

PETRONAS Group Sustainability Report 2007



VISION STATEMENT

To be a Leading Oil and Gas Multinational of Choice

MISSION STATEMENT

We are a business entity

Petroleum is our core business

Our primary responsibility is to develop and add value to this national resource

Our objective is to contribute to the well-being of the people and the nation

SHARED VALUES

Loyalty

Loyal to nation and corporation

Professionalism

Committed, innovative and proactive and always striving for excellence

Integrity

Honest and upright

Cohesiveness

United in purpose and fellowship

ABOUT US

PETRONAS, the acronym for Petroliam Nasional Berhad, was incorporated on 17 August 1974 under the Companies Act 1965. It is wholly owned by the Malaysian government and is vested with the entire ownership and control of the petroleum resources in Malaysia through the Petroleum Development Act 1974. Over the years, PETRONAS has grown to become a fully-integrated oil and gas corporation. PETRONAS has four subsidiaries listed on the Malaysian stock exchange Bursa Malaysia and has ventured into more than 30 countries worldwide in its aspiration to become a leading oil and gas multinational of choice.

PETRONAS is involved in a broad spectrum of petroleum operations ranging from oil and gas exploration and production to oil refining; marketing and distribution of petroleum products; trading; gas processing and liquefaction; gas transmission pipeline operations; marketing of liquefied natural gas; petrochemical manufacturing and marketing; shipping and property investment. Our strong foundation anchored on integration, value-adding and globalisation strategy has resulted in the PETRONAS Group delivering another record performance for the financial year ended 31 March 2007, amidst a more complex and increasingly challenging global oil and gas industry environment. Having played a pivotal role in spearheading the integrated development of the petroleum industry in Malaysia, PETRONAS has embarked on a globalisation programme since 1991 to sustain our oil and gas reserves while adding value to these resources. As at 1 January 2007, our total international reserves stand at 6.31 billion barrels of oil equivalent (boe), representing 23.8 per cent of the Group's total reserves of 26.5 billion boe. Total production amounts to 1.7 million boe per day, of which 34 per cent constitutes international production.

Our sound track record is attributed to a culture of excellence, driven by a pioneering vision founded on our corporate mission and values. Underpinning this is our belief that commercial success is firmly rooted in social responsibility, hence our commitment towards corporate sustainability in balancing our business, environmental and social objectives.

PETRONAS' COMMITMENT TO SUSTAINABLE GROWTH



The oil and gas landscape is shaped by a multitude of factors. Geopolitical conflicts and economic upswings and downturns all bear heavily on the dynamics of the industry, which in turn affects millions of lives. Modernisation and increasing affluence of the world's most populous regions have resulted in oil and gas permeating over larger aspects of human lives, and sustainable development of the industry assuming greater importance.

While fully committed to sound business practices and commercial success, PETRONAS remains mindful of other equally significant dimensions of corporate strength. From the very beginning, we have been committed to conducting our business in an ethically, socially and environmentally responsible manner. To this end, PETRONAS has adopted the Corporate Sustainability Framework which encapsulates seven key result areas for group-wide implementation. Together with the PETRONAS Guidelines for Business Conduct, it forms the foundation of PETRONAS' growth philosophy.

This holistic approach to business growth means that PETRONAS places equal importance on all aspects of organisational operations. With health, safety and environment (HSE) playing an increasingly important role,

we continue to emphasise our commitment to care for the well-being of our employees and contractors, and eliminate health hazards and damage to property. This commitment is reflected in our continuous concern for the environment in which we operate, focusing on the steps taken to address emerging global environmental issues. Equally important to us is our responsibility to the communities in countries where we have operations, with education and human capital development forming the key thrust of our contribution to society, both locally and abroad. This philosophy has always guided us in our journey and continues to help shape everything we do.

While the financial results of the past year indicate that PETRONAS is well-positioned to further attain higher levels of commercial excellence, the road ahead is not without its challenges. The vagaries of the market for oil and gas present both opportunities and threats for the future sustainability of our global business. Future expansion and business viability rest on the technology and business operations of the highest standards in the game of survival of the fittest. PETRONAS strives to rise to these challenges and more by sustaining exemplary business practices in the most responsible manner, to benefit all of society now and well into the future.

ABOUT THIS REPORT

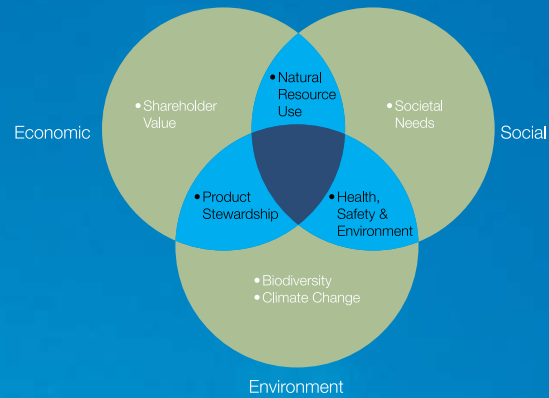
At PETRONAS, sustainability means conducting our various business activities in a responsible, holistic manner in order to ensure continued growth and success. Guided by the PETRONAS Guidelines for Business Conduct (PGBC) and the Corporate Sustainability Framework, deliberate and conscious efforts are made to ensure that our operations are conducted in a manner consistent with our Shared Values of Loyalty, Professionalism, Integrity and Cohesiveness.

In all our business activities, PETRONAS recognises the importance of maintaining the trust and confidence of our shareholders, employees, customers, business partners and communities wherever we operate. Strict adherence to the PGBC and the Corporate Sustainability Framework ensures integrity in all our business dealings.

This report aims to illustrate the breadth and scope of our corporate responsibility-related actions and depicts our continued commitment to balance our commercial, environmental and social interests while managing our petroleum resources efficiently and effectively.



OUR CORPORATE SUSTAINABILITY FRAMEWORK



Our corporate sustainability framework has been developed based on seven key result areas for Group-wide implementation, measurement and reporting to further enhance our triple bottom-line performance. The seven key result areas are:

SHAREHOLDER VALUE

Sustaining the company's profitability through value creation, and efficient extraction and manufacturing processes.

NATURAL RESOURCE USE

Making oil and gas products available at reasonable market prices, promoting efficient use of energy and water, and supporting the use of renewable energy.

HEALTH, SAFETY AND ENVIRONMENT (HSE)

Preventing and eliminating injuries, health hazards and damage to property and conserving the environment.

PRODUCT STEWARDSHIP

Ensuring that products conform to quality and HSE standards, and meet the needs of society.

SOCIETAL NEEDS

Safeguarding human rights within our sphere of influence, contributing to community needs, investing in training and education, promoting arts and sports, and conducting our business in a transparent manner.

CLIMATE CHANGE

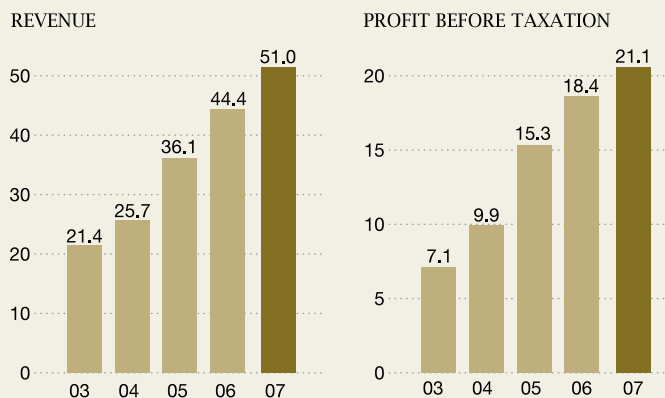
Limiting emissions of greenhouse gases into the atmosphere.

BIODIVERSITY

Ensuring projects and operations do not have significant impact on the diversity of humans, animals and plants.



GROUP FINANCIAL YEAR ENDED 31 MARCH 2007 (in USD billion)



GUIDELINES FOR BUSINESS CONDUCT

We believe that our success is measured by the extent to which we meet the objectives of long term value we create for our shareholders, the pride of our employees in their accomplishments, the satisfaction of our customers and all those with whom we do business, and the extent to which communities judge our activities as beneficial.

BUSINESS INTEGRITY

We will pursue our business with honesty, integrity and fairness respecting the different cultures in the countries in which we operate.

QUALITY

We are committed to providing products and services that conform to the requirements and expectations of our customers.

HEALTH, SAFETY AND ENVIRONMENTAL PROTECTION

In conducting our activities, we will take every reasonable and practicable step to prevent and eliminate the risk of injuries, health hazards, and damage to property, and will take proactive measures towards the conservation of the environment.

HUMAN RIGHTS

We believe that businesses have a role to play in the promotion and protection of internationally recognised human rights standards within their respective spheres of influence.

COMMITMENT TO COMMUNITY

It is our policy to conduct business in a manner that is compatible with the economic, social, cultural and environmental needs of the communities in which we operate.

EMPLOYMENT PRACTICES

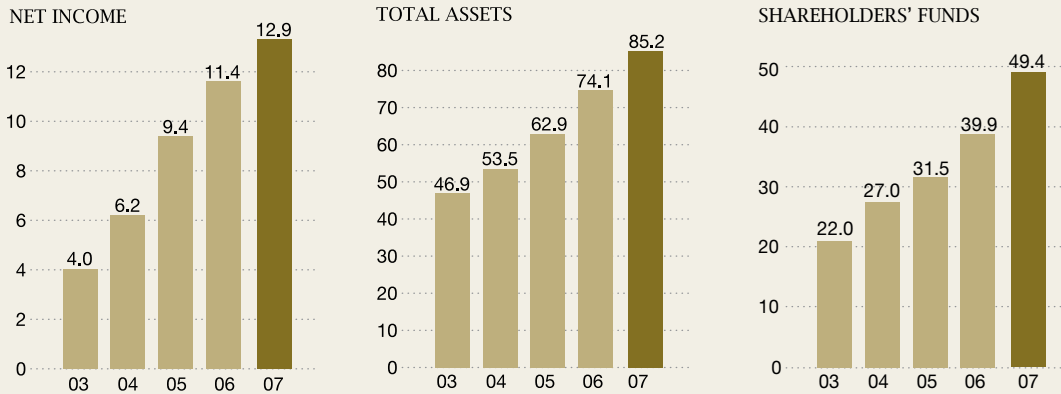
We support internationally recognised fundamental worker rights which, among others, include collective bargaining as well as prohibitions on forced labour and child labour.

COMPLIANCE WITH LOCAL LAW

All employees, contractors and agents of the company will comply with applicable laws wherever we operate.

REVIEW AND AUDIT

We will review these Guidelines from time to time to ensure their continued relevance and will conduct audits of our performance in meeting these Guidelines.



*Calculated at USD1 = RM3.7995 from 2002 - 2005, USD1 = RM3.7688 for 2006 and USD1 = RM3.61 for 2007

THE GROUP'S FINANCIAL PERFORMANCE

ECONOMIC PERFORMANCE

Over the years, we have been able to leverage on our business integration, value-adding and globalisation strategy to chart a steady and healthy growth trend in our financial performance, as reflected in the charts.

FINANCIAL RESULTS

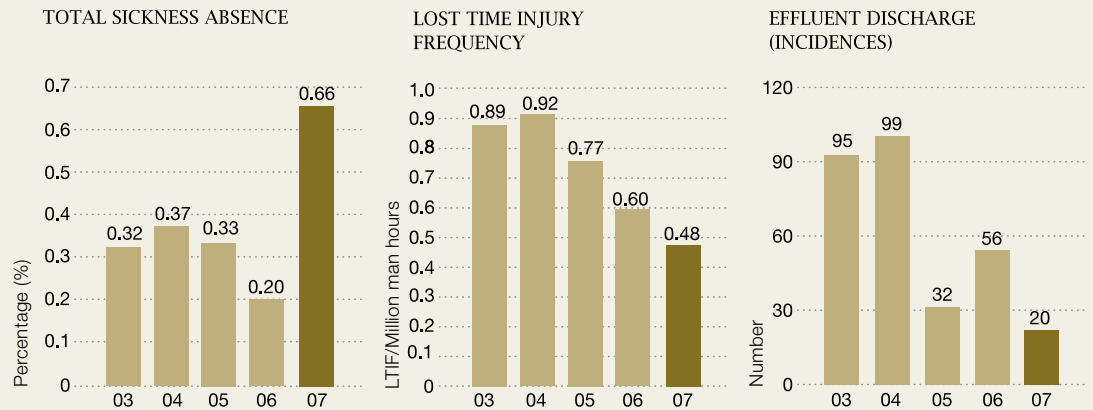
In the financial year ended 31 March 2007, PETRONAS charted a record Group revenue of USD51.0 billion, which represents a 14.9 per cent increase from the previous year's revenue of USD44.4 billion. Of the total revenue, 76.6 per cent is derived from our international operations and exports. Manufacturing activities accounted for 55.9 per cent of the total revenue as the Group continued to create and add value to oil and gas resources. On the back of the higher revenue, our Group net income grew by 13.2 per cent to USD12.9 billion from USD11.4 billion in the previous year.

CONTRIBUTION TO THE ECONOMY

Strong business growth and performance record has enabled PETRONAS to make significant contributions to the economic and social well-being of Malaysia, as well as that of our host countries and their people. In Malaysia, PETRONAS has been catalytic to the nation's economic growth through our value-adding activities and development

of industry infrastructure and related facilities. PETRONAS has also made direct payments to both Federal and State Governments in terms of dividends, taxes, export duties and royalties amounting to USD13.4 billion in the financial year ended 31 March 2007.

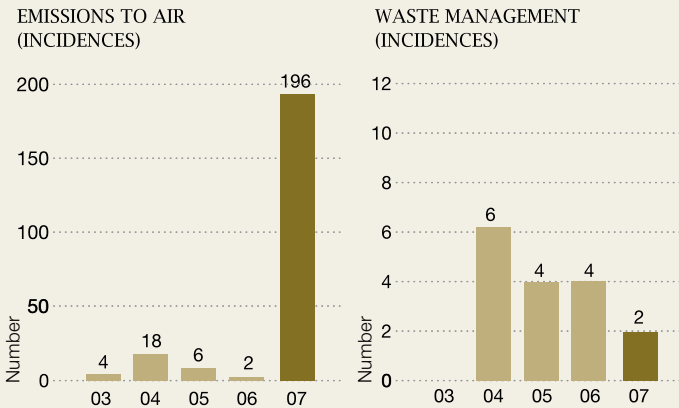




GROUP HSE MANAGEMENT & PERFORMANCE

PETRONAS has always been and continues to be guided by a comprehensive HSE Management System (HSEMS) that has been implemented Group-wide. Our firm belief in continuous improvement and HSE excellence enables us to manage HSE risks to as low as reasonably practicable (ALARP), which emphasises our commitment to preventing injuries, eliminating occupational illnesses and damage to property and the environment.





SUMMARY OF THE GROUP HSE PERFORMANCE

The Group HSE performance from financial year ended 31 March 2003 to financial year ended 31 March 2007 is summarised as follows:

- Total Sickness Absence (TSA) numbers are well below the World Health Organisation’s (WHO) standard of 2.0.
- Significant efforts are made to improve safety in the work place and offsite. Since financial year ended 31 March 2004, the Group Lost Time Injury Frequency (LTIF) has fallen continuously with our widespread application of safety measures directed at employees and contractors.
- Incidences due to effluent discharge have been reduced sharply in financial year ended 31 March 2007 resulting from continuous efforts in improving our effluent treatment system and promoting technology innovation across the Group.
- Continuous efforts are being made to increase awareness and understanding of air emission requirements across the Group, as well as improve operational management and controls. Despite these efforts, regrettably, 196 incidences were recorded in financial year ended 31 March 2007, largely due to the introduction of more stringent air quality regulations in Durban, South Africa where our refinery is located.
- Over the past four years, concrete measures were taken to enhance employee awareness of waste management across the Group, resulting in a 50 per cent reduction of reported incidences in financial year ended 31 March 2007.

GROUP HSE ACHIEVEMENT

Over the years, PETRONAS has received several accolades and awards in the areas of health, safety and environment. The most recent achievements are listed below.

ENVIRONMENTAL MANAGEMENT SYSTEM (ISO14001 CERTIFICATION)

Besides having the HSE Management System (HSEMS) in place, the following PETRONAS subsidiaries have attained the ISO14001 certification.

- PETRONAS Ammonia Sdn Bhd
- PETRONAS Carigali Sdn Bhd's Peninsular Malaysia, Sabah and Sarawak Operations



- PETRONAS Dagangan Berhad's Senai Aviation Depot
- PETRONAS Gas Berhad's Centralised Utility Facilities, Gebeng
- PETRONAS Penapisan (Melaka) Sdn Bhd
- PETRONAS Penapisan (Terengganu) Sdn Bhd
- Aromatics Malaysia Sdn Bhd
- Asean Bintulu Fertilizer Sdn Bhd
- Optimal Chemicals (Malaysia) Sdn Bhd
- Petlin (Malaysia) Sdn Bhd

HSE AWARDS

Over the years, our synergistic approach in promoting HSE excellence by enabling PETRONAS companies and contractors to implement proven quality HSE management and performance, as well as sharing HSE best practices and lessons learnt across the Group, has seen several of our companies winning external awards. Among our latest HSE achievements are:

PRIME MINISTER'S HIBISCUS AWARD FOR ENVIRONMENT 2006/2007

- PETRONAS Penapisan (Melaka) Sdn Bhd – Challenge Trophy and Exceptional Achievement Award
- Ethylene Malaysia Sdn Bhd/Polyethylene Malaysia Sdn Bhd – Notable Achievement Award and Terengganu Award
- BASF PETRONAS Chemicals Sdn Bhd – Notable Achievement Award and Pahang Award
- PETRONAS Carigali Sdn Bhd (Peninsular Malaysia Operations) - Notable Achievement Award



CHEMICAL INDUSTRIES COUNCIL OF MALAYSIA (CICM) RESPONSIBLE CARE AWARDS 2006 – Winners of Corporate Awards for the Six Codes of Management Practices

- PETRONAS Penapisan (Melaka) Sdn Bhd
- Petlin (Malaysia) Sdn Bhd
- BASF PETRONAS Chemicals Sdn Bhd
- Ethylene Malaysia Sdn Bhd
- Aromatics Malaysia Sdn Bhd
- Vinyl Chloride (Malaysia) Sdn Bhd
- PETRONAS Methanol (Labuan) Sdn Bhd
- PETRONAS Ammonia Sdn Bhd
- MTBE Malaysia Sdn Bhd/Polypropylene Malaysia Sdn Bhd
- Optimal Chemicals (Malaysia) Sdn Bhd

MALAYSIAN SOCIETY FOR OCCUPATIONAL SAFETY AND HEALTH (MSOSH) AWARD 2006

- PETRONAS Ammonia Sdn Bhd (Grand Award)
- Ethylene Malaysia Sdn Bhd (Grand Award)
- Centralised Utility Facilities (CUF) Kertih, PETRONAS Gas Berhad (Grand Award)
- Polyethylene Malaysia Sdn Bhd (Gold Merit Award)
- Petlin (Malaysia) Sdn Bhd (Gold Merit Award)
- PETRONAS Methanol (Labuan) Sdn Bhd (Gold Merit Award)
- Centralised Utility Facilities (CUF) Gebeng, PETRONAS Gas Berhad (Gold Merit Award)
- Malaysia LNG Sdn Bhd (Gold - Class I Award)

- PETRONAS Gas Berhad, Gas Processing Plant Complex A (Gold - Class I Award)
- PETRONAS Penapisan (Melaka) Sdn Bhd (Gold - Class I Award)
- PETRONAS Penapisan (Terengganu) Sdn Bhd (Gold - Class I Award)
- PETRONAS Gas Berhad, Export Terminal (Gold - Class II Award)
- PETRONAS Gas Berhad, Gas Processing Plant Complex B (Gold - Class II Award)
- PETRONAS Gas Berhad, Transmission Operations Division (Gold - Class II Award)
- MTBE Malaysia Sdn Bhd/Polypropylene Malaysia Sdn Bhd
- Aromatics Malaysia Sdn Bhd (Silver Award)
- BASF PETRONAS Chemicals Sdn Bhd (Silver Award)

ROYAL SOCIETY FOR THE PREVENTION OF ACCIDENTS (RoSPA) OCCUPATIONAL HEALTH AND SAFETY AWARDS 2007

- Asean Bintulu Fertilizer Sdn Bhd (Gold Award)
- Egyptian LNG (Gold Award)

PETRONAS AND THE ENVIRONMENT





NATURAL RESOURCE USE

In line with our commitment to sustainable development, gas as an important source of clean and efficient energy for powering growth has become a key focus area for PETRONAS. We are committed to the sustainable development of the global gas industry through strategic alliances and continuous research and technological development efforts. Our gas business activities cover the entire gas value chain right from the exploration and production of natural gas to gas processing and liquefaction, transmission pipeline operations, marketing and trading, LNG shipping, gas district cooling and supply of industrial utilities. As part of our Gas Utilisation Master Plan, PETRONAS has and continues to implement and promote viable gas-utilising projects including the following:

GAS CONSERVATION

The Baram Delta Gas Gathering scheme offshore Sarawak is Malaysia’s largest gas conservation project that involves the collection and compression of associated gas to minimise venting and flaring. The compressed gas is used as gas reinjection, for reservoir pressure maintenance as well as gas sales.

CLEANER FUEL - NATURAL GAS FOR VEHICLES

In 1984, the three-phase Peninsular Gas Utilisation project was launched to spearhead the development of gas as a cleaner alternative fuel. In our efforts to help improve air quality and to further promote the diversification of gas utilisation, we pioneered the development of the Natural Gas

for Vehicles (NGV) programme in this region. NGV became commercially available in 1992 and by end July 2000 was offered in 20 selected service stations in the greater Kuala Lumpur area. Since then, PETRONAS has become a leader in the field and for financial year ended 31 March 2007, the number of NGV outlets increased to 59.

GAS DISTRICT COOLING

To further promote energy efficiency, we also have centralised energy plants generating chilled water for air-conditioning requirements of buildings within a district. Running on natural gas, the plants are independent of the national electricity grid for their operations. The system is used at the PETRONAS Twin Towers, Kuala Lumpur City Centre (KLCC), Universiti Teknologi PETRONAS (UTP), Kuala Lumpur International Airport and Putrajaya Federal Administrative Centre.



CLIMATE CHANGE

We also take proactive steps to address emerging global environmental concerns such as climate change and greenhouse gas (GHG) emission.

REDUCING GHG EMISSION

As an environmentally responsible corporation, PETRONAS has established GHG accounting and inventorisation across the Group. The inventory serves as the GHG footprint from which feasible initiatives could be undertaken to reduce GHG emission and thus mitigate climate change. Operating units are also encouraged to undertake GHG emission reduction measures, leveraging on the Clean Development Mechanism (CDM) under the Kyoto Protocol that fits their businesses strategically.

COGENERATION

Cogeneration or the simultaneous generation of heat and power is one of our latest initiatives to reduce GHG emission significantly. The cogeneration unit installed at our refinery facility in PETRONAS Penapisan (Melaka) Sdn Bhd (PP(M)SB) is fully operational. Fuelled by clean-burning natural gas, the cogeneration unit utilises waste heat generated from gas turbines. Immediate environmental benefits include the reduction of GHG emission by 500,000 tonnes of carbon dioxide equivalent per year in addition to

a cutback in acid gases emission by 2,000 tonnes per year. Cogeneration is also integrated in our Centralised Utility Facilities (CUF) in Gebeng and Kertih, and at Gas District Cooling plants.

ENERGY LOSS MANAGEMENT SYSTEM (ELMS)

The ELMS is undertaken as part of our Operational Improvement Initiatives to improve plant efficiency. The objectives of the ELMS are to reduce energy cost and GHG emission across the Group. The ELMS is currently being implemented in stages in 12 PETRONAS operating units, already resulting in energy savings.







BIODIVERSITY

PETRONAS recognises the importance of conserving biological diversity wherever we operate, as entrenched in our corporate sustainability framework. Biodiversity impacts are considered both in the project planning and operation stages in order to ensure the protection of people, animals and plants.

KUALA LUMPUR CITY CENTRE (KLCC) PARK

PETRONAS believes in the need for progressive urban renewal projects in Malaysia that balance the challenging demands of growing urban populations with environmental conservation. Manifesting this belief is the KLCC Park, a much-needed public park and green lung for the city of Kuala Lumpur. In line with our holistic approach to development, the 50-acre KLCC Park was launched in 1998 in the heart of Kuala Lumpur's business and commercial district. It has since become a recreational retreat for millions of the city's residents and visitors. The Park, an integral part of the overall 100-acre KLCC Development, was designed by renowned landscape artist, the late Roberto Burle Marx of Brazil, as a tropical garden sanctuary that showcases biodiversity in both form and function. Some 1,900 trees and palms representing 66

species have been planted in the Park, carefully selected for indigenous relevance to attract local and migratory birds. The KLCC Park also features a two-acre child-safe playground, Lake Symphony (comprising two animated water fountains), a children's wading pool, a jogging track, shelters, patterned footpaths, sculptures and murals, as well as basic public amenities.

PUTRAJAYA WETLANDS

PETRONAS is a partner in the development of Putrajaya, which includes the 200-hectare Putrajaya Wetlands, the largest man-made wetlands in the tropics today. These wetlands play a significant role in improving urban water quality, especially in treating storm water, urban run-offs and agricultural effluents that enter the water systems. Besides the main role they play in water purification and management, man-made wetlands also provide the biodiversity needed for wildlife habitats to flourish. Constructed in 1999, the Putrajaya Wetlands have become a sanctuary for migratory and local birds. As a popular recreational haven for people who live in the area, the Putrajaya Wetlands have the potential to become a destination for eco-tourism and environmental research and education.

SARAWAK REEF BALL PROJECT

The Sarawak Reef Ball Project was initiated in 1998 to address the issue of declining turtle populations around the Talang-Satang National Park and the traditional fishing grounds at Lawas, Bintulu and Kampung Buntal, Kuching. PETRONAS has sponsored 100 of the reef balls around the islands of Satang Besar and Tukong Ara, and at Telaga Air.



MA'DAERAH TURTLE SANCTUARY CENTRE

In Terengganu, WWF-Malaysia works closely with partners BP PETRONAS Acetyls Sdn Bhd (BPPA), BP Malaysia and the State Fisheries Department for turtle conservation. The Ma'Daerah Turtle Sanctuary Centre was built as a centre for nature education to generate public awareness. It also provides facilities for an important hatchery on the beach at Ma'Daerah. BPPA and BP have not only given crucial financial support to this effort, but have also been involved hands-on as partners in the planning and implementation of activities at the centre.

OPTIMAL ECOCARE MANGROVE REHABILITATION PROJECT

In partnership with the Malaysian Nature Society, the OPTIMAL Group of Companies, which is a joint venture between PETRONAS and The Dow Chemical Company, has taken on a four-year River Mangrove Rehabilitation Project. The project involves the reforestation and rehabilitation of mangrove habitat and coastal vegetation along Kertih River, with participation from villagers of Kampung Gelugor, Kampung Tengah and Kampung Telaga Papan.

BLUFF NATURE RESERVE

In Durban, South Africa, PETRONAS' subsidiary company, Engen Ltd contributes towards the Treasure Beach Environmental Education Centre on Bluff Nature Reserve, established by the Wildlife and Environment Society of South Africa. With its unique grasslands and easy access to mangrove swamps, fresh water vleis (marsh) and wetlands, the Reserve is used to promote awareness of environmental

issues among schools to ensure long-term environmental sustainability.

NARA DESERT WILDLIFE SANCTUARY BASELINE STUDY

PETRONAS supported a wildlife baseline study of the Nara Desert Wildlife Sanctuary, Pakistan. This protected area spans approximately 7,000 square kilometres, covering parts of the Ghotki, Sukkur and Khairpur districts, at the southern part of the Thar Desert in Pakistan. The study is aimed at establishing an environmental baseline which includes habitat characterisation, land use assessment and identification of local flora and fauna in the sanctuary.

BIOREMEDIATION OF PRODUCED WATER

Through the Greater Nile Petroleum Operating Company (GNPOC), PETRONAS is involved in the GNPOC Bioremediation Project in Sudan, currently the largest project of its kind in the world. Bioremediation is a biodiversity-friendly process that cleans up harmful chemical effluents using natural microbes that live in soil and groundwater. The GNPOC Bioremediation Project covers a 400-hectare area surrounding our operations within the Muglad Basin and successfully manages more than half a million barrels of produced water per day.

SOCIETAL NEEDS

OUR CONTRIBUTION TO SOCIETY

As human talent is an important element of sustainability, PETRONAS has always and continues to be committed to the development of people in places where we operate. PETRONAS' education assistance scheme and our various educational and training institutions were designed to build a competent and skilled human resource base for Malaysia and our host nations overseas, particularly in the field of science and technology for the petroleum industry.





EDUCATION & HUMAN CAPITAL DEVELOPMENT

SCHOLARSHIPS

Since 1975, more than 30,000 students have benefited from our scholarship schemes. The scholarships were awarded based on academic and professional merit under PETRONAS' Education Sponsorship Programme, to pursue tertiary studies in Malaysia and abroad.

UNIVERSITI TEKNOLOGI PETRONAS (UTP)

Formally established in January 1997 and located in Bandar Seri Iskandar, Perak, UTP offers seven undergraduate and 13 postgraduate courses ranging from engineering to information technology. For financial year ended 31 March 2007, its student population of more than 5,000 included foreign nationals from 21 countries.

PETRONAS MANAGEMENT TRAINING SDN BHD (PMTSB)

PMTSB is a PETRONAS subsidiary that manages two training centres – PETRONAS Management Training Centre (PERMATA), located in Bangi, Selangor and Institut Teknologi Petroleum PETRONAS (INSTEP) located in Batu Rakit, Terengganu. PMTSB plays a key role in supporting the PETRONAS Group by helping employees build skills and competencies through innovative learning programmes and hands-on technical training.

MALAYSIAN MARITIME ACADEMY (ALAM)

Established in 1981 in Melaka, ALAM is owned and operated by our shipping subsidiary, MISC Berhad. It offers a wide range of maritime courses, both on-site and through e-learning.



PETROSAINS

Malaysia's first interactive science discovery centre is dedicated to telling the story of oil and gas in a fun yet educational way. PETROSAINS opened in 1999 with the aim of creating a rich and stimulating environment for the public to learn about science and technology. PETROSAINS hopes to encourage future scientists among today's generation of children with exposure to science.



OTHER COMMUNITY PROGRAMMES

PETRONAS is also mindful of the need to continue to develop communities in which we work. Over the years, we have put in place several local and global long-term, effective community-based activities including the following:

SAHABAT PEMADAM DRUG PREVENTION PROGRAMME

In 2003, PETRONAS joined forces with the National Association for the Prevention of Drugs (PEMADAM). Under the Sahabat PEMADAM Programme, various drug prevention activities are conducted for school children and youth, using peer-to-peer techniques and motivational camps.

PETRONAS STREETSMART PROGRAMME

Since its inception in 2001, StreetSmart has seen the participation of over 800,000 children and their parents across Malaysia in its interactive exhibition road-show promoting road safety among children within the StreetSmart's virtual city environment and through response test simulations.

DEWAN FILHARMONIK PETRONAS (DFP) & MALAYSIAN PHILHARMONIC ORCHESTRA

In 1998, DFP, with its resident Malaysian Philharmonic Orchestra (MPO), was launched to promote appreciation and interest in classical music among Malaysians and to nurture local talent. This was followed in 1999 by ENCOUNTER, an MPO Education Outreach Programme

for music appreciation and community outreach activities in schools, hospitals and orphanages. Since 1999, over 150,000 people have experienced music through ENCOUNTER.

GALERI PETRONAS

GALERI PETRONAS was established in 1993 to nurture art appreciation by direct public engagement and to provide Malaysian and international artists with an international class venue to exhibit their works. GALERI PETRONAS is also the custodian of the PETRONAS Art Collection.

MALAYSIAN BASKETBALL PROMOTION

PETRONAS' involvement in basketball through a sponsorship agreement with the Malaysian Basketball Association (MABA) in 1995 has seen the establishment of the PETRONAS-MABA Academy. It aims to groom young



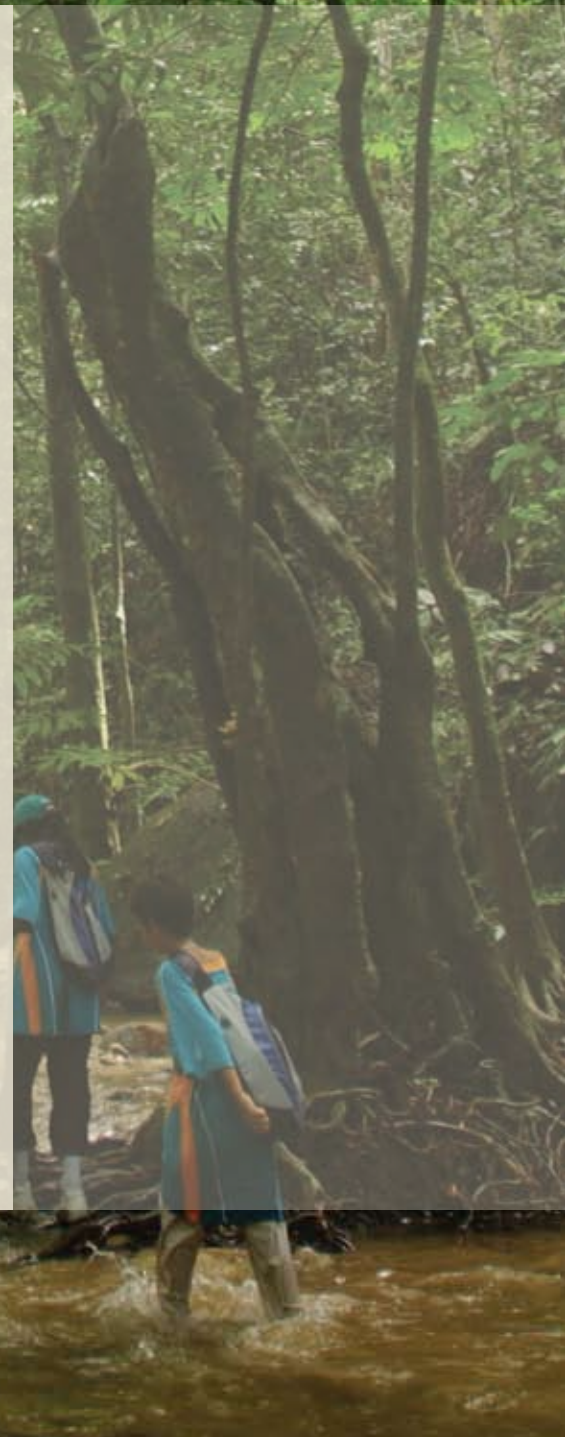
talents between 16 and 20 years old for competitive basketball, both nationally and internationally. Currently, it extends financial aid to 80 academy students to help them attain education up to college level while undergoing intensive training.

PROGRAM BAKTI PENDIDIKAN PETRONAS

PETRONAS launched the Program Bakti Pendidikan PETRONAS (PBPP) in 2002 that focuses on the specific educational needs of disadvantaged children nationwide and addresses the special tutoring needs of primary school students who fall within borderline scholastic performance, usually because of inadequate resources at home and in school. It is an 'Adopt-a-School' project that has expanded to more than 30 schools and 1,500 students in Malaysia. The programme offers free tuition classes in English, Science and Mathematics conducted by teachers. In addition, fulfilled motivational sessions are also conducted by PETRONAS staff volunteers, including character building activities to encourage the pupils to be more interactive and communicative.

OUR WORLD PROJECT

Recognising the need to ensure that the younger generation is given the tools to understand conservation and the environment, PETRONAS published 15 issues of a bilingual magazine-workbook called Our World from 1998 to 2005, which covered topics such as biodiversity, global climate change and waste recycling for primary and secondary school going children. As a sequel to the magazine, PETRONAS launched the PETRONAS Young Environmentalist Guide in 2005, a nine-volume reference material, which is being distributed to 5,000 schools in Malaysia. The PETRONAS Our World Environmental Workshop is also conducted annually featuring outdoor field trips aimed at enhancing young Malaysians' understanding of the environment and the critical importance of its protection and conservation through experiential learning that includes biodiversity awareness.







INTERNATIONAL COMMUNITY PROGRAMMES

EGYPT

With a focus on education, human capital development and training, PETRONAS has contributed to a wide range of programmes to help raise the level of professional skills of Egyptians working in the industry. PETRONAS and Egypt's Ministry of Petroleum have jointly awarded over 40 full scholarships to young Egyptians to study at UTP. Under our Living Skills Programme, we have raised and contributed funds to refurbish additional facilities at the Idku Vocational School which teaches trade skills in electrical work, welding, carpentry and sewing to the local community around Idku (located 50km from Alexandria). PETRONAS also funded the construction of Idku's community hall which has since become the town's main hub for social and sports activities. Other social investments we have made through our joint venture company, Egyptian LNG (ELNG) in Idku include expanding ELNG's water treatment system capacity in order to supply free and clean water to the town's 405,000 residents.

INDONESIA

With MERCY Malaysia, the PETRONAS Volunteer Opportunity Programme (PVOP) undertook its first international humanitarian mission in 2005 to help Aceh rebuild after the December 2004 Indian Ocean tsunami. The volunteer programme trains PETRONAS employees in humanitarian relief work before deploying them to disaster sites such as

Aceh for earthquake and tsunami relief, Nias and Jogjakarta for earthquake relief and Jakarta for flood relief. PETRONAS also sponsored a nursing block at Universitas Syiah Kuala's (Unsyiah) medical faculty in Banda Aceh.

MYANMAR

Since 1997, PETRONAS has lent support to the Yetagun Socio-Economic Programme targeting communities along the joint venture Yetagun gas pipeline area. This programme is carried out in collaboration with Save the Children USA. The education programme comprises the Early Childhood Care and Development Programme which includes training in personal hygiene and prevention of contagious childhood diseases. The Education Enhancement Programme provides disadvantaged students with free after-school tutorials while the Out-of-School Programme provides basic literacy and numeracy education. Training programmes in sewing, basic electrical wiring and radio repairs as well as micro-financing facilities are also provided to further improve the livelihood of the people.

PAKISTAN

Our community development projects in Pakistan are linked to the Rehmat Development Project and are focused on helping to improve the quality of life of communities in the area through education, healthcare and safe drinking water initiatives. In the area of education, PETRONAS has adopted 12 shelterless primary schools within the reach of its operational area in the Mubarak concession block under a five-year project implemented in tripartite partnership with



the Pakistan Centre for Philanthropy for technical support and the District Education Department. PETRONAS constructed 10 out of the 12 school buildings as well as hired and trained teachers. Supporting the safe drinking water scheme that addresses acute water scarcity in the Mehar Block in the Kamar/Shahdaskot district, PETRONAS provides potable water as an interim arrangement until construction is completed for a water pipeline network. We have established a health dispensary providing medical services to 5,000 residents living in Sardargarh, Ghotki district and we are financially supporting transport services in local polio vaccination campaigns.

SUDAN

Our corporate social investments in Sudan are among the largest of all our international operations. Since 1998, PETRONAS has embarked on various community development projects through our operating consortium, the Greater Nile Petroleum Operating Company. With a focus on people and capability building, our projects include providing clean water supply, mobile clinics and other facilities to meet the community's health-care and educational needs. For example, the PETRONAS Mobile Library programme has been introduced to encourage good reading habits among primary school pupils. Since then, the programme has been extended to include the setting up of permanent school libraries in Khartoum and mobile libraries in Juba, southern Sudan. Additionally, we collaborated with the Khartoum State to establish the Khartoum Vocational Training Centre aimed at establishing skilled craftsmanship among Sudanese. The centre provides systematic and up-

to-date vocational training in automotive and refrigeration technologies.

TURKMENISTAN

Since the introduction of our scholarship programme to Turkmenistan in 1998, more than 80 Turkmen scholars have received PETRONAS scholarship awards for further studies at UTP. As part of our community development initiatives, PETRONAS contributed to the Children's Fund of Turkmenistan in 2004 to supply books for a children's library in Ashgabat, benefiting over 64 schools. PETRONAS also provides training to Turkmen technicians. Over 100 Turkmen have registered with the PETRONAS Carigali (Turkmenistan) Sdn Bhd's Technician Training Programme since 2005.

VIETNAM

Since 1991, PETRONAS has contributed to the socio-economic development of Vietnam through various spin-offs created by our operations in the country. These include technology transfer, employment opportunities, education and people skills development, as well as numerous community improvement and assistance programmes. The Vietnamisation Programme, for example, has enhanced our Vietnamese employees' competitiveness and marketability as skilled manpower. Recognising that education provides the vital foundation for building capabilities and skilled manpower, PETRONAS has awarded over 64 Vietnamese students full scholarships at UTP since 2000. English Language courses for university students and a Natural Science Contest for primary schoolchildren have also been introduced.



Petroleum Nasional Berhad (PETRONAS)

Tower 1, PETRONAS Twin Towers
Kuala Lumpur City Centre
50088 Kuala Lumpur, Malaysia
Tel: +603-2051 5000 Fax: +603-2026 5050

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