ISSB Statement

1.0 Basis of Preparation

This Report presents the sustainability-related financial disclosures of PETRONAS Dagangan Berhad (PDB or the Group) and its subsidiaries for the financial year ended 31 December 2025. It provides an overview of the Group's sustainability-related risks and opportunities and how these are considered in managing performance and supporting long-term value creation.

The Group's sustainability-related disclosures have been prepared in accordance with the IFRS Sustainability Disclosure Standards, as adopted under the Bursa Malaysia Main Market Listing Requirements.

The Group is reporting under the IFRS Sustainability Disclosure Standards for the first time for the annual reporting period commencing 1 January 2025 and ended 31 December 2025. For this reporting period, the Group has applied the following standards:

- IFRS S2 'Climate-related Disclosures'

As of 31 December 2025, there are no other IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB).

1.1 First Time Adoption and Additional Transition Reliefs (ATR)

The IFRS Sustainability Disclosure Standards provide transition reliefs to support entities during the first annual reporting period of adoption. In addition, the Bursa Malaysia Main Market Listing Requirements offer ATR applicable to issuers listed on the Main Market of Bursa Malaysia, facilitating a phased implementation of the standards.

IFRS S2 Climate-related Disclosures

As this is our first year of reporting under the IFRS Sustainability Disclosure Standards, we applied available transition reliefs to support phased implementation. The Group has applied the following transition reliefs and ATRs:

- Where it is not required to disclose comparative information in the first annual reporting period
- Permitted to disclose information only on climate-related risks and opportunities (in accordance with IFRS S2 Climate-related Disclosures) and consequently apply the requirements of IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information only insofar as they relate to the disclosure of information on climate-related risks and opportunities for two (2) years
- Permitted to focus climate-related disclosures specifically on principal business segments

2.0 Reporting Boundary

2.1 Organisational Boundary

The organisational boundary for our climate-related disclosures under IFRS S2 is aligned with PDB's financial reporting perimeter and encompasses all entities consolidated within the Group's financial statements.

Within this boundary, the scope and depth of climate-related disclosures reflect our assessment of where climate-related risks and opportunities are reasonably expected to emerge and most likely to influence the Group's financial performance, financial position and future prospects.

For the financial year ended 31 December 2025, we selectively prioritised climate related assessments based on primary business segments, asset exposure and operational relevance. All financial impact will be presented in qualitative form, taking into consideration applicable transition reliefs under the National Sustainability Reporting Framework (NSRF) and the IFRS sustainability disclosure requirements.

All other consolidated entities, assets and operations remain within the scope of our organisational boundary and are addressed through qualitative assessment. We expect quantitative disclosures to be progressively expanded in subsequent reporting periods as data availability, methodological robustness and our internal readiness continue to advance.

Operational Boundary

Greenhouse gas (GHG) emissions data disclosed in this report reflects the Group's operations in Malaysia. PDB quantifies emissions based on both Operational Control and Equity Share approaches. The GHG Protocol defines that a company has operational control over an operation if the company or one of its subsidiaries has the full authority to introduce and implement its operating policies of the operations, and accounts for 100% of emissions from these operations[1].

The equity share approach accounts for emissions based on the Group's ownership interest in the relevant entities, in accordance with the GHG Protocol[2].

[1] *Under operational control approach, KLIA Aviation Fuel Systems (KAFS) in which PDB holds 65% equity, is included. Emissions from PETRONAS NGV (PNGV) are also included as PDB operates and maintains these NGV stations on behalf of PNGV, which is 100% owned by Petroliam Nasional Berhad (PETRONAS).*

[2] *For equity share approach, emissions are accounted for joint ventures and associate companies listed in Group Corporate Structure on pages 10 and 11.*

3.0 Judgements, Assumptions, Uncertainties, and Proportionality

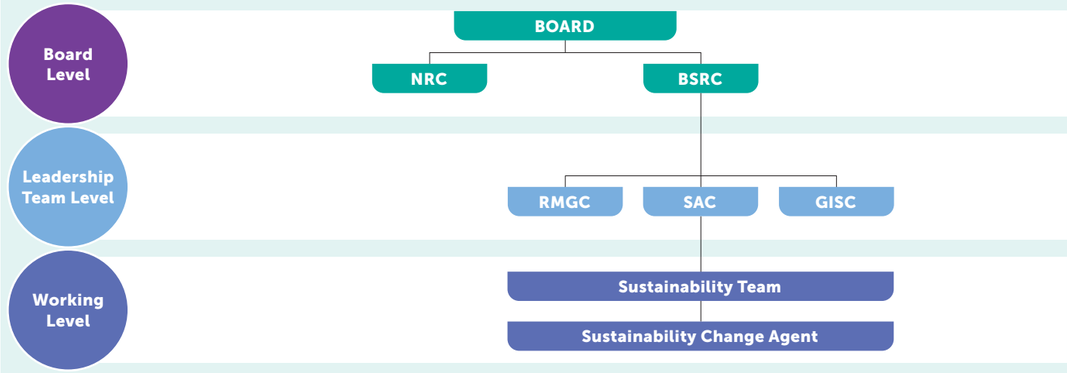
Preparing climate-related disclosures requires management judgements, particularly as methodologies, data availability and analytical approaches continue to evolve. As provided under the applicable standards, the preparation of this Report involved the application of our judgements and the use of assumptions subject to uncertainty, which are described in the following sections.

Reference	Significant judgements and uncertainties
Section	6.3 Prioritised climate-related risks and opportunities with strategy in managing each risk and opportunity - Effects on Business Model and Value Chain - Financial Effects - Effects on Strategy and Decision-making 6.4 Resilience of the Group's strategy and business model in relation to climate-related risks

Where applicable, we adopted the proportionality mechanisms within the standards, which allow companies to use reasonably available information without incurring undue cost or effort, while aligning our approach with our skills, capabilities and resources.

4.0 SUSTAINABILITY GOVERNANCE

4.1 Roles and Oversight of Governance Body



PDB's sustainability governance is anchored on strong oversight and effective management of climate-related matters. Our Board of Directors holds ultimate responsibility for the Group's sustainability agenda, including climate-related issues and ensures alignment with the PETRONAS Net Zero Carbon Emissions 2050 pathway.

During the year, key climate-related matters deliberated by our Board included:
- Outlook for conventional fuel demand under different transition pathways
- Policy and regulatory developments, including subsidy rationalisation and the National Energy Transition Roadmap (NETR)
- GHG emissions reduction plans
- Updates on sustainability and climate-related risks and opportunities

Our Board and Leadership Team committees oversee and approve sustainability and climate-related risks and opportunities performance, including the Corporate Risk Profile (CRP) and other targets, risks and opportunities. This governance structure ensures consistent oversight and alignment with the Group's strategic objectives. Climate-related matters are regularly deliberated at both Board and Leadership Team levels to support coordinated decision-making and trade-offs consideration. Our Board also reviews progress against climate objectives, including diversification and sustainability strategies.

For more information on sustainability governance and Board perspectives, please refer to the Leadership Message in our Sustainability Report, on pages 4 to 7.

Integration Across Internal Functions

To ensure effective execution of sustainability and risk management, we apply relevant controls and procedures through:

Enterprise Risk Management (ERM) Framework
Engages all divisions in assessing strategic risks, including sustainability and climate-related risks

Performance Monitoring and Reporting
Aligns sustainability and climate risks and opportunities across SAC, RMGC and GISC before escalation to BSRC for oversight

Cross-Functional Committees
Provides strategic guidance and resource alignment via SAC prior to BSRC and Board deliberations, while GISC serves as a platform for Strategy and Finance to incorporate financial and market risk considerations into capital allocation and growth project evaluations

Scenario Analysis and Planning
Integrates Risk and Strategy teams to conduct scenario planning for climate-related risks to ensure resilience in long-term business plans

Governance Structure and Roles

Responsible Body	Oversight/Role	Reporting Frequency
Board	The Board's primary role is to lead and oversee the business of PDB and to ensure that the conduct of PDB operations promotes business and integrity, while complying with applicable laws, rules and regulations. In doing so, the Board considers the economic, environmental and social considerations that underpin sustainable value creation. In particular, the Board provides oversight of sustainability and climate-related risks and opportunities when performing its roles, such as reviewing and approving strategic business goals and ensuring appropriate policies are in place to ensure sustainability and optimise long-term returns. Our Board of Directors holds overarching responsibility for PDB's sustainability and climate-related efforts, including ensuring alignment with PETRONAS Commitment to Net Zero Carbon Emissions by 2050 pathway. The Board approves the annual strategy, financial planning and Corporate Risk Profile (CRP), where sustainability and climate-related issues are carefully considered and integrated into decision-making. *For more information on our Board of Directors roles and responsibilities, visit our website at **mymesra.com.my**.*	Quarterly
BSRC	The Board Sustainability and Risk Committee (BSRC) plays a critical role in assisting the Board by overseeing PDB's sustainability and climate-related efforts across the Environmental, Social and Governance (ESG) pillars. The BSRC oversees the review of emerging sustainability megatrends and shifting stakeholder expectations that may affect PDB's licence to operate, while monitoring our sustainability commitments, goals, progress and the associated risks and opportunities. Additionally, the BSRC provides guidance on sustainability related policies, reporting processes, programmes and strategies and ensures alignment between the Board, management and the broader business strategy. It also exercises oversight over internal and external audit and assurance activities for sustainability matters, including climate-related and health-related risks and endorses the adoption of key sustainability policies to strengthen the Group's overall governance of sustainability and climate-related risks and opportunities. It also ensures the implementation of robust systems and risk assessment processes across PDB and its subsidiaries and provides recommendations to the Board to support informed decision-making on sustainability and climate-related matters. *For more information on the Board Sustainability and Risk Committee (BSRC) roles and responsibilities, visit our website at **mymesra.com.my**.*	Quarterly

Governance Structure and Roles

Responsible Body	Oversight/Role	Reporting Frequency
NRC	The Nomination and Remuneration Committee (NRC) assists the Board in reviewing and recommending the remuneration policies and procedures which are used to determine remuneration packages of Directors, including those of the Managing Director/Chief Executive Officer (MD/CEO) as well as the Leadership Team. The NRC also supports the Board in reviewing its effectiveness via an annual evaluation exercise to assess the Board's overall effectiveness, which includes key assessment on Board Sustainability Matters particularly sustainability and climate-related risks and opportunities. Insights from this exercise help ensure the Board remains well equipped to provide effective oversight on PDB's strategic and sustainability priorities. The MD/CEO and Leadership Team's performance is measured against these targets in their annual performance appraisals, which impacts their remuneration (including salary and bonus) and promotion. *For more information on the Board Nomination and Remuneration Committee (NRC) roles and responsibilities, visit our website at **mymesra.com.my**.*	Annually
SAC	The Sustainability Action Council (SAC) reviews and monitors all PDB Divisions' sustainability and climate-related initiatives, including progress against quarterly targets, to ensure continued alignment with the PDB Sustainability Agenda. The SAC also deliberates and endorses the sustainability plan, provides direction on emerging sustainability matters and consolidates information for quarterly reporting to the BSRC to support governance oversight and approval.	Bi-monthly
RMGC	The Risk Management and Governance Committee (RMGC) reviews and deliberates on risk management and governance policies, including assurance planning and related activities, before recommending them to BSRC for endorsement. The Committee also provides recommendations to the BSRC and subsequently to the Board on PDB's risk appetite and tolerance levels to ensure risks are managed within approved thresholds. In fulfilling its oversight role, the RMGC establishes and monitors the principal risks and their corresponding mitigation measures, as well as anticipates emerging risks, including sustainability and climate-related risks. The RMGC also oversees the implementation of the PETRONAS Resiliency Model encompassing ERM, Crisis Management and Business Continuity Management, as cascaded from Group Risk Management.	Quarterly
GISC	The Growth Initiative Steering Committee (GISC) was formalised in 2024 to strengthen governance and oversight of the Company's growth agenda, including sustainability and climate-related opportunities. The Committee fulfils this mandate by reviewing project progress, value-creation assessments and stage-gate deliverables such as project charters and closure documents, while providing strategic direction to ensure alignment with stage-gate requirements. To maintain consistent oversight, the GISC meets at least monthly or more frequently when required. Its structured agenda covers periodic updates and the status of actions related to the Company's sustainability and climate-related opportunity areas. In addition, the Committee reviews and recommends proposals on sustainability and climate-related growth initiatives for endorsement or approval by the relevant Approving Authority, including endorsement by the BSRC and subsequent approval by the Board.	Monthly

*For more information on our Board of Directors and the governance documents that guide the Board and its Committees, visit our website at **mymesra.com.my**.*

Governance Structure and Roles

Responsible Body	Oversight/Role	Reporting Frequency
Sustainability Team	The department plays an active role in the Group's sustainability reporting, contributing to the Sustainability Report, the Integrated Report, ISSB disclosures and ESG rating submissions, while supporting PDB Group's overall readiness for regulatory developments such as the National Sustainability Reporting Framework (NSRF), particularly IFRS S1 and IFRS S2. It drives climate-related and greenhouse gas initiatives by setting and monitoring reduction targets, coordinating lifecycle assessments and supporting comprehensive evaluations of climate-related risks and opportunities. It builds organisational capability through staff and leadership training, sustainability engagements and awareness programmes that enhance sustainability literacy across the Group. It also steers group-wide sustainability initiatives such as solarisation efforts, circular economy programmes, social impact activities and other projects that contribute to the Group's long-term commitments. Throughout its activities, the department ensures adherence to PETRONAS Group sustainability policies, including the Net Zero Carbon Emissions by 2050 commitment and the PETRONAS Group expectations on human rights, reinforcing PDB Group's position as a responsible, transparent and accountable organisation.	-
Sustainability Change Agent	In 2024, PDB introduced the Sustainability Change Agent role, with representatives nominated by each division's leadership team to support the effective execution of sustainability and climate-related initiatives. Serving as the primary liaisons for sustainability reporting disclosures, social impact programmes and other key sustainability initiatives, these Change Agents also champion sustainability within their divisions by promoting Sustainability Key Performance Indicators (KPIs), driving participation, and ensuring consistent and timely data collection and reporting. During the year, 36 active Change Agents contributed to embedding sustainability practices across all divisions.	-

Our climate-related governance is characterised by active, outcome-driven engagement between our Board and Leadership Team, ensuring that oversight translates into clear strategic direction and disciplined execution. Key topics regularly deliberated include the outlook for conventional fuel demand under different transition pathways, the pace and implications of national energy policies such as subsidy rationalisation and the NETR, the resilience of our business model under climate-related transition, progress against decarbonisation targets and the prioritisation of capital allocation for low-carbon growth initiatives. These discussions are informed by scenario analysis, enterprise risk assessments and performance monitoring, and are embedded into decisions on strategy formulation, investment planning and risk mitigation. Through this structured governance approach, our Board provides robust challenge and guidance, while Leadership Team ensures coordinated implementation across the organisation. The alignment of governance oversight, risk management and strategic decision-making reinforces our ability to anticipate change, respond decisively to emerging climate-related risks and opportunities, and sustain long-term value creation in line with IFRS S2 governance expectations and stakeholder interests.

Responding to Sustainability and Climate-Related Risks and Opportunities

We ensure that our Board has the appropriate skills and competencies to oversee strategies that respond to sustainability and climate-related risks and opportunities. The NRC regularly assesses the competencies of Directors through structured evaluations and identifies areas requiring capability enhancement, including sustainability and climate-related matters. To support continuous learning, Directors and the Leadership Team participate in relevant development programmes and remain committed to staying abreast of emerging sustainability developments and the evolving climate landscape. As part of this commitment, we continue to provide capability building for directors, featuring seminars conducted by external advisers, guest speakers and senior Leadership Team on subjects including sustainability and climate-related topics. In addition, the Leadership Team is required to attend at least one sustainability-related training session each year to ensure they are well equipped to make informed decisions and effectively oversee our sustainability and climate-related strategies.

4.2 Linking Leadership Compensation to Sustainability and Climate Action

We maintain a structured process for reviewing and recommending remuneration policies and procedures for Directors, the MD/CEO and the Leadership Team, carried out through the NRC.

To drive the effective delivery of PDB's Sustainability Agenda, sustainability-related KPIs and targets including those linked to climate change and sustainability-related priorities, are embedded within the remuneration structure of the MD/CEO and Leadership Team. These metrics are aligned with PDB's annual strategic objectives and key outcomes and are cascaded throughout the organisation through shared and team-based KPIs to strengthen collective ownership.

The scorecards of the MD/CEO and the Leadership Team incorporate targets for greenhouse gas emissions reduction, corporate social impact (CSI) programmes and other key sustainability commitments. Progress on these outcomes is monitored on monthly basis in SAC and reviewed by the BSRC to reinforce accountability across all levels of the organisation.

By linking leadership compensation to climate and sustainability objectives, PDB fosters collective accountability, strengthens efforts to mitigate climate-related risks, and enhances the organisation's ability to achieve its long-term sustainability goals. This alignment reinforces our accountability and supports the delivery of our long-term sustainable value creation.

5.0 RISK AND OPPORTUNITY MANAGEMENT

5.1 Climate-Related Risk and Opportunity Management Process/Framework

We adopt the Enterprise Risk Management Framework (ERMF) as a structured and holistic approach to identify, assess, treat and monitor risks, including climate-related risks and opportunities across multiple time horizons and categories in accordance with IFRS S2 standard requirements. A key component is context setting, which ensures alignment with the Group's strategic objectives by defining internal factors such as business priorities and targets as well as external factors including regulatory and policy developments. This integration embeds climate-related risk and opportunity assessments into corporate strategy, capital allocation and operational decisions, strengthening resilience and supporting energy transition initiatives for sustainable growth. There are no changes to the assessment process compared with the previous reporting period. The current ERMF framework covers the overall likelihood and potential impact, which aligns with the IFRS requirements. We will look into further enhancements should there be any additional or enhanced guidelines.

Assessment of Climate-Related Risk

Step	Transition Risk	Physical Risk
Risk Identification	Identification of risks for the ERM risk register is conducted by referencing the ERM framework, which consists of strategic, financial, operational and climate risk categories. The main components of current risks are policy/legal, technology, market and reputation. Our climate risk identification process covers the full spectrum of PDB's operations across the downstream value chain, including retail, commercial, logistics and terminal operations. For transition risk, at the CRP level, we evaluate how transition risks, such as declining fuel demand, technology shifts and carbon-pricing policies, affect the overall downstream portfolio including retail, commercial, logistics and terminal operations. Scenario analysis outputs (Base Case, Country Pledge, Net Zero) are applied to assess portfolio-wide impacts on revenue mix, CAPEX planning, and long-term strategic positioning. These are prioritised and escalated through the ERMF governance structure for enterprise-wide decision-making. Identified climate-related risks are considered as part of the Group's strategy formulation, financial planning processes and the annual CRP review.	The physical impact of climate change is assessed using the established risk framework, which is based on the Intergovernmental Panel on Climate Change (IPCC). The framework includes the evaluation of exposure, hazard, vulnerability and risk. Consistent with IFRS S2 paragraph 25(a)(ii), the Group also considers physical climate scenario analysis during risk identification process. As part of the PETRONAS Group physical risk identification process, the IPCC Shared Socioeconomic Pathway (SSP) 2–4.5 scenario provides future hazard projections and is used to identify assets and geographies that may be exposed to elevated chronic and acute physical risks over time. These scenario-informed insights ensure early visibility of potential climate-driven impacts on infrastructure and operations.
Risk Assessment and Prioritisation	Identified climate-related transition risks are evaluated across short-term, medium-term and long-term horizons, considering their likelihood, potential impact and the effectiveness of existing mitigation measures. Likelihood assessments incorporate a mix of qualitative and quantitative factors. Financial impacts are assessed using internal thresholds that are based on percentage sensitivities to the Group's revenue and profit exposure. The specific numerical thresholds used for likelihood and impact scoring are commercially sensitive and therefore not disclosed; however, assessments are performed using the Group's standardised five-by-five risk matrix, in line with the ERMF. This ensures consistency, comparability and discipline in prioritising climate-related risks. After assessment, risks are plotted on the five-by-five matrix to determine an overall rating, helping identify climate-related risks that could lead to material financial impacts and supporting informed decision-making and resource allocation. The prioritisation exercise will mostly be done based on the five-by-five metrics for likelihood and impact assessment. Prioritisation will be carried out in accordance with the level of business significance and complexity, guided by a high-risk rating based on the combined assessment of likelihood and impact.	PDB leveraged the PETRONAS Group physical climate risk assessment framework and processes to assess current climate-related physical hazards affecting PDB assets. This includes: - Evaluating climate hazard exposure using the internal climate risk database aligned to the IPCC models - Conducting exposure rating and asset prioritisation - Performing vulnerability assessments - Developing appropriate adaptation and/or mitigation plans where applicable. The assessment considered key factors such as hazard rating, asset value thresholds and vulnerability clustering, supported by both desktop analysis and on-site validation exercises. Desktop and on-site validations are conducted for locations that score high on hazard ratings (based on the Climate Modelling Tool) and meet asset value thresholds as defined in the ERMF. The Group applies defined internal likelihood and impact criteria to assess climate-related physical risks. These criteria are informed by internally modelled probability ranges and percentage-based financial and operational sensitivity thresholds. Assessments are conducted using the Group's standardised five-by-five risk matrix, consistent with the ERMF, to ensure comparability and disciplined prioritisation across enterprise risks.

Assessment of Climate-Related Risk

Step	Transition Risk	Physical Risk
Risk Treatment and Integration into Strategy	Prioritised climate-related risks inform the Group's approach to risk treatment in accordance with the ERMF. Four primary risk treatment options are considered, i.e. Minimise, Accept, Transfer and Avoid, with decisions guided by cost-benefit analysis, Group values, and stakeholder expectations. Mitigation and adaptation strategies are embedded within the Group's business and sustainability agendas: • Growth Strategy: Diversification through convenience to address transition risks • Sustainability Strategy: Commitment to net-zero through energy transition and low-carbon mobility initiatives These strategies, supported by defined mitigation measures, are integrated into CAPEX and OPEX planning to ensure resilience and long-term value creation.	Following these assessments, mitigation and adaptation recommendations are developed to safeguard critical infrastructure. Key actions include: • Adaptation Plans for Critical Assets: Examples include drainage system upgrades and surge protection installations • Integration into Risk Registers: All mitigation measures are systematically logged in the Hazards Effect Register (HER) to ensure traceability and accountability

Assessment of Climate-Related Opportunity

Step	Transition Risk
Opportunity Identification	We identify and advance climate-related opportunities through a structured, stage-gated process embedded within the ERMF and capital planning cycle. This ensures that climate-related opportunities are assessed consistently alongside business risks and prioritised based on their potential impact on enterprise value and long-term sustainability.
Opportunity Assessment and Prioritisation	Climate-related opportunities are identified across our portfolio through strategic scanning, business planning exercises and project proposals, taking into account regulatory developments, market trends, technology evolution and stakeholder expectations. Identified opportunities are screened for: • Strategic relevance (value creation, innovation, internal business strength and external market potential) • Sustainability alignment before progressing through defined approval stages Prioritisation is based on a consistent set of criteria, including strategic fit, commercial viability, scalability, sustainability impact and risk profile. Opportunities assessed as financially and strategically material are integrated into investment planning, enterprise risk registers and performance management processes, ensuring alignment with corporate objectives and resource allocation priorities.

5.2 Processes, Controls and Policies to Manage Climate-Related Risks and Opportunities

We integrate climate-related risks and opportunities into our ERMF and strategic planning processes. Oversight is provided by Board-level sustainability committees and cross-functional governance teams to ensure alignment with corporate objectives and regulatory requirements.

Key controls include climate risk screening in project proposals and compliance checks against Group sustainability policies. Operational risks are managed through HSSE procedures, internal controls and scenario-based stress testing.

The approach and targets as outlined in PETRONAS Net Zero Carbon Emissions by 2050 pathway guide decision-making, while opportunities are pursued through innovation frameworks and renewable energy initiatives. Progress is monitored via the GISC platform and reported quarterly to the Board, reinforcing our commitment to resilience and sustainable growth.

Climate-Related Risks

Step	Transition Risk	Physical Risk
Ongoing Integration, Monitoring and Review of Climate-Related Risk	Key climate-related risk indicators (KRIs), metrics and targets—such as the proportion of revenue exposed to transition risk—are monitored through quarterly ERM reporting. Climate-related disclosures are prepared in accordance with IFRS S2 across the areas of Governance, Strategy, Risk Management, and Metrics and Targets, with oversight provided by the Board through the ERMF.	Climate-related physical risk metrics and targets are monitored for high-risk assets, through periodic ERM reviews. Key risk profiles and progress on adaptation measures are reported through the ERM Framework to the RMGC, BSRC and the Board, and integrated into corporate risk dashboards.
Key Input for Scenario Analysis Modeling	Applied Wood Mackenzie (WM) scenario analysis to evaluate the impact of the energy transition on declining demand for conventional fuels and lubricants. Three climate scenarios used include Base Case, Country Pledge and Net Zero.	The Group has undertaken initial assessments of climate-related physical risks with reference to SSP2-4.5, with climate-hazard data obtained from a Climate Modeling Tool. Building on this foundation, we are continuously reviewing our portfolio and data inputs needed to perform a comprehensive physical-risk scenario analysis. This includes conducting site validation exercises on identified assets to assess potential risk exposures against the asset's adaptive capacity, providing clearer insight into the possible impacts of physical risks in the future.

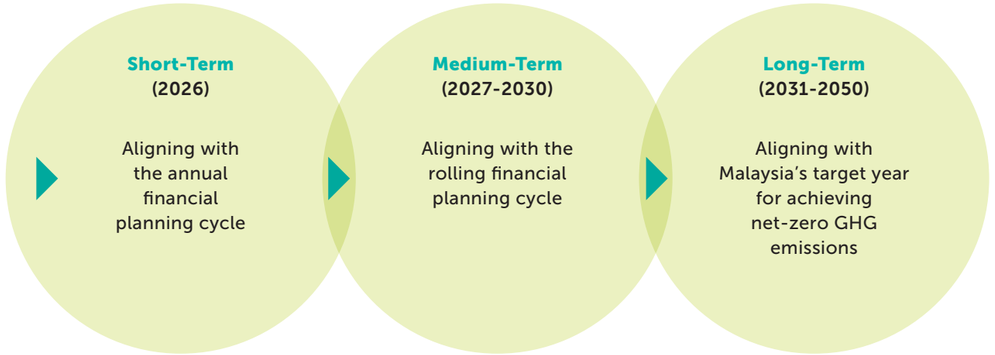
Climate-Related Opportunities

Step	Transition Risk
Monitoring and Review	Implementation of approved opportunities follows established governance and project management controls as per • PETRONAS Innovation Framework (PIF) and • PETRONAS Group Project Management System (PGPMS) Performance is monitored against defined financial and sustainability indicators, with progress reviewed periodically through management (GISC) and Board-level sustainability governance forums. Lessons learned are incorporated into subsequent opportunity assessments to support continuous improvement. This approach enables us to systematically identify, evaluate and realise climate-related opportunities in a manner that is aligned with enterprise risk management, capital discipline and IFRS S1 and S2 disclosure principles.
Scenario Analysis	Leveraged transition risk analysis that evaluates market demand for low-carbon products under different transition pathways, informing our investment decisions.

6.0 STRATEGY

6.1 PDB Time Horizons

We establish our time horizons based on the point at which climate-related risks and opportunities are reasonably expected to arise and potentially impact our financial position, performance, or long-term prospects. As of the end of the reporting period, the following time horizons were identified, which are aligned with the Group's strategic planning and decision-making frameworks:



Note:
While the time horizons are presented as ranges, the financial impacts will be quantified based on the specific impact for each reference year, using fixed baselines for the short-term (2026), medium-term (2030) and long-term (2050).

6.2 Overall Climate Transition Plan

Climate-related risks are increasingly shaping the environment in which we operate and have a direct influence on our assets, operations and long-term value creation. Shifts toward lower carbon energy systems, evolving national policies, rapid advances in technology and changing customer expectations are redefining demand patterns within the downstream energy sector. At the same time, acute and chronic physical impacts such as intense rainfall and flooding can threaten the reliability of our infrastructure and the continuity of our supply network.

As a fuel and convenience retailer with a broad asset base and an extensive logistics network, these climate-related risks are highly relevant to our business. Transition related factors may influence future fuel demand, asset utilisation and capital allocation priorities, while physical climate risks may disrupt operations and affect asset integrity. If not managed effectively, these risks may affect operational resilience, cost structures and long-term competitiveness. The transition towards a lower carbon economy also presents opportunities to introduce new solutions, support decarbonisation initiatives and strengthen our relevance in an evolving market landscape.

Our climate transition plan is embedded within our enterprise risk management, strategic planning and investment evaluation processes, ensuring that climate-related considerations are directly aligned with the direction of our overall business strategy. We assess transition risks across short-term, medium-term and long-term horizons using our risk assessment methods and scenario analysis, taking into account policy trends, technology shifts and market dynamics. The insights from these assessments guide strategic choices, capital allocation and operational plans, with mitigation and adaptation actions incorporated into business and asset management programmes.

PDB's climate transition plan is integrated into the Group's overall business strategy, guiding investment decisions, operational planning and the prioritisation of decarbonisation initiatives across our businesses. The plan supports the Group's strategic focus on sustainable growth and operational excellence, ensuring that climate considerations are embedded into both short-term and long-term decision-making processes.

6.3 Prioritised Climate-Related Risks and Opportunities with The Strategy in Managing Each Risk and Opportunity

6.3.1 Climate-Related Transition Risk - Market Demand and Technology

Time horizons: ☐ Current year (2025) ☐ Short-term (2026) ☐ Medium-term (2030) ☑ Long-term (2050)

Description

In the long term, we face declining demand for conventional fuels and lubricants due to the energy transition driven by global decarbonisation trends. Demand for fossil fuels may decline as governments, businesses, and consumers accelerate emissions reduction efforts. Key drivers include:

- Subsidy rationalisation (Diesel subsidy for Peninsular Malaysia, RON95 subsidy) and stricter emission standards (i.e. clean fuels, carbon tax)
- Growth of vehicle electrification, biofuels
- Shift towards public transport and convenience offerings

These changes may reduce conventional fuel demand, revenue and profit, thus requiring diversification into new energy solutions. Risks include uncertainty in new market dynamics, competitive pressures, and capability gaps in emerging technologies.

Effects on Business Model and Value Chain

Effects on business model and value chain:

- Structural decline in fuel demand driven by the low-carbon mobility transition, including vehicle electrification and public transport expansion, affecting retail and commercial volumes across all regions.

Transition risks could reshape our value chain:

- Declining private vehicle ownership and fuel consumption
- Increased demand for alternative energy solutions

Failure to adapt may result in:

- Lower sales and margin compression
- Higher operating costs from stranded assets
- Brand erosion and loss of market share

Financial Effects

Current:
No adverse revenue impact in FY2025, as conventional fuel demand remained resilient and continued to rise.

Anticipated:

- **Long-term (2050):**
  Scenario analysis indicates that fuel demand is expected to peak by the mid-2030s, followed by a decline. Long-term risks include revenue contraction and potential asset impairment. Financial modelling incorporates these assumptions into impairment testing and capital planning. Key assumption includes our alignment with the NETR, supporting the Government's new climate policies and the acceleration of EV adoption

Detailed financial quantification is not provided due to the commercially sensitive nature of the information. Qualitative financial indicators are derived from three scenarios developed by Wood Mackenzie.

Effects on Strategy and Decision-Making

Energy transition considerations are fully integrated into our strategic framework, supporting both business resilience and long-term growth.

Core Business
We continue to sustain leadership in our core fuels business through operational efficiency and emissions reduction.

New Business Growth
Direct mitigation initiatives: Expansion of electric vehicle (EV) charging infrastructure, biodiesel and sustainable aviation fuel (SAF).

Indirect mitigation initiatives: Growth of the convenience and digital ecosystem through Mesra and Setel to support evolving consumer behaviour.

PETRONAS Net Zero Carbon Emissions by 2050 Pathway target is underpinned by ERM-led risk monitoring, with strategic reviews shaping capital allocation and portfolio rationalisation.

Resource deployed/allocation
We utilise internal funding and will prioritise resources to manage transition risks, with external funding considered where necessary. Detailed financial quantification is not disclosed due to commercial sensitivity.

Risk	Business Impacts	Climate Scenario	Financial Impact (RM) CY 2025	ST 2026	MT 2030	LT 2050
Declining demand in conventional fuels and lubricants due to energy transition	Revenue change/loss from oil demand volume	Base Case	–	Revenue ↑	Revenue ↑	Revenue ↑
		Country Pledge	–	Revenue ↑	Revenue ↑	Revenue ↓
		Net Zero	–	Revenue ↑	Revenue ↑	Revenue ↓

Note:
Transition risks are presented only at the principal business segment level, in line with the transition relief applied.

The transition to a lower-carbon energy system exposes us to material market and technology risks, as electrification, efficiency gains and alternative fuel drive a structural decline in long-term demand for conventional fuels and lubricants. To assess resilience, we evaluated three climate-related transition pathways: Base Case (approximately 2.5°C), Country Pledge (approximately 2.0°C) and Net Zero 2050 (approximately 1.5°C), using Wood Mackenzie's 2H 2024 outlook, selected on the basis that they represent relevant transition pathways and severities for assessing resilience in our downstream marketing business. While near-term revenue growth to 2030 is supported by pricing effects despite early volume declines, all pathways indicate weakening revenues beyond 2030 as oil product demand declines structurally. Under the more severe Country Pledge and Net Zero pathways, projected revenue erosion by 2050 highlights limitations in our business model resilience and underscores the need for strategic adaptation over time.

6.3.2 Climate-Related Physical Risk

Time horizons: ☐ Current year (2025) ☐ Short-term (2026) ☑ Medium-term (2030) ☑ Long-term (2050)

Description

We are exposed to climate-related physical risks arising from increased flood incidents due to extreme precipitation and storm surges. These events have the potential to cause asset damage and disrupt operations.

Assessment approach:
Climate physical risks were assessed using a structured, scenario-based methodology, which included:
- The use of application of the latest IPCC SSP 2-4.5 climate scenario
- A climate modelling tool used to evaluate risks accross multiple hazard types
- Assessment of key hazards, including extreme precipitation, fluvial flood, storm surge, lightning and heatwave.

An initial screening identified four sites as potentially vulnerable. Following site-level validation, one site—comprising two terminal located in the northern region of Malaysia—was confirmed to require the development of an adaptation plan.

Effects on Business Model and Value Chain

Effects on business model and value chain:
- Climate-related physical risks, particularly flooding, may affect the Group's business model and value chain through:
  - physical damage to asset
  - operational disruptions affecting supply reliability to retail and commercial customers
- An increase in the frequency and severity of flooding events may require:
  - Enhanced asset resilience
  - Higher maintenance and continuity in planning to safeguard operational performance and long term value creation

Financial Effects

Current
In FY2025, no capital expenditure (CAPEX) was incurred as none of the Group's assets were impacted by climate-related physical risk events during the reporting period. Accordingly, there was no impact on the FY2025 financial statements.

This identified physical climate-related risk is not expected to result in a material adjustment to the carrying amounts of assets or liabilities within the next annual reporting period.

Anticipated
- **Medium-term (2030) and Long-term (2050)**
  - **Asset:** Two out of 36 terminals (6%) were identified to be vulnerable to fluvial flooding
  - **Estimated impact:** Based on the severity of potential asset damage, the estimated impact is assessed as medium to high
  - Other potential impacts include:
    - Temporary supply disruptions
    - Increased transportation costs arising from alternative routing requirements
  - While no financial impacts were recognised in the current year, future investment in adaptation and resilience-enhancing measures may be required to mitigate physical climate risks and safeguard operational continuity over the long term.

Effects on Strategy and Decision-Making

- **Current and Future mitigation:**
  - As part of the Group's response to climate-related physical risks, a site drainage study has been conducted at one identified vulnerable site. The findings of this study will inform the development of targeted adaptation measures to enhance asset resilience and operational continuity
- **Resource deployed/ allocation:**
  - We will utilise internal and/or external funding to support any required capital expenditure and repair works over the medium to long term to enhance asset resilience

Risk	Business Impacts	Climate Scenario	Financial Impact (RM) CY 2025	ST 2026	MT 2030	LT 2050
Climate-Related Physical Risk - Flood Hazard	Increase in potential asset damaged	SSP2-4.5	–	–	CAPEX ↑	CAPEX ↑

6.3.3 Climate-Related Opportunity - Sustainable Aviation Fuel (SAF)

Time horizons: ☐ Current year (2025) ☐ Short-term (2026) ☑ Medium-term (2030) ☑ Long-term (2050)

Description

SAF is a key climate-related opportunity as the aviation sector accelerates decarbonisation, enabling us to expand low-carbon offerings and strengthen its long-term energy transition positioning.

We leverage existing capabilities including:
- Supply nodes at KLIA and selected airports
- Collaboration with PETRONAS Trading Corporation Sdn Bhd (PETCO) for supply enablement and last mile readiness

Malaysia is finalising a mandate for a 1% Sustainable Aviation Fuel (SAF) blend in conventional jet fuel for international departures from KLIA. The policy, currently under consultation with airlines, fuel suppliers, and relevant ministries, will establish a policy-backed SAF market aligned with the Malaysia Aviation Decarbonisation Blueprint (MADB) and the National Energy Transition Roadmap (NETR), which target SAF blending of up to ~47% by 2050.

Effects on Business Model and Value Chain

SAF provides a lower-carbon alternative to conventional jet fuel, enhancing long-term business resilience and aligning PDB with global aviation decarbonisation trends.

Locally blended SAF sourced from PETCO is currently in the pilot phase and is intended to be marketed by PDB to commercial aviation customers in Malaysia.

Effects on business model:
- Early market entry:
  - Reinforces **competitive positioning**
  - Sustains customer relationships amid rising regulatory expectations
- Provides a **lower-carbon alternative** to conventional jet fuel, enhancing business resilience.
- Aligns operations with long-term growth in low-carbon aviation fuel demand

Effects on value chain:
- Integrates certified SAF supply through established infrastructure and partnerships
- Positions PDB as an early enabler of low-carbon aviation growth within PETRONAS' downstream value chain, embedding transition priorities into operational planning

Financial Effects

Current
- In FY2025, revenue generated from the SAF pilot programme was not material.
- Efforts during the year focused on:
  - Supply readiness which includes infrastructure preparation
  - Certification activities
  - Small-scale supply trials that enable PDB to build the foundational capabilities

The identified SAF opportunity is expected to generate revenue growth beginning in the current year; however, it is not expected to result in a material adjustment to the carrying amounts of assets or liabilities within the next annual reporting period.

Anticipated
- **Medium-term (2030):**
  Revenue is expected to increase, driven by growing SAF offtake from airlines driven by mandates, sustainability commitments and emissions targets

- **Long-term (2050):**
  SAF is expected to scale as a core aviation fuel under global and Malaysian mandates. Progressive revenue growth is anticipated, supported by:
  - Leveraging established logistics, storage and supply capabilities to scale volumes efficiently and optimise margins
  - Strategic collaborations across the value chain to secure feedstock, enable offtake and accelerate market access

  By 2050, higher mandated SAF blending requirements for international airlines are expected to reinforce long-term demand certainty and strengthen PDB's licence to operate within the aviation fuel market.

Effects on Strategy and Decision-Making

The development of SAF is embedded within our low-carbon strategy, guiding resource prioritisation and positioning the aviation business to respond to evolving regulatory requirements and market expectations.

During the reporting period, the focus was on building SAF readiness through:
- **Pilot supply validation** with airlines and regulators
- Development of **certified SAF pathways**
- **Assessment** of blending and storage infrastructure **readiness**

Progress Highlight:
- First-in-market SAF supply for Malaysia Aviation Group (2023)
- Obtain International Sustainability and Carbon Certification (ISCC) for SAF
- PDB leverages existing Jet A-1 infrastructure for SAF supply

In May 2023, we entered into a SAF Offtake Agreement with Malaysia Aviation Group, operationalised via locally blended SAF supplied for Malaysia Airlines' MH2 flights to London (1–16 September 2025), marking SAF integration into regular flight operations.

For more information on our SAF's progress highlight, please refer to our Sustainability Report on pages 57 to 62.

Resource deployed/allocation
- No CAPEX was deployed for SAF in FY2025, as SAF utilised existing assets during the year. To support the SAF opportunity, we will ensure that sufficient priority is given to SAF investments, utilising internal and/or external funding as required.

Risk	Business Impacts	Climate Scenario	Financial Impact (RM) CY 2025	ST 2026	MT 2030	LT 2050
Low-carbon solutions offering to accelerate decarbonisation	Increase revenue from selling of SAF	Base Case	Revenue ↑	Revenue ↑	Revenue ↑	Revenue ↑
		Country Pledge	Revenue ↑	Revenue ↑	Revenue ↑	Revenue ↑
		Net Zero	Revenue ↑	Revenue ↑	Revenue ↑	Revenue ↑

SAF represents a key strategic opportunity for PDB within our low-carbon solutions portfolio, with early stage validation underway through readiness, certification, supply trials, and infrastructure planning. As the PETRONAS Pengerang Biorefinery targets to start operations by 2028, we will assume a strategic complementary role by leveraging our downstream capabilities and nationwide retail network to support market access, commercialisation and value realisation of biorefinery-derived products across the PETRONAS ecosystem. Scenario analysis across Base Case, Country Pledge and Net Zero pathways indicates meaningful revenue potential in the medium-term (2030), driven by premium recovery, airline uptake and growing compliance-driven demand. By 2050, SAF is projected to scale as a core aviation product, with financial outcomes varying by scenario but consistently positioning SAF as a critical contributor to our transition strategy and long-term relevance in a decarbonising aviation sector.

6.3.4 Climate-Related Opportunity – Two-Wheeler Electric Vehicles (2W-EV)

Time horizons: ☐ Current year (2025) ☐ Short-term (2026) ☑ Medium-term (2030) ☑ Long-term (2050)

Description

The 2W-EV initiative supports Malaysia's low-carbon mobility goals by reducing emissions in the high usage motorcycle segment and aligning with NETR's electric mobility priorities.

Enabled through partnership with Blueshark Ecosystem Sdn Bhd, we are developing an integrated EV ecosystem that includes:
- Battery swapping for fast, convenient refuelling energy replacement for 2W-EV rider
- Charging infrastructure to support adoption
- EV distribution to widen market access. This positions us to expand beyond conventional fuels into clean mobility solutions

Effects on Business Model and Value Chain

The initiative reshapes PDB's mobility offerings through partnerships, retail network integration and renewable energy linked solutions. The 2W-EV is locally assembled in Malaysia, with sales supported through physical showrooms, authorised dealers and official digital channels, providing customer coverage across all states in the country.

Effects on Business Model:
- **Battery rental:** Subscription-based battery leasing model generating recurring revenue while lowering upfront EV ownership costs
- **Energy-as-a-service via battery swapping and charging:** Pay-per-use energy solutions providing convenient, reliable access to electricity and supporting scalable EV adoption
- **EV sales, fleet solutions, mobility services:** Integrated mobility offerings covering vehicle sales, fleet deployment and value-added services to drive market penetration and customer retention

Effects on Value Chain:
- Enhances our role in clean mobility
- Strengthens urban mobility participation
- Enhances portfolio resilience as transport electrifies
- Leverages our integrated ecosystem, including PETRONAS stations, PETRONAS MotoExpert, customer loyalty platforms such as Setel (payment integration and Mesra rewards), and Mesra as an advertising and engagement channel

Financial Effects

Current
In FY2025, there is no material financial impact from the 2W-EV joint venture.

- The financial impact remains modest at this stage, with efforts focused on:
  - Driving adoption rate of 2W-EV in Malaysia from consumer and business segments
  - Deploying initial capital to establish foundational EV infrastructure
  - Investing in initiatives to validate partnerships, demand and operating models

CAPEX is directed toward establishing battery-swapping stations, rental batteries and leased bikes financed by the revenue generated from EV sales, fleet solutions and subscription services.

The identified 2W-EV opportunity is not expected to give rise to a material adjustment to the carrying amounts of assets or liabilities within the next annual reporting period.

Anticipated
- **Medium-term: (2030)**
  Progressive share of profit growth driven by:
  - Improved asset efficiency as battery charging and swapping infrastructure usage increases
  - Rising demand from fleet operators transitioning to electric mobility solutions
  - Broader consumer uptake of EV mobility services supporting volume growth

  Stable earnings expected, based on:
  - Energy delivery revenues from electricity supply for charging and swapping services
  - Subscription services income from battery rental and energy service subscriptions
  - Earnings from integrated EV sales, fleet offerings and mobility-related services

- **Long-term: (2050)**
  By 2050, the 2W-EV initiative is anticipated to deliver meaningful incremental share of profit contributions, reinforcing our strategic role in Malaysia's low-carbon mobility transition and guiding capital allocation decisions toward scalable and commercially-viable viable electric mobility solutions.

Effects on Strategy and Decision-Making

2W-EV opportunity influences our strategy by supporting income diversification, future-proofing the business, and embedding electrified mobility within the Group's broader low-carbon solutions strategy:
- Expands revenue base beyond conventional fuel-led earnings
- Enhances business resilience against energy transition and regulatory shifts
- Supports engagement with policymakers and industry stakeholders on low-carbon mobility
- Guides investments in scalable, interoperable electric mobility technologies
- Enables operational efficiency through interoperable battery and swapping systems
- Integrates electric mobility into core strategic planning and capital allocation

Current strategic actions focus on expanding 2W-EV adoption in Malaysia through partnerships with fleet operators, the private sector and government agencies, supporting market adoption in line with the NETR while ensuring commercial viability.

- Scaling decisions are guided by the need to:
  - Prioritise scalable deployment by optimising capital allocation and return profiles
  - Localise assets and supply chains to reduce costs and enhance resilience
  - Integrate renewable electricity to lower lifecycle emissions and operating costs
  - Stay aligned with evolving mobility, energy and safety regulations
  - Enhance safety, operational excellence and digital capabilities to support system-wide scaling

We adopt a disciplined, phased approach to expanding our EV mobility network, guided by capital efficiency, operational readiness and demand validation.

Resource deployed/allocation
We utilise internal funding and ensures appropriate prioritisation of resources for 2W-EV investments. To support the 2W-EV opportunity, we will ensure that sufficient priority is given to 2W-EV investments, utilising internal and/or external funding as required.

Opportunity	Business Impacts	Climate Scenario	Financial Impact (RM)			
			CY 2025	ST 2026	MT 2030	LT 2050
2W-EV offering to accelerate decarbonisation	Increase share of profit from selling of 2W-EV	Base Case	Share of profit ↓	Share of profit ↓	Share of profit ↑	Share of profit ↑
		Country Pledge	Share of profit ↓	Share of profit ↓	Share of profit ↑	Share of profit ↑
		Net Zero	Share of profit ↓	Share of profit ↓	Share of profit ↑	Share of profit ↑

The transition to electric mobility offers a significant opportunity for us particularly through developing a 2W-EV ecosystem aligned with national low-carbon mobility goals. Supported by the NETR agenda and a strategic partnership with Blueshark, we are building an integrated platform that includes battery swapping, charging infrastructure and EV distribution, enabling diversification beyond conventional fuels. While early efforts focus on validation and scalable energy-as-a-service model, EV solutions integrated into our retail network are expected to generate new recurring revenue streams from battery rental, energy delivery, subscriptions, and mobility services. Although near term financial impacts remain modest due to upfront investments, scenario analysis shows share of profit improving by medium-term (2030) across all pathways, driven by greater network utilisation and rising fleet and retail electrification. By 2050, share of profit growth is projected to continue as nationwide adoption expands, positioning EV mobility solutions as a meaningful contributor to our earnings and reinforcing our strategic role in Malaysia's low-carbon mobility transition.

6.4 Resilience of the Group's strategy and business model in relation to climate-related risks

Transition Risk

Overview of Scenario Analysis and Purpose

In Quarter 4 2025, we conducted a climate-related scenario analysis to assess the resilience of our strategy and business model against multiple transition pathways. The analysis was anchored to the Wood Mackenzie model, which offers structured emissions trajectories that reflect varying global decarbonisation outcomes, including a Net Zero Case aligned with the temperature goals of the Paris Agreement.

Three scenarios were selected; the Base Case (approximately 2.5°C warming), Country Pledges (approximately 2.0°C warming) and Net Zero Case (approximately 1.5°C warming), to provide a balanced view of potential market evolution, policy shifts and long-term energy demand movements relevant to PDB's operations in Malaysia. These scenarios enabled structured testing of vulnerabilities and opportunities associated with the climate transition, ensuring alignment with IFRS S2 expectations for forward-looking resilience assessment. The scenario analysis covered the period from 2025 to 2050 (short-term (2026), medium-term (2030) and long-term (2050)).

Key Assumptions Underpinning Climate Related Analysis

Our climate related analysis is based on a consistent set of assumptions spanning policy, macroeconomic conditions, physical climate risks, energy demand and mix, and technology developments. These assumptions combine recognised external reference sources with internal Leadership Team views, ensuring relevance to Malaysia's context and our operational footprint.

Summary of Key Assumptions

Assumption Area	Key Inputs and Sources	Relevance to Climate Related Analysis
1. Climate related policies in Malaysia	Malaysia led initiatives including the NETR, renewable energy expansion targets, carbon pricing mechanisms, and the development of hydrogen and other low carbon solutions	Establishes the regulatory and transition context influencing fuel demand, investment decisions, compliance costs, and long term asset viability
2. Macroeconomic trends	a) Wood Mackenzie Energy Transition Outlook (ETO) 2024 assumptions on GDP growth, population growth, and carbon price outlook b) Internal views on inflation, interest rates, and foreign exchange rates	Drives demand projections, cost assumptions, financing conditions, and overall economic environment under which climate risks and opportunities are assessed
3. Energy usage and energy mix	Wood Mackenzie ETO 2024 assumptions on jet fuel displacement by Sustainable Aviation Fuel (SAF) coupled with internal view guided by NETR. Internal view on assumptions on EV penetration based on benchmark performed.	Informs future changes in fuel consumption patterns, substitution effects, and utilisation of PDB's infrastructure
4. Technology development and costs	Internal views on technological cost trends, including battery cost and SAF premiums	Influences the pace of transition, competitiveness of low carbon alternatives, and timing of adoption across key sectors

Overall Integration

Taken together, these assumptions form a coherent and integrated foundation for our climate related analysis. By aligning policy, economic, energy demand, and technology considerations, we ensure that our assessment reflects both external transition dynamics and internal operational realities, supporting informed strategic and risk management decisions.

Adaptive Capacity, Strategic Response and Residual Uncertainty

Our resilience is underpinned by an adaptive business model that balances near term cash generation with long term transition preparedness. Scenario insights are integrated into strategic planning, capital allocation and risk management processes to assess investment robustness under tightening regulatory conditions. Strategic responses include scaling low carbon mobility solutions such as EV charging, battery swapping and fleet electrification services, commercialising SAF, and diversifying revenue streams through digital platforms and convenience retail.

Despite these measures, residual risks and uncertainties remain. Under accelerated transition scenarios, fuel demand decline may outpace diversification efforts, increasing the risk of underutilised assets. Demand for SAF and EV related services may evolve more slowly than projected due to policy, technology or affordability constraints.

We address these uncertainties through conservative planning assumptions, periodic scenario refreshes, sensitivity testing and enhanced governance oversight to ensure timely strategic adjustments as conditions evolve.

Uncertainties and Judgements

The assessment of climate resilience in relation to transition risks involves inherent uncertainties and the application of management judgement. These uncertainties primarily arise from the evolving nature of climate-related policies, regulatory requirements, market conditions, technological developments and stakeholder expectations, as well as limitations in data availability and the long-term horizons over which transition risks may materialise.

To learn more on our key decarbonisation initiatives (solarisation, SAF, biodiesel and low-carbon mobility), please refer to our Sustainability Report on pages 57 to 62.

Key sources of uncertainty include the pace, timing and stringency of transition pathways, such as changes in emissions regulations, carbon pricing mechanisms and industry standards across the Group's operating jurisdictions. Scenario analysis provides directional insights; however, outcomes remain sensitive to assumptions regarding policy ambition, market responses and technology adoption.

Management judgement is applied in selecting relevant scenarios, interpreting model outputs and assessing the materiality of identified transition risks to the Group's business model and strategy. Assumptions are applied consistently and reviewed periodically. The Group continues to monitor developments in climate-related policy, regulation, markets and data quality, and will update its assessments as conditions evolve.

Capacity to Adjust or Adapt Strategy and Business Model

We maintain sufficient internal funding and has flexibility to access external funding - if required - to address climate-related risks and opportunities, including CAPEX investments for all mitigations and strategic plans highlighted in the prioritised risks and opportunities section.

Existing infrastructure can be upgraded or repurposed to support transition initiatives, including energy-efficient solutions and collaboration with Gentari to expand EV charging operations across PETRONAS stations in Malaysia. Ongoing and future investments focus on EV infrastructure, energy-efficiency enhancements, and operational hardening to ensure long-term resilience against climate-related risks.

7.0 METRICS AND TARGET

7.1 Climate-related Targets

Decarbonisation Strategy and Targets

In pursuit of our short- and medium-term GHG emissions reduction targets, with a focus on reducing our gross Scope 2 emissions, we are leveraging solar energy as a renewable source of electricity. At this stage, we have not set a quantitative reduction target for Scope 1 emissions, as these account for only approximately 10 percent of the Group's total greenhouse gas emissions. Efforts are instead focused on exploring commercially viable measures to address Scope 1 emissions, including the potential adoption of lower global warming potential refrigerants to replace existing hydrofluorocarbon refrigerants used in air conditioning, chillers and fire suppression systems. We are also evaluating options to increase the biofuel blend in diesel used across its vehicle fleet to support emissions reduction objectives.

TARGETS

Short Term (2026)**

Avoid GHG emissions of

3,543 tonnes CO_2e/year

Medium Term By 2030**

Avoid GHG emissions of

5,994 tonnes CO_2e/year

These targets were established against a 2019 base year and apply across the Group. While the targets and the methodology used to derive them have not yet been externally validated, nor were the targets derived from sectoral decarbonisation approach, they provide a clear strategic direction to guide our emissions reduction efforts and monitor progress.

Note:
*** As we have achieved 4,695.6 tonnes CO_2e in 2025 which exceeded the short-term target, we may revise these targets moving forward.*

The targets support Malaysia's national commitment to reduce carbon intensity per gross domestic product by 45 percent below 2005 levels by 2030, recently updated with Malaysia's Nationally Determined Contribution (NDC) 3.0 target of an absolute reduction of 15 to 30 million tonnes CO_2e by 2035, contributing to climate change mitigation and the transition towards a low-carbon economy. Over the longer term, our decarbonisation pathway aligns with Malaysia's broader climate ambitions and the global net-zero agenda and supports the PETRONAS NZCE 2050 aspiration through progressive reductions in the Group's operational carbon footprint.

Our assessments in managing exposures reveal opportunities that support the evolution of our strategy, which are evaluated alongside commercial and financial considerations through our investment governance to ensure strong decision quality, resilience and alignment with long term strategic priorities. Evolving customer expectations, supportive national policies and emerging lower carbon technologies create new value pools across our retail, commercial and logistics businesses. These insights shape our focus on expanding cleaner energy solutions, improving energy efficiency and developing offerings aligned with lower carbon mobility. Opportunities are reviewed within our investment governance framework to ensure strategic fit and commercial viability, enabling us to capture growth from the energy transition while reinforcing the competitiveness and resilience of our core business.

Progress Against Targets

Progress against targets is monitored on a regular basis and reported to the SAC and the Board. We achieved an annual emissions reduction of 4,695.6 tonnes CO_2e surpassing our short-term (FY2025) target of 2,544* tonnes CO_2e, achieved through the 121 newly solarised PETRONAS stations, bringing our cumulative solarised network to 303 sites. This marks a strong uplift in new installations compared with the previous year and reflects improved planning and greater momentum in our solarisation efforts. Looking ahead, we remain on course to scale solar adoption across the network, with a target of more than 450 solarised sites by 2030. Through this initiative, we expect to deliver substantial emissions reductions while supporting a long-term transition to cleaner and more energy-efficient operations.

Looking ahead, we expect emissions reductions to continue to scale in line with ongoing growth projects, including the development of new service stations, further expansion of the solarised network, and the rollout of additional low-carbon initiatives such as battery swapping stations and other energy transition solutions.

Note:
* This short-term (FY2025) target was revised upwards from 2,031 tonnes CO_2e, taking into account the latest grid emission factor.

7.2 GHG Performance

The table below summarises the Group's absolute gross greenhouse gas emissions for the reporting year, including emissions from entities and operations within the Group's reporting boundary according to operational control consolidation approach and equity share consolidation approach. The information presented provides transparency on the Group's emissions profile over the reporting period and supports the assessment of climate-related risks, opportunities and performance against targets.

DIRECT (SCOPE 1) AND INDIRECT (SCOPE 2) GHG EMISSIONS (OPERATIONAL CONTROL)

GHG Emissions – Operational Control [a][b][c]	Unit	2019[d]	2023	2024	2025
Total Direct (Scope 1) and Indirect (Scope 2)	**Thousand tonnes CO_2e**	**115.5**	**102.4**	**95.5**	**102.6**
• PDB Group – Fuel Business		98.7	88.5	88.2	95.7
• PDB Group – Non-Fuel Business		3.6	8.9	3.9	5.0
• PNGV		13.2	5.0	3.4	1.9
Scope 1 emissions [e][f][g][h]	**Thousand tonnes CO_2e**	**11.8**	**11.2**	**10.0**	**10.4**
• PDB Group - Fuel Business		4.0	4.6	4.6	4.9
• PDB Group - Non-Fuel Business[i]		3.6	4.6	4.4	4.1
• PNGV [j]		4.1	2.0	1.0	1.4
Scope 2 emissions (location-based)	**Thousand tonnes CO_2e**	**103.8**	**91.2**	**85.5**	**92.2**
• PDB Group - Fuel Business [k][l]		94.7	82.9	82.0	90.7
• PDB Group - Non-Fuel Business		-	5.2	1.0	1.0
• PNGV		9.1	3.0	2.5	0.5
GHG emissions reductions [m][n]	**Tonnes CO_2e**	**73.5**	**840.6**	**1,555.7**	**4,695.6**
• PDB Group - Solar		73.5	840.6	1,555.7	4,695.6

Notes:
(a) Greenhouse gas (GHG) emissions comprise seven types of GHG per GHG Protocol, as defined by the United Nations Framework Convention on Climate Change (UNFCCC) (Kyoto Protocol).
(b) Split by scope and entities may not add up to the total due to rounding. Per IFRS S2 requirements, GHG emissions are disaggregated into Fuel Business (PDB's principal business segment) and Non-Fuel Business. Non-Fuel Business comprises Mesra and Setel.
(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. Emissions from PNGV have significantly reduced over the past several years due to progressive downsizing of NGV stations and facilities, culminating in its complete closure of operations and decommissioning by July 2025. PDB will no longer report emissions under PNGV next year onwards.
(d) Base year is 2019, which was selected as a representative year preceding the COVID-19 pandemic, which significantly impacted business-as-usual operations.
(e) Sources of Scope 1 emissions include stationary combustion sources (such as generator sets and firewater pumps and bitumen heater) and mobile combustion sources (such as forklifts and company-owned and operated vehicles), measured from the amount of fuel consumed through purchases. Other sources of emissions include fugitive emissions from refrigerants in chillers and air conditioning, and from fire suppressants (HFC-227ea).
(f) Beginning 2024, we no longer report emissions from our third-party transportation (i.e. from road tanker operations) under Scope 1 – Direct Emissions, due to changes in contractual mode and terms, as these emissions are no longer captured under standard definition of Scope 1 direct emissions, but under Scope 3 indirect emissions. As a result, data from prior years, including base year 2019, were recalculated and re-baselined.
(g) The Group is not subjected to any emissions-limiting regulations such as cap-and-trade schemes or carbon tax systems.
(h) All scope 1 emission from refrigerant emissions loss are estimated in accordance with the API Compendium of GHG Emissions Methodologies for the Natural Gas and Oil Industry (2021) by conservatively applying the refrigerant loss rate of 15% of initial charge per year. This includes all commercial stationary and mobile refrigerant sources the entity uses in its retail locations, distribution centres and its transportation fleet.
(i) For our Non-Fuel Business, all of refrigerants consumed are zero Ozone-Depleting Potential (ODP) refrigerants.
(j) For PNGV operations, emissions include combustion of methane from gas turbines, minor venting during cylinder recertification, maintenance and decommissioning activities, and fugitive emissions.
(k) Scope 2 emissions are from purchased grid electricity, consolidated from electricity bills obtained from grid electricity suppliers, and from Melaka Energy Park (for PDB Melaka Terminals). This also included office premises owned and managed by PDB. Leased office spaces in which PDB has no ownership of assets and/or no operational control over the building/floor set up and electricity are excluded.
(l) For individually insignificant 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 actual data.
(m) GHG emissions reductions result from actions or interventions that have led to ongoing reductions in Scope 2 emissions such that GHG emissions would have been higher in the reporting year if the actions or intervention had not taken place.
(n) The Company did not purchase any carbon credit nor renewable energy certificates during the reporting year.

DIRECT (SCOPE 1) AND INDIRECT (SCOPE 2) GHG EMISSIONS (EQUITY SHARE)

GHG Emissions – Equity [a][b][c]	Unit	2019[d]	2023	2024	2025
Total Scope 1 and Scope 2 emissions	**Thousand tonnes CO_2e**	**114.7**	**107.9**	**101.9**	**112.4**
• PDB Group		101.7	96.9	91.6	99.9
• JV and Associates		13.0	10.9	10.4	12.5
Scope 1 emissions	**Thousand tonnes CO_2e**	**8.0**	**9.6**	**9.2**	**9.2**
• PDB Group		7.6	9.2	9.0	8.8
• JV and Associates		0.4	0.4	0.2	0.4
Scope 2 emissions (location-based)	**Thousand tonnes CO_2e**	**106.7**	**98.3**	**92.7**	**103.3**
• PDB Group only		94.1	87.7	82.5	91.1
• JV and Associates		12.6	10.6	10.2	12.1

Notes:
(a) Equity Share includes emissions from facilities according to percentage of our share of joint arrangements and associates such as KLIA Aviation Fuelling Systems Sdn Bhd, PS Pipeline Sdn Bhd, PS Terminal Sdn Bhd, IOT Management Sdn Bhd, Tanjung Manis Oil Terminal Management Sdn Bhd. and PETROSNiaga Sdn Bhd. For current reporting year, we have not accounted for emissions from Blueshark Malaysia Sdn Bhd as formalisation of JV company occured in late 2025. Numbers shown are equitised according to percentage equity of JV and Associates reflected on pages 10 and 11 of the Report.
(b) Emissions from PETRONAS NGV (PNGV) are excluded.
(c) Split by scope and entities may not add up to the total due to rounding. Per IFRS S2 requirements, GHG emissions are disaggregated into PDB Group, and JV and Associates.
(d) Base year is 2019, which was selected as a representative year preceding the COVID-19 pandemic, which significantly impacted business-as-usual operations.

INDIRECT (SCOPE 3) GHG EMISSIONS (OPERATIONAL CONTROL)

GHG Emissions – Operational Control [a]	Unit	2019[b]	2023	2024	2025
Indirect (Scope 3) emissions	**Million tonnes CO_2e**	**46.6**	**50.1**	**52.3**	**52.2**
• Category 1 - Purchased Goods and Services (Fuel only)[c]	Million tonnes CO_2e	8.3	9.3	9.6	**9.6**
• Category 6 - Business Travel[d]	Tonnes CO_2e	-	-	1,637.9	**1,854.8**
• Category 7 - Employee Commuting[e]	Tonnes CO_2e	-	-	745.1	**692.1**
• Category 11 - Use of Sold Products (Fuel only)[f]	Million tonnes CO_2e	38.3	40.8	42.7	**42.6**

Notes:
(a) Scope 3 - Emissions from sources that are not owned or directly controlled, but are related to our activities. During 2023, we completed a screening-level assessment to better understand our relevant Scope 3 emission categories, in line with the GHG Protocol Corporate Value Chain (Scope 3) Standard. Results from this screening exercise revealed that, in total, upstream emissions from purchased goods and services (more specifically fuel) and downstream emissions from the use of sold products (fuel), were identified as material categories (i.e. Category 1 and 11 respectively) and disclosed in this report. Category 6 (Business Travel) and Category 7 (Employee Commuting) were disclosed for the first time in 2024 in accordance with the Bursa Main Market Listing Requirements at the time. In the coming years, we will continue to review and refine our measurements of Scope 3 emissions to include, where relevant and material, emissions from the other categories as well as to refine our emissions calculations.
(b) Base year is 2019, which was selected as a representative year preceding the COVID-19 pandemic, which significantly impacted business-as-usual operations.
(c) This category includes estimated well-to-tank emissions from refined oil products, LPG, LNG, biofuel, lubricants, bitumen and petcoke purchased.
(d) This category included estimated emissions from transportation of employees from business-related activities in vehicles not owned or operated by the company, such as air travel and vehicle mileage (excluding emissions from e-hailing or other modes of public transport).
(e) This category includes estimated emissions from transportation of employees between their homes and their worksites in vehicles not owned or operated by the company. Emissions from this category was based on data collected from an employee commuting survey conducted in 2024. There is no significant change in the demographics of employees in the Group during the current reporting year, and as such the results of the survey was assumed to remain valid.
(f) This category includes estimated emissions from direct use-phase (combustion) of our fuel such as mogas, diesel and biodiesel, jet fuel, fuel oil, petcoke, LPG and LNG, by our customers.

ENERGY USE

Total Energy Use – Operational Control [a][c][d]	Unit	2019[b]	2023	2024	2025
PDB Group	**Thousand Gigajoules**	**1,172.2**	**1,448.0**	**1,327.6**	**1,303.9**
• Fuel[e]	Thousand Gigajoules	42.0	51.2	51.4	57.0
• Imported electricity [f]	Thousand Gigajoules	1,129.8	1,391.9	1,267.9	1,225.1
• Renewable (Solar)	Thousand Gigajoules	0.4	4.9	8.3	21.8
PNGV	**Thousand Gigajoules**	**184.7**	**62.0**	**47.7**	**8.8**
• Fuel	Thousand Gigajoules	58.9	18.8	12.5	2.5
• Imported electricity	Thousand Gigajoules	125.8	43.2	35.2	6.2

Notes:
(a) Under operational control approach, emissions from PETRONAS NGV (PNGV) were also included as PDB operates and maintains these NGV stations on behalf of PNGV.
(b) Base year is 2019, which was selected as a representative year preceding the COVID-19 pandemic, which significantly impacted business-as-usual operations.
(c) In 2024, we no longer report emissions from our third party transportation (i.e. from road tanker operations) due to changes in contractual mode and terms, which no longer meet the definition of energy used from sources that are owned or controlled. As a result, data from prior years, including base year 2019, were recalculated and re-baselined.
(d) For individually insignificant sources of energy consumption such as retail stations where it is impractical to collect all data, we used simplified methods for estimating consumption. Energy consumption from some retail stations were modelled by multiplying the number of sites by an average consumption factor per site, which was derived from available data.
(e) This includes total fuel consumed by transportation fleet owned and operated by our Non-Fuel Business (i.e. excluding those operated by third parties) for the current reporting period (FY2025), which was estimated at 1,624 Gigajoules. This is tracked through fuel expenses. Percentage renewable is 10% as biodiesel B10 was the primary fuel consumed (Palm Methylester (PME)) used in biodiesel based on International Sustainability and Carbon Certification (ISCC), Roundtable on Sustainable Palm Oil (RSPO) and Malaysian Sustainable Palm Oil (MSPO) certifications) the primary fuel consumed.
(f) This includes total operational energy from Non-Fuel Business i.e. Mesra Café operations consumed from grid electricity for the current reporting period (FY2025), which was estimated at 10,394 Gigajoules. All energy consumed is supplied via grid electricity, except for those café operations located inside Kedai Mesra which are partially powered by renewable solar energy (for those stations fitted and powered by solar). Electricity from Kedai Mesra cannot be disaggregated from the overall retail fuel station operations. Hence, percentage of energy it consumed from renewable solar energy cannot be ascertained.

7.3 Methodologies, Inputs and Assumptions

The methodologies, inputs and key assumptions applied in measuring the Group's greenhouse gas emissions are summarised in the table below. These methodologies are aligned with the Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard and the requirements of IFRS S2 and reflect management's judgement in applying emission factors, activity data and estimation techniques. Relevant topics under the Sustainability Accounting Standards Board (SASB) Standards related to the Oil and Gas–Refining and Marketing industry, and Food Retailers and Distributors industry were also included. Any deviations from these methodologies and inputs have been documented in the respective sections of this report.

The table outlines the scope of emissions, measurement approaches and material assumptions used in the calculation process to support transparency and comparability of disclosures across reporting periods.

Scope	Measurement Approach	Inputs	Assumptions	Reasons for measurement approach, inputs and assumptions	Changes to measurement approach, inputs and assumptions in the reporting period
Scope 1	Activity data collection from fuel consumption, type of fuel, amount and type of refrigerants and fire suppression agents	Fuel purchase receipts Total weight of refrigerant from chiller and air-conditioning records Fire suppression system records	PDB-specific combustion emission factors for diesel and biodiesel[a] Average emission factors for fuel combustion using UK DESNZ Emission Factors (EF) 2025[b] Operating emission factors for refrigerants per API Compendium 2021[c] Global Warming Potentials (GWP) are based on the IPCC Fifth Assessment Report (AR5) with a 100-year time horizon.	UK DESNZ provides comprehensive list emission factors for fuel combustion Methodological guidance from API provides methodological guidance for sector-specific practices and emissions factors/ sources	UK BEIS 2022 EF applied in previous reporting years GWP based on AR4 in previous reporting years

Scope	Measurement Approach	Inputs	Assumptions	Reasons for measurement approach, inputs and assumptions	Changes to measurement approach, inputs and assumptions in the reporting period
Scope 2	Location-based approach	Electricity bills	Average grid emission factor 2022 for Peninsular Malaysia and Sabah, and grid emission factor 2023 for Sarawak[d]	Latest national grid emission factor published by the Energy Commission, Malaysia, and Sarawak Energy	Latest grid emission factors applied in the current year
Scope 3	Average data method	Fuel product volumes (Cat 1 and Cat 11) Employee commuting survey 2024 (Cat 7)	Average emission factors using UK DESNZ Emission Factors 2025, and PDB-specific combustion emission factors for diesel and biodiesel	UK DESNZ provides comprehensive list of emission factors for fuel combustion and modes of transport for employee commuting	UK BEIS 2022 EF applied in previous reporting years
	Spend-based and average data method	Air travel and vehicle mileage claims data (Cat 6)	No significant changes in employee profile and organisation structure since 2024		

Notes:
(a) PDB established combustion emission factors for its diesel and biodiesel, and received independent verification in September 2025.
(b) UK Government Greenhouse Gas Conversion Factors for Company Reporting issued by the Department for Energy Security and Net Zero (DESNZ), formerly the Department for Business Energy and Industrial Strategy (BEIS) and the Department for Environment Food and Rural Affairs (DEFRA).
(c) American Petroleum Institute Compendium of GHG Emissions Methodologies for the Natural Gas and Oil Industry (2021).
(d) Exception: Electricity at PDB's Melaka Terminals are contractually supplied by the neighbouring Melaka Energy Park (MEP) which provided the average emission factor of its Cogeneration plant.

7.4 Internal Carbon Price (ICP) and Carbon Credit

In shaping a more robust framework for climate-related assessments, we are considering various tools to support long-term decision-making, including the possible future use of ICP. While ICP has not yet been applied, any eventual implementation will be guided by organisational readiness, the availability of sound data and methodologies, and consistency with Group-wide practices.

The Group did not purchase any carbon credits or renewable energy certificates (REC) during the reporting year. As we continue to strengthen our efforts to lower emissions from purchased electricity, we may consider RECs in the future to complement ongoing initiatives that support the reduction of reported Scope 2 emissions.

Scan the QR code to read more about the 2025 IFRS S2 and SASB Content Index

Bursa Malaysia's CSI Prescribed Table

PETRONAS Dagangan Berhad
IFRS S2

Date & Time: 2026-03-10 14:40:05
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
* GHG Emissions	Scope 1	tCO2e	10,356	-	External (Limited)	Data representing PDB Group (operational control) and was assured by LRQA Malaysia Sdn Bhd
Footnote Sustainability Matter	Data was wrongly input. Amended from 10,400 tCO2e to 10,356 tCO2e					
* GHG Emissions	Scope 2	tCO2e	92,226	-	External (Limited)	Data representing PDB Group (operational control) and was assured by LRQA Malaysia Sdn Bhd
Footnote Sustainability Matter	Data was wrongly input. Amended from 92,200 tCO2e to 92,226 tCO2e					
GHG Emissions	Scope 3 - Category 1	tCO2e	9,645,792	-	External (Limited)	Data representing PDB Group (operational control) and was assured by LRQA Malaysia Sdn Bhd
GHG Emissions	Scope 3 - Category 6	tCO2e	1,854,800	-	No assurance	Data representing PDB Group (operational control)
GHG Emissions	Scope 3 - Category 7	tCO2e	692,100	-	External (Limited)	Data representing PDB Group (operational control) and was assured by LRQA Malaysia Sdn Bhd
GHG Emissions	Scope 3 - Category 11	tCO2e	42,579,375	-	External (Limited)	Data representing PDB Group (operational control) and was assured by LRQA Malaysia Sdn Bhd
* Energy Management	Total energy use	GJ	1,312,656	-	External (Limited)	Data representing PDB Group and PNGV, and was assured by LRQA Malaysia Sdn Bhd
Footnote Sustainability Matter	Data was wrongly input. Amended from 1,303.9 GJ to 1,312,656 GJ					
GHG Emissions	Scope 1	tCO2e	9,164	-	External (Limited)	Data representing PDB Equity Share and was assured by LRQA Malaysia Sdn Bhd

This report was generated on the Bursa Malaysia CSI Platform on 2026-03-10 14:40:05

Note:
Please note that pages 1 to 7 of the Prescribed Table were not disclosed in the ISSB Statement announced on 27 March 2026. In accordance with the Listing Requirements, the full Prescribed Table generated by the CSI platform, comprising pages 1 to 9, is available at the following link: https://www.mymesra.com.my/csi-prescribed-table. For clarity, the information presented on pages 8 to 9 of the Prescribed Table in the ISSB Statement is consistent with the disclosure provided via the link.

Bursa Malaysia's CSI Prescribed Table

Date & Time: 2026-03-10_14:40:05
FYE 31/12/2025

PETRONAS Dagangan Berhad
IFRS S2

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Remarks
GHG Emissions	Scope 2	tCO2e	103,281	—	External (Limited)	Data representing PDB Equity Share and was assured by LRQA Malaysia Sdn Bhd

This report was generated on the Bursa Malaysia CSI Platform on 2026-03-10 14:40:05

Note:
Please note that pages 1 to 7 of the Prescribed Table were not disclosed in the ISSB Statement announced on 27 March 2026. In accordance with the Listing Requirements, the full Prescribed Table generated by the CSI platform, comprising pages 1 to 9, is available at the following link: https://www.mymesra.com.my/csi-prescribed-table. For clarity, the information presented on pages 8 to 9 of the Prescribed Table in the ISSB Statement is consistent with the disclosure provided via the link.

External Independent Assurance Report

LRQA Group Independent Assurance Statement

Relating to PETRONAS Dagangan Berhad (PDB) Greenhouse Gas (GHG) emissions for calendar year 2025

This Assurance Statement has been prepared for PETRONAS Dagangan Berhad (PDB) in accordance with our contract.

Terms of Engagement

LRQA INSPECTION MALAYSIA SDN. BHD. (LRQA) was commissioned by PETRONAS Dagangan Berhad (PDB) to provide independent assurance of its greenhouse gas (GHG) emissions inventory in the PETRONAS Dagangan Berhad Integrated Report 2025 ("the Report") for the calendar year 2025 against the assurance criteria below to a limited level of assurance and materiality of the professional judgement of the verifier using LRQA's verification procedure that is in accordance with ISO 14064 - Part 3 for greenhouse gas emissions.

Our assurance engagement covered PDB' entities[1] related to its businesses and covered all operations within Malaysia that are under PDB Operational Control and Equity Share (refer Annex A). Our engagement specifically covered the following:

- Verifying conformance of the selected datasets with:
  - PETRONAS Technical Standard, PTS 18.72.05 Greenhouse Gas Emissions Management, March 2023.
  - World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol: A corporate accounting and reporting standard, revised edition 2004 (otherwise referred to as the WRI/WBCSD GHG Protocol) for the GHG data[2].
- Evaluating the accuracy and reliability of data and information for the selected emission scopes listed below:
  - Operational control for Direct (Scope 1) and Energy Indirect (Scope 2) expressed in tonnes CO_2e.
  - Indirect Emissions (Scope 3) for Category 1: Purchased Goods and Services, Category 7: Employee Commuting and Category 11: Use of Sold Products expressed in tonnes CO_2e.
  - Equity share for (Scope 1) and Energy Indirect (Scope 2) expressed in tonnes CO_2e.

Our assurance engagement excluded the data and information of PDB suppliers, contractors and any third parties mentioned in the report.

LRQA's responsibility is only to PDB. LRQA disclaims any liability or responsibility to others as explained in the end footnote. PDB' responsibility is for collecting, aggregating, analysing and presenting all the data and information within the Report and for maintaining effective internal controls over the systems from which the Report is derived. Ultimately, the Report has been approved by, and remains the responsibility of PDB.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that PDB has not, in all material respects:

- Met the requirements of the criteria listed above; and
- Disclosed accurate and reliable performance data and information as summarized in Table 1, Table 2 and Table 3.

The opinion expressed is formed on the basis of a limited level of assurance[3] and at the materiality of the professional judgement of the verifier.

LRQA's Approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks were undertaken as part of the evidence gathering process for this assurance engagement:

- Conducting GHG data verification through interaction with key personnel from sampled operating units from businesses as under:
  - Primary distribution: Remote verification at PS Pipeline Sdn. Bhd. and Independent Oil Terminal Management Sdn. Bhd. (IOTM)
  - Terminals and facilities: Remote verification at Fuel Terminals, Liquefied Petroleum Gas (LPG) Terminals & Bottling Facilities, Aviation Terminals and onsite verification at Bayan Lepas Aviation Fuel Terminal and Kuala Lumpur Aviation Fuel System Sdn. Bhd. (KAFS).
  - Secondary distribution: Remote verification at mobile refueling service vehicle (ROVR).
  - Customer: Remote verification of retail fuel stations, Mesra Retail & Café Sdn. Bhd. outlets and commercial offices and onsite verification at Seksyen 13, Shah Alam retail station.
  - PNGV: Remote verification on the NGV Stations.
  - Verified emissions for Category 1: Purchased Goods limited to petroleum products for trading [4]
  - Verified emissions for Category 7 considering employee survey undertaken through a sample size determined using Taro Yamane Formula 95% confidence level and a normal distribution with 5% margin of error.
  - Category 11 for fuels[5] sold that were externally sourced and retailed by PDB.
  - GHG inventory emissions based on IPCC AR5 GWP

1 PETRONAS Dagangan Berhad (PDB) core business is retail fuel, commercial (diesel, aviation fuel), LPG, lubricants, convenience business, digital payment solutions and includes facilities such as offices, fuel terminals, aviation terminals, LPG terminals, bunkering facilities, petrol stations with Mesra and café. PETRONAS NGV Berhad (PNGV) core business is in supply of NGV for use in vehicles and includes facilities and emission sources such as NGV trucks and gas engine stations.
2 .https://www.ghgprotocol.org/
3 The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites.
4 Mogas, Diesel, Jet A1, Av Gas, Fuel oil, LPG, Additives (for mogas), Additives (for diesel), Additives for (for Jet A1), PME (for biodiesel), Bitumen, Petroleum Coke, Sulphur, Lubricants, LNG DAP
5 Fuels include Mogas, Diesel (B0), Biodiesel (B7), Biodiesel (B10), Biodiesel (B20), AvGas, Jet A1, Jet A1 – International, Fuel Oil - 180 CST, Fuel Oil - 380 CST, Fuel Oil – Others, Kerosene, LPG, PetCoke, LNG – VPS.

External Independent Assurance Report

- Reviewing processes related to the control of GHG emissions data and records;
- Interviewing relevant employees of the organization responsible for managing GHG emissions data and records at the operating unit level and corporate level; and
- Assessing PDB data management systems to confirm they are designed to prevent significant errors, omissions or misstatements in the Report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal quality control.
- Verifying historical GHG emissions data and records at an aggregated level for the calendar year 2025.

Recommendations

- PDB should prepare the GHG inventory prior to verification,
- Establish Internal Quality Control for the data in timely manner, and
- Reconduct survey or update for air-conditioning and other to reflect current operation

LRQA's Standards, Competence and Independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021 *Conformity audit – Requirements for bodies providing audit and certification of management systems* that are at least as demanding as the requirements of the International Standard on Quality Control and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification audits is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

We have conducted to PDB for verification GHG Inventory Scope 1, 2, 3 (Category 1, 7 and 11) for calendar year 2024 and HSE Indicator for year 2025. The verification audits are the only work undertaken by LRQA for PDB and as such does not compromise our independence or impartiality.

Signed Dated: 20th Feb. 2026

Sew Shuh Ping
LRQA GROUP LIMITED Lead Verifier
On behalf of LRQA INSPECTION MALAYSIA SDN. BHD., Level 25, Naza Tower, Platinum Park, No.10, Persiaran KLCC, 50088 Kuala Lumpur

LRQA GROUP LIMITED reference: KLR00000814

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External Independent Assurance Report

Table 1. Summary of PDB Operational Control GHG Emissions data for Scope 1 and Scope 2 emissions:

Operational control Scope	2025 (tCO2e)
Scope 1 emissions	8,984
Scope 2 emissions	91,717

Table 2. Summary of PNGV[6] Operational Control GHG Emissions data for Scope 1 and Scope 2 emissions:

Operational control Scope	2025 (tCO2e)
Scope 1 emissions	1,372
Scope 2 emissions	515

Table 3. Summary of PDB Equity Share GHG Emissions data for Scope 1 and Scope 2 emissions:

Equity Share Scope	2025 (tCO2e)
Scope 1 emissions	9,164
Scope 2 emissions	103,281

Table 4. Summary of PDB GHG Emissions data for Scope 3 emissions:

Scope 3	2025 (tCO2e)
Category 1: Purchased Goods and Services[7]	9,645,792
Category 7: Employee Commuting	692
Category 11: Use of Sold Products[8]	42,579,375

6 Ceased operation in July 2025 and fully decommissioned in October 2025
7 Limited to purchase of petroleum products for trading
8 limited to sales of combustible petroleum products