



PRIORITISING PETRON WHAT MATTERS

Prioritising What Matters

OUR VISION

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



OUR MISSION

We will achieve this by:

- 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
- Developing strategic partnerships in pursuit of growth opportunities
- Fostering an entrepreneurial culture that encourages teamwork, innovation and excellence
- Adhering to the strictest safety and environmental standards
- Acting with professionalism, integrity and fairness at all times
- Promoting the best interests of all our stakeholders, and caring for our community

OUR VALUES



Excellence



Customer Focus



Innovation



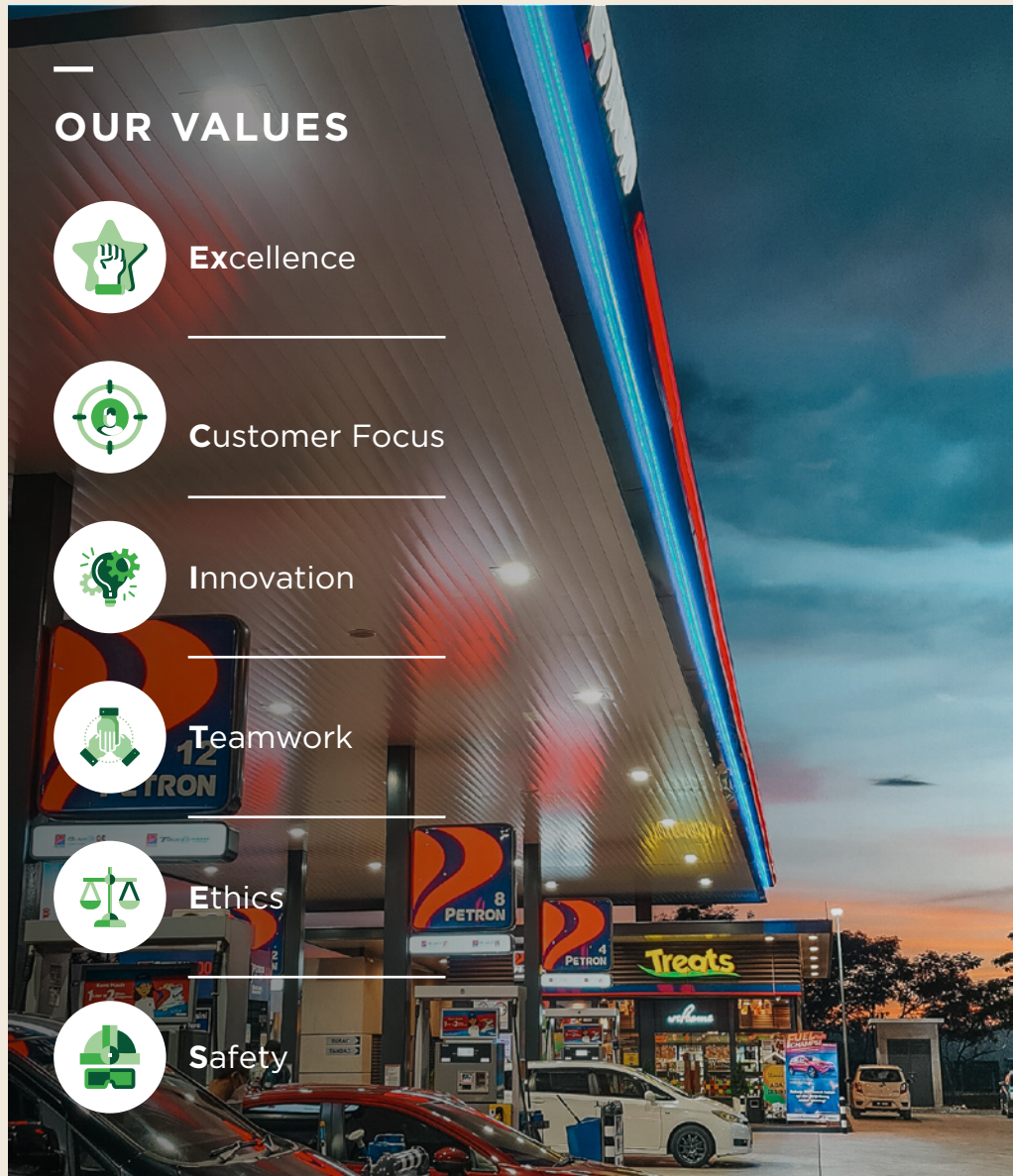
Teamwork



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 be "R. Ang".

Ramon S. Ang
Chairman
Petron Malaysia
November 1, 2019

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Cover Rationale

As we moved into the second year of the pandemic, we have become more agile as we revisited our goals and prioritised what matters most to us. We remain committed to fuel the nation, and have done so with the strictest adherence by all our employees to the highest standards of work excellence.

THE WAY OF LOOKING INTO OUR SUSTAINABILITY REPORT



Tells you where you can find more information online at <https://www.petron.com/sustainability>



Tells you where you can find more information in the Sustainability Report



PRIORITISING WHAT MATTERS

PETRON MALAYSIA REFINING & MARKETING BHD
REGISTRATION NO. 1060100208 (2007-V)

SUSTAINABILITY REPORT 2020



FOR MORE INFORMATION ON OUR RISK MANAGEMENT, VISIT WWW.PETRON.COM.MY

Message from the Chairman

Dear Shareholders,

The start of a new decade invited us to look back and reflect on our sustainability journey. It also provided us a fresh perspective on how best to move forward in terms of doing things more efficiently and responsibly for the environment, our people and the economy.



Ramon S. Ang

CHAIRMAN
PETRON MALAYSIA
REFINING & MARKETING
BHD. (PMRMB)

Our sustainability programmes are anchored on three pillars

2020 was a year that tested our resilience and made us rethink our priorities as a Company. As we struggled to recover from the economic impact of the pandemic, we also made it our mission to reach out to communities and sectors that suffered the most from economic and social dislocation. We were determined not to leave anyone behind and rise above the challenges together.

Some of our actions:

- We donated Personal Protective Equipment (PPE) to twelve hospitals in seven states in collaboration with an established non-profit organisation to help those on the front lines of the crisis.
- Leveraging on our products, we donated GASUL LPG, Petron motor oils and PMiles points to help purchase fuel for disadvantaged families, NGOs, delivery riders, and fence-line communities. Other essential food

items were also distributed to lower-income families and frontliners like the Fire and Safety Department with our local hypermarket partner. Our partnership with non-government organisations like MERCY Malaysia, Uncle Kentang, Sahabat Jariah Malaysia, MyKasih Foundation, and Malaysian Association of Youth Clubs (MAYC) allowed us to reach even the most far-flung areas and bring help where it was needed.

- During MCO 1.0, employees together with their family volunteered to assemble face shields. Our Volunteerism in Action or VIA is made up of employee volunteers who not only contribute funds but also time and effort in carrying out Corporate Social Responsibility (CSR) programmes. Together with dealers and service station staff, 40,000 face shields were successfully assembled and distributed to our station personnel and frontliners in COVID-19 centres and hospitals.



Economic



Environmental



Social



Message from the Chairman



- Before mobility restrictions were implemented during the first quarter, we rolled out several social sustainability programmes. We had two 'Go-to-Safety-Point' (GTSP) activities with Royal Malaysia Police (RMP). The first was a GTSP signing ceremony with RMP and other oil companies to formalise and reinforce our commitment to the GTSP programme. The second recognised our service station dealers and staff for their support to the GTSP programme; we also launched the new Petron safety posters. On raising road safety awareness, we participated in programmes together with Road Transport Department during the Chinese New Year celebrations.
- As a company providing essential products and services, we made sure to provide our consumers an uninterrupted and reliable fuel supply. To ensure that our operations remain efficient yet safe, we worked in split teams to mitigate our employees' exposure to the virus. We also offered free flu vaccination to HQ and Port Dickson employees at the start of the pandemic.
- Online fitness classes and health talks including topics on mental health were also later organised under our Petron Office Safety Health and Care Committee (POSHCC) to keep our employees constantly engaged and healthy.

Even with the economic impact of the pandemic, we pursued our expansion programmes safely and efficiently.

Petron Malaysia Refining & Marketing Bhd. (PMRMB) together with its sister companies added 25 new stations, bringing the total number of stations to more than 720 nationwide. In 2020, we added more sites selling our premium fuel and ended the year with 105 service stations offering Blaze 100 and 242 selling Turbo Diesel Euro 5. We continued to find ways to improve our products and services knowing that we can do well by doing good.

Our DHT project enabled us to meet government mandated Euro 5 product specifications to produce ultra-low sulphur automotive diesel. We also take pride in our advocacy programmes to instill environmental consciousness among young people. Our Green Programme was modified to adapt to the new normal as we conducted a virtual online programme in coordination with the Department of Environment (DOE) and State Education Department.

We are steadfast in our objectives of speeding up our recovery and fuelling sustainable growth. In 'Prioritising What Matters' we emerge stronger and more fit as a company. Now, more than ever, we understand how important it is to secure the well-being of our employees, local communities and the natural environment. The pandemic brought out the best in the Petron family and a new sense of urgency to help create a more sustainable future.

Ramon S. Ang

CHAIRMAN PETRON MALAYSIA REFINING & MARKETING BHD. (PMRMB)

TERMINALS

**P M R M B ,
PFISB and
P O M S B
operates 12
terminals
throughout
Malaysia**

The Business Of Petron



Together with our sister companies in the Petron Malaysia Group, we streamed 25 new service stations, making our world-class petroleum products available at more than 720 service stations in Malaysia.

Petron Malaysia Refining & Marketing Bhd (PMRMB) together with its sister companies, Petron Fuel International Sdn. Bhd. (PFISB) and Petron Oil (M) Sdn. Bhd. (POMSB) form Petron Malaysia group, the third-largest downstream player in the country. For almost a decade of presence in Malaysia, Petron Malaysia Group is a rapidly evolving Asian oil Company with refinery, terminals, service station operations and distribution of commercial products.

In 2020, the COVID-19 pandemic swept across the world, presenting major challenges to the economy, safety, and livelihood of people. The extensive dislocation resulting from the pandemic

drove Petron to re-evaluate our strategies and adopt approaches best suited to our operations, allowing us to keep to our commitment of fueling the nation with little or no disruptions and provide reliable and consistent quality fuel and customer service.

To prepare for the post-pandemic recovery, our retail business continued to grow its reach, especially in underserved markets. Together with our sister companies in the Petron Malaysia Group, we opened 25 new service stations, bringing our total to 720 service stations throughout Malaysia.

The Business Of Petron

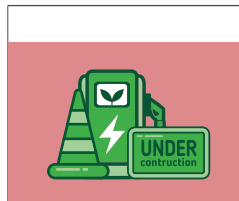
During the MCO movement restrictions, we partnered with delivery service, FoodPanda, to connect with Treats and P-Kedai customers.

In the commercial sector, notwithstanding lower industry demand, Petron remained committed to fuel vital industries and keep the economy running. We made our Petron Gasul LPG more accessible by growing our distribution network, including expanding Gasul's presence at service stations to reach more household customers, and collaborating with third-party LPG bottling plants to serve new markets and increase delivery efficiency. The strength of the Petron brand, backed by our excellent customer service won for us new accounts in the industrial, commercial and wholesale sectors. As international borders were closed to passenger flights, our aviation business focused instead on supporting cargo flights and creating new accounts with cargo and logistics companies.

We provide essential service to the country and as such, our refinery, fuel terminals and service stations continued to operate flawlessly following strict Government standards to ensure uninterrupted fuel supply. Despite the temporary halt during the MCO 1.0, our Diesel Hydrotreater (DHT) unit and Marine Import Facility 2 (MIF2) were successfully commissioned in the first half of 2021.

The Distribution and Terminal operations under the Group, which has ten facilities throughout the country fulfilled all product orders to all service stations and end-users successfully, on specifications, and on time with zero unplanned downtime.

Our Palm Methyl Ester (PME) plant located in Lumut, Perak received its 'Halal' and 'Kosher' certifications, allowing our glycerine to be marketed for consumer products such as cosmetics and pharmaceuticals. The PME produced at our plant is blended with our diesel to produce biodiesel.



Network expansion programme

25 new service stations opened

14 are under PMRMB



Our most valued asset - our workforce - is further strengthened through continuous training and upskilling to increase the competencies of our people. In support of our refinery expansion, PDR employees were trained an average of 12.1 training-hours on the latest refining technology.

With over 600 employees nationwide within all three operating companies, we have various programmes to promote work-life balance. For the second consecutive year, we were recognised in the Graduates' Choice Award 2020 as the "Top 3 Most Attractive Employers to Work for in the Oil & Gas Sector".



FOR MORE INFORMATION ON OUR RISK MANAGEMENT, VISIT WWW.PETRON.COM.MY

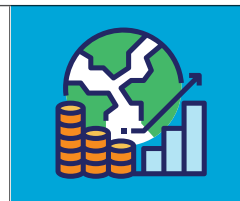
About Our Report

The information and scope of this Report covers (PMRMB) but may include mention of 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.

PMRMB operations covers our Petron Malaysia Head Office in Kuala Lumpur, Port Dickson Refinery, Bagan Luar Terminal, Lumut PME plant and PMRMB service stations. Together with our sister companies, we strive to achieve our sustainability agenda, guided by the Sustainability Policy to ensure alignment and consistency throughout the Company.

2020 is the fourth year that the Company is producing a sustainability report. This Sustainability Report covers the period January 1, 2020 to December 31, 2020. Our materiality matrix is based upon feedback from our internal and external stakeholders: namely service station dealers, business partners, vendors, suppliers and contractors. We have used the materiality assessment to drive our sustainability initiatives and programmes.

Sustainability programmes for Petron Malaysia group are categorised under the following pillars: Economic, Environmental and Social. In 2020, we prioritised on what mattered by intensifying efforts on programmes under Social pillar, which focused on helping the communities, with special attention given to front-liners: police, medical officers as well as our own front-liners at the service stations.



Economic



Environment

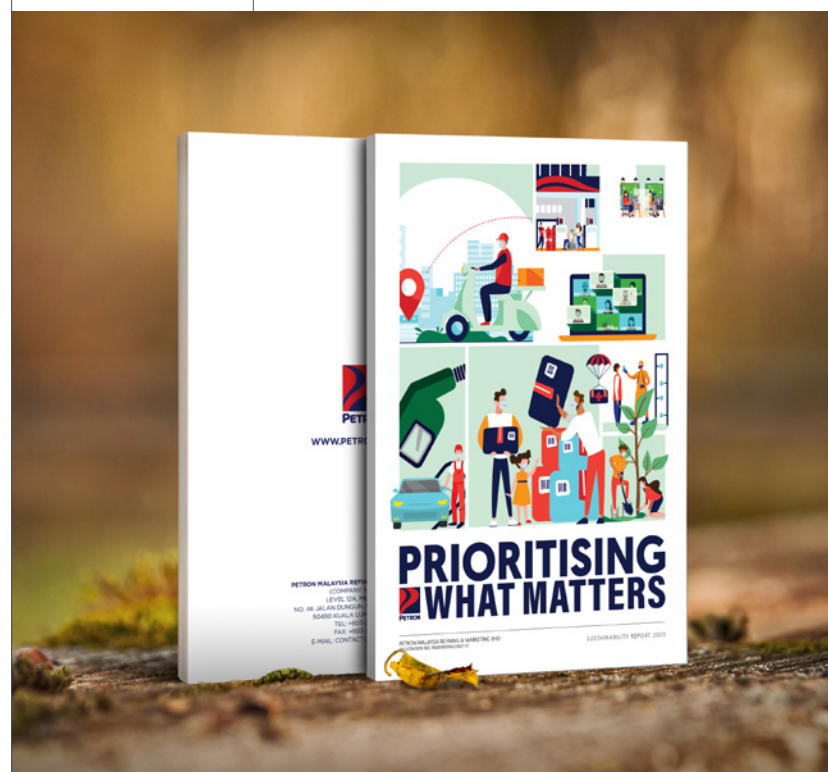


Social

Sustainability programmes for the Petron Malaysia group are categorised under the following pillars: **Economic**, **Environmental** and **Social**.

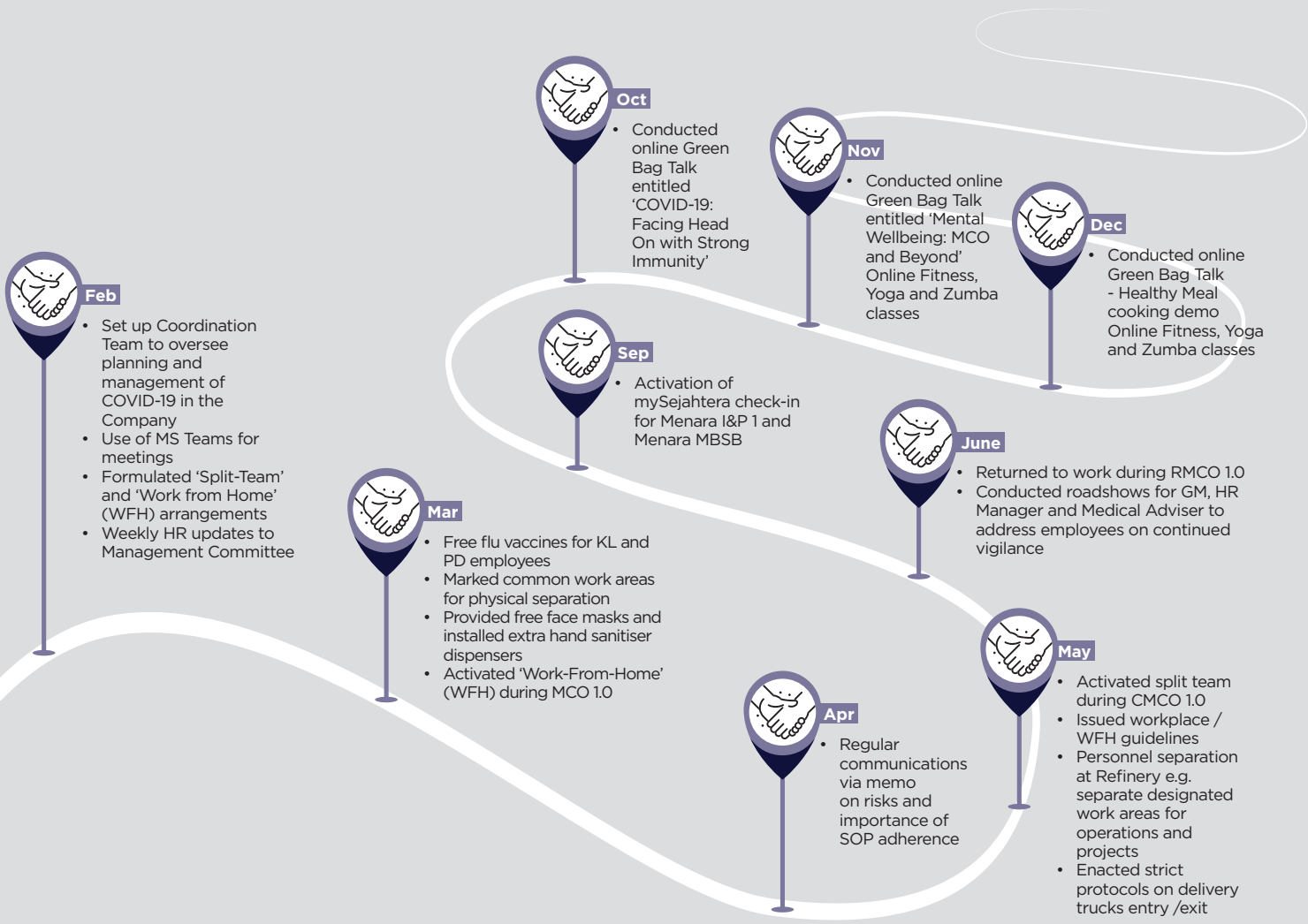
While the emphasis in 2020 was more on programmes relating to the Social pillar, we continued to improve our sustainable and responsible approach under the economic and environment pillars.

With the above in place, the Company ensured data collection was aligned with approaches under the three pillars. As we progress in our sustainability journey, we will strive to maintain consistent approach and execution across PMRMB and its sister companies.



Our Response to COVID-19

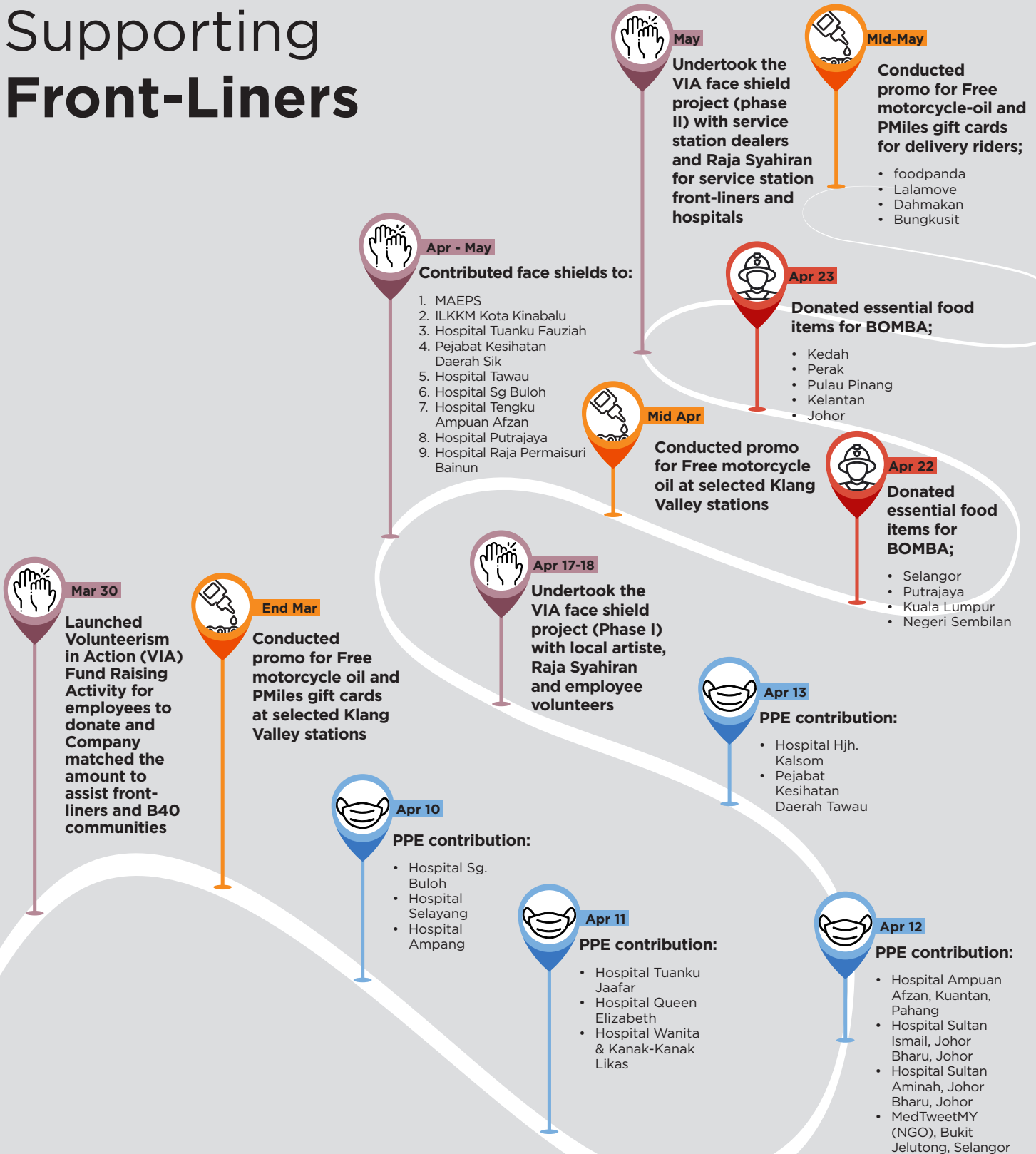
Taking Care of our Employees



MCO : Movement Control Order
 CMCO : Conditional Movement Control Order
 RMCO : Recovery Movement Control Order

Our Response to COVID-19

Supporting Front-Liners



Our Response to
COVID-19

Supporting Local / Fenceline Communities



Mar 5

Contributions done throughout 2020 to help communities most affected by the pandemic;

1) Food and personal care items for B40 undergraduates

- Negeri Sembilan MDTCA Food Bank programme



Apr 17

2) Donated rice and cooking oil in collaboration with MERCY Malaysia for B40 recipients;

- Pusat Jagaan Saai
- PPR Seri Cempaka



Apr 18

- Al I'tisam Relief Progm. Association
- Pusat Jagaan Orang Tua Al-Ikhlas
- Rumah Perlindungan NCWO-YWCA



Apr 19

- Pertubuhan Kebajikan Amal En Xin
- Komuniti Orang Asli Bateq



Apr 22

- Jabatan Kebajikan Masyarakat Johor Bahru
- Jabatan Kebajikan Masyarakat Kulim
- Jabatan Kebajikan Masyarakat Bota
- Mutiara Food Bank Georgetown



Apr 23

- OrphanCare Foundation
- Jabatan Kebajikan Masyarakat Kota Bharu



Apr 24

3) Donated rice and cooking oil in collaboration with Uncle Kentang for B40 recipients;

- Bukit Puchong, Puchong Permai and Puchong Utama



Apr 25 & 26

- Kinrara, Bukit Jalil, Puchong Permai, Puchong Prima, Puchong Jaya, Puchong Utama and Seri Kembangan



Apr 27

- Saujana Puchong, Taman Wawasan and Damai Perdana Cheras



Apr 29

- PPR Flat Hang Tuah



May 19

6) Donated LPG via service stations with GASUL for B40 recipients in surrounding areas;

- Petron Jalan Tenggiri Seberang Jaya
- Petron Masai Kong Kong Johor



May 20

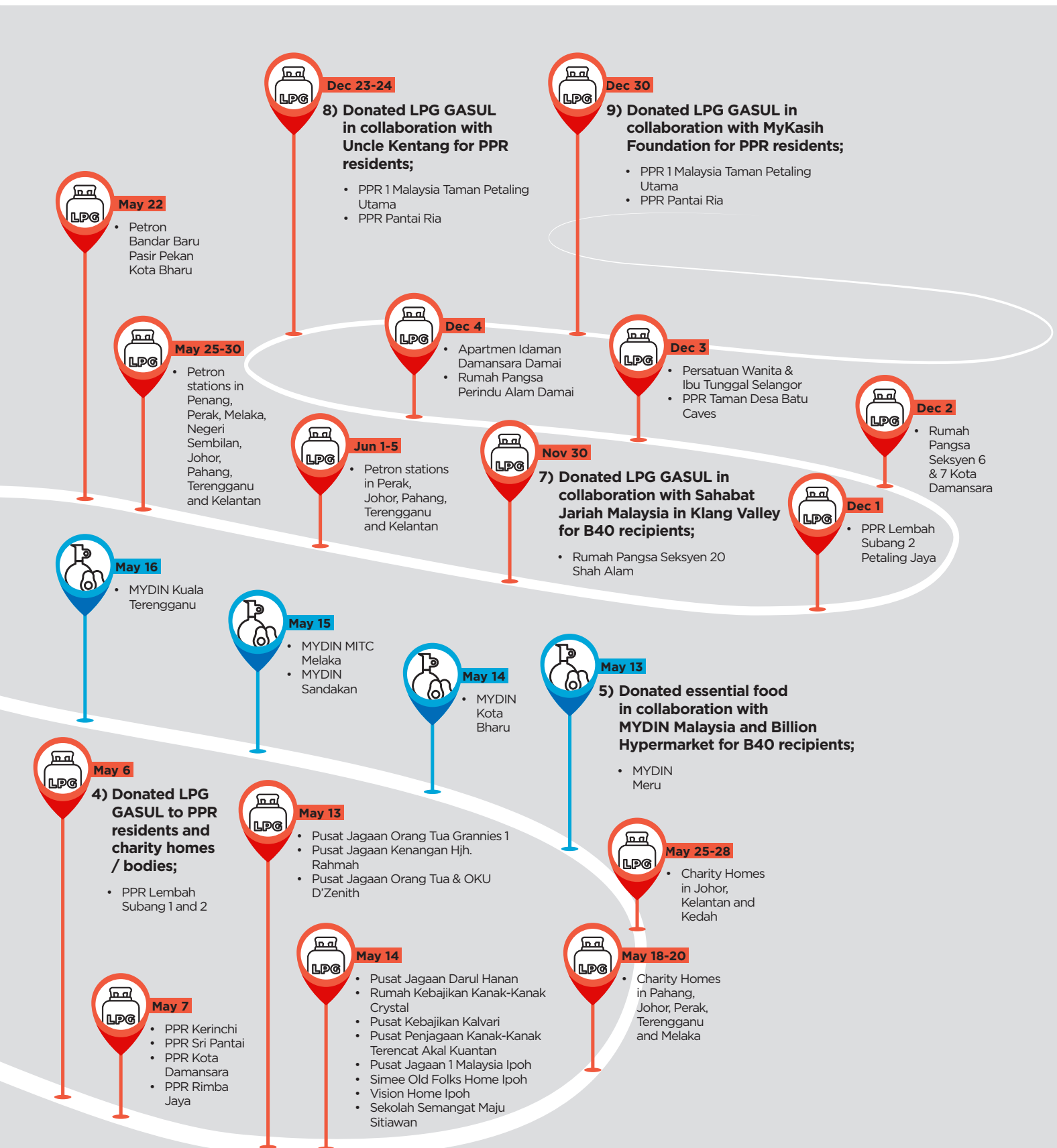
- Petron Bahau
- Petron Durian Burong, Kuala Terengganu



May 21

- Billion Hypermarket, Port Dickson

Our Response to COVID-19



Economic Sustainability



Revenue

RM6.5
billion

Capital Expenditures

RM368
million

Dividend Declared

RM13.5
million

Sales Volume

28.6
million barrels

2020 was a challenging year as the unprecedented COVID-19 pandemic disrupted not only domestic but global economies.

OUR COMMITMENT

Our focus on economic sustainability covers not only the financial aspects but also on all other areas to create long-term value for the Company and shareholders such as promoting business activities and creating employment opportunities to the local communities. We adopt a holistic approach to business management by incorporating sustainability considerations alongside financial considerations.

OUR MANAGEMENT APPROACH

The Company approach is to further strengthen our business operations and to continue its sales volume recovery programme, cost rationalisation initiatives and prudent resource and risk management measures to remain resilient and competitive in navigating the challenging business environment.

Our procurement process ensures that in addition to timely acquisition of materials

and services that meet the Company's standards at optimal costs, we will also prioritise the selection of goods, services and processes that have minimal environmental impact.

The Company ensures the highest standards of Corporate Governance and prudent risk management practices are adhered to in all aspects of our business operations.

ECONOMIC OVERVIEW

The pandemic resulted in worldwide lockdowns and economic recessions that plunged oil demand and prices to historic level, with benchmark Dated Brent crude hitting its all-time low of US\$19 per barrel average in April 2020. The various travel and business restrictions imposed by the Malaysian government since 18 March 2020 to curb the spread of the infection affected domestic fuel demand in the country, thereby reducing the Company's sales volume.

Economic Sustainability

Our DHT project is a testament of our commitment to a cleaner environment which enabled the Company to produce ultra-low sulphur automotive diesel fuel, making our product compliant with the Euro 5 specifications.

As we managed these disruptions, we re-assessed our priorities and re-aligned our plans to ensure financial sustainability amid the pandemic's negative impact to our operations. We initiated cash preservation measures and saved RM31 million or 11% of our selling and administrative expenses which helped us manage positive cash flow from operations and mitigate further net loss. In addition, we rationalised our capital expenditure by prioritising projects that will provide immediate returns. Amongst them are the completion of new retail service stations that will generate incremental sales volume and revenue, as well as the two major projects in our Refinery, i.e. the Diesel Hydrotreater (DHT) to produce ultra-low sulphur automotive diesel for Euro 5 specification compliance and Marine Import Facility 2 (MIF2) that are expected to deliver cost savings. Total capital spending in 2020 was lower at RM368 million compared to RM550 million in 2019.

Our capital projects both in the refinery and in our retail network promoted business activities and employment opportunities to the local communities. We supported the country's energy requirements

by selling 28.6 million barrels of petroleum products in 2020. Together with our sister companies, we have more than 720 service stations and 12 distribution terminals and facilities nationwide* that continued to operate amid the pandemic to fuel the backbone of the nation's economic activities. We added 25 new service stations during the year, enabling more customers to access our world-class quality fuel while spurring economic activities in the localities.

In 2020, our shareholders still enjoyed a 5 sen dividend per share equivalent to RM13.5 million, yielding a 1.2% return based on shared value, as the Company continued to honour its commitment to shareholders, notwithstanding its net loss as an effect of the global pandemic.

* PMRMB and its sister companies

PROCUREMENT:

Procurement department's principal function is to ensure TIMELY purchase of quality goods and services at the most effective cost.

Procurement department works closely with users and vendors and interfaces with other groups to ensure the following:

- i.** **The vendor must meet the requirements of the Company in terms of specification, work scope and timely delivery of materials and services;**
- ii.** **The Company is consistently satisfied with the materials supplied and/or services rendered by the vendors;**
- iii.** **Continuous communication is maintained between the Company and the vendor to ensure maximum cooperation and to facilitate adequate and proper performance of all required transactions;**
- iv.** **The terms and conditions of the purchases are fair to both the Company and the vendor and are legally implemented by both parties, and;**
- v.** **A long-term and mutually beneficial partnership is fostered between the Company and vendor.**

Procurement personnel performed their tasks and responsibilities to assure total quality with the highest ethical standards, as set in the Company's Standard of Business Conduct policy.

Economic Sustainability

ENGAGEMENT WITH CONTRACTORS AND SUPPLIERS

Engagement with Contractors and Suppliers or Business Partners plays 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

All of 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, i.e. during technical clarification stage of the tender process, all queries and responses are channelled through Procurement to ensure consistency of information to all bidders.

3 SUSTAINABILITY

We are also committed to support sustainability through procurement process. Where possible, tenders and quotations favour goods, services and/or processes that have minimal environmental impact. Our Lumut PME Plant received a Malaysian Sustainable Palm Oil Supply Chain certification from the Malaysian Palm Oil Board in 2020. We remain environmentally conscious by having established a tender submission process via softcopies submission in our efforts to reduce hardcopies tender submission requirement. A dedicated email address was created to receive all softcopy submissions ebidpdr@petron.com.my

4 LOCAL ECONOMY

To support local businesses, we give preference to qualified Malaysian contractors and suppliers. To date, we have more than 1,400 registered local vendors. Products and services from out of the country are only procured if there are no suitably qualified or recognised local vendors. Supporting local suppliers will not only help to spur the local economy, it is also more economical for the Company in terms of shorter delivery lead-time and cheaper transportation charges besides reducing our carbon footprint.

During this pandemic year, Procurement issued a total of 8,500 purchase orders compared to 17,000 purchase orders in the previous year. In addition, to develop long-term and mutually beneficial relationship we signed longer term hauling contracts.

CORPORATE GOVERNANCE

In 2016, Petron formalised its Board Charter, which was subsequently disclosed in the Company's website. The PMRMB Board Charter and the Management Committee Charter also outline the roles and responsibilities of the Board and the Management Committee of PMRMB. 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 ("MCCG 2017"). In 2018, the Board Charter underwent revisions to meet the requirements of the MCCG 2017. Further revisions are expected to be made in 2021 to meet the new Corporate Governance code.

The Management Committee of Petron Malaysia comprises all Department Heads, in addition to those who are Management Committee members of Petron Malaysia Refining & Marketing Bhd. They are each professionally qualified and have decades of experience in the downstream business and in their respective fields of expertise, that help the Board in implementing the strategies and managing the day-to-day business and operations. The Management Committee meets every week to review the business and address any current matters arising.

Petron has a Standards of Business Conduct (SBC) that can also be accessed from the Company's website www.petron.com.my. The SBC 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 the Petron's employees, contractors, and vendors, so that they have a clear understanding of the Company's expectations. Periodic training is also carried out for employees, contractors and vendors to ensure understanding of our governance requirements. The SBC was last updated in 2017 to incorporate

The Management Committee of Petron Malaysia comprises all Department Heads, in addition to those who are Management Committee members of PMRMB.

Economic Sustainability

STANDARDS OF BUSINESS CONDUCT



revised guidelines issued by the parent Company in relation to enhanced restrictions on receipt of gifts. Standard contracts of the Company (including employment contracts and contracts with third party vendors / contractors), also incorporate key provisions of the Code of Conduct as standard terms, thus ensuring the Code of Conduct will be adhered to at all times. All employees of the Company have undergone training on the Standards of Business Conduct and incorporated into new employees' orientation programme. Such training for new hires is conducted twice yearly.

The Company practices ethical business conduct. In this respect, a 'Fair Competition Policy' reinforces the Company's commitment to compete fairly and ethically within the framework of applicable laws in all aspects of business. All employees must abide by relevant laws intended to ensure and maintain healthy competition in the market and ensure the Company does not engage in any prohibited trade practices. The SBC includes a 'whistle-blower' policy to ensure any issue of non-compliance with the SBC is brought to the attention of Management without any reprisal against the 'whistle-blower'. PMRMB and its sister companies in Malaysia have also undertaken proactive steps in implementing programmes and initiatives as part of its compliance to Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

The internal audit function is 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 2020 annual report at www.petron.com.my.

ANTI-CORRUPTION INITIATIVES

As part of the Company's compliance measures with Section 17A of the Malaysian Anti-Corruption Commission Act 2009, PMRMB and its sister companies in Malaysia have undertaken the following steps:

- Commencement in December 2019 of a series of training to educate employees of the risks and implications to the Company, directors and senior management. The trainings continued in 2020 to ensure all employees are well adept on what is expected from them in adhering with Company's requirements and on the expected behaviour from each of them;
- The adoption of the ultimate parent Company San Miguel Corporation's policy on gifts and entertainment. This is to be read together with the existing provisions contained in the Company's Standards of Business Conduct;
- Implementation of declaration and review / approval process, in relation to minor exceptions (for reasonable business-related entertainment and low value festive gifts);
- The implementation of a new Whistle-Blower protection policy;
- The preparation of a manual to include the Company's policy, action plan, implementation process flow and approval processes for exceptions. This is expected to be completed in 2021 in time for Petron to make preparations to apply for an ISO37001 certification (Anti bribery Management System);
- In the third Quarter of 2020, the Company also commenced a refresher course for employees on expectations of the Company in relation to Petron's Standards of Business Conduct;
- The Company also conducted training and compliance programmes for the employees to ensure employees understanding of and strict compliance with applicable laws and regulations relating to anti-money laundering and counter financing of terrorism and internal anti-money laundering policies;
- Background checks before recruitment of employees are performed particularly for key management positions. The Company also performed know-your-client / risk assessment whereby Customer Due Diligence (CDD) measures were taken to ascertain customer's identity and establish actual beneficiaries or business owners via documentary evidence prior to any business engagements to assess integrity of counterparties, and;
- The Company's compliance with anti-money laundering laws was further enhanced with the approval of a new Policy and the roll out of a new Compliance Manual. Collaboration between Departments on compliance including training sessions for personnel were carried out.

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.

The Board recognises that these risks can be mitigated or minimised by putting in place an effective system of internal controls and business continuity plans. Key elements of the Company's internal controls include:

- i. **Alignment or adoption of best practices from parent Company 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. **In preparation of the implementation of the new amendments to the Malaysian Anti-Corruption Commission Act 2009, further training commenced in 2020 for all Petron personnel;**
- vi. **The Company further provided personnel with training on Anti-Money Laundering as well as measures that have been put in place to meet the requirements of relevant law(s) and minimise risks associated with movement of funds involving Petron. The Anti-Money Laundering Policy was approved by the Board of Directors in November 2020;**
- vii. **The Board also approved the Information Security Management System and its Policy in the 4th Quarter of 2020, in line with the attention given to cyber-security risks;**
- viii. **The Company commenced in 4th Quarter 2020 an update session for personnel on key areas of Standards of Business Conduct;**
- ix. **A Management integrity system based on Petron Corporation's best practices to assess and sustain the effectiveness of the organisation's system of controls;**
- x. **Effective communication lines within Management by holding regular Management Committee meetings where matters and risks pertaining to each business unit and function are reviewed, and;**
- xi. **In 2020, a revised Whistleblower Policy was approved.**

Realising the need for risk management associated with price volatility of crude and petroleum, Petron Malaysia has an effective hedging process (that is devoid of any speculative elements). A Commodity Risk Management Group meet weekly to review the market and hedging position to protect the Company's interests. Similarly, mindful of the effect of the fluctuating foreign exchange involving the Malaysian Ringgit and the US Dollar, hedging on foreign currency is carried out to protect the exposures of the Company against US dollar denominated transactions, assets and liabilities.

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 mitigated and that a back-up/contingency plan is in place.

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

Environmental Sustainability



Given limitations to conducting face-to-face events, we maximised available digital platforms in pursuing our environmental programmes.

OUR COMMITMENT

Environmental sustainability begins when everyone takes responsibility over minimising our environmental impact. Having sustainable goals with viable mechanisms ensures that a sustainable environment can be achieved. Here in Petron Malaysia, we envision being at the forefront of the downstream oil and gas business and that includes championing sustainability in our operations. We make it our commitment to:



Act with professionalism, integrity and fairness at all times;



Adhere to strict safety and environmental standards and;



Promote the best interests of all stakeholders and care for our community.

OUR MANAGEMENT APPROACH

- Monitoring regulatory changes and complying with all applicable environment regulations and requirements;
- Establishing and implementing environmental aspects, impacts, metrics and quantitative targets of each operating site;
- Implementing environmental best practices for continual improvement, and;
- Inculcating awareness on environmental, sustainability among employees, business partners and community.

Petron Malaysia invited employees, their families and business partners to plant trees during World Environment Day

Environmental Sustainability

We expect employees at all levels to strictly comply with operational processes with no compromise while the Company provides necessary resources and tools to meet, if not exceed, all regulatory and industry standards on environment.

Every year, the Company organises green programmes to actively engage our employees in environmental conservation through volunteerism. Our fenceline communities and partners, such as local councils and service station dealers, are included in these programmes. In 2020, we adapted to the new norm through programmes utilising digital platforms and reducing face to face interactions.



SAFETY, SECURITY, HEALTH AND ENVIRONMENT POLICY

Our Safety, Security, Health and Environment Policy reflects the Company's commitment to ensure the safety of our operations and our stakeholders particularly employees, customers, dealers as well as our fenceline community while keeping the environment protected through compliance with rules and regulations as well as conducting green initiatives.

Safety is also one of Petron's core values. Strong safety and environmental focus are being emphasised in every aspect of our operations from the refinery to our terminals and service stations.

CONSISTENT WITH THIS BELIEF, WE COMMIT TO:

Comply with all government regulations to promote occupational safety and health, and the preservation of the environment;



Implement appropriate operational control procedures, provide necessary resources and strong management support, and involve our stakeholders in related endeavours;



Innovate our products and services while strictly adhering to global safety, health and environment standards; and



Put a premium on safety and security at all our facilities.



TO ENSURE THAT WE LIVE UP TO ALL THESE COMMITMENTS:

We continuously promote the safety, security and health of our colleagues, our host communities and stakeholders;



We have in place stringent goals and targets to achieve operational excellence;



We pro-actively manage risks and minimise environmental impact to ensure business continuity;



We consistently implement strategies to constantly improve the way we do business.



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.

Environmental Sustainability

OUR ENVIRONMENTAL PROGRAMMES

We recognise the impact we have on the environment and as such, we make every effort to go beyond compliance when it comes to regulatory standards and criteria.

This includes putting in place mechanisms across our whole value chain to monitor our emissions, discharges, consumption, utilisation and impact in order to better manage our environmental footprint. Beyond compliance, we engage in activities with our stakeholders that help preserve biodiversity and promote greater environmental awareness.

At our refinery, terminals, and offices, we appoint Safety, Security, Health, and Environment (SSHE) committees that include employees at all levels, which amongst others are responsible to initiate, develop and implement safety, health and environmental programmes. This demonstrates our unwavering commitment to provide petroleum products that deliver optimum performance while minimising our environmental impact.

Our Port Dickson Refinery (PDR) and terminals undertake strategic waste reduction, emissions management, and energy efficiency programmes, allowing us to significantly reduce our operational impact on the environment. Despite the Company's growth, these programmes have resulted in greater energy and water conservation.



We organise activities on a regular basis to ensure that our sustainability agenda and strategies are effectively communicated to our employees, business partners, community leaders, and project beneficiaries. Our network of service station dealers and haulers are also engaged and briefed to ensure that our SSHE policy and procedures are fully understood and strictly adhered to at the operations level.





OUR ENVIRONMENTAL BUSINESS PLAN (EBP)

We have a five-year Environmental Business Plan (EBP) in place to track and monitor our environmental performance at our refinery. We measure our performance against regulatory and industrial standards and ensure that our business processes, facilities, products, and services have minimal environmental impact.

The EBP identifies strategic environmental focus areas and supporting programmes and initiatives. Our EBP covers current environmental strategies and action plans over 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 five-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 environmental targets;
- 
Compliance with all applicable regulations and requirements;
- 
Review of short and long-term regulatory changes and plan operating changes and facilities upgrading, and;
- 
Implementation of environmental best practices through development of a specific list of prioritised opportunities or needs, including those where technological support is necessary.

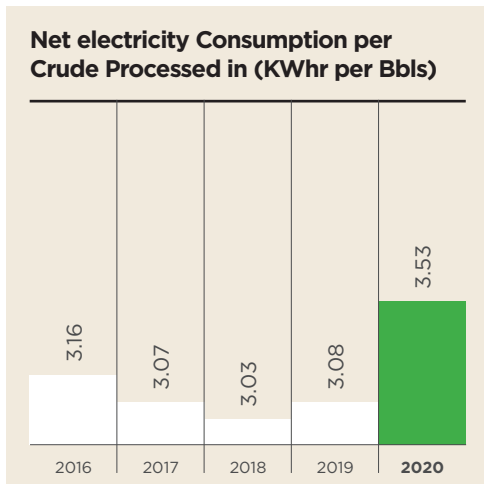
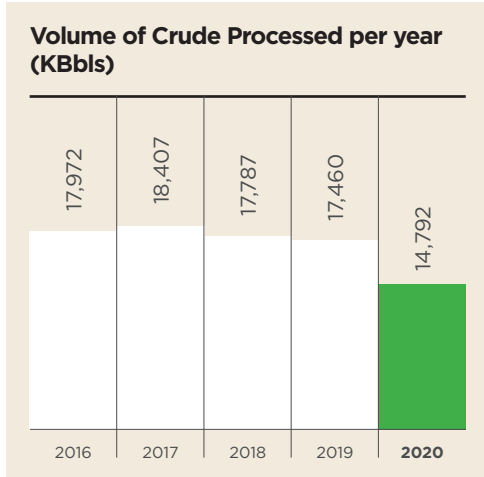
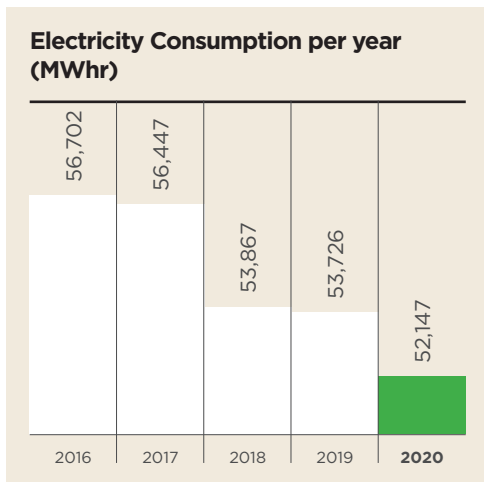


The EBP sets out the year-on-year targets for a period of five-year on the impact of site operations and emissions in relation to environment conservation and regulatory compliance.

Environmental Sustainability

IMPROVING OUR ENERGY EFFICIENCY

PORT DICKSON REFINERY ELECTRICITY CONSUMPTION PER CRUDE BARREL (KWHR/BBL)



Total Company electricity consumption decreased to **55,792 MWhr** in 2020, from **57,412 MWhr** in 2019



Electricity consumption at terminals increased to **3,464 MWhr** in 2020 as compared to **3,267 MWhr** in 2019.



Higher net electricity consumption per crude processed in PDR at **3.53 KWhr** per Bbl as compared to **3.08** in 2019.

Port Dickson Refinery accounted for around 93% of total Company consumption of electricity.

In the last five years, we saw a gradual decrease in our net electricity consumption per volume of oil processed every year at Port Dickson Refinery. From 53,726 MWhr of electricity consumed to process 17,460 KBbls of crude oil in 2019, it went down to 52,147 MWhr to process 14,792 KBbls in 2020. The reduction of crude processed due to lower demand during COVID-19 also contributed to lower overall Company electricity demand.

However, the unit rate of electricity usage per crude processed was higher in 2020 at 3.53KWhr/Bbl in comparison to previous few years. The start-up and full operation of the new DHT plant and MIF2 work which was at an advanced construction stage in 2020 had contributed to additional electricity consumption.

As for the Distribution terminal operations, the combined total electricity consumption in 2020 showed increase from 3,267 MWhr in 2019 to 3,464 MWhr in 2020. The increase was due to inclusion of the PME plant (LPP) operations for full year 2020.

Overall, total electricity consumption for the whole Company, including the head office, stood at 55,792 MWhr in 2020, from 57,412 MWhr in 2019.



Environmental Sustainability

IMPROVING WATER FOOTPRINT

In 2020, the Port Dickson Refinery's water consumption was at 411,328 m³, 14% less than 2019's 478,175 m³. The highest consumption of water in Petron comes from the Refinery which accounts for 84% of the total Company demand.

The Refinery's freshwater footprint, measured in total litres of water consumption, was 411,328 m³ in 2020 versus 478,175 m³ for 2019. This decline of water consumption was associated to the lower volume of crude oil processed and lower water demand for maintenance activities.

On wastewater management at the Refinery, a Bio Sulphur Recovery unit has been designed and installed for the DHT plant whereby sulphur is removed from diesel. The recovered sulphur in solid form is then disposed or recycled to the Department of Environment's (DOE) licensed third-party vendors. The wastewater discharges from the Bio Sulphur Recovery unit were routed to the Refinery skim pond and lagoon before being released into public streams. As for the Waste Water Treatment system at the Lumut PME Plant, an upgrading project to enhance the capability was completed in December 2020.



Total Refinery, Terminals and PME Plant water consumption in 2020 was higher than the previous year, at **91,208 m³**



In 2019, total Refinery, Terminals and PME Plant water consumption was **89,992 m³**



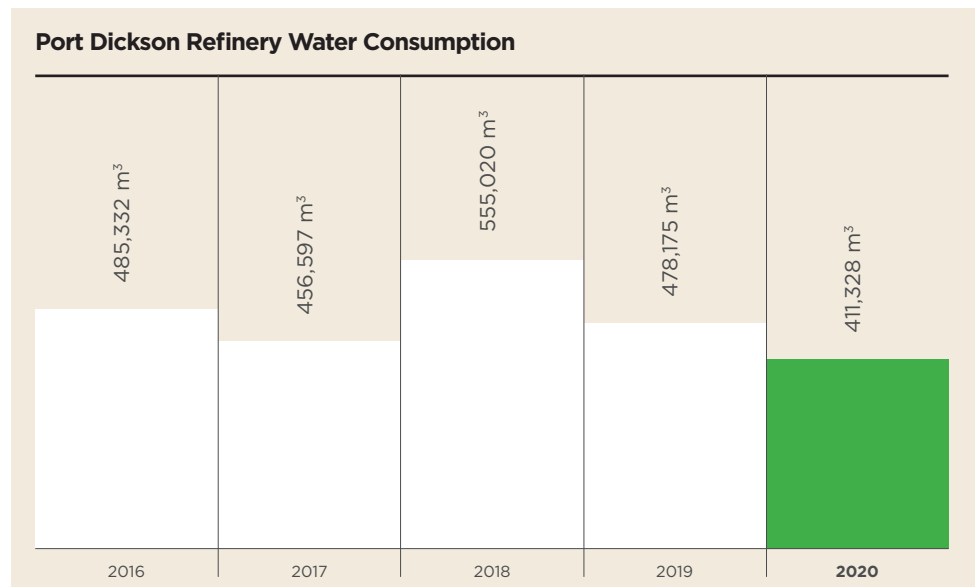
All wastewater effluents from our operations complied with the strict standard requirements of the DOE.

For Distribution terminal operations throughout the country, the combined total water consumption in 2020 was 111,883m³ versus 89,992 m³ in 2019. The PME plant (LPP) at Lumut, Perak that began operations in March 2019 had contributed to much higher total water consumption by all Distribution terminals whereby the average was 52,500m³ in past years prior to LPP operation.

All water consumed was purchased from the respective state water authority.

Total Refinery, Terminals and PME Plant water consumption in 2020 was higher than the previous year, at 91,208 m³.

In 2019, total Refinery, Terminals and PME Plant water consumption was 89,992 m³.







Environmental Sustainability

SUCCESS STORY: RAINWATER HARVESTING

In our effort to reduce water usage, we collected and re-used rainwater as another resource.

The initiative started in 2015 in Kuantan and Sepangar Bay Terminals, both the Company’s affiliate terminals. Following the successful roll out at these terminals, the project was expanded to Port Dickson Refinery and Port Dickson Terminal in 2017 and 2018 respectively.

<p>Sepangar Bay Terminal</p> <p>6,240 litres</p> 	<p>Port Dickson Refinery</p> <p>4,088 litres</p> 	<p>Port Dickson Terminal</p> <p>1,664 litres</p> 	<p>Kuantan Terminal</p> <p>832 litres</p> 
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Sepangar Bay Terminal repurposed drums as the rainwater storage tank

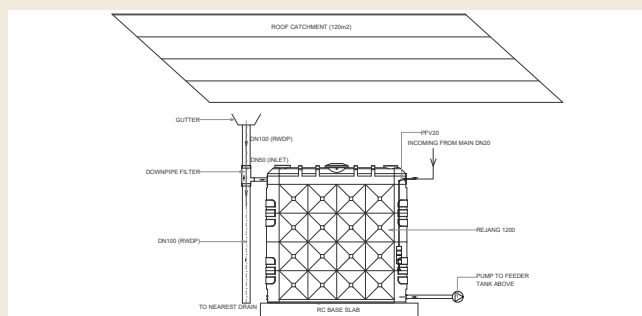
With four operating sites out of a total of 12 within Petron Malaysia Group, we have a combined installed capacity of 12.82 m³, accounting for about 3% of total water consumption in 2020.

The collected rainwater is used for non-potable usage which includes flushing toilets, watering landscape, and office cleaning purposes. We added new pipelines to achieve our objective of using rainwater as a secondary source of domestic treated water.

Since 2016, Petron Malaysia has incorporated a rainwater harvesting system into the Service Station Design & Construction Guidelines for all Company Owned Dealer Operated (CODO) service stations. The designs include underground and aboveground rainwater harvesting systems with a capacity of between approximately 600 litres to 9,000 litres, subject to local authority requirements for the site.


The first rainwater harvesting system at service stations was installed at Petron Gurun R&R Southbound, Kedah in 2017. Where possible and practicable, new service stations are equipped with rainwater harvesting systems.

We look at every possible opportunity for savings from this project as it provides a viable alternative water source which reduces the reliance on treated water supply for non-potable purposes. As we grow the business, integration of sustainable solution like this is the first step and our way forward to reduce our environmental footprint.



The architectural drawing of the rainwater harvesting system in Petron Station Design & Construction Guidelines

20 new
 CODO stations
 are equipped with
 rainwater harvesting system



Environmental Sustainability



Since 2017, PDR total GHG emissions steadily decreasing in line with our aim to ensure that our business processes, facilities, products, and services have minimal environmental impact

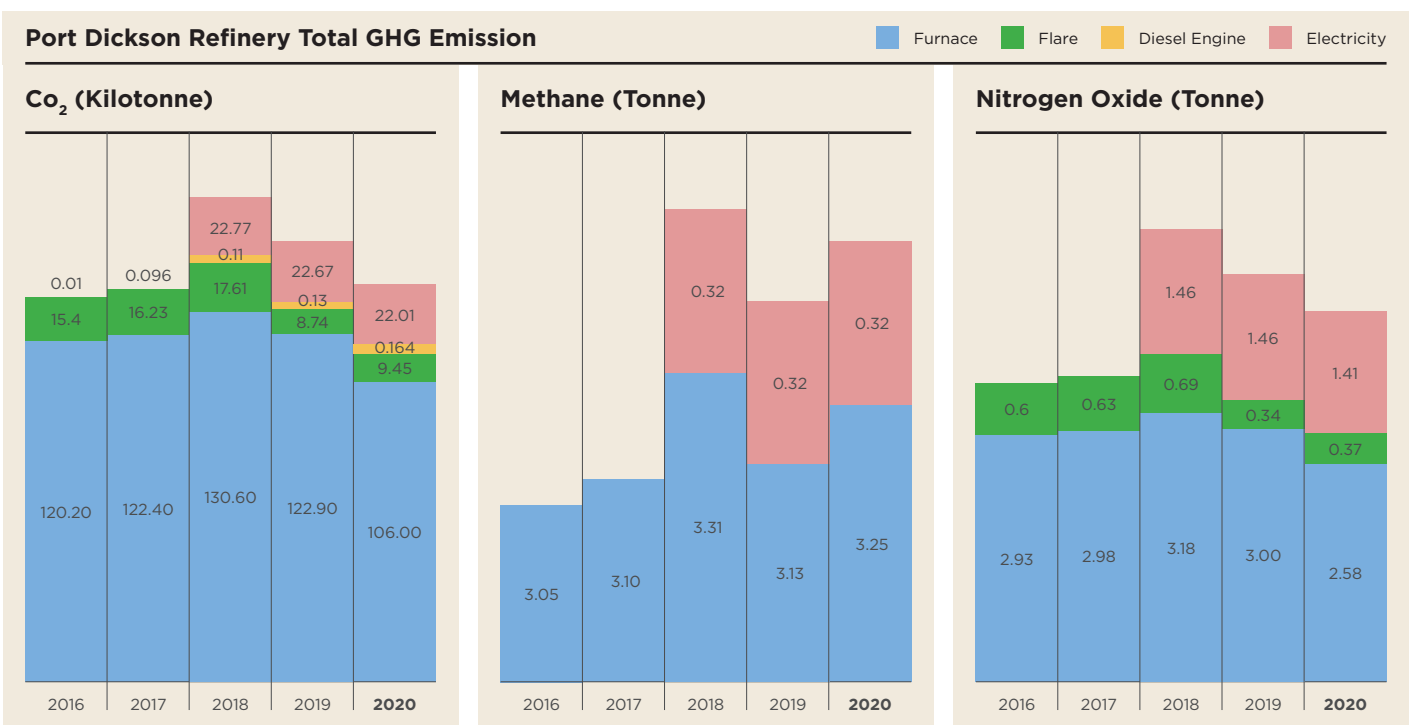
MANAGING OUR MATERIALS

The pandemic has impacted the overall fuels demand due to restriction in travelling imposed by the Government during the MCO. This lower demand resulted in 14,792 Kbbbls of crude processed at the Refinery in 2020, a dip from 2019 volume of 17,460 KBbls, 2018 volume of 17,787 KBbls and 2017 volume of 18,407 KBbls. Despite the lower demand, our Refinery continued to follow the scheduled maintenance activities with full adherence to safety and equipment reliability practices.

REDUCING AIR EMISSIONS

Our direct GHG emission from our operating facilities are from flare, furnace and diesel engine. Efforts are ongoing to continuously reduce our GHG emissions. Among the method used to manage emission is by regular maintenance during turnaround which increases efficiency of the processing activities.

Total Indirect GHG emission from purchased electricity at the Refinery had reduced to 23.74 versus 24.45 kilotonnes in 2019.



Environmental Sustainability

MINIMUM DISCHARGES, CLEANER OPERATIONS

Waste oil generated from refinery plant operation is collected at the skim pond as slop oil for recycling. As for crude sludge, it is handled for treatment as scheduled wastes while the free oil recovered is channelled to the plant for reprocessing. At the terminals, slop oils generated are disposed to licensed recyclers approved by the Department of Environment.

All hazardous and toxic wastes classed as “scheduled wastes” are disposed to Prescribed Premises (licensed facilities) for treatment and disposal under the Malaysian Environmental Quality Act 1974 and Regulations. The scheduled waste disposed are generated from desludging activities at skim pond outlet, plant maintenance, diesel hydrotreater unit and Marine Import Facilities 2 (MIF2) projects.

The Refinery and terminals engage 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 engagement supports the government initiative for a “cradle-to-cradle” approach in using hazardous waste as raw material input to reduce incineration or landfill facilities for disposal. Non-hazardous wastes are collected and disposed of at the local municipal landfill.

OUR GREEN CAMPAIGN

Petron recognises that a person’s early years are the foundation for lifelong learning including instilling beliefs and practices on preserving and caring for the environment.



During Earth Hour, Petron facilities switched off its non-essential lights for an hour in collective efforts to symbolise our commitment in reducing carbon footprint



Petron facilities joined the global environment movement to celebrate **Earth Hour** and **World Environment Day**

Our Green Outreach programme which include tree and mangrove replanting, beach cleaning activities, among others, are carefully structured to maximise engagement with our fence line communities and the youth to take collective action towards achieving long-term sustainability goals. We carry these out with local municipalities, government agencies, fence line communities, non-governmental organisations and school children.

Despite travel restrictions, the Company pursued green programmes under the new normal. In November 2020, our Port Dickson Refinery collaborated with the Negeri Sembilan State DOE and State Department of Education to conduct a virtual Environmental Programme.

Petron facilities joined the global environment movement to celebrate Earth Hour and World Environment Day.

Environmental Sustainability



The environmental themed poster competition for **Hari Alam Sekitar Negara peringkat Negeri Sembilan 2020** had each district shortlist their **top ten contestants to win 60 final prizes**

The event involved the participation of all primary and secondary schools in Negeri Sembilan. Activities included the Environmental Themed poster competition for “Hari Alam Sekitar Negara (HASN) Peringkat Negeri Sembilan 2020”. PDR has been a regular sponsor for this programme as Petron is a strategic partner or “Rakan Strategik” with DOE Negeri Sembilan. The presentation of prizes to the winners was done via their respective schools with approximately 30,000 students participating.

We also take part in global environmental campaigns. Bagan Luar Terminal, Port Dickson Terminal, Kuantan Terminal and Lumut PME Plant as well as the Company’s affiliated terminals - Pasir Gudang JV Terminal and KLIA Aviation Depot participated in the annual Earth Hour celebration on 28 March 2020.



Bagan Luar Terminal, Port Dickson Terminal, Kuantan Terminal and Lumut PME Plant as well as the Company’s affiliated terminals- **Pasir Gudang JV Terminal and KLIA Aviation Depot** participated in the annual Earth Hour celebration on **28 March 2020**



PDR planted saplings of tropical fruits varieties during the World Environment Day

The facilities switched off their air conditioners, non-essential lights and electrical appliances for an hour between 8:30pm until 9:30pm. This simple act was part of the Company’s efforts to minimise our carbon footprint.

Port Dickson Refinery commemorated the World Environment Day by planting saplings of tropical fruits varieties - rambutan, mango, and ‘mata kucing’ at the open area on June 5. This gives back to our environment initiative aimed at providing habitat to local fauna while helping carbon sequestration in the atmosphere.

Moving forward, we will continue to have these environmental awareness programmes through activities that meet the demand of our new norms. We hope that activities carried out during our green programmes successfully nurture the young as well as create awareness amongst our employees, hoping that they in turn will share the knowledge and appreciation of reducing carbon footprint with their family members and friends.

The Environmental themed poster competition for Hari Alam Sekitar Negara peringkat Negeri Sembilan 2020 had each district shortlist their top ten contestants to win 60 final prizes.

Bagan Luar Terminal, Port Dickson Terminal, Kuantan Terminal and Lumut PME Plant as well as the Company’s affiliated terminals- Pasir Gudang JV Terminal and KLIA Aviation Depot participated in the annual Earth Hour celebration on 28 March 2020

Environmental Sustainability



Oil spill training and field response exercises will be conducted with PIMMAG every two years

OIL SPILLS AND REMEDIATION

As a registered member, Petron Malaysia receives support from Petroleum Industries of Malaysia Mutual Aid Group (PIMMAG) in the unlikely event of a spill incident. Our Refinery and Terminal operations 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 member's knowledge and skills in handling potential oil spills both on land and in the water.

Plant personnel at terminals conduct safety inspections and risk assessments to identify any potential fire hazards and address them for prevention.

Since 2019, our Bagan Luar Terminal has been designated as the Northern Region Oil Spill Response satellite base with stockpiles of various types of equipment for oil spills

In addition, Petron employees and contractors at operating sites are regularly trained in Emergency Response Plan. Throughout 2020, our facilities conducted quarterly emergency drills and simulations covering various scenarios of fire safety incidents.

preparedness. A joint major exercise was conducted with PIMMAG involving multiple local authorities and government agencies who are relevant in managing emergencies associated with oil spills at sea.

For our retail business operations, we have an Underground Risk Management programme in place. This risk-based approach identifies aging pipelines and underground tanks that are at risk of tank leaks. Annually, some 20 service stations undergo pipeline or underground tank replacements. In the unlikely event of a leak, we have established various processes to stop the leak from affecting other areas.

We provide regular training to our employees to ensure that our people are well-prepared to prevent and respond to any oil spills, leaks, or fire incidents and mitigate the impacts on the environment. A coherent emergency response plan that is regularly tested and updated reiterates our commitment to protect the environment.

In addition, Petron employees and contractors at operating sites are regularly trained in Emergency Response Plan. Throughout 2020, our facilities conducted quarterly emergency drills and simulations covering various scenarios of fire safety incidents.

PRODUCT RESPONSIBILITY

We adhere to the strict standards mandated by the different government agencies in Malaysia, such as the Ministry of Environment and Water, 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 typically contains less than 10ppm sulphur. This ultra-low sulphur content contributes significantly towards a cleaner environment. Blaze RON 100 Euro 4M has a proprietary additive package that contains detergent and combustion enhancer. The detergent cleans the dirty engine inlet system, valves, and fuel injectors and keeps engine parts clean. These additives lead to cleaner burning and reduce harmful emissions. The combustion enhancer meanwhile improves fuel combustion, resulting in complete burning and cleaner emissions.

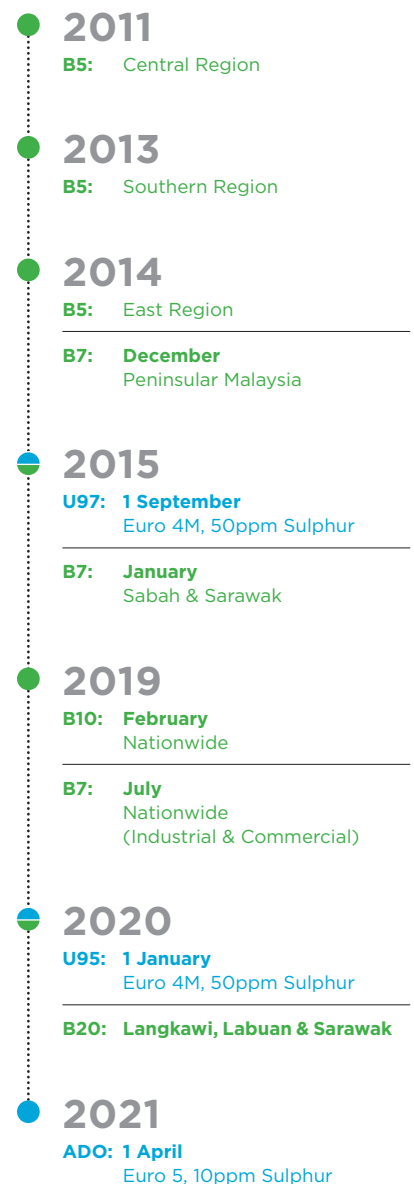
In September 2016, Petron introduced the Euro 5 compliant Turbo Diesel,

which is a cleaner Biodiesel B7 fuel. Its sulphur content of not more than 10ppm is 50 times less than Euro 2M diesel Sulphur content, readily meeting the Euro 5 standard. The low Sulphur contributes to a cleaner environment and it also enables vehicle exhaust after-treatment system 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 123-1:2018, modelled after the European EURO2 diesel standard. Petron Diesel Max (B7) contains 7% Palm oil Methyl Ester (PME), supporting the government's mandate to increase biodiesel content in diesel progressively. This effort is in line with the country's efforts to improve biofuel utilisation.

To comply with the government mandate of higher biodiesel content, we introduced Biodiesel B10 Euro 2M replacing B7 Euro 2M at our retail service stations nationwide on 1 February 2019. The use of biodiesel improves air quality and the environment through cleaner emissions, and is a renewable source of energy.

Malaysia's Clean Fuels Roadmap



● Euro specifications ● Biodiesel

• 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.

Environmental Sustainability

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 SDS comply with the latest Globally Harmonised Standard (GHS) on Safety Data Sheet Reporting Format. The SDS are reviewed and updated periodically to align with fuel quality changes as required by regulations.

Petron Malaysia is committed towards providing good quality products to ensure customer satisfaction.

The Company adopts structured internal quality management systems, namely Product Quality Management System (PQMS) and Petron Malaysia Operations Integrity Management System (POIMS).

Our operating sites at Port Dickson (Refinery and Terminal) are Quality Management System (QMS) certified for ISO 9001:2015 since 2016. The certifications continue at other terminals in 2017 for Bagan Luar Terminal and our affiliate companies Pasir Gudang JV Terminals and in 2018 for KLIA Aviation Depot. The certification of ISO 9001:2015 is in line with the Company's commitment on quality from manufacturing to distribution and supply chain processes.

In addition to certification in Quality Management System, our Port Dickson Terminal, Bagan Luar Terminal, our affiliate companies Kuantan and Pasir Gudang JV Terminals have all been certified in ISO 45001:2018 Occupational Health Safety Management System (OHSMS) and ISO 14001:2015 Environmental Management System (EMS) since 2017. OHSMS is a systematic, comprehensive and sustainable management system on employee health and safety as well as helping our sites to continuously improve the safety performance, compliance to health and safety legislation and standards. EMS is a system used to manage environmental aspects, fulfill environmental compliance obligations, and address risks and opportunities in the environment where we operate.

Benzene, Lead and Sulphur contents in fuels



Under the mandated MS 118-3:2011 (Euro 4M) standard for 95RON gasoline fuel, benzene level limit is at 3.5% max, lead at 0.013 g/l max and sulphur level at 50 ppm max. All Petron Blaze 95 fuel sold by Petron Malaysia fully comply with the benzene, lead and sulphur limits from 1 January 2020.



Under the mandated MS 118-3:2011 (Euro4M) standard for 97RON gasoline fuel, benzene level limit is at 3.5% max, lead at 0.013 g/l 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 from 1 September 2015.



Petron Blaze 100 fuel is a 100RON gasoline fuel, with benzene level limit at 3.5% max, lead at 0.013g/L max and typical sulphur level of less than 10ppm.

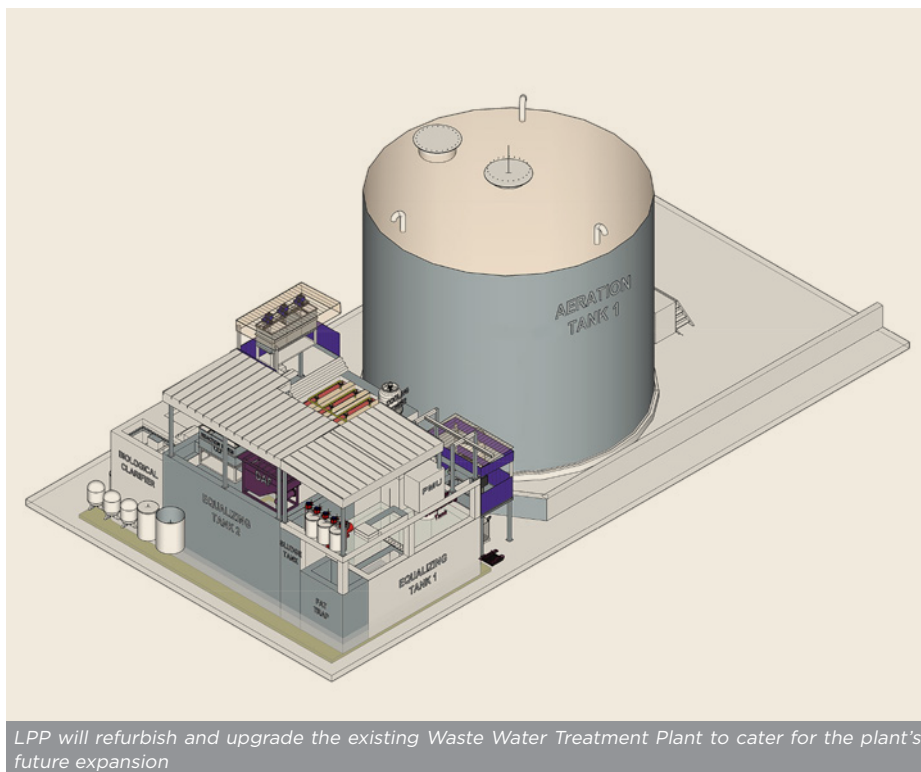


Under the mandated MS 123-1:2018 and MS 123-4:2020 (Euro 2M) standard for biodiesel fuels, sulphur levels are at 500 ppm max. All Petron Diesel Max B7 and Diesel Max B10/B20 fuel sold by Petron Malaysia fully comply with the sulphur limits in these standards. In 2021, Diesel Max is upgraded to meet MS 123-3: 2016 and MS 123-5: 2020 (Euro 5) standard.



Petron Turbo Diesel is a biodiesel fuel with 7% PME that meets MS 123-3:2016 (Euro 5) standard with sulphur level of 10ppm max.

Environmental Sustainability



LPP will refurbish and upgrade the existing Waste Water Treatment Plant to cater for the plant's future expansion

PETRON LUMUT PME PLANT - WASTE WATER TREATMENT PLANT UPGRADING

Lumut PME Plant (LPP) generates about 60 to 70 m³ of waste water from its operations per day. As part of the initiative to continue improving the quality of effluent discharge, the Company embarked on a project to refurbish and upgrade the existing Waste Water Treatment Plant (WWTP). The project also caters for additional effluent generation for the plant's future expansion project.

RETAIL OCCUPATIONAL SAFETY & HEALTH MINIMUM COMPLIANCE

The Company, through its Corporate SSHE department, maintains good relations with the Federal and State Department of Occupational Safety & Health (DOSH) which is paramount in our implementation of all operational safety and health requirements at our refinery, PME plant, fuel terminals, network of service stations, as well as LPG Redistribution Centres and stockists throughout the country.

Our Company's safety culture has been shared with DOSH during the OSH audit at service stations using the PMA checklist. In 2018, DOSH introduced a standard audit checklist to assess compliance to the safety code of practice under the OSHA 1984.

With the standard DOSH checklist, the Company integrated the conformance expectations into our existing service station operations, thereby ascertaining OSH and environmental compliance at all our existing service stations. We also evaluated the design standards of new service stations to incorporate relevant SSHE features which include Vapour Recovery Stage 1 (VRI), rainwater harvesting and Photo-Voltaic solar panel systems.

Our retail service station dealers and their staff are trained on environment, safety, health and security to ensure safe operations and preservation of the environment.

Our commitment towards providing quality service and prioritising environment, safety and health of our employees, customers and the fence line communities where we operate, remains strong despite the challenges from the COVID-19 pandemic.

Social Sustainability



In line with prioritising what matters most to us in the organisation, Petron Malaysia placed emphasis on its social sustainability programmes in 2020.

OUR COMMITMENT

We remain committed to providing security to our employees, giving back to the society, and fuelling hope in our fence line communities.

OUR MANAGEMENT APPROACH

Our management approach in enhancing the social well-being of our employees, customers and local communities focuses on 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.



In March 2020, 48 of our service station dealers that provided early assistance under the GTSP programme were given recognition by RMP during a Commendation ceremony

Social Sustainability

OUR SOCIAL PROGRAMMES

SAFETY AND SECURITY

We started 2020 by renewing our pledge and formalising our role in the 'Go-to-Safety-Point' (GTSP) programme. A signing ceremony was held in January 2020 between the oil and gas companies and the RMP. This event also witnessed the unveiling of the new GTSP logo which was subsequently rolled out to all our service stations nationwide. The biggest red circle in the new GTSP logo represents Petron Malaysia which denotes our involvement as the first oil Company in the industry to implement GTSP nationwide in 2013.



We collaborated with Honda Malaysia to provide a free 32-point safety check for all cars at seven (7) locations including Sabah and Sarawak. This proved to be an overwhelming success with more than 1,600 cars checked during the three-day period.

In March 2020, 48 dealers received a commendation letter from the RMP in a ceremony organised by the Company. The Commendation Letter was issued, signed and presented to our dealers by the Director of Crime Prevention and Community Safety, RMP for GTSP assistance rendered between January 2017 and December 2019. The event included the launch of our new GTSP Safety Awareness posters.

We continued our focus on GTSP refresher trainings for our service station dealers. Together with RMP, the trainings reinforced on the role of service station dealers, station staff and RMP in carrying out the GTSP programme. In Melaka, RMP personnel acted out three GTSP simulation scenarios. All the service station dealers and staff were given the chance to participate in the simulation exercise. This training session was featured in "999", a weekly Malaysian investigative reality television series.

Besides the GTSP programme, road safety is another key sustainability programme of the Company. We support the Road Transport Department to instil awareness and promote safety on the roads for the community at large. We conducted road safety programmes for the general public during festive seasons and in the second half of the year, we

conducted road safety programmes for school children. We changed how we normally execute the programme in view of COVID-19 pandemic which further limited us from organising events with physical interactions.

In early January 2020, Petron participated in a three-day Kedah Road Safety Carnival, launched by the state Chief Minister. Our Fleet Group conducted the 'Blind Spot' demonstration to increase public awareness on the dangers of riding or driving too close to large vehicles and blind spot areas of large vehicles.

During the 2020 Chinese New Year holiday period, Petron took part in the national and state launch of 'Ops Bersepadu dan Kempen Keselamatan Jalan Raya 2020' held in Tapah Rest Area (North Bound), Gurun Rest Area and Melaka in January. In addition, to help riders maintain their motorcycles and change their oil regularly, we sponsored motor oils for the free motorcycle change service programme in Gurun with Naza Academy student trainees and in Melaka with Giat Mara student trainees.

In Kedah, we worked with the Road Transport Department (RTD) on a Road Safety Online Quiz. This quiz was divided into categories for primary and secondary school children, university students and selected segments of the Kedah community. Petron, which ran the Road Safety Digital Challenge in 2019, contributed to the bank of questions and sponsored attractive prizes for each of the participant. All participants received E-Certificate and were awarded with points for their co-curriculum with the agreement from the state Education Department for their participation in the Road Safety Online Quiz.

Social Sustainability

CARING FOR OUR COMMUNITIES

Whenever there are natural disasters or unexpected events like the COVID-19 pandemic, our commitment to our communities guides our actions as we prioritise their most urgent needs.

On January 1, 2020 we responded to the plight of the 'orang asli' or indigenous community in Jeli, Kelantan and provided basic necessities to 750 families affected by severe floods. During the Movement Control Order 1.0 (MCO) period, we provided 12 hospitals across the country with 98,000 pieces of personal protective equipment (PPE) in collaboration with MERCY Malaysia and MedTweetMY. 126 service stations collected funds and purchased PPE for the front-liners, basic food items and essential goods for those in need.

90 employees and their family members and friends stayed true to our ExCITES value Teamwork by taking part in assembling 12,000 face shields under phase one of this Volunteerism in Action (VIA) project in collaboration with a local artiste Raja Syahiran. We further expanded the project by rallying service station dealers to participate with their own staff to assemble a total of 28,000 pieces, which were then distributed among our service station heroes around the country and given to front-liners at COVID-19 centres like MAEPS Serdang.

With our PMiles points fuel sponsorship, we powered up MERCY Malaysia vehicles that transported our PPE contributions, rice and food donations to front-liners, Welfare Departments across several states, as well as delivery riders. Altogether, the fuel sponsorships reached about RM30,000 in pre-loaded PMiles points. Food delivery riders were also given free lubricants to assure them of smooth journeys when they perform deliveries to their customers.

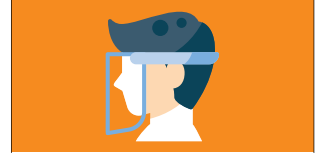
Our Corporate Social Responsibility (CSR) programmes supported front-liners, low income families and our fence line communities.

We donated to charity homes and worked with NGOs such as Sahabat Jariah Malaysia, MyKasih Foundation and the well-known philanthropist, Kuan Chee Heng or more fondly known as Uncle Kentang in distributing more than 33,000 kg of GASUL LPG to old folks' homes, orphanages and B40 families.

Our collaboration with retailers MYDIN Malaysia and Billion Supermarket, together with the Malaysia Association of Youth Clubs (MAYC) took our food pack donations to six (6) states in Malaysia namely Kelantan, Terengganu, Melaka, Perak, Sabah and Negeri Sembilan. More than 5,500 B40 families received our food packs containing essential food items. We also distributed food items to nine BOMBA (Fire Safety Department) locations throughout the country.



98,000 pieces of PPE for 12 hospitals in seven (7) states



40,000 pieces of face shields for front-liners



3,240 litres of lubricants donated to food delivery riders



280 service stations participated in assembling 28,000 pieces of face shields for our station heroes working in the country



33,252 kg of LPG for charity homes, NGOs and B40 families



5,506 of food packs for B40 group in six (6) states



51,350 kg of rice for families in need



126 service stations contributed about RM158,000 in cash, PPE, basic food items and essential goods to frontliners and the public



15,106 kg of cooking oil for families in need



About **RM30,000** worth of Petron Miles points for MERCY and food delivery riders

Among our employee contributions to Desa Mentari Seva Centre during the VIA Deepavali programme were book vouchers and refurbished laptops to enable the youths who frequent the Centre to purchase revision books and be taught computing skills.

'VOLUNTEERISM IN ACTION' (VIA)

The Volunteerism In Action (VIA) programme which emanated from our parent Company Petron Corporation, were not short of organised activities in 2020. As in prior years, we undertook programmes throughout the year and worked through the challenges posed by the pandemic in prioritising what matters most - making a positive difference in the lives of the less fortunate.

We kicked off the festive VIA programme for 2020 with senior citizens in Rumah Victory Elderly Home, Puchong for Chinese New Year (CNY) just before the start of MCO 1.0. During the CNY event, our volunteer employees and service station dealers, kept the senior citizens entertained during our light activities and singing session, and we ended the auspicious day with a lunch treat and angpow give away.

Our 'Give a Kid a Book' programme was successfully done during the VIA Deepavali event where our employees contributed a pre-loved junior encyclopaedia set and carefully selected new reading materials to Seva Centre along with educational board games, traditional games and a foosball table to inculcate good

reading habits and provide fun and interesting activities there. This will also hopefully encourage children and young adults to frequent the Desa Mentari Seva Centre and keep them safe and away from untoward activities as they instead enjoy the academic and recreational facilities that we have provided for them.

Fund raising activities within the Company were held periodically to raise funds for VIA programmes. This includes selling to our employees cookies made by 'Rumah Amal Cheshire Selangor' trained bakers, as well as selling ice-cream, nasi lemak and laksa Sarawak. For some fun, we held our second "Teh Tarik Challenge" in conjunction with Malaysia Day when six employee representatives from each floor vied for the "2020 Teh Tarik Champion" title.

We equipped 'Pusat Jagaan Ekliptik' in Klang, a Home for children with special needs, with selected household items like bedsheets, towels, pillows and blankets in addition to school uniforms, shoes, socks and school bags for those who attended school.



VIA's flagship programme, 'Back to School' was an unforgettable one as we selected 'Pusat Jagaan Ekliptik' in Klang, a Home for 65 occupants with cerebral palsy and other developmental conditions. Majority of the occupants were abandoned by their parents from birth. To show their appreciation, these special children performed a dance during the handover event.

Social
Sustainability

With the launch of Champions' Cut-Outs in 2019, the year 2020 witnessed continuing engagement to assimilate ExCITES values with employees, one of the highlighted activities was a "Wefie with ExCITES Champions Cut-Outs" competition.



ExCITES

"ExCITES" is an acronym of Petron Malaysia's six (6) Core Values, which are Excellence, Customer Focus, Innovation, Teamwork, Ethics and Safety. ExCITES incorporates these values to ensure the Company's success and long-term sustainability.

Awareness campaigns continued to be implemented in 2019 for employees and ExCITES Champions cut-outs were launched in the same year as a fun way for employees to associate themselves with the Values.

Each of the value is championed by a specific member of the Senior Management Team, who serve as the role models for the values, and will promote and instil ExCITES culture amongst employees.

In 2020, a competition was carried out for employees to relate these values to the business and their daily work activities, in support of the messages displayed by the champions' cut-outs.



During MCO 1.0, employees spent almost half of year 2020 working from home and stayed connected with each other remotely. An ExCITES Wallpaper for each of the value was programmed into laptops and desktops to remind employees of the corporate values. Instilling the ExCITES values is a continuous journey for the Company and there will be many more exciting initiatives in the future.



ExCITES value : Teamwork

In 2020, Petron Care received a total of 2,846 customer queries, 35% lower than previous year due to significantly reduced business and social activities during the pandemic lock down.

CUSTOMER FOCUS

Petron Malaysia puts great importance on customer experience to ensure customer satisfaction and loyalty. We have in place initiatives such as the Mystery Shopper Programme, Service Station of the Year, Fuel Happy Games, LPG Achievers Club to help us assess, motivate, and reward our dealers and staff who, in turn, give our customers the best experience whenever they visit our outlets.

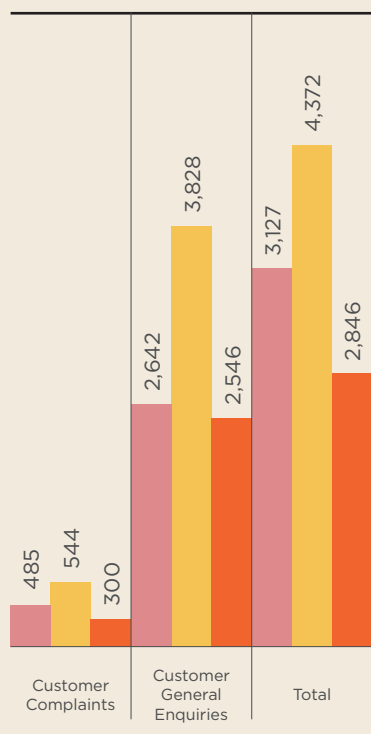
We take pride in our growing service station network and our continuous promotional programmes that support our retail sales. In line with this, the role of Customer Service has significantly increased with our team of dedicated support specialists ensuring that all customers queries, feedbacks and complaints are captured and responded to timely and satisfactorily. Petron Care handles all business sectors; Retail, Commercial (including lubricants and LPG), as well as general corporate matters.

In 2020, Petron Care received a total of 2,846 customer queries, 35% lower from the previous year due to restrictions imposed on travel and business activities during COVID-19 lock down. Customer enquiries made up the bulk of our total customer engagements (89%); this was lower by 33% compared to 2019.

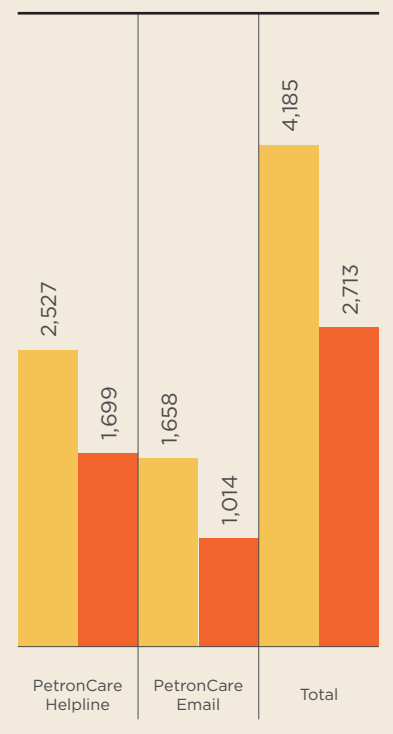
Petron Care hotline and email continue to be the most convenient channels for customers to contact Petron, covering almost 95% of total feedback.



Query Types 2018 2019 2020



Channel 2019 2020



PetronCare
Hotline : 1300228211
Email : petroncare@petron.com.my

Social Sustainability

OUR RESPONSE TO COVID-19

The Company embraced working under the new norm brought about by the pandemic. Petron is an essential provider and as such it needs to ensure uninterrupted business operations and continuity of product supply. As early as in February 2020, a co-ordination committee has been set up to manage the impact of the pandemic to the Company's activities.

The co-ordination committee also looked into employees well-being and work safety during the pandemic comprised of the General Manager, Human Resources and the Company's Medical Adviser.

As an early precautionary measure, prior to the Government's vaccination roll-out, the Company offered free flu vaccination to all its employees to increase immunity. All work common areas were marked and designated for sufficient physical separation.

Extra sanitiser dispensers were made available at strategic locations at every floor, free masks provided to all staff, and more regular sanitisation were done at common areas and 'touch-points'.

Our PD Refinery set protocols for separation of personnel between Major Projects and Operations Staffs, including having separate entry points to ensure any COVID-19 case in one group remains isolated. At our fuel terminals, similar SOPs were put in place with limited contact between our staff and truck drivers and other contractors.

The use of virtual meeting was encouraged by the Company even before MCO 1.0 lock down. The Company developed 'split team' work arrangement and 'Work from

Our PD Refinery set protocols for separation of personnel on Major Projects and Operations, including having separate entry points to ensure any COVID-19 case in one group remains isolated.



Home' (WFH) set up in February 2020. WFH arrangement was activated during MCO 1.0 in March 2020 and subsequently transitioned to 'split teams' work arrangement during CMCO in May 2020.

The management received weekly update on the impact of the pandemic and the lock down on the staff and the impact to the business. In May 2020, Guidelines for Workplace / Working from Home was issued to all employees. The strict adherence to SOPs in the office and at all our facilities ensured the continuous operations of the business and the well-being of our employees.

During the lockdown where employees work from home or on split team arrangements, the Company was constantly engaging its employees through virtual meetings and digital communication platforms. When RMCO 1.0 was activated in June 2020 and all staff returned to work, the General Manager, Human Resource Manager and Medical Adviser went on a road-show to "welcome staff back" and to remind employees to stay vigilant. The same strict SOPs were adopted during MCO 2.0 and CMCO 2.0 continued to be used in late 2020 when MCO 2.0 and CMCO 2.0 were implemented.

OUR EMPLOYEES

The success of the Company comes from the fact that it recruits the best talent with the right qualifications and relevant experience, with potential to progress and develop their career with the Company. A robust Total Remuneration package ensures employees are fairly compensated and rewarded based on performance.

Although faced with a very challenging year as a result of the pandemic, the Company remained committed to protect the welfare of its employees. There were no employee separations and no reductions were made to employees salary or benefits.

BENEFIT PLANS AND OBJECTIVES

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

- 
Car Allowance Programme
 Provide financial assistance to regular employees to purchase vehicles for personal use
- 
Petron Medical Plan
 Assist employees and their dependents in paying for medical expenses
- 
Home Ownership Assistance Plan
 Assist employees in purchasing a new home
- 
Education Refund Plan
 Provide financial assistance to eligible employees to undertake further studies
- 
Social Club Membership Plan
 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
- 
Medical Disability Retirement Benefit Plan
 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
- 
Survivor's Benefit Plan
 To provide protection to survivor(s) or designated beneficiary(ies) of the employees in the event of death or disability of the employees
- 
Retirement Benefit Plan
 Lump sum benefits will be provided to eligible employee upon retirement. The plan is integrated with EPF contribution

Employees are free to participate in employees' association and exercise their rights. The Company has 130 union employees in Peninsula Malaysia and eight (8) in Sabah. Petron Union in Peninsula Malaysia is affiliated with the National Union of Petroleum and Chemical Industry Workers (NUPCIW) whereas the one in Sabah is affiliated with the Sabah Petroleum and Industry Workers Union (SPIWU). Both have a similar but separate three-year term Collective Agreement in place. In 2020, Petron Malaysia signed new Collective Agreements for both Peninsula Malaysia and Sabah.

The Company has an Equal Employment Opportunity Policy which provides equal employment opportunity in conformance with all applicable local laws, regulations and Malaysian Government Policy regardless of gender, race or religion. The same principle is applied in all aspects of the Company's Human Resources practice including promotions, training opportunities and selection of job rotations.

Petron also has an Open Door Communication/ Whistleblower Policy which encourages employees to ask questions, voice concerns and make appropriate suggestions regarding the business practices of the Company. Any suspected violations to the Company's policies and internal controls shall be reported to Management for review and investigation. This is further supplemented by a formal Whistleblower Policy that sets out among others the procedure for complaints and an unequivocal assurance of protection for complainants from any form of retribution.

Training and Education within Petron Malaysia have always been given priority to ensure we develop our employees and provide them with the right skill sets to progress through their career. Even during the COVID-19 pandemic, the Company conducted virtual training courses for our employees to keep learning and improving their skills, which is a safer approach to ensuring the safety and health of our employees.

Employees voluntary committees and clubs set up by the Company look into the social aspects and engagement of the employees. In 2020, there were limited face to face activities but that did not stop the clubs from organising online or virtual activities. The main virtual programme organised by the club was the Virtual Run Challenge with STRAVA. A total of 50 Petron athletes of different ages managed to cover a cumulative 23,050 kilometres within the 7 month programme period. Other programmes during the year included Fantasy Premier League, weekly e-sports and creative photography contests.

The Petron Office Safety Health and Care Committee (POSHCC), organised 'Green Bag Talks' on important topics related to the pandemic, mental health, healthy eating and many more. Additionally, POSHCC held free virtual fitness classes like yoga, Salsation and Zumba which garnered active participation from employees and their family members throughout the country.

Awards And Recognition For 2020











Awards		
Economy	Environment	Social
<p>THE EDGE BILLION RINGGIT CLUB</p>  <p>Highest Return on Equity Over Three Years (Energy)</p>	 <p>PRIME MINISTER'S HIBISCUS AWARD</p> <p>Notable Achievement in Environmental Performance</p>	<p>MALAYSIAN SOCIETY FOR OCCUPATIONAL SAFETY AND HEALTH AWARD</p>  <ul style="list-style-type: none"> • Grand Award Port Dickson Refinery (PDR) • Gold Merit Kuantan, Bagan Luar, Sepangar Bay, Port Dickson, Pasir Gudang JV terminals and PDR • Gold Class 1 Award Sandakan Terminal
 <p>APPIES MALAYSIA AWARDS</p> <p>Gold (Consumer Durables)</p>		<p>GRADUATES' CHOICE AWARD</p> <p>Top 3 Most Attractive Employers to Work For in the Oil & Gas sector</p>
<p>MARKies 2020</p> <p>Most Effective Use - Specific Audience Bronze Award</p>	 <p>PUTRA BRAND AWARDS</p> <p>Bronze for Automotive-Fuel, & Lubricants</p>	 <p>TOP 3 MOST ATTRACTIVE EMPLOYER IN OIL AND GAS</p> <p>THANK YOU for voting us</p> <p>GCN GRADUATES' CHOICE AWARDS</p>







FOR MORE INFORMATION ON AWARDS AND RECOGNITION FOR 2020, VISIT WWW.PETRON.COM.MY

Awards And Recognition For 2020

Certifications

Economy	Environment	Social
<p>ISO 9001: 2015 Quality Management Systems</p> <p>- KLIA Aviation Depot</p> 		
 <p>Malaysian Sustainable Palm Oil Supply Chain Certification Malaysian Palm Oil Board</p> <p>- Lumut PME Plant</p>		
<p>Halal Certificate of Authentication Department of Islamic Development Malaysia</p>  <p>- Lumut PME Plant</p>		
 <p>KOSHER Certificate Orthodox Jewish Community of Singapore</p> <p>- Lumut PME Plant</p>		
<p>5S/ Quality Environment</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> Sort</div> <div style="text-align: center;"> Sustain</div> <div style="text-align: center;"> Set In Order</div> <div style="text-align: center;"> Shine</div> <div style="text-align: center;"> Standardise</div> </div> <p>- Sepangar Bay Terminal* - Pasir Gudang JV Terminal*</p> <p>- Port Dickson Terminal - Bagan Luar Terminal - Kuantan Terminal*</p> <p>* PMRMB affiliate terminals</p>		

INTEGRATED MANAGEMENT SYSTEM

ISO 9001: 2015 Quality Management Systems	ISO 14001:2015 Environmental Management Systems	ISO 45001:2018 Occupational Health And Safety Management Systems		
<p>Kuantan Terminal*</p> 	<p>Port Dickson Terminal</p> 	<p>Bagan Luar Terminal</p> 	<p>Port Dickson Refinery</p> 	<p>Pasir Gudang JV Terminal*</p> 

View Forward



VIEW FORWARD

We have always been a firm believer that setting the ideal conditions for our environment and our communities to thrive is the only way to move forward. And yet, the pandemic still sparked in us a deeper commitment to sustainability and to create the most positive change we can possible.

Within our company, we found ways to increase our efficiency while reducing our environmental footprint. This was led by the commissioning of our new Diesel Hydrotreater Project at our Refinery. The project highlights our desire to always go above compliance which remains our key priority when taking on new expansion programmes

or in following safety, health, and environmental standards in our day-to-day operations.

As an organisation, we will continue to invest in our systems, facilities, and people to increase our competitiveness and ensure that every aspect of our business remains in good shape. And as we grow and expand our reach, so does our commitment to be more conscious of the impact we leave behind, keeping in mind the welfare of our communities and the ecosystems that surround our facilities across the country.

We will work to strengthen the quality of our sustainability reporting

incorporating new guidelines and recommendations issued from various authorities. This involves a periodic review of our materiality matrix and more meaningful and accurate data collection and analysis.

We know that the world will eventually normalise. Until then, we remain equipped and ready to adapt to the demands of the new normal as a responsible and reliable corporate citizen. Our values will continue to guide our actions, motivations, and priorities to make sure we give utmost importance to what matters the most.

Petron Sustainability Technical Working Group





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