

FUELLING THE NATION'S RECOVERY

PETRON MALAYSIA REFINING & MARKETING BHD 196001000260 (3927-V)
SUSTAINABILITY REPORT 2021

COVER RATIONALE



FUELLING OUR NATION'S RECOVERY

Fuelling Our Nation's Recovery was the main thrust of our operations in 2021. We stepped up our efforts to help the nation heal and progress during the challenging year.

We are committed to be part of our customers' lives as we fuel journeys and the nation with high-quality petroleum products. Striving to meet customer needs, we aim to continue improving our economic, environmental, social and governance (EESG) impacts as we create value for our stakeholders. This is reflected in our sustainability journey to build a thriving community by providing cleaner energy, enhancing lives with innovation and technology as well as contributing to economic growth and sustainable development.

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



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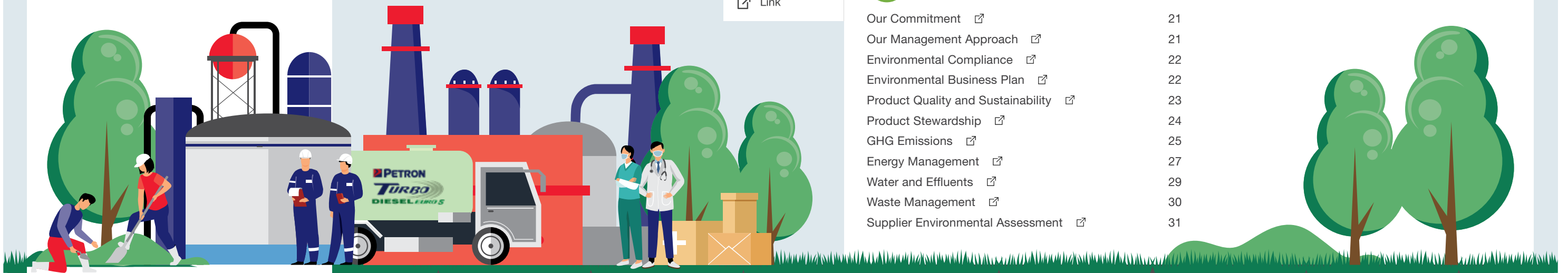


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Section 1

PETRON MALAYSIA REFINING & MARKETING BHD

ABOUT THIS REPORT

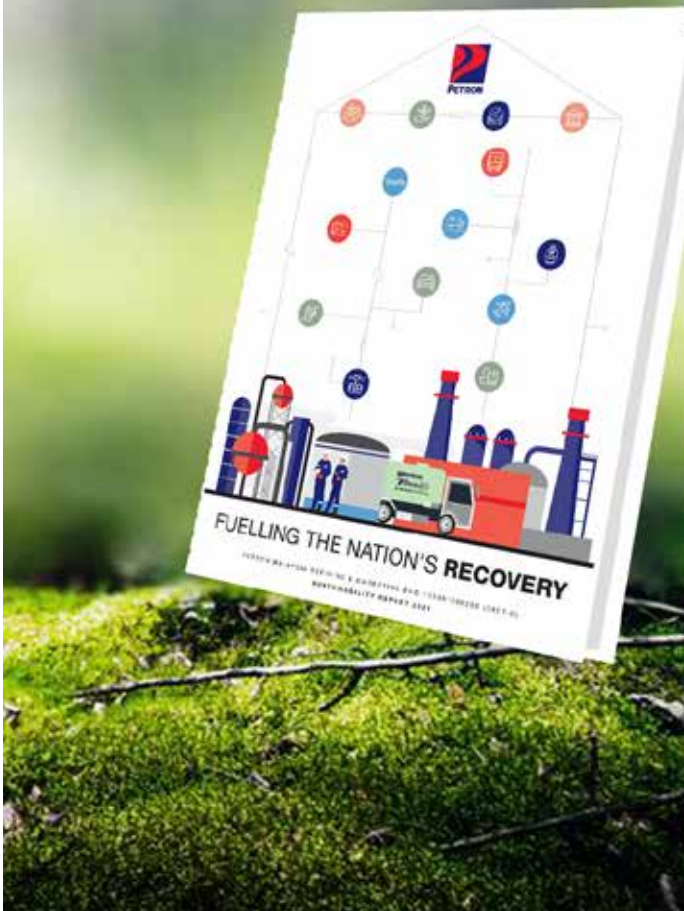
GRI 102-50, 102-53

THIS IS PETRON MALAYSIA'S 5TH SUSTAINABILITY REPORT.

Sustainability is at the core of everything we do in pursuit of a better and more resilient future for all. Encapsulated in our six corporate values – Excellence, Customer Focus, Innovation, Teamwork, Ethics and Safety – sustainability has become our reliable guide, more so given recent challenges, as we attain our vision of being the leading provider of total customer solutions in the oil sector and allied businesses.

We began our sustainability journey early on and have progressively improved our disclosures to meet new local and international reporting standards and requirements. In 2018, we produced our first Sustainability Report, which complemented our Sustainability Statement in the 2017 Annual Report. This year, we further improve our sustainability report by aligning our disclosures with international reporting standards and goals to benchmark against best reporting practices. The content of this Report has been determined through a materiality validation process, which can be found on page 14.

2021 is our fifth year producing a Sustainability Report, which details Economic, Environmental, Social and Governance (EESG) initiatives, programmes and results. It



INTRODUCTION

ABOUT THIS REPORT

reflects how we integrate sustainable practices into our daily operations and business management to ensure continuous value creation for our stakeholders.



Economic



Environmental



Social



Governance

The disclosures in this Sustainability Report have been aligned to the United Nations Sustainable Development Goals (UN SDGs).

SCOPE AND BOUNDARIES

This Sustainability Report covers the integrated sustainability performance of Petron Malaysia Group, which consists of Petron Malaysia Refining & Marketing Bhd. (PMRMB), Petron Fuel International Sdn. Bhd. (PFISB) and Petron Oil (M) Sdn. Bhd. (POMSB). The reporting period is from 1 January 2021 to 31 December 2021, unless stated otherwise.

REPORTING FRAMEWORKS

This Sustainability Report has been prepared with reference to Malaysia's reporting guidelines and international reporting standards as listed below:

Global Reporting Initiative (GRI) Standards

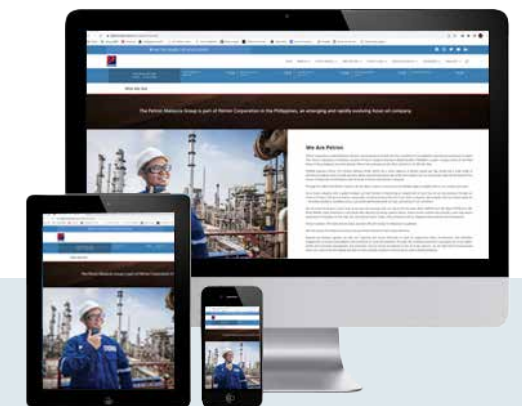
Bursa Malaysia's Main Market Listing Requirement (MMLR)

Bursa Malaysia Sustainability Reporting Guide 2nd Edition (2018)

Securities Commission's Malaysian Code on Corporate Governance (MCCG) 2021

FEEDBACK

Your opinion is important to us. Please send your feedback to: corporate.affairs@petron.com.my



THE BUSINESS OF PETRON

GRI 102-2, 102-4, 102-6, 102-7, 102-9

Petron Corporation joined Malaysia's dynamic and progressive market with the acquisition of ExxonMobil's downstream businesses in March 2012. Petron subsidiaries in Malaysia comprise of Petron Malaysia Refining & Marketing Bhd (PMRMB), a public company listed on the Main Board of Bursa Malaysia, Petron Fuel International Sdn. Bhd. (PFISB) and Petron Oil (M) Sdn. Bhd. (POMSB).

PMRMB owns and operates Petron Port Dickson Refinery (PDR), which has a rated capacity of 88,000 barrels per day, producing a wide range of petroleum products which include gasoline, diesel, liquefied petroleum gas (LPG) and aviation fuel. Our world-class fuels are distributed from 10 strategically-located depots and terminals of Petron subsidiaries in Malaysia.

Through this robust distribution network, we are able to ensure a continuous and reliable supply of quality fuels to our customers.

As an Asian company with a global mindset, we look forward to become an integral part of your lives as we fuel journeys through our network of about 740 service stations nationwide, including service stations of our sister companies. We embody what our brand stands for – innovative products, excellent service, successful partnerships built on trust and care for our customers.

We are proud to be a part of your lives as we fuel safe journeys with our top-of-the-line products, Blaze 100RON Euro 4M, Blaze 97RON Euro 4M, Blaze 95RON Euro 4M, Turbo Diesel Euro 5 and Diesel Max Euro 5. Beyond just being a petrol station, Petron service stations also provide a one-stop service experience for travellers on the road. Our convenience store, Treats, offers amenities such as shopping marts and fast-food restaurants.

Petron's premier LPG brand, Petron Gasul, provides efficient energy for Malaysian consumers. For convenience, Gasul is now available for cash and carry at selected Petron service stations.



THE BUSINESS OF PETRON

We help power the Malaysian economy by providing commercial fuels to key industries.

Beyond our business agenda, we take our corporate and social citizenship to heart by supporting safety, environmental and educational programmes meant to contribute towards sustainability and social development. Through the combined experience and expertise of our highly-skilled and motivated management and personnel, coupled with our strong foundation in the oil and gas industry, we are dedicated and passionate in attaining our vision to be the leading provider of total customer solutions in the oil sector and allied businesses.

OUR FACILITIES LOCATION IN MALAYSIA

- 1 Port Dickson Refinery, Negeri Sembilan
- 2 Port Dickson Terminal, Negeri Sembilan
- 3 Bagan Luar Terminal, Penang
- 4 Lumut PME Plant, Perak
- 5 Kuantan Terminal, Pahang*
- 6 Westport Terminal (JV-BHP), Selangor*
- 7 KLIA Aviation Depot (JV-Petronas/Shell), Kuala Lumpur
- 8 Klang Valley Distribution Terminal (JV-Petronas/Shell), Selangor
- 9 Pasir Gudang Terminal (JV-Chevron), Johor*
- 10 Sepang Bay Terminal, Sabah*
- 11 Sandakan Terminal, Sabah*
- 12 Tawau Terminal, Sabah*

* PMRMB affiliate terminals



Sustainability Policy

The Company has a responsibility towards its stakeholders to grow its business in a sustainable manner through its strong commitment to economic, environmental, social and corporate governance, while protecting its profitability, market leadership, and operational efficiency.

The Company continuously enhances its performance and at the same time, creates a positive impact on society, the nation, and the world at large.

In line with this,

The Company will conduct itself and its business operations in a manner consistent with applicable sustainable practices under these four main pillars:

- **Economic Sustainability**
 - Create long-term economic value to the Company and its shareholders
- **Environmental Sustainability**
 - Adhere to all applicable environmental legislation and Government regulations
 - Effectively manage the Company's environmental footprint in every aspect of its operations
- **Social Sustainability**
 - Contribute to addressing the economic and social needs of the community
 - Make a positive impact on the society through promoting safe, secure and healthy lifestyle
 - Nurture progressive cultural values in the community
- **Governance**
 - To ensure the highest standards of Corporate Governance and Risk Management practices are adhered to
 - To ensure adherence by the Company to applicable laws and regulations in its daily operations

The Company has in place stringent standards to ensure business sustainability and governance while minimising its environmental footprint. The Company will seek to engage its stakeholders in relation to EESG by reporting its progress in accordance with guidelines issued by the relevant regulatory authorities, as applicable.

Ramon S. Ang
Chairman
Petron Malaysia

Section 1

INTRODUCTION

MESSAGE FROM THE CHAIRMAN

GRI 102-14

DEAR SHAREHOLDERS, Battling the COVID-19 pandemic in the last two years has definitely been a wake-up call for businesses to do more on the sustainability front. At Petron Malaysia, we did our best to contribute to our communities and economy while ensuring our operations remain sustainable throughout the pandemic amid the challenges in the oil and gas industry.

In 2021, we strengthened our sustainability reporting and practices in keeping with local and international standards. Our Sustainability Policy includes four key focus areas: Economic, Environmental, Social and Governance (EESG), which underscores our priority in continuously creating value for our stakeholders while striving to mitigate the organisation's impact on the environment. Guided by our updated Sustainability Policy, we generated positive economic impact, minimised our environmental footprint, bolstered our social contributions and enhanced our corporate governance as part of our commitment towards a sustainable business organisation and a responsible member of the society.

GENERATING POSITIVE ECONOMIC IMPACT

While it is important to generate profit and ensure that our business is financially viable, it is equally vital to create a positive economic impact in the communities where we operate. Our focus in generating positive economic impact for both the Company and the local community is reflected in our business decisions and operations. We strive to generate tangible results for our shareholders to ensure long-term sustainable growth, while we also acknowledge the need to provide fair and equal employment and business opportunities to the local community.



RAMON S. ANG
Chairman

We are pleased to report that in the year under review, we have contributed to the local economic growth, and this includes:

- Creating **1,140** jobs through our biggest capital projects, the diesel hydrotreater (DHT) and Marine Import Facility 2 (MIF2)
- Providing business opportunities for local small-medium entrepreneurs (SMEs) through **"Sapot Lokal,"** a collaboration with the Ministry of Rural Development and the Ministry of Domestic Trade & Consumer Affairs to promote local products in our Treats and P-Kedai C-stores.
- Appointing **727** suppliers and vendors, of which 667 or 92% are local suppliers and vendors
- Spending **82%** of the Group's procurement budget on goods and services by local suppliers and vendors

Section 1

PETRON MALAYSIA REFINING & MARKETING BHD

INTRODUCTION

MESSAGE FROM THE CHAIRMAN

AWARDS AND RECOGNITION

MINIMISING OUR ENVIRONMENTAL FOOTPRINT

2021 was no doubt a significant year for climate action, as reiterated in the 26th United Nations Climate Change Conference to reach net zero carbon by 2050. At Petron Malaysia, we did our part by investing in facilities that will help us lower our carbon footprint and contribute to a sustainable future. We have also increased the environmental data disclosures by including Greenhouse Gases (GHG) emissions data, energy and water consumption, as well as waste management, which helps us manage our environmental impact and performance better.

BOLSTERING OUR SOCIAL CONTRIBUTION

As a major downstream oil and gas Company, we play a key role in contributing to the social well-being of our employees and the local communities. With the COVID-19 pandemic ongoing during most of the year under review, we had the opportunity to further engage with our employees and the local communities through various means. To this end, we:

- Ensured our employees stayed safe and by end 2021, achieved 100% vaccination rate for our employees
- Implemented various virtual programmes in place of physical programmes to continuously engage with employees and meet their needs during the pandemic while working from home such as organising talks on health and well-being as well as virtual sports to help employees stay healthy during lockdown periods
- Supported local communities through disaster relief programmes by contributing essential items including food to reduce the negative impact of the pandemic and the floods
- Ensured toilet facilities across our service stations are in excellent condition to provide better customer experience and promote better public hygiene and health. As such, 30% of Petron Malaysia's toilets were rated 4 and 5 stars by local councils. This was further supported by overwhelming positive response given by customers through an online survey, of which 98% of them rated the cleanliness of our toilets as "Good".

In 2021, we:

- Commissioned the DHT project at Port Dickson Refinery (PDR), which produces cleaner, ultra-low sulphur automotive diesel in compliance with the Government's mandate to introduce Euro 5 specification diesel
- Commissioned the new MIF2 facilities which comprise a new import jetty, pipelines and 2 new product storage tanks. This allows us to bring in larger parcel size products less frequently, reducing our freight and demurrage costs, as well as our carbon emissions
- Completed the upgrade for Lumut PME Plant's waste water treatment plant, which has a processing capacity of 90m³ to 100m³ per day to continue meeting Standard B effluent, in compliance with Industrial Effluent Regulations.

Our sustainability efforts will be demonstrated through our initiatives and programmes that impact positively on our stakeholders, economy, environment, society and in governing our organisation. This entails achieving our strategic business objectives while upholding good corporate governance, investing in our people and the local communities and preserving the environment. At the same time, we will keep improving our sustainability goals and reports by bolstering assessment and disclosures to allow us to determine and prioritise the more crucial and relevant matters to ensure we minimise our environmental footprint.

Above all, we remain guided by our ExCITES values as we journey with the nation towards recovery.

IMPROVING OUR GOVERNANCE PERFORMANCE

Sound governance has been the cornerstone of our business management, as we strive to remain resilient in the long term. Having good business ethics, code of conduct, integrity and accountability are paramount for us not only in our daily operations but in continuing to attract and retain our investors. As a public-listed Company, we take integrity seriously and adopt a zero-tolerance approach for bribery and corruption by ensuring all facets of our business are evaluated for potential corrupt practices. We are pleased to report that there were zero incidents of confirmed corruption in 2021. We instilled integrity in our organisation by:

- Conducting corruption risk assessments for 100% of our business operations and taking immediate mitigating steps in areas involving corruption risk
- Ensuring 100% of employees completed anti-corruption training
- Ensuring all employees provide a comprehensive declaration on their understanding of the Group's Anti-Corruption Policy.

GOING FORWARD

As the world gradually shifts towards endemic phase, Petron Malaysia will continue to fuel the nation's recovery and will contribute to develop a sustainable future for the country. The path to our sustainability journey will be supported by our policies and initiatives that are aligned with the 17 United Nations Sustainable Development Goals (UN SDGs).

AWARDS



National Energy Award 2021 by Malaysia Green Technology & Climate Change Centre (MGTC)

Lumut PME Plant: Runner-up in Category 2 Renewable Energy (Biofuel)

Annual Quality Environment Challenge 2021 by Malaysian Productivity Corporation – Ministry of International Trade and Industry (MITI)

Bagan Luar Terminal: Gold



GCA Graduates' Choice Award 2021 by Talentbank Group

Top 3 – 'Best Employer' in Oil & Gas Category

39th MSOSH Award 2021 by Malaysian Society of Occupational Safety & Health (MSOSH)

PMRMB:

- Gold Merit Award – Bagan Luar Terminal
- Gold Class 1 Award – Port Dickson Terminal and KLIA

PFISB:

- Gold Merit Award – Kuantan Terminal and Pasir Gudang Terminal

POMSB:

- Gold Merit Award – Sepang Bay Terminal
- Gold Class 1 Award – Sandakan Terminal and Tawau Terminal

2021 Putra Brand Awards by Association of Accredited Advertising Agents Malaysia (4As)

Petron Malaysia: Silver in Automotive – Fuel, Lubricants & Accessories

Loyalty & Engagement Awards 2021 by Marketing Interactive

Petron Malaysia: Silver in Best Use of Technology Bronze in Best Customer Experience

Kempen Pengumpulan Buangan Elektrik & Elektronik by Perak Department of Environment

Lumut PME Plant: 5th Place

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

Internal Award

Bagan Luar Terminal, Pasir Gudang JV Terminal, Kuantan Terminal, Tawau Terminal, Sepang Bay Terminal, Sandakan Terminal, Port Dickson Terminal, KLIA Aviation Depot and LPP PME Plant

CERTIFICATIONS ATTAINED IN 2021

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

Quality Management System (QMS) ISO 9001: 2015

Lumut PME Plant

- ✓ HALAL Certification by Jabatan Kemajuan Islam Malaysia (JAKIM)
- ✓ KOSHER Certification by the Orthodox Jewish Community of Singapore

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

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

Bagan Luar Terminal and Lumut PME Plant

Malaysian Sustainable Palm Oil (MSPPO) Certification by the Malaysian Palm Oil Certification Council (MPOCC)

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

- ✓ Integrated Management System ISO 9001:2015 – Quality Management
- ✓ ISO 14001:2015 – Environmental Management System
- ✓ ISO 45001:2018 – Occupational Health and Safety Management System

Section 2

PETRON MALAYSIA REFINING & MARKETING BHD

APPROACH TO SUSTAINABILITY

OUR APPROACH TO SUSTAINABILITY

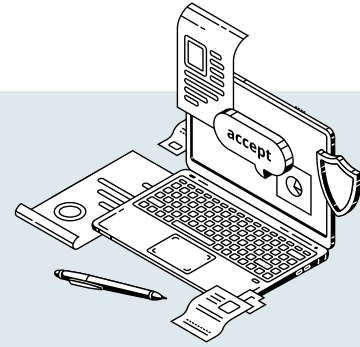
At Petron Malaysia, we strive to integrate sustainable practices into our business management and operations while ensuring continuous value creation for our stakeholders.

Our business decision process takes into consideration the sustainability impact of our activities in the economy, environment, society as well as in our organisation. We endeavour to minimise and mitigate the negative impact of our operations while contributing to economic growth, empowering our people and the community, and strengthening our business performance. As such, we take strategic measures to further improve our sustainability impact.

In 2021, we took a step forward in our sustainability journey to strengthen our practices by updating our Sustainability Policy and governance structure, as well as in revalidating our material matters. Our sustainability practices are aligned with global goals and industry best practices. We also bolstered our sustainability disclosures by reporting on our Greenhouse Gas (GHG) emissions in addition to other emissions disclosures, water consumption, employee performance and governance disclosures and metrics. Going forward, we will continue to further strengthen our sustainability journey by improving our strategies, programmes and reporting practices.

SUSTAINABILITY POLICY

We are guided by our Sustainability Policy, which emphasises our commitment to generate business profit while creating positive impact to society, the nation and the world.



Covering Economic, Environmental, Social and Governance (EESG), the policy underpins the organisation's stringent standards across our operations while minimising any negative impact to the environment and society.

It is worthy to note that we emphasised Governance as a separate focus area in the updated Sustainability Policy, as our corporate governance practices have always been a strong foundation of our business operations.

For more information on our Sustainability Policy, please refer to page 6 of this Report or visit our corporate website.

SUSTAINABILITY ROADMAP

GRI 102-12

At Petron Malaysia, our sustainability journey is guided by a Sustainability Roadmap that aims to lead the Company towards developing a low-carbon future while contributing to the country's socio-economic development, which requires aligning our approach, practices and reports with the Global Reporting Initiative (GRI) and the relevant UN Sustainable Development Goals (UN SDGs).

We are guided by four Sustainability Roadmap goals that are aligned with EESG and the relevant UN SDGs. While these goals are currently not time-bound, they allow us to seamlessly integrate sustainability initiatives and programmes into our business strategy, management and daily operations across the organisation, creating value and positive economic, environmental and social impacts. As such, the Sustainability Roadmap reflects sustainability as a way of life in Petron and helps us to align the sustainability matters that are most impactful to our business and to our stakeholders with Petron ExCITES values (Excellence, Customer Focus, Innovation, Teamwork, Ethics, Safety).

Going forward, we aspire to strengthen our Sustainability Roadmap with time-bound goals and targets to accelerate our journey towards being the leading provider of total customer solutions in the oil sector and allied businesses.

APPROACH TO SUSTAINABILITY



SUSTAINABILITY GOVERNANCE

GRI 102-18, 102-19, 102-20, 102-21, 102-31, 102-32

Petron Malaysia's sustainability governance was further enhanced in 2022 when the Board of Directors approved the setting up of a Board Sustainability Committee that will be responsible for the Company's sustainability strategies, priorities and targets.

The Committee is supported by a Sustainability Council that is responsible for sustainability matters pertaining to economic, environmental, social and governance. The Council recommends appropriate KPIs to the Board apart from communicating the Company's sustainability direction to internal and external stakeholders. Comprising senior managers of the Company, the Council is responsible for managing and developing plans consistent with the strategies and directions set by the Board Sustainability Committee.

At the working level, the Technical Working Group is responsible for programme implementation and execution, as well as for data collection and compilation for accurate reporting.

STRUCTURE	FREQUENCY	ROLES & RESPONSIBILITIES
<div style="text-align: center;"> BOARD SUSTAINABILITY COMMITTEE </div>	4 times per year	<ul style="list-style-type: none"> Responsible for the governance of sustainability by setting the Company's sustainability strategies, priorities and targets Review and endorse sustainability matters for Board approval Understand and keep current on issues relevant to sustainability risks and opportunities Review the performance of Company's material sustainability risks and opportunities
<div style="text-align: center;"> SUSTAINABILITY COUNCIL ECONOMIC ENVIRONMENTAL SOCIAL GOVERNANCE </div>	6 times per year	<ul style="list-style-type: none"> Communicate Company's sustainability strategies, priorities and targets as well as performance to internal and external stakeholders Drive strategic management of material sustainability matters Recommend appropriate sustainability KPIs in addressing the Company's material matters
<div style="text-align: center;"> TECHNICAL WORKING GROUP Retail & Commercial Port Dickson Refinery Supply & Distribution Human Resource Corporate Affairs Corporate SSHE Procurement Legal Finance </div>	12 times per year	<ul style="list-style-type: none"> Execute Company's sustainability strategies, priorities and targets Implement sustainability-related tasks and initiatives on day-to-day basis Gather and compile sustainability-related data

APPROACH TO SUSTAINABILITY

APPROACH TO SUSTAINABILITY

STAKEHOLDER ENGAGEMENT

GRI 102-40, 102-42, 102-43, 102-44

We define stakeholders as key groups whose actions and decisions could impact and be impacted by our organisation's activities, results and growth. As a forward-looking Company, we continuously engage with our stakeholders to seek their views on our operations and programmes. For instance, we hold teambuilding sessions to enhance relationships with our employees and address their needs to better provide job satisfaction; we reach out to the communities in which we operate through local community engagement and CSR programmes; we monitor the regulatory landscape and keep ourselves informed of the latest applicable laws for seamless adoption by working closely with the authorities; and we engage closely with our customers either directly through our own personnel or via various social media platforms. We will continue to listen to the needs of our stakeholders to generate long-lasting positive impact.



Shareholders/Investors

Shareholders and investors are vital for the health and wealth of the Company. Engaging regularly with our shareholders and investors will ensure long-term business growth and sustainability

- Annual General Meeting
- Annual Report & Sustainability Report
- Announcements (as required)
- Corporate Website www.petron.com.my (as and when)
- Contact Local Treasury/Investor Relations Group in Manila (as and when)

Employees

Employees are the driving force behind Petron. As such, we strive to meet their needs and ensure the provision of a safe, healthy and conducive workplace to nurture their career development

- Guidance by Supervisor (ongoing)
- Intranet/Internal Memo (ongoing)
- Team Meetings (weekly/monthly/as and when)
- Teambuilding Sessions (annually)
- Individual Development Discussions/Training (ongoing)
- Corporate Website www.petron.com.my (as and when)

Regulators/ Authorities

We seek to work closely with regulators and authorities to ensure compliance and to keep up with the evolving regulatory landscape

- Meetings (ongoing)
- E-mail Communication (ongoing)
- Site Visits and Inspections (ongoing)
- Periodic Report (monthly/quarterly/annually)
- Corporate Website www.petron.com.my (as and when)

Customers

Ensuring customer satisfaction is our priority as we seek to deliver excellence. We will continue to gather feedback from our customers to improve the quality of our service and products

- Social Media Instagram and Facebook (ongoing)
- Customer survey
- E-mail Petron Care petroncare@petron.com.my (as and when)
- Corporate Website www.petron.com.my (as and when)
- Petron Miles Website www.petronmiles.com.my/call PMiles Customer Service Hotline 1300 888 812 (as and when)
- Employee Suggestion and Feedback on Petron's Retail and Commercial businesses

Dealers/Suppliers/Contractors/ Business Partners

We work closely with our dealers, suppliers, contractors and business partners to deliver excellence and explore opportunities for mutual sustainable growth

- E-mail Communication/Memo (ongoing)
- Site Visits/Instant Messaging/Telephone Calls (ongoing)
- Meetings by Territory/Area (monthly/quarterly/annually)

MATERIALITY MATTERS

GRI 102-47

Materiality assessment is an integral process of our sustainability journey. It allows us to understand significant issues to the business and to key stakeholder groups. It also helps us identify and address existing as well as emerging risks that are relevant to us, as well as identify and seek opportunities in meeting stakeholders' needs and expectations.

Our first materiality assessment was conducted in 2016 and our material matters were subsequently reviewed periodically to ensure relevance to current business landscape and operations as well as alignment with the industry. In 2021, we validated our materiality matters. The process involved benchmarking our material matters against local, regional and global industry peers, using guidelines and key indicators from GRI and UN SDGs as well as analysing the impact on our stakeholders. Based on the result, we identified and grouped 19 material matters into Economic, Environmental, Social and Governance (EESG). The validation process confirmed that the 19 material matters are relevant to us and our stakeholders, in line with our industry and the requirements of international reporting frameworks.

Community

Engaging with the local community where we operate enables us to address their needs and generate long-lasting positive impact. We are committed to give back to society and ensure no one is left behind in our bid to contribute to a sustainable future for all

- Advocacy Programmes such as Go-to-Safety-Point, Road Safety & Environment (annually)
- Fenceline Communities' Discussions/Meetings (quarterly)
- Corporate Social Responsibility (CSR) Programmes (annually)

Union

We practise freedom of association and strive to honour our employees' rights as outlined in the Collective Agreements (CA) between the Company and unionised employees. We maintain industrial harmony through fair negotiations and finalisation of CA every three years

- E-mail Communication/Instant Messaging/Telephone Calls (ongoing)
- Meetings (quarterly, as and when needed)

PETRON MALAYSIA REFINING & MARKETING BHD

OUR SUSTAINABILITY IMPACT

APPROACH TO SUSTAINABILITY

MATERIALITY VALIDATION PROCESS



Identifying Material Matters



Validating Against Industry Peers, International Reporting Frameworks and Impact Assessment on Stakeholders



Grouping of 19 Material Matters According to ESG

PETRON Malaysia's 19 Material Matters	Alignment to GRI	SDG
ECONOMIC		
Financial Performance	GRI 201	8, 10
Procurement Practices	GRI 204	8, 10
Indirect Economic Impact	GRI 203	8, 10
Market Presence	GRI 202	8, 10
ENVIRONMENTAL		
GHG Emissions	GRI 305	6, 7, 8, 12, 13, 14
Energy Management	GRI 302	6, 7, 8, 12, 13, 14
Water & Effluents	GRI 303	6, 7, 13, 14
Waste Management	GRI 306	6, 7, 12, 13, 14
Environmental Compliance	GRI 307	6, 7, 12, 13, 14
Supplier Environmental Assessment	GRI 308	6, 7, 12, 13, 14
SOCIAL		
Workplace Health & Safety	GRI 403	1, 2, 3, 8, 10, 12, 17
Talent Development	GRI 404	4, 5, 6, 8, 10, 12, 17
Employee Diversity & Inclusivity	GRI 405	4, 5, 6, 8, 10, 12, 17
Labour Management Relations	GRI 402	4, 5, 6, 8, 10, 12, 17
Freedom of Association & Collective Bargaining	GRI 407	4, 5, 6, 8, 10, 12, 17
Community Inclusivity/Engagement	GRI 203, 413	8, 10, 12, 17
Customer Focus	Non-GRI material matter	
GOVERNANCE		
Ethics & Integrity	GRI 205	8, 10, 12, 17
Risk Management & Business Continuity	Non-GRI material matter	

KEY PERFORMANCE INDICATORS & ACTION PLANS

Key Performance Indicators (KPIs) are strategic measures of the organisation's sustainability performance compared to the objectives set. As such, we have set KPIs for each material matter by assessing our current programmes, aligning them with sustainability KPIs and incorporating them into our business plan for better focus and implementation.

We will continuously strengthen our sustainability practices to ensure sustainable value creation for the organisation and our stakeholders.

KEY HIGHLIGHTS FOR 2021

1,140

jobs were generated through the diesel hydrotreater (DHT) and Marine Import Facility 2 (MIF2)

GRI 202, 203

Pilot "Sapot Lokal"

in six Petron service stations, a joint-effort with the government to boost local businesses and support local entrepreneurs by providing shelf space in P-Kedai and Treats

GRI 203, 204

Engaged 667

local suppliers and vendors, which made up 92% of the Group's suppliers and vendors

GRI 204

Over 80%

of the Group's procurement budget were spent on local goods and services, including technical support providers and part manufacturers

GRI 204

ECONOMIC

OUR COMMITMENT

We are committed to create long term value for the Company to be financially sustainable. We assure our stakeholders that sustainability considerations are embedded into our financial goals and decision making. We provide fair and equal employment opportunities.

OUR MANAGEMENT APPROACH

GRI 103-1, 103-2, 103-3

We aim to achieve resilience and a competitive edge in the industry through our effective sales strategies, cost optimisation efforts, prudent use of resources and comprehensive risk management measures. We also promote sustainable procurement practices by ensuring that the materials and services purchased meet the Company's standards at optimal costs and with minimal impact to the environment.

ECONOMIC

ECONOMIC

FINANCIAL PERFORMANCE

GRI 201-1

To remain resilient in the face of a dynamic and challenging business environment, it is vital for Petron to sustain its long-term corporate value by delivering sustainable solutions through ethical business practices while ensuring the health and safety of our people and our surrounding communities.

At Petron, our commitment is to provide uninterrupted fuel supply and to support the country's essential energy requirements. In 2021 during the Covid-19 pandemic, we played our part in supporting Malaysia's National Recovery Plan by generating RM9.2 billion of direct economic value from selling 72.3 thousand barrels per day of petroleum products, a 42% increase from the RM6.5 billion economic value generated in 2020.

Together with our sister companies, we continued to operate about 740 service stations and 10 distribution terminals and facilities nationwide and streamed 18 new service stations during

the year despite the challenges of the COVID-19 pandemic. Our growing business reach have spurred a wider range of domestic economic activities and supported our local stakeholders including suppliers and vendors, entrepreneurs, employees, shareholders, the government and the communities.

We paid dividends to shareholders in 2021 despite incurring financial loss in 2020 when COVID-19 disrupted our sales and operations. The financial loss in 2020, however, allowed us to carryover some income tax benefit in 2021, thereby reducing our tax payment during the year.

With economic value retained for reinvestment of about RM424 million in 2021, we are committed to our financial priorities and plans to ensure more resilient and sustainable operations in the post-pandemic period.

PROCUREMENT PRACTICES

GRI 204-1

Procuring the right materials, resources and services is an important element of our supply chain. We ensure sustainable procurement practices by putting in policies, guidelines and controls that enable efficient business operations while cultivating stronger partnerships with our vendors for a reliable supply of goods and services. We are committed to uphold quality standards by prioritising the selection of goods, services and processes that are most cost-efficient and with minimal impact to the environment in view of the Company's pursuit for sustainability.

Managing Our Supply Chain

Petron Malaysia's supply chain is extensive and encompasses obtaining services and materials necessary for the Company to fulfil its commitment to provide high quality finished goods and products to its customers. We aim to progressively reduce operating expenses and improve profits through an efficient supply chain. Our procurement department is responsible for cost-effective and timely purchase of quality goods and services, apart from working closely with vendors and users in ensuring sustainable procurement practices.

Petron Malaysia's Supply Chain				
Selection	Shortlist	Evaluation	Awarding	Contracting
Suppliers are selected based on a list of criteria that is in line with Petron Malaysia's business ethics and Bank Negara's policy. They are then assessed based on supplier scorecards (company background, financial statements, previous and ongoing projects). Tender is conducted for suppliers to submit proposals.	Suppliers are shortlisted based on supplier scorecards that offer the most value to the company.	In this stage, suppliers are divided into two categories – technical and commercial. Technical aspect will be appraised based on the Company's requirement and ability to fulfil / complete the required task / scope based on proof of concept, while commercial aspect will be evaluated based on commercial rationality of proposals. Negotiations are then carried out to secure the optimum price, terms and conditions.	Suppliers that fulfil the technical and commercial requirements will be recommended for awards, subject to Petron Malaysia's internal process and approval limit.	A contract is established after obtaining approval from Petron Malaysia's top management. Rates and negotiated terms and conditions throughout the agreed duration are then compiled in the contract and sent for stamping by Inland revenue.

ECONOMIC VALUE GENERATED

REVENUE
RM9,182 million
(2020: RM6,462 million)

OTHER INCOME
RM61 million
(2020: RM70 million)

ECONOMIC VALUE DISTRIBUTED

- Payment to Suppliers/Business Partners/Contractors**
RM8,730 million
(2020: RM6,389 million)
- Percentage of Local Suppliers/Business Partners**
92%
(2020: 92%)
- Salaries and Benefits for Employees**
RM69 million
(2020: RM76 million)
- Dividend paid to Investors**
RM14 million
(2020: RM32 million)
- Tax paid to Government**
RM6 million
(2020: RM17 million)
- Economic Value Retained for Reinvestment**
RM424 million
(2020: RM18 million)

Note: Payment to Suppliers/Business Partners/Contractors was restated in the year under review for both 2020 and 2021 to payment to Government. For more information on how we create and distribute economic value and our financial performance, please refer to Petron Malaysia Refining and Marketing Bhd 2021 Annual Report.

Section 3

PETRON MALAYSIA REFINING & MARKETING BHD

OUR SUSTAINABILITY IMPACT

ECONOMIC

ECONOMIC

Upholding Business Ethics

All vendors and suppliers are required to maintain Petron Malaysia's high ethical standards including complying with the Company's policies on business ethics and integrity such as the Standards of Business Conduct and Anti-Corruption Policy. To inculcate a culture of ethics and integrity, we have put in place a Whistleblowing Policy that allows vendors and suppliers to report any suspected inappropriate behaviour or misconduct relating to corrupt practices or abuse of power without fear of reprisals.

Supporting Local Suppliers

Petron Malaysia has maintained its support for the local economy by obtaining goods and services from local vendors. Products and services from overseas are only acquired if there are no other options available from local vendors. Engaging local

suppliers will not only help drive the local economy but is also more cost and time efficient for the Company.

In the year under review, the number of overseas vendors increased by 13% due to newly registered Original Equipment Manufacturer (OEM) vendors who provided spare parts for the new Diesel Hydrotreater (DHT) equipment. The DHT is one of our major ongoing projects in Refinery, which produces low sulphur automotive diesel.

In 2020 and 2021, more local vendors throughout Malaysia were engaged due to disruptions in the global supply chain as a result of the COVID-19 pandemic. In 2021, Petron Malaysia engaged a total of 727 vendors where 667 (92%) were local vendors. Local refers to suppliers located within Malaysia.

INDIRECT ECONOMIC IMPACT

GRI 203-1, 203-2

As an integral member of the Malaysian energy sector, Petron Malaysia is committed to contribute to the nation's post-pandemic recovery and ensuring our country has a sustainable and reliable supply of petroleum products to support various industries and transportation, among others.

We believe local community matters are crucial to our financial goals and decision making. We are also cognisant of the need to provide fair and equal employment opportunities in the community which we operate. In this context, Petron has always aimed to become an integral part of Malaysian lives by prioritising locals in its employment and by generating business opportunities for local entrepreneurs to fuel economic growth. In 2021, we created more than 1,000 jobs from two Port Dickson Refinery projects for the local community.

Diesel Hydrotreater (DHT)

Our new DHT plant provided employment opportunities for more than 500 locals throughout its lifecycle process. The hiring of local talents covered various disciplines, including civil, mechanical and electrical engineering, instrument building, logistics and other support personnel. The job opportunities ranged from the construction of the DHT, a new diesel processing unit to produce ultra-low sulphur automotive diesel oil to meet Euro 5 specifications, to the operation of the plant and the delivery of

the Euro-5 diesel to our service stations across the country. The project was successfully completed in 2021 and achieved a total of 3.44 million man-hours without any loss-time injuries (LTI).

Marine Import Facility 2 (MIF2)

A total of 640 locals were hired throughout the construction phase for the two units of 250 thousand barrels each of Gasoline storage tanks and pipeline installation for the new single buoy mooring (SBM). Petron only engaged local contractors for the construction of this project.

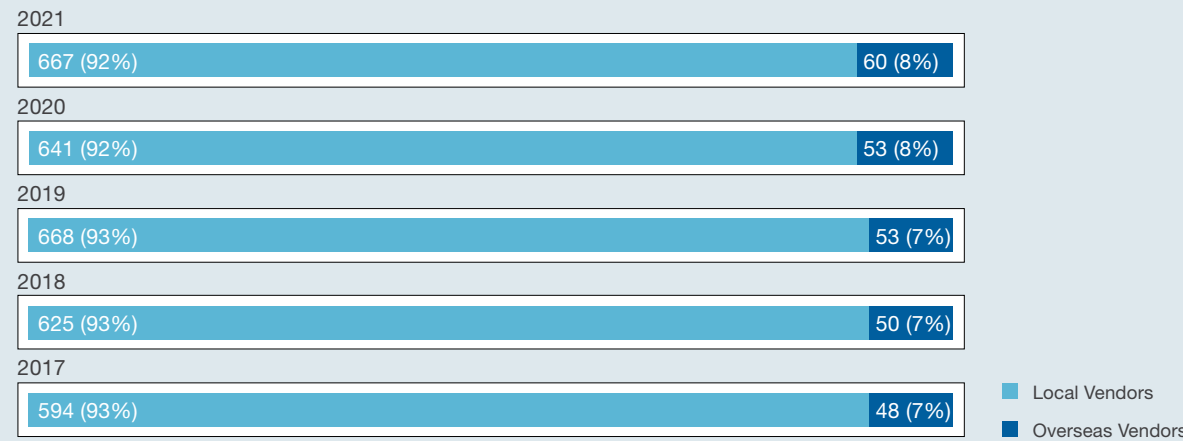
The MIF2 project also generated job opportunities for ship vessel mooring and unloading gasoline products to PDR. Around 20 locals were hired by the local contractor for the mooring activities including maintenance of SBM facilities. The project was successfully completed in 2021 and achieved a total of 1.34 million man-hours LTI-free.



Total No. of Jobs Created for the Local Community
1,140

Accounting for more than 80% of the total workforce for DHT and MIF2.

Total number of vendors engaged since 2017:



In FY2021, the company paid RM1.2 billion of cash payments to vendors, an increase of RM0.30 billion from the previous year.

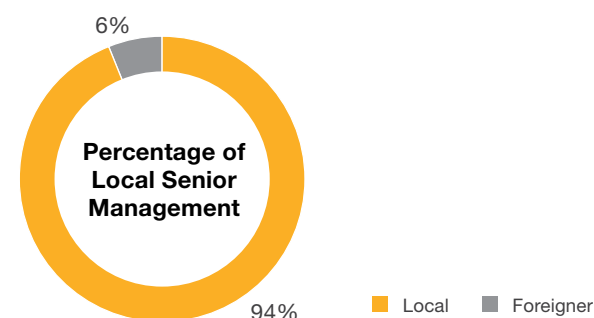
Estimated monetary value of payments made to vendors:

Total Spent	2017	2018	2019	2020	2021
Local Vendors	0.8 (81%)	0.8 (78%)	1.2 (72%)	0.8 (88%)	1.0 (87%)
Overseas Vendors	0.2 (19%)	0.2 (22%)	0.5 (28%)	0.1 (12%)	0.2 (13%)
Total (MYR'bil)	1.0	1.1	1.7	0.9	1.2

MARKET PRESENCE

GRI 202-2

We prioritise the local community when hiring and promoting employees. In 2021, 94% of our Senior Management were hired among Malaysians:



PETRON MALAYSIA REFINING & MARKETING BHD

ECONOMIC

Petron "Sapot Lokal"



Petron Malaysia collaborated with the Ministry of Rural Development and the Ministry of Domestic Trade & Consumer Affairs (MDTCA) to drive Petron "Sapot Lokal", an initiative with the aim to promote rural entrepreneurship by leveraging on the company's extensive network of more than 740 service stations to promote local businesses to sell their products.

The Petron "Sapot Lokal" programme is part of the Ministry of Rural Development's "Usahawan Desa" initiative and the MDTCA's "Beli barangan Buatan Malaysia" campaign.

About 50 local entrepreneurs based in rural areas participated in the Petron "Sapot Lokal" programme and Petron Malaysia hopes the initiative will help local businesses recover from the effects of the COVID-19 pandemic. To that end, Petron assisted in increasing the shelf space as well as supporting them by offering competitive fees to ease some of the entrepreneurs' financial burdens.

The Company plans to expand the programme up to an additional 50 sites outside the Klang Valley and aims to complete the programme expansion by the end of 2022.

Some of the best-selling products that are sold on the Petron "Sapot Lokal" shelves include pastes, "sambal", "kerepek", "keropok" and popular local food and beverages.



The Petron "Sapot Lokal" pilot programme was introduced at six pilot sites in Klang Valley, namely:

- Batu Caves
- Jalan Klang Lama
- Lebuhraya Damansara-Puchong (KL Direction)
- Meru Klang Sentral
- Rinching
- Sri Muda

OUR SUSTAINABILITY IMPACT



KEY HIGHLIGHTS FOR 2021

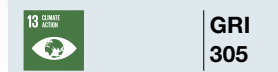
Completion

of Diesel Hydrotreater (DHT) at Port Dickson Refinery, which produces ultra-low sulphur automotive diesel in our commitment to produce cleaner fuel



Completion

of new pipelines and marine import facilities at MIF2 in PDR to facilitate bigger vessels at reduced frequency and thus reducing carbon emissions



ENVIRONMENTAL

OUR COMMITMENT

We prioritise environmental sustainability by continuously producing cleaner fuel, minimising our operations' carbon footprint and advocating programmes in collaboration with strategic key partners. We commit to:

- Act with professionalism, integrity and fairness at all times
- Adhere to strict safety and environmental standards
- Promote the best interests of all stakeholders and to care for the community.

OUR MANAGEMENT APPROACH

GRI 103-1, 103-2, 103-3

We regularly monitor the rapidly evolving oil and gas industry landscape and ensure we comply with all applicable environmental regulations and requirements. We also establish targets and monitor results, impacts and matrices across all our operating sites to reduce and mitigate any adverse effect of our operations on the environment. To embed sustainability practices in our operations, we implement best practices for continual improvement and inculcate environmental and sustainability awareness among our employees, business partners and community in line with our philosophy 'Protect our Environment Today for a Better Tomorrow'.



We have established an Environmental Business Plan (EBP), which sets out year-on-year targets over a five-year period on the impact of site operations and emissions in relation to environment conservation and regulatory compliance.

Completion

of upgrading works for Lumut PME Plant's waste water treatment plant, which has a daily capacity of treating up to 100m³, compliant with local regulations



PETRON MALAYSIA REFINING & MARKETING BHD

OUR SUSTAINABILITY IMPACT

ENVIRONMENTAL

ENVIRONMENTAL

As a forward-looking oil and gas company in Malaysia, we strive to contribute to a low-carbon future by shifting towards providing cleaner energy. We have been producing and selling cleaner fuel, in line with the government's Clean Air Action Plan. Our Mogas was upgraded from E2M to E4M (for RON95) since 1 January 2020 while our diesel quality improved significantly from E2M to E5 since 1 April 2021. We also invested in a Diesel Hydrotreater (DHT) at our Port Dickson Refinery which is capable of producing Euro-5 Diesel, a cleaner fuel. This underscores our commitment to providing affordable and cleaner energy for all.

We are committed to producing fuel responsibly by continuously improving fuel specifications and by improving the efficiency of our operations. The Company also supports renewable energy, as evidenced in its major investment in a Palm Methyl Ester (PME) Plant in Lumut to produce renewable PME to blend with Automotive Diesel Oil (ADO) to produce biodiesel. We are pleased to note that the Lumut PME Plant was a runner-up in the Renewable Energy (biofuel) category in the National Energy Award 2021 by Malaysian Green Technology & Climate Change Corporation (MGTC) and the plant recently expanded to increase its production capacity.

We believe in doing our part to protect the environment by minimising potential adverse impact of our operations and achieve long-term sustainable growth. We focus on managing all aspects of our operations, from designing to commissioning of our facilities, purchasing and refining of raw materials up to delivering of fuel products. For instance,

our Port Dickson Refinery occupies only 30% of its 600 acres of land, which includes a green belt and serves as a water catchment area as well as a buffer between our operations and the neighbouring communities.

ENVIRONMENTAL COMPLIANCE
GRI 307-1

Our Sustainability and Safety, Security, Health & Environment (SSHE) policies, which are both available in our corporate website, serve as a guide for us to operate responsibly. We are pleased to report that we did not receive any fines or sanctions in relation to non-compliance with environmental laws and regulations in the last three years.

PRODUCT QUALITY AND SUSTAINABILITY

As a major downstream oil and gas provider in Malaysia, the Company adheres to all standards and regulatory requirements by the government and strives to go beyond compliance to provide quality and sustainable products. Today, our fuels emit cleaner air and the quality of our products meet the aspirations and requirements of Malaysia's Clean Fuels Roadmap. We are proud to be the first and only provider of Blaze RON 100 in Malaysia, which meets Euro 4M Standards and maximises fuel efficiency of the vehicle, leading to cleaner emissions.

We continuously support the use of renewable energy by contributing to the government's efforts to increase biofuel consumption. In 2019, we introduced Biodiesel B10 Euro 2M to comply with the government's mandate of higher biodiesel content and to replace Petron Diesel Max (B7) for cleaner vehicular exhaust emissions. Prior to that, the Petron Diesel Max (B7), which was modelled after the European EURO2 diesel standard and compliant with the government-mandated Malaysian Standard MS 1231:2018, was available in all our service stations. The Petron Diesel Max (B7) contained 7% PME, in line with the government's mandate to increase biodiesel content in diesel progressively. We will continue to provide cleaner and affordable fuel for all by adhering to the required standards and regulations to support the transition towards a low-carbon future.

ENVIRONMENTAL BUSINESS PLAN

As part of our environmental conservation efforts, we have established a five-year continuum Environmental Business Plan (EBP) to track and monitor our environmental performance at our refinery and major operating fuel distribution terminals and plants. The EBP enables us to identify ways to address environmental issues from our site operations through environmental conservation and regulatory compliance.

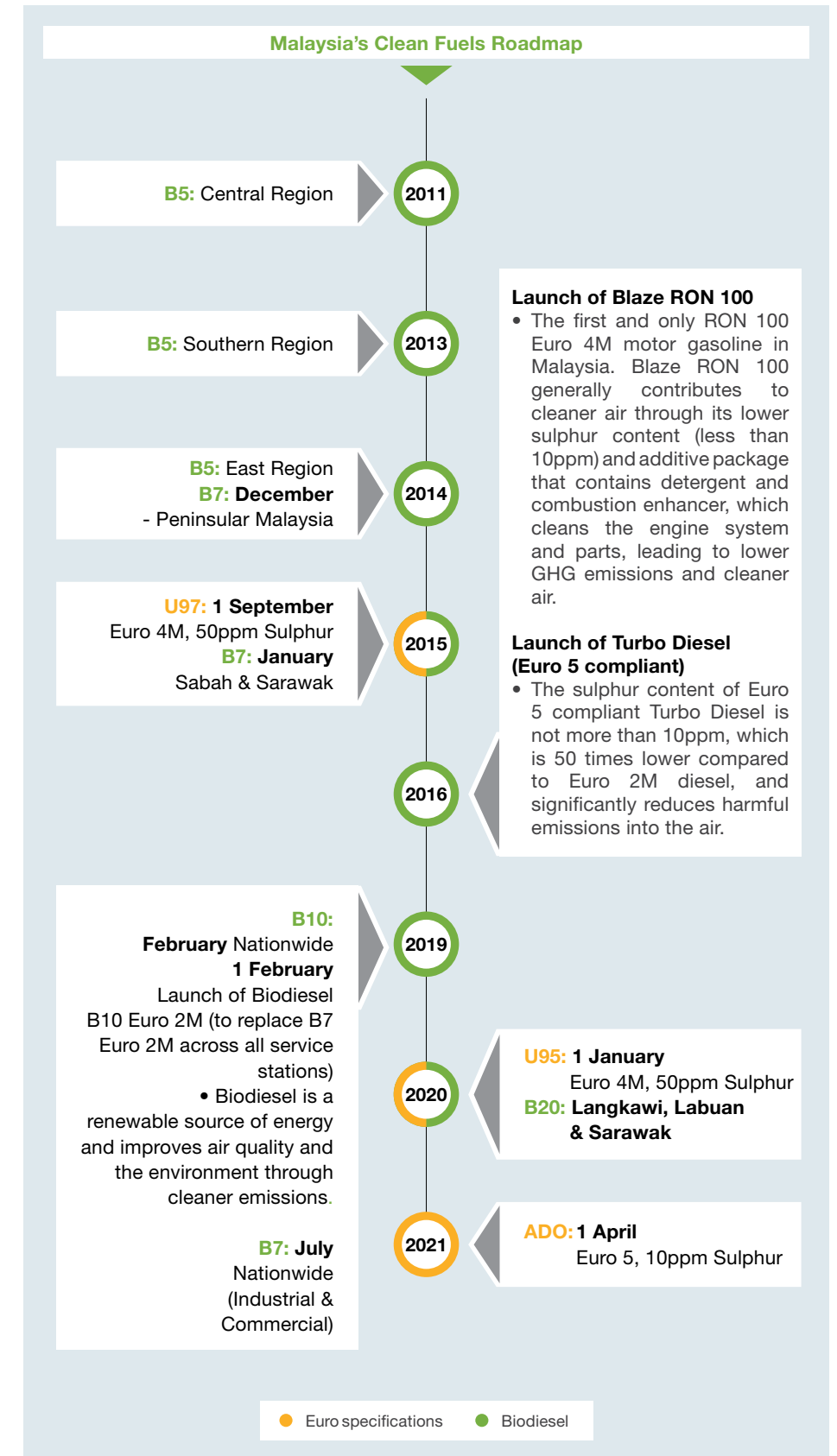


The EBP identifies strategic environmental focus areas and covers the Group's current environmental strategies and action plans. We plan to catch up on the implementation of the EBP and aspire to start setting new environmental targets in 2022.

The EBP covers:

- Environmental aspects, impact, metrics and quantitative targets of our operating 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 upgrading of facilities, if required
- Implementation of environmental best practices through development of a specific list of prioritised opportunities or needs, including those where technological support is necessary.

EBP has been developed for our refinery and major operating facilities. This will be expanded to other operating facilities and will be incorporated into the Company's overall sustainability plans and programmes being stewarded by the Sustainability Council and Sustainability Board committee.



ENVIRONMENTAL

ENVIRONMENTAL

PRODUCT STEWARDSHIP

Petron Malaysia is committed to providing quality products to meet customer satisfaction and minimise negative environmental impacts. The Company adopts structured internal quality management systems and attained various ISO certifications to uphold the highest standards across its operations.

● Safety Data Sheets (SDS)

Petron Malaysia's petroleum products carry SDS to inform consumers about the product composition, impacts on safety, human health and the environment, safe handling, and any hazardous chemicals. Updates and reviews are conducted periodically to ensure that the SDS are aligned with fuel quality changes required by regulations. All SDS comply with the latest Globally Harmonised Standard (GHS) on SDS Reporting Format

● ISO 9001:2015 Quality Management System (QMS)

The ISO 9001:2015 QMS certification underpins the Company's commitment to ensuring quality from manufacturing to distribution and supply chain processes. The following refinery and fuel distribution terminals have attained QMS certification:
 2016: Port Dickson Refinery and Terminal
 2017: Bagan Luar Terminal, Pasir Gudang JV Terminals (affiliate companies)
 2018: KLIA Aviation Depot

● ISO 45001:2018 Occupational Health Safety Management System (OHSMS) and ISO14001:2015 Environmental Management System (EMS)

The OHSMS is a comprehensive and structured management system that enables us to comply with all the necessary occupational health and safety rules and regulations apart from improving our occupational health and safety performance, while the EMS allows us to manage our environmental impacts and meet environmental compliance obligations. The fuel distribution terminals that have attained these certifications since 2017 are:
 1. Port Dickson Terminal
 2. Bagan Luar Terminal
 3. Kuantan and Pasir Gudang JV Terminals (affiliate companies)

● Integrated Management System (IMS)

IMS is a system that combines all the management systems, processes and Standards into an integrated system, which boosts operational efficiency. Our refinery and fuel distribution terminals, namely Port Dickson Terminal, Bagan Luar Terminal, Kuantan Terminal and Pasir Gudang Terminal have attained the IMS consisting of:
 ISO 9001: 2015 Quality Management System
 ISO 14001: 2015 Environmental Management System
 ISO 45001: Occupational Safety and Health Management System.

In Petron, we recognise the importance of ensuring that our fuels maximise fuel efficiency in vehicles. Hence, Petron fuel quality and performance are further enhanced with the addition of its proprietary additive formulated with advanced additive technology. This not only results in a cleaner engine but also enables the more efficient burning of the fuel. This combination results in less harmful emissions and thus contributes to a cleaner environment. All Petron branded fuels like Blaze 95, Blaze 97, Blaze 100, Diesel Max B10 and Turbo Diesel B7 contain proprietary additives.

Benzene, Lead and Sulphur contents in fuels

- PETRON BLAZE 95**
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.
- PETRON BLAZE 97**
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**
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.
- PETRON DIESEL MAX**
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**
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.

GHG EMISSIONS

GRI 305-1, 305-2, 305-4, 305-7

Climate change is one of the most discussed global issues today, with calls for accelerated and concrete actions to slow down global warming. The convention of world leaders at the United Nations Climate Change Conference (COP26) in November 2021 has laid down four goals to combat global warming, including limiting the increase of global temperature to 1.5°C by cutting GHG emissions from human activities by 45% from 2010 levels by 2030, and reach net zero by 2050.

At Petron Malaysia, we invested in two major facilities, the DHT and the Marine Import Facility 2 (MIF2), which will substantially cut carbon emissions, in support for the government's transition towards a low-carbon future. While the DHT produces ultra-low sulphur automotive diesel oil or Euro 5 specification diesel – as part of the government's Clean Air Action Plan, the MIF2 enables us to cater to larger vessels but at reduced frequency, thus, reducing congestion at the ports and ultimately carbon emissions from the vessels. Our investment in these two major facilities underscores our commitment to producing cleaner fuel and energy for a sustainable future.

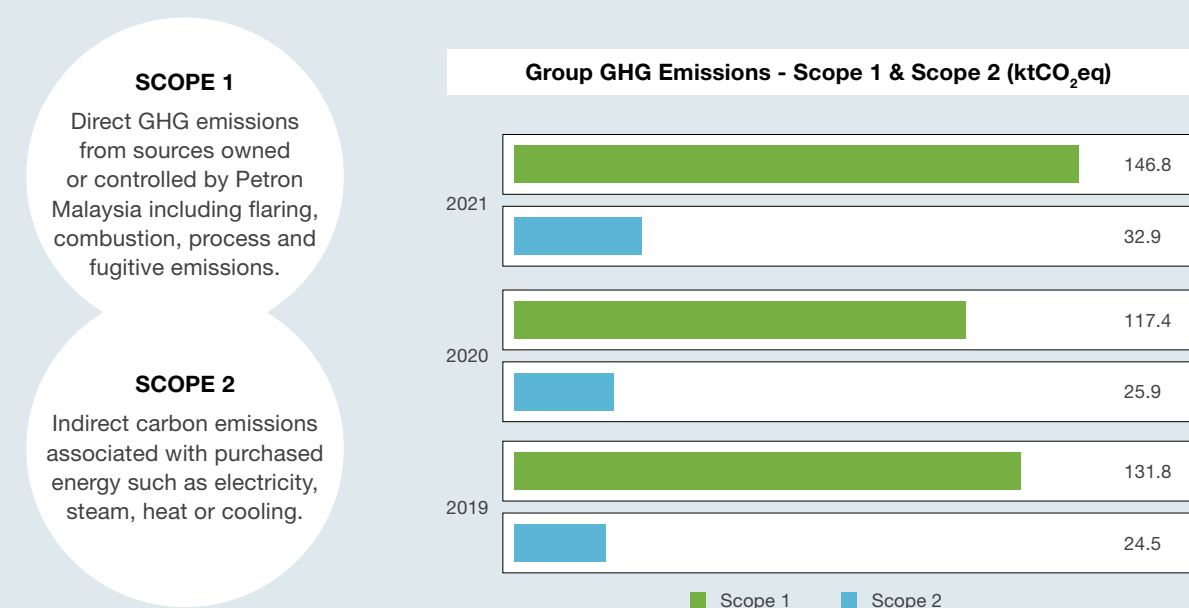
As for our service stations, we began our renewable energy initiative in 2020 at Petron Gambang Perdana service station in Pahang and Petron Selising in Kelantan, where the first solar power panel was installed. Since then, we have mounted solar power panels at 14 service stations, which has helped to save about 70% of their monthly electricity consumption. We plan to start installing solar power panels in more service stations in September 2022 and target to complete the installation in 120 sites by the end of 2023.

Apart from lowering our carbon footprint, we also improved our transparency by reporting our carbon emissions according to Scopes 1 and 2, as recommended by international reporting frameworks. Monitoring and reporting our carbon emissions help us understand our footprint better which can enhance our capabilities to step up programmes and initiatives to reduce our energy consumption and mitigate our emissions.

In 2021, our GHG emissions temporarily increased compared to pre-pandemic levels. This was due mainly to higher energy consumption following the commissioning of the new DHT facility at PDR and the expansion of Lumut PME Plant in the year under review. Increased electricity usage for DHT and MIF2 also contributed to the higher GHG emissions. The commissioning of DHT likewise added to increased emissions of Sulphur Oxides (SOx) and Nitrogen Oxides (NOx). However, we expect that such increase will be offset in the long run as we produce cleaner Euro 5 diesel.

In 2020, we recorded lower GHG emissions due to less usage of electrical equipment and product pumps amid the various pandemic lockdown periods. Lower demand for oil products also led to reduced business activities and production from fuel distribution terminals, plant and refinery, thus lowering the Group's GHG emissions. Our emissions disclosures comprise data from PMRMB, PFISB and POMSB.

Our GHG emissions were calculated according to the guidelines from the Intergovernmental Panel on Climate Change (IPCC) and Greenhouse Gas Protocol's GHG Emissions Calculation Tool. The emission factors were taken from cross sector tools (March 2017).



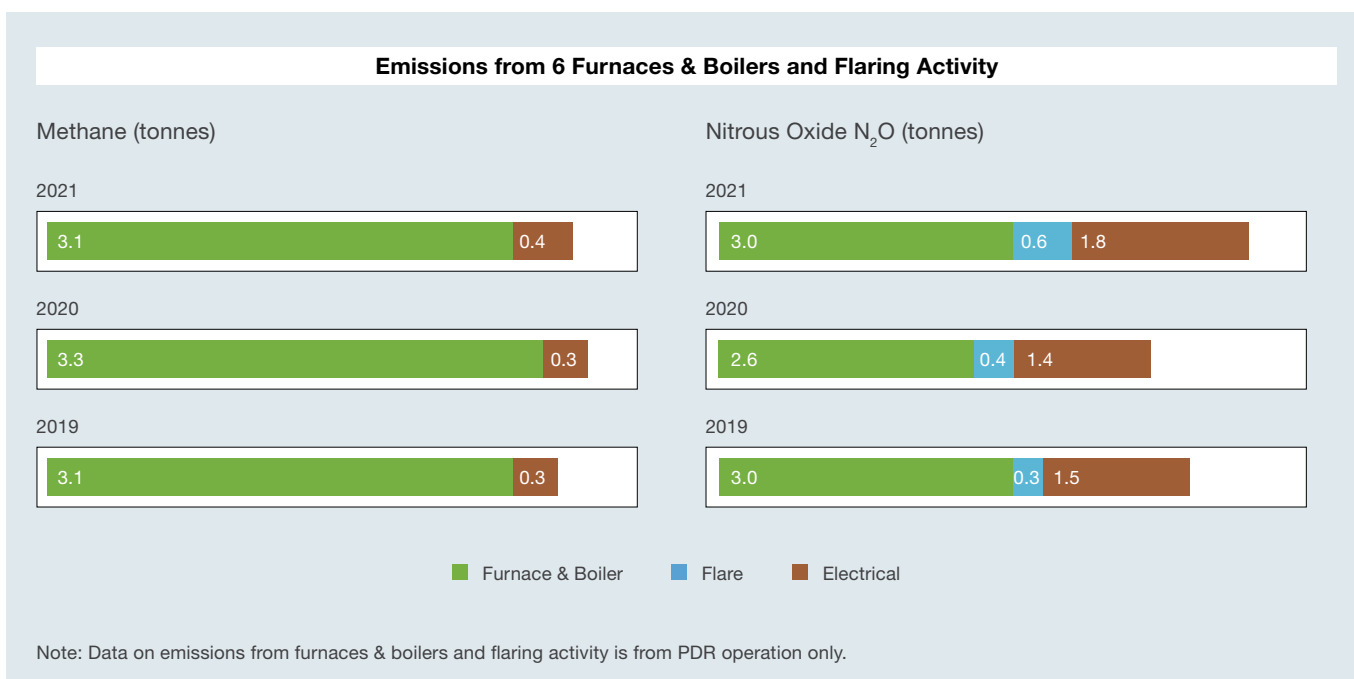
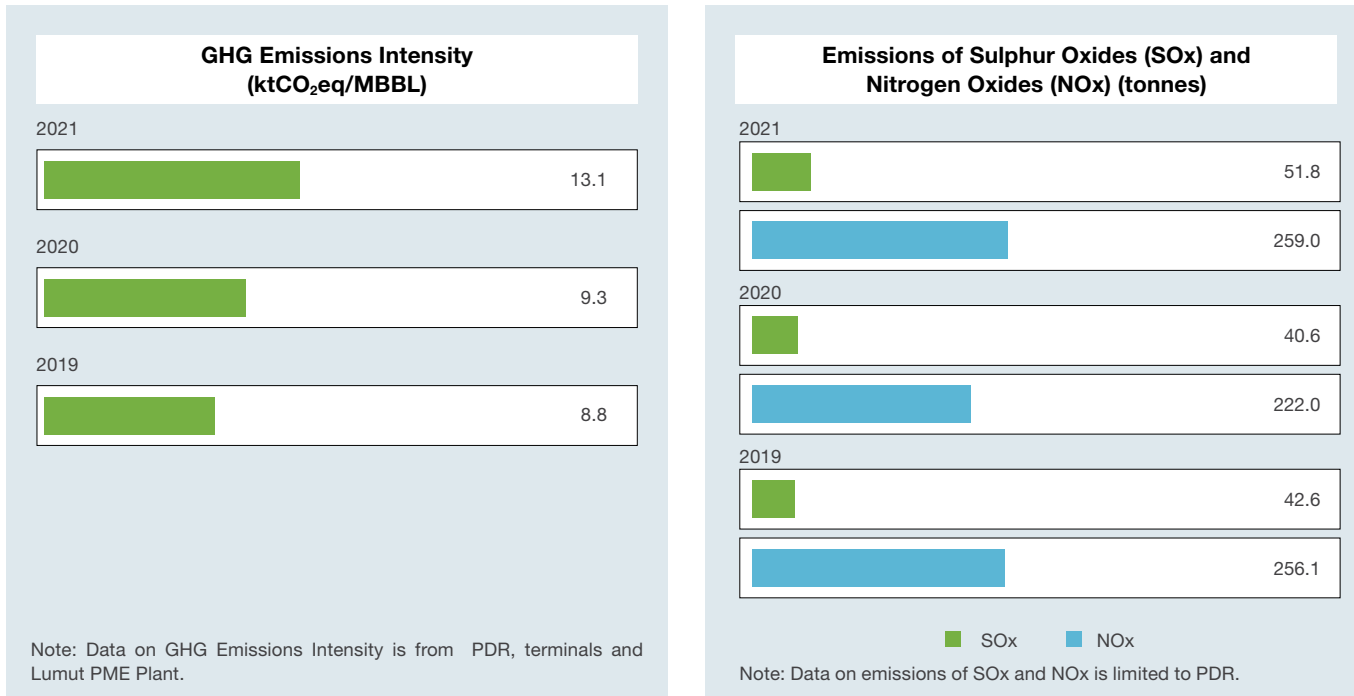
PETRON MALAYSIA REFINING & MARKETING BHD

OUR SUSTAINABILITY IMPACT

ENVIRONMENTAL

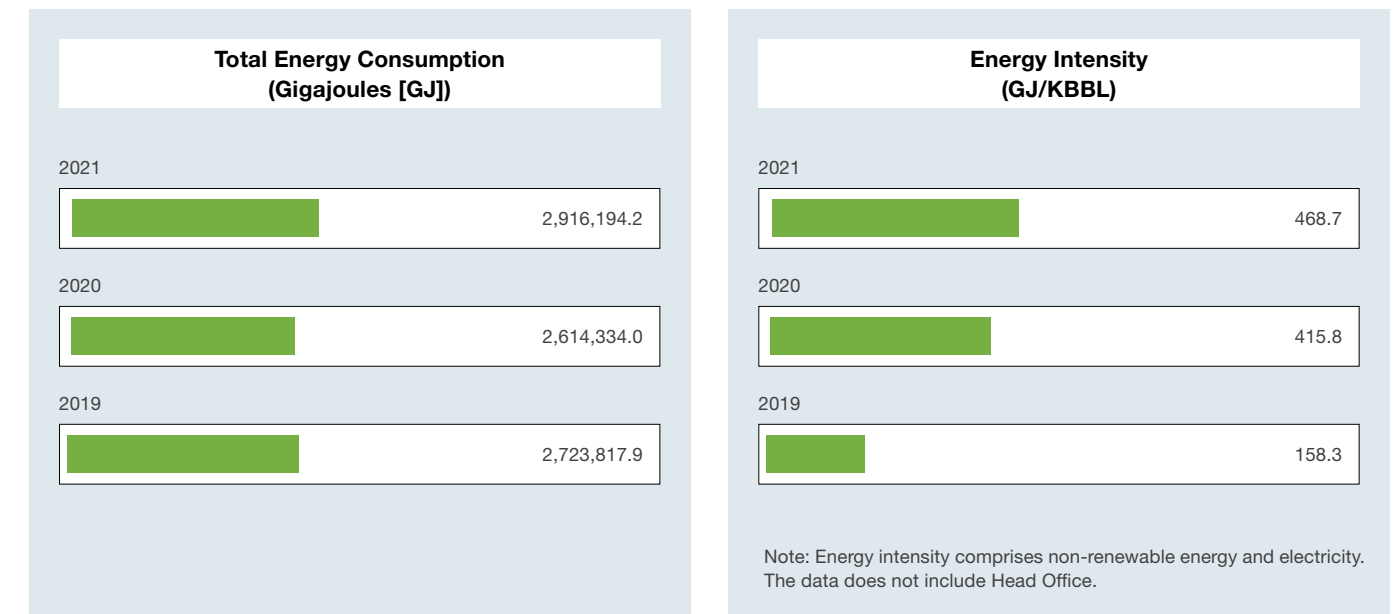
ENVIRONMENTAL

We measured the amount of GHG discharge for every million barrel (mbl) of oil we produced to contextualise the Company's air emissions. While our carbon emissions intensity increased after the commissioning of the DHT facility in 2021, we expect this to improve significantly going forward as the production volume increases in the future. We continuously monitor our air emissions through an ongoing quality study to ensure the emissions of gases meet the approved standards.



ENERGY MANAGEMENT

GRI 302-1, 302-3



Non-renewable Fuel Consumption (GJ)

	Diesel	Gasoline	Light Fuel Oil	Natural Gas
2021	3,301.5	2,548,992.4	1,250.5	96,920.6
2020	4,052.3	2,315,973.7	13,424.1	73,645.0
2019	4,953.7	2,516,623.0	-	-

Efficient energy management plays a key role in our effort to lower our carbon footprint. We take proactive measures to reduce our energy consumption including optimising fuel usage, using energy efficient equipment and switching to LED lightings at our fuel distribution terminals and offices. We have also upgraded conventional lighting system to solar-powered lighting at some of our fuel distribution terminals. Since 2012, most of the service stations' signages have been using LED lights, including our Major ID (MID). As of 2021, we have piloted under canopy lights (UCL) with LED lights in five service stations. We plan to expand UCL LED lighting and to use LED more extensively including in C-stores and sidewalks.

Other initiatives included (i) installing soft-start devices to existing product pumps to reduce up to 70% of energy consumption during the power up phase of an electric motor, (ii) installing product pumps auto stop-start operations, (iii) using appliances that are energy efficient as certified by SIRIM, (iv) and implementing GO GREEN Programme to remind and encourage workers to switch off lightings, air-conditioning system and appliances when not in use, among others.

Our energy primarily comes from non-renewable sources, namely diesel, natural gas and Light Fuel Oil (LFO) for boilers and generator sets at operating sites while our Head Office building, offices and retailers consume only electricity.

In 2021, our energy consumption increased by 12% due to the new DHT plant. Meanwhile, the Lumut PME Plant also recorded higher energy consumption in 2021 due to plant expansion and the Industrial Effluent Treatment System (IETS) upgrading project.

PDR accounts for the biggest chunk of the Group's energy consumption (approximately 95%). The refinery, however, strives to reduce this through efficiently managing its electricity usage. For example, PDR uses single Atmospheric Pipestill (APS) feed furnace during lower productivity hours and shuts down one boiler when the steam production or usage is balanced.

Electricity consumption increased in both fuel distribution terminals and the refinery due to plant improvement and operation optimisation. Output from Lumut PME Plant also increased from 2020 onwards due to the addition of the LPP in our business operations.

ENVIRONMENTAL

ENVIRONMENTAL

Our energy consumption disclosure is based on the direct consumption of our facilities. The calculation of our energy consumption is compared with 2017 as baseline year to enable us to understand and monitor how energy expenditures contribute to operating costs.

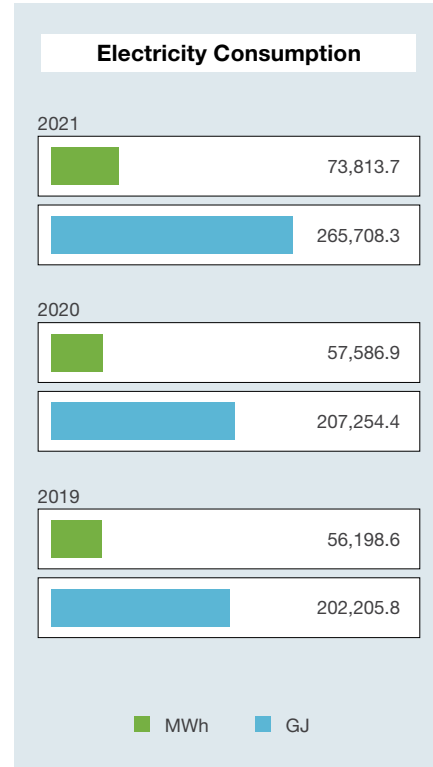
Supporting Earth Hour

In 2021, Petron Malaysia celebrated Earth Hour by switching off non-essential lights from 8:30 PM to 9:30 PM. The goal was to increase awareness on reducing global warming by conserving electricity. Within our service station network, 83 service stations took part in Earth Hour by switching off their 'Major ID' (MID) for one hour.



Earth Day Celebration

To commemorate Earth Day, Petron Malaysia's fuel distribution terminals and 20 service stations planted hibiscus, commonly known as Bunga Raya, and Bunga Santan (Ixora Sunkist). This initiative to plant the country's national flower aimed to advocate for a healthier natural ecosystem and highlight Earth Day's 2021 theme "Restoring Our Nature".

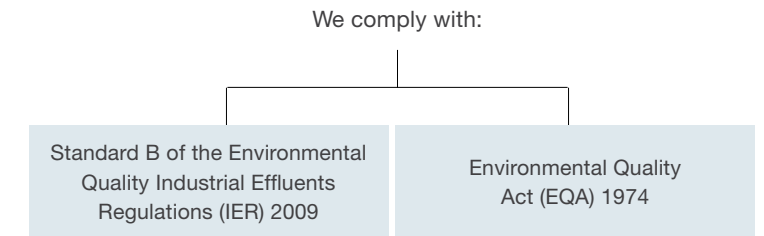


WATER AND EFFLUENTS

GRI 303-2, 303-3, 303-4, 303-5

Water is a natural resource that is vital across our operations, from the refinery to our fuel distribution terminals to our retail service stations. We strive for water optimisation and endeavour to reduce its consumption through various initiatives such as rainwater harvesting.

Apart from being guided by the Group's Sustainability and SSHE policies, we follow the applicable regulations to ensure environmental compliance besides minimising negative impact from our business activities.



We withdraw water from municipal water supply (tap water) and we do not operate in areas with water stress. As for effluents management, wastewater from the refinery, fuel distribution terminals and Lumut PME Plant are treated to meet EQA Standard B requirement before being discharged.

Our fuel distribution terminals are equipped with Oil Waste Separator (OWS), which segregates oil, silt, dirt and sediment, to allow clear water to be released into the designated public drains or sewer systems. Tests are conducted on the quality of the wastewater released from each OWS every six months to meet EQA requirement and ensure that the water quality complies with EQA Standard B.

The Lumut PME Plant, which is equipped with a wastewater treatment plant, conducts water quality test daily to ensure that the water complies with EQA Standard B before being released into the drains.

At the refinery, its water lagoon is maintained regularly through depth surveys, regular dredging, water treatment whenever necessary and planting of hyacinth to ensure that its treated wastewater meets EQA Standard B before it is discharged into swamps. The refinery works closely with third-party consultants and universities to further improve our effluent quality.

In 2021, our water consumption increased marginally by 0.7% due to increased production and expansion project by Lumut PME Plant.

Wastewater Treatment Plant

In February 2022, we completed the upgrading of a wastewater treatment facility, which was part of a biodiesel plant acquired in 2019. The upgraded wastewater treatment plant can process 90m³ to 100m³ of treated wastewater daily. As part of our standard health, safety and environment procedures across our operations, we ensure that the quality of the treated water complies with Standard B of the Environmental Quality (Industrial Effluent) Regulations 2009.

Rainwater Harvesting

To further conserve water, we harvest rainwater at our fuel distribution terminals/plant, refinery, and service stations for cleaning, gardening and the flushing of toilets. We first invested in a rainwater harvesting system in 2015 in Sepang Bay and Kuantan Terminals, then expanded the initiative to Port Dickson Refinery in 2017 and Port Dickson Terminal in 2018. The four operating sites have a combined capacity of 12.82m³. At the Sepang Bay, we repurpose drums as rainwater storage tanks.

The rainwater harvesting initiative was also adopted by our retail network in 2017. Currently we have 20 service stations with the system installed for washing their premises and maintaining their garden landscapes. The system, which can be both above and underground, has also been incorporated into the Service Station Design & Construction Guidelines. Subject to local regulations, each system is capable of collecting about 6,000 litres to 9,000 litres of rainwater.

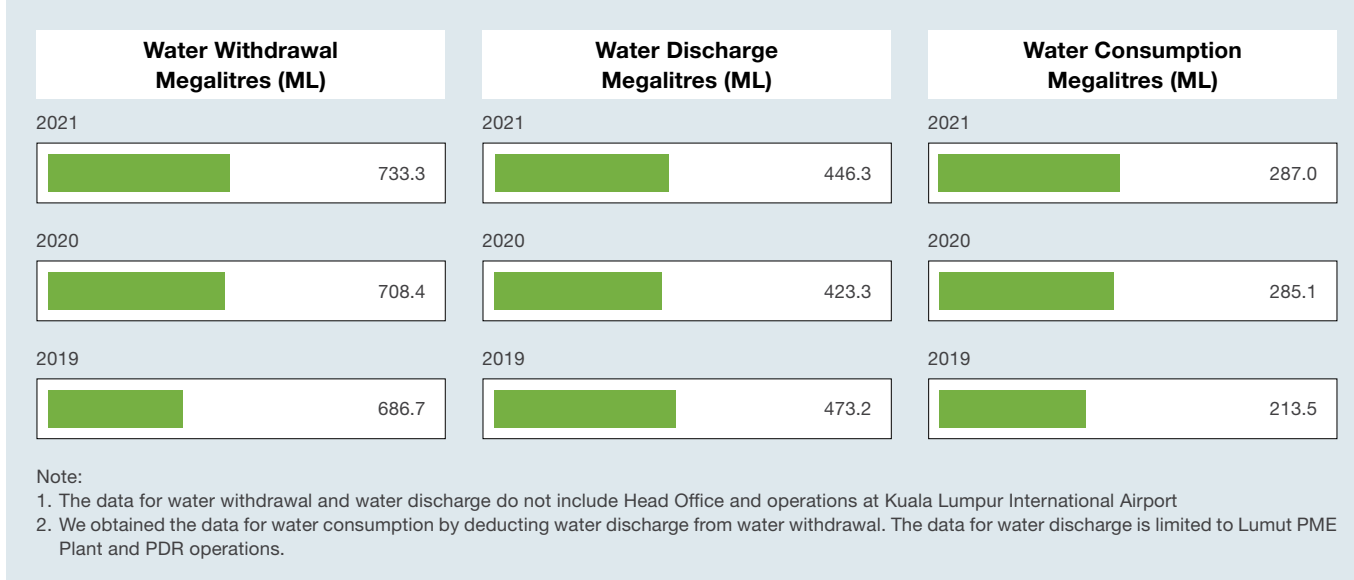
PETRON MALAYSIA REFINING & MARKETING BHD

OUR SUSTAINABILITY IMPACT

ENVIRONMENTAL

ENVIRONMENTAL

In 2021, our water consumption increased marginally by 0.7% due to increased production and expansion project by Lumut PME Plant.



Spills

Spills management is part of our focus, and any uncontrolled spills will have serious consequences on our operations. We continuously monitor our processes and equipment to prevent spills and any spill incidents are immediately managed according to procedures.

Due to stringent measures, PDR recorded zero oil spills from 2019 to 2021. However, DTO operations recorded three minor spills in 2020 and one in 2021. The incidents occurred at a customer site's boundary as well as within our facilities' boundaries. The spilled volumes, which were 300 litres and below at each incident, were fully recovered and there was no unwanted release into public drains and premises.

WASTE MANAGEMENT

GRI 306-1, 306-2, 306-3, 306-4, 306-5

Efficient waste management is crucial in preserving the environment and mitigating pollution. Poorly managed waste can lead to various types of pollution that can cause diseases and health crises. We are aware of our responsibility to manage our general and scheduled waste, in compliance with applicable rules and regulations.

We have in place proper procedures that ensure our scheduled waste is disposed according to the EQA 1974 and sent to licensed disposal facilities. For example, contaminated empty drums are disposed via authorised operators in accordance with the EQA 1974.

Aside from recycling where possible, we reduce waste generated from our operations and service stations. Our fuel distribution terminals are active in reducing waste by selling used or empty product additive drums to authorised recyclers to be repurposed. Other initiatives by the fuel distribution terminals include:

- Removing water from oil/water mixture from loading rack operations and tank cleaning maintenance and repair (M&R) before selling the oil mixture (off-spec product) to authorised recyclers for other burning processes
- Removing water and off-spec oil mixture from the sludge/waste from tank cleaning M&R before disposing the sludge as solid waste to Kualiti Alam and selling off-spec oil mixture to authorised recyclers
- Removing water from oil/water mixture from tank water draining operations and pumping back the on-spec product into product tank
- Segregating solid domestic waste at source by type of waste (metal, plastic, paper, electronics, etc.) before selling the waste to authorised recyclers
- Reducing sludge where possible by recycling it in crude tanks and reprocessing it
- Recovering and vacuuming oil in skim ponds to be reprocessed in crude tanks and ensure Standard B of the EQA is met
- Reforming catalyst is recycled to recover previous metals that can be recovered and reused. The last catalyst changeout was in 2015 and the next catalyst changeout will be in 2025/2026 for PF2 and DHT.

Bio-Sulphur Product

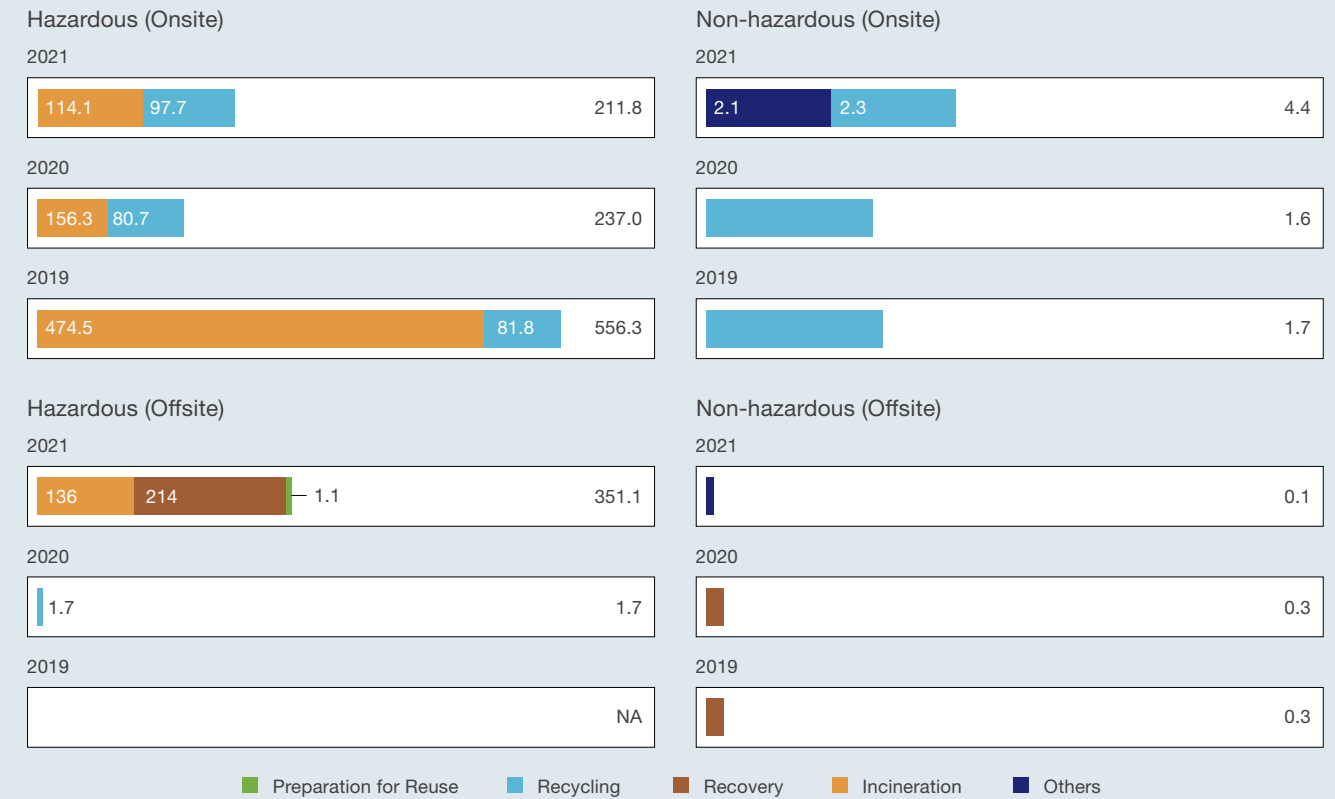
In 2018, we conducted an environmental impact assessment (EIA) on producing and selling bio-sulphur by-product as fertiliser and the EIA was approved by DOE in December 2018. The use of sulphur was certified safe for agricultural use by Department of Agriculture.

Generated from the new Bio-Sulphur Recovery (BSR) plant, the by-product was made using Thiopaq, an eco-friendly desulphurisation process to remove Hydrogen Sulfide (H₂S) and recover it as elemental sulphur from sour gas streams. The process is energy efficient and does not require fired equipment or high temperature, using instead naturally occurring bacteria to oxidise H₂S to elemental sulphur that can be used to make fertilisers.



In 2021, a total of **187.93 MT** of sulphur was produced for fertiliser production

Waste by Type and Disposal Method (Tonnes)



Note: This data does not include waste from Head Office, which outsources its waste collection and management to an external third party.

SUPPLIER ENVIRONMENTAL ASSESSMENT

GRI 308-1

We continue to be vigilant in protecting and preserving the environment through various programmes that focus on the reduction of waste, carbon emissions and energy consumption across our operations. This also includes advocating environmental protection initiatives among our vendors, service station dealers and business partners. Additionally, internal and external audits are held periodically to evaluate the effectiveness of our approach while our suppliers are assessed for environmental impacts. For example, Lumut PME Plant, as a palm oil facility certified by the Malaysian Sustainable Palm Oil (MSPO), ensures that all of its suppliers of Refined Bleached Deodorised Palm Oil fulfil MSPO's requirements and environmental criteria.

PETRON MALAYSIA REFINING & MARKETING BHD

ENVIRONMENTAL

E-Waste Collection



In 2021, we started collecting e-waste from our Head Office in Kuala Lumpur and the Lumut PME Plant. At the Head Office, e-waste bins were placed at various levels to encourage employees to dispose of their old electronic devices and gadgets. Employees were offered the opportunity to participate in a quarterly e-waste contest and win various prizes. The initiative resulted in a collection of 33kg of e-waste. Employees were also able to dispose large e-waste items such as air conditioning units, televisions and refrigerators by scanning a QR code to contact Community Recycle for Charity (CRC) for collection.



At Lumut PME Plant, an e-waste collection was organised in conjunction with the Perak state-level National Environment Day. A total of 156kg of e-waste was collected by an authorised contractor for recovery and disposal. The initiative, which was organised as a competition by the state DOE, was participated by more than 100 companies and Lumut PME Plant won 5th place for its collection of e-waste.

Online Quiz

To increase awareness on environmental preservation and the Company's sustainability agenda, Petron Malaysia organised virtual competitions for students in conjunction with the National Environmental Day.

A slogan competition and an online quiz were organised for primary and secondary students in Negeri Sembilan and Malacca in 2021.



The quiz directed the participants to the Company's website, which not only has answers to the questions but allowed them to learn about Petron's Sustainability Policy and agenda. All participating students received an e-certificate and co-curriculum merit points from the State Education Department while the winners for each category received prizes sponsored by Petron Malaysia.

OUR SUSTAINABILITY IMPACT



SOCIAL

OUR COMMITMENT

As an organisation that cares for its people, we remain committed to our greatest asset, our employees. We maintain a safe and conducive workplace, embrace diversity, and nurture and develop our workforce to provide long-term career opportunity with the Company. We take pride in our community engagement and outreach programmes to help the less fortunate and educate the younger generation on safety and the environment. We place emphasis on customer service excellence and do our best to understand and meet the needs of our customers.

OUR MANAGEMENT APPROACH
GRI 103-1, 103-2, 103-3

We focus on enhancing the social well-being of our employees as well as local communities, while at the same time delivering the best experience to all our customers. To ensure we implement sustainable social programmes, we conduct both internal and external surveys and benchmark against industry peers to gather data.

KEY HIGHLIGHTS FOR 2021

- Total Employees 600**
 - Unionised employees: **25%**
- Female Employee Composition**
 - Total Workforce: **35%**
 - Leadership Team: **27%**
 - Board Composition: **33%**

GRI 401, 402, 407

100% vaccination rate for employees and contractors to promote safer working environment

GRI 403

Contributed cash and essential items to **more than 4,500** recipients and sponsored RM54,000 worth of PMiles gift cards to 3 NGOs

GRI 413

- Promoted **online learning** through organising online road safety quiz and environmental quiz* for school children
 - * To read about our environmental quiz, please turn to page 32.
- Collaborated with Royal Malaysia Police (PDRM) and Road Safety Department to organise **public safety awareness** campaigns
- Remain guided by Petron Malaysia's Standards of Business Conduct and Workplace Policy in **reducing inequalities** and respecting employees' **human rights** such as respecting Freedom of Association and providing above entry-level wages

Achieved 4- and 5-star rating from local councils for 30% of Petron's service station toilets and 98% "Good" rating from a QR code survey to gauge customer satisfaction

SOCIAL

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EMPOWERING OUR PEOPLE

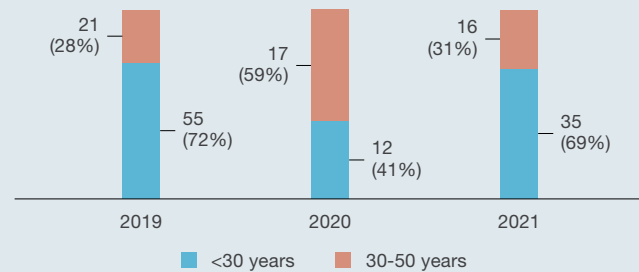
Our employees are the most valued asset as they are the driving force of our operations while representing the Petron brand. We are committed to empower our people by providing safe and healthy working environment, protecting their human and workers' rights / and equipping them with technical knowledge and skill sets through training and development. We also place importance on the diversity of our workforce and do not tolerate any form of discrimination or bias. Ensuring our employees are well, safe and relevant will enable us to continue to create value and contribute to the long-term sustainability and growth of the organisation.

EMPLOYMENT
GRI 401-1, 401-2, 401-3

Total No. of Employee Hires

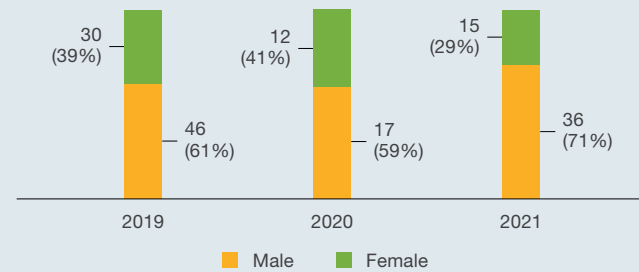
By Age Group

Over the past few years, our new hires are consistently from Generations Y and Z, comprising talents from below 24 years old to 40 years old. There is a similarity in the industry trend as these age groups are most active in search of employment and we expect to see similar trends in the coming years.



By Gender

There is higher number of males in our refinery and fuel distribution terminals where we have the most numbers of technicians and engineers which are male dominated. This is a consistent trend of job applicants in the market which mainly attract male talents for these positions.



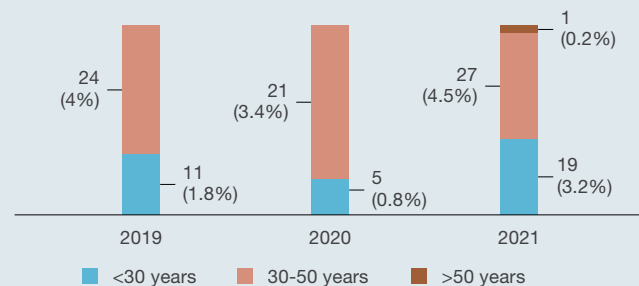
Note: Generation Y (25 – 40 years old); Generation Z (≤24 years old). For more information on Petron's generational diversity, please refer to page 41.

Total No. of Employees Turnover

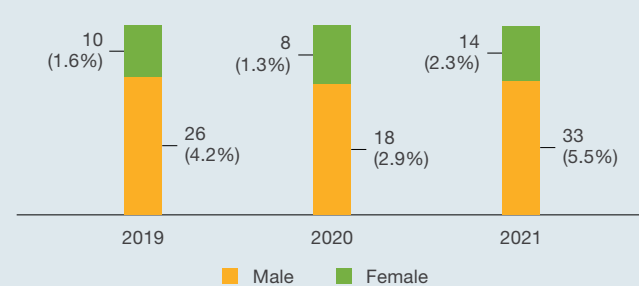
Turnover Rate:

During the pandemic in year 2020, we witnessed a decrease in the turnover rate due to the lockdowns and market uncertainty. In the year 2021, the number increased as employment opportunities in the market rose with the improving economy.

By Age Group



By Gender



Remarks: The data below represent the number and rate of personnel who resigned from the Company.

Benefits

We offer a set of comprehensive benefits covering medical, education, childcare and retirement, which provide support to our employees' family, health and financial future.

- Petron Medical Plan
- Education Refund Plan
- Retirement Benefit
- Medical Disability Retirement Plan
- Car Allowance
- Home Ownership Assistance Plan
- Survivors' Benefits Plan
- Social Club Assistance Plan

Employee Engagement

Employee engagement is vital to Petron Malaysia's sustainable growth. With active employee engagement, we have managed to improve productivity and efficiency through meeting the needs and expectations of employees and ensuring job satisfaction. We give out recognition awards to greater encourage our employees to continue delivering excellence.

In 2021, we continued to conduct regular performance evaluations and career development reviews for employees in both Management and Non-Management levels. We are pleased to report that 100% of our workforce received regular performance evaluations and career development reviews. In addition, employees are also given opportunities to explore cross department transfer through horizontal or lateral movements to expand their management skills, gain exposure and experience in other aspects of our operations.

Caring for Employees during the Pandemic

During the COVID-19 pandemic, we stepped up our efforts to keep our employees safe and engaged amid lockdown periods. Measures such as work-from-home and weekly split team arrangements were implemented from October 2020 until November 2021 to ensure smooth daily operations while prioritising the safety of our employees. Employees were equipped with laptops and the necessary digital devices to work effectively from home, including virtual private network (VPN) remote access, virtual meeting capabilities and IT helpdesk support. In the office, additional safety protocols have been put in place, including regular sanitisation, physical distancing in common areas, and putting up protective dividers between workstations.

In all our offices, facilities and at our service stations, we enforced strict compliance with standard operating procedures that include daily temperature screening, using MySejahtera to check in for contact tracing, enforcing physical distancing in common areas and pivoting to virtual platforms for meetings.

Job Security during Pandemic

There were no job separations or salary and benefits reduction made during the pandemic. On the contrary, the Company granted a one-time salary adjustment during the MCO to support its employees amid the rising costs of living.

Talks on Health and Well-being

We are aware that working from home can be challenging for some employees and hence, several virtual talks on mental health and healthy living were organised for employees during the pandemic. Virtual employee engagement activities were also organised through Petron Office Safety, Health & Care Committee (POSHCC) and our recreational clubs. The topics included childcare and environment apart from health and well-being.



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Our employees were engaged through physical and virtual activities during the pandemic and lockdown periods.



PKLRC Virtual Run Challenge

Petron took the initiative to organise a fun Virtual Run Challenge for all employees in a bid to encourage fitness and health during the pandemic. The Virtual Run Challenge spanned six months and required employees to run in teams. Scores were accumulated in Kilometers (KM) and monitored by the Strava running app. Participants were free to engage with one another and to challenge their colleagues, injecting some fun during the pandemic.

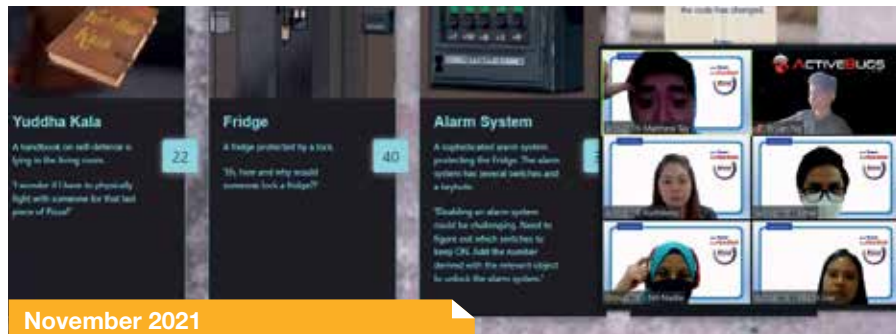


September 2021



Healthy Snack Gift Boxes for Staff

Petron Malaysia delivered sweet surprises to its employees during the pandemic by sending gift boxes containing healthy snacks to their homes. This was to engage with employees and to show the Company and management's care and compassion for employees' welfare during this difficult period.



November 2021

Virtual Escape Room Activity

Throughout the month of November 2021, a series of teambuilding activities with the theme "Midnight Hunger Hunt" was held and participated in by more than 400 employees. Based on a virtual escape room programme, this activity helped to build team spirit among employees in a light and fun way. The participants enjoyed the brain-tickling game and requested for more such activities to be held in the future.



November 2021



Petron Malaysia Football Match

Following the relaxation of restricted movement control, Petron Malaysia organised a friendly football match with other companies towards the end of 2021. The football match was conducted in compliance with the SOPs and was organised to encourage active lifestyle and staff interaction.

Programmes, Procedures and Guidelines

We have comprehensive programmes, policies and guidelines on employee welfare and benefits including business travel, transfer and relocation, workplace flexibility and childcare assistance.

The Company provides three different options for the employees:

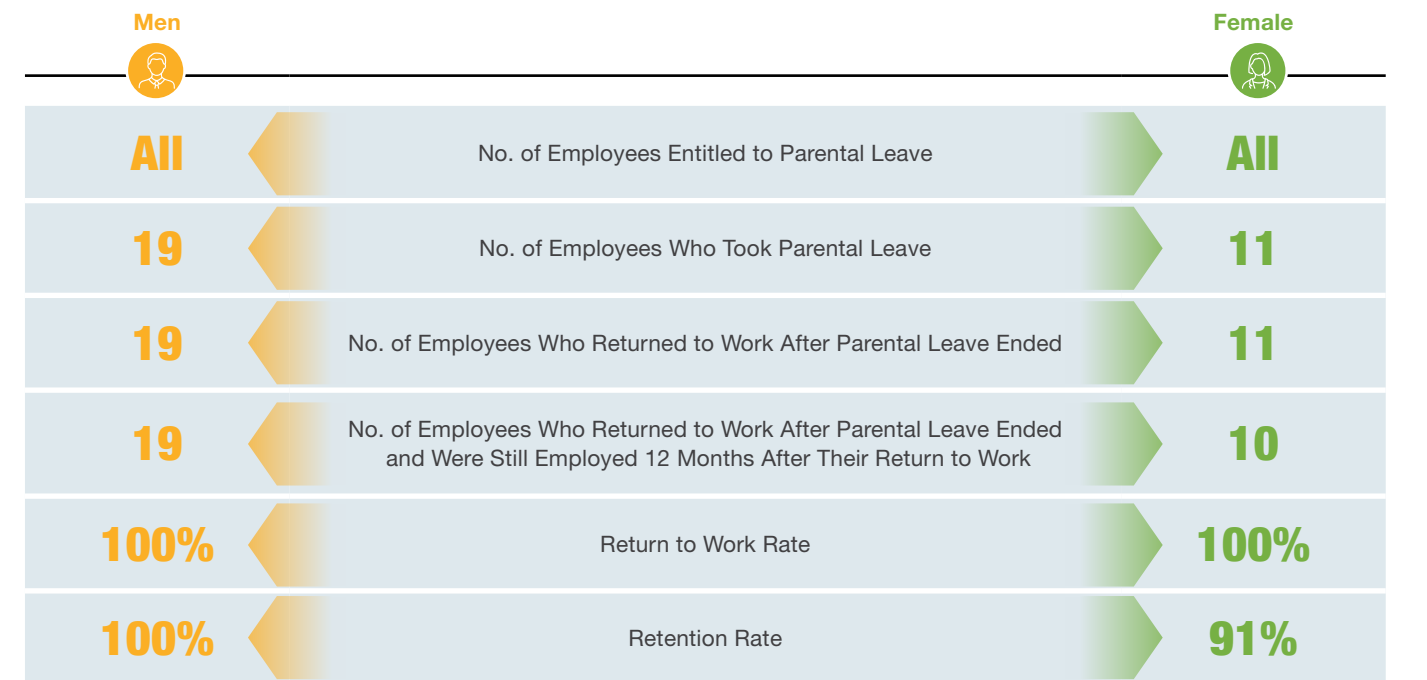
- I 7.00 am – 4.00 pm
- II 8.00 am – 5.00 pm
- III 8.30 am – 5.30 pm

Employees whose work require them to spend a substantial portion of their time on site visits or visiting customers are on Home Based Office (HBO). Under this arrangement, the Company provides the employees with HBO equipment and furniture, and utilities allowance. HBO staff are mainly those in sales and engineering.

For mothers with newborn babies or those still breastfeeding their children, the Company provided a Mothers Room in our KL head office with facilities such as refrigerator, steriliser, milk bottles drying rack as well as a seating place. Based on feedback from our female employees, the Mothers Room provides a comfortable and private space for the new mothers.

Parental Leave for 2021

Petron employees are entitled to 90 days of maternity leave and five days of paternity leave.



SOCIAL

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TALENT DEVELOPMENT

GRI 404-1, 404-2, 404-3

We aspire to be a high-performing company by setting clear expectations and nurturing employees' career and personal growth through providing career opportunities and expanding the knowledge of our people. Our employees are continuously trained to keep up-to-date with the latest industry development, and to stay current, relevant and adaptable to change.

During the COVID-19 pandemic, we organised online in lieu of face-to-face or in-person training to ensure the continued development of our employees. Exceptions were made for specific internal technical training sessions held to upskill our employees and service station dealers which were conducted with strict adherence to COVID-19 Standard Operating Procedures. As we transition towards the endemic phase of COVID-19, we reverted to physical training sessions to provide a more holistic training, featuring technical coaching, personal development, management and supervisory skills training.

In 2020 and 2021, male employees received more training hours than female employees due to the fuel distribution terminals and refinery having predominantly male employees amid the nature of the operations. The fuel distribution terminals have 78% male employees while the refinery consists of 89% male employees. The training conducted were more technical in nature to prepare for the commissioning of the MIF2 and DHT. The technical training programmes comprised mostly safety-related training and the relevant knowledge and skills required by the DHT teams throughout the project.

However, the pandemic – and the resulting work-from-home setup – put all other training programmes on hold. This included the Management Development Training (soft skills), one of our main training programmes that was designed to upskill both male and female employees.

Technical Training in 2021

- DHT Operations Training
- Package Chiller Operation Training
- DHT Basic operations Training
- MSPO Awareness Training-Refresher
- Chemical Handling Training
- Forklift Operators' And Safety Training

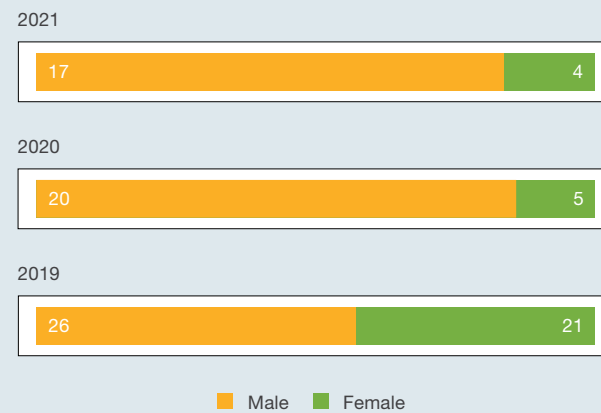
Note: The above list represents training programmes with the most number of participants.



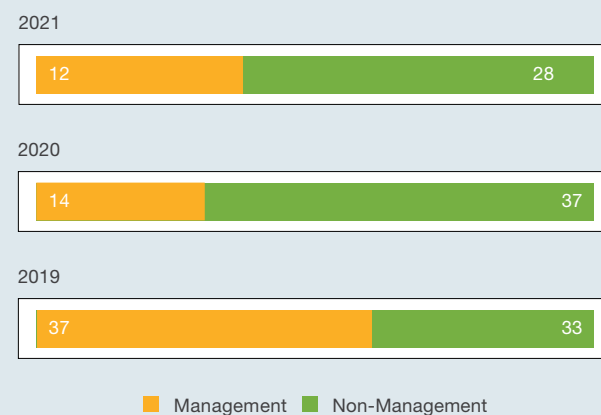
Fuel Distribution Terminal
80% male employees

Refinery
89% male employees

Average Training Hours Per Employee by Gender



Average Training Hours Per Employee by Employee Category



EMPLOYEE DIVERSITY & INCLUSIVITY

GRI 405-1, 406-1

Petron Malaysia values diversity and inclusion by accepting and respecting individuals from different backgrounds. Having a workforce with diverse experience and culture enables our employees to respect each other's views apart from allowing us to tap the unique ideas of every individual.

We uphold equal opportunities for all who work with us, and we do not discriminate against employees from different backgrounds, race, age, gender or religion. We stand guided by our Standards of Business Conduct and our policy on equal employment opportunity, which are available in our corporate website. In the year under review, there were zero cases of discrimination reported, and we will continue to maintain our stance against discrimination.

We continue to practise fair and equitable treatment in all that we do, including remuneration. Salaries are based on work responsibilities, experience and qualifications of employees without regard to race or gender.

All employees are paid above entry level wages in alignment with the government's "Minimum Wages Order 2020", a practice that is applied throughout Petron Malaysia. It is also extended to external workers including contractors and service providers' personnel.

Workforce Diversity

The Company promotes equal employment opportunity in accordance with local laws, regulations and the Malaysian Government (GOM) policy. This ensures all qualified Malaysians, regardless of gender, age and ethnicity get equal employment opportunity. Employees are developed as part of our workforce sustainability and succession plan. This is an ongoing programme that includes personnel



Employees are currently paid above entry level wages in alignment with the government's "Minimum Wages Order 2020"

rotation to various job functions within the Company to gain more meaningful experience and business exposure. This ensures the success and continuity of the Company's plans and operations as well as the professional growth for our employees.

The Company adopts personnel policies and programmes according to applicable laws and regulations, including recruitment, work assignment, promotion, transfer, termination, wage and salary administration, and training. Key policies covering, among others, business ethics, conflicts of interests, alcohol and drug use, gifts and entertainment, harassment in the workplace and employees' outside directorships are in Petron Malaysia's Standards of Business Conduct ("Code of Conduct").

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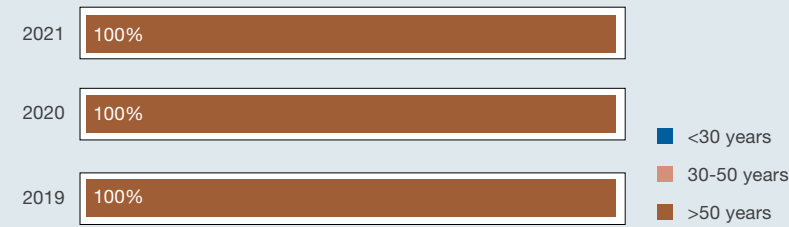
It is the Company's workplace policy to:

- 1 Develop and support educational programmes, recruitment sources and practices that facilitate the employment of Malaysian nationals, regardless of gender, race and age
- 2 Develop company training and development practices, and programmes that support diversity in the workforce and enhance the representation of Malaysian nationals, regardless of gender, race and age throughout the Company
- 3 Make reasonable adjustments that enable qualified differently-abled individuals to perform the essential functions of their jobs
- 4 Develop and offer flexible work arrangements that help meet the needs of a diverse workforce in balancing work and family obligations
- 5 Foster a conducive work environment free from sexual, racial, or other forms of harassment and discrimination
- 6 Emphasise management and employees responsibilities in these matters at every level of the organisation.

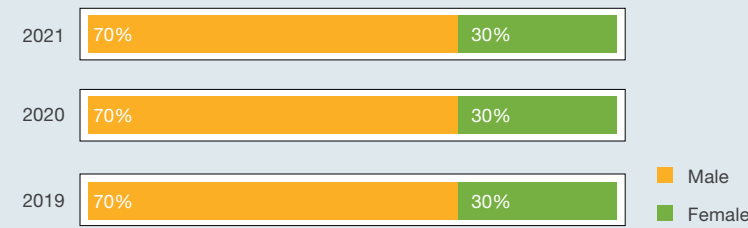
Diversity Performance Data

Diversity in Petron Malaysia is reflected from the top, where we have at all times continued to have at least 30% female representation on the Board in the last three years, in line with the recommendation of the Malaysian Code on Corporate Governance (MCCG).

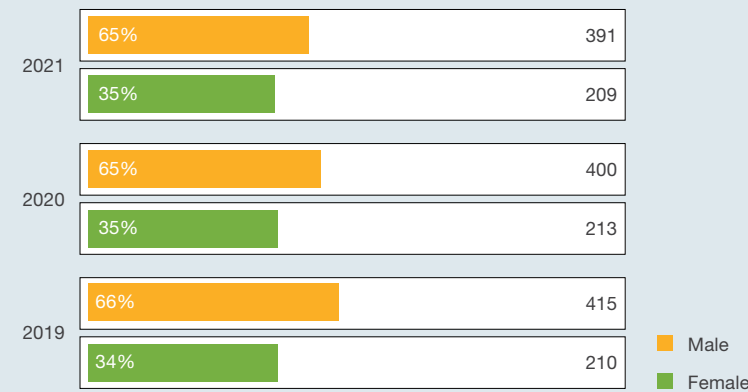
Percentage of Board Members by Age Group (%)



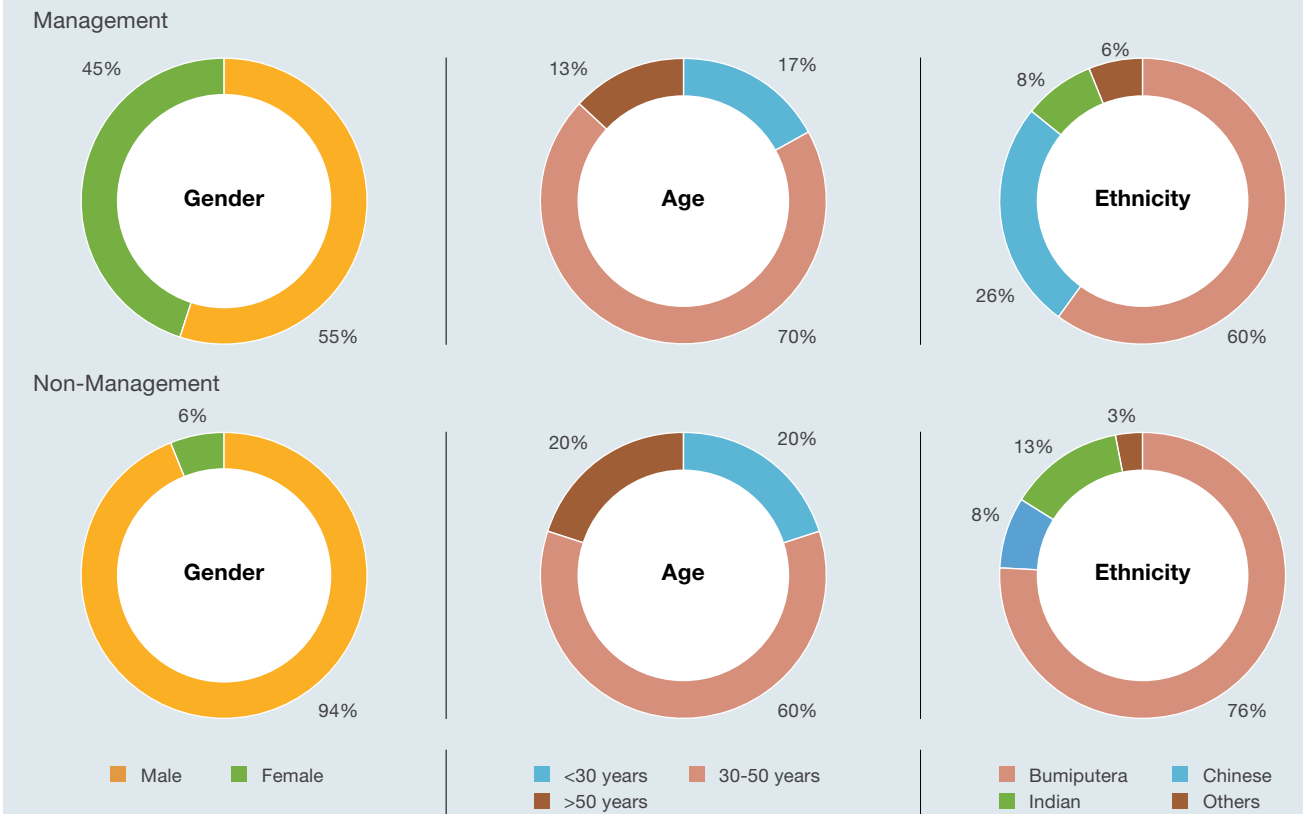
Percentage of Board Members by Gender (%)



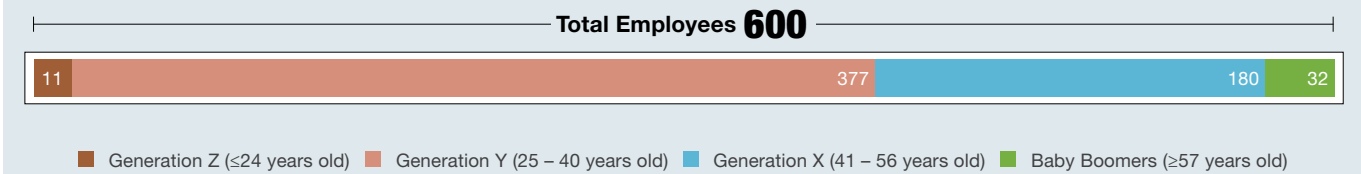
Employee Breakdown by Gender



Employee Breakdown by Age, Gender, Employee Category & Ethnicity for 2021 (%)

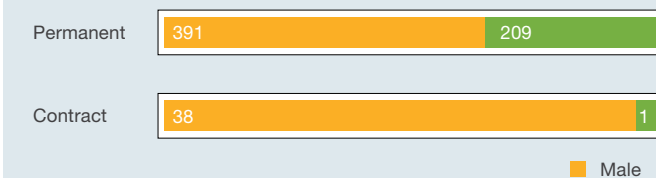


Generational Diversity for 2021

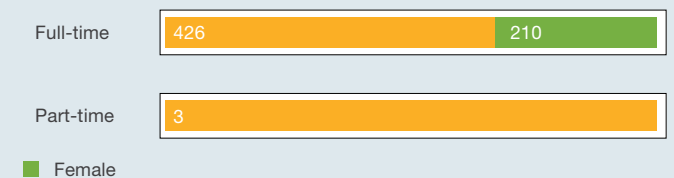


Note: This data represents full-time permanent employees.

Employees by Employment Contract by Gender for 2021



Employees by Employment Type by Gender for 2021



Notes:

1. A permanent employee refers to an employee with an employment contract of indeterminate period of employment.
2. A contract employee refers to an employee with an employment contract that has fixed terms and limited duration. The contract expires when a specific task or job is completed.
3. Full-time employees are employees whose working hours are defined by the legislation.
4. Part-time employees are employees whose working hours are less than full-time.
5. The total number of employees includes temporary and contract workers.

SOCIAL

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LABOUR MANAGEMENT RELATIONS

GRI 402-1

We continued to ensure that labour relations do not disrupt the Company's productivity and work environment by providing at least three weeks' notice to our employees and representatives before implementing any operational changes to avoid disruptions to our daily operations. Union workers are then engaged for their input and an advanced notice is issued to ensure that all employees are well informed before a final decision is made and any changes are implemented. We have also established that the notice period and terms for consultation and negotiation in collective agreements require a period of three months' notice.

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

GRI 102-41, 407-1

Petron Malaysia respects the right and need of every employee to negotiate contracts through unions or non-unions to establish their terms of employment including wages, working conditions, working hours, compensation, health, safety and work-life balance.

All non-Management personnel employed by Petron Malaysia are given the right to join the staff Union which is under the patronage of the National Union in Peninsula Malaysia or Sabah.

Petron Malaysia strongly believes that all employees deserve the right to have Freedom of Association and as such, in dealing with third parties, Petron Malaysia will not associate itself with other companies that do not share the same values.

We continue to allow non-management employees the freedom to negotiate through the union and collective bargaining for better salary, working conditions and benefits in exchange for their expected deliverables and work performance. This is also a win-win arrangement as we will be able to attract the best talents, reduce turnover rate and improve productivity. In the year under review, 25% of our permanent employees were union members.

Workforce Breakdown by Union/Non-Union			
Year	2019	2020	2021
Union	141	138	149
Non-Union	484	475	451
Union against Total Employees (%)	23%	23%	25%

WORKPLACE HEALTH & SAFETY

GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

We prioritise the health and safety of our employees and this is reflected in the Company's core values ExCITES - Excellence, Customer Focus, Innovation, Teamwork, Ethics and Safety.

We inculcate a safe workplace culture and are committed to operate in a manner that helps protect our employees, contractors, customers and the communities where we serve. Our aim is to achieve zero injury and zero work-related ill health.

We are guided by our SSHE Policy in managing health and safety at the workplace, which includes identifying possible risks, implementing measures to prevent potential incidents, and educating employees and contractors about unsafe behaviours while complying with all the relevant laws and regulations.



CONSISTENT WITH THIS BELIEF, WE COMMIT TO



TO ENSURE THAT WE LIVE UP TO ALL THESE COMMITMENTS



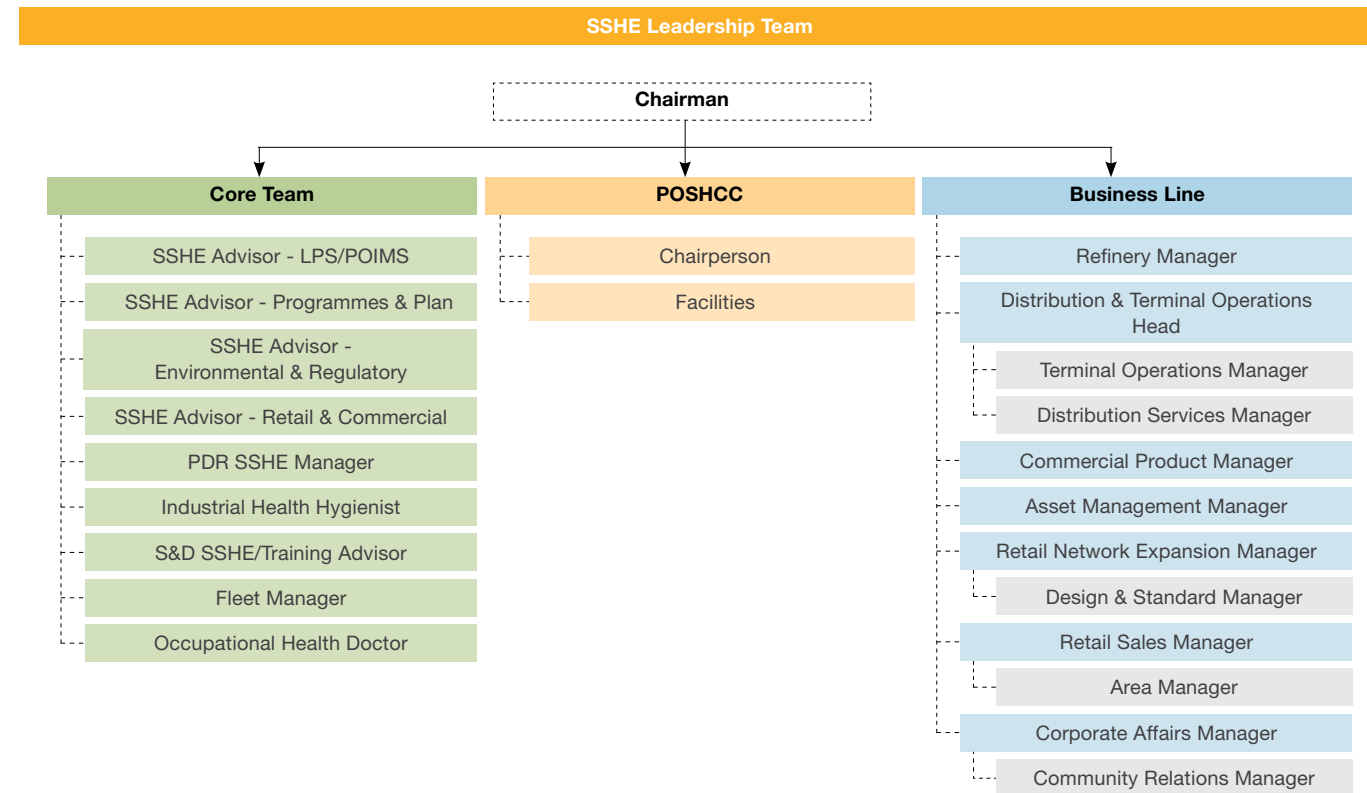
SOCIAL

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Occupational Health and Safety Governance (OHS)

Occupational Health and Safety is under the purview of the Safety, Security, Health and Environment Leadership Team (SSHELT), which was established from the start of Petron Malaysia in 2012. The SSHELT's key decisions and the status update of OHS performance are presented to the Risk Management Committee, which meets every quarter, and in turn reports to the Board Risk Management Council.

Composition of the SSHELT essentially covers the SSHE Technical Advisors and representatives from the relevant departments. The team meets twice a year.



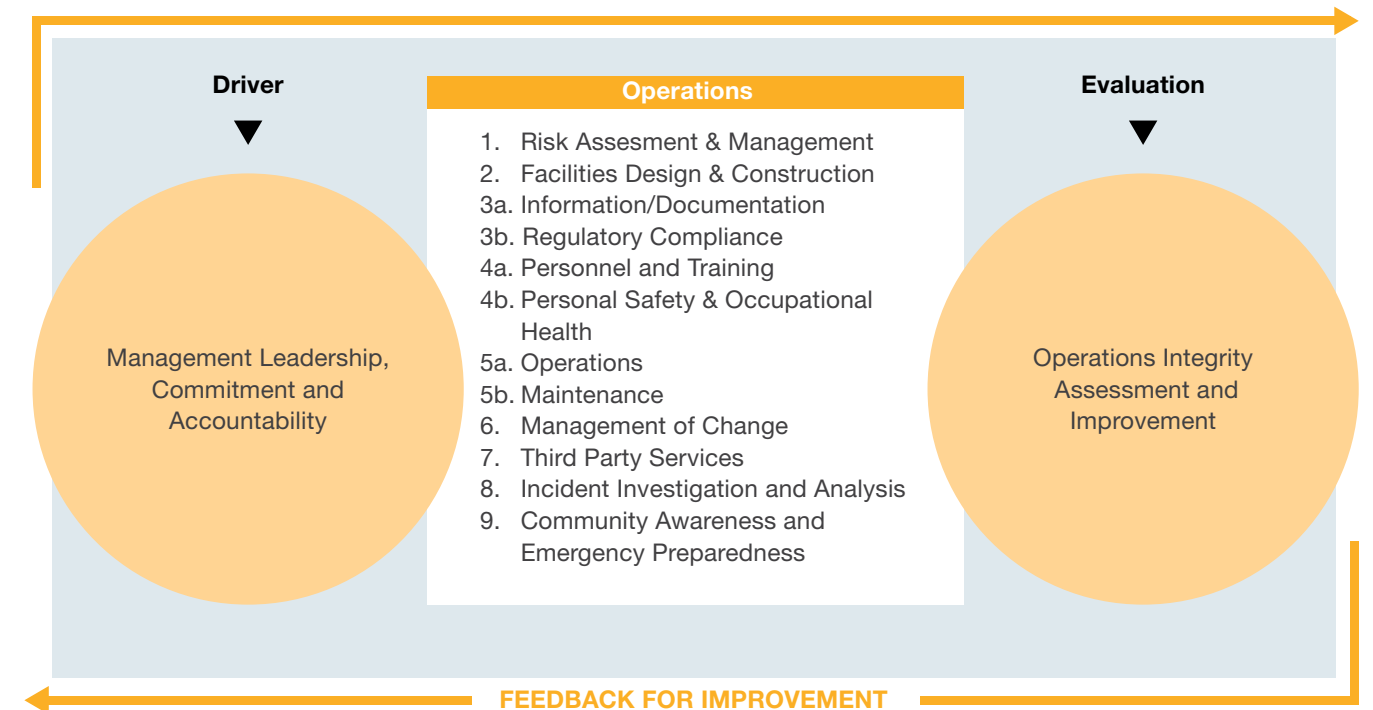
Under SSHELT, we have established a Petron Office Safety, Health & Care Committee (POSHCC) and a PDR Safety, Health and Environment Committee (SHEC) at Petron Headquarters. POSHCC committee members are nominated for a two-year term by department managers. To be in compliance with the Occupational Safety & Health Act 1994 - Section 30: Establishment of Safety & Health Committee at place of work, the Committee meets every three months to discuss and update the progress of the SSHE initiatives and programmes.

The objective of the Committee is to promote safety, health and wellness among Menara I&P based office employees and their families. Among the many activities run by POSHCC in 2021 were Green Bag Talks, online Zumba, yoga and fitness classes and healthy cooking demonstrations.

Occupational Health and Safety Management System

We have put in place the **Petron Operations Integrity Management System (POIMS)**, a structured and comprehensive occupational health and safety management system that provides a framework of systems and procedures to identify and manage potential safety, health, environmental and security risks/hazards. Recognised by SIRIM QAS International Sdn Bhd, the POIMS comprises 11 elements that apply to all operating units. It ensures that risks and hazards are systematically identified, evaluated and mitigated. The POIMS covers 100% of our employees, contractors as well as vendors, allowing us to uphold the safety of our stakeholders while minimising our impact on the environment and ensuring regulatory compliance.

POIMS is Petron's way of ensuring high standards of safe operations wherever we work.



Hazard Identification, Risk Assessment, and Incident Reporting and Investigation

As a major downstream oil and gas company in Malaysia, our health and safety risks are present across our operations, ranging from our refinery to the fuel distribution terminals and Lumut PME plant, as well as to our 740 service stations throughout the country. We adopt our parent company Petron Corporation's Enterprise-Wide Risk Management, a system to identify risks, and constantly review as well as update the assessment tools to ensure the risks we identified remain relevant with the evolving challenges within the industry. For instance, we included Pandemic Risk in 2020 during the COVID-19 health crisis.

Our POIMS Risk Assessment and Management ensures that a comprehensive risk and assessment management plan is implemented and executed by trained and qualified personnel. It includes hazard identification, assessment and follow-up of potential risks to prevent or mitigate risks to personnel, operations, facilities and equipment. In addition, the Petron

management team guides our stakeholders such as service station dealers, LPG distributors and staff in conducting risk assessments and mitigating hazards, consistent with potential SSHE exposure. This aims to prevent and reduce incidents by effectively assessing and managing risks in our operations and facilities, as well as implementing identified action plans. In 2021, 100% of our operations including service stations were assessed for risks and hazards.

As part of our Risk Management review, we have a master business continuity plan (BCP) for the whole organisation and a BCP within each department. The BCP for all our operations are reviewed periodically to ensure the efficacy of the plans in the event of an emergency. We last reviewed our business continuity plans for critical areas in 2018 and the review showed that the plans were current and able to meet the Company's needs. The next review will be in 2023.

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In the event of an incident, an employee or a contractor is expected to notify the supervisor or division manager. The supervisor or manager will then notify the head of the respective department. Notifications can be made by phone on any day including weekends, public holidays and at night for incidents with severity level 1 and 2.

If the level of severity is zero, which is the lowest, the notification can be made through a written report in weekly highlights. However, if the level of severity is 1, the incident must be reported by phone within 24 hours while for level 2 severity incident, the notification must be made immediately via phone. The level of severity of incidents, notification flow and timing are set out in the Work-Related Incidents and Injury Guide, which is available to all employees. Lessons learned from the incident will be shared with other departments.

Incident Investigation

Our POIMS Incident Investigation and Analysis ensures an effective system is in place to reduce the number and severity of repeated or recurring incidents and near losses at the workplace. The system covers the following to prevent similar incidents from occurring as well as to improve POIMS performance:

- I Effective incident and near loss recognition
- II Notification
- III Knowledge sharing
- IV Investigation including root cause analysis to identify appropriate corrective actions and follow-up
- V Accurate and timely incident reporting



Our employees are protected by the Standards of Business Conduct under the Group's Whistleblowing Policy to enable them to report any incident without fear of reprisals.

During an investigation, we subscribe to Loss Prevention System (LPS), whereby the team employs the Factor Root Cause Solution (FRCS) incident investigation methodology:

1. Incident Process Plot (IPP) was used to establish the sequence of events
2. The Questionable Item (QI) for FRCS
3. Hazard Identification, Risk Assessment and Risk Control (HIRARC).

In 2021, four incidents occurred at the service stations, including three Lost Time Incidents. All the incidents were investigated by the Corporate SSHE (CSSHE) Advisors, followed by the implementation of mitigating measures and sharing of lessons learnt.

Prevention and Mitigation of Negative Health and Safety Impacts

At Petron Malaysia, all our operations undertake risk identification and assessment prior to the commencement of a project. All business activities that are assessed as high risk will need to be addressed immediately before the start of a business activity.

The risks are identified and measured using risk management tools such as Job Safety Analysis (JSA), Hazard Identification, Risk Assessment and Risk Control (HIRARC) and Hazard Identification, Risk Assessment and Determining Controls (HIRADC) to rank the risk levels (high, medium and low) of each project.

At our Port Dickson Refinery, a Hazard and Operability Study (HAZOP) is conducted before a project begins. HAZOP enables a structured and systematic examination of a complex plan or existing process or operation to identify and evaluate problems

that may represent risks to personnel or equipment. The intention of performing a HAZOP is to review and identify design and engineering issues.

A risk register is tabulated to document all the identified SSHE risks that are related to workplace activities. Our Risk Assessment is held twice a year to identify hazards and seek to eliminate or reduce the hazard level. In addition, a SSHE internal assessment is conducted annually at our refinery and selected fuel distribution terminals to ensure that our facilities are safe to operate and comply with the laws and regulations. The last internal audits were conducted at PDR and Kuantan Terminal in November 2021, where both facilities met POIMS system criteria with no major findings. Our refinery and fuel distribution terminals are certified with Integrated Management System (IMS) covering ISO 45001:2018 Occupational Health and Safety Management System, ISO 14001:2015 Environmental Management System and ISO 9001:2015 Quality Management System. Due to our stringent risk assessments, we have recorded zero work-related ill health among employees and non-employees for three years since 2019.

Occupational Health and Safety Training

We constantly communicate the importance of occupational health and safety through training to develop a safe workplace. We also work closely with Department of Occupational Safety and Health (DOSH) to keep updated with the constantly evolving regulatory landscape.

In 2021, we continued to conduct physical and virtual occupational health and safety training for our employees and workers amid disruptions from the pandemic.



Occupational Health and Safety Training in 2021

- SSHE induction training for new hires
- SSHE Awareness e-Learning Training (SALT) and SSHE Awareness Campaign to increase safety awareness in daily operations especially during festive season
- POIMS and Loss Prevention System (LPS) for all including refresher courses
- Loss Prevention Observation (LPO) & Factor Root Causes Solution (FRCS) for fleet team and Haulers to mitigate losses and help prevent employees from injuries and illnesses
- Loss Prevention Operation (LPO) refresher training for Fleet and Hauler to increase awareness on LPO application in daily operations
- Defensive driving training for all frequent drivers
- Virtual Dealer Driver Controlled Delivery (DDCD) refresher course to underscore the importance of DDCD procedure for Retail Stations
- Site induction for construction workers (SICW) by Construction Industry Development Board (CIDB) for all employees and contractors involved in construction work
- Selected regulatory compliance competency training such as Safety and Health Officer (SHO), Industrial Hygiene, etc.
- POIMS specialised tool training in incident investigation, risk assessment, emergency response exercise for selected employees
- Brown Bag talk with topics emphasising on health awareness by Occupational Health Doctors (OHDs).

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We go over and beyond our own employees in embedding health and safety at the workplace by providing training and workshops to our service station dealers and contractors. In 2021, CSSHE conducted the following training and workshops.

Awareness Training on the Use and Standard of Exposure to Chemicals Hazardous to Health (USECHH) Regulations 2000

CSSHE has been conducting HIRARC and Chemical Health Risk Assessment (CHRA) training for retail service stations since 2019, including USECHH Regulation by DOSH, Chemical Register, noise checklist and ergonomics requirements. By 2021, 702 service station dealers had attended the training and have been submitting their CHRA reports to DOSH. CSSHE is closely monitoring the submissions of reports and targets of all service station dealers.

Selangor Occupational Safety and Health (OSH) Week

Petron Malaysia participated in Selangor OSH Week organised by the Selangor State DOSH. Attended by 13 Petron employees and 125 service station dealers, the event included a presentation by Petron on self-assessment findings and learning from service stations, as well as Petroleum (Safety Measures) Act 1984's assessments and self-audits.

Job Safe Procedures Assessment

In Q4 of 2021, a Job Safe Procedures Assessment was executed in several service stations in Kuantan, Pahang to test the knowledge of dealers and staff on safety, critical job functions and work processes.

Petron Online Incident Reporting (POIRS) & Incident Investigation Training

POIRS and Incident Investigation training for 71 employees from retail sales, retail network group, asset management group and commercial units were organised in 2021 to educate staff on the internal guidelines of reporting an incident. Conducted by CSSHE Advisors, the training also included processes of incident reporting, the importance of '16 points' reporting template to ensure timely reporting of incidents, tips and knowledge sharing to prevent incidents from recurring.

Passenger & Service Vehicle Management Guide (PVMG)

Retail staff received training on passenger and service vehicle management training to be reminded on the importance of safe driving practices. The training included guidelines on safe behaviours and key principles on the road, PVMG 4-second rule guideline, Territory Manager's role and responsibility on accident reporting, and the requirement for Loss Prevention Observation. CSSHE also gave training on defensive driving to further emphasise safe driving.

Reducing Property Damage at Service Stations

Following a risk assessment due to recurring property damage carried out at Petron Semanggol, Perak and Petron Seremban, Negeri Sembilan, staff from retail sales, retail network group, dealers, fleet and hauler, were given practical training. This included scenario-based risk assessment training for long hauler truck, container truck and double decker bus, where an action plan was developed, and recommendations were made to address issues pertaining to damages caused by oversized and tall vehicles.

Health and Safety Performance

We strive to nurture a safe and healthy workplace by instilling the importance of occupational safety and health in our employees, contractors and dealers, as we aim to achieve zero incidents and work-related diseases. Our efforts to provide healthy and safe workplaces have been recognised by the industry, as reflected in our achievements of MSOSH awards in various categories, as well as the ISO 45001 certification for OSH Management System.

We have also achieved zero lost-time injuries (LTI) for 32.3 million man-hours across our operations in Distribution and Terminal Operations (DTO), Asset Management Group and Retail Network Expansion Group (RNEG). We are pleased to report that there were zero fatalities and high-consequence work-related injuries among employees in the year under review.

Zero

LTI for **32.3 million** man hours in DTO, Asset Management Group and RNEG

In PDR, there were zero LTIs for 18 years or 18.4 million man-hours. However, despite the good track record and our best efforts in enforcing stringent safety measures, we regret to report that PDR recorded one fatality involving a contractor's worker and two LTIs involving employees. Following the incidents, we have taken appropriate measures according to procedures including conducting investigations and submitting reports to DOSH. We also stepped up our SOP and training for operations staff, as well as shared the findings and lessons learned with all our employees, workers and contractors.

In 2021, the most common injury at our workplaces was minor cuts. Going forward, we will continue to identify hazards and risks through HIRARC and implement more stringent safety measures to increase awareness on occupational safety.

Employees	2019		2020		2021	
Number of hours worked (thousand)	895,367.1		815,187.7		897,054.3	
	Number	Rate	Number	Rate	Number	Rate
Fatalities	0	0	0	0	0	0
Work-related injury	1	0.2	0	0	0	0
High-consequence work-related injuries	0	0	0	0	0	0
Recordable work-related injuries	0	0	0	0	1	0.2

Non-Employees (Contractors)	2019		2020		2021	
Number of hours worked (thousand)	4,060,634.0		4,894,126.3		2,580,590.9	
	Number	Rate	Number	Rate	Number	Rate
Fatalities	0	0	0	0	1	0.1
Work-related injury	11	0.5	1	0	0	0
High-consequence work-related injuries	0	0	0	0	0	0
Recordable work-related injuries	2	0.1	4	0.2	1	0.1

	2019	2020	2021
Total number of hours worked	4,956,001.1	5,709,314.0	3,477,645.2

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

Section 3

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Occupational Health Services

As part of our efforts to embed safety culture at the workplace, we engage Occupational Health Doctors (OHDs), who report to Human Resources Department and are registered with the Department of Occupational Safety and Health (DOSH). This is in compliance with the Use and Standard of Exposure to Chemicals Hazardous to Health 2000 (USECHH) regulation. The responsibilities of the OHDs include:

- Monitoring authorised company doctors conducting medical surveillance on workers who are exposed to or likely to be exposed to chemicals that are hazardous to health
- Conducting health surveillance for employees who work in confined areas (in compliance with the Industry Code of Practice for Safe Working in a Confined Space 2010)
- Making sure employees have access to healthcare services
- Providing medical advice and conducting health talks.

Employee Well-being

We provide non-occupational healthcare services including mental health services and annual medical screening for those above 40 years old and every three years for employees below that age.

The Company also provides a comprehensive medical coverage for employees and dependents.

During the pandemic, we encouraged employees to adopt a healthier lifestyle during lockdowns by organising virtual health talks on topics such as COVID-19 Standard Operating Procedures, COVID-19 vaccination and mental health.

To help employees cope with mental stress, OSH medical advisors on-site provided medical consultation and preliminary assessments for referral to specialists, including for psychiatric and psychological treatments. We are pleased to report that all the employees who sought treatment for mental stress have recovered well with continued employment. The Company will continue with the initiatives going forward.

In addition, we extended our assistance to our service station staff by assisting those who needed emotional support through the PsikoSosial Support Helpline or Mental Illness Awareness & Support Association (MIASA). The hotline numbers were made available for all local and foreign service station staff who needed emotional and direct professional help and advice.

Prior to the COVID-19 vaccination, Petron Malaysia had put in place a flu vaccination programme for all employees. The programme was continued in December 2021, and employees were encouraged to get the vaccination.

When COVID-19 vaccination was made available in March 2021 in Malaysia, we actively encouraged our employees to get vaccinated and closely monitored the progress of vaccination. By December 2021, 100% of our employees were fully vaccinated with two doses.



COMMUNITY INCLUSIVITY/ENGAGEMENT
GRI 203-2, 413-1

As a major downstream oil and gas company, we invest in community inclusivity and engagement programmes to help the communities in need. We remain steadfast in our commitment to give back to society through enriching and empowering the local community in which we operate to generate long lasting positive impact.



Our programmes are designed not only to provide immediate aid to the communities in need but more importantly to uplift their lives in the long run. Through our “Sapot Lokal” initiative, we provided business opportunities to local entrepreneurs.

In the year under review, we continued to focus on increasing safety awareness via our flagship programme, **Go-to-Safety-Point (GTSP)** and raising road safety awareness among school children. We also reached out to communities impacted by natural disasters by providing flood relief and giving aid to the underprivileged and B40 community affected by the COVID-19 pandemic.



Go-to-Safety-Point (GTSP)

Go-to-Safety-Point (GTSP) is a corporate social responsibility programme that advocates safety and security. Launched in March 2012, Petron Malaysia partnered with the Royal Malaysia Police (RMP) to enable our service stations to become a safe haven for the public, allowing them to seek early assistance at our service station in the event of any emergency.

We are proud to report that all Petron Malaysia service stations are GTSP ready, and our service station staff are trained to provide early assistance in various emergency situations. Since 2013, we have conducted several launches at national, state and district levels, and we will continue to spread public awareness on the programme.

In 2021, to further strengthen the awareness programme on GTSP, we introduced an enhanced GTSP kit comprising a GTSP parking standee, and combined GTSP and RMP logbook with recommended items such as blanket, foldable chair, and first aid kit for the GTSP de-stress corner. Service stations are also expected to keep their GTSP training record and training guide besides displaying the GTSP poster as well as the GTSP “Bantuan Kecemasan (Emergency Assistance)” glass window decal.



In addition, GTSP training sessions are carried out for our Retail Sales Team from time to time to ensure that they are kept up to date with the latest information on GTSP. Newly appointed service station dealers are required to undergo an Induction Training that includes a module on GTSP before they can begin their operation.

In the year under review, several GTSP awareness sessions were held at various Petron Malaysia service stations including Bandar Baru Pasir Pekan in Kelantan, Paloh in Johor, Lubuk Merbau in Perak and Bandar Ainsdale in Negeri Sembilan. The 2021 GTSP events featured real-life simulations of GTSP incidents whereby our service station staff provided real life early assistance for emergency situations such as snatch theft. A Volunteer Smartphone Patrol (VSP) booth was also set up by RMP in Petron Bandar Baru Pasir Pekan to introduce the VSP application to members of the public and encourage them to lodge complaints/reports with multimedia attachments including photos, videos and GPS coordinates. The events were an eye-opening experience, showing how to respond when members of the public are confronted with an emergency situation.

For more information on how Petron Malaysia engaged with its employees during the pandemic, please refer to Employee Engagement on page 35.

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ROAD SAFETY PROGRAMME

Petron Malaysia's Road Safety Programme aims to inculcate and raise road safety awareness among the public and school students, especially young motorists who have just obtained their riding license and driving license at 16 and 17 years old respectively. It is also in support of the government's effort to reduce the number of road accidents. To this end, we work closely with strategic partners to raise awareness on safety.

Objectives of Road Safety Programme:

- I To inculcate and raise road safety awareness among the public, especially students i.e. the young motorists, who had just obtained driving license at the age of 17 (or 16 for riding license)
- II To promote good road safety practices to the public and among young motorists
- III To support government initiatives reducing the number of road accidents
- IV To work together with partners in creating safety awareness.

Despite the pandemic, we organised an online road safety quiz in Terengganu and Johor to ensure continuity of our Road Safety advocacy programmes for school children. This successful collaboration with the Road Transport Department and the respective State Education Department (JPN) exhibited the active participation of approximately 7,500 primary and secondary school children.

We contributed towards the question bank with specific questions that encouraged participants to find the answers in our Petron Malaysia website. By accessing our website, school children were able to familiarise themselves with our brand and sustainability efforts which include Road Safety advocacy programmes. Students were given questions according to their age groups and were awarded with e-certificates and co-curriculum merit points for their participation.



FLOOD DISASTER RELIEF INITIATIVES

In early and in late 2021, some parts of the nation were flooded, which impacted many families and destroyed homes and livelihood. Petron Malaysia reached out to the affected communities and service station staff through our programmes such as disaster relief, Volunteerism in Action (VIA), corporate sponsorship and Petron service station dealers' initiatives.



Flood Relief for Johor

Venue: SMK Bandar Kota Tinggi, SRK Laksamana, SJKC Mawai & SJKC New Kota

14th January 2021

- Petron Malaysia donated 150 cartons of 1.5L mineral water to selected schools to provide clean drinkable water to the flood impacted communities in the vicinity.



Flood Relief for Pahang – Flood Relief Donation to Pahang State Secretary Office (SUK)

Venue: Wisma Belia Kuantan

18th January 2021

- This initiative assisted communities in Pahang affected by flood disasters. Contributions included essentials such as face masks, hand sanitisers, mineral water, instant food and diapers for 100 families.



Flood Relief for Kedah - Petron Bantu Yan

Venue: Masjid Al-Bushra, Merbok and Kg Batu Hampar, Yan

25th August 2021 and 2nd September 2021

- Petron service station dealers from Perak, Penang, Kedah and Perlis raised funds and donated household and grocery items to 270 families in two locations affected by the floods.



Flood Relief for Negeri Sembilan

Venue: Petron Taman Sri Chempedak

23rd December 2021

- Petron service station dealers from Negeri Sembilan and Melaka organised a donation drive and donated hygiene kits, towels, blankets, diapers, cleaning tools and food items to 100 families including service station staff in Jelebu, Negeri Sembilan.

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OUR SUSTAINABILITY IMPACT

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Flood Relief Efforts for Pahang

Venue: Pusat Penempatan Sementara Karak

23rd December 2021

- Petron service station dealers from Klang Valley and Pahang distributed 100 cartons of mineral water, 12 boxes of bread and donated clothes to more than 500 individuals affected by the floods at the Pusat Penempatan Sementara Karak.



Flood Relief Efforts for Klang Valley & East Coast States

Venue: Petron KM17.1 South Bound

23rd December 2021

- Petron Johor service station dealers initiated a donation drive in collaboration with MERCY Malaysia in response to the plight of flood victims in Klang Valley and East Coast. The total collection handed over to MERCY was RM25,000.



Flood Relief Efforts for Klang Valley & East Coast States

Venue: Multiple Venues

December 2021 - January 2022



- Petron Malaysia focused on flood victims located in Pahang, Johor and Selangor which were the three most affected states
- The Home Start Up package consists of 12 kg Gasul, a set of regulator and hose, two mattresses, two pillows and a blanket worth RM350 per package
- About 570 families benefitted from this programme and the items given enabled them to cook meals and have proper mattresses to sleep on when they return to their homes after the flood
- We collaborated with The Malaysian Red Crescent Society (MRCS) in the distribution of donated items.

RESPONDING TO COVID-19

As COVID-19 continued throughout 2021, we reached out to the communities in need through our Company Relief Donation and Volunteerism in Action (VIA) programmes.

IMPACTING THE COMMUNITIES THROUGH COMPANY INITIATIVES



Underprivileged Communities

B40 Families

- Distributed 150 boxes of food and essential items to B40 families in 'Projek Perumahan Rakyat' (PPR) Seri Cempaka in Lembah Pantai

Gasul LPG for B40 Communities

- Sponsored 440 cylinders of Gasul LPG (14kg) worth RM11,000 for B40 communities in Klang Valley, Butterworth, Seberang Jaya, Penaga, Mantin, Temerloh and Mentakab

Food Boxes for Terminals Fenceline B40 communities

- Donated 100 boxes each to B40 communities at Pasir Gudang Terminal, Bagan Luar Terminal, Kuantan Terminal and Lumut PME Plant, while the B40 communities at Tawau Terminal received 50 food boxes
- Total contribution was worth RM18,000

Food Boxes for NEKMAT

- Contributed 100 boxes of essential food and healthcare items worth RM4,000 to NEKMAT's workers from the B40 community in Klang Valley, Kuantan, Kuala Perlis, Sg. Petani and Chendering.



Frontliners and Volunteers at PPV Centres

We continued to support our frontliners and volunteers stationed at various "Pusat Pemberian Vaksin" (PPV) centres who remained dedicated and steadfast in their service, with donations of Treats co-branded mineral water, antibacterial sanitisers and wet wipes. The initiative was aimed at protecting the frontliners and volunteers from COVID-19 and ensuring that they stay hydrated throughout the day.



Working with Non-Governmental Organisations (NGOs)

Apart from donating cash and essential items, we sponsored fuel to the NGOs we worked with. The initiative enabled the organisations to go the extra mile to reach out to the communities in need with ease. A total of RM54,000 worth of PMiles was contributed to support MERCY Malaysia, Uncle Kuan and My Food Directory and Delivery COVID-19 (MFDDC19).



Donation to PDR Fence Line Communities

We donated 300 food baskets to residents in four villages including Kampung Hailam, Kampung Arab, Kampung Air Meleleh and Taman Port Dickson Utama as well as B40 recipients registered by the Port Dickson District Office.



Supporting Motorcyclists

A total of 48 cartons of Rider 4T Motorcycle Oils (1L) were provided to delivery riders at selected service stations in Klang Valley and the B40 community in PPR Lembah Pantai. The initiative aimed to support individuals and the B40 community whose only means of transportation was via motorcycle.



Petron Food Bank in Partnership with KPJ Hospitals

In collaboration with seven KPJ Hospitals in Johor and Klang Valley, we placed food racks from June to September 2021 in eight selected Petron stations.

Food items were provided and replenished on a regular basis by Kumpulan Perbadanan Johor (KPJ) to provide sustenance to B40 families and those whose incomes were affected during the pandemic.



Jom Derma

Petron Malaysia organised Jom Derma together with MyKasih Foundation to allow customers to convert their PMiles points into cash donation for the B40 community. MyKasih Foundation is an organisation that helps the under-privileged with food aid and education programmes, where the recipients receive their donations through cash upload in their MyKad.

The Jom Derma programme, which ran from 7 May to 31 August 2021, successfully raised RM13,000 to benefit 130 B40 families affected by the floods in Kedah. Each family received RM100 through their MyKad for the purchase of food and essential items from MYDIN and other participating retailers. Our donors were rewarded for their generosity with tax exemption receipts issued by MyKasih Foundation.

- 1 Ampang, Kuala Lumpur
- 2 Lebu Bandar Utama, Selangor
- 3 Labu Spur, Negeri Sembilan
- 4 New Larkin, Johor
- 5 Jalan Pasir Gudang, Johor
- 6 Jalan Temenggong Ahmad, Johor
- 7 Majidee, Johor
- 8 Masai Kong Kong, Johor

CONTRIBUTING TO THE COMMUNITIES THROUGH VOLUNTEERISM IN ACTION (VIA)



VIA 2021 COVID-19 Disaster Relief Donation Drive Employees' Donation Drive

Venue: Petron Service Stations and Petron Offices

15th July – 31st August 2021

The COVID-19 Disaster Relief Donation Drive programme was organised by employees of Petron Malaysia to assist local communities by giving:

- Donations in Petron service stations for their community tables or food banks



Cash Contribution to 35 Service Stations Nationwide

July to August 2021

VIA contributed to 35 service stations nationwide to replenish food items under the Jom Bantu programme.

PETRON MALAYSIA REFINING & MARKETING BHD

OUR SUSTAINABILITY IMPACT

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PDR'S CONTRIBUTION TO THE LOCAL COMMUNITY

BOMBA

Through our biggest facilities at PDR and PDT in Negeri Sembilan, we continuously engage with relevant state authorities and fence line communities in the surrounding areas.



PDR's Initiative with BOMBA

Petron's Port Dickson Refinery provided five units of multi gas detectors worth RM11,000 to the Negeri Sembilan BOMBA HAZMAT team in March 2021. The equipment was used to replace old gas detector units and help enhance firefighters' efficiency to respond to any incidents related to gas exposure.



PD Mural Art Street

Port Dickson Municipal Council

Petron PDR supported the Port Dickson Municipal Council's programme to beautify and refurbish the back roads of old structures with a contribution of RM50,000. This contribution helped revitalise the town centre via mural painting on old buildings in Port Dickson. The programme aimed to boost tourism and generate interest in local history as well as giving employment to local artists.



VOLUNTEERISM IN ACTION (VIA)

Volunteerism in Action (VIA) is an employee-volunteerism programme which serves as a mechanism to engage employees and facilitate their involvement with charitable partners. Petron service station dealers also participate by making contributions through donations and attending selected VIA programmes. Apart from the annual festive community engagement programmes, VIA also assisted in flood disasters and COVID-19 by providing donations and essential items to those in need. VIA will continue to prioritise what matters most in years to come, by making a positive difference in the lives of Malaysians especially those who are in need.

In the year under review, VIA received contributions of more than RM88,000.



2021 VIA Chinese New Year Programme

Venue: Pertubuhan Kebajikan Rumah Impian OKU Kuala Lumpur, Sentul

26th February 2021

VIA started the year with its first festive programme with donations made by our employees. We supplied a home in Sentul with daily essentials including rice, cooking oil, towels, eggs, pillows, GASUL LPG and laundry detergent. The residents were also treated to lunch and given red packets for some festive cheer.



2021 VIA Raya Programme - Distribution of Packed Food to Frontliners

Venue: Eight COVID-19 Assessment Centres (CAC) in Selangor & KL

11th June 2021

VIA continued its philanthropic initiatives through its distribution of 370 packs of food and Treats Mineral Water to eight CACs in Selangor and Kuala Lumpur to provide home cooked meals and sustenance to dedicated frontliners.



2021 VIA Raya Programme - Contribution of Groceries to Charity Home

Venue: Rumah Kasih Nurul Hasanah, Ampang

16th June 2021

In the spirit of giving during Hari Raya, VIA sponsored groceries to orphans, single mothers and those facing hardship at Rumah Kasih Nurul Hasanah. The home is funded by public donations but experienced shortage in finances and contributions due to the pandemic. As such, VIA gave a helping hand through its contribution of essential items like rice, cooking oil, eggs, flour, tinned sardines and daily essentials such as shower gel, toothbrushes and washing detergent.

Festive Events Flood Relief

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2021 VIA Deepavali Programme

Venue: New Life Mercy Home, Bandar Springhill, Port Dickson

24th November 2021



The caring team in VIA organised a donation drive in conjunction with Deepavali celebrations from 28th October to 12th November 2021, and managed to collect a sum of RM9,025 from Petron employees. These funds were used to purchase items for the home such as a washing machine, water heater, ceiling fans, a cooking stove, kitchen cabinet and 6 single mattresses. Several repair works were also carried out throughout the home including a fresh coat of paint by our PD terminal volunteers. VIA also converted unused drums to create a unique patch for occupants in the home to grow vegetables for their own consumption and to allow them to indulge in gardening.



Contribution for Service Station Staff

Venue: Pahang, Johor, Perak & Sabah

8th to 16th January 2021

To support the plight of those affected by flood disasters, VIA received cash contributions from employees and dealers across the nation. A total of 90 service station staff were granted RM350 each and two station staff were given washing machines to support colleagues who were impacted by the floods.



Cash Donations to Kota Tinggi Community

Venue: Petron Kota Tinggi Utama, Petron Kota Tinggi, Petron Jalan Mawal

5th February 2021

The Flood Task Force Committee which was set up to enable quick response made up of our Retail Sales and other supporting groups, extended support to affected flood victims in Johor. 36 families in Kota Tinggi benefitted from this initiative. Cash contributions were distributed at three Petron service stations in Kota Tinggi which were designated as collection points.



Flood Relief Appeal

Venue: Petron HQ

20th to 24th December 2021

In December 2021, a flood relief appeal was organised by the VIA to collect donations and essential items from employees for communities impacted by the floods. The contribution, which included clothes, blankets, towels and shoes, were distributed to flood victims by non-governmental organisation HOPE Community and Petron service station dealers.

As of January 2022, 180 Care Packages were distributed to communities and service station staff in Pahang, Klang Valley and Negeri Sembilan with the aid of the Malaysian Association of Youth Club (MAYC) of Perak, Pahang and Selangor. The Care Packages were purchased with funds donated by employees and service station dealers which included cooking utensils, personal hygiene items and sanitising products that were purchased at MYDIN, whom we collaborate with for this programme.

■ Festive Events ■ Flood Relief

SOCIAL CONTRIBUTION

Flood Disaster Relief Initiatives

Flood Relief for Johor

150 cartons of 1.5L mineral water to **900 families**

Flood Relief for Pahang

Face masks, hand sanitisers, mineral water, instant food and diapers to **100 families**

Flood Relief for Kedah

Grocery items to **270 families**

Flood Relief for Negeri Sembilan

Hygiene kits, towels, blankets, diapers, cleaning tools and food items to **100 families**

Flood Relief for Pahang

Donated 100 cartons of mineral water, 12 boxes of bread and clothes to more than **500 individuals**

Flood Relief Efforts for Klang Valley and East Coast states

Johor service station dealers donation in collaboration with MERCY Malaysia **RM25,000**

Donated Home Start Up package consisting of 12 kg GASUL, a set of regulator and hose, two mattresses, two pillows and a blanket worth RM350 per package to **570 families**

Volunteerism in Action (VIA)

TOTAL CONTRIBUTIONS: **RM88,000**

VIA Chinese New Year Programme

Venue: Pertubuhan Kebajikan Rumah Impian OKU Kuala Lumpur, Sentul

Total occupants **45**

Distribution of 'home cooked meals' to Frontliners

Venue: Eight COVID-19 Assessment Centres (CAC) in Selangor and KL

Total recipients **370**

Deepavali Programme

Venue: New Life Mercy Home, Bandar Springhill, Port Dickson

Total occupants **11**

VIA Raya Programme

Venue: Rumah Kasih Nurul Hasanah, Ampang

Total occupants **35**

Contribution to Service Station Staff

Total service station staff **92**

Flood Relief Cash donation to Kota Tinggi Community

Total families **36**

Contribution to Communities and Service Station Staff in Pahang, Klang Valley and Negeri Sembilan

Total Care Package consisting of cooking utensils, personal hygiene items and sanitising products **180**

Responding to COVID-19

Underprivileged Communities

B40 families and NEKMAT **300 boxes** of essential food items

Gasul LPG for B40 **440 cylinders** of Gasul LPG

Working with NGOs

Fuel sponsorship in the form of PMiles points worth **RM54,000** given to MERCY Malaysia, Uncle Kuan and My Food Directory and Delivery COVID-19

Frontliners and volunteers at PPV centres

1,115 goodie bags with Treats mineral water, wet wipes, and hand sanitiser

Donation to PDR Fenceline Communities

Donated **300** food boxes of essential food items

Supporting Motorcyclists from B40 Community at PPR Lembah Pantai and Klang Valley Delivery Riders

48 cartons of Rider 4T Motorcycle Oils **Total of 576 recipients**

Jom Derma

Cash contribution of **RM100 each to 130 B40 families** uploaded through MyKad in collaboration with MyKasih Foundation

PDR's Contribution to the Local Community

BOMBA

Provided 5 units of multi gas detectors worth **RM11,000**

Port Dickson Municipal Council

Sponsored **RM50,000** for mural paintings to beautify PD backroads by local artists for tourism boost

Road Safety Programme

Online Road Safety Quiz

Total of **7,500 participants** from primary and secondary school in Terengganu and Johor

National Environmental Day

Online Environmental Quiz

Total of **14,619 participants** from primary and secondary school in Negeri Sembilan and Melaka

SOCIAL

SOCIAL

CUSTOMER FOCUS

GRI 103-1, 103-2, 103-3

Ensuring that our customers are satisfied is the focal point of our organisation as our customers drive and define our business.

To enhance customer experience and fulfil customer satisfaction, we focus on listening to our customers, prioritising the health and safety of customers and providing clean toilets as a public service through our "Tandas Kita Bersih" initiative.

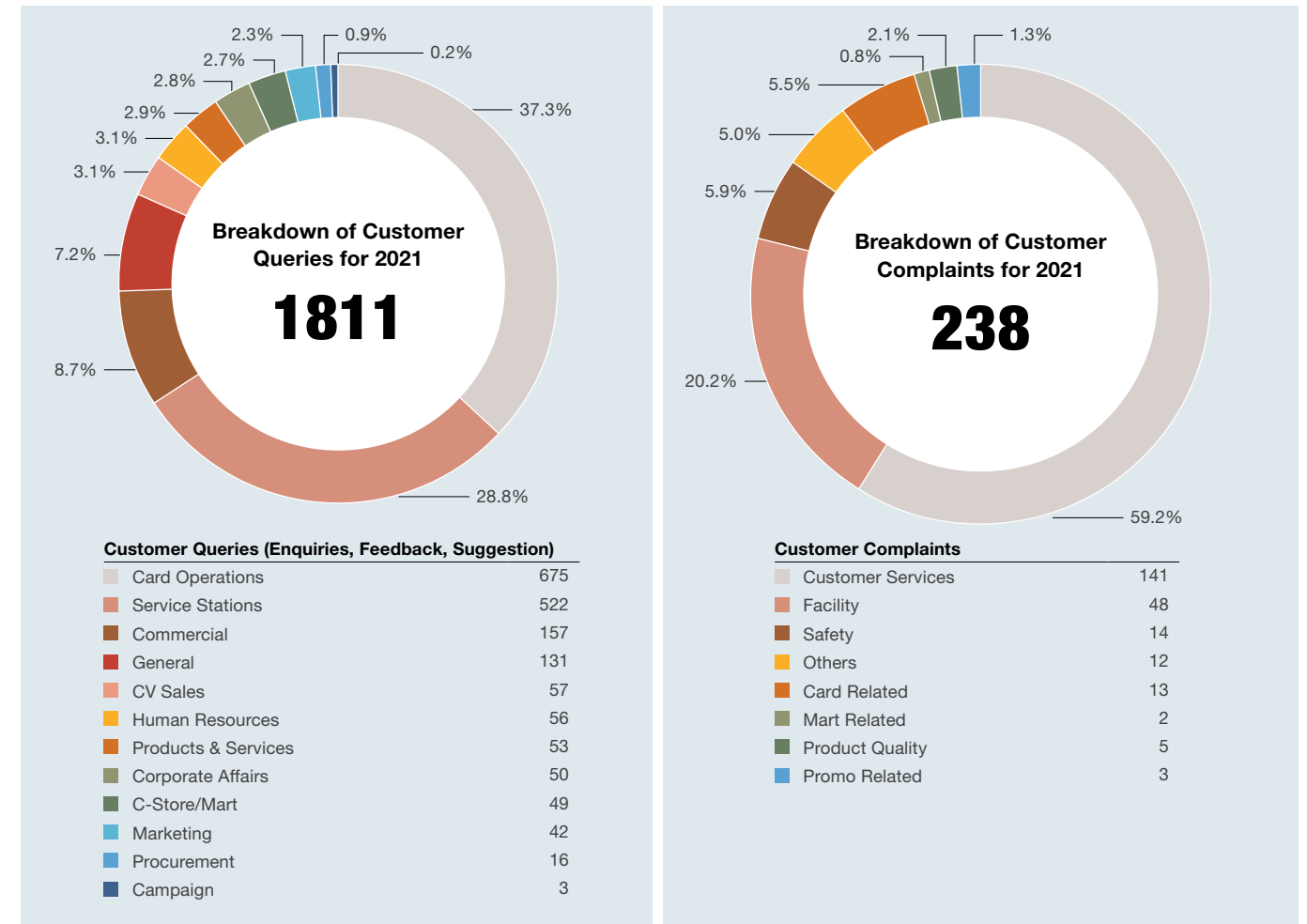
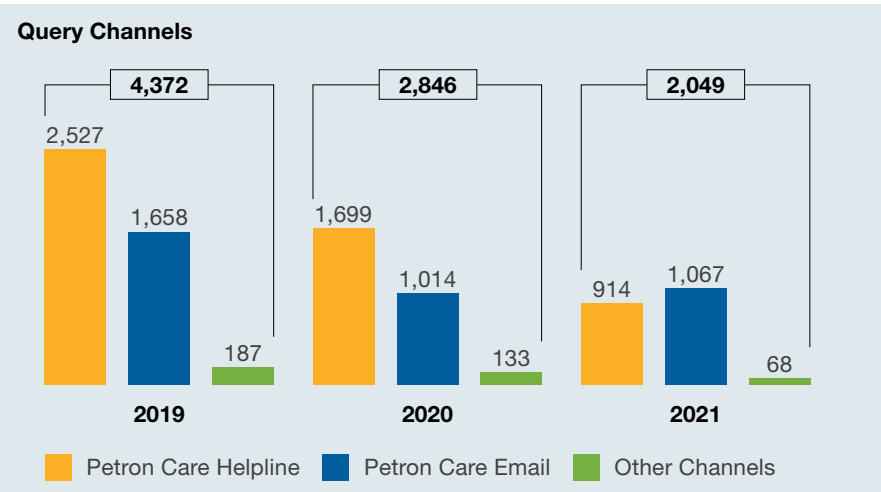
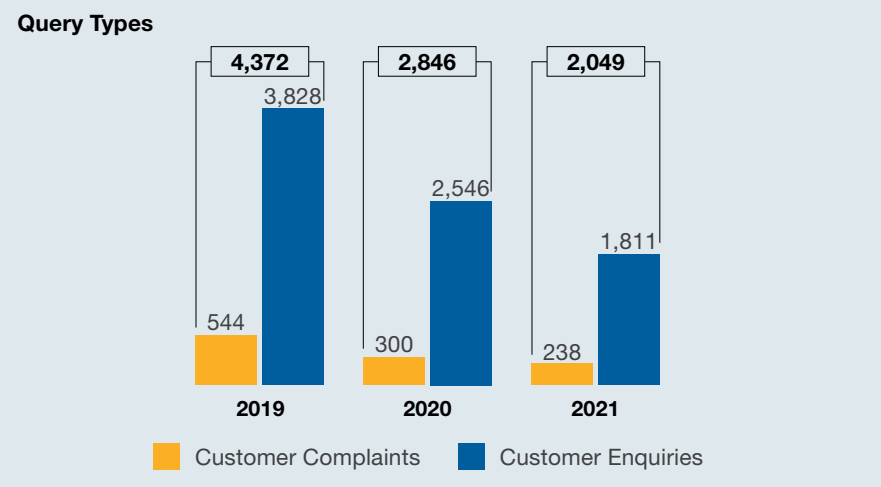
Collating customer data enables us to determine the effectiveness of our products, services and internal processes, and rectify areas that need to be improved to better meet the needs of our customers. As a Company that listens to our stakeholders, we engage with our customers through three key channels – Petron Care, Petron Miles (PMiles) Call Centre and Petron Malaysia's social media platform.



Petron Care

Our Petron Care is always open for customers to provide feedback and make enquiries through our call centre or via email. We believe that customer feedback will give us better insights on fulfilling customer satisfaction and identifying the specific improvements needed for our products, services and practices. We also keep a record of the response and resolution rates for internal performance reviews to ensure that every query or feedback is addressed in a timely and efficient manner.

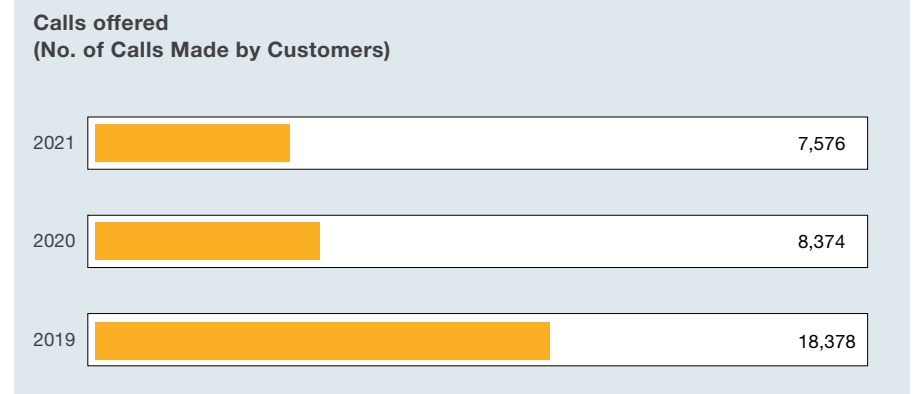
In 2021, 100% of queries and 86% of complaints were given immediate resolution. We aspire for the numbers to continue to improve to ensure our customers are satisfied with Petron's products and services. The number of complaints we received dropped due to the pandemic and during the lockdown, the number of complaints decreased by half from 2019 to 2021.



PMiles Call Centre

PMiles is a fuel loyalty card that rewards Petron's loyal customers who purchase fuel from any of the 700 over Petron service stations.

Petron Miles Call Centre serves as an avenue to gather feedback, queries and complaints from PMiles card members. It acts as an important platform for customer engagement and satisfaction, and we are pleased to report that the average response and resolution rate is above 90%.



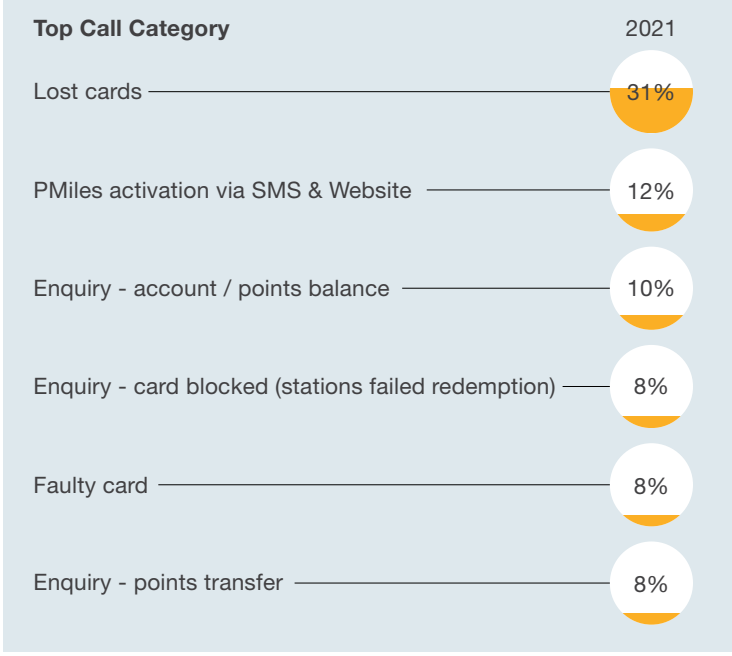
In 2019, the number of calls rose sharply to more than 18,000 after the loyalty call centre and the loyalty system were upgraded and improved. However, the number of calls dropped by more than 50% in the following year and continued to drop to less than 8,000 in 2021 due to the pandemic and MCO. Nevertheless, we continued to improve our service level agreement (SLA), which includes responding to each call within 20 seconds. Our PMiles SLA increased from 83% in 2019 to 94% in 2021.

PETRON MALAYSIA REFINING & MARKETING BHD

OUR SUSTAINABILITY IMPACT

SOCIAL

SOCIAL



Petron Social

Hi Tania

Prior to Hi Tania, we had a customer service line that operated from Monday to Friday 9am to 5pm and on Saturdays, 9am to 1pm to address customer queries. During the pandemic, Petron Malaysia rolled out Hi Tania, a chatbot that is able to respond to customer queries online via Petron Malaysia's Facebook Messenger, Petron Malaysia's corporate website and Petron Miles Malaysia website. Communicating in English, Bahasa Malaysia and even colloquial English, the virtual assistant successfully reduced the Customer Service team workload and achieved 83% in Customer Satisfaction Score with customer satisfaction of 4 and 5-Star rating.

Tania is assisted by her cat, Pat, who was built to provide timely and accurate responses 24/7 and deflect mundane and repetitive questions, allowing the Customer Service team to focus on more critical and complex queries. Hi Tania is also able to help educate customers on the Petron Miles card registration, recommend suitable oil products for customers and locate the nearest station and dealer to help customers purchase Gasul cooking gas. Since the inception of Hi Tania in 2020, the chatbot has processed about 1.2 million messages and served 51,000 unique users.

- Automated **91%** of all enquiries without human assistance
- 1.2** Million messages sent & received
- 2.2X** more PMiles Card sign ups via Chatbot vs website
- Achieved **83%** customer satisfaction score
- 4.9X** more open rate vs email
- 8.4%** longer session vs website

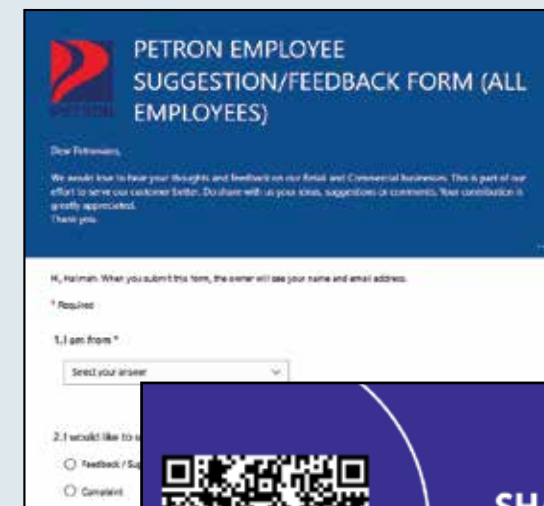
Hi Tania bagged the Asia Pacific Regional Loyalty and Engagement Awards 2021 in Singapore for Best Use of Technology (Silver) and Best Customer Experience (Bronze).

Most enquiries were resolved within the first call while the enquiries that need further actions were escalated. The highest number of enquiries is typically about lost cards while blocked and faulty cards, as well as points transfer, had the least number of enquiries.

To ensure privacy of our customer data, we put in place the PMiles Terms and Conditions in addition to the Personal Data Protection Act (PDPA) 2010.

Employee Feedback

We acknowledge that gathering views and suggestions from employees is equally important to help improve our operations. Employees are welcome to provide feedback and suggestions to Petron Retail and Commercial businesses via an e-form that was introduced in June 2020 and managed by Petron Care. The e-form, which is sent out to employees through email, also allows employees to share their views on the Company's implementation of COVID-19 SOPs at service stations.



Sample of Petron Care Feedback E-Form

In 2021, 152 comments and suggestions were received, reflecting positive response from employees despite fewer service station visits by employees due to MCOs. All comments and suggestions were channelled back to the business lines each week for consideration and possible action.



Customers' Safety and Health during Pandemic

During the pandemic, we took serious precautionary measures at all our service stations while we navigated through the pandemic and adapted to the new norm of Standard Operating Procedures (SOPs). Several key initiatives were implemented including developing SOPs specifically for service stations.

A video on SOPs such as placing physical distancing markers, scanning of MySejahtera and checking of body temperature was developed and shared with the service stations for their better understanding and execution. Service stations were also reminded to sanitise critical touch points such as pump nozzles and door handles, provide hand sanitisers, limit interaction with customers and ensure wearing of face masks. Furthermore, we required service station dealers to conduct testing and contact tracing for their service station staff and have in place business continuity plans.

We kept ourselves updated on the latest Ministry of Health SOPs and in addition, we conducted independent internal assessments and gathered feedback on SOP compliance at service stations. Although the restricted movement control and SOPs were relaxed towards the end of 2021, we continued with strict adherence to SOPs to enable members of the public to visit our service stations safely.

By November 2021, all Petron dealers and staff were fully vaccinated

SOCIAL

“TANDAS KITA BERSIH” PROGRAMME



As a major downstream oil and gas company, we focus on providing excellent customer experience in all our service stations. This means maintaining a safe and clean environment at Petron service stations throughout Malaysia.

In the year under review, we continued with our “Tandas Kita Bersih” programme with the tagline “Jom Singgah Petron”. Since the debut of this programme in 2018, we had won numerous awards from the Ministry of Housing and Local Government. The objective is to provide a public service by ensuring clean and working toilets to promote public hygiene and sanitation for the general public at our service stations, in line with SDG 6: Clean Water and Sanitation, which aims for all to have access to adequate and equitable sanitation and hygiene by 2030.

To further enhance customer experience, we added a ‘Station Toilet QR Code’ to allow customers to give feedback on the cleanliness of our toilets. The initiative garnered feedback from more than 20,000 respondents, out of which 98% rated our toilets as “GOOD”, reflecting the highly satisfactory condition of our toilets.

In addition, 113 Petron service stations in Johor, Penang, Pahang, Terengganu, Perak, Kedah, Selangor and Wilayah Persekutuan secured a 5-star rating from the respective local state council. Moving forward, we will continue to maintain these standards of cleanliness to ensure that customers have a positive experience at our service stations.

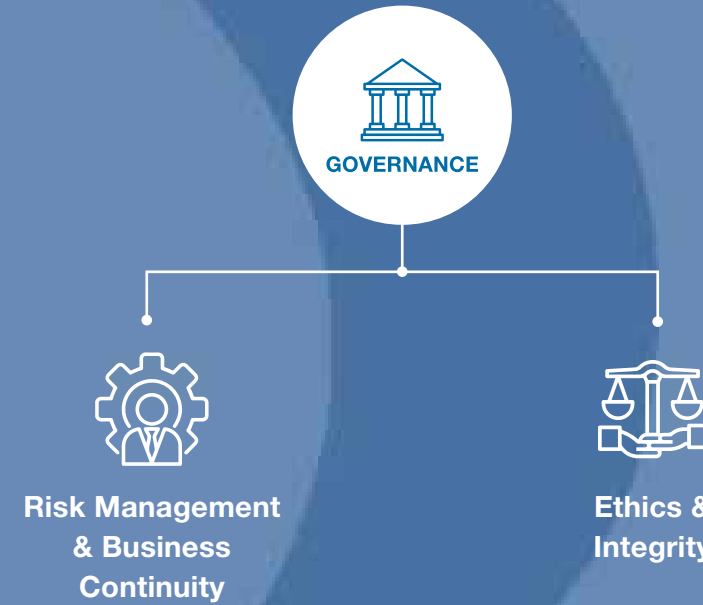


For the full year of 2021, about 370 toilets at Petron service stations were rated **4 and 5 stars** by **75%** of the local council.

Clean Toilet Programme

- **30%** of Petron service stations toilets were rated 4 and 5-stars by local councils
- **98%** of respondents of the Station Toilet QR Code survey rated “Good” for the cleanliness of Petron service stations’ toilets

Sustainability



GOVERNANCE

OUR COMMITMENT

We are committed in upholding the highest standards of governance in our organisation to ensure long-term sustainable growth.

OUR MANAGEMENT APPROACH
GRI 103-1, 103-2, 103-3

We remain guided by our Group corporate governance policies as well as adhering to regulatory guidelines to minimise exposure to regulatory, legal, financial and reputational risks.

We endeavour to drive a positive culture of compliance and inculcate good business ethics among our employees as well as business partners and dealers. To this end, the Company’s Code of Conduct called the Standards of Business Conduct (SBC) covers a range of policies including on ethics, anti-corruption, anti-money laundering and equal employment that are strictly enforced without exception.

Refer to the Corporate Governance section in the PMRMB’s AR2021 pages 58 to 80 for details.

KEY HIGHLIGHTS FOR 2021

Conducted corruption risk assessments for **100%** of Petron Malaysia’s business operations



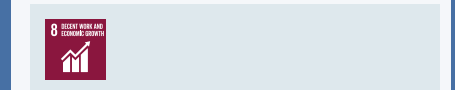
100% of employees completed training on SBC, which includes ethics, anti-corruption and anti-money laundering



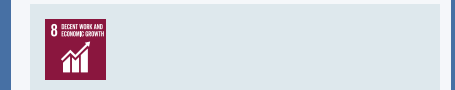
100% of employees declared their understanding of the Group’s Standards of Business Conduct (SBC) including on Anti-Corruption, and declarations of Gift and Entertainment and Conflict of Interest



Risk Management included as a permanent item of discussion on the Board Audit Committee



Effective work from home and split-team work arrangements during the pandemic lockdown as part of the Group’s Business Continuity Plan



GOVERNANCE

GOVERNANCE

ETHICS & INTEGRITY

Good corporate governance is fundamental to Petron Malaysia's growth as it forms a system of rules and practices that determine how we operate for the benefit of our stakeholders as well as the sustainability of the business. We uphold the highest standards of ethical conduct within our operations to ensure our corporate integrity is embedded across the Group. Guided by robust policies that demonstrate our stance against bribery, corruption and unethical conduct throughout all our business processes and operations, we continuously nurture and strengthen a culture of integrity through regular training sessions and communications with employees and the relevant external stakeholders. In addition, our commitment to good business practices is emphasised through our ExCITES values.

“ At Petron, how we do business is as important as the business we do. ”

Petron Malaysia is guided by the following policies in ensuring good business ethics and governance. These policies are included in our Standards of Business Conduct and are available in our corporate website:



Through the practice of good governance, Petron Malaysia is able to establish the following:

- Making informed decisions about the risks Petron Malaysia undertakes, and implements necessary controls to pursue its objectives. This includes careful forward-planning on the Company's requirements based on market projections as well as managing market risks through prudent commodity and Forex hedging.
- Educating employees through internal communication, formal training and through employee activities and events. The ExCITES project is overseen by not only the Management, but formed, planned and executed by employees as part of a cross functional department team project. This has empowered our employees and ensured that they take ownership and help drive the values of ethics as the key component.
- Sharing of Standards of Business Conduct with key business partners including our shareholders and vendors by incorporating key policies in business contracts and agreement terms with the Company.

Good corporate governance is further reflected in the composition of our Board, where we have six Independent Directors, three Executive Directors and one Non-Independent Non-Executive Director. We emphasise on ethics and integrity by ensuring separation in the roles of Chairman and Chief Executive Officer, and that both the Board Audit and Risk Management Committee (BAC) and Nominating Committee are chaired by Independent Directors.

Internal audits are conducted on a regular basis as per the approval of the BAC. A quarterly report is also submitted to BAC on all compliance matters including but not limited to Anti-Corruption, Anti-Money Laundering and disciplinary issues. The ratings issued by Internal Audit are further used as a benchmark to evaluate the efficiency of our Governance practices and allow us to identify any gaps that are to be rectified, which will be monitored biannually by BAC.

For more information on Petron Malaysia's Board composition and corporate governance, please refer to the Corporate Governance section in Petron Malaysia Refining & Marketing Bhd's AR 2021.

Anti-Corruption/Anti-Money Laundering
GRI 205-1, 205-2, 205-3

Petron Malaysia applies a zero-tolerance approach for corruption and remains guided by the Group's Anti-Corruption Policy. To ensure our operations are free from corruption, we have continued to ensure that all elements of our business are evaluated for potential corrupt/money laundering practices.



We conduct corruption risk assessments periodically to identify areas that are vulnerable to corruption and money laundering. In 2021, 100% of our business operations were monitored for risks related to money laundering. Further, risks were also assessed among third parties and vendors acting on behalf of Petron Malaysia. We also issued notices to indicate our position in such matters as well as highlighting that at no point in time we permit any form of corrupt practices or engage in money laundering.

We strive to embed a culture of ethics and integrity by communicating and regularly reminding on our Anti-Corruption and Anti-Money Laundering Policies and procedures via email, physical and online training, intranet as well as the corporate website to all our employees.

Since 2018, we have included training on Anti-Competition and Anti-Money Laundering policies into our SBC training to new recruits. These training programmes were conducted virtually during the pandemic lockdown. As of December 2021, all our employees have attended the training and were required to provide declaration of their understanding and compliance. The annual declaration has been in place since 2020.

Petron Malaysia will continue to ensure good governance practices and sound business ethics throughout its organisation and operations. There were zero incidents of confirmed corruption or money laundering in the year under review.

RISK MANAGEMENT & BUSINESS CONTINUITY

GRI 103-1, 103-2, 103-3

As a public listed downstream oil and gas Company, we acknowledge that there are many risks and challenges. These risks include financial, foreign exchange, legal compliance, crude and product supply, distribution, environment issues, industrial requirements, safety and managing the human resources of the Company. Thus, it is vital for us to have a robust risk management and business continuity plan for long-term sustainability and growth.

Our risk management matters including mitigation actions are reviewed by the Board Audit & Risk Management Committee, who also provides recommendations to Management and reviews mitigation initiatives implemented by the Company. Risk management has been a regular agenda of the Committee's quarterly meetings since 2017.

For more information on Risk Management & Business Continuity, please refer to Management Discussion and Analysis and Statement of Risk Management and Internal Control in Petron Malaysia Refining & Marketing Bhd's AR 2021.

MEMBERSHIP OF ASSOCIATIONS

GRI 102-13

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

SUSTAINABILITY PERFORMANCE DATA

Material Matters Indicators	Unit	2019	2020	2021
Economic				
Economic Value Generated	MYR'mil			
• Revenue		-	6,462	9,182
• Other Income		-	70	61
Economic Value Distributed				
• Payment to Suppliers/Business/ Partners/Contractors	MYR'mil	-	6,389	8,730
• Percentage to Local Suppliers/Business Partners	%	-	92	92
• Salaries & Benefits for Employees	MYR'mil	-	76	69
• Dividend Paid to Investors	MYR'mil		32	14
• Tax Paid to Government	MYR'mil	-	17	6
• Economic Value Retained for Reinvestment	MYR'mil	-	18	424
Total Number of Vendors Engaged	Number			
• Local Vendors		668	641	667
• Overseas Vendors		53	53	60
Total Number of Vendors Engaged	%			
• Local Vendors		93	92	92
• Overseas Vendors		7	8	8
Total Spent on Vendors	MYR'bil			
• Local Vendors		1.2	0.8	1.0
• Overseas Vendors		0.5	0.1	0.2
Total Spent on Vendors	%			
• Local Vendors		72	88	87
• Overseas Vendors		28	12	13
Environmental				
Greenhouse Gas (GHG) Emissions	ktCO ₂ eq			
• Scope 1		131.8	117.4	146.8
• Scope 2		24.5	25.9	32.9
GHG Emissions Intensity	ktCO ₂ eq/MBBL	8.8	9.3	13.1
Emissions of Sulphur Oxides (SOx) & Nitrogen Oxides (NOx)				
• SOx		42.6	40.6	51.8
• NOx		256.1	222.0	259.0
Emissions from 6 Furnaces & Boilers and Flaring Activity (Methane)	Tonnes			
• Furnace & Boiler		3.1	3.3	3.1
• Electrical		0.3	0.3	0.4
(Nitrous Oxide)	Tonnes			
• Furnace & Boiler		3.0	2.6	3.0
• Flare		0.3	0.4	0.6
• Electrical		1.5	1.4	1.8
Total Energy Consumption	Gigajoules (GJ)	2,723,817.9	2,614,334.0	2,916,194.2

SUSTAINABILITY PERFORMANCE DATA

SUSTAINABILITY PERFORMANCE DATA

Material Matters Indicators	Unit	2019	2020	2021
Environmental				
Energy Intensity	GJ/KBBL	158.3	415.8	468.7
Non-Renewable Fuel Consumption	Gigajoules (GJ)			
• Diesel		4,953.7	4,052.3	3,301.5
• Gasoline		2,516,623	2,315,973.7	2,548,992.4
• Light Fuel Oil		-	13,424.1	1,250.5
• Natural Gas		-	73,645	96,920.6
Electricity Consumption	MWh	56,198.6	57,586.9	73,813.7
	Gigajoules	202,205.8	207,254.4	265,708.3
Water Consumption	Megalitres (ML)	213.5	285.1	287.0
Water Discharge	Megalitres (ML)	473.2	423.3	446.3
Water Withdrawal	Megalitres (ML)	686.7	708.4	733.3
Waste Disposal (Hazardous)	Tonnes			
• Onsite		556.3	237.0	211.8
• Offsite		-	1.7	351.1
Waste Disposal (Non-hazardous)	Tonnes			
• Onsite		1.7	1.6	4.4
• Offsite		0.3	0.3	0.1
Occupational Health & Safety				
Number of Hours Worked	Hours			
• Employees		895,367.1	815,187.7	897,054.3
• Non-Employees		4,060,634.0	4,894,126.3	2,580,590.9
Fatalities	Number			
• Employees		0	0	0
• Non-Employees		0	0	1
Work-related Injuries	Number			
• Employees		1	0	0
• Non-Employees		11	1	0
Recordable work-related Injuries	Number			
• Employees		0	0	1
• Non-Employees		2	4	1
Diversity, Training & Development				
Total Number of Employees	Number	625	613	600
Percentage of Board Members by:	%			
• Age Group (>51 years)		100	100	100
• Gender				
- Male		70	70	70
- Female		30	30	30
Employee Breakdown by Gender	Number			
• Male		415	400	391
• Female		210	213	209
Total Number of Employee Hires (Age Group):	Number			
• <30		55	12	35
• 30-50		21	17	16
• >50		0	0	0

Material Matters Indicators	Unit	2019	2020	2021
Diversity, Training & Development				
Total Number of Employee Hires (Age Group):	%			
• <30		72	41	69
• 30-50		28	59	31
• >50		0	0	0
New Hires (By Gender):	Number			
• Male		46	17	36
• Female		30	12	15
New Hires (By Gender):	%			
• Male		61	59	71
• Female		39	41	29
Turnover Rate (By Gender):	Number			
• Male		26	18	33
• Female		10	8	14
Turnover Rate (By Gender):	%			
• Male		4.2	2.9	5.5
• Female		1.6	1.3	2.3
Turnover Rate (By Age Group):	Number			
• <30		11	5	19
• 30-50		24	21	27
• >50		0	0	1
Turnover Rate (By Age Group):	%			
• <30		1.8	0.8	3.2
• 30-50		4	3.4	4.5
• >50		0	0	0.2
Workforce Breakdown by Union/Non-Union	Number			
• Union		141	138	149
• Non-Union		484	475	451
Workforce Breakdown by Union/Non-Union	%			
• Union Against Total Employees		23	23	25
Average Training Hours Per Employee By Gender	Hours			
• Male		26	20	17
• Female		21	5	4
Average Training Hours Per Employee By Employee Category	Hours			
• Non-Management		33	37	28
• Management		37	14	12

GRI CONTENT INDEX

GRI CONTENT INDEX

GRI 102-55

GRI Standard	Disclosure	Remarks/Pg. No.
General Disclosures		
Organisational Profile		
102-1	Name of the organisation	Front cover
102-2	Activities, brands, products and services	4-5. Refer also to Petron Malaysia Refining & Marketing Bhd's Annual report 2021 pages 2 - 13
102-3	Location of headquarters	Back cover
102-4	Location of operations	4-5
102-5	Ownership and legal form	Refer to Corporate Profile section on page 12 in Petron Malaysia Refining & Marketing Bhd's Annual Report 2021
102-6	Markets served	Refer to pages 2 - 9 in Petron Malaysia Refining & Marketing Bhd's Annual Report 2021, Corporate Profile on pg 12 and How Our Products Reach You on pg 13 in the Annual Report.
102-7	Scale of the organisation	4,5,41 and 74. Refer also to Petron Malaysia Refining & Marketing Bhd's Annual Report 2021 pages 13-15
102-8	Information on employees and other workers	41
102-9	Supply chain	4-5, 17-19
102-10	Significant changes to the organisation and its supply chain	No significant changes in the year under review
102-11	Precautionary Principle or approach	Refer to Statement of Risk Management & Internal Control from pages 81 - 84 in Petron Malaysia Refining & Marketing Bhd's Annual Report 2021
102-12	External initiatives	United Nations Sustainable Development Goals. Refer to pages 11 and 14
102-13	Membership of associations	70
Strategy		
102-14	Statement from senior decision-maker	7-8
102-15	Key impacts, risks, and opportunities	Refer to Statement of Risk Management & Internal Control from pages 81 - 84 in Petron Malaysia Refining & Marketing Bhd's Annual Report 2021

GRI Standard	Disclosure	Remarks/Pg. No.
Ethics & Integrity		
102-16	Values, principles, standards, and norms of behaviour	Inner cover, 68-69. Refer also to Corporate Governance Overview Statement from pages 58-80 in Petron Malaysia Refining & Marketing Bhd's Annual Report 2021
Governance		
102-17	Mechanisms for advice and concerns about ethics	Refer to Corporate Governance Overview Statement from pages 58-80 in Petron Malaysia Refining & Marketing Bhd's Annual Report 2021
102-18	Governance structure	11. Refer also to Corporate Governance Overview Statement from pages 58-80 in Petron Malaysia Refining & Marketing Bhd's Annual Report 2021
102-19	Delegating authority	11. Refer also to Corporate Governance Overview Statement from pages 58-80 in Petron Malaysia Refining & Marketing Bhd's Annual Report 2021
102-20	Executive-level responsibility for economic, environmental, and social topics	11. Refer also to Corporate Governance Overview Statement from pages 58-80 in Petron Malaysia Refining & Marketing Bhd's Annual Report 2021
102-21	Consulting stakeholders on economic, environmental, and social topics	12-13
102-22	Composition of the highest governance body and its committees	Refer to Pages 44 - 57 in Petron Malaysia Refining & Marketing Bhd's Annual Report 2021
102-23	Chair of the highest governance body	Refer to pg 44 in Petron Malaysia Refining & Marketing Bhd's Annual Report 2021
102-24	Nominating and selecting the highest governance body	Refer to pages 58 - 65 of the Corporate Governance Overview Statement in Petron Malaysia Refining & Marketing Bhd's Annual Report Page 2021
102-25	Conflicts of interest Directors and Group employees are required to observe the highest ethical standards in conducting the Group's business.	Refer to pages 66 - 72 in Corporate Governance Overview Statement in Petron Malaysia Refining & Marketing Bhd's Annual Report 2021

GRI CONTENT INDEX

GRI CONTENT INDEX

GRI Standard	Disclosure	Remarks/Pg. No.
Governance		
102-26	Role of highest governance body in setting purpose, values, and strategy	Refer to the Corporate Governance Overview Statement section from pages 58 - 80 in Petron Malaysia Refining & Marketing Bhd's Annual Report 2021
102-27	Collective knowledge of highest governance body	Refer to pages 77 - 79 in Corporate Governance Overview Statement in Petron Malaysia Refining & Marketing Bhd's Annual Report 2021
102-28	Evaluating the highest governance body's performance	Refer to Corporate Governance Overview Statement from pages 58 - 80 in Petron Malaysia Refining & Marketing Bhd's Annual Report 2021
102-29	Identifying and managing economic, environmental, and social impacts	13-14
102-30	Effectiveness of risk management processes	Refer to Statement of Risk Management & Internal Control from pages 81 - 84 in Petron Malaysia Refining & Marketing Bhd's Annual Report 2021
102-31	Review of economic, environmental, and social topics	11
102-32	Highest governance body's role in sustainability reporting	11
102-35	Remuneration policies	Refer to pages 64 to 65 of the Corporate Governance Overview Statement in Petron Malaysia Refining & Marketing Bhd's Annual Report 2021
102-36	Process for determining remuneration	Refer to pages 64 to 65 of the Corporate Governance Overview Statement in Petron Malaysia Refining & Marketing Bhd's Annual Report 2021
102-37	Stakeholders' involvement in remuneration	Refer to page 65 of Corporate Governance Overview Statement in Petron Malaysia Refining & Marketing Bhd's Annual Report 2021
102-38	Annual total compensation ratio	Refer to pages 76 - 77 of the Corporate Governance Overview Statement in Petron Malaysia Refining & Marketing Bhd's Annual Report 2021
102-39	Percentage increase in annual total compensation ratio	Refer to the Financial Statements section from pages 95 to 162 in Petron Malaysia Refining & Marketing Bhd's Annual Report 2021

GRI Standard	Disclosure	Remarks/Pg. No.
Stakeholder Engagement		
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102-41	Collective bargaining agreements	33, 42
102-42	Identifying and selecting stakeholders	12-13
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102-44	Key topics and concerns raised	12-13
Reporting Practice		
102-45	Entities included in the consolidated financial statements	Refer to the Financial Statements section from pages 95 to 162 in Petron Malaysia Refining & Marketing Bhd's Annual Report 2021
102-46	Defining report content and topic Boundaries	2-3
102-47	List of material topics	14
102-48	Restatements of information	16
102-49	Changes in reporting	No changes in reporting in the year under review
102-50	Reporting period	2-3
102-51	Date of most recent report	Our last Sustainability Report 2021 was published on 11 February 2022
102-52	Reporting cycle	Annually
102-53	Contact point for questions regarding the Report	3
102-54	Claims of reporting in accordance with the GRI Standards	This Report has been prepared with reference to the Global Reporting Initiative Standards
102-55	GRI content index	74-78
102-56	External assurance	This Report has not been externally assured

ECONOMIC

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201: Economic Performance		
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ADO	- Automotive Diesel Oil	OEM	- Original Equipment Manufacturer
BCP	- Business Continuity Plan	OHS	- Occupational Health and Safety Governance
BSR	- Bio-Sulphur Recovery	OHSMS	- Occupational Health and Safety Management System
CODO	- Company Owned Dealer Operated	PDR	- Petron Port Dickson Refinery
CSR	- Corporate Social Responsibility	PFISB	- Petron Fuel International Sdn. Bhd.
DHT	- Diesel Hydrotreater	PMRMB	- Petron Malaysia Refining & Marketing Bhd.
D&TO	- Distribution & Terminal Operations	POIMS	- Petron Operations Integrity Management System
EBP	- Environmental Business Plan	POIRS	- Petron Online Incident Reporting
EESG	- Environmental, Economic, Social and Governance	POMSB	- Petron Oil (M) Sdn. Bhd.
EMS	- Environmental Management System	POSHCC	- Petron Office Safety, Health & Care Committee
ExcITES	- Excellence, Customer Focus, Innovation, Technology, Teamwork, Ethics, and Safety	PPR	- Program Perumahan Rakyat
FRCS	- Factor Root Cause Solution	QMS	- Quality Management System
GHG	- Greenhouse Gases	RMP	- Royal Malaysia Police
GRI	- Global Reporting Initiative	SBC	- Standard of Business Conduct
GTSP	- Go-To-Safety-Point	SBM	- Single Buoy Mooring
HAZOP	- Hazard and Operability Study	SDS	- Safety Data Sheets
IETS	- Industrial Effluent Treatment System	SHEC	- Safety, Health and Environment Committee
IMS	- Integrated Management System	SME	- Small and Medium Enterprises
JSA	- Job Safety Analysis	SOP	- Standard Operating Procedures
KPI	- Key Performance Indicator	SSHELT	- Safety, Security, Health and Environment Leadership Team
LFO	- Light Fuel Oil	UCL	- Under Canopy Lights
MCO	- Movement Control Order	UNSDG	- United Nations Sustainable Development Goals
LPG	- Liquefied Petroleum Gas	VIA	- Volunteerism in Action
LPP	- Lumut PME Plant		
LPS	- Loss Prevention System		
LTI	- Loss Time Injuries		
MCCG	- Malaysian Code on Corporate Governance		
MDTCA	- Ministry of Domestic Trade & Consumer Affairs		
MIASA	- Mental Illness Awareness & Support Association		
MIF2	- Marine Import Facility 2		
MITI	- Ministry of International Trade and Industry		
MMLR	- Main Market Listing Requirement		
MSPO	- Malaysian Sustainability Palm Oil		



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