

Dear Stakeholders,

The year 2023 was a challenging one for the company. Across the globe, many lives were impacted by the prolonged disruptions caused by geopolitical conflicts, the rising cost of living, energy and climate-related crises.

Tan Sri Dato' Seri Mohd Bakke Salleh
Chairman



Letter from the Chairman

With the heightened turbulence and uncertainties, it was imperative for PETRONAS to continuously adapt and transform to provide energy that meet the needs of the present without compromising future generations.

Hence, the Group remained steadfast in delivering the PETRONAS Energy Transition Strategy to create long-term sustainable value for stakeholders as we also do our part for a lower carbon future.

On behalf of the Board, I am proud of the PETRONAS family for the unwavering delivery of the *Amanah* as we strive to fulfil the trust of our stakeholders as their progressive energy and solutions partner.



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Delivering Our Purpose

For an organisation like PETRONAS, we uphold our commitment to Malaysia as the national oil company and the pursuit of value as an international energy player.

Guided by our purpose, namely, to be a progressive energy and solutions partner enriching lives for a sustainable future; we aim to solve energy-related issues that fuel progress in a manner benefitting the societies we serve. Our strategy has kept us on track to seize opportunities in the energy transition as PETRONAS continues to pursue growth to fulfil its purpose and climate ambitions.

In 2023, PETRONAS recorded a commendable financial performance. We discharged our responsibilities to our stakeholders in the form of cash payments, tax, export duties, state sales tax and dividends. After careful consideration of the Group's affordability to fund operations, service debts and meet obligations of the present and invest in future growth, PETRONAS has made the scheduled dividend payment of RM40 billion to the Government of Malaysia.

PETRONAS also continued to make its contribution of RM2 billion to the National Trust Fund during the year in review. We remain the sole contributor to the Fund since it was established in 1988 to ensure future generations continue to benefit from the country's finite natural resources. Cumulatively, PETRONAS has contributed RM13 billion to the Fund.

Even as the operating landscape continues to be increasingly volatile and uncertain, PETRONAS remains resolute in pursuing growth through strengthened governance, integrity and compliance aligned with the PETRONAS Code of Conduct and Business Ethics and the PETRONAS Four Sustainability Lenses.



Letter from the Chairman

Creating Positive Social Impact

At the heart of the organisation is PETRONAS' commitment to nation-building by carefully selecting where we can make the most significant positive impact on society.

We do this through investments in education (Powering Knowledge), community well-being and development (Uplifting Lives) and the environment (Planting Tomorrow). With targeted initiatives rolled out in Malaysia and in countries where we operate, a total of 720 programmes have benefitted almost three million people.

As we strive to play an increasing role in supporting the progress of society by working closely with various local agencies and relevant Ministries, I am pleased to share that PETRONAS has contributed about RM850 million in social impact programmes for the year.

We are determined to find new opportunities and measures to fuel society's progress responsibly and sustainably through long-term partnerships and collaboration. For instance, PETRONAS has established several signature programmes focusing on capability-building through education, industry and entrepreneurship training. These include:

- PETRONAS Education Sponsorship Programme
- *Program Duta Guru*
- PETRONAS Vocational Institution Sponsorship and Training Assistance (VISTA) Programme
- *Program Memampankan Ekonomi Asas Rakyat (MEKAR)*

With these programmes and many more in place, PETRONAS is committed to helping nurture an ecosystem that provides opportunities for all members of society, whether Bumiputeras, women or youths to empower themselves with skills for a better quality of life.

In line with this commitment, the Board has recently approved the PETRONAS Human Rights Policy. The policy further strengthens our processes and systems to create a safe and secure working environment, respecting human rights across our value chain in a manner that complies with the relevant laws and regulations of Malaysia and the countries where we operate.



Forging Partnerships in the Energy Transition

As the energy transition unfolds, it has become even more apparent that the obligations of the energy industry are to ensure the energy security of today and to work towards the sustainable energy systems of the future.

Therefore, it is imperative that the oil and gas industry and its services and equipment sector collectively strive to deliver more energy with less emissions.

For a just energy transition to be successful, players in the oil and gas ecosystem must form mutually beneficial partnerships to accelerate technology uptake by learning from each other but also to improve the feasibility of large-scale projects by sharing the risks.

As a catalyst for Malaysia's oil and gas ecosystem, PETRONAS is committed to strengthening the resilience of the local Oil and Gas Services and Equipment (OGSE) sector to become globally competitive and technically competent in new and novel technologies that support the transition.

PETRONAS has developed various programmes that promote collaboration at different stages of the value chain for the local OGSE sector, including:

- Vendor Development Programme (VDP) and VDPx
- Vendor Financing Programme
- Special OGSE Financing Programme
- Sustainability-related programmes

PETRONAS believes that the energy transition offers challenges and opportunities that can be effectively realised through partnerships forged towards common goals. To this end, the Board remains very much encouraged by the notable milestones achieved through the Annual Strategic Dialogues, Joint Working Committees, and Joint Coordination Committees with our valued stakeholders.

PETRONAS is grateful and honoured to have the strong support of our stakeholders as we strive to continue realising their aspirations through commercial arrangements.



Looking Ahead

With an operating landscape that remains volatile and shows no sign of easing in the coming year, the PETRONAS Energy Transition Strategy is purposefully designed to strike the right balance between providing energy security and moving us closer to a lower-carbon future.

PETRONAS will continue to focus on reinvesting with discipline and exercising prudent financial management as it progresses in its growth trajectory. We will continue to advocate for a just, orderly, and equitable energy transition and do our part to see this goal through for the benefit of stakeholders in Malaysia and the countries in which we operate.

I would like to express my deepest gratitude to all members of the PETRONAS family for upholding the organisation’s Shared Values and for fulfilling its purpose as a progressive energy and solutions partner.

I take the opportunity here to thank Datuk Seri Asri Hamidon, Encik Ainul Azhar Ainul Jamal, Encik Thayaparan S Sangarapillai, and Dato Razali Mohd Yusof for their leadership and contribution as members of the PETRONAS Board of Directors. I would like to express my sincere appreciation for their services and wish them every success in their new undertakings.

I am pleased to welcome Encik Azizan Zakaria and Datuk Johan Mahmood Merican as our new Board Members. Their combined wealth of experience and astute insights will be valuable for PETRONAS.

On behalf of the Board, I would like to extend my sincere appreciation to Tan Sri Tengku Muhammad Taufik, President and Group CEO of PETRONAS and his Executive Leadership Team for delivering our business strategies with pace and agility while upholding high standards of safety and integrity.

In closing, I would like to thank our valued stakeholders—the Federal Government of Malaysia, State Governments, and the Governments of our host countries, industry partners, and customers for your trust and continued support of PETRONAS. The relationships we have forged over the years reflect our long-term commitment to create value and recognise the aspirations of all parties.

As PETRONAS commemorates its 50th anniversary in 2024, I look forward to the furtherance of our co-operation for many more years to come.

Tan Sri Dato’ Seri Mohd Bakke Salleh
Chairman