

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

Moving forward, we will continue to engage with our stakeholders as we strive to achieve our net zero carbon goals in line with our sustainability framework and client aspirations, we will focus our operational efforts to balance our portfolio with renewable energy projects and lower our energy intensity & improve energy efficiency for our operations.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I wish to convey our sincere thanks to all our stakeholders, beginning with our shareholders for their support and belief in the Company. To my colleagues on the

Board for their stewardship and counsel in seeing PETRA recover and emerge stronger from the challenging times for their belief in the leadership which transformed PETRA to move up the value chain to become an upstream operator.

To our clients for the support in health and safety management during this pandemic.

To the Management team and leaders, 2021 exposed us all to a steep learning curve. I thank you for your tireless dedication and leadership in ensuring that we deliver on our commitments to our clients. A special thanks to the Business Continuity Management Steering Committee for their unwavering focus in BCM during the

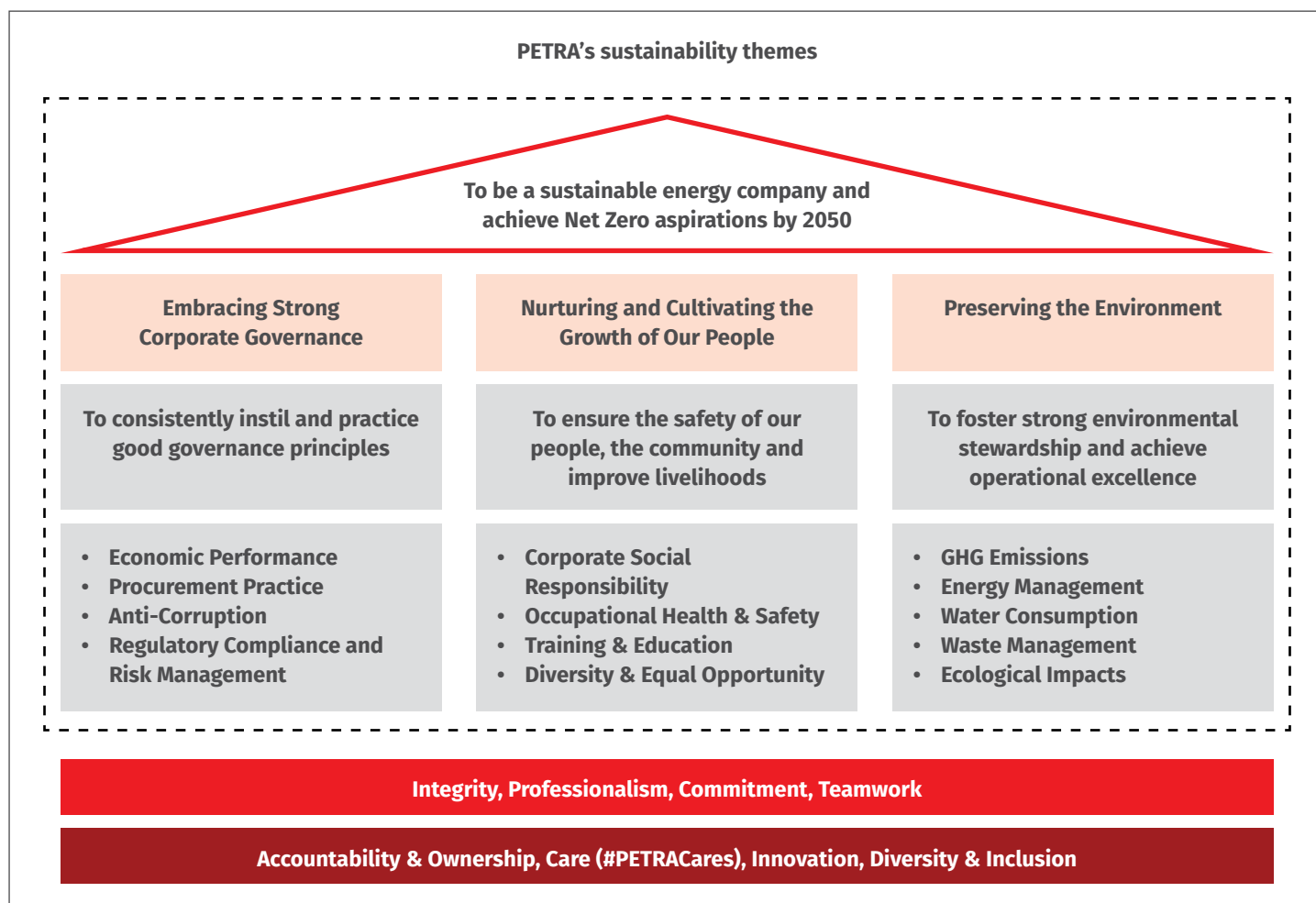
pandemic and the ABMS Committee for attaining ISO37001 certification.

Our employees, our crew on the ground and project front liners who go beyond their call of duty, my thanks go to all of you for your hard work, dedication and tenacity in ensuring safety and efficiency while delivering on our commitments.

Thank you all once again.

#PETRACares

Tan Sri Datuk Seri Panglima Sulong bin Matjeraie
Chairman
26 April 2022



SUSTAINABILITY STATEMENT

ABOUT THIS REPORT

PETRA Energy Bhd (“PETRA” or “the Group”) is pleased to present its Sustainability Statement for financial year ended 31 December 2021 (“FY2021”).

This statement provides a detailed account of the Group’s Sustainability activities on the economic, environmental and social (“EES”) performance for FY2021. It outlines the progress made on identified material topics, as well as plans going forward to further progress on the newly identified material topics as it will align to the improvement in mitigating measures to reduce risks or improvement of opportunity to business, financial and operational performance.

Reporting Scope and Boundary

The sustainability statement covers all operating subsidiaries that executed the principal business activities of the group. The current operating locations of the group is as per the attached map, which are all located in Malaysia. We exercise a “local-where-we-operate” practice.



Reporting Period

This Statement covers the period of 1 January 2021 to 31 December 2021.

Reporting Standards & Guidelines

This sustainability statement has been prepared in reference to Bursa Malaysia’s Sustainability Reporting Guide (Second Edition).

DISTRIBUTION & FEEDBACK

We welcome questions, feedback and suggestions that will spur further improvements in our reporting process. Please send any comments, insights and queries to: peb.corporate@penergy.com.my or communications@penergy.com.my.

SUSTAINABILITY STATEMENT

Limitations & Exclusions

We are cognisant that data-gathering challenges still exist notably during the COVID-19 pandemic period. We are in the process of implementing more robust data tracking and gathering mechanisms going forward. Where there are limitations in data sharing due to regulatory or other requirement, it will be indicated specifically in the statement.

Report Quality & Assurance

The 2021 sustainability statement has not been externally assured however, the majority of the reporting data has been verified through internal and external audit programs within the group.

Forward-Looking Statements

Any forward-looking statements such as targets, future plans, operations and forecast figures are based on reasonable current assumptions by the group.

SUSTAINABILITY AT PETRA

Sustainability Objectives

PETRA's overall Sustainability agenda is driven by the following objectives:

- To be a responsible corporate citizen that is in compliance with industry and regulatory standards for economic, environmental and social (EES) impacts and performance.
- To serve as a force for good in driving improvements within the company and its value chain as per the adopted United Nations Sustainability Development Goals ("UN SDGs").

To progressively tap on sustainability as an agenda and strategy to strengthen the Group's business model and to embrace emerging trends and opportunities that drive financial and non-financial value creation.

Guiding Values

The Group's approach to sustainability is driven by PETRA's desired behaviours of:

- Accountability & Ownership
- Care #PETRACares
- Innovation
- Diversity & Inclusiveness
- Integrity

SUSTAINABILITY PERFORMANCE HIGHLIGHTS

Total workforce:

986 employees
(FY2020: 828)

99.9% Malaysians
Increase by 19%

Local suppliers increase by


1.9%

Zero fatalities

Zero spills

Zero Fire/Explosion

SUSTAINABILITY STATEMENT

  <ul style="list-style-type: none"> • MSOSH Gold Class 2 Award – PETRA Energy Development Sdn Bhd, PETRA Orion Banang Field • MSOSH Gold Class 2 Award – PETRA Piasau Operations • MSOSH Gold Class 1 Award – PETRA Marine Sdn Bhd • MSOSH Gold Class 1 Award – PETRA Kota Kinabalu Project Office • MSOSH Gold Merit Award & Workplace Health Promotion (WHP) Award Level 3 – PETRA Fabrication Yard 	  <ul style="list-style-type: none"> • ISO 45001:2018 Occupational Health and Safety Management System certification • ISO 14001:2015 Environmental Management System certification • ISO 37001 : 2016 Anti-Bribery Management Systems
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REPORTING AND GOVERNANCE

SUSTAINABILITY GOVERNANCE

The Group's sustainability agenda is driven through its working level group. While governance is generally based on top-down approach in cascading of policies and strategies, it is also designed to solicit feedback from all levels of the organisation, especially from frontliners and others who are at the highest risk of being exposed to or affected by sustainability issues. This is achieved through the Group's Health, Safety, Security and Environment (HSSE) Committee and other initiatives that are reported to the Leadership team on a quarterly basis. The leadership team comprises of three (3) Executive Directors and Senior Management that provide oversight of the Group's sustainability journey.

We are in the process of incorporating our sustainability agenda in all policy updates since 2021, which will serve as a guiding basis in our sustainability journey.

Sustainability Governance Structure

Oversight of PETRA's sustainability agenda ultimately resides with the Senior Leadership team, which are the highest decision-making bodies of the Group.

Among material matters that the governance structure has oversight on in 2021 include (but not limited to) are occupational safety and health ("OSH"), talent management, water consumption, emissions, environmental spills and climate change.

The governance structure's roles and responsibilities are as follows:

- Approving related policies, processes and procedures related to sustainability.
- Reviewing and strengthening the Group's sustainability related policies.
- Closely monitoring performance on key EES topics and recommending corrective actions/ improvement measures, where necessary.
- Monitoring arising environmental, social and governance ("ESG") related risks and how these may impact financial and non-financial value creation.
- Working closely with the Board-level Risk Committee to manage and mitigate overall Group risks.
- Review and approve the Group's annual sustainability statement.

SUSTAINABILITY STATEMENT

PETRA has a dedicated Sustainability Steering Working Team (“SSWT”) which comes under the purview of the Group’s existing Health, Safety and Environment (“HSE”) Committee. The SSWT is specifically tasked to drive sustainability-related matters including executing Board and Management approved EES strategies in PETRA, with all SSWT initiatives are being reported to the Group Leadership team on a quarterly basis.

PETRA in strengthening its overall sustainability governance structure and the Group’s overall approach to sustainability, the Company is currently in the midst of incorporating a dedicated governance structure for 2022 onwards.

MATERIALITY

The EES materiality topics is determined based on PETRA’s internal assessment, consultation with stakeholder groups, industry peer comparison and benchmarks and recommended topics based on Bursa Malaysia’s Sustainability Reporting Guide as well as the GRI and FTSE 4 Good frameworks. Materiality is assessed based on several factors:

- The extent and the likelihood of impact of a particular topic on financial or non-financial value creation, over the short-, medium- and long-term perspectives.
- The extent and the likelihood of impact on PETRA, in terms of access to capitals, business processes, brand equity, ability/license to operate and other business factors.
- The extent and the likelihood of impact on stakeholders, which ultimately, may or will impact PETRA’s ability to generate value.

Economic	Environment	Social
1. Economic Performance	4. Climate Change	9. Occupational, Health & Safety
2. Anti-Corruption	5. Electricity Consumption	10. Diversity & Equal Opportunity
3. Procurement Practices	6. Diesel Consumption	11. Training & Education
	7. Water Consumption	12. Corporate Social Responsibility
	8. Waste Management	

A review of the materiality issues will be done on a periodic basis as decided by the SSWT. We aim to reach out to our stakeholders to provide a more inclusive materiality assessment going forward. The materiality subject is being reviewed on a yearly basis to reflect the changes of stakeholders and our business portfolio.

SUSTAINABILITY STATEMENT

RELEVANCE OF MATERIALITY MATTERS TO STAKEHOLDERS

	Customers	Employees	Investors and Shareholders	Government and Regulatory Authorities	Communities and the Public	Financial Institutions	Vendors
Commitment towards Good Business Practices		√	√	√			√
Procurement Practices		√		√			√
Waste Management			√	√	√		√
Water Consumption				√	√		
Energy Consumption	√		√	√			
Carbon Emission	√	√	√	√		√	√
Occupational Health and Safety	√	√	√	√			√
Workforce Diversity		√					
Employee Training		√			√		
Corporate Social Responsibility		√			√		

STAKEHOLDER ENGAGEMENT

In FY2021, PETRA has continued to engage its stakeholders across a wide range of mediums. This is a precautionary approach in ensuring that the Group's sustainability journey and agenda does not have a disconnect from its stakeholders and remains relevant in driving mutual value creation.

The Group defines stakeholders as individuals, entities or organisations that are impacted by the Group's business operations and conversely, individuals, entities or organisations that have the capability to impact PETRA's business model and its operations.

Following is a snapshot of our stakeholder engagement activities in FY2021 as well as the various issues/EES topics raised or addressed during the financial year:

SUSTAINABILITY STATEMENT







Stakeholder	Engagement Activity	Matters Discussed
Employees	<ul style="list-style-type: none"> Employee Induction Program Performance appraisals Leadership Away Day Management Visit HSE & Integrity Day 	<ul style="list-style-type: none"> Transformation plan Our desired behaviors HSSE Plan and sharing Business Goals & Targets Management Systems Certification
Customers	<ul style="list-style-type: none"> Industry events & exhibitions Face to face engagement Formal and informal meeting & updates HSE Management Visits 	<ul style="list-style-type: none"> Re-Imagining Malaysia Assets (RESET) Women in Health Safety & Environment (WIHSE)
Investors & Shareholders	<ul style="list-style-type: none"> Annual Report Annual General Meeting PETRA website Quarterly announcement of financial results to Bursa Malaysia 	<ul style="list-style-type: none"> Annual General Meeting Company updates Annual performance
Government & Regulatory Authorities	<ul style="list-style-type: none"> Meetings & Engagements Audit and Inspections 	<ul style="list-style-type: none"> Company updates Audit and plans
Communities & the public	<ul style="list-style-type: none"> COVID-19 Fund contribution Exhibitions & career fairs 	<ul style="list-style-type: none"> Career fairs and hiring
Financial Institutions	<ul style="list-style-type: none"> Annual Report Annual General Meeting Engagement with bankers 	<ul style="list-style-type: none"> Company updates Transformation Plan
Vendors & Business Partners	<ul style="list-style-type: none"> Integrity & Anti-Bribery & Anti-Corruption Awareness Session 	<ul style="list-style-type: none"> Supporting the Group's business objective Corporate Liability MACC Section 17(A)

PETRA'S ALIGNMENT TO THE UN SDGs

As mentioned earlier, PETRA continues to be a force for positive change and impact. This is realised through the Group's continued contributions to its adopted UN SDGs:

SUSTAINABILITY PILLAR	DESCRIPTION	ACHIEVEMENTS AND HIGHLIGHTS	UNSDG
ECONOMIC	PETRA remains committed to creating both direct and indirect economic value through its business strategies and operations.	<ol style="list-style-type: none"> Vendor Development Programme (VDPx), in support of our Clients agenda to prioritise local talent / vendors and content. PETRA has appointed 5 companies thus far as a VDPx anchor to PETRONAS ISO 37001 : 2016 Anti-Bribery Management Systems 	

SUSTAINABILITY STATEMENT

SUSTAINABILITY PILLAR	DESCRIPTION	ACHIEVEMENTS AND HIGHLIGHTS	UNSDG
ENVIRONMENTAL	The Group strives to reduce, manage and mitigate its environmental footprint, in terms of resource consumption, emission of greenhouse gases and addressing climate change impacts.	<ol style="list-style-type: none"> Usage of Solar panels at our Fabrication yard in Labuan HQ premise in a Green building ISO 14001:2015 Environmental Management System certification 	 
SOCIAL	<p>Our priority is to cultivate a high performance and inclusive work environment for all employees centred on the Group's desired behaviours.</p> <p>PETRA continues to play its role as a responsible corporate citizen to the community at large.</p>	<ol style="list-style-type: none"> HSE & Integrity Day 2021 Community Development initiatives CSR Donation for COVID-19 relief <ul style="list-style-type: none"> Food basket initiative to the community in Labuan Food distribution to frontliners in, Miri's General Hospital ISO 45001:2018 Occupational Health and Safety Management System certification 	   

Other Measures

Standards & Certification

PETRA is regularly assessed and certified under the standards of ISO by recognised classification societies to show our commitment to quality standards and quality management systems, helping build efficiency but also economic confidence among our stakeholders by knowing that what we do meets international standards. Below is a list of ISO Certifications which PETRA follows closely the guidance to ensure quality in our delivery and safety and transparency in our operations that are in line with our management approach .

Certification	PETRA Energy Berhad	PETRA Resources Sdn Bhd	PETRA Marine Sdn Bhd	PETRA Energy Development Sdn Bhd
ISO 9001 (Quality Management)		√ 2015 version		
ISO 14001 (Environmental Management)	√ 2015 version	Yes	Yes	
ISO 45001 (Occupational Health & Safety)	√ 2018 version	Yes	Yes	
ISO 37001 (Anti-Bribery Management)	√ 2016 version	Yes	Yes	Yes
ISO 27001 (Information Technology – Cybersecurity)	Certification in progress			
ISO 20400 (Sustainable Procurement)	Certification in progress			
ISO 21500 (Project Management)	Certification in progress			
ISO 30414 (Human Resources Management)	Certification in progress			
ISO 22301 (Business Continuity Management)	Certification in progress			

SUSTAINABILITY STATEMENT

ECONOMIC

It is key for organisation to develop a sustainable economic system in the way they operate, to ensure that profits do not come at the cost of people and the planet, as bad practices in the industry have shown how economic gains can be undone. By putting in place policies that mitigate risk, through good governance, and by applying sustainable practices, PETRA can continue to operate profitably and sustainably as an organisation.

ECONOMIC PERFORMANCE

The generation of direct economic values such as revenues and profits is essential for the growth and development of the Group. It is also vital in driving environmental, social as well as governance-related strategies.

Financial performance provides funding for ESG strategies and activities. Linking ESG to financial performance also provides further impetus and buy-in for sustainability across the Group.

Despite the impacts of the COVID-19 on the global and domestic economy, heavily affecting the oil and gas sector, PETRA has still managed to create economic value for all of our stakeholders, from shareholders, investors, employees, suppliers and contractors, and local communities. We have managed to achieve this through positive performance and effective management, operational efficiency and financial prudence, while we uphold our commitment to sustainable operations and the highest professional standards.

For further details on our direct economic value created in FY2021, please refer to the Financial Highlights section of this annual report.

ANTI-CORRUPTION

Beyond good environmental and social performance, the sustainability of the organisation is underpinned by the leadership's commitment towards accountability, transparency and corporate integrity, non-discrimination and equal opportunity based on merit.

In FY2021, the policy has been cascaded to PETRA's value chain towards further embedding the anti-corruption stance among suppliers, vendors, contractors and business partners.

All vendor documentation come with anti-corruption clauses, that stipulate what is deemed to be as unacceptable or corrupt practices and the penalties that vendors face, including dismissal or being reported to the legal authorities if necessary.

Section 17A under Malaysian Anti -Corruption Commission's Act came into effect on 1st June 2020 and introduced corporate liability for corruption offences involving commercial organizations for the first time in Malaysia.

PETRA had already started taking steps towards preparing for the legislation in 2019 by putting in place adequate procedures to protect the company and to help stakeholders understand how corporate liability for corruption works. Some of these s' initiatives include the introduction of Anti-Bribery and Corruption Program and Policy, making amendments to the Whistleblowing Policy and conducting various awareness and training program on Section 17(A). Through the recommendation of the Risk Committee, PETRA started to work on establishing and implementing an effective Anti-Bribery and Corruption Program and Policy within the organisation through the ISO 37001:2016 ABMS Certification which started in 2020, in order to ensure compliance with the legislation. The certification process was completed its full certification at the end of 2021.

Four awareness workshops on Integrity & Anti-Bribery and Anti-Corruption (ABAC) Awareness for employees were conducted in 2021 with a total of 163 attendees and another two workshops on ABAC was attended by 35 business associates. Below are further activities undertaken by PETRA.

SUSTAINABILITY STATEMENT



PETRA Code of Conduct

The PETRA Code of Conduct covers many aspects of employee conduct. It is also extended to the Board of Directors and Senior Management.

The Code clearly defines what is considered as unethical business practices and stipulates what constitutes as unethical corporate behaviour, sexual harassment, discrimination, human rights, workers' rights and more. Essentially, the Code sets out what is deemed by PETRA as accepted corporate conduct by internal stakeholders.

Value chain partners must also adhere to this Code, failing which, they may be rejected from being a vendor to the Group. In serious cases, they may face legal action by the authorities as PETRA will report behaviour that contravenes its Code to the relevant regulatory authority.

Moving forward, the Code shall be embedded as part of the Group's procurement process and vendors are regularly audited to ensure compliance.

56 vendors attended the awareness session and 37 vendors returned the integrity pledge

Whistleblowing Policy And Mechanism

PETRA has implemented its Whistleblowing mechanism since 2011, in accordance with the Whistleblower Protection Act 2010 ("Act 711"), Companies Act 2016 and Capital and Market Services Act 2007, under the purview of the Group Integrity Officer.

Under the whistleblower policy, the whistleblower is provided full confidentiality and immunity from any form of punitive action, intimidation or reprisal, irrespective if the allegation is substantiated or proven to be unfounded provided, that the report was made in good faith. Employees and external parties may channel their concerns via email to: whistleblower@penenergy.com.my. All whistleblowing reports will be sent to the Senior Independent Director, Board of Audit Committee for investigation and where warranted, appropriate further action.

SUSTAINABILITY STATEMENT

PROCUREMENT PRACTICES

Supporting Local Procurement

PETRA remains committed to using local vendors and suppliers, where possible, for the procurement of goods and services, especially in Sabah and Sarawak, where the Group has a significant presence.

In line with this initiative, over the last four years, PETRA has been able to gradually decrease our reliance on foreign vendors, bringing this year's sum to a mere 5.31% of the total vendors.

Beyond creating jobs and business opportunities for locals, local procurement also enables knowledge and skills development, creating sustainability in our supply chain and reducing our environmental footprint.

Percentage of local suppliers is derived based on the following:
 $\text{Total No. of vendors} / \text{Local vendors} \times 100\%$

In terms of indirect economic value created, the Group's focus areas are local procurement and local vendor development. The latter is realised via our active participation in the PETRONAS Vendor Development Scheme ("VDPx"). PETRA supports identified local vendors through this program by providing mentoring and advisory services on technical and business models as well as providing market opportunities. Since FY2020, all vendors engaged have to also ensure alignment with PETRA's guiding values and behaviours.

Cybersecurity

In order to ensure business as usual is not affected and to provide our stakeholders with the confidence that our systems are safe, we have also taken steps to implement various cybersecurity initiatives that cover and protect our endpoint, servers, network, and emails. We have also implemented a clear Segregation of Duties (SOD) in our systems and Single Sign-on (SSO) access for all our employees for better governance. We also continued with the second phase of our Awareness Training Campaign that we started in 2020 as part of the on-going exercise. We are currently working towards ISO27001 Security Certification this year to ensure we provide our stakeholders with the confidence that our systems are safe and we take every precaution to ensure that.

ENVIRONMENT

The oil and gas industry is central to the Malaysian economy and has enabled the growth and development of this nation. It also contributes to the global energy systems that are drivers of economic and social pillars. However, we cannot deny the fact that it also significantly contributes towards environmental challenges. As a player in this industry, it is important for us to achieve sustainable economic growth by also reducing the impact we create on the environment and being a part of the solution to address the environmental issues that stem from the work we do.

SUSTAINABILITY STATEMENT

CLIMATE CHANGE

In FY2021, PETRA has looked to place greater focus on the issue of climate change, which is pertinent to the Group, given our operations in the oil and gas sector.

Across the globe, the energy sector, specifically the oil and gas sector, is looking to decarbonise with major oil gas players setting medium to long-term targets for decarbonisation.

Consistent with the PETRONAS Activity Outlook (“PAO”) (that advocates a greater focus from oil and gas companies on climate change), PETRA has intensified its management approach towards reviewing in greater detail, how its business operations may be contributing to climate change.

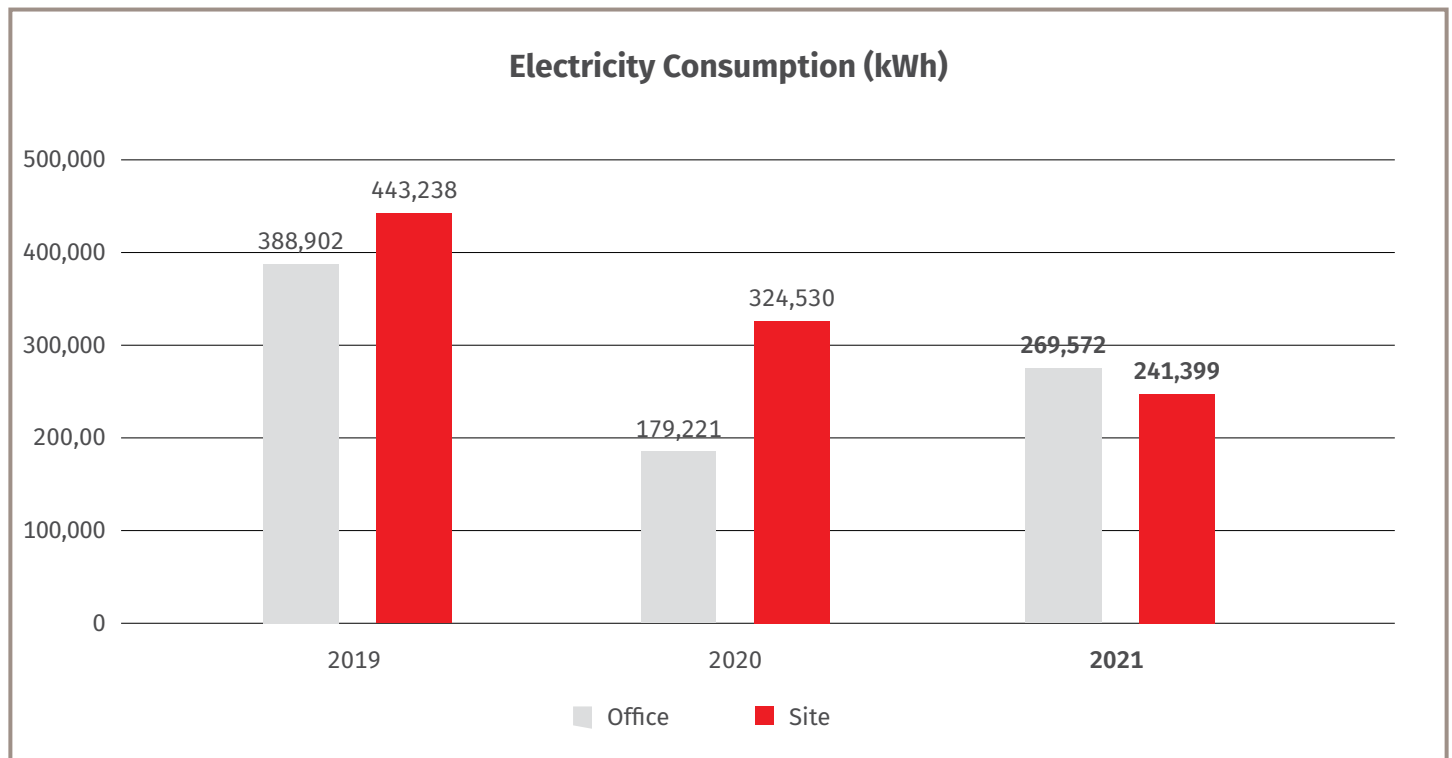
In addition, PETRA is also looking at how it can progressively reduce contributory impacts such as diesel consumption and emissions produced, that directly or indirectly contribute to climate change.

Impact of Climate Change on Group Operations

PETRA is also reviewing how climate change may impact the Group’s operations. The Group was certified ISO 14001 by Lloyd’s Register for Environmental Management System.

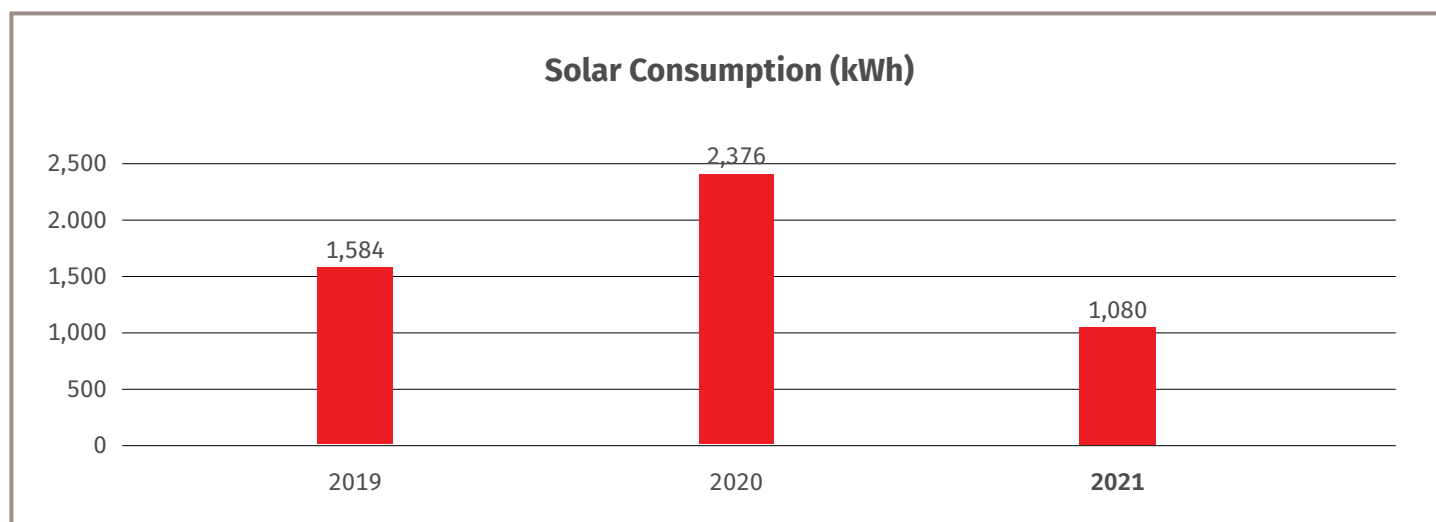
ELECTRICITY CONSUMPTION

Electricity is sourced from the local energy grid as well as via renewable energy (solar power) sources. PETRA’s management approach to electricity consumption will be guided by its environmental objectives.



SUSTAINABILITY STATEMENT

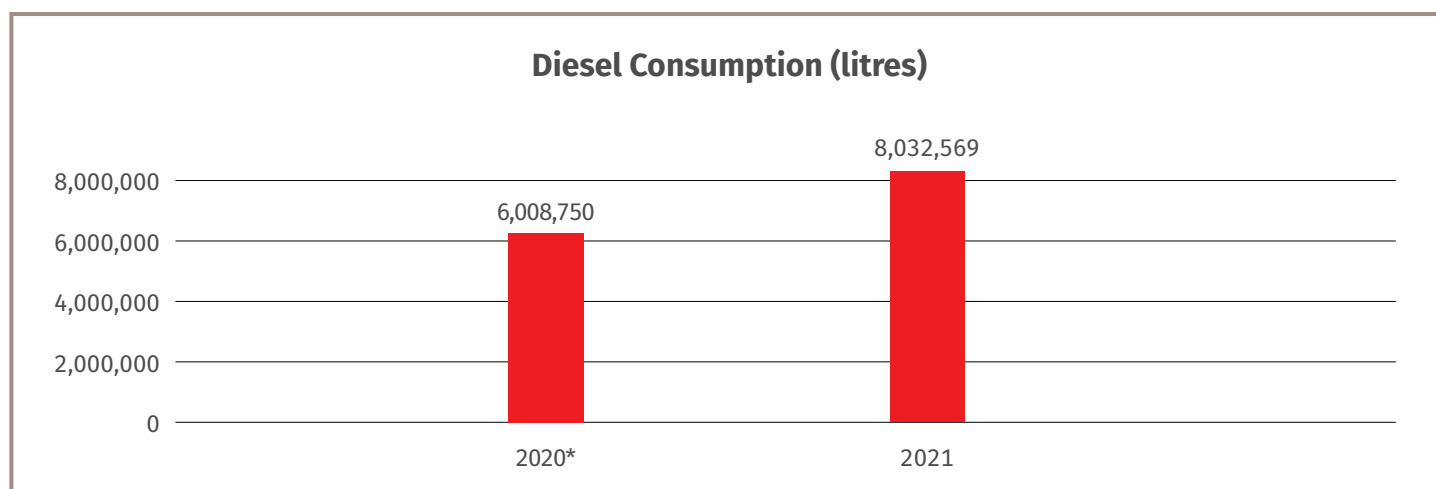
FY2021 saw further reduction in electricity consumption compared to FY2020 due to a longer lockdown and reduced operational activities brought on by the COVID-19 virus pandemic. In FY2021 the Group has continued to leverage on solar for its operations. In 2021, the total solar lighting installed and operated was reduced to only 15 units due to damage from wear and tear. Total power generated from these 15 solar panels was 1,080kWh with total estimated saving on using solar lighting is approximately at RM385.78 monthly or RM4,629.36 yearly. Solar panel installation is an ongoing initiative for the Group.



DIESEL CONSUMPTION

PETRA's consumption of diesel for its vessels is based on industry standards, which warrants usage of diesel that produces less carbon emissions. The fuel consumption in FY2021 was 8,032,569 litres for seven marine vessels. The increase in fuel consumption is due to higher activities performed during the period.

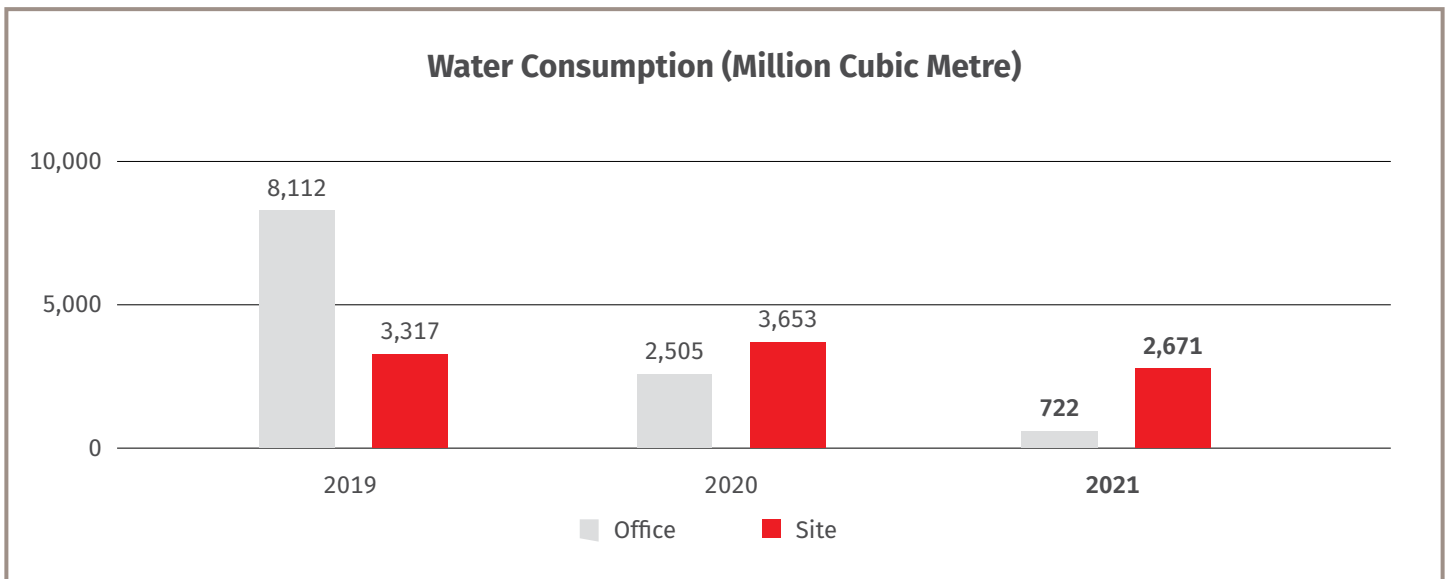
* 2020 figure corrected from 2020 Annual Report



SUSTAINABILITY STATEMENT

WATER CONSUMPTION

The Group continues to operate in a water-efficient manner, managing overall consumption. Also due to the extended lockdown in the country and the reduced operational activities brought on by the pandemic, water consumption was reduced drastically, especially in the office, due to Work-from-Home. Only 722 m³ was used compared to 2,505 m³ from the year before. Water consumption on site was reduced from 3,653 m³ to 2,671 m³. The Group is always working towards better water conservation and efficiency in our office and operations.

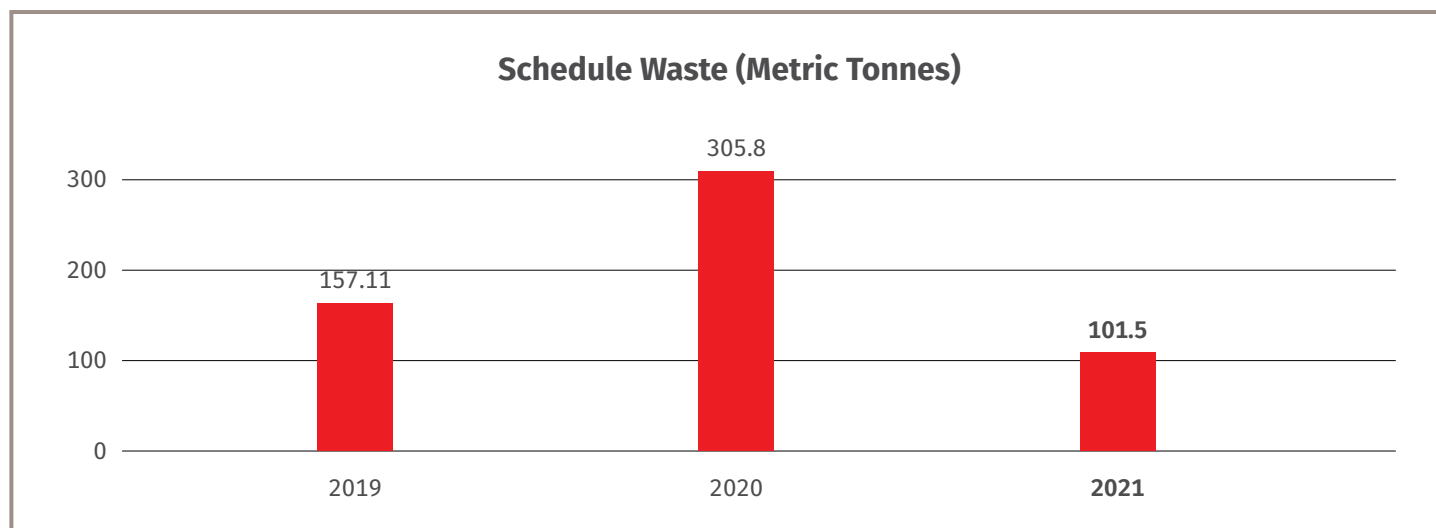


WASTE MANAGEMENT

Waste generated by the Group can be generally categorised into general waste and scheduled waste. The former comprises standard office waste and the latter consists of waste produced from our business operations.

Data on scheduled waste is obtained from our waste disposal contractors. All waste is disposed off by government-approved waste disposal contractors. There were zero incidents of spillage or improper disposal during the financial year. The decrease of waste in 2021 can also be attributed to the reduction in operation brought by the pandemic and there were not many projects that were completed in 2021 which required waste disposals. Waste volume fell by almost 2/3s to 101.5 metric tonnes from 305.8 the year before.

SUSTAINABILITY STATEMENT



Correspondingly, the Group is increasingly looking to waste recycling. Future plans include further enhancing our processes in managing scheduled waste and segregating waste at the source to reduce cross-contamination.

SOCIAL

The Group's greatest asset is its workforce. Therefore, cultivating a conducive, high-performance, workplace culture that enables employees to thrive is material for optimising the fullest capabilities of our people.

In developing the desired high-performance culture, PETRA has identified, occupational safety and health ("OSH"), employee training, workforce diversity, gender equality and as its primary material topics. Mental health initiatives was also prioritized for the Groups employees throuhjout 2021.

In managing the aforementioned social material topics, the Group continues to pursue its ongoing culture change effort to drive the following corporate behaviours: Accountability and Ownership, Diversity and Inclusiveness, Innovation, Care #PETRACares and Integrity.

The practice of these behaviours by all employees at all levels of the organisation, will contribute to improved results across our identified social material topics.

Externally, PETRA continues to play its role as a responsible corporate citizen to the community, supporting the socio-economic development of the community, with a specific focus on the communities in which the Group maintains a business presence.

PETRA's management approach of social topics is centred on two particular stakeholders: its employees and the local communities in which PETRA has a business presence. As such, the Group's key social focus areas include:

SUSTAINABILITY STATEMENT

EMPLOYEES

- Organisational culture development – centered on Accountability and Ownership, Diversity and Inclusiveness; Innovation and Care
- Occupational Safety and Health including mental health
- Talent Management, comprising employee recruitment, retention and satisfaction, skills
- The setup of PETRA Clubhouse to support mental health

COMMUNITY

- Community Development, job and wealth creation, skills development.
- Community safety and health development and employee engagement.
- Workforce diversity
- Equal opportunity employment

OCCUPATIONAL, HEALTH & SAFETY

PETRA draws pride in having developed a commendable OSH track record since its inception. Through a continuous commitment to safe operations that comply with environmental regulations, PETRA has consistently been acknowledged by clients and for being a HSE leader.

At PETRA, OSH is the responsibility of everyone within the organisation and where relevant, across the value chain. All PETRA employees remain accountable for safety and health of their colleagues, contractors and the public.

The management approach to OSH in PETRA is driven by the following:

- Health, Safety and Environment Policy
- Substance Misuse Policy
- Stop Work Policy

The above-mentioned policies are also communicated to suppliers, vendors, contractors and business partners.

In addition, the Group's operations comply with the Malaysian Occupational Safety and Health Act 1994, Environmental Quality Act 1974, regulation orders and other Codes of Practice. All project sites are ISO45001:2018 certified.








The Group's PETRA Cares philosophy is a guiding principle that governs and directs the Group's overall OSH initiatives & programmes.



SUSTAINABILITY STATEMENT

Awards & Commendations

PETRA continues to distinguish itself as an industry leader in HSE performance and is duly recognised by OSH leaders and the oil and gas majors. Below are the list of awards and commndations we have received this year:

Type of Award/Achievement	Awarded by
Focused Recognition for having deployed 100% local marine resources & talent and reduced lifting crews as precautionary in minimising COVID-19 transmission	
Focused Recognition for PETRA Energy Development for successfully having achieved the 1st year anniversary under Banang Technical Service Agreement and having met contractual KPIs	
MSOSH Gold Class 2 Award – PETRA Energy Development for PETRA Orion Banang Field	
MSOSH Gold Class 2 Award –PETRA Piasau Operations	
MSOSH Gold Class 1 Award –PETRA Marine	
MSOSH Gold Class 1 Award –PETRA Kota Kinabalu Project Office	
MSOSH Gold Merit Award & Workplace Health Promotion (WHP) Award Level 3 – PETRA Fabrication Yard	

Worker Representation On Joint Health And Safety Committees

PETRA worker representation on HSE Committees stands at close to 40% representation. The Group’s composition far exceeds the requirements stipulated under OSH 1994.

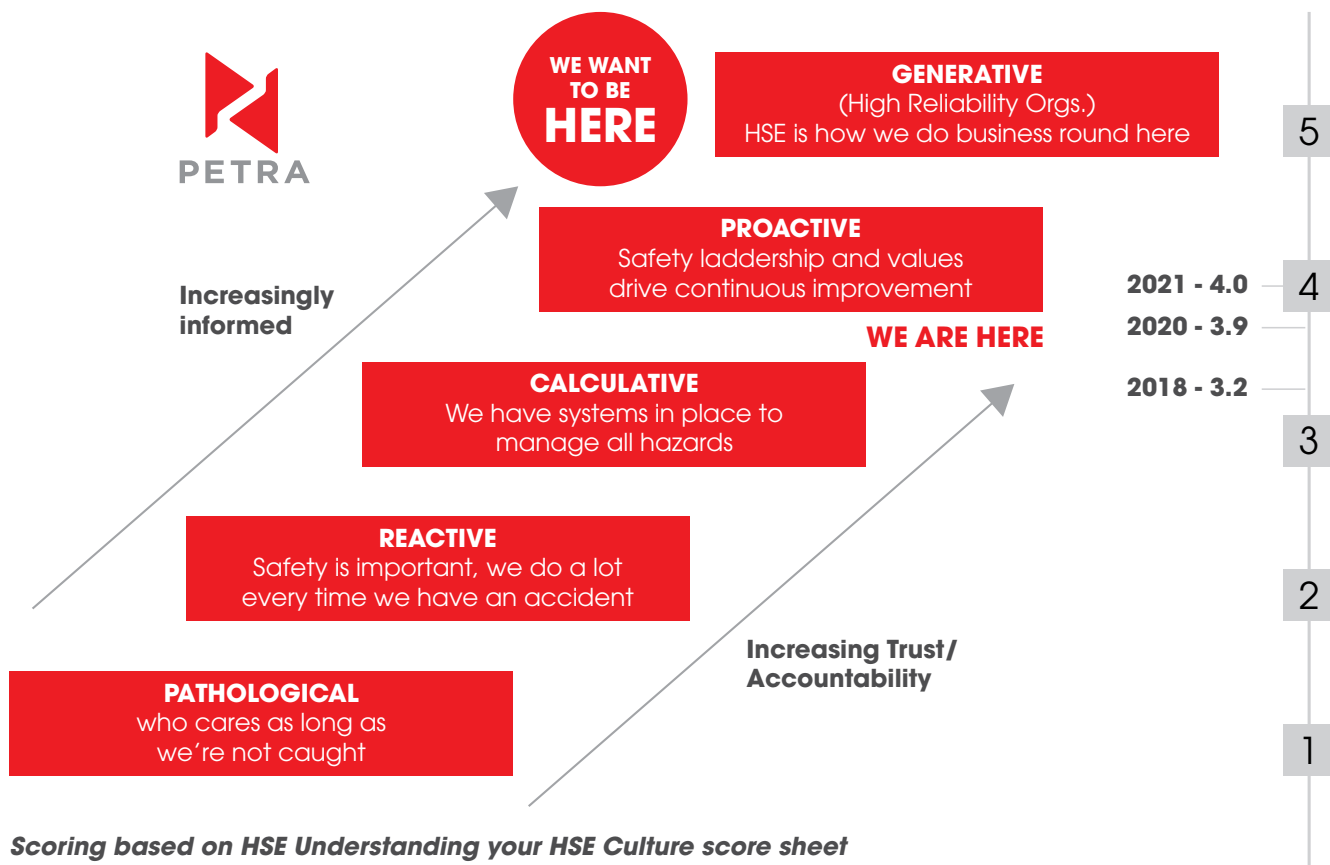
The HSE Committee is responsible for the following:

- Reviewing the measures taken to ensure the safety and health of employees at the workplace;
- Investigating any workplace matters that have been brought to the attention of the employer, in particular, matters or findings pertaining to unsafe incidents or threats to safety and health; and
- Attempting to resolve all identified matters.

SUSTAINABILITY STATEMENT

Progressing On The Petra Safety Ladder

In FY2021, on the back of various policies, action plans, and initiatives undertaken from FY2018 to FY2021, PETRA continues to close identified gaps in its journey progressing from having a calculative to a proactive HSE Culture, and ultimately a generative one.



Accident Control Technique

PETRA continues to employ the industry best practice technique of Accident Control to identify, eliminate and prevent Unsafe Conditions and Unsafe Acts ("UCUA") found in the workplace, especially in offshore or field environments.

In FY2021, 11,043 UCUA (FY2020:17,506) reports originated from employees. This is a 36.91% (FY2020: 36.18%) reduction. We recognise contributions by employees via the ACT (UCUA) Award to encourage frequent reporting by employees.

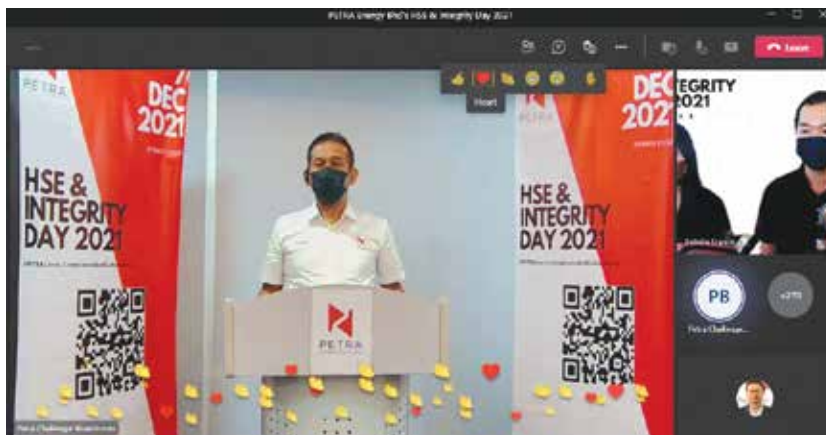
HSE Alerts

In continuing to drive OSH performance, PETRA encourages the sharing of lessons learnt and insights derived from near misses, incidents and accidents. The alerts are disseminated Groupwide via the Group's email alert and WhatsApp chat groups. The same is also placed on bulletin boards across the Group.

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PETRA HSE Day

PETRA held its Groupwide HSE Day in person again for 2021, this time in Labuan on 7 December 2021. The theme for 2021 was “#PETRACares - Compliance and Culture Matters”. The message we shared was on how through compliance and strong safety culture, we are able to continue to reduce total accidents and incidents during operations, collectively working towards improving safety performance within the organization. Many pre-event competitions and engagements were organised leading up to event day, including “Share with Us Your Workstation”, “Environmental Craft from Reused Material Contest”, “Integrity Digital Poster Contest” and “Super HSE Heroes Award”.



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HSE Management Visits (MHSEV)

There were 2 main MHSEV organized for FY2021. The first one was conducted virtually for all of our seven marine vessels on 30 April 2021, as it was during the height of the pandemic. The second MHSEV in-person was at the PETRA Secondary Yard on 1 November 2021, for the Provision of Maintenance, Construction & Modification (MCM) Services for PETRONAS Carigali in Sabah, as all our employees on-site have been fully vaccinated by then. Our site visits also typically entail project progress briefings, HSE performance reviews, and a tour of the site facilities.



Emergency Drill & Business Continuity Management

The Group frequently runs emergency drills and simulation exercises on an ongoing basis to test the robustness of our business continuity and disaster recovery plans in the event of crises. This preparation enables us to provide a robust response in emergency situations to help protect the safety of our people and the environment.

In 2021, we recommenced our physical emergency drills again, which we conducted at our various operational sites including our latest operations in Banang on our vessels.

The Group also has in place an alternate space for operations to continue operations in the event of an emergency, with a dedicated Business Continuity team that comprises members of the Leadership team and key operational heads.

HSE Performance

The Group is transparent in the communication of HSE related information. The latest OSH performance data is cascaded to employees, via monthly HSE dashboards. The dashboard indicates overall performance achieved based on a wide range of OSH indicators.

Beyond keeping employees in the know, the sharing of information serves to motivate employees and drive home the message that their individual performance can make a positive difference to PETRA'S OSH performance. It drives employees to better their performance on a monthly basis.

HSE Newsletter

Besides the aforementioned HSE Dashboard, related information is also shared via the company wide monthly newsletter. This newsletter covers all activities that includes stories and updates from the Group's HSE and Quality Assurance and Quality Control Departments.

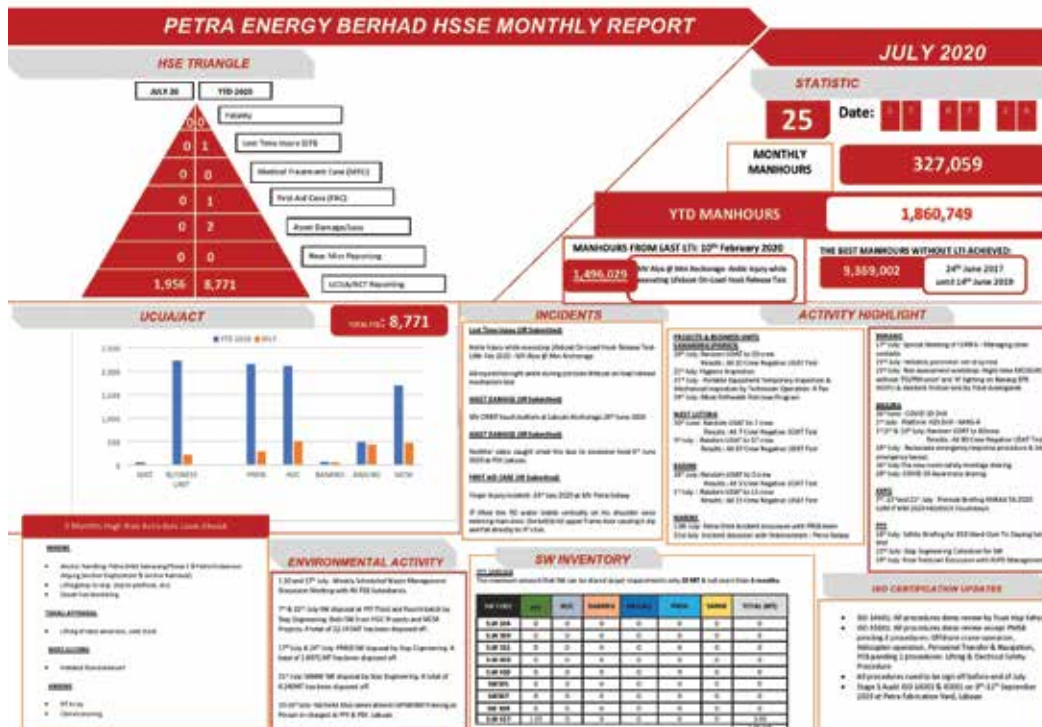
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Overall OSH Performance in FY2021

HEALTH & SAFETY INDICATORS	FY2018	FY2019	FY2020	FY2021
Number of cases resulting in lost workdays	0	2	1	0
Number of cases resulting in medical treatment	2	4	1	2
Number of cases resulting in first aid treatment	2	0	1	0
Number of cases resulting in Asset Damage/Loss	0	2	4	2
Number of cases resulting in Near Miss Reporting	0	2	1	1
Total work-related injuries	4	6	8	5
Total man-hours worked	5,338,108	6,048,453	3,765,719	2,611,13
Total number of lost days	0	0	240	4
Rate of work related injuries per total man-hours worked	0.375	0.992	0.532	0.766
Severity Rate (Total number of lost days per total number of recordable incidents)	0	0	0	0
Total ACT received	29,503	27,432	17,506	11,043

HSE Programmes And Training

PETRA, on an annual basis ensures that relevant employees attend health, safety and environmental (“HSE”) training across the financial year. All employees across the Group’s business divisions attended various HSE programmes and training events in FY2021.



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Supporting Mental Health Initiatives

At PETRA, we place strong emphasis on the overall health and well-being of employees. We are conscious of the impacts of the pandemic and believe in a holistic well-being and culture of our organisation. We have taken measures to create initiatives to ensure our employees, crew and men on the ground are well supported.

In 2021, we launched PETRA Clubhouse, a virtual platform hosted weekly for employees to support positive mental health. PETRA Clubhouse, provided a space for employees to get together virtually and unite over common interests not related to work.

PETRA also ensured crew in quarantine were being engaged constantly through virtual games and virtual hangouts to ensure positive well-being and health. This is an ongoing effort by the Company.



Behaviours and Culture

The Group also undertook a culture survey during the period to determine the effectiveness of its desired behaviour and culture programme. The survey was designed to solicit inputs on company culture and the day-to-day working environment from the perspective of individuals, teams/departments and leadership. The survey recorded an average score of 4 on the Likert Scale reflecting positive results.

DIVERSITY & EQUAL OPPORTUNITIES

Committed To Free And Fair Labour And Human Rights

In terms of employment, PETRA is guided by basic human rights principles and the Malaysian Employment Act 1995 and all other relevant labour laws of Malaysia. The Group subscribes to the International Labour Organisation ("ILO") and the Universal Declaration of Human Rights and also the UN Global Compact 10 Principles.

PETRA has instituted the following procedures :

Elimination of excessive working hours

Compliance with minimum wage

Procedure on Fatigue Management

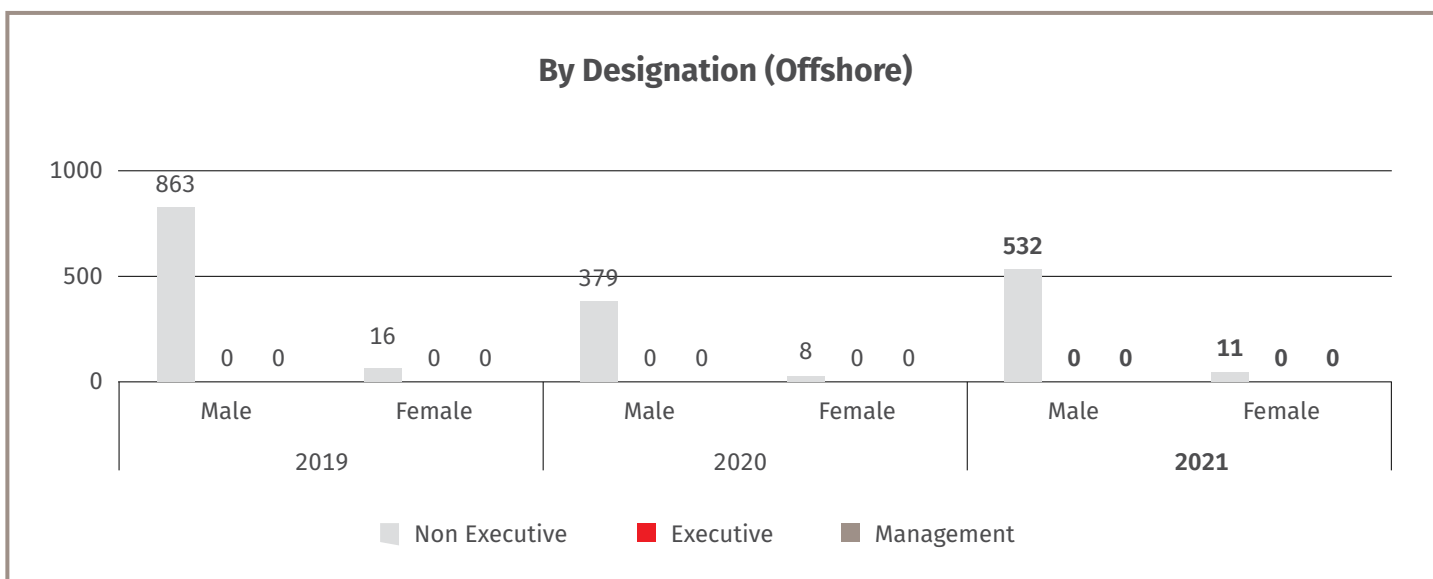
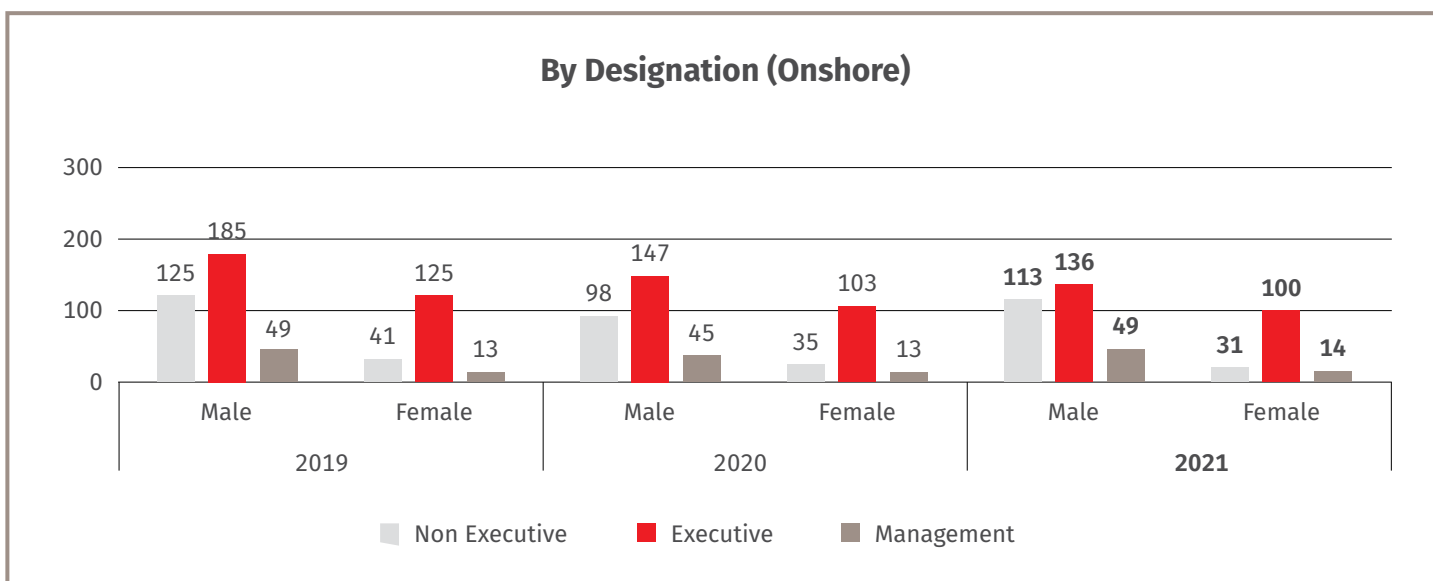
Prevention of child or force labour

Written policies that address non-discrimination, the creation of an equal opportunity workplace, gender and ethnic diversity

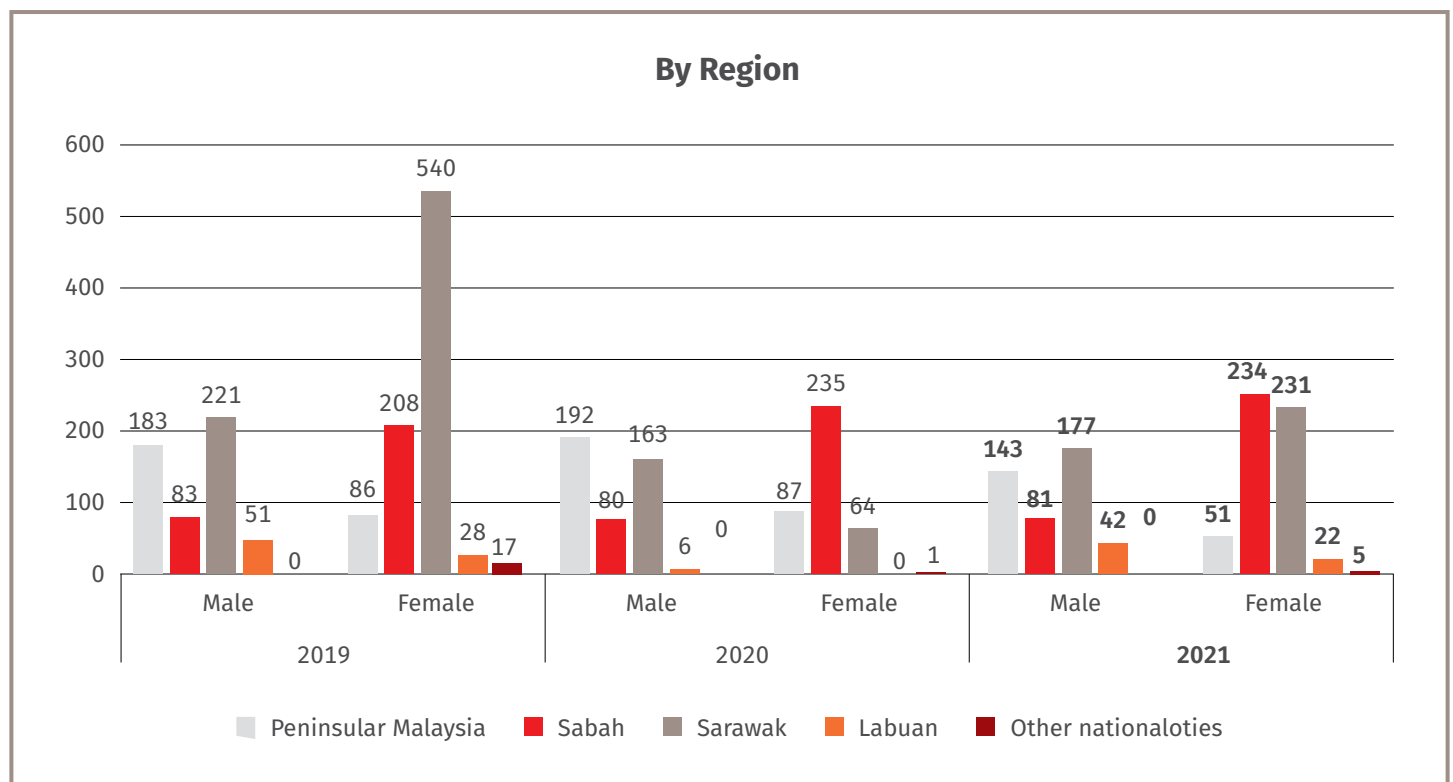
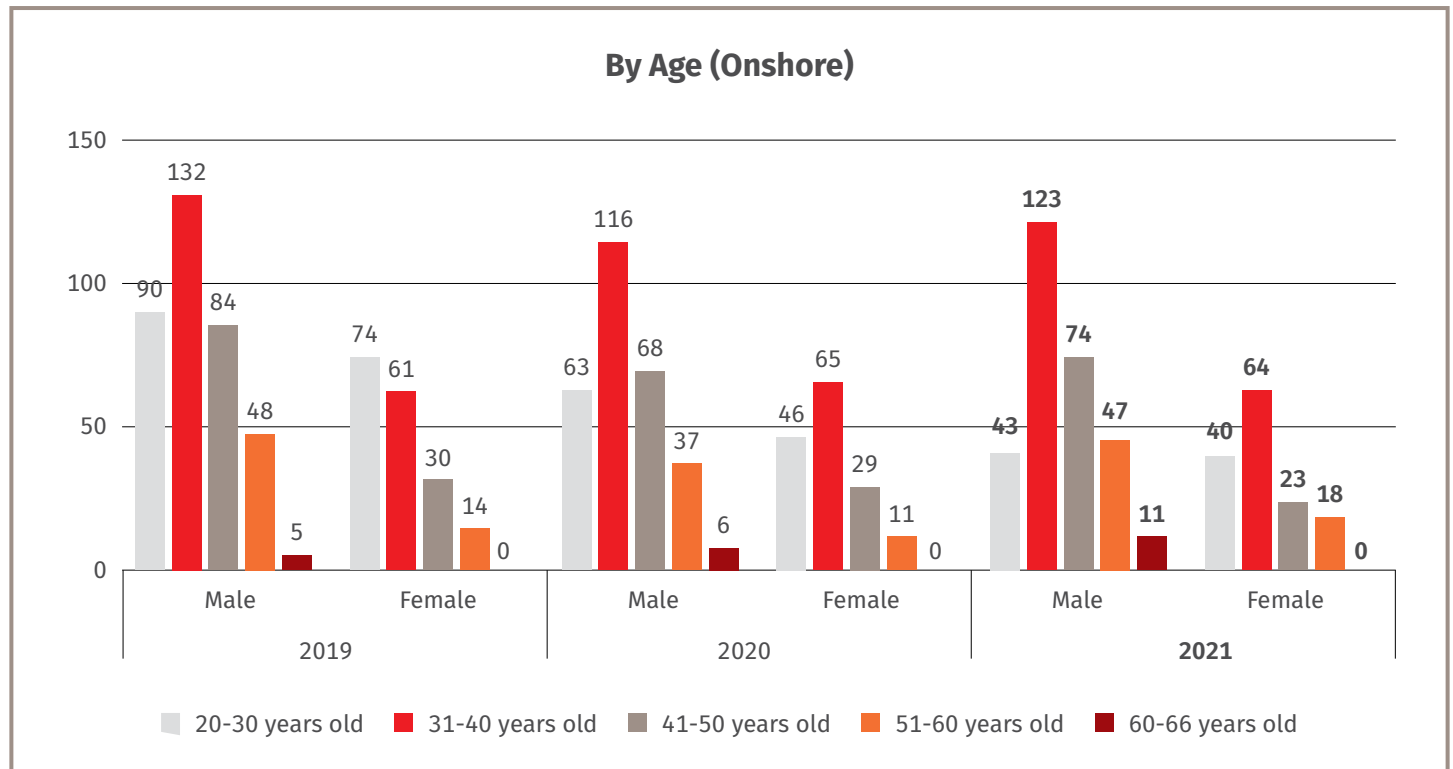
Compliance with Minimum Wage Order 2018

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In FY2021, PETRA continues to uphold its track record for zero reported incidents of infringements of the rights of any persons, adult or child, nor any incidence of, forced or compulsory labour. Neither has there been any violation of human rights involving the rights of indigenous people at any time in PETRA's history.



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Workforce Composition & Diversity

PETRA is committed to fostering workplace diversity in its workforce. Diversity allows the Group to benefit from varied perspectives and ideas. In today's globalised world, being able to tap the unique experiences of the workforce is an asset to a company.

Hence, the Group continues to seek individuals with varying skill sets and job experiences, even hiring talents not from the core business industries of water and energy operations.

Merit is the sole determinant in the hiring, developing, and retaining of talent. In essence, industry experience, job performance, academic and professional qualifications, seniority of tenure, leadership qualities and interpersonal skills are determinants for hiring, promotion and other career benefits.

PETRA strives to hire talent from local communities. Approximately 70% of our employees are from East Malaysia.

Total Employee Headcount And Employee Gender Composition

At present, there remains a disproportion in terms of gender parity with male employees still constituting a large composition of the workforce. This is expected as the oil and gas sector, in particular for offshore operations, typically involves more labour-intensive work demands, which are customarily not preferred by women. However, both men and women are accorded equal opportunity to apply to any available job positions with appointment based purely on merit.

The disproportion between male and female employees is considerably lower when considering the employee gender profile for non-manual jobs such as office-based jobs.

Compliance to Minimum Wage

PETRA complies with the Malaysian government's minimum wage policy with all employees earning monthly wages equal to or exceeding the set minimum wage of RM1,200 per month and will implement the RM 1,500 monthly minimum wage policy within our organisation as of 1 May 2022.

Enhancement of Maternity & Paternity Leave

In line with the International Labor Standard & Practices, the Group has implemented 98 days for maternity leave and 7 days for paternity leave as at March 2022.

Employee Grievance Mechanism

Employees have full access to an official grievance mechanism to express dissatisfaction with regards to any company-related matter. While employees are encouraged to attempt to resolve issues informally, management unequivocally supports employees' rights to bring up issues via this official channel for redress or further action.

Employees are neither censured nor discouraged from using the grievance mechanism. In FY2021, there were zero cases of grievance.

TRAINING & EDUCATION

PETRA continues to develop the professional competence and capabilities of our employees in supporting them towards improving their job performance and increasing employee morale and satisfaction.

Management's approach to training is based on several aspects. These include closing any performance or skills gaps that the respective employee may have, as a form of reward, to improve employee morale, to retain employees, or to enable employees to develop as future leaders of the Group working towards succession planning.

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Irrespective of the rationale behind justifying training, employee training is a key component of the Group's overall approach. Training is paid for by the Group through its contribution to the Human Resources Development Fund ("HRDF").

Employees in almost all instances enjoy fully sponsored participation at professional courses, seminars, training programmes and more.

Total Training Hours Per Employee

TOTAL TRAINING HOURS	FY2018	FY2019	FY2020	FY2021
Male (onshore)	5,333	2,512	1,806	960
Female (onshore)	1,768	544	504	611
TOTAL (onshore)	7,101	3,056	2,310	1,571
Male (offshore)	10,104	14,168	6,260	32
Female (offshore)	N/A	N/A	N/A	N/A
TOTAL	10,104	14,168	6,260	32
CUMULATIVE TOTAL (Onshore + Offshore)	17,205	17,224	8,570	1,603

Average Training Hours Per Employee

TOTAL TRAINING HOURS	FY2018	FY2019	FY2020	FY2021
Male (onshore)	15.02	7.00	6.22	4.03
Female (onshore)	8.50	3.04	3.33	4.21
TOTAL (onshore)	23.52	10.04	9.55	8.24
Male (offshore)	11.04	16.42	16.18	0.94
Female (offshore)	N/A	N/A	N/A	N/A
TOTAL (offshore)	11.04	16.42	16.18	0.94
CUMULATIVE TOTAL (Onshore + Offshore)	34.56	26.46	25.73	9.18

Training hours were reduced due to the COVID-19 pandemic reflecting a reduction in activities.

Employee Appraisals

100% of employees receive formal appraisals across the Group. Appraisals are vital for addressing individual training requirements but also in determining annual compensation packages, including employee bonuses.

The appraisal approach is meant to be a two-way constructive process, where employees can voice their own perspectives or views as to their own performance. Ultimately, the employee retains the right to accept or reject the appraisal.

Employees who disagree with their appraisal review scores can voice their grievance to HR via a formal employees' grievance mechanism system.

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CORPORATE SOCIAL RESPONSIBILITY

#PETRACares

PETRA has continued to seek ways to fulfil our corporate social responsibility (“CSR”) commitments under the #PETRACares initiative, despite the challenges posed by the pandemic.

We shifted our sponsorships from physical events to the virtual space, given that much occurred online in FY2021. We sponsored the inaugural technology-based virtual industry event - Re-Imagining Malaysia Assets (RESET 2021), driven by the Society of Petroleum Engineers Kuala Lumpur (SPE KL) in collaboration with the Malaysian Oil & Gas Services Council (MOGSC) and Informa Markets, hosted by PETRONAS Carigali Sdn Bhd. The virtual event organized from 5-8th April 2021, featured more than 30 industry heavyweights as speakers and saw the participation of over 2000 local and foreign delegates from the oil and gas sector.

In the spirit of giving in the holy month of Ramadan, we extended our assistance to some of the underprivileged communities in the areas that we served. Three welfare homes and a tahfiz school received donations for the festivities during the month of May last year, leading up to Hari Raya Aidilfitri . We also extended our support to the Qurban program for the community in Paka, Terengganu, where our Banang project is located.

Given the extended lockdown last year, we also rerouted our giving for COVID-19 relief and support. We were able to help the refugee community via NGO with food and necessities, and conducted a food distribution exercise in July to show our gratitude to the tireless efforts of the frontliners at the Miri General Hospital.

We also started our culture and heritage preservation journey by supporting Badan Warisan Malaysia’s #TokSarawak project. The project, a series of curated talks in the form of a webinar format that seeks to highlight the history, heritage and communities of Sarawak, will continue into 2022.

December 2021 saw one of the worst floods that hit the Klang Valley in the last 50 years. With our own employees and their families affected, it was important to us to extend more than just monetary support and basic necessities such as food and clothes but to also get down to the ground to help with the post-flood cleaning.

Our total spend for CSR activities was more than halved at RM 84,741, from a spend of RM 197,999 in 2020 due to the reduction in physical engagements and activities, but we expect this to pick up again in 2022.

