PETRONAS Dagangan Berhad
Integrated Report 2023

PETRONAS

RAISE THE BAR, CHANGE THE GAME

Basis of this Report

This integrated report aims to give a comprehensive and balanced view of PETRONAS Dagangan Berhad's (PDB or the Group) performance for the financial year. Our focus extends beyond financial results to include non-financial outcomes, emphasising the integration of environmental, economic, social and governance (EESG) considerations into our decision-making process. This approach ensures long-term value that benefits both present and future stakeholders. Our report serves as a resource primarily for investors, but it is also relevant for all stakeholders interested in understanding PDB's commitment to sustainable value creation.

OUR REPORTING SUITE

The PDB Integrated Report serves as the main report to our stakeholders. It offers a balanced and comprehensive evaluation of the Group's capacity for sustainable value creation in the short, medium and long-term horizons. This report should be read in conjunction with the accompanying Audited Financial Statements (AFS), which present a detailed account of PDB's financial performance, as well as the PDB Sustainability Report 2023, which focuses on PDB's value creation through the lens of EESG.

IR

INTEGRATED REPORT 2023

PDB's Integrated Report aims to provide our stakeholders with a comprehensive overview and a balanced assessment of our financial and non-financial performance. In reading this report, stakeholders will better understand our business and sustainability strategies, performance, our approach to governance and risks and our future orientation. The report demonstrates our commitment to accountability and seeks to strengthen the confidence of our stakeholders.

The governance section presents detailed reporting of our Corporate Governance activities via the Corporate Governance Overview Statement, Nomination and Remuneration Committee Report, Board Audit Committee Report, Board Sustainability and Risk Committee Report and Statement on Risk Management and Internal Control.

FR

FINANCIAL REPORT 2023

Our Financial Report consists of the Directors' Report, Audited Financial Statements and Independent Auditors' Report. The Financial Report provides detailed financial disclosures to our shareholders, investors, analysts and other interested parties.

Scan the QR code to view our interactive Microsite

REPORTING SCOPE AND BOUNDARY

This report provides material information about the Group, which includes our subsidiaries, joint ventures and associates, for the period beginning 1 January 2023 to 31 December 2023. It also includes any material events occurring up to the Board's approval date of 26 February 2024. The inclusion of subsidiaries follows the guidelines of the Malaysian Financial Reporting Standards (MFRS) 10 for Consolidated Financial Statements.

RAISE THE BAR, CHANGE THE GAME

The cover design for Integrated Report 2023 depicts a visual narrative of its ongoing journey of growth and innovation that has marked the company's 41 years of operation. The top of the number "41", with its upward trajectory, highlights PDB's consistent efforts to "Raise the Bar." The circular elements signify PDB's drive to "Change the Game", symbolising fluidity and adaptability in an evolving marketplace. The interplay of geometric shapes and elemental colours depicts **the symbolism of earth, water, air and fire which have supported PDB's four-decade journey.**

REPORTING FRAMEWORK

PDB's Integrated Report is guided by, and makes reference to the following statutory bodies:

- Bursa Malaysia's Main Market Listing Requirements (MMLR)
- International Integrated Reporting Framework by Value Reporting Foundation (VRF) (previously known as International Integrated Reporting Council)
- MSWG's ASEAN Reporting Scorecard
- Malaysian Code on Corporate Governance (MCCG) 2021
- Malaysian Financial Reporting Standards (MFRS)
- Companies Act 2016
- Corporate Governance Guide (4th Edition) issued by Bursa Malaysia and Securities Commission Malaysia

NAVIGATION ICONS

STRATEGIC PILLARS

VALUE | GROWTH | SUSTAINABILITY

OUR CAPITALS

- F Financial
- M Manufactured
- I Intellectual
- H Human
- SR Social and Relationship
- N Natural

MATERIAL MATTERS

- M1 Economic Growth and Performance
- M2 Climate Change and GHG Emissions
- M3 Human Capital
- M4 Customer-Centricity
- M5 Environmental Management
- M6 Capability Building
- M7 Ethics and Corporate Governance
- M8 Sustainable and Ethical Supply Chain
- M9 Community Investments
- M10 Data Privacy and Security
- M11 Health and Well-being

OUR STAKEHOLDERS

- Investors
- Customers
- *Rakan Niaga*/ Dealers
- Employees
- Contractors/Suppliers/ Business Partners
- Authorities/Regulators/ Financial Institutions
- Communities
- Media

Our Sustainability Report has been prepared with reference to the Global Reporting Initiative (GRI) Universal Standards 2021. It complies with Bursa Malaysia's MMLR sustainability reporting requirements and is prepared with reference to:

- Bursa Malaysia's Sustainability Reporting Guide (3rd Edition)
- United Nations Sustainable Development Goals (UN SDGs)

REPORTING FRAMEWORK MATERIAL MATTERS

We disclose information on material matters that influence PDB's abillity to create value. We conduct a materiality assessment every three years, with the most recent one conducted in 2021. During the year under review, a refinement has been made to segmentise each material matters using the PETRONAS Sustainability Lenses. Our strategic response to these material matters is documented in this report and further elaborated in our Sustainability Report.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

In response to increasing demands for climate-related disclosures, and in alignment with evolving global reporting frameworks, PDB has adopted a phased approach in disclosing against the recommendations of the TCFD. These recommendations, comprising four pillars—Governance, Strategy, Risk Management, and Metrics and Targets—enable us to furnish vital information to stakeholders, empowering them to make well-informed decisions.

Adopting the TCFD recommendations not only facilitates our compliance with the International Sustainability Standards Board (ISSB) in the future, but also streamlines our journey towards enhancing climate disclosures.

In 2023, the Sustainability Action Committee (SAC) and Board Sustainability and Risk Committee (BSRC) were established with the primary objective of aiding the Board in overseeing all climate-related risks and opportunities. The aim is to seamlessly integrate climate considerations into PDB's long-term strategy and decision-making processes.

For more information on TCFD, refer to page 101.

ASSURANCE

Our financial statements are independently audited while the development of our non-financial reports are supported by robust internal processes and good governance practices. Additionally, our Sustainability Report has been independently and externally assured by SIRIM QAS International Sdn. Bhd. and the Assurance Statement is available on page 236.

FORWARD-LOOKING STATEMENTS

This Report contains certain forward-looking statements that reference future prospects, plans and outlooks. These statements are subject to uncertainties and should not be taken as definite. The forward-looking statements indicated are as of the publishing date of this Report, and it is not the Company's obligation to update and will not necessarily do so. Readers are advised not to rely on the forward-looking statements as guarantees or predictions of future performance.

STATEMENT OF ACKNOWLEDGEMENT ON RELIABILITY AND COMPLETENESS OF PDB'S 2023 INTEGRATED REPORT

PDB's Board of Directors acknowledges its responsibility in ensuring the integrity of this Integrated Report, which in the Board's opinion, addresses all the issues that are material to the Group's ability to create value and fairly presents the integrated performance of PDB Group. This report has been prepared in accordance with the International Integrated Reporting Framework by Value Reporting Foundation and was approved by the Board on 26 February 2024.

DATUK ANUAR AHMAD
Chairman

AZRUL OSMAN RANI
Managing Director/Chief Executive Officer

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And Give Back to our Communities and the Environment 08

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This icon refers to additional information available at **www.mymesra.com.my**

This icon refers the reader to pages or other reports in our reporting suite with more information.

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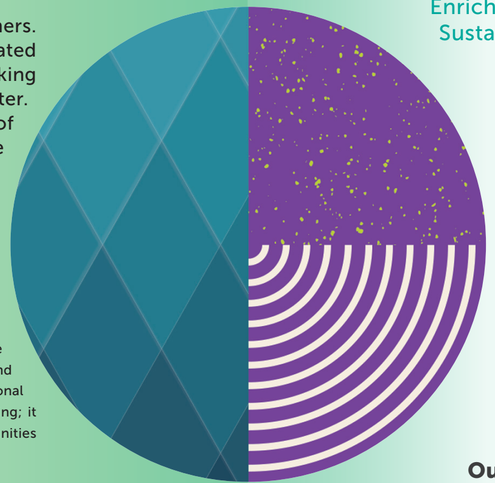
Who We Are and What We Do

Since its establishment in 1982, PETRONAS Dagangan Berhad has evolved beyond the role of a conventional fuel provider, redefining the boundaries of progress in the industry.

At our core, it is all about our customers. Every innovation and every differentiated offering we provide centres around making their everyday lives simpler and better. We continually harness the power of data and digitalisation to personalise their experience, whether it's fuelling up at our stations or unlocking a world of seamless digital services.

However, our vision extends beyond convenience. We understand that progress depends on responsible stewardship. Our commitment to Environmental, Economic, Social and Governance (EESG) principles guides our every step, ensuring a future where environmental protection, social responsibility and good governance go hand-in-hand with operational excellence. This is not just about doing the right thing; it is about building trust, empowering thriving communities and leaving a legacy of shared prosperity.

Driving this transformative journey is our greatest asset – a passionate team of agile minds who share our commitment to excellence. Together, we are pushing boundaries, developing meaningful solutions and crafting a more sustainable tomorrow.



Statement of Purpose
A Progressive Energy and Solutions Partner Enriching Lives for a Sustainable Future

Brand Positioning
Passionate about Progress

Our Promise
Making Your Everyday Life Simpler and Better

Our Shared Values

- **Loyalty**
  Loyal to Corporation
- **Integrity**
  Honest and Upright
- **Professionalism**
  Strive for Excellence
- **Cohesiveness**
  United, Trust and Respect for Each Other

PETRONAS Cultural Beliefs

- **Customer Focused**
  I deliver solutions from the customer lens
- **Innovate Now**
  I challenge norms and push boundaries
- **Be Enterprising**
  I seek opportunities and make them happen
- **Speak Up**
  I express my views openly
- **Courage To Act**
  I take action to progress with pace

Our Value Chain

Vessels

Direct from Refinery and Gas Plant

- Melaka
- Kertih
- Bintulu

Multi-Product Pipeline

- Kuala Lumpur International Airport
- Klang Valley Distribution Terminal

Fuel Terminals

LPG Terminals and Bottling Facilities

Aviation Terminals

Bunkering Facilities

Lubricant Warehouse

Product Supply

IMPORT

PETRONAS

PETRONAS Lubricants International Sdn. Bhd.

PETRONAS Trading Corporation Sdn. Bhd.

3RD PARTY SUPPLY

Hospitality Arrangement

Term Purchase/ Spot Purchase

For further information on PDB's Group Corpotate Structure, refer to page 16.

Fuel Road Tanker

Dispenser

Bowser

ROVR

LPG Pallet Truck

LNG Road Tanker

LPG Bulk Delivery

Retail-Fuel

LPG

Commercial

Lubricant

Year in Review

FINANCIAL HIGHLIGHTS

Revenue
RM
37,549.3
million

Profit Before Tax
RM
1,331.6
million

Profit After Tax
RM
966.8
million

Dividend Declared
80
sen

Dividend Payout Ratio
91%

CORE BUSINESS HIGHLIGHTS

RETAIL-FUEL

- Operationalised **20** new stations
- **Consecutive record-breaking volume** achievement year

COMMERCIAL

- Achieved exceptional growth in **Aviation sales volume and margin**
- Signed a groundbreaking agreement with the Malaysia Aviation Group and become the **first organisation in Malaysia** to establish a Sustainable Aviation Fuel offtake arrangement

LPG

- Maintained overall market leadership in **Household and Commercial segments**
- Successfully secured more than **40** new Commercial customers

LUBRICANTS

- Enhanced product portfolio with **PETRONAS Sprinta Racing** with **Ester formulation** for superbikes, with the benefits of a smoother ride for longer journey
- **80** PETRONAS AutoExpert outlets in operation

CONVENIENCE BUSINESS HIGHLIGHTS

MESRA

- **97** Café Mesra outlets in operation
- Grew **Café Mesra label products** utilising sustainable packing and packaging
- Expanded **Mesra label offerings** to more than **120 SKUs**
- Opened **20** new Complementary Business outlets from existing and newly introduced partners, including local brands

SETEL

- Introduced DuitNow facility, giving access to more than **1.6 million** stores nationwide
- Fostered greater accessibility for broader segment of users by becoming an appointed e-Wallet service provider for **eBeliaRahmah** and **eMADANI**
- Introduced **PRYSM** as an **in-house Active Lifestyle** brand

SUSTAINABILITY HIGHLIGHTS

- **68** sites solarised in collaboration with Gentari and strategic partners as of 2023
- Signed collaboration agreement with Gentari Green Mobility, with **25** new EV charge points installed
- Renewed MARA MoU with additional scope to provide continued placement for MARA-sponsored **talents** and **sustainability development** advisory for entrepreneurs
- Recruited **10** PWD into our ecosystem
- Improved score of **3.6** for FTSE4Good assessment
- Launched **33** collection points for Used Cooking Oil, collecting 133.7 tonnes nationwide

Awards & Accolades

Throughout 2023, we achieved a remarkable milestone by receiving numerous prestigious awards and recognitions. Each award serves as a resounding affirmation of our commitment to excellence and innovation, as well as a testament to the relentless dedication and hard work of our team.

These awards symbolise the meaningful impact we aspire to create and inspire us to continue pushing boundaries, innovating and setting new benchmarks in the industry. As we build upon this legacy of achievement, we remain steadfast in our mission to consistently exceed the expectations of our stakeholders and make a positive impact in the communities we serve.

Scan the code to view our full list of Awards and Recognitions.

Milestones

Four decades of groundbreaking achievements have fuelled our journey to redefine the retail oil and gas industry. Driven by our promise to make our customers' everyday lives simpler and better, each milestone isn't just a marker on a timeline, it's a testament to the boundless energy and dedication that propel us forward.

Follow our full story by scanning the QR code.

Today, as we navigate the digital age, we embrace digitalisation in all aspects of our business operations. We continue to innovate and develop differentiated offerings that provide greater convenience to our customers, by leveraging the power of technology.

2023

MARCH
- Integrated DuitNow into Setel, instantly connecting users with over 1.6 million merchants for seamless cashless payments nationwide.

APRIL
- Launched Setel Lite, the new, lighter way to pay for fuel. Designed with inclusivity in mind and built to work well on older Android phones, even on slower mobile internet connections.

MAY
- Secured the first offtake agreement with MAG as part of collaborative efforts to make the SAF production available in Malaysia at a commercial scale.

OCTOBER
- Launched the new cardless Mesra Rewards loyalty programme, offering greater convenience for customers to earn up to 3x Mesra points, including free fuel redemption and many more exciting rewards.
- Launched PETRONAS' first palm biodiesel B100-fuelled road tanker in collaboration with the Ministry of Plantation and Commodities, Malaysian Palm Oil Board, Scania Malaysia Sdn. Bhd. and Shaziman Transport Sdn. Bhd.

Our Investment Case

WHY INVEST WITH PETRONAS DAGANGAN BERHAD?

Largest petrol network with fully integrated end-to-end supply chain and services

World-class quality products and innovative services inspired by looking through our customers' lens

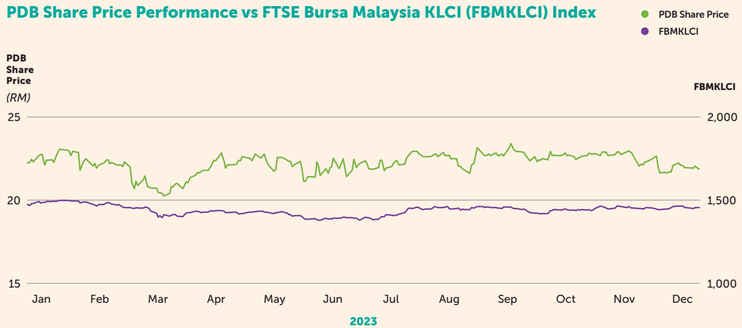
First in the country to launch Electric Vehicle charging hub at station

Solid financial performance creating consistent value for shareholders

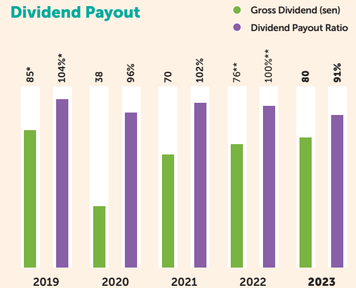
Added value to shareholders by delivering a superior customer experience

Experienced leadership team and highly competent workforce with diversified skills and knowledge

PDB Share Price Performance vs FTSE Bursa Malaysia KLCI (FBMKLCI) Index



Dividend Payout



* Includes special dividend of 15 sen per ordinary share
** Includes special dividend of 14 sen per ordinary share

Financial Ratio

2.6 % Return on revenue

8.4 % Return on total assets

16.8 % Return on equity

2.6 % Debt to equity ratio

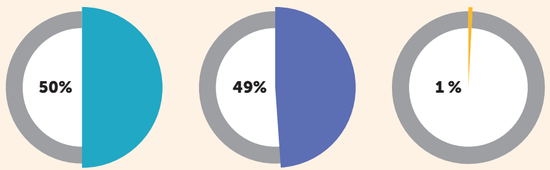
FTSE4Good

Maintained inclusion in **FTSE4Good index with improved rating from**

3.5 → **3.6**

Revenue
(RM Million)

2023
37,549.3



Retail Segment | Commercial Segment | Convenience Segment

Where We Operate

36
Terminals

Legends

- Fuel Terminals
- Aviation Terminals
- LPG Terminals and Bottling Facilities
- Bunkering Facilities
- Offices
- Multi-Product Pipeline

17 FUEL TERMINALS

1	ASB Labuan	6	IOT Kuching (JV)	11	Pasir Gudang	16	CODT Tanjung Manis (JV)
2	PST Bintulu (JV)	7	Labuan	12	Prai	17	PST Tawau (JV)
3	KVDT Dengkil (JV)	8	Lumut	13	Pulau Langkawi		
4	Kertih	9	Melaka	14	Sandakan		
5	Kuantan	10	Miri	15	Sepangar Bay		

13 AVIATION TERMINALS

1	Bayan Lepas	5	Kota Kinabalu	9	Pulau Langkawi	13	Subang
2	Bintulu	6	Kuala Terengganu	10	Sandakan		
3	Kertih	7	Kuching	11	Senai		
4	KLIA	8	Miri	12	Sibu		

6 LPG TERMINALS AND BOTTLING FACILITIES

1	Kertih	4	Pasir Gudang
2	PST Tawau (JV)	5	Prai
3	Melaka	6	Sepangar Bay

10 BUNKERING FACILITIES

1	PST Bintulu (JV)	5	Lumut	9	Sandakan
2	Kuantan	6	Pasir Gudang	10	Sepangar Bay
3	IOT Kuching (JV)	7	Prai		
4	Labuan	8	Pulau Langkawi		

6 OFFICES

1	Johor Bahru	4	Kuantan
2	Kota Kinabalu	5	Kuching
3	Kuala Lumpur	6	Prai

Group Corporate Structure

Petroliam Nasional Berhad (PETRONAS)

PETRONAS

63.94%

PETRONAS Dagangan Berhad (PDB)

MALAYSIA

PETRONAS AVIATION SDN. BHD. (PAV)
PDB: **100%**

SAUDI ARABIA

UNITED FUEL COMPANY LIMITED LIABILITY COMPANY
PAV: **40%**
Asyad Holding Company LLC: **60%**

MALAYSIA

PETRONAS LUBRICANTS MARKETING (MALAYSIA) SDN. BHD.
PDB: **100%**

MALAYSIA

MESRA RETAIL & CAFE SDN. BHD.
PDB: **100%**

MALAYSIA

KUALA LUMPUR AVIATION FUELLING SYSTEM SDN. BHD.
PDB: **65%**
Malaysia Airports (Properties) Sdn. Bhd.: **20%**
Malaysia Airlines Berhad: **15%**

MALAYSIA

SETEL VENTURES SDN. BHD.
PDB: **100%**

MALAYSIA

SETEL EXPRESS SDN. BHD.
PDB: **100%**

MALAYSIA

SETEL PAY SDN. BHD.
PDB: **100%**

MALAYSIA

P S PIPELINE SENDIRIAN BERHAD
PDB: **50%**
Shell Malaysia Trading Sdn. Bhd.: **50%**

MALAYSIA

P S TERMINAL SENDIRIAN BERHAD
PDB: **50%**
Shell Timur Sdn. Bhd.: **50%**

MALAYSIA

PETROSNIAGA SDN. BHD.
PDB: **49%**
Petroleum Sarawak Berhad: **51%**

MALAYSIA

IOT MANAGEMENT SDN. BHD.
PDB: **20%**
Shell Timur Sdn. Bhd.: **10%**
Senari Synergy Sdn. Bhd.:**70%**

MALAYSIA

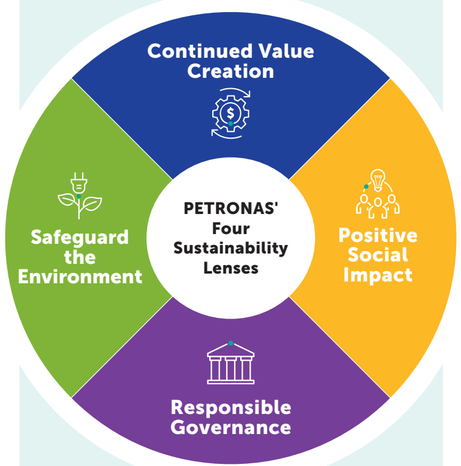
TANJUNG MANIS OIL TERMINAL MANAGEMENT SDN. BHD.
PDB: **20%**
Shell Timur Sdn. Bhd.: **20%**
Senari Synergy Sdn. Bhd.:**60%**

Subsidiary | Joint Venture | Associate

Our Sustainability Approach and Roadmap

PDB is Malaysia's leading retailer of petroleum products, with an extensive reach encompassing diverse stakeholder groups. We strive to create long-term value for our stakeholders by adhering to responsible practices across all economic, environmental, social and governance (EESG) aspects.

In 2021, we took our first steps towards developing a strategic Sustainability Roadmap, guided by PETRONAS' four sustainability lenses of Continued Value Creation, Safeguard the Environment, Positive Social Impact and Responsible Governance, which are aligned with the United Nation's Sustainable Development Goals 2030 and our promise of Making Your Everyday Life Simpler and Better.



PDB SUSTAINABILITY JOURNEY

Our Sustainability Approach

In presenting our Sustainability Report, we have adhered to the Main Market Listing Requirements (MMLR) of Bursa Malaysia under the Amended Listing Requirements for sustainability reporting. This report has also been prepared with reference to the Global Reporting Initiative (GRI) Standards and other relevant frameworks, including the United Nations Sustainable Development Goals (UN SDGs).

For more information on Sustainability Report, refer to page 87.

Driving Sustainability

Over the years, we have reinforced the sustainability of PDB's ecosystem via programmes and initiatives focused on the EESG pillars. We have continuously formalised the management and governance of our approach to ensure a more robust, structured and systematic process with greater intent and purpose. We are continuously enhancing our sustainability approach, based on the expectations of our stakeholders and the ever-changing demands of our industry and business.

2006
- Included CSR in the PDB Annual Report

2012
- Began exploring renewable energy by installing solar at a twin station in Serdang

2015
- Included as a constituent of the FTSE4Good Bursa Malaysia Index, and maintained our position there ever since

2016
- Revised PDB's Board Charter to include Sustainability
- Launched our first EV charging station

2017
- PDB Board approved the PDB Sustainability Framework and Material Sustainability Aspects

2019
- PDB Board approved flagship initiatives under the new Sustainability Framework

2020
- Formalisation of Sustainability Action Council
- Oversight of sustainability matters was fully integrated into the Board's mandate
- B20 biodiesel was made available at selected PETRONAS stations

2021
- PDB's Sustainability Roadmap was finalised at the Board and Management Strategy Retreat
- Collaborated with Malaysia Airlines Berhad to pioneer Malaysia's maiden flight using SAF

2022
- Prepared for alignment with Task Force on Climate-Related Financial Disclosures (TCFD) recommendations
- Introduction of EV charging feature by Setel

2023
- Strengthen sustainability governance through the formation of the Board Sustainability and Risk Committee
- Dedicated TCFD section in Sustainability Report

Sustainability Dashboard

In 2023, PDB advanced its sustainability agenda through various key achievements in its six prioritised material matters. We will continue to identify opportunities and mitigate risks of our material matters to create sustainable value.

For more information on Material Matters, refer to page 57.

PDB's six Prioritised Material Matters:

Economic Growth and Performance

Highlights:

- Directly and indirectly supporting the employment of more than 13,000 individuals
- Local suppliers accounted for about 98% of our procurement budget
- 80 PETRONAS AutoExpert outlets in operation nationwide

Climate Change and GHG Emissions

Highlights:

- Solarised 68 sites with strategic partners as of 2023
- Signed offtake agreement with Malaysia Aviation Group for the supply of Sustainable Aviation Fuel from 2027 until 2035
- Collaborated with Blueshark to validate the electric motorcycle and battery swap business at PETRONAS stations

Sustainable and Ethical Supply Chain

Highlights:

- Social Risk Assessment (SRA) being incorporated into PDB's core business process
- Developed Environmental and Social Impact Assessment (ESIA) that sets out the environmental and social requirements for the planning of development projects in PDB

UN SDGs

Human Capital

Highlights:

- Engaged over 1,000 suppliers on labour-related laws in collaboration with Department of Labour Peninsular Malaysia (JTKSM)
- Implemented the D&I Inclusion Framework to raise awareness of inclusivity, covering Persons with Disabilities (PWD), young leaders and women's empowerment
- Human rights expectations were translated into various operation procedures and rolled out to the employees

Community Investment

Highlights:

- Invested RM1.4 million which impacted over 100,000 individuals through our various community-related initiatives
- Over 300 employees delivered more than 1,000 volunteering hours via multiple internal and external programme
- PDB and ENOKU conducted a pilot programme that offers employment opportunity for PWD

Ethics and Corporate Governance

Highlights:

- Sustainability-related matters are discussed regularly at the Board and management level via the Board Sustainability and Risk Committee (BSRC) and Sustainability Action Council (SAC)
- 100% of operations assessed for risks related to corruption

UN SDGs

Chairman's Statement

As we reflect on the past year, PETRONAS DAGANGAN BERHAD'S (PDB) journey has been defined by its pursuit of excellence. It is with pride that I share our journey of resilience, innovation and steadfast progress towards our goals. A clear theme resonated throughout all our endeavours for the year under review. Settling for 'good' simply does not fit with who we are at PDB. This belief that 'good is not good enough' has pushed us forward, encouraging us to question limits and raise the bar in every aspect of our operations as we continue to build on a legacy that spans four decades. As Malaysia's premier brand and the leading marketer of petroleum products, we constantly strive to meet ever-changing expectations to ensure every service and product we offer embodies our commitment to excellence.

DATUK ANUAR AHMAD

Chairman

In recognition of the successful year and with a commitment to enhancing shareholder value, the Board is pleased to announce

91% Dividend Payout Ratio

DIVIDEND PER SHARE

80 sen

A Year of Resilience

The year in review threw a mix of challenges our way, which include global unrest, economic pressures, heightened regulatory, evolvement of technology and the relentless pace of change for us to adapt. Yet, stabilising oil prices and a growing Malaysian economy provided a sound opportunity for PDB to continue its traction guided by the Moving Forward Together (MFT) strategy, focusing on operational efficiency and exploring new growth avenues.

PDB experienced a year of solid operational and financial performance, underpinned by higher margins and strong sales volumes. The increase in sales volumes was primarily attributed to a surge in international and domestic travel, alongside an encouraging uptick in domestic household expenditure. These factors collectively contributed to a substantial increase in Profit After Tax (PAT), enabling PDB to conclude the year on a high.

In recognition of the successful year and with a commitment to enhancing shareholder value, the Board is pleased to announce a dividend of 80 sen per share for the year, surpassing our established payout policy.

Advancing Our Sustainability Journey

Our Sustainability Roadmap, introduced in 2021, positions sustainability at the heart of our business strategy. This roadmap, designed with a focus on Creating Continued Value, Safeguarding the Environment, Generating Positive Social Impact and Ensuring Responsible Governance, aligns closely with the United Nations' Sustainable Development Goals for 2030. It embodies our promise of Making Your Everyday Life Simpler and Better.

We are progressing with our efforts in support of Malaysia's National Energy Transition Roadmap (NETR). In 2023, we launched the use of B100 biodiesel in our tankers, installed solar panels at our stations and expanded collaborations on Sustainable Aviation Fuel (SAF). The used cooking oil (UCO) collection initiative is crucial in supplying valuable feedstock for SAF production and fostering a circular economy.

Our focus on sustainability dovetails with our efforts toward more significant climate-related disclosures. We are on track with our commitment to the Task Force on Climate-related Financial Disclosures (TCFD) reporting, adhering to regulatory requirements and affirming our commitment to transparency and accountability.

People at the Heart of Our Everything

Our efforts on socioeconomic development have been broad and deep, particularly in the expansion of our supplier and partner ecosystem. Our *Kedai Mesra* offer small and medium-sized enterprises (SMEs) valuable platforms to display and sell their products, boosting their visibility and market reach, while our AutoExpert outlet plays a pivotal role in fostering local entrepreneurship. This contributes to an economic multiplier effect and amplifies our impact on socioeconomic growth.

As we strive to progress our Diversity and Inclusion efforts, we are proud to welcome 10 Persons with Disabilities (PWD) into our ecosystem in 2023. We recognise that each individual brings a unique perspective, experience and set of skills to the company. We have much to learn from their resilience, determination and diverse perspectives, which will undoubtedly contribute to fostering a more inclusive and supportive environment for all members of our team. We will continue to expand inclusive work opportunities for a wider and diverse segment, including PWD.

At all times, the safety and well-being of people is our priority. We take pride in marking a year without any incidents, a milestone that truly defines our achievements this year. We also continued with initiatives to ensure a nurturing workplace, focusing on psychological well-being and professional growth.

Digitalisation and Customer-centricity Fuelling the Future

In the rapidly evolving landscape of digital transformation and innovation, PDB is committed to leading the charge. Today's consumers seek more than transactions. They want interactions that are meaningful, convenient and tailored to their lifestyles.

We are transforming our non-fuel business to explore new technologies to keep pace with that change. Our digital initiatives allow us to streamline processes, boost efficiency and lessen our environmental footprint. Data analytics and customer insights enable us to offer personalised services and promotions to enhance the customer experience and foster loyalty.

> We aim to create an environment where convenience blends with lifestyle, offering an array of services and experiences that meet the dynamic needs and preferences of our customers.

We are looking to transform our petrol stations into more than just places to refuel, by offering additional lifestyle services. We aim to create an environment where convenience blends with lifestyle, offering an array of services and experiences that meet the dynamic needs and preferences of our customers. This ambition reflects our efforts to not just fuel vehicles but enrich lives, marking a future where PDB continues to innovate and lead in the industry.

Strengthening Governance

The formalisation of the Board Sustainability and Risk Committee (BSRC) and the Sustainability Advisory Council (SAC) marked a milestone in our sustainable business practices and risk management. This strategic move has enhanced our oversight and guidance capabilities on sustainability expectations.

To ensure diversity and independence within our governance structures, we strive for a balanced representation on our Board and Leadership Team to support principles of transparency, accountability and diverse perspectives in guiding the company's strategic direction. Achieving a commendable gender balance, our Leadership Team boasts a 31% female representation. Similarly, our Board representation, with 30% of its members being female, aligns with best practices in corporate governance benchmarks. We uphold the principle of independence, with 60% of our Board members classified as independent.

Our sustainability efforts undertaken in the year have seen an improvement in the FTSE4Good rating, achieving a rating of 3.6 and placing us in the top quartile among public-listed companies assessed by FTSE Russell. This achievement reflects our holistic approach to managing environmental, economic, social and governance (EESG) matters.

Ensuring Continued Value Creation for Stakeholders

As we move forward, our journey of continuous improvement and strategic innovation is steered by our focus on excellence, sustainability and governance. PDB enters 2024 with a sense of positive momentum, fully intending to capitalise on Malaysia's prospects for healthier economic growth. Amid this optimism, we maintain a stance of prudence, recognising the need for cautious and strategic planning in an ever-changing operating environment.

Malaysia's move towards targeted fuel subsidies presents us with a strategic opportunity to align with national goals and showcase our agility in adapting to new policy directions. Leveraging this change enables us to remain relevant while solidifying our position as a key player in the nation's ecosystem.

We remain confident in our resilience and our ability to seize the opportunities and manage challenges that lie ahead. Our journey towards 2024 is paved with the promise of innovation, sustainability and strategic growth as we continue to advance our mission to succeed in the market and lead with purpose and responsibility.

Acknowledgements

Our success this year would not have been made possible without the unwavering contribution and dedication of our team. I extend my gratitude for the insightful advice and direction provided by the Board, the proficiency of our Leadership Team and the dedication of all our employees. The trust and support from our customers, and the valuable relationships we have with our partners, regulatory bodies and government ministries have been instrumental in our success. My heartfelt thanks go out to everyone who has been a part of our exciting journey.

As we continue to navigate the complexities of our industry and the world at large, we will continually strive to raise the bar to create lasting value for our stakeholders, our community and our nation.

MD/CEO's Statement

Dear Shareholders,

I am pleased to report that 2023 was both a remarkable and transformative year for us. It was a year where we not only surpassed records but also demonstrated our capability to weather challenging market conditions, addressed obstacles and ended on a high note. Our pursuit of the Moving Forward Together (MFT) strategy has been instrumental in this success. The continuous efforts to raise the bar have been central to our achievements, aligning with our shareholders' expectations and reinforcing our commitment to excellence.

AZRUL OSMAN RANI

Managing Director/Chief Executive Officer

Before delving into the numbers, I would like to start my message with an emphasis on our most significant achievement of the year, which is our commitment to safety. Alhamdulillah, this year, we have not only maintained our operations smoothly but also ensured the well-being of our people and the integrity of our assets. We are particularly proud of having a year free from major incidents, whether in terms of Loss of Primary Containment (LOPC), fatalities or fires. The safe year we enjoyed was a direct result of our enhanced focus on Health, Safety and Environment (HSE).

I make it a point to personally meet with our hauliers, partners and contractors' CEOs, fostering conversations to highlight the importance of safety. This is not a one-sided, topdown effort. We actively listen to their concerns and address their feedback to build trust and empowerment. By integrating these principles, we align with PETRONAS Dagangan Berhad's (PDB) Generative HSE culture that empowers every individual to take responsibility for their own safety and that of others.

Driving Performance

Brent oil prices remained in the range of USD80 to USD90 per barrel in 2023. Despite the average oil price in 2023 being lower by 18% than in 2022, the oil market showed more stability for the year under review. This stability, amid global uncertainties, positively influenced our operations.

Globally, the economic slowdown, which was marked by persistent inflation and higher interest rates, impacted major economies and resulted in tighter monetary policies. Insights from various economic assessments show that Malaysia's economy has demonstrated resilience. Despite global headwinds, we experienced moderate growth contributed mainly by robust domestic household expenditure. This was supported by ongoing employment and wage growth, coupled with a recovery in the domestic tourism sector led by improved air and land travel. The moderated inflation levels and a stable Overnight Policy Rate (OPR) by Bank Negara Malaysia supported increased household spending.

Financially, 2023 has been another successful year. We ended the year with commendable profits. Our sales volume recorded a historical high of 16.3 billion litres. This performance was driven mainly by increased international and domestic travel, coupled with a rise in domestic household spending.

For PDB, these factors combined to create a relatively favourable operating environment. The positive household spending from the domestic economy and the less volatile oil price movement in 2023 contributed towards the solid profitability of our core business. This success was primarily due to higher margins driven by stronger volumes, which were in part facilitated by a better understanding of our customers' needs and a focus on value creation.

The nature of our business tends to be affected by these fluctuations, but our efforts have always been focused on long-term stability rather than short-term gains. Through concerted efforts, we have seen robust demand in all the sectors we operate in at PDB. The increase in new car sales, both electric and internal combustion engines (ICE), indicates a growing overall demand. Our strategic directions in the past have placed us in an advantageous position to reap this growth. Our extensive distribution network, including fuel, aviation and LPG terminals, continues to provide us with a competitive edge.

Financially, 2023 has been another successful year. We ended the year with commendable profits. Our sales volume recorded a historical high of 16.3 billion litres. This performance was driven mainly by increased international and domestic travel, coupled with a rise in domestic household spending. Our Commercial and Retail segments played key roles in leveraging these opportunities, complemented by our Convenience segment, reflecting the traction made in catering to the varied needs of our customers. Our Profit Before Tax (PBT) saw an increase of 17%, which in turn translates to a notable 23% rise in Profit After Tax (PAT) to RM966.8 million in 2023.

Striding Ahead with MFT

Our commitment to adopting the MFT strategic framework was a driving force behind the year's ongoing growth and success. The MFT is anchored on three fundamental pillars to steer business growth and is underpinned by rigorous Environmental, Economic, Social and Governance (EESG) principles.

Value

Enhancing Core Strengths and Sustaining Market Leadership

In the **Retail-Fuel Business**, we implemented targeted marketing programmes, which resulted in record-breaking sales volume in 2023, an increase of 9% against 2022. Our Supply and Distribution Division, which manages PDB's end-to-end supply network, effectively addressed high demand at peak periods and navigated product shortages through strategic investments in maintenance and asset upgrades. We further expanded our network by operationalising 20 new PETRONAS stations, aligning with our strategic focus on growing our station portfolio.

The recovery of international air travel boosted our market share in the Aviation sector, leading to an 8% volume increase in the **Commercial Business** in 2023. Our focus on the high-value segment, particularly in delivering Jet A-1 for the Aviation segment and Diesel for the Agriculture segment, has yielded benefits. We secured more than 40 new customers from the Upstream and Aviation sector, strengthening our business expansion efforts.

Our **LPG Business** experienced a 3% volume increase in 2023 due to robust demand across key sectors such as eateries, tourism, manufacturing and retail. To meet this growing demand, we implemented a strategic cylinder allocation programme, ensuring sufficient supply in regions with high demand. This initiative not only optimised our resource utilisation, but also enhanced service delivery. Additionally, we expanded our Commercial segment by onboarding more than 40 new customers, further strengthening our position in the LPG market.

In response to supply challenges in the **Lubricant Business**, we successfully implemented effective marketing strategies, which played a key role in recapturing our market share and achieving remarkable growth in both volume and profitability. We charted a 9% volume growth throughout the year. We expanded our presence and network coverage in the Industrial sector by partnering with strong Market Execution Partners. To enhance our value proposition, we concluded the year with 80 operational AutoExpert outlets, marking the addition of 34 new outlets in 2023.

- Record-breaking sales volume in 2023
- Operationalised **20** PETRONAS stations
- Secured more than **40** new customers
- Implemented a strategic cylinder allocation programme
- **34** new AutoExpert outlets

Growth

Diversifying with Convenience for Sustainable Growth

I am delighted to report that *Kedai Mesra*, under the Convenience segment, sustained its year-on-year chargeable sales. We introduced approximately 30 new SKUs, and among them, around 33% are entirely new Mesra label products. This increased our total Mesra label offerings to over 120 products and contributed to over 6% of our chargeable sales. To continue providing our customers with a diversified range of services and products, we opened 20 new outlets featuring existing and newly introduced partners, including local brands.

We have made remarkable strides with Café Mesra, a venture that has certainly exceeded our expectations. Café Mesra has a presence across Peninsular Malaysia, operating within and beyond PETRONAS stations, offering diverse café formats catering to a wide range of preferences. In 2023, we achieved robust growth of 136% in our Café Mesra outlets, with 97 outlets operational at the end of the year. This success is a testament to understanding and responding to customer needs. We also introduced our Café Mesra label products employing eco-conscious practices such as sustainable packaging for cups and lids, Tetra Pak packaging for drinking water, and the promotion of reusable mugs and flasks to minimise packaging waste. These initiatives not only align with our sustainability commitments but also resonate with our customers' values.

Beyond just convenience, Café Mesra celebrates the authentic Malaysian essence, offering a distinctive experience compared to global chains. This, coupled with the team's agility and innovative approach, has been instrumental in Café Mesra's remarkable journey.

Our Setel app has been growing from strength to strength, delivering greater convenience to our customers. With the increased usage, Setel has achieved an all-time high Gross Merchandise Value (GMV) of RM2.5 billion, up from RM1.8 billion in 2022. A key factor in this success has been the double-digit growth in non-fuel GMV. This surge followed the introduction of DuitNow and our strategic partnerships with various non-fuel merchants and partners. These expansions have diversified the app's capabilities, making it a more comprehensive and valuable tool for our users. In line with our commitment to security and trust, Setel achieved the highest card security compliance standard, reinforcing our efforts to protect the safety of our customers' transactions.

- Introduced and expanded Café Mesra and Mesra label products
- Expanded **20** complementary business
- Café Mesra serving customers in diverse café formats
- Integrated DuitNow into Setel app for convenience
- Expanded PETRONAS Shop offerings

In championing greater inclusivity, our Setel Lite is designed to be highly accessible, meeting basic mobile usage requirements and slower internet connections. It makes mobility solutions convenient for a wider segment of the community. Setel also expanded its function to support the government's eBeliaRahmah and eMADANI initiatives, promoting cashless payments and helping alleviate financial burdens.

We have expanded PETRONAS Shop's offerings on the Setel platform, bringing customers an even wider selection of merchandise. This includes exclusive items from PETROSAINS, PETRONAS Twin Towers Gift Shop and the addition of our in-house active lifestyle brand, PRYSM.

Sustainability

Building a Responsible Future

We have made great strides in strengthening our sustainability efforts in environmental stewardship, social obligations and responsible governance to create continued value.

In line with Malaysia's progress towards sustainable mobility solutions, we are responding to the growing demand for alternative cleaner fuels and electric vehicles (EVs). As part of our commitment to low-carbon fuel solutions, we initiated a pilot collaboration with partners to use the B100 biodiesel from renewable sources in selected road tankers.

We have also undertaken a partnership approach to implementing green solutions, which include expanding the network of EV charging facilities and solarising our stations.

Exciting progress has been made in the jet fuel sector, particularly in Sustainable Aviation Fuel (SAF). We inked an offtake agreement with the Malaysia Aviation Group (MAG) in 2023. Under this deal, we will supply an estimated 230,000 tonnes of SAF to MAG's airlines from 2027 at the Kuala Lumpur International Airport (KLIA). This agreement is a substantial step towards commercialising SAF in Malaysia. Similarly, our collaboration with Weststar Aviation Services promotes SAF usage for offshore helicopter operations across Malaysia.

We see tremendous potential in SAF. Looking ahead, we are engaging with numerous international airlines for SAF supply. Our focus remains on being competitive and providing top-quality fuel, which is essential to draw continuous business from international flights. If we succeed in delivering competitive SAF, this could position Malaysia as a preferred aviation hub. Leveraging our commanding market share and operations in KLIA, we are strategically positioning ourselves to become the preferred supplier and partner for SAF.

- Introduced B100 biodiesel in selected road tankers
- Expanded the network of EV charging and solar facilities at our stations
- Inked offtake agreement on SAF with MAG
- Expanded UCO collection programme to **33** stations
- Upskilling opportunities for AutoExpert entrepreneurs

Our Used Cooking Oil (UCO) collection programme has been gaining traction. The programme is not just about creating a circular economy but also educating the public on the importance of properly recycling used cooking oil. The traction for these initiatives has been quite encouraging and we have expanded our collection points to 33 stations at the end of 2023. Encouragingly, we are now seeing considerable amounts of UCO collected. The programme also offers incentives to the public, and we hope will further promote a culture of recycling.

We are committed to fostering entrepreneurship and human capital development, particularly among small and medium-sized enterprises (SMEs), to drive value creation along the SME supply chain. To enhance access to comprehensive financing solutions, we established partnerships with financial institutions to provide end-to-end financing to dealers and distributors.

Under the Program Pembangunan Usahawan Automotif MARA PETRONAS (PUMP), we provided opportunities to nurture skill development for 34 of our AutoExpert partners. The outcomes have been remarkable, as the skills developed by participants through this programme have led to substantial improvements and successes in empowering Bumiputera entrepreneurs in the automotive ecosystem industry.

We place emphasis on the social elements of sustainability in our operations, particularly in fostering a diverse and inclusive culture. In my role within the larger PETRONAS Group, I champion diversity and inclusion. It is crucial for us to build an environment where everyone feels valued and included, regardless of gender or other diversity aspects. This focus on inclusivity is central to our performance discussions, ensuring fair representation and opportunities for all at the Group level.

We are actively translating these values into action. Through our collaboration with ENOKU, we have included Persons with Disabilities (PWD) within our ecosystem, creating structured pathways for their employment at PETRONAS stations in 2023.

Enhancing Digital Transformation

Over the years, we have increasingly invested in technology to cater to digitalisation to enhance customer experience and make operations more efficient and intuitive. Our guiding principle in driving digital initiatives is clear as we are committed to making lives simpler and better. If an innovation is economically viable and able to simplify and improve our customers' lives, we wholeheartedly encourage our team to explore and develop such opportunities.

This year, our digital focus primarily centred on implementing cardless technology, enhancing cybersecurity, integrating sustainability practices and managing data more efficiently. Our first-of-its-kind, interactive touch screen Outdoor Payment Terminal (OPT) has provided our customers with the convenience of earning and redeeming Mesra points by linking their mobile numbers to the OPT or Customer Display Screens, in addition to using the Setel app or swiping their physical Mesra card.

We leverage PETRONAS Group's robust cybersecurity framework as a protective measure to safeguard our digital systems and protect our customers against evolving cyber threats. We do not take lightly protecting our operations and customers' data. Our emphasis on efficient data management is designed to optimise decision-making and enhance operational performance. Together, these strategic priorities have led to significant improvements in operational efficiency, innovation and connectivity, as well as better access to information within the digital domain.

Building Shared Success Through our People

I started my message by emphasising the importance of cultivating a culture and mindset centred on excellence and integrity within our organisation. After all, it is our people who are at the very heart of PDB, the driving force behind our success. This year, we focused on building a culture where excellence and integrity thrive, empowering our people and fostering a sense of belonging. This journey is not ours alone – it encompasses our dealers, contractors and partners, united in pursuit of Making Your Everyday Life Simpler and Better.

Building the right experience for our employees is fundamental to bringing the PETRONAS Cultural Beliefs (PCBs) to life and uniting us to drive the MFT strategy. Throughout the year, we implemented various initiatives, supported by Culture Management Tools, focusing on reinforcing PCBs and creating a psychologically safe workplace.

Firstly, we fostered an environment of open dialogue through Honest, Open and Transparent (H.O.T) conversations with our employees. This encourages healthy feedback and empowers us to be bold in our actions, continuously refining our practices to better serve our customers. Secondly, we recognise and reward individuals who demonstrate behaviours aligned with our PCBs. This not only motivates them but also inspires others to challenge the status quo and embrace a culture of excellence.

Maintaining meaningful engagement is crucial, especially as we operate across diverse geographies nationwide. Our programmes such as the PDB Townhall, Leaders Meet, and Leadership Team Turun Padang provide valuable platforms for two-way communication. These initiatives do more than simply share information. They foster a deep understanding of the "why" behind our actions, ultimately nurturing a strong sense of belonging and alignment with our mission.

Our journey towards excellence extends beyond our internal team. We recognise that including our dealers, contractors, and partners is key to collective success. Their dedication and hard work are equally vital in building a culture of excellence and integrity across the entire value chain. This collective effort will drive us forward on our path to becoming a more agile and customer-centric organisation.

Outlook

The average oil price in 2024 is expected to hover around USD80 per barrel, consistent with the 2023 average of USD82.64 per barrel. This projection by the US Energy Information Administration (EIA) anticipates that OPEC+ production cuts will balance lower oil demand growth and maintain Brent prices above USD80 per barrel. While the oil market is eyeing recovery, market participants remain cautious about future developments.

The economic forecast by Bank Negara Malaysia and other financial institutions suggests a healthier 2024 growth driven primarily by resilient domestic expenditure for Malaysia. However, new taxation avenues aimed at reducing reliance on petroleum revenues and stabilising the fiscal environment could potentially influence consumer behaviour and spending.

We continue to work on diversifying our portfolio, with an emphasis on expanding into the convenience sector and providing low-carbon mobility solutions for our customers. Strategic partnerships play a key role in supporting our strategies to future-proof our business. However, we are mindful of the potential uncertainties in the economy and market that lie ahead. In response to this, we will continue to exercise discipline in our investments and operations, ensuring that we optimise our resources effectively to sustain our growth and maintain resilience in the face of any upcoming challenges.

We are here for the long game. Our strategy is clear and focused. Ensuring customer satisfaction is paramount and we are committed to understanding and meeting their needs. We are planning ahead, collaborating effectively, and investing in a distribution system that is prepared for the future needs of PDB. This strategic approach is about making sure our customers stay with us, trusting in our capacity to deliver reliable solutions.

> We continue to work on diversifying our portfolio, with an emphasis on expanding into the convenience sector and providing low-carbon mobility solutions for our customers.

Appreciation

I am deeply grateful to everyone who has shown their support, trust and loyalty to PDB. The accomplishments that we have achieved in 2023 are a reflection of the remarkable power of collaboration and teamwork.

I extend my heartfelt thanks to the Chairman and the esteemed Board of Directors for their invaluable guidance and wise counsel. I also want to acknowledge and honour our dedicated Leadership Team for their strategic vision, guidance and tireless efforts towards our shared successes throughout the year. The dedication and commitment of our hardworking employees have been the driving force behind our achievements, and I am immensely proud of their contributions.

None of our accomplishments would have been possible without the steadfast support and loyalty of our customers, shareholders, *Rakan Niaga*, dealers, partners, suppliers, contractors, and all those within our value chain. I would also like to express my appreciation to the government agencies and regulators for their oversight and support.

We have an exciting roadmap ahead, but there is still much work to be done. We will continue to raise the bar in all that we do and strive to reach new heights.

CFO's Review

For the year under review, we achieved commendable revenue growth and strong financial performance by strategically positioning PETRONAS Dagangan Berhad (PDB) to capitalise on market demand opportunities and generate value through our business segments. The Group recorded Profit Before Taxation (PBT) of RM1,331.6 million, an increase of 17% against 2022.

FARZLINA AHMAD MURAD

Chief Financial Officer

Financial Performance

Revenue
RM37,549.3 million

Dividend Declared
80 sen

Profit Before Tax
RM1,331.6 million

Dividend Payout Ratio
91%

Total Assets
RM11,487.0 million

EBITDA
RM1,663.6 million

Financial Performance Review

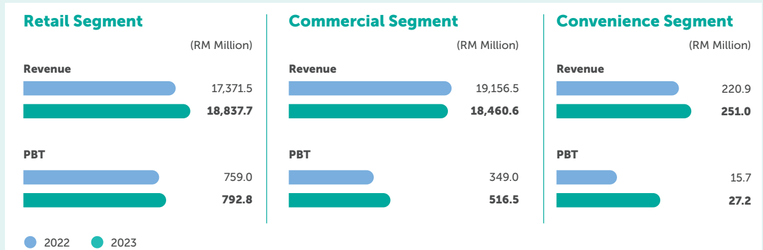
In the financial year 2023 (FY2023), our Retail-Fuel business registered solid profitability, with record-breaking volume performance on the back of strong market demand. The Aviation sector of the Commercial business saw a significant recovery in demand, which surpassed expectations and contributed to our market share expansion. We focused on growing our Non-Fuel business, which enabled us to diversify our sources of revenue to cushion the effects of market volatility.

The Group saw its revenue rise by RM800.4 million to RM37,549.3 million, driven by an 8% increase in sales volume but negated by a 6% decline in average selling price. As a result, the Group recorded a Profit Before Taxation (PBT) of RM1,331.6 million, marking an increase of RM196.6 million or 17%. The growth in PBT was primarily due to a higher gross profit, which stemmed from improved margins across all segments and an increase in interest income. These were offset by an increase in operating expenditures.

The rise in operating expenses was largely due to volume-related costs in line with higher volume delivered during the year.

Segmental Review

Our business operates across three key segments, which are Retail, Commercial and Convenience. The Retail segment focuses on the sale and purchase of petroleum products in the retail sector, the Commercial segment caters to the sale and purchase of petroleum products and the provision of services to the commercial sector, while the Convenience segment concentrates on the Non-Fuel business. Our segmental reporting aligns with these three segments to provide clear insights into our business performance.



Retail Segment

Revenue from the Retail segment rose by RM1,466.2 million or 8% to RM18,837.7 million, mainly contributed by an 8% increase in sales volume, reflecting higher demand. PBT recorded for FY2023 stood at RM792.8 million, an increase of RM33.8 million or 4% compared to the previous year. This increase was contributed by higher gross profit from Mogas and Diesel, in line with the increased volume sold during the year. However, this growth was offset by a rise in operating expenditures in line with the higher volume and lower other income, following a one-off gain from the disposal of the LPG business in Sarawak in the prior year.

Commercial Segment

The Commercial segment recorded a decrease of RM695.9 million, or 4%, in revenue to RM18,460.6 million. This was mainly attributed to an 11% drop in the average selling price despite a higher sales volume of 9%. A PBT of RM516.5 million was recorded for FY2023, which was an increase of RM167.5 million or 48% compared to the previous year. This was primarily contributed by higher gross profit from Jet A-1 following more stable price trends and increased volume, as well as a rise in interest income. However, this was offset by higher operating expenditures due to increased business activities during the year.

Convenience Segment

The Convenience segment recorded revenue of RM251.0 million for FY2023, an increase of RM30.1 million or 14%, driven by higher demand for *Kedai Mesra* and Café Mesra during the year. The PBT for the year under review stood at RM27.2 million, up by RM11.5 million against FY2022, primarily due to higher gross profit from chargeable sales from *Kedai Mesra* and Café Mesra. This increase was partially offset by higher operating expenditure in line with Convenience business expansion.

CFO's Review

Group Financial Position

Total Assets

Total assets were recorded at RM11,487.0 million, marking an increase of RM229.4 million or 2%, primarily driven by an increase in trade and other receivables on the back of increased business activities.

Total Liabilities

Total liabilities rose by RM180.1 million or 3% to RM5,650.2 million, mainly due to an increase in trade and other payables.

Cash Flow

We continued to demonstrate prudent management of operational cash flow, as we effectively controlled costs and optimised efficiency. During the year, net cash used in operating activities was higher by RM2,082.1 million, mainly due to delayed subsidy receipts. Net cash used in investing activities saw an improvement of RM10.5 million as a result of higher interest income earned during the year, which was offset by higher spending on capital expenditures. Net cash used in financing activities was higher by RM288.6 million, attributable to an increase in dividends paid during the year.

In FY2023, PDB had issued RM2.0 million for the Sukuk Wakalah Programmes via Islamic Commercial Papers (ICP) and Islamic Medium Term Notes (IMTN) for working capital purpose.

2%

Total Assets
RM11,487.0
million

Shareholder Returns

For the financial year ending on 31 December 2023, we declared total dividends of 80 sen per ordinary share, which translates to a payout ratio of 91%. These dividends reflect our adherence to a dividend policy that commits to distributing 50% of our Profit After Tax (PAT) to our shareholders. Demonstrating our solid performance and strong dedication to shareholder value, we have consistently surpassed this dividend policy target.

Cost Discipline and Spending

PDB steadfastly maintains a rigorous approach to cost discipline, as reflected in our capital expenditure (CAPEX) strategy. Each investment is subjected to stringent evaluation and is closely monitored by the Investment Review Committee to ensure it aligns with our strategic objectives and cost-efficiency principles. We prioritise CAPEX investments essential for health, safety and environmental (HSE) compliance, meet our regulatory obligations or strategically align with PDB's growth objectives while offering sustainable returns. This approach ensures that every ringgit spent is an investment towards our sustainable growth and operational excellence.

In response to the anticipated rise in operating expenses (OPEX), we remained vigilant in monitoring our operational expenditures and prioritised operational efficiency and cost optimisation across all areas. By focusing on our priorities and affordability, we ensured sufficient cash flow to capture market volume following the easing of domestic travel restrictions and targeting high-value clients for healthy margins even amid global market volatility.

Management of Working Capital and Liquidity

PDB diligently oversees its cash flow to maintain a sufficient cash reserve and achieve an optimal working capital position. This strategic financial oversight is essential for establishing a strong safeguard against liquidity risks and ensuring PDB's financial health and operational resilience.

Risk Management

We are committed to maintaining robust risk management as we navigate a landscape of continuous change and uncertainty. In 2023, we focused on strengthening our risk and financial policy frameworks to better anticipate and navigate upcoming challenges.

Enhancing Risk and Financial Policy Frameworks

Our efforts in 2023 were concentrated on improving risk management practices through digitalisation. Key initiatives included the digitalisation of risk reporting by the business lines to enhance efficiency and the timeliness of reporting. We also improved our digital risk framework, including an electronic Business Continuity Plan (e-BCP), to enable real-time updates of critical information by employees to ensure the framework remains current and relevant.

We also introduced FinanceWise, a centralised web portal resource centre. This platform houses all risk-related policies, frameworks and guidelines, providing PDB employees with a user-friendly platform to easily access and identify necessary governing documents.

Management of Financial Risks

Our financial strategy is shaped by identifying key risks, including Market, Strategy, Operation, Financial and Sustainability Risks. These risks drive our strategic planning and risk mitigation efforts to safeguard financial stability and operational resilience.

Credit and liquidity risks stand as our top financial risks. To manage these, we implemented strategies such as assessing the creditworthiness of potential customers, conducting credit reviews on existing customers, close monitoring and reporting of trade accounts, and ensuring the availability of financing to bridge liquidity gaps caused by late payments from debtors.

PETRONAS Enterprise Risk Management (ERM) Framework

PDB adheres to the PETRONAS Enterprise Risk Management (ERM) framework. We annually review and update our Corporate Risk Profile to capture and register the most pertinent risks facing the company, as well as mitigations to manage these risks effectively.

Our risk profile undergoes a minimum annual review. However, the dynamic operating landscape sometimes necessitates more frequent reviews. A crucial part of the ERM Framework is the focus on continuous improvement, where we regularly review and update our processes and systems to ensure our risk management remains effective. We embarked on climate-related risk assessments, adapting our framework to address the unique characteristics of these risks to ensure that PDB aligns with the disclosures recommended under the Task Force on Climate-related Financial Disclosures (TCFD).

CFO's Review

Building a Culture of Risk Awareness

We are committed to building a culture of risk awareness within PDB. Throughout the year, we collaborated across the business lines to conduct nationwide engagement sessions aimed at elevating risk awareness through workshops and clinics designed to offer a hands-on approach to risk management. We included education on the Three Lines of Defence Model and how key organisational roles can collaborate to advance strong governance and risk management practices towards achieving PDB's Moving Forward Together (MFT) strategy. The Leadership Team demonstrates the tone from the top through their involvement in these sessions.

For more information on PDB's Risk Management, refer to our Statement on Risk Management and Internal Control (SORMIC) on page 206 and our Key Risks and Mitigation on page 66.

Governance and Compliance

PDB strengthened its governance and compliance in the past year by conducting a comprehensive review of our digital projects. This assessment ensured that our governance and oversight mechanisms on digital projects are adequately established, leading to effective and efficient digital project management. Through the exercise, we have been able to identify gaps and institute improvements to better govern digital project management. We have also enhanced our credit risk monitoring and reporting to tighten controls, which reinforced our financial stability in a volatile economic environment.

We continuously review our Limits of Authority (LOA) across PDB and its subsidiaries to ensure governance and compliance, enhance controls, and align with evolving business needs. This process establishes clear accountability and improves decision-making by ensuring decisions are made where the most relevant knowledge, experience, and perspective exist within the business. These exercises have strengthened controls, aligned with evolving business needs, ensured compliance with governing documents and established clear individual accountability.

We conducted an independent review to ensure our Anti-Corruption Compliance Programme adheres to the T.R.U.S.T. Principles and aligns with ISO 37001: Anti-Bribery Management System standards. As part of PDB's efforts to foster a culture of integrity, we organised a series of Integrity Strengthening and Pledging sessions, which saw the participation of 1,899 employees and 1,788 counterparties. We also actively promoted ethics and integrity awareness through targeted sessions for employees and counterparties. These included organising the annual PDB Integrity Month where all employees collectively embrace the spirit of upholding Ethics and Integrity as well as the completion of the ABC (Anti-Bribery & Corruption) e-Learning Module via PDB Learning Hub on the fundamental principles and application of PETRONAS ABC Manual for PDB counterparties.

Recognising the importance of data privacy, we introduced the Data Protection Impact Assessment (DPIA) and Personal Data Mapping Record processes. These initiatives ensure meticulous management of personal data, aligning with regulatory requirements and mitigating privacy risks. Apart from these, we also completed the adoption of the PDB Data Privacy Manual across our subsidiaries, developed a Privacy Risk Assessment Control Questionnaire for third-party independent review, developed a Data Transfer Agreement that governs the legal obligations in transferring and sharing personal data, and revised PDB's Privacy Notice to ensure a comprehensive notification to the data subject on the processing of their personal data, among others.

In demonstrating the high importance we place on Governance and Compliance, the Data Privacy Officer (DPO) role was established in 2022 under the Compliance Department of the Finance Division. The DPO function will be responsible for ensuring adherence to Group policies, standards and guidelines, as well as compliance with legislative and statutory requirements.

As PDB expands into new business areas beyond fuel, we are ensuring that our governance strategy aligns with the broader financial objectives of the company. We introduced specific Weighted Average Cost of Capital (WACC) calculations for investment appraisal in 2023, which will more accurately account for the different risks and returns these new business ventures present.

For more information on PDB's Governance and Compliance, refer to our Corporate Governance Overview Statement on page 160, Corporate Integrity and Ethics on page 202, and SORMIC on page 206.

Sustainable practices are fundamental to PDB, helping us comply with regulations, reduce risks and attract financing from institutions valuing EESG considerations.

Driving Sustainability

We integrate sustainability into our business strategy, directly linking it with our financial performance. We allocate budgets specifically for sustainability projects, such as upgrading and solarising facilities for energy efficiency.

Our approach to managing financial risks includes a detailed assessment of environmental, economic, social and governance (EESG) factors to mitigate potential impacts on our business. Sustainable practices are fundamental to PDB, helping us comply with regulations, reduce risks and attract financing from institutions valuing EESG considerations. This focus supports our long-term growth and shareholder value.

To finance our shift towards a more sustainable business model, we have identified sufficient budgets for operational and capital expenditures. Although we have yet to issue green bonds or similar instruments, we proactively manage climate-related financial risks and opportunities, aligning with the TCFD guidelines.

For more information on PDB's Sustainability efforts, refer to our Sustainability Report on page 87.

Outlook

PDB anticipates several factors to influence our earnings in the coming year. The regulatory changes in fuel retailing, revisions in East Malaysia and diesel quota adjustments are expected to impact our operations. Ensuring optimum asset reliability and safety, especially amid supply chain capacity constraints and during demand surges, remain critical.

The Budget 2024 announcement, focusing on targeted subsidy rationalisation, allows PDB to align with our MFT strategy. By diversifying and enhancing our service offerings, as well as expanding our Non-Fuel business, we can complement our core business while strategically responding to the evolving operating landscape.

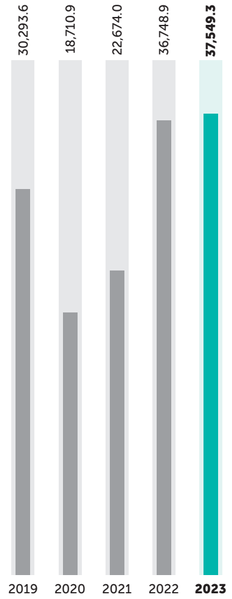
In response, our financial strategies for the upcoming year are aligned to support PDB's growth and operational objectives. We aim to maintain a robust financial outlook by closely monitoring regulatory changes affecting our industry. Our approach emphasises cost discipline in our Core businesses while expanding through Convenience segment and the adoption of cleaner energy solutions. By proactively responding to potential challenges and uncertainties, PDB is committed to sustaining its leadership position and delivering value to our stakeholders.

5-YEAR GROUP FINANCIAL HIGHLIGHTS

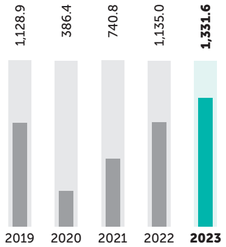
	FY2019	FY2020	FY2021	FY2022	FY2023
OPERATING RESULTS (RM MILLION)					
Revenue	30,293.6	18,710.9	22,674.0	36,748.9	**37,549.3**
Operating profit	1,146.8	402.5	751.2	1,148.9	**1,351.1**
Profit before taxation	1,128.9	386.4	740.8	1,135.0	**1,331.6**
Net profit attributable to shareholders of the Company	829.5	276.0	529.8	776.6	**943.1**
Profit after taxation	837.6	272.4	531.2	787.8	**966.8**
KEY BALANCE SHEET DATA (RM MILLION)					
Property, plant and equipment	4,134.9	4,067.0	4,017.5	4,115.3	**4,116.9**
Total assets	9,996.3	8,359.6	9,600.8	11,257.5	**11,487.0**
Total borrowings	334.2	178.2	116.4	184.3	**152.2**
Total liabilities	3,984.9	2,684.0	3,985.4	5,470.2	**5,650.2**
Share capital	993.5	993.5	993.5	993.5	**993.5**
Equity attributable to shareholders	5,975.9	5,643.7	5,582.1	5,742.7	**5,768.4**
SHARE INFORMATION PER SHARE (SEN)					
Basic earnings	83.5 sen	27.8 sen	53.3 sen	78.2 sen	**94.9 sen**
Gross dividend	85.0 sen	38.0 sen	70.0 sen	76.0 sen	**80.0 sen**
Share price as at financial year end (RM)	23.10	21.40	20.60	23.00	**21.84**
FINANCIAL RATIOS					
Return on revenue	2.8%	1.5%	2.3%	2.1%	**2.6%**
Return on equity	14.0%	4.8%	9.5%	13.7%	**16.8%**
Return on total assets	8.4%	3.3%	5.5%	7.0%	**8.4%**
Debt to equity ratio	5.6%	3.1%	2.1%	3.2%	**2.6%**
Dividend payout	104.0%	96.0%	102.0%	100.0%	**91.0%**

5-YEAR GROUP FINANCIAL SUMMARY

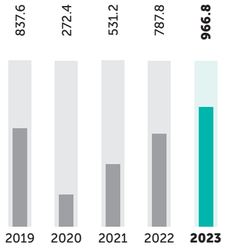
Revenue
(RM Million)
RM37,549.3 million



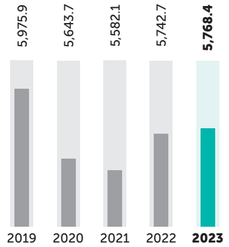
Profit Before Tax
(RM Million)
RM1,331.6 million



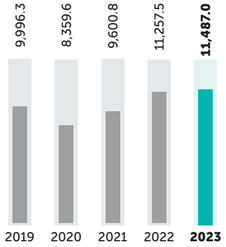
Profit After Tax
(RM Million)
RM966.8 million



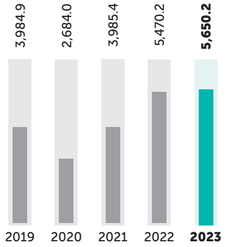
Equity Attributable to Shareholders
(RM Million)
RM5,768.4 million



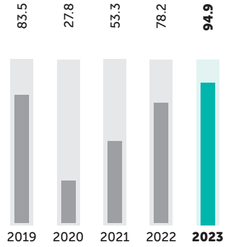
Total Assets
(RM Million)
RM11,487.0 million



Total Liabilities
(RM Million)
RM5,650.2 million

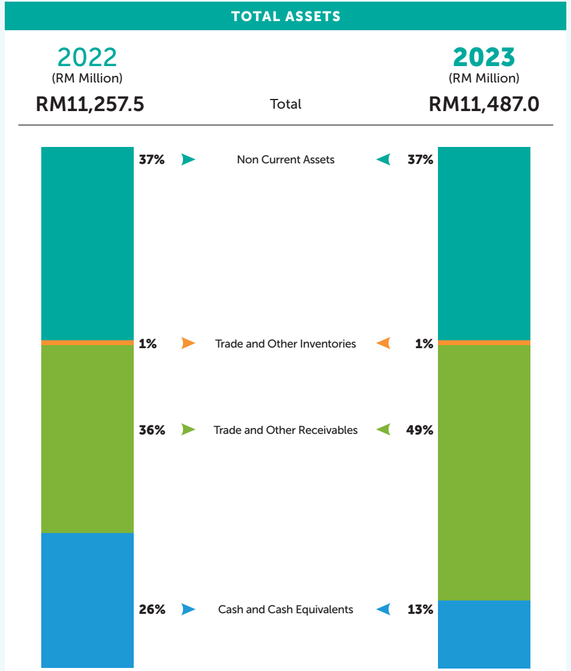


Earnings Per Share
(Sen)
94.9 sen

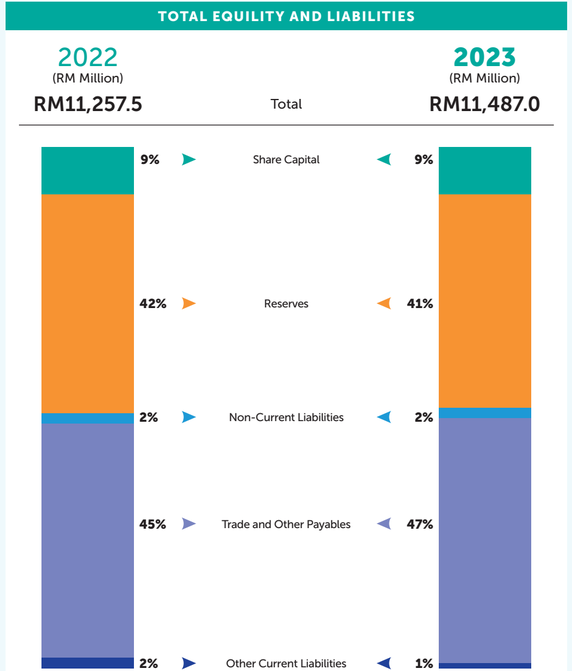


SIMPLIFIED GROUP STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS

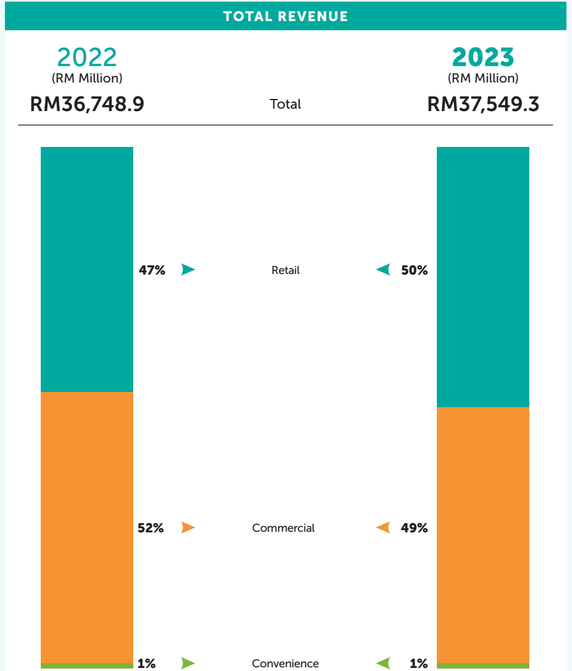


TOTAL EQUILITY AND LIABILITIES



SEGMENTAL ANALYSIS

TOTAL REVENUE



GROUP QUARTERLY FINANCIAL PERFORMANCE

In RM Million	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2023
Revenue	8,645.5	8,912.5	9,916.0	10,075.3	**37,549.3**
Operating profit	407.0	378.5	260.9	304.7	**1,351.1**
Profit before tax	408.8	375.2	261.7	285.9	**1,331.6**
Profit after tax	306.4	276.7	200.0	183.7	**966.8**
Earnings per share (sen)	30.4	27.8	18.5	18.2	**94.9**
Dividend per share (sen)	15.0	18.0	20.0	27.0	**80.0**

In RM Million	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2022
Revenue	7,618.3	9,501.1	10,130.7	9,498.8	**36,748.9**
Operating profit	180.7	317.1	403.1	248.0	**1,148.9**
Profit before tax	178.7	315.5	399.1	241.7	**1,135.0**
Profit after tax	120.4	239.4	279.4	148.6	**787.8**
Earnings per share (sen)	11.9	23.9	27.9	14.5	**78.2**
Dividend per share (sen)	5.0	11.0	20.0	40.0	**76.0**

KEY INTEREST BEARING ASSETS AND LIABILITIES

	2022			2023		
	As at 31 December (RM million)	Effective Interest Rate (%)	Interest Income/ (Expenses) (RM million)	As at 31 December (RM million)	Effective Interest Rate (%)	Interest Income/ (Expenses) (RM million)
Interest earning assets						
Cash and cash equivalents	2,817.1	1.7-3.0	69.6	**1,254.5**	**2.7-3.0**	**145.7**
Interest bearing liabilities						
Revolving credit	-	2.6-3.4	(10.2)	**-**	**-**	**-**
Lease liabilities	184.3	3.5-8.4	(11.0)	**151.2**	**3.4-8.4**	**(10.3)**
Sukuk facilities	-	-	-	**1.0**	**3.7**	**-**

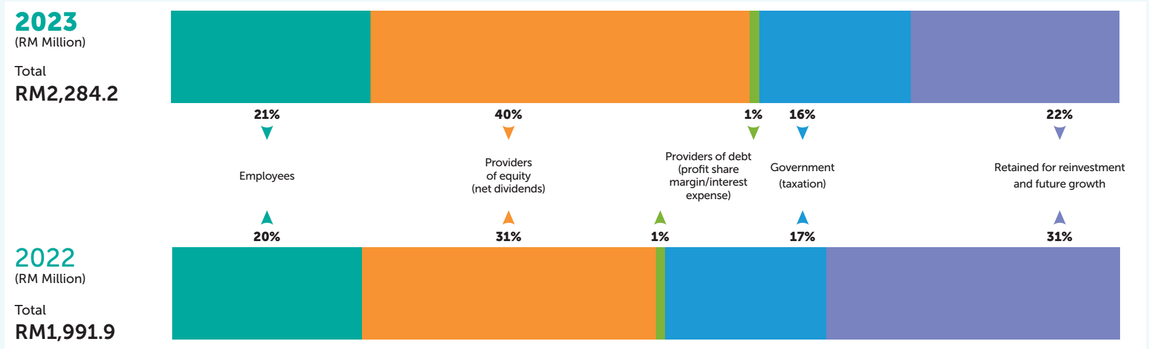
STATEMENT OF VALUE ADDED/DISTRIBUTION OF VALUE ADDED

Value added is defined as the value created by the activities of a business and its employees, and in the case of PDB, it is determined as revenue less the cost of goods and services. The value added statement reports on the calculation of value added and its application among the stakeholders in the Group. This statement shows the total wealth created and how it was distributed, taking into account the amounts retained and reinvested in the Group for future growth.

Group	2022 RM'000	2023 RM'000
Revenue	36,748,896	**37,549,338**
Less: Cost of goods and services	(35,034,863)	**(35,560,244)**
Value added	1,714,033	**1,989,094**
Other income	291,756	**314,552**
Financing costs	(25,203)	**(14,567)**
Share of net profit/(loss) of associates and joint ventures	11,333	**(4,902)**
Value Created	1,991,919	**2,284,177**

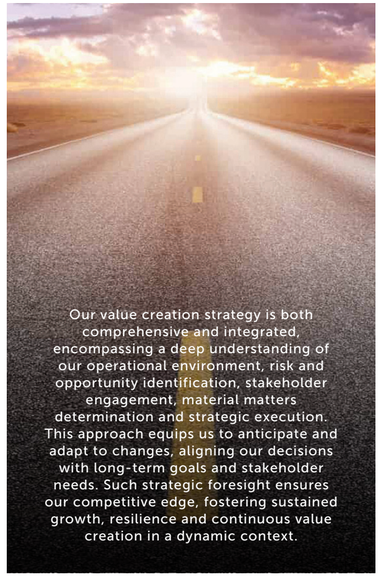
Group	2022 RM'000	2023 RM'000
Distributed to:		
Employees	392,821	**474,847**
Providers of equity (net dividends)	615,942	**923,913**
Providers of debt	25,203	**14,567**
Government (taxation)	347,197	**364,840**
Retained for reinvestment and future growth:		
Depreciation and amortisation	438,860	**463,144**
Unappropriated profit	171,896	**42,866**
Value Distribution	1,991,919	**2,284,177**

Value Distributed



Our Approach to Value Creation

Our journey of creating value is firmly anchored on our mission to enrich lives for a sustainable future. This commitment is reflected in our pledge to make everyday lives simpler and better for each of our stakeholders.



Our value creation strategy is both comprehensive and integrated, encompassing a deep understanding of our operational environment, risk and opportunity identification, stakeholder engagement, material matters determination and strategic execution. This approach equips us to anticipate and adapt to changes, aligning our decisions with long-term goals and stakeholder needs. Such strategic foresight ensures our competitive edge, fostering sustained growth, resilience and continuous value creation in a dynamic context.

HOW WE FORMULATE OUR BUSINESS STRATEGY

Analyse Operating Context

Our ability to perform and generate value is influenced by a range of factors in our operating environment such as economic conditions, regulatory landscapes, technological advancements, social trends and competitive dynamics. We maintain vigilant oversight of these factors, actively identifying and analysing emerging trends that have the potential to impact our operations.

For more information on the Operating Environment and Market Outlook, refer to page 46.

Identify and Manage Risks

We actively monitor and manage a spectrum of risks, including operational, financial, regulatory, market, digital and sustainability. By integrating these risks into our risk register, we ensure they stay within our defined risk appetite, preventing them from impeding PDB's pursuit of our corporate objectives.

For more information on the Key Risks and Mitigation, refer to page 66.

Strengthen Relationships

We are committed to building strong, mutually beneficial connections with all our stakeholders, including customers, suppliers, dealers, partners, shareholders, investors, employees and the wider community. By engaging in open, transparent communication and actively listening to their needs and feedback, we aim to foster trust and collaboration for shared growth.

For more information on Stakeholder Engagement, refer to page 53.

Define our Material Matters

In defining our material matters, we concentrate on the issues that significantly affect both our business operations and our stakeholders. This focused approach ensures that we direct our resources and efforts towards areas where they can have the most substantial and positive impact.

For more information on Material Matters, refer to page 57.

Implement our Strategy

Our strategy formulation involves a careful evaluation of our operating context, risks, stakeholder expectations and our corporate goals. This informs the PETRONAS Group's Moving Forward Together strategy, anchored in the fundamental pillars of Value, Growth and Sustainability. These principles guide us in fulfilling our pledge to 'Making Your Everyday Life Simpler and Better', ensuring our actions consistently align with our overarching goals.

HOW WE ALLOCATE OUR RESOURCES

We allocate resources strategically across our six capitals to optimise their impact and drive sustainable value creation.

- F — **Financial**
- M — **Manufactured**
- I — **Intellectual**
- H — **Human**
- SR — **Social and Relationship**
- N — **Natural**

OUR INTEGRATED BUSINESS MODEL

We foster a culture of innovation, leveraging technology to deliver unmatched experiences for our customers and strengthen our brand across all business areas. Our employees, deeply aligned with our values, are instrumental in fulfilling our business objectives and enriching the local ecosystem, including suppliers, dealers and vendors. Underpinning our growth is a commitment to sound governance, which ensures we maintain transparency and integrity in every aspect of our operations.

OUR PROMISE

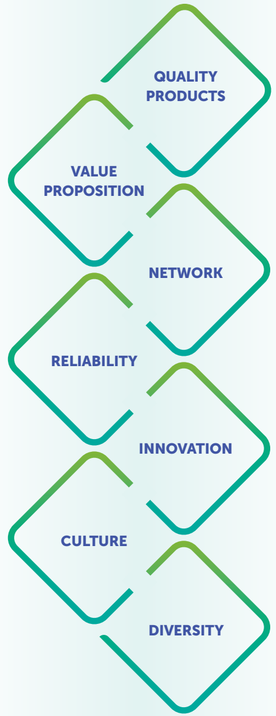
Making Your Everyday Life Simpler and Better

For more information on Our Value Creating Business Model, refer to page 62.

HOW WE CREATE VALUE AND DELIVER A POSITIVE IMPACT

Our ultimate purpose is to create sustainable value for our stakeholders.

We continuously measure our performance using identified Key Performance Indicators (KPIs), ensuring that our values drive improvements in these critical areas:



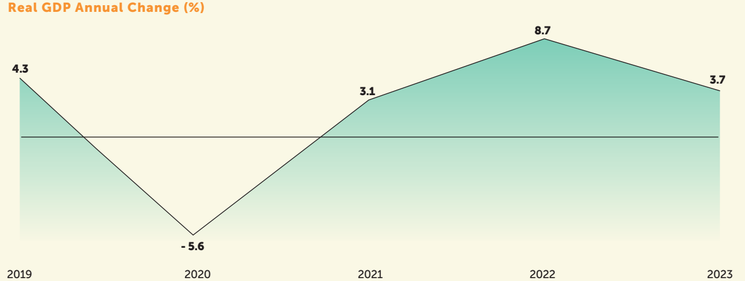
Our Operating Environment and Market Outlook

Our dynamic operating environment, affected by factors such as oil price movement, geopolitics and the shift to sustainable energy, impacts our ability to create value across different time-frames. We monitor these factors closely and integrate them into our strategies. In 2023, while major economies slowed down, Malaysia's economy remained resilient, experiencing moderate domestic growth. This environment fostered a favourable impact on PDB's business operations.

MODERATE ECONOMIC GROWTH

Despite a challenging global environment marked by prolonged weakness in external demand, Malaysia's economy sustained growth at a moderate pace, primarily due to resilient domestic demand and an increase in private investment. The country's Gross Domestic Product (GDP) of 3.7%, was mainly driven by strong growth in the services and construction sectors, which also positively influenced PDB's performance for the year under review.

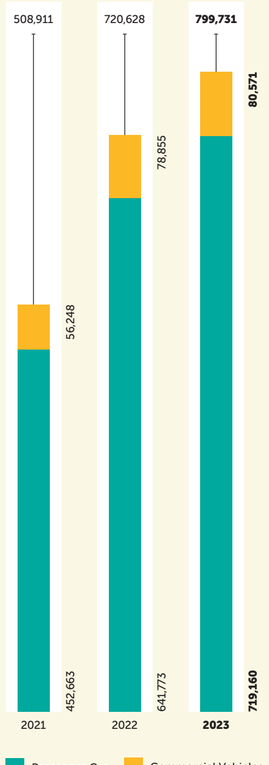
Real GDP Annual Change (%)



Malaysia's labour force strengthened, with unemployment rate dropping to 3.3% in December 2023, returning to pre-pandemic levels. Meanwhile, Malaysia's overall inflation rate for 2023 was 2.5%, down from 3.3% in 2022. The easing of inflation was due to the slowdown in price increases of food and transportation, stemming from the high base effects in 2022 and supported by government subsidies. Given the moderated inflation, the Overnight Policy Rate (OPR) was maintained at 3% after its increase in May 2023 from its prior 2.75% level.

Lower inflation and a stable OPR, coupled with a steady employment rate significantly benefitted consumers by boosting their purchasing power and increasing household expenses, signalling a positive outlook for Malaysia's domestic demand to stay on an expansionary path. Consequently, the services sector experienced significant growth in 2023. For instance, within Malaysia's services sector, the wholesale and retail trade sub-sectors saw a strong performance, particularly in retail sales of new motor vehicles, which surged by 11% in 2023. This increase set a new record for total industry volume (TIV), primarily driven by the new passenger cars sub-segment.

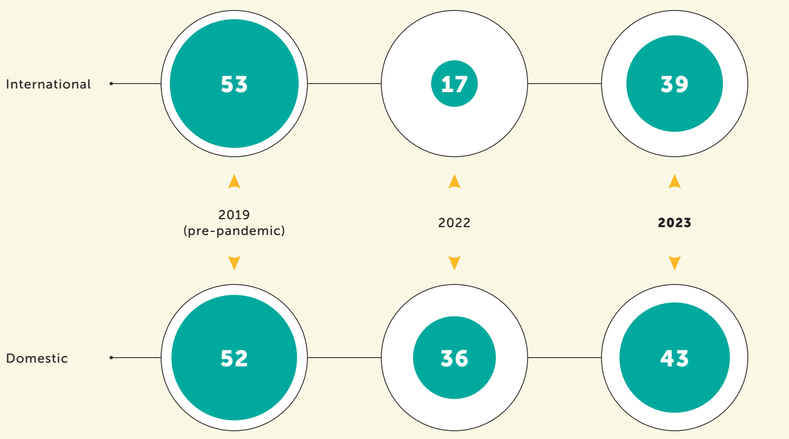
New Passenger and Commercial Vehicles Registered in Malaysia



In addition to retail trade, the tourism industry, another key sub-sector within the services sector, has also experienced strong growth. Tourists arrival in 2023 surpassed 2022 figures and the increase in tourist receipts helped to stimulate Malaysia's GDP as money from external economies flows into the domestic economy through tourists spending on accommodation, food and transportation. In addition to that, the increase in tourism has also benefitted the aviation industry, which experienced strong passenger traffic growth in 2023.

Malaysia's airport traffic recorded 82 million total passenger movements and reaching 78% of 2019[1] levels, with domestic passenger movements continuing to lead traffic recovery, recording 43 million passengers. Malaysia's international traffic also continued to progress, matching the 2019 trend of more than 50% traffic market share towards the last quarter of 2023.

Airport Passenger Movements (Million)



Malaysia's GDP growth in 2023 has also been supported by improvements in investment activities. This includes the ongoing progress of multi-year infrastructure projects, such as the East Coast Rail Link (ECRL) and the Pan Borneo Highway. These transportation projects have generated positive spillover effects across various industries, especially within the construction sector.

[1] *Operating Statistics - Malaysia Airport Holdings Berhad, 2023*

Impact to PDB

The economic uplift in Malaysia, driven by the expansion in services and construction sectors from resilient employment rates, lower inflation and stable OPR, has directly benefitted PDB positively in 2023. The confluence of these factors has led to increased spending on travel and leisure. The rise in new motor vehicle sales in 2023, coupled with the expansion of highway infrastructure, has put more vehicles on the road and increased fuel demand. At the same time, the increase in construction-related projects, such as the ECRL, has seen a rise in requirements for diesel energy and petroleum products.

The economic impact has seen PDB effectively capitalise on the growing need for fuel and non-fuel related products, serving customers across various industries. The surge in tourism and construction, increased vehicle ownership and improved road access synergistically boosted PDB's sales and market presence as it strategically positions more stations to meet the heightened demand.

Our Response

Leveraging the increase in household spending, PDB's Convenience segment took steps to enhance customer experience and expand market presence. This included expanding Café Mesra by deploying trailers and pop-up cafés at various locations, along with enabling cashless transactions via DuitNow QR integration on the Setel app for greater customer convenience, accessible at over 1.6 million retail outlets nationwide. PDB also launched various retail consumer campaigns to strengthen its product and brand advocacy, taking advantage of the resilient household demand.

With the economy operating in full swing in 2023, the LPG Business capitalised on the opportunity while maintaining its market leadership. With the increased traffic on major highways and roads, PDB recognised a prime opportunity for its forecourt retail stores, *Kedai Mesra*, to elevate sales and generate higher revenue. By enhancing the convenience offerings and diversifying the product range at *Kedai Mesra*, PDB optimised in-store merchandise strategies to capitalise on this increased footfall.

The surge in new car sales and an increased number of vehicles on the roads provided PDB with an opportunity to expand its PETRONAS AutoExpert outlets across Malaysia, in collaboration with MARA, Perbadanan Usahawan Nasional Berhad and SME Bank. These outlets, specialising in repair maintenance and after-sales service for cars, directly benefitted from the surge in vehicle ownership.

PDB's Commercial Business seized the opportunity presented by the acceleration of multi-year infrastructure projects and the increased demand from airlines fuelled by domestic as well as international travel by continuing to serve key customers across the construction sector and airline industries.

Consequently, PDB's overall sales volume increased by 8% in 2023 compared to 2022. PDB's overall volume stands at 16.3 billion litres, a record-breaking volume for the second consecutive year and the highest in PDB's history.

For more information on Our Strategy, refer to page 64.

2024 OUTLOOK

In 2024, Malaysia's economic growth is forecasted to pick up, with projections ranging between 4% and 5% according to the MoF and BNM, while the IMF projects a growth rate of 4.3%.

Furthermore, multi-year projects in the construction sector are expected to contribute to this growth, such as the Pan Borneo Highway Phase 1B, flood mitigation packages, Penang Light Rail Transit (LRT), Sabah-Sarawak Link Road and the LRT3 reinstatement from Budget 2024. These projects are crucial in creating positive spillover effects in various industries across Malaysia and generating high-quality and high-paying jobs.

However, challenges for Malaysia's economy in 2024 may arise from new tax measures. The government introduced various taxation avenues in Budget 2024 to diversify revenue sources away from petroleum to less volatile sources. These measures include increasing the services tax rate to 8% from 6%, higher excise duties on sugary drinks and tobacco and a 10% sales tax on imported low-value goods sold online, priced at RM500 or less. While these measures aim to broaden the tax base and rationalise subsidies, they may reduce private consumption and investment.

ENERGY PRICE MOVEMENT

In 2023, the average Brent Crude oil price stood at USD82.64 per barrel. During the first half of the year, oil prices averaged at USD79.66 per barrel amid concerns of a looming recession, tightening monetary policies and a weaker-than-expected economic recovery in China. The collapse of Silicon Valley Bank and Credit Suisse further fuelled fears of an impending financial crisis.

However, in the second half of the year, OPEC+ proactively managed the stability of the market with a series of production cuts, which led to oil prices climbing by approximately 30% from June to September. Despite concerns about ongoing geopolitical conflicts potentially escalating into a broader regional conflict that could disrupt oil supplies in the Middle East, the flow of oil into the market remained uninterrupted. With that, the average oil price in the second half of 2023 stood at USD85.55 per barrel.

Impact to PDB

Fluctuating oil price movements could have an impact on PDB's profit margin. However, this is remediated with the New Operating Model (NOM) which was implemented in 2021. The NOM streamlines PDB's inventory management by transferring ownership and operational responsibilities, including planning and primary supply and distribution at PDB terminals to PETCO Trading Labuan Company Ltd. (PETCO). This eliminates the inventory holding impact and improves the overall working capital management in PDB.

Our Response

PDB took advantage of the stabilising oil prices and improved market conditions, coupled with the economy operating at its full potential throughout 2023, to maximise its gains. It expanded and operationalised new PETRONAS stations to optimise returns from the Retail-Fuel business.

Significant investments were made towards digitalisation, focusing on rolling out new digital platforms, replacing digital assets with high priority on health, safety and environment, and maintaining asset integrity. PDB enhanced its strategic planning with new digital blueprints to support business transformation and growth across its various sectors. Innovative features such as cardless Mesra and SmartPay were introduced, offering customers enhanced convenience and a seamless transaction experience.

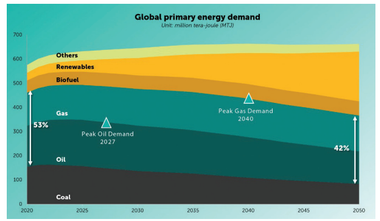
Strategic partnerships were formed with developers at new township developments to extend offerings to residents and visitors, with the aim of expanding PDB's market reach and increasing access to its offerings.

For more information on Our Business Reviews on Retail-Fuel, refer to page 70.

2024 OUTLOOK

The Brent Crude oil prices are expected to stay near the USD80 per barrel range as the market balances macroeconomic headwinds, rising supply from non-OPEC countries, escalating geopolitical conflict in the Middle East and proactive OPEC+ market management to stabilise the market.

ENERGY TRANSITION



The global energy sector is rapidly transforming to address the energy trilemma of security, affordability and sustainability. There is a growing momentum, both domestically and internationally, to decarbonise energy systems towards net zero GHG emissions.

During COP28 in December 2023, the central outcome was the 'global stocktake', encompassing all negotiation elements. Countries can now use it to develop stronger climate action plans due by February 2025. The stocktake urges parties to triple renewable energy capacity and double energy efficiency improvements globally by 2030. It also emphasises phasing down unabated coal power, eliminating inefficient fossil fuel subsidies and driving the transition away from fossil fuels in a just, orderly and equitable manner, with developed countries leading.

Parties are encouraged to set ambitious, economy-wide emission reduction targets for all GHG, sectors and categories aligned with the 1.5°C limit in their next round of nationally determined contributions by early 2025.

In response to global climate efforts, Malaysia's government developed the National Energy Transition Roadmap (NETR) in 2023 to accelerate its energy transition. NETR is crucial for navigating the shift from a traditional fossil-fuel-based economy to a high-value green economy on a large scale. It includes ten flagship projects focusing on energy transition, with PETRONAS[1] being one of the leading companies involved. PETRONAS' involvement in NETR naturally extends its influence and commitments to PDB. NETR principles align with PETRONAS Sustainability Agenda, which PDB adopts and implements.

[1] *PETRONAS among NETR flagship projects' leading companies - Selangor Journal, 23 November 2023*

[2] *National Energy Transition Roadmap - Official Portal of Ministry of Economy (Malaysia), August 2023*

Impact to PDB

As a national framework, the NETR necessitates a shift towards more sustainable and renewable energy sources. This move inherently requires adaptation and innovation from companies within the energy sector, such as PDB.

NETR's flagship catalyst projects on future mobility, including the installation of 10,000 EV charging stations, and the transition to future fuels through the development of bio-refinery in Malaysia, essentially require PDB to evolve aspects of its business operations and service offerings to align with these new energy paradigms.

Through the energy transition levers of bioenergy and green mobility, PDB will need to examine diversifying its energy portfolio beyond traditional fossil fuels, which the company is already involved in through Sustainable Aviation Fuel (SAF).

Our Response

Climate science plays a significant role in driving the transition to renewable energy sources and low-carbon technologies. As awareness of the need to mitigate climate change grows, so does demand for cleaner and sustainable energy. In response to these changes, PDB recognises an opportunity to leverage its role in supporting energy transition.

Guided by both NETR, as well as the PETRONAS Sustainability Agenda, PDB is advancing efforts that are in alignment with decarbonisation, circular economy and low-carbon mobility solutions. In 2023, PDB made significant progress by accelerating the solar panel installation at PETRONAS stations to reduce GHG emissions. PDB has also embarked on a pioneering initiative by launching a pilot test in October, featuring PDB's first fleet of B100-fuelled Road Tankers, powered entirely by using 100% Palm Methyl Ester (PME).

In its push toward a circular economy, PDB successfully ramped up its used cooking oil (UCO) collection initiative, amassing 133.7 tonnes in 2023. The UCO serves as an important feedstock in the production of SAF. On the mobility front, PDB continued to expand its infrastructure for low-carbon mobility to install EV Charge Points and introduced Battery Swap Stations for electric two-wheelers. PDB secured a SAF offtake agreement with the Malaysia Aviation Group (MAG) to advance the use of sustainable fuel in aviation, which will contribute to the aviation industry's decarbonisation efforts.

2024 OUTLOOK

The NETR is rooted in Malaysia's overarching aspirations, charting a course for the energy system that is aligned with decarbonisation targets and encompasses bold targets aimed at mitigating GHG emissions while significantly transitioning the country towards a low-carbon energy economy.

Moving forward, the government will recalibrate the ambition levels to capitalise on new and emerging technologies, potentially reviewing targets where possible. This approach will follow the Paris Accord's Global Stocktake process, which evaluates the progress in meeting the Paris Agreement goals and identifies any remaining gaps and opportunities for action.

The government's commitment to transitioning into a low-carbon economy has also been further underlined in Budget 2024, which includes the allocation of RM2 billion towards the National Energy Transition Facility fund.

For more information on Our Approach on Climate Change and GHG Emissions, refer to Sustainability Report on page 100.

CHANGING CONSUMER PREFERENCE

Amid the COVID-19 pandemic, Malaysia experienced a significant shift in consumer behaviour, influenced by the unexpected challenges posed by the post-pandemic new normal. This shift is expected to alter Malaysia's consumer preference, offering opportunities in the Food & Beverage (F&B) sector and enhancing the digital economy landscape. These emerging trends are set to benefit Malaysia's modern retail business model, focusing on offering customers the convenience of frequenting well-located retail stores, supported by unified commerce services and omnichannel presence.

Prefer Proximity Convenience Retailing Format

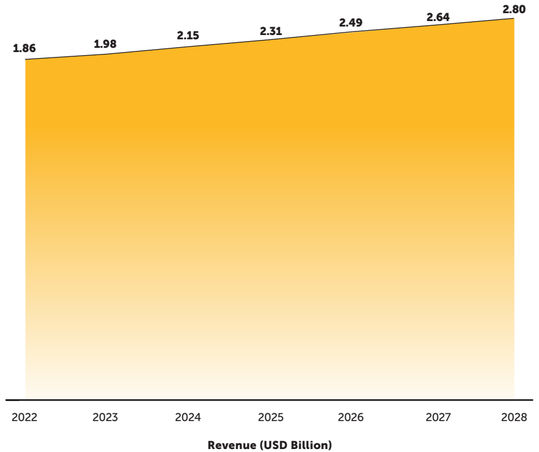
Proximity convenience retailing refers to placing stores in easily accessible locations close to where people live and work. This approach caters to urban consumers seeking convenient shopping for essentials. The demand for such stores has surged in Malaysia, particularly since the pandemic. Consumers aiming to avoid crowds and stay closer to home increasingly prefer these smaller, nearby retail options over larger hypermarkets.

Consequently, several hypermarket chains are closing larger outlets and shifting towards smaller concept stores[1] as they find it difficult to compete with agile convenience store chains and the growing e-commerce market, which offers cheaper options. High set-up costs for hypermarkets' expansive footprints add to their challenge. Convenience stores have penetrated many neighbourhoods, especially in densely populated urban areas, drawing customers away from hypermarkets.

Rising Demand for Food-Away-from-Home and Ready-to-Eat meals

The share of disposable income spent on Food-Away-from-Home and restaurant services increased by 15% in 2022 against 11% in 2019[2]. The latest market insights show that the revenue of Ready-to-Eat meals sold in Malaysia is expected to grow by 8.6%[3] from 2023 to 2024.

Ready-to-Eat Meals Revenue



Source: Statista Market Forecast, January 2024

Improved Market Opportunity for Digital Payments Industry

Malaysia government's efforts to re-evaluate the monopoly in the country's digital payment sector will open opportunities for other digital payment providers to scale up their platforms. With 87% of consumers preferring to shop with retailers incorporating technology, including payment methods offered via QR codes or mobile payment terminals[4], this shift could significantly influence consumer shopping habits and payment preferences.

Additionally, Bank Negara Malaysia's (BNM) Financial Inclusion Framework (2023 – 2026) aims to promote secure and inclusive digital financial services in Malaysia. It focuses on making digital payments more accessible, affordable and convenient, particularly for SMEs in offline retail transactions. This initiative is expected to boost the use of digital wallets for purchasing goods at offline retail outlets.

Increased Preference for 'Phygital' Retail Concept

Bank Negara Malaysia reports that in October 2022, the online retail sales index remained above pre-pandemic levels. Despite this growth, 76% of Malaysians still enjoy shopping at physical stores[5]. This highlights a rising demand for 'Phygital' (Physical + Digital) retail concept in Malaysia. Consumers are combining in-store purchases for tangible experience with mobile apps for product selection and information via online platforms, integrated with digital payment methods.

[1] *E-Commerce in Malaysia (Outlook & Retail Trends in 2023) - OOSGA Research, October 2023*

[2] *Malaysia 2022 Household Expenditure Survey Report - DOSM, July 2023*

[3] *Convenience Food & Ready-to-Eat Meals (Malaysia) - Statista Market Forecast, January 2024*

[4 & 5] *The Malaysian Retail Report 2022 - Adyen Report (Sponsored by KPMG)*

Impact to PDB

The move towards convenience and digital solutions significantly shifted consumer purchasing behaviour within PDB's non-fuel segment. In 2023, MESRA sustained it year-on-year sales growth, indicating the growing demand for convenience retailing.

Similarly, the shift in preference for digital payment apps has also seen major growth for Setel. In 2023, it achieved a remarkable growth in Gross Merchandise Value (GMV), reflecting demand for seamless transactions.

Our Response

MESRA and Setel responded to the evolving consumer preferences for convenience and the growing inclination towards digital payments, by expanding the retail outlets and digital footprint. This included introducing a range of products tailored to meet the needs of modern consumers, with a focus on Mesra and Café Mesra label products. We made available convenient amenities such as self-service launderette under our Complementary Business while introducing new, cost-effective Café Mesra formats to broaden reach and appeal.

With rising demand for food-away-from-home and ready-to-eat meals, Café Mesra diversified its offerings with new label products, ensuring customers had access to quick and convenient meals such as sandwiches, Bungkus series and drinking water in Tetra Pak.

On the digital front, Setel made strides in promoting cashless transactions. By enhancing its mobile app with features such as DuitNow QR and promoting inclusive payment mobility through Setel Lite, it facilitated a wider adoption of cashless payments and also supported government initiatives aimed at fostering a cashless society such as eBelia Rahmah and eMADANI.

PDB launched its first offline PETRONAS Shop, a move that merged physical and digital shopping to offer a 'phygital' experience. This was complemented by continuing to serve its customers via the online platform, and also leveraged the merchandise sales through various offline events such as PETRONAS Malaysia Open, Warehouse Sales and MotoGP™, which generated significant GMV.

2024 OUTLOOK

Retail digitalisation in the Asia Pacific region is expected to accelerate, with technology playing an even more crucial role in creating innovative retail experiences and maintaining consumer engagement. Consumer preferences are increasingly leaning towards brands that offer unique experiences enhanced by technology. These experiences are expected to be seamlessly integrated across digital channels and situated in convenient, strategically located physical stores, capitalising on their proximity to consumers. This trend underscores the growing importance of blending digital and physical retail elements in meeting consumers' evolving needs and preferences.

Stakeholder Engagement

Our stakeholders are important to us as they play a critical role in impacting our business activities and performance. We proactively engage with them to understand their expectations, incorporating their needs into our business strategies. The following information reflects how we interact with them:

Stakeholder Groups	Investors	Customers
Engagement Platforms	• Quarterly results announcements and analyst briefings • Group and one-on-one meetings • Non-Deal Roadshow and corporate conferences • MyMesra website • Periodic reports – Integrated and Sustainability Reports • Bursa Link under IR's Events and Announcements on MyMesra website	• Events, campaigns, roadshows and other initiatives • Mesralink Customer Experience Centre • Mainstream and digital media (television, radio, newspapers, PETRONAS Brands social media accounts and MyMesra website) • Email • Customer surveys and/or feedback system via QR code at PETRONAS stations and mobile applications
Why They are Important to Us	Investors are essential for accessing capital, creating long-term value, managing risks, accessing sustainable finance and enhancing corporate governance. By doing so, it allows us to better position ourselves to attract investment, drive innovation and contribute to a more sustainable and prosperous future.	Customers are important due to their market influence, impact on brand reputation and loyalty, demand for transparency and ability to drive positive change through their choices and actions. Engaging with them allows us to create shared value for both the business and society.
Key Areas of Concern for Stakeholder Groups	• Strategic direction, business growth, performance and opportunities • Cash utilisation and dividends • Corporate governance and business ethics • Environment, Economic, Social and Governance (EESG) practices	• Product pricing, safety and quality • Innovative products and services • Loyalty programme privileges and benefits • Sustainability practices
Our Response	• Maintaining business excellence for optimised financial performance • Establishing strong corporate governance policies • Ensuring compliance with relevant requirements and standards • Embedding EESG elements in our business strategies	• Offering improved hydrocarbon offerings and innovative customer solutions for unparalleled customer experience • Developing and execute targeted marketing campaigns • Digitalising Mesra loyalty programme through the Setel app • Establishing partnerships with prominent brands for Mesra loyalty programme • Developing and implement sustainability-related initiatives
LINK TO	*Material Matters*: M1, M2, M3, M4, M5, M6, M7, M8, M9, M10, M11 *Capitals*: F	*Material Matters*: M1, M2, M4, M5, M8, M9 *Capitals*: SR

CASE STUDY

PDB's Cardless Mesra Rewards Loyalty Programme

With over 1,000 PETRONAS stations across Malaysia, PDB serves millions of customers daily.

One of our differentiated offerings is the Mesra Rewards loyalty programme, which rewards customers for their purchases across PDB's network of stations. Previously, customers were needed to carry a physical Mesra card to participate in the programme, which became inconvenient for them.

In 2023, we addressed this challenge by launching the digitalised Mesra Rewards loyalty programme. This digital innovation allowed customers to link their Mesra account to their mobile number, enabling them to earn loyalty points without a physical card. Customers could redeem rewards using their mobile number or the Setel app, simplifying the redemption process.

Since its launch, the programme has been well received by customers and has contributed to increased redemption rates and customer engagement. By leveraging on digital technologies to transform our loyalty programme, we have demonstrated our commitment to enhancing customer experiences and staying at the forefront of digital innovation in the Retail-Fuel industry.

Stakeholder Engagement

Stakeholder Groups	*Rakan Niaga*/Dealers	Employees
Engagement Platforms	• Dealer conferences, events, dialogues, roadshows and other engagements • Training sessions • Email • MyMesra website • Mesralink Customer Experience Centre • Retail dealers' MyStation website	• Townhalls and roadshows • Group and one-on-one engagement sessions • Webinars • Training sessions • Union management • Employee surveys • Messages through videos, newsletter, intranet and email
Why They are Important to Us	Business partners, such as dealers, are critical to our operations as they serve as an extension of our network. They play a vital role in distribution channels, providing market access, managing the supply chain and representing our brand. By leveraging their influence, we can promote sustainability, drive the market adoption of sustainable products and contribute to a positive impact on sustainability.	Employees are crucial due to their role in implementing sustainable practices, cultivating a culture of sustainability, promoting employee well-being and upholding compliance and ethics. This allows us to leverage their collective efforts to achieve meaningful economic, environmental and social outcomes.
Key Areas of Concern for Stakeholder Groups	• Strategic direction, business growth, performance and opportunities • Workforce development • HSE management and compliance • Governance and business ethics • Human rights in supply chain	• Strategic direction, business growth, performance and opportunities • Employee well-being • Employee volunteerism • Diverse and inclusive career development
Our Response	• Implementing effective strategies for business growth, enhancing performance and leveraging opportunities • Providing structured development programmes • Developing and update HR policies • Enforcing Code of Conduct and Business Ethics (CoBE) • Developing Business and Human Rights (BHR) model	• Offering flexible working arrangement • Establishing regular, open and transparent communication • Providing structured development programmes • Monitoring employee well-being and organise programmes and initiatives
LINK TO	*Material Matters*: M2, M5, M7, M8, M11 *Capitals*: SR	*Material Matters*: M3, M6, M7, M9, M11 *Capitals*: H

CASE STUDY

Benefits for Employees with Special Needs Children

As part of our commitment to inclusivity and employee well-being, we adopted PETRONAS' policies on employee welfare and benefits. The policy, which have been extended to other entities has enabled us to provide a range of benefits and support systems for employees with special needs children, assisting them in balancing their professional and personal responsibilities effectively.

Employees with special needs children are given the opportunity to adjust their working hours or work remotely, allowing them to attend to their child's unique needs without compromising their professional commitments.

Additionally, we also offer financial assistance which can be used for medical expenses, therapies and educational resources that are essential for the well-being and development of their children.

The benefits and support systems for employees with special needs children demonstrate the company's commitment to fostering an inclusive work environment and prioritising the well-being of its employees. By providing flexibility and financial assistance, we support our employees in balancing their personal and professional lives, creating a positive and supportive work culture.

MATERIAL MATTERS

- M1 Economic Growth and Performance
- M2 Climate Change and GHG Emissions
- M3 Human Capital
- M4 Customer-centricity
- M5 Environmental Management
- M6 Capability Building
- M7 Ethics and Corporate Governance
- M8 Sustainable and Ethical Supply Chain
- M9 Community Investments
- M10 Data Privacy and Security
- M11 Health and Well-being

CAPITALS

- F Financial
- M Manufactured
- I Intellectual
- H Human
- SR Social and Relationship
- N Natural

Stakeholder Groups	Contractors/Suppliers/Business Partners	Authorities/Regulators/Financial Institutions
Engagement Platforms	• Formal meetings and briefings • Group and one-on-one engagement sessions • Signing ceremonies • Email • Mesralink Customer Experience Centre • Periodic reports • Annual dealer conferences • Training sessions	• Formal meetings and briefings • One-on-one engagement sessions • Site visits • Periodic reports • Bursa Link under IR's Events and Announcements • MyMesra website
Why They are Important to Us	Contractors, suppliers and business partners are essential due to their significant impact on the supply chain, potential for collaboration and partnership, influence on brand reputation and commitment to transparency and accountability. Engaging with them allows us to drive positive economic, environmental and social outcomes while simultaneously enhancing their competitive position in the marketplace.	Authorities, regulators and financial institutions are of utmost importance due to their critical roles in policy development and regulation, compliance and enforcement, transparency and reporting, and financial support and investment, as well as their contribution to global coordination and collaboration. Engaging with them allows us to navigate regulatory requirements, access financial resources and drive positive change towards a sustainable future.
Key Areas of Concern for Stakeholder Groups	• Strategic direction, business growth, performance and opportunities • Fair opportunities, negotiation and contracts • HSE management and compliance • Sustainability and EESG elements across the supply and value chain • Cybersecurity • Mutual understanding of business expectations, purposes and goals • Corporate governance and business ethics	• Legal and regulatory compliance • HSE management and compliance • Corporate governance and business ethics • Human rights • Nation-building initiatives
Our Response	• Establishing open and transparent tender and procurement processes • Conducting regular engagement and communication with partners • Incorporating HSE, sustainability and EESG elements in procurement processes • Strengthening cybersecurity system and culture	• Strengthening governance policies, standards and frameworks • Complying with legal and regulatory requirements and standards • Organising site visits by authorities • Conducting regular internal and external audits • Establishing regular, open and transparent communication
LINK TO	*Material Matters*: M2, M5, M7, M8, M10, M11 *Capitals*: SR	*Material Matters*: M1, M2, M3, M5, M6, M7, M8, M9, M10, M11 *Capitals*: SR

Stakeholder Engagement

Stakeholder Groups	Communities	Media
Engagement Platforms	• Community briefings and engagements • Social impact and outreach programmes • Mainstream and digital media (television, radio, newspapers, PETRONAS Brands social media accounts and MyMesra website) • Mesralink Customer Experience Centre	• Social engagements • Media statements • Press releases and interviews
Why They are Important to Us	Communities hold immense importance due to being our social licence to operate, playing a crucial role in employment and economic development, education and empowerment, promoting social cohesion and equity, and offering potential for long-term collaboration. By building trust, fostering collaboration and creating shared value, we can benefit both businesses and communities.	The media plays a pivotal role in raising public awareness, influencing behavior, building reputation and brand image, facilitating stakeholder engagement and highlighting corporate leadership, all while possessing a global reach and influence. By leveraging its power, we can build trust with stakeholders and create a positive social impact.
Key Areas of Concern for Stakeholder Groups	• Community welfare and well-being • Potential health, safety and environmental impacts • Inclusive socio-economic development	• Strategic direction, business growth, performance and opportunities • Sustainability and EESG initiatives • New offerings
Our Response	• Investing in various flagship and tactical social impact initiatives • Providing support for community welfare and well-being • Establishing open and transparent communication	• Ensuring timely response to media enquiries • Organising effective rapport-building activities
LINK TO	*Material Matters*: M5, M9, M11 *Capitals*: SR	*Material Matters*: M1, M2, M3, M4, M5, M6, M7, M8, M9, M10, M11 *Capitals*: SR

Material Matters

Material matters are key sustainability issues that are vital to our business and stakeholders. Determining our material matters enables us to meet stakeholders' expectations besides mitigating risks and identifying opportunities. Our material matters are reviewed and assessed through a survey conducted with diverse stakeholder groups.

The following three steps determine our material matters:

IDENTIFICATION

We conduct a thorough review of our operating environment and expectations of our key stakeholders, and benchmark our current position against relevant standards and frameworks (such as GRI, SASB, SDGs and FTSE4Good) as well as the practices of industry peers and sustainability leaders. This allows us to identify gaps and areas for improvement, as well as to revise our existing material matters if needed.

PRIORITISATION

We conduct internal assessments with key personnel at PDB including the Leadership Team and engage with external stakeholders (via surveys and multiple channels) to rank our material matters according to their potential impact on our strategy and performance as well as relevance to stakeholders' expectations. We then validate our ranking via workshops held with key focal persons across various functions within PDB and prioritise them according to the EESG pillars.

INTEGRATION

The prioritised material matters are integrated into all areas of our corporate strategy and embedded into our business planning and operations. These material matters underpin the delivery of PDB's promise of Making Your Everyday Life Simpler and Better.

We review our material matters once a year and conduct a comprehensive materiality assessment once every three years. In 2023, we reviewed our material matters by conducting a desktop materiality validation, benchmarked against local, regional and global peers. The results showed that our material issues were still relevant and as such, there were no changes required. A refinement has been made to align the material matters with the PETRONAS' Sustainability Lenses: Continued Value Creation, Safeguard the Environment, Positive Social Impact and Responsible Governance. This refinement serves to closely mirror the approach adopted by PETRONAS Group, reinforcing our commitment to transparent reporting and sustainable business practices. We aim to conduct our next material assessment in 2024.

Material Matters

CONTINUED VALUE CREATION

Economic Growth and Performance

Definition

The ability to maintain sustainable business performance in the short, medium and long term whilst contributing to national growth by engaging and helping to develop the capacity and capabilities of local suppliers, and aiding in their further expansion locally and regionally.

Why is it important to us?

Strong economic performance enables us to meet our growth objectives and fulfil our financial commitments while strengthening stakeholder relationships. Ultimately, economic growth is important to PDB's sustainability, underpinning our ability to create value for our stakeholders in the long term.

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LINK TO

UN SDGs

Stakeholder

Capitals

F M I H SR N

Strategic Pillars

Sustainable and Ethical Supply Chain

Definition

Ensure our partners, suppliers and contractors uphold the same principles of EESG as PDB, especially in highly-regulated areas.

Why is it important to us?

Sustainability along our entire value chain increases our credibility as an EESG-centric organisation that is genuinely interested in creating stakeholder value.

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UN SDGs

Stakeholder

Capitals

F M N

Strategic Pillars

Customer-Centricity

Definition

Enhancing the customer experience by evolving along with their needs and preferences through innovative solutions.

Why is it important to us?

As competition in the Retail-Fuel industry intensifies, it is important to maintain the trust and confidence of customers and gain their loyalty.

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UN SDGs

Stakeholder

Capitals

F I H SR

Strategic Pillars

SAFEGUARD THE ENVIRONMENT

Climate Change and GHG Emissions

Definition

Contribute towards climate change mitigation via energy efficiency and investment in renewable energy, while outlining adaptation measures.

Why is it important to us?

Transitioning to renewable energy safeguards the environment, ensures business sustainability, and aligns with stakeholder expectations.

Cross Reference

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LINK TO

UN SDGs

Stakeholder

Capitals

F M I H SR N

Strategic Pillars

Environmental Management

Definition

Ensure the sustainable management of water resources, emissions, pollution, spills and waste to prevent any environmental degradation and encourage circularity.

Why is it important to us?

The sustained availability of natural resources and a healthy natural environment are conducive to our business and operations in the long term.

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UN SDGs

Stakeholder

Capitals

F M I SR N

Strategic Pillars

Material Matters

POSITIVE SOCIAL IMPACT

Health and Well-being

Definition

Provide a safe working environment throughout our operations in protecting employees and assets. At the same time, ensure the mental and physical well-being of our employees.

Why is it important to us?

The health and well-being of our employees and partners are critical for uninterrupted operations, consequently leading to strong business performance and further strengthening the confidence of our partners and suppliers in working with us.

Cross Reference

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Capability Building

Definition

Invest in our people through development programmes to achieve a high-performance, competent and talented workforce that adds value to the organisation.

Why is it important to us?

Having highly-trained, competent employees and a high-performance culture are critical in driving PDB's ongoing transformation to achieve sustainable growth and outcomes.

Cross Reference

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Human Capital

Definition

Create a work culture that respects diversity and inclusion, looks after employees' welfare through benefits and fair employment practices, and that engages employees through our values and culture.

Why is it important to us?

An inclusive, rewarding and engaging work environment brings out the best in employees, creates a sense of ownership of their responsibilities and motivates them to perform to the best of their abilities – all of which enhance performance and support the achievements of our corporate goals.

Cross Reference

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Community Investment

Definition

Strengthen our position in local communities by developing targeted community investment programmes that address societal needs in a meaningful way.

Why is it important to us?

The community is a natural extension of our customer base; hence by caring for the community we not only enhance our market reputation but are able to ensure steady and sustainable demand for our products and services.

Cross Reference

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LINK TO

UN SDGs *Stakeholder* *Capitals* *Strategic Pillars*

UN SDGs *Stakeholder* *Capitals* *Strategic Pillars*

UN SDGs *Stakeholder* *Capitals* *Strategic Pillars*

UN SDGs *Stakeholder* *Capitals* *Strategic Pillars*

RESPONSIBLE GOVERNANCE

Ethics and Corporate Governance

Definition

Implementation of a robust corporate governance mechanism and ethical business practices, based on the principles of accountability and stewardship.

Why is it important to us?

Sound corporate governance is key to ensuring that we respect the interests of our stakeholders and create value for them, while increasing our market reputation as an organisation that can be trusted always to deliver.

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Data Privacy and Security

Definition

Implementation of robust systems to ensure the security of our customers' data and of our digital infrastructure.

Why is it important to us?

As we digitalise more of our operations and product solutions, it is imperative to protect our digital platforms from cyberattacks which could result in costly loss of data, and the loss of stakeholders' trust.

Cross Reference

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LINK TO

UN SDGs *Stakeholder* *Capitals* *Strategic Pillars*

UN SDGs *Stakeholder* *Capitals* *Strategic Pillars*

Our Value-Creating Business Model

OPERATING ENVIRONMENT

- Moderate Economic Growth
- Energy Price Movement
- Energy Transition
- Changing Consumer Preference

Capital Input

F – Financial
Pool of funds that enable us to carry out our business, including our shareholders' equity and income from operations

M – Manufactured
Our network of PETRONAS stations, *Kedai Mesra*, Café Mesra, terminals and bottling facilities, PETRONAS AutoExpert outlets, as well as our fleet of vehicles

I – Intellectual
Our brand and franchise value, research and development capabilities, innovation capacity, reputation as well as strategic partnerships

H – Human
The collective knowledge, skills and experience of our employees and Board of Directors

SR – Social and Relationship
The strong relationships which we have developed with all the stakeholders who have contributed towards our 41-year success story

N – Natural
The electricity, fuel, water and other natural resources required to deliver our products and services to customers

Our Value Creating Activities

STRATEGIC PILLARS

- **VALUE** – Sustain PDB Core Businesses
- **GROWTH** – Diversification Through Convenience
- **SUSTAINABILITY** – Creating Positive Environmental, Economic and Social Impact

MATERIAL MATTERS

- M1 Economic Growth and Performance
- M2 Climate Change and GHG Emissions
- M3 Human Capital
- M4 Customer-Centricity
- M5 Environmental Management
- M6 Capability Building
- M7 Ethics and Corporate Governance
- M8 Sustainable and Ethical Supply Chain
- M9 Community Investments
- M10 Data Privacy and Security
- M11 Health and Well-being

OUR RISKS

- HSE Risk
- Strategy Risk
- Technology and Cybersecurity Risk
- Legal and Regulatory Risk
- Operation Risk
- Financial Risk
- Market Risk
- Sustainability Risk
- Talent Risk

Outputs

F
- Revenue: **RM37,549.3 million**
- Profit After Tax: **RM966.8 million**
- Dividend per share: **80 sen**
- Dividend payout ratio: **91%**

M
- **>1,000** PETRONAS stations
- **>800** *Kedai Mesra*
- **97** Café Mesra
- **80** AutoExpert outlets
- **36** Terminals
- **36** ROVR Trucks
- **6** LNG Trucks
- **>11** million LPG cylinders
- Depreciation and Amortisation of **RM463.1 million**

I
- **MoU** with Gamuda Land aimed at providing greater convenience
- Established a **Sustainable Aviation Fuel** offtake arrangement with Malaysia Aviation Group
- Soft-launched **PRYSM** as an **in-house Active Lifestyle** brand
- **>120** Mesra label SKUs in food and non-food categories
- Introduced **Café Mesra** label products such as sandwiches, Bungkus series and drinking water in Tetra Pak

H
- **RM474.8 million** salaries paid to employees
- **Zero** fatality rate in 2023
- Enrolled **63** fresh graduates under Graduate Employability Enhancement Scheme (GEES)
- Maintained good gender balance on our Board and Leadership Team (LT)
  - ▸ **31%** female representation in LT
  - ▸ **30%** of Board members are female
- **60%** of Board members are independent

SR
- **RM497.0 million** taxes paid to the government
- **RM47,666.6 million** paid to contractors/business partners/suppliers
- Provided structured internships to **129** students from **30** universities in 2023
- **8** social impact programmes

N
- Improved score of **3.6** for FTSE4Good assessment
- **840.6 tCO_2e** GHG emissions avoided from use of solar energy
- Collected **133.7** tonnes from Used Cooking Oil (UCO) initiative
- **79.7m³** rainwater harvested for non-potable uses
- **>50** EV charging facilities
- Solarised **68** PETRONAS stations as of 2023

Outcomes

F
- Consistently surpass 50% dividend payout policy in delivering value to shareholders
- Deliver robust revenue and profitability

M
- Expand footprint to provide access and comprehensive retail and service network
- Offer range of Fuel and Non-Fuel services towards serving as fuel forecourt lifestyle destinations

I
- Innovate customer experience through digital and lifestyle integration
- Advance green energy solutions

H
- Lead employee development and diversity

SR
- Contribute meaningfully to Socio-economic growth and Community well-being
- Foster a sustainable business ecosystem and strengthen local value chain

N
- Expand EV charging infrastructure
- Invest strategically in renewable energy
- Reduce GHG emissions

Links

Stakeholders
UN SDGs

SUPPORTED BY ROBUST GOVERNANCE FRAMEWORK

CORPORATE GOVERNANCE AND BUSINESS ETHICS

Trade-Offs

Financial Capital
Effective management of our Financial Capital enables us to enhance the performance of our other capitals, which drives our sustainable value-creation model. The stringent financial discipline we maintained in 2023 benefitted our Financial Capital, but its impact was felt on our Human Capital and Manufactured Capital. Investing in advanced fuel technology and expanding our presence, while initially impacting Financial Capital, is expected to yield long-term benefits in efficiency and market competitiveness. We vigilantly monitor cash flow to maintain an optimal working capital position and safeguard against liquidity risks, maintaining a balanced trade-off between preserving liquidity and funding vital investments.

Manufactured Capital
The development of our ongoing efforts to improve energy efficiency while expanding our physical assets, such as our network of PETRONAS Stations, *Kedai Mesra*, Café Mesra, terminals, vehicles, LPG cylinders and Mesra label offerings, which are necessary for our development, temporarily affects Natural Capital and incurs short-term costs to Financial Capital. However, in the long term, these efforts will enhance Natural, Social and Relationship, Intellectual and Financial Capitals. We counterbalance this by investing in reducing the environmental footprint of our products and facilities. This approach benefits Natural, Intellectual, Human, and Social and Relationship Capitals.

Intellectual Capital
Investing in Intellectual Capital such as in advance fuel technology, digital apps ecosystem and research will impact our Financial Capital. However, these investments ultimately strengthen Financial Capital and positively impact Manufactured, Natural, Human, and Social and Relationship Capitals in the long-term. Our Intellectual Capital investments enhance efficiency and meet customer needs, and provide solutions to reduce our environmental footprint, thereby benefitting Natural Capital.

Human Capital
Our strong Human Capital generates value across all other capitals that we utilise. Our investment in upskilling benefits our Human Capital and Intellectual Capitals while drawing on additional Financial Capital. The need to recruit and retain top talent also imposes a cost on our Financial Capital but their contribution leads to growth in our other capitals.

Social and Relationship
Our social support programmes and contributions strengthen our Social, Manufactured and Human Capitals by building capacity, brand recognition and credibility, but impose a cost on our Financial Capital. However, this strategic investment in social and relationship aspects lays the foundation for long-term gains in trust, reputation and stakeholder relations which are key for our sustained success and community engagement.

Natural Capital
Our business impacts Natural Capital negatively by using non-renewable resources, and through our emissions and the waste generated by our operations. Our effort to minimise these impacts imposes a cost on our Financial Capital. However, by converting Natural Capital into value-added products sold through our business, we grow the stock of all the other capitals.

Our Strategy

Moving Forward Together

PDB's Moving Forward Together (MFT) strategy is a forward-looking approach aimed at shaping the future of its business to align with the rapidly changing landscape of consumer trends and the energy market. This strategy seeks to evolve PDB's business into a dynamic, customer-focused approach while retaining the strength of its core business. By redefining its purpose and making its customers' life simpler and better, PDB positions itself to lead in a market where selling conventional fuel will be just one aspect of the broader retail experience.

PDB envisions fuel stations as integrated retail hubs that offer a wide range of services and products, enhancing convenience and adding value to the customer experience. Our strategy is structured around three key pillars of Value, Growth and Sustainability, each aimed at ensuring PDB remains competitive and responsive to the evolving market landscape.

For more information on the 2023 achievements, refer to our Business Review on page 70.

Moving Forward Together → **Our Strategic Priorities**

Our Strategic Pillars

Value — Sustain PDB core businesses

Maintain strength of PDB's core businesses by enhancing the quality, accessibility and innovation in products and services

2024 PRIORITIES

Retail-Fuel

- Grow customer base by integrating innovation through cardless SmartPay and cardless Mesra
- Defend business through brand enhancement for customer retention
- Reshape business through rationalising current network and geographical profitability

Commercial

- Strengthen returns from "high-value customer segments"
- Leverage existing customer base of conventional fuels to position Sustainable Aviation Fuel (SAF) strategically

LPG

- Retain market dominance by strengthening market leadership and operational excellence

Lubricants

- Deliver value in its Industrial, Original Equipment Manufacturer (OEM), Highstreet segments through strategic product positioning

LINK TO

Material Matters: M1

Capital: F

Stakeholders

Growth — Diversify through Convenience

Diversify offerings and transforming PDB into multi-service hubs that provide a variety of retail and convenience services to meet customers' demand

MESRA

- Maximising value in existing Convenience business, redefine customer experience with better product offerings at *Kedai Mesra* and enhance category management income potential
- Intensify efforts to strengthen Café Mesra's presence
- Explore F&B expansion opportunities

Setel

- Position Setel as a customer-centric brand with a unified value proposition, providing a seamless experience on a wide range of products and services
- Broaden PETRONAS Shop offerings especially in active lifestyle segments

Lubricants

- Accelerate the growth of AutoExpert network, a service solution centre that offers high-quality vehicle maintenance to customers

Material Matters: M1, M4

Capital: F, H

Stakeholders

Sustainability — Remain committed to creating positive Environmental, Economic and Social impacts

Drive responsible energy stewardship and enhance societal and economic benefits

Environment

- Explore and adapt to global energy transition by increasing EV charging infrastructure, enhancing e-mobility, solarising PETRONAS stations, expanding UCO collection points and SAF offerings, while scaling up B100 utilisation

Economic

- Champion Malaysia's entrepreneurial growth for long-term economic value creation by fostering SMEs through retail opportunity at *Kedai Mesra*, while providing financial grants through PETRONAS AutoExpert

Social

- Continue to foster a more diverse and inclusive workforce by employing Persons with Disabilities (PWD), ensuring unbiased considerations for position placement regardless of background or disability

Governance

- Refine governance on key sustainability focus areas to promote entrepreneurship growth, cleaner energy solutions, human rights protection, community empowerment and sound EESG risk management for ethical, sustainable and socially responsible business practices

Material Matters: M2, M3, M4, M6, M9, M11

Capital: H, SR, N

Stakeholders

MEDIUM-TERM STRATEGY THROUGH THE OPERATIONAL LENS

Value is central to our approach. We are committed to maintaining our profit margins through operational and commercial excellence. This entails growing our customer base through targeted loyalty programmes and strengthening market position through the Retail-Fuel business. We will review customer product pricing premiums to ensure our Commercial Business delivers optimised value, and leverage growth opportunities to maintain leadership in the LPG Business. Our efforts in the Lubricant Business are to provide differentiated value propositions that stand out in the market. Additionally, the safety of our people and the protection of our assets will continue to be our highest priority and is integral to our overarching value proposition.

Growth reflects our response to changing customer needs. We plan to diversify our convenience offerings, which includes expanding the reach of Café Mesra beyond our stations, enriching the product selection at *Kedai Mesra*, extending the Setel ecosystem to enhance customer experience and developing PETRONAS AutoExpert to offer a comprehensive auto-service experience.

Sustainability through seizing market opportunities to maximise value. We will focus on expanding our low-carbon mobility initiatives to capitalise on new market opportunities in energy transition, which include strengthening the electric vehicle (EV) charging ecosystem through strategic partnerships, installing battery swap stations for electric two-wheelers, scaling up the usage of B100 biodiesel in our road tankers and leveraging our existing customer base to advocate for SAF. We will also empower our human capital and form strategic industry partnerships to successfully manage energy transition projects and ensure the business model remains resilient and forward-looking.

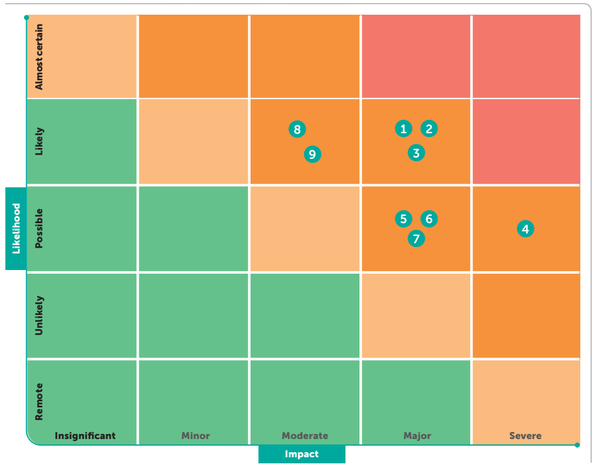
LONG-TERM STRATEGY

PDB's core business will continue to anchor the company, funding decarbonisation and expansion into non-fuel retail, aligning with sustainability and market trends. We aim to capitalise on energy transition opportunities, particularly in non-fuel retail, to adapt to consumer demands for low-carbon mobility. Growth strategies include partnerships with industry leaders to navigate the evolving technological landscape and diversify our offerings. Our commitment to sustainability focuses on enhancing governance and reducing GHG emissions, ensuring our business remains resilient and responsive to consumer needs.

Key Risks and Mitigation

As part of our commitment to effective risk management, we conduct regular reviews of our key risks based on the Enterprise Risk Management (ERM) framework and guidelines. These guidelines take into account various factors that influence our risk exposure, such as our business objectives, risk appetite, material matters, sustainability focus areas, historical risk profile, our risk monitoring and scanning activities, industry risk reports and assurance findings.

We use a systematic approach to assess and prioritise the identified risks based on their likelihood and impact, and we plot them on a risk matrix. This evaluation helps to facilitate decisions on risk treatment to manage the identified risks. Risks which are identified and approved by management as pertinent risk to the entity and require close monitoring are registered to the Corporate Risk Profile (CRP), which is presented to the Management and the Board on a quarterly basis. The CRP also includes specific mitigation plans for each risk assigned to respective risk owners who are accountable for their execution and monitoring.



1. HSE
2. Strategy
3. Technology and Cybersecurity
4. Legal and Regulatory
5. Operation
6. Financial
7. Market
8. Sustainability
9. Talent

- *Low*
- *Medium*
- *High*
- *Very High*

HSE RISK

Risk Description

Our operating activities span across various geographies, and operational diversity which entail various health, safety and environmental risks. These include potential incidents involving our facilities, flammable products and transportation hazards. It is critical for us to ensure the safety of our employees and the public at our sites, locations and nearby areas or during transport to prevent any incidents which may have people, environmental, asset, financial and reputational impacts.

Implication

- Injuries and health issues to all stakeholders
- Asset damage
- Fuel spillage/explosion/fire
- Potential penalty, legal litigation and suspension of licence to operate
- Reputational impact

Mitigation Strategies

- Prioritising health and safety of every customer with station audits, HSE risk assessments at customers' site, safe product handling trainings, and comprehensive inspections for product safety and reliability before delivery
- HSE Assurance activities for all PDB's facilities with reiteration efforts to strengthen HSE compliances
- Enhancement and strengthening of HSE governance, risk management, process safety, transport safety and Generative HSSE Culture
- Regular maintenance of assets and continuous upgrading of ageing assets through an asset refresh and rejuvenation programme as well as with new technology and systems
- Preparedness for emergency response and crisis management

LINK TO

Strategic Pillars

Capitals: F M I H SR N

Material Matters: M4 M5 M11

Stakeholders

For more information on Health and Well-Being, refer to Sustainability Report on page 111.
For more information on Customer-Centricity, refer to Sustainability Report on page 97.
For more information on Environmental Management, refer to Sustainability Report on page 106.

RISK MOVEMENT

Stable: *The risk is stable as identified mitigations are in place and effective.*

Increase: *The risk is increasing based on the higher risk impact.*

Decrease: *The risk is decreasing based on the lower risk impact.*

SUSTAINABILITY LENSES

- Continued Value Creation
- Safeguard the Environment
- Positive Social Impact
- Responsible Governance

STRATEGY RISK

Risk Description

PDB is committed to diversifying our business and offering beyond our core products as we face competitive operating landscape and changes in customer preference.

Climate change which is driving the transition to low-carbon economy is also changing the market landscape that presents both risks and opportunities to the company.

Therefore, delivery of growth projects and new business ventures are vital in ensuring PDB effectively shifts our business portfolio.

Implication

- Opportunity loss
- Loss of market competitiveness
- Financial loss
- Inability to meet strategic direction
- Tarnished reputation

Mitigation Strategies

- Expanding *Kedai Mesra* product variety offerings and refresh outlets for better shopping experiences
- Expansion of Café Mesra outlets within and outside PETRONAS stations
- Introduced more Setel app features and functions with new use cases for better customer convenience and experience
- Continue expansion of PETRONAS Shop, an e-commerce platform for all PETRONAS merchandises
- Expansion of building portfolio focused on providing cleaner energy solutions such as EV charging and SAF
- Continue to reinvent and upscale venture business growth with continuous iteration of use case and product

LINK TO

Strategic Pillars

Capitals: F M I N

Material Matters: M1 M2 M4

Stakeholders

For more information on, Retail-Fuel, Convenience: MESRA, Convenience: Setel and Enablers: Digital – Key Initiatives, refer to Business Review on pages 70, 78, 80 and 85.
For more information on Growth, refer to Our Strategy on page 64.
For more information on Climate Change and GHG Emissions, refer on page 100.

TECHNOLOGY AND CYBERSECURITY RISK

Risk Description

PDB continues to embrace digitalisation and therefore is exposed to disruption of digital infrastructure as well as cyber threats which may adversely impact our business operations and customer experience.

Cybercriminals are becoming more sophisticated and complex where they continuously innovate and industrialise their ability to evade and breach technology defences with potential to disrupt our system and business operations.

Rapid technology advancement has heightened the importance of the PDB IT systems to keep up with the pace of digital adoption. Failure to be at the technological forefront may affect our competitive position and expose PDB to system vulnerability.

Implication

- Business disruptions
- Opportunity loss
- Inability to operate effectively
- Reputational damage
- Financial loss
- Penalty and fines

Mitigation Strategies

- Continuous modernisation with the adoption of new technologies, digitalisation, software application, tools and processes to increase innovation and operational efficiency
- Diligently track cybersecurity roadmap initiatives to adapt and fortify our defences in response to evolving threats
- Cyber threat and data breach preparedness through Cyber Defence Security Incident Management

LINK TO

Strategic Pillars

Capitals: F M I

Material Matters: M1 M10

Stakeholders

For more information on Digital – Key Initiatives, refer to Business Review on page 84.
For more information on Data Privacy and Security, refer to Sustainability Report on page 134.

LEGAL AND REGULATORY RISK

Risk Description

The need to ensure PDB complies with relevant regulatory requirements such as anti-money laundering, data privacy, sanction, competition, export controls as well as Malaysian Anti-Corruption Commission (MACC) Act is essential where changing regulations could adversely impact the Group's competitive position and capacity to conduct business efficiently.

Implication

- Tarnished reputation
- Imprisonment and/or fines
- Decrease in stakeholder confidence

Mitigation Strategies

- Continuous enhancement and enforcement of internal controls
- Conducted awareness and training programmes at all levels
- Conducted independent review on compliances

LINK TO

Strategic Pillars

Capitals: I H SR

Material Matters: M7 M8 M10

Stakeholders

For more information on Corporate Integrity and Ethics, refer on page 202.
For more information on Key Elements of Internal Controls Systems, refer to SORMIC on page 206.
For more information on Data Privacy and Security, refer to Sustainability Report on page 134.

RISK MOVEMENT

Stable: *The risk is stable as identified mitigations are in place and effective.*

Increase: *The risk is increasing based on the higher risk impact.*

Decrease: *The risk is decreasing based on the lower risk impact.*

SUSTAINABILITY LENSES

- Continued Value Creation
- Safeguard the Environment
- Positive Social Impact
- Responsible Governance

OPERATION RISK

Risk Description

Operational excellence is paramount for an uninterrupted end-to-end supply chain, stretching from sourcing to reliable delivery of products and services whilst ensuring superior customer experience.

Supply chain disruption and sudden changes in demand due to policies and geopolitical impact, further aggravated by bad weather will have adverse impact on PDB's value chain.

Implication

- Financial loss
- Poor product quality
- Litigation/Penalty
- Increase in cost

Mitigation Strategies

- Uphold best-in-class Operational Excellence discipline and performance with OE R2 and Mission ZeroOOS
- Expanded the fleet through ad-hoc injection and rezoning of supply source to guarantee seamless product delivery
- Collaboration with key business experts and technical partners in strategising repair and maintenance mitigative actions to ensure asset integrity and reliability
- Activation of Business Continuity Plan when there is prolonged business disruption

LINK TO

Strategic Pillars

Capitals: F, M, I, SR

Material Matters: M1, M8

Stakeholders

For more information on Supply and Distribution – Key Initiatives, refer to Business Review on page 83.
For more information on BCP Testing, refer to SORMIC on page 212.

FINANCIAL RISK

Risk Description

Credit Risk
PDB's diverse businesses come with exposure to the credit worthiness of our customers. There is risk of loss arising from customers' or counterparties' failure to fulfil their financial and contractual obligations in accordance with the agreed terms. PDB faces potential losses in the event of non-payments by customers.

Liquidity Risk
PDB's exposure to liquidity risk arises principally from its trade and other payables, and borrowings. In managing our liquidity risk, PDB maintains sufficient cash and liquid marketable assets and a balance between continuity of funding and flexibility through the use of stand-by credit facilities. PDB's current credit rating enables it to access banking facilities in excess of current and immediate future requirements.

Implication

- Bad debt, impairment and/or write-off
- Decrease in profit margin
- Business disruption from insufficient cash flow

Mitigation Strategies

- Assessed credit worthiness of all potential customers and *Rakan Niaga*/Dealers as well as performing credit reviews on existing customers in accordance with Credit Risk Framework and Guidelines
- Close monitoring and reporting of Trade Accounts Receivables to ensure payments are received in a timely manner
- Availability of financing to bridge any liquidity gaps due to late payment by debtors

LINK TO

Strategic Pillars

Capitals: F

Material Matters: M1

Stakeholders

For more information on Credit Risk Framework and Guidelines, refer to SORMIC on page 219.

MARKET RISK

Risk Description

Changes in market landscape as a result of the economic recovery from strained supply chain, geopolitical tensions and uncertainty will have a potential impact on our business profitability and financial resiliency.

PDB operates in a highly competitive and mature market. In order to sustain our performance, it is vital to differentiate our products and services as well as continuously outperform our competitors.

Implication

- Reduction in profit
- Loss of market competitiveness
- Financial loss
- Bad debt, impairment and/or write-off
- Insufficient cash flow

Mitigation Strategies

- Maximise sales in high-value and high-performing market segments
- Widened market reach and elevate customer experience through digital, innovation, network strengthening and accelerated convenience footprint
- Strengthen brand awareness through marketing campaigns
- Defend market share by managing consumer life-cycles
- Reviewed pricing mechanism, prudent spending, intensified asset utilisation and effective inventory management to optimise cost and profitability

LINK TO

Strategic Pillars

Capitals: F, M, N

Material Matters: M1, M4

Stakeholders

For more information on Market Outlook, refer to Operating Environment and Market Outlook on page 46.
For more information on Our Business Review, refer on page 70.
For more information on Customer-Centricity, refer on page 97.

SUSTAINABILITY RISK

Risk Description

As our business expands, various economic, environmental, social and governance issues will pose increasingly more critical challenges to our business and the energy-related industry generally. Thus, it is critical for us to understand and address these issues to ensure we deliver sustainable returns to our investors and shareholders, create positive outcomes for our local communities and all the while reducing our environmental footprint.

Climate change presents both transition and physical risks to our businesses and assets in the medium- to long-term horizon. Among key transition risks identified are policy and regulatory changes, evolving market, changing consumer preferences, reputational impact and technological advancement. As for physical risks, our operations and assets could be exposed to acute physical risks of increased severity of extreme weather such as floods, storms and chronic physical risks of rising sea level and temperature.

Implication

- Environmental and social impact on surrounding communities
- Tarnished reputation
- Gradual loss of stakeholders' trust and ability to attract capital
- Opportunity loss

Mitigation Strategies

- Continued efforts and initiatives to safeguard the environment with focus on circular economy, maximising positive social impact, creating strategic partnerships with local businesses and entrepreneurial development
- Enhance communications and capability building
- Continued development of strategy and risk assessment in preparation for alignment with Task Force on Climate-Related Financial Disclosures (TCFD) recommendation

LINK TO

Strategic Pillars

Capitals: M, H, SR, N

Material Matters: M1, M2, M4

Stakeholders

For more information on Sustainability, refer to Sustainability Report on page 87.

TALENT RISK

Risk Description

Our people are at the core of PDB's competitive advantage. They provide us with the strength for sustainable growth. It is important for PDB to attract, develop and retain talents in delivering business operations and strategies. In addition, we need talents with new and specific skill sets to achieve our growth aspiration.

We strive for a high performance and conducive culture to attract the best talent and nurture their capabilities through continuous investment in their development.

Implication

- Loss of competitive advantage
- Loss of intellectual capital

Mitigation Strategies

- Robust talent management strategies
- Enhanced talent and capability development
- Reviewed succession plan to ensure availability and readiness of suitable successors
- Organised training and development programmes

LINK TO

Strategic Pillars

Capitals: I, H

Material Matters: M3, M6

Stakeholders

For more information on Human Capital, refer to Sustainability Report on page 116.
For more information on Capability Building, refer to Sustainability Report on page 125.

OUTLOOK

In 2024, Malaysia's economy is expected to grow moderately by 4%-5%, fuelled by increased domestic demand and ongoing large-scale construction projects. The government plans to broaden revenue streams by introducing new tax measures such as increasing the service tax to 8% and levying higher duties on sugary drinks and tobacco, but these could potentially reduce private spending and investment. The advancement of our strategy is contingent on our ability to manage risks effectively in our efforts to expand market share and grow shareholder value. We will remain vigilant and continue to strategically optimise our resources while diversifying PDB's portfolio.

Retail-Fuel

NORAZLAN SUBAHA

Head,
Retail-Fuel Division

In 2023, we significantly raised the bar for Retail-Fuel, marking a stellar year with volume reaching new heights, setting a record-breaking achievement.

The success was made possible due to our strategy that prioritised customer experience above all. We set new standards in service quality and customer satisfaction by delivering the most desirable and enhanced customer experiences.

We relentlessly pursued operational excellence, guided by our customer-centric initiatives to elevate station cleanliness, customer service and compliance. Our efforts at maintaining immaculate facilities, delivering exceptional customer experiences, and adhering to the highest safety and regulatory standards, earned us the prestigious Gold Station Award by the National Council for Occupational Safety and Health (NCOSH), as well as multiple recognitions from local authorities.

Complementing these achievements, our newly launched cardless Mesra programme introduced a new level of convenience and streamlined loyalty benefits to further enhance customer engagement and satisfaction.

Our network of over 1,000 stations has been crucial to our success. By focusing on customer-centric initiatives and improving safety and operational excellence, we stayed responsive to customer needs and experiences.

WHO WE ARE AND WHAT WE DO

Our Retail-Fuel Business offers an array of fuel products and services to consumers through a network of more than 1,000 PETRONAS stations across Malaysia.

- Our range of fuel products includes premium options developed in partnership with the Mercedes-AMG PETRONAS Formula One™ team. These include:
  - PETRONAS Primax 95 with Pro-Drive
  - PETRONAS Primax 97 with Pro-Race
  - PETRONAS Dynamic Diesel Euro 5 with Pro-Drive (B7)
  - PETRONAS Dynamic Diesel Euro 5 with Pro-Drive (B10)
  - PETRONAS Dynamic Diesel Euro 5 with Pro-Drive (B20)
- All PETRONAS stations are operated by *Rakan Niaga*, who are appointed through a stringent selection process and provided with continuous training
- Retail-Fuel Business manages PETRONAS stations via two categories of dealerships:
  - Company-Owned, Dealer-Operated and Dealer-Owned, Dealer-Operated

VALUE CREATED BY BUSINESS SEGMENT

1. **Quality**
World-class quality fuel solutions for our customers

2. **Innovate**
Seamless and frictionless experience to customers by leveraging digital technology

3. **Customer Experience**
Superior look and feel to offer the most desirable customer experience

4. **Capability**
Cultivate the capabilities of our people and workforce, *Rakan Niaga* and *Krew* PETRONAS

Key Focus Areas

1. **Operational Excellence**
   - Continuous improvement across the business
2. **Empowering Beliefs and Behaviours**
   - Cultivating towards success and growth for its people
3. **Volume-Focused and Customer Experience**
   - Scaling up the business with differentiated experience
4. **Growth and Resiliency**
   - Driving value while future-proofing the business

	Key Initiatives	Achievements
Value	• Enhance customer experience and upgrade facilities • Strengthen loyalty retention via seamless customer journey programme	• Achieved record-breaking volume, surpassing previous year's figure • Received recognitions and accolades for clean, well-maintained and improved facilities • Introduced cardless Mesra which offers a convenient and secure payment option without the need for physical cards, enhancing accessibility and ease of transactions for our customers
Growth	• Expand Retail-Fuel network • Forge strategic partnerships to expand offering touchpoint	• Operationalised 20 new PETRONAS stations • Entered into a strategic partnership with Gamuda Land aimed at providing greater convenience to customers through initiatives such as access to stations and convenience offerings
Sustainability	• Support PETRONAS sustainability agenda by adopting and integrating sustainable practices and initiatives across operations	• Collected 133.7 tonnes of used cooking oil from 33 PETRONAS stations which will be used as feedstock for Sustainability Aviation Fuel • Implemented rainwater harvesting at 20 stations to conserve water resources by collecting and storing rainwater for non-potable uses such as station cleaning and landscaping • Continued facilitating structured pathways for inclusive hiring practices among dealers to support employment opportunities for Persons with Disabilities (PWD) • Equipped 32 PETRONAS stations with EV charging facilities • Solarised 68 PETRONAS stations as of 2023 • Set up battery swapping facilities at 14 PETRONAS stations

Challenges and Our Response

Challenge	Our Response
Intense competition in a mature market	• Leveraged Mesra Bonanza and other targeted marketing campaigns to maintain customer loyalty
Sudden and continuous surge of high fuel demand	• Ensured supply and distribution readiness with additional road tankers for uninterrupted product supply at our stations
Ageing assets at PETRONAS stations	• Strategic investment to upgrade station infrastructure with priority on HSE

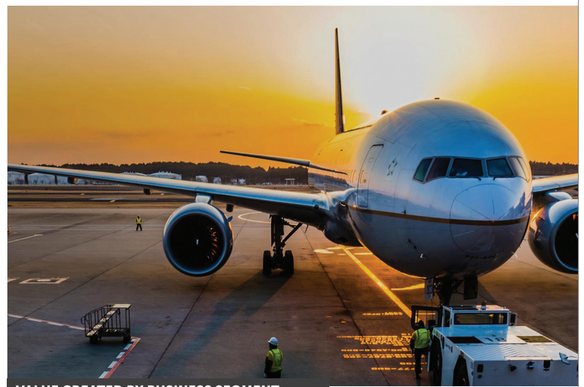
OUTLOOK

Looking ahead, we anticipate challenges rising from subsidy rationalisation, increasing energy-efficient vehicles and rise of alternative energy. Our focus will be on strengthening our product branding, providing differentiated offerings and enhancing our customer experience at PETRONAS stations. Our facilities will reliably serve conventional and unconventional vehicles, supported by superior fuel products, complemented by our customer loyalty programme as well as leveraging attractive lifestyle-based offerings through Setel. These are part of our ongoing efforts to deliver on our promise of Making Your Everyday Life Simpler and Better.

Commercial

HARDEEP SINGH KIRPAL SINGH

Head,
Commercial Business Division



VALUE CREATED BY BUSINESS SEGMENT

Our strategic focus in capitalising on the growing demand in high-value segments, specifically in the Aviation and Upstream sectors, has delivered strong returns.

The Commercial Business successfully executed its high-value segment strategy and operational optimisation drive in delivering value as the market moved towards recovery in 2023. Focusing on customer pain points while adopting new innovative offerings and propositions were amongst the key success factors. Improving our route-to-market proposition such as ROVR turnaround strategy yielded the desired efficiencies in optimising our operations.

WHO WE ARE AND WHAT WE DO

Commercial Business drives the sales and marketing of bulk fuel products to B2B customers across diverse economic sectors, including Aviation, Mining and Quarrying, Agriculture, Bunker, Manufacturing, Construction, and Services. Our products include Aviation Fuels, Diesel, Fuel Oil, Petroleum Coke, Bitumen, Sulphur, Mogas, Kerosene, Methanol, LNG, SmartPay and ROVR services.

We remain committed to delivering exceptional value to our customers. By understanding their needs and leveraging our extensive nationwide distribution network, including fuel storage terminals, road tankers and a broad line-up of channel partners, we ensure reliable service even in uncertain times. This network includes fuel storage terminals, road tankers and a broad line-up of channel partners.

1	2	3	4	5
Strategic Partnership	**Quality**	**Cultivate**	**Digitalisation**	**Business Sustainability**
Strengthening existing partnerships whilst developing new ones in growing and unlocking future value	Position Commercial Business as a leading fuel solution partner by providing superior products and services in addressing customer pain points and delivering value	Build capabilities of our business partners through mutually beneficial collaborations and knowledge-sharing	Leverage digitalisation in the business towards driving better cross-functional collaboration and tracking of key KPIs in making informed decisions	Support the net zero carbon emissions aspiration by continuously providing cleaner energy solutions in the B2B segments

Key Focus Areas

1. **Expanding Market Share**
   - Drive growth in chosen high-value segments
2. **Providing Cleaner Fuel Alternatives**
   - Collaboration with customers and partners towards cleaner energy solutions
3. **Enhancing Efficiency**
   - Strengthening commercial propositions and operational excellence

	Key Initiatives	Achievements
Value	• Drive growth in high-value market segments through a robust sales management framework in addressing customer needs and pain points	• Achieved exceptional growth against 2022 in the focused high-value market segments: - Aviation sales volume and margin at 54% and 70%, respectively - Upstream sales volume and margin at 4% and 18%, respectively
	• Strengthen our propositions to the market through closer collaboration with our partners and customers in addressing the market recovery opportunities	• Strengthened market leadership through securing more customers and Share of Wallet (SoW) by offering value adding and attractive propositions
	• Put in place prudent risk management framework to address risk associated with the recovery whilst upholding high standards of customer service	• Successfully renewed the ISO 9001:2015 certificate (SIRIM), a recognition on Commercial Business maintaining a high Quality Management System to its customers
Growth	• Support LNG Bunkering growth through collaboration with PETRONAS Marine and PETRONAS Energy & Gas Trading	• LNG Bunkering value growth of 69% against preceding year
	• Improvisation of our route-to-market such as ROVR turnaround strategy via collaboration with Commercial Business Dealers segment	• Improved ROVR truck efficiency, resulting in increased sales and customer satisfaction
Sustainability	• Support PETRONAS sustainability agenda by adopting and integrating sustainable practices and initiatives across operations	• Signed a groundbreaking agreement with Malaysia Aviation Group (MAG), becoming the first company in Malaysia to establish a Sustainable Aviation Fuel (SAF) offtake arrangement • Partnered with Weststar Aviation Services to promote the use of SAF for their offshore helicopter operations across Malaysia

Challenges and Our Response

Challenge	Our Response
Price disparity between subsidised and commercial diesel impacting the growth in commercial segment	• Focused on other high-value market segments not having access to subsidised diesel as the growth focus
Product pricing volatility impacting working capital and cash flow management of our customers especially in the Aviation sector	• Supported key customers through a comprehensive credit limit review coupled with prudent risk assessment
Strong market recovery in sectors such an Aviation impacting the logistics and supply network	• Ensured adequate supply through strengthening and ramping up delivery capability to meet demand growth. Close collaboration with customers to understand their needs through a robust forecasting framework
Industry-wide readiness in adopting biofuels (SAF) given its higher product and supply cost	• Advocated the readiness and benefits of SAF in collaboration with key government agencies such as the Civil Aviation Authority of Malaysia (CAAM) under Ministry of Transport (MOT) and the National Aerospace Industry Corporation Malaysia (NAICO) under Ministry of Investment, Trade and Industry (MITI), and aviation industry players

OUTLOOK

The adept execution of impactful strategies aimed at optimising value and driving efficiencies in 2023 positions the Commercial Business on its trajectory to continue growing in the focused segments in tandem with the expected domestic growth in 2024. We will continue to advance the integration of cleaner energy solutions in line with PDB Sustainability Agenda and MFT strategy.

LPG

ANTON SALLEH HASHIM

Head,
LPG Business Division

We maintained our leadership position as the premier retailer and marketer of LPG products, and remained as the preferred choice among customers.

Following the divestment of our Sarawak business, our market dominance continued through a strategic partnership with PETROSNiaga Sdn. Bhd., which has become the sole distributor of subsidised LPG in Sarawak. Our LPG Business adeptly steered through the changes by focusing on growth strategies and improving operational efficiency across our extensive distribution network.

WHO WE ARE AND WHAT WE DO

Our LPG Business is the leader in the domestic market and caters to the Household, Commercial and Industrial segments. In the Household segment, we offer subsidised 12kg and 14kg cylinders that are primarily used for domestic consumption. For Commercial customers, we offer non-subsidised 14kg and 50kg cylinders. Our industrial clients benefit from the convenience of bulk LPG, which requires storage tanks at their premises, ranging from 200kg to 32,000kg in size.

We have developed an extensive LPG supply and distribution network that includes six terminals and bottling facilities. Our network comprises more than 290 channel partners nationwide, consisting of Premier Dealers, Dealers and Bulk Dealers, dedicated to deliver our quality products to consumers.

VALUE CREATED BY BUSINESS SEGMENT

1 Availability
Ensure a seamless and consistent supply of products, amidst the uncertainties and challenging business environment, all while upholding and preserving the inherent value of our offerings

2 Accessibility
Elevate and strengthen our network of channel partners to seamlessly deliver our products nationwide

Key Focus Areas

1 Consolidating Our Position
- Strengthen market leadership in the Household segment

2 Broadening Our Footprint
- Expand our presence in the Commercial segment

3 Strengthen Process and Productivity
- Drive operational efficiencies

	Key Initiatives	Achievements
Value	• Appoint and mobilise new dealers to serve the under-represented market • Deploy competitive pricing and execute effective marketing efforts	• Maintained overall market leadership in both Household and Commercial segments • Successfully secured more than 40 new Commercial customers
Growth	• Strategic reallocation of assets to capture demand and maximise value	• Achieved a 6% increase in overall volume growth against 2022
Sustainability	• Support PETRONAS sustainability agenda by adopting and integrating sustainable practices and initiatives across operations	• Over 70 programmes conducted nationwide to instill HSE Generative Culture among our channel partners and end customers

Challenges and Our Response

Challenge	Our Response
Increase in product cost due to volatility of global prices	• Prudent spending, intensified assets utilisation and effective inventory management to optimise cost while pursuing value-driven strategy
Saturated market with intense competition	• Maintain agility in product and service offerings, while ensuring supply reliability through our extensive distribution network

OUTLOOK

We are on a positive trajectory in view of better asset management and targeted efforts to improve market share, supported by vigorous trade marketing programmes. Furthermore, we are focused on further enhancing dealer capabilities in financial and business acumen. Looking ahead to 2024, LPG remains resolute in navigating the business against challenging and volatile market environment supported by key strategies and comprehensive business plans.

Retail-Fuel | Commercial | LPG | Convenience | Enablers

Lubricants

MOHD ZAMEER ZAHUR HUSSAIN

Chief Executive Officer,
PETRONAS Lubricants Marketing (Malaysia) Sdn. Bhd.

The Lubricant Business achieved strong performance in 2023, surpassing industry benchmark.

We focused on delivering value through differentiation, primarily by building on our strong Power Brands with new product releases and expanding the PETRONAS AutoExpert network. This approach led to significant growth across both B2B and B2C segments, outpacing previous year's results despite a challenging environment marked by rising interest rates, inflation and competitive pressures. Our strategy effectively navigated these challenges, achieving growth in our Power Brands, securing major contracts, and developing a new direct B2C channel. This success underlines our efforts to enhance brand availability and visibility, even in a market rife with parallel imports and products that are not genuine.

WHO WE ARE AND WHAT WE DO

Lubricant Business is responsible for the sales, marketing, distribution and technical services related to PETRONAS Lubricant products across Malaysia. Our portfolio encompasses Passenger Car Motor Oils, Motorcycle Oils, Commercial Vehicle Lubricants, as well as Industrial and Marine Lubricants which cater for consumers, commercial and industrial consumption. We leverage technology to enhance our propositions for these market segments, focusing on delivering and creating value for our customers.

VALUE CREATED BY BUSINESS SEGMENT

1. **Quality** – Develop world-class products through advanced R&D technology for top performance and fuel efficiency
2. **Create** – Generate sustainable margins for all business partners along our value chain
3. **Capability** – Prioritise upskilling our people, dealer, workshop and key customers on product and technical knowledge
4. **Business Synergy** – Offer winning propositions that enable our partners to grow with us
5. **Network** – Foster long-term partnerships with diverse stakeholders and capitalise on cross-selling opportunities via PDB's various business segments
6. **Environment** – Ongoing collaboration with strategic partner in promoting sustainability within the ecosystem's circular framework

Key Focus Areas

1 Build Power Brands
- Strengthen Power Brands comprising PETRONAS Syntium, PETRONAS Sprinta and PETRONAS Urania to drive consumer trials leading to loyalty

2 Availability & Visibility
- Increase mass market presence by enhancing our Trade Value Proposition and expanding our network via new Direct channel
- Expand PETRONAS AutoExpert network and enhance its efficiency with Workshop Management System
- Attract new OEM customers to drive growth

3 Value Generation
- Enhance profitability by strategically upselling and cross-selling, and through disciplined revenue management

4 Commercial Excellence
- Attain commercial excellence through effective category management, optimise market distribution and improve salesforce efficiency

Performance Review

	Key Initiatives	Achievements
Value	• Strengthen Power Brands through continuous and integrated campaigns year-round	• Enhanced product portfolio with PETRONAS Sprinta Racing with Ester formulation for superbikes, with the benefits of a smoother ride for longer journey • Relaunched PETRONAS Sprinta with a new brand proposition and new packaging, which has garnered significant attention and positive feedback from both existing and new customers alike • Executed attractive and differentiated trade programmes in the market, boosting product visibility and consumer uptake, contributing to Power Brand growth in 2023: PETRONAS Syntium: **+37%** PETRONAS Sprinta: **+22%** PETRONAS Urania: **+10%**
Growth	• Expand availability in the mass market and build product visibility via differentiated value proposition and network expansion to drive volume growth	• 14% increase in volume in the B2B segment, driven by a robust existing customer portfolio and penetration into several strong industrial players in the market • Active Highstreet outlets saw a significant 40% year-on-year volume growth and an overall 4% volume increase in the B2C segment driven by Highstreet's expansion and the launch of a new Direct Channel • Increased the number of AutoExpert outlets to 80, marking a 74% increase through upskilling programmes and affordable financing from partnerships, while simultaneously driving a 110% volume growth, offering top-end products and high-quality car maintenance services across Malaysia
Sustainability	• Support PETRONAS sustainability agenda by adopting and integrating sustainable practices and initiatives across operations	• PETRONAS AutoExpert embarked on collaborations with BateriKu.Com and One Solution, while maintaining ongoing partnerships with MARA, PUNB and SME Bank to secure supply sources and expand the network, as well as increase volume growth • Created more than 600 jobs and economic opportunities, attracting automotive entrepreneurs and talents • Collaborated with PETRONAS Chemicals Marketing (Labuan) Ltd. (PCML) to offer AireBlue™, an AdBlue® product at selective *Kedai Mesra*, which serves to reduce Nitrogen Oxides (NOx) emission and improve vehicle efficiency

Challenges and Our Response

Challenge	Our Response
Strong competition within a well-established market	• Monitored price movements within the market closely and conducted swift negotiations with the plant to secure competitive pricing and optimising trade rewards for market success
Customers are extending oil change intervals or opting for lower-tier products due to significant product price increases	• Implemented inventive and on-ground activation campaigns to provide a unique consumer experience and encourage more trial participation • Structured consumer and trade initiatives to strengthen the brand's top-of-mind presence
Trade outlets exercise caution in stocking inventory to mitigate the risk of higher working capital	• Consistently enhanced sales and marketing strategies by providing value through unique propositions to boost product offtakes

OUTLOOK

We are actively fostering strong connections with both our partners and customers to elevate the quality of our product offerings. This effort is dedicated to enhancing customer experience, distinguishing our products and services, and ultimately contributing to our growth vision.

Retail-Fuel | Commercial | LPG | Lubricant | Enablers

Convenience: **MESRA**

IAN MALCOLM CRUDDAS

Chief Executive Officer,
Mesra Retail & Cafe Sdn. Bhd.

In 2023, Mesra Retail & Cafe Sdn. Bhd. (MESRA) not only achieved, but significantly raised the bar in its performance across its three core business segments of Convenience Stores, Complementary Business and Food & Beverage (F&B).

Kedai Mesra, under our Convenience Store segment, surpassed the 2022 historic sales level and increased its market share while outperforming the Convenience Store sector overall. This was a direct result of increased travel frequency, the introduction of new product ranges, and the launch of close to 30 Mesra label products, bringing the total to over 120 products to date.

By implementing innovative strategies and introducing unique initiatives, MESRA is successfully redefining the business model and exploring new avenues for growth and innovation in the retail space and beyond the petrol forecourt.

To further enhance customer experience, our Complementary Business made available convenient amenities such as self-service launderette.

Strong partnerships in the F&B sectors also helped broaden our customer base. Café Mesra made noteworthy progress throughout Peninsular Malaysia, introducing new, cost-effective café formats as well as Café Mesra label products, enhancing customer experience and satisfaction.

WHO WE ARE AND WHAT WE DO

We provide a range of consumer products and services at over 800 *Kedai Mesra* nationwide and collaborate with more than 50 strategic partners to increase customer visits to PETRONAS stations. Our expansion efforts included expanding Café Mesra's presence beyond the petrol station forecourt and throughout Peninsular Malaysia with a footprint of 97 outlets, and participating in various events to strengthen the brand, customer experience and satisfaction.

VALUE CREATED BY BUSINESS SEGMENT

1 **Quality**
Excellent quality products, including Ready-to-Eat, Ready-to-Drink and coffee-based beverages for our Customers at both *Kedai Mesra* and Café Mesra

2 **Convenience**
One-stop solution for our customers, providing them easy access to meet their daily needs and more, making their lives simpler and better every day

3 **Value**
Offering immense value pricing with attractive promotional mechanics in a bright, modern retail environment

Key Focus Areas

1 Mesra Convenience Store
- Offers convenience, products and services to PETRONAS station customers through *Kedai Mesra*, featuring Mesra label branded items, with an emphasis on maximising value for our customers and our Company

2 Mesra Complementary Business
- Partnerships with Quick Service Restaurants (QSR), indoor and outdoor F&B partners, which include international and local brands, and offer services such as payment terminals, bank service machines and self-service kiosks

3 Mesra Food & Beverage
- In its second year of operations, Café Mesra's focus is to continue expanding its presence across Peninsular Malaysia, strengthening the brand and exploring new F&B verticals as part of our growth strategy

Performance Review

	Key Initiatives	Achievements
Value	• Broaden brand alliances and partnerships • Refresh *Kedai Mesra* outlets, expand product offerings and implement targeted promotions to improve MESRA customers' experience	• Opened 20 new Complementary Business outlets from existing and newly introduced partners, including local brands • Sustained year-on-year sales growth well above the convenience and petrol mart industry averages, growing market share and expanding our footprint beyond the petrol station forecourt. Store upgrades and refits continue at pace throughout the chain
Growth	• Expand Café Mesra within and beyond PETRONAS stations with the introduction of cost-efficient café formats • Strengthen Café Mesra brand • Expand Mesra label products	• Achieved robust growth of 136% in Café Mesra across Peninsular Malaysia, both within and beyond PETRONAS stations featuring multiple café formats and a diverse product offering • Participated in key events including Le Tour de Langkawi, Selangor Aviation Show and MIPAC as part of branding awareness efforts • With a 33% increase in new Mesra label products, Mesra now offers more than 120 products in food and non-food categories. This expansion has significantly boosted total sales, establishing Mesra label products as some of the fastest-growing products in Malaysia
Sustainability	• Support PETRONAS sustainability agenda by adopting and integrating sustainable practices and initiatives across operations	**Café Mesra:** • Introduced furniture made of up-cycled materials in selected Café Mesra outlets • Grew Café Mesra label products utilising sustainable packaging, including the launch of Café Mesra water in Tetra Pak • Advanced inclusivity by hiring Persons with Disabilities (PWD) for roles throughout the business ***Kedai Mesra*:** • Supported circular economy effort with the introduction of gardening SKUs at selected *Kedai Mesra* • Grew our partnerships with over 1,800 local SME suppliers and partnered with selected SMEs to develop Mesra label products

Challenges and Our Response

Challenge	Our Response
Rising global prices that affect customer purchasing power and disrupting supply chain	• Close monitoring of price movements within the market and swift negotiations with the supplier to secure competitive pricing
Change in regulations on new minimum wage and overtime guidelines	• Continuously monitor operational costs to optimise workforce and expenses effectively
Intense competition from established and new café businesses in Malaysia	• Structured customer and trade initiatives to strengthen the brand's presence, with a continued focus on store openings and brand building

OUTLOOK

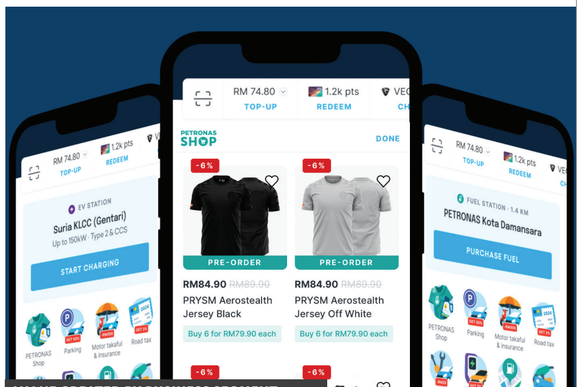
In 2023, global inflationary pressures and rising fuel prices caused significant challenges to the market, driving up operating costs, leading to product and service price increases and dampening consumer spending power. These challenges further intensified shifts in consumer preferences, affecting businesses, both locally and globally. Such changes will continue to influence performance in the future, emphasising the need for MESRA to continue efforts to enhance value, expand its offerings and provide better convenience to customers. We will be aggressively expanding our Café Mesra outlets across Peninsular Malaysia with proven formats, which require lower investment and operational costs. This expansion, coupled with concentrated efforts to strengthen the brand through vigorous marketing and promotional activities, aims to shorten our path to success. In addition, we have identified potential F&B expansion opportunities going forward, which will further drive business profitability and sustainability for MESRA's future.

Retail-Fuel | Commercial | LPG | Lubricant | Convenience

Convenience: **Setel**

MAZLIN ERAWATI AB MANAN

Head,
Venture Builder



As we continue to innovate to raise the bar in ensuring every Setel interaction offers convenience and supports sustainability, we also actively explore new avenues to increase and strengthen revenue streams to create value for PDB and its stakeholders.

In 2023, we saw remarkable growth in gross merchandise value (GMV), reflecting a significant increase in mobile and digital user engagement. This growth highlights our successful expansion beyond fuel services, catering to a broader range of customer needs. We recorded greater utilisation of the Setel app and garnered 1.2 million active users while delivering higher profitability driven by the transformation of PETRONAS Shop into an active lifestyle segment and effectively strengthening our PRYSM brand in offline markets.

WHO WE ARE AND WHAT WE DO

We innovate and expand new business ideas to diversify revenue streams. Setel focuses on addressing customer needs and delivers a seamless experience across a range of services. Leveraging PDB's wide distribution network and brand strength, Setel contributes significantly to the growth of new markets.

Providing motor-related convenience housed in one mobile app, Setel offers various services such as fuelling, parking, EV charging, insurance, road tax renewal and 24/7 roadside assistance.

Setel also features PETRONAS Shop, an online shop showcasing its commitment to developing new revenue channels and providing an integrated service experience.

VALUE CREATED BY BUSINESS SEGMENT

1 **Expansion**
Encourage business growth through creative strategies in corporate entrepreneurship and innovation

2 **Diversification**
Expand product and service offerings beyond fuel to attract new customers

3 **Solutions**
Create inventive solutions for customers to meet their needs and offer a smooth customer experience journey

Key Focus Areas

1 **Accelerate Business Growth**
- Scale up our business for growth with continuous iteration of use case and products

2 **Grow Clientele and Enhance Customer Experience**
- Expand our customer base by improving the customer journey through continuous innovation and the curation of new solutions that address their needs

Performance Review

	Key Initiatives	Achievements
Value	**Setel Ventures** Include more features that provide greater inclusivity and convenience in mobile app's solutions offerings	• Introduced DuitNow facility, giving access to more than 1.6 million stores nationwide • Expanded strategic partnerships with a variety of non-fuel merchants and partners • Fostered greater accessibility for broader segment of users by becoming an appointed e-Wallet service provider for eBeliaRahmah and eMADANI, enabling one-off credit claims and spending across PETRONAS stations and retail stores
	Setel Express Increase appeal for in-house brand PRYSM and expand into offline	• Introduced PRYSM as an in-house active lifestyle brand, with early take-up rate of 39% • Mini offline expansion into PETRONAS Leadership Centre and Universiti Teknologi PETRONAS, contributing to approximately 5% of overall GMV
Growth	**Setel Ventures** Drive higher GMV through promotional efforts to encourage increase and cross-usage feature	• Achieved an all-time high GMV of RM2.5 billion, compared to RM1.8 billion in 2022 • Recorded 1.2 million active users in December 2023, compared to 710,000 active users at end of 2022 • Achieved 12x non-fuel growth of RM316 million GMV, compared to 2022's RM26 million GMV
	Setel Express Transform PETRONAS Shop into Active Lifestyle brand	• Delivered RM46.4 million GMV (82% growth Y-o-Y) with Setel Express products recording an average margin of 30% • Increased sales in the Badminton and Cycling merchandise segments by 27%, leveraging niche market appeal • Strengthened brand presence and sales of PETRONAS corporate sponsorship segment, particularly in Formula One™ and MotoGP™ by 33% • Expanded range and brand offerings with the introduction of Garmin smartwatches
	Acquire PETRONAS Corporate Merchandise business	• Generated approximately 10% of Setel Express income by monetising existing PETRONAS Operation Planning Unit and external partners
	Implement digital product roadmap to build customer engagement and loyalty	• Contributed approximately 15% of Setel Express income, driven by voucher sales and platform fees from tenants who sell their products on PETRONAS Shop website
Sustainability	Support PETRONAS sustainability agenda by adopting and integrating sustainable practices and initiatives across operations	**Setel Express** • Initiated programme on upcyling as part of promoting circular economy. Items collected will be repurposed and transformed into merchandise such as bags and laptop sleeves

Challenges and Our Response

Challenges	Our Response
Navigating a competitive and dynamic market segment requires clarity in strategy and focus area	• Explore partnerships with reliable suppliers and manufacturers to ensure lower costs. Successful onboarding of three new vendors led to cost improvement by approximately 10%
Post-COVID impact on online business and the commercial model limitation influence profitability	• Establish strong connections with the target audience through effective marketing and branding strategies and utilise social media platforms to engage with customers, gather feedback, and stay informed about their preferences

OUTLOOK

We expect a continuous and substantial increase in digital adoption across diverse industries. Building on our ongoing progress and current customer base, we remain committed to addressing customer concerns and supporting PDB's digital transformation journey, striving to make life simpler and better for everyone.

Retail-Fuel | Commercial | LPG | Lubricant | Convenience

Enablers: **Supply and Distribution**

NORMAH BASRI

Head,
Supply and Distribution Division

Amidst the ongoing surge in order fulfillment nationwide, Supply and Distribution Division (SDD) has adeptly sustained daily operations by employing resilient strategies at pace.

While asset integrity and reliability posed a challenge in 2023, SDD's foremost commitment lies in providing enhanced value to our customers through continuous improvements, coupled with the implementation of various initiatives in a safe operating manner.

WHO WE ARE AND WHAT WE DO

SDD oversees the comprehensive management of the end-to-end supply network, spanning from refineries through primary and secondary distribution channels to the end users, ensuring safety at every step. This responsibility encompasses various aspects such as product sourcing, distribution, infrastructure planning, terminal operations, asset management, and product delivery.

Extending across 36 terminals in Malaysia, SDD's expansive supply and distribution network ensures uninterrupted and dependable product supply and is optimised for efficient cost-to-serve.

SDD cultivates a dynamic HSE culture, strives for operational excellence, drives sustainability initiatives and always maintains unwavering regulatory compliance.

VALUE CREATED BY BUSINESS SEGMENT

1. **Reliable**
Safe and reliable operations that consistently exceed customer expectations in volume growth

2. **Optimisation**
Structured approach to cost management, maximising profitability through efficient processes and cost optimisation efforts

3. **Competencies**
Nurture high competencies and instill a conducive work environment for both staff and contractors

4. **Innovate**
Embrace digital solutions to enhance and create additional value in the customer experience

Key Focus Areas

1 Maximising Value Through Cost Optimisation

- SDD persistently enhance our services by diligently optimising costs and positioning ourselves as a solutions provider with a robust network that consistently meets and exceeds our customers' expectations

2 Safety and Service Excellence

- Our ongoing emphasis remains on order fulfillment, ensuring a reliable supply, enhancing customer satisfaction, upholding HSE assurance and achieving operational excellence. These efforts collectively contribute to our competitive advantage, ultimately striving to make people's life simpler and better

Performance Review

	Key Initiatives	Achievements
Value	• Leadership Engagements with stakeholders	• Sustained a safe, reliable, and efficient operation, achieving zero major HSE incidents and significant enhancements in zero Loss Time Injury (LTI) cases compared to the same period last year. This success was attributed to over 114 leadership engagements, resulting in an 88% (vs 22% in 2022) adoption rate of the Balance of Consequences across SDD employees
	• Sustain competitive cost-to-serve with various cost optimisation efforts across supply chain	• Effectively handled 19% volume spike for Mogas and Diesel through timely spot and term road tankers injection, further boosting four million litres per day fleet strength • Deployed ROVR trucks and standby road tankers covering 154 PETRONAS stations during festive period, including KPDNHEP Road Tanker escorts to 24 PETRONAS stations and activation of Melaka Fuel Terminal to support Central Region's delivery, while lowering overall secondary distribution cost
	• Establish an Aviation Operations Focused Task Force to drive volume growth	• Successfully delivered 53% volume growth for Jet A-1 compared to same period last year through: - Expediting 17 new refuelling vehicles delivery period from 18 to 12 months - Reviewed, established, and conduct assurance spanning over 200 critical spare parts for aviation operations
Growth	• Collaborated with other oil companies through hospitality arrangement	• Safe bottling of C44 cylinders filling at Sepangar LPG terminal for Brunei Shell Marketing
	• Quick adaptability to volume growth	• Expanded Jet A-1 facilities at Melaka Fuel Terminal to cater to additional two million litres daily • Maintained an additional 3,000 cylinders (+7%) in daily production of cylinders at Melaka LPG terminal
Sustainability	• Support PETRONAS sustainability agenda by adopting and integrating sustainable practices and initiatives across operations	• Successfully supplied SAF during Langkawi International Maritime and Aerospace Exhibition (LIMA) • Effectively coordinated SAF delivery to KLIA and Subang, totaling 44,000 litres after the first pilot delivery in 2022 • Achieved 3.2262 tCO_2e GHG reduction post Road Tanker Idling Time launching nationwide • High Operating Discipline where six Northern Region terminals passed OE R2 Overall Implementation Assessment and Product Supply Department passed Initial Implementation Assessment • Launched Mission ZeroOOS aligned to daily Special Coordination Committee standups to cater to 19% volume spike in deliveries during festive seasons

Challenges and Our Response

Challenge	Our Response
Managing demand surge during festive seasons and long holiday periods	• Expanded the fleet and driver through ad-hoc injection to guarantee seamless product supply, rezoning to source supplies from alternative terminals when necessary
Sustaining operational efficiency at an impressive 98% throughout the entire value chain, while also maintaining competitiveness in cost-to-serve	• Scheduled optimisation of distribution channels (term charter vessels and fleet) to ensure safe and timely product delivery
Addressing challenges related to Asset Integrity and Reliability throughout the supply network	• Engaged in collaborative efforts both internally and externally with key business experts and technical partners to evaluate prevailing asset's status, strategise repair and maintenance mitigative actions, and swiftly resume operations with minimal disruptions

OUTLOOK

SDD is steadfast in its commitment to achieving sustained growth while maintaining a competitive cost-to-serve. This dedication includes enhancing customer experiences through the implementation of cost optimisation strategies and fostering collaboration for a reliable and efficient supply chain.

Retail-Fuel | Commercial | LPG | Lubricant | Convenience

Enablers: **Digital**

KOH TAT CHONG
Chief Technology Officer

At PDB, we are committed to using digital technologies to enhance customer experience and make everyday life simpler and better.

Digital is integral to our Moving Forward Together strategy, which aims to deliver value, growth and sustainability for all our stakeholders. We are committed to leveraging technology solutions and tools that enhance customer experience, bolster business resilience and accelerate sustainability journey.

WHO WE ARE AND WHAT WE DO

Digital supports and amplifies the digital capability of all areas of PDB's business and operations to elevate customer experience, efficiency, resilience and sustainability efforts. Benefitting from the significantly enhanced digital infrastructure delivered from our digital blueprint, we are now focused on supporting PDB's efforts to achieve record sales volumes by maximising new usage and performance out of PDB's extensive digital platforms. Cybersecurity is a key consideration throughout this process, as the protection of sensitive data and systems is vital to improve our business resilience.

VALUE CREATED BY DIGITAL

1. **Customer experience and Revenue uplift**
By using programmable touch, video and sound enabled technologies at our main customer touchpoints on their phones, fuel dispenser and in-store at the point of sale. We create digitised intuitive user experiences for payments, loyalty and marketing that uplifts customer lifetime value and sales volumes

2. **Managing cost-to-serve**
By using data analytics, low-code platforms, cloud computing and commoditised off-the-shelf infrastructure, we automate manual tasks, minimise errors, and optimise workflows. This results in increased efficiency, improved productivity, and reduced costs

3. **Minimise Risk**
Through technologies such as cloud computing and cybersecurity to protect data and systems from unauthorised access, loss and damage. This results in increased reliability, security, and compliance

Key Focus Areas

1 Digitisation of Physical Experiences

- Building on the success of our Setel app, we introduced cardless Mesra loyalty and Setel Lite in 2023, offering convenient interim steps for customers to experience our digital loyalty and payment options before transitioning to the full Setel app features
- On the B2B side, we digitally integrated our sales teams across business lines, enhancing collaboration, upselling, cross-selling and providing an integrated CRM view

2 Cybersecurity

- Cyber risks are recurringly rated among the highest concern for businesses globally. At PDB we have continued to advance our cybersecurity posture to meet evolving industry standards, improve from our past experiences and continued education of our employees in cyber safe behaviors

3 Operational Excellence

- We have continuously enhanced operations through modernisation of tools, processes and governance to sustain availability of PDB's digital assets deployed at over 1,000 locations nationwide to transact record sales volumes annually and during peak demand periods
- We also continued pass Company-wide productivity improvement efforts through digitalisation of processes and analytics though provision of self-service platforms to empower a community of citizen analysts and citizen developers at PDB

4 Embedding Sustainability

- We have also made steps in our digital readiness to support PDB's emissions reporting obligations in line with Bursa Malaysia's requirements for sustainability disclosure. Initial solutions to support the production and maintenance of trackable and traceable data, for transparency of reporting have been put in place

Performance Review

	Key Initiatives	Achievements
Value	Enhanced operations through modernisation of tools, processes and governance to sustain availability of PDB's digital assets deployed at over 1,000 locations nationwide to transact record sales volumes annually and during peak demand periods	• Enhanced PETRONAS station compliance and maintenance through digitised solutions, significantly improving compliance visibility, saving value by reducing manual work and ensuring timely support and maintenance • Upgraded payment infrastructure and operations to handle record sales volumes year-round and during peak periods • Advanced towards zero out-of-stock with digital planning and forecasting tools
Growth	Relaunch of Mesra Loyalty programme with cardless Mesra loyalty and Setel Lite as an interim step for our customers who are keen to participate in the conveniences of our digital loyalty and payment experiences before stepping up into the full digital experiences provided by the Setel app	• We now provide convenience for customers to earn and redeem Mesra points using mobile number directly at the fuel dispenser or Point-of-sale screens as an additional option apart from Setel app or swiping physical Mesra card • The Mesra loyalty programme achieved record monthly active usage off the back of this initiative and strengthened fuel brand perception
	Digitally integrate B2B sales teams across multiple business lines for enhanced sales collaboration, upselling, cross selling and an integrated view of CRM	• Since launching this solution, we have observed significant sales productivity gains through sales team collaboration, thus putting us on track to achieve the projected business value gains in the coming years
Sustainability	Support PETRONAS sustainability agenda by adopting and integrating sustainable practices and initiatives across operations	• Improved data integrity, system efficiency and investment security • Reduced implementation costs and extended benefits through the use of a multi-development platform

Enablers: **Digital**

Challenges and Our Response

Challenge	Our Response
Cybersecurity and compliance with regulatory laws	• Consistently drive employee awareness of cyber-safe behaviors through a balanced approach of education, drills and assessments • Frequent cybersecurity compliance re-assessments for digital systems against current best practices • Drills and practising cyber procedures to test the effectiveness of our mitigations • Collaborative efforts with our suppliers and partners to roll out cyber-safe practices across our digital supply chain • Complying with digital regulations and laws, particularly in data privacy and secrecy laws to safeguard customer information and uphold responsible data handling practices • Aligning with industry payment standards to ensure the integrity of financial transactions and fostering customer trust
Driving new use cases to maximise usage and performance out of PDB's extensive digital platforms	• Focusing on strategic adoption of the new digitalised platform applications, tools and processes to maximise return on investment and accelerate use of digital technologies among customers and internal users • Addressing fragmented user experience across multiple applications and overcoming resistance to change to foster a culture that adapts to the evolving digital landscape, ensuring effective adoption and full realisation of digitalisation benefits
Sustainability and EESG	• Following implementation of baseline digital capabilities needed to manage, track performance, report, disclose and communicate EESG-related data points across PDB, we will re-assess annually to support our commitment to meeting industry requirements for sustainability reporting and governance

OUTLOOK

As market forces evolve in the energy transition era and regulations shift, Digital will actively adapt our platforms to meet emerging needs. Seizing the opportunity presented by government subsidies and the energy transition, Digital will maximise the usage and performance of existing platforms for new use cases. Selective investments into Generative AI to enhance customer and sales experiences and optimise back-end operations will be assessed. Furthermore, PDB will maintain adherence to evolving data privacy, secrecy laws and industry payment standards to guarantee transaction integrity and cultivate customer trust.

These efforts aim to strengthen PDB's growth strategies, unlock greater stakeholder value and deliver exceptional customer experience, fulfilling our promise of Making Your Everyday Life Simpler and Better.

SUSTAINABILITY REPORT

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CONTINUED VALUE CREATION

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SAFEGUARD THE ENVIRONMENT

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POSITIVE SOCIAL IMPACT

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RESPONSIBLE GOVERNANCE

CONTINUED VALUE CREATION

Promoting sustainable growth and success of the business through responsible strategic investments

MATERIAL MATTERS

- **Economic Growth and Performance**
  page 89
- **Customer-Centricity**
  page 97
- **Sustainable and Ethical Supply Chain**
  page 93

KEY HIGHLIGHTS

Extension of **3-year MoU with MARA** strengthens talent access and drives sustainable entrepreneurship

Economic Growth and Performance

Why it Matters

We aim to foster an ecosystem that allows us to generate robust profits to support PDB's agenda and meet the financial obligations to our diverse stakeholders, including investors, government, employees, contractors, suppliers, and business partners. We are mindful of the fairly large network of stakeholders that rely on PDB. We continue to scale up efforts by staying agile and resilient, consistently innovating and reinventing our business to optimise economic and social value.

Dividend Paid to Investors
RM
923.9
million

Tax Paid to Government
RM
497.0
million

Salaries Paid to Employees
RM
474.8
million

Payment to Contractors/ Suppliers/Business Partners
RM
47,666.6
million

Percentage of Local Suppliers/ Contractors
98%

Our Approach

PDB supports the local economy by developing local suppliers and vendors through our core and convenience businesses. Almost all dealers, contractors and suppliers for these businesses are Malaysian-owned companies, which have registered with PETRONAS and are accredited with the necessary licences to undertake their required scope of work.

PDB has been actively supporting local entrepreneurs and SMEs for more than 25 years to drive more inclusive economic growth.

Over the last two decades, we have fostered a robust ecosystem of local entrepreneurs and SMEs through our extensive network of *Kedai Mesra* and PETRONAS AutoExpert outlets. We assisted them in managing their business operations, provided upskilling programmes, and helped them expand their customer and market reach. We also facilitated the promotion of their products across the food and lubricant sectors. This was done by engaging with numerous government agencies and local partners, such as Ministry of Domestic Trade and Cost of Living (KPDN), Ministry of Agriculture and Food Security (MAFS) with its agencies National Farmers Organisation (NAFAS) and Persatuan Nelayan Kebangsaan Malaysia (NEKMAT), Majlis Amanah Rakyat (MARA), Perbadanan Usahawan Nasional Berhad (PUNB) and SME Corporation Malaysia (SME Corp).

We continued to leverage on ROVR's innovative Portable Container Station (PCS) to enhance the accessibility of petrol supply in the remote regions of Sabah and Sarawak. This strategic use of technology has not only allowed PDB to deliver energy equitably and sustainably to the most distant regions, but also played a critical role in establishing thriving economic hubs. As a result, this initiative has opened up new opportunities for small businesses and local entrepreneurs, thus contributing to the overall economic development of these areas.

Our Value Creation

Key Areas	Our Progress
Driving inclusive growth	• Created direct and indirect employment opportunities for local communities • Supported the growth of local entrepreneurs and SMEs by providing assistance to expand their business through PDB's *Kedai Mesra, Rakan Niaga* which operates over 1,000 PETRONAS stations nationwide and PETRONAS AutoExpert outlets • Created sustainable income opportunities for LPG channel partners and provided support through effective asset management
Supported automotive entrepreneurs via PETRONAS AutoExpert	• Continue to focus on growing Lubricant-related businesss and capturing new customers • Facilitated access to affordable financing and various development programmes by MARA, Perbadanan Usahawan Nasional Berhad (PUNB) and SME Bank • Elevated visibility of PETRONAS AutoExpert by offering training and marketing support to empower entrepreneurs with upskilling initiatives to boost traffic to their workshops • Optimised profitability, competitiveness and customer satisfaction by supplying authentic parts at competitive prices • Partnered with Setel by offering e-wallet payment across PETRONAS AutoExpert outlets nationwide
Launched New Products	• Launched PETRONAS AireBlue™, Malaysia's first high-quality diesel exhaust fluid (DEF), exclusively available at selected *Kedai Mesra* outlets. This innovative product aligns with our PETRONAS' Net Zero Carbon Emission (NZCE) by 2050 commitments and is expected to generate new income stream
Strengthened LPG Dealers' Capabilities	• Conducted over 80 Dealer Capability Programme sessions encompassing: - Fire Extinguisher Training: Provided comprehensive instruction to call channel partners on the proper use of fire extinguishers during fire emergencies - Emergency Response Exercise (ERE): Simulated incidents to enhance preparedness for LPG CMs - Table-Top-Exercise (TTX): Fortified CMs preparedness for emergencies, emphasising the Crisis & Disaster Management Plan execution - First-Aid Training: Equipped CMs to provide immediate and effective assistance during emergencies - Forklift Training: Ensured CM operators acquire essential skills for safe forklift operation, promoting workplace safety

Our Value Creation (Cont'd)

Key Areas	Our Progress
Provided assistance to local entrepreneurs and SMEs	• Provided invaluable guidance on refined business practices, imparted strategic insights into distribution and logistics, and showcased the inclusion of local SME products adorned with the prestigious Kempen Beli Barangan Malaysia and Love Local logo within Mesra's bi-monthly promotions • SME Development Framework: - Elevated four regional suppliers to HQ Planogram status, which allowed the suppliers' products to be displayed on dedicated home shelves at all *Kedai Mesra* in Peninsular Malaysia. This was followed by a collaboration with the Ministry of Domestic Trade and Costs of Living (KPDN) on promoting SME products, which featured these suppliers in the Buy Malaysia Campaign from October to December 2023 - Engaged in 12 business matching sessions with government agencies and ministries to facilitate market access for SME suppliers within the MESRA ecosystem, focusing on *Kedai Mesra* - Extended Memorandum of Understanding (MoU) with MARA until 2026, reinforcing our commitment to provide assistance and support to SME suppliers
Expanded presence of ROVR's PCS in Sabah and Sarawak	• Avoided pilferage and fostered a more sustainable and efficient approach towards fuel management and environmental conservation by reducing community reliance on subsidies, while improving efficiency and transparency • Established plans with the Sarawak Energy Development Corporation (SEDC) and Suruhanjaya Koperasi Malaysia (SKM) to enable PCS to operate in Sarawak in 2024 • Ensured fuel supply was readily available at six sites across Sabah and Sarawak. ROVR will be activating two additional sites in partnership with Persatuan Nelayan Kawasan (PNK), and five sites with SEDC for 2024

Retail-Fuel	Commercial	LPG	Lubricants	Convenience
Reach and Initiatives				
1 **>900** *Rakan Niaga* 2 **>9,000** Krew PETRONAS	1 **>200** business partners nationwide 2 Build entrepreneurship, governance, HSE and business skills of business partners	1 **>290** channel partners 2 **>1,000** employees of channel partners	1 **37** market executive partners 2 **80** PETRONAS AutoExpert outlets 3 **>600** employees-opportunities created	1 **>1,800 MESRA Partnership** with local SME food suppliers

Meet Yazi Bin Karim, the heart and soul behind PETRONAS AutoExpert Tayar Utara in Perlis. Yazi's story is one of inspiration and the power of perseverance.

In his journey towards building his business, Yazi's collaboration with the PETRONAS AutoExpert programme has been nothing short of transformative. For Yazi, it was not just a business partnership, but a commitment to delivering exceptional service with cutting-edge equipment that caters to the unique needs of our customers.

> As a part of the PETRONAS AutoExpert network, our workshop has become a beacon of trust for our customers. Together with my team, we take pride in offering our customers top quality car services, powered by high-quality products from PETRONAS. Our mechanics have also been specially trained to use the latest tools and technology, ensuring every car receives the attention and care it deserves.

According to Yazi, they received positive feedback from customers, and many of them are willing to travel to ensure their vehicles are serviced at his workshop. Customers have confidence in the quality of service provided. They do not negotiate the pricing, as they trust Yazi and his team to deliver excellent results. The endorsement of Yazi's expertise by PETRONAS branding has further solidified this trust, as owners of continental cars also rely on him and his service centre for their vehicle's maintenance needs.

Beyond the business aspect, partnering with PETRONAS Lubricants Marketing Malaysia has opened doors to a world of opportunities. It has provided him with access to advanced tools, systems and comprehensive training, coupled with effective marketing support, which has helped him with business development.

> In Perlis, we have become the first PETRONAS AutoExpert workshop and one-stop-service centre. We couldn't have done it without the PETRONAS team, their guidance in helping us improve our quality services and overall management.

The technical support from PETRONAS Lubricants Marketing Malaysia has enabled them to expand their supply chain for the workshop, increasing efficiency and profits.

So, what was once a local workshop has now evolved into a thriving business, all thanks to the support and collaboration with PETRONAS.

Yazi's journey is more than just a success story; it is an inspiration for aspiring entrepreneurs. Therefore, he proudly urges others to join the PETRONAS AutoExpert programme, emphasising the valuable training, development funds and business equipment provided.

> It has truly been a journey of continuous growth. PETRONAS Lubricants Marketing Malaysia has shown us that we can shape our own future, if we find the right partners who actually mentor and help us to become successful entrepreneurs.

Yazi Bin Karim

Outlook

We are driven to build a robust ecosystem of suppliers, dealers and service providers that support PDB's growing businesses, fuelled by the fact that in doing so we are also creating multiple spillover effects that will stimulate the economy. Going forward, we will explore more channels through which we are able to develop local capabilities and instil an entrepreneurial spirit among youth, while creating meaningful employment opportunities that will uplift the lives of currently under-represented communities.

Sustainable and Ethical Supply Chain

Why it Matters

We recognise that consumers have become more demanding for products that are not only safe and sustainable, but also responsibly sourced. At PDB, we work hard to continually assess and mitigate environmental and human impacts within our supply chain. We acknowledge that failure to embed sustainability in our supply chain may expose our business to various risks, including brand value erosion, loss of licence to operate, potential legal suits and loss of business opportunities. As such, we strive hard to minimise adverse environmental effects while ensuring a positive impact on individuals and communities in the areas where we operate.

Additionally, building a sustainable and ethical supply chain allows us to improve the quality of our products, enhances efficiency, saves costs, drives business resilience and increases our competitive advantage. This will increase stakeholder confidence as we are not only supporting ethical business practices, but also ensuring full compliance with the relevant laws and regulatory standards.

Our Approach

As a member of the PETRONAS Group, our sustainable development aspirations and commitment are underpinned by PETRONAS' Code of Conduct and Business Ethics (CoBE). Among others, CoBE instructs us to "create lasting social benefits; safeguard the health and safety of employees, contractors and neighbours; minimise disruptions to the community; lower emissions; minimise impact on ecosystems and biodiversity; and use energy, water and other resources more efficiently."

While upholding these principles, we also require our partners, contractors and suppliers to observe similar standards of conduct to ensure sustainable development across our value chain.

For more information on the Principles of CoCHR, refer to Human Capital section on page 118.

Health, Safety and Environment (HSE) in Supply Chain

PDB's HSE Policy requirements are clearly articulated and disseminated within contract documentation, encompassing agreements and arrangements with contractors, dealers, and business partners.

In managing HSE practices across our supply chain, the following measures are implemented:

Drive Compliance with Local Laws, Regulatory Standards, Codes and Practices

- Ensure suppliers, contractors and partners adhered to the Minimum Technical Requirements set by PETRONAS Licensing and Registration Requirements (Malaysia)
- Direct suppliers, contractors and partners to establish and implement respective HSE policies/ codes, practices and plans
- Emphasise the need for clear delineation of practices, procedures and control measures, aligning with local HSE-related requirements
- Continuously monitor suppliers, contractors and partners to identify environmental or social issues

Institute Robust Risk Assessments and Audits

- Conduct risk assessment, including environmental risk assessment on suppliers, contractors and partners, both existing and new, based on their scope and nature of work to identify high-risk suppliers:
  - Carry out due diligence on new suppliers
  - Ensure key risks related to people, environment, assets and reputation were identified, controlled and mitigated
- Implement audit exercise (including physical inspections) covering document reviews, and interviews related to HSE and Human Rights, which to:
  - Ensure safe work performance
  - Identify strengths and weaknesses among contractors
- Effectively address non-compliance issues to mitigate HSE risks, with results communicated to the management
- Evaluate performance of suppliers, contractors and partners upon completion of a contract to:
  - Identify gaps for future improvement
  - Conduct consequence management for severe non-compliance cases

Implement Capability Building for Suppliers, Contractors and Partners

- Carry out induction sessions, training and engagement to ensure relevant policies, laws and regulations were integrated into suppliers' value chain
- Practise open communication with suppliers, contractors and partners to ensure they understood and complied with PDB's supply chain requirements

Human Rights in Supply Chain

Recognising the need to align with industry practices/standards on human rights, PDB benefits from active membership of PETRONAS on International Petroleum Industry Environmental Conservation Association (IPIECA), a recognised global oil and gas association for advancing environmental and social performance across the energy transition. Through a subscription to IPIECA working groups on human rights and supply chain membership and actively participating in IPIECA's efforts in addressing issues and challenges faced by the oil and gas industry, we have the opportunity to collaborate with world-leading experts from member companies and stakeholders for the development of internationally recognised good human rights practices used throughout the oil, gas, and renewable industries. Ultimately, this helps align our business with the 5th Principle of IPIECA, which supports the UN Guiding Principles on Business and Human Rights.

Ensuring Business and Human Rights in PDB is well assured, we have clearly communicated our human rights expectations to all our contractors, suppliers and business partners through the following initiatives:

- Communication through Human Rights MeetSpace (HRMS) – a communication platform including sharing best practices based on latest news
- Human rights expectations translated into PDB Gold Station Module (for Retail dealers), an initiative for nationwide retail dealers on HSE non-compliance in operational activities to communicate the requirements of PDB's human rights expectations
- Comprehensive physical and virtual learning programmes anchoring on Employment Act compliance and sharing on social issues were conducted for more than 1,200 suppliers, contractors, partners and dealers through collaboration with PERKESO and Department of Labour Peninsular Malaysia (JTKSM) from August to December 2023. Building on this momentum, the upcoming phase in 2024 will expand its reach to Sabah and Sarawak

In demonstrating our strict due diligence for human rights across the value chain and to mitigate negative social impacts from operational activities, we conduct risk assessment and screening of social issues related to human rights and labour standards on our potential and existing suppliers. These include:

Potential New Suppliers

- Conduct screening processes through PETRONAS Third Party Risk Management that includes Know-Your-Counterparty (KYC)
- Social Supply Chain policy integrated into contract as per part of the five Critical Legal Areas which include Ethics and Integrity

Existing Suppliers

Existing Operations

- Social Risk Assessment (SRA) will be entirely conducted from 2024 onwards
- SRA is currently being incorporated into PDB's core business process (Enterprise Risk Management – ERM) to:
  a. Identify potential and actual social-related risk
  b. Manage both the positive, and adverse actual or potential impacts
  c. Engage with counterparties in addressing the identified

Projects

- Developed Environmental and Social Impact Assessment (ESIA), which sets out the environmental and social requirements for the planning of development projects in PDB, including respecting Indigenous Peoples, involuntary resettlement and cultural heritage through stakeholder management
- Conducted risk assessments and engaged with neighbouring communities where this process refers to the rights of local communities, primarily Indigenous Peoples, to participate in decision making about issues affecting them. This procedure chooses the approach of ensuring free, prior and informed consultation
- Covers every project lifecycle including new projects or activities expansion or upgrading of existing facilities, as well as decommissioning or abandonment of existing facilities

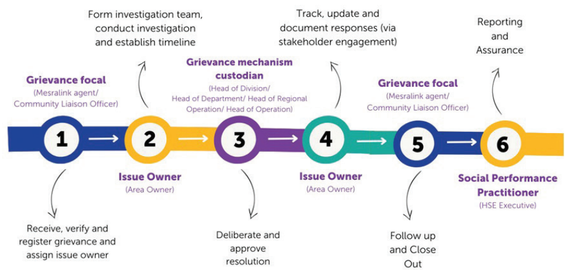
To identify gaps and enhance compliance towards human rights, PDB is in the process of operationalising supplier audits for all counterparties - which planned to be fully conducted in 2024. For the time being, social issues is monitored through HSE Contractor Assurance and grievances are reported through the PDB Grievance Mechanism. In 2023, we conducted 11 physical supplier audits based on CoCHR requirements most of the suppliers have not yet established human rights-related policies and procedures, including grievance management mechanisms. Hence, numerous actions were taken to address the non-compliance issues through counselling and the sharing of lessons learnt with our contractors.

These processes and tools serve to protect PDB from liability in addressing human rights violations throughout our value chain. They are part of our actions to avoid, prevent and mitigate of human rights issues by the Company and its business partners.

PDB Grievance Mechanism for Contractors

PDB's Mesralink contact is available to individuals and communities through information provided at our stations, road tankers and all PDB facilities. It is the official reporting channel for grievances and covers human rights explicitly, for example labour and working conditions, community well-being and product safety and health and is easily accessible to the public. Cases reported through this channel are guaranteed confidentiality, with updates provided to the issuer until the case is closed. The Leadership Team, employees, Mesralink agents, contract owners and regional teams are constantly briefed on resolution channels, emphasising on their roles and responsibilities throughout this process.

All grievances raised are promptly addressed, with the feedback recorded. Through the PDB Grievance Mechanism, we are committed to providing remedies to affected parties through the actions taken, including engagement and consultation, with the aggrieved party and relevant counterparties. This helps prevent further escalation of the impact on social issues at PDB operations.



In 2023, PDB received minor grievances of human rights violations involving labour, working conditions and community well-being, namely discrimination against staff and contractors, and for causing nuisance to the community. We investigated and engaged with the grievant, who received continuous case updates. Once the resolution plan was agreed, the case was closed and reported to Management. To avoid the recurrence of such grievances, we plan to share the lessons learnt as one of the methods to share best practices in managing grievances.

In 2023, we conducted a situational assessment for vital commercial customers to further understand any possible grievances related to HSE and to expand the scope of grievances, as per PDB Human Rights Salient Areas – Product Safety and Health.

Responsible Sourcing Initiatives

Responsible Sourcing was conducted to strengthen sustainability practices along our supply chain. We engaged with our sourcing managers and several key suppliers of Mesra water, Mesra label products, Mesra coffee and PRYSM apparel. Steps are being taken to uplift the capabilities of our suppliers on sustainability-related matters.

Concerned about the sensitivities associated with the palm oil industry, PDB emphasises the critical importance of sourcing palm methyl ester (PME) exclusively from suppliers certified by the Roundtable on Sustainable Palm Oil (RSPO), Malaysian Sustainable Palm Oil (MSPO), and/or International Sustainability and Carbon Certification (ISCC). These certifications ensure that the production of palm oil aligns with environmentally and socially responsible practices, reflecting our commitment to responsible sourcing.

Our Value Creation

Key Areas	Our Progress
Responsible Sourcing	• Ensured Mesra supplier agreements were incorporated with human rights criteria and suppliers' compliance
Human Rights	• Part of IPIECA working groups on human rights and supply chain; and actively participate in IPIECA's efforts to address issues and challenges faced by the oil and gas industry • Translated human rights expectations into various operation procedures and PDB's Gold Station Module • Developed Environmental and Social Impact Assessment Procedures for PDB projects

Our Achievements

Trained with over
1,200
suppliers on social issues

OUTLOOK

Moving forward, we will continously focus on strengthening the sustainability of the supply chain through adherence to CoBE, HSE Policy and CoCHR principles. We will also comply with local laws and regulations, elevate suppliers' capability-building and promoting responsible sourcing.

Customer-Centricity

Why it Matters

At PDB, we deliver meaningful experiences that enrich our customers' lives with simpler and better products, services, and solutions.

We prioritise understanding the unique needs of our customers, whether they are working professionals, parents managing busy schedules or business owners maintaining industry integrity. Our stations serve all their mobility and convenience needs, offering them a safe and relaxed environment, with reliable and competent staff.

Our Approach

Our customers are at the heart of all our solutions and decisions. We continuously introduce enhancements and innovations that safeguard their interests and trust.

We are guided by our desire to delight the customer at every touch point and interaction whether on the forecourt or online, when they fuel up, purchase necessities, or use readily available amenities.

We are committed to improve customer experience through these areas:

- Prioritising the health and safety of every customer
- Protecting the environment and the community where we operate
- Stringent safeguarding of personal data and privacy
- Training and upskilling of our forecourt and customer service staff
- Innovating, designing, testing products, services, and offerings that meet customers' diverse needs
- Engaging and surveying customers on our marketing and communications initiatives

In addition, we also seek customer feedback and address concerns through channels, such as:

- Mesralink Customer Resolution Helpline
- Customer Experience Centre (located at PETRONAS Jalan Kolam Ayer Lama, Ampang)
- MEVA webchat (via mymesra.com)
- PETRONAS Brands social media accounts

Every interaction with the customer provides us access to insights that shape the way we develop ideas and create value, enabling us to deliver our promise of Making Your Everyday Life Simpler and Better.

Our Value Creation

Key Areas	Our Progress
Enhanced Mesra Rewards Loyalty Programme	• Reduced plastic consumption through the cessation of Mesra loyalty card production • Introduced a new method of earning and redeeming Mesra Reward points by keying in mobile numbers at outdoor payment terminals (OPT) and Customer Display Screens (CDS) before refueling or during in-store purchases at *Kedai Mesra* outlets • Mesra Reward members are able to redeem their points and channel it towards an initiative to power *Orang Asli* houses, where electricity supply is scarce
Customers Health and Safety	**Retail-Fuel Business** • All PETRONAS station employees underwent a refresher training on the expectation and execution of the Go-to-Safety-Point (GTSP) programme by The Royal Malaysia Police (PDRM), in which members of the public can seek refuge at PETRONAS stations in emergencies • Increase awareness and provide support to government initiatives in providing assistance to public during emergencies, such as vehicle accidents and criminal incidents • When members of the public come to our stations for help, station personnel calm them down and provide a drink while calls are made to PDRM/Hospital/Fire and Rescue Department of Malaysia (BOMBA) for assistance • Signages at PETRONAS stations recommending safe behaviours before, during and after refuelling • Monthly station audits are carried out to ensure compliance with standards and regulations on cleanliness and safety **Commercial Business** • Prior to the commencement of an operation, risk assessments on health and safety are carried out at customers' sites • Training on safe product handling are provided for customers • Engagement sessions are held with dealers to keep abreast of the industry's best practices • Engagement sessions are organised between dealers and authorities for better regulatory understanding concerning industry requirements **LPG Business** • Conducted comprehensive terminal inspections for product safety and reliability before customer delivery • Complimentary LPG cylinder safety checks during delivery of gas cylinders via the Gas PETRONAS Home Delivery hotline • Executed regular cylinder maintenance to uphold required standards • Collaborated with local authorities to conduct Gas Safety Programmes on LPG cylinder safety to enhance awareness among local communities • Facilitated safety talks and inspections on the proper usage and handling of cylinders, led by our dealers and area managers • Expanded safety outreach through the promotion of our proper LPG handling via PETRONAS Brands social media

Our Achievements

Increased in Mesra Rewards Monthly Active Users by **53%**

Points redeemed in 2023 via Mesra Rewards Loyalty Programme are enough to electrify **9 *Orang Asli* houses**

Outlook

As competition intensifies, it becomes paramount for PDB to distinguish itself from other market players. We aim to utilise our deep understanding of customers and established relationships to achieve this goal. With a focus on customer-centricity and facilitated by our agility, we are committed to providing products and services that meet the evolving needs of our customers. This approach will further enhance their trust and confidence in selecting PDB as their preferred partner for everyday needs.

SAFEGUARD THE ENVIRONMENT

Collaboratively reduce environmental impact by transitioning to lower carbon energy solutions and deploying innovative operations and technologies

MATERIAL MATTERS

- **Climate Change and GHG Emissions** page 100
- **Environmental Management** page 106

KEY HIGHLIGHTS

Collected over **133.7 tonnes** of UCO at **33** PETRONAS stations nationwide

Solarised **68** stations as of 2023 with GHG Emissions Reduction of **840.6 tCO_2e**

Climate Change and GHG Emissions

Why it Matters

The global push towards net zero is accelerating, propelled by the urgency of climate change, as businesses and livelihoods continue to be disrupted by the impacts of climate change. Governments worldwide are collaborating to reduce carbon emissions, imposing regulations on businesses and industries. In line with Malaysia's commitment at the 2015 United Nations Climate Change Conference, we are committed to contributing to the nation's ambition of lowering carbon intensity per GDP by 45% below 2005 levels by the end of the decade. This is also aligned with the pledge by 50 oil and gas companies, including PETRONAS, to decarbonise their operations by 2050 at the UN's COP28 in Dubai in December 2023. As such, we are taking strategic measures to reduce operational carbon emissions, mitigating climate-related risks and identifying opportunities to build climate resilience as we prepare our business to adapt to climate change. Our approach is essential for our business sustainability during the transition to a low-carbon future.

Our Approach

As one of the key players in the oil and gas industry, we acknowledge our role in facilitating the global shift towards a low-carbon economy. Our climate initiatives are anchored on two key policies, namely the PETRONAS' Climate Change Position and the PETRONAS Carbon Commitments (PCC). We aspire to align with PETRONAS' Net Zero Carbon Emission (NZCE) by 2050. In managing our risks, we are guided by PETRONAS' Enterprise Risk Management Framework to assess and manage climate-related risks.

Guided by these commitments, we are intensifying efforts to reducing greenhouse gas (GHG) emissions across our operations, investing in renewable energy while enhancing value and fortifying partnerships to accelerate the transition to a low-carbon future.

As an integral member of the PETRONAS Group, we actively collaborate with global and local stakeholders on climate change initiatives. PETRONAS' participation extends to the Climate Change Working Group of the International Petroleum Industry Environmental Conservation Association (IPIECA) and the International Gas Union. On the domestic front, PETRONAS engages with regulatory bodies such as the Ministry of Natural Resources and Environmental Sustainability.

Task Force on Climate-Related Financial Disclosures

As the impacts of climate change increasingly disrupt businesses, livelihoods and global supply chains, corporate organisations are expected to play their part and take immediate action to reduce their carbon emissions. The demand for greater transparency and climate-related disclosures have led to the launch of the International Financial Reporting Standards (IFRS) by the International Sustainability Standards Board (ISSB) in June 2023. The IFRS incorporates the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), enabling companies to provide comprehensive climate-related disclosures, including industry-based metrics and their planned use of carbon credits to achieve net emissions targets and financed emissions.

In response to the rising demand and to align with the evolving reporting frameworks, PDB has adopted a phased approach in disclosing climate-related measures and performance against the TCFD recommendations. Comprising four pillars – Governance, Strategy, Risk Management and Metrics and Targets – these recommendations allow us to provide essential information to our stakeholders, enabling them to make informed decisions. Adopting the TCFD recommendations also eases our journey towards embracing the ISSB's Standards as we enhance our climate disclosures in the future.

Governance

NET ZERO 2050

Our Board of Directors oversees PBD's overall sustainability, including climate-related matters. The Board is updated on climate-related issues yearly to align with PETRONAS' Net Zero Emissions 2050 pathway.

In 2023, the Sustainability Action Committee (SAC) and Board Sustainability and Risk Committee (BSRC) were established with the primary objective of supporting the Board in overseeing all sustainability-related risks and opportunities together with the Risk Management and Governance Committee (RMGC). The goal is to ensure climate considerations are seamlessly integrated into PDB's long-term strategy and decision-making processes. The SAC meet on a bi-monthly basis while BSRC and RMGC meet on a quarterly basis, facilitating more in-depth discussions on sustainability matters at a high level, and fostering a comprehensive approach in addressing associated risks and opportunities.

For more information, refer to Our Sustainability Governance from pages 162 to 163.

Strategy

We recognise our role in contributing to the global shift towards a low-carbon economy. We are focusing on reducing greenhouse gas (GHG) emissions across our operational spectrum and investing in renewable energy initiatives to generate value and fortify our business ventures.

Aligned with the government's NETR 2050 net zero goal, PDB takes a phased approach to reduce our impact on climate change. This involves understanding, mitigating as well as managing both financial and reputational risks, as climate change directly impacts the nature of our business.

Moving forward in 2024, we will review and update the preliminary Climate Strategy that was completed in 2021, to chart a realistic pathway for medium and longer term targets.

Risk Management

As a global oil and gas player, we recognise the dual nature of climate change as it presents both risks and opportunities to our businesses and operations. Therefore, we have integrated climate-related risks into our key enterprise risks. PDB adheres to the PETRONAS Enterprise Risk Management Framework (ERMF), employing the same process as outlined in our Statement of Risk Management and Internal Control (SORMIC). We are committed to aligning our climate-related risks disclosures with the TCFD recommendations to ensure that they are consistent, reliable and comparable against industry peers.

In setting the context for climate-related risk assessment, the scenarios used by PDB are the International Energy Agency's (IEA) Stated Policies Scenario (STEPS) and Sustainable Development Scenario (SDS) for transition risks, and the Intergovernmental Panel on Climate Change (IPCC) Representative Concentration Pathway (RCP) 8.5 and RCP 4.5 for physical risks. The identified risks and opportunities form integral components of our strategy and corporate risk profile, as it is part of our overarching risk management process.

Refer to Our Strategy, Key Risks and Mitigation on pages 64 to 69.

We will continuously monitor, review and conduct further quantitative analysis in the coming years by improving our processes, adopting new tools, building capability and conducting assurance.

Transition Risks

Transition risks are the potential financial impacts that our businesses face in the medium to longer term due to to the global shift to a low-carbon economy. These risks are driven by changes in policies, regulations, markets, consumer preferences and technologies that aim to reduce GHG emissions to mitigate climate change.

Transition Risks	Risk Description
Policy and Legal Carbon pricing and reporting requirements	Enforcement of a stringent cap-and-trade policy and the possibility of carbon pricing could increase our operational expenses.
Requirements and regulations governing current products and services	Implementation of higher mandates for biofuel blends, coupled with commitments from the International Air Transport Association (IATA) and the International Maritime Organisation (IMO) to achieve a 50% emissions reduction by 2050, may cause a potential revenue reduction, unless proactive mitigation measures are adopted.
Market Risks Higher demand for recycled products	Lack of recycled or circular products could lead to a reduction in revenue from conventional products, especially those utilising non-circular packaging materials.
Rising demand for EVs	Shifting demand towards electricity is expected to lower demand for traditional fuels, thereby impacting our revenue.
Growing pressure from investors and external stakeholders to establish Net Zero target	Escalating pressure from investors and stakeholders to commit to a net zero approach may result in higher capital and operating expenditures as we embrace low-carbon options.
Reputation Risks Heightened stakeholder concerns	Higher capital costs (debt and equity) due to reputation concerns may affect credit ratings and finance availability.
Changing consumer preferences and sector-specific stigmatisation	Decrease company's intangible value and goodwill due to reputational risks.
Technology Risks Replacing current products and services with lower-emission alternatives	Increasing in preference for lower carbon-intensive products may reduce revenue from conventional offerings as demand declines.
Advancement of new technologies	Advancements in technology in synthetic fuels, renewables, green hydrogen and electrification may decrease demand for conventional products, leading to reduced revenue for PDB. Reliance on patented technology, which is not readily available, could escalate R&D costs and increase operational expenses.

Risk Management (Cont'd)

Physical Risks

Physical risks refer to the impact of the physical consequences of climate change to our assets and business operations.

As part of our climate commitments, we continue to strengthen our assets against climate change risks through strategic initiatives and capability-building efforts. PETRONAS conducted high-level vulnerability assessments and adaptation plans for eight regions in Malaysia, encompassing PDB facilities since 2020. In 2021, for high-level key physical climate risks, we assessed the potential business implications based on two Representative Concentration Pathway (RCP) scenarios adopted by the United Nations Intergovernmental Panel on Climate Change (IPCC). The two scenarios assessed were based on RCP 8.5 and RCP 4.5.

High-level Physical Climate Risk to PDB Operations in Malaysia

Drought				Cyclone				Extreme Heat				Extreme Cold				Flooding				Sea Level Rise			
RCP 4.5		RCP 8.5		RCP 4.5		RCP 8.5		RCP 4.5		RCP 8.5		RCP 4.5		RCP 8.5		RCP 4.5		RCP 8.5		RCP 4.5		RCP 8.5	
2030	2050	2030	2050	2030	2050	2030	2050	2030	2050	2030	2050	2030	2050	2030	2050	2030	2050	2030	2050	2030	2050	2030	2050
1	1	1	1	2	2	2	3	1	2	1	2	-1	-2	-1	-2	3	3	2	3	1	2	1	2

Criteria for Climate Risk (Qualitative) Classification

Category		Drought (Change in likelihood of extreme drought)	Cyclone (Change in maximum sustained wind speed)	Extreme Heat (Change in monthly maximum temperature)	Extreme Cold (Change in monthly maximum temperature)	Flooding (Change in rainfall of very wet day)	Sea Level Rise
3	Significant Increase	> +0.2	> 5%	> 2°C	<-2°C	<-2°C	> 10%	>50 cm
2	Moderate Increase	> +0.1	> 2.5%	> 1°C	<-1°C	<-1°C	> 5%	>25 cm
1	Increase	> 0	> 0%	> 0°C	< 0°C	< 0°C	> 0	>0
0	No Change	0	0%	0°C	0°C	0°C	0	0
-1	Decrease	< 0	< 0%	< 0°C	>0°C	>0°C	< 0	<0
-2	Moderate Decrease	<-0.1	<-2.5%	<-1°C	>1°C	>1°C	<-5%	<25 cm
-3	Significant Decrease	<-0.2	<-5%	<-2°C	>2°C	>2°C	< -10%	<50 cm

Reference: IPCC, 2014: Climate Change 2014: Impacts, Adaptation, and Vulnerability. Part B: Regional Aspects. Contribution of Working Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change.

In 2022, a Climate Projection assessment was completed for all PDB terminals and stations in a Geographic Information System (GIS), focusing on potential hazards such as river basin floods, rising sea level, drought, and heat. This assessment enabled us to identify high-risk assets and served as an input to our adaptation strategy. Based on this, we performed ground truthing and vulnerability assessment at one of our terminals in Sarawak during the year under review.

Moving forward, we plan to conduct further in-depth analyses to enhance our understanding of specific facility impacts in the years ahead.

Metrics and Targets

Throughout 2023, we measured, tracked and disclosed key metrics related to our energy and GHG emissions from the operational control consolidation approach and equity share consolidation approach. Besides monitoring and tracking our Scope 1 and Scope 2 GHG emissions, we also completed our baseline Scope 3 GHG emissions across all 15 categories focusing on category 1 and category 11.

The following demonstrates PDB's progress in of our GHG and energy-related performance and targets (where relevant).

GHG Emissions

GHG Emissions (Operational Control) [a][b][c][d][e][f]	2019	2020	2021	2022	2023
Total Direct (Scope 1) and Indirect (Scope 2) (thousand tonnes CO_2e)	159.9	136.4	120.2	145.5	**126.0**
• PDB Group	146.7	128.9	114.7	140.0	**121.0**
• PNGV	13.2	7.5	5.4	5.5	**5.0**
Scope 1 emissions (thousand tonnes CO_2e)	56.1	45.0	42.4	49.6	**53.6**
• PDB Group	52.0	42.7	40.6	47.8	**51.6**
• PNGV	4.1	2.3	1.8	1.8	**2.0**
Scope 2 emissions (thousand tonnes CO_2e)	103.8	91.4	77.8	96.0	**72.5**
• PDB Group	94.7	86.3	74.1	92.2	**69.4**
• PNGV	9.1	5.1	3.7	3.7	**3.0**
GHG emissions reductions [g] (Tonnes CO_2e)	414.9	543.5	1,076.1	1,636.5	**2,461.2**
• Biodiesel (Scope 1)	341.4	386.4	920.5	1,487.9	**1,620.6**
• Solar (Scope 2)	73.5	157.1	155.6	148.6	**840.6** [h]

Notes:
- [a] *Greenhouse gas emissions (GHG) comprise carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulphur hexafluoride and nitrogen trifluoride. The data was calculated using the 2009 API Compendium, which is the recognised industry standard under the GHG Protocol Corporate Accounting and Reporting Standard.*
- [b] *GHG emissions were calculated using global warming potential (GWP) factors from the IPCC's Fourth Assessment Report.*
- [c] *Under operational control approach, emissions from PETRONAS NGV (PNGV) were also included as PDB operates and maintains these NGV stations on behalf of PNGV.*
- [d] *All Scope 1 GHG emissions numbers have been re-stated. The fuel-based method is now used instead of the distance-based method (using km Driven) to calculate emissions from fuel combustion of trucks.*
- [e] *Split by scope or entities may not add up to the total due to rounding.*
- [f] *For individually insignificant sources of emissions such as retail stations where it is impractical to collect all data, we used simplified methods for estimating emissions. Emissions from some retail stations were modelled by multiplying the number of sites by an average emission factor per site, which was derived from available actual data.*
- [g] *Lower Scope 2 emissions from Retail stations were recorded in 2023 due to improvements in data collection efforts resulting in a higher available actual data set compared to previous years. We also re-stated the 2020 until 2022 figures due to minor adjustments to the number of retail stations and cafe outlets.*
- [h] *GHG emissions reductions result from actions or interventions that have led to ongoing reductions in Scope 1 and Scope 2 emissions such that. GHG emissions would have been higher in the reporting year if the actions or intervention had not taken place.*
- [i] *We have successfully achieved and exceeded the short-term reduction target of 545 tonnes CO_2e for FY2023 via our solarisation initiatives.*

GHG Emissions (Operational Control)	2019	2020	2021	2022	2023
Indirect emissions (Scope 3) [a] [b] (Million tonnes CO_2e)	46.7	36.1	35.8	46.8	**50.2**
• Purchased Goods and Services (Category 1)	8.3	6.6	6.3	8.5	**9.4**
• Use of Sold Products (Category 11)	38.4	29.5	29.5	38.3	**40.8**

Notes:
- [a] *Scope 3 - Emissions from sources that are not owned or directly controlled, but are related to our activities. The simplified Intergovernmental Panel on Climate Change (IPCC) Tier 1 method using default emission factors was used to estimate our emissions.*
  - *Category 1 includes estimated well-to-tank emissions from refined oil products, LPG, LNG, NGV, biofuels, lubricants, bitumen and petcoke purchased.*
  - *Category 11 reflects estimated emissions from the direct use-phase of our fuel, such as products mogas, diesel and biodiesel, jet fuel, fuel oil, petcoke, LPG, LNG and NGV.*
  - *We are improving the calculation methodology for the above and all additional material categories will be quantified in due course.*
- [b] *Emissions have been re-stated to take into account of improvements in calculation methodology undertaken during the baseline Scope 3 GHG review exercise conducted in 2023.*

GHG Emissions (Equity Boundary) [a][b][c]	2019	2020	2021	2022	2023
Total Direct (Scope 1) and Indirect (Scope 2) (Thousand tonnes CO_2e)	159.3	135.9	120.7	148.6	**132.1**
• Scope 1 emissions	52.6	43.2	41.2	48.4	**52.5**
• Scope 2 emissions	106.7	92.7	79.5	100.3	**79.6**

Notes:
- [a] *Equity Boundary includes non-operated assets such as PS Pipeline Sdn. Bhd., PS Terminal Sdn. Bhd., IOTM and TMOTM.*
- [b] *Emissions from PETRONAS NGV (PNGV) are excluded.*
- [c] *Split by scope may not add up to the total due to rounding.*

Energy Use

Energy Use (Operational Control)	2019	2020	2021	2022	2023
Total Energy Use (Thousand Gigajoules)	2,173.4	1,836.9	1,688.2	2,015.9	**1,687.0**
• Fuel [a]	735.8	571.6	542.5	643.4	**686.8**
• Imported electricity	1,437.5	1,265.3	1,145.8	1,372.5	**1,000.2**

Notes:
- [a] *All numbers for fuel have been re-stated. The fuel-based method is now used instead of the distance-based method (using km Driven) to calculate energy used from fuel combustion of trucks.*

Our Value Creation

Key Areas	Our Progress
Biodiesel	• PDB signed an MoU with Shaziman Transport Sdn. Bhd. and Scania Malaysia Sdn. Bhd. on 22 May 2023 & the Malaysian Palm Oil Board (MPOB) signed on 4 July 2023 • Conducted feasibility studies to reduce our GHG emission in transport segment, in collaboration with our hauliers, truck manufacturers and MPOB on a pilot utilisation of B100 in four of our haulier's road tankers • Launched first PETRONAS B100 fuelled road tankers in October 2023
Solar	• As of 2023, PDB has solarised 68 sites at PETRONAS stations • PDB intends on a solarise an additional 100 stations, making the cumulative of 168 stations in 2024 with a target reduction of 2,288 tCO_2e, and plans to extend this initiative to other assets such as terminals and office buildings in the future in collaboration with Gentari
Electric Vehicle	**2-Wheelers** • Following the MoU signing in 2022, PDB has collaborated with Blueshark to validate the electric motorcycle and battery swap business via a 2-staged pilot (MVP) run with 14 Battery Swap Stations installed at 14 PETRONAS stations • PDB plans to further expand the Battery Swap Stations network at PETRONAS stations to support and accelerate two-wheeler EVs in the future **EV Charger** • Expansion of EV chargers at PETRONAS stations • Installed 25 EV charge points at PETRONAS stations in 2023 • PDB Signed a Collaboration Agreement with Gentari Green Mobility, continuing the partnership to expand EV charge points installation at PETRONAS stations
Sustainable Aviation Fuel (SAF)	• PDB has been actively involved in the development of SAF in Malaysia since 2021 and has been progressing well in promoting SAF to the industry. As a leading jet fuel supplier in Malaysia, PDB has been at the forefront of advancing SAF by collaborating with industry players, and working towards the realisation of sustainable air travel. PDB in 2022 has recorded several achievements in driving change in the industry including the first SAF supply in Malaysia showcasing our national carrier international bound flight and the first domestic flight refuelled by SAF in collaboration with our strategic partners • In 2023, PDB signed Malaysia's first offtake agreement with our national carrier for a supply of SAF from 2027 until 2035. PDB's commitment was recognised by the Malaysian government and industry players and regulators, including the International Air Transport Association (IATA) and International Civil Aviation Organisation (ICAO) • PDB's target is to ensure readiness for SAF supply in meeting the demand in Malaysia, come 2027, in line with the CORSIA mandate

Our Achievements

Reduction of GHG emissions by **840.6** tCO_2e from **68** solarised stations as of 2023

Installed **25** new EV charge points

Outlook

Committed to sustainability, we are aligning our growth with the recently launched NETR and Malaysia's low-carbon goals. Within PDB, we are expanding solar installations at PETRONAS stations, targeting 100 additional stations by 2024. We are also expanding our EV Charging Network to accelerate the adoption of green mobility and are currently exploring further carbon footprint reduction initiatives, such as implementing energy-efficient equipment and using biodiesel.

Moving ahead, we have set a short-term reduction target of 2,288 tCO_2e for FY2024, which will be achieved via the utilisation of solar energy. We also plan to optimise our fleet operations, which will reclass our Scope 1 to Scope 3 GHG emissions. Furthermore, we will set GHG reduction targets and incorporate GHG emissions and climate impact assessments into our business growth plans. We will set PDB GHG reduction targets and integrate GHG emissions and climate impact assessments into our new growth plans.

By actively disclosing relevant information in our public reports, we plan to fully comply with TCFD recommendations by 2025, as Bursa Malaysia requires.

Environmental Management

Safeguarding the Environment

Environmental issues have become among the most pressing and urgent in the global arena today. We are committed to redressing some of these issues by transitioning to lower carbon energy solutions to mitigate climate change. At the same time, we contribute to a healthier environment through responsible waste management and more efficient use of natural resources.

Management Approach

At PDB, our commitment to environmental responsibility is outlined by our HSE Policy and Sustainability Roadmap. We prioritise protecting the environment and using natural resources sustainably. This includes reducing pollution, minimising waste and conserving water and materials in our operations. These practices, policies and standards are communicated to everyone across our value chain, from employees to suppliers. Our programmes are evaluated and monitored regularly, employing tools and controls to manage environmental risks across our operations. During the year, there were zero fines or penalties received related to environmental non-compliance.

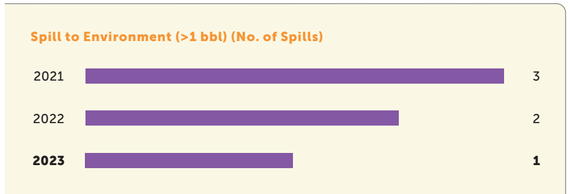
Spills

As guided by our HSE policy, PDB is committed to prevent and reduce environmental pollution caused by our operations.

We have systems in place to ensure operational integrity, and thus preventing spills on land and water. As an added layer of defence, all our fuel storage and dispensing systems are equipped with secondary containment, leak detection and monitoring systems to detect spills early. To enhance the integrity of our assets, all equipment undergo regular maintenance while ageing assets are replaced through asset refresh and rejuvenation programmes.

Going beyond regulatory requirements to reduce pollution from spills, we initiated a programme in 2021 to implement Automatic Tank Gauging (ATG) systems at our stations. Our target is to have ATG installed at 60% of our overall network by 2025. As of December 2023, we have effectively deployed ATG at 32% of the identified sites, and we anticipate a 50% completion rate by July 2024. Over the years, we have also upgraded our ATG to include the Electronic Leak Detector (ELD) system and have completed more than 200 upgrades at our stations. In 2024, we plan to upgrade an additional 100 stations with ELD which will enable us to detect leaks more efficiently.

In 2023, there was one hydrocarbon spill which was immediately rectified and, investigated. All recommended corrective actions were monitored for closure.



Note: 1 barrel is equivalent to 159 litres

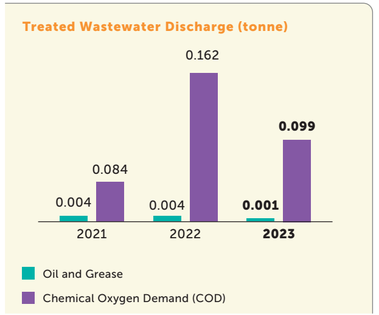
Emergency Preparedness

Emergency oil spill response exercises are carried out as a vital component of our emergency preparedness and crisis management programme. We leveraged strategic partnerships with relevant authorities and organisations such as the Petroleum Industry of Malaysia Mutual Aid Group to enhance our vigilance and ensure faster response in the event of an oil spill. Additionally, PDB also collaborated with the Department of Environment, Wildlife Department, Department of Fisheries Malaysia, Forestry Department and Marine Department to conduct oiled wildlife operational risk assessment and develop the Malaysia Oiled Wildlife Response Plan (MOWReP).

Water (Effluent) Discharge

Wastewater from our LPG terminals is treated before discharge, and monitored regularly to ensure compliance with environmental regulations. Key parameters analysed are oil and grease as well as chemical oxygen demand.

All our facilities are equipped with oil interceptor systems and maintained to prevent any unplanned or uncontrolled discharge from entering public drains. In line with best environmental practices, the stormwater discharge of oil interceptors at our terminals and stations is monitored every month.



Note: Treated wastewater is discharged into drains and eventually directed into the nearby sea. Our discharge complies with the Malaysian effluent discharge quality standards.

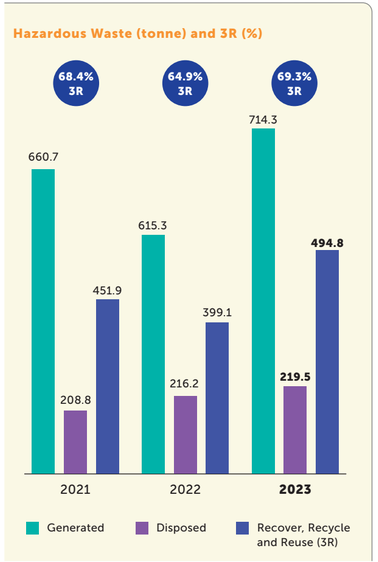
SUSTAINABLE USE OF NATURAL RESOURCES

Waste Management

Aligned with our HSE Policy, we seek to minimise the use of resources or materials across our operations while actively reducing generated waste through recycling or recovery initiatives.

Hazardous Waste

During the year under review, we continued in our efforts to reuse, recycle or recover (3R) our hazardous waste. This led to a significant increase in the volume of 3R waste, from 64.9% in 2022 to 69.3% in 2023.



Non-Hazardous Waste

Meanwhile, we are progressing towards a 3R culture regarding non-hazardous waste, in line with our policy of using natural resources sustainably. Following the roll-out of our Green Office Handbook and Single-Use Plastics Handbook at the end of 2020, we incorporated environmental sustainability in our HSE Plan since 2021 to institutionalise green practices across the company.

Responsible Sourcing

Our Mesra store expanded its offerings in May 2023 with the launch of a new home gardening category. This move caters to the growing interest in cultivating personal green spaces and allows individuals in residential areas to easily access the necessary supplies. We've partnered with a dedicated supplier who utilises compost in the creation of their soil blends, offering a range of options including organic varieties. This partnership aligns with our focus on offering diverse products and catering to a wider customer base while supporting local businesses. Through this initiative, we strive to enhance the availability of gardening resources for our community. Looking forward, we aim to continuously improve our offerings and explore ways to further integrate sustainable practices throughout our business operations. Ultimately, this expansion reflects our ongoing efforts to evolve and provide customers with enriching experiences that align with their evolving needs and interests.

Sustainability at Café Mesra

Café Mesra adopts eco-conscious practices such as utilising sustainable packaging, offering Tetra Pak options for drinking water as well as promoting reusable mugs and flasks to minimise waste. Corn starch takeaway containers are used for corporate events, reinforcing our eco-friendly approach. Our furniture, which is crafted from up-cycled denim and ocean plastic, is used in some of our Café Mesra outlets and exemplifies our ethos of fostering responsible and sustainable dining practices.

Promoting sustainability efforts at Café Mesra by offering complimentary drink upsizes when customers bring their own reusable tumblers

C-Clean Programme

Efforts have been made to raise awareness and educate the community on effective waste management practices. This includes initiatives to promote a circular economy through partnerships with recycling organisations, focusing on waste segregation, recycling, and data collection. The C-Clean programme was conducted at three different locations, Pantai Teluk Yu in Langkawi, Pantai Puteri in Melaka, and Pantai Pasir Panjang in Lumut. These programmes were carried out in collaboration with the Ministry of Domestic Trade and Costs of Living (KPDN), Majlis Bandaraya Melaka, Majlis Perbandaran Langkawi, Majlis Perbandaran Manjung, SWCorp Malaysia, SWM Environment, local colleges, schools, and the NGO KUASA. Through these efforts, a total of 2,571kg of waste consisting of more than 662kg of recyclable materials was sent for recycling. Participants were also educated on waste segregation practices.

Teluk Yu, Langkawi (May 2023)

Pantai Pasir Panjang, Lumut (Oct 2023)

Pantai Puteri, Melaka (Sept 2023)

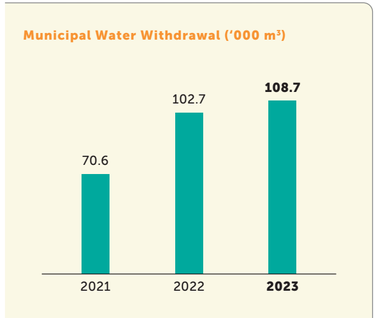
Used Cooking Oil (UCO)

PDB has embarked on a UCO collection campaign at PETRONAS stations since July 2023. The campaign has scaled up to 33 selected stations nationwide from October 2023 till the end of 2023. The campaign was in collaboration with the Ministry of Plantation and Commodities, enabling PDB to collect more than 133.7 tonnes of UCO from 7,700 participating customers. The UCO campaign has incentivised people to recycle in exchange for cash, thereby promoting the circular economy among Malaysians.

Conserving Water Use

Although Malaysia is currently not a water-stressed country, water supply disruptions are becoming increasingly common in the Klang Valley due to pollution of water bodies and, occasionally, low levels of water in major dams. To address this challenge, we are committed to using water efficiently and minimising our impact on water resources, as reflected in our HSE Policy.

In our terminal operations, water is essential for washing cylinders, cleaning tanks, maintenance, and conveyor chain lubrication and for general purposes. For stations, water is primarily used for public toilet facilities and general-purpose washing.

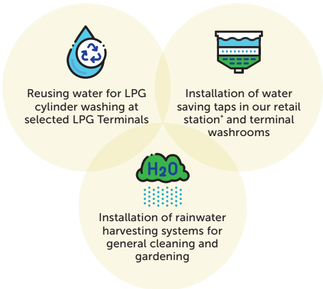


Note: Water consumed in 2023 is approximately 1,000 m³

We have conducted an assessment[1] to identify water-stressed regions in areas where we operate. Currently, none of our terminals, stations or offices are located in water-stressed areas. Nevertheless, by 2040, at least six terminals have been identified to potentially experience high to extremely high risk for water stress. In 2023, our water withdrawal at these terminals stood at 48,888 m³. We will closely monitor water usage at these terminals and strive to reduce our water footprint in the coming years.

[1] *Reference: World Resource Institute's (WRI) Aqueduct Water Stress Atlas*

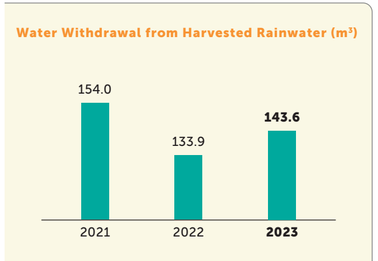
Actions taken to reduce water withdrawal throughout our operations include:



* *New retail fuel stations will incorporate water saving taps in their design.*

In 2022, we adopted a more holistic approach by establishing our company-wide Water Management Plan. We conducted a situational assessment at nine of our terminals to understand water withdrawal patterns, challenges and opportunities for water conservation. We also thoroughly inspected and reviewed existing rainwater harvesting systems at 32 stations. Prior to 2023, we had installed rainwater harvesting systems at six terminals and expanded the capacity of existing storage tanks. During the year in review, we expanded the installation of rainwater harvesting systems to two additional terminals. In 2023, we installed rainwater harvesting systems at an additional 20 stations, which were located at water-stressed areas as indicated in our Water Management Plan. A total of 79.6 m³ of rainwater was utilised for general cleaning purposes. We continue to explore practical strategies, encompassing both behavioural and engineering perspectives, to reduce water withdrawal at specific sites and expand our existing rainwater harvesting initiatives.

Rainwater harvesting system installed at PETRONAS station



Note: Equivalent to the quantity of water used for 958 commercial vehicle washes.

Outlook

For the year ahead, we will continue our efforts in the circular economy by increasing our hazardous waste 3R and expand the rainwater harvesting systems of our retail rainwater harvesting systems at our retail fuel stations. As part of our HSE Long-Term Strategy (2021-2025) to intensify the adoption of digitalisation for analytics, we plan to launch a digital platform for environmental data collection and reporting for all our terminals.

POSITIVE SOCIAL IMPACT

Create positive alliances with the communities in which we operate by protecting and adding value to the well-being of employees, partners and society

MATERIAL MATTERS

- **Health and Well-being** ▸ page 111
- **Capability Building** ▸ page 125
- **Human Capital** ▸ page 116
- **Community Investment** ▸ page 128

KEY HIGHLIGHTS

Invested a total of **RM1.4 million** to benefit over **100,000** individuals nationwide through multiple internal and external programmes

Provided structured pathways in employing **10** PWD at PETRONAS stations

Health and Well-being

Why it Matters

Protecting lives and improving safety standards throughout our operating environment is an ongoing commitment that demands constant attention. With the introduction of new technologies and working conditions, we consistently assess our operating environment enabling us to refine our policies and processes to address evolving challenges. We believe that a secure workplace not only nurtures a strong and healthy workforce, but also increases productivity, reduces employee turnover and strengthens our reputation as a caring and responsible employer.

Our Approach

At PDB, the safety and overall well-being of our employees and partners is paramount. We focus on protecting our People, Environment, Assets and Reputation (PEAR), guided by the PDB Health, Safety and Environment Management System (HSEMS) which sets out our guiding principles in managing risks and hazards related to our business.

These policies and practices are communicated to our workforce via memos, HSE briefings and relevant information displayed at strategic locations for all businesses. The commitment outlined in the HSE Policy is translated into relevant HSE procedures and work processes. These procedures and processes are then implemented by all applicable staff, based on their roles and responsibilities, KPIs and Terms of Reference (ToR). HSE-related training is also provided to improve HSE awareness.

Recognising that ensuring the safety of our people requires a collective effort, we have undertaken a systematic, company-wide approach. Spearheaded by our leadership team, we foster a Generative HSE Culture where every individual is empowered to take responsibility for his or her safety and that of others.

The I.CARE framework encourages a Generative Culture in PDB staff through cultural development and intervention. Training sessions such as the I.Role Model and I.CARE Partner instil a Generative Culture mindset at all levels. Specific programmes aim to change the culture among staff and contractors, emphasising CARE for risk and HSE compliance at our sites.

Throughout the year, we ensured that all the safety incidents were investigated, closely monitoring and tracking corrective actions for closure. We also continued to strengthen HSE compliance, while scaling up risk monitoring and management, reflecting our commitment to safeguarding both our people and assets.

HSE Governance

Our governance structure clearly delineates of roles and responsibilities, starting with the Board and cascaded down to employees.

Board of Directors	HSE Steering Committee & Risk Management Governance Committee (RMGC)	Leadership Team	Employees
• Provides oversight on HSE matters • Deliberates on quarterly updates from the management at Board meetings	• Conducts strategic discussions and decisions pertaining to HSE issues	• Discusses and monitors key risk indicators and mitigation actions at quarterly risk meetings	• Annual HSE scorecards are created and integrated into the individual scorecards of all employees

HSE Assurance

At PDB, HSE is assigned the highest priority. To protect the company against operational, reputational and legal impacts, we have adopted PETRONAS Assurance Framework as a guide. It is a structured approach, where PDB continues to manage all assurance processes through myAssurance. We have completed all assurance programmes assigned by utilising this online platform for all PDB facilities across Malaysia.

To emphasise our efforts in strengthening HSE compliance, PDB has conducted assurance exercise on changes in the PETRONAS Technical Standard, covering GHG emissions and organisational and operational changes. In addition, we introduced an assurance upskilling programme for functional assessments to enhance the capabilities and understanding of our assessors.

HSE Management Review

The Management Review assumes a pivotal role in guiding the development and implementation of both annual and long-term Company Health, Safety, and Environment (HSE) plans and strategies, including the associated budget. This comprehensive process involves the integration of HSE best practices, the PETRONAS HSE Management System, and policies and regulatory requirements. The overarching objective is to align PDB with Group-wide HSE strategies and plans, sustaining our exceptional HSE performance while safeguarding PEAR.

HSE Risk Management

To ensure our risks are at As Low As Reasonably Practical (ALARP) level means conducting continuous reviews and assessments to facilitate effective implementation and interventions. Therefore, we have established a fit-to-purpose risk management framework for PDB's operations to comply with PETRONAS' and legal requirements, as follows:

HSSE Integrated Risk Assessments (HIRA)	Hazard and Effects Management Process (HEMP)	HSE High Risk Project Monitoring Process	HSE Risk Profiling System
One-stop centre for all risk assessment tools and a unified risk database Standardises all risk assessments Enables effective implementation of risk mitigation and interventions	Identifies and assesses hazards and associated HSE risks across business operations Introduces feasible controls and mitigation to minimise risk exposure	Evaluates HSE risks of new or existing projects to prioritise budgets and execution Assesses risks due to changes in strategy or projects	Conducted for four categories Utilises prescriptive risk management based on identified key risk indicators

Applied across our value chain for due diligence purposes

Process Safety

Process Safety Management is a systematic framework that ensures the integrity of operating systems and the processes involved in handling hazardous substances.

In 2023, Process Safety Management in PDB focused on nurturing the Process Safety behaviour by inculcating the Process Safety Essentials to instil the right mindset towards achieving Process Safety Excellence and Mission to Zero is Possible (MZP).

The Process Safety Essentials are as follows:
- I own Process Safety
- I embrace the Red and challenge the Green
- I make conscious risk-based decisions decisions
- I prioritise resources and respond timely to Process Safety matters

Accomplishment of "I EMBRACE the Red and CHALLENGE the Green" through Challenge the Green (CTG) Programme

- Uphold the integrity and transparency of Process Safety reporting to ensure risk visibility and mitigation
- Commitment to diligently conduct Process Safety assurances to identify and mitigate Process Safety risks

Emergency Response and Crisis Management

The development of the PDB Emergency and Crisis Management Procedures ensures emergency preparedness across the Group in order to strengthen response capabilities. This includes an emergency response structure and processes with clearly delineated roles and responsibilities to addresses both onsite and offsite incidents. Site-Specific Emergency Response Plans are developed and regularly reviewed for emergency preparedness on emergencies during catastrophic events.

As part of our emergency preparedness, PDB conducted Ops Batu Sapi 2023 and the Sandakan Fuel Terminal Completion of TIER 3/MKN Level 1 Programme in collaboration with Majlis Perbandaran Sandakan. The programme also included surrounding local residents and schools as part of the evacuation and response exercise.

Transport Safety

Transport safety is a critical part of our operations as we rely heavily on land transport to deliver products to customers via heavy goods vehicles (HGVs). Our employees commute to work using public transportation and personal vehicles, and use company vehicles or personal vehicles for business trips.

The safety of our employees and contractors is our top priority and we ensure their safety through land transport programmes and procedures. Driving competency is assessed through defensive driving training. HGC drivers are trained according to the Tanker Operations Guideline (RTOG) module and PDB employees are required to follow the Business Travel Procedures set by PETRONAS.

This is part of our initiative to move contractors towards self-compliance and to inculcate a Generative Culture among our contractors. We also intensified our engagements with contractors by having an I.CARE conversation session between PDB's CEO and the hauliers' CEOs. This session underscores the commitment of PDB's top management to the well-being of our contractors. We promote psychological safety by sharing best practices and discussing ways to improve performance. We plan to conduct more Generative Culture programmes among hauliers.

Employee Health and Well-being

In order to protect workers' health, PDB implemented the following health risk assessments at fuel, LPG and aviation terminals, PETRONAS stations and other PDB facilities nationwide.

Health Risk Assessment (HRA)	Ergonomics Risk Assessment (ERA)	Noise Risk Assessment	Heat Stress Monitoring
Conducted to identify and control health hazards in the workplace, including chemical, physical, ergonomics, biological and psychosocial hazards	Conducted to investigate the ergonomics risk among workers at operational sites and protect them against musculoskeletal disorders (MSDs) through minimising daily exposure	Conducted to assess the noise levels exposed to workers and to implement controls to safeguard workers from the risk of hearing loss at work	Conducted to identify the exposure levels to heat and to carry out mitigation measures to prevent heat stroke among workers

PDB has also conducted various trainings to improve employee hazard awareness, covering Hearing Conservation Awareness, Safe Handling of Chemicals, Ergonomics Awareness at the Workplace and Fatigue Management. We also mitigated health-related risks so that they are at the level of As Low As Reasonably Practicable (ALARP) by carrying out audit sessions that were verified by third-party auditors from PETRONAS' Group Health, Safety and Environment (GHSE).

Our Value Creation

Key Areas	Our Progress
New HSE-related Frameworks	• Development of a HSE Standard for solar and EV DC chargers at PETRONAS stations
Strengthened HSE Governance	• Carried out effective communication for greater clarity and ensured clear expectations across all levels within PDB • Implemented targeted interventions to sustain HSE culture and performance • Executed comprehensive management system reviews to benchmark performance against the previous year to assess the effectiveness of HSEMS implementation for continuous improvement • Cultivated a Generative HSE Culture through various programmes and discussions, ensuring timely communication of issues requiring escalation to leaders for intervention
Improved HSE Assurance	• Strengthened HSE compliance among our contractors - Incorporated HSE capability requirements as part of contractor compliance - Incorporation of the social supply chain aspect to further identify non-compliance with PETRONAS' Contractor Code of Conduct • Completed the Petroleum Safety Act (PSMA) assessment with the collaboration of DOSH at all PETRONAS stations within three years
Generative HSE Culture	• Development of the I.CARE Strategy to instil a Generative HSE Culture among PDB staff, moving towards HSE "Zero is possible". PDB strives to make a positive impact on safety, health and environment within its ecosystem, and at the core of this endeavour lies the essential element of CARE: - Completion of I.Role Model Training for top leaders and middle managers in PDB - Completion of I.CARE Partner Training for executives and non-executives
Process Safety	• Strengthened the Generative HSE Culture through the integration with the process safety culture with the establishment of the Process Safety Generative Culture Intervention Framework • Risk visibility enhancement through Dynamic Risk Ranking (DRR) exercise • SOE mapping activity for the SDD Terminal • Process Safety Situational Assessment for LNG facilities

Health and Safety Performance

		2021	2022	2023
No. of Fatalities	**Employees**	0	0	**0**
	Contractors	0	0	**0**
Fatality Accident Rate (FAR)	**Employees**	0	0	**0**
	Contractors	0	0	**0**
No. of Lost Time Injury (LTI)	**Employees**	0	3	**0**
	Contractors	1	1	**0**
Lost Time Injury Frequency (LTIF*)	**Employees**	0	0.65	**0**
	Contractors	0.30	0.22	**0**
No. of Total Reportable Cases	**Employees**	0	3	**0**
	Contractors	2	3	**0**
Total Reportable Case Frequency (TRCF)	**Employees**	0	0.65	**0**
	Contractors	0.57	0.67	**0**

Our Achievements

Approval of **Generic Chemical Health Risk Assessment** to ensure seamless HSE excellence

2023 shows the best PDB HSE performance for the past **10** years where **0** major incidents were recorded

Outlook

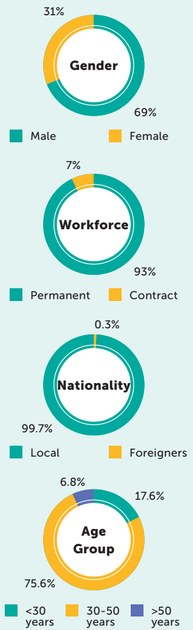
Our ultimate goal is to create an environment that minimises the risk of injury as much as possible. Consistent HSE training and a high level of awareness among our employees and contractors is the key to achieving this. Proactive benchmarking against leading HSE practitioners in the industry and continuously learning from incidents are our key focus areas to improve HSE culture in 2024.

Human Capital

Why it Matters

Our employees stand as our most invaluable asset, continually contributing to the success and integrity of our organisation. Keeping our employees safe and well is crucial to ensuring a conducive work environment free from discrimination or human rights violations. In addition, advocating diversity and inclusion enables us to harness the unique experience and skillsets from our diverse talent. We will continue to nurture a culture where everyone upholds the principles of integrity and respect to contribute to our long-term sustainable growth.

Workforce Profile



Total
1,391

Note: Workforce profile refers to PDB only.

Our Approach

Our approach to human capital is guided by PETRONAS' People Policies and Procedures as it is strategically aligned with our organisational needs. We implement the PETRONAS Global Talent Strategy, emphasising three thrusts – the Right Leader, the Right Talent and the Right Environment.

Leveraging our Employment Value Proposition – Trust, Grow and Reward, enhances the framework's robustness for employee management and development.

Diversity and Inclusion

At PDB, we celebrate a diverse and inclusive workforce as we believe that the varied talent, experience and expertise will contribute significantly to the robustness of our business. We employ an extensive array of recruitment channels to identify and attract top-tier talent. Our selection process is meticulous, focusing on candidates' experiences, knowledge and skills to ensure alignment with our organisational needs and objectives. We remain guided by our non-discriminatory hiring policy that ensures equal opportunities in terms of employment and career progression, regardless of gender, race, religion, age and nationality.

Dedicated project teams were established in 2023 to strengthen our commitment to diversity and inclusion, mainly focusing on background, age and gender.

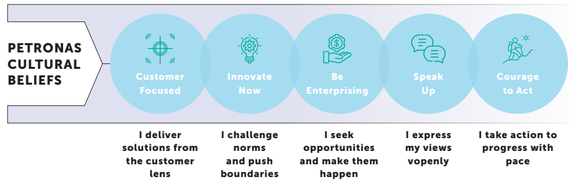
Welfare and Benefits

We have adopted PETRONAS' policies on welfare and benefits to ensure our full-time employees are provided comprehensive support. This encompasses medical benefits, life insurance, allowances, diverse types of leave and other essential provisions.

Focus Area	Benefits
Welfare and Benefits	• Employees with Special Needs Children
Leave	• Maternity and Paternity Leave • Hajj Leave • Special Leave • Compassionate Leave • Pilgrimage Leave for Other Religions
Flexible Work Options	• Compressed Work Week • Flexible Working Hours • Leaving Earlier from Work for Pregnant Employees • Working Arrangement for Employees with Dependent(s) affected by contagious diseases • Flexible Work Arrangements
Employee Relations	• Focused Recognition Sessions with MD/CEO • HRM Pulse Check • Luncheon 2.0 with MD/CEO • Our Promise • Mechanisms to allow employee representatives to engage with company management
Leadership	• Potential Leaders Development Programme (PLDP) - PLEDGE Series - Talent Branding - Talent Mentors - Potential Leaders Focus Storytelling - Networking with Leadership Team (LT) • Leaders Develop Leaders (LDL) • Building Empowered Leaders (BEL)
Webinar Series	• HRCafeTalk • Championing Psychological Safety • PETRONITA
Recreational	Kelab Sukan dan Rekreasi PETRONAS
Employee Appreciation	Long Service Award Programme
Calamity Assistance	Provided to employees, Graduate Employment Enhancement Scheme (GEES) participants and interns affected by natural disasters

For more information on PDB's employee benefits, please visit https://www.mymesra.com.my/sustainability/workforce-development

Workplace Culture and Environment Standard



We are guided by CoBE where any harassment, bullying, bribery, corruption or behavioural protocol breaches are considered as misconduct, subject to disciplinary action and applicable laws. The CoBE outlines our work culture and conduct policies, all of which are communicated in multiple languages.

Aligned with the CoBE, our People Policies and other manuals provide guidelines for managing non-compliance and misconduct. We encourage employees to report any observed policy or behaviour standard violations through our Whistleblowing channel, with trained personnel handling reports and structured procedures for investigation and necessary actions. All non-compliance cases within PDB are monitored annually while PETRONAS periodically reviews overall adherence to these standards.

Sensitive Positions

Sensitive Positions are roles susceptible to bribery and corruption, which have been identified through the Corruption Risk Assessment (CRA) conducted by PDB under the guidance of PETRONAS Group. One of the mitigation actions is to identify Sensitive Positions and execute necessary interventions since these positions involve access to confidential information, direct contact with third parties and participation in procurement-related activities. Assessed using the Integrity Risk Heatmap (IRA), Sensitive Positions are categorised as High, Medium and Low. Mitigation plans are finalised based on feedback from various Heads of Division.

In collaboration with the Compliance department, individuals in sensitive positions must take the Integrity Pledge, attend a briefing on the Conflict of Interest (CoI) declaration and the following refreshers: CoBE, Anti-Bribery and Corruption Manual (ABC) and Critical Legal Areas (CLA).

Human Rights

Respecting human rights is an essential component in ensuring sustainable operations and our licence to operate. At PDB, we actively deliberate and integrate human rights considerations into our processes, projects and across our operations. Through PDB's Business and Human Rights (BHR) strategic initiatives, we ensure that human rights principles are practised across our value chain, including by our suppliers, contractors, partners and in communities where we operate.

The BHR is guided by PETRONAS' Human Rights Commitment, which refers to international human rights instruments. These include the instruments within the International Bill of Human Rights and the application of the United Nations Guiding Principles on Business and Human Rights. We also adhere to PETRONAS' Code of Conduct and Business Ethics (CoBE) and its Contractors Conduct on Human Rights (CoCHR). Our own Health, Safety and Environment (HSE) Policy demonstrates our respect for the rights to wellness, which is integral to human rights.

PETRONAS' Human Rights Commitment

- A commitment to respect internationally recognised human rights across all operational areas governed by human rights principles, laws, best industry practices and standards to manage impacts in our areas of operation

CoBE

- A labour policy that sets out expectations and standards of the behaviour of employees including in the areas of forced and child labour
- Translated into multiple languages and communicated to all employees and all stakeholders through various platforms and is available online for reference
- Applicable across the PDB supply chain including our employees, contractors, suppliers, dealers, business partners and the surrounding community where we operate

CoCHR

- A supplier policy to safeguard PDB's reputation and reduce human rights-related risks in our value chain

Our commitment to upholding human rights extends to all stakeholders in our supply chain. To guide our employees, contractors, suppliers, dealers and business partners, we refer them to the CoBE, the CoCHR and the HSE Policy.

The CoCHR clearly outlines our commitment and sets the requirements in the following issues:

Made Available	Guided by	Adheres to
Online and in the process of translating the document into multiple languages	PETRONAS' Human Rights Commitment	PETRONAS Code of Conduct and Business Ethics

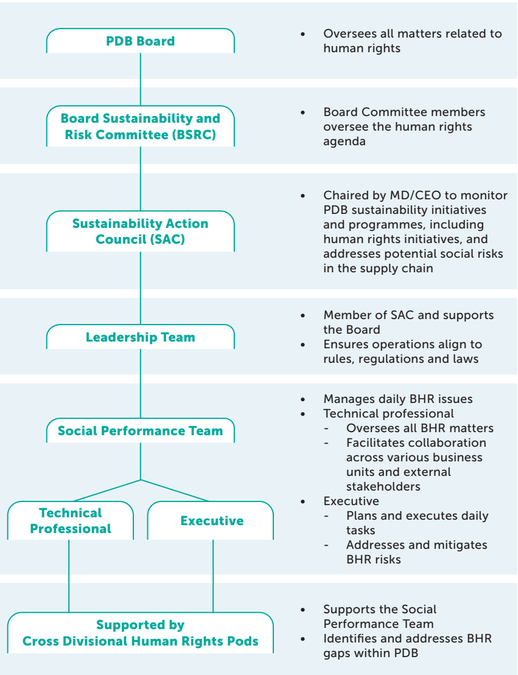
Forced Labour	• We will not engage or employ anyone against their free will; including bonded labour or debt slavery • All new hires enter into contract of service on their own free will, in line with the Employment Act 1955, Sarawak Labour Ordinance (Act A1237) and Sabah Labour Ordinance (Cap 67)
Migrant Workers	• Foreign or migrant employees are to be employed in compliance with the labour and immigration laws of the host country. Prior to hiring, the basic terms of employment must be provided to employees in a language they understand. Passports and other forms of personal identification must remain in the employees' possession at all times
Child Labour	• We will not employ children below the legal minimum working age in the host country, for example 18 years in Malaysia, in line with the Children and Young Persons (Employment) Act 1966 and PETRONAS' Talent Sourcing Policy and Procedures
Non-discrimination	• We respect diversity in the workplace and will not engage in any form of unlawful discrimination based on gender, race, ethnicity, skin colour, religion, nationality, age, marital status, pregnancy, political affiliation or disability in hiring and employment practices
Humane Treatment	• We forbid any harsh or inhumane treatment, including any form of mental or physical coercion or verbal abuse • Our stand on humane treatment covers workers' health and safety and the provision of proper accommodation for foreign workers, as per local laws and standards
Wages and Benefits	• We are committed to complying with all applicable laws related to employee compensation, including minimum wage, overtime and legally mandated benefits • We continuously review our employees' salary structure and ensure compliance with the statutory minimum wage as stipulated by the National Wages Consultative Council and supporting living wage • The salary structure of Kesatuan Kakitangan Petroliam Nasional Berhad (KAPENAS) members is reviewed every three years as part of the negotiation process of the Collective Agreement between Management and KAPENAS • Equal pay is accorded to men and women for the same role and position
Working Hours	• We comply with local laws on working hours, overtime and work during holidays, and seek to prevent excessive working hours to avoid fatigue and incidents • We monitor employees' and road tanker drivers' overtime and ensure the work schedules for shift and non-shift employees are properly planned to curb fatigue • We compensate employees for extra hours put in via special overtime rates, especially for work performed on rest days and public holidays
Freedom of Association and Collective Bargaining	• We respect the right of employees to join labour unions and the right to collective bargaining, in line with Article 10 of the Constitution of Malaysia • Employees are expected to adhere to CoBE Part II G on Conduct Contrary to Duty and to serve diligently while involved in such activities or associations • PDB maintains an open and constructive relationship with KAPENAS through regular engagement for the benefit of the Company and the union members

Security Guards

Aligned with the nine principles of CoCHR, PDB recognises the importance of responsible security. Security personnel at PDB facilities such as terminals, warehouses and project sites are managed by PETRONAS Auxiliary Police, under the accountability of Group Security. Group Security is governed by the PETRONAS Security Management Systems (SeMS), which refers to relevant human rights–related local laws and international standards such as conventions, protocols and guiding principles of the United Nations.

Governance and Resources

The Board oversees human rights matters at PDB through regular quarterly updates, supported by the Leadership Team, who ensures our operations are aligned with relevant laws, rules and regulations. Daily management of BHR issues is managed by the Social Performance Team, comprising a Technical Professional, Technical Manager, Executive and Non-executive.



Human Rights Salient Areas

PDB's commitment to respecting human rights encompasses three identified salient areas, which incorporate PDB's nature of business, value chain complexity, and close interaction with the surrounding community and business partners. The salient areas are identified through extensive engagement with our contractors, vendors, suppliers and dealers through a comprehensive Social Risk Assessment (SRA) and Human Rights Due Diligence (HRDD) for existing operations. The three salient areas are:

Following the SRA in 2020 and HRDD in 2021, we incorporated the gaps and findings into a detailed five-year strategic initiative (2021-2025) to encompass and track PDB's effectiveness in avoiding, preventing and mitigating human rights issues. The strategic initiative comprises three main phases: building the foundation, implementing BHR into PDB DNA, and transparent reporting.

Communication

PDB has clearly communicated its human rights expectations and elevated BHR understanding and capability to our employees:

- Communication through email communication platform (HSE Bytes) and self-learning platform (mylearningX)
- Human rights expectations translated into various operation procedures and rolled out to the users
- Training to specific target groups on Project Environmental and Social Impact Assessment and Grievance Mechanism

PDB Grievance Mechanism

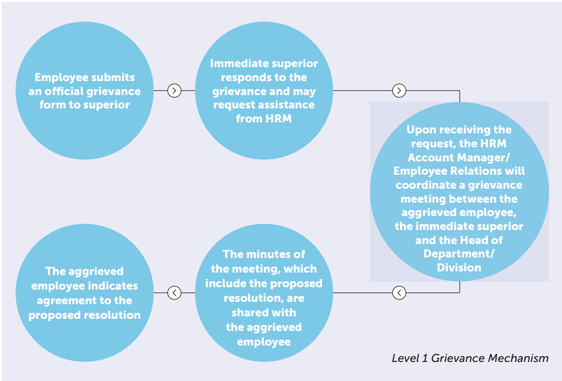
PDB has a structured and formal Grievance Mechanism for employees, contract personnel and other service providers associated with PDB to remedy any observed or experienced human rights violations. It plays a crucial role in opening channels for dialogue, problem-solving, investigation and, when necessary, the provision of remedial action.

All grievances from employees can be aired following the procedures stipulated in our Executive Handbook and Collective Agreement. In 2023, we did not receive any substantiated complaints from official regulatory bodies on any human rights violations raised by our employees. Contractors can raise grievances through the PDB Grievance Mechanism, which explicitly covers all three salient human rights areas in PDB (Labour and Working Conditions, Community Well-being, and Product Safety and Health). This serves as an avenue for dialogue, problem-solving, investigation and, when required, the provision of remedial action.

For the process flow of grievances from non-staff, refer to Supply Chain section on page 95.

Grievance Management Flow Chart for Employees

Embracing efforts to uphold human rights and well-being, a guideline process on grievance mechanisms is prepared to facilitate the procedure. For Executives and above, the below process can be referred to:



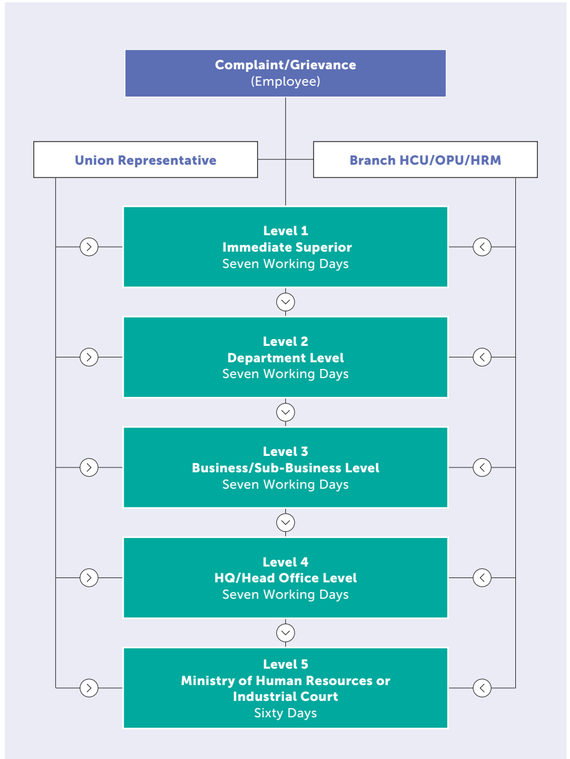
Level 1 Grievance Mechanism

Any unresolved grievance at Level 1 will be escalated to Group HRM. At Level 2, a formal meeting between the aggrieved employee and Group HRM will be conducted to resolve the grievance within 30 working days. The minutes of the meeting will be prepared and the resolution will be recorded to close the grievance. The aggrieved employee will receive the minutes of the meeting and acknowledge the decision made.

Grievance Level	
Level 1	Level 2
SLA	
30 working days	30 working days
Parties Involved	
i. Employee ii. Immediate Superior iii. Head of Department/Division iv. HR Account Manager/ER	i. Employee ii. Group HRM

For Non-Executive, as per the Collective Agreement:

The Grievance Management Flow Chart



Meet Abdul Aziz Zakaria and Mohd Helmi Bin Burhanuddin, the dynamic duo at the heart of the PETRONAS Station Taman Taming Jaya, whose journey embodies the power of diversity, inclusion and human spirit, the key values cherished by PETRONAS across its Group and workforce.

Aziz, a visionary PETRONAS station dealer, was on a mission to create positive change in his community. Recognising the untapped potential of Persons with Disabilities (PWD), he embarked on a journey to actively recruit and integrate PWD into his workforce, seeing it not just as an opportunity for meaningful employment, but also as a way to infuse his team with fresh perspectives and unique talents.

> My motivation to hire PWD stem from a deep sense of social responsibility—a commitment to creating an inclusive environment where every individual's talent can shine.
>
> *Aziz*

In line with this ethos, Aziz's commitment translated into action when he encountered Helmi via ENOKU, a social enterprise that empowers and supports PWD by paving employment opportunities. Despite having a hearing impairment, Helmi's determination and talent caught Aziz's attention. Recognising Helmi's strengths, Aziz welcomed him as the station's supervisor, harnessing his IT proficiency and administrative prowess to fill a critical gap within the team.

With the unwavering support of his colleagues and Aziz's commitment to fostering an inclusive workplace, Helmi blossomed in his role. The process of integrating a PWD into the workforce posed its own set of challenges, requiring patience, understanding and adaptability. But through their collective determination, Aziz and his team overcame every obstacle.

> We support Helmi with practical solutions, not just words. Through social media tools and regular team meetings, we ensure everyone feels empowered and included in the workplace.
>
> *Aziz*

> Don't let your disability be a barrier to success. The key is to be genuine and passionate about your work.
>
> *Helmi*

The inclusion of Helmi not only enriched the workplace culture at the PETRONAS Station Taman Taming Jaya but also fostered a profound sense of unity, support and empowerment among the team members. Looking ahead, Aziz has ambitious plans to further expand opportunities for PWD at his dealership. His vision encompasses tailored opportunities spanning from administration to IT and beyond.

Our Value Creation

Key Areas	Our Progress
Diversity and Inclusion	• Initiated the D&I Framework to: - Increase awareness on diversity and inclusion, covering background (persons with disability), age (young leaders) and gender (women's empowerment) - Create a more progressive and creative work environment that delivers better outcomes
PETRONAS Cultural Beliefs	• Encouraged employees to embrace a progressive culture and speak up via platforms such as Balance of Consequence (BOC), Focused Recognition, Focused Feedback and Power-Up sessions • Demonstrated our positive acceptance of diverse opinions and thoughts throughout the organisation
Capability Development	• Drove collective improvements to accelerate business-focused deliverables • Upheld competency as the new currency by rallying utilisation of Superior Managed Assessment (SMA) as the main guiding tool to close the competency and leadership gap • Customised learning products to solidify key functional skills • Leveraged myLearningX as our Learning Management System (LMS) to track and explore more learning opportunities via LinkedIn Learning
Welfare and Benefits	We adopted PETRONAS policies on employee welfare and benefits, providing medical benefits, life insurance, allowances, various types of leave and other general provisions for full-time employees. • Calamity assistance - Catered to floods and other situations that inflict damage to the employee's properties, such as fires and natural disasters including landslides and earthquakes - This special assistance package includes food and consumables, temporary accommodation, daily meal allowance, additional financial assistance and special paid leave for the affected employees and their family, and is also extended to interns • Benefits for employees with special needs children - This benefit was first introduced in 2022. The assistance is in the form of RM1,500 per month for each child for the employee to send the child to rehabilitation or intervention centres, and to cover other expenses of the child
Leave	PDB offers the following types of leave: • Leave Without Pay – for employees who need to attend to important personal matters, and who have exhausted other leave provisions • Maternity and Paternity Leave – we provide 98 days of fully paid maternity leave and seven consecutive days of paternity leave • Hajj Leave – Allows permanent Muslim employees to take up to 40 days' leave to fulfil their pilgrimage once during their service period with PETRONAS • Pilgrimage Leave for Other Religions – Allows employees to take pilgrimage leave for up to a maximum of 10 consecutive calendar days once throughout their service period with PETRONAS

	Men	Women	Total
Number of employees entitled to parental leave	796	280	1,076
Number of employees who took parental leave	76	32	108
Number of employees who returned to work after parental leave ended	76	32	108
Number of employees who returned to work after parental leave ended and were still employees 12 months after their return to work	76	32	108
Return to work rate	100%	100%	100%
Retention rate	100%	100%	100%

Our Value Creation (Cont'd)

Key Areas	Our Progress
Flexible Work Options	**Work From Home** • While the office remains the default workplace, flexibility is given to work from home upon approval by the employee's superior, for up to four working days in a month **Compressed Work Week** • A provision that allows employees to end their working hours at the earliest at 12 noon on the fifth day of the week upon completing the required 39 working hours for the week • For employees with special needs children, they may opt for a compressed work week where they are allowed to utilise the half day off on any day of the week for the treatment of the children, subject to employees completing 39 working hours/week **Flexible Working Hours** • A provision that allows employees to choose the time they start and end work while ensuring they complete a minimum of eight hours per day and seven hours on Fridays (or Thursdays in locations where the weekends fall on Fridays and Saturdays) **Leaving Early from Work for Pregnant Women** • Flexibility for pregnant employees in their 28th week (seventh month) onwards to leave work one hour earlier than the prescribed working hours **Working Arrangement for Employees with Dependent(s) affected by contagious diseases** • A provision that allows employees to work from home for up to five working days in the event that a dependent is affected by a contagious disease such as the hand, foot and mouth disease and influenza A. This is applicable only to Malaysia-based employees with normal working hours and subject to their superior's approval
Potential New Operations or Projects	• Risk assessment is based on the labour standards of the employees at the merger and acquisition stage
Employee Relations	• HRCafeTalk is our platform providing webinar series focusing on financial, physical and psychological well-being. This platform was introduced during the height of the pandemic with the objective to build a healthy and resilient workforce who are able to embrace the new ways of working. Fast forward to today, this platform remains even as we move into the endemic phase. The topics have progressed beyond introductory topics to those applicable to everyday life. This year we continued to engage Agensi Kewangan & Pengurusan Kredit (AKPK) to provide its expertise on the financial aspects and the Mental Illness Awareness & Support Association (MIASA) on mental health issues
Employees Appreciation	• 104 employees were awarded with the long service award
Sensitive Positions	• Increased the importance of integrity to reduce exposure to risks • Protected PDB's position as a public listed entity from reputational and financial damage

Our Value Creation (Cont'd)

Key Areas	Our Progress
Human Rights	• Increased the capabilities of human rights-related risk assessors and grievance handling • Conducted risk assessments on labour standards at the merger and acquisition stage, focusing on due diligence and the integration phases • More than 90% of employees were trained on human rights policies through the PETRONAS Human Rights Management eLearning module

Our Achievements

Introduced key initiatives to strengthen human capital at PDB:

- **Human Rights Framework**
- **Diversity and Inclusion**
- **Capability Development**

Outlook

We will continue to adhere to PETRONAS' People Policies and Procedures to foster diversity and inclusivity within our work environment. Our aim is to inspire talents to excel, uphold ethical practices and provide support through a robust HR framework and rewarding policies.

Capability Building

Why it Matters

Digitalisation, evolving work styles, increased customer expectations and environmental challenges have made capability building essential in driving an organisation's long-term growth. At PDB, we recognise that capability goes beyond training as it fundamentally changes how we work and contributes towards achieving our strategic goals. Promoting a culture that encourages talents to unlock their potential by enhancing their skills, honing competencies and deepening their knowledge base will enable us to shape an agile workforce that is quick to adapt to evolving demands. This not only increases productivity and growth, but also enables PDB to attract talents, retain our talent pool and build loyalty towards the organisation.

Our Approach

PDB is committed to discerning the aspirations of our talents and, from there, investing in opportunities that cultivates growth on both personal and professional fronts. Our overarching goal is to facilitate the continual enhancement of their expertise, skillsets and experience, enabling fulfilling and meaningful careers within the Group.

We understand that career progression is linked to each individual's capabilities. Therefore, we strive to create opportunities that allow our talents to develop skills that will help them advance into roles with increasing responsibilities. Anchored by our Capability Framework, which delineates the functional and behavioural capabilities essential for specific roles, our approach is supported by a comprehensive set of development tools and infrastructure. The development strategy for each talent typically encompasses a blend of formal, social and experimental learning methodologies.

HRDC Management

To further strengthen capability building, we continue to be an active participant in the Human Resources Development Corporation's (HRDC) training and development programme. As part of the scheme, levies are collected from employers, and this is fused to fund a diverse range of training and development programmes. We will continue to leverage HRDC's learning programmes mainly via strategic collaborations and partnerships, strengthening capability development at PDB.

Performance & Career Conversation

To ensure we achieve our goal of becoming a high-performance organisation, we consistently engage with talents to manage their performance through progressive Performance and Career Conversation sessions. This approach is anchored on Powerful Feedback, Performance Coaching and Career Planning, as it aims to empower talents while upholding "Competency as the new currency", closing the gaps in our employees' leadership and technical competencies.

PDB further strengthened our competency and capability by leveraging the Superior Managed Assessment (SMA), which allows assessments to be conducted at any time, anywhere and in any way. Through the SMA, talent management has become a transparent and easily accessible system that allows talents to develop their competencies at their own pace. In addition to encouraging accountability among talents, the system allows them to advance their skills based on business needs, focusing on both technical and leadership competencies.

Succession Management

At PDB, nurturing talent is a long-term process as this involves talent identification and assessments. Each identified individual undergoes a thorough evaluation, where we delve into their strengths and areas for potential growth. This evaluation also allows us to create a personalised career plan that is strategically aligned with critical positions both within PDB and across the wider PETRONAS spectrum. As succession planning involves designing career paths for key positions within organisations, annual reviews are carried out carefully to validate their feasibility and effectiveness.

Learning and Development Programmes

We focused on strengthening our learning programmes that develop future skills among our talent pool. As our talents are our core asset, our ability to advance in the industry largely depends on our talents. Therefore, we continuously review and refine our learning and development programmes to promote continuous learning to strengthen their knowledge, skills and competencies.

Internship Programme

We offer degree and diploma holders the opportunity to gain valuable work experience within the oil and gas industry through our Internship programme. We also conducted learning programmes on cybersecurity to cultivate cyber resilient behaviour and protect PDB from security breaches. We also conduct learning programmes on Code of Conduct and Business Ethics (CoBE), Shared Values and Cultural Beliefs.

PETRONAS Graduate Employment Enhancement Scheme (PROTÉGÉ-GEES)

We recognise that each job requires a different skill sets — a combination of work skills and soft skills. However, while work skills can be acquired through traditional learning methods, essential skills such as critical thinking, effective communication, problem solving and time management necessitate a different approach. To address this need, we have implemented PROTÉGÉ-GEES, a collaborative effort between PETRONAS and the government through the Ministry of Entrepreneur and Cooperatives Development (KUSKOP) to improve the marketability and employability of Malaysian graduates. In this 12-month programme, graduates undergo experiential learning to develop essential competencies required for full-time employment. In 2023, a total of 63 fresh graduates were enrolled in this programme.

Our Value Creation (Cont'd)

Key Areas	Our Progress
HRDC Management	• More than 80% of the annual levy was utilised for HRDC-registered learning programmes and claimable grants
Performance & Career Conversation	• Designed Change Management to enable talents to take charge of their own careers • Conducted SMA Refresher, Building Empowered Leaders and Conversations with Leaders to encourage career conversations, identify gaps and introduce relevant projects and assignments with 'nudge desired superior performing culture behaviours • Competency Bench Strength improved by 2% from the previous year to 57% across all PDB employees
Learning and Development Programmes	**For Employees** • Achieved average 63.5 learning hours across all PDB employees. Learning programmes covered topics on leadership, technical and functional, agility and innovation, digital, and sustainability. Customised learning programmes were also introduced for Retail-Fuel and Commercial divisions **For Stakeholders** • 14 different learning programmes covering functional, compliance, HSE and human rights were conducted, involving over 3,000 learners including dealers, station crew, contractors, vendors and suppliers
Internship Programme	• Accepted 127 students from 29 universities under this programme
Leadership Programme	• More than RM1.3 million invested in leadership programmes in multiple learning channels to build a strong foundations for current and future leaders
PETRONAS Graduate Employment Enhancement Scheme (PROTÉGÉ-GEES)	• 46% of fresh graduates hired in 2023 are from the PROTÉGÉ-GEES programme
PDB Management Trainee	• 23 fresh graduates were hired from the programme after exposure to several roles within 24 months

Our Achievements

Recorded **63.5 hours** in incremental average learning hours (2022:51.3 hours)

11,447 total training man-days

59% functional training and, **6,754** man-days

13% leadership training, and **1,488** man-days

Total hours of training attended by employee category:

26% Manager and above

43% Executive

31% Non-Executive

Outlook

We are committed to exploring various platforms to enhance the individual capabilities of our talent, thereby reinforcing organisational capabilities crucial for achieving our corporate objectives. This process is driven by the aspirations of our talents to ensure their needs are fulfilled as they actively contribute to PDB's current sustainability efforts.

Community Investment

Why it Matters

Recognising the unique and complex challenges in communities where we operate, PDB focuses on community social investment programmes that aim to create lasting and meaningful change in the community. We consider this to be significant as it cultivates mutual trust and respect, as we are not only addressing the nuanced needs of these communities but also fostering resilience and elevating their overall well-being for the long term.

Throughout 2023, we invested RM1.4 million, which impacted over 100,000 individuals through our various community-related initiatives.

Our Approach

In 2023, PDB sharpened our focus on community investments, allocating a significant amount of time and resources to engage and deliver a positive impact. Committed to our belief in the pivotal role we play in fostering positive change and providing aid to those in need, we continuously identify opportunities to uplift, amplify and contribute to the creation of stronger communities.

We partner with a diverse range of community groups, government agencies and non-profit organisations to understand their challenges and needs. These partnerships require regular communication with our stakeholders as well as providing avenues for them to share their feedback and concerns. From here, we adapt, design and implement initiatives that not only meet their needs, but also contribute meaningful and lasting change.

At the same time, we encourage our employees to volunteer, contributing their time, talent and passion to a variety of our programmes and projects. In 2023, over 300 employees delivered more than 1,000 volunteering hours through multiple internal and external programmes.

Collaborating with various business units across PDB, our Community Social Investment programmes and initiatives are aligned with the PETRONAS' Social Impact Management Framework. The framework provides greater clarity on the distinct roles, establishing clear performance standards and indicators to achieve effective and sustainable performance.

Our Value Creation

Key Areas	Our Progress
Rays of Hope Programme	• Completed the installation of solar panel systems for about 140 houses through a collaborative CSR programme • LPG Business contributed C12 cylinders and Gas PETRONAS merchandise to the communities of Kampung Semayan, Rahmat and Dogoton, Sabah
Ramadhan Community Outreach	• PDB, in collaboration with Masjid Jamek Kampong Bharu, Kuala Lumpur City Hall (DBKL) and Johor Bahru City Council (MBJB), had successfully organised the Ikhlas Ramadhan Bersama Gas PETRONAS 2023 through the supply of 75 unit of Gas PETRONAS C50kg cylinders to Masjid Jamek Kampong Bharu for their annual *bubur lambuk* programme and 1,120 units of Gas PETRONAS C14kg cylinders for food vendors in Bazaar Ramadhan Kampong Bharu and Bazaar Ramadhan Plaza Angsana. In addition, PDB has also distributed 1,400 packs of bubur lambuk to internal staff and the public at Bazaar Ramadhan Kampong Bharu and PETRONAS Station Lot 51, Ampang • Furthermore, with the help from the Malaysian Department of Social Welfare (JKM), PDB has identifed *Rumah Kasih Nurul Hasanah* as a suitable recipient for charitable contributions as part of the Ikhlas Ramadhan Bersama Gas PETRONAS Iniative. PDB distributed a banker's cheque for facilities improvement and essential items for Hari Raya Aidilfitri preparations for residents of *Rumah Kasih Nurul Hasanah* • Collaboration between the LPG and Retail-Fuel Divisions via the *Kasih Ramadhan Bubur Lambuk* initiative at PETRONAS Stations in Chetok, Kelantan, to promote Gas PETRONAS, raise awareness on safe handling of LPG and provide product knowledge to the communities
Flood Relief Assistance	• LPG Business, in collaboration of several business units and the Batu Pahat District Office, contributed essential items, including food baskets and cleaning essentials to flood victims in Johor • LPG Sales assisted an LPG dealer whose store was inundated by the floods by facilitating store clean-up and supplied essential items
PDB Sponsorship of Badminton Association of Malaysia (BAM)	• In continuation of our sponsorship with the Badminton Association of Malaysia (BAM), PDB, together with PETRONAS, further elevated Malaysia's badminton scene by being the official fuel partner of BAM • PDB's second year of sponsorship continues to positively impact the following: - Boosted the performance of Malaysian badminton - Enhanced the training and preparation of the national players, especially in the run-up to the 2024 Paris Olympics - Contributed to BAM's overall development programmes
SEEd.Lab	• PDB continues to provide support to the Social Enterprise Education Lab (SEEd.Lab), an end-to-end incubator programme powered by PETRONAS and Tata Consultancy Services, which focuses on building self-sustaining social enterprises that forge solutions to social pain points within communities • SEEd.Lab, the first of its kind in comprehensiveness in Malaysia, has created eight social enterprises, impacting more than 15,000 lives since its inception in January 2020. SEEd.Lab is currently nurturing 50 aspiring entrepreneurs with eight partners across diverse sectors for its third cohort • PDB has accelerated the journey and growth of the social enterprises groomed in SEEd.Lab. Beyond monetary contribution, PDB Management spent 406 voluntary manhours through its collaboration with one of SEEd.Lab's social ventures, ENOKU, aims to create employment opportunities for Persons with Disabilities (PWD) • The collaboration, which began in 2022 is part of PDB's ongoing efforts to foster an inclusive workplace culture. In 2023, PDB and ENOKU conducted a pilot programme that offers employment opportunities for 10 PWD at 10 PETRONAS stations. In ensuring a smoother integration of PWD, the programme provides assistance such as job coaching, accessibility check on workplace inclusivity and safety, and Disability Equality Training (DET)

Our Value Creation (Cont'd)

Key Areas	Our Progress
Community Outreach Programmes	**MESRA x The Lost Food Project** • Cultivated a sense of food appreciation among the MESRA team through the CSR programme in collaboration with The Lost Food Project • This programme successfully achieved the following: - Food rescued: 7,156 kg - No. of equivalent meals: 20,446 meals - Compost potential: 931 kg - Recipients: 15 charitable organisations - GHG emissions prevented: 17,890 kg **Mangrove Preservation & Community Service at Klinik Desa in Pulau Tuba** • In a bid to foster positive social impact and contribute to the well-being of the community, a dynamic programme centred around mangrove preservation and community service was initiated at Klinik Desa in Pulau Tuba. This groundbreaking initiative, held in December 2023, aimed to not only protect the vital mangrove ecosystems but also to provide essential services to the residents of Pulau Tuba • The primary focus of the programme was to create a positive social impact on the community. By combining efforts in mangrove preservation and community service, the initiative sought to address both environmental and societal needs • The programme successfully reached and benefitted over 3,000 residents, encompassing the entire population of Pulau Tuba. This broad reach underscores the comprehensive nature of the initiative and its impact on the local community **Beach Cleaning** • PDB, in collaboration with external stakeholders such as state authorities and recycling partners SWCorp, E-Idaman, SWM Environment and local communities, organised three beach cleaning activities in Langkawi, Melaka and Lumut • Through this initiative, PDB aimed to create awareness of the importance of waste management and recycling to the environment and promote a circular economy. It was a collaborative platform that brought together PDB staff, Rakan Niaga partners and stakeholders to actively participate in volunteer work within communities • This initiative was also part of PDB's sustainability journey and contributed towards the FTSE4Good index by addressing societal needs and challenges related to waste management, especially on awareness, education, and reducing plastic waste and pollution

Our Achievements

Invested a total of **RM1.4 million** to benefit over **100,000** individuals nationwide

Donated **1,689** of LPG cylinders worth over **RM50,000**

Installed solar panel systems in approximately **140 houses** in Sabah

Outlook

Over the years, PDB has established and initiated various CSR-related initiatives for the communities. However, there is an opportunity for us to strengthen our position in developing targeted community investment programmes that addresses societal needs in a manner that is meaningful and create value not only for the communities but also for our business. Furthermore, our business and operations are either directly or indirectly linked to a network of suppliers which employ a number of foreign and local labourers. It is our responsibility to take proactive steps in managing risks related to human rights. We will continue to develop mechanisms to measure and assess the effectiveness of the programmes and initiatives implemented with a commitment to continuous improvement.

RESPONSIBLE GOVERNANCE

Safeguard the organisation's commitment through strong governance mechanisms and ethical business practices

MATERIAL MATTERS

- **Ethics and Corporate Governance** page 132
- **Data Privacy and Security** page 134

KEY HIGHLIGHTS

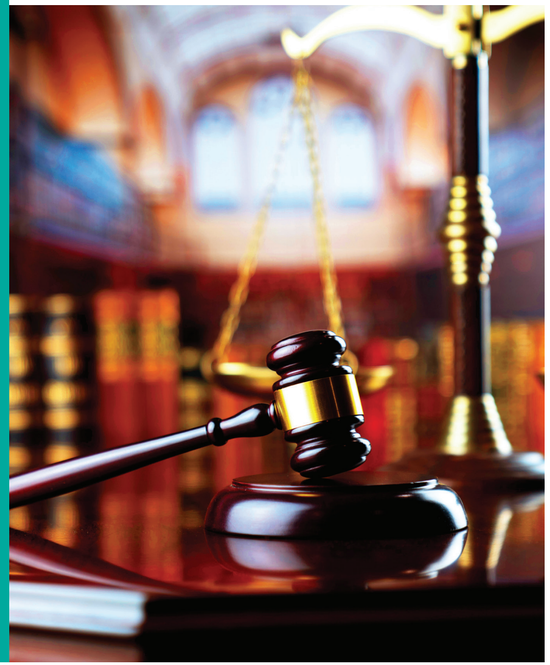
ZERO complaints from customers and regulatory bodies regarding breaches of customer privacy

90% of employees received training on anti-bribery and corruption

Ethics and Corporate Governance

Why it Matters

Effective governance is essential for the enduring success of any enterprise. At PDB, we consider sound business ethics and robust corporate governance integral to fulfilling our strategic objectives. By prioritising good governance alongside our culture of responsibility, we strive to consistently generate value for all our stakeholders.



Our Approach

PDB remains guided by the PETRONAS Code of Conduct and Business Ethics (CoBE) and subscribes to the Group's Shared Values of Loyalty, Integrity, Professionalism and Cohesiveness in upholding the highest standards of ethics and corporate governance practices. CoBE stands as a foundational pillar, guiding our commitment towards sustainable economic, environmental and social progress. It extends beyond our internal activities to include our partners, contractors and suppliers, enabling the integration of sustainability in our supply chain. Our corporate governance framework adheres to the Main Market Listing Requirements (MMLR) and the Malaysian Code on Corporate Governance.

We entrench strong ethics and corporate governance across our operations through a positive compliance culture, continuous training and e-learning modules. In mitigating bribery and corruption, we are guided by the PETRONAS' Anti-Bribery and Corruption Manual (ABC Manual). Newly onboarded employees are required to complete an e-learning module via myCareerX platform, which enables them to learn the fundamental principles of the Group's ABC Manual and how it applies in performing their daily responsibilities. The e-learning module on Group's ABC Manual via PDB's Learning Hub portal was launched in April 2022 and is also applicable to our business partners, including contractors, sub-contractors, vendors, suppliers and consultants, who are required to uphold the principles of the ABC Manual throughout their dealings with PDB.

For more information on PDB's Corporate Governance, Ethics and Integrity, refer to the Corporate Governance Overview Statement on page 160.

Our Value Creation

Key Areas	Our Progress
Integrity Strengthening and Integrity Pledging Sessions	• Conducted a total of 67 sessions across all PDB's Divisions and Subsidiaries for: - PDB Group Employees (28 sessions) - PDB Group Counterparties (39 sessions) • Covered the following key focus areas: - PETRONAS Shared Values, Cultural Beliefs and Critical Legal Areas - PETRONAS Anti-Bribery and Corruption Manual - PETRONAS Whistleblowing Policy and Procedures - Corporate Liability under Section 17A of MACC Act 2009 - Guidelines on Adequate Procedures (T.R.U.S.T. Principles) • Enhanced the Integrity Strengthening sessions through: - Incorporating the Opening Remarks by Heads of Divisions and Subsidiaries to signify the positive tone from Top Management - Conducting collective Integrity Pledging as a strong show of commitment and support from the audience - Encouraging interactive conversations with the audience on common ethics and integrity topics

Our Achievements

Zero
Number of confirmed incidents of corruption in 2023

1,899
employees received training on anti-bribery and corruption

90%
employees received training on anti-bribery and corruption

100%
completed ABC e-Learning Module by PDB counterparties
(LPG: Total 264 dealers)
(SDD: Total 98 contractors)

100%
of our value chain operation assessed for risk related to corruption

Outlook

In ensuring that ethics and corporate governance continue to be at the forefront of PDB's business and operations, several key activities will be implemented, which include bespoke training to be rolled out to targeted employees through a risk-based approach, exploring enhancements to the company's integrity management system, continuous monitoring of PDB's Organisational Anti-Corruption Plan, and communication of key messages by the PDB Board of Directors to solidify the tone from the top with regards to the subject matter.

The above key activities will further strengthen PDB's business ethics which in turn will increase value to its stakeholders while playing a crucial role in advancing the community within its area of operation through its ongoing sustainable initiatives.

Data Privacy and Security

Why it Matters

Digitalising our systems, including the Setel platform, has enhanced efficiency and reliability, enabling us to identify new business models and revenue streams. While this has strengthened our competitive advantage and enabled us to capitalise on value creation opportunities, we recognise the risks of digitalisation.

Our customers and stakeholders have become more mindful of their privacy rights and data protection. Failing to responsibly manage data privacy may expose PDB to security breaches, especially from cyber threats leading to business disruptions, financial loss, regulatory penalties, fines, and reputational damage. Therefore, data protection is paramount for our business, customers, partners, suppliers and other stakeholders. We adhere to the principles of responsible data management, focusing on preventing data leaks and ensuring data integrity. These measures will mitigate IT system failures and cybersecurity incidents, fostering trust among customers and stakeholders.

Our Approach

We recognise the rapidly evolving nature of cyber threats and remain committed to not only preventing but also mitigating any impact of such incidents on our business, operations, assets, data and technology infrastructure (both operational and information). With this in mind, PDB has adopted several policies, guidelines and frameworks that are based on industry standards and best practices, aligned with global regulatory requirements.

PDB's Policies, Guidelines and Frameworks	Key Functions
PETRONAS Corporate Privacy Policy (PCPP)	Ensures compliance with applicable data protection laws such as the Personal Data Protection Act 2010 (PDPA 2010) and Bank Negara Secrecy Provisions Act 2013.
PETRONAS Master Guidelines to the PCPP (MGCPP)	The PCPP applies to everyone across PDB's operations, including suppliers across our value chain.
Data Privacy Manual (DPM)	Ensures personal data entered into PDB's systems are processed safely.
Data Secrecy Manual (DSM)	Lists the measures and controls in handling SmartPay customer data throughout the information lifecycle, in accordance with Management of Customer Information and Permitted Disclosures (MCIPD) requirements.
Management of Customer Information and Permitted Disclosures (MCIPD)	Includes several compliance-related clauses on privacy regulations that will be incorporated into all formalised supplier agreements.
PETRONAS' Enterprise Cyber Security Framework	Ensures information and customers' personal data are protected.

Privacy Risk Compliance and Assessment

In addition to our policies, we have also instituted several control measures to ensure strict adherence to our policies and frameworks. The Data Privacy Office (DPO) team was set up within the Finance Division's Compliance Department, comprising a data privacy manager and executive. We established the Security Operation Centre to monitor cyber security threats and the Cybersecurity Road Map to further strengthen our cyber defence strategy futher.

We assess privacy risks during the decision-making process based on the impact of the risk. This risk assessment is carried out to ensure the integration of necessary controls into processes and compliance with privacy regulations. Data privacy-related systems and controls are embedded Group-wide, as per our DPM.

Operating units are required to complete the Legal Functional Checklist on Critical Legal Areas, which includes data protection and privacy. This checklist facilitates a comprehensive self-assessment of their compliance levels with legal and regulatory requirements. The assessment covers various aspects, including end-to-end implementation of data protection and privacy controls, from governance and risk assessment, training and awareness, due diligence and contractual obligations, and business practice to monitoring and assurance.

We have also established a robust data breach preparedness process through the Cyber Defence Security Incident Management to further strengthen data privacy controls further, in the event that customers' privacy is compromised.

We constantly strive to build trust with our customers, communities, employees and stakeholders. Therefore, disciplinary action could be taken against anyone who violates any provisions of the PCPP or applicable personal data protection laws or regulations (as stated under Paragraph 19.4 of the PETRONAS Code of Conduct and Business Ethics).

In 2023, we had zero complaints from customers and regulatory bodies regarding breaches of customer privacy.

Our Value Creation

Key Areas	Our Progress
Data Protection Impact Assessment (DPIA)	• Introduced to evaluate the potential data risk impact on individuals, including any harm or damage that may arise from the processing of their personal data and the corresponding impact on their rights as data subjects • Describes personal data processes and assesses its necessity and proportionality to manage its risks • Ensures the incorporation of necessary data privacy controls in the identified personal data processing activities
Personal Data Mapping Record (Inventory)	• Rolled out to maintain a proper record of personal data processing activities, in accordance with regulatory requirements under PDPA 2010 and Policy Document on Management of Customer Information and Permitted Disclosures. Minimises risks associated with data privacy
PDB Data Privacy Manual	• Completed the adoption of PDB Data Privacy Manual by all PDB's subsidiaries
Privacy Risk Assessment Control Questionnaire	• Developed and embedded this questionnaire on third-party independent reviews conducted
PDB Data Transfer Agreement	• Created to govern the legal obligations related to the transfer and sharing of personal data within the PDB Group of Companies. It addressed the requirements outlined in the PDPA 2010
Cookie Preference Tool	• Implemented on the MyMesra website to: (i) inform users about the personal data processes; (ii) obtain consent from the user (data subject) on the processing their personal data; and (iii) empowers users with the right to withdraw consent at any time and the right to stop the processing of their data
PDB's Privacy Statement	• Improved PDB's Privacy Statement to provide a comprehensive notification to data subjects regarding the processing of their personal data. The updated Privacy Statement ensures data subjects have a clear understanding of how PDB manages their submitted personal data, along with the available options for the data subjects
Capability Building	• PDB's Head of Data Privacy attended and obtained Certified Information Privacy Manager (CIPM) certification by the International Association of Privacy Professionals • 286 employees from various departments/divisions who were involved in the processing of personal data and attended eight communication and awareness sessions

Sustainability Performance at a Glance

Material Matters	Indicators	Unit	2021	2022	2023
Ethics and Corporate Governance	Percentage of Employees Who Have Received Training On Anti-corruption by Employee Category	Percentage	-	98	**90**
	Percentage of Operations Assessed for Corruption-related Risks	Percentage	-	86	**100**
	Confirmed Incidents of Corruption and Action Taken**	Number	-	2	**0**
Economic Growth and Performance	Dividend Paid to Investors	RM million	606.0	615.9	**923.9**
	Tax Paid to Government	RM million	150.4	306.7	**497.0**
	Salaries Paid to Employees	RM million	276.9	296.4	**474.8**
	Payment to Contractors/Suppliers/Business Partners	RM million	23,249.2	48,902.3	**47,666.6**
	Percentage of Local Suppliers/Contractors	Percentage	98.3	99.4	**98**
Sustainable and Ethical Supply Chain	Employee under Collective Bargaining Agreements	Number	447	531	**610**
	Substantiated Complaints Concerning Human Rights Violations in the Supply Chain	Number	N/A	9	**6**
Climate Change and GHG Emissions	Scope 1 Emissions in Tonnes of CO_2e	'000 Tonnes CO_2e	54.7	63.8	**53.3**
	Scope 2 Emissions in Tonnes of CO_2e	'000 Tonnes CO_2e	76.9	93.3	**101.2**
	Scope 3 Emissions in Tonnes of CO_2e	Million Tonnes CO_2e	33.0	43.9	**50.2**
	• Purchased Material (Category 1)		5.6	9.0	**9.4**
	• Use of Sold Products (Category 11)		27.4	34.9	**40.8**
	Total Energy Consumption	'000 GJ	1,688.2	2,015.9	**1,687.0**
	Total Energy Generated from Solar Photovoltaic Installations	MWh	233.3	222.7	**1,260.2**
	GHG Emissions Avoided from Use of Solar Energy	Tonnes CO_2e	155.6	149.8	**840.6**
Environmental Management	Total Hazardous Waste Generated:	Metric Tonnes	660.7	615.3	**714.3**
	(i) Total Waste Diverted from Disposal		451.9	397.3	**494.8**
	(ii) Total Waste Directed to Disposal		208.8	216.2	**219.5**
	Total Volume of Water Withdrawn	'000 m^3	70.6	102.7	**103.6**
	Water Withdrawal from Harvested Rainwater	m^3	154.0	133.9	**143.6**
	Spill to Environment	>1bbl	3	2	**1**
	Treated Wastewater Discharge	Tonne			
	1. Oil and Grease		0.004	0.004	**0.001**
	2. Chemical Oxygen Demand (COD)		0.084	0.162	**0.099**
Health and Well-being	Fatalities	Number			
	• Employees		0	0	**0**
	• Contractors		0	0	**0**
	Lost Time Incident Rate	Number of LTI per 200,000 Man-hours			
	• Employees		0.00	0.13	**0**
	• Contractors		0.06	0.04	**0**
	Total Reportable Case Frequency	Number of Total Reportable Case per one million Man-hours			
	• Employees		0	0.65	**0**
	• Contractors		0.57	0.67	**0**
	HSE Training	Man-days	2,146	1,016	**1,373**
	Average Training on HSE	Man-days	3.3	2.7	**1.1**
	Employees Trained on Health and Safety Standards	Numbers	2,242	2,521	**2,432**
	• PDB		929	1,108	**1,072**
	• Contractors		1,313	1,413	**1,360**

Material Matters	Indicators		Unit	2021	2022	2023
Human Capital	Total Employees*		Number	1,466	2,010	**1,391**
	Breakdown of Employee Category by Age Group					
	Non-Executive	<30 years	Percentage	15	34	**9**
		30-50 years		75	78	**81**
		>51 years		9	9	**10**
	Executive	<30 years		27	34	**38**
		30-50 years		71	64	**60**
		>51 years		2	2	**2**
	Manager and above	<30 years		0	0	**0**
		30-50 years		94	95	**91**
		>51 years		6	5	**9**
	Directors	<30 years		0	0	**0**
		30-50 years		0	100	**100**
		>51 years		100	0	**0**
	Breakdown of Employee Category by Gender					
	Non-Executive	Male		75	72	**79**
		Female		25	28	**21**
	Executive	Male		60	60	**58**
		Female		40	40	**42**
	Manager and above	Male		69	65	**66**
		Female		31	35	**34**
	Directors	Male		62	70	**100**
		Female		38	30	**0**
	Contract Workforce		Percentage	18	7	**9**
	Employee Turnover by Employee Category		Number			
	• Non-Executive			54	50	**65**
	• Executive			94	139	**28**
	• Manager and above			2	28	**3**
	Talent Ratio per Critical Positions*		Ratio	1.8:1	1:9:1	**2:3:1**
Capability Building	Average Training Man-days per Employee*		Man-days	3.3	4.0	**4.7**
	Hours of Training by Employee Category		Hours			
	• Non-Executive			1,378	1,910	**3,155**
	• Executive			2,185	2,401	**4,351**
	• Manager and above			1,188	1,146	**2,707**
	Total Training		Man-days	4,751	5,457	**11,447**
	Functional Training			4,145	3,605	**6,754**
	Leadership Training			606	836	**1,488**
	Graduate Employability Enhancement Scheme		Number	33	54	**63**
	Internship		Number	121	104	**127**
	Training Investment*		RM million	1.6	5.2	**9.9**
Community Investment	Total Amount Invested in the Communities		RM	-	2,074,917	**1,401,439**
	Total Number of Beneficiaries of the Investment in Communities		Number	1,000,600	169,009	**106,036**

* *PDB Company only*
** *Dealt internally*

Board at a Glance

EMPOWERED LEADERSHIP AND UNWAVERING INTEGRITY

DATUK ANUAR AHMAD
Chairman, Non-Independent Non-Executive Director

AZRUL OSMAN RANI
Managing Director/ Chief Executive Officer

DATUK SHAFIE SHAMSUDDIN
Senior Independent Director

ALVIN MICHAEL HEW THAI KHEAM
Independent Non-Executive Director

NIRMALA DORAISAMY
Independent Non-Executive Director

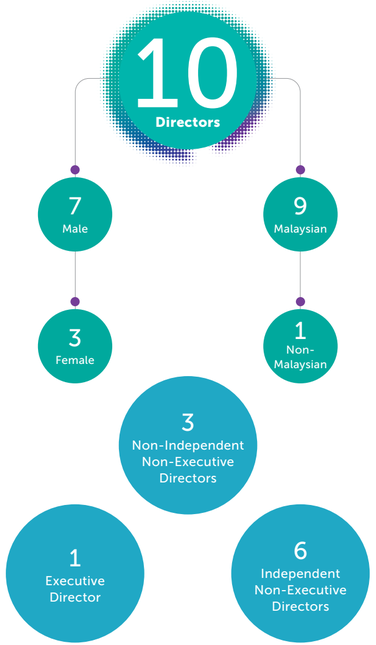
TANG SAW HUA
Independent Non-Executive Director

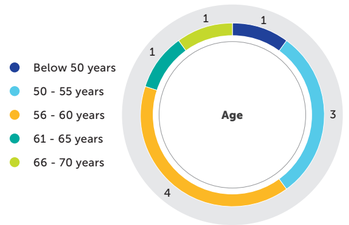
ARNI LAILY ANWARRUDIN
Non-Independent Non-Executive Director

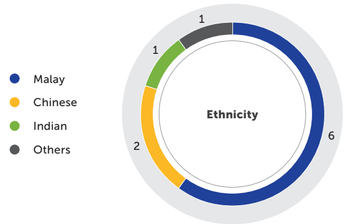
DATUK SAZALI HAMZAH
Non-Independent Non-Executive Director

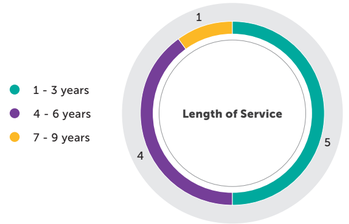
TUNKU ALIZAKRI RAJA MUHAMMAD ALIAS
Independent Non-Executive Director

MOHD YUZAIDI MOHD YUSOFF
Independent Non-Executive Director









Skills Matrix

		%
S1	Finance/Audit	70
S2	Economics	60
S3	Engineering	10
S4	Commercial/Marketing	70
S5	Operations	90
S6	Corporate Planning and Development	100
S7	Risk Management	100
S8	Human Resource	63
S9	Sustainability	20
S10	Information Technology/Digital	20

Industry Experience

	%
Oil and Gas	60
Retail	50
Shipping/Logistics	50
Regional/International	100
Banking and Finance	50
Education	30
Food and Beverage/Restaurants	20
Telecommunications	10
Automative	20
Hospitality	10
Manufacturing	10

Board of Directors' Profile

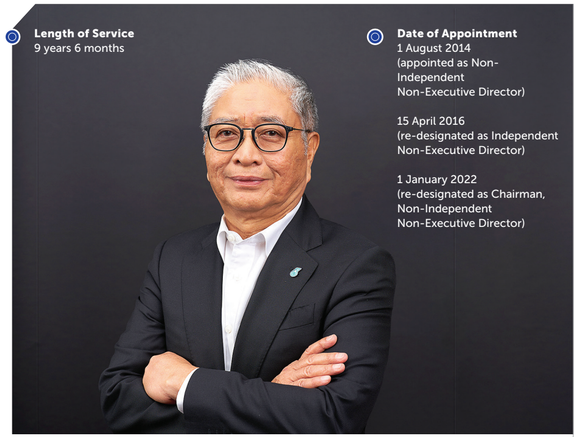
Skills Matrix

- S1 Finance/Audit
- S2 Economics
- S3 Engineering
- S4 Commercial/Marketing
- S5 Operations
- S6 Corporate Planning and Development
- S7 Risk Management
- S8 Human Resource
- S9 Sustainability
- S10 Information Technology/Digital

DATUK ANUAR AHMAD

Age: 70
Gender: Male
Nationality: Malaysian

Chairman, Non-Independent Non-Executive Director



Length of Service
9 years 6 months

Date of Appointment
1 August 2014
(appointed as Non-Independent Non-Executive Director)

15 April 2016
(re-designated as Independent Non-Executive Director)

1 January 2022
(re-designated as Chairman, Non-Independent Non-Executive Director)

NUMBER OF BOARD MEETINGS ATTENDED:
5/6

Skills Matrix and Industry Experience

S1 S2 S4 S5 S6 S7 S8

Academic/Professional Qualifications

- Advanced Management Program, Harvard Business School, United States of America (USA)
- Bachelor of Science (Econs) London School of Economics and Political Science, University of London, United Kingdom

Present Directorships

Listed entities:
- PETRONAS Dagangan Berhad
- Nylex (Malaysia) Berhad
- Kumpulan Fima Berhad
- Ancom Nylex Berhad

Other public company:
- Fima Bulking Services Berhad

Other Principal Appointments

- Independent Non-Executive Chairman of Nylex (Malaysia) Berhad (Nylex)
- Member of Audit Committee, Nylex
- Chairman of Audit and Risk Committee, Kumpulan Fima Berhad (FIMA)
- Member of Nomination and Remuneration Committee (NRC), FIMA
- Chairman of Fima Bulking Services Berhad
- Independent Non-Executive Chairman of Ancom Nylex Berhad

Past Experiences

- Chairman of NRC, PDB
- Member of Board Audit Committee (BAC), PDB
- Member of Board Risk Committee (BRC), PDB
- Director of ENRA Group Berhad (ENRA)
- Chairman of NRC, ENRA
- Member, Audit and Risk Management Committee, ENRA
- Director of Chemical Company of Malaysia Berhad (CCM)
- Chairman of Finance & Investment Committee, CCM
- Member of Risk Management Committee, CCM
- Chairman of Audit Committee, E.A. Technique (M) Berhad (EA Technique)
- Member of Remuneration Committee, EA Technique
- Chairman of PETRONAS Gas Berhad
- Chairman of PDB
- Director of PETRONAS
- Member of Executive Committee, PETRONAS
- Member of Management Committee, PETRONAS
- Executive Vice President (EVP) of Gas and Power Business, PETRONAS
- Vice President (VP) of Oil Business, PETRONAS
- VP of Human Resource Management, PETRONAS
- Managing Director/Chief Executive Officer of PDB
- Various senior managerial positions within PETRONAS Group

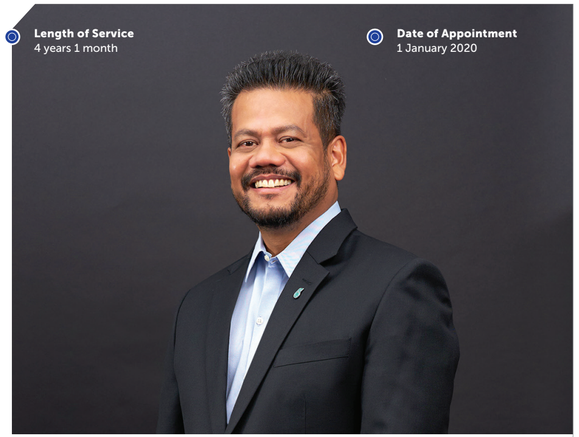
Industry Experience

- Oil and Gas
- Shipping/Logistics
- Banking and Finance
- Food and Beverage/Restaurants
- Automative
- Manufacturing
- Retail
- Regional/International
- Education
- Telecommunications
- Hospitality

AZRUL OSMAN RANI

Age: 50
Gender: Male
Nationality: Malaysian

Managing Director/Chief Executive Officer



Length of Service
4 years 1 month

Date of Appointment
1 January 2020

NUMBER OF BOARD MEETINGS ATTENDED:
6/6

Skills Matrix and Industry Experience

S2 S4 S5 S6 S7 S8

Academic/Professional Qualifications

- Advanced Management Program, Harvard Business School, USA
- Bachelor of Science in Economics with double major in Industrial Management, Carnegie Mellon University, Pennsylvania, USA

Present Directorship

Listed entity:
- PETRONAS Dagangan Berhad

Other public company:
- Nil

Other Principal Appointments

- Chairman and Director of various companies within PETRONAS

Past Experiences

- Head (Commercial Development and JV Formation) of PETRONAS Refinery and Petrochemical Corporation (PRPC), Downstream
- Chief Executive Officer (CEO) of PRPC Utilities and Facilities
- Business Director, Uzbekistan Gas to Liquid Limited Liability Company
- Senior Manager, International Trading, Malaysian International Trading Corporation Sdn. Bhd. (MITCO)
- Senior Manager for Business Development Oil Portfolio in PETRONAS Business Development Unit
- Trading Manager, Agriculture Product, MITCO
- Country Manager, MITCO Indonesia Office
- Various positions within PETRONAS Group

Board of Directors' Profile

Skills Matrix

- S1 Finance/Audit
- S2 Economics
- S3 Engineering
- S4 Commercial/Marketing
- S5 Operations
- S6 Corporate Planning and Development
- S7 Risk Management
- S8 Human Resource
- S9 Sustainability
- S10 Information Technology/Digital

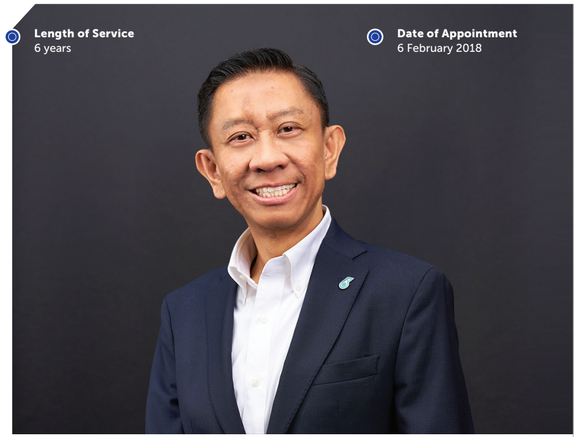
DATUK SHAFIE SHAMSUDDIN

Age: 53
Gender: Male
Nationality: Singaporean

Senior Independent Director

Length of Service
6 years

Date of Appointment
6 February 2018



NUMBER OF BOARD MEETINGS ATTENDED:
6/6

Skills Matrix and Industry Experience

S4 S5 S6 S7 S8

Academic/Professional Qualifications
- Bachelor of Business Administration, Nanyang Technological University, Singapore

Present Directorship

Listed entities:
- PETRONAS Dagangan Berhad

Other public company:
- Nil

Other Principal Appointments
- Chairman of NRC, PDB
- Member of Board Sustainability and Risk Committee (BSRC), PDB
- Non-Executive Chairman of Siti Khadijah Holding Sdn. Bhd.
- President Director and CEO of PT Trans Retail Indonesia

Past Experiences
- Deputy Chairman of Airmark Aviation (S) Pte Ltd
- CEO/Deputy Chairman of MY Jet Xpress Airlines Sdn. Bhd.
- Managing Director (MD) of Aeon Co. (M) Bhd
- MD of AEON Big Sdn. Bhd.
- Chief Strategy Officer of AEON Asia
- President Director and CEO of PT Trans Retail, Indonesia
- Executive Director of Global Talent Management and Organisational Development, Carrefour Group in France
- President and CEO of Carrefour Indonesia
- MD of Carrefour Singapore and Malaysia
- MD of Singapore and South Regional Director Operations, Malaysia
- Various positions within Carrefour Group

Industry Experience

- Oil and Gas
- Shipping/Logistics
- Banking and Finance
- Food and Beverage/Restaurants
- Automative
- Manufacturing
- Retail
- Regional/International
- Education
- Telecommunications
- Hospitality

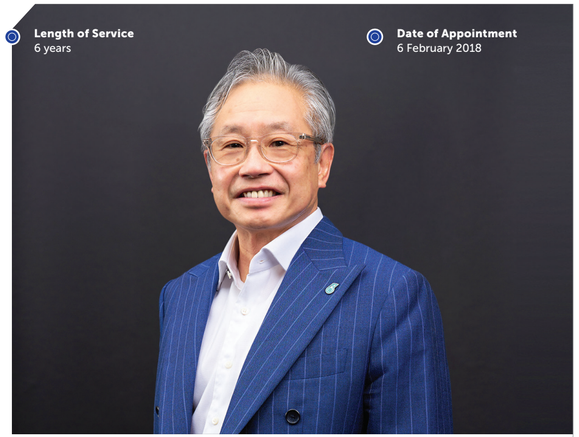
ALVIN MICHAEL HEW THAI KHEAM

Age: 60
Gender: Male
Nationality: Malaysian

Independent Non-Executive Director

Length of Service
6 years

Date of Appointment
6 February 2018



NUMBER OF BOARD MEETINGS ATTENDED:
6/6

Skills Matrix and Industry Experience

S1 S2 S4 S5 S6 S7 S8 S9

Academic/Professional Qualifications
- Master of Business Administration, INSEAD-Europe Campus, Fontainebleau, Ile de France
- Bachelor of Commerce (Honours), Queen's University, Kingston, Ontario, Canada
- Bachelor of Arts (Minor Economics), Queen's University, Kingston, Ontario, Canada

Present Directorships

Listed entities:
- PETRONAS Dagangan Berhad
- Maxis Berhad

Other public company:
- Nil

Other Principal Appointments
- Chairman of BSRC, PDB
- Member of NRC, PDB
- Senior Independent Non-Executive Director, Maxis Berhad (Maxis)
- Chairman of Transformation Committee, Maxis
- Member of Nomination and Remuneration Committee, Maxis
- Group Managing Director of Southgate Ventures Pte. Ltd.

Past Experiences
- Chairman of Audit and Risk Committee, Maxis
- Group Managing Director of SIS Group of Schools
- Board Director of Wine Connection Group
- Board Director of I Can Read System
- Board Director of PSGOURMET Pte. Ltd
- Board Director and Chairman of Governance Committee, Taipei American School
- Board Advisor of TORO Limited
- Board Director and Co-Chair of Events and Communications, European Chamber of Commerce Taiwan
- Director and Treasurer of Toronto Condominium Corp YCC 332
- Managing Director of H2O Capital Limited, Taiwan
- Managing Director of L'Oreal Taiwan and Malaysia
- General Manager of Consumer Products Division, L'Oreal Malaysia
- Project Manager of L'Oreal S.A, Paris
- Brand Manager Hair Care of Procter & Gamble, Vietnam
- Brand Manager South Asia of Procter & Gamble AG, Switzerland
- Financial Analyst of Lancaster Financial Inc., Canada
- Account Manager of Toronto-Dominion Bank, Canada

Board of Directors' Profile

Skills Matrix

- S1 Finance/Audit
- S2 Economics
- S3 Engineering
- S4 Commercial/Marketing
- S5 Operations
- S6 Corporate Planning and Development
- S7 Risk Management
- S8 Human Resource
- S9 Sustainability
- S10 Information Technology/Digital

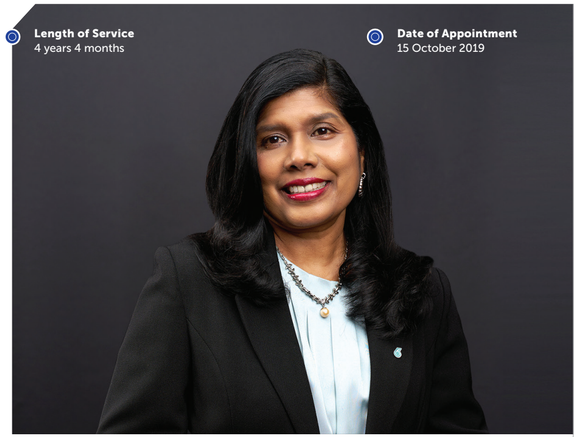
NIRMALA DORAISAMY

Age: 57
Gender: Female
Nationality: Malaysian

Independent Non-Executive Director

Length of Service
4 years 4 months

Date of Appointment
15 October 2019



NUMBER OF BOARD MEETINGS ATTENDED:
6/6

Skills Matrix and Industry Experience

S1 S2 S5 S6 S7

Academic/Professional Qualifications

- Fellow of Chartered Institute of Management Accountants, United Kingdom
- Member of Malaysian Institute of Accountants (MIA)
- Chartered Global Management Accountant, United Kingdom
- Master of Business Administration, International Islamic University
- Bachelor of Economics (Honours), Universiti Malaya

Present Directorships

Listed entities:
- PETRONAS Dagangan Berhad
- CTOS Digital Berhad

Other public company:
- Aeon Bank (M) Berhad (formerly known as ACS Digital Berhad)

Other Principal Appointments

- Member of BSRC, PDB
- Member of BAC, PDB
- Independent Non-Executive Director, Aeon Bank (M) Berhad (formerly known as ACS Digital Berhad) (Aeon Bank)
- Chairman of BAC, Aeon Bank
- Member of NRC, Aeon Bank
- Member of Board Risk and Compliance Committee, Aeon Bank
- Chairman of Audit and Risk Committee, CTOS Digital Berhad (CTOS)
- Member of NRC, CTOS
- Member of Auditing and Assurance Standards Board, MIA

Past Experiences

- Senior Independent Director of Evergreen Fibreboard Bhd (EFB)
- Chairman of Risk and Sustainability Management Committee, EFB
- Chairman of Nomination Committee, EFB
- Member of Remuneration Committee, EFB
- Member of Audit Committee, EFB
- Director of Ecobuilt Holdings Berhad (Ecobuilt)
- Chairman of Nomination Committee, Ecobuilt
- Member of Audit Committee, Ecobuilt
- Head of Risk Management, Credit Guarantee Corporation Bhd
- Various positions in Affin Bank Bhd, Alliance Bank Malaysia Berhad and MBf Finance Bhd

Industry Experience

- Oil and Gas
- Retail
- Shipping/Logistics
- Regional/International
- Banking and Finance
- Education
- Food and Beverage/Restaurants
- Telecommunications
- Automative
- Hospitality
- Manufacturing

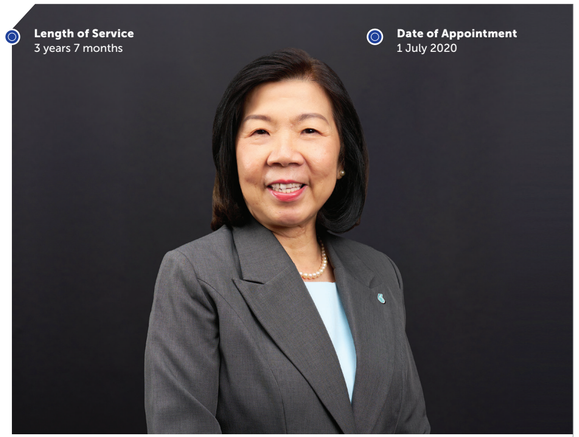
TANG SAW HUA

Age: 64
Gender: Female
Nationality: Malaysian

Independent Non-Executive Director

Length of Service
3 years 7 months

Date of Appointment
1 July 2020



NUMBER OF BOARD MEETINGS ATTENDED:
6/6

Skills Matrix and Industry Experience

S1 S2 S5 S6 S7

Academic/Professional Qualifications

- Member of Malaysian Institute of Certified Public Accountants
- Member of MIA

Present Directorship

Listed entity:
- PETRONAS Dagangan Berhad

Other public company:
- Prasarana Malaysia Berhad

Other Principal Appointments

- Chairman of BAC, PDB
- Member of BSRC, PDB
- Member of NRC, PDB

Past Experiences

- Senior Independent Non-Executive Director of Cycle & Carriage Bintang Berhad (CCB)
- Chairperson of Audit Committee, CCB
- Member of Remuneration Committee, CCB
- Member of Nomination Committee, CCB
- Group CFO of Destination Resorts and Hotel Sdn. Bhd., a wholly owned subsidiary of Khazanah Berhad
- Senior General Manager of Integrated Petroleum Services Sdn. Bhd.
- General Manager of Finance, Proton Edar Sdn. Bhd.
- Group Financial Controller of the Oil and Gas Division in UMW Holdings Berhad
- Head of Finance, Edaran Otomobil Nasional Berhad
- Held various other Accountant positions in manufacturing, hotel and property development organisations

Board of Directors' Profile

Skills Matrix

- S1 Finance/Audit
- S2 Economics
- S3 Engineering
- S4 Commercial/Marketing
- S5 Operations
- S6 Corporate Planning and Development
- S7 Risk Management
- S8 Human Resource
- S9 Sustainability
- S10 Information Technology/Digital

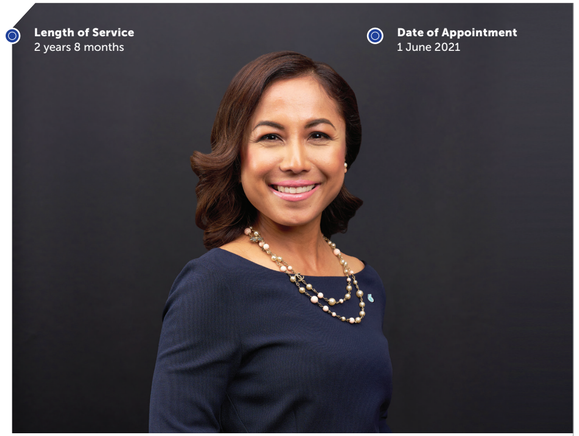
ARNI LAILY ANWARRUDIN

Age: 48
Gender: Female
Nationality: Malaysian

Non-Independent Non-Executive Director

Length of Service
2 years 8 months

Date of Appointment
1 June 2021



NUMBER OF BOARD MEETINGS ATTENDED:
5/6

Skills Matrix and Industry Experience

S1 S2 S4 S5 S6 S7

Academic/Professional Qualifications

- Fellow of Institute of Chartered Accountants in England and Wales
- Member of MIA
- Bachelor of Science degree in Accounting and Finance, London School of Economics and Political Science

Present Directorship

Listed entity:
- PETRONAS Dagangan Berhad

Other public company:
- Nil

Other Principal Appointments

- Member of BAC, PDB
- Senior General Manager (Strategy, Planning & Governance), Group Strategic Relations & Communications, PETRONAS
- Director of various companies within PETRONAS

Past Experiences

- Senior General Manager of Merger & Acquisition and Corporate Ventures, PETRONAS
- Head of Group Corporate Finance, PETRONAS
- Head of Corporate Finance and Financial Services, Upstream Business, PETRONAS
- Chief Financial Officer of Gas and Power Business, PETRONAS
- Senior Manager of Transformation and Special Projects, President's Office, PETRONAS
- Senior Manager of Business Planning, Group Strategic Planning, PETRONAS
- Financial Risk Manager of Dow Chemical Singapore
- Treasury Manager of OPTIMAL Group of Companies (JV) between PETRONAS and Dow Chemical

Industry Experience

- Oil and Gas
- Shipping/Logistics
- Banking and Finance
- Food and Beverage/Restaurants
- Automative
- Manufacturing
- Retail
- Regional/International
- Education
- Telecommunications
- Hospitality

DATUK SAZALI HAMZAH

Age: 57
Gender: Male
Nationality: Malaysian

Non-Independent Non-Executive Director

Length of Service
1 year 8 months

Date of Appointment
1 June 2022

NUMBER OF BOARD MEETINGS ATTENDED:
4/6

Skills Matrix and Industry Experience

S3 S4 S5 S6 S7

Academic/Professional Qualifications

- Chartered Fellow of the Institution of Chemical Engineers (IChemE)
- Advanced Management Program, the Wharton School, University of Pennsylvania, USA
- Senior Management Program, London Business School, London, United Kingdom
- Bachelor of Chemicals Engineering, Lamar University, USA

Present Directorships

Listed entities:
- PETRONAS Dagangan Berhad
- PETRONAS Chemicals Group Berhad

Other public company:
- Nil

Other Principal Appointments

- Member of BSRC, PDB
- Executive Vice President and Chief Executive Officer of Downstream Business, PETRONAS
- Member of Executive Leadership Team, PETRONAS
- Non-Independent Non-Executive Director, PETRONAS Chemicals Group Berhad
- Member of the International Advisory Panel for C-THRU Research Project
- Chairman/Director of various companies within PETRONAS

Past Experiences

- Senior Vice President and MD/CEO of PETRONAS Chemicals Group Berhad
- Board member of Institution of Chemical Engineers United Kingdom, Malaysian Branch
- MD/CEO, Malaysia Refining Company Sdn. Bhd.
- MD/CEO, PETRONAS Technical Sdn. Bhd.
- MD/CEO, PETRONAS Penapisan (Melaka) Sdn. Bhd.
- Senior General Manager of Group Technology Solutions, PETRONAS
- Head of Group Project Management and Delivery, PETRONAS
- Head of Group Technical Services, PETRONAS
- Various senior management positions in the refinery and petrochemical business within PETRONAS

Board of Directors' Profile

Skills Matrix

- S1 Finance/Audit
- S2 Economics
- S3 Engineering
- S4 Commercial/Marketing
- S5 Operations
- S6 Corporate Planning and Development
- S7 Risk Management
- S8 Human Resource
- S9 Sustainability
- S10 Information Technology/Digital

TUNKU ALIZAKRI RAJA MUHAMMAD ALIAS

Age: 54
Gender: Male
Nationality: Malaysian

Independent Non-Executive Director

Length of Service
1 year 8 months

Date of Appointment
1 June 2022

NUMBER OF BOARD MEETINGS ATTENDED:
5/6

Skills Matrix and Industry Experience

S1 S4 S6 S7 S8 S9 S10

Academic/Professional Qualifications
- Master of Business Administration (MBA), Cornell University
- Barrister-at-Law, Honourable Society of Lincoln's Inn (London)
- Bachelor of Law (LLB), King's College University of London
- Sustainability and Climate Risk Certification by Global Association of Risk Practitioners (GARP)

Present Directorships

Listed entities:
- PETRONAS Dagangan Berhad
- Bumi Armada Berhad

Other public company:
- Prudential BSN Takaful Berhad
- Yayasan Amanah Mahkota
- Yayasan Hasanah
- RAM Holdings Berhad

Other Principal Appointments
- Member of BSRC, PDB
- Independent Non-Executive Director, Bumi Armada Berhad (BAB)
- Chairman of Remuneration Committee, BAB
- Member of Audit Committee, BAB
- Independent Director, Prudential BSN Takaful Berhad (PruBSN Takaful)
- Chairman of Investment Committee, PruBSN Takaful
- Board Trustee of Yayasan Amanah Mahkota
- Board Trustee of Yayasan Hasanah
- Chairman, Penjana Kapital Sdn. Bhd
- Independent Non-Executive Director, RAM Holdings Berhad

Past Experiences
- Non-Independent Non-Executive Director, United Plantations Berhad
- Non-Executive Director, Malaysia Airlines Berhad
- Non-Executive Director, Malaysia Aviation Group Berhad (MAG)
- Chairman of Risk Management Committee, MAG
- Chairman of Malaysia Venture Capital Management Berhad
- Non-Independent Non-Executive Director of Sime Darby Plantation Berhad (Sime Darby Plantation)
- Member of Sustainability Committee, Sime Darby Plantation
- Non-Independent Non-Executive Director of IHH Healthcare Berhad (IHH Healthcare)
- Member of Risk Management Committee, IHH Healthcare
- Member of Nomination and Remuneration Committee, IHH Healthcare
- Member of Digital Technology Committee, IHH Healthcare
- CEO & Deputy CEO (Strategy), Employees Provident Fund of Malaysia
- Director, Battersea Power Station
- Chief Marketing Officer, The Iclif Leadership and Governance Centre
- Director of Strategy Management, Bank Negara Malaysia (Central Bank of Malaysia)
- Director and Head of Strategy and Corporate Affairs, Digi Telecommunications
- Vice President Group Strategy, Maybank
- Non-Independent Non-Executive Director, Astro Malaysia Holdings Berhad
- Non-Independent Non-Executive Director, Dialog Group Berhad
- Non-Independent Non-Executive Director, Sapura Energy Berhad
- Vice Chair of Technical Commission on Organisation, Management and Innovation, International Social Security Association
- Secretary General, ASEAN Social Security Association

Industry Experience

- Oil and Gas
- Shipping/Logistics
- Banking and Finance
- Food and Beverage/Restaurants
- Automative
- Manufacturing
- Retail
- Regional/International
- Education
- Telecommunications
- Hospitality

MOHD YUZAIDI MOHD YUSOFF

Age: 60
Gender: Male
Nationality: Malaysian

Independent Non-Executive Director

Length of Service
1 year 8 months

Date of Appointment
1 June 2022

NUMBER OF BOARD MEETINGS ATTENDED:
6/6

Skills Matrix and Industry Experience

S1 S5 S6 S7 S10

Academic/Professional Qualifications
- Master of Science, Business Administration, San Diego State University, USA
- Bachelor of Science, Computer Science, Northern Illinois University, USA

Present Directorships

Listed entities:
- PETRONAS Dagangan Berhad
- Bank Islam Malaysia Berhad

Other public company:
- Prudential Assurance Malaysia Berhad
- Muslim Professionals Forum Berhad

Other Principal Appointments
- Member of BAC, PDB
- Independent Non-Executive Director of Bank Islam Malaysia Berhad (BIMB)
- Member of Board Strategic and Sustainability Committee, BIMB
- Chairman, Board Information Technology Committee, BIMB
- Chairman of Board Risk Committee, BIMB
- Independent Non-Executive Director, Prudential Assurance Malaysia Berhad (PAMB)
- Member of Board Nominating Committee, PAMB
- Member of Board Remuneration Committee, PAMB
- Member of Board Audit Committee, PAMB
- Member of Board Risk Management Committee, PAMB
- Chairman, Muslim Professionals Forum Berhad

Past Experiences
- Board of Trustee, PADU Corporation (PADU)
- Member of Audit and Risk Committee, PADU
- Member of Board Audit and Examination Committee, BIMB
- Independent Non-Executive Director, Malaysia Digital Economy Corporation Sdn. Bhd. (MDEC)
- Chairman, Board Audit and Risk Committee, MDEC
- Group Chief Strategy and Corporate Governance Officer, PST Ventures Sdn. Bhd.
- Co-Founder and Managing Director, Clear Minds Sdn. Bhd.
- Senior Manager, Accenture

Board of Directors' Profile

MEK YAM @ MARIAM HASSAN FCIS (CS)(CGP)

Age: 50
Gender: Female
Nationality: Malaysian

Company Secretary

Academic/Professional Qualifications:
- Fellow of the Malaysian Institute of Chartered Secretaries & Administrators
- Chartered Company Secretary from the Institute of Chartered Secretaries & Administrators, United Kingdom

NORHASHEMA SALEH FCIS (CS)(CGP)

Age: 54
Gender: Female
Nationality: Malaysian

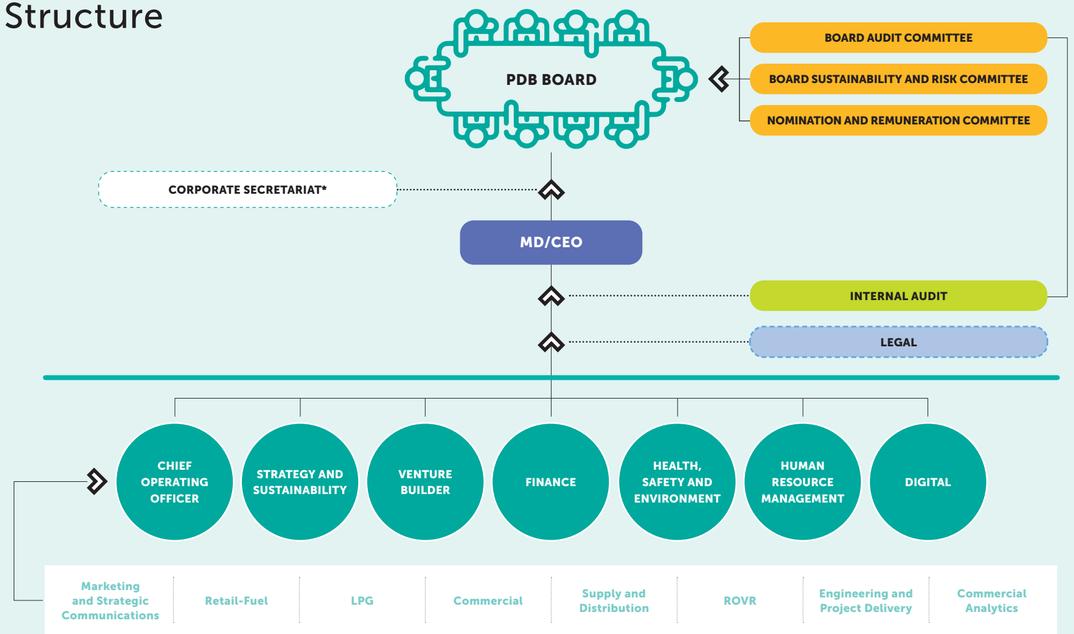
Company Secretary

Academic/Professional Qualifications:
- Fellow of the Malaysian Institute of Chartered Secretaries and Administrators
- Chartered Company Secretary from the Institute of Chartered Secretaries & Administrators, United Kingdom
- Master of Business Administration, International Islamic University of Malaysia (IIUM)
- Bachelor of Business Administration, IIUM

Additional Information on the Board of Directors:

- ***Family Relationship:*** *Save as disclosed, none of the Directors have any family relationship with any Director and/or Major Shareholder of PDB*
- ***Conflict of Interests:*** *Save as disclosed, none of the Directors have any conflict of interest or potential conflict of interest, including interest in any competing business, with PDB or its subsidiaries*
- ***Conviction for Offences:*** *None of the Directors have any conviction for offences, other than traffic offences, if any, for the past five years*
- ***Public Sanction of Penalty:*** *None of the Directors have any sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2023*

Organisation Structure



Note:
1. *Organisation Structure as at 23 February 2024*
2. *Lubricant Business is managed via PDB's subsidiary, PETRONAS Lubricants Marketing (Malaysia) Sdn. Bhd.*
3. *Convenience Business is managed via PDB's subsidiary, Mesra Retail & Cafe Sdn. Bhd.*

* *Function performed by Group Secretarial and Board Governance*

Direct report to PDB Board | *Direct report to MD/CEO* | *Direct report to COO* | *Direct report to Board Audit Committee* | *Function performed by PETRONAS Group Legal*

Leadership Team's Profile

SKILLS MATRIX

- S1 Finance/Audit
- S2 Economics
- S3 Engineering
- S4 Commercial/Marketing
- S5 Operations
- S6 Corporate Planning and Development
- S7 Human Resource
- S8 Information Technology
- S9 Risk Management
- S10 HSE
- S11 Business Transformation
- S12 Corporate and Marketing Communications
- S13 Brand and Reputation Management
- S14 Law/Secretarial
- S15 Corporate Governance
- S16 Business Model and Venture Formulation
- S17 Strategic Planning and Negotiations
- S18 New Market Penetration
- S19 Economics Model

INDUSTRY EXPERIENCE

- Oil and Gas
- Shipping/Logistics
- Regional/International
- Manufacturing
- Banking and Finance
- Petrochemical
- Education
- Information Technology/Digital
- Legal Practice (Litigation)
- Telecommunications
- Technical Services

AZRUL OSMAN RANI

Managing Director/ Chief Executive Officer

Age: 50 | Gender: Male

Nationality: Malaysian

Date of Appointment: 1 January 2020

Academic/Professional Qualifications

- Advanced Management Program, Harvard Business School, United States of America (USA)
- Bachelor of Science in Economics with double major in Industrial Management, Carnegie Mellon University, Pennsylvania, United States of America (USA)

Key Responsibilities

Responsible for providing strategic, financial and operational leadership including steering PDB's overall strategic growth, new ventures, operational excellence, financial and sustainable performance of PDB and its subsidiaries.

Past Experiences

- Head (Commercial Development and JV Formation) of PETRONAS Refinery and Petrochemical Corporation (PRPC), Downstream
- Chief Executive Officer, PRPC Utilities and Facilities
- Business Director, Uzbekistan Gas to Liquid Limited Liability Company
- Senior Manager, International Trading, Malaysian International Trading Corporation Sdn. Bhd. (MITCO)
- Senior Manager for Business Development Oil Portfolio in PETRONAS Business Development Unit
- Trading Manager, Agriculture Product, MITCO
- Country Manager, MITCO Indonesia Office
- Various positions within PETRONAS Group

Skills Matrix: S2 S4 S5 S6 S7 S9 S11 S13 S16 S17 S18 S19

Industry Experience

KHALIL JAFFRI MUHAMMAD MURI

Chief Operating Officer

Age: 50 | Gender: Male

Nationality: Malaysian

Date of Appointment: 1 September 2022

Academic/Professional Qualification

- Bachelor of Science in Industrial Management and Economics, Carnegie Mellon University, Pennsylvania, United States of America (USA)

Key Responsibilities

Responsible for overseeing and steering PDB's diverse business operations, as well as support the execution of PDB's strategic ventures, as PDB continues to grow its non-fuel business.

Past Experiences

- Head, Retail Business Division, PDB
- Head, ROVR Project, Retail Business Division, PDB
- Head, Light Distillates, PETRONAS Trading Corporation Sdn. Bhd. (PETCO)
- Senior Manager, Marketing and Trading, Crude Oil for Asia Pacific/Far East, PETCO
- Senior Manager, LNG Marketing for Korea and Taiwan
- Business Manager, OPTIMAL Group of Companies
- Analyst, PETRONAS Chemicals Group Berhad

Skills Matrix: S2 S4 S5 S6

Industry Experience

FARZLINA AHMAD MURAD

Chief Financial Officer

Age: 47 | Gender: Female

Nationality: Malaysian

Date of Appointment: 1 March 2020

Academic/Professional Qualification

- Bachelor of Science in Accounting (Hons), University of Wales, Cardiff, United Kingdom (UK)

Key Responsibilities

Responsible for the management of all financial-related matters for PDB and its subsidiaries, risk management and investor relations.

Past Experiences

- Head (Finance), Strategy, Finance and Risk, Downstream Corporate Office, PETRONAS
- Head (Gas and Power Business), Treasury, PETRONAS
- Chief Financial Officer, Vestigo Petroleum Sdn. Bhd., PETRONAS
- Head (New Venture Development and Negotiation), Accounting and Financial Services, PETRONAS Carigali Sdn. Bhd.
- Various positions within PETRONAS Group

Skills Matrix: S1 S5 S6 S9 S15

Industry Experience

KOH TAT CHONG

Chief Technology Officer

Age: 45 | Gender: Male

Nationality: Malaysian

Date of Appointment: 1 October 2021

Academic/Professional Qualification

- Bachelor of Engineering in Electronic Engineering with Computer Science, University College London, United Kingdom (UK)

Key Responsibilities

Responsible for the planning, development and implementation of all digital operations, technology systems and relevant initiatives.

Past Experiences

- Head of Product Management, PETRONAS Digital
- Head of Enterprise Systems, Astro
- Head of Digital Transformation and PMO, Astro
- Consultant, Accenture United Kingdom and Malaysia

Skills Matrix: S8 S12

Industry Experience

Leadership Team's Profile

SKILLS MATRIX

- S1 Finance/Audit
- S2 Economics
- S3 Engineering
- S4 Commercial/Marketing
- S5 Operations
- S6 Corporate Planning and Development
- S7 Human Resource
- S8 Information Technology
- S9 Risk Management
- S10 HSE
- S11 Business Transformation
- S12 Corporate and Marketing Communications
- S13 Brand and Reputation Management
- S14 Law/Secretarial
- S15 Corporate Governance
- S16 Business Model and Venture Formulation
- S17 Strategic Planning and Negotiations
- S18 New Market Penetration
- S19 Economics Model

INDUSTRY EXPERIENCE

- Oil and Gas
- Shipping/Logistics
- Regional/International
- Manufacturing
- Banking and Finance
- Petrochemical
- Education
- Information Technology/Digital
- Legal Practice (Litigation)
- Telecommunications
- Technical Services

NORAZLAN SUBAHA

Head, Retail-Fuel Division

Age: 49 | Gender: Male
Nationality: Malaysian
Date of Appointment: 1 August 2022

Academic/Professional Qualification

- Bachelor of Engineering in Computer Engineering (Hons), University of Warwick, United Kingdom (UK)

Key Responsibilities

Responsible for the performance and growth of Retail-Fuel Business including retail network, strategy and planning, customer satisfaction, station operations and dealer management.

Past Experiences

- Head, Retail Sales & Operations, PDB
- Head, Business Development, VP Marketing Office
- Head, Retail Marketing Strategy, PDB
- Project Leader, PDB Commercial Excellence (CX) Project
- Head, Mesra C-store Department, PDB
- Management Trainee, Engen Petroleum Ltd. South Africa
- Various positions within PETRONAS group

Skills Matrix: S4 S5 S6 S11 S13

Industry Experience: Oil and Gas; Regional/International

HARDEEP SINGH KIRPAL SINGH

Head, Commercial Business Division

Age: 54 | Gender: Male
Nationality: Malaysian
Date of Appointment: 1 March 2023

Academic/Professional Qualification

- Bachelor in Mechanical Engineering, Universiti Teknologi Malaysia

Key Responsibilities

Responsible for sustainable value creation and growth of Commercial Business including strategic direction, business planning and development, sales and marketing as well as credit risk management.

Past Experiences

- Head, International Markets, PETRONAS Lubricants International
- Interim CEO, PT PETRONAS Lubricants Indonesia
- Interim CEO, PETRONAS Lubricants Australia
- Various senior positions in Shell Global and Shell Malaysia

Skills Matrix: S2 S4 S5 S6 S15

Industry Experience: Oil and Gas; Shipping/Logistics; Regional/International

ANTON SALLEH HASHIM

Head, LPG Business Division

Age: 50 | Gender: Male
Nationality: Malaysian
Date of Appointment: 1 August 2022

Academic/Professional Qualification

- Bachelor of Arts Accounting and Finance (Hons), University of Lancaster, United Kingdom (UK)

Key Responsibilities

Responsible for LPG's business growth and value creation, direction and strategic planning for the business, as well as the efficiency of LPG's distribution network.

Past Experiences

- Chief Executive Officer, PETRONAS Lubricants Marketing (Malaysia) Sdn. Bhd.
- Chief Executive Officer, PETCO Trading (UK) Ltd.
- Head, Light Distillates Trading, PETCO Trading Labuan Co. Ltd.
- Head, Light Distillates LPG and Petroleum Product Group
- Various positions within PETRONAS Group

Skills Matrix: S2 S5 S17 S18

Industry Experience: Oil and Gas; Regional/International; Shipping/Logistics

MOHD ZAMEER ZAHUR HUSSAIN

Chief Executive Officer, PETRONAS Lubricants Marketing (Malaysia) Sdn. Bhd.

Age: 47 | Gender: Male
Nationality: Malaysian
Date of Appointment: 1 March 2023

Academic/Professional Qualification

- Bachelor of Business Administration (BBA), University of Malaya
- Master of Business Administration (MBA), University of Manchester, United Kingdom (UK)

Key Responsibilities

Responsible for strategic decisions and guiding the overall operational, financial and sustainable performance of PLMMSB.

Past Experiences

- Head (Sales), Olefins, Glycols and Derivatives, PETRONAS Chemicals Group Berhad
- Head, Commercial Business Development, PETRONAS Chemicals Group Berhad
- Head (Performance Planning), Manufacturing Division, PETRONAS Chemicals Group Berhad
- Head (Sourcing), Centralised Services, PETRONAS Chemicals Group Berhad
- Head, Logistics, PETRONAS Methanol
- Head, Business Planning, PETRONAS Methanol
- Area Sales Manager and Warehouse Manager of Goodyear Malaysia Berhad
- Service Manager in Federal Auto (Volvo)

Skills Matrix: S4 S5 S6 S9 S17 S18

Industry Experience: Oil and Gas; Regional/International; Shipping/Logistics; Manufacturing; Banking and Finance

Leadership Team's Profile

SKILLS MATRIX

- S1 Finance/Audit
- S2 Economics
- S3 Engineering
- S4 Commercial/Marketing
- S5 Operations
- S6 Corporate Planning and Development
- S7 Human Resource
- S8 Information Technology
- S9 Risk Management
- S10 HSE
- S11 Business Transformation
- S12 Corporate and Marketing Communications
- S13 Brand and Reputation Management
- S14 Law/Secretarial
- S15 Corporate Governance
- S16 Business Model and Venture Formulation
- S17 Strategic Planning and Negotiations
- S18 New Market Penetration
- S19 Economics Model

INDUSTRY EXPERIENCE

- Oil and Gas
- Shipping/Logistics
- Regional/International
- Manufacturing
- Banking and Finance
- Petrochemical
- Education
- Information Technology/Digital
- Legal Practice (Litigation)
- Telecommunications
- Technical Services

IAN MALCOLM CRUDDAS

Chief Executive Officer, Mesra Retail & Cafe Sdn. Bhd. (MESRA)

Age: 54 | Gender: Male

Nationality: United Kingdom

Date of Appointment: 1 August 2021

Academic/Professional Qualification

- Eastbourne Sixth College, United Kingdom (UK)

Key Responsibilities

Responsible for guiding strategic growth agenda for MESRA business which includes both operational and financial perspectives in addition to overseeing value creation for Non-Fuel income, Mesra C-Stores, Café Mesra and Complementary Business Partners.

Past Experiences

- Head (Non-Fuel), Retail Business Division, PDB
- Various consultancy roles with SEA FMCG Retailers, including working with key private equity companies
- Chief Executive Officer, Nando's Malaysia
- Multiple senior director roles at Dairy Farm Group operating Giant, Mercato and Cold Storage Malaysia
- General Manager/Managing Director, Watson's Personal Care Stores, Malaysia and Taiwan

Skills Matrix: S4 S5 S11 S18

Industry Experience

MAZLIN ERAWATI AB MANAN

Head, Venture Builder

Age: 44 | Gender: Female

Nationality: Malaysian

Date of Appointment: 1 April 2020

Academic/Professional Qualification

- Member, Institute of Chartered Accountants in Australia
- Bachelor of Commerce, University of Melbourne, Australia

Key Responsibilities

Responsible for the creation, incubation and scaling of strategic businesses, leveraging the Group's assets to create new and sustainable revenue streams.

Past Experiences

- Head, CEO's Office, Pengerang Refining Company Sdn. Bhd.
- Head, Joint Venture Setup Readiness, PRPC Sdn. Bhd.
- Head (Refinery and Logistics), Commercial Development and JV Formation, PRPC Sdn. Bhd.
- Head (Downstream), Merger and Acquisition, PETRONAS
- Head (Commercial), Unconventional Energy Unit, PETRONAS
- Head (Portfolio Management), EVP Downstream, PETRONAS
- Various positions within PETRONAS Group
- Senior Associate (Assurance), PwC Malaysia

Skills Matrix: S1 S4 S5 S8

Industry Experience

NORMAH BASRI

Head, Supply and Distribution Division

Age: 51 | Gender: Female

Nationality: Malaysian

Date of Appointment: 1 June 2020

Academic/Professional Qualification

- Bachelor of Accountancy, Universiti Utara Malaysia

Key Responsibilities

Responsible for PDB's overall operational excellence and supply reliability across the integrated value chain.

Past Experiences

- Chief Executive Officer, Kertih Port Sdn. Bhd.
- Head, Supply and Distribution Division, PETRONAS Chemicals Marketing Labuan, PETRONAS Chemicals Group Berhad
- Senior Manager, Logistics and Distribution, PETRONAS Chemicals Marketing Labuan, PETRONAS Chemicals Group Berhad
- Operations Manager (Polymer and Fertiliser), MITCO
- Project Services and Procurement, PETRONAS LNG Business (LNG Tiga Project)
- Project Economics, Marketing and Project, PETRONAS LNG Business (LNG Tiga Project)

Skills Matrix: S1 S3 S4 S5 S10

Industry Experience

HARLINA PIKRI

Head, Strategy and Sustainability Division

Age: 44 | Gender: Female

Nationality: Malaysian

Date of Appointment: 1 September 2023

Academic/Professional Qualification

- Bachelor of Science in Information Management for Business, University College London, United Kingdom (UK)

Key Responsibilities

Responsible for crafting and overseeing the implementation of long-term strategies and business development, as well as managing business improvement and transformation. Additionally, responsible for cultivating culture, promoting sustainability, handling corporate communication and forming government and strategic alliances to foster sustainable growth and future-proof PDB's business, assets and talents.

Past Experiences

- Head (Business Development), Strategic Planning and Business Development, Refining, Marketing and Trading, PETRONAS
- Head, Crude Business Development, PETCO
- Trading Manager, Fuel Oil and Special Products, PETCO
- Various positions within PETRONAS Group

Skills Matrix: S4 S5 S12 S17 S18

Industry Experience

Leadership Team's Profile

SKILLS MATRIX

- S1 Finance/Audit
- S2 Economics
- S3 Engineering
- S4 Commercial/Marketing
- S5 Operations
- S6 Corporate Planning and Development
- S7 Human Resource
- S8 Information Technology
- S9 Risk Management
- S10 HSE
- S11 Business Transformation
- S12 Corporate and Marketing Communications
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- S14 Law/Secretarial
- S15 Corporate Governance
- S16 Business Model and Venture Formulation
- S17 Strategic Planning and Negotiations
- S18 New Market Penetration
- S19 Economics Model

INDUSTRY EXPERIENCE

- Oil and Gas
- Shipping/Logistics
- Regional/International
- Manufacturing
- Banking and Finance
- Petrochemical
- Education
- Information Technology/Digital
- Legal Practice (Litigation)
- Telecommunications
- Technical Services

CHEOK YEN KWAN

Head, Marketing and Strategic Communication

Age: 51 | Gender: Female

Nationality: Malaysian

Date of Appointment: 11 November 2022

Academic/Professional Qualification

- Bachelor of Science (Economics), Universiti Putra Malaysia

Key Responsibilities

Responsible for marketing, product strategies, PDB brand management, loyalty programme, integrated advertising and communication, research and customer resolution.

Past Experiences

- General Manager, Marketing PETRONAS Lubricants Marketing Malaysia
- Asia Pacific, Senior Marketing Manager Kimberly Clark
- Marketing Manager, Fonterra Brands
- Marketing Manager, Kraft/Cadbury Confectionery
- Product Manager, Standard Chartered Bank
- Various positions in Sony Electronics Malaysia Sdn. Bhd.

Skills Matrix: S2 S4 S12 S17

Industry Experience

AMIR ZAFILY ZAKARIA

General Manager, Engineering and Project Delivery

Age: 46 | Gender: Male

Nationality: Malaysian

Date of Appointment: 1 July 2023

Academic/Professional Qualification

- Master of Engineering in Chemical Engineering, Imperial College London, United Kingdom (UK)

Key Responsibilities

Responsible for the engineering services on asset reliability strategy and integrity, technical and operational assurances, product quality management, as well as the delivery of retail and non-retail capital projects for PDB.

Past Experiences

- General Manager (Technical Services), PRPC Sdn. Bhd.
- General Manager (Project Development), PRPC Sdn. Bhd.
- Project Manager (Package 29) C4 INA, Project RAPID
- Head (C4 & C5 Derivatives), Project RAPID
- Head (Technical), PETLIN (M) Sdn. Bhd.
- Various positions within PETRONAS Group

Skills Matrix: S3 S4 S5 S10 S16

Industry Experience

AHMAD MUNIR AKRAM AHMAD FAIZ

Head, Human Resource Management Division

Age: 47 | Gender: Male

Nationality: Malaysian

Date of Appointment: 1 July 2021

Academic/Professional Qualification

- Chartered Fellow, Chartered Institute of Personnel and Development (CIPD)
- Master of Science in Business Psychology, Heriot Watt University
- Bachelor of Business Administration in Marketing and International Management (Hons), University of Waikato, New Zealand

Key Responsibilities

Responsible for being a strategic partner supporting business leaders on human resource and talent matters.

Past Experiences

- Head, Experience Factory, Project emb.arc, PETRONAS
- Chief Executive Officer, PETRONAS Energy (India) Pvt. Ltd.
- Senior Manager HRM, Centre of Excellence, Upstream Business, PETRONAS
- Senior Manager, People Planning and Organisation Design, Upstream Business, PETRONAS
- Human Resource Management Advisor, Pacific NorthWest LNG (Canada)
- Head, Human Resource Management, Gas and Power Business, PETRONAS
- Manager, Strategic Planning and Business Development PICL (Egypt) Corporation Ltd., PETRONAS
- Various positions within PETRONAS Group

Skills Matrix: S2 S4 S5 S6 S15

Industry Experience

AHMAD YUSMADI MOHAMED YUSOFF

Head, Legal Division

Age: 53 | Gender: Male

Nationality: Malaysian

Date of Appointment: 1 September 2022

Academic/Professional Qualification

- Executive Development Programme, Wharton Business School
- Certificate In Legal Practice
- LLB (Hons), Leeds University, United Kingdom (UK)

Key Responsibilities

Responsible for providing legal strategy, and steering, driving and overseeing the legal services and advisory for PDB and its Group of Companies.

Past Experiences

- General Counsel, Compliance Strategy and Planning, Group Legal, PETRONAS
- General Counsel, Gas and LNG Business, Group Legal, PETRONAS
- Senior Legal Counsel, Middle East, Africa and Americas, Legal Upstream Business, Group Legal, PETRONAS
- Senior Legal Counsel, Egypt Operations
- Legal Counsel, Egyptian LNG
- Legal Counsel (Africa), PETRONAS Carigali Sdn. Bhd.
- Legal Counsel, Malaysia LNG Sdn. Bhd.

Skills Matrix: S14 S15

Industry Experience

Leadership Team's Declaration

- *No family relationship with any Director/ Major Shareholder*
- *No conflict of interest or potential conflict of interest including interest in any competing business with PETRONAS Dagangan Berhad or its subsidiaries.*
- *Has never been charged for any offence within the past five years other than traffic offences, if any*
- *All Leadership Team members at present have no present directorship in public companies and listed issuers, save for Azrul Osman Rani who, in his capacity as MD/ CEO, is a Director on the Board of PETRONAS Dagangan Berhad*

Corporate Governance Overview Statement

RAISING THE BAR ON CORPORATE GOVERNANCE

Dear Shareholders,

It is with great pleasure that we present the Corporate Governance Overview Statement for the financial year 2023, providing an in-depth review of the Board's activities, PETRONAS Dagangan Berhad's (PDB) governance structure, and key aspects of our corporate responsibility.

Raising the bar on Corporate Governance is an ongoing process that requires commitment from all stakeholders. Elevating corporate governance to a new height demands a regular review and modernisation of the Company's existing frameworks, benchmarking against best practices, and embracing innovative solutions for emerging challenges.

The statement outlines PDB's governance arrangements, the composition and functioning of the Board and its Committees, and the diligent discharge of their roles and responsibilities. Notably, it highlights the application of the Principles, Practices and Guidance of the Malaysian Code on Corporate Governance 2021 (MCCG 2021), underlining our commitment to adherence.

The Board acknowledges that revitalising the Company's culture is pivotal to transforming the organisation, fostering sustainability, safety, reliability, and operational efficiency. PETRONAS Cultural Beliefs as adopted by PDB, providing a framework for individuals, guiding exemplary decision-making, and reflecting our unwavering dedication to integrity.

Looking ahead, the Board maintains a steadfast focus on fostering the growth of the Company's culture, emphasising both personnel development and digital enablement. Our commitment to robust corporate governance and compliance standards is evident in our rigorous practices during Board meetings, with a blend of in-person, hybrid, or virtual sessions as needed.

Diversity and inclusion remain paramount to our success. The Board is committed to establishing a culture where everyone can thrive, irrespective of age, gender, culture, race, religion, disability, or background. Rigorous policies at both Board and Group levels underscore our dedication to recruitment, advancement, and development practices that promote diversity.

The Board's commitment to performance improvement is underscored by its annual evaluation process. The results from 2023 evaluation process indicated that PDB continued to be led by an effective, committed, and well-run Board. It also identified areas that require further improvement from the Board and Management, in particular matters on Sustainability and Environmental, Economic, Social, and Governance (EESG) related.

The ensuing Corporate Governance Overview Statement is meticulously crafted to provide stakeholders with a comprehensive understanding of the Company's governance framework, aligning with the MCCG 2021, Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia) and Corporate Disclosure Guide.

DATUK ANUAR AHMAD
Chairman

OUR SUSTAINABILITY GOVERNANCE

At PDB, sustainability governance finds its foundation in the comprehensive sustainability framework and policies of the PETRONAS Group. Our commitment is steadfast as we align with the principles outlined in the Group's Code of Business Ethics (CoBE) and embrace its Shared Values, which include Loyalty, Integrity, Professionalism, and Cohesiveness. CoBE serves as a cornerstone, focusing our dedication to fostering sustainable economic, environmental, and social development. Beyond our internal operations, this code extends to encompass our partners, contractors, and suppliers, thereby ensuring the establishment and maintenance of a value chain that is sustainable and responsibly managed.

BOARD

- Ensures robust oversight on sustainability, covering critical areas such as climate change and human rights
- Receives regular updates on sustainability performance on a quarterly basis that are facilitated by strategic engagements

BOARD SUSTAINABILITY AND RISK COMMITTEE

- During the year under review, Board Risk Committee was renamed as Board Sustainability and Risk Committee (BSRC), whereby the Committee will also oversee the sustainability strategy, policies, initiatives, and reporting of PDB in addition to the risk oversight function. The new roles of BSRC has been accordingly reflected in its Term of Reference

SUSTAINABILITY ACTION COUNCIL

- Sustainability Action Council (SAC) assumes a pivotal advisory roles where it addresses a spectrum of sustainability management, strategy and policy issue. It tracks and monitors progress and assesses sustainability performance indicators against predefined targets. SAC deliberates and endorses sustainability plans before tabling to BSRC for deliberation
- In addition, SAC provides clear direction and intervenes in addressing any other sustainability-related matters that may arise. SAC also undertakes to ensure capital availability, and conducts rigorous evaluations of various sources to sustain the ongoing commitment to responsible and sustainable practices

The Board takes full charge of overseeing our sustainability matters, initiatives, and performance, and accordingly incorporates sustainability into its core mandate.

Amongst sustainability-related matters tabled and/or discussed at the Board in 2023:

- Sustainability performance updates, including our progress in GHG emissions reduction, safety performance, human rights, and community investment initiatives, amongst others
- Review of PDB sustainability governance structure
- Sustainability reporting direction
- Inclusion of Sustainability KPIs, including climate related, onto corporate scorecard, carried by MD/CEO and key Leadership Team (LT) members

The Board continues to develop its knowledge and expertise on sustainability matters, including on climate change. During the year under review, the Board also attended trainings on a wide range of sustainability topics related to climate, nature and social actions.

At the Management level, the MD/CEO and LT assume leadership roles, spearheading the effective and efficient integration of sustainability matters into our business processes and operations.

The SAC, comprising handpicked members from the LT and employees spanning various functions, departments, and units, oversees our sustainability initiatives and programmes. This monitoring ensures steady progress by addressing potential obstacles or impediments. Significant matters raised during the SAC meetings that demand further consideration are promptly escalated to the MD/CEO and LT, as the need arises.

PDB Sustainability Department comprise a dedicated team and entrusted to drive the execution and implementation of the company-wide Sustainability Roadmap. This Department facilitates the SAC's operation and assumes the role of the SAC secretariat, ensuring seamless coordination of the SAC meeting management and other related SAC matters.

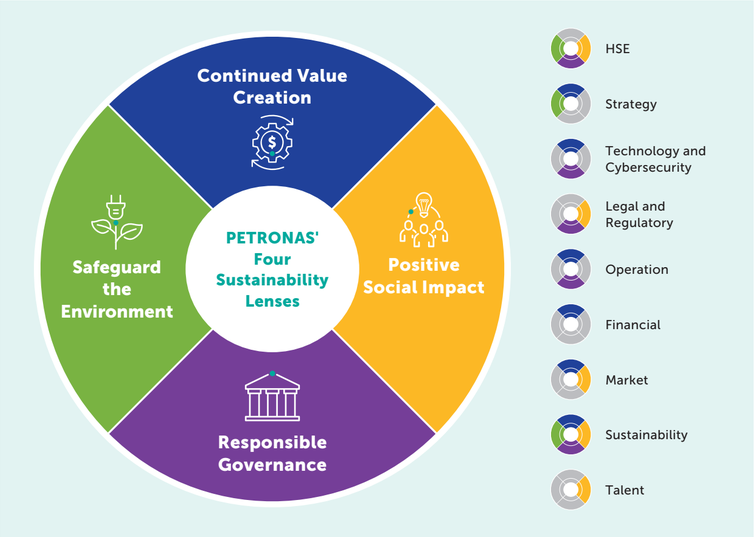
SAC is supported by ad-hoc working groups that comprise key personnel across the organisation. These working groups have specific responsibilities, including the identification, execution, and implementation of sustainability initiatives and programmes. The working groups play a crucial role in advancing new initiatives, with each group being constituted and led by a member of the LT.

PDB is an active participant in PETRONAS' Downstream Sustainability Transformation Committee, a forum facilitating interaction among PETRONAS' Downstream subsidiaries/entities. In this collaborative space, members engage in networking, sharing noteworthy sustainability practices, and addressing challenges. Additionally, the committee serves as a platform for enhancing alignment with the overarching goals of the PETRONAS Group.

EESG Risk Management

PDB adopts a steadfast strategy in managing the risks and uncertainties that impact our business. The PDB Enterprise Risk Management (ERM) Framework is designed to assist management in making decisions based on risk considerations. It achieves this by offering a comprehensive and holistic perspective on exposures, supporting the pursuit of business objectives. The approach involves thorough and pervasive risk assessments, encompassing EESG elements.

We continue to review and identify our key risks from the EESG lens and mapped to the respective elements as illustrated below to ensure a more robust, structured and systematic process with more intent and purpose during our formulation of decision-making process.



PRINCIPLE A
EFFECTIVE LEADERSHIP

Board Leadership

The Group is led by an effective, committed, and well-run Board, who is responsible for defining the Group's strategy to deliver enduring value to the Shareholders and other stakeholders. The Board also establishes the culture, values, and governance framework for the Group and provides a robust challenge to the Management regarding the execution of the strategy, and ensures the Group upholds an effective risk management and internal control system. The Board has a schedule outlining matters exclusively reserved for its decision-making.

The Board of Directors pledges to uphold ethical business practices and lawful conduct, emphasising the proper use of authority and maintaining decorum when acting as Board members. Each Director exercises their powers for a proper purpose and in good faith, always acting in the best interest of the Company. In directing or managing the Company's business and affairs, they exhibit reasonable care, skill, and diligence, drawing upon their knowledge, expertise, and experience.

Critical decisions or key transactions receive careful deliberation and determination by the entire Board during meetings. Additionally, the Board ensures that decisions, along with the rationale and any dissenting views, are properly communicated and recorded in the minutes.

Board Balance and Composition

As at the date of this Statement, the Board comprises ten members with six Independent Non-Executive Directors (INEDs), three Non-Independent Non-Executive Directors (NINEDs), including the Chairman and one Executive Director, serving in the dual capacity as Managing Director/Chief Executive Officer (MD/CEO). 30% of the Board members are women.

The Board's composition surpasses the requirement of Paragraph 15.02 of the MMLR that requires one-third of its members are INEDs. This is also consistent with Practice 5.2 of the MCCG 2021 that recommended PDB, as Large Companies to have a majority independent members on its Board. This composition facilitates an effective and impartial check and balance mechanism on the Board's deliberations and decision-making processes.

Designation	Number of Directors
Executive Director *(MD/CEO)*	1 out of 10
Independent Non-Executive Directors	6 out of 10
Non-Independent Non-Executive Directors *(including Chairman)*	3 out of 10

The individuals on the Board are characterised by their integrity and high-calibre backgrounds, possessing a profound understanding of PDB's business. They bring a diverse skill, experience, and knowledge to the table.

Board Meetings and Attendance

The Board convenes at least quarterly, supplemented by additional meetings as needed. Meeting of the Board, Board Committees, Board and Management Strategy Retreat, and AGM for the year were scheduled in November 2022 to facilitate the Directors to plan effectively, incorporating the said meetings into their schedules. Urgent matters were decided via eight Director's circular resolutions, all signed via an e-Signature tool. These resolutions, akin to decisions made in meetings, underline the unity of the Board.

Deliberations at Board and Committee meetings are robust, ensuring participation and constructive dialogue. INEDs, inquisitive and vocal, bring impartial views to the decision-making process, prioritising the Company's and stakeholders' interests. While the minimum quorum for a Board meeting is two, attendance by all Directors is the norm, decisions are consensus-based, and the Chairman may exercise his casting vote, if necessary.

Open debate is a cornerstone of the Board culture, covering strategies, financial reports, investments, and governance matters. The agenda, finalised in consultation with relevant stakeholders, includes reviews of quarterly and annual results before announcement to Bursa Malaysia Securities Berhad (Bursa Malaysia). Attendance by relevant LT members and external advisers ensures comprehensive discussions and reporting.

Directors' views are sought in advance if they are unable to attend, emphasising their commitment. Proceedings, comments, and deliberations are diligently minuted and circulated promptly for review, fostering transparency and accountability. Directors may seek clarifications or provide comments before the minutes are confirmed at the subsequent meetings.

Despite holding multiple directorships, Directors demonstrate commitment by attending meetings and effectively discharging their responsibilities. The Board is satisfied that each Director allocates sufficient time to fulfill their duties, reflecting dedication and diligence.

A total of six Board meetings were held during the year under review. All Directors complied with the minimum attendance requirement of at least 50% of the Board meetings pursuant to Paragraph 15.05(3)(c) of the MMLR of Bursa Malaysia. Board meetings were held either virtually, physically or hybrid depending on the suitability and availability of the Board members.

BOARD MEETING ATTENDANCE FOR THE YEAR

Board of Directors	Board Meetings	Annual General Meeting (AGM)
Datuk Anuar Ahmad *Chairman*	5/6	1/1
Azrul Osman Rani *MD/CEO*	6/6	1/1
Datuk Shafie Shamsuddin *Senior Independent Director*	6/6	1/1
Alvin Michael Hew Thai Kheam *Independent Non-Executive Director*	6/6	1/1
Nirmala Doraisamy *Independent Non-Executive Director*	6/6	1/1
Tang Saw Hua *Independent Non-Executive Director*	6/6	1/1
Arni Laily Anwarrudin *Non-Independent Non-Executive Director*	5/6	1/1
Datuk Sazali Hamzah *Non-Independent Non-Executive Director*	4/6	1/1
Tunku Alizakri Raja Muhammad Alias *Independent Non-Executive Director*	5/6	1/1
Mohd Yuzaidi Mohd Yusoff *Independent Non-Executive Director*	6/6	1/1

HOW THE BOARD OPERATES

Board Charter

In discharging its duties and roles effectively, the Board is guided by its Board Charter, which sets out the principles and guidelines that are to be applied by the Board, whilst the Board Committees are guided by its respective Terms of Reference (ToR).

The Board has embraced best practices, relevant rules and regulations, and established policies, framework, processes and procedures, to guide the Board in discharging its duties and responsibilities effectively.

The Board Charter may be reviewed and updated from time to time to ensure it remains relevant and is consistent with the provisions of the applicable rules and regulations.

The Board Charter is accessible via PDB's corporate website, **www.mymesra.com.my**

ROLES AND RESPONSIBILITIES

The Board is tasked with the responsibility of promoting the success of PDB and its Subsidiaries (the Group) through the prudent and effective direction and supervision of the Group's affairs. Each Director is fully aware of their obligations to act in good faith and in the best interest of the Company. Mindful of their collective and individual responsibilities to all Shareholders, the Directors are aware of how the Company's affairs are managed, controlled, and operated. The Board is satisfied that it has fulfilled these duties and obligations throughout the year under review.

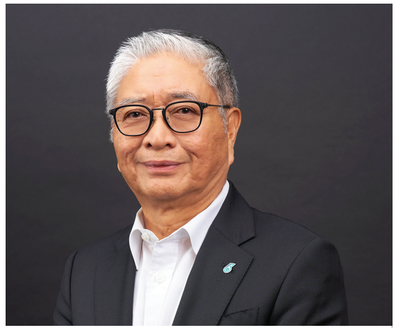
Separate Roles of Chairman, Managing Director/Chief Executive Officer and Senior Independent Director

The efficacy of the Board is paramount to the Company's long-term prospects and strategic objectives. Achieving this hinge on fostering strong and transparent working relationships among the Directors.

Furthermore, the Board adheres to a well-defined allocation of duties and responsibilities between the Chairman and MD/CEO, ensuring a balance of power and authority within the Board. The positions of Chairman and MD/CEO are distinctly held by Datuk Anuar Ahmad and Azrul Osman Rani, respectively. This clear demarcation is vital in distinguishing the Chairman's responsibility for Board management from the MD/CEO's responsibility for overseeing the Company's business. The separation of these roles is crucial given the distinct expectations and primary audiences served by each role. The Senior Independent Director (SID) serves as a liaison between the Non-Executive Directors (NEDs) and the Chairman, as well as the designated contact for Shareholders to raise concerns.

The Chairman of the Board is not a member of any Board Committee.

The distinct roles and responsibilities of the Chairman and MD/CEO are clearly set out in the Board Charter, which is accessible via PDB's corporate website, **www.mymesra.com.my**



DATUK ANUAR AHMAD

Chairman

The Chairman of PDB is a NINED. The Chairman is primarily responsible for the orderly conduct and function of the Board.

AZRUL OSMAN RANI

Managing Director/Chief Executive Officer

The MD/CEO is accountable for the overall operations of the business, ensuring organisational effectiveness, and implementating the Group's strategies and policies. The MD/CEO is supported by the LT in managing the business on a day-to-day basis and regularly, consult with them.

Chairman
Responsible for the orderly conduct and function of the Board

Independent Non-Executive Directors (INEDs)
Provide independent judgement and views

Non-Independent Non-Executive Directors (NINEDs)
Provide in-depth knowledge and insight from PETRONAS' perspective

The roles and responsibilities of the Board are clearly set out in the Board Charter, which is accessible via PDB's Corporate website, **www.mymesra.com.my**

DATUK SHAFIE SHAMSUDDIN

Senior Independent Director

Datuk Shafie Shamsuddin fulfills the criteria of an Independent Director pursuant to the MMLR of Bursa Malaysia. The appointment as SID is in line with the best practice recommended by the ASEAN CG Scorecard, which is used as a benchmark by the Company in its effort to maintain the highest standards of good governance.

ROLES AND RESPONSIBILITIES

As a SID, Datuk Shafie Shamsuddin acts as the main liaison between the INEDs and the Chairman on matters that may be deemed sensitive and is available for confidential discussions with other NEDs who may have concerns which they believe have not been considered by the Board as a whole. He also provides an alternative communication channel for Shareholders and stakeholders to convey their concerns and raise issues for it to be channeled to the relevant parties.

All queries relating to the Group can be channeled to *sidpdb@petronas.com*

For more information on the SID's profile, refer on page 142.

Separation of Powers between the Board and Management

The MD/CEO is assisted by the LT, Risk Management and Governance Committee and various working groups in managing the business on a day-to-day basis. The LT ensures that effective systems, controls and resources are in place to execute business strategies and decisions taken by the Board and/or the MD/CEO. These committees report the performance and strategic Key Performance Indicators (KPIs) on a monthly basis to the MD/CEO, whilst progress and updates are reported regularly by working groups within the business units.

GOVERNANCE STRUCTURE

Board and Board Committees

The Board has been assisted by three main Committees, the Nomination and Remuneration Committee (NRC), the Board Audit Committee (BAC) and the Board Sustainability and Risk Committee (BSRC).

In its commitment to effective governance, the Board has entrusted specific functions to the respective Committees, each governed by its own set of Terms of Reference (ToR). The Chairpersons of the NRC, BAC, and the BSRC provide detailed reports to the Board, highlighting the discussions and outcomes of their Committee meetings.

The delegation of authority to the Board Committees is a strategic move, yet the Board retains its responsibility and exercises collective oversight consistently. To avoid hindrance or reduction in its ability to fulfill its functions, the Board ensures clear delineation of responsibilities within the ToRs of each Committee. This approach reinforces the Board's commitment to maintaining effective governance and oversight.

The ToR of each Committee is accessible via PDB's corporate website, www.mymesra.com.my

For further details of these three Committees including the attendance of the Committees members, refer to the respective Committee reports.

Additionally, the Internal Audit Department, operates independently and reports directly to the BAC.

MD/CEO
Tasked with overseeing the day-to-day operations of the business, ensuring organisational effectiveness, and executing the Group's strategies and policies.

LEADERSHIP TEAM
In charge of regular reporting and progress updates from various business units and support functions, with a key advisory role for the MD/CEO in the implementation of strategies and business operations.

WORKING GROUP
Credit Control Committee, HSE Steering Committee, enablers Business Information Technology Committee, Project Steering Committee, Sustainability Action Council.

RISK MANAGEMENT AND GOVERNANCE COMMITTEE
Engage in discussions, deliberate on, and provide support to PDB management regarding risk and governance matters.

THE BOARD'S KEY FOCUS STRATEGY IN 2023

STRATEGY

Reviewed and approved Group strategic initiatives and plans
The Board deliberated on strategic initiatives aimed at market expansion and diversification, providing pertinent feedback and guidance. Additionally, the Board exercised oversight over the Company's business activities, ensuring the effective execution of initiatives to capitalise on growth opportunities and diversify our market presence, in alignment with our 2023 targets.

Oversaw and evaluated progress of growth projects
The Company's strategic direction, along with its achievements and challenges in pursuing growth strategies including market expansion, sustainability, customer experience enhancement, risk management, talent development, and financial performance, were periodically presented to the Board. The Board provided guidance and direction as needed, ensuring alignment with our overarching objectives and targets for 2023 and beyond.

Reviewed and approved PDB's Business Plan and Budget
The Board deliberated and approved PDB's comprehensive five-year business plan, incorporating projections based on market forecasts and consumer trends. Additionally, future growth initiatives and financial forecasts were presented for the Board's consideration. Deliberations also included discussions on resource allocation strategies and potential challenges towards realisation of PDB's ambitions.

FINANCIAL PERFORMANCE

Reported Group's performance on Quarterly basis
The Group's performance report were circulated on a monthly basis and presented as a permanent item during the quarterly Board meetings. It includes the performance of respective business segments and companies within the Group, measuring and tracking performance against approved targets and prior periods. The MD/CEO and LT's KPIs, as well as their performance are presented to the Board for oversight, measurement, and tracking against the approved KPI targets, aligning with the Group's aspirations and objectives.

Reviewed and approved the quarterly interim dividend
The Board considered and approved the proposal on declaration of Dividends on quarterly basis.

SUSTAINABILITY

Strengthened our sustainability governance structures
Advancing on the sustainability journey requires deeper conversations in the boardroom and other parts of the organisation. At PDB, Strengthening Sustainability Governance and EESG Risk Management are prioritised to enhance Board's oversight into sustainability matters. Effective 2023, the Board Risk Committee was renamed as Board Sustainability and Risk Committee, whereby the Committee will carry out sustainability oversight function, including oversight on climate change, and shall report its recommendations to the Board for decision.

As a player in the oil and gas industry, we take seriously our responsibility to be part of the global transition to a low-carbon economy. Our climate actions are driven by PETRONAS' Climate Change Position, PETRONAS Carbon Commitments (PCC) and its aspiration to be a Net Zero Carbon Emissions (NZCE) organisation by 2050. Based on the PCC and NZCE, we are reducing our GHG emissions across our operations and investing in renewable energy while creating value and strengthening our businesses.

In addition to strengthening sustainability governance and EESG Risk Management, PDB recognises the importance of establishing a Sustainability Action Council (SAC) chaired by the MD/CEO to further enhance its sustainability efforts. The SAC served as a strategic advisory body tasked with overseeing the implementation of sustainability initiatives, setting targets aligned with PETRONAS' Carbon Commitments, and driving innovation in sustainability practices across the organisation.

For further details on Our Sustainability Governance, refer to pages 162 to 163.

The SAC will provide valuable insights, guidance, and accountability in advancing PDB's sustainability agenda. Through the establishment of the SAC, PDB aims to foster collaboration, transparency, and continuous improvement in its journey towards becoming a more matured organisation in sustainability practices.

For further details on the Sustainability reporting, refer to Sustainability Report on page 87.

RISK AND INTERNAL CONTROL

Management of risks

The Board has endorsed the Risk Appetite for PDB, delineating key boundaries to ensure that risks undertaken in pursuit of business objectives align with the Board's acceptable level of risk. These boundaries reflect the extent of risk PDB is willing to assume within its risk capacity while pursuing strategic and business objectives.

PDB maintains an ongoing process of reviewing, identifying, and managing critical risks that could significantly impact its business goals and targets. This is facilitated through the annual approval of the PDB Corporate Risk Profile (CRP). The review encompasses existing risks and considers emerging risks and includes scanning of both internal and external environments that may potentially affect the delivery of business objectives. Climate-related risks and opportunities, including transition risks, physical risks, and cleaner energy solutions, are also assessed during deliberations.

The Board closely monitors the Key Risk Indicators (KRIs) identified in the CRP, serving as early warning signals for the increasing likelihood or impact of risks. Mitigations are also identified to manage or reduce the impact of each critical risk. The status of both KRIs and mitigations is regularly monitored by the Board through the quarterly Business Risk Report (BRR).

In the pursuit of comprehensive risk-based decision-making, the Board also considers risks associated with high-impact business matters. This includes assessments related to commercial transactions with high complexity and exposure, key capital projects, new business ventures, and special projects. The Board weighs the feasibility and commerciality of these endeavors to ensure informed decision-making.

For further details on the Risk and Internal Control, refer to pages 206 to 220.

GOVERNANCE AND COMPLIANCES

Related Party Transaction (RPT) and Recurrent Related Party Transaction (RRPT) and Conflict of Interest (CoI)

RPT and RRPT

The Board, facilitated by the BAC, ensures that all related party transactions are transacted on an arm's length basis. These transactions are rigorously conducted on standard commercial terms, with a commitment to preventing any detriment to the Minority Shareholders - change through out in capital letters if it refers to Minority Shareholders of PDB. The Board has approved the re-classification of the Policies and Procedures for RPTs and CoI (P&P) of PDB Group into the following two separate documents to enhance the processes and ensure adequate procedures are in place:

(a) Policy for RPTs and CoI Situations (the Policy); and
(b) Guideline and Procedures for RPTs and CoI Situations (the Guideline)

The Guideline is primarily the enhanced version of the current P&P which incorporates the latest amendments to the MMLR as well as a more simplified process flow on the RPTs and RRPTs procedure.

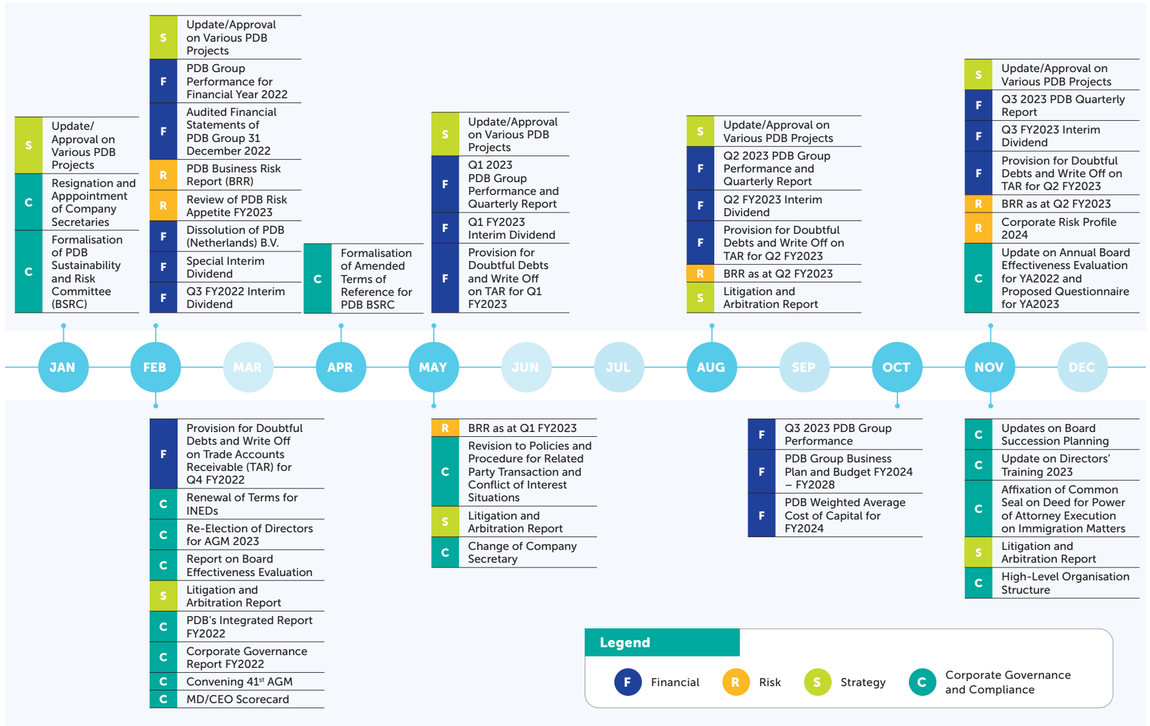
During the year under review, while there were no RPT contracts, there were 30 RRPT contracts entered by PDB Group, which were reported to the BAC on a quarterly basis. All the RRPTs were transacted on an arm's length basis.

CoI

An established process is in place whereby the Board reviews and monitors the CoI and potential CoI on a quarterly basis. Directors holding significant commitments outside of the Group are required to disclose them prior to appointment and on an ongoing basis when there are any changes. Actual and potential CoI are updated in a register which is maintained by the Company Secretary and reviewed annually. In addition, all Directors are required to declare their interest on a quarterly basis and is tabled to the Board for notation.

For detailed information regarding the situations where a CoI may arise, refer to the relevant sections in the Statement on Risk Management and Internal Control (SORMIC) on page 218.

HIGHLIGHTS OF THE BOARD ACTIVITIES DURING 2023



Board Diversity

Fostering diversity within our Board is a cornerstone of our commitment at PDB, ensuring a mix of age and gender among members that brings a diverse range of perspectives, experiences, and expertise to our stewardship and management practices. Aligned with national aspirations for gender representation, PDB supports the target of having 30% women directors on the Board, in accordance with Practice 5.9 of MCCG 2021. Currently, three female Directors make up 30% of our Board, while within the LT, six women constitutes 35% of the composition. In parallel with our emphasis on gender diversity, we are dedicated to cultivating a corporate culture that embraces and encourages diversity.

PDB firmly believes that a truly diverse and inclusive Board, encompassing differences in thought, perspective, knowledge, skill, regional and industry experience, cultural and geographical background, age, and gender, is integral to maintaining PDB's competitive advantage. Diversity serves as a crucial element in ensuring our Company's relevance and sustainability amidst the rapidly transforming business landscape.

To actively manage and enhance diversity, the NRC annually reviews and evaluates the composition and performance of our Board. At any given time, the Board may seek improvements in one or more aspects of its diversity and measure progress accordingly.

In our commitment to a diverse Board, the NRC actively

A	B	C	D
Adhere to the recruitment and sourcing process that seeks to include diverse candidates, including women, in any director search	Assess the appropriate mix of diversity (including gender, ethnicity, and age), skills, experience, and expertise required on the Board, and address gaps (if any)	Make recommendations to the Board in relation to the appointments and maintain an appropriate mix of diversity, skills, experience, and expertise on the Board	Periodically review and report to the Board on requirements in relation to diversity on the Board (if any)

The Board Diversity Policy, is accessible via PDB's corporate website, **www.mymesra.com.my**

Board Appointment Process

The Board appointment process is summarised in the chart below:

1. **Circumstances giving rise to the appointment of Directors**
2. **The NRC shall develop and deliberate selection criteria combining competencies and attributes required**
3. **Search for candidates**
4. **Assess and shortlist the potential candidates in consultation with the NRC**
5. **To perform background check**
6. **Interview shortlisted candidates/consultation with Chairman of the Board**
7. **Deliberation by the NRC on the suitability of the candidate**
8. **PDB Board Approval**
9. **Orientation/Induction**
10. **Continuous Training and Annual Performance Assessment**

Director's Re-Election and Re-appointment

Article 107 of the Company's Constitution provides that one-third of the Directors of the Company for the time being shall retire by rotation at each AGM. The Article also provides that all Directors shall retire from office at least once in every three years. Additionally, Article 100 of the Company's Constitution and the Companies Act 2016 (CA 2016) outline that Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the conclusion of the next AGM. All the retiring Directors are eligible for re-election and a retiring Director at the AGM, will continue in office until the meeting concludes, whether adjourned or not.

The Board at its meeting held on 26 February 2024 endorsed the recommendation of the NRC for the following Directors to be considered for re-election pursuant to the Article 107 of PDB's Constitution at the Company's forthcoming 42ND AGM:

(a) Datuk Anuar Ahmad
(b) Tang Saw Hua
(c) Arni Laily Anwarrudin

All the Directors named above have given their consent for the re-election at the AGM and signed the Fit and Proper Declaration in accordance with PDB's Directors' Fit and Proper Policy.

Additionally, PDB Board Succession Planning Framework, states that INEDs are appointed for a term of three years, with the possibility of renewal subject to review and endorsement by the NRC and approval by the Board. During the year under review and up to the date of this report, the Board had also approved the recommendation by NRC on the renewal of terms of appointment as INED for another three years, for the following Directors:

(1) Tang Saw Hua
(2) Alvin Michael Hew Thai Kheam
(3) Datuk Shafie Shamsuddin

For further details on the Director's Re-Election and Re-appointment, refer to NRC Report on page 191.

Board and Senior Management Succession Planning

The Group maintains a formal, long-range plan for the development of Board membership, focusing on balancing continuity of service with the periodic refreshment of skills and experience necessary to execute the evolving strategy.

A Board Succession Planning Framework, supported by the NRC, ensures the systematic identification and selection of new NEDs in various scenarios, such as anticipated retirements, unanticipated departures, or Board size expansions. This structured succession plan focuses on enhancing the composition and effectiveness of the Board. Additionally, the NRC extends its review to succession planning for Senior Management.

For detailed information on the Board and Senior Management Succession Planning, refer to NRC Report on page 190.

Board and Management Strategy Retreat

The Board and Management Strategy Retreat with the LTs were held on half-yearly basis during 2023 to provide the Board with updates and to deliberate on the market outlook and external environment analysis that facilitated the Board's deliberation on the Group's strategies and future growth plans.

Directors' Indemnity

PDB offers indemnification to its Directors in accordance with the provisions of the Companies Act 2016. The Directors and Officers (D&O) Liability Insurance procured by the Company extends indemnity coverage to D&O, safeguarding them against liabilities incurred in the course of their duties while serving as officials of the Company.

Directors have the option to secure additional D&O insurance for protection against unindemnified liabilities or uninsured situations, to the extent that it is insurable. The premium for this insurance, determined by the insurance company, to be paid by Directors who choose to avail themselves of this coverage.

Qualified and Competent Company Secretary

The Company Secretaries of PDB are qualified to act as Company Secretary under Section 235 of the CA 2016. During the year under review, Wong Lay See and Yeap Kok Leong vacated their positions as Company Secretaries and were replaced by Mek Yam @ Mariam Hassan and Norhashema Saleh on 13 January 2023 and 22 May 2023 respectively.

Both Mek Yam @ Mariam Hassan and Norhashema Saleh are Fellow of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and act as advisor to the Board, particularly with regard to PDB's Constitution and its compliance with applicable regulatory requirements, codes, guidance and legislations. All Directors have unrestricted access to the advice and services of the Company Secretaries to facilitate discharge of their duties.

In ensuring effective communication and documentation of Board and Board Committee meetings, the Company Secretaries play a vital role. Post-meeting, the outcomes are conveyed to the Management, and the Company Secretaries keep the Board updated about the follow-up on decisions and recommendations. The Board is satisfied and appreciative of the Company Secretaries' performance and support in facilitating the discharge of its duties and responsibilities throughout the year.

During the year under review, the Company Secretaries attended the following development programmes:

No.	Company Secretary	Development Programmes	Organisers	Date (2023)
1	**Mek Yam @ Mariam Hassan**	• PETRONAS EESG Legal Conference	PETRONAS	7 February
		• Integrated Governance, Risk and Compliance (GRC) Framework: Driving Performance	Marcus Evans	15 May
		• PETRONAS Board Excellence Series - Essential	PETRONAS	1 August
		• PETRONAS Board Conversation Series #Q2 2023: Sustainability, Transparency and Disclosure - A Session by Neil Stewart, Director of Corporate Outreach, IFRS	PETRONAS	30 August
		• PETRONAS Board Excellence Series - Rising Above 2	PETRONAS	20 September
		• PETRONAS Board Excellence: Continuous Education - Conflict of Interest	PETRONAS	27 October
		• PETRONAS Board Conversation Series #Q3 2023: Physical Climate Risk and the Impact on PETRONAS	PETRONAS	24 November
		• High Performance Leadership	London FTE/Laykas Group	4 - 8 December
2	**Norhashema Saleh**	• PETRONAS Board Conversation Series #Q1 2023: A Session with Martijn Wilder Am, Founder and CEO of Pollination	PETRONAS	31 May
		• PDB Board & C-Suite Upskilling: Sustainability (FTSE4GOOD & TCFD)	PDB	7 June
		• PETRONAS Board Excellence: Continuous Education - Conflict of Interest	PETRONAS	27 October
		• Governance in Groups	Asia School of Business	29 May
		• Digital & Cybersecurity for Boards - Alligned with BNM RMiT	ICDM	6 July
		• PETRONAS Board Excellence Series - Essential	PETRONAS	1 August
		• PETRONAS Board Excellence Series - Rising Above 2	PETRONAS	20 September
		• PETRONAS Board Conversation Series #Q2 2023: Sustainability, Transparency and Disclosure - A Session by Neil Stewart, Director of Corporate Outreach, IFRS	PETRONAS	30 August
		• MAICSA Annual Conference 2023 - Revitaising Governance towards Sustainability	MAICSA	4 - 5 October
		• PETRONAS Board Conversation Series #Q3 2023: Physical Climate Risk and the Impact on PETRONAS	PETRONAS	24 November
		• SSM Annual Dialogue 2023	Suruhanjaya Syarikat Malaysia	5 December

INDEPENDENCE

Acknowledging the crucial role of INEDs in fostering robust corporate governance, all Directors, regardless of their independence status, are mandated to act in the Company's best interests, exercising impartial and independent judgment.

INEDs significantly influence Board decisions, ensuring thorough deliberation of proposed Management strategies while considering the interests of shareholders and stakeholders. Directors promptly disclose any interest in transactions with the Company, abstaining from related deliberations and decisions.

As of the report date, 60% of the Board comprises Independent Directors, with all six INEDs meeting the following criteria:

- Independent from Management, free from any relationship that could compromise independent judgment.
- Limited involvement in day-to-day operations, participating only when collective Board approval is needed to prevent undue influence.
- Pre-meeting disclosure of any CoI or potential CoI allowing for recusal during deliberations, fostering unbiased decision-making.

Aligned with MCCG 2021 recommendations, the Company enforces a tenure policy capping an INED's total board tenure at nine years. Renewal of terms, subject to NRC endorsement and Board approval every three years, adhere to PDB's Board Succession Planning Framework.

Supply and Access of Information

Ensuring effective information flow and communication, the Board maintains direct, timely, and unrestricted access to Management and relevant information for fulfilling its responsibilities. The Chairman oversees this process, with the Company Secretaries playing a pivotal role in facilitating communication within the Board, its Committees, LT, and NEDs. They also aid in induction and professional development.

Responsibilities of the Company Secretaries include ensuring the presentation of high-quality information to the Board and its Committees, and delivering papers and information in a timely manner. Board papers are circulated via secure collaborative software, on an average of five days before scheduled meetings, allowing Directors ample time for review and queries. This electronic platform enables secure access, reading, collaboration and streamlines the distribution of Board papers while safeguarding sensitive information. Directors can also request agenda inclusions, and urgent matters may be presented under «Any Other Business,» subject to the approval of the Chairman of the Board or Chairman of the respective Board Committees and MD/CEO.

Board Effectiveness Evaluation Year Assessment 2023 (BEE YA2023)

The BEE is being carried out on an annual basis, and as recommended by MCCG 2021, PDB appoints an external independent consultant to conduct the BEE once in every three years.

The BEE YA2023 was conducted internally via a digital platform in order to simplify the assessment process, which covered the Board, Board Committees, Peer and Self Evaluations of the Board members. The BEE allows the Directors to focus on assessing the effectiveness and performance of the Board and its Committees in the best interest of the Company.

For more detailed explanation on BEE, refer to NRC Report on pages 191 to 192.

Inductions and Trainings

Upon joining the Board, Directors undergo a tailored and comprehensive induction process that includes meetings with fellow Board members, the LT, and Company Secretaries. This ensures a thorough understanding of the organisation.

During the year 2023, the NRC reviewed the trainings needs of Board members and identified programs and/or events for the continuous education of the Board members to ensure that Board is up to date on new regulations and are conversant with industry trends and developments.

In addition to the initial induction, new Directors receive ongoing support and training when taking on additional responsibilities, such as membership in Board Committees. The Company arranges briefings on key Board matters for new NEDs and provides continuous resources for the development and updating of existing Directors' knowledge and capabilities. The Company is committed to offering continuous professional development, including training programmes for its Directors.

Throughout 2023, the Company continued its practice of providing a Directors' education programme, featuring seminars presented by external advisers, guest speakers, and senior management. These sessions cover subjects relevant to the Company's business. Directors actively participated in conferences, seminars, and training programmes during the year, focusing on areas such as corporate governance sustainability and EESG, finance, global business developments, and industry updates.

In addition, Bursa Malaysia has reviewed and enhanced the scope of the Mandatory Accreditation Programme (MAP II) for Directors under the MMLR. This requirement is effective 1 August 2023, and all existing Directors of PDB are required to attend the MAP II on or before 1 August 2025. As at the date of this report, six out of 10 Directors had completed the MAP II.

Datuk Anuar Ahmad

Programme Title	Organiser	Date (2023)
Cybersecurity Training	Ancom	9 March
PETRONAS Board Conversation Series #Q1 2023: A Session with Martijn Wilder Am, Founder and CEO of Pollination	PETRONAS	31 May
PDB Board & C-Suite Upskilling: Sustainability (FTSE4GOOD & TCFD)	PETRONAS Dagangan Berhad (PDB)	7 June
Refresher Training – Corporate Liability under Section 17A	Nylex	8 June
PETRONAS Board Conversation Series #Q2 2023: Sustainability, Transparency and Disclosure: A Session by Neil Stewart, Director of Corporate Outreach, IFRS	PETRONAS	30 August
PDB - Accounting Upskilling Session	PDB	20 November
Mandatory Accreditation Programme Part II: Leading for Impact	Institute of Corporate Directors Malaysia (ICDM)	13 – 14 December

Azrul Osman Rani

Programme Title	Organiser	Date (2023)
Project Management Process and Gantt Chart	PDB	6 January
PETRONAS Board Conversation Series #Q1 2023: A Session with Martijn Wilder Am, Founder and CEO of Pollination	PETRONAS	31 May
C-Suite Conversation 2023	PETRONAS	1 – 2 June
PDB Board & C-Suite Upskilling: Sustainability (FTSE4GOOD & TCFD)	PDB	7 June
Downstream Sustainability Day 2023	Downstream Sustainability, Petronas	13 June
Energy Asia – Charting Pathways for a Sustainable Asia	ICEP	26 June
Digital & Cybersecurity for Boards - Alligned with BNM RMiT	ICDM	6 July
PETRONAS Board Conversation Series #Q2 2023: Sustainability, Transparency and Disclosure A Session by Neil Stewart, Director of Corporate Outreach, IFRS	PETRONAS	30 August
Top Leaders Dialogue 2023: Route to Sustainability Excellence	PETRONAS	18 – 19 October
PETRONAS Board Excellence: Continuous Education - Conflict of Interest	PETRONAS	27 October
PDB - Accounting Upskilling Session	PDB	20 November
PETRONAS Board Conversation Series #Q3 2023: Physical Climate Risk and the Impact on PETRONAS	PETRONAS	24 November

Datuk Shafie Shamsuddin

Programme Title	Organiser	Date (2023)
PDB Board & C-Suite Upskilling: Sustainability (FTSE4GOOD & TCFD)	PDB	7 June
Energy Asia – Charting Pathways for A Sustainable Asia	ICEP	26 June
Advocacy Sessions for Directors and CEO's of Main Market Listed Issuers	Bursa Malaysia	22 August
PETRONAS Board Excellence: Continuous Education - Conflict of Interest	PETRONAS	27 October
PDB - Accounting Upskilling Session	PDB	20 November
Mandatory Accreditation Programme Part II: Leading for Impact	ICDM	29 – 30 November

Alvin Michael Hew Thai Kheam

Programme Title	Organiser	Date (2023)
Understanding Maxis' Financial Statements	Maxis	9 January
IMDA Singapore Webinar: "Maximising Enterprise Metaverse Opportunities"	Infocomm Media Development Authority	18 January
Queen's University Webinar: "Brave New World" by Professor Barling - Borden Chair of Leadership	Smith School of Business	26 January
INSEAD Webinar: The C-Suite Realities, Changes and Solutions by Professor Jose-Luis Alvarez	INSEAD	8 February
"Cyber Threats Landscape"	Mandiant Consulting	21 February
EY Parthenon Webinar and C-Suite Series: "Defining a Winning Strategy for Southeast Asia's Conglomerates"	EY Parthenon	27 March
Queen's University Webinar: A Fireside Chat with Professor Ken Wong - One of Canada's Undisputed Marketing and Brand Experts and Member of the Faculty	Smith School of Business	31 March
INSEAD Webinar: Crises in Banking and Climate: Views from the Inside with Ex-SNB Governor Philipp Hildebrand and INSEAD Dean Mihov	INSEAD	17 May
PETRONAS Board Conversation Series #Q1 2023: A Session with Martijn Wilder Am, Founder and CEO of Pollination	PETRONAS	31 May
PDB Board & C-Suite Upskilling: Sustainability (FTSE4GOOD & TCFD)	PDB	7 June
INSEAD Business & Society Summit: 1. Keynote - Understanding the Science of Planetary Boundaries for a Safe and Just Future 2. Business & Society: 5 Years of Achievements 3. Session A: Addressing the Climate Crisis 4. Panel: The Future of Sustainability Reporting 5. Paul Unfiltered': A Conversation with INSEAD Students 6. Panel: System Change Requires All Stakeholders	INSEAD	17 June
"Macro Trends Shaping the Telco Landscape" by Partners Nikolai Dobberstein and Gareth Pereira	AT Kearney	7 August
"Global Trends - Common Priorities in Fighting Telco ROC Decline" by David Bornstein and Dr. Ben Happel	Altmon Solon	8 August

Alvin Michael Hew Thai Kheam (Cont'd)

Programme Title	Organiser	Date (2023)
PETRONAS Board Conversation Series #Q2 2023: Sustainability, Transparency and Disclosure A Session by Neil Stewart, Director of Corporate Outreach, IFRS	PETRONAS	30 August
INSEAD Webinar: Building A Sustainability Inspired Business: The Case of Ecovadis Hosted by Karel Cool, Professor of Strategic Management and Atatlay Atasu, Professor of Technology and Operations Management	INSEAD	28 September
Mandiant Cybersecurity Table Top Exercise - Maxis Board and Management Session	Maxis	6 November
Sustainability at Maxis by Dipti Kumar - Head of Sustainability	Maxis	7 November
"TMT Predictions - What's Next for Technology, Media and Telecommunications" by Duncan Stewart	Deloitte	7 November
"Briefing to the Board on Sustainability Disclosure Standards" by Partner Manohar Johnson	PwC	7 November
Breakfast Talk on Maxis Anti Bribery and Training by Nurirdzuana Ismail - Compliance Officer	Maxis	9 November
PDB - Accounting Upskilling Session	PDB	20 November
PETRONAS Board Conversation Series #Q3 2023: Physical Climate Risk and the Impact on PETRONAS	PETRONAS	24 November

Nirmala Doraisamy

Programme Title	Organiser	Date (2023)
Navigating the EESG in the Supply Chain	ICDM	11 April
Dialogue with Bursa on EESG FTSE4GOOD EESG Rating for All PLCs	ICDM	14 April
PETRONAS Board Conversation Series #Q1 2023: A Session with Martijn Wilder Am, Founder and CEO of Pollination	PETRONAS	31 May
PDB Board & C-Suite Upskilling: Sustainability (FTSE4GOOD & TCFD)	PDB	7 June
MIA Conference 2023 - Future Fit Profession: Charting A Better Tomorrow	Malaysian Institute of Accountants (MIA)	13 – 14 June
Energy Asia – Charting Pathways for A Sustainable Asia	ICEP	26 June
Digital & Cybersecurity for Boards - Alligned with BNM RMiT	ICDM	6 July
Board Sustainability Dialogue & Networking: The ABC Soup of EESG and You (Boards)	ICDM	10 July
National Integrity Forum 2023 – Leading Governance with Integrity	MACD & Malaysia Institute of Integrity	31 July
PETRONAS Board Conversation Series #Q2 2023: Sustainability, Transparency and Disclosure A Session by Neil Stewart, Director of Corporate Outreach, IFRS	PETRONAS	30 August
Audit Committee Conference 2023	MIA	14 September
Enterprise Compliance Introduction to Export Control	PETRONAS	17 September
Fintech, Technology Commercialisation & Challenges of Digital Transformation	CIMA	22 September
What Amount to a Conflict of Interest by Director	Asia School of Business (ASB)	13 October

Nirmala Doraisamy (Cont'd)

Programme Title	Organiser	Date (2023)
Mandatory Accreditation Programme Part II: Leading for Impact	ICDM	6 – 7 November
PDB - Accounting Upskilling Session	PDB	20 November
PETRONAS Board Conversation Series #Q3 2023: Physical Climate Risk and the Impact on PETRONAS	PETRONAS	24 November
Securities Commission's Audit Oversight Board Conversation with Audit Committees	Securities Commission	27 November
Cyber Security & You Refresher	PETRONAS	31 December

Tang Saw Hua

Programme Title	Organiser	Date (2023)
Cybersecurity Awareness for Prasarana Board of Directors and Senior Leadership Team	Prasarana	20 March
Webinar on Corporate Governance Guide 4th Edition: Rise Together	Malaysian Institute of Corporate Governance	11 April
PETRONAS Board Conversation Series #Q1 2023: A Session with Martijn Wilder Am, Founder and CEO of Pollination	PETRONAS	31 May
PDB Board & C-Suite Upskilling: Sustainability (FTSE4GOOD & TCFD)	PDB	7 June
MIA Conference 2023 - Future Fit Profession: Charting A Better Tomorrow	MIA	13 – 14 June
Energy Asia – Charting Pathways for a Sustainable Asia	ICEP	26 June
ICDM Powertalk: Generatinve AI - An Opportunity or Risk?	ICDM	20 July
BNRC Dialogue & Networking: NRC's Role in Championing a Future-Focused Talent Agenda	ICDM	26 July
Pricing a Negative Externality: Carbon	Climate Governance Malaysia	26 July
KPMG Breakfast Talk – Energy and Natural Resources Sector Insights Addressing Challenges in Implementing ISSB™ Standards	KPMG	9 August
PETRONAS Board Conversation Series #Q2 2023: Sustainability, Transparency and Disclosure A Session by Neil Stewart, Director of Corporate Outreach, IFRS	PETRONAS	30 August
8th Railway Forum 2023	Institute for Production Management	6 – 7 September
Advocacy Sessions for Directors and CEO's of Main Market Listed Issuers	Bursa Malaysia	12 September
Board Oversight of Climate Risks and Opportunities	ASB	10 October
Mandatory Accreditation Programme Part II: Leading for Impact	ICDM	25 – 26 October
PDB - Accounting Upskilling Session	PDB	20 November
PETRONAS Board Conversation Series #Q3 2023: Physical Climate Risk and the Impact on PETRONAS	PETRONAS	24 November
Securities Commission's Audit Oversight Board Conversation with Audit Committees	Securities Commission	27 November

Arni Laily Anwarrudin

Programme Title	Organiser	Date (2023)
Special Dialogue with President & Group CEO	PETRONAS	2 March
CERAWeek 2023, Houston USA	S&P Global	6 – 10 March
Board Dialogue Series 1: Innovation	PETRONAS	20 March
PETRONAS Innovation Workshop	PETRONAS	10 April
Sharing Session on the Employment Act 1955	PETRONAS	11 May
PETRONAS Board Conversation Series #Q1 2023: Nature Action A session by Martijn Wilder, Founder and CEO of Pollination	PETRONAS	31 May
PDB Board & C-Suite Upskilling: Sustainability (FTSE4GOOD & TCFD)	PDB	7 June
Energy Asia – Charting Pathways for A Sustainable Asia	ICEP	26 - 28 June
Launch of the National Energy Transition Roadmap	Invest Malaysia 2023	27 July
PETRONAS Board Conversation Series #Q2 2023: Sustainability, Transparency and Disclosure A Session by Neil Stewart, Director of Corporate Outreach, IFRS	PETRONAS	30 August
Twin Tower Ventures Technology Mixer, Singapore	Twin Tower Ventures	18 – 19 September
Khazanah Megatrend 2023: Core session 2: Firms & Transformations	Khazanah Nasional Berhad	2 October
PIVA Emerging Technology Day, San Francisco	PIVA	16 – 22 October
PETRONAS Board Excellence: Continuous Education - Conflict of Interest	PETRONAS	27 October
KLVF Decodes: Thriving in Venture Funding Slowdown	Malaysia Debt Ventures (MDV)	27 October
PDB - Accounting Upskilling Session	PDB	20 November
Securities Commission's Audit Oversight Board Conversation with Audit Committees	Securities Commission	27 November
Leaders Develop Leaders: Transformational Leadership Cohort 5	PETRONAS	5 December
Driving Innovation, Growth & Collaboration: Investing for The Future	Asia Innovation Business Council	8 December

Datuk Sazali Hamzah

Programme Title	Organiser	Date (2023)
CERAWeek 2023, Houston USA	S&P Global	6 – 10 March
Invitation: Invest Malaysia 2023 Series 1: Strengthening Resilience & Sustaining Growth	Bursa Malaysia & Maybank	8 March
Board Dialogue Series 1: Innovation	PETRONAS	20 March
PETRONAS Board Conversation Series #Q1 2023: Nature Action A session by Martijn Wilder, Founder and CEO of Pollination	PETRONAS	31 May
Training for PDB Board & C-Suite Upskilling: Sustainability (FTSE4GOOD & TCFD)	PDB	7 June
Top Leaders Dialogue	PETRONAS	12 June
Energy Asia: Charting Pathways for A Sustainable Asia	ICEP	26 – 28 June
Board Strategic Conversation Session 2	PETRONAS	11-12 July
PCG Board & Management Workshop	PETRONAS Chemicals Group Berhad	22 August
PETRONAS Board Conversation Series #Q2 2023: Sustainability, Transparency and Disclosure A session by Neil Stewart, Director of Corporate Outreach, IFRS	PETRONAS	30 August
PETRONAS Board Excellence: Continuous Education - Conflict of Interest	PETRONAS	27 October
PETRONAS Board Conversation Series #Q3 2023: Physical Climate Risk and the Impact on PETRONAS	PETRONAS	24 November
S&P Sharing Session on Sharing of Petrochemical Industry	S&P	27 November

Mohd Yuzaidi Mohd Yusoff

Programme Title	Organiser	Date (2023)
FIDE: Can America Stop China's Rise? Will Aseanbe Damaged? - Professor Kishore Mahbubani	FIDE Forum	12 January
Economist Impact - 2nd Sustainability Week Asia	The Economist	7 – 8 February
BNM-Fide Forum Roundtable on Licensing and Regulatory Framework for Digital Insurers and Takaful Operators Exposure Draft	FIDE Forum	11 April
A Dialogue with Bursa Malaysia - FTSE4GOOD ESG Rating for All PLCs	ICDM-Bursa Malaysia	14 April
FIDE - Digital Economy Special Interest Group (DESIG)	FIDE Forum	20 April
PSB Setel Growth Session with Mckinsey - Mobility and EV	PDB	18 May
SCXSC Grow Fintech Conference 2023	SC	31 May
Training for PDB Board & C-Suite Upskilling: Sustainability (FTSE4GOOD & TCFD)	PDB	7 June
Modernising Data Governance – What Should Board Focus on Now?	ICDM	12 June
FIDE Forum - Understanding the Impact of Digital Transformation in the Financial Industry: What Board Members Need to Know	FIDE Forum & ICA	13 June
Energy Asia: Charting Pathways for a Sustainable Asia	ICEP	26 – 28 June
Can Corporations Achieve It All by Operationalising Sustainability	ERM	27 June
IDC & Backbase Leadership Banking Insights Forum 2023 with Panel Discussion and Q&A	IDC & Backbase	6 July
Bridging the Gap: Metaverse, Board of Directors, Net Zero & NFT	ICDM	2 August
Board's Role in Value Creation	ASB	8 August
IERP Global Conference 2023 (Speaker)	Institute of Enterprise Practitioners	22 – 23 August
Engagement Lunch with Nomination Committee Chairs	FIDE Forum	24 August
PETRONAS Board Conversation Series #Q2 2023: Sustainability, Transparency and Disclosure A Session by Neil Stewart, Director of Corporate Outreach, IFRS	PETRONAS	30 August
Leadership and Management: Leading Organisations and Change	ASB	4 – 5 September
What Amounts to a Conflict of Interest?	ASB	13 October
Directors' Training: Shariah Discourse	Bank Islam	18 October
Directors' Training: AML/CFT & TFS	Bank Islam	18 October
3rd Islamic Fintech Leaders Summit 2023 (Speaker)	EMNES/CIIF	25 – 26 October
PETRONAS Board Excellence: Continuous Education - Conflict of Interest	PETRONAS	27 October
Singapore Fintech Festival (SFF) 2023	SFF – Singapore	15 – 17 November

Mohd Yuzaidi Mohd Yusoff (Cont'd)

Programme Title	Organiser	Date (2023)
PDB - Accounting Upskilling Session	PDB	20 November
PETRONAS Board Conversation Series #Q3 2023: Physical Climate Risk and the Impact on PETRONAS	PETRONAS	24 November
ICDM Training - Chairman's Masterclass: Driving Sustainability from The Chair	ICDM	5 December

Tunku Alizakri Raja Muhammad Alias

Programme Title	Organiser	Date (2023)
Sustainability Training (Online Certification)	Bursa Sustainability	February
PRUBSN Sustainability Training	ERM Consultancy	1 March
Board Chairperson Leadership for Sustainability Actions Roundtable	UNSDG Global Compact	3 March
MAVCAP Accelerating Ventures	MAVCAP	6 March
Cybersecurity Awareness Training	Prudential BSN Takaful Berhad (PruBSN Takaful)	22 May
Climate Risk Management and Scenario Analysis – Briefing on the Key Requirements of the Policy Document	PruBSN Takaful	22 May
Group Digital's Vision on Pulse	PruBSN Takaful	22 May
Malaysia Futures	Khazanah Research Institute and LSE Saw Swee Hock Southeast Asia Centre	1 June
Training for PDB Board & C-Suite Upskilling: Sustainability (FTSE4GOOD & TCFD)	PDB	7 June
Malaysian Financial Reporting Standards 17	PruBSN Takaful	22 September
PETRONAS Brand Management, Sanctions, Competition Law, 3rd Party Risk Management, ABC	PDB	September
PETRONAS Board Excellence: Continuous Education - Conflict of Interest	PETRONAS	27 October
Emerging Risks - How Can Malaysia Steer Ahead	Ram Holdings Berhad	31 October
Sustainability and Climate Risk Certification	Global Association of Risk Professionals	13 November
PDB - Accounting Upskilling Session	PDB	20 November
Mandatory Accreditation Programme Part II: Leading for Impact	ICDM	29 - 30 November

Director's Remuneration

The Directors' fees structure, aligning with prevailing market practices, is crafted to attract and retain accomplished Board members, ensuring they receive fair compensation for their time and contributions.

A formal and transparent Directors' Remuneration Framework has been established by the Board, encompassing retainer fees, meeting allowances, and benefits in-kind. In adherence to Section 230(1) of the CA 2016, the resolution for the payment of Directors' fees, covering the period from the 42ND AGM until the subsequent AGM, will be presented at the forthcoming AGM for shareholders' approval.

		Meeting allowance per attendance				
	Monthly Fees	Board	Board Audit Committee	Nomination and Remuneration Committee	Board Sustainability and Risk Committee	Board and Management Strategy Retreat
Chairman	RM24,000	RM3,500	RM3,500	RM3,500	RM3,500	RM3,500
Member	RM12,000	RM3,500	RM3,500	RM3,500	RM3,500	RM3,500

Note: Malaysian Resident INEDs are entitled to fuel allowance of RM6,000 per annum

The fees and allowances for NEDs are determined by the Board and are subject to the approval of the Shareholders of PDB. The Company also reimburses all expenses incurred by the Directors, where relevant, in the course of carrying out their duties as Directors. PDB noted on the departure from the Guidance 7.2 of MCCG 2021 as the Company does not have any plan to table separate resolutions on the approval of the fees of each NED and may explore ways to meet the intended outcome in future.

The Directors' fees and meeting allowances for NINEDs who are also employees of PETRONAS are paid directly to PETRONAS. The breakdown of the detailed Directors' remuneration paid during the year under review is disclosed in the Corporate Governance Report 2023 which is accessible via PDB's corporate website, www.mymesra.com.my.

Azrul Osman Rani, the MD/CEO and Executive Director of PDB, is an employee of PETRONAS and is seconded to PDB. During the year, he was remunerated an amount of RM1,683,227 as MD/CEO of PDB.

Senior Management Remuneration

The Senior Management's remuneration philosophy underscores the Group's dedication to adhering to best practices in remuneration, retention, and reward, aimed at attracting and retaining exceptional talent. The remuneration packages and incentives undergo regular evaluations, benchmarked against market-related surveys to ensure competitiveness.

PETRONAS Remuneration Philosophy And Guiding Principles

Ensuring competitive and distinctive remuneration to attract and retain talent for meeting business needs is a key priority. The pay structure is aligned with job roles and performance, ensuring competitiveness benchmarked within the relevant industry. Internal equity considerations are taken into account, adhering to statutory requirements and ensuring affordability in line with the Company resources.

Company employees, seconded from PETRONAS, have their remuneration benchmarked against industry standards with a focus on market alignment. Their training, succession planning, and performance evaluations follow PETRONAS Human Resources Policies and Strategies. The Board emphasises the appointment of qualified individuals with relevant skills and experience to management roles at PDB.

Remuneration is guided by PETRONAS' prevailing Remuneration Philosophy and Guiding Principles, is accessible via PDB's corporate website, **www.mymesra.com.my**

PDB acknowledges a deviation from Practice 8.2 of MCCG 2021 concerning the disclosure of Senior Management's remuneration components (salary, bonus, benefits, and other emoluments) due to compliance with the Personal Data Protection Act (PDPA) 2010. PETRONAS Group, including its listed companies, chooses not to disclose personal data of Senior Management to the public. Currently, there is no alternative plan in place to achieve this intended outcome.

PRINCIPLE B

EFFECTIVE AUDIT AND RISK MANAGEMENT

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is committed to providing a fair and objective assessment of the financial position and prospects of the Group in the quarterly financial results, annual financial statements, Integrated Report and all other reports or statements to shareholders, investor and relevant regulatory authorities.

Related Party Transaction and Conflict of Interest Situation

The Company has in place, the Policy, Guideline and Procedures governing RPTs and CoI, which encompass Recurrent Related Party Transaction (RRPT). These measures are in place to ensure that all RPTs/ RRPTs are conducted on an arm's length basis, adhere to normal commercial terms, and are not detrimental to the Company's Minority Shareholders.

For detailed information on the Policy, Guideline and Procedures on RPTs and CoI, Risk Management processes, and Internal Control procedures, please refer to the relevant sections in the BAC Report and the Statement on Risk Management and Internal Control (SORMIC) on page 198 and page 218 of this <IR>, respectively.

All RPTs, including RRPTs, entered into by the Company or its subsidiaries are subject to review by the BAC. In the event that the transaction requires approval from the Board or the shareholders, the interested Director, Major Shareholder or Person Connected with such Director or Major Shareholder with any interest, direct or indirect, must not vote on the resolution approving the transaction. The Director and/or interested Major Shareholder must also ensure that persons connected with them abstain from voting on the resolution approving the transaction.

A comprehensive list of transactions with related parties is provided in the Audited Financial Statements, specifically on pages 69 to 71 of the Financial report.

Risk Management and Internal Control

The Board consistently upholds and evaluates its risk management processes and internal control procedures. This ongoing commitment is aimed at establishing a robust framework for risk management and internal control, with the primary objective of safeguarding the investments of Shareholders and the assets of the Group.

For further details on risk management and internal controls, refer on pages 206 to 220.

Trading on Insider Information

On a quarterly basis and to ensure compliance with the requirements under Chapter 14 of the MMLR of Bursa Malaysia, the Company Secretary issues a Notice of Closed Period to Directors and LT (Principal Officers), highlighting the requirements with regard to dealing in the Company's shares during "Closed Period"/"Outside Closed Period" as they are in possession of price sensitive information relating to PDB. During the year under review, there was no trading activity undertaken by the Principal Officers of the Company.

PRINCIPLE C

EFFECTIVE COMMUNICATION WITH STAKEHOLDERS

RELATIONSHIP WITH SHAREHOLDERS

Communications between PDB and Investors

Facilitating transparent and timely information dissemination is crucial for Shareholders and investors to make well-informed decisions about PDB. Acknowledging the importance of open communication with Shareholders, Investors, and broader stakeholders, the Board actively engages in two-way communication to understand and consider diverse perspectives, feedback, and concerns. This approach aligns with MCCG 2021 on fostering effective dialogue and adhering to governance principles.

The Group shares information on business activities and financial performance through avenues such as Bursa Malaysia announcements, postings on PDB's website, press releases, Integrated Report issuance, and occasional press conferences. Following the AGM, PDB conducts a press conference, and materials distributed are promptly made available on the corporate website.

Regular dialogues led by the MD/CEO, CFO, and the Investor Relations Unit with institutional Shareholders and analysts, along with quarterly briefings, deepen the understanding of the Group's financial results and operations.

PDB proactively updates its corporate website, www.mymesra.com.my, with comprehensive information on corporate and business aspects, including press releases, Bursa Malaysia announcements, analyst briefings, and quarterly results. This commitment ensures accessible information for PDB's Shareholders and Stakeholders.

Event	Date	Format	Audience
CORPORATE CONFERENCE			
UOB Kay Hian Asian Gems	10 October 2023	Virtual Meeting	17 Analysts
ANALYST BRIEFING			
Q4 FY2022	23 February 2023	Virtual Meeting	98 Analysts
Q1 FY2023	23 May 2023		
Q2 FY2023	29 August 2023		
Q3 FY2023	24 November 2023		
GROUP MEETING			
Terminal Visit with Investment Commmunity	7 - 8 June 2023	Physical Meeting	20 Analysts
Institutional Investors Council Malaysia Engagement	23 October 2023		13 Analysts
Sustainable Aviation Fuel Sharing Session with MIDF	26 October 2023		10 Analysts
INDIVIDUAL MEETING			
EPF Sustainable Engagement with PDB	30 May 2023	Virtual Meeting	3 Analysts
Engagement with Areca Capital	27 July 2023	Physical Meeting	3 Analysts
Engagement with Hong Leong Investment Bank and Public Investment Bank	11 October 2023	Physical Meeting	2 Analysts
Engagement with EPF	26 October 2023	Virtual Meeting	6 Analysts
ANNUAL GENERAL MEETING			
PDB 41st AGM	10 May 2023	Virtual Meeting	1,538 Shareholders

Annual General Meeting

The AGM is the principal forum of open dialogue with Shareholders. The notice and agenda of our 41st AGM together with Forms of Proxy were given to the Shareholders not less than 28 days before the AGM, which gave Shareholders sufficient time to prepare themselves to attend the AGM or to appoint proxies to attend and vote on their behalf. Each item of ordinary business included in the notice of the AGM will be accompanied by an explanatory statement on the effects of the proposed resolution.

In addition, the Notice was also published in the local English and Bahasa Malaysia newspapers and made available on the PDB's corporate website.

The 41st AGM was held virtually on Wednesday, 10 May 2023 as PDB continued leveraging on technology and offer remote shareholders' participation in PDB's general meetings. The Company had notified the Shareholders on the conduct of the virtual AGM via the Remote Participation Voting (RPV) application, together with the instructions in the Administrative Guide on 10 April 2023. The same was also published through the announcement to Bursa Malaysia and the PDB's corporate website respectively.

During the virtual 41st AGM, the MD/CEO presented a comprehensive review of the Group's performance initiatives and value created for Shareholders. This review was supported by a visual and graphic presentation of the key points and financial figures. All Directors, LT, External Auditors and other advisors, were also present at the virtual 41st AGM to provide answers and clarification to the Shareholders.

At the AGM, the Chairman plays a pivotal role in fostering constructive dialogue between Shareholders, the Board and Senior Management.

Before the commencement of the 41st AGM, Shareholders were encouraged and given sufficient opportunity by the Board to submit questions pertaining to the Integrated Report, resolutions being proposed and the business of the Company or the Group in general prior to seeking approval from members and proxies on the resolutions, all of which were recorded accordingly in the Minutes of the 41st AGM.

The Company received 46 live and 24 pre-submitted questions. During the meeting, the Company addressed eight live questions from Shareholders. The remaining questions, along with the Minutes of the 41st AGM were published on PDB's corporate website after the conclusion of the meeting.

The responses to the queries raised by the Minority Shareholder Watch Group prior to the 41st AGM were also shared with Shareholders during the 41st AGM, and the same was made available on PDB's corporate website prior to the AGM day.

Pursuant to Paragraph 8.29A of the MMLR of Bursa Malaysia, all resolutions to be tabled at the 41st AGM will be put to vote on a poll. At the 41st AGM, PDB had engaged Tricor Investor and Issuing House Services Sdn. Bhd. as the Poll Administrator and Boardroom Corporate Services Sdn. Bhd. as Independent Scrutineer for conduct of poll via e-Vote application. The Board also encouraged active participation by Shareholders and investors during the 41st AGM. The Shareholders who participated through RPV facilities were also able to cast their votes online. A total number of 1,538 Shareholders and proxies logged in through RPV, which represented a total of 201,249,782 shares.

The poll results which had been verified by the Independent Scrutineer is as follows:

	Vote For		Vote Against		
Resolution(s)	No of Units	%	No of Units	%	Result
Resolution 1	925,146,391	99.9363	589,246	0.0637	Accepted
Resolution 2	925,255,583	99.9481	480,053	0.0519	Accepted
Resolution 3	925,258,514	99.9487	474,449	0.0513	Accepted
Resolution 4	925,025,397	99.9233	710,239	0.0767	Accepted
Resolution 5	925,256,938	99.9483	478,698	0.0517	Accepted
Resolution 6	925,683,740	99.9966	31,698	0.0034	Accepted
Resolution 7	916,294,807	98.9795	9,447,231	1.0205	Accepted

Minutes of the AGM is accessible via PDB's corporate website, **www.mymesra.com.my**

FINANCIAL CALENDAR

2024		2023	
26 February 2024	Announcements of the unaudited consolidated results for the 4th quarter ended 31 December 2023	**22 February 2023**	Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2022
28 February 2024	Announcements of the audited financial statements for the financial year ended 31 December 2023	**24 February 2023**	Announcement of the audited financial statements for the financial year ended 31 December 2022
26 March 2024	Date of payment of the interim dividend for the 4th quarter ended 31 December 2023	**23 March 2023**	Date of payment of the interim and special dividend for the 4th quarter ended 31 December 2022
29 March 2024	Date of Notice of 42ND AGM and date of issuance of FY2023 Integrated Report	**10 April 2023**	Date of Notice of 41st AGM and date of issuance of FY2022 Integrated Report
29 April 2024	42ND AGM	**10 May 2023**	41st AGM

Dividend Payment

Our dividends are paid within 30 days upon the date of declaration. All shareholders are treated equally and paid within the prescribed timeline as follows:

Type of Dividend	Declaration Date	Entitlement	Payment Date
Special & Interim Dividend	22 February 2023	9 March 2023	23 March 2023
Interim Dividend	22 May 2023	7 June 2023	20 June 2023
Interim Dividend	28 August 2023	13 September 2023	26 September 2023
Interim Dividend	23 November 2023	8 December 2023	22 December 2023
Interim Dividend	26 February 2024	12 March 2024	26 March 2024

RELATIONSHIP WITH EXTERNAL AUDITORS

External Auditors

Through the BAC, PDB maintains a professional and transparent relationship with its External Auditors, KPMG PLT. The BAC met the External Auditors during the year under review without the presence of the Management, to review the scope and adequacy of the Group's audit process, the annual financial statements and their audit findings. There were no major matters that warranted BAC's attention.

The role of the BAC in relation to the external auditors is described in the BAC Report on page 195.

Directors' Responsibility Statement

The Directors have provided assurance that the financial statements prepared for each financial year give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the the results and cash flow of the Group for the financial year as required by the CA 2016.

The Statement of Responsibility by Directors for the Audited Financial Statements of the Company and Group is as outlined on page 4. Details of the Company and Group financial statements for the financial year ended 31 December 2023 are set out on pages 2 to 93 of Financial Report 2023.

Internal Audit

PDB's internal audit function known as Internal Audit Division (IAD) reports directly to the BAC and the BAC has unrestricted access to the IAD. The IAD is an independent unit, conducts regular audit engagements on the effectiveness of PDB's Governance, Risk Management and Internal Control within auditable entities. The audit reports highlight the findings with sustainable recommendations and are presented to the BAC on a quarterly basis.

STATEMENT BY THE BOARD ON COMPLIANCE

The Board has deliberated, reviewed and approved this Statement and is satisfied that the Group has fulfilled its obligations under the relevant paragraphs of the MMLR of Bursa Malaysia, and CA 2016. The Group also benchmarked its practices against the Corporate Governance Guide issued by Bursa Malaysia, the ASEAN Corporate Governance Scorecard and other applicable laws and regulations throughout the year 2023.

The Board is also satisfied that the Company applied the Principles and adopted the Practices of the MCCG 2021 for the year under review. Details of how the Company has applied the MCCG Principles and adapted with its Practices during the year under review are set out in the Corporate Governance (CG) Report 2023. The explanation for the departures is further elaborated in the CG Report 2023. The CG Report can be accessed on the PDB's corporate website at www.mymesra.com.my.

The Board will continue its efforts to raise the bar on the Company's corporate governance standards and instill a culture that promotes ethical conduct, transparency and sustainable value creation, with the ultimate objective of realising long-term Shareholders value while taking into account the interests of other Stakeholders of the Group.

Additional Compliance Information

Material Contracts

Save as disclosed in the Audited Financial Statement of PDB for the financial year ended 31 December 2023, there were no material contracts or loans transacted by the Company or its subsidiaries involving Directors' or Major Shareholders' interests, either still subsisting at the end of the year ended 31 December 2023 or entered into since the end of the previous financial year.

Status of Utilisation of Proceeds Raised from Corporate Proposal

For more information, refer to Note 23 (i) on page 68 of the Financial Report.

This Statement is made in accordance with a resolution of the Board of Directors dated 26 February 2024.

DATUK ANUAR AHMAD
Chairman

Nomination and Remuneration Committee Report

Dear Valued Shareholders,

The NRC continues to be responsible for evaluating the blend of skills, knowledge, experience, and diversity among the Board members and ensuring that it is adequate. During the year under review, the NRC focused on key senior management succession planning to ensure readily available talents when the need arises.

DATUK SHAFIE SHAMSUDDIN
Chairman

OVERVIEW

This report delivers insights to Shareholders on the Nomination and Remuneration Committee's (NRC) activities throughout the reviewed year. The NRC assumes a pivotal oversight role for the Board, specifically in managing the succession planning of the Board and key Leadership Team (LT), their remuneration and performance. As of the report date, the NRC comprises three Independent Non-Executive Directors (INEDs).

TERMS OF REFERENCE

The NRC's Terms of Reference (ToR) outlines its authority, duties, and responsibilities, as required by the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia) and recommended by the Malaysian Code on Corporate Governance 2021 (MCCG 2021).

The NRC shall review its ToR from time to time to ensure its ToR is in line with Bursa Malaysia's MMLR and MCCG 2021, and to ensure all activities carried out by the NRC fall within the defined scope of the ToR.

The ToR of the NRC is accessible via PDB's corporate website, **www.mymesra.com.my**

COMPOSITION

The NRC comprises three INEDs and this has exceeded the minimum requirement as stipulated in Paragraph 15.08A(1) of the MMLR of Bursa Malaysia, whereby the NRC is to comprise Non-Executive Directors (NED) with the majority of the members being INEDs. The composition is in line with the recommendation of Practice 5.8 in the MCCG 2021, wherein the NRC is chaired by either an Independent Director or the Senior Independent Director (SID). In the case of PDB, the NRC was chaired by the SID during the year under review.

PDB has also applied Practice 1.4 of MCCG 2021, which specifies that the Chairman of the Board should not be a member of the NRC. Throughout the reviewed year and up to the report's date, there have been no changes to the NRC's composition.

As at the date of this report, the composition of the NRC is as follows:

Members	Date of Appointment as NRC Member	Tenure on the NRC
Datuk Shafie Shamsuddin *Chairman, SID*	6 February 2018	6 years
Alvin Michael Hew Thai Kheam *INED*	17 November 2020	3 years 3 months
Tang Saw Hua *INED*	17 November 2020	3 years 3 months

MEETINGS AND ATTENDANCE

The NRC planned its meetings for the financial year 2023, with pre-scheduled dates set in November 2022 to allow members to integrate them into their calendars seamlessly. This proactive approach ensures that members receive sufficient notice.

Throughout the reviewed year, the NRC fulfilled its obligations by convening three meetings and all NRC members attended all the three meetings held in 2023. In addition to these meetings, urgent decisions requiring NRC's endorsement were obtained through NRC Circular Resolution, using an e-Signature tool for swift endorsement.

To streamline proceedings, the agenda and pertinent meeting documents, encompassing both qualitative and quantitative information were disseminated to NRC members via secure collaborative software on an average of five days before the scheduled meetings. This secure platform that enables Directors to access NRC papers electronically, not only simplifies the distribution process but also mitigates the risk of sensitive information leakage.

The Managing Director/Chief Executive Officer (MD/CEO), along with the Head of Human Resources Management and any other individuals deemed pertinent by the NRC, were invited to attend NRC meetings. Their presence serves the purpose of providing the NRC with essential information and clarification on agenda items. The role of the Secretary to the NRC is fulfilled by the Company Secretary.

Additionally, the NRC extends invitations to all other members of the Board for the January meeting. This meeting in January 2023 focused on deliberating the annual performance of the LT for the financial year 2022, including that of the MD/CEO.

Thorough records of all NRC meetings, including discussions and comments made by Directors, were documented in the minutes of each meeting. The signed minutes of each NRC meeting were appropriately retained by the Secretary and Human Resources Management, where relevant. All minutes of both NRC meetings and Circular Resolutions were presented for confirmation at the subsequent NRC meeting. The minutes of the NRC meeting was also presented to the Board in its meeting for notation.

ROLES OF THE NRC AND RELATED ACTIVITIES IN 2023

Board and Senior Management Succession Planning

The Board has instituted a comprehensive Board Succession Planning Framework to ensure a systematic approach to identifying and selecting new Non-Executive Directors (NEDs) when a vacancy arises. Such vacancies may result from anticipated retirements, unforeseen departures, Board size expansions, or other scenarios. NRC is entrusted with the responsibility of ensuring the proper succession planning for Directors. This includes a review of the Board's requisite blend of skills and experience, as well as evaluating the tenure of INEDs.

In addition to overseeing succession planning for Directors, the NRC is also mandated to review and deliberate the succession plan for the MD/CEO and Key LT personnel namely the Chief Operating Officer, Chief Financial Officer, and Head Venture Builder. Throughout the reviewed year, PDB HRM facilitated by the Company Secretary, had arranged numerous "Get To Know You (GTKY)" sessions between NRC and 10 identified successors to the MD/CEO role. NRC had spent more than 10 hours for the GTKY sessions and is satisfied with the pool and depth of the successors to the role by identifying the 1st Line, 2nd Line and 3rd Line successors.

PDB HRM has also apprised the NRC on the completion of succession planning for selected PDB LT in 2023. The NRC expressed satisfaction with the presence of a robust talent pool for the selected PDB LT positions. Separately, the NRC Chairman has been updated on the talent development efforts by PDB HRM particularly in creating and empowering an agile workforce.

During the year, the NRC had also assisted the Board Audit Committee to interview the candidates for PDB Head Internal Audit.

Review and Assessment of the Directors for Renewal of INED term and Re-election of Directors at the AGM

NRC holds the responsibility of recommending Directors standing for re-election at the Annual General Meeting (AGM), as outlined in Articles 100 and 107 of PDB's Constitution. Article 100 of the Constitution grants the Board the authority to appoint individuals as Directors to fill casual vacancies or add to the existing Board. Any Director so appointed will hold office until the following AGM and is then eligible for re-election. Article 107 of the Company's Constitution mandates that one-third of the Directors retire by rotation at an AGM at least once in three years and are eligible for re-election at that AGM.

Additionally, the PDB Board Succession Planning Framework states that INEDs are appointed for a term of three years, with the possibility of renewal subject to review and endorsement by the NRC and approval by the Board.

During the reviewed year and up to the date of this report, the NRC, having conducted reviews and assessments, has recommended to the Board renewal of INED terms, and re-elections of Directors during the Annual General Meeting (AGM).

Re-election of Directors at 41st AGM held on 10 May 2023 and Renewal of INED appointment terms

1.	Re-election of Datuk Sazali Hamzah, Mohd Yuzaidi Mohd Yusoff and Tunku Alizakri Raja Muhammad Alias in accordance with Article 100 of the Company's Constitution
2.	Re-election of Datuk Shafie Shamsuddin and Alvin Michael Hew Thai Kheam in accordance with Article 107 of the Company's Constitution.
3.	Renewal of the INED terms of appointment for Tang Saw Hua

Re-election of Directors at the forthcoming AGM and Renewal of INED appointment terms in 2024 up to the date of this report

The NRC endorses the rotation list of Directors who stands for re-election at the AGM before recommending it to the Board for approval. In determining Directors' eligibility for re-election and re-appointment, the NRC assesses their competencies, commitment, contributions, and performance based on the Board Effectiveness Evaluation (BEE). The assessment also considers their ability to act in the best interest of PDB, ensuring a thorough and comprehensive review of their suitability for re-election.

The Directors will stand for re-election at the AGM to be held on 29 April 2024 have performed their self-assessment, consented for their re-election and signed the Fit and Proper Declaration prior to the NRC's assessment, endorsement and recommendation to the Board for subsequent presentation to Shareholders for approval.

At the forthcoming AGM, Datuk Anuar Ahmad, Arni Laily Anwarrudin and Tang Saw Hua are the Directors representing one-third and have been the longest in office since their last election, and they shall retire at the forthcoming AGM and shall be eligible for re-election pursuant to Article 107 of the Constitution. There were no Board members who shall retire and be considered for re-election pursuant to Article 100 of the Company's Constitution.

The NRC also assessed and evaluated the proposed renewal of terms of Alvin Michael Hew Thai Kheam and Datuk Shafie Shamsuddin in accordance with the PDB Board Succession Planning Framework.

The NRC and the Board had, at their respective meetings held on 8 February 2024 and 26 February 2024, endorsed and approved the aforesaid re-election of Directors and renewal of the INED terms.

Trainings for the Board

During the year 2023, the NRC reviewed the training needs of Board members and identified programmes and/or events for the continuous education of the Board members to ensure that the Board is up to date on new regulations and are conversant with industry trends and developments.

MD/CEO and LT Performance Appraisal

During the year under review and up to the date of this report, the NRC deliberated, reviewed and evaluated:

i) the MD/CEO Scorecard and the LT's performance for the financial year 2023 against the set targets; and
ii) the MD/CEO Scorecard and the LT performance for financial year 2022 against the set targets.

Board Effectiveness Evaluation (BEE)

The BEE is being carried out on an annual basis, and as recommended by MCCG 2021, PDB appoints external independent consultant to conduct the BEE once in every three years. Every year, under the purview of the NRC, a BEE is undertaken to assess the effectiveness of the Board as a whole and the Board Committees, and contribution of each individual Director.

During the year under review and up to the date of this report, the NRC
- Assessed the BEE findings for year assessment (YA) 2022;
- Reviewed the follow up actions on BEE YA2022 recommendations;
- Established questionnaires for BEE YA2023; and
- Assessed the BEE findings for YA2023.

Board Effectiveness Evaluation 2023

The BEE YA2023 was conducted via a digital platform to simplify the assessment process, which covered the assessment on the effectiveness of the Board, Board Committees, Peer and Self Evaluations of the Board members. The BEE allows the Directors to focus on assessing the effectiveness and performance of the Board and its Committees in the best interest of the Company. The BEE results were compiled internally by PDB Corporate Secretariat.

In December 2023, the BEE questionnaires were distributed through a digital platform to evaluate various aspects of Group Dynamics and Effectiveness, Chairman, MD/CEO, Board and Board Committees Effectiveness and Peer and Self-Assessment. It includes Board Organisation, Board composition, Board working relationships, Succession Planning, and Sustainability-related elements. The assessment criteria were based on governance frameworks, best practices, and industry norms.

The NRC reviewed the results of the BEE YA2023 and acknowledged that PDB continued to be led by an effective, committed, and well-run Board. The findings of the BEE YA2023 were presented at the NRC and Board meetings on 8 February 2024 and 26 February 2024, respectively. The Board acknowledged the findings and identified areas that require further improvement in the new financial year.

One of the key areas for improvement highlighted in the BEE YA2023 is for the Board to continue its focus on Environmental, Economic, Social, and Governance (EESG) related matters including Directors and talent upskilling on Sustainability. More training programmes and activities would be organised for the Board and Management, to address concerns of the Board members on "Board's Focus on Sustainability" based on the BEE YA2023 findings.

The results of the BEE YA2023 enabled the Board to put in place actions to address areas for improvement. The BEE results confirmed the strength of the Board and its high performing boardroom culture. Priority areas and key findings have since been incorporated in the action plans that would further improve the Board performance in the new financial year.

Annual Reporting

During the financial year 2023 and up to the date of this report, the NRC reviewed and endorsed the disclosures in the NRC Reports for the financial year ended 31 December 2022 and 31 December 2023, to ensure that the reports were prepared in compliance with the relevant regulatory requirements and guidelines in particular Bursa Malaysia MMLR and MCCG 2021.

BOARD APPOINTMENT PROCESS

The NRC plays a pivotal role in the process of Board appointments, developing and deliberating on selection criteria based on the competencies and attributes required for effective Board membership. The NRC conducts screening, initial selection, and presents their findings on candidates to the Board for consideration. Before making recommendations, potential candidates shortlisted by the NRC undergo comprehensive background checks, including assessments of financial and character integrity.

The NRC ensures that all candidates for Board positions undergo a thorough evaluation, considering a mix of skills, competencies, experience, integrity, personal attributes, and the time commitment required for effective directorship. The selection process also takes into account diversity in terms of age and gender.

Additionally, the Board Selection Criteria stipulate a three-year cooling-off period for individuals, such as existing or former officers, advisers, or transacting parties of the listed issuer or its related corporation, before being appointed as an INED. This cooling-off period is also a requirement for NINEDs.

The NRC also adopts a recruitment and sourcing process; evaluates the appropriate mix of diversity, considering gender, age, skills, experience, and expertise required on the Board, and addresses identified gaps; provides recommendations to the Board regarding appointments, ensuring the maintenance of an appropriate mix of diversity, skills, experience, and expertise and periodically reviews and reports to the Board on diversity requirements, if any.

When necessary, the NRC may leverage independent sources to identify candidates with the appropriate qualifications for potential appointment as INEDs. The rigorous selection process for INED is in place to ensure that individuals possess the requisite qualifications, skills, and experiences suitable for a position on PDB's Board.

Throughout the candidate selection process, the NRC adhere to the guidelines outlined in the Board Succession Planning Framework as delineated in the Board Appointment Process. This commitment underscores the NRC's dedication to maintaining a robust and qualified composition of the Board in accordance with established governance practices.

After a thorough examination of the Board composition, the NRC has acknowledged that PDB's Board aligns with Practice 5.2 of the MCCG 2021, which mandates that the boards of large companies should predominantly consist of majority of independent directors.

NRC'S EFFECTIVENESS REVIEW AND PERFORMANCE

Based on the BEE YA2023 findings, the Board believes that the NRC has played an effective role and fulfilled the functions under its ToR, thus providing valuable contribution to the Board. The Board is very satisfied with the performance and effectiveness of the NRC in providing sound advice and recommendations to the Board, particularly in managing competencies and succession planning for the Directors and LT.

NRC PRIORITY AREAS IN FY2024

In addition to the matters which are under the purview of the NRC, the NRC will conduct a review on the Non-Executive Directors remuneration to ensure the remuneration is competitive with industry standards to attract and retain talented Directors who can contribute to the Company's success.

Based on the BEE YA2023 findings, the NRC shall continue to focus on providing the Directors with EESG and sustainability related training programmes and activities, to address similar concerns of the Board members on having more of such trainings.

DATUK SHAFIE SHAMSUDDIN
Chairman
Nomination and Remuneration Committee

Board Audit Committee Report

Dear Valued Shareholders,

The Committee rigorously oversees and assesses the integrity of the financial reporting statements of the Group.

TANG SAW HUA
Chairman

OVERVIEW

The BAC report provides an overview of the BAC's activities during the reviewed year. As of the report date, the BAC comprises four Non-Executive Directors (NEDs), the majority of whom are independent.

TERMS OF REFERENCE

The BAC's Terms of Reference (ToR) outlines its authority, duties, and responsibilities, aligning with the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia) and the Malaysian Code on Corporate Governance 2021 (MCCG 2021). All activities carried out by the BAC are in compliance with its ToR. Primarily, the BAC assists the Board in overseeing the financial reporting process, internal and external audit functions, the internal control system, and the review of audit results.

The Terms of Reference (ToR) of the BAC is accessible via PDB's corporate website, **www.mymesra.com.my**

COMPOSITION

The composition of the BAC aligns with Paragraph 15.09(1)(b) of the MMLR of Bursa Malaysia, with all four members, including the Chairman, being Non-Executive Directors (NEDs) with the majority of them are independent. None of the Independent Directors has appointed alternate directors, as member of BAC.

Adhering to MCCG 2021, the BAC Selection Criteria includes a requirement for a former partner of the Company's external auditors to observe a cooling-off period of at least three years before being eligible for appointment as a BAC member.

As at the date of this report, the composition of the BAC is as follows:

Members	Date of Appointment as BAC Member	Tenure on the BAC	Number of Meetings Attended
Tang Saw Hua *Chairman, INED*	1 July 2020	3 years 7 months	4/4
Nirmala Doraisamy *INED*	19 February 2021	3 years	4/4
Arni Laily Anwarrudin *NINED*	1 June 2021	2 years 8 months	4/4
Mohd Yuzaidi Mohd Yusoff *INED*	1 June 2022	1 year 8 months	4/4

The majority of BAC members possess qualifications in accountancy. Tang Saw Hua, the Chairperson is a member of the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants. Nirmala Doraisamy is a Fellow of the Chartered Institute of Management Accountants in the United Kingdom, a member of the MIA, and a member of the Auditing and Assurance Standard Board of MIA. Additionally, Arni Laily Anwarrudin, is a Fellow of the Institute of Chartered Accountants in England and Wales.

This composition ensures that the BAC comprises individuals with a robust knowledge and understanding of financial reporting and management requirements. The composition has exceeded the minimum requirement of Paragraph 15.09(c)(i) of the MMLR of Bursa Malaysia, which mandates at least one member of the BAC to be a qualified accountant.

MEETINGS AND ATTENDANCE

The attendance records of BAC members consistently met the required quorum as stipulated in the BAC ToR. Urgent decisions were endorsed through BAC circular resolutions, facilitated by an e-Signature tool, for Board approval.

BAC convened four meetings during the financial year 2023 and recorded full attendance for all the four meetings surpassing the required quorum as stipulated in the BAC ToR.

Given the Board's ultimate responsibility for oversight, the BAC ensures ongoing reporting of its activities to the Board. To achieve this, BAC meetings precede Board meetings, to ensure timely update of critical issues, significant findings, and irregularities to the Board.

For discussions on audit matters, the Managing Director/Chief Executive Officer (MD/CEO), Chief Financial Officer (CFO), Head of Internal Audit Department (IAD), Head of Legal, External Auditors, and other necessary individuals were invited to BAC meetings to provide inputs, advice, and necessary information. The Company Secretary serves as the secretary to the BAC.

The Head of IAD presented internal audit reports to the BAC, while members of the Leadership Team (LT) were invited when required to brief the BAC on issues stemming from audit findings or areas impacting the Company's financial results. External Auditors also attended BAC meetings, presenting the external audit plan for the year and outcomes of statutory audits conducted on the Company and its subsidiaries. Both Internal and External Auditors provided integral support to the BAC by acting as a sounding board. In the reviewed year, the BAC had a private session with External Auditors on 14 February 2023, without Management's presence, addressing routine matters.

Meeting agendas and papers, comprising qualitative and quantitative information relevant to the business, were distributed to BAC members via secure collaborative software on an average of five days before the scheduled meetings. This secure platform streamlined the distribution process, minimised the risk of sensitive information leakage, and enabled Directors to access BAC papers electronically.

Deliberations encompassed the review of the Company's proposed annual and quarterly financial reporting to Bursa Malaysia, assessments on related party transactions (RPTs) and recurrent related party transactions (RRPTs) transacted by PDB Group and its subsidiaries, external and internal audit reports, the status of open audit findings along with agreed corrective actions and matters on internal control.

All BAC meeting proceedings and deliberations, including comments from its members, were meticulously recorded in the Minutes of meeting, with the signed minutes duly maintained by the Secretary. Minutes and Circular Resolutions (if any) were presented for notation at subsequent BAC meetings, after which the Minutes were submitted to the Board for notation. In addition to updating matters deliberated during BAC meetings, the BAC also recommends the approval of annual financial statements and quarterly financial results to the Board.

CONTINUOUS TRAINING

BAC members acknowledged the need for continuous education and trainings. During the year under review, all BAC members attended training on the developments in accounting and auditing standards practices, and rules, which is in line with Practice 9.5 of the MCCG 2021.

ACTIVITIES OF THE BAC DURING THE FINANCIAL YEAR 2023

Principal activities performed during the year under review were as follows:

1. Financial Reporting

a) Reviewed the quarterly financial results prior to the approval by the Board, to ensure compliance with the MMLR of Bursa Malaysia, the applicable financial reporting standards as well as other relevant legal and Regulatory requirements. The reviews and discussions were conducted with the MD/CEO and the CFO of PDB.
b) Reviewed the audited financial statements for the year under review prior to the approval by the Board, to ensure that they were prepared in accordance with the provisions of the Companies Act 2016 (CA 2016) and the applicable financial reporting standards. The reviews and discussions were conducted with the MD/CEO and the CFO of PDB.
c) Reviewed and deliberated specific key areas affecting the Group's financial results, and endorsed recommendations made by the Management. The key areas deliberated include assessments on impairment of trade receivables and inventory.

2. External Audit

a) Reviewed and recommended the terms of engagement of the External Auditors for the Board's approval.
b) Reviewed the independent auditor's review report for half-year financial statements in accordance with the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".
c) Reviewed and approved the External Auditor's annual audit plan for the Group, outlining their scope of work.
d) Reviewed the proposed fees for the statutory audit as well as for the non-audit services. The BAC endorsed the proposed audit fees and the said fees were duly approved by the Board.
e) Total audit and non-audit fees paid to the External Auditors are as follows:

	2023		2022	
Particulars	**Group RM'000**	**Company RM'000**	**Group RM'000**	**Company RM'000**
Statutory Audit Fees	889	582	846	553
Non-Audit Fees	112	112	90	90
Percentage of Non-Audit Fees over Statutory Audit Fees	13%	19%	11%	16%

3. Internal Audit

a) Reviewed and approved the risk-based Financial Year 2023 Annual Audit Plan and budget to ensure comprehensiveness of audit coverage, resources and competencies to execute the internal audit functions effectively.
b) Reviewed the internal audit, review and investigation reports, recommendations and the relevant corresponding action plans to strengthen PDB's overall system of governance, risk and internal controls. The BAC had also put forward various suggestions for improvement to reinforce the oversight role and to ensure that Management holds individuals accountable for their internal control, risk and governance responsibilities.
c) Monitored the quarterly audit, review and investigation findings status with deliberation on the rectification actions and timelines taken by Management to ensure the control lapses were addressed and resolved timely. The BAC also deliberated on the justifications given by Management for extension of rectification timeline and approved such request based on justifications.
d) Assessed the performance of the Head of IAD with regards to his ability to provide independent and objective assurance in conformance with recognised international standards.

4. **Internal Control and Compliance**

   a) Reviewed the effectiveness of the system of internal controls, taking into account the findings from internal and external audit reports.

5. **Policy and Guidelines and Procedures on Related Party Transactions (RPT) and Conflict of Interest (CoI)**

   Reviewed the re-classification of the Policies and Procedures on RPTs and CoI of PDB Group into the following two separate documents to enhance the processes and ensure adequate procedures are in place:

   a) Policy for RPTs and CoI Situations (the Policy)
   b) Guideline and Procedures for RPTs and CoI Situations (the Guideline)

6. **Corporate Governance**

   a) Reviewed RPTs and RRPTs in accordance with the Policy and the Guideline to ensure the transactions are at all times carried out on arm's length basis and normal commercial terms, and not to the detriment of the Minority Shareholders, BAC also reviewed the status update of the RPTs and RRPTs on quarterly basis.
   b) Conducted external auditors' assessment in accordance with the Framework on External Auditor.

7. **Annual Reporting**

   Reviewed and endorsed the disclosures on the Corporate Governance Overview Statement, BAC Report and Statement on Risk Management and Internal Control (SORMIC) for the financial year ended 31 December 2022 for inclusion in the Integrated Report 2022.

EXTERNAL AUDIT

To uphold the external auditors' independence, the Audit Engagement Partner overseeing the Company undergoes rotation every seven years, adhering to a five-year cooling-off period before potential reappointment, in accordance with the MIA's requirements. Internally, the external auditors conduct an Independent Partner Review to further ensure their independence.

Written assurance was provided by the external auditors to the BAC, affirming their adherence to all relevant professional and regulatory requirements, ensuring independence throughout the audit engagement.

The BAC conducted assessment of the external auditors' performance, suitability, and independence, focusing on four key areas: the quality of the audit engagement team and services, adequacy of resources, quality of communication and interaction, and independence, objectivity, and professional skepticism. This assessment is an ongoing annual practice to maintain rigorous oversight.

ANNUAL REPORTING

The BAC reviewed the Corporate Governance Overview Statement, BAC Report and SORMIC for the financial year ended 31 December 2023 for inclusion in the Integrated Report 2023, to ensure that they were prepared in compliance with the relevant regulatory requirements and guidelines.

These statements are as set out on pages 160 to 188, 193 to 198 and 206 to 220.

INTERNAL AUDIT FUNCTION (IAD)

The BAC receives support from the in-house Internal Audit Function, known as Internal Audit Division (IAD), to fulfill governance responsibilities outlined in the BAC's ToR. The Company's internal audit function is designed to be 'independent and objective.' PDB IAD's mission is to enhance and safeguard organisational value by providing risk-based and objective assurance, advice, and insights.

IAD contributes to the organisation's goals by systematically evaluating and improving the effectiveness of risk management, control, and governance processes within the Group. Reporting directly to the BAC and administratively to the MD/CEO ensures impartiality and independence in executing its role.

Nik Fariza Nik Hamdan took over as the Chief Audit Executive effective October 2023. She brings with her 20 years of experience in a variety of industries, including oil & gas, chemical, telecommunications, manufacturing, and financial services. She graduated from John Moores Liverpool University and obtained ACCA certification from Dublin Business School. After graduating, Nik worked in Ireland for six years, before moving back to Malaysia to continue her career journey. She joined PETRONAS' Group Internal Audit (GIA) in 2014, leading several audit assignments across the organisation focusing on corporate and downstream businesses.

IAD operates within the framework of its Audit Charter, approved by the BAC, defining its responsibilities, authority, and scope of work within the Group. Internal Audit activities follow the Audit Manual and the International Professional Practices Framework (IPPF), adopting the five components set out in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO):

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring Activities

The independence, objectivity, and freedom from any conflict of interest of IAD and internal auditors are declared annually, complying with IPPF's Code of Ethics. In case a potential conflict of interest arises after the annual declaration, internal auditors report immediately to the Head of IAD and are not assigned an audit scope leading to a conflict of interest.

IAD employs a risk-based approach, prioritising audit plans based on the Group's key risks covering critical areas and functions to support business strategic objectives. The audit plan is derived from various sources, including Group Risk Profiles, PETRONAS Downstream Emerging Risks, Group Strategy and Objectives, Business Development, Materiality/Criticality of business operations, Previous audit history, and Feedback and input from BAC and LT.

During the year under review, IAD performed 13 audits and reviews based on the approved internal audit plan and presented the reports to the BAC. List of the audits are as below:

Audit on Overall Governance and Management of Project Automated Wet Stock Management System	Audit on Governance and Management of Unified Loyalty Platform	Audit on Cybersecurity Activities on Operational Technology	Audit on Asset Reliability and Integrity of PDB Terminals	Audit on Retail Fuel Operations
Review on the Concerns Over the Bitumen Storage and Commercial Arrangement at Northern Region	Review on Overall Governance of Mesra Retail & Cafe Sdn. Bhd. and COCO Operations	Review on Data Governance and Management in PDB and Its Subsidiaries	Review on PDB Moving Forward Together (MFT) 50:30:0 Governance and Implementation	Review on Business Continuity Management for Setel Ventures Sdn. Bhd. (SVSB)
Review on PDB Sustainability Roadmap Implementation	Limited Assurance on Sustainability	SmartPay AMLA Compliance Review		

Audit reports are presented to the Management, who are responsible for ensuring the closure of Agreed Corrective Actions within the agreed timeframe. The status of Agreed Corrective Actions is reported to the BAC through the Quarterly Audit Status Report.

The Quality Assurance and Improvement Programme (QAIP) remains integral for assessing the quality of audit processes, with ongoing and periodic evaluations covering the entire spectrum of Internal Audit activities. The QAIP identifies opportunities for improvement through internal and external assessments, and the results are reported to the BAC.

The Group maintains its commitment to providing internal auditors with the necessary knowledge. IAD resources are deemed appropriate and effective for implementing the approved plan, often involving collaborative efforts with external line experts and resources from PETRONAS Group. The internal auditors at PDB possess diverse backgrounds and disciplines, ensuring a mix of knowledge, skills, and competencies to execute the audit plan.

Annual assessments through individual online Superior Managed Assessments (SMAs) identify learning and development needs for internal auditors. The BAC conducts an annual review of IAD performance and is responsible for appointing and replacing the Head of IAD.

To perform their functions effectively, auditors undergo training to enhance business acumen and adopt standard practices, utilising resources from in-house and external accredited training providers. Online e-learning programmes and continuous on-the-job observations serve as platforms for assessing auditor capability and competency.

PDB supports auditors' continued professional development through education programmes, enabling them to pursue relevant internal auditor certifications such as Certified Internal Auditors (CIA), Certified Integrated COSO framework, and Certified Fraud Examiner (CFE).

Additionally, one staff had undergone the exchange programme initiative within PETRONAS to accelerate learning and exposure across the Group.

The total costs incurred by the internal audit function for the financial year 2023 was RM6.27 million.

RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST SITUATION

The BAC is satisfied that with the new Policy, and the Guideline, there were adequate procedures and processes in place to identify, monitor and track all RPTs/RRPTs in a timely and orderly manner to ensure that the RPTs/RRPTs are at all times, carried out on an arm's length basis, in the best interests of the Group, fair, reasonable and on normal commercial terms and are not detrimental to the Minority Shareholders. The BAC has, from time to time reviewed any RPTs/RRPTs that have risen within the Group in accordance with the Policy and the Guideline.

During the year under review, while there were no RPTs, the BAC was satisfied that all the RRPTs were fairly concluded on the prevailing market rate/prices, had been carried out on an arm's length basis, on normal commercial terms and are not detrimental to the Minority Shareholders of PDB. There were no other CoI Situations that had arisen which required the assessment from the BAC.

BAC EFFECTIVENESS REVIEW AND PERFORMANCE

During the year under review, the Board assessed the performance of the BAC through annual Board Effectiveness Evaluation. The Board was satisfied that the BAC had fulfilled its duties, responsibilities, and functions in accordance with its ToR. Moreover, the Board acknowledged that the BAC had continued to provide valuable assistance to the Board in reviewing financial and audit matters, which contributed to the overall effectiveness of the decision-making process.

REPORTING TO THE EXCHANGE

In 2023, the BAC was of the view that PDB had complied fully with the MMLR of Bursa Malaysia and as such, the reporting to Bursa Malaysia under Paragraph 15.16 of the MMLR is not required.

TANG SAW HUA
Chairman
Board Audit Committee

Board Sustainability and Risk Committee Report

Dear Valued Shareholders,

The Board Sustainability and Risk Committee (BSRC) plays a crucial role to provide guidance and oversight to the Management on the Group's risk appetite, strategy, and key risks of myriad projects that have an impact on its long-term objectives. It also oversees the Group's sustainability strategy, sustainability reporting, and ensures this permeates throughout the organisation.

ALVIN MICHAEL HEW THAI KHEAM
Chairman

OVERVIEW

This report offers insights into the BSRC's activities for the year under review. As of the report date, the BSRC comprises five Independent Non-Executive Directors (INEDs) and one Non-Independent Non-Executive Director (NINED).

TERMS OF REFERENCE

The BSRC is governed by its Terms of Reference (ToR) which sets out the authority, duties and responsibilities of the BSRC to discharge its primary responsibilities of reviewing the process of identifying, managing, evaluating and monitoring key strategic priorities, the principal risks associated with the business and projects, as well as overseeing the implementation of appropriate systems and risk assessment processes, to manage such risks for PDB and its subsidiaries. the BSRC has fulfilled and complied with the requirements under its ToR.

The BSRC assists the Board in ensuring the Company has in place a sound and robust risk management framework and such framework has been effectively implemented to enhance the Company's ability to achieve its strategic objectives especially in pursuing its growth agenda and oversight on sustainability matters.

In carrying out its oversight responsibilities, each BSRC member provides independent opinions to the fact-finding, analysis and decision-making process of the BSRC, based on their expertise, experience and industrial knowledge.

The ToR of the BSRC is accessible via PDB's corporate website, **www.mymesra.com.my**

COMPOSITION

The BSRC consists of six members. Five of them are INEDs. All of them possess sound judgment, objectivity, independent attitude, management experience, professionalism, integrity and knowledge of the industry. None of the BSRC members have appointed alternate directors.

As at the date of this report, the composition of the BSRC is as follows:

Members	Date of Appointment as BSRC Member	Tenure on the BSRC	Number of Meetings Attended
Alvin Michael Hew Thai Kheam, *Chairman, INED*	26 February 2019	5 years	4/4
Datuk Shafie Shamsuddin, *INED*	26 February 2019	5 years	3/4
Nirmala Doraisamy, *INED*	15 October 2019	4 years 4 months	3/4
Tang Saw Hua, *INED*	17 November 2020	3 year 3 months	4/4
Datuk Sazali Hamzah, *NINED*	1 June 2022	1 year 8 months	2/4
Tunku Alizakri Raja Muhammad Alias, *INED*	1 June 2022	1 year 8 months	4/4

MEETINGS AND ATTENDANCE

The BSRC meetings held during the year under review were pre-scheduled in November 2022, facilitating the members in planning and incorporating them into their schedules and ensuring ample notice for the members. The committee convenes quarterly, with additional meetings held as needed. During the year under review, the BSRC convened four meetings to discharge its duties and functions as a Board committee. Additionally, the BSRC Chairman along with few other members held several syndications with the Management to further understand and provide guidance on the relevant issues, in particular, sustainability matters.

The record of the attendance of the BSRC members are provided in the above table.

To facilitate discussions on risk-related matters, key executives, including the Managing Director/Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Head of Risk Management Department (RMD), Head of Legal, and Head of Strategy attended all BSRC meetings to provide inputs, advice, relevant information, and clarifications on agenda items. The Company Secretary served as the Secretary.

The Head of RMD presented risk management reports, including updates on risk monitoring and the corporate risk profile, to the BSRC. Additionally, members of the Leadership Team were invited when necessary to brief the BSRC on specific issues stemming from strategic or high-impact business proposals.

Meeting agenda and papers, comprising both qualitative and quantitative information, were distributed to BSRC members through a secure collaborative software on an average of five days before the scheduled meetings. This not only streamlined the distribution process and minimised the risk of sensitive information leakage but also allowed Directors electronic access to the proposed papers.

BSRC meeting discussions encompassed the review of the Group's risk appetite, business risk reports, the corporate risk profile, efforts to strengthen risk culture in PDB, and matters related to risk management. Prospective businesses requiring the BSRC's review and guidance on risk aspects were also deliberated.

All proceedings during BSRC meetings were recorded in meeting minutes, and the signed minutes are duly maintained by the Secretary. Minutes and circular resolutions were tabled for confirmation and notation respectively at subsequent BSRC meetings, after which the Minutes were submitted to the Board for notation.

In respect of Sustainability, the BSRC ensures that the Company obtains precise and pertinent data regarding Environmental, Economic, Social, and Governance (EESG) matters. It oversees the reporting process to promote transparency and consistency in EESG disclosures. The Committee works closely with Management to develop impactful EESG reports and disclosures and makes sure these disclosures are in line with the Company's overarching strategy and mission. The BSRC closely monitors the Company's EESG performance, tracks progress towards sustainability goals and oversees the management of EESG risks, proactively identifying potential risks and opportunities.

The BSRC takes on an important role by assessing whether the Company's purpose has been clearly defined and is closely tied to its overall strategy. Drawing on its unique perspective, the Committee determines whether the Company has successfully integrated its purpose into its overarching goals.

ANNUAL REPORTING

The BSRC reviewed this BSRC report and the Statement on Risk Management and Internal Control (SORMIC) for the financial year ended 31 December 2023 for inclusion in the Integrated Report 2023, to ensure that they were prepared in compliance with the relevant regulatory requirements and guidelines.

ACTIVITIES OF THE BSRC DURING THE FINANCIAL YEAR 2023

During the year under review, the BSRC carried out the following activities in discharging its functions and duties:

i. Sustainability Matters

The BSRC discussed and provided guidance and oversight on various EESG topics in financial year 2023 amongst others:

(a) the importance of deciding which measures and key indicators to be tracked.
(b) the urgency of updating the Scope 3 baseline and monitoring sustainable supply chains.
(c) the need and importance to have sufficient resources to carry out sustainability initiatives.
(d) the importance for Management to have the accuracy and consistency in disclosure and urged the Management to improve environmental scoring and close gaps in EESG reporting.
(e) Sustainability team's action plans and data collection procedures for EESG and emissions, validation processes, and cascading of sustainability KPIs to ensure consistency and integration into long-term KPIs.

ii. Risk Appetite

Deliberated and endorsed the review of risk appetite and level of tolerance that the Group is willing to accept in pursuing its strategic objectives.

iii. Corporate Risk Profile

Reviewed and endorsed PDB's critical risks as registered in the Corporate Risk Profile for Board's approval.

iv. Risk Monitoring

(a) Reviewed and endorsed the adequacy and effectiveness of the risk management practices through monitoring of the Key Risk Indicators (KRIs) and mitigations implementation as updated in the quarterly Business Risk Reports (BRR)
(b) Reviewed any breach of risk appetite thresholds for specific action to ensure risks undertaken in pursuit of strategic and business objectives were consistently within the approved levels

v. Risk Assessment for Decision-Making

Reviewed and deliberated business propositions and new initiatives, including, but not limited to:

(a) Mergers and acquisitions, divestments and joint-venture proposals in local and foreign countries
(b) Commercial transactions with high complexity and financial exposure
(c) Country-related decisions (entry or exit management)
(d) Key capital projects
(e) New business ventures and/or special projects

vi. Emerging Critical Risks

Deliberated the emerging risks manifested from internal or external environment that could potentially impact delivery of business objectives.

The BSRC plays a vital role in reviewing the adequacy and effectiveness of risk management processes for PDB. In this regard, the BSRC reviews and challenges the BRR, focusing on the status of KRIs and risk mitigation implementation in ensuring effective management of risks.

vii. Annual Reporting

Reviewed and endorsed the disclosures in the BSRC Report and SORMIC for the financial year ended 31 December 2022 for inclusion in the Integrated Report 2022.

BSRC EFFECTIVENESS REVIEW AND PERFORMANCE

During the year under review, the Board assessed the performance of the BSRC through an annual Board Effectiveness Evaluation. The Board agreed that the BSRC was well structured and represented, with an appropriate mix of skills, expertise and experience, contributing to the overall effectiveness of the decision-making process for the Company and the Group. PDB Board is satisfied that the BSRC has effectively discharged its functions, duties and responsibilities in accordance with the BSRC ToR.

ALVIN MICHAEL HEW THAI KHEAM
Chairman
Board Sustainability and Risk Committee

Corporate Integrity and Ethics

INTEGRITY AND ETHICS

PDB Integrity Programmes

Given the evolving regulatory landscape, it is highly imperative for PDB to incorporate Integrity and Ethics into its policies and procedures. This ensures the effective implementation of Adequate Procedures with the aim of safeguarding the Amanah entrusted upon us and strengthening our business sustainability for years to come.

In light of this, PDB consistently places great importance on Integrity and Ethics in governing the way we conduct our business and operations. As part of our efforts to uphold Integrity and Ethics, we have implemented numerous Integrity Programmes that disseminate key messages promoting the conduct of business and operations with the highest standards of integrity, transparency and accountability.

Since the formation of the PDB Ethics and Integrity Committee in 2022, the Compliance Department, in close collaboration with the Strategy Division, Strategic Communications Division, Human Resource Division and Internal Audit Department, has been continuously streamlining Integrity Programmes for PDB Employees and Counterparties. These efforts serve the purpose of advocating awareness and intensifying compliance to accomplish the Generative Culture of Integrity and Ethics across the organisation.

The following PDB Integrity Programmes were implemented in 2023:

Programme	No. of Sessions	Duration	Audience
PDB Integrity Month 2023			
Integrity Contests			
• PDB Integrity Bite-Sized Video Contest	1	October 2023	PDB Group Staff
• PDB Integrity Poster Contest	1	October 2023	PDB Group Staff
Integrity Engagements			
• Launching PDB Integrity Month 2023	1	November 2023	PDB Group Staff
• Integrity Talk by Industry Practitioner (Thumbprints Utd Sdn. Bhd.)	1	November 2023	PDB Group Staff and Counterparties
Moderated Talk on Anti-Money Laundering Act (AMLA)	1	November 2023	PDB Group Staff
PDB Integrity Campaigns (Online Communication)	6	January - August 2023	PDB Group Staff
PDB Integrity Lessons Learnt (Online Communication)	2	January - August 2023	PDB Group Staff
Leaders Integrity Moment (Video)	8	January - August 2023	PDB Group Staff
Integrity Storytelling by Warga PDB (Video)	3	September - November 2023	PDB Group Staff
Integrity Strengthening & Integrity Pledging for PDB Group Staff	28	January - June 2023	PDB Group Staff
Integrity Strengthening & Integrity Pledging for PDB Group Counterparties	39	January - September 2023	PDB Group Counterparties

PDB Integrity Month 2023 is a celebration for PDB Employees and Counterparties to commemorate the significance of upholding Integrity and Ethics in performing their roles and responsibilities to support the business and operations. The annual celebration aims to promote the values of Integrity and Ethics as well as the collective responsibility of safeguarding organisational integrity. To achieve this, various integrity programmes were organised revolving around the theme of "Integrity Beyond Words".

Corporate Liability Provision

The Corporate Liability Provision under Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 came into full implementation effective 1 June 2020. The Corporate Liability Provision deems a commercial organisation as committing an offence if an associated person commits corruption for the benefit of the organisation. Corruption can be in the form of an associated person corruptly giving, offering to give or promising gratification to any person with the intent "to obtain or retain business" or "to obtain or retain advantage in the conduct of business".

In view of the above, the Prime Minister's Office developed and issued the Guidelines on Adequate Procedures to prevent persons associated with a commercial organisation from committing corrupt practices. The Guidelines of Adequate Procedures is intended to assist commercial organisations in implementing anti-corruption policies, procedures, controls and programmes revolving around the following T.R.U.S.T. Principles:

T.R.U.S.T. Principles

T	R	U	S	T
Top Level Commitment	**Risk Assessment**	**Undertake Control Measures**	**Systematic Review, Monitoring and Enforcement**	**Training and Communication**
Top level management plays a vital role in creating awareness and elevating competency among employees with the aim of promoting the consistent practice of the highest ethics and integrity to effectively manage key corruption risks of the organisation while adhering to the prevailing anti-corruption laws and regulations.	A comprehensive corruption risk assessment is conducted periodically to identify and mitigate corruption risks within the organisation.	Based on the corruption risk assessment, the organisation is required to establish appropriate controls and contingency measures to effectively address the risks identified which include due diligence, reporting channels as well as policies and procedures. These controls and contingency measures ought to be updated in accordance with the current business and regulatory requirements.	In view of the organisation's growth and expansion, there should be a regular review and assessment of the effectiveness of the current Anti-Corruption Policies, Procedures and Programmes. For the purpose of corporate governance and compliance, the outcome of those regular reviews should be properly documented, serving as evidence to defend the organisation, if required.	Training and communication, for both internal and external stakeholders, on the organisation's Anti-Corruption Policy would help employees and other associated persons and/or stakeholders to better understand the forms of corruption, the mitigations against risks of corruption and the consequences of corruption.

Anti-Bribery and Corruption Manual

Apart from the sound adoption of PETRONAS Anti-Bribery and Corruption Manual (ABC Manual), PDB also practices a zero-tolerance policy against all forms of bribery and corruption. The ABC Manual elaborates on those principles and provides guidance to employees on how to handle situations involving improper solicitation, bribery and other forms of corruption, as well as issues relating to unethical business dealings.

This ABC Manual will apply not only to all employees and directors within PDB, but also to our contractors, sub-contractors, consultants, agents, representatives, and others performing work or services for or on behalf of PDB.

In particular, the ABC Manual expressly prohibits improper solicitation, bribery and other corrupt activity not only by employees and directors but also by third parties performing work or services for or on behalf of PDB.

For more information on ABC, refer to PDB Corporate Website at **www.mymesra.com.my**

Anti-Corruption Compliance Programme

In further amplifying our ongoing efforts to fight corruption, PDB implemented its Anti-Corruption Compliance Programme 2023, fulfilling the requirements of T.R.U.S.T. Principles under the Guidelines on Adequate Procedures issued by the Prime Minister's Office. Among this year's highlights, the following key activities were reported to and monitored by the PDB Risk Management and Governance Committee on a quarterly basis:

- Concluded an independent review to ensure that PDB's Anti-Corruption Compliance Programme fulfilled the requirements of the T.R.U.S.T. Principles and has been benchmarked against ISO 37001: Anti-Bribery Management System. Necessary improvements have been identified and implemented to further solidify PDB's commitment to the continuous enhancements of its Anti-Corruption Compliance Programme.
- Conducted organisation-wide Corruption Risk Assessment to reflect the current changes in PDB's business and operations. This assessment utilised an improved methodology, following the previous exercise which was carried out in 2020.
- Leveraged on the newly introduced "myAsset", which is an Integrity compliance tool on a digital platform for PETRONAS employees. This tool facilitates their asset declaration with the aim of preventing conflicts of interest, abuse of position and corruption while fostering a culture of transparency within PETRONAS.

Organisational Anti-Corruption Plan

In 2022, PDB introduced its Organisational Anti-Corruption Plan (OACP), which lays out a strategic blueprint for PDB's long-term fight against corruption within its supply chain. The OACP reinforced PDB's commitment to internalising PETRONAS Shared Values and Cultural Beliefs while solidifying its aspirations to achieve the highest standard of integrity and transparency in the conduct of business and operations.

PDB has identified the following four (4) focus areas to reinforce its commitment to upholding zero tolerance against any form of corruption. The progress milestones of these focus areas are outlined below:

Enhancement of Reporting Channel Ecosystem	Introduced a new platform for Whistleblowing (WB).
Anti-Bribery Management System (ABMS) Implementation	Embarked on a benchmarking exercise of PDB Compliance Programme against ISO 37001: Anti-Bribery Management System. Necessary improvements were identified and implemented, solidifying PDB's commitment to continuously improve its compliance programme.
Amplifying Training and Communication for PDB Counterparties	Conducted the PDB Integrity Programme 2023.
Solidifying Sensitive Position Management Focusing on Corporate Liability	Top Management led Integrity engagements such as the PDB Townhall 2023 and the PDB Psychological Forum, throughout the year with 100% attendance by employees sitting in Sensitive Positions. The engagements conveyed deliberate messages on Integrity and Ethics relevant to the roles of the target groups.

Whistleblowing

With the establishment of Section 17A of the Malaysian Anti-Corruption Commission Act 2009, it is a requirement for corporate organisations in Malaysia to have adequate procedures in place via the T.R.U.S.T. implementation. Under T.R.U.S.T. Principles, Top Management is required to promote the use of available reporting channels to disclose any actual or suspected corruption and integrity misconduct within the organisation.

In line with PETRONAS' aspiration to achieve the highest standard of Integrity in the conduct of its business and operations, PDB has adopted the Whistleblowing (WB) Policy which provides a platform for all PETRONAS employees and members of the public to disclose any improper conduct within PETRONAS. The WB Policy also provides protection for PETRONAS employees and members of the public for reporting such allegations without fear of repercussion. Examples of such improper conduct (integrity misconduct or criminal offence) may include the following:

Fraud	Bribery	Abuse of Power	Conflict of Interest	Theft or Embezzlement	Misuse of Company's Property	Non-Compliance with Procedure

This year, PETRONAS has introduced a new platform for WB powered by Whispli, a secure and confidential communication channel. The new platform protects the whistleblower's identity through the following:

You are in control of what you share and submit.	Robust information and data security so that your identity is safe.	Making the entire process completely anonymous for you if you wish to remain anonymous.	No potential identifying information (IP address, personal information, language, etc.) is passed through to PETRONAS.

For more information on PETRONAS Whistleblowing Policy, refer to PDB Corporate Website at **www.mymesra.com.my**

Statement on Risk Management and Internal Control

RISK MANAGEMENT AND INTERNAL CONTROL AT PDB

This Statement on Risk Management and Internal Control (SORMIC) is made in accordance with paragraph 15.26(B) of Bursa Malaysia's Main Market Listing Requirements (MMLR) which requires the Board of Directors of public listed companies to publish a statement about the state of risk management and internal control of the listed issuer as a Group.

PDB and its subsidiaries (collectively known as the Group) have adopted and embedded risk management frameworks and internal control systems in place to safeguard our assets and protect our investments.

We aim to manage our business and key risks effectively to be able to maximise business opportunities.

Responsibility and Accountability

The Board acknowledges the importance of maintaining a sound internal control system and robust risk management practices for good corporate governance with the objective of safeguarding shareholders' investments and the Group's assets.

The Board affirms its overall responsibility for establishing a sound risk management and internal control system, as well as for reviewing its adequacy and effectiveness in identifying, assessing and responding to risks which may hinder the Group from achieving its objectives.

The Board is supported by the Board Audit Committee (BAC) and Board Sustainability and Risk Committee (BSRC) in carrying out its risk oversight responsibilities.

RISK OVERSIGHT STRUCTURE

The Group's risk oversight structure allows for risk information flow which yields effective monitoring of risk management implementation at all levels. Risks management and governance policies, frameworks and guidelines are reviewed at the Risk Management and Governance Committee (RMGC) before it is deliberated at the BSRC and PDB Board.

Board of Directors

Reviews and approves annual corporate plan, which includes overall corporate strategy, operational plan, marketing plan, human resources plan, financial plan and budget, risk management plan and information technology plan.

BOARD COMMITTEE LEVEL

BAC
- Reviews quarterly financial statement and audit matters
- Reviews the effectiveness of internal control system and compliance
- Reviews related party transactions and conflict of interest

BSRC
- Reviews the adequacy and effectiveness of the risk management practices
- Reviews and endorses the Group's critical risks
- Provides oversight on sustainability by assessing, evaluating and monitoring the elements of sustainability pillars which comprises of Environment, Economic, Social and Governance

MANAGEMENT LEVEL

RMGC
- Responsible for the overall oversight of risk management and governance activities

Leadership Team
- Responsible for the overall management strategy and policy issues

Sustainability Action Council (SAC)
- Responsible for the overall operationalisation of sustainable strategies to ensure a balanced achievement of the Group's Environment, Economic, Social and Governance performance
- Monitors closely the regulatory developments relating to sustainability, which may have a material impact to the Group

OPERATIONAL LEVEL

Credit Control Committee
- Reviews, monitors and reports credit risk

HSE Steering Committee
- Reviews and deliberates HSE performance and risks
- Tracks and monitors the progress of closure of HSE incidents and assurance action items

Business Information Technology Committee
- Provides strategic direction and endorsement for Digital and Information Communication Technology (ICT) investments across businesses

Business Leadership Team
- Responsible for the overall Divisional strategy and execution including Sustainability and Risk Management

The Group's risk oversight structure is supported by the Three Lines of Defence Model that distinguishes the three groups which are involved in effective risk management and governance function. The Group has in place a risk and governance operating mechanism covering the areas of system, processes, knowledge management and assurance activities.

THREE LINES OF DEFENCE MODEL

1st Line of Defence	2nd Line of Defence	3rd Line of Defence
BUSINESS LINE (RISK OWNER)	**RISK MANAGEMENT AND GOVERNANCE FUNCTION**	**INTERNAL AND EXTERNAL AUDIT**
To establish the identification, assessment, treatment and monitoring of risks with the assistance of Risk Ambassadors as focal persons	To implement and review risk management and control systems for reporting to the Management and the Board as well as attest on compliance with internal controls	To provide independent and objective assurance on the overall adequacy, integrity and effectiveness of risk management and internal control systems

The Risk and Governance Department is entrusted with the responsibility of ensuring effective risk and governance implementation of the Group. Risk Management is an integral part of the Group's activities and processes to address risks that may impact the achievement of its business objectives. The Group has established risk management practices and process to identify, evaluate, manage and monitor the risks. This process continues for the year under review and up to the date of approval of this statement.

In addition, the Head of Risk and Governance Department oversees the implementation of internal control in a structured and integrated manner to ensure adherence to the Group's policies, standards and guidelines. Periodic reviews are conducted for continuous improvement providing a balance between operational efficiency and sound internal controls. The Department is also responsible in strengthening the risk management culture by among others, communicating the importance of risk management in decision-making and adherence to internal controls.

PDB RISK POLICY

The Group's risk policy provides the general principles and guidelines for actions which ultimately influence decisions. It clearly communicates the management's expectations in relation to risk management practices throughout the Group.

- PDB is committed to becoming a risk-resilient organisation
- PDB shall continuously strive to implement:
  - Risk management best practices to protect and create value within the set boundaries
  - Risk based decision-making by providing a balanced and holistic view of exposures to achieve business objectives
- Managing risk is everyone's responsibility

PETRONAS RESILIENCY MODEL

The Group has adopted the PETRONAS Resiliency Model in managing risk that provides an integrated and view of the overall strategy to manage the Group's risks, focusing on three areas of business resilience, namely Enterprise Risk Management, Crisis Management and Business Continuity Management. These are supported by the risk management frameworks and the relevant guidelines to govern, guide and institutionalise risk management practices across the Group. The monitoring of risk management practices and implementation across the Group are reported to RMGC, BSRC and Board.

PETRONAS Resiliency Model

ERM Enterprise Risk Management

ERM is a structured and holistic approach to identify, assess, treat and monitor risks. The aim is to reduce the likelihood and impact of all identified risks and to enhance the organisation's ability to achieve its strategic objectives

CM Crisis Management

CM is a comprehensive set of processes by which the organisation responds and manages crises that threaten to harm people, environment, assets and reputation

BCM Business Continuity Management

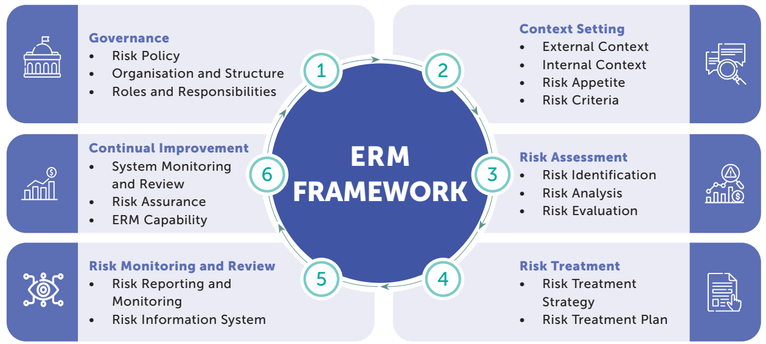
BCM is a holistic management process that aims to build the capability of an organisation to recover and continue delivery of products or services at acceptable predefined levels following a prolonged disruptive incident

Enterprise Risk Management (ERM) Framework

The Group adheres to PETRONAS ERM Framework (ERMF) as depicted in the diagram below:

Enterprise Risk Management Framework

The ERMF outlines the elements and processes to identify, assess, treat, monitor and review risks impacting its business	It aims to improve the ability to reduce the likelihood and/ or impact of identified risks that may affect the achievement of business objectives	The framework provides a standard and consistent approach in implementing ERM across the entity



Corporate Risk Profile (CRP)

Risk profiles which consist of identified critical risks and their corresponding risk mitigations as well as key risk indicators are reviewed annually based on the ERM process. It ensures actions to be taken to ensure that risks are being effectively managed and this is reported to the RMGC, BSRC and Board on a quarterly basis.

During the year under review, risk profiling exercises were conducted across the Group with involvement from Management and Subject Matter Experts. In performing the exercises, various inputs are analysed in setting the context, which includes scanning of external environment and internal assessment to identify both internal and external risk factors that may impact the Group's businesses and operations, including risk related to sustainability and climate change. The annual risk profiling and assessment process are guided by business strategies and plans. In the event an emerging risk poses a real threat, it will be escalated as critical risks under the CRP and appropriate response and mitigation plans would be developed. These risks are discussed by the Management and Board.

Each critical risk is assigned to dedicated risk owners to ensure risks identified are monitored and subsequently managed. The status of the PDB CRP including key risk indicators (KRIs) and mitigation plans of critical risks are deliberated at the RMGC, BSRC and Board during their quarterly meetings.

The following structured process within the ERMF was adopted:

Context Setting

- Define the scope of the risk assessment (Business Decision/Risk Profile/Project)
- Understand external environment and consider the strategic, organisational/business objectives, KPI, stakeholders' expectations, preliminary risks
- Determine the Risk Appetite (the level of risk that an organisation is willing to pursue)

Risk Assessment

Risk Identification
- Develop risk descriptions and risk statements
- Assign risk ownership
- Identify causes and consequences

Risk Analysis
- Identify and assess existing mitigations
- Determine the current risk impact
- Establish current risk rating by using the Risk Matrix
- Identify causes and consequences

Risk Evaluation
- Evaluate the level of the identified risk - High, Medium and Low
- Evaluate which risks need treatment
- Prioritise risk which requires treatment implementation
- Identify causes and consequences

Risk Treatment

Identify Risk Treatment Strategy	Identify new mitigations for each identified risk	Determine the new risk impact	Establish Target Risk Rating by using the Risk Matrix

Risk Monitoring and Review

- Identify Key Risk Indicators (leading and lagging) as triggering mechanism
- Monitor risk updates through Integrated Enterprise Risk Information System (INTERISK) and ensure Corporate Digital Assurance sign off
- Quarterly report risk status to RMGC, BSRC and Board

With regards to Sustainability, a materiality validation exercise was conducted during the year by benchmarking against local, regional and global peers to assess its relevancy. Whilst there were no changes required, refinement was made to segmentise each Material Matter using PETRONAS' Sustainability Lenses: Continued Value Creation, Safeguard the Environment, Positive Social Impact and Responsible Governance.

Risk Assessment in Decision-Making

The Group mandated that all Board and Management decision papers are equipped with a risk assessment to ensure that decision-makers make informed decisions, considering the level of risks they want to undertake and implement necessary controls to achieve the desired business objectives.

During the year, BSRC assisted the Board in deliberating and evaluating business proposals and key strategic projects prior to approval by the Board.

Risk Appetite

The Group's risk appetite reflects its stance on the acceptable level of risk or boundaries the Group is willing to assume within its risk capacity in pursuing strategic and business objectives. The Group's risk appetite is reflected in the Risk Appetite Statement which expresses the Group's philosophy in managing or taking risks and further supported by Risk Tolerance and its corresponding Risk Threshold.

PDB's Risk Appetite was developed by aligning its business strategies with the five Risk Appetite Areas to ensure risks undertaken in pursuit of strategic and business objectives are consistently within acceptable levels.

Operational

Health, Safety and Environment (HSE)	Operational Excellence	Project Delivery	ICT
1. Fatality 2. Major Fire 3. Major LOPC	1. On-Time In Full	1. Project schedule 2. Project cost	1. Critical System Downtime 2. Cybersecurity Incidents

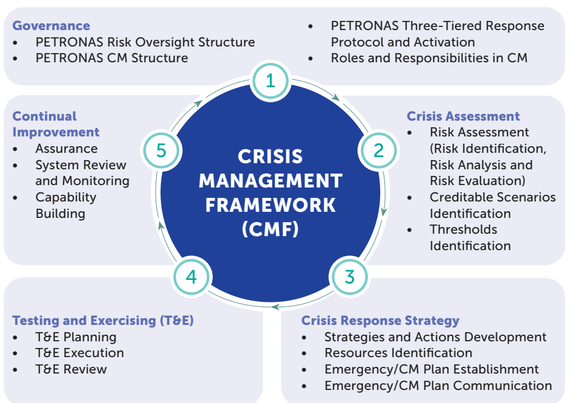
Financial	Strategic	Reputational	Legal and Regulatory
Minimum Cash Balance Maximum Indebtedness Level Trapped Liquidity	Capital Investment	Conventional media negative mentions Social media negative mentions FTSE4Good Rating	Compliance to laws and regulations governing the conduct of business

Risk Appetite monitoring and reporting were established to ensure any breach of the Risk Threshold is escalated to the Management and the Board on a timely basis to trigger deliberation for specific action or decision.

During the year under review, PDB Risk Appetite was enhanced to be in line with changes in PDB's strategic direction and business environment.

Crisis Management (CM)

The Group adheres to PETRONAS CM Framework (CMF) as depicted in the diagram below:



The Group implements PETRONAS CMF, a comprehensive set of processes that aims to prepare the Group to respond and manage crises.

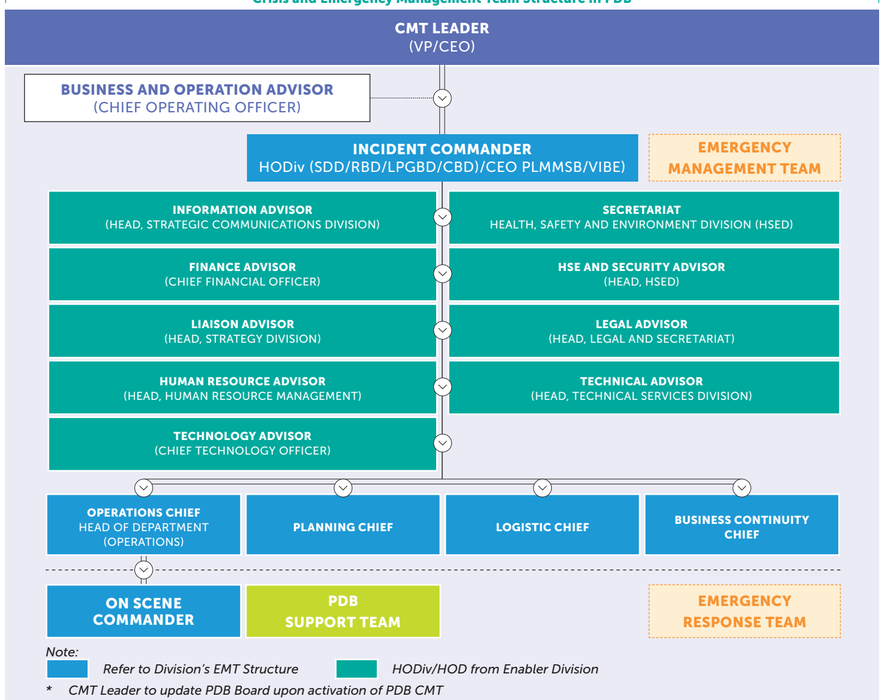
The Group has developed PDB Crisis Management Plan (CMP) in compliance with PETRONAS CMF to provide strategic support, control and mitigate crises including detailing the roles and responsibilities of the Crisis Management Team (CMT).

The Group implements a three-tiered response protocol which provides clear demarcation of response control practices and the required capability of emergency/crisis team members. Response priorities during emergency/crisis are to protect and save the People, Environment, Assets and Reputation (PEAR).

The key elements of the CMP are crisis assessment on HSE and non-HSE areas, its identified credible scenarios, threshold and response strategies as well as Excellence CMT as the highest-level team in PDB to provide strategic directions to proactively address the crisis.

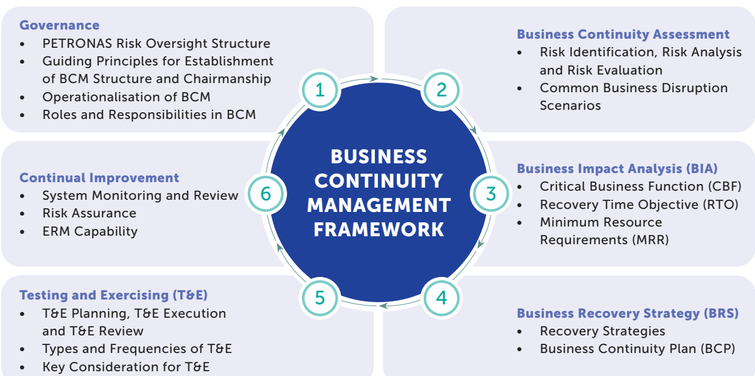
During the year under review, the Group also conducted an integrated emergency/crisis testing involving fire incident and fatalities at a PDB Fuel Terminal. The objectives of this testing were to test the effectiveness of the Incident Action Plan and readiness of the Emergency Response Team (ERT), the Emergency Management Team (EMT) and the Crisis Management Team (CMT) in managing the incident/crisis.

Crisis and Emergency Management Team Structure in PDB



Business Continuity Management

The Group implements the PETRONAS BCM Framework (BCMF) as a systematic approach for consistent BCM practices to ensure effective recovery and continuation of business operation during prolonged disruption or crisis.



The BCMF consists of six key elements that make up the basic requirements to implement and operate BCM for an entity. This framework aims to provide a standard and consistent approach across the organisation in achieving key attributes in business continuity.

During the year under review, the Group continued to review the Business Impact Analysis (BIA) and Business Recovery Strategy (BRS) of relevant departments or divisions to ensure the validity of the current Business Continuity Plan (BCP).

Business disruption scenarios identified were workplace, workforce, ICT, supply, facility and key interdependencies failure. During the year under review, BCP testing and exercise for the Group were conducted mainly to test the readiness of the Business Continuity Plan (BCP) for workforce and key interdependencies failure.

The Group also conducted call tree testing to ensure system readiness to effectively and immediately notify all critical business function staff in the event of PDB BCP activation. The outcome and findings from the testing activities were then gathered to identify areas for continual improvement.

CONTINUAL IMPROVEMENTS UNDER RISK MANAGEMENT FRAMEWORK

PDB recognises that fostering a risk management culture is a crucial component of successful risk management. In support of PDB Risk Policy statement, "Managing Risk is Everyone's Responsibility", the Risk Department frequently engages PDB employees through risk management programmes to instil the importance of risk management. These programmes include establishing Risk Community of Practice and various risk-related communications, events and training to promote sound risk management practices, as well as compliance with risk management frameworks and guidelines. The objective of these programmes is to promote accountability on risk practices at all levels and raise awareness to institutionalise a risk culture across the Group. By doing so, PDB aims to ensure that risk management is an integral part of the Group's operations and decision-making processes, ultimately leading to better risk management outcomes.

PDB acknowledges the importance of risk assurance programmes to provide assurance to stakeholders that the systems of risk management is implemented and complied with. For the year under review, PDB established its risk assurance programme based on an annual risk assurance plan that was endorsed by our RMGC. The Group has performed self-assessment on their compliance to the requirement stipulated under risk frameworks.

INTERNAL AUDIT

The Internal Audit Division (IAD) of PDB provides an independent assurance and its mission is to protect PDB's value by providing risk-based, objective assurance, advice and insight that helps to achieve PDB's objectives. IAD maintains its impartiality, objectivity, proficiency and due professional care by having its plans and reports directly under the purview of the Board Audit Committee (BAC).

The IAD processes and activities are guided by the following references:

International Professional Practices Framework (IPPF) of Institute of Internal Auditors (IIA)	Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control Framework	Internal Audit Charter

IAD performs a systematic and disciplined approach in evaluating and improving the design and effectiveness of PDB's Governance, Risk and Compliance (GRC) within the auditable entity. IAD adopts Risk-Based Auditing (RBA) in performing assessment towards PDB's system of internal controls, anti-corruption measures including the coordination of its whistleblowing activities, operations and critical activities based on the audit plan approved by the BAC.

IAD also coordinates assessment with external parties on specialised areas such as Information Technology (IT), Cybersecurity, Corporate Liability and Sustainability Reporting.

The BAC reviews IAD audit reports which include opinions on the adequacy and effectiveness of PDB's GRC, undertakes root cause analysis and recommends sustainable corrective actions to be undertaken by the Management. The status of the Agreed Corrective Actions (ACAs) closures are being reported to the BAC on a quarterly basis.

The Board and the Management are committed to maintaining an effective internal control environment by enhancing the design of internal control systems to ensure that they are relevant and effective to promote operational agility while ensuring good corporate governance and compliance to the regulatory guidelines whilst meeting the organisation's objectives.

Key Elements of Internal Control Systems

In delivering the Board's commitment to maintaining a sound system of internal control, the Board continues to maintain and implement a strong control structure and environment for the proper conduct of the Group's business operations as follows:

Organisation Structure

An organisation structure, which is aligned to business needs, meeting operational/regulatory requirements, and with defined roles and responsibilities, accountabilities, and levels of authority, is put in place to carry out the Group's strategies, objectives and day-to-day business activities.

Limits of Authority

The Limits of Authority (LOA) is an instrument of delegation of the Board's powers which defines the decision-making limits within the Group, providing a balance between effective and quality decision-making and appropriate management control. The Group has established the LOA with clear lines of accountability and responsibility which serves as a tool of reference to identify the appropriate approving authority levels for effective decision-making within the Group including matters that require the Board's approval. Additionally, PDB also has line of sight on key decision-making at its subsidiaries to ensure alignment to the Group's overall strategic objective.

The LOA is reviewed on a periodical basis to reflect any changes to its organisational structure and business requirement.

During the year, the Group established its own governing documents i.e., the PDB Governance Management Guideline (PDBGMG) which prescribes the standard requirement and provides guidance on the governance document management for the Group. In addition, PDB also established the PDB Governance Adoption & Deviation Management Guideline (PDBGADMG) where it prescribes the approach for effective adoption and deviation management of the Group governance document.

To further strengthen the governance management, the myGovernance system has been fully deployed where it manages Level 1, Level 2 and Level 3 governance documents within PDB, governance adoption and deviation management, as well as Legal Register management. It interfaces with other relevant governance platforms for an integrated Governance, Risk and Compliance (GRC).

HSE Management System

PDB HSE Management System (HSE MS) is a framework that provides governance for effective HSE Risk Management in protecting People, Environment, Asset and Reputation (PEAR) in PDB. HSE MS provides a structured approach in identifying hazards, manages risk, implements control and demonstrates continuous improvement in preventing any HSE incidents.

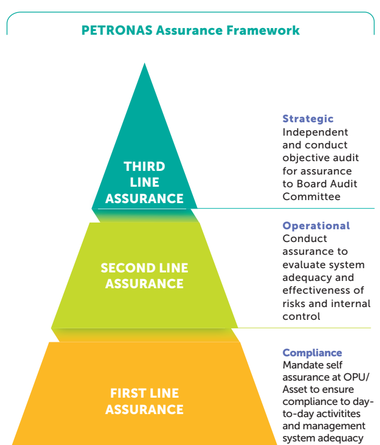
PDB ensures the hazards and the associated HSE risks in its business operations are systematically identified and assessed through the Hazard and Effects Management Process (HEMP). Adequate controls and mitigations are put in place to ensure risk exposures to operating facilities, projects, new non-traditional business and hazardous products transportation are reduced to As Low As Reasonably Practicable (ALARP).

In PDB, a Management Review will steer the development and implementation of annual and long-term Company HSE Plan and strategies including the associate budget by integrating HSE best practices, PETRONAS HSE MS, Policies, regulatory requirement in support of Group-wide HSE Strategies and Plans, to ensure achievement and sustenance of excellent HSE performance in safeguarding the PEAR.

Integrated Assurance

PDB adopts the PETRONAS Assurance Framework with the objective of providing new ways to conduct assurance at all levels through a structured and consistent approach in which internal controls are documented and periodically evaluated for effectiveness. This will give a better line of sight for effective decisions to the Management and Board.

The scope of PETRONAS Assurance Framework shall cover PDB and its subsidiaries for First, Second and Third line of Assurance.



PDB has conducted self-assurance to provide reasonable assurance to its holding company that enterprise risks are adequately and effectively controlled and mitigated for risk areas or assurance categories.

PDB subsidiaries, PS Pipeline Sdn. Bhd. (PSP) and PS Terminal Sdn. Bhd. (PST) also established their own assurance teams to manage the risk, conduct self-assessment and provide assurance to their own management.

Human Resource Policies and Procedures

The Group Human Resource (HR) policies and procedures are guided by PETRONAS policies and procedures while also establishing diversity and inclusion (D&I) elements. In respect of the subsidiaries, the HR policies and procedures are aligned with the respective market and industry practices. This is to ensure that the Group practices best-in-class HR policies and procedures including Organisation Design and Job Management, People Planning, Talent Sourcing, Capability Management and Learning Solutions, Succession Planning, Leadership Development, People Development, Remuneration, Employee Relations and Industrial Relations.

Code of Conduct and Business Ethics

The Group adopts and practices PETRONAS Code of Conduct and Business Ethics (CoBE) which emphasises and advances the principles of discipline, good conduct, professionalism, loyalty, integrity and cohesiveness that are critical to the success and well-being of the Group. The CoBE contains detailed policy statements on the standards of behaviour and ethical conduct expected of each individual of the Group. The Group also expects that contractors, sub-contractors, consultants, agents and representatives and others performing work or services for or on behalf of the Group to comply with the relevant parts of the CoBE when performing such work or services. The CoBE expressly prohibits improper solicitation, bribery and other corrupt activities not only by employees and Directors but also by third parties performing work or services for or on behalf of companies in the PETRONAS Group.

As the CoBE sets out the Group's core principles, the Anti-Bribery and Corruption Manual (ABC Manual) elaborates upon those principles, providing guidance to employees concerning how to deal with improper solicitation, bribery, giving and receiving of facilitation payments in all business dealings and other corrupt activities and issues that may arise in the course of conducting business.

Employee Performance Management

PDB adopts PETRONAS's Employee Performance Management (EPM) that emphasises the importance of continuous engagement with employees in managing their performance. Its framework focuses on Coaching, Review and Feedback that accelerate the journey towards becoming a High Performance Organisation; empowering employees to drive and manage their performance that are aligned with the Group's business and organisational goals.

PDB Financial Policy

The Group subscribes to PDB Financial Policy which sets forth the policy for financial management activities embedding the principles of financial risk management. The PDB Financial Policy governs financial risk management practices across the Group. It prescribes a framework in which financial risk exposure is identified and managed towards efficient capital and liquidity management practices.

Business Plan and Budget

The Group undertakes an annual planning and budgeting exercise which includes the development of business strategies for the next five years and the establishment of key performance indicators. Detailed operating and capital expenditure requirements are tabled to the Board for approval prior to the commencement of a new financial year.

The Group's performances are reported internally on a monthly basis to the Leadership Team (LT) and circulated to the Board. The Group's quarterly performance scorecards are presented to the Board with comparison to approved plans as well as against prior periods. Overall performance of the Group includes respective performance of business segments and companies within the Group.

Whistleblowing Policy

The Group adopts the PETRONAS Whistleblowing Policy (WBP) which provides an avenue for the Group's employees and members of the public to disclose any improper conduct, in accordance with the procedures as provided under the WBP.

Under the WBP, a whistleblower will be accorded with protection of confidentiality of identity, to the extent reasonably practicable. An employee who is an internal whistleblower will also be protected against any adverse and detrimental actions for disclosing any improper conduct committed or about to be committed within the Group, to the extent reasonably practicable, provided that the disclosure is made in good faith. Such protection is accorded even if the investigation later reveals that the whistleblower is mistaken as to the facts and the rules and procedures involved. The process is undertaken through PETRONAS's Whistleblowing Committee.

https://www.petronas.com/whistleblowing

Data Privacy and Protection Compliance

PDB has adopted the PETRONAS Corporate Privacy Policy (CPP) to adequately safeguard the privacy and personal data of its employees as well as third parties. This robust CPP and its related implementation framework including the Master Guidelines to the Corporate Privacy Policy (MGCPP) enables PDB to meet and comply with applicable privacy and personal data protection laws in Malaysia and other jurisdictions in which PDB operates.

To complement the CPP and MGCPP, PDB has developed and rolled out the PDB Data Privacy Manual (DPM) to ensure that personal data are processed safely and in compliance with the applicable personal data protection and privacy laws. In this regard, practical recommendations were provided in the DPM to ensure full compliance with the Personal Data Protection Act 2010 (PDPA 2010) and that the principles and rights enshrined in the PDPA 2010 are protected and upheld.

PDB has also developed and rolled out the Data Secrecy Manual (DSM) that sets out the requirements with regards to PDB's measures and controls in handling SmartPay customer data throughout the information lifecycle, from collection until disposal of customer data in accordance with Bank Negara Malaysia's (BNM) Management of Customer Information and Permitted Disclosures (MCIPD) requirements. It also serves as a guide for staff on data secrecy implementation within PDB and aims to ensure consistent practice in managing SmartPay customer data.

The Data Privacy Officer (DPO) function in PDB continues to play a pivotal role in ensuring adherence to the Group policies, standards and guidelines as well as compliance to legislative and statutory requirements. As part of the capability building in PDB, the Head of Data Privacy in PDB has obtained Certified Information Privacy Manager (CIPM) certification by the International Association of Privacy Professional.

Additionally, the DPO function in PDB continues to establish the right data protection strategy and implementation for PDB in accordance with the requirements of the PDPA 2010, Financial Services Act (FSA) 2013, PETRONAS Corporate Privacy Policy as well as other related manuals and guidelines.

As part of privacy risk management, PDB has introduced and rolled out the Data Protection Impact Assessment (DPIA) as a process designed to describe the processing of personal data in managing the risks by considering the potential adverse impact on individuals and any harm or damage it may cause to the rights of the data subjects. It is also designed to ensure the necessary data privacy controls are incorporated in the identified personal data processing activities.

PDB has also established and rolled out the Personal Data Mapping Record (Inventory) for the purpose of maintaining a proper record of personal data processing activities in PDB to comply with regulatory requirements under PDPA 2010 and BNM Policy Document on MCIPD. The Inventory will allow PDB to identify what and how personal data is being captured, processed, stored, retained and deleted within PDB. This will also allow PDB to identify and subsequently minimise the risk associated with data privacy.

PDB has also conducted a revision to PDB's Privacy Statement on MyMesra website to ensure a comprehensive notification to the data subject on the processing of their personal data. By examining the latest PDB's Privacy Statement, the data subject would get a clear picture of how PDB will process personal data submitted and what options are available to the data subject.

In addition to the above, PDB has also established a cookie preference tool on MyMesra website to:

I.	II.	III.
inform the user on the processing of personal data i.e., online identifier	obtain consent from the data subject on the processing of his/her personal data	empowers users with the right to withdraw consent at any time, and the right to stop the processing of their personal data.

Competition Law Guidelines

PDB has adopted the PETRONAS Competition Law Guidelines to manage competition law applicable to all business transactions and ensure compliance with the laws of every jurisdiction in which PDB operates. This document is to guide PDB's action towards its business partners (e.g., customers and suppliers), competitors and enforcement authorities to ensure compliance with laws and regulations governing free and fair competition.

In addition, PDB has also adopted the Competition Law Compliance Protocols which have been issued to supplement the Competition Law Guidelines as per below:

a) **Protocol on Meetings and Information Sharing**
General guidance on competition law for attending meetings with competitors and information sharing during those meetings which is applicable to all meetings held under PETRONAS business and operations whether conducted in PETRONAS premises or outside. Informal discussions before, during and after the meetings are also covered under this protocol.

b) **Protocol on Merger and Acquisition (M&A) Transactions**
General guidance on competition law which requires PETRONAS to secure prior clearance or formal approval from the relevant competition authorities in the market which PDB operates. Obtaining prior approval is often a prerequisite for concluding a M&A transaction which must be notified to the relevant competition authorities.

Economic Sanctions and Export Control Policy and Guidelines

PDB has adopted and applied the PETRONAS Economic Sanctions and Export Control Policy and Guidelines and is committed to complying with the relevant economic sanctions and export control regulations in the jurisdictions where it operates. The document puts forth:

PDB's position in adhering to the applicable sanctions and export control regulations, which are consistent with international norms and standards	Principle measures that PDB adopts vis-a-vis sanctions and export controls that include how PDB identify, mitigate and manage the risk of sanctions in the jurisdictions where it operates	The guidance on the application of sanctions and export control regulations	The consequences of failing to comply with sanctions and export control regulations as a whole

Anti-Money Laundering and Counter Financing of Terrorism

The Group is committed to enforcing an effective internal control system for Anti-Money Laundering in compliance with all related laws, regulations, guidelines and industry leading practices. Thus, the Group has in place an Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) policy and framework to comply with both the specific provisions and the spirit of all relevant laws and regulations. As an approved issuer of a designated payment instrument such as SmartPay Fleetcard by BNM, PDB has implemented the AML/CFT Framework to comply with regulatory requirements and to combat any Money Laundering and Financing of Terrorism risks arising from SmartPay Fleetcard operations.

Third-Party Risk Management

PDB adopts the PETRONAS Third-Party Risk Management (TPRM) process which forms part of PETRONAS Legal Compliance Framework. The TPRM process comprises of a Know Your Counterparty (KYC) process and inclusion of Compliance Clauses relating to five Critical Legal Areas (CLAs) namely Ethics and Integrity, Data Privacy and Protection, Competition, Sanctions and Export Control in PDB's agreement with the third party.

The TPRM process is a crucial measure which allows PDB to assess and safeguard itself against any legal and reputational risks in relation to the five CLAs posed by parties outside of the organisation. To this end, PDB continues to enhance the TPRM process by introducing PDB KYC Guidebook which incorporates risk-based assessment approach to determine the level of assessment and action it requires for each counterparty while ensuring efficiency of the overall process.

Communication and Training for Critical Legal Areas

PDB has been providing online training modules on the five CLAs covering Ethics and Integrity, Data Privacy and Protection, Competition, Sanctions and Export Control for the benefit of PDB's Directors, Management and Employees.

As part of the ongoing efforts to propagate key messages on upholding Ethics and Integrity, PDB had conducted a series of Integrity Strengthening and Integrity Pledging sessions for Employees and Counterparties within the Group.

The Integrity Strengthening sessions covered key areas focusing on PETRONAS Ethics and Integrity Culture, Corporate Liability under Section 17A of Malaysian Anti-Corruption Commission Act 2009, PETRONAS Anti-Bribery and Corruption Manual as well as PETRONAS Whistleblowing Policy and Procedures. This year, PDB Compliance incorporated Opening Remarks by Head of Division/Subsidiary to signify the tone from the top and the Integrity Pledging as a show of commitment from the audience.

The Anti-Bribery and Corruption (ABC) e-Learning Modules via PDB Learning Hub portal was successfully launched to provide the essential knowledge for PDB Counterparties on the fundamental principles and applications of PETRONAS ABC Manual throughout their business dealings with PDB. This year, LPG Dealers and SDD Contractors successfully completed their ABC e-Learning Modules.

PDB has conducted awareness sessions for Departments and Divisions that are heavily involved in the processing of personal data, to reinforce their comprehension of the relevant regulatory requirements, compliance controls and consequences of any violation of the prevailing Data Privacy laws and regulations.

Additionally, PDB also organised Competition Clinics for Commercial and LPG Businesses to enhance their understanding of vertical and horizontal anti-competitive practices. This has led to a better alignment of current business and operations towards the prevailing anti-competition laws and regulations; promoting a healthy and competitive market which customers can benefit from.

Related Party Transactions and Conflict of Interest

Policies and Procedures on Related Party Transactions (RPTs) and Conflict of Interest (CoI) Situations (collectively, P&P) have been established within the Group to promote continuous awareness and provide consistent approach to all RPTs and Recurrent Related Party Transactions (RRPTs) or CoI Situations.

During the year under review, the Board approved the reclassification of the P&P into two separate documents i.e. Policy for RPTs and CoI Situations (the Policy) and Guideline and Procedures for RPTs and CoI Situations (the Guideline). The Guideline sets out the rules and procedures on RPTs and CoI Situations to be adopted in order to implement the Policy.

The Guideline is primarily the enhanced version of the current P&P which incorporates amongst others the latest amendments to the Main Market Listing Requirements (MMLR) as well as more simplified process flow on the RPTs and RRPTs procedure.

The Guideline requires the adherence to various processes to ensure that RPTs/RRPTs are conducted on normal commercial terms and on arm's length basis, which are consistent with the Group's normal business practices and policies, and are not detrimental to the Group's Minority Shareholders. It aims to provide guidelines under which certain transactions and situations must be reviewed and endorsed by the various governing parties of the Group and/or disclosed to the regulators and governing bodies.

It also prescribes the processes required to identify, evaluate, approve, monitor and report RPTs/RRPTs as well as manage CoI. Such processes include identification and screening of transactions, negotiation of transaction and approval/mandate mechanism, monitoring and reporting principles, and renewal or changes in the terms or termination of such dealings. In principle, the Guideline sets forth the following:

- All sourcing and sales of the Group's products, general merchandise and/or shared facilities/services shall be based on market, industry or negotiated pricing formulas and the terms are not more favourable to the related party than those generally applied to a third party, in order to ensure that the transactions are on an arm's length basis;
- Database is maintained to capture the list of related parties and RPTs/RRPTs which have been entered into;
- If a Director or a related party has an interest in a transaction, he or she will abstain from any deliberation and decision-making at the Board, Board Committee or subsidiary company's Board meeting (as the case may be) in respect of such transaction;
- The BAC is responsible for ensuring that the Policy and the Guideline are sufficient to ensure that RPTs/RRPTs are carried out on normal commercial terms, on arm's length basis and are not detrimental to the Group's Minority Shareholders;
- The Board has the overall responsibility to ensure compliance with the established guidelines and procedures to approve and monitor RPTs/RRPTs and CoI Situations.

- On an annual basis, all Directors and any related party of the Group will declare in a written form, designed to elicit information about current/potential relationships and/or CoI Situations, involving their interest, either directly or indirectly. All Directors and any related party of the Group shall also notify in writing of any interest in RPT or CoI Situations when it becomes immediately known to them;

  CoI may arise in a situation where:

  1. The Director has current/potential CoI including interest either directly or indirectly, in any competing business of the Group; or
  2. There is no competing interest in the business, but the Director derives or receives commission or fees by virtue of him providing consultancy or advisory services to the transacting party having business with the Group;
  3. Where the Director conducts or has interest in business transactions involving goods or services, either directly or indirectly, with the Group; or
  4. Where the Director provides or receives financial assistance from the Group.

- The Directors have completed their declaration of interest forms for the financial year under review in line with the Guideline; and
- Bursa Malaysia has granted PDB exemption from having to seek shareholders' mandate for RRPT with Petroliam Nasional Berhad (PETRONAS), Minister of Finance (Incorporated) and Khazanah Nasional Berhad and their group of companies. The exemption essentially states that the exempted RRPTs must be transacted on an arm's length basis.

As part of the Company's initiative to provide continuous awareness and enhance employees' understanding of the MMLR of Bursa Malaysia, the Company has, during the year under review, conducted a roadshow on risk and governance on various important aspects of compliance including refresher workshop on RPTs and RRPTs based on the Policy and the Guideline and relevant disclosure obligations of PDB and its subsidiaries.

Corporate Disclosure Guideline

The Corporate Disclosure Guide (Guide) is established in line with PDB's commitment in ensuring effective disclosure of corporate information via Bursa Malaysia. It aims to serve as a guidance framework in delivering accurate, timely, consistent and fair disclosure of information.

The objective of this Guide is to create awareness on the related obligations under the MMLR of Bursa Malaysia and to ensure compliance with legal regulatory requirements on information disclosure.

Credit Risk Framework and Guidelines

PDB adopts PETRONAS Credit Risk Framework and Guidelines to facilitate the management of credit risk exposures from customers which allow credit exposure to be tracked as a monitoring and control tool to guide credit risk decisions. To reduce its credit risk exposures, PDB applies the Credit Risk Management methodology as set in the above-mentioned guidelines whereby customers are assessed using the PETRONAS Credit Risk Rating System to ensure alignment with the credit assessment process adopted by the PETRONAS Group. The system evaluates the creditworthiness and assigns credit risk ratings to all PDB's external customers. In addition, reviews are conducted on the assigned credit risk ratings of these customers while the trend of the customers' financials are also analysed to detect early signs of financial distress and to provide early warnings to the Management. Trade receivables ageing are also deliberated monthly at the PDB Business Credit Control Committee.

Procurement Guideline

PETRONAS procurement objectives are to ensure continuous support of the business via the execution of pre and post award activities in a timely and cost-effective manner while ensuring compliance with PETRONAS Procurement Standard (PPS) for PETRONAS Group of Companies, PDB Business compliance requirements and Limits of Authority, whichever is applicable.

Information Technology

The Group adopts policies which uphold and govern the integrity of the Group's cybersecurity controls and data governance framework based on legal requirements and best industry practices.

Statement on Risk Management and Internal Control

The ever-changing environments and evolution of information technology call for continuous reviews, updates, enhancements, and implementation of security measures to protect our customers, relevant stakeholders, the businesses and operations from the emerging cyber threat. With the operationalisation of PETRONAS Enterprise Cybersecurity Governance Framework, it provides the assurance that the existing infrastructure and application vulnerabilities are managed and operated in a secured manner.

Standard Operating Procedures

The Group has developed and maintained Standard Operating Procedures (SOP) covering PDB's business and operations, including but not limited to financial operations, marketing and sales, supply chain management, human resource management, information systems and health, safety and environment. These SOPs define the agreed work process and procedures which will govern day-to-day operations and ensure necessary controls are in place. The SOPs are also reviewed on a regular basis or as and when required to ensure the effectiveness and relevancy to current business arrangement.

Raid Protocol

PDB adopts the PETRONAS Raid Protocol to guide and facilitate PDB and its employees' interaction with authorities and enforcement agencies in connection with raids that may happen within PDB's premises, ensuring the compliance procedures are sufficiently robust to avoid any regulatory breaches, and to warrant efficient coordination and corporation with authorities in connection to their investigation.

For 2023, PDB identified designated executives throughout the regions PDB is operating, in handling interactions with, and submission of information to the authorities in the event investigations are carried out, whilst working closely with the head office.

Review of This Statement by External Auditors

The External Auditors have reviewed this Statement on Risk Management and Internal Control in accordance with the International Standard on Assurance Engagements 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information as adopted by the Malaysian Institute of Accountants, and Audit and Assurance Practice Guide 3 (AAPG 3) released in February 2018, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants, for inclusion in the Annual Report of the Group for the financial year ended 31 December 2023. Based on the review by the External Auditors to the Board, nothing has come to their attention that causes them to believe that the statement intended to be included in this Annual Report of the Group, in all material respects:

a. has not been prepared in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

b. is factually inaccurate.
AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and LT thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in this Annual Report will, in fact, remedy the problems.

CONCLUSION

Based on the above, the Board is of the view that the system of risk management and internal control instituted throughout the Group is sound and provides a level of confidence on which the Board relies for assurance. During the financial year under review, there was no significant control failure or weakness that would result in material losses, contingencies or uncertainties requiring separate disclosure in this Integrated Report.

The Board and the LT continue to review and strengthen the Group's risk management and internal control system to ensure ongoing adequacy and effectiveness of the system of internal control and risk management practices to meet the changing and challenging operating environment.

The internal control systems discussed in this Statement do not apply to associate companies which fall under the control of their majority shareholders, and joint ventures which are jointly controlled by its respective shareholders. Nonetheless, the interest of the Group is safeguarded through PDB representatives on the Board of the joint ventures and associate companies.

This Statement is made in accordance with a resolution of the Board of Directors dated 26 February 2024.

Corporate Information

DIRECTORS

DATUK ANUAR AHMAD
Chairman
Non-Independent Non-Executive Director

AZRUL OSMAN RANI
Managing Director/Chief Executive Officer

DATUK SHAFIE SHAMSUDDIN
Senior Independent Director

ALVIN MICHAEL HEW THAI KHEAM
Independent Non-Executive Director

NIRMALA DORAISAMY
Independent Non-Executive Director

TANG SAW HUA
Independent Non-Executive Director

ARNI LAILY ANWARRUDIN
Non-Independent Non-Executive Director

DATUK SAZALI HAMZAH
Non-Independent Non-Executive Director

MOHD YUZAIDI MOHD YUSOFF
Independent Non-Executive Director

TUNKU ALIZAKRI RAJA MUHAMMAD ALIAS
Independent Non-Executive Director

BOARD AUDIT COMMITTEE

- Tang Saw Hua *(Chairman)*
- Nirmala Doraisamy
- Arni Laily Anwarrudin
- Mohd Yuzaidi Mohd Yusoff

NOMINATION AND REMUNERATION COMMITTEE

- Datuk Shafie Shamsuddin *(Chairman)*
- Alvin Michael Hew Thai Kheam
- Tang Saw Hua

BOARD SUSTAINABILITY AND RISK COMMITTEE

- Alvin Michael Hew Thai Kheam *(Chairman)*
- Tang Saw Hua
- Datuk Shafie Shamsuddin
- Nirmala Doraisamy
- Datuk Sazali Hamzah
- Tunku Alizakri Raja Muhammad Alias

SENIOR INDEPENDENT DIRECTOR

- Datuk Shafie Shamsuddin
  Email : sidpdb@petronas.com

COMPANY SECRETARIES

- Mek Yam @ Mariam Hassan
  (MAICSA 7030578)
  (SSM Practising Certificate No. 201908000788)
- Norhashema Saleh
  (MAICSA 7021781)
  (SSM Practising Certificate No. 202308000073)

REGISTERED ADDRESS

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Corporate Information

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SHARE REGISTRAR

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Selangor, Malaysia
Tel : (+603) 7890 4700 (Helpdesk)
Fax : (+603) 7890 4670
Email : BSR.Helpdesk@boardroomlimited.com

AUDITOR

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Chartered Accountants
10th Floor, KPMG Tower
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47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (+603) 7721 3388
Fax : (+603) 7721 3399

BANKING SERVICES PROVIDER

PETRONAS Integrated Financial Shared Services Centre (IFSSC)*

* *Banking requirements are substantially managed centrally by PETRONAS IFSSC to enable more efficient banking management for the Group and the Company.*

PLACE OF INCORPORATION AND DOMICILE

Malaysia

FORM OF LEGAL ENTITY

Incorporated on 5 August 1982 as a private company limited by shares under the Companies Act 1965 and converted into a public company limited by shares on 21 August 1993

STOCK EXCHANGE LISTING

Listed on the Main Market of Bursa Malaysia Securities Berhad
Listing date : 8 March 1994
Stock Name : PETDAG
Stock Code : 5681
Stock Sector : Consumer Products and Services

OTHER TICKER CODES

Reuters : PETR.KL
Bloomberg : PETD MK

WEBSITE

www.mymesra.com.my

CUSTOMER SERVICE CENTRE (Mesralink)

Tel : 1-300-88-8181
E-mail : mesralink@petronas.com.my

Analysis of Shareholdings

AS AT 23 FEBRUARY 2024

SHARE CAPITAL

Share Capital : RM993,454,000 comprising 993,454,000 ordinary shares
Class of Shares : Ordinary Shares
Voting Rights : One Vote Per Ordinary Share (On A Poll)

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	% of Total Shareholders	No. of Shares	% of Total Shares
Less than 100	1,698	20.00	6,097	0.00
100 – 1,000	2,222	26.17	1,269,845	0.13
1,001 – 10,000	3,870	45.57	10,383,565	1.04
10,001 – 100,000	480	5.65	16,124,348	1.62
100,001 to less than 5% of issued shares	220	2.59	250,810,984	25.25
5% and above of issued shares	2	0.02	714,859,161	71.96
TOTAL	**8,492**	**100.00**	**993,454,000**	**100.00**

CLASSIFICATION OF SHAREHOLDERS

Category	No. of Shareholders		No. of Shares		% of Total Shareholdings	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
• Individuals	6,913	66	14,016,160	218,241	1.41	0.03
• Body Corporate						
a. Banks/Finance Companies	38	0	107,310,500	0	10.81	0.00
b. Investment Trusts/Foundation/Charities	17	0	41,000	0	0.00	0.00
c. Other types of companies	158	3	2,427,200	34,000	0.24	0.00
• Government Agencies/ Institutions	6	0	7,413,300	0	0.75	0.00
• Nominees	659	630	782,861,122	79,110,475	78.80	7.96
• Others	2	0	22,002	0	0.00	0.00
TOTAL	**7,793**	**699**	**914,091,284**	**79,362,716**	**92.01**	**7.99**

Analysis of Shareholdings
AS AT 23 FEBRUARY 2024

LIST OF SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders	Direct		Indirect	
	No. of Shares	% of Total Shareholding	No. of Shares	% of Total Shareholding
Petroliam Nasional Berhad	635,000,400	63.94	Nil	Nil
Petroliam Nasional Berhad (PRF)	200,900	Nil	Nil	Nil
Registered with : *CIMB Group Nominees (Tempatan) Sdn. Bhd.*				
TOTAL	**635,201,300**	**63.94**	**Nil**	**Nil**
Employees Provident Fund Board	124,482,900	12.53	Nil	Nil
Registered with : *Citigroup Nominees (Tempatan) Sdn. Bhd. (#11 CDS Accs)*				
TOTAL	**759,684,200**	**76.47**	**Nil**	**Nil**

LIST OF DIRECTORS' SHAREHOLDINGS

No.	Name	Direct		Indirect	
		No. of Shares	% of Total Shareholding	No. of Shares	% of Total Shareholding
1.	DATUK ANUAR AHMAD	Nil	Nil	Nil	Nil
2.	AZRUL OSMAN RANI	Nil	Nil	Nil	Nil
3.	DATUK SHAFIE SHAMSUDDIN	Nil	Nil	Nil	Nil
4.	ALVIN MICHAEL HEW THAI KHEAM	Nil	Nil	Nil	Nil
5.	NIRMALA DORAISAMY	Nil	Nil	Nil	Nil
6.	TANG SAW HUA	Nil	Nil	Nil	Nil
7.	ARNI LAILY ANWARRUDIN	Nil	Nil	Nil	Nil
8.	DATUK SAZALI HAMZAH	Nil	Nil	Nil	Nil
9.	TUNKU ALIZAKRI RAJA MUHAMMAD ALIAS	Nil	Nil	Nil	Nil
10.	MOHD YUZAIDI MOHD YUSOFF	Nil	Nil	Nil	Nil

Analysis of Shareholdings
AS AT 23 FEBRUARY 2024

LIST OF LEADERSHIP TEAM'S SHAREHOLDINGS

No.	Name	Direct		Indirect	
		No. of Shares	% of Total Shareholding	No. of Shares	% of Total Shareholding
1.	AZRUL OSMAN RANI	Nil	Nil	Nil	Nil
2.	KHALIL JAFFRI MUHAMMAD MURI	Nil	Nil	Nil	Nil
3.	FARZLINA AHMAD MURAD	Nil	Nil	Nil	Nil
4.	KOH TAT CHONG	Nil	Nil	Nil	Nil
5.	MAZLIN ERAWATI AB MANAN	Nil	Nil	Nil	Nil
6.	NORAZLAN SUBAHA	Nil	Nil	Nil	Nil
7.	HARDEEP SINGH KIRPAL SINGH	Nil	Nil	Nil	Nil
8.	ANTON SALLEH HASHIM	Nil	Nil	Nil	Nil
9.	CHEOK YEN KWAN	Nil	Nil	Nil	Nil
10.	NORMAH BASRI	Nil	Nil	Nil	Nil
11.	AHMAD MUNIR AKRAM AHMAD FAIZ	Nil	Nil	Nil	Nil
12.	HARLINA PIKRI	Nil	Nil	Nil	Nil
13.	AHMAD YUSMADI MOHAMED YUSOFF	Nil	Nil	Nil	Nil
14.	AMIR ZAFILY ZAKARIA	Nil	Nil	Nil	Nil
15.	MOHD ZAMEER ZAHUR HUSSAIN	Nil	Nil	Nil	Nil
16.	IAN MALCOLM CRUDDAS	Nil	Nil	Nil	Nil

Note: *During the year under review, none of the Leadership Team members has transacted in any of the Company's securities.*

Analysis of Shareholdings
AS AT 23 FEBRUARY 2024

Analysis of Shareholdings
AS AT 23 FEBRUARY 2024

LIST OF 30 LARGEST SHAREHOLDERS

No.	Name	No. of Shares	% of Total Shares
1.	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. EXEMPT AN FOR PETROLIAM NASIONAL BERHAD	635,000,400	63.918
2.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD	79,858,761	8.038
3.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	35,992,400	3.623
4.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (ISLAMIC)	35,126,939	3.536
5.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA	18,011,500	1.813
6.	LEMBAGA TABUNG HAJI	14,362,500	1.446
7.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 2 - WAWASAN	8,845,700	0.890
8.	CARTABAN NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY WEST CLT OD67	7,281,700	0.733
9.	PERMODALAN NASIONAL BERHAD	7,069,600	0.712
10.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 2	5,589,700	0.563
11.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 3	4,344,000	0.437
12.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (AHAM AM)	4,207,000	0.423
13.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)	4,091,800	0.412
14.	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	3,654,907	0.368
15.	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	3,595,940	0.362
16.	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 3 - DIDIK	3,280,100	0.330
17.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND (N14011970240)	3,000,000	0.302
18.	CARTABAN NOMINEES (TEMPATAN) SDN. BHD. PAMB FOR PRULINK EQUITY FUND	2,473,800	0.249
19.	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (CGS CIMB)	2,458,000	0.247
20.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)	2,432,000	0.245
21.	PERTUBUHAN KESELAMATAN SOSIAL	2,349,400	0.236
22.	CARTABAN NOMINEES (ASING) SDN. BHD. BNYM SA/NV FOR PEOPLE'S BANK OF CHINA (SICL ASIA EM)	2,175,043	0.219
23.	CITIGROUP NOMINEES (ASING) SDN. BHD. UBS AG	2,087,915	0.210
24.	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC DIVIDEND FUND	2,054,400	0.207
25.	CARTABAN NOMINEES (ASING) SDN. BHD. BNYM SA/NV FOR PEOPLE'S BANK OF CHINA	2,015,900	0.203
26.	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. SETIAUSAHA KERAJAAN PULAU PINANG	2,000,000	0.201
27.	STATE FINANCIAL SECRETARY SARAWAK	2,000,000	0.201
28.	CITIGROUP NOMINEES (ASING) SDN. BHD. CB SPORE GW FOR GOVERNMENT OF SINGAPORE (GIC C)	1,894,600	0.191
29.	HSBC NOMINEES (ASING) SDN. BHD. JPMCB NA FOR BLACKROCK INSTITUTIONAL TRUST COMPANY, N.A. INVESTMENT FUNDS FOR EMPLOYEE BENEFIT TRUSTS	1,875,455	0.189
30.	STATE SECRETARY KEDAH INCORPORATED	1,800,000	0.181
	Total	**900,929,460**	**90.687**

GRI Content Index

Statement of use	PETRONAS Dagangan Berhad has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard	GRI 11: Oil and Gas Sector 2021

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S)
GRI 2: General Disclosures 2021	2-1 Organisational details	5-7, 14-17, 151
	2-2 Entities included in the organisation's sustainability reporting	1
	2-3 Reporting period, frequency and contact point	1
	2-4 Restatements of information	N/A
	2-5 External assurance	1, 236
	2-6 Activities, value chain and other business relationships	4-7
	2-7 Employees	116
	2-9 Governance structure and composition	168
	2-10 Nomination and selection of the highest governance body	172-173
	2-11 Chair of the highest governance body	164-165
	2-12 Role of the highest governance body in overseeing the management of impacts	101, 162-163
	2-13 Delegation of responsibility for managing impacts	101, 162-163
	2-14 Role of the highest governance body in sustainability reporting	162
	2-15 Conflicts of interest	170
	2-16 Communication of critical concerns	164
	2-17 Collective knowledge of the highest governance body	175-183
	2-18 Evaluation of the performance of the highest governance body	175, 191-192
	2-19 Remuneration policies	184
	2-20 Process to determine remuneration	184
	2-24 Embedding policy commitments	132
	2-25 Processes to remediate negative impacts	120
	2-26 Mechanisms for seeking advice and raising concerns	120
	2-27 Compliance with laws and regulations	94
	2-28 Membership associations	94
	2-29 Approach to stakeholder engagement	53-56
	2-30 Collective bargaining agreements	119

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S)
GRI 3: Material Topics 2021	3-1 Process to determine material topics	57
	3-2 List of material topics	58-61
	3-3 Management of material topics	57
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	89
	201-2 Financial implications and other risks and opportunities due to climate change	101-105
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	119
	202-2 Proportion of senior management hired from the local community	152-159
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	91
	203-2 Significant indirect economic impacts	89
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	89
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	133
	205-2 Communication and training about anti-corruption policies and procedures	132-133
	205-3 Confirmed incidents of corruption and actions taken	133
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	104
	302-2 Energy consumption outside of the organisation	104
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	109
	303-2 Management of water discharge-related impacts	107
	303-3 Water withdrawal	109
	303-4 Water discharge	109
	303-5 Water consumption	109
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	104
	305-2 Energy indirect (Scope 2) GHG emissions	104
	305-3 Other indirect (Scope 3) GHG emissions	104
	305-5 Reduction of GHG emissions	105

GRI Content Index

GRI STANDARD	DISCLOSURE	PAGE NUMBER(S)
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	107
	306-2 Management of significant waste-related impacts	107
	306-3 Waste generated	107
	306-4 Waste diverted from disposal	107
	306-5 Waste directed to disposal	107
	308-2 Negative environmental impacts in the supply chain and actions taken	107
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	116
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	116-117
	401-3 Parental leave	117
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	111-113
	403-2 Hazard identification, risk assessment, and incident investigation	112
	403-3 Occupational health services	113-114
	403-5 Worker training on occupational health and safety	113
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	114
	403-8 Workers covered by an occupational health and safety management system	111
	403-9 Work-related injuries	115
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	127
	404-2 Programmes for upgrading employee skills and transition assistance programmes	125-126
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	116
	405-2 Ratio of basic salary and remuneration of women to men	119
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	95
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	119
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	118
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	118
GRI 410: Security Practices 2016	410-1 Security personnel trained in human rights policies or procedures	119
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	129-130
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	135

Bursa Malaysia Indicators

Indicator	Measurement Unit	2021	2022	2023
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Management	Percentage	-	-	**90.00**
Executive	Percentage	-	-	**90.00**
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	-	86.00	**100.00**
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	-	2	**0**
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external	MYR to the listed issuer	-	2,074,917.00	**1,401,439.00**
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	1,000,600	169,009	**106,036**
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	-	-	**0**
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Management Under 30	Percentage	0.00	0.00	**0.00**
Management Between 30-50	Percentage	94.00	95.00	**91.00**
Management Above 50	Percentage	6.00	5.00	**9.00**
Executive Under 30	Percentage	27.00	34.00	**38.00**
Executive Between 30-50	Percentage	71.00	64.00	**60.00**
Executive Above 50	Percentage	2.00	2.00	**2.00**
Non-executive Under 30	Percentage	15.00	34.00	**9.00**
Non-executive Between 30-50	Percentage	75.00	78.00	**81.00**
Non-executive Above 50	Percentage	9.00	9.00	**10.00**
Gender Group by Employee Category				
Management Male	Percentage	69.00	65.00	**66.00**
Management Female	Percentage	31.00	35.00	**34.00**
Executive Male	Percentage	60.00	60.00	**58.00**
Executive Female	Percentage	40.00	40.00	**42.00**
Non-executive Male	Percentage	75.00	72.00	**79.00**
Non-executive Female	Percentage	25.00	28.00	**21.00**
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	62.00	70.00	**100.00**
Female	Percentage	38.00	30.00	**0.00**
Between 30-50	Percentage	0.00	100.00	**100.00**
Above 50	Percentage	100.00	0.00	**0.00**

Internal assurance | External assurance | No assurance | (*)Restated

Bursa Malaysia Indicators

Indicator	Measurement Unit	2021	2022	2023
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	54,700.00	63,800.00	53,300.00
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	76,900.00	93,300.00	101,200.00
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	0.00	0.00	0.00
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00	0.13	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	929	1,108	1,072
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Manager and above	Hours	1,378	1,910	3,155
Executive	Hours	2,185	2,401	4,351
Non-executive	Hours	1,188	1,146	2,707
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	18.00	7.00	9.00
Bursa C6(c) Total number of employee turnover by employee category				
Manager and above	Number	2	28	3
Executive	Number	94	139	28
Non-executive	Number	54	50	65
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	-	9	6
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	-	-	98.00
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	70.600000	102.700000	103.600000

Internal assurance | External assurance | No assurance | (*)Restated

Glossary

<IR>	Integrated Report
3R	Reuse, Recycle or Recover
ABC	Anti-Bribery and Corruption
AGM	Annual General Meeting
AIDS	Acquired Immune Deficiency Syndrome
ALARP	'As Low As Reasonably Practicable'
AMG	Aufrecht, Melcher and Großaspach
ASB	Asian Supply Base Sdn. Bhd.
ASEAN	Association of Southeast Asian Nations
B2B	Business to Business
B2C	Business to Consumer
BAC	Board Audit Committee
bbl	Barrel
BCM	Business Continuity Management
BCMF	Business Continuity Management Framework
BCP	Business Continuity Plans
BEE	Board Effectiveness Evaluation
Bil	Billion
BNM	Bank Negara Malaysia
Board	The Board of Directors of PDB
BoC	Balance of Consequence
BSRC	Board Sustainability and Risk Committee
BRR	Business Risk Reports
Bursa Malaysia	Bursa Malaysia Securities Berhad
CA	Companies Act
CHRA	Chemical Health Risk Assessment
CITF	COVID-19 Immunisation Task Force
CFO	Chief Financial Officer
CG	Corporate Governance
CMT	Crisis Management Team
CO_2	Carbon Dioxide
CO_2e	Carbon Dioxide Equivalent
CoBE	Code of Conduct and Business Ethics
CoCHR	PETRONAS' Contractors Code of Conduct on Human Rights

COD	Chemical Oxygen Demand
COI	Conflict of Interest
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
COSO	Committee of Sponsoring Organisations of the Treadway Commission
COVID	Coronavirus Disease
CSA	Controlled Goods Act
CSIM	Crisis Management Information System
CSR	Corporate Social Responsibility
DC	Direct Current
DOE	Department of Environment
DOSH	Department of Occupational Safety & Health
EESG	Economic, Environmental, Social and Governance
EIA	Environment Impact Assessment
EMT	Emergency Management Team
EMCO	Emergency Movement Control Order
EOC	Evaluation of Compliance
EPF	Employees Provident Fund
EPM	Employee Performance Management
EPR	Extended Producer Responsibility
EPS	Earnings per Share
ERM	Enterprise Risk Management
ERT	Emergency Response Team
ERS	Equipment Reliability Strategy
F&B	Food and Beverage
FA	Financial Assistance
FAMA	Federal Agricultural Marketing Authority
FAR	Fatality Accident Rate
FBM	KLCI FTSE Bursa Malaysia Kuala Lumpur Composite Index
FCF	Financial Control Framework
FIA	Federation of Internationale de l'Automobile
FReSH	Fatigue Management and Sleep Hygiene
FSAR	Fire Safety Adequacy Review
FTSE	Financial Times Stock Exchange
FWO	Flexible Work Options

Glossary

GDP	Gross Domestic Product
GEES	Graduate Employability Enhancement Scheme
GHG	Greenhouse Gas
GJ	GigaJoule
GMV	Gross Merchandise Value
GRI	Global Reporting Initiative
Group	PETRONAS Dagangan Berhad and its subsidiaries
HAZID	Hazard Identification
HEMP	Hazards and Effects Management Process
HIV	Human Immunodeficiency Virus
HOTS	Higher Order Thinking Skills
HRM	Human Resource Management
HSE	Health, Safety and Environment
HSE MS	Health, Safety and Environment Management System
IAD	Internal Audit Department
IE	Innovation Engine
IIRC	International Integrated Reporting Council
IIUM	International Islamic University Malaysia
IMF	International Monetary Fund
INED	Independent Non-Executive Director
INSEAD	Institut Européen d'Administration des Affaires
IPCC	Intergovernmental Panel on Climate Change
IPIECA	International Petroleum Industry Environmental Conservation Association
IR	Investor Relations
ISO	International Organisation for Standardisation
JV	Joint Venture
KAPENAS	Kesatuan Kakitangan Petroliam Nasional Berhad
KLIA	Kuala Lumpur International Airport
KPDNHEP	Ministry of Domestic Trade and Cost of Living
KPI	Key Performance Indicator
KRIs	Key Risk Indicators
KVDT	Klang Valley Distribution Terminal
LCA	Life Cycle Assessment

LDAR	Leak Detection and Repair
LNG	Liquefied Natural Gas
LOA	Limits of Authority
LOPC	Loss of Primary Containment
LPG	Liquefied Petroleum Gas
LT	Leadership Team
LWP	Leave Without Pay
MACC	Malaysian Anti-Corporation Commission
MASB	Malaysian Accounting Standards Board
MAFI	Ministry of Agriculture and Food Industries
MAG	Malaysia Aviation Group
MARA	Majlis Amanah Rakyat
MCCG 2021	Malaysian Code on Corporate Governance 2021
MCO	Movement Control Order
MD/CEO	Managing Director/Chief Executive Officer
MEPs	Market Execution Partners
MESRA	Mesra Retail & Cafe Sdn. Bhd.
MFRS	Malaysian Financial Reporting Standard
MFT	Moving Forward Together
MIA	Malaysian Institute of Accountants
MIASA	Mental Illness Awareness and Support Association
Mil	Million
MIPAC	PETRONAS Making Impossible Possible Awards & Convention
MIROS	Malaysian Institute of Road Safety Research
Mission ZeroOOS	Mission Zero Out of Stock
MMLR	Main Market Listing Requirements
MoF	Ministry of Finance
Mogas	Motor Gasoline
MOPS	Marketing Operating Prices
MPC	Malaysia Productivity Corporation
MPP-KVDT	Multi-Product Pipeline and Klang Valley Distribution Terminal
MSME	Micro, Small and Medium Enterprises
MSWG	Minority Shareholders Watch Group
MT	Metric Tonnes

Glossary

MWh	Megawatt-hour
NDR	Non-Deal Roadshow
NEDs	Non-Executive Directors
NEKMAT	Persatuan Nelayan Kebangsaan Malaysia
NGV	Natural Gas Vehicle
NINED	Non-Independent Non-Executive Director
NPS	Net Promoter Score
NRC	Nomination and Remuneration Committee
NWoW	New Way of Working
NZCE	Net Zero Carbon Emissions
OE R2	Operational Excellence Result 2
OPEC	Organisation of the Petroleum Exporting Countries
OSRL	Oil Spill Response Limited
PAT	Profit After Tax
PBT	Profit Before Tax
PCB	PETRONAS Cultural Beliefs
PCC	PETRONAS Carbon Commitments
PCS	Portable Container Storage
PCI	DSS Payment Card Industry Data Security Standard
PDA	Petroleum Development Act
PDB	PETRONAS Dagangan Berhad
PENJANA	Pelan Jana Semula Ekonomi Negara
PETRONAS	Petroliam Nasional Berhad (PETRONAS)
PIMTCL	PETRONASInternational Marketing (Thailand) Co. Ltd.
PINMAG	Petroleum Industry of Malaysia Mutual Aid Group
PLMMSB	PETRONAS Lubricants Marketing (Malaysia) Sdn. Bhd.
PME	Palm Methytl Ester
PNGV	PETRONAS Natural Gas Vehicle
POS	Point of Sales
PRIHATIN	Pakej Ransangan Ekonomi Prihatin
PROTÉGÉ	Professional Training and Education for Growing Entrepreneurs
PS	PETRONAS Stations
PSLR	Process Safety Loss of Primary Containment Reduction
PST	PETRONAS Shell Terminal

PUMP	MARA PETRONAS Automotive Entrepreneur Development Programme
PUNB	Perbadanan Usahawan Nasional Berhad
PWD	Persons with Disabilities
QAIP	Quarterly Assurance and Improvement Programme
R&D	Research and Development
RCP	Representative Concentration Pathway
RM	Ringgit Malaysia
RMD	Risk Management Department
RMGC	Risk Management and Governance Committee
RPTs	Related Party Transactions
RRPTs	Recurrent Related Party Transactions
RSPO	Roundtable on Sustainable Palm Oil
SAC	Sustainability Action Council
SAF	Sustainable Aviation Fuel
SASB	Sustainability Accounting Standards Board
SDD	Supply and Distribution Division
SDG	Sustainable Development Goals
SIRIM	Standard and Industrial Research Institute of Malaysia
SKU	Stock Keeping Unit
SME	Small and Medium Enterprise
SOPs	Standard Operating Procedures
SORMIC	Statement on Risk Management and Internal Control
TCFD	Task Force on Climate-related Financial Disclosures
tCO_2e	Metric Tonnes of Carbon Dioxide Equivalent
TOR	Terms of Reference
TRCF	Total Reportable Case Frequency
UCO	Used Cooking Oil
UN	United Nations
USD	United States Dollar
VPS	Virtual Pipeline System
WBP	Whistleblowing Policy
WFH	Work From Home
WIO	Work In Office

External Independent Assurance Report

SIRIM QAS INTERNATIONAL SDN BHD INDEPENDENT ASSURANCE STATEMENT

To Board of Directors, Stakeholders, and Interested Parties,

SIRIM QAS International Sdn. Bhd. was engaged by Petronas Dagangan Berhad (hereafter referred to as Petronas Dagangan) to perform an independent verification and provide assurance of Petronas Dagangan Sustainability Review 2023. The main objective of the verification process is to provide assurance to Petronas Dagangan and its stakeholders on the accuracy and reliability of the information as presented in this statement. The verification by SIRIM QAS International applied to sustainable performance information (subject matter) within the assurance scope which is included in Petronas Dagangan Sustainability Review 2023.

The management of Petronas Dagangan was responsible for the preparation of the Sustainability Review. The objective and impartiality of this statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the Petronas Dagangan's Sustainability Review, and Integrated Annual Report 2023.

The assurance engagement was designed to provide limited assurance in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, and BURSA Sustainability Reporting Guide, irrespective of the organization's ability to achieve its objectives, targets or expectations on their subject matter and sustainability-related issues. The assurance activity evaluates the adequacy of Petronas Dagangan Sustainability Review and its overall presentation against respective frameworks such as UN-SDGs, GRI Standards requirement, TCFD and other relevant frameworks. The assurance process involves verification of applicable subject matter as presented in the Sustainability Review through the following chapters i.e., Continued Value Creation, Safeguard the Environment, Positive Social Impact, and Responsible Governance. Details are provided in the Report to Management.

The verification was carried out by SIRIM QAS International in February 2024 to March 2024, with the following methodologies:

- Reviewing and verifying the traceability, consistency and accuracy of information collected from various sources; internal and external documentation which are made available during the conduct of assessment.
- Verification of data presented in the Sustainability Review includes a detailed check of the sampled data.
- Interviewing key personnel responsible for collating information and writing various parts of the report to substantiate the veracity of the claims.

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of other information reported in Petronas Dagangan Integrated Annual Report 2023.
- The corporate office of Petronas Dagangan, at Tower 1, Petronas Twin Towers, was visited as part of this assurance engagement. The verification process did not include physical inspections of any of Petronas Dagangan's buildings, managed leased and leased assets. And,
- The verification team did not verify any contractor or third-party data.

Conclusion

SIRIM QAS International, a Conformity Assessment Body in Malaysia, is accredited to both ISO/IEC 17021-1:2015 and ISO/IEC 17065:2012 covering all our operational activities. The appointed assessors performing the assurance engagement were selected appropriately based on our internal qualifications, training and experience. The verification process is reviewed by management to ensure that the approach and assurance are strictly followed and operated transparently. During the verification process, issues were raised, and clarifications were sought from the management of Petronas Dagangan relating to the accuracy of some of the information contained in the report. In response to the raised findings, the Sustainability Review was subsequently reviewed and revised by Petronas Dagangan. It is confirmed that changes that have been incorporated into the final version of the report have satisfactorily addressed all issues. Based on the scope of the assessment process and evidence obtained, nothing has come to our attention that causes us to believe that Petronas Dagangan has not complied, in all material respects, with the referred assurance standard and guide. The following represents SIRIM QAS International's opinion:

- The level of data accuracy included in Petronas Dagangan Sustainability Review 2023 is fairly stated;
- The level of disclosure of the specific sustainability performance information presented in the report was found to be properly prepared;
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the report;
- The Sustainability Review provides a reasonable and balanced presentation of Petronas Dagangan's sustainability performance.

List of Assessors.

1)	Ms. Aernida Abdul Kadir	:	Team Leader
2)	Ms. Kamini Sooriamoorthy	:	Team Member
3)	Ms. Aine Jamaliah Mohamad Zain	:	Team Member
4)	Ms. Suzalina Kamaralarifin	:	Team Member

Statement Prepared by:

AERNIDA BINTI ABDUL KADIR
Team Leader
Management System Certification Department
SIRIM QAS International Sdn. Bhd.
Date: 5 March 2024

Statement Approved by:

Ts. MD ADHA BIN RAHMAT
Senior General Manager
Management System Certification Department
SIRIM QAS International Sdn. Bhd
Date: 11 March 2024

Note 1: This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd does not express an opinion on, nor guarantees the integrity and/or accuracy of the information provided with the view that the conclusion was conducted post verification assessment, hence not verified. SIRIM QAS International shall not be responsible for any changes or additions made after the referred date (5 March 2024).

Notice of 42ND Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 42ND Annual General Meeting (AGM) of PETRONAS Dagangan Berhad will be held virtually through live streaming via a remote participation and electronic voting facilities at the Broadcast Venue, Virtual Studio, Room 401 – 402, Level 4, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur on Monday, 29 April 2024 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon.

   Please refer to Explanatory Note A

2. To re-elect the following Directors who retire by rotation in accordance with Article 107 of the Company's Constitution and being eligible, offer themselves for re-election:

   (a) Datuk Anuar Ahmad **(Resolution 1)**
   (b) Tang Saw Hua **(Resolution 2)**
   (c) Arni Laily Anwarrudin **(Resolution 3)**

   Please refer to Explanatory Note B

3. To approve the Directors' fees and allowances payable to the Non-Executive Directors of up to RM2,600,000 with effect from 30 April 2024 until the next annual general meeting of the Company. **(Resolution 4)**

   Please refer to Explanatory Note C

4. To approve the re-appointment of KPMG PLT, as Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors to fix their remuneration. **(Resolution 5)**

   Please refer to Explanatory Note D

5. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and Company's Constitution.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend and vote at the forthcoming 42ND AGM, the Company shall be requesting the Record of Depositors as at 22 April 2024. Only a depositor whose name appears on the Record of Depositors as at 22 April 2024 shall be entitled to attend and vote at the meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.

BY ORDER OF THE BOARD

NORHASHEMA SALEH (MAICSA 7021781) (SSM Practising Certificate No. 202308000073)
MEK YAM @ MARIAM HASSAN (MAICSA 7030578) (SSM Practising Certificate No. 201908000788)
Company Secretaries

Kuala Lumpur
29 March 2024

NOTES:

1. IMPORTANT NOTICE

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** (CA 2016) which requires the Chairman of the meeting to be present at the main venue of the meeting.

Shareholders **will not be allowed** to attend this AGM in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, participate, speak (by posing questions to the Board via real time submission of typed texts) and vote (collectively referred as "participate") remotely at this AGM via the Remote Participation and Electronic Voting (RPEV) facilities provided by Boardroom Share Registrars Sdn. Bhd. (Boardroom) via its BoardRoom Smart Investor Portal (BSIP) website at https://investor.boardroomlimited.com.

Please read these notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPEV.

2. PROXY AND/OR AUTHORISED REPRESENTATIVE

(a) A member who is entitled to participate in this AGM via RPEV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.

(b) A member of the Company who is entitled to participate at the meeting may appoint not more than two proxies to participate on his/her behalf provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.

(c) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each Securities account it holds with ordinary shares of the Company standing to the credit of the said Securities account.

(d) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

(e) Where a member or the authorised nominee appoints two proxies, or where an Exempt Authorised Nominee appoints two or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

(f) A member who has appointed a proxy or attorney or authorised representative to participate at the AGM via RPEV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPEV** via BSIP website at https://investor.boardroomlimited.com. Procedures for RPEV can be found in the Administrative Guide for the AGM.

(g) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be deposited with Boardroom not less than 48 hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with:

(a) Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor; or

(b) By fax at 03-7890 4670 or e-mail to bsr.helpdesk@boardroomlimited.com

(ii) By electronic means

The proxy form can be electronically lodged with Boardroom via BSIP website at https://investor.boardroomlimited.com. Kindly refer to the Administrative Guide for the AGM on the procedures for electronic lodgment of proxy form via BSIP website.

(h) Please ensure the proxy form is completed with **ALL** required particulars, signed and dated accordingly.

(i) Last date and time for lodging the proxy form is Saturday, 27 April 2024 at 10.00 a.m.

(j) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with Boardroom at the address stated under item (g)(i)(a) above, not less than 48 hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

(k) For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with Boardroom at the address stated under item (g)(i)(a) above. The certificate of appointment of authorised representative should be executed in the following manner:

(i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

(ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by at least two authorised officers, of whom one shall be a director or any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

(l) By submitting the duly executed Proxy Form, the member and his/her proxy(ies) consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of the 42ND AGM and any adjournment thereof.

3. VOTING ON A POLL

Pursuant to Paragraph 8.29A of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia) all resolutions set out in the Notice of 42ND AGM will be put to vote as a poll.

4. EXPLANATORY NOTES

Note A - Audited Financial Statements for the Financial Year Ended 31 December 2023

The audited financial statements are laid before the shareholders pursuant to the provision of Section 244(2)(a) of the CA 2016 for discussion only. The Audited Financial Statements do not require shareholders' approval and hence, will not be put forward for voting.

Note B - Re-election of Directors who retire in accordance with Article 107 of the Company's Constitution

Article 107 of the Company's Constitution provides that one-third of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company provided always that all Directors shall retire from office once at least in each three years but shall be eligible for re-election at the AGM. A Director retiring at a meeting shall retain office until the close of the meeting whether adjourned or not.

At the forthcoming 42ND AGM, three directors will be retiring in accordance with Article 107 of the Company's Constitution. They are Datuk Anuar Ahmad, Tang Saw Hua and Arni Laily Anwarrudin, whom being eligible for re-election have given their consent for re-election at the AGM.

For the purpose of determining the eligibility of the Directors to stand for re-election at the forthcoming 42ND AGM, the Board through its Nomination and Remuneration Committee (NRC) has assessed each of the retiring Directors based on the results of the Board Effectiveness Evaluation (BEE) for year assessment 2023 (YA2023) for the Director's performance and contribution. In addition, the affected Directors have signed the Fit & Proper Declaration and given their consent for re-election.

The Board endorsed NRC's recommendation that the Directors who retire in accordance with Article 107 of the Company's Constitution are eligible to stand for re-election.

The profiles of the retiring Directors are set out in the Profile of the Board of Directors on pages 140 to 150 (inclusive) of the Integrated Report 2023.

Note C - Non-Executive Directors' Fees and Allowances

Pursuant to Section 230(1) of the CA 2016, the fees of the directors, and any benefits payable to the directors including any compensation for loss of employment of a director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting.

The fees and allowances structure of the NEDs of the Company are as follows:

- Monthly fixed fees for duties as Director/Chairman;
- Meeting allowance for each Board/Board Committee meeting attended; and
- Fuel allowance.

The Directors' fees and meeting allowances for Non-Independent Non-Executive Directors who are also employees of Petroliam Nasional Berhad (PETRONAS) are paid directly to PETRONAS.

The Shareholders at the last AGM held on 10 May 2023 approved the Directors' fees and allowance of up to an amount of RM2,600,000 for the period from 11 May 2023 until the next AGM of the Company. The actual Directors' fees and other benefits paid to NEDs for the said period was RM2,017,773.66.

The Directors' fees and allowances for the NEDs for the period from 30 April 2024 until the next AGM of the Company (Mandate Period) are estimated not to exceed RM2,600,000. The calculation is based on the estimated number of scheduled Board and Board Committees' meetings and on assumption that all the NEDs will remain in office until the next AGM. This resolution is to facilitate payment of the Directors' fees and allowances for the Mandate Period.

The Board will seek Shareholders' approval at the next AGM in the event the Directors' fees and allowances proposed are insufficient.

The Company will retain its position to table a single resolution on the approval of the fees of the NEDs. The breakdown of the detailed Directors' remuneration paid for FY2023 is disclosed in the Corporate Governance Report 2023, which is accessible to the public via PDB's corporate website, **www.mymesra.com.my**.

Note D - Re-appointment of Auditors

The Board Audit Committee (BAC) had carried out an assessment on the performance, suitability and independence of External Auditors based on the following four key areas:

(a) Quality of engagement team and services;
(b) Adequacy of resources;
(c) Quality of communication and interaction; and
(d) Independence, objectivity and professional skepticism.

The annual assessment on the Company's External Auditors, KPMG PLT, was conducted in January 2024 whereby the BAC was satisfied with the performance and independence of the External Auditors.

Based on the assessment conducted, KPMG PLT has also met the criteria prescribed by Paragraph 15.21 of the MMLR of Bursa Malaysia.

The Board at its meeting held on 26 February 2024 recommended the re-appointment of KPMG PLT as External Auditors of the Company for the financial year ending 31 December 2024 for approval of the Shareholders under Resolution 5.

Other Information

The Company has engaged independent scrutineers to count, audit and validate the votes for each proposal presented to Shareholders.

Administrative Guide

FOR THE 42ND ANNUAL GENERAL MEETING (AGM) OF PETRONAS DAGANGAN BERHAD (THE COMPANY)

Date	:	Monday, 29 April 2024
Time	:	10.00 a.m.
Broadcast Venue	:	Broadcast Venue, Virtual Studio Room 401 – 402, Level 4, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre 50088 Kuala Lumpur

- The Company will conduct the 42ND AGM on a **virtual basis through live streaming and online remote voting** via Remote Participation and Electronic Voting (RPEV) facilities which are available on Boardroom Smart Investor Portal (BSIP) website at https://investor.boardroomlimited.com.
- The Broadcast Venue of the 42ND AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue of the meeting. No shareholders/proxy(ies) from the public will be physically present at the Broadcast Venue on the day of the meeting.
- Shareholders are to attend, participate, speak (by posing questions to the Board via real time submission of typed texts) and vote (collectively referred as "participate") remotely at this 42ND AGM via the RPEV facilities provided by Boardroom Share Registrars Sdn. Bhd. (Boardroom) via its BSIP website at https://investor.boardroomlimited.com. You may also consider appointing the Chairman of the Meeting as your proxy to attend and vote on your behalf at the 42ND AGM.

REMOTE PARTICIPATION AND VOTING

- The RPEV facilities are available on BSIP website at https://investor.boardroomlimited.com.
- Shareholders are to participate remotely at the 42ND AGM using RPEV facilities from Boardroom.
- Kindly refer to Procedures for RPEV as set out below for the requirements and procedures.

PROCEDURES TO REMOTE PARTICIPATION AND ELECTRONIC VOTING VIA RPEV FACILITIES

Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 42ND AGM using the RPEV facilities:

BEFORE THE 42ND AGM DAY	
Step 1: Register Online with Boardroom Smart Investor Portal (BSIP)	*Note: This is a one-time registration. If you have already signed up with BSIP, you are not required to register. You may proceed to Step 2.* (Only for first time BSIP users) (a) Open an internet browser. Latest versions of Chrome, Firefox, Safari, Edge or Opera are recommended. (b) Go to BSIP website at https://investor.boardroomlimited.com

Administrative Guide
FOR THE 42ND ANNUAL GENERAL MEETING (AGM) OF PETRONAS DAGANGAN BERHAD (THE COMPANY)

Individual Account (For Shareholder & Proxy)	Corporate Account (For Representative of Corporate Holder or Authorised Nominees)
• Click Register to sign up for a user account and select the correct account type "Sign up as Individual". • Complete the registration with all required information. Upload and attach your MyKad (front and back) or Passport in JPEG, PNG or PDF format. • Click Sign Up. *[Note: Please ensure that you sign-up for Individual Account if you are an appointed proxy to attend the meeting]*	• Click Register to sign up for a user account and select the correct account type "Sign up as Corporate Holder". • Complete the registration by providing all the required information. Upload and attach your MyKad (front and back) or Passport in JPEG, PNG or PDF format, along with the **completed authorization letter**. • Click Sign Up. *[Note: If you are appointed as the authorised representatives for more than one (1) company, kindly click the home button and select "Edit Profile" in order to add your representation after your BSIP account has been approved.]*

(c) You will receive an email from Boardroom for email address verification. Click **"Verify Email Address"** from the email received to continue with the registration process.
(d) Once your email address is verified, you will be re-directed to BSIP for verification of mobile number. Click **"Request OTP Code"** and an OTP code will be sent to the registered mobile number. You will need to enter the OTP code for verification and click "Enter" to complete the registration process.
(e) Once your mobile number is verified, registration of your new BSIP account will be pending for final verification.
(f) An e-mail will be sent to you within one (1) business day informing on the approval of your BSIP account. Once account registration completed, you can login at BSIP at https://investor.boardroomlimited.com with the email address and password that you have provided during registration to proceed with the next step.

BEFORE THE 42ND AGM DAY

Step 2:
Submit Request for RPEV (applicable for individual account only)

The registration for RPEV will open from **Friday, 29 March 2024 until the day of 42ND AGM on Monday, 29 April 2024**.

For Individual account only
(a) Open an internet browser. Latest versions of Chrome, Firefox, Safari, Edge or Opera are recommended.
(b) Go to BSIP website at https://investor.boardroomlimited.com
(c) Login your BSIP account with your registered email address and password.
[Note: If you do not have an account with BSIP, please sign-up/register with BSIP for free - refer to process "Step 1: Register Online with BSIP" *above.]*
(d) Click **"Meeting Event"** and select **"PETRONAS DAGANGAN BERHAD 42ND ANNUAL GENERAL MEETING"** from the list of companies and click **"Enter".**
(e) Go to **"VIRTUAL"** and click on **"Register for RPEV"**.
(f) Check the box to register for RPEV and enter your 9 digits CDS account number.
(g) Read and check the box to accept the Terms & Conditions, then click **"Register"**.
(h) You will receive a notification that your RPEV registration has been received and pending verification.
(i) Upon system verification against the General Meeting Record of Depositors (General Meeting ROD) as at **22 April 2024**, you will receive an email from Boardroom notifying you whether your registration has been approved or rejected.

Administrative Guide
FOR THE 42ND ANNUAL GENERAL MEETING (AGM) OF PETRONAS DAGANGAN BERHAD (THE COMPANY)

ON THE 42ND AGM D AY

Step 3:
Login to Boardroom Meeting Portal

(a) Open an internet browser. Latest versions of Chrome, Firefox, Safari, Edge or Opera are recommended.
(b) Go to BSIP website at https://investor.boardroomlimited.com
(c) Login your BSIP account with your registered email address and password.
[Note: If you do not have an account with BSIP, please sign-up/register with BSIP for free - refer to process "Step 1: Register Online with BSIP" *above.]*
(d) Meeting platform will be made available at any time from 9:00 a.m. i.e. one hour before the commencement of the AGM at 10:00 a.m. on 29 April 2024.
(e) Click into **"Meeting Event"** and go to **"PETRONAS DAGANGAN BERHAD 42ND ANNUAL GENERAL MEETING"** and then click **"Join Live Meeting"** to join the proceedings of the AGM remotely.
If shareholders have any question for the Chairman/Board/Management, they may use the Messaging window facility to submit their questions during the meeting. The Messaging window facility will open one (1) hour before the AGM which is from 9:00 a.m. on 29 April 2024.
(f) Once the voting has opened, click on the voting icon. The resolution and voting choices will be displayed.
(g) To vote, please select your voting direction from the options shown on screen. A confirmation message will appear to show your vote has been received.
(h) To change your vote, re-select another direction. If you wish to cancel your vote, please select Cancel.

Important Notes:
(a) The quality of the connectivity to the Virtual Meeting Portal for live webcast as well as for remote online voting is dependent on the bandwidth and the stability of the internet connection available at the location of the remote users.
(b) Recommended requirement for live webcast:
(i) *Browser: Latest versions of Chrome, Firefox, Edge, Safari or Opera.*
(ii) *Bandwidth: Minimum 9 Mbps stable speed for High Definition (HD) High Quality video quality or 12 Mbps for Extra HD (EHD) video quality.*
(iii) *Device with working and good quality speakers.*
(c) You may not be able to gain access to the AGM via the RPEV facilities if your connecting device is on network with firewall and other security filtration. Seek onsite IT/technical support if required.

Entitlement to Participate and Vote

- Only shareholders whose names appear on the General Meeting ROD as at 22 April 2024 shall be eligible to participate at the 42ND AGM.
- If a shareholder is unable to participate at the 42ND AGM, he/she may appoint proxy/proxies, including the Chairman, to participate and vote on his/her behalf.
- If a shareholder wishes to participate in the 42ND AGM, they must not submit a Proxy Form. A shareholder will not be allowed to participate in the meeting if they have appointed proxy/proxies.

Administrative Guide
FOR THE 42ND ANNUAL GENERAL MEETING (AGM) OF PETRONAS DAGANGAN BERHAD (THE COMPANY)

Administrative Guide
FOR THE 42ND ANNUAL GENERAL MEETING (AGM) OF PETRONAS DAGANGAN BERHAD (THE COMPANY)

APPOINTMENT OF PROXY

- By submitting the duly executed Proxy Form, the member and his/her proxy(ies) consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of the 42ND AGM and any adjournment thereof.
- Accordingly, proxy forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the 42ND AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Saturday, 27 April 2024 at 10.00 a.m.**

i. In hard copy form:

a. In the case of an appointment made in hard copy form, the proxy form must be deposited with:

Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor; or

b. By fax at 03-7890 4670 or e-mail to bsr.helpdesk@boardroomlimited.com

ii. By electronic form:

All shareholders can have the option to submit proxy forms electronically via BSIP website and the steps to submit are summarised below:

For Individual Shareholders, Corporate Shareholders
(a) Open an internet browser. Latest versions of Chrome, Firefox, Safari, Edge or Opera are recommended.
(b) Go to BSIP website at https://investor.boardroomlimited.com
(c) Login your BSIP account with your registered email address and password.
[Note: If you do not have an account with BSIP, please sign-up/register with BSIP for free - refer to process "Step 1: Register Online with BSIP" *above.]*
(d) Click **"Meeting Event"** and select **"PETRONAS DAGANGAN BERHAD 42ND ANNUAL GENERAL MEETING"** from the list of companies and click **"Enter"**.

By Shareholder and Corporate Holder	By Nominees Company
• Select the Company that you are representing - for ***Corporate Account*** user only. • Go to **"PROXY"** and click on **"Submit eProxy Form"**. • Click on **"Submit eProxy Form"** • Enter your 9 digits CDS account number and number of securities held. • Select your proxy/proxies appointment – either the Chairman of the meeting or individual named proxy/proxies. • Read and accept the Terms and Conditions and click **"Next"**. • Enter the required particulars of your proxy/proxies. • Indicate your voting instructions for each Resolution – FOR, AGAINST, ABSTAIN or DISCRETIONARY. If DISCRETIONARY is selected, your proxy/proxies will decide on your votes during poll at the meeting. • Review and confirm your proxy/proxies appointment and click **"Submit"**. • Download or print the eProxy Form as acknowledgement.	• Select the Nominees Company that you are representing. • Go to **"PROXY"** and click on **"Submit eProxy Form"**. • Click on **"Download Excel Template"** to download. • Insert the appointment of proxy/proxies for each CDS account with the necessary data and voting instructions in the downloaded excel file template. Ensure inserted data is correct and orderly. • Proceed to upload the duly completed excel file. • Review and confirm your proxy/proxies appointment and click **"Submit"**. • Download or print the eProxy form as acknowledgement.

Please note that the closing date and time to submit your proxy/proxies form is by **Saturday, 27 April 2024 at 10.00 a.m.**

REVOCATION OF PROXY

If a shareholder has submitted his/her proxy form prior to the AGM and subsequently decides to appoint another person or wishes to participate in the virtual AGM by himself/herself, please revoke the appointment of proxy/proxies at least **forty-eight (48) hours** before the AGM. Please find the below step for revocation on eProxy form or physical proxy form:

eProxy Form	Physical Proxy Form
• Go to **"Meeting Event"** and select **"PETRONAS DAGANGAN BERHAD 42ND ANNUAL GENERAL MEETING"** from the list of companies and click **"Enter"**. • Go to **"PROXY"** and click on **"Submit Another eProxy Form"**. • Go to **"Submitted eProxy Form List"** and click **"View"** for the eProxy form. • Click **"Cancel/Revoke"** at the bottom of the eProxy form. • Click **"Proceed"** to confirm.	• Please write in to bsr.helpdesk@boardroomlimited.com to revoke the appointment of proxy/proxies.

Upon revocation, proxy/proxies appointed earlier will not be allowed to participate at the AGM. In such event, shareholders should advise their proxy/proxies accordingly.

VOTING AT MEETING

- The voting at the 42ND AGM will be conducted on a poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia). The Company has appointed Boardroom to conduct the poll voting electronically (e-voting) via BSIP website and Scrutineer Solutions Sdn. Bhd. as Independent Scrutineers to verify the poll results.

- Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting and submit your votes at any time from the commencement of the 42ND AGM at 10.00 a.m. Kindly refer to "Procedures to Remote Participation and Voting via RPEV Facilities" provided above for guidance on how to vote remotely via BSIP website.

RESULTS OF THE VOTING

The resolutions proposed at the 42ND AGM and the results of the voting will be announced at the 42ND AGM and subsequently via an announcement made by the Company through Bursa Malaysia at www.bursamalaysia.com.

PRE-MEETING SUBMISSION OF QUESTIONS TO THE BOARD OF DIRECTORS

- The Board recognises that the 42ND AGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the 42ND AGM, shareholders may in advance, before the 42ND AGM, submit questions to the Board of Directors via BSIP website at https://investor.boardroomlimited.com, by clicking **"Submit Question"** after selecting **"PETRONAS DAGANGAN BERHAD 42ND ANNUAL GENERAL MEETING"** from **"Meeting Event"** no later than **Saturday, 27 April 2024 at 10.00 a.m.** The Board of Directors will endeavour to address the questions received at the 42ND AGM.

- Alternatively, you may also send your questions for the 42ND AGM to Investor Relation's email address, petdagIR@petronas.com

INTEGRATED REPORT 2023

- The Integrated Report 2023 is available on the PDB's corporate website at www.mymesra.com.my and Bursa Malaysia's website at www.bursamalaysia.com under Company's announcements.

- You may request for a printed copy of the Integrated Report 2023 at https://investor.boardroomlimited.com by selecting **"Request for Annual Report"** under the **"Investor Services"** after logged into BSIP website.

- Kindly consider the environment before you decide to request for the printed copy of the Integrated Report 2023. The environmental concerns like global warming, deforestation, climate change and many more affect every human, animal and nation on this planet.

ENQUIRY

If you have any enquiries relating to the Boardroom Meeting Portal or proxy appointment prior to the AGM, or encounter any technical issues with participating in the virtual AGM, please contact Boardroom during office hours from Monday to Friday, 8:30 a.m. to 5:30 p.m. (except for public holidays):

Boardroom Share Registrars Sdn. Bhd.
General Line : +603 7890 4700
Fax number : +603 7890 4670
Email : bsr.helpdesk@boardroomlimited.com

PETRONAS Dagangan Berhad
Registration No.: 198201008499 (88222-D)

PROXY FORM

FOR THE 42ND ANNUAL GENERAL MEETING

No. of Ordinary Shares Held	
CDS Account Number	

I/We _____ NRIC/Passport No./Company No.: _____
(Full Name In Block Letters)

of _____ Telephone No.: _____
(Full Address)

Email address.: _____ being a member of PETRONAS Dagangan Berhad (the Company) hereby appoint:

Full Name (in Block Letters)		**Proportion of Shareholdings**	
NRIC/Passport No.		**No. of Shares**	**%**
Address			
Email Address			
Mobile No.			

and/or (delete as appropriate)

Full Name (in Block Letters)		**Proportion of Shareholdings**	
NRIC/Passport No.		**No. of Shares**	**%**
Address			
Email Address			
Mobile No.			

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 42ND Annual General Meeting (AGM) of the Company which will be held virtually through live streaming and remote participation and electronic voting facilities from the Broadcast Venue, Virtual Studio, Room 401 – 402, Level 4, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur on **Monday, 29 April 2024** at 10.00 a.m. and at any adjournment thereof. My/our proxy is to vote as indicated below.

Resolution*	Ordinary Business	For	Against
1	Re-election of Datuk Anuar Ahmad as a Director		
2	Re-election of Tang Saw Hua as a Director		
3	Re-election of Arni Laily Anwarrudin as a Director		
4	Approval of the Directors' fees and allowances payable to the Non-Executive Directors of up to RM2,600,000 with effect from 30 April 2024 until the next annual general meeting of the Company		
5	Re-appointment of KPMG PLT, as Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors to fix their remuneration		

Note:
* Please refer to the Notice of 42ND AGM for full details of the proposed Resolutions.

(Please indicate with an "X" in the spaces provided whether you wish your vote to be casted for or against the Resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit)

Date: _____ 2024.

_____
Signature(s)/Common Seal of Shareholder(s)

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NOTES:

1. A member who is entitled to attend, participate, speak (by posing questions to the Board via real time submission of typed texts) and vote (collectively referred as "participate") in this AGM via Remote Participation and Electronic Voting (RPEV) facilities is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.

2. A member of the Company who is entitled to participate at the meeting may appoint not more than two proxies to participate on his/her behalf provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.

3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each Securities account it holds with ordinary shares of the Company standing to the credit of the said Securities accounts.

4. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

5. Where a member or the authorised nominee appoints two proxies, or where an Exempt Authorised Nominee appoints two or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

6. A member who has appointed a proxy or attorney or authorised representative to participate at AGM via RPEV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPEV** via BoardRoom Smart Investor Portal (BSIP) website at https://investor.boardroomlimited.com. Procedures for RPEV can be found in the Administrative Guide for the AGM.

7. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be deposited with Boardroom Share Registrars Sdn. Bhd. (Boardroom) not less than 48 hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

   i. In hard copy form:

      In the case of an appointment made in hard copy form, the proxy form must be deposited with:

      a. Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan or

      b. By fax at 03-7890 4670 or email to bsr.helpdesk@boardroomlimited.com

   ii. By electronic form:

      The proxy form can be electronically lodged with Boardroom via BSIP website at https://investor.boardroomlimited.com/ Kindly refer to the Administrative Guide for the AGM on the procedures for electronic lodgement of proxy form via BSIP website.

8. Please ensure the proxy form is completed with **ALL** required particulars, signed and dated accordingly.

9. Last date and time for lodging the proxy form is on Saturday, 27 April 2024 at 10.00 a.m.

10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with Boardroom at the address stated under item 7(ii)(a) above, not less than 48 hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

11. For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative with Boardroom at the address stated under item 7(i)(a) above. The certificate of appointment of authorised representative should be executed in the following manner:

   i. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

   ii. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by at least two authorised officers, of whom one shall be a director or any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

12. By submitting the duly executed Proxy Form, the member and his/her proxy(ies) consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of the 42nd AGM and any adjournment thereof.

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AFFIX
STAMP
HERE

BOARDROOM SHARE REGISTRARS SDN. BHD.
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

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PETRONAS

PETRONAS DAGANGAN BERHAD

198201008499 (88222-D)

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