## www.mymesra.com.my

# Our Value-Creating Business Model

Moderate Economic Growth **OPERATING ENVIRONMENT** Energy Price Movement Energy Transition Changing Consumer Preference **Capital Input Our Value Creating Activities** Outputs Outcomes **STRATEGIC** VALUE **GROWTH** SUSTAINABILITY **Financial** Consistently surpass 50% Stakeholders Revenue: RM37,549.3 million Pool of funds that enable us to carry Sustain PDB Diversification Creating Positive Environmental, dividend payout policy in **PILLARS** Profit After Tax: RM966.8 million out our business, including our delivering value to shareholders **Economic and Social Impact Core Businesses** Through Convenience Dividend per share: 80 sen shareholders' equity and income Deliver robust revenue and **UN SDGs** Dividend payout ratio: 91% profitability from operations **MATERIAL MATTERS** Manufactured Expand footprint to provide access Economic Growth Ethics and Corporate Stakeholders Our network of PETRONAS stations, >1.000 PETRONAS stations - 80 AutoExpert outlets - 6 LNG Trucks and comprehensive retail and Kedai Mesra, Café Mesra, terminals and Performance >800 Kedai Mesra - 36 Terminals - >11 million LPG cylinders service network and bottling facilities, PETRONAS Offer range of Fuel and Non-Fuel 97 Café Mesra - 36 ROVR Trucks Depreciation and Amortisation Climate Change and Sustainable and Ethical AutoExpert outlets, as well as our of RM463.1 million services towards serving as fuel GHG Emissions Supply Chain forecourt lifestyle destinations fleet of vehicles M3 Human Capital M9 Community Investments MoU with Gamuda Land aimed at providing greater >120 Mesra label SKUs in food and Intellectual M4 Customer-Centricity M10 Data Privacy and Security non-food categories Innovate customer experience Our brand and franchise value. Introduced Café Mesra label products through digital and lifestyle Established a Sustainable Aviation Fuel offtake research and development capabilities, Environmental arrangement with Malaysia Aviation Group such as sandwiches. Bungkus series and integration Management M11 Health and Well-being innovation capacity, reputation as well Soft-launched PRYSM as an in-house Active Advance green energy solutions drinking water in Tetra Pak as strategic partnerships Lifestyle brand M6 Capability Building laking Your ausia airlines -RM474.8 million salaries paid to employees - Maintained good gender balance on our **Everyday** Stakeholders **OUR RISKS Zero** fatality rate in 2023 Board and Leadership Team (LT) The collective knowledge, skills and Lead employee development Life Simpler Enrolled 63 fresh graduates under Graduate ▶ 31% female representation in LT HSE Risk experience of our employees and and diversity Employability Enhancement Scheme (GEES) ▶ **30%** of Board members are female and Better **Board of Directors** 60% of Board members are independent Strategy Risk Technology and Cybersecurity Risk Contribute meaningfully Social and Relationship RM497.0 million taxes paid to the government to Socio-economic growth The strong relationships which Legal and Regulatory Risk RM47,666.6 million paid to contractors/business partners/suppliers and Community well-being we have developed with all the Provided structured internships to 129 students from 30 universities in 2023 Foster a sustainable

The electricity, fuel, water and to customers

other natural resources required to deliver our products and services

stakeholders who have contributed

towards our 41-year success story

### SUPPORTED BY ROBUST GOVERNANCE FRAMEWORK

#### Trade-Offs

#### nancial Capital

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

#### **Manufactured Capital**

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

#### Intellectual Capital

Operation Risk

Financial Risk

Sustainability Risk

Market Risk

Talent Risk

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

### CORPORATE GOVERNANCE AND BUSINESS ETHICS

Improved score of 3.6 for FTSE4Good assessment

79.7m<sup>3</sup> rainwater harvested for non-potable uses

840.6 tCO<sub>2</sub>e GHG emissions avoided from use of solar energy

Collected 133.7 tonnes from Used Cooking Oil (UCO) initiative

**8** social impact programmes

#### **Human Capital**

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

#### Social and Relationship

- >50 EV charging facilities

as of 2023

Solarised 68 PETRONAS stations

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

#### **Natural Capital**

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

infrastructure Invest strategically in renewable energy Reduce GHG emissions

business ecosystem and

Expand EV charging

strengthen local value chain















