# **PETROS**





















SUSTAINABILITY REPORT 2022/2023



# **PETROS** WHAT'S INSIDE THIS REPORT

01

### INTRODUCTION

- 02 Joint Leadership Statement
- 06 About This Report
- 08 Key ESG Highlights
- 10 The Business of PETROS

### APPROACH TO GENERATING SUSTAINABILITY VALUE

- 20 Approach to Sustainability
- 34 Materiality Matters

- 40 Economic Performance
- 46 Sustainable Supply Chain
- 48 Innovation and Technology

### **ENVIRONMENTAL EMPOWERING STEWARDSHIP**

- 56 Climate Change
- 65 Biodiversity Impacts
- Waste & Effluent Management
- 67 Water Management

# 05 **PEOPLE**

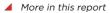
- 70 Workforce Health & Safety
- Human Capital Management
- Human Rights
- Community Relations

### 06 **RESPONSIBLE GOVERNANCE**

- 96 Business Ethics & Transparency
- 100 Risk Management
- 104 Cybersecurity

07 **APPENDICES** 

NAVIGATION ICONS:



More on the PETROS website

107 GRI Content Index

111 Glossary







Scan the QR code to learn more about Petroleum Sarawak Berhad (PETROS) on our website at petroleumsarawak.com.



### JOINT LEADERSHIP STATEMENT

### JOINT LEADERSHIP STATEMENT

## **PETROS**

GREETINGS FROM PETROLEUM SARAWAK BERHAD (PETROS)

Since our inception in 2017, PETROS aims to achieve sustainable development for Sarawak and the nation through responsible resource management. PETROS embarked on this journey with a purpose:

HARNESSING RESOURCES FOR THE

## SUSTAINABLE PROGRESS OF SARAWAK AND BEYOND



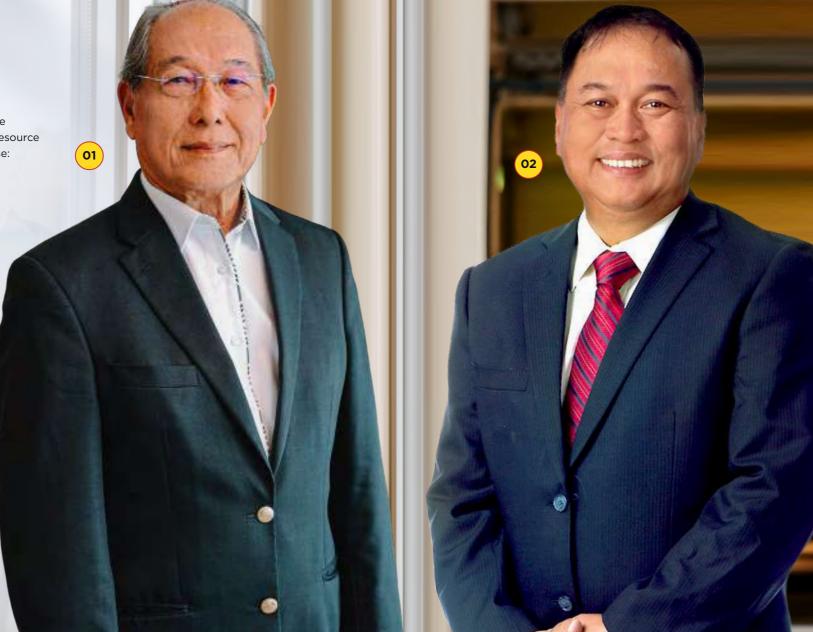


Independent Non-Executive Chairman of the Board of Directors



DATO
JANIN GIRIE

Group Chief
Executive Officer



#### | PETROS IS DEDICATED TO |-

- Ensuring greater share of revenue from oil and gas is retained in Sarawak for the benefit of Sarawakians
- Providing reliable and affordable access to natural gas statewide to realise the Sarawak Gas Roadmap
- Developing the energy industry, local talent and economy sustainably, and
- Creating a low-carbon economy for Sarawak and the nation.

PETROS recognises the impact our operations have on the environment, society and the community we operate in. We understand that sustainability is not just a goal, but a journey. PETROS endeavour to minimise our ecological footprint, champion ethical practices and contribute positively to the communities we serve.

Through innovation, collaboration and a forward-thinking approach, PETROS aims to pioneer solutions that pave the way for a more sustainable and equitable energy future. PETROS' corporate strategy and sustainability efforts are in line with the Sarawak Gas Roadmap, which aims to distribute wealth creation and economic growth across Sarawak and in line with the Malaysia Energy Policy (2022-2040) and the Malaysian National Energy Transition Roadmap.

In this inaugural report, you will be able to read about how PETROS is contributing to the State's and the nation's transition to a low-carbon economy. In 2022, PETROS was entrusted with the crucial responsibility as the designated resource manager for Carbon Capture Utilisation and Storage (CCUS) in Sarawak. This marks a pivotal milestone in PETROS' journey towards a more sustainable energy future.

PETROS strives to not only harness the wealth of our natural resources but to

do so with an acute awareness of our collective responsibility to combat climate change.

In March 2023, PETROS received our first licence for carbon storage in the North Luconia province, offshore Bintulu. This milestone empowers PETROS in Sarawak to invite organisations worldwide to explore Sarawak's CCUS potential collaborating with PETROS to achieve their decarbonisation targets.

Down the line, the base CCUS infrastructure originally established to enable sour gas field development will be further expanded to allow both local and foreign carbon dioxide ( $CO_2$ ) emitters to capture and store  $CO_2$  to reduce the greenhouse warming effects, ultimately enabling the realisation of a net carbonzero economy. These infrastructure expansions will create business and job opportunities, generating revenue for the State economy while further developing local capabilities.

Through this report, Team PETROS is proud to share our progress in our shared vision of building a sustainable energy future which reflects our dedication to transparency, accountability and continuous improvement.

## PETROS' journey is far from over.

PETROS recognises the challenges ahead and aims to navigate them with the same spirit of determination and innovation that has defined our journey thus far. Together, PETROS will forge ahead towards a future where sustainable development is not just a goal, but a reality.

Thank you for your support, and for joining PETROS on this vital quest.

02 PETROLEUMSARAWAK.COM — 2023 SUSTAINABILITY REPORT 03



ABOUT THIS REPORT

## **ABOUT THIS REPORT**

## **PETROS**

Welcome to Petroleum Sarawak Berhad's (PETROS) first Sustainability Report. This report communicates the impacts of PETROS' business on the economy, environment and people.

#### **SCOPE AND BOUNDARIES**

This Sustainability Report covers the operations of:

- Petroleum Sarawak Berhad (PETROS)
- Petroleum Sarawak Exploration and Production Sdn Bhd
- Petroleum Sarawak Gas Sdn Bhd
- PETROSNiaga Sdn Bhd
- PETROS Power Sdn Bhd
- Sarawak Gas Distribution Sdn Bhd
- Miri CCGT Sdn Bhd
- PETROS Carbon Solutions Sdn Bhd

### This report details PETROS' sustainability goals and efforts to:



Creating value and positive social impact on the people of Sarawak



Safeguarding the environment



Advocating ethical business practices and strong governance

#### **REPORTING PERIOD**

The reporting period covers the aforementioned entities from 1 January 2022 to 31 December 2023. The year 2022 has been established as the baseline year for PETROS' sustainability reporting and our future reports will disclose three years of data starting from 2022. PETROS intends to produce an annual Sustainability Report going forward.

#### UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

In 2015, the UN member states adopted the 2030 Agenda for Sustainable Development, a shared blueprint for peace and prosperity for people and the planet. Consisting of 17 SDGs, the global goals are an urgent call for action by all countries in a global partnership, with an aim to develop an equitable future by 2030, where no one will be left behind. The global goals address issues such as water, energy, climate, oceans, urbanisation, transport, and science and technology.

As PETROS gears up to meet our 2030 corporate ambitions, we will focus on five selected SDGs which are aligned with our corporate strategy and direction.













#### REPORTING STANDARDS AND FRAMEWORKS

This Sustainability Report has been prepared with reference to the Global Reporting Initiative (GRI) Standards, with guidance from GRI 11: Oil and Gas Sector Standards. The GRI Content Index is available from pages 107 to 110.

This Sustainability Report has also been prepared with guidance from the Bursa Sustainability Reporting Guide (3<sup>rd</sup> edition).

#### REPORT FEEDBACK

PETROS appreciates feedback and opinions to help us improve our sustainability reporting.

#### **ASSURANCE**

This Sustainability Report has been reviewed and approved by the PETROS Board of Directors.

Please share your comments with **PETROS** via

admin@petroleumsarawak.com

### **KEY ESG HIGHLIGHTS**

### **KEY ESG HIGHLIGHTS**



#### **ENVIRONMENTAL HIGHLIGHTS**



18% Reduction **Achieved** 

in GHG emissions in 2023



PETROS appointed by the Sarawak Government as the

Resource Manager for CCUS

in 2022 and received our first CCUS Licence in 2023



Carbon Capture and Storage (CCS)

**Joint Collaboration Agreements with** PETRONAS and partners from Japan and Korea

#### **SOCIAL HIGHLIGHTS**



RM2.6 million

spent on employee training and development in 2022 and 2023



24 Graduates Hired + 118 New Hires

from 1 January 2022 to 31 December 2023



Completed phase 1 of hawker community piped gas supply at Medan Saberkas, Miri

Reducing Their **Energy Cost by** More Than 50%\*

\* Read more about PETROS' initiative at Medan Saberkas on page 91.



Collaborated with

SLB and the Centre for **Technology** Excellence Sarawak (CENTEXS)

to develop Sarawak's local talent for the energy industry



**CSR Investment Totaling** RM14.5 million

Sponsoring heritage activities, medical equipment, education programmes and charities



Taxes Paid in 2023:

RM469 million

Taxes paid in 2022: RM352 million

#### **GOVERNANCE HIGHLIGHTS**



ZERO Non-Compliance

in relation to the Environmental and Occupational Safety and Health Regulations in 2022 and 2023



**RAM Ratings reaffirms** 

PETROS' AAA/Stable/P1

ratings for 2022-2023



Risk and Governance Management Training for Directors

in 2022 and 2023:

- 1. Roles and Responsibilities of a Director in a Public **Listed Company**
- 2. Enterprise Risk Management Training
- 3. A New Strategy and Risk Approach Out with the Old, In with the New
- 4. Introduction to Corporate Directorship in the New Era of ESG
- 5. A Delicate Balance Board and Management Relationship
- 6. Finance Essentials for Non-finance Directors

## THE BUSINESS OF PETROS

## **ABOUT PETROS**

Incorporated under the Malaysian Companies Act 2016 on 24 July 2017, Petroleum Sarawak Berhad (PETROS) is Sarawak's oil and gas company, wholly owned by the Government of Sarawak. PETROS is led by the Board of Directors, which is collectively responsible for creating and growing sustainable value for the business and delivering on the PETROS Purpose for our stakeholders.



### HARNESSING RESOURCES FOR THE SUSTAINABLE PROGRESS OF SARAWAK AND BEYOND

**PETROS' PURPOSE**  Guided by our purpose "Harnessing Resources for the Sustainable Progress of Sarawak and Beyond".

PETROS' efforts are focused on powering socio-economic development in Sarawak through increasing access to upstream hydrocarbon resources and expanding the domestic utilisation of natural gas through industry partnerships to maximise positive benefits for Sarawakians. While PETROS carries out our mandate to harness our hydrocarbon resources for the people, PETROS also aspires to be net zero by 2050, developing natural resources responsibly and ensuring environmental sustainability.

**PETROS' VALUES** 

#### Integrity

Always do the right thing with sound judgement, honesty, dependability and loyalty

#### **Professionalism**

Demonstrate a conscientious, courteous and business-oriented

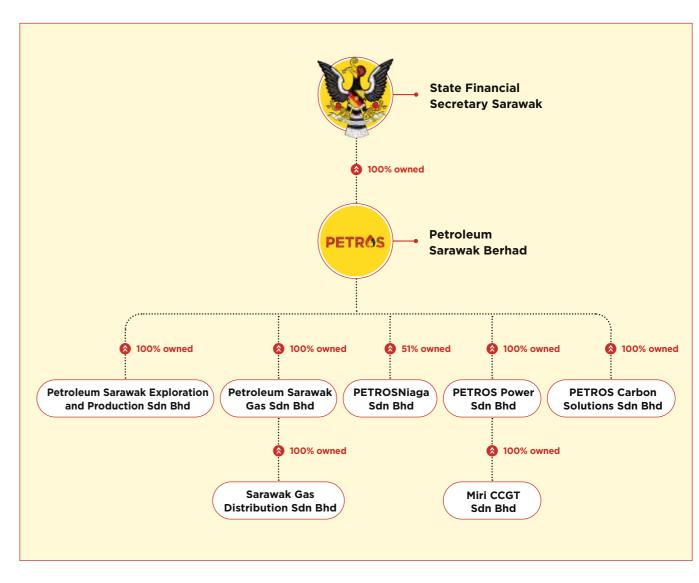
#### Passion

motivation and commitment to deliver

#### Respect

Treating people, resources and the environment with appreciation and dianity

**PETROS' MANDATE**  To responsibly manage and add value to Sarawak's energy resources, sustainably develop the energy industry, local talent and economic base while ensuring a greater resource revenue share for our stakeholders in Sarawak and beyond.



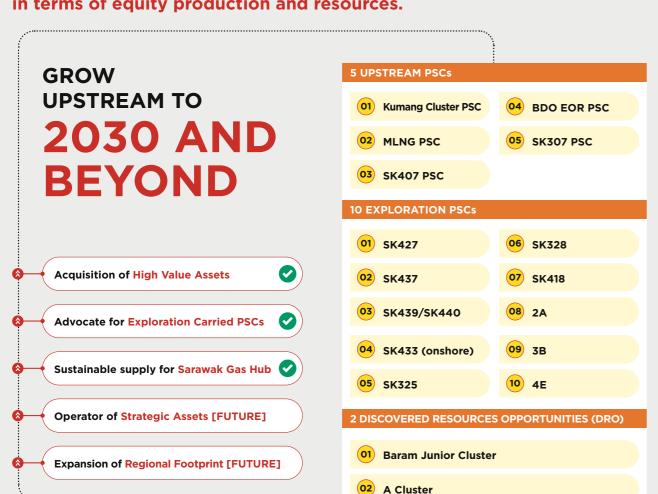
# **UPSTREAM PORTFOLIO**

PETROS' current footprint comprises strategic offshore producing assets and exploration Production Sharing Contracts (PSCs). PETROS also regulates onshore Sarawak explorations and productions (E&P).



3<sup>RD</sup> LARGEST OIL AND GAS EQUITY PRODUCER IN MALAYSIA

PETROS has grown rapidly to be one of the top 3 producers in Malaysia in terms of equity production and resources.

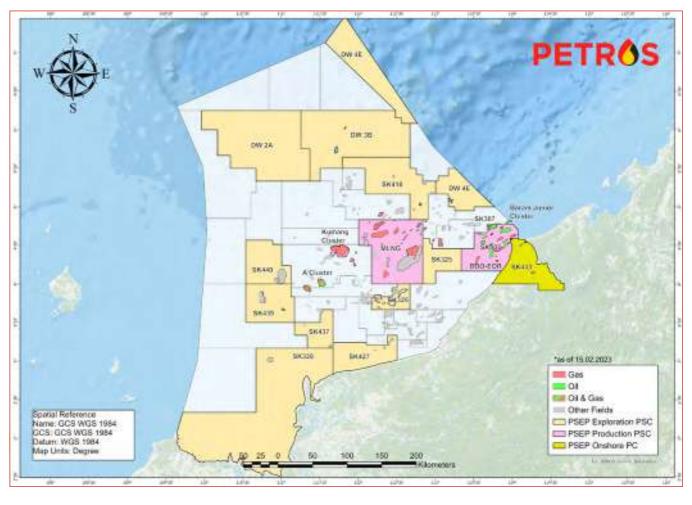


## THE BUSINESS OF PETROS



## **UPSTREAM BUSINESS**

PETROLEUM SARAWAK EXPLORATION AND PRODUCTION (PSEP)



# **DOWNSTREAM PORTFOLIO**





| NATURAL GAS |-

PETROS is a natural gas total solution partner - supplying gas to residential, commercial and industrial customers.

As an energy source, natural gas is the fuel of choice for energy transition. It is a less carbon intensive option compared to other fossil fuels, resulting in immediate and long-term benefits for businesses, the community and the environment.

PETROS' natural gas systems, comprising Bintulu Gas Distribution System, Miri Gas Distribution System and Technical Operations Teams, provide services to industrial customers, enabling them to meet their energy needs.

For homes, piped natural gas grid operated by Sarawak Gas Distribution Sdn Bhd (SGDSB) delivers affordable, reliable and on-demand cooking gas to over 27,000 households and 1,500 commercial businesses in Miri.



PETROS LPG VIA PETROSNIAGA SUBSIDIARY

Effective 1 December 2023, PETROSNiaga holds 100% market share for the distribution of subsidised liquified petroleum gas (LPG) in Sarawak, ensuring the availability of reliable and affordable LPG cylinders across homes, businesses and industries in Sarawak through our statewide distribution network of 65 dealers and 280 sub-dealers.

PETROSNiaga has invested more than RM50 million to strengthen our supply network, upgrade storage capacity, inject replacement cylinders and enhance logistics management.

This demonstrates PETROS' long-term commitment to meeting the increasing demand for LPG supply in Sarawak and ensuring seamless deliveries to customers, now and in the future.



100% market share for subsidised household LPG sector





27.000 residential customers



1,500 commercial businesses



**6** industrial customers





### THE BUSINESS OF PETROS

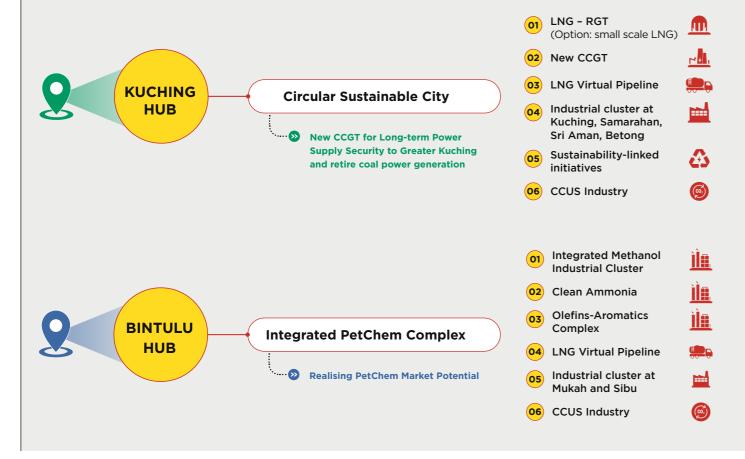
### **SARAWAK GAS ROADMAP:**

- DISTRIBUTING WEALTH CREATION AND ECONOMIC GROWTH **ACROSS SARAWAK**
- ENABLING LOW-CARBON SOLUTIONS THROUGH GAS, RENEWABLE **ENERGY AND CCUS**

The Sarawak Gas Roadmap (SGR) is a 10-year roadmap aimed at utilising natural gas to drive socio-economic transformation for Sarawak. In line with Sarawak's Post-COVID Development Strategy (PCDS) 2030 to transform the State into a high-income economy, SGR aims to drive gas-based development and infrastructure across Sarawak.

Focusing on four strategic hubs: Kuching, Miri, Bintulu and Samalaiu, the SGR will enable PETROS to promote greater use of natural gas, a cleaner fuel for domestic power generation and feedstock to industries. This will be done through expanding the State's existing gas distribution network by developing new physical and virtual gas pipeline systems. PETROS targets to increase domestic gas usage from about 6% currently to about

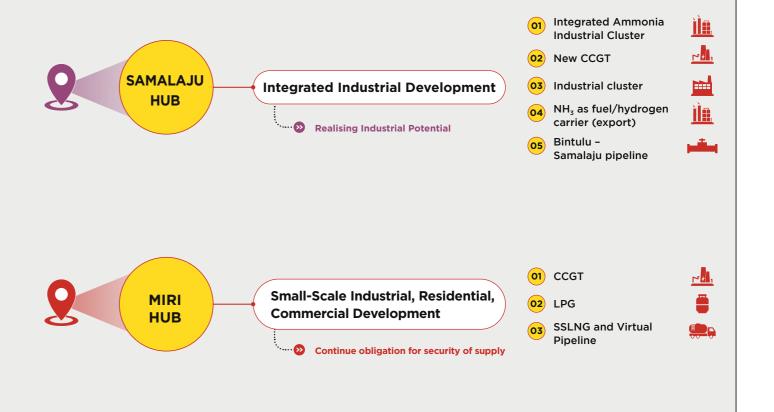
30% by 2030, ensuring a long-term supply of affordable and cleaner energy for the people of Sarawak.



### Memorandum of Understanding (MoU) for 1,200 mmscf/d by 2030 prioritised for domestic use

In December 2021, PETROS signed a Memorandum of Understanding (MoU) with Petroliam Nasional Berhad (PETRONAS) on the increase of domestic gas allocation and utilisation to 1,200 mmscf/d by 2030 for the Sarawak Gas Roadmap (SGR).

In relation to this, PETRONAS and PETROS are developing new gas resources as well as the associated offshore and onshore infrastructures to support the additional gas supply.







# **RESHAPING PETROS' BUSINESS TOWARDS A** SUSTAINABLE FUTURE

The nature of PETROS' business activities are linked to the impacts related to the Environmental, Social and Governance (ESG) factors.

Since the establishment of PETROS in 2017, sustainability has been core to our business strategy and approach, enabling the company to harness resources for the sustainable progress of Sarawak and beyond.

As one of the five key enablers in our business strategy framework, sustainability/ESG is also embedded in PETROS' purpose, vision and mission.

PETROS Group Strategy and Plans (see next page) embody these **5 UN SDGs**:











### APPROACH TO SUSTAINABIL

#### **IMPORTANCE OF ESG TO PETROS**



### **ENVIRONMENTAL STEWARDSHIP**

#### | ENVIRONMENTAL |-

- Environmental impacts of PETROS operations, such as carbon emissions and energy consumption, are minimised.
- · PETROS is also driving low carbon solutions by promoting investment that leverages Sarawak's intrinsic resources of clean gas, renewable power and CCUS.



### **EMPOWERING PEOPLE**

#### | SOCIAL |-

- · It is important for PETROS to act proactively and meet the social needs of the local community by improving industry capability readiness and creating job opportunities, especially in low-carbon industries.
- · Development of critical oil and gas infrastructure across Sarawak by PETROS will enable access to affordable, sustainable and clean energy.



### **RESPONSIBLE GOVERNANCE**

#### | GOVERNANCE |

- It is essential for PETROS to develop strong corporate governance with the highest standards of business conduct and integrity upheld by our employees and management.
- · Strong governance is essential for PETROS' license-to-operate and licence-to-grow with regulators, business partners and community stakeholders.

PETROS acknowledges that we are still at the nascent stage of our sustainability journey, which explains this first voluntary Sustainability Report.

There is still much to be done, and this includes bolstering data collection and aligning disclosures with industry standards. Going forward, PETROS aims to adopt the Task Force on Climate-related Financial Disclosures (TCFD) framework which will enable us to keep business partners and other key stakeholders informed of our climate-related risks and opportunities, ultimately boosting our transparency practices and sustainability disclosures.

### APPROACH TO SUSTAINABILI

#### PETROS GROUP STRATEGY AND PLANS EMBODY THESE 5 UN SDGs

### 17 UNITED NATIONS SUSTAINABLE **DEVELOPMENT GOALS**







































### **FOCUS ON FIVE UN SDGs AND PETROS' ACTION PLANS**

ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL







- Increase use of gas as a "cleaner" transition fuel to replace coal
- Grow share of gas in energy mix goal (70% renewables and 30% natural gas fired CCGT)
- Replace LPG in urban areas with piped gas (more affordable and cleaner)
- Collaborate with LNG partner to bring gas to Kuching
- Full Implementation of Sarawak's Distribution of Gas Ordinance (DGO) 2016
- Increase utilisation of domestic gas for State's socio-economic uplift

PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIVE EMPLOYMENT AND DECENT WORK FOR ALL



Local Employment





Workforce & Supplier Development

- Capability Development Programme for graduates and vocational disciplines
- Enhance industry participation by Sarawakian companies: O Contract opportunities O Vendor Development Programme
- Deliver Sarawak Gas Roadmap projects: ORM21B/year in GDP boost by 2030
- Bring in FDI/DDI ~RM60B per Sarawak Gas Roadmap
- High value job creation for Sarawakians



BUILD RESILENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALISATION AND FOSTER INNOVATION



Infrastructure Development



Sustainable Industries



CCUS Innovation

- Bring gas to unlock Samalaju Industrial Park's full potential
- Develop Miri CCGT for North Sarawak power needs
- Develop world Scale low-carbon solutions hubs: O Development in Kuching, Bintulu and Samalaju hubs
- Develop Sarawak CCUS Center-of-Excellence and capabilities serving the region



TAKE URGENT ACTION TO COMBAT CLIMATE CHANGE AND ITS IMPACTS



Resilience & Adaptive Capacity



Emissions Mitigation



Strategic Planning

- Implement Strategic Roadmap for net-zero emissions future for PETROS and for Sarawak State
- Carbon Capture, Utilisation and Storage (CCUS) strategy and plan
- Carbon pricing in PETROS' portfolio investment decisions



STRENGTHEN THE MEANS OF IMPLEMENTATION AND REVITALISE THE GLOBAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT



Dialogue & Coordination



Government Capacity



Sustainable Energy

- · Coordination through State's Petroleum Advisory Coordination Committee (PACC)
- · Partnership with industry players for technology development and investments in the State
- · Strategic partnership in industrial Capability development

#### SUSTAINABILITY STRATEGY

PETROS' approach to sustainability is firmly rooted on a robust ESG Framework. This framework defines our approach to conduct and grow our business responsibly. It encompasses a set of commitments, guidelines and procedures that address environmental protection, social value creation and corporate governance.

#### **CORPORATE MANAGEMENT SYSTEM**

PETROS' Corporate Management System (CMS) provides a comprehensive framework for all employees and relevant external stakeholders, enabling them to carry out their duties safely, responsible and efficiently. It provides guidance to the Group for systematically managing the risks associated with our business, ensuring dependable operations and fostering ongoing improvements through the application of Lean principles.

The CMS connects PETROS' purpose, mandate and values to align what our Company does, how we do it and the outcomes we hope to achieve. The CMS sets out the 18 elements, ranging from strategy and leadership to sustainability, supply chain and regulatory compliance. The CMS is embedded in all management plans, procedures and processes. All business divisions are required to implement the systems and practices outlined in the CMS. The CMS will undergo regular updates to enhance the expectation statements, reinforcing the Company's ambition to achieving sustained excellence.

#### | THE 18 ELEMENTS IN PETROS' CMS ARE CATEGORISED UNDER COMMIT, IMPROVE PLAN, AND EXECUTE |-



### APPROACH TO SUSTAINABILITY

Serving as an overarching guide for PETROS, the ESG Framework allows PETROS to integrate ESG and sustainability practices into our daily business operations. The framework states that PETROS ESG performance will be delivered through the PETROS Corporate Management System (CMS).

The CMS outlines PETROS control framework of corporate fundamentals (mandate, purpose, values) and policies, expectations and controls (via processes, procedures and guides). Both the ESG Framework and the CMS serve as PETROS' sustainability guide and are can be accessed by all employees via internal online platform, SharePoint.

#### PETROS' SUSTAINABILITY COMMITMENT IS STATED IN ELEMENTS 2 AND 3 OF THE CMS

Element 2

#### **Governance and Accountability**



--- Objective:

To promote a culture of transparency and integrity that drives a high-performing business, strengthen PETROS' reputation as a State-owned organisation, and safeguard the interests of key stakeholders.

Requirement

- Define corporate governance framework in line with standards and expectations of relevant authorities
  PETROS ensures that clear governance policies, including the roles, responsibilities and authorities of our
  governing bodies, are established to enable consistent and transparent decision-making to balance control and
  entrepreneurial spirit in leadership.
- Set a clear framework to ensure efficient decision-making and maximise holistic value creation

  A set of corporate criteria has been established to identify business-critical decisions and this includes an auditable RAPID (Recommend, Agree, Perform, Input) framework to lay down the responsibilities and authorities for all identified business-critical decisions.
- Promptly and appropriately engage internal and external stakeholders to ensure their appropriate involvement in the decision-making process

Stakeholders relevant to PETROS' decision-making are identified to ensure informed decisions are made and the Company's relationship with the stakeholders are well-managed. This includes having a stakeholder engagement plan with identified communication channels, such as the publication of PETROS Group's Annual Report and planned engagement with investors and industry analysts on performance results.

• Establish policies and procedures to ensure compliance with our internal code of conduct and relevant laws and regulations PETROS has in place a Code of Conduct to reflect the Company's core values and culture, an Anti-Bribery and Corruption Governance Framework to manage ABC compliance and risk assessments, and a Delegation of Authority Manual to define authorities in decision-making to ensure the decisions are executed with accountability.

Element 3

#### Sustainability



Objective

To adopt ethical and responsible business decisions and practices pertaining to Environment, Social, Governance (ESG) and Health, Safety and Environment (HSE) matters while delivering energy and value.

Requirements:

ESG Agenda

PETROS aims to integrate ESG and HSE considerations into their decision-making and corporate activities, ensuring fair, efficient and responsible business conduct to create long-term value, in alignment with the established ESG roadmap.

Climate Change and Emissions

PETROS is proactively identifying opportunities to reduce carbon emissions across the Company's value chain and has implemented a decarbonisation strategy with both strategic and operational levers to achieve carbon neutrality by 2050 for Scope 1 emissions.

Environment

The Company is developing and implementing company-wide environmental management standards, utilising a hierarchy of controls to manage emissions, discharges and waste, and conducting assessments to optimise resource use and minimise environmental impacts.

Social

PETROS includes social impact considerations in their decision-making to fulfil their commitment to corporate responsibility and create value for Sarawakians. We have also set up processes and controls to monitor, report and manage identified impacts.

Governance

PETROS employs a three-layered defense system, conducts annual Business Assurance to glean insights, and ensures that the internal audit team and Integrity Officer are accountable, providing direct access to the Risk and Compliance Committee for sharing audit findings and business assurance reviews.

#### **CORPORATE GOVERNANCE**

Sound leadership is paramount for **PETROS** to cultivate integrity and increase stakeholder confidence. It affects how PETROS' manages their companies and stakeholder relationships.

PETROS' Board of Directors (the Board), our sub-committees and the Executive Committee endeavour to uphold the highest standards of corporate governance to ensure good business conduct, ethics and integrity in all our business activities. This is in line with PETROS' four corporate values of Integrity, Professionalism, Respect and Passion, which it strives to achieve to deliver excellence.

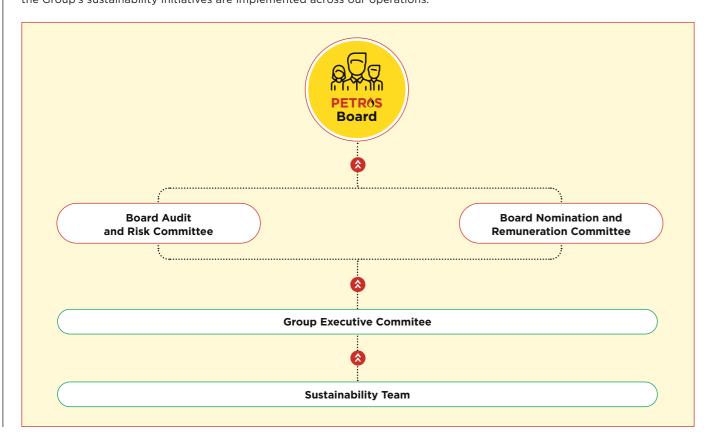
The highest governance in PETROS is the Board, which is chaired by Tan Sri Datuk Amar (Dr.) Hamid bin Bugo, who does not hold any senior executive position in the Company. All members of the Board are nominated by the ultimate shareholder based on their experience and capabilities in the public sector, related sectors, industries and bodies, including oil and gas, technical and financial/fiscal expertise.

All eight members of the Board and its sub-committees are wholly non-executive, whereby three of them are Independent Directors. The Board and its two sub-committees, the Board Nomination and Remuneration Committee and the Board Audit and Risk Management Committee, are supported by the Executive Committee. The Executive Committee serves as the highest governance in daily operations.

#### SUSTAINABILITY GOVERNANCE

### The Board has oversight of sustainability-related matters, including climate-related risks and opportunities.

The Board ensures that the conduct of the Group's operations promotes business sustainability and integrity, in addition to complying with the relevant laws, rules and regulations. All sustainability-related initiatives are rolled out and managed by the Group Executive Committee, which is supported by a Sustainability Team. The Group Executive Committee ensures that the Group's sustainability initiatives are implemented across our operations.



### APPROACH TO SUSTAINABILITY

#### PETROS BOARD

· Oversees the business of PETROS' Group and ensures that the conduct of the Groups' operations promotes business sustainability and integrity, and complies with the relevant laws, rules and regulations

#### **Board Audit and Risk Committee (BARC)**

- · Responsible in matters of audit and risk management, especially in overseeing the Groups' Financial Reporting, Risk Management and Internal Controls Procedures and the work of internal and external auditors
- Reviews conflict of interest situations and related party transactions



#### **Board Nomination and Remuneration Committee (BNRC)**

- · Assesses the performance of the Board and our sub-committees
- · Assists the Board in defining and assessing qualifications for Board membership and the Group Chief Executive Officer (GCEO)
- · Identifies and recommend to the Board suitable candidates for Board membership and the GCEO position
- Reviews and recommends to the Board the Company's Remuneration Framework
- · Reviews and recommends any amendments to the functional structure of the organisation to the Board for approval
- · Reviews and recommends Board members' training needs and senior members' talent development



#### **Group Executive Committee (EXCOM)**

· Executes PETROS' businesses and deliver on our corporate strategy

| THE BOARD'S RESPONSIBILITIES ├

The Board ensures PETROS' full compliance with all requirements, rules and guidelines of the relevant laws, including the Companies Act 2016 and the **Malaysian Code on Corporate** Governance (MCCG).

Benchmarking corporate governance practices against the MCCG recommendations and the OECD Guidelines for State-Owned Enterprises ensures that PETROS operates in a sound, competitive and regulated environment to promote efficient and open markets at the domestic and international level.

The Board is kept apprised of all critical issues affecting the Group and all communications of critical concerns are conducted through Board meetings or as required via the GCEO/Executive Committee.

The Board ensures that the conduct of PETROS Group's operations promotes business sustainability and integrity. The Board is responsible for providing oversight and stewardship to the Company through:

- · Reviewing and approving corporate strategy, including mitigating risks and identifying opportunities
- Overseeing conduct and performance of the Group, the GCEO and the Executive Committee
- Supervising orderly succession of the Board and **Executive Committee**
- Reviewing and approving nomination and remuneration matters of Executive Committee members, including key performance indicators. The Board will ensure that remunerations are set at a competitive level within the industry
- Reviewing and approving Group Enterprise Risk Management
- Ensuring a sustainable anti-bribery and corruption programme

## APPROACH TO SUSTAINABILITY

#### | BOARD CHARTER |-

The Board is guided by the Board Charter, which promotes good corporate governance and consists of the Board's roles and responsibilities, including how the Board discharges its duties and responsibilities.

The Board Charter also assists the Board in the assessment of its own performance and that of its individual Directors. The Board reviews the Board Charter periodically to ensure relevance of its application and that PETROS Group remains at the forefront of best practices in corporate governance.

#### PETROS BOARD OF DIRECTORS **DATU IR. HAJI DATO HENG** DATO SRI DR. HAJI **ZURAIMI BIN HAJI HEYOK CHIANG** @ WAN LIZOZMAN BIN **HENG HOCK CHENG SABKI HAJI WAN OMAR** Non-Independent Independent "Actions, not Non-Independent, Non-Executive Director Non-Executive Director Non-Executive Director words, define sustainability." DATU DR. DATUK HAJI DATO MOHAMMAD **DATIN JOSEPHINE** MUHAMMAD **MEDAN BIN SHARBINI BIN ANAK HILARY DOM** @ **ABDULLAH BIN ABDULLAH JOSEPHINE JOHN** SUHAILI ZAIDEL Non-Independent Non-Independent Independent Non-Independent **TAN SRI DATUK** Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive AMAR (DR.) HAMID Director **BIN BUGO**

#### **BOARD COMPOSITION**

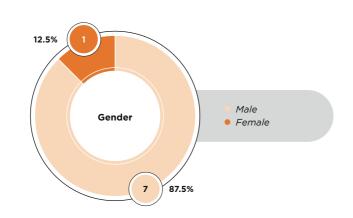


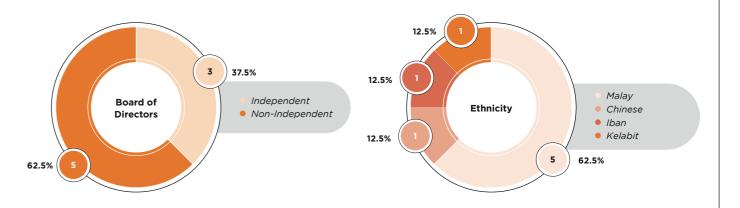
100% OF PETROS' BOARD ARE:

Independent

Non-Executive Chairman of The Board of Directors

- Non-Executive Directors
- Malaysians

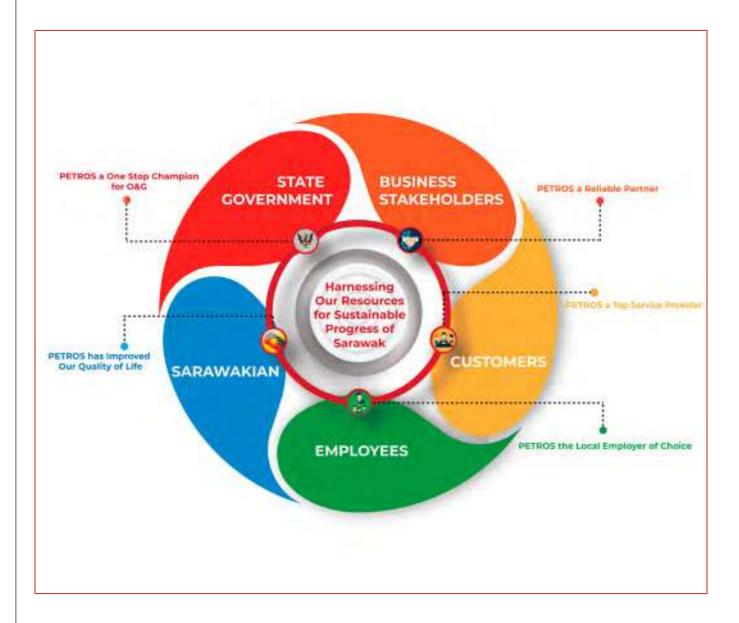




28 PETROLEUMSARAWAK.COM — 2023 SUSTAINABILITY REPORT 29

#### STAKEHOLDERS AND PROMISES

To validate the sustainability of PETROS' strategies and plans, we are clear on our stakeholder groups and our promises to them.



#### | STAKEHOLDER GROUPS |



**SARAWAKIANS** 



**EMPLOYEES** 



**BUSINESS STAKEHOLDERS** 



**STATE GOVERNMENT** (including the State's Regulatory Authorities)



**CUSTOMERS** 

## APPROACH TO SUSTAINABILIT

#### STAKEHOLDER GROUP



#### **SARAWAKIANS**

#### **OUR PROMISE:**

· Improve quality of life

#### **METRICS:**

- · Affordable, accessible and sustainable energy supply
- Job creation in oil and gas and low carbon solution industries, and local multiplier effect



### **GOVERNMENT**

#### **OUR PROMISE:**

• One stop champion for oil and gas

#### **METRICS:**

- Steady dividends
- Develop critical energy infrastructure
- Long-term energy security and energy transition management



#### **BUSINESS STAKEHOLDERS**

#### **OUR PROMISE:**

· Reliable partner

#### **METRICS:**

- · Clear strategy and delivery discipline
- Transparent and strong governance
- · Solid and stable credit and audit ratings



#### **CUSTOMERS**

#### **OUR PROMISE:**

**OUR PROMISE:** 

· Top service provider

#### **METRICS:**

- · Accessible, reliable and cost competitive service
- · Excellent customer experience



· Local employer of choice

### **EMPLOYEES**

#### **METRICS:**

- Inclusive, enjoyable environment that promotes well-being
- Market competitive remuneration reference
- Capability and personal growth

### APPROACH TO SUSTAINABILITY

**ENGAGING BUSINESS STAKEHOLDERS** 

# INVESTOR PRESENTATION ON BUSINESS STRATEGY AND DELIVERY UPDATE

January 2023



Through our subsidiary Petroleum Sarawak Exploration and Production (PSEP), we held an Investor Presentation in January 2023 to provide an update on PETROS' current business strategy, future growth plans and delivery to date. The half-day event was attended by more than 60 key stakeholders including bankers, financiers, financial analysts, and potential investors.

The event was led by COO James Foo and CFO Azha Jalil, who shared the Company's latest financial performance as well as progress in key projects, and strategy for future growth. Potential investors were also given the opportunity to ask questions and engage in discussions with the panels, allowing for a more in-depth understanding of the Company's operations and plans. Investors also asked management to clarify on PETROS' operating governance.

At the event, James expressed the Company's commitment to developing strong relationships with potential investors and emphasised the importance of regular communication and engagement. He stated that the programme was just the beginning of a series of initiatives aimed at keeping stakeholders informed and up-to-date on the Company's activities. The event was organised and managed by the PETROS External Relations and Corporate Communications Team, in collaboration with members from the Governance, Risks and Compliance Team.

The event was well received by those in attendance, who appreciated the opportunity to hear directly from the Company's leadership team and gain a deeper understanding of our plans and governance management.





### MATERIALITY MATTERS

#### MATERIALITY ASSESSMENT

### In conjunction with PETROS' first sustainability report, we conducted our inaugural in-depth materiality assessment in 2023.

To gain a comprehensive understanding of material issues, both impact materiality and financial materiality were evaluated to determine PETROS' impacts on the economy, environment and people. This includes sustainability topics that could generate risks or opportunities which may influence future cash flow, consequently impacting value creation in the short, medium, or long term.

The assessment enables PETROS to embed sustainability into our strategy and daily operations by aligning our sustainability efforts with stakeholder expectations. Identifying sustainability issues or material matters will enhance the management of risks and opportunities, in addition to allowing us to make informed decisions.

Going forward, we will review our material matters on an annual basis to determine their relevance and ensure their alignment with industry peers and reporting framework requirements. PETROS will continue to conduct periodical comprehensive analysis to update our material issues to reflect the progress made along our sustainability journey.

### MATERIALITY MATTERS



Apart from the five prioritised material topics, the remaining nine material topics are also covered in this report.

#### PETROS' MATERIALITY ASSESSMENT

PETROS' materiality assessment, which was conducted in three months, consisted of a five-step process, as illustrated in the flow chart.

Step 1

#### Planning, Data Review and Desktop Research

- Established governance structure and developed project plans
- 10 Identified the scope of the assessment, including PETROS operations, products, services and
- Determined actual and potential areas of impact and benchmarked against peers, including considering the sustainability matters provided by the following international standards and frameworks:
  - Global Reporting Initiative's (GRI) Sector Standard for Oil and Gas
  - Sustainability Accounting Standards Board (SASB)
  - European Sustainability Reporting Standards (ESRS)
  - World Economic Forum's Stakeholder Capitalism Metrics (WEF SCM)
- Conducted desktop research on material global and industry trends

Step 2

#### **Assessment of Prioritised Stakeholders**

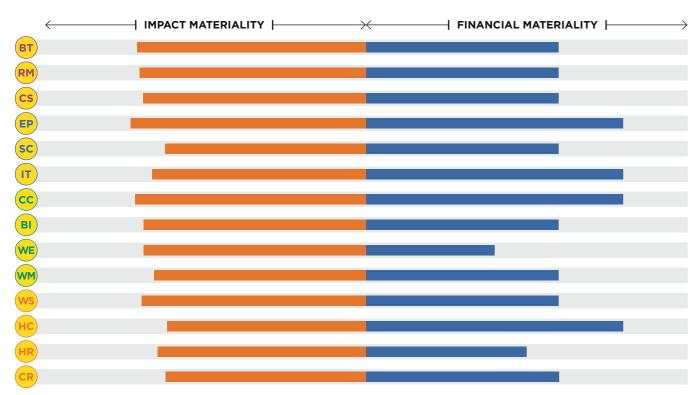
- Defined and agreed on stakeholder engagement boundaries
- Shortlisted stakeholder groups and prioritised actual stakeholders to be engaged
- Onducted a proritised stakeholder determination survey
- Consolidated findings from the prioritised stakeholder determination survey

Step 3 **Impact Materiality Assessment** •• Specified the definition of the assessed sustainability topic Determined the scale, scope and remediability of impacts Determined the preliminary impact materiality of the analysed topic Assessed and consolidated results **Financial Materiality Assessment** Step 4 •• Specified the definition of the assessed sustainability topic Assessed PETROS' continuation of use of resources (including workforce) needed in business operations Assessed PETROS' reliance of relationships with stakeholders, including financial institutions, contractors, customers, external stakeholders and broader society/communities Determined financial materiality of a sustainability topic **Final Result Development** Step 5 Developed a conclusion on the overall findings of the materiality assessment

The final results were reviewed and endorsed by the Board

## MATERIALITY MATTERS

## **DOUBLE MATERIALITY MATRIX**



MATERIAL MATTERS	DESCRIPTIONS • Governance • Economic • Environmental • Social
Business Ethics & Transparency	The integrity of people in the business affects all stakeholder groups and every area of business operations. Ethics and transparency are important in the growth of the business. This matter looks at PETROS' values, principles, standards and norms of behaviour, and includes the topic of anti-corruption as well.
Risk Management	Risk management examines PETROS' risk management process to identify, evaluate, monitor and manage uncertainties, which could manifest as either threats or opportunities within the areas where PETROS operates.
CS Cybersecurity	Cybersecurity is the practice of defending computers, servers, mobile devices, electronic systems, networks and data from malicious attacks. It is also known as information technology security or electronic information security. This matter looks at how PETROS changes the productivity level in the organisation through greater adoption of information technology and the mitigation plans we have in place to mitigate cyber threats, which allows the organisation to operate in a safe and productive manner.
ECONOMIC Performance	Direct economic value generated and distributed is a metric that indicates the wealth that PETROS creates through our operations and the subsequent allocation of revenue. This matter looks at the economic value generated and distributed by PETROS and our defined benefit plan obligations.
SC Sustainable Supply Chain	Sustainable supply chain refers to the act of managing a supply chain in order to ensure it is operating as efficiently as possible while promoting sustainable practices. This matter looks at how PETROS' procurement practices cause or contribute to negative impacts in the supply chain. It also addresses the organisation's support for local suppliers.

## MATERIALITY MATTERS

MATERIAL MATTERS	DESCRIPTIONS	• Governance • Economic • Environmental • Social
Innovation & Technology	PETROS uses technology to improve	s productivity and efficiency. This matter looks at how ethe existing business processes and increase productivity. Innovation to utilise new approaches and technology to portunities.
CC Climate Change	is the main cause of human-induced be reduced by reducing global emiss manages risks and opportunities asso	m shift in global or regional climate patterns. Carbon dioxide d climate change. The impact of global warming can only sions of carbon dioxide. This matter looks at how PETROS ociated with direct emissions from our owned or controlled stual or potential physical impacts of climate change.
Biodiversity Impacts	species, genetic diversity and natu clean water and air, and contribut contributes directly to local liveliho	mportant for ensuring the survival of plant and animal ural ecosystems. In addition, natural ecosystems provide the to food security and human health. Biodiversity also bods, making it essential for achieving poverty reduction, and the matter looks into PETROS' impacts on living and gland, air, water and ecosystems.
WE Waste & Effluent Management	the negative impacts on the environments of the procedures are carried out responsing generation. This matter looks into	ed in a safe, ethical and responsible manner, it helps reduce comment. Ensuring that waste and material management ibly and with regularity helps to avoid unnecessary waste PETROS' efficient use of materials, practices in waste poliance to relevant environmental laws and regulations.
WM Water Management	to operations as water is essential f supporting industries for a continua manages the monitoring of water of	areas of the world. Water scarcity may impose high risks for growing and processing food, generating energy and ally growing population. This matter looks at how PETROS consumption, implements water efficiency initiatives and uents and wastewater to protect water resources.
WS Workforce Health & Safety	looks at how PETROS implements th systems which include developing a providing training, as well as recording	health, safety and welfare issues in the workplace. This matter the principles of occupational health and safety management a policy, analysing and controlling health and safety risks, and and investigating health and safety incidents. Health and cention of harm, and the promotion of health and well-being.
HC Human Capital Development	efforts to improve individual, group an approach in training and upgrading	egrated use of training, organisation and career development and organisational effectiveness. This matter looks at PETROS' employee skills, and performance and career development esistance programmes to facilitate continued employability, and the programmes to the continued employability, and the continued employability.
HR Human Rights	from forced labour is a human right	on's approach to protecting their workers, and freedom and a fundamental right at work. This matter looks at how in rights are respected and how PETROS fully complies with regards to labour practices.
CR Community Relations	the local community. This matter looks	olvement and participation an organisation has in the welfare of s into PETROS' environmental and social impact assessments, opment programmes based on local communities' needs.



### **ECONOMIC PERFORMANCE**

### As a state-owned entity, PETROS has the responsibility of generating longterm positive impacts on Sarawak's economic development.

PETROS aspires to contribute to the State's sustainable development by harnessing resources for the sustainable progress of Sarawak and beyond. Our commitment to the people of Sarawak is resolute. PETROS aims to transition the State's economy to a low-carbon future through the Sarawak Gas Roadmap (SGR) and Carbon Capture Utilisation and Storage (CCUS). Both initiatives are set to increase foreign direct investments (FDI) in the State while reducing greenhouse gas (GHG) emissions and creating job and business opportunities for Sarawakians. In addition, PETROS has incorporated the carbon tax premise into all investment decisions. These initiatives will play a key role in accelerating the State's transition to net zero emissions by as early as 2050.

#### **SARAWAK GAS ROADMAP**

The Sarawak Gas Roadmap is a 10-year blueprint aimed at propelling the State towards becoming a sustainable energy ecosystem in Asia. Focusing on four strategic hubs: Kuching, Miri, Bintulu and Samalaju, the roadmap capitalises on abundant natural gas resources, using them as petrochemical feedstock and industrial fuel to boost gas consumption throughout the State. By expanding gas transportation across Sarawak, PETROS targets to increase access to affordable and clean energy, ensuring a stable, long-term supply of gas and other essential feedstocks to drive local socio-economic development. This vision involves the development of sustainable downstream economic and industrial hubs, achieved through the expansion of the State's gas distribution network, the establishment of new physical and virtual gas pipeline systems, and the construction of new Combined Cycle Gas Turbine (CCGT) plants.

#### LOW-CARBON ECONOMY FOR SARAWAK

To transition the State to a low-carbon economy and achieve a net zero future, we have embarked on capturing carbon dioxide (CO<sub>2</sub>) to realise the long-term potential of the Carbon Capture Storage (CCS) value chain. With an offshore capacity storage for 9 billion tonnes of CO<sub>2</sub>, Sarawak has the potential to become the CCS heartland of Asia Pacific.

The CCS process involves receiving CO2 from onshore and international sources before transporting the gas via pipelines to offshore injection sites and pumping CO2 into geological reservoirs. In addition, CCS is also used to unlock stranded sour gas resources which has naturally occuring CO. These projects will attract investments thus creating multi-generational jobs during project execution and operational phases.

As the designated Carbon Capture Storage and Utilisation (CCUS) resource manager for Sarawak, we received our first CCS licence for a block in the North Luconia province, offshore Bintulu, in 2023.1 PETROS will promote, develop and monitor CO<sub>2</sub> storage resource for the State, ensuring that the appointed operators fulfil all the regulatory requirements and industry standards to permanently sequester the CO<sub>2</sub>. PETROS aims to establish strong partnerships with government agencies, national and international oil companies, industry peers and research institutions to drive innovation to accelerate the transition to a low-carbon economy. Moving forward, PETROS will continue to work in synergy with the Sarawak and Federal Governments to progress the green agenda for a more sustainable energy future.

PETROS is playing an active role in promoting the key advantages of Sarawak to enable a low-carbon economy with the State's abundant gas reserves, CCUS resource and renewable power that would attract green and blue energy, and manufacturing investments into Sarawak.

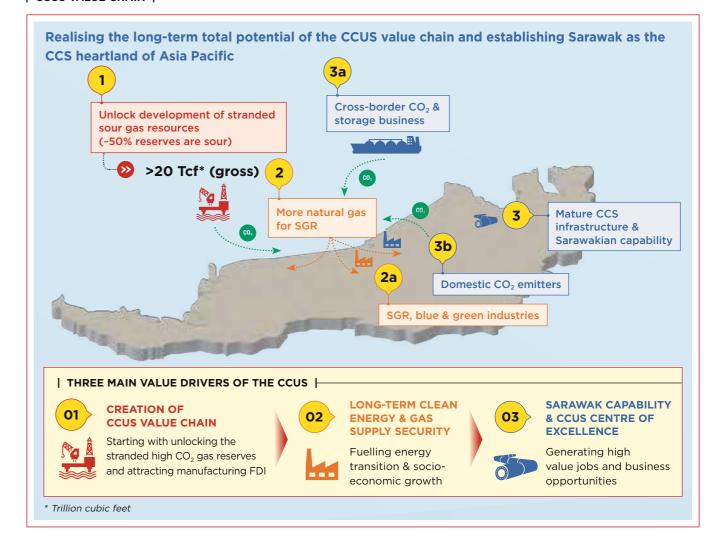
Read more about the CCUS in Climate Change from pages 56 to 64.



PETROS was issued the licence for carbon storage to begin our strategic role as the Resource Manager for Sarawak's Carbon Capture, Utilisation and Storage (CCUS) during the Asia Carbon Conference in 2023.

### ECONOMIC PERFORMANCE

#### │ CCUS VALUE CHAIN ├─



#### **GROWING THE STATE'S POWER GENERATION** AND THE ROLE OF GAS

### In growing the power generation of Sarawak, the role of gas as a clean and transition fuel is vital.

The desired power mix is 70% renewables and 30% thermal in which gas-fired, Combined Cycle Gas Turbine (CCGT) plays an important role. Gas-fired CCGT emits less than 50% CO<sub>2</sub> compared to coal-fired power generation.

To support the State's goal of meeting the power CO<sub>2</sub> index to be aligned with the Kyoto 1.5°C metric, severals CCGT projects are in progress in Sarawak such as the 400-500MW plant in Miri by PETROS and the 1,000MW plant in Samalaju by Sarawak Energy Berhad (gas will be delivered by a new pipeline project by PETROS). Both of these plants are expected to be operational by 2026 - 2027.

As an example of future-proofing against climate change threat, the Miri CCGT design allows for hydrogen as a fuel source and the power plant foundation allows for potential rise in sea levels.

#### | MIRI CCGT — REDUCING CO., FOOTPRINT TOWARDS SUSTAINABLE ENERGY |

Gas turbine compresses air and mixes it with high heat natural gas.

The hot air-gas that moves through the turbine blades spins the blades and drives a generator that converts a portion of the spinning energy into electricity.

The exhaust heat emitted from the gas turbine is then captured by the heat recovery steam generator, which generates steam from the emissions before delivering it to the steam turbine.

The steam turbine sends its energy to the generator drive shaft, where it is converted into additional electricity.

40 PETROLEUMSARAWAK.COM 2023 SUSTAINABILITY REPORT 41

### ECONOMIC PERFORMANCE

**IMPACT STORY** 

## **PETROS PARTICIPATES IN BBRC INTEX 2023**

Team PETROS participated in the Borneo Business Research Conference (BBRC) 2023, held in conjunction with the UNIMAS Innovation Technology Exposition (InTEX) 2023 at Raia Hotel and **Convention Centre in Kuching, Malaysia.** 

The conference was themed "Circular Economy and Business Resilience", aligning with the goals of the Sarawak State and the Malaysian government for sustainable economic growth.

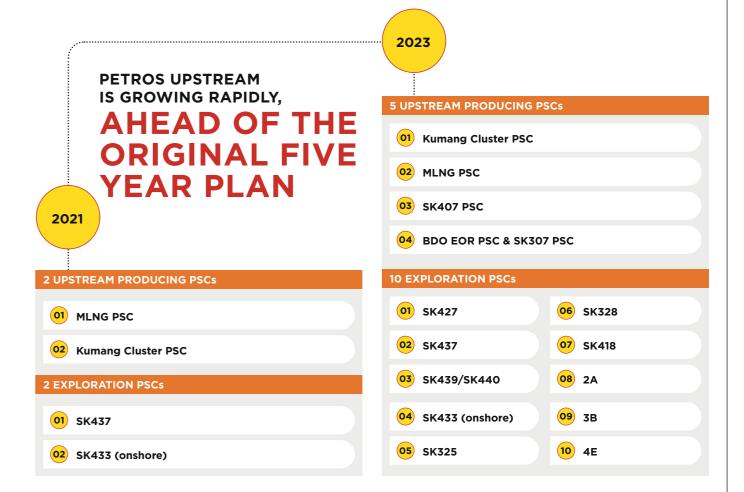
The event kicked off with a keynote address by our COO, Dr James Foo, who shared insights on PETROS' journey and our sustainability-driven initiatives.



### ECONOMIC PERFORMANCE

#### **BUILDING SARAWAK'S ECONOMIC RESOURCES FOR SARAWAKIANS**

PETROS is dedicated to sustainably contribute to the State's economy for the benefit of all Sarawakians and securing a brighter future. During the year, we intensified efforts to further develop the State's oil and gas industry, in our aim to generate long-term value and prosperity.





"In Upstream, we persistently maximise the value derived from our foundational assets while ardently pursuing ambitious business growth aligned with our strategy and purpose. Our commitment to excellence and the development of our talent is deeply ingrained, and as we progress, sustainability stands as a steadfast pillar at the forefront of our endeavours."

### ECONOMIC PERFORMANCE

**IMPACT STORY** 

PETROS' BUSINESS RESILIENCE STRATEGY

POST-COP28

In a move to enhance the climate agenda, COP28 was held to bring the world together to drive inclusive climate progress and build a sustainable tomorrow.

The summit concluded with calls to move away from traditional fossil fuels. To this end, PETROS aims to advance our net zero and energy transition goals by adopting these business strategies:

Prioritising investments in low-carbon intensity assets in our portfolio **PRESENT** Developing and diversifying non-fossil business sectors such as CCUS **PLANNED** Evaluating diversification of energy and other (e.g. port and terminals) **FUTURE** infrastructure business sectors

PETROS believes that these strategies will strengthen Sarawak's positioning as a low-carbon and investmentfriendly State, attracting local and foreign investors.

IMPACT STORY

FIRST ONSHORE DRILLING AT THE

## **SK433 BLOCK IN MIRI**



The launch of the first onshore drilling at the SK433 block marked a historic milestone for PETROS, officiated by The Right Honourable Premier of Sarawak, Datuk Patinggi Tan Sri (Dr) Abang Haji Abdul Rahman Zohari bin Tun Datuk Abang Haji Openg, at Miri's Oil Well No. 1 at Canada Hill.

Additionally, Block SK433 encompasses an area of approximately 3,100 km², located in the northern region of Sarawak and includes the Adong Kechil West field. The first onshore drilling reflects PETROS' ambitious goal to "Harness Resources for the Sustainable Progress of Sarawak and Beyond", actively contributing to both the upstream and downstream sectors of the oil and gas industry since the Company's inception in 2017. This aligns with the State's vision of creating employment opportunities for local talents while attracting and retaining Sarawakian experts.

### SUSTAINABLE SUPPLY CHAIN

As the oil and gas industry strives to transition to cleaner energy and contribute to a lower carbon emissions future, stakeholder expectations for the industry's supply chain responsibility are increasing.

At PETROS, we acknowledge that a sustainable supply chain encompasses managing the environmental, social and governance impacts of our value chain. These impacts include environmental practices, compliance and regulations, anti-corruption measures, and social issues such as human and labour rights.

Building a sustainable supply chain is essential for PETROS to cultivate strong relationships with our suppliers, mitigate various risks, such as operational and financial, and meet stakeholder expectations. PETROS' supply chain involves more than 380 mostly local (Sarawakian), non-Sarawakian and foreign suppliers in both upstream and downstream businesses.

PETROS has established a structured and comprehensive supply chain process that encompasses all scopes of operations. This is to achieve the best value, ethical and equitable procurement practices while upholding integrity and compliance, all of which are underpinned by the Company's Supply Chain Procedure (SCP).

The SCP, supported by the Group's CMS¹, provides the relevant policies and procedures for the process of the supply chain and its management, ensuring compliance with minimum mandatory requirements. It encompasses key frameworks such as supply chain governance and supply chain framework. Furthermore, it includes critical elements that will ensure a robust supply chain such as a Tender Committee; sourcing, evaluating and awarding of vendors and suppliers; vendor registration; strategy selection; claims and disputes; and logistics and inventory. The SCP, which is accessible by all employees via PETROS SharePoint, is reviewed on a biannual basis to ensure its effectiveness and efficiency.

▲ ¹ Read about the CMS in Our Approach to Sustainability from pages 24 to 25.

### PETROS' SUPPLY CHAIN PROCEDURE IS SUPPORTED BY ELEMENT 11 IN THE CMS, WHICH SETS OUT SIX EXPECTATIONS THAT WILL ENABLE IT TO DEVELOP A SUSTAINABLE SUPPLY CHAIN.



#### **Supply Chain**



#### Objective:

To ensure that PETROS achieves optimal material management such as warehousing and logistics to support operational excellence through third party expenditure and to encourage participation of Sarawakian vendors. This encompasses the procurement of goods and services, and managing supplier and contractor relationships.

#### Requirement

#### • Develop Contract and Procurement Strategies

- We have in place contract and procurement processes, procedures and governance to ensure consistently competitive costs, ethical practices and high quality for procured goods and services.
- An annual PETROS Procurement Plan (APP) is developed together with business partners as part of the Business Planning process.
- Contract and Procurement strategies are developed with Functions and Business sectors in each project.
- Category management strategies are developed for vital services and products.
- Long-term supply agreements are established and automated ordering systems are implemented for low-value and recurring items.

#### · Manage Contractor Relationships

- Contractors are assessed regularly on their performance to ensure they fulfil their obligations.
- Contractor management roles such as those of sponsors and focal points are clearly established and verified for competency and time commitment.
- Executive Committee (EC) members are assigned as sponsors for strategic contractors.
- Contract due dates are flagged and contractors' performance are reviewed prior to closure or renewal.

#### Material and Logistics Management

- Integrated warehouse and inventory management is in place and includes the management of critical spares.
- A logistics management system has been established to cater to diverse business needs.

#### Procure-to-Pay

- Prior to processing, invoices are reconciled to contract/purchase orders and reviewed, considering the work progress made.
- A seamless workflow has been established to facilitate the procure-to-pay process.

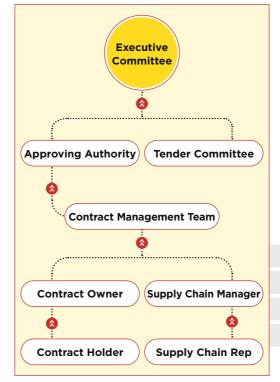
#### Vendor Development Programme

- A vendor base and Vendor Development Programme has been established to nurture the capabilities of local vendors.
- Local vendors are encouraged to participate in forward-looking activity planning e.g. post PETROS Business Planning and engage in discussions on enhancing capabilities.

#### Track Performance against KPIs to Drive Improvement

- Quarterly reports on the overall performance of contracts are presented to the Management, along with instances of any non-compliances and deviations.
- Progress of Vendor Development Programme is reported with best practices and any emerging issues.

### SUSTAINABLE SUPPLY CHAIN



#### **SUPPLY CHAIN GOVERNANCE**

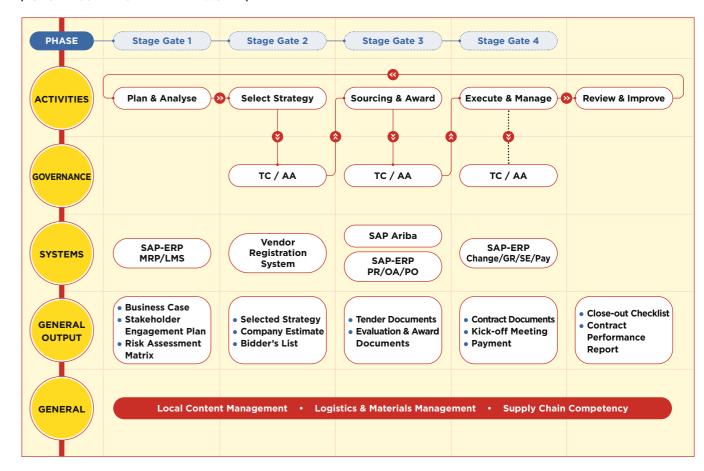
Our supply chain is governed by the Executive Committee, which has the ultimate responsibility in overseeing the Company's supply chain management. The authorisation process determines how authority is delegated to the Approving Authority, as defined within the PETROS Limits of Authority (LoA) to ensure that actions in the key processes are carried out with the appropriate authority. This also underscores good business ethics and integrity in PETROS' supply chain management.

The Tender Committee is tasked with the responsibility for governance of the procurement processes within PETROS. This enables us to obtain quality, cost-efficient deals as well as ensuring strong ethics and governance across our supply chain, in alignment with PETROS' values and objectives. All selected and approved vendors and suppliers are required to comply with the Group's policies and rules<sup>2</sup>, which include the following:

- 01) CODE OF BUSINESS ETHICS
- 02 ANTI-BRIBERY AND CORRUPTION MANUAL
- **03** GIFTS, ENTERTAINMENT AND CORPORATE HOSPITALITY POLICY
- 04 WHISTLEBLOWING POLICY
- 2 Read about the Group's ethics and integrity in Business Ethics and Transparency from pages 96 to 99.

#### SUPPLY CHAIN FRAMEWORK

#### | CMS-E11 SUPPLY CHAIN FRAMEWORK |-



### INNOVATION AND TECHNOLOGY

### INNOVATION AND TECHNOLOGY

The megatrend of technological breakthroughs is giving rise to a multitude of technologies including disruptive systems such as artificial intelligence (AI), cloud computing and augmented reality. Disruptive technologies fundamentally reshape business operations, establish new markets and create value networks.

#### INNOVATION AND TECHNOLOGY MANAGEMENT

PETROS is guided by our Digital Technology Framework to deliver value to the business and our stakeholders. The framework has been endorsed by our Leadership Team with the following mandate:



#### A ROADMAP TO DELIVER BUSINESS STRATEGY

Identifying opportunities and embedding accountability to realise value for our stakeholders



#### THE ROLE OF THE DIGITAL/ **TECHNOLOGY DEVELOPMENT TEAM**

Establishing stable operations and preserving the business landscape by adopting an Enterprise perspective to drive strategic demand and ensure scalability in digital and technological deployments



#### STRATEGIC DESIGN PRINCIPLES

PETROS' strategy and deployment are governed by our business values, which are data driven and secure by design



#### **Digital Strategy**

- Shapes strategic demand through each business segment
- Delivers digital products for Enterprise and Line of Business
- Data science, data management and standards

### **Business**

#### · Leads opportunity identification • Responsible for realising value

- Owns digital roadmap



#### Technology

 Connects and aligns the broader technology strategy and ecosystem and links to integrated solution





and cross functional accountabilities across all business segments

- Technical Applications and Licensing
- Cloud Hosting and Storage
- Enterprise IT Infrastructure Operations Technology, End User Computing, Network Engineering & Telecommunications
- Architecture Standards &
- Cybersecurity safeguarding, control and access management across Digital and Technology services

| PETROS DIGITAL DESIGN PRINCIPLES |-



**BUSINESS VALUE** 



DATA DRIVEN



SECURE BY DESIGN

**PETROS' DIGITAL DESIGN FRAMEWORK ENCOMPASSES DIGITAL STRATEGY,** BUSINESS, **TECHNOLOGY AND ENTERPRISE ICT.** 

In addition, PETROS has in place a set of PETROS Digital Guiding Principles, which enables us to create value through digital initiatives. It also allows PETROS to leverage a common platform and data systems to derive business insights from data analytics and remain agile in adapting to digital related initiatives.

PETROS adopts a Digital First approach which is reflected in the deployment of digital solutions across the value chain. Since 2021, PETROS has spearheaded innovation and technology by embarking on the SAP4/HANA and SuccessFactor systems which progressed our Finance, Human Resource, Supply Chain and Asset Management to a fully digital, integrated Enterprise environment. The Company embarked on business process transformation to create streamlined workflows and automated end-to-end systems where businesses such as Upstream and LPG go towards providing more value to their stakeholders, saving costs and boosting operational efficiencies.

In 2024, PETROS is embarking on machine learning and Al for unstructured data programs, which will enable easy search, retrieval and higher order analytics of information in our Data Lake. With investments of RM3 million in these systems. PETROS seeks to invest further to promote business decisions that are based on data

From our ongoing initiatives since 2021 to our established 2024 business plan, PETROS targets to invest RM60 million in digital projects to enhance our seven value dimensions.

▲ Read more about the seven value dimensions on pages 50 and 51.

### INNOVATION AND TECHNOLOGY

#### PETROS' SEVEN VALUE DIMENSIONS

PETROS' Digital strategy outlines seven business value dimensions to extract value from solutions:

#### **VALUE DIMENSIONS**

#### **OUR APPROACH**



Enable Operational Excellence by making strategic choices in digital and technology solutions

- Identify critical operational areas that can benefit from digital and technology solutions from the marketplace
- Evaluate potential digital technologies such as IoT, AI and automation in our Enterprise Roadmap
- **Initiative:** Developed the Miri CCGT with the latest carbon emissions reduction technologies using the carbon capture option and hydrogen-ready gas turbine, reducing carbon emissions intensity by ~50% in comparison to the existing Pujut Power Plant
- Moving Forward: PETROS is working towards creating standards and guidelines for an end-to-end Carbon Capture and Storage (CCS) value chain, including implementation of advanced technologies for CCS monitoring system such as Digital Twin



Keep PETROS Secure and Safe by managing exploitable vulnerabilities

- Establish a robust cybersecurity framework to protect PETROS' data and systems
- Implement regular security assessments and audits to identify vulnerabilities
- Enforce strict access controls and user authentication protocols
- Keep abreast with the updated trends in IT security infrastructure models and frameworks



Improve People
Productivity by enabling
mobile productivity to
employees

- Provide employees with mobile tools and applications to enhance productivity
- · Develop user-friendly interfaces that facilitate seamless remote work and collaboration
- Provide training programmes as part of Digital Fluency to ensure employees effectively use the provided tools
- · Initiatives:
- End User Computing (EUC) effectively deployed, managed and secured devices, applications and data essentials for employees, facilitated email monitoring, cost control and communication security
- o Collaboration Services investment in the latest collaboration technology to support remote and virtual working arrangements
- o Hosting and Storage adopted a mature cloud system to ensure stability via sufficient storage, major platforms and security subscriptions
- Moving Forward: Rolling out initiatives to create a competitive infrastructure as
  the next expansion phase of high-performance computing and cloud processing. In
  addition, PETROS will explore managed network services for firewalls, network load
  balancers, uninterruptable power distribution supply, access switches and wireless
  access points, further establishing the IT network infrastructure.

### INNOVATION AND TECHNOLOGY

### **VALUE DIMENSIONS OUR APPROACH** • Define SLAs that guarantee fast and uninterrupted services **Enhance Customer** · Implement real-time communication channels for customers to address their concerns **Experience with Service Level Agreements** Continuously gather customer feedback to refine services (SLAs) that ensure faster and seamless connection to our customers 05 · Collaborate with businesses to identify processes that can be transformed through **Transform + Automate** Digital/IT investments **Business Processes** · Automate manual processes using workflow tools and robotic process automation through business · Measure and report on the value realised from each transformation initiative partnerships to • Initiative: Digital procurement operations in PETROS to enhance operational efficiency capture opportunities and increase compliance and realise value from **Digital/IT Investments**



Deliver Business Insights through Analytics and Digital Opportunity Funnel

- Implement advanced analytics tools to gather insights from operational and market data
- Develop a digital opportunity funnel that identifies growth opportunities
- Share insights with relevant stakeholders to drive informed decision-making
- Initiative: Launch Citizen Analytics Programme (2024) to equip PETROS staff with the knowledge to analyse, interprete and communicate data insights



Enable New Business through digitalisation and platforms interconnected with the industry

- Identify potential new business opportunities through digitalisation and market data
- Form partnerships with relevant stakeholders to create interconnected digital platforms
- Initiative: Develop a strategy to leverage these platforms for expanding PETROS business for new areas such as Sarawak onshore data platform and CCUS Atlas

### INNOVATION AND TECHNOLOGY

### INNOVATION AND TECHNOLOGY

**IMPACT STORY** 

### CREATING VALUE FOR

## STAKEHOLDERS THROUGH **INNOVATION AND TECHNOLOGY**

### The sustainable innovation that PETROS champions must contribute to the well-being of stakeholders and the environment.

Within Capital Projects Implementation initiatives, PETROS is harnessing cutting-edge technologies for two primary objectives, which are to proactively address the potential impacts of climate change by ensuring that PETROS' systems are future-proof, and to leverage analytics for optimised operational efficiency.

Furthermore, PETROS has integrated carbon pricing considerations into all our investments, acknowledging the potential implications of future mandatory carbon pricing mechanisms. To provide energy solutions, PETROS is also exploring diverse business models to deliver affordable, reliable and sustainable energy services to statewide communities:



#### **State Government**

- · As an active advocate for low-carbon solutions, PETROS appeals to investors who can innovatively leverage and integrate the abundant State resources. These resources are natural gas, renewable power and CCS to create low-carbon solutions such as blue and green products (hydrogen, ammonia and other low-carbon manufactured products).
- · In this perspective, PETROS has extended influence beyond the traditional oil and gas footprint, as we have been appointed as the sole resource manager to develop the CCS potential on behalf of Sarawak.
- · This supports the State energy mix goal of 70% renewables and 30% thermal of which CCGT is the primary contributor, which will ensure that the Sarawak power-mix achieves greater than 70% CO<sub>2</sub> emission intensity reduction from 2010 levels.



#### Sarawakians

- · PETROS' CCUS infrastructure hub contributes to the socio-economic growth of Sarawak through providing employment opportunities by deploying cutting-edge technology and innovation in this emerging industry.
- PETROS, in collaboration with our industry partners, aims to set up a CCUS Centre of Excellence in 2024 to realise our goal of building three CCUS hubs by 2030.



#### Business

- PETROS' growing asset portfolio is robust as the Carbon Tax premise is incorporated in all our Investment Decisions. Assets such as the Miri CGGT have been designed to have the ability to include "future hydrogen" into the fuel mix, space provision for future carbon capture modifications and to be able to withstand potential sea level changes in the next 50 years due to climate change effects. The project also includes a 30-metre green belt along Sungai Lutong.
- · Technological driven projects can benefit and create value for business partners through environmentally conscious and innovative investments, climate-resilient infrastructure, resource sharing and economic growth.



#### Customers

- · Demonstrating agility in solution deployment, PETROS performed a seamless handover of business operations from Petronas Dagangan Berhad (PDB) to PETROSNiaga in March 2022. This handover was enabled through full system integration of LPG Sales, Distribution and Asset Management in PETROS Enterprise Resource Planning (ERP) digital system.
- · PETROS innovated commercial models in response to customers' needs. For example, in collaboration with the Miri City Council and the Medan Saberkas Hawkers Association Centre, PETROS delivered piped gas to the hawker community. Through this innovative collaboration, the project reduced the cost of fuel for this hawker community by more than 50%. PETROS is looking to replicate this model in urban residential areas where feasible.
- · Customers' data are safeguarded with stringent Data Privacy policies and the deployment of robust digital technology solutions.



#### **Employees**

 PETROS empowers employees through selected technology platforms which automate work processes such as SAP for finance and human resource management, and Synergi-life enterprise system for incident management, risk management and regulatory compliance.

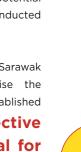


Mitigating climate change means reducing greenhouse gas emissions into the atmosphere. This involves cutting greenhouse gas emissions from major sources such as power plants, industries, transportation and energy sectors.

PHASE '

PHASE 2

In line with Malaysia's Nationally Determined Contribution and the National Energy Transition Roadmap, which is to reach net-zero emissions goal by 2050, Sarawak aims to achieve a 25% reduction in emissions from port operations and an annual reduction of 600,000 tonnes of CO<sub>2</sub> emissions via electrification of mobility fleet in the State. As such, the State has a greenhouse gas inventory, which identifies the potential key emitters in Sarawak, besides estimating potential future emission based on projections conducted under various scenarios.



As part of PETROS' contribution to Sarawak Sustainable Development, we recognise the urgency of climate action and has established goals and targets. PETROS' objective to meet our Net Zero goal for Scope 1 and 2 emissions by 2050 will be carried out in two phases:

To reduce absolute emissions by 10% by 2025 compared to the 2022 baseline year. This covers all GHG emissions from Scopes 1 and 2. The reduction of absolution emissions will be achieved through operational excellence and deployment of new technology for efficiency and carbon emissions removal across PETROS operations.

To achieve Net Zero emissions by 2050 through multiple solutions, including offsetting emissions through participation in carbon offset projects such as CCUS and nature-based solutions.

#### **CARBON CAPTURE STORAGE (CCS)**

As we play a strategic role in the State's energy transition and new energy solutions, we have set ambitious targets and milestones. According to the UN Intergovernmental Panel on Climate Change (IPCC), CCS is necessary to mitigate global warming. To this end, the world needs 8 billion tons of CO<sub>2</sub> sequestration annually.

In 2022, PETROS was entrusted by the Premier and State Government of Sarawak to be the Resource Manager for Sarawak CCS, further underpinning our commitment to harness resources for the sustainable progress of Sarawak and beyond. In 2023, PETROS was awarded the CCS Licence for Block F in the North Luconia province, offshore Bintulu.

CCS offers gas facilities with high CO<sub>2</sub> an opportunity to capture and store carbon, further reducing their environmental impact. In addition, the development of CCS infrastructure established by sour gas field development can be further expanded to allow other CO2 emitters, both local and foreign, to capture and store CO2. This will enable PETROS to support business entities in achieving their Net Zero Targets while contributing to reducing GHG emissions.

### CLIMATE CHANGE

#### IMPACT STORY

#### LEADING THE CHARGE:

# **SARAWAK'S INITIATIVES AGAINST CLIMATE CHANGE**

In Southeast Asia, where early-stage CCS projects are underway, few countries have specific legal frameworks for CCS. Recent developments in Sarawak have introduced detailed regulations for storage operations, setting an example for the region.

Sarawak is positioned at the forefront of sustainable development and actively combatting climate change. Sarawak has taken notable legislative steps to drive a green economy with the aim to achieve net-zero emissions by 2050. In 2022, the Sarawak government introduced the Land (Carbon Storage) Rules 2022, marking the first legislation in Southeast Asia. Subsequently, in 2023, Sarawak became the first state in Malaysia to enact climate change legislation with the Environment (Reduction of Greenhouse Gases Emission) Ordinance 2023.

These groundbreaking legislative measures underscore the Sarawak government's strong commitment to establishing a clear and practical framework to support its climate change objectives.

Additionally, these frameworks may serve as models for other Southeast Asian nations. Implementing CCS-specific legislation in Sarawak has significantly boosted Malaysia's assessment score.

#### 2023 RESULTS

Countries	Score
Australia	70
Denmark	66.5
United States of America	66.5
Canada	66
Indonesia	48
Malaysia	44.5

The Sarawak Carbon Storage Rules 2022 have significantly boosted Malaysia's score on the Global CCS Legal & Regulatory Indicator from 2021's score of 39 to 44.5 in 2023. No report was issued for 2022.

ENVIRONMENTAL STEWARDSHIP |--

### CLIMATE CHANGE

### CLIMATE CHANGE

**IMPACT STORY** 

SARAWAK ACKNOWLEDGED FOR

# PIONEERING CARBON EMISSION REDUCTION

In November 2023, Sarawak passed the 2023 Environment (Reduction of Greenhouse Gas Emission) Bill.

The World Wide Fund for Nature Malaysia (WWF-Malaysia) commended this move, as the bill is Malaysia's first comprehensive strategy and roadmap focused on carbon emission and reduction.

#### | CARBON CAPTURE UTILISATION AND STORAGE (CCUS) IN SARAWAK |

The Malaysian government recognises CCUS as a strategic lever to achieve the nation's net zero goal, as stated in the National Energy Transition Roadmap (NETR) 2023

About 70% of Malaysia's CCUS potential is located in Sarawak

Attracts investors to invest in CCUS projects, whereby PETROS will have the opportunity for equity participation in developing infrastructure and storage sites for suitable projects

The development of CCUS infrastructure established by sour gas field development can be further expanded to allow local and foreign emitters to capture and store CO<sub>2</sub>

O5

PETROS aims to establish three Sarawak CCS projects in the implementation phase by 2030

| HOW CCUS WORKS¹ |-

CCS captures CO<sub>2</sub> at the source, transports it and securely stores it underground. The process involves:



#### Capture

CO<sub>2</sub> is captured and separated from other gases at industrial facilities or upstream sour gas facilities.



#### Transport:

The separated  $CO_2$  is compressed and transported using pipelines, trucks or ships to a suitable site for geological storage.



#### Storage:

CO<sub>2</sub> is injected into deep underground rock formations, more than 1km deep, ensuring safe and permanent containment.

#### CCS WORKS BECAUSE:

- The rocks selected for CO<sub>2</sub> storage are similar to those that have held oil and gas for millions of years. About 300 million tonnes of CO<sub>2</sub> have been successfully injected underground for storage in the North American and European regions.
- Advanced monitoring technologies are used to measure, observe and confirm the injected CO<sub>2</sub>. These technologies
  ensure we can effectively keep track of the stored CO<sub>2</sub>.
- To enhance safety, PETROS has adopted proven techniques and technologies from the oil and gas industry. This ensures that the process is secure and reliable.

SARAWAK'S PATHWAY TO A

# LOW-CARBON FUTURE

PETROS' CCUS ambitions and initiatives are aligned with these United Nations Sustainable Development Goals (UN SDGs):



Utilising Sarawak's abundance in gas, hydropower and CCS resources



Providing quality jobs and supporting livelihoods

Leveraging the



advanced technologies to improve efforts in reducing CO<sub>2</sub> in the atmosphere

Providing infrastructure with



abundance of depleted resources and saline aquifers for CCS

Realis region

Realising sustainability goals through strategic collaborations and regional partnerships

▲ ¹ Read about CCUS Value Chain in Economic Performance on page 41

| HOW CCUS WORKS1 |----





#### SARAWAK HAS A POTENTIAL OF

# 9 billion tonnes

of carbon storage capacity, mainly from depleted reservoirs offshore. Further potential in saline aguifers are being assessed.

▲ ¹ Read about CCUS Value Chain in Economic Performance on page 41.

### CLIMATE CHANGE



#### CARBON CAPTURE STORAGE JOINT-COLLABORATION AGREEMENT WITH PETRONAS

Within the framework of the joint-collaboration agreement (JCA), PETROS and PETRONAS will collaborate to explore the potential to develop CCS opportunities in Sarawak. The JCA, which was inked in October 2022, will facilitate the State stewardship on CCUS development and operationalisation in Sarawak, anchored on a holistic roadmap of a CCUS ecosystem while developing Sarawak's local content and capability.

#### PETROS SIGNS MOU WITH THE POSCO GROUP

PETROS signed an MoU with POSCO Group from Korea in December 2022, witnessed by The Right Honourable Premier of Sarawak, Datuk Patinggi Tan Sri (Dr) Abang Haji Abdul Rahman Zohari bin Tun Datuk Abang Haji Openg to collaborate in the development of the Carbon Capture and Storage (CCS) business in Sarawak. A study will be carried out on potential carbon storage sites in Sarawak, transportation of CO<sub>2</sub> from Korea to the CCS hub in Sarawak, CO<sub>2</sub> injection and sequestration, solutions to reduce, mitigate and/or avoid Green House Gas (GHG) emissions arising from the CCS opportunities, including the technical and commercial feasibility of the CCS business.

#### PETROS AND INPEX SIGN JOINT-COLLABORATION AGREEMENT ON CCS INITIATIVE

PETROS and INPEX Corporation (INPEX) signed a joint-collaboration agreement (JCA) in February 2023 to explore the potential development of a carbon capture and storage (CCS) project targeting high carbon dioxide (CO2) gas fields, petrochemical industries, power plants, manufacturing industries and other large-scale emitters sources in Sarawak. A feasibility study will be carried out to identify CCS technologies and methodologies, target facilities, evaluate the economics and operational schemes.

60 PETROLEUMSARAWAK.COM 2023 SUSTAINABILITY REPORT 61

#### **ENVIRONMENTAL SUSTAINABILITY**

PETROS' approach to environmental sustainability is guided by Element 3: Sustainability and Element 4: Health, Safety and Security in our CMS.<sup>4</sup>

PETROS has an established robust Health, Safety, Security & Environment (HSSE) Policy that aims to reduce emissions and waste to mitigate environmental impacts by implementing the best industry standards, procedures and practices in compliance with regulatory rules and requirements. The HSSE Policy guides the conduct of our business and optimises HSSE excellence, ensuring that we:

- Adopt standards and industry best practices on safety and environmental procedures in compliance with legal and statutory requirements.
- Protect the well-being, safety and security of all employees involved in PETROS' operations, customers and the communities
- · Take measures to reduce emissions and waste to minimise impact on the environment
- · Conduct HSSE risk assessments and establish controls.
- Ensure that PETROS' leaders and people actively and visibly demonstrate responsibility and accountability towards HSSE.
- · Report hazards and incidents and conduct investigations with a focus on learning rather than placing blame.
- · Set clear expectations and implement HSSE management systems that enable continuous improvement.
- Conduct assurance controls to measure HSSE performance, and provide leadership and resources to allow workforce to carry out their work responsibly and safely.
- Communicate regularly with communities in areas where PETROS operates, to develop and maintain mutual understanding of goals and expectations.

To minimise harm to stakeholders and the environment, PETROS has established the following procedures:

#### **Environmental Management Procedure**

Integrates all aspects of environmental management to protect everyone within our premises, including employees, workers, contractors and the environment. This ensures compliance with environmental best industry practices and regulatory laws and requirements.



#### **Environmental Aspects and Impact Procedure**

Provides measures, processes and workflows for the identification of the environmental aspects of PETROS' operations and activities along with control measures to mitigate environmental impacts.



#### Waste Management Procedure

Describes the methods, processes, and workflows for the effective management of waste within PETROS operations and activities through adherence to the local and international legislation (where applicable) as well as industry standards requirements.

4 Read more about Element 3: Sustainability in Our Approach to Sustainability on page 25 and Element 4: Health, Safety and Security in Workforce Health and Safety on pages 70 to 71.

### CLIMATE CHANGE

To measure PETROS' environmental performance and ensure continuous improvement, annual targets have been set for GHG emissions and other key environmental parameters. From 2024 onwards, targets include the following aspects:

| GHG EMISSIONS |-

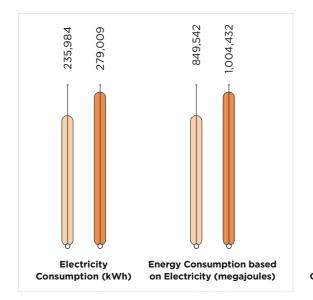
- Flaring
- Venting
- Fuel Burning Equipment Combustion
- Transportation Combustion
- Accidental Releases-Loss
   Of Primary Containment
- Electricity Consumption GHG Emissions Intensity
- ── ENVIRONMENTAL PARAMETERS |

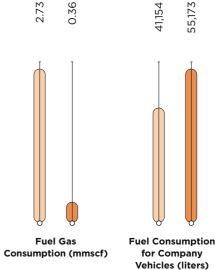
  ──
  - Office Waste Generated and Disposed
  - Industrial Waste Generated and Disposed
     Hazardous/Scheduled Waste -
  - Generated and Disposed
  - Water Consumption

#### **ENERGY CONSUMPTION**

As our business footprint grows year-on-year, PETROS aims to lower our carbon footprint by adopting innovative technologies, utilising renewable energy and advocating environmentally friendly practices among employees and workers. The energy consumed within our operations is from purchased electricity, diesel and gasoline. Purchased electricity is primarily used to power offices in Kuching, Miri and Bintulu. The consumption of gas at metering stations in Bintulu and Miri is minimal, while diesel and gasoline are utilised to fuel company vehicles.

#### | ELECTRICITY, FUEL AND ENERGY CONSUMPTION FOR 2022 AND 2023 |





REDUCTION OF FUEL GAS CONSUMPTION 74.2% as of 31 December 2023

Period of Data Collected:

2022 2023

#### REDUCTION OF ENERGY CONSUMPTION

One of the ways climate change is addressed, is through reducing consumption of finite natural resources. In 2022, old vehicles were replaced with newer ones to improve and optimise efficient energy consumption.

In 2023, PETROS decommissioned the water bath heater at the Bintulu Take-off station, as the facility was optimised to regulate gas piping temperatures without the heater. This enabled a reduction of about 3 million standard cubic foot (mmscf) of natural gas consumption per year; hence the reduction impact as depicted above.

62 PETROLEUMSARAWAK.COM — 2023 SUSTAINABILITY REPORT 63



**GHG EMISSIONS** 

**GHG** emissions have been identified as one of the main contributors of global warming.

As part of PETROS' aspiration towards net zero, we have adopted the Policy of "no continuous flaring or venting" within our operations as well as in our regulated activities. An annual GHG Reduction Plan has also been established with outlined clear targets and actions to help reduce GHG

#### PETROS GHG EMISSIONS



#### SCOPE 1

Direct GHG emissions from sources owned or controlled by PETROS including mobile and stationary combustion, and process and fugitive emissions.

#### SCOPE 2

Indirect GHG emissions associated with purchased electricity.

	2022	2023
Direct (Scope 1) GHG Emissions (tCO <sub>2</sub> e)	743.1	618.0
Indirect (Scope 2) GHG Emissions (tCO <sub>2</sub> e)	45.0	53.2
	2022	2023
	2022	2023
GHG Emissions Intensity ( $CO_2e$ ) for Scope 1 & 2/tonne hydrocarbon	0.004	0.004

Sources of the emission factors and the global warming potential used:

- 1. 2014 Fifth Assessment Report is used in accordance with Decision 18/CMA.1, in line with Malaysia's latest update in July 2021 on its first Intended Nationally Determined Contribution (INDC) to United Nations Framework Convention on Climate Change (UNFCCC) secretariat (on 27th November 2015).
- 2. GWP100 is used as the agreed metric for reporting under the Kyoto Protocol (UNFCCC 1997) as well as the Paris Agreement (UNFCCC
- 3. The calculation of the GHG emissions data is based on the calculation methodologies in 2021 API Compendium of Greenhouse Gas Emissions methodologies for the Natural Gas and Oil Industry
- 4. Emission factor for Purchased Electricity (Scope 2) is based on Sarawak Energy's electricity grid emissions factor of 0.198 tCO₂eq/MWh.

### **BIODIVERSITY IMPACTS**

Preserving biodiversity is essential for the well-being of ecosystems, people and the planet. It has ecological, economic, cultural and ethical significance, as it contributes to the overall quality of life and the sustainability of the planet's health.

#### MANAGING BIODIVERSITY IMPACTS

As part of PETROS' project development procedures for Miri Combined Cycle Gas Turbine Power Plant (MCCGT) and Samalaju Pipeline, Environmental Impact Assessments (EIA) were conducted to identify, manage and mitigate negative impacts on the surrounding natural ecological systems. As with any development projects potential impacts include land usage, utilisation of natural resources, biodiversity, as well as ecological and community impacts. The impact assessment process outlines the risk and identification procedure, considering both direct and indirect project-related impacts on biodiversity and ecosystems. This is to identify residual impacts and mitigate adverse effects on biodiversity and ecosystem services.

In cases where a project has the potential to adversely impact the environment, a systematic review will be conducted to identify vital ecosystem services, such as those most likely affected by a project's operations. Significant measures will be taken to prevent the release of pollutants into the air, water and land under routine, non-routine and accidental circumstances. When prevention is not possible, mitigative steps are taken to minimise and control such releases.

Moving forward, PETROS will maintain our practice of conducting internal audit (please confirm) for our projects to identify and assess potential environmental and societal impacts. This will be followed by the implementation of effective measures to mitigate negative impacts and optimise positive ones.



Efficient waste management is crucial for the long-term health of the planet. It plays a key role in protecting natural resources and biodiversity, ensuring a better environment for future generations.

At PETROS, we prioritise waste management to protect the environment, prevent pollution and reduce the impacts of waste on the natural ecosystems.

PETROS' activities, operations and offices comply with local regulatory requirements and environmental laws. A Waste Management Procedure has been established to effectively manage waste, aligning with our HSSE Policy. This policy mandates all projects to develop their own Waste Management Plan to optimise waste management. The procedure provides recommendations for methods, processes and workflows to facilitate effective waste management in compliance with local and international regulations, industry standards and best practices.

#### **WASTE MANAGEMENT AT PETROS**

The waste generated by PETROS primarily consists of office, industrial and hazardous (scheduled) waste. Presently, PETROS operations do not generate any effluent discharges. Our industrial waste is managed in accordance with the recommendations of the local councils. In contrast, scheduled waste is handled as per the Environmental Quality Act 1974. PETROS has established a waste management procedure outlining the methods, processes and workflows essential for efficiently managing waste generated at all our operational sites and activities. This procedure aligns with PETROS' HSSE Policy, aiming to reduce waste and minimise environmental impact.

At PETROS, the Certified Professional in Scheduled Waste Management (CePSWaM) is notified of all generated scheduled waste. This information is then submitted to the Department of Environment (DOE) through the completion of an online Waste Declaration form in the Scheduled Waste Management module within the online system (eSWIS). PETROS' scheduled waste undergoes sorting, segregation, packaging and labelling according to the requirements of the Environmental Quality (Scheduled Wastes) Regulations 2005. Every PETROS work site and asset are mandated to develop their own waste management plan according to regulatory requirements, along with the submission of monthly scheduled waste reports on eSWIS.

All scheduled waste is transported by licensed carriers, and waste collection and disposal arrangements are optimised to ensure that hazardous waste is only stored on-site for the permitted regulated duration. Employees, workers, and contractors also advocate waste reduction, recycling, and repurposing. For waste that cannot be recovered or reused, it is disposed of at authorised or regulated disposal sites.

In 2022, PETROS organised various efforts to enhance waste management practices and instil a culture of awareness on responsible waste management. We established waste segregation sites at offices and across PETROS' operations in Kuching, Miri and Bintulu. Recycling bins are placed at the ICOM office to encourage the segregation of paper, aluminium and plastic waste. Employees were also encouraged to adopt the 3Rs (Reduce, Reuse & Recycle) through posters. In the year under review, PETROS began monitoring and collecting data on monthly recyclable waste. A licensed waste contractor was engaged to transport and dispose of the waste in compliance with the Department of Environment's (DoE) regulations.

In the future, continuous waste management campaigns will be organised throughout PETROS' offices and operations. These campaigns will also be implemented across all project levels to foster a group-wide waste management culture.

### NON-HAZARDOUS AND HAZARDOUS WASTE GENERATED IN FY2023



Waste data is collected and monitored via an internal environmental performance reporting platform from all offices and operating assets in Kuching, Miri and Bintulu.

As of 31 December 2023	Waste generated	Waste diverted from disposal	Waste directed to disposal	
2023	In Metric Tonnes (t)			
Non- hazardous waste (Recyclable waste)	O.11	0.11	0	
Hazardous waste	0.89	0.89*	0	
Total Waste	1	1	0	

#### Note:

Data on waste for the year 2022 is unavailable, as the collection of waste data commenced in January 2023.

 Recovery or disposal by registered hazardous waste contractor at a registered hazardous waste facility.

### WATER MANAGEMENT

Water is a finite natural resource for both people and the planet. Climate change related impacts such as droughts, floods and extreme weather events can also influence the availability and quality of water.

To this end, it is imperative for us to manage our water resources in a responsible and sustainable manner.

PETROS' water consumption comes from the municipal supply. Our operations are not located within water-stress areas and there are no effluent discharges. Presently, the use of potable water is only limited to office toilets and pantries, and hence there is no excessive volume of water is consumed.



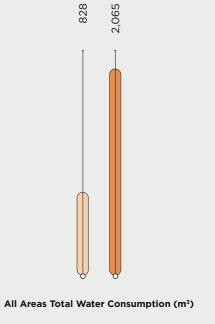
#### WATER CONSUMPTION

PETROS tracks our water consumption by monitoring monthly water bills. As such, data collection is currently limited to water consumption from our offices.

The substantial rise in water consumption in 2023, compared to 2022, was due to the continuous operation of PETROS offices in Kuching, Miri and Bintulu throughout the year. This is in contrast to 2022 when office re-openings post-COVID occured in staggered phases. Furthermore, the increased hiring of staff to accommodate the expanding needs of our business and operations contributed to the increased water consumption.

Period of Data Collection:

20222023



66 PETROLEUMSARAWAK.COM — 2023 SUSTAINABILITY REPORT 67



ISMAIL SAID

P. Human Capital & Relations



"We all come from a diverse background; collectively, we have a pool of talents and minds that can push the organisation higher. When we band together and synergise our goals, we can reach immense possibilities for PETROS – corporate stability and strength, and, equally important, positive social impacts and legacy for Sarawakians".

PETROS prioritises the Health, Safety, Security and Environment of our workplace and puts in place policies and initiatives to protect our stakeholders and enhance productivity.

PETROS prioritises the safety of all stakeholders, especially employees, the local communities and customers with the aim of achieving the goal of zero accidents. The health and safety of the communities surrounding our operations and infrastructure, as well as the occupational health and safety of our dedicated workforce remains paramount.

As an operator of the gas distribution facilities and pipelines in Sarawak, it is our responsibility to ensure the safety and security of the infrastructure, products, and services which may affect the local communities and end-users.

PETROS strictly adheres to the Occupational Safety and Health Act (OSHA) 2022, alongside other relevant local OSH laws and regulations. To guarantee the highest safety standards, requirements under ISO 45001 (Safety & Health), ISO 14001 (Environment), and ISO 9001 (Quality) have been incorporated into the HSSE management system. Risk management procedures have also been aligned with the requirements of ISO 31000 (Risk Management). The goal is to cultivate a robust HSSE culture throughout PETROS' operations, which is achieved by providing comprehensive training to our employees.

In 2022, various HSSE training were provided. Efforts were also intensified to encourage employees to report on incidents and gather feedback on HSSE policies and procedures. By doing so, PETROS aims to minimise the risk of workplace injuries and fatalities, thereby ensuring the safety and well-being of our workforce.

Additionally, in December 2023, a total of 111 employees from our offices in Kuching, Bintulu and Miri participated in our Flu Vaccination Drive, as part of PETROS' duty to protect the health of employees.

# SAFETY IS PRIORITY #1

**OHS MANAGEMENT SYSTEM** 

PETROS' commitment towards Occupational Health and Safety (OHS) is underpinned by Element 4: Health, Safety and Security in the Corporate Management System (CMS).

This element is aimed at cultivating a culture of care and correct behaviours to provide a safe and healthy work environment, preventing any harm to individuals, our assets or the environment. The scope includes the management of health, personal safety, process safety and environmental issues, driven by our corporate ethos – "Everyone Everywhere is Home Safe Everyday" and "Security is Everybody's Business".

The following expectations for the Health, Safety and Security Element 4 are outlined in the CMS:

#### **EXPECTATIONS**



Leadership, Accountability and Culture

- Establishing clear accountabilities and competencies for HSSE (Line and Functional) roles.
- Ensuring that leadership has adequate time and resources to demonstrate HSSE commitment and resilience to meet operational needs.
- Providing opportunities for employees and contractors to actively participate in establishing a HSSE culture and identifying areas for improvement.
- Promoting and integrating the Hazard and Effect Management Process (HEMP) hierarchy of controls and As Low As Reasonably Practical (ALARP) in risk assessment and mitigation decision-making.
- Reinforcing HSSE culture through recognition programmes.

### **WORKFORCE HEALTH & SAFETY**

### **EXPECTATIONS** · Developing and implementing 'fitness to work' requirements for employees and Occupational contractors to mitigate occupational risks. Health · Establishing systems to identify, analyse, monitor and mitigate HSSE hazards across · Adopting the Systematic Process Safety approach throughout the management of business and assets life cycle. · Integrating Asset Integrity Process Safety requirements into PETROS CMS, **Process Safety** encompassing People (software), Process (management system) and Plant (hardware). • Establishing a governance structure and developing leading and lagging metrics to oversee and effectively manage trends in process safety and health. · Developing and implementing risk-based systems to identify, analyse, monitor and mitigate personal safety risks. **Personal** • Implementing a system for the management of injury and illness and return-to-work Safety · Establishing Safe-System-of-Work and Permit to Work (PTW) to cover high-risk and concurrent activities. · Developing and implementing risk-based systems to manage, identify and reduce **Physical and** security risks. Cybersecurity Ensuring that protocols are in place to collaborate with local and regional authorities to improve understanding and knowledge on security trends and emerging threats. · Establishing an incident reporting and investigation system and procedures for HSSE Incident • Dedicating resources to analyse trends, identify lessons learned and make improvements Management within People, Process and Plant. · Sharing lessons learned from incident investigations across the company and externally.

PETROS is guided by the Group's Health, Safety, Security & Environment (HSSE) Policy, which states that we will:

- Apply standards and industry best practices on safety and environmental procedures in compliance with legal and statutory
- Protect and care for the well-being, safety and security of all employees, those involved in our operations, our customers and the communities where PETROS operates.
- Strive to reduce our emissions and waste to minimise our impact on the environment.
- Conduct HSSE risk assessments and establish controls.
- Ensure that PETROS' leaders and employees actively and visibly demonstrate responsibility and accountability towards HSSE.
- Report hazards and incidents, conduct investigations with a focus on learning rather than placing blame.
- Set clear expectations and implement HSSE management systems that enable continuous improvement.
- Conduct assurance controls to measure our HSSE performance.
- Provide leadership and resources that will enable our workforce to carry out their responsibilities safely and responsibly.
- Communicate regularly with communities in areas where we operate to develop and maintain mutual understanding of goals and expectations.

Additionally, a Process Safety framework established through our Asset Integrity Process Safety Management (AIPSM) structure is also in place. The AIPSM is adopted from industry best practices of the Energy Institute's Process Safety framework, a collaboration between oil and gas industry leaders in Process Safety. It describes the necessary requirements needed for ensuring the integrity of operations, encompassing technical design, maintenance, operations as well as human and organisational factors. These requirements have been integrated into the CMS processes, controls and guidelines to ensure consistent implementation across all business units and functional areas. Lessons learned and new insights will be documented and updated into the CMS.

#### **COMMUNITY SAFETY**

# PETROS strives to conduct our business responsibly, particularly in the aspect of product safety.

In order to prioritise safety, PETROS has collaborated with different stakeholders and created promotional content to encourage the safe usage of our products.



Among the initiatives implemented during the period under review included:

- Produced pamphlets on the safety and distribution of Natural Gas and conducted briefings with all premises' owners upon the completion of tapping works.
- PETROSNiaga produced pamphlets on Safety and the Safe Use of LPG Gas for Cooking as well as safety bulletins in local newspapers.
- Sarawak Gas Distribution Sdn Bhd (SGDSB) provided guidelines to Miri City Council on the operation and management of internal gas piping at Medan Saberkas, Miri and its associated tenants.

#### | CONDUCTED THE FOLLOWING ENGAGEMENT SESSIONS |---

- O A Miri Gas Practitioner's Engagement Session, included topics such as 'Awareness Session on PETROS', 'Gas Safety Discussion & Sharing of Bad Practices', Approval to Install (ATI) and Approval to Operate (ATO) Process.
- Engaging with high-risk end users (e.g. Borneo Medical Centre) on gas safety and awareness.
- Engaging with utility companies, developers, contractors and sub-contractors on enhancing safety awareness during construction activities along utility right-of-way corridors.

### **WORKFORCE HEALTH & SAFETY**



In 2022, PETROS increased our efforts to ensure the safety of our gas pipelines through the following initiatives:

- Trained and onboarded eight new OSH coordinators across our assets to enhance HSSE performance.
- Developed and implemented critical processes such as incident reporting and investigation systems, emergency response, performance monitoring, frontline barrier management and established technical authority to enhance competence and capabilities.
- Enhanced the management of leading indicators through leadership site visits, site audits, internal training, HSSE communication board and setting up a Health, Safety, Environment and Committee (HSEC) framework to formalise and meet the expectations of the CMS.
- Conducted a comprehensive Hazard and Effect Management Plan (HEMP) for our gas network, including Hazard Identification Study (HAZID), Hazard and Operability Study (HAZOP), Major Accident Hazard (MAH) studies, Fire and Safety Reviews and the continuous monitoring of control and mitigation measures.

#### **SECURITY**

To safeguard assets and address potential sources of conflict, PETROS has established a Security Management Procedure. This will enable PETROS to identify, analyse, monitor and mitigate physical and information security risks to protect our people, assets, information and reputation.

The Security Management Procedure includes protocols established with relevant government authorities and peer companies for understanding security trends and emerging security threats such as intrusion, theft and sabotage.

Additionally, Security Risk Assessments (SRA) are conducted on operational assets and offices to identify security threats and their priority levels. SRA reviews to establish the appropriate controls and barriers against security threats and respective threat levels, which will be used to develop a Security Plan for each asset.<sup>1</sup>

Other than that, PETROS leverages the support from several security intelligence agencies to identify and address security challenges, implement strategic preventive measures and respond effectively to security incidents. These security intelligence support includes:

- SECURITY AND ENFORCEMENT UNIT, OFFICE OF THE PREMIER OF SARAWAK
- 02 CHIEF GOVERNMENT SECURITY OFFICE (CGSO)
- 03 ROYAL MALAYSIAN POLICE
- 04 MALAYSIAN ARMED FORCES
- COLLABORATION WITH INDUSTRY PEERS WHO HAVE ASSETS IN THE SAME AREA
- ▲ ¹ Read more about cybersecurity measures in the Cybersecurity section from pages 104 to 106.

**HEALTH. SAFETY & ENVIRONMENT COMMITTEE (HSEC)** 

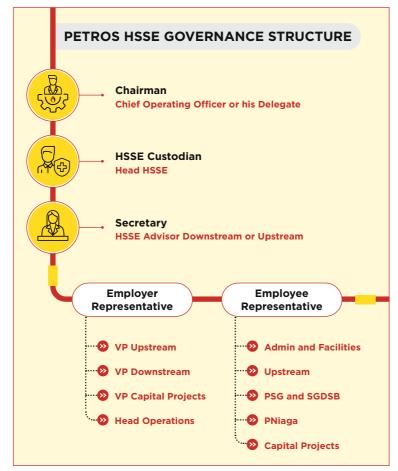
PETROS has in place a systematic health and safety governance structure through the establishment of a Health, **Safety and Environment** Committee. It is tasked with safeguarding employees' safety and health, protecting the environment and upholding security standards within the workplace.

The HSEC has equal participation from both employer and employees. The Chairman is accountable and responsible for HSSE and is supported by the Secretary, who serves as an advisor and facilitator on all HSSE-related matters. The HSEC convenes every month to discuss and address HSSE performance, incidents, risk controls and assurance highlights or lowlights and high-risk activities for the future. The HSEC is also responsible for managing, investigating and resolving any reported incidents, as well as ensuring regulatory compliance. The following describe the roles and objectives of the HSEC:

- Ensuring the adequacy of controls and mitigations as outlined in the HSSE plan. procedures or guidelines.
- Assessing HSSE performance, implementing intervention plans and allocating the necessary resources.
- Ensuring that identified action items are monitored until they are fully resolved.
- Engaging in discussions and making informed decisions on HSSE issues that affect employees and contractors' workers.
- Communicating updates and changes to HSSE regulations and discussing compliance
- Identifying and promoting the industry's best HSSE practices and lessons learned from both internal and external sources.



EMPOWERING PEOPLE



### **WORKFORCE HEALTH & SAFETY**

**HAZARD AND EFFECT** MANAGEMENT PROCESS (HEMP)

It is essential to establish a reliable and robust risk identification and assessment process to manage operational risks effectively and sustainably.

PETROS' HEMP is integrated throughout the operations to enhance safety, environmental responsibility and improve risk management processes. believe that HEMP plays a pivotal role in ensuring legal compliance to health and safety regulations. It minimises potential financial implications caused by accidents or incidents and increases stakeholder trust while ensuring operational continuity.

To improve productivity and strengthen operational performance, PFTROS' management closely with employees to improve identification and assessment of hazards, enhance preventive and control measures and increase awareness and commitment to HSSE. Risk, threats and safety issues are identified as part of the risk assessment procedures before commencing any activity. This includes identifying measures to reduce risks in our workplace, and implementing mitigation measures according to the hierarchy of controls, which is established and implemented through the HSSE Management System. Additionally, we have implemented the Safe System of Work through the Permit to Work (PTW) System. This includes an array of control

measures designed to prevent accidents and incidents in potentially hazardous work environments. It also enables the identification, verification and monitoring of hazards and risks, as well as an evaluation of critical HSSE controls. Other procedures in place are the Isolation Procedure, Alarm Management, Emergency Response and Preparedness and Crisis Management.

#### | LIFE SAVING RULES |-

PETROS has a set of Life-Saving Rules (LSR) in place which highlights important highlighting essential safety controls adopted by the oil and gas industry. In the past, failure to adhere to these critical safety controls has resulted in fatalities, a fact substantiated by industry-wide statistics and serve as a constant reminder of the potential consequences of non-compliance. Implementing these rules to safeguard the well-being of individuals within the industry is accompanied by a robust consequence management process.



# LIFE-SAVING RULES

#### Bypassing Safety Controls

Obtain authorisation before overriding or disabling safety controls

- I understand and use safety-critical
- equipment and procedures which apply to my task
- disabling or overriding safety equipment
- deviating from procedures
- crossing a barrier

#### Confined Space

Obtain authorisation before entering a confined space

- · I confirm energy sources are isolated
- I confirm the atmosphere has been tested and is monitored
- I check and use my breathing apparatus when required I confirm there is an attendant
- standing by I confirm a rescue plan is in place I obtain authorisation to e

#### Follow safe driving rules

Driving





- I do not exceed the speed limit, and reduce my speed for road conditions
- I do not use phones or operate devices while driving
- . Lam fit, rested and fully alert while
- I follow journey management

#### **Energy Isolation**

Verify isolation and zero energy before work begins



- energy sources I confirm that hazardous energy sources have been isolated, locked,
- and tagged I have checked there is zero energy and tested for residual or stored energy

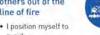
#### Control flammables and ignition sources

Hot Work

- · Lidentify and control ignition sources · Before starting any hot work:
- I confirm flammable has been removed or isolated
- Lobtain authorisation Before starting hot work in a hazardous area I confirm
- a gas test has been completed gas will be monitored continually

### Line of Fire

Keep yourself and others out of the line of fire



- moving objects
- pressure releases - dropped objects I establish and obey barriers and
- I take action to secure loose objects and report potential dropped objects

#### Safe Mechanical Lifting

Plan lifting operations and control the area



- . I confirm that the equipment and load have been inspected and are fit for purpose
- I only operate equipment that I am qualified to use
- establish and obey barriers and
- . I never walk under a suspended load

#### **Work Authorisation**

Work with a valid permit when required



- a permit is required
- · I am authorised to perform
- I understand the permit
- I have confirmed that hazards are controlled and it is safe to start
- I stop and reassess if conditions

### Working at Height

Protect vourself against a fall when working at height



- I secure tools and work materials to prevent dropped objects
- I tie off 100% to approved anchor points while outside a protected area

#### **HSSE TRAINING**

To cultivate a safe working environment, PETROS emphasises on improving employees' knowledge and awareness of HSSE by providing ongoing training programmes.

In 2022, PETROS organised training sessions conducted by subject matter experts, encompassing various HSSE topics.

#### NUMBER OF PARTICIPANTS IN OHS TRAINING FROM 1 JANUARY 2022 - 31 DECEMBER 2023

PROGRAMME	DESCRIPTION	NUMBER OF PARTICIPANTS
First Aid	First Aid training was conducted to equip employees on providing initial care until medical assistance arrives.	20 Participants
Defensive Driving Training	Defensive driving training is a specialised course that teaches safe driving techniques to reduce the risk of accidents and collisions on the road.	25 Participants
Permit-to-Work (PTW)	Employees were taught about Permit-to-Work (PTW), a formal document that is used in various industries to ensure safe, controlled and structured management of potentially hazardoustasks or operations. It is a critical safety management tool employed in high-risk workplaces to prevent accidents and incidents.	20 Participants
Authorised Entrant and Standby Person for Confined Space	Specialised training was provided to employees designated in the roles of "Authorised Entrant" and "Standby Person" to ensure safe entry, work and rescue operations in confined spaces.	10 Participants
Authorised Gas Tester and Entry Supervisor for Confined Spaces	Training was provided to "Authorised Gas Testers" and "Entry Supervisors" to educate them on safety measures necessary for ensuring safety in confined spaces when working with potential gas hazards.	8 Participants
Managing Major Emergencies	Emergency management training was provided to prepare our workforce to respond effectively to large-scale crises. The training equipped them with various skills, knowledge and procedures aimed at mitigating the impacts of major emergencies.	10 Participants

### **WORKFORCE HEALTH & SAFETY**

PROGRAMME	DESCRIPTION	NUMBER OF PARTICIPANTS
Oil and Gas Safety Passport	Educated workers on common hazards found within our activities and operations, safety controls and the management of Occupational Safety and Health in oil and gas plants.	12 Participants
Basic Fire Fighting	Provided comprehensive training in emergency drills to manage fires, medical emergencies and evacuations. This ensures that our employees are responsive and can efficiently handle a crisis, potentially saving lives and minimising damage.	All PETROS Staff and worksite contractors

#### **IMPACT STORY**

### **PETROS SAFETY DAY 2023:**

# **MITIGATING RISKS**

To foster a culture of safety and to focus on employee health, the PETROS' People Day 2023 was held in hybrid mode on 6 November 2023.

Themed 'You are the Safety Barrier,' PETROS People Day with Human Resource and Health, Safety and Environment departments was conducted for employees.

During the event, a presentation on mental health and a discussion on 'Musculoskeletal Screening Ergonomics at the Workplace' was held. In addition, employees in Kuching underwent health screenings, while those in Bintulu and Miri received vouchers for screenings.

#### **HSSE PERFORMANCE**

There were two **Lost Time Injuries** (LTIs) in the year under review.

There were no records of fatalities or high-consequence work-related injuries among employees and non-employees during the reporting period. However, in 2023, two employees sustained injuries from falling while on the stairs. Following the incident, a safety alert was issued to all employees and corrective actions were undertaken to prevent recurrence, such as installing anti-slip tapes and posting Staircase Safety Posters across the premises.

The diverse range of upstream and downstream operations in PETROS requires a skilled workforce, thereby creating job opportunities for Sarawakians. This aligns with the goals outlined in Sarawak Vision 2030 and the Sarawak Gas Roadmap, both of which aim to foster prosperity and innovation throughout the region by 2030.\*

People are the driving force of our business, as they determine PETROS' long-term success and growth. As such, PETROS aims to establish and sustain robust procedures for talent recruitment and development, nurturing the growth of high-performing teams and individual growth through a competitive Talent Value Proposition (TVP).

\* Source: Signing of the Memorandum of Understanding for the Revised Total Natural Gas Supply to the State of Sarawak for Implementation of Projects under Sarawak Gas Roadmap | Petroleum Sarawak Berhad (PETROS)

#### **OUR APPROACH**

PETROS complies with labour policies in Sarawak and Malaysia, such as the Industrial Act 1967, Sarawak Labour Ordinance 1952, the Occupational Safety and Health Act (OSHA) 1994 and other relevant labour laws. PETROS is aligned with the UN SDG 8: Decent Work and Economic Growth, which aims to promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Additionally, the Environmental, Social and Governance (ESG) Framework ensures that our operations are conducted responsibly, ethically, and in compliance with the relevant rules and regulations. The effectiveness of the ESG Framework is reflected in PETROS' Corporate Management System (CMS), which sets the control framework, policies, and expectations in how we conduct our business activities. The CMS, which reflects the commitment to excellence provides transparent processes and guidelines and ensures continuous improvement across all aspects of our operations.

An Industrial Capability Development programme has been established to create more opportunities for the development of Sarawak's oil and gas industry while ensuring a sustainable supply of capable talents. The programme focuses on equipping talent with critical industry skills, training and education to enhance their employability and to bridge the talent demand gap.

In addition, the objective of Element 14: People, within the CMS, is to ensure that PETROS has the right talents and capabilities to meet the current and future needs of our Business Plan. The scope of the element covers the management of the entire employee life cycle, spanning from attraction, engagement and onboarding to development, management, retention and exit.

#### ↑ THE CMS GUIDES OUR PROCESSES IN:

#### 01 ORGANISATION DESIGN AND STRATEGY

- Establishing a process to formulate PETROS' operational philosophy to facilitate employee engagement, meet our business objectives and ensure readiness for future goals.
- Developing a process to assess the efficiency of the organisation and revise readiness capabilities according to modified organisational philosophy and framework.

#### 02 TALENT ATTRACTION AND ACQUISITION

• Establishing and executing PETROS TVP.

#### **03** TALENT ONBOARDING AND DEVELOPMENT

- Initiating an onboarding process to seamlessly integrate new employees into the organisation.
- Establishing a framework to develop employees' competencies and chart career pathways to enable them to reach their full potential.

#### 04) TALENT PERFORMANCE MANAGEMENT

- Developing a performance management framework to enhance transparency in performance assessment criteria and empower employees to create value.
- Providing employees with training and feedback to identify areas for improvement and address skill gaps.

#### **05)** TALENT ENGAGEMENT AND RETENTION

- Organising initiatives to engage staff, emphasise the company's direction, and promote employee satisfaction, retention and increase productivity.
- Ensuring that employee remuneration packages and incentives are regularly benchmarked.
- Providing feedback mechanisms to identify, consolidate, and address employees' concerns and grievances.

#### **06** TALENT OFFBOARDING

- Establishing a process for employee exit to ensure the smooth transition of knowledge and responsibilities, and to identify improvement opportunities.
- · Performing attrition analytics to identify areas for improvement.

#### **07** KNOWLEDGE MANAGEMENT

 Ensuring that the knowledge of PETROS entities is retained by identifying, capturing, organising, storing and sharing collective knowledge and information within the organisation.

### HUMAN CAPITAL MANAGEMENT

PETROS' purpose, values and culture are underscored in the Pride in PETROS compass, which serves as the catalyst for our human capital. In our aspiration to be the Employer of Choice, PETROS aspires to:

- Ensuring a safe work environment for employees.
- Embracing diversity and fostering inclusivity.
- Offering a competitive salary benchmarked against market data regularly.
- Investing in professional training and personal growth.
- Fostering pride and passion among employees in their work and individual roles.

In 2022, our human capital management was enhanced by digitalising the Human Resource Management system through the Success Factor HXM Suite across each employee's life cycle. Several recruitment efforts through various channels were also organised to meet our operational needs.

Going forward, PETROS will be implementing various plans and goals to ensure that we have the right talent who are equipped with the capabilities to remain relevant and competitive. This includes the development of Competency Laddering, Individual Development Plans and succession management for leadership and critical position roles. In addition a Graduate Development Programme and Internship Programme will be rolled out to facilitate a continuous talent pipeline.

#### TRAINING & DEVELOPMENT

Throughout the years, PETROS has provided training to upskill our people and increase their industrial knowledge. The primary goal is to nurture a pool of highly talented individuals with relevant skills and the ability to adapt. In remaining steadfast towards ensuring succession planning, we look forward to nurturing employees with the potential to assume leadership roles when needed.

In 2022 and 2023, RM2.6 million was allocated for staff development. Employees are also entitled to three professional membership certifications/licences related to their job scope, which are paid for by PETROS. During the period under review, training programmes focused on enhancing employees' skill sets, bridging skill gaps and elevating their competencies. In 2022, the first intake of PETROS graduates comprising 12 local talents from various technical disciplines were onboarded to fill skill gaps within the organisation. A partnership with academia was also established through the secondment of UNIMAS lecturers. PETROS is also establishing a system to measure the quality and quantity of our employee learning and development initiatives.

#### **HRD CORP AWARD**



PETROS received the Human Resource
Development Corporation (HRD Corp) Award
under the SME Employer category, which was
presented in conjunction with the National
Human Capital Conference & Exhibition
(NHCCE) 2023 Borneo.

The award was given in recognition of the company's utilisation of the HRD Corporation's Levy for employee training in 2022. The HRD Awards is the highest national recognition in human capital development.



#### | TOTAL INVESTMENT IN EMPLOYEE TRAINING & BENEFITS |

#### **Budget Utilised:**

• 1 Jan to 31 Dec 2022

Utilised

RM829,387

• 1 Jan to 31 Dec 2023

Utilised

RM1,744,370

**IMPACT STORY** 

### **NURTURING SARAWAK'S**

# OIL & GAS TALENTS

PETROS, SLB and the Centre for Technology Excellence Sarawak (CENTEXS) worked closely to develop Sarawak's local talents to equip them for the energy industry.

This included the establishment of SLB's Kuching Technology Centre, which is the first of its kind in Southeast Asia. Through this collaboration, SLB and PETROS will equip graduate students with technical capability training leveraging SLB's expertise while at the same time, PETROS will offer coaching on the Field Development Project (FDP) and practical training opportunities. To date, CENTEXS has conducted three intakes of the Exploration and Production (E&P) Subsurface Training Programme, benefitting 27 trainees and one intake of the Drilling Engineering programme, which saw the participation of 10 trainees.



### HUMAN CAPITAL MANAGEMENT

#### **FOSTERING DIVERSITY, EQUITY & INCLUSION (DEI)**



At PETROS, we are dedicated to creating an environment where diversity, equity, and inclusion are valued and celebrated. The spirit of diversity, equity, and inclusion (DEI) is already deeply embedded in our operations, including recruitment and other critical areas, even if our DEI Framework is still a work in progress.

Having a diverse and inclusive workplace not only improves the experiences of our workers but also strengthens our capacity for innovation and efficient customer service. For example, the values of justice and equal opportunity inform our hiring procedures, helping us draw in and accept talent from a variety of backgrounds.

Our goal is to establish a work environment where all individuals, irrespective of their origins, persona, or capabilities, are acknowledged, esteemed, and emboldened. We are committed to creating an environment that welcomes candid communication and teamwork, as well as equal

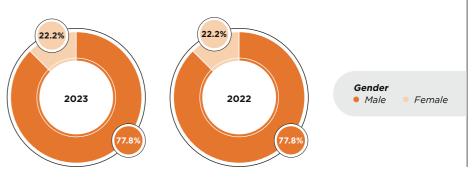
opportunity for all employees. Beyond just our internal operations, we also hope to positively impact the communities we serve and participate in social responsibility - promoting projects as part of our dedication to diversity, equity,

We can develop a stronger, more vibrant, and responsible corporate citizen that represents our commitment to bolstering our social licence to operate by embracing diversity and encouraging inclusivity. As a team, we work to create an environment where everyone may prosper and help PETROS become the go-to local partner.

There were zero cases of discrimination reported in the year under review.

PETROS' Executive Committee (ExCom) comprises seven men and two women. Meanwhile, with 86% of senior management members being male, there is an opportunity to improve the gender balance in the organisation. PETROS aims to increase the number of women at all levels of the organisation.

#### | EXCOM DIVERSITY (BY GENDER) |



#### **EMPLOYEE PERFORMANCE DATA**

### 2023

Employees (By Gender) (Headcount/FTE)	Female	Male	Total
No. of Employees	37% (89)	63% (151)	100% (240)
No. of Permanent Employees	40% (68)	60% (101)	100% (169)
No. of Temporary Employees (employees on renewable contract)	30% (21)	70% 49	100% (70)
No. of Non-Guaranteed Hours Employees	0% (0)	100% (1)	100% (1)
No. of Full-Time Employees (8 hours a day)	37% (89)	63% (150)	100% (239)
No. of Part-Time Employees	0% (0)	100% (1)	100% (1)



Total number of workers who are not employees and whose work is controlled by PETROS in 2023: 28 agency workers.

### 2022

Employees (By Gender) (Headcount/FTE)	Female	Male	Total
No. of Employees	32%(64)	68%(139)	100% (203)
No. of Permanent Employees	38%(54)	62%(88)	100% (142)
No. of Temporary Employees (employees on renewable contract)	22%(10)	36	100% (46)
No. of Non-Guaranteed Hours Employees	0%(0)	100%(15)	100% (15)
No. of Full-Time Employees (8 hours a day)	34%(64)	123	100% (187)
No. of Part-Time Employees	0%(0)	100%(16)	100% (16)



Total number of workers who are not employees and whose work is controlled by PETROS in 2022: 12 agency workers.

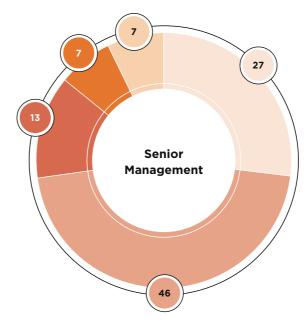
As PETROS took control of Sarawak Gas Distribution Sdn Bhd (SGDSB) from the State Government, new responsibilities demanded a skilled workforce to oversee and enhance our operations. The installation of PETROSNiaga following the acquisition of LPG operations from PETRONAS Dagangan further required more manpower to meet the challenges and opportunities ahead.

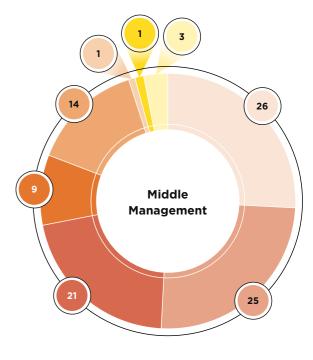
### HUMAN CAPITAL MANAGEMENT

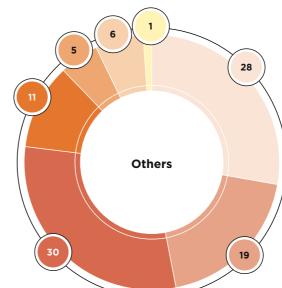
| EMPLOYEES (BY EMPLOYEE CATEGORY, GENDER, AGE GROUP & ETHNICITY) |

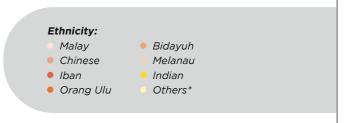
### 2023

Employee	Gend	Gender (%)		Age Group (%)	
Category	Male	Female	< 30 years	30-50 years	> 51 years
Senior management	80	20	0	15	85
Middle Management	73	27	0	57	43
Others	56	44	23	66	11









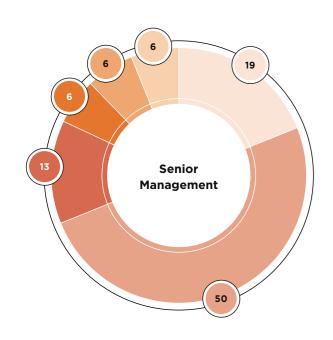
#### Note:

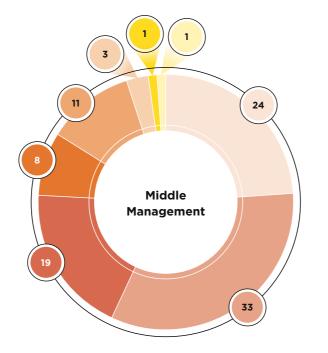
\* The 'Other' category comprises employees of Eurasian, Kadazan and Dusun descent, as well as other ethnicities from Sarawak's diverse ethnic groups.

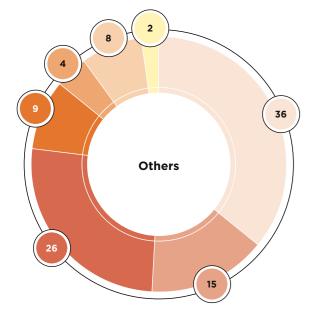
| EMPLOYEES (BY EMPLOYEE CATEGORY, GENDER, AGE GROUP & ETHNICITY) |--

### 2022

Employee	Gendo	Gender (%)		Age Group (%)	
Category	Male	Female	< 30 years	30-50 years	> 51 years
Senior Management	86	14	0	14	86
Middle Management	75	25	0	55	45
Others	62	38	24	66	11





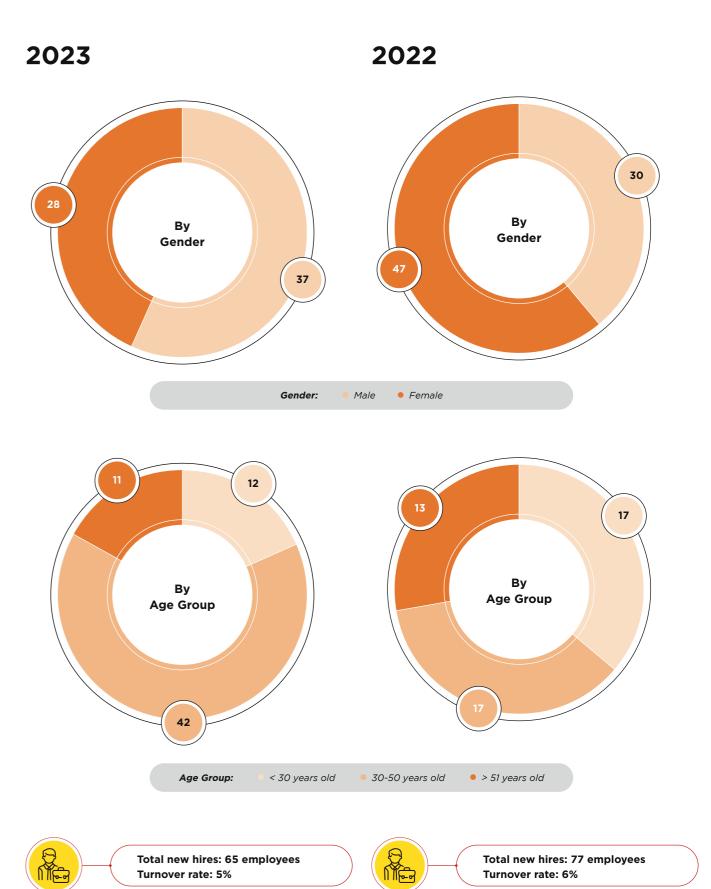




\* The 'Other' category comprises employees of Eurasian, Kadazan and Dusun descent, as well as other ethnicities from Sarawak's diverse ethnic groups.

### HUMAN CAPITAL MANAGEMENT

| NEW EMPLOYEE HIRES & TURNOVER (BY GENDER & AGE GROUP) |-



#### **EMPLOYEE ENGAGEMENT**

# PETROS believes employee engagement is imperative to drive organisational performance, productivity and job satisfaction.

In 2022, PETROS conducted a Happy Team Survey to gather employee and the Management feedback. A PEOPLE Day, which focused on enhancing employee wellness, was also organised.

Additionally, PETROS organised various company events and activities such as gatherings, sports, and festive celebrations to engage employees. These initiatives are aimed at motivating employees and creating a sense of belonging while creating a dynamic workplace and providing opportunities for strengthening interpersonal relationships among colleagues. In 2022 and 2023, PETROS organised a wide range of employee engagement activities.

#### LAN BERAMBEH AND UNIMAS

During the year, PETROS also participated in the following events to strengthen the talent pipeline and develop Sarawak's oil and gas industry:

#### • UNIMAS Talent Recruitment & Career Exhibition (TRACE) 2023

On 22 June 2023, 59 industry players participated in one of Borneo's largest career exhibitions. Organised by Universiti Malaysia Sarawak, the event is a platform for fostering collaboration between students, industries and academic institutions. Among the key highlights were a presentation on the PETROS Graduate Development programme and a knowledge-sharing session with PETROS' Head of Industrial Capability. PETROS also received recognition as recipient of the 2023 UNIMAS TRACE Choice Award, as voted by the participants.



### HUMAN CAPITAL MANAGEMENT

#### Elevating Our Presence: Team PETROS at LBAS 2023

Team PETROS actively participated in the Lan Berambeh Anak Sarawak (LBAS) 2023, a vibrant event hosted at the Malaysia International Trade and Exhibition Centre (MITEC) in Kuala Lumpur.

During the event, Team PETROS took the opportunity to share our journey and role across the entire oil and natural gas value chain, along with our efforts to drive low-carbon solutions. We also highlighted our internship and graduate programmes, promoting them to Sarawakian students pursuing their studies in Peninsular Malaysia.

The LBAS ended with a Sarawak Agenda Townhall, featuring The Right Honourable Premier Datuk Patinggi Tan Sri (Dr) Abang Haji Abdul Rahman Zohari bin Tun Datuk Abang Haji Openg. Additionally, the event boasted 61 participating exhibitors from both private and public sectors and 44 booths showcasing Sarawak's rich tapestry of handicrafts and delicacies.



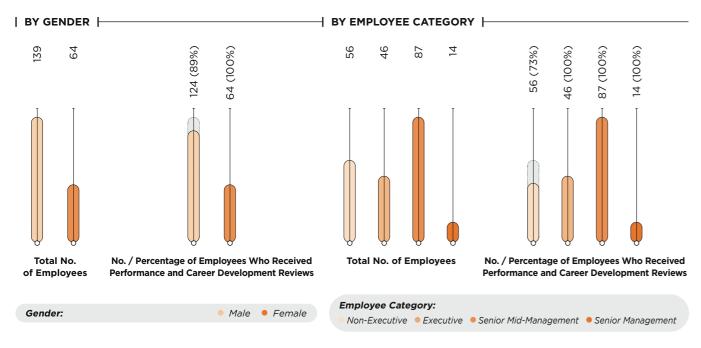
### EMPLOYEE PERFORMANCE & APPRAISAL

PETROS' employees undergo an annual performance review, which serves as an effective communication tool. Performance reviews enable PETROS to gather feedback, identify areas that require improvement, and evaluate individual training or career development needs. Each employee is given a set of key performance indicators along with an appraisal of their annual performance and contributions to PETROS, which determine their annual salary increment, eligibility for bonuses or promotion. In 2022, 100% of female employees received performance and career development reviews. PETROS will ensure that the remaining 11% of male employees receive their performance and career development reviews.



GCEO Hari Raya Staff Engagement in Miri, 2023

# PERCENTAGE OF EMPLOYEES WHO RECEIVED PERFORMANCE & CAREER DEVELOPMENT REVIEWS



#### **BENEFITS & COMPENSATION**

#### PETROS believes in rewarding employees for their performance and behaviour in their individual roles through our remuneration and benefits package.

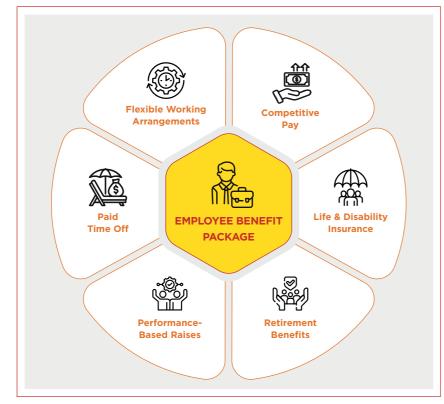
In compliance with the applicable local employment laws, PETROS ensures that a minimum wage is given to support the daily living needs of employees and workers.

In 2022, a market survey was conducted to ensure that PETROS' remuneration and benefits package remains competitive.

The Board Renumeration Committee ensures that remuneration is established at a competitive level, benchmarked against similar roles in the industry, as part of PETROS' continuous efforts to recruit, attract, retain and motivate talent.

All employees' remuneration and benefits fall under the purview of the Group CEO and undergo regular benchmarking - the latest benchmarking exercise was conducted in 2022.

PETROS offers a set of comprehensive benefits for both permanent and nonpermanent (contract) employees. The benefits are reviewed periodically so that they remain competitive. The most recent Total Benefit Review was conducted in 2023. | PETROS EMPLOYEE BENEFITS |



### HUMAN CAPITAL MANAGEMENT

#### PARENTAL LEAVE

PETROS aims to contribute positively to the well-being of employees, by offering parental leave, which reflects the values of PETROS' corporate sustainability.

Parental leave promotes a work-life balance and supports the needs of new parents. Male employees are granted five working days of leave, while female employees are entitled to 90 calendar days of paid leave.

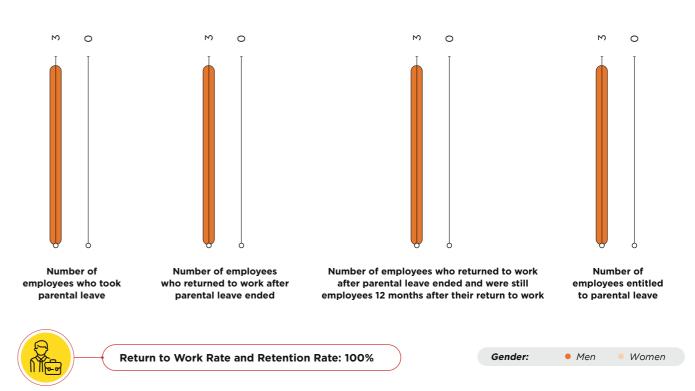


#### 2023



As of December 2023, only seven employees took parental leave. All of them returned to work after their parental leave ended and are still in employment.

### 2022



88 petroleumsarawak.com — 2023 sustainability report 89

### **HUMAN RIGHTS**

**PETROS** strives to uphold human rights and protect the rights of indigenous peoples in the areas we operate in. PETROS believes that this commitment is essential in ensuring the ethical and responsible conduct of our business.

PETROS' operations are within industrial areas, which have little impact on the rights of the indigenous people and rural communities. However, PETROS is committed to protecting and upholding the rights of all individuals.

#### **HUMAN RIGHTS**

PETROS aims to uphold human rights of all employees and workers by treating them with respect and dignity. We have zero tolerance for any form of forced labour or child labour within our operations and we comply with the minimum legal working age, as stated in local labour laws and regulations. PETROS expects all our vendors and service providers to adhere to the same principles of safeguarding human rights, and we constantly monitors the development of the relevant laws and regulations.



#### **GRIEVANCE MECHANISM**

PETROS has established a well-structured grievance mechanism process that empowers our employees, suppliers and stakeholders to express their concerns regarding environmental matters, labour practices and other issues that require our immediate attention. The We have established a Whistleblowing Policy<sup>1</sup> which allows employees and stakeholders to report any form of misconduct or concern without fear of reprisals. Employees have the responsibility to report any instances of misconduct, wrongdoing, or malpractice directly to the Integrity Team. As of 31 December 2023, there were zero complaints received via the grievance mechanism in the period under review.

▲ ¹ Read more about our Whistleblowing Policy in Business Ethics and Transparency



**VICTOR MAIYOR** 

"We emphasise the importance of caring for ourselves and the community while focusing on delivering success. It is important that we strike a healthy balance between achieving our business result and social responsibility".

### **COMMUNITY RELATIONS**

PETROS regularly engages with the local communities in areas where we operate in, to gain an understanding on the people's needs. This helps the Company strive for long-term solutions to make a positive difference for Sarawakians.

PETROS acknowledges that the use of land for our business activities may have effects such as environmental degradation, exposure to hazardous materials and the utilisation of natural resources. Therefore, addressing any conflicts arising from our activities is vital to protect the local communities and prevent disruptions to their livelihoods.

To mitigate the negative impacts of our activities, PETROS ensures that Environmental Impact Assessments (EIA), Social Performance Plans and Stakeholder Engagement Plans are conducted before the commencement of a project. In addition, dialogues, workshops and townhalls are held to manage the local communities' expectations, meet their needs and help them navigate any challenges they face.

A Corporate Social Responsibility, Donations and Sponsorship (CSR) policy is also in place. It sets forth guiding principles on the Group's, our employees' and subsidiaries' contributions to any CSR programmes, donations and sponsorships. The policy clearly outlines permissible CSR initiatives, donations and sponsorships, and prohibited initiatives. It also includes procedures, requirements for documenting CSR investments, and enforcement measures for non-compliance.

PETROS also invests in various efforts to boost the local economy by creating job opportunities, supporting local entrepreneurs and financing infrastructure. These initiatives will help elevate brand reputation, secure buy-in, and increase trust among stakeholders, local authorities and communities.

In the future, PETROS aims to develop a grievance mechanism and procedure for community feedback and contribute towards significant social investment and CSR programmes.

#### **IMPACT STORY**

### **BRIGHT TOMORROW**

# WITH CLEAN ENERGY

In line with our commitment to generate positive impacts within communities in Sarawak, PETROS launched a pilot project for piped natural gas at Medan Saberkas, Miri in February 2023.

The project at Medan Saberkas was executed in two phases and is a collaborative effort with Miri City Council (MCC) and Medan Saberkas hawker association - benefitting 115 traders who now enjoy 24/7 access to affordable, reliable, clean energy through piped gas supply. With this recent enhancement, Medan Saberkas is rapidly evolving, as it has been upgraded with various facilities and utilities, including clean water and a dependable power supply. It is gaining traction as a place of interest to both locals and tourists alike.

This initiative focused on the lower-income sector of our community, has enabled them to save more than 50% of the fuel cost in their trade. The success of this innovative collaboration will be replicated across Sarawak with other local agencies and PETROS.



### **COMMUNITY RELATIONS**

#### **IMPACT STORY**

### YOUTH AMBASSADOR PROGRAMME:

### PETROS EMPOWERS YOUTH

The inaugural PETROS **Youth Ambassador** Programme was launched at MRSM Betong. It aimed to educate Sarawak's youth on the importance of STEM to address real-world issues and explore career options in the oil and gas industry.

The event featured the top five finalists of Sarawak Circular Sustainable City competition, rewarding innovative and feasible Sustainable City plans. PETROS presented the school with a HUAWEI Ideahub Board 2 for their SMART EduLearning Room. During the launch, we set up engineering booths, Geophysics and Geoscience booths at a career expo, participated by nearly 250 Form 4 and Form 5 students. This initiative reflects our aim to shape the State's future potential and capabilities.



#### **CREATING POSITIVE VALUES FOR COMMUNITIES**

As part of our contribution to building a thriving society where everyone enjoys prosperity, social inclusivity and a sustainable environment, PETROS strives to support and empower our local communities.

PETROS believes that significant investments in community development and various philanthropic efforts will foster longterm relationships with PETROS communities. Not only will the contributions benefit these communities and support their needs, but they will also provide an opportunity to engage with stakeholders and generate long-term positive impacts.

### **COMMUNITY RELATIONS**

#### | THE FOLLOWING ARE THE CSR CONTRIBUTIONS WE MADE AS OF 31 DECEMBER 2023 ├─

#### Rainforest World Music Festival & Borneo Jazz Festival (Miri) 2022

In support of the Rainforest World Music Festival & Borneo Jazz Festival (Miri), PETROS provided 70 units of LPG to participating local food and beverage stall owners. The festival is one of Sarawak's leading international events that attracts tourists from all around the world. PETROS was featured as a Silver Sponsor for sponsoring the LPG via our #tonggaskamek initiative. The contribution was aligned with PETROS' support for preserving diverse cultural heritage and promoting the sustainable development of communities (in line with the UN SDG11: Sustainable Cities and Communities). It also reflected PETROS' continuous collaboration with the Sarawak Tourism Board through iconic events such as the music festival plays its significant role in supporting the local food and beverage industry in recovering from COVID-19 disruptions.

#### PETROS LPG Loan Sponsorship Programme

23 Mar to 17 Apr 2023

Over 95 stalls benefitted from an initiative sponsoring LPG gas cylinders to traders at the Ramadhan Bazaar.

#### Safety Awareness Programme @ Ramadhan Bazaar Stutong 2023

13 Apr 2023

In a collaboration with the Fire & Rescue Department Sarawak, we organised a festive safety awareness campaign for the local community to educate them on gas safety and emergency preparedness.

#### **Financial Contributions**

19 & 30 Apr 2023

Contributed donations to support the underserved and underprivileged through programmes administered by Zakat to Baitulmal Sarawak and Unit for Other Religions (UNIFOR).

#### Rainforest World Music Festival 2023

23 to 25 June 2023

In 2023, PETROS continued supporting the event held at the Sarawak Cultural Village. The three-day music festival celebrated the diversity of world music, featuring local arts, music, workshops, cultural displays, food stalls and evening concerts.

#### Program Kesedaran Keselamatan Ramadhan Bazaar Stutong 2023

13 Apr 2023

In collaboration with the Fire & Rescue Department Sarawak, we organised a festive safety awareness campaign to highlight gas safety and emergency preparedness.

#### **Donation for Sarawak Sustainable Development Project**

PETROS made a contribution to support initiatives in sustainable development, including community well-being development projects aimed at conserving Sarawak's heritage and biodiversity.

#### Platinum Sponsor for the Sarawak Regatta 2023

3 to 5 Nov 2023

We sponsored the Sarawak Regatta 2023, an annual boat race to showcase Sarawak's rich heritage.

#### Contribution to Association of Wives of Ministers and Deputy Ministers of Sarawak (SABATI)

19 Nov 2023

In 2023, we contributed to SABATI to support them in conducting educational activities for students in rural areas.

#### Sponsorship for MRI Machine

1 Dec 2023

To expand the healthcare capabilities and promote the early diagnosis of various diseases, PETROS donated funds for an MRI machine to Sibu General Hospital

#### Sarawak Bomba Run 2023

In addition to the 30 PETROS runners, we also promoted the safe usage of LPG and gas through a gas safety demonstration.



# RESPONSIBLE GOVERNANCE

ROSALIE TIEN

VP Governance,

Pick & Compliance



" As Team PETROS, we uphold our Core values of Respect, Integrity, Professionalism and Passion at all times".

### **BUSINESS ETHICS & TRANSPARENCY**

Society's expectations for business organisations are on the rise, with an emphasis on business ethics, societal contributions, safety and environmental impact reduction. Upholding good business ethics enables a company to establish trust with employees and external stakeholders such as shareholders, business partners and customers.



More importantly, defined ethics and its principle of transparency form a code of conduct that shapes employee behaviour at all levels to make ethical decisions. It is also imperative for organisations to recognise that there is a growing interest among employees in business organisations' ethical standards and principles.

At PETROS, we seek to uphold good business ethics and transparency to promote integrity and gain trust from key stakeholders including investors and customers. We recognise that poor business ethics and a lacking transparency in our business practices can easily expose us to legal, reputational and financial risks. To mitigate such risks, we remain guided by the Group's Code of Conduct and Business Ethics, Whistleblowing Policy and Anti-Bribery and Corruption (ABC) Manual, which contains ABC policies and procedures.

PETROS conducts an annual mandatory Conflict of Interest declaration exercise for all employees and members of the Board of Directors (BOD), annual anti-bribery and corruption awareness training for employees, and performs an annual declaration of related party transaction exercise. In addition, weekly awareness posters on anti-bribery and corruption are displayed, and quarterly reports are submitted to the BOD. The ongoing Corruption Risk Assessment, which evaluates operations for corruption-related risks, is scheduled to be completed by the end of 2023. Going forward, PETROS aims to continuously improve our training programmes, tools and systems to encourage and promote a culture of compliance in PETROS.

#### **REGULATORY COMPLIANCE**

At PETROS, a strong compliance culture is cultivated across the organisation to uphold the highest standards of compliance.

PETROS complies with all the relevant laws and regulations in ensuring smooth daily operations long-term sustainable the reporting period, there were zero instances of noncompliance with regards to laws and regulations in the period under review.

#### **ENSURING REGULATORY COMPLIANCE:**

- · Generating financial statements according to accounting and reporting standards.
- · Complying with environmental, health and safety regulations to mitigate risks.
- · Promoting ethical and fair business practices by respecting human rights and complying with employee labour standards.
- Ensuring robust data protection and cybersecurity measures are in place to protect the data privacy of employees and customers.

### **BUSINESS ETHICS & TRANSPARENCY**

PETROS IS GUIDED BY ELEMENT 18 IN OUR CMS TO ENSURE REGULATORY COMPLIANCE ACROSS OUR OPERATIONS AND VALUE CHAIN.

Element 18

#### **Regulatory Compliance**



#### Objective:

To ensure the full compliance of PETROS and our subsidiaries to the relevant laws, regulations and Company policies as well as the implementation of Sarawak State's Oil Mining Ordinance (OMO) and Distribution Gas Ordinance (DGO).

#### Requirements:

- Identify Obligations, Regulatory Requirements and Set Accountability
- Regulatory requirements within PETROS' operational footprint areas are identified, assessed and documented throughout all stages of the business life cycle
- Roles, accountabilities and responsibilities for both Functions and Business are well-defined and established to ensure compliance with regulatory requirements
- Establish a Plan and Means to Comply
- A compliance register is established to identify management system controls and actions to meet compliance requirements and obligations as well as keep track of their current status
- We have in place a dedicated process to monitor emerging compliance requirements and their potential impacts on change management
- Compliance with Obligations and Regulatory Requirements
- All regulatory obligation deadlines must be adhered to within the specific timeframe
- Any emerging or actual incidents of non-compliance should be promptly reported to the Line
- An annual management review is conducted to verify compliance and identify areas for
- Enable Regulatory Compliance Management
- Establishing a strong relationship with regulators and relevant government agencies is a critical factor in enabling effective Regulatory Compliance Management
- The quality of these relationships is periodically assessed to identify opportunities for improvement
- An effective compliance framework is developed for the implementation of Sarawak OMO and DGO with relevant State authorities

#### **CODE OF BUSINESS ETHICS**

In carrying out the Group's business activities, the Board of Directors, management and employees are bound by PETROS' Code of Conduct and Business Ethic (COBE), which serves as a guide for the Company's interaction with stakeholders.

The COBE consists of fundamental policies and rules that ensure good business conduct is upheld in all activities and daily tasks. All employees and the respective departments must understand, support and comply with the policies and rules within the COBE. PETROS also expects our contractors, sub-contractors, consultants, agents, representatives and others performing work or services for or on behalf of the Group to comply with the relevant parts of the COBE.

### **BUSINESS ETHICS & TRANSPARENCY**

#### ANTI-BRIBERY AND CORRUPTION MANUAL

PETROS has established various policies, rules and procedures to mitigate the risk of bribery and corruption. For instance, the bidding process is governed by PETROS' Supply Chain Procedures, PETROS Procurement Card Guidelines and PETROS Tender Committee Guidelines.1

To combat bribery and corruption, the Anti-Bribery and Corruption (ABC) Manual sets out PETROS' principles for dealing with improper solicitation, bribery, and corruption-related activities and issues that may arise in a business activity. The manual also consists of PETROS ABC Policies and Procedures, which outline the instructions for employees, suppliers, vendors and business partners to comply with all relevant ABC laws and uphold PETROS' corporate values of Integrity, Respect, Professionalism and Passion.

#### PETROS ABC MANUAL

- · Sets out the responsibilities of PETROS' employees, officers, and directors to observe and uphold our stance on zero tolerance for bribery and corruption.
- · Provides information on how PETROS' employees and those working for PETROS are expected to conduct
- · Provides guidance on identifying bribery and corruption incidents and sets out the procedures for raising concerns on breaches of this policy without fear or reprisal.
- Ensures PETROS has adequate procedures to prevent and detect bribery and corruption.
- · Protects PETROS against the possible penalties and repercussions resulting from acts of bribery and corruption.

#### │ COVERS THE FOLLOWING ASPECTS ├

- o Gifts, Entertainment and Corporate Hospitality
- Facilitation Payments and Kickbacks
- O Corporate Social Responsibility, Donations and Sponsorships
- Conflicts of Interest
- Third-Party Dealings
- o Training and Communication
- O Enforcement and Disciplinary Actions for Non-Compliance
- ▲ ¹ For more information, refer to Sustainable Supply Chain on pages 46 to 47.

### **BUSINESS ETHICS & TRANSPARENCY**



PETROS is pleased to report that there were zero confirmed incidents of corruption and actions taken in the period under review. Throughout 2022 and 2023, the ABC Manual and procedures have been communicated to all the members of the BODs and employees. The Company is currently developing anti-bribery and corruption training for our BODs.

PETROS ABC Manual and procedures have been communicated to 100% of:

- · Board of Directors via online platform
- PETROS employees via intranet and online sessions during COVID-19 disruptions and faceto-face sessions post-COVID-19 pandemic

ANTI-CORRUPTION TRAINING WAS ROLLED OUT TO:

103 employees via online sessions

/4 employees

#### WHISTLEBLOWING POLICY

The Whistleblowing Policy of the Group outlines the procedures for stakeholders to report suspected or actual fraudulent activities, improper conduct, or violations of PETROS ABC Policy and Procedures and the COBE. Stakeholders are required to follow the specified procedures as outlined in the Whistleblowing Policy.

The purpose of the Whistleblowing Policy is to guide the BODs, PETROS employees and external stakeholders such as vendors, contractors, advisers and other third parties, including members of the public. All PETROS employees have a responsibility to promptly report any actual or suspected violation of the COBE by using the Whistleblowing Policy's procedures. Employees with any information that relates to irregular, illegal or corrupt practices within PETROS may also file a report using the procedures in this policy.



#### MANAGEMENT OF WHISTLEBLOWING INCIDENTS

- · Minor whistleblowing incidents are managed by the Integrity Team, with a periodic summary report to the Board of Audit and Risk Committee (BARC).
- Should the Head of the Integrity Team discover any major whistleblowing issues, should, in consultation with the Group's General Counsel, inform the BARC and propose responses to the issues raised.
- Should the Head of the Integrity Team or any member of the Integrity Team be implicated in the report, the whistleblower may report to the GCEO or any member of the BARC and/or the designated Director.
- The whistleblower may lodge a complaint to the relevant enforcement agency, including the Malaysian Anti-Corruption Commission (MACC) of any detrimental action in reprisal, harassment, retaliation or discrimination received or committed by any person against the whistleblower as a result of his/her report or disclosure.

### RISK MANAGEMENT

#### Efficient risk management is crucial for PETROS to mitigate risks, identify opportunities, and increase stakeholder trust.

#### **RISK MANAGEMENT FRAMEWORK**

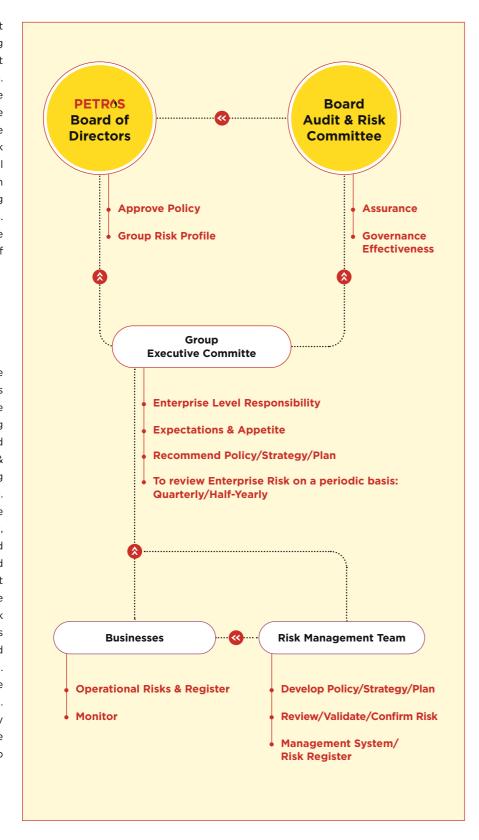
The approach to risk management focuses on understanding, managing and responding to risks to protect the business's interests and assets. It enables the Company to make informed decisions which ensure long-term sustainability. We have established a Group Enterprise Risk Management Framework and Control and a Corporate Management System (CMS Element 6)1 that serve as guiding principles for risk management efforts. These frameworks are aligned with the fundamental principles and elements of the ISO 31000 Risk Management.

#### **GROUP ENTERPRISE RISK** MANAGEMENT FRAMEWORK AND **CONTROLS**

PETROS' Risk Management Governance is overseen by the Board of Directors (the Board), who are responsible for policy approvals and enhancing the Group's risk profile. The Board is supported by the Board Audit & Risk Committee, tasked with ensuring governance and providing assurance. Meanwhile, the Executive Committee holds enterprise-level responsibility, recommends policies, strategies and plans and establishes expectations and risk appetite. The Risk Management Team reports to the Executive Committee, develops the overall risk management system, evaluates risks and formulates plans, policies and strategies to support risk management. They also ensure that these efforts are implemented across all businesses. The Enterprise Risk is reviewed every quarterly or semi-annually, and the Board convenes every quarter to discuss risk management matters.

Read more about CMS in Our Approach to Sustainability on pages 24 and 25.

#### | PETROS RISK MANAGEMENT GOVERNANCE STRUCTURE |-



### RISK MANAGEMENT

#### **ENTERPRISE RISK MANAGEMENT: ENHANCING RISK MANAGEMENT & CONTROL**

Risk management and control is governed by the Company's Enterprise Risk Management (ERM), which aims to develop enterprise resilience, and encompasses operational and strategic resilience.

Building resilience enhances the Company's capacity to navigate challenges and create value, giving PETROS a competitive advantage.

#### **KEY OBJECTIVES OF THE ERM FRAMEWORK AND CONTROLS:**

- Providing a systematic approach to identify and manage risks and uncertainties.
- Establishing reliable risk assessment criteria.
- Enabling the Group to make informed decisions on aspects such as business direction with accurate information. This includes the consolidation of various control frameworks that align with our management processes, consolidated systems and integrated reporting.
- Adopting cost-effective and efficient risk management strategies to reduce risks to an acceptable level.
- · Monitoring and reviewing risk levels to ensure that risk exposure remains at an acceptable level.

PETROS has identified six risk categories including strategic, operational, financial, regulatory, technological and reputational risks. Risk types are key business risks that include areas like energy transition, asset integrity, cybersecurity, contractor management, production and compliance. Moving forward, the Company will continue to monitor and review the identified risks across all business units. The Company will also perform quarterly reviews of Key Enterprise Risks with business heads and risk managers.

#### PETROS' APPROACH TOWARDS EFFICIENT RISK MANAGEMENT IS GROUNDED IN ELEMENT 6 OF THE CMS

Element 6

#### **Enterprise Risk Management**



#### Objective:

To identify, analyse and mitigate risks of the business activities throughout PETROS, our subsidiaries and contractors in a structured manner.

#### Requirements:

- · Define Risk Management Framework
- We have in place a risk governance structure with roles and responsibilities, risk owners for the acceptance of risk levels.
- We have established a Risk Assessment Matrix (RAM) to identify, analyse and recommend risk mitigation actions.
- · Establish a system for consistent risk identification, analysis and documentation
- An enterprise system is in place to notify, analyse and recommend risk mitigation actions.
- Develop response capabilities to mitigate risks
- Established emergency response capabilities to effectively respond to key risks.
- Emergency Response and Business Continuity Plans undergo testing at pre-determined intervals to verify capabilities and identify opportunities for improvement.
- All employees are trained to respond to emergencies and crises.

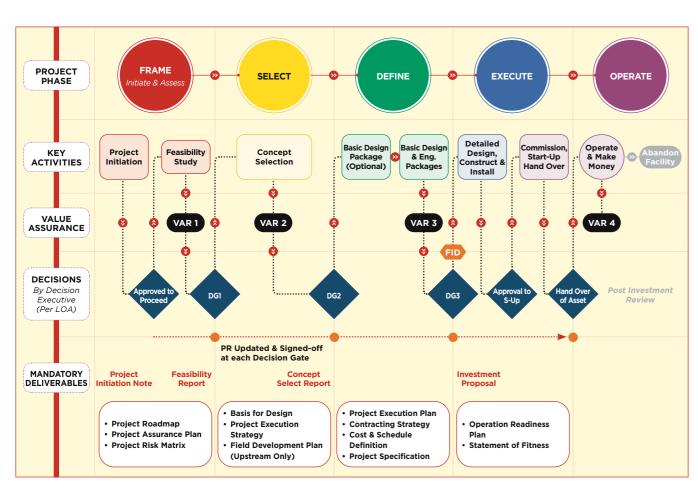
#### · Monitor risks and actions taken

- Risk and Uncertainty registers are established by business units, corporate functions and teams and are reviewed/updated every six months or more, depending on the velocity and level of risk.
- Leadership tests the effectiveness of risk actions for Severe and High risks, allocating resources for the mitigation of these risks.
- Risks are categorised according to severity thresholds and compiled for reporting to the EC and the Board on a semi-annual basis.
- A risk dashboard is implemented to provide real-time access to risk analytics in conjunction with Element 17: Continuous Improvement.

### RISK MANAGEMENT

All PETROS projects are managed and governed through a project maturation and stage gate process.

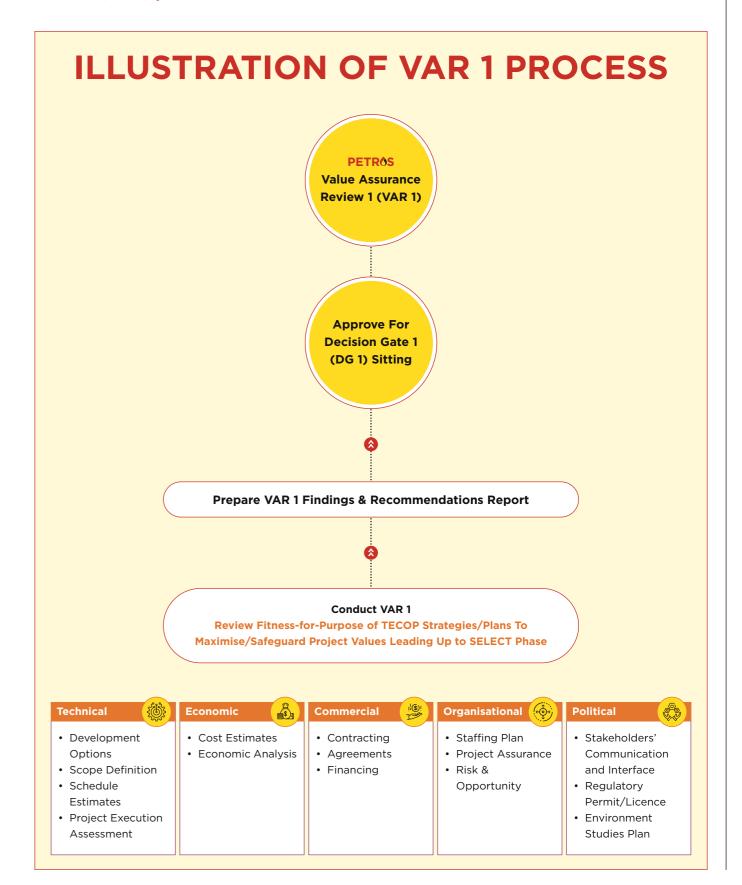
| PETROS PROJECT GOVERNANCE |





### RISK MANAGEMENT

At each stage gate, ESG risks are reviewed and assured via the Value Assurance Review (VAR) process.



### **CYBERSECURITY**

Cybersecurity is a part of Information Communication Technology which primarily relates to the safeguarding of computers, networks, software programmes and data from unauthorised access. It closely aligns with data protection, as cybersecurity shares a common focus in maintaining fundamental security objectives of confidentiality, integrity and availability for both personal and corporate data.



In contributing towards Sarawak's aspiration to be a thriving society driven by data and innovation, PETROS understands that a breach in our system could result in significant repercussions for the Company and also significant stakeholders such as customers and the State Government. These could include compromised privacy, financial losses, exposure of confidential information, reduced competitiveness, business operation disruptions, and reputational damage.

Cybersecurity is one of the 11 risks identified in the Company's Enterprise Key Risks. An Information Technology Policy has been established to ensure a robust cybersecurity system. It outlines the Company's approach and provides a framework for all IT-related activities. Additionally, the Company is guided by a Bow-Tie Framework, which addresses prevailing threats, prevention protection identification, response and

impacts. The framework illustrates how PETROS can leverage nine control and nine defence barriers to fully protect our data and information technology systems. In addition, PETROS has a cybersecurity reporting procedure published in our Digital2U portal, which allows the Company to analyse and identify trending surface attacks.

While cybersecurity is crucial in protecting data privacy and information technology systems, PETROS understands that we could possibly infringe on the privacy of stakeholders during personal data collection, storage and analysis. To this end, PETROS respects every individual's right to privacy and complies with the Personal Data Protection Act (PDPA) 2010. To ensure that they have a clear understanding of how their data is utilised, and the protective measures the Company has in place, PETROS maintains transparency in our practices and communicate our actions via brown bag series sessions.

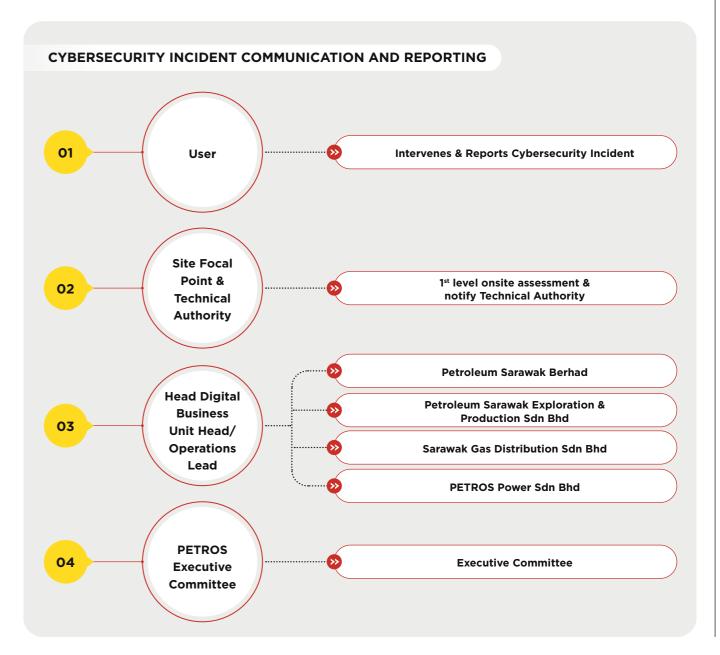
### **CYBERSECURITY**

#### **ESTABLISHING A RESILIENT CYBERSECURITY**

Managing and mitigating Cybersecurity risk is done by adopting the industry's best practices encompassing acknowledgement of cyber threats and potential hazards, organisational impacts and incorporating identification, prevention and response measures.

The Company conducts regular PETROS Digital Secure IT sessions to ensure our employees can respond effectively to minimise damage. To this end, PETROS has in place a Cybersecurity Incident Response Plan, Reporting and Communications, which outlines the steps employees should take in the event of a cybersecurity breach. The response plan also includes key contact points and phone numbers for employees to report an incident based on the severity of the incident. There are three levels of incident severity and reporting:

Level of Severity: ■ Low Risk
■ Medium Risk
■ High Risk Incident with low impact Authority to be notified: Site Focal Point and Technical Authority Incident with significant impact Authority to be notified: Business Unit Heads or Operations Lead Critical incident with very high impact Authority to be notified: Head of Digital



### **CYBERSECURITY**

#### OUR OTHER CYBERSECURITY MEASURES INCLUDE: |-**CYBERSECURITY MEASURES APPROACH Technical Authority/** This team has clearly defined roles and responsibilities in security escalation and efforts. **Cybersecurity Team** Regular risk assessments are conducted to identify potential vulnerabilities and **Risk Assessment** and Management threats, enabling PETROS to develop effective risk management strategies. Ongoing awareness through periodic alerts on email phishing and cybersecurity training will be provided to all employees to ensure that they remain vigilant and **Employee Training** are kept up to date with best practices and social engineering risks. These training and Awareness sessions also enable them to recognise and report potential security threats. In 2022, three company-wide phishing simulations were conducted every quarter. Stringent access controls are enforced through employing the principle of least **Access Control and** privilege, which allows employees limited access to only the necessary systems and **Identity Management** data required to fulfil their duties. The Company ensures conditional access and multifactor authentication, in line with Zero Trust Model, Regular security audits are conducted, whereby recommended security baselines are Regular **Security Audits** enforced. **Data Protection** All digital materials are carefully labelled as part of data protection enforcement. Labelling Software and systems are up to date through ongoing implementation of Microsoft In-Tune for endpoint patch management. The Company follows a routine Product Patch Management Security Incident Response Team (PSRIT) alert patch process to address vulnerabilities in outdated firmware, which can serve as potential entry points for attacks. **Monitoring and** PETROS subscribes to real-time monitoring and threat detection systems for prompt **Threat Detection** identification and response to suspicious activities.

#### **MOVING FORWARD**

PETROS is investing in action plans that are aligned with the organisation's relevant cybersecurity needs and risk mitigation measures which are vital in the data privacy protection of the Company and stakeholders. With regular reviews and assessments, PETROS strives to ensure that updates are being made to counter evolving cyber threats and technologies. The Company aspires to invest in cybersecurity insurance as financial risk mitigation for potential data breaches. Additionally, we are planning to implement rewards and recognition programmes to incentivise and further motivate employees who reflect excellent cybersecurity practices. We are also currently in the process of putting in place a transparent communication channel which will strengthen stakeholders' trust.

### **GRI CONTENT INDEX**



GRI Disclosure	GRI Disclosure Description	Page Number	Remarks/Omissions
GRI 2: GENERAL	DISCLOSURES 2021		
The organisation	and its reporting practices		
2-1	Organisational details	Pg. 6	
2-2	Entities included in the organisation's sustainability reporting	Pg. 11	
2-3	Reporting period, frequency and contact point	Pg. 6-7	
2-4	Restatements of information	-	This is Petros' first Sustainability Repor and hence, there are no restatements in the report.
2-5	External assurance	-	
Activities and wo	rkers		
2-6	Activities, value chain and other business relationships	Pg. 12-15, 46-47	
2-7	Employees	Pg. 82	
2-8	Workers who are not employees	-	We aspire to disclose this data in the next SR.
Governance			
2-9	Governance structure and composition	Pg. 100, Pg. 26-29	
2-10	Nomination and selection of the highest governance body	Pg. 27	
2-11	Chair of the highest governance body	Pg. 2, 26, 28, 74	
2-12	Role of the highest governance body in overseeing the management of impacts	Pg. 24-27	
2-13	Delegation of responsibility for managing impacts	Pg. 27	
2-14	Role of the highest governance in sustainability reporting	Pg. 7, 26	
2-15	Conflicts of interest	Pg. 96	
2-16	Communication of critical concerns	Pg. 99	
2-17	Collective knowledge of the highest governance body	-	We aspire to disclose this data in the next SR.
2-18	Evaluation of the performance of the highest governance body	Pg. 27	
2-19	Remuneration policies	-	We aspire to disclose this data in the next SR.
2-20	Process to determine remuneration	Pg. 88	
2-21	Annual total compensation ratio	-	

# GRI CONTENT INDEX

GRI Disclosure	GRI Disclosure Description	Page Number	Remarks/Omission
GRI 2: GENERAL	DISCLOSURES 2021 (CONT'D)		
Strategy, policies	and practices		
2-22	Statement on sustainable development strategy	Pg. 20-21	
2-23	Policy commitments	Pg. 24-25	
2-24	Embedding policy commitments	Pg. 24 & 25	
2-25	Processes to remediate negative impacts	Pg. 100-103	
2-26	Mechanisms for seeking advice and raising concerns	Pg. 90, 96-97, 99	
2-27	Compliance with laws and regulations	Pg. 96	
2-28	Membership associations	-	
Stakeholder enga	gement		
2-29	Approach to stakeholder engagement	Pg. 25, 91	
2-30	Collective bargaining agreements	-	Petros does not have unionised workers
GRI 3: MATERIAL	TOPICS 2021		
3-1	Process to determine material topics	Pg. 34, 35	
3-2	List of material topics	Pg. 36-37	-
	re Standard Disclosure Description	Page Number	Remarks/Omission
GENERATING VAI	·	Page Number	Remarks/Omissio
GENERATING VAI	LUE	Page Number	Remarks/Omissio
GENERATING VAI Material Matter: E 3-3	conomic Performance  Management approach		Remarks/Omissio
GENERATING VAI Material Matter: E 3-3	conomic Performance  Management approach  Economic Impacts 2016		
GENERATING VAI Material Matter: E 3-3 GRI 203: Indirect	conomic Performance  Management approach	Pg. 40	
Material Matter: E 3-3 GRI 203: Indirect 203-1 203-2	conomic Performance  Management approach  Economic Impacts 2016  Infrastructure investments and services supported  Significant indirect economic impacts	Pg. 40 Pg. 16, 17, 40, 41	
Material Matter: E 3-3 GRI 203: Indirect 203-1 203-2 Material Matter: S	conomic Performance  Management approach  Economic Impacts 2016  Infrastructure investments and services supported  Significant indirect economic impacts  ustainable Supply Chain	Pg. 40 Pg. 16, 17, 40, 41 Pg. 91	
Material Matter: E 3-3 GRI 203: Indirect 203-1 203-2 Material Matter: S	conomic Performance  Management approach  Economic Impacts 2016  Infrastructure investments and services supported  Significant indirect economic impacts	Pg. 40 Pg. 16, 17, 40, 41	
Material Matter: E 3-3 GRI 203: Indirect 203-1 203-2 Material Matter: S 3-3	conomic Performance  Management approach  Economic Impacts 2016  Infrastructure investments and services supported  Significant indirect economic impacts  ustainable Supply Chain	Pg. 40 Pg. 16, 17, 40, 41 Pg. 91	
Material Matter: E 3-3 GRI 203: Indirect 203-1 203-2 Material Matter: S 3-3 Material Matter: II	conomic Performance  Management approach  Economic Impacts 2016  Infrastructure investments and services supported  Significant indirect economic impacts  ustainable Supply Chain  Management approach	Pg. 40 Pg. 16, 17, 40, 41 Pg. 91	
Material Matter: E 3-3 GRI 203: Indirect 203-1 203-2 Material Matter: S 3-3 Material Matter: II 3-3	conomic Performance  Management approach  Economic Impacts 2016  Infrastructure investments and services supported  Significant indirect economic impacts  ustainable Supply Chain  Management approach  mnovation and Technology  Management approach	Pg. 40 Pg. 16, 17, 40, 41 Pg. 91 Pg. 46 & 47	
Material Matter: E 3-3 GRI 203: Indirect 203-1 203-2 Material Matter: S 3-3 Material Matter: II 3-3 ENVIRONMENTAL	conomic Performance  Management approach  Economic Impacts 2016  Infrastructure investments and services supported  Significant indirect economic impacts  ustainable Supply Chain  Management approach  mnovation and Technology  Management approach  STEWARDSHIP	Pg. 40 Pg. 16, 17, 40, 41 Pg. 91 Pg. 46 & 47	
Material Matter: E 3-3 GRI 203: Indirect 203-1 203-2 Material Matter: S 3-3 Material Matter: II 3-3 ENVIRONMENTAL	conomic Performance  Management approach  Economic Impacts 2016  Infrastructure investments and services supported  Significant indirect economic impacts  ustainable Supply Chain  Management approach  mnovation and Technology  Management approach  STEWARDSHIP	Pg. 40 Pg. 16, 17, 40, 41 Pg. 91 Pg. 46 & 47	
Material Matter: E 3-3 GRI 203: Indirect 203-1 203-2 Material Matter: S 3-3 Material Matter: II 3-3 ENVIRONMENTAL Material Matter: C 3-3	conomic Performance  Management approach  Economic Impacts 2016  Infrastructure investments and services supported  Significant indirect economic impacts  ustainable Supply Chain  Management approach  mnovation and Technology  Management approach  STEWARDSHIP  Climate Change	Pg. 40  Pg. 16, 17, 40, 41  Pg. 91  Pg. 46 & 47  Pg. 48-51	
GENERATING VAI  Material Matter: E 3-3  GRI 203: Indirect 203-1 203-2  Material Matter: S 3-3  Material Matter: II 3-3  ENVIRONMENTAL  Material Matter: C 3-3  GRI 201: Economi	conomic Performance  Management approach  Economic Impacts 2016  Infrastructure investments and services supported  Significant indirect economic impacts  ustainable Supply Chain  Management approach  movation and Technology  Management approach  STEWARDSHIP  Climate Change  Management approach	Pg. 40  Pg. 16, 17, 40, 41  Pg. 91  Pg. 46 & 47  Pg. 48-51	
Material Matter: E 3-3 GRI 203: Indirect 203-1 203-2 Material Matter: S 3-3 Material Matter: Ii 3-3 ENVIRONMENTAL Material Matter: C 3-3 GRI 201: Economi 201-2	conomic Performance  Management approach  Economic Impacts 2016  Infrastructure investments and services supported  Significant indirect economic impacts  ustainable Supply Chain  Management approach  movation and Technology  Management approach  STEWARDSHIP  Ilimate Change  Management approach  c Performance 2016  Financial implications and other risks and opportunities due to climate change	Pg. 40  Pg. 16, 17, 40, 41  Pg. 91  Pg. 46 & 47  Pg. 48-51	
Material Matter: E 3-3 GRI 203: Indirect 203-1 203-2 Material Matter: S 3-3 Material Matter: II 3-3 ENVIRONMENTAL Material Matter: C 3-3	conomic Performance  Management approach  Economic Impacts 2016  Infrastructure investments and services supported  Significant indirect economic impacts  ustainable Supply Chain  Management approach  movation and Technology  Management approach  STEWARDSHIP  Ilimate Change  Management approach  c Performance 2016  Financial implications and other risks and opportunities due to climate change	Pg. 40  Pg. 16, 17, 40, 41  Pg. 91  Pg. 46 & 47  Pg. 48-51	
Material Matter: E 3-3 GRI 203: Indirect 203-1 203-2 Material Matter: S 3-3 Material Matter: II 3-3 ENVIRONMENTAL Material Matter: C 3-3 GRI 201: Economi 201-2 GRI 302: Energy 2	Conomic Performance  Management approach  Economic Impacts 2016  Infrastructure investments and services supported  Significant indirect economic impacts  ustainable Supply Chain  Management approach  movation and Technology  Management approach  STEWARDSHIP  Climate Change  Management approach  c Performance 2016  Financial implications and other risks and opportunities due to climate change	Pg. 40  Pg. 16, 17, 40, 41  Pg. 91  Pg. 46 & 47  Pg. 48-51  Pg. 56	

# GRI CONTENT INDEX

	losure Standard Disclosure Description	Page Number	Remarks/Omissio
ENVIRONMEN	NTAL STEWARDSHIP (CONT'D)		
Material Matte	er: Climate Change (Cont'd)		
GRI 305: Emi	ssions 2016		
305-1	Direct (Scope 1) GHG emissions	Pg. 64	
305-2	Energy indirect (Scope 2) GHG emissions	Pg. 64	
305-4	GHG emission intensity	Pg. 64	
Material Matte	er: Biodiversity Impacts		
3-3	Management approach	Pg. 65	
Material Matte	er: Waste and Effluent Management		
3-3	Management approach	Pg. 66	
GRI 306: Was	te 2020		
306-1	Waste generation and significant waste-related impacts	Pg. 66	
306-2	Management of significant waste-related impacts	Pg. 66	
306-3	Waste generated	Pg. 66	
306-4	Waste directed from disposal	Pg. 66	
306-5	Waste directed to disposal	Pg. 66	
Material Matte	er: Water Management		
3-3	Management approach	Pg. 67	
GRI 303: Wat	er and Effluents 2018		
303-5	Water consumption	Pg. 67	
EMPOWERIN	G PEOPLE		
	G PEOPLE er: Health and Safety		
Material Matte		Pg. 70-71	
Material Matte	er: Health and Safety	Pg. 70-71	
Material Matte 3-3 GRI 403: Occ	Management approach	Pg. 70-71 Pg. 70-71	
<b>Material Matte</b> 3-3 <b>GRI 403: Occ</b> 403-1	Management approach  upational Health and Safety 2018		
Material Matterial Matterial Material M	Management approach  upational Health and Safety 2018  Occupational health and safety management system	Pg. 70-71	
Material Matterial Matterial Material M	Management approach  upational Health and Safety 2018  Occupational health and safety management system  Hazard identification, risk assessment and incident investigation	Pg. 70-71	
Material Matterial Matterial Material M	Management approach  upational Health and Safety 2018  Occupational health and safety management system  Hazard identification, risk assessment and incident investigation  Occupational health services  Worker participation, consultation and communication on occupational	Pg. 70-71 Pg. 75	
Material Matterial Matterial Material Matterial Material	Management approach  upational Health and Safety 2018  Occupational health and safety management system  Hazard identification, risk assessment and incident investigation  Occupational health services  Worker participation, consultation and communication on occupational health and safety	Pg. 70-71 Pg. 75 - Pg. 70, 71	
Material Matterial Matterial Material M	Management approach  upational Health and Safety 2018  Occupational health and safety management system  Hazard identification, risk assessment and incident investigation  Occupational health services  Worker participation, consultation and communication on occupational health and safety  Worker training on occupational health and safety	Pg. 70-71 Pg. 75 - Pg. 70, 71 Pg. 76-77	
Material Matterial Matterial Material Matterial Material	Management approach  upational Health and Safety 2018  Occupational health and safety management system  Hazard identification, risk assessment and incident investigation  Occupational health services  Worker participation, consultation and communication on occupational health and safety  Worker training on occupational health and safety  Promotion of worker health  Prevention and mitigation of occupational health and safety impacts	Pg. 70-71 Pg. 75 - Pg. 70, 71 Pg. 76-77	
Material Matterial Matterial Material Matterial Material	Management approach  upational Health and Safety 2018  Occupational health and safety management system  Hazard identification, risk assessment and incident investigation  Occupational health services  Worker participation, consultation and communication on occupational health and safety  Worker training on occupational health and safety  Promotion of worker health  Prevention and mitigation of occupational health and safety impacts directly linked by business relationships  Workers covered by an occupational health and safety management	Pg. 70-71 Pg. 75 - Pg. 70, 71 Pg. 76-77 - Pg. 70	
Material Matte	Management approach  upational Health and Safety 2018  Occupational health and safety management system  Hazard identification, risk assessment and incident investigation  Occupational health services  Worker participation, consultation and communication on occupational health and safety  Worker training on occupational health and safety  Promotion of worker health  Prevention and mitigation of occupational health and safety impacts directly linked by business relationships  Workers covered by an occupational health and safety management system	Pg. 70-71 Pg. 75 - Pg. 70, 71 Pg. 76-77 - Pg. 70 Pg. 74	
Material Matterial Matteri	Management approach  upational Health and Safety 2018  Occupational health and safety management system  Hazard identification, risk assessment and incident investigation  Occupational health services  Worker participation, consultation and communication on occupational health and safety  Worker training on occupational health and safety  Promotion of worker health  Prevention and mitigation of occupational health and safety impacts directly linked by business relationships  Workers covered by an occupational health and safety management system  Work-related injuries	Pg. 70-71 Pg. 75 - Pg. 70, 71 Pg. 76-77 - Pg. 70 Pg. 74 Pg. 77	

# GRI CONTENT INDEX

Standard Discl	osure Standard Disclosure Description	Page Number	Remarks/Omissions
EMPOWERING	PEOPLE (CONT'D)		
Material Matte	r: Human Capital Management (Cont'd)		
GRI 404: Train	ing and Education 2016		
404-1	Average hours of training per year per employee	Pg. 79	
404-2	Programmes for upgrading employee skills and transition assistance programmes	Pg. 79	
404-3	Percentage of employees receiving regular performance and career development reviews	Pg. 87, 88	
GRI 405: Dive	rsity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	Pg. 81-84	
GRI 406: Non-	Discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	Pg. 81	
Material Matte	r: Human Capital Management (Cont'd)		
GRI 401: Empl	oyment 2016		
401-1	New employee hires and employee turnover	Pg. 85	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Pg. 88	
401-3	Parental Leave	Pg. 89	
Material Matte	r: Human Rights & Rights of Indigenous Peoples		
3-3	Management approach	Pg. 91	
GRI 411: Rights	s of Indigenous Peoples		
411-1	Incidents of violations involving rights of indigenous peoples	Pg. 90	
Material Matte	r: Community Relations		
3-3	Management approach	Pg. 91	
	Communities 2016		
413-1	Operations with local community engagement, impact assessments and development programmes	Pg. 91	
RESPONSIBLE	GOVERNANCE		
Material Matte	r: Business Ethics & Transparency		
3-3	Management approach	Pg. 96-97	
GRI 205: Anti-	Corruption 2016		
205-1	Operations assessed for risks related to corruption	Pg. 96	
205-2	Communication and training about anti-corruption policies and procedures	Pg. 96, 98 & 99	
205-3	Confirmed incidents of corruption and action taken	Pg. 99	
Material Matte	r: Risk Management		
3-3	Management approach	Pg. 100-101	
Material Matte	r: Cybersecurity		
3-3	Management approach	Pg. 104-106	
	omer Privacy 2016	-	
	Substantiated complaints concerning breaches of customer privacy and	Pg. NIL	

# **GLOSSARY**

Abbreviation	Term in full
AA	Approving Authority
ABC	Anti-Bribery and Corruption
Al	Artificial Intelligence
AIPSM	Asset Integrity Process Safety Management
ATI	Approval to Install
ATO	Approval to Operate
BARC	Board Audit and Risk Committee
BNRC	Board Nomination and Renumeration Committee
BOD	Board of Directors
C₃H <sub>8</sub>	Propane
C <sub>4</sub> H <sub>10</sub>	Butane
СССТ	Combined-Cycle Gas Turbine
ccs	Carbon Capture and Storage
ccus	Carbon Capture Utilisation and Storage
CENTEXS	Centre for Technology Excellence Sarawak
CFO	Chief Financial Officer
CGSO	Chief Government Security Office
CMS	Corporate Management System
CO <sub>2</sub>	Carbon Dioxide
COBE	Code of Conduct and Business Ethics
coo	Chief Operating Officer
CSR	Corporate Social Responsibility
DDI	Domestic Direct Investment
DEI	Diversity, Equity and Inclusion
DG	Decision Gate
DGO	Distribution of Gas Ordinance
DOSH	Department of Occupational Safety and Health
DRO	Discovered Resources Opportunities
E&P	Exploration and Productions
EXCOM	Executive Committee
EIA	Environmental Impact Assessment
ERM	Enterprise Risk Management
ESG	Environment, Social, and Governance
ESRS	European Sustainability Reporting Standards
EUC	End User Computing
FDI	Foreign Direct Investment
FDP	Field Development Project
FID	Final Investment Decision
FTE	Full-Time Equivalent
GCEO	Group Chief Executive Officer
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GR	Goods Received
GRI	Global Reporting Initiative

# **GLOSSARY**

Abbreviation	Term in full
HAZID	Hazard Identification
HAZOP	Hazard and Operability Study
HEMP	Hazard and Effect Management Process
HRD Corp	Human Resource Development Corporation
HSE	Health, Safety and Environment
HSEC	Health, Safety, Environment Committee
HSSE	Health, Safety, Security and Environment
ICT	Information and Communication Technology
IOGP	International Association of Oil & Gas Producers
loT	Internet of Things
JCA	Joint Collaboration Agreement
Kboe/d	Thousand Barrels of Oil Equivalent Per Day
LBAS	Lan Berambeh Anak Sarawak
LMS	Learning Management System
LNG	Liquefied Natural Gas
LoA	Limit of Authority
LPG	Liquefied Petroleum Gas
LSR	Life Saving Rules
LTI	Lost Time Injuries
MACC	Malaysian Anti-Corruption Commission
MAH	Major Accident Hazard
мсс	Miri City Council
Mmscf/d	Million standard cubic feet per day
MoU	Memorandum of Understanding
MRP	Materials Requirements Planning
NH <sub>3</sub>	Ammonia
NHCCE	National Human Capital Conference & Exhibition
OA	Outline Agreement
OECD	Organisation for Economic Co-operation and Development
OHS	Occupational Health and Safety
ОМО	Oil Mining Ordinance
OSHA	Occupational Safety and Health Act
PACC	Petroleum Advisory Coordination Committee
PCDS	Post-COVID Development Strategy
PDB	PETRONAS Dagangan Berhad
PDPA	Personal Data Protection Act
PETRONAS	Petroleum Nasional Berhad
PETROS	Petroleum Sarawak Berhad
PO	Purchase Order
PR	Purchase Requisition
PSC	Production Sharing Contracts
PSEP	Petroleum Sarawak Exploration and Production
PTW	Permit to Work
RAPID	Recommend, Agree, Perform, Input, Decide

# **GLOSSARY**

Abbreviation	Term in full
RGT	Re-Gasification Terminal
SAP4 HANA	A type of Enterprise Resource Planning software
SAP-ERP	SAP Enterprise Resource Planning
SASB	Sustainability Accounting Standards Board
SCP	Supply Chain Procedure
SDG	Sustainable Development Goal
SE	Service Entry
SGDSB	Sarawak Gas Distribution Sdn Bhd
SGR	Sarawak Gas Roadmap
SLA	Service Level Agreement
SLB	Schlumberger Limited
SPL	Samalaju Pipeline
SRA	Security Risk Assessments
SSLNG	Small Scale Liquefied Natural Gas
TECOP	Technical, Economic, Commercial, Organisational, Political
тс	Tender Committee
TCFD	Taskforce on Climate-related Financial Disclosures
TRACE	Talent Recruitment & Career Exhibition
TVP	Talent Value Proposition
UN	United Nations
VAR	Value Assurance Review
WEF SCM	World Economic Forum's Stakeholder Capitalism Metrics

#### **EMPLOYMENT DEFINITIONS**

Employment Type	Definition
Full-time Employee	Employee whose working hours per week, month, or year are defined according to national law or practice regarding working time.
Non-Guaranteed Hours Employee	Employee who is not guaranteed a minimum or fixed number of working hours per day, week, or month, but who may need to make themselves available for work as required.
Middle Management	Employees with PETROS salary scale of P1 to P4.
Part-time Employee	Employee whose working hours per week, month, or year are less than the number of working hours for full-time employees.
Permanent Employee	Employee with a contract for an indeterminate period (ie indefinite contract) for full-time or part-time.
Others	Employees with PETROS salary scale of P5 - P13.
Senior Management	Employees with PETROS salary grade of PE (endorsed by the Board of Directors).
Temporary Employee	Employee with a contract for a limited period (i.e., fixed term contract) that ends when the specific time period expires, or when the specific task or event that has an attached time estimate is completed (e.g., the end of a project or return of replaced employees).

# **PETROS**

# CONTACT US



PETROLEUM SARAWAK BERHAD Level 6, Block C, iCom Square, Jalan Pending, 93450, Kuching, Sarawak