Safety and Health Award (MSOSH)

2019

- Grand Award (KTN, BLT, SBT, PDT, PGJVT, PDR)
- Gold Class 1 Award (TWU, KLIA)
- Gold Class 2 Award (SDK)

Integrated Management System

(ISO 9001:2015 – Quality Management System), ISO 14001:2015 – Environmental Management System & ISO 45001:2018 – OHSMS)

2019

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

ISO 9001: 2015 Quality Management System

2019

KLIA Aviation Depot

Quality Environment/5S Certification by Malaysia Productivity Corporation (MPC)

2019

Port Dickson Terminal, Sepangar Bay Terminal, Bagan Luar Terminal, Pasir Gudang JV Terminal & Kuantan Terminal

Flawless Operations (Excellent performance in safety, health, environment, control and product quality)

2019

Bagan Luar Terminal, Pasir Gudang JV Terminal, Kuantan Terminal, Tawau Terminal, Sepangar Bay Terminal, Sandakan Terminal & Port Dickson Refinery

● External Awards ● Internal Awards



VIEW FORWARD



Our commitment and efforts in pursuing our sustainability agenda run deep and are practiced across all levels of the organisation.

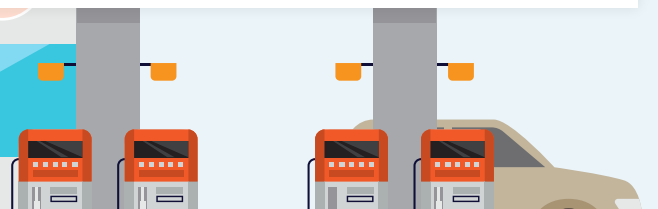
To achieve the Company's sustainability agenda, Petron works cohesively with our internal and external stakeholders in advancing all sustainability programmes under the three different pillars of Economic, Environmental and Social. These programmes advocate for youth development, environmental conservation, road safety especially among young and new drivers, fire safety at home and simultaneously engaging our stakeholders to create positive change.

We expanded the social sustainability programmes by opening up our doors to collaborate with our network of service station dealers in the Volunteerism in Action (VIA) flagship programme 'VIA Back to School' which increased the numbers of primary and secondary school children who received sponsorship of school essentials. The dealers warmly welcomed the offer to participate as they look forward to many more opportunities to give back to the community.

Efforts to advance our Green Programmes will entail closer collaboration with the Department of Environment (DOE) both at the national as well as the state level. Believing that environmental awareness should be inculcated from an early age, our Green Programmes are increasingly including primary school children to instil in them environmental awareness.

We continue to invest in our facility upgrades, focused on providing our customers with only the best products and services. We also continued to invest in our people who are ultimately responsible for our growth and advancement as an organisation with sustainability goals.

Petron will remain relentless in its sustainability journey. Although it is inevitable that in pursuit of this, we will encounter a variety of challenges. Our stakeholders share the same focus and drive to succeed, and together we will push further to pursue excellence in all aspects of our business.



PETRON SUSTAINABILITY TECHNICAL WORKING GROUP

Corporate Affairs

Aliza Azimah Ahmad

Corporate SSHE

Lokman Hani
Mohd. Firdaus Che Amat

Distribution

Chua Chee Kian
Muhammad Haikal Izat
Zulkapli
Raimi Hazwani Azman
Rima Nazera Damiri
Mohd Fareed Mohd Daaim

Finance

Julius Warren R. Villegas
Lydia Mah
Wong Lee Ching

Retail/Commercial

Huzaizuddin Baharudin
Chew Choy

Law

Hani Adyanti Ahmad

Human Resource

Jamiah Ahmad
Kelly Chee
Saw Chin Chin
Ruzaini Bohari

Port Dickson Refinery

Izal Yahya
Ching Yuan Kong





PETRON

Petron Malaysia Refining &
Marketing Bhd
Registration No. 196001000260 (3927-V)

www.petron.com.my

PETRON MALAYSIA REFINING & MARKETING BHD
Registration No. 196001000260 (Company No. 3927-V)
Level 12A, Menara I&P 1,
No. 46 Jalan Dungun, Damansara Heights,
50490 Kuala Lumpur, Malaysia.
Tel: +603-20828400
Fax: +603-20828578
E-mail: contactus@petron.com