



PETRONAS

Our Reference: GL/GSBG/LST/ADMIN/COMM/CORR/2021/103

Date: 25 April 2022

Minority Shareholders Watch Group
11th Floor, Bangunan KWSP,
No. 3, Changkat Raja Chulan,
Off Jalan Raja Chulan,
50200 Kuala Lumpur.

Attention: Devanesan Evanson
Chief Executive Officer

Dear Sir,

39th Annual General Meeting (“AGM”) OF PETRONAS Gas Berhad (“PETGAS” or “the Company”) to be held on Wednesday, 27 April 2022

With reference to your letter dated 14 April 2022, please find below responses to your questions:-

Operational & Financial Matters

1. As shared in the company FY21 annual report, the regional gas supply and demand market is expected to remain robust as gas is playing a major role as a transitional fuel in the energy mix. As such, gas demand from the power industry is expected to improve upon retirement of coal-fired power plants. Moreover, there could be additional gas demand from non-power sectors coming from new industrial hubs in the future. What are the group’s medium-term plans to capitalise on the growing demand for natural gas?

PETGAS is well-positioned to benefit from the growing demand for natural gas, as we look forward to capturing opportunities for new infrastructure to deliver more gas in Malaysia.

We also have plans to venture into gas-to-power generation business as well as integrated/co-generation utilities solution, which will allow industries to generate electricity more efficiently. We are ready to extend our gas pipeline to these new industrial hubs while our regasification terminals are able to cater for additional gas demand in the country.

In addition, we are open to exploring opportunities to expand our pipeline network and deliver gas to neighbouring countries.

Open

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2. The group's other income dropped from RM161.4m in FY20 to RM115.4m in FY21.

a) What were the reasons for the significant decline in other income in FY21?

The decline in other income in FY21 was partly attributable to lower investment income in line with lower interest rates during the year.

We also registered unrealised foreign exchange loss on translation of USD balances as at 31 December 2021, as a result of weaker Ringgit against USD. This compared to unrealised foreign exchange gain registered in FY20.

b) What were the key items in other income?

Other income mainly comprises investment income from fund placements as well as foreign exchange gain or loss.

Environment, Social and Governance Matters

3. The Petronas Group has set a GHG emissions limit of 49.5m metric tonnes of carbon dioxide equivalent (tCO2e) by 2024 for Scope 1 and 2 emissions. In relation to this, PETGAS has been allocated a target cap of 5m tCO2e. While a total of 4.78m tonnes of carbon dioxide equivalent (tCO2e) emissions (Scope 1 and Scope 2 combined) emitted in FY21 was within the target cap of 5m tCO2e, PETGAS reported a significant jump in greenhouse gas emissions, from 3.70m tonnes CO2e in FY20 to 4.78m tonnes CO2e in FY21. It was explained that the 29.2% increase in the 2021 value for GHG emission was due to higher production demand in 2021 compared to 2020.

a) How do we reconcile the higher production demand in FY21 with a mere 1.0% growth in the group's revenue during the same period?

PETGAS is a gas infrastructure services company. Our main business model is based on long-term service agreements with molecule owners for our Gas Processing, Gas Transportation and Regasification business segments, which assure steady revenue streams irrespective of production demand.

The increase by 1.0% or RM56.5 million in FY21 was attributable to higher revenue from the Utilities business segment which recorded higher steam sales to new customers.

b) What were the reasons for the significant increase in methane emissions from 3,024.51 tonnes in FY19 and 3,414.42 tonnes in FY20 to 3,997.01 tonnes in FY21, at faster growth rates compared to the revenue growth during the corresponding period? What are the measures put in place/ to be put in place to bring down the methane emissions?

FY21 saw higher level of methane emissions in line with increased production demand during the year. There was also higher level of maintenance activities in line with relaxation in COVID-19 Standard Operating Procedures.

In addition, our leak detection programme which was enhanced in 2020 is now able to identify areas with less concentrated methane loss in the plants and along the pipeline. This has resulted in even more accurate emissions reporting.

Overall, the total amount of methane emission is ≈0.1% of total GHG emission throughout FY19-FY21. Nevertheless, we intend to further reduce the emissions to achieve our net zero target. One of the initiatives taken is to leverage on Leak Detection and Repair (LDAR) programme to facilitate better emission identification and immediate action to contain the loss.

Thank you.

Yours faithfully

for PETRONAS GAS BERHAD



Ngian Yoke Fung
Company Secretary

- c.c. 1. **Encik Adnan Zainol Abidin**
Chairman
PETRONAS Gas Berhad
2. **Encik Abdul Aziz Othman**
Managing Director/ Chief Executive Officer
PETRONAS Gas Berhad
3. **Encik Yeap Kok Leong**
Joint Company Secretary
PETRONAS Gas Berhad