



PETRONAS GAS BERHAD INTEGRATED REPORT 2023





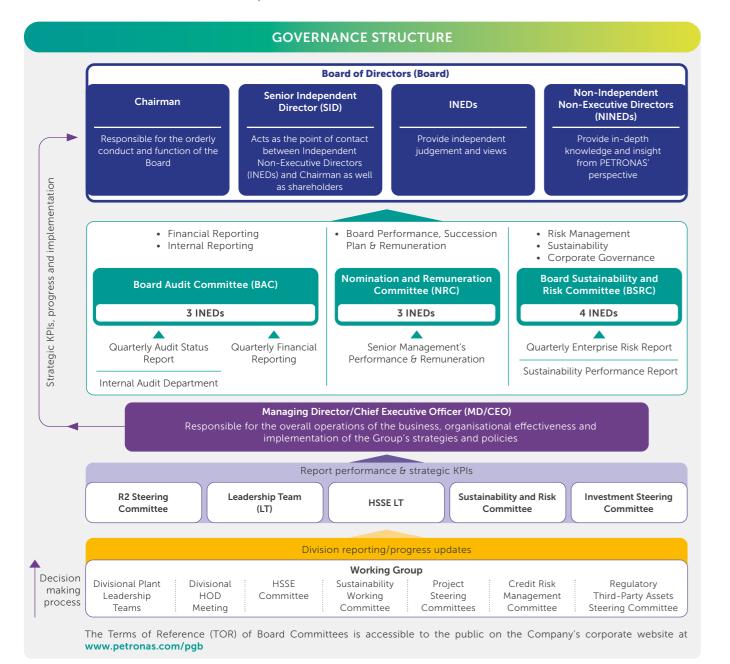
SUSTAINABILITY PRACTICES

SUSTAINABILITY GOVERNANCE AT PGB

PGB's leadership recognises that a robust sustainability framework is indispensable for the Group's businesses as it has material impact on our business strategy and performance as well as our ability to create long-term value. As such, our Leadership Team is ensuring focused sustainable practices and initiatives are being brought into play to bolster our business framework. This is all the more important amidst the existing and emerging headwinds of the ever-evolving market environment.

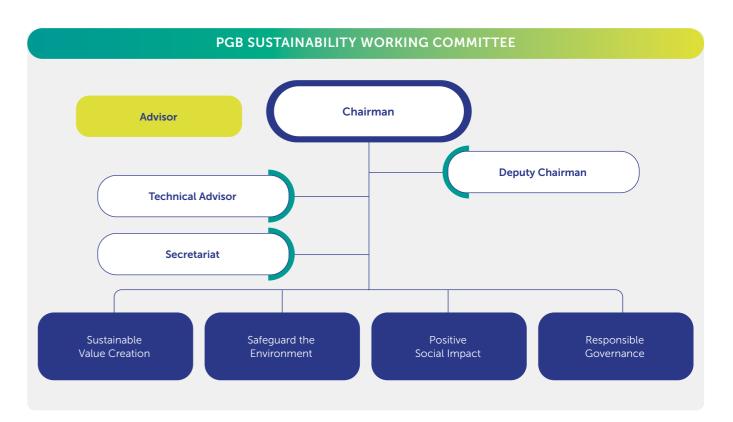
Sustainability Development Governance Structure

Today, PGB's Board Sustainability and Risk Committee (BSRC) is responsible for overseeing sustainability governance at PGB. Together, with the Sustainability Working Committee that comprises of different team members from various departments (i.e., Risk Management, Human Resource Management, Environment, HSSE, etc.) to review and implement the initiatives under the PGB Sustainability Blueprint. Both of the BSRC and SWC are to weigh up the Group's sustainability considerations and ascertain that all sustainability strategies, priorities and targets, as well as the performance against these targets, are communicated to internal and external stakeholders in a transparent manner.



SUSTAINABILITY PRACTICES

PGB's Sustainability Working Committee is tasked to keep a keen eye on the execution of approved sustainability initiatives under PGB's Sustainability Blueprint and Framework. By leveraging a robust sustainability governance mechanism and sound sustainability practices, they are ensuring that these initiatives will do much to secure PGB's future. In ensuring that sustainability issues are factored in across all our products and services, the committee holds monthly meetings to ensure sustainability is embedded into our value creation activities and ESG goals. The structure as well as roles and responsibilities of PGB's Sustainability Working Committee are outlined below. The Sustainability Working Committee in turn is monitored by a Risk Compliance Committee, chaired by the MD/CEO, with members comprising representatives from all the functions across the business units.



Investment Steering Committee

PGB's Investment Steering Committee was established in 2021 and is helmed by the MD/CEO. This committee is responsible for looking into investment-related matters, investment strategies and investment decisions on a monthly basis. As part of the investment quidelines, consideration is to be given to sustainability metrics such as carbon emissions, amongst other factors, when evaluating investment opportunities in addition to commercial and financial parameters. This will ensure more effective decision-making during the investment deliberation process.

The well-defined sustainability governance structure that has been implemented throughout PGB aims to ensure that all decisions are made in an equitable and balanced manner for the long-term, sustainable growth of the Group.

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SUSTAINABILITY PRACTICES

OUR APPROACH TO SUSTAINABLE DEVELOPMENT

Our Sustainability Blueprint

The PGB Sustainability Blueprint has been established and approved in March 2023. The PGB Sustainability Blueprint covers sustainability goals, lenses, ambitions, result areas, initiatives, and targets. All of these are aligned with and support PETRONAS's Statement of Purpose, "A progressive energy and solutions partner, enriching lives for a sustainable future". Under the Sustainability blueprint we have implemented 14 sustainability-related initiatives in 2023, aligning to its respective lenses.



Aside from aligning our blueprint initiatives with the seven UNSDGs, we have also aligned them with international standards such as the GHG Protocol and Oil & Gas Methane Partnership (OGMP 2.0) Framework as well as the standards of the global rating agencies. On top of these, PGB's initiatives line up with PETRONAS' Net Zero Carbon Emissions by 2050 pathway and PETRONAS' Sustainability Agenda.

To ensure clear demarcation and objective execution of our sustainability endeavours, we have adopted the Four Sustainability Lenses as stated in the PETRONAS Sustainability Development Guidelines i.e., Sustainable Value Creation, Safeguard the Environment, Positive Social Impact and Responsible Governance. We have replaced "Continued Value Creation" with "Sustainable Value Creation" to better illustrate our-long term value creation efforts.

SUSTAINABILITY PRACTICES

PGB'S FOUR SUSTAINABILITY LENSES



Sustainable Value Creation

Stable profit generation underpinned by long term contracts, safe and reliable operations, and effective portfolio management.





Positive Social Impact



Responsible Governance

Uphold strong governance mechanisms and ethical business practices.

As the four lenses are interrelated to each other, we have identified four overriding ambitions that enable us to craft the focus areas and the relevant initiatives. PGB's four overriding ambitions are as follows:

Grow profits through the current portfolio and new sustainable investments.

Achieve net zero CO₂e by FY2050 and efficient management of pollution, waste and water.

Zero major HSSE, human right and corruption cases.

Full compliance with Task Force on Climate-Related **Financial Disclosures** (TCFD) by FY2024 and the attainment of a "4" or better rating on FTSE4Good Bursa Malaysia by FY2025.

OUR SUSTAINABILITY REPORTING PRACTICES

PGB's standalone Sustainability Report 2023 serves as a tool to highlight the key Value Creation and ESG initiatives undertaken by the Group for the year under review. It aims to communicate how we are progressively assessing and fine-tuning our sustainability agenda in order to achieve our business goals. It can be accessed in digital format on our corporate website at www.petronas.com/pgb/sustainability/ reporting.

Our reporting practices are guided by local and international statutory and reporting frameworks, particularly Bursa Malaysia Securities Berhad's (Bursa Malaysia) Sustainability Reporting Guide (3rd Edition), as well as the updated FTSE4Good Bursa Malaysia Index's ESG indicators. We are also guided by the reporting requirements of organisations such as the International Petroleum Industry Environmental Conservation Associations' sustainability reporting guidance for the oil and gas industry (4th Edition, 2020) and the Global Reporting Initiative Universal Standards 2021.

TOWARDS SUSTAINABLE GROWTH

Even as the agenda of sustainability had gained more prominence and is now being embedded in greater measure within PGB, we have greater clarity on what we need to do as we set out to achieve sustainable business success and

To augment our sustainability efforts and ensure a balanced business strategy is in place, we will leverage the PGB Sustainability Blueprint which addresses all the essential elements within PGB's four Sustainability Lenses. This blueprint provides the Group a holistic roadmap that points out how we are to achieve our sustainability ambitions.

As we venture forth to realise PGB's sustainability aspirations, our leadership will adopt a laser-focused approach and leverage the approved initiatives and milestones specified in the blueprint. Our goal is to embed effective sustainability practices and inculcate a robust sustainability culture across all our business operations. Once the fundamental building blocks are laid, we will focus on rolling out our sustainability programmes in the most efficient manner to achieve and sustain the set targets.

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SUSTAINABILITY PRACTICES





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While the pathway for our internal plan has been neatly laid out, we are mindful that there are still a host of external challenges from the dynamic environment that we operate in which need to be considered. In order for PGB to be able to manoeuvre through the complexities of the marketplace, we will ensure that our internal structure and capabilities across the organisation are adequately resourced and well-primed.

This will help us to address all risks and opportunities that may come our way in a timely and effective manner.

Moving forward, the agenda of sustainability will continue to serve as a central feature of our overall business strategy. We intend to make the best use of our existing sustainability initiatives and practices while remaining open and flexible to adopt new ones. This is all the more important given the uncertain, ever-evolving market landscape in which we operate. As we make the most of our value creation activities and good progress on the ESG fronts for the benefit of all, we remain confident of reinforcing PGBs' position as a model for responsible corporate behaviour.

SUSTAINABILITY KEY MILESTONES



2005 - 2010

- Implemented Programme Sentuhan Kasih PETRONAS
- Executed Building Leaders programme
- Commissioned Acid Gas Oxidiser (AGO) to reduce acid gas emissions



2011

- Certified with MS ISO 14001:2004 (Environmental Management System)
- Implemented 4G Initiative (Green Care, Green Mind, Green Ownership and Green Growth)



2012

- 32% savings of wastehandling costs resulting from 4G initiative
 - Implemented Programme Bakti Pendidikan PETRONAS (PBPP), which is now rebranded as Programme Sentuhan Ilmu PETRONAS



2013

- 50% reduction of energy consumption resulting from 4G Initiative
- · Launched Seeding programme to develop future talents by recruiting fresh graduates
- PGB greenhouse gas emission reporting enhancement via SANGEA® software



- Launched Mangrove Tree Planting programme at Hutan Simpan Kekal Kuala Paka
- Organised "Jom Buat Mudball" activity which was one of the activities planned under the Sayangi Sungai Paka programme launched back in 2015
- Utilities Kertih Plant Sustainable Water Management Project announced the winner for Special Project Award (Gold) of the Prime Minister's Hibiscus Award (PMHA) 2016/2017



2016

- Developed a structured Leak Detection and Repair (LDAR) programme to monitor fugitive emissions
- Commenced installation of Predictive Emission Monitoring System (PFMS)
- Displayed Accelerating Culture Change (ACC) programme

2015

• Launched 'Sayangi Sungai Latoh' programme

Malaysia Productivity Cooperation (MPC)

Conversion of ISO14001:2004 into ISO14001:2015

3ZERO1

- Installed cogeneration (COGEN) unit
- Collaborated with Malaysian Nature Society (MNS) to preserve the biodiversity of Sungai
- Collaborated with Yayasan Salam Malaysia on the Livelihood programme

• Received Green Apple Award for water conservation project at Utilities Kertih

• Diamond Project at GPS bestowed with the "5 Stars Band Award Project" from

2014

- Commissioned Flare Gas Recovery Unit (FGRU), resulting in reduction of flaring emission
- Mercury management through Hycapture™ Hg
- Installed high pressure online washing at gas turbines inlet to reduce energy consumption



2023

- Establishment of PGB Sustainability Blueprint and implementation of 14 sustainability-related initiatives.
- Achieved FTSE4Good rating of 4.1 (max 5) which met 2025 ambition and highest amongst subsector peers.
- The greenifying of our portfolio is another core component of our long-term value creation strategy, with PGB exploring several renewable energy projects.
- Established TCFD roadmap to achieve full compliancy by end of 2024.
- Enhanced data collection automation and real-time monitoring of GHG emission via iCON, a GHG accounting and management system.



2022

- Establishment of the Climate Change Risk Management Framework
- Establishment of PGB's NZCE 2050 roadmap
- Establishment of PGB's liability and integrity programmes
- · Appointment of PGB Integrity Focal personnel
- Participated in several local and international HSSE awards events such as the APBSP, NCOSH, MSOSH and MiSHA Awards events



2021

- Strengthened PGB's sustainability governance structure
- Formation of the Board Risk Committee;
- Revision of the Sustainability Working Committee;
- Appointment of the PGB Sustainability Designated Focal Person:
- Establishment of the Investment Steering Committee;
- Establishment of the Project Delivery Department
- Conducted PGB Sustainability Review
- Inaugural sponsorship of Technical Energy Enrichment programme students
- Received several local and international HSSE awards including the Prime Minister's Hibiscus Awards and others at the RoSPA, ICQCC, and MSOSH Awards events



2019

- Launched 301Q99 Pushing Forward Game Plan to improve energy index, reduction of maintenance cost and increase utilisation
- Commenced implementation of Generative HSSE Culture
- RGTSU Export Compressor (RGTEC) won Silver Award from Anugerah Hijau Negeri Melaka under Green Project Category
- Performed 'Sayangi Sungai Latoh' baseline assessment and tree planting in three phases
- Completion of Predictive Emission Monitoring System
- Participation in Hibiscus Award for seven plants
- Completion and commissioning of COGEN E
- Completion and the start of CO₂ recycling project (COSLA)
- Life Cycle Assessment for GPS and UG



2020

- Migration from OHSAS 18001:2007 to MS ISO 45001:2018 standard
- Retained ISO 14001:2014 certification
- Strengthened Engineering Management of Change Compliance
- Implemented Land Encroachment Mitigation
- Executed Emergency Response Management Readiness
- Implemented Digital Permit to Work implementation across PGB
- Received several local and international HSSE awards including the Prime Minister's Hibiscus Award and others at the MSOSH, HSSE, and British International Safety Awards events
- Completed the PGB Methane Baseline Study
- Performed the Human Health Risk Assessment baseline at Kertih and Pasir Gudang, Regional Office
- Conducted the PGB Net Zero Carbon Emissions (NZCE) Roadmap Workshop, Reclassification of EIA Eight Off-Site Hazardous Waste Storage to Centralised, Onsite Hazardous Waste Storage



