Building Institutional Capabilities: PETRONAS' journey in Human Capital Development

By

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Chairman, PETRONAS Sudan Operations

The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.
Building Institutional Capabilities: PETRONAS' journey in Human Capital Development

Presented by Mr. M Yusof Shahid
Chairman, PETRONAS Sudan Operations
AGENDA

PETRONAS is a Major Multinational Oil and Gas Company

01 PETRONAS: Structured Approach for Human Resources Development
02 PETRONAS in Sudan
04 The Future
Agile Development & Growth
Transformation of an NOC into a global energy champion

PETRONAS was incorporated on 17 Aug 1974

1st PSC to replace concession system

1976

Introduced and signed 1st PSC to replace concession system

1974

PETRONAS was incorporated on 17 Aug

1974

Duyong - 1st upstream gas production

1984

Start up 1st Refinery at Kertih

1983

3-phase PGU project (1984-1997)

1984

1st LNG shipment to Japan

1981

Opened 1st retail station

1981

Expanded into Petrochemicals

1980

1976

1974

Domestic Player

Going International

1997

1st major international venture in Vietnam

1991

Entered Sudan & Myanmar

1996

1997

2008

• Acquired FL Selenia

• Acquired stakes in Gladstone Liquefied Natural Gas Project in Australia

2009

2012

Global Player

Ventured into Iraq

2009

Acquired Progress Energy Resources

2012

1996

1997

2009

2008

2012

REVENUE
(USD bil)

0

100

30

60

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What Makes Us Unique

Commitment to sustainable development and human rights

Incorporated as a company
- Commercially oriented
- Maximize value and wealth creation for shareholders

Professionally managed
- Autonomous decision-making by Executive Management
- Oversight by Board of Directors

Good corporate citizenship
- Global standards of governance, transparency and ethical conduct
- Commitment to sustainable development and human rights
Custodian of National Resources

Working closely with ministries to develop the national petroleum sector

Prime Minister

- Ministry of Energy, Green Technology and Water
- Ministry of Natural Resources & Environment
- Prime Minister’s Department
- Ministry of Finance
- Ministry of International Trade & Industry
- Ministry of Domestic Trade, Cooperatives & Consumerism

- Department of Environment
- Economic Planning Unit
- Malaysian Investment Development Authority

- Petronas

PS Contractors/Operators

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Our DNA

Vision, mission and values driving strong performance

**Vision: To Be A Leading Oil and Gas Multinational of Choice**

**Mission**

- 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
- Integrity
- Professionalism
- Cohesiveness

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PETRONAS is a Major Multinational Oil and Gas Company

- Large Scale
- Global Reach
- Fully Integrated
- Diversified Portfolio
- Deep Technical and Operating Experience
- Leader in Industry
- Strong Balance Sheet / Prudent Policies / Highly Profitable
- Commitment to Corporate Governance / Transparency

A Fortune Global 500 Company

- #69 by revenue
- #22 by profit
- #6 most profitable oil and gas company

World-class Scale in Oil and Gas Production

One of the Most Profitable Oil and Gas Companies in the World

(1) Fortune Global 500 (2014)
(2) FY2014 production; Source: company disclosures
Full Integration Across the Entire Value Chain

Integration improves margins, diversifies the revenue base and mitigates cashflow volatility

PETRONAS is a Prudent, Safe and Efficient Operator

- 40+ years operating experience in Malaysia
- Commitment to high HSE standards
- High reliability rates
- Deploying technology to enhance value

PETRONAS

Markets
- Export sector
- Power sector
- Industrial sector
- Residential and commercial sectors
- Transportation sector - diesel, gasoline, jet fuel and lubricants

Petroleum Products
- Olefins, fertilizers, methanol

Liquefaction
- Crude Oil
- Natural Gas

Processing
- Refining
- Petrochemical Plant

LNG Shipping
- Regasification Terminal

LPG

Exploration, Development and Production

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Overcoming Industry Current Challenges through an Integrated Approach to Develop Competent Human Capital

- Growing global demand for energy
- Dramatic increase in price volatility
- Declining production & reserves from existing fields
- Geopolitical uncertainty and volatility
- Uncon shale
- Tight oil & gas
- Monetization of more difficult resources
- Ultra-deepwater
- Tight oil & gas

Organizational Key Levers of Performance

Interlinked Staffing Strategic Frameworks

Young Professional Sudanese Development Framework

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ORGANISATION – Key Levers of Performance

JOB enrichment and Core Function Specialisation in certain departments to ensure clear focus and accountability to support the key levers

Priorities – Strategically inter-related

Lever 1: Partners rights and position
Lever 2: MC to shape the organisation
Lever 3: Blending Partners position with local to all stakeholders
Lever 4: Creating Values for all

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Sudanisation Philosophy Is Based on Staffing Aspiration and Interlinked Strategic Frameworks

**Staffing Aspiration**

- **Factors affecting general principles**
  - EPSA requirements
  - Local labour laws
  - Workforce capability

**Required Jobs in JOC for growth**

**Staffing framework**

- Defines staffing options for each job family

**Optimal staffing options For PSO**

- YPS dev. f/work
  - On the job training
  - Mentoring/peer assist
  - Formal training
  - Secondment/cross-postings

- Matches staffing options to capability dev. role

**Retention framework**

- Suggests retention efforts by capability

**Changes (exits) in staff base**

**Output**

**Input**
Young Professional Sudanese Development Framework Fulfills PSO Aspiration of Growing Own Timber

- Sudanese staff recruited by PCO
  - Interview & Recruitment by Group Talent Sourcing
    - UTP Scholarships offered to Sudanese
  - Sudanese employed to fill up Sudan JOCs & PCO positions
    - Sudanese employed to fill other PETRONAS positions worldwide
      - Sudanese UTP Scholars released to GOVT or other companies
        - Seeding Development Program
          - Filling PETRONAS positions In Malaysia
            - Filling up PETRONAS Positions Worldwide
              - Filling up Sudan JOC and PCO positions
                - PETRONAS Top Leadership
Young Professionals (YPS) Development Framework Implementation Has Many Challenges and Issues

**MPB / LTMP**
- Number of position in Sudan
- What discipline
- When required

**Educamp Scholarship**
- How many graduated
- When and what discipline

**Recruitment**
- SI
- PSCO offer
- Which JOC/OPU for attachment

**Seeding Program (2 yrs)**
- 2 years seeding program in KL or Sudan

**Permanent Post (5-8 yrs)**
- Transfer to permanent position in PCSB / PETRONAS
- Transfer back to Sudan
- To fill PETRONAS position in Sudan

**PETRONAS Position in Sudan**

**CONSIDERATIONS**
Overcoming challenges by developing capabilities
PETRONAS capability development programmes

<table>
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<tr>
<th>Universiti Teknologi PETRONAS (UTP)</th>
<th>PETRONAS Leadership Centre (PLC),</th>
</tr>
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<tbody>
<tr>
<td>One of Malaysia's leading science and technology institutions of higher learning, providing students with opportunities for the pursuit of knowledge, expertise and advancement in the fields of engineering, science and technology.</td>
<td>PLC provides a wide range of learning consultancy and advisory services; and innovative solutions for transformational learning experiences covering all critical junctures of the leadership continuum, from leading self to leading enterprise.</td>
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<tr>
<th>Institut Teknologi Petroleum PETRONAS (INSTEP)</th>
<th>PETRONAS Research Sdn Bhd</th>
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<tbody>
<tr>
<td>Technical training service provider owned by PETRONAS Technical Training Sdn. Bhd. Established in 1981, primarily set-up to train skilled technicians and operators in the oil and gas services.</td>
<td>Provides a wide range of learning consultancy and advisory services; and innovative solutions for transformational learning experiences covering all critical junctures of the leadership continuum, from leading self to leading enterprise.</td>
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<th>INSTEP Integrated Oil and Gas Training Centre (IOTC)</th>
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<tr>
<td>INSTEP IOGTC is an integrated facility to create a real workplace experience in a safe environment. The complex consists of 2 units of an offshore platform live replica, a live replica of common process plant and a Drilling Academy (a collaboration with UMW Oil &amp; Gas) complete with drilling rig and a drilling simulator.</td>
<td></td>
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**PETRONAS strives to provide world-class educational and training services through the various institutions we have established**
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We have interest in two Exploration & Production Sharing Agreements (EPSAs) in Sudan

Block 2A, 2B & 4

- GNPOC 30%
- CNPC 40%
- ONOC 25%
- PETRONAS 5%

Block 3 & 7

- PETRODAR 40%
- CNPC 41%
- Tri-Ocean 5%

PDOC Downstream

- PETRONAS 60%
- CNPC 16%
- Tri-Ocean 2.4%
  - P: 16.4%
Highlights of 20 years of Successful Mutual Cooperation in Sudan

• PETRONAS entered Block 1,2&4 in spite of technical challenges, paving the way for Sudan to be an oil exporting country.

• Brownfield Process optimization – optimum operating parameter, eliminate system bottleneck, liquid handlings.

• Integrated Operations practices– Using modelling simulators to solve system back pressure, optimise well production and uptime, maximise RF, optimise power consumption

• Introducing Flow assurance – handling of complex issues i.e. heavy/ waxy crude, foam, condensate

• People development – providing training, coaching and mentoring: technical training, Scholarships to UTP and vocational training in KVTC.
Direction For Growth

Adopting a Holistic approach to balance our business objectives with the need to contribute to the human capital development in our host country

Optimization of Growth

• Look for Opportunities for Knowledge transfer
• Increase Performance

Build Up Competitiveness and Capability

• Competency & Capability
• Stakeholder Engagements

• Assessments of Business Performance and Competitive Advantage
• Technical Interventions
• Education & Training
• Change Initiatives
PETRONAS Training Involvement in Sudan

Nurturing Early Birds
PETRONAS Mobile Library (2005 - 2011)
PETRONAS Training Involvement in Sudan

Competency Training: Khartoum Vocational Training Centre

Established in 2005 in cooperation with the Ministry of Education, Khartoum State, Institute Technology Petroleum Petronas (INSTEP) and GIATMARA, Malaysia

- Training Fields:
  1. Automotive Maintenance Technology.
  2. Electrical Maintenance Technology
  3. Air conditioning & Refrigeration Maintenance
  4. Plumbing Technology
  5. Building Technology
  6. Training of Trainers program

Undergraduate and Postgraduate Scholarship to Study in Universiti Teknologi PETRONAS (UTP)

170 Undergraduate and Postgraduate Scholarships
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The Future

Our people are our greatest assets in sustaining PETRONAS’ competitive edge

- Competent Resources

- Training and Educational Institutions “Build Own Timbers”

- Maximising value from our global capability development activities: Training with Partners and Specialist Company

- Global Talent Strategy focusing on pursuing the right talents, providing them with the right environment and ultimately developing the right leaders.
THE NEXT GENERATION LEADERS
Q & A
Thank you