



PETRONAS



PUSHING FORWARD

SHAPING THE NEW NORM



SUSTAINABILITY REPORT 2020
PETRONAS
GAS BERHAD

198301006447 (101671-H)

ABOUT THIS REPORT

INTEGRATED REPORTING APPROACH

RATIONALE

PGB has remained strong and robust since the liberalisation of the gas market in 2016. We have embraced the challenges presented by the new business landscape by adapting our strategies and operations accordingly. We are now well-prepared in shaping the path ahead of us.

Our steadfastness and resilience are driven by our ongoing strategy – R2 Game Plan: 301Q99 Pushing Forward. We are focused on being the preferred solutions partner to our stakeholders. We became a leaner and more streamlined organisation. We also increased our efforts in digitalisation, while also reinforcing our systems and processes to drive growth and create long-term value for our stakeholders.

Befitting our role as a Leading Gas Infrastructure and Centralised Utilities Company, we will continue Pushing Forward towards Shaping our New Norm as we progress responsibly to meet the nation's needs.

At **PETRONAS Gas Berhad (PGB)**, we advocate transparency to stakeholders and we are honoured to present this report as the primary source of information on our Group's financial and non-financial performance for 2020. It forms part of our reporting suite which comprises:

OUR REPORTING SUITE



INTEGRATED REPORT

Our Integrated Report is the primary report to our stakeholders, showcasing our value creation proposition and delivery.



GOVERNANCE & FINANCIAL REPORT

Our Governance and Financial Report provides our comprehensive approach towards protection of value in our activities, together with our financial performance for the year.



SUSTAINABILITY REPORT

Our Sustainability Report details our efforts and commitment towards creating a sustainable business, positioned for long-term success.

REGULATIONS COMPLIED

- Bursa Malaysia Main Market Listing Requirements
- Companies Act 2016
- Malaysian Code on Corporate Governance 2017
- Corporate Governance (3rd Edition) issued by Bursa Malaysia
- Malaysian Financial Reporting Standards
- International Financial Reporting Standards

SCOPE AND BOUNDARY OF REPORTING

This report covers the primary activities of the Group, our business segments and our subsidiaries as well as joint venture operations, with the aim to address the information requirement of long-term investors. We also present information relevant to the way we create value for other key stakeholders, including our employees, customers, government agencies and authorities, suppliers and communities.

This report covers the period from 1 January to 31 December 2020, unless otherwise stated.

APPROVAL BY THE BOARD

PGB Board of Directors (Board) acknowledges its responsibility in ensuring the integrity of this Integrated Report, which in the Board's opinion address all the issues that are material to the Group's ability to create value and fairly presents the integrated performance of PGB Group. This report has been prepared in accordance with the IIRC <IR> Framework.

ADNAN ZAINOL ABIDIN

Chairman

ABDUL AZIZ OTHMAN

Managing Director/Chief Executive Officer



Scan this QR code with your smart device to access our Integrated Report suite.





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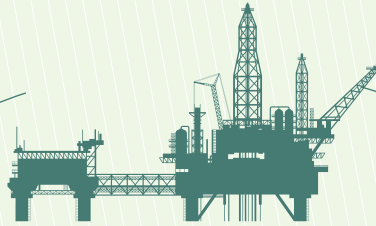
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WHO WE ARE



STATEMENT OF PURPOSE

A Progressive Energy and Solutions Partner Enriching Lives for a Sustainable Future

VISION

A Leading Gas Infrastructure and Utilities Company

MISSION

We are a Business Entity

Gas Infrastructure and Utilities is our Core Business

We Operate Safely, Reliably and Competitively

We Optimise the Gas Value Chain to Maximise Returns for our Stakeholders

SHARED VALUES



Loyalty



Integrity



Professionalism



Cohesiveness



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HOW WE CREATE SUSTAINABLE VALUE



HOW WE DIFFERENTIATE OURSELVES



PETRONAS CULTURAL BELIEFS



WHAT WE DO

BUSINESS UNITS & HIGHLIGHTS



GAS PROCESSING

4

Process PETRONAS' upstream natural gas from offshore Peninsular Malaysia into salesgas, ethane, propane and butane

Revenue

RM1.7 billion

Gross Profit

RM944.6 million



GAS TRANSPORTATION

Transport salesgas to shippers' end-customers through Peninsular Gas Utilisation (PGU) pipeline network and Pengerang Gas Pipeline (PGP)

Revenue

RM1.2 billion

Gross Profit

RM794.9 million



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REGASIFICATION

Receive capacity users' imported Liquefied Natural Gas (LNG), store it in LNG Regasification Terminal Sungai Udang's (RGTSU) floating storage units and LNG Regasification Terminal Pengerang's (RGTP) storage tanks and convert the LNG to salesgas

Revenue

RM1.4 billion

Gross Profit

RM713.1 million



UTILITIES

Produce, market and supply electricity, steam, industrial gases and other utility products to various petrochemical businesses and third parties in Kertih and Gebeng

Revenue

RM1.3 billion

Gross Profit

RM203.8 million

WHERE WE OPERATE

OUR PRESENCE

2

Total Gas Processing Complexes



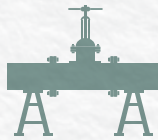
2

Total Utilities Complexes



2,623 KM

Overall Pipeline Length



2

LNG Regasification Terminals



2,060 MMSCFD

Total Gas Processing Capacity

990 MMSCFD

Total LNG Regasification Capacity



6

UTILITIES PRODUCT CAPACITIES:



Electricity

541 MW



Steam

960 t/h



Oxygen

73,000 Nm³/h



Nitrogen

88,640 Nm³/h



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MAIN PGU PIPELINE	LENGTH	GAS – IN
PGU I : Kertih – Teluk Kalong	32 km	1983
PGU II	714 km	
Sector I : Teluk Kalong – Segamat	265 km	1991
Sector II : Segamat – Kapar	241 km	1991
Sector III : Segamat – Plentong	208 km	1991
PGU III	450 km	
Sector I : Meru – Lumut	184 km	1996
Sector II : Lumut – Gurun	130 km	1996
Sector III : Gurun – Pauh	136 km	1996
Loop 1 : Kertih – Segamat	266 km	1996
Loop 2 : Segamat – Meru	228 km	1991
Total	1,690 km	

OVERALL PIPELINE	LENGTH (KM)
Main PGU	1,690
Lateral	458
Liquid	373
Sungai Udang	30
Pengerang	72
Total	2,623

COMPLEX	GPP	CAPACITY (mmscfd)
Gas Processing Kertih (GPK)	1	310
	2	250
	3	250
	4	250
Gas Processing Santong (GPS)	5	500
	6	500
Total		2,060

COMPLEX	Electricity (MW)	Steam (t/h)	Oxygen (Nm ³ /h)	Nitrogen (Nm ³ /h)
Utilities Kertih (UK)	160	600	32,000	54,500
Utilities Gebeng (UG)	96	360	–	8,240
Kimanis Power Plant	285	–	–	–
ASU Pengerang	–	–	41,000	25,900
Total	541	960	73,000	88,640

LNG REGASIFICATION TERMINAL	CAPACITY (mmscfd)
Sungai Udang, Melaka	500
Pengerang, Johor	490

OPERATIONS & MAINTENANCE (O&M) SERVICES
1. Trans Thai-Malaysia (M) Sdn Bhd (TTM)
2. Voltage Renewables Sdn Bhd (VRSB)

LEGENDS

Gas Processing Plant	Tenaga Nasional Berhad Power Station	Offshore LNG Regasification Terminal
Compressor Station	Independent Power Producer Power Station	Onshore LNG Regasification Terminal
Utilities Plant	Kimanis Power Plant	Air Separation Unit
Industry	Tanjung Sulung Export Terminal	O&M Services

MD/CEO

STATEMENT ON SUSTAINABILITY



Being socially responsible implies a dedication to health and safety of our people, our business associates and the surrounding communities. ”

Dear Stakeholders,

Sustainability has always been our culture from the very first day we operated our business. The notion corresponds well with our commitment to provide Malaysia with stable, secure, and clean gas supply. We continue to contribute to the environment, people and society amidst the challenging COVID-19 pandemic and the accelerated move towards cleaner energy.

As gas market liberalisation led Malaysia to open its domestic supply market, consumers now have access to multiple product options and service offerings. This has resulted in increased competition amongst the players, resulting in competitive gas prices for customers.

Our regasification terminals in Sungai Udang and Pengerang are well-equipped and ready to facilitate LNG importation from outside Malaysia. Our vast pipeline network in Peninsular Malaysia then connects these regasification terminals to the designated customers accordingly. With infrastructure in place to sustain multiple sources of gas supply, the critical role that PGB plays in ensuring the nation's gas supply security cannot be overstated.



SUSTAINABILITY FRAMEWORK

Our approach to sustainability is in line with PETRONAS Group and we continuously approach the agenda centred on progressive value creation while also giving back to the people who contribute to our success. All our activities are guided by our Statement of Purpose – A Progressive Energy and Solutions Partner Enriching Lives for a Sustainable Future.

Our policy is largely driven by a world-class framework and policies that adhere to Bursa Malaysia's guidelines, PETRONAS Corporate Sustainability Framework (PCSF), as well as United Nations Sustainable Development Goals (UNSDGs). Three core thrusts have been developed to strengthen our approach to sustainability, which will support our Sustainability Strategy moving forward. This consists of Sustainable Business, Social Responsibility, and Resource Efficiency.

BUSINESS SUSTAINABILITY

We have diversified our company into integrated solutions in anticipation of gas market liberalisation. In 2019, we introduced Gassing Up and Cooling Down (GUCD) and in 2020 we have added on LNG reloading as part of PETRONAS bunkering service to our portfolio. These ancillary services, available at both our regasification terminals, aim to provide value-added services to vessels plying the regional line. At the same time, our initiatives support the role of gas in the shipping industry, and it is aligned with the International Maritime Organization's (IMO) goal of capping sulphur content in bunker fuel at 0.5 percent starting 1 January 2020.

As part of PETRONAS newly launched Virtual Pipeline System (VPS) project, we have also launched our LNG truck loading service at our LNG Regasification Terminal in Pengerang to extend the reach of gas to currently unserved markets caused by a lack of pipeline connectivity. Since its commissioning in September 2020, we have completed 65 truck loadings in the year 2020. The demand for VPS is encouraging, indicating further room for growth.



At the same time, PGB is strategically positioning itself to expand the co-generation business. Our co-generation assets in Utilities Kertih and Gebeng are capable of generating electricity at high level of efficiency with lower amount of fuel gas. Since this energy is generated on-site, the load on the power network is minimised, and transmission line losses are prevented. We believe that by putting forward these efforts, we will be able to motivate our customers to use energy more sustainably while also reducing their carbon footprint. There may also be potential growth in gas demand from the power sector, as most coal-fired plants are anticipated to be retired and replaced by gas-fired power plants in the near future. PGB therefore has the option either to supply more gas or to venture into a power generation business. In this regard, our knowledge and expertise in running and maintaining gas-fired power plant in Kimanis is an added advantage.

The choice for gas as a cleaner alternative fuel has become increasingly apparent, as the world transitions into a higher mix of renewable sources of energy. To this, we will continue to develop and strengthen our infrastructure and pursue opportunities to play a significant role in creating a cleaner future for Malaysia.

SOCIAL RESPONSIBILITY

Being socially responsible implies a dedication to health and safety of our people, our business associates and the surrounding communities. We are constantly striving towards improving our standards by adopting self-learning culture and valuing immediate feedback on concerns to create a strong sense of responsibility with each other. We also recognise that a long-term progress requires strong teamwork and collaboration.

We internalise the PETRONAS Employment Value Proposition (EVP) of Trust, Develop, and Reward in managing our employees. We're also on board with PETRONAS Global Talent Strategy (GTS), which ensures that an educated and multi-disciplinary pool of employee is available to support PGB's future growth. Companies must ground themselves in a strong culture of ethics and enforcement to stay focus on delivering sustainable operations and growth.

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MD/CEO Statement on Sustainability

All these initiatives will lead PGB towards an Empowered Organisation, with Agile Workforce that supports Diversity and Inclusion (DNI). Internally, we are working towards increasing diversity in our workforce as we appreciate people from diverse background, age group and ability for their new ideas and skills. A diverse mix in the workforce encourages creativity and innovations as varying knowledge and learning interact to generate new experiences.

We began the DNI initiative with the implementation of Talent Mix Strategy, and I am pleased to report that as at 31 December 2020, 50% of our Board Directors are female, while in our leadership team the mix stands at 33%.

Health, Safety, Security and Environment (HSSE) is one of the very key parts of our Sustainability Framework. In order to drive excellence in HSSE, we embarked on various initiatives to develop a generative safety culture amongst our staff, contractors and business associates where the importance of safety is completely incorporated into all aspects of our systems and processes. In 2020, PGB had conducted assurance assessment based on structured assurance plan for contractors to ensure we safeguard our operations and interests to prevent any unwanted incidences.

PGB had issued out various support to help all our stakeholders coping with the COVID-19 pandemic. Despite the restricted activities under the Movement Control Order (MCO), PGB delivered assistance to less fortunate families in preparing the Light Festival of Deepavali under the Sentuhan Kasih PETRONAS programme. PGB also took the lead in approaching and providing necessary supplies to B40 families who were severely impacted by COVID-19 pandemic.

PGB continues to support numerous local social programmes in the surrounding communities where we operate. Such initiative include Sayangi Sungai Latoh programme where we planted more than 9,000 mangrove saplings at Sungai Latoh, Johor. Aside from stabilising the ecosystem and preventing erosion to the riverbank, this programme has helped to promote stronger partnership with our communities.



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RESOURCE EFFICIENCY

As we embarked our 301Q99 Game Plan in 2019, our priority has been focusing on plant optimisation and efficiency. The outcome has truly been remarkable and we are proud to announce that we have managed to substantially reduce energy intensity and maintenance costs spent at our facilities. This has resulted in an overall value creation of RM97.7 million under the game plan.

Despite the size of our operations, our total carbon emission remains below our target limit of 5 million tonnes CO_{2e}. We are pleased to report that PGB reduced our carbon emission from 4.4 million tonnes CO_{2e} in 2019 to 3.7 million tonnes CO_{2e} in 2020.



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INTERNALLY, WE ARE WORKING TOWARDS INCREASING DIVERSITY IN OUR WORKFORCE AS WE APPRECIATE PEOPLE FROM DIVERSE BACKGROUND, AGE GROUP AND ABILITY FOR THEIR NEW IDEAS AND SKILLS. ”



CONCLUSION

Our goal is to develop a balanced approach to our business that can consistently generate value and is well-positioned for long-term success. All initiatives mentioned above have placed us in a very notable position in 2020. We will build on this strong base and continue to promote a sustainable culture within our organisation in 2021. Before I conclude, I would like to take this opportunity to express my gratitude to our stakeholders and partners for their constructive engagement on a variety of issues that are important to us. Your feedback and support are essential in helping us identify our market opportunities, issues, and risks while working to maximise value creation for your benefit.

ABDUL AZIZ OTHMAN

Managing Director/Chief Executive Officer

SUSTAINABILITY HIGHLIGHTS

➤ Responding to stakeholders in relation to economic, environmental and social aspects as part of our commitment to sustainability

ECONOMIC



DIVIDENDS PAID
RM2.6
 billion
 2019: RM1.4 billion



TAX PAID
RM390.4
 million
 2019: RM429.8 million



EMPLOYEE COMPENSATION
RM346.8
 million
 2019: RM426.8 million



PRODUCT DELIVERY RELIABILITY
 (C1, C3, C4, Electricity)
100%
 2019: 100%



WORKFORCE
1,765
 employees
 2019: 1,829 employees



LAND
4,962
 hectares
 2019: 4,961 hectares



AVERAGE SALES GAS DELIVERED
1,882
 mmscfd
 2019: 2,272 mmscfd

ENVIRONMENT



CARBON EMISSION
3.7 million tonnes CO_{2e}
 2019: 4.4 million tonnes CO_{2e}

6.9 million m³
TOTAL FRESHWATER WITHDRAWAL
 2019: 7.40 million m³

0
CHEMICAL/HYDROCARBON SPILLAGE
 2019: 0



SAYANGI SUNGAI LATOH
Ecosystem baseline assessment

62.4 metric tonnes
TOTAL SULPHUR OXIDES EMISSION
 2019: 84.1 metric tonnes

6,862 metric tonnes
TOTAL NITROGEN OXIDES EMISSION
 2019: 13,849 metric tonnes



WASTE RECYCLED
 2019: 48% **65%**

1,489 metric tonnes
TOTAL HAZARDOUS WASTE GENERATED
 2019: 2,437 metric tonnes

443 metric tonnes
TOTAL HAZARDOUS WASTE DISPOSED
 2019: 1,295 metric tonnes



RM0.8 million
SPENT FOR WASTE DISPOSAL EFFORT
 2019: RM1.9 million

SOCIAL



HSSE

FATALITIES MAJOR FIRE

0

2019: 0

0

2019: 0

LOST TIME INJURY

0

2019: 2



SKILL

TECHNICAL

87%

2019: 88%

NON-TECHNICAL

13%

2019: 12%



HARVARD MANAGEMENTOR

LEAD SELF

LEAD OTHERS

LEAD BUSINESS

GENDER DIVERSITY



Women Composition

TOTAL

13%

2019: 13%

BOARD

50%

2019: 50%

LEADERSHIP TEAM

33%

2019: 33%

COMMUNITIES



Program Sentuhan Alam PETRONAS



Program Sentuhan Kasih PETRONAS



Program Sentuhan Ilmu PETRONAS



ABOUT OUR **SUSTAINABILITY REPORT**

We believe that as a corporation, we must take responsibility for the impact of our business on the society and be held accountable for it. We build enriching and value-adding interactions for our consumers, staff and communities where we work, rooted in a vision of the consumers and our common collection of cultural beliefs. We also use digitalisation to improve the performance of our plants and create sustainable value.

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PETRONAS Gas Berhad (PGB) believes for a company to be successful and create long term value for the shareholders, sustainable development must be incorporated in all aspects of the business value chain.

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Thus, we are actively managing our commitment to the Economic, Environmental, Society and Governance (EESG) sustainability, in our mission to create a sustainable business that is positioned for long term success. This Sustainability Report highlights the key EESG initiatives undertaken by the Company during the year under review. We progressively continue to evaluate and make adjustments to our approach to sustainability, in order to achieve our goals.

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OUR SCOPE

Information in this Report covers the sustainability efforts undertaken by PGB and its subsidiaries, throughout the 12-month period from 1 January to 31 December 2020. Views and feedback from our various stakeholders have been compiled to help us identify, prioritise and address material sustainability issues in our business strategies. We endeavour to report issues that are material to the Company and our stakeholders, as determined through analyses of wide variety of sources such as Government and PETRONAS policies, benchmarking results, internal documents comprising enterprise risks, internal auditors reports, surveys, engagements and interactions with stakeholders, as well as media reports. We acknowledge that there is room for improvement in our disclosure, and we are committed to the monitoring and reporting on our sustainability activities each successive year.

OUR SUPPORT FOR UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

In managing our approach to sustainability, we also ensure high degree of alignment with United Nations Sustainable Development Goals (UNSDGs) where relevant.

PGB is in support of eight UNSDGs where we believe we can contribute greatest possible impact to society. It helps us to coordinate our efforts effectively towards global sustainability agenda whilst enhancing collaborations with local community to deliver sustainable value creation.

SUSTAINABLE DEVELOPMENT GOALS



OUR REFERENCE AND GUIDELINES

In producing this Report, we are guided by the local and international statutory and reporting frameworks, particularly Bursa Malaysia Securities Berhad (Bursa Malaysia)'s guidelines relating to Sustainability Statements, PETRONAS Corporate Sustainability Framework as well as the FTSE Environmental, Social and Governance assessment indicators.



FEEDBACK

We value feedback and welcome comments on our reporting. Please direct them to:

Sustainability Reporting Team
Corporate Affairs
PETRONAS Gas Berhad
Level 50, Tower 1, PETRONAS Twin Towers
Kuala Lumpur City Centre
50088 Kuala Lumpur
Malaysia
or email: pgbca@petronas.com

SUSTAINABILITY STRATEGY

SUSTAINABILITY STRATEGY

Sustainability plays a significant role in formulating our business plans and activities. As a leading gas infrastructure and centralised utilities company, we have the responsibility to demonstrate leadership not only in the business areas that we are in, but also with our environment and community. It is with this in mind that we have developed our Sustainability Strategy, which is aligned with our consideration for material matters and net positive impact that it has on our stakeholders.

Our strategy was also developed with reference to UN Sustainable Development Goals (SDGs) to ensure balanced focus and emphasis, as well as reflecting our support for global sustainability agenda. Our Sustainable Strategy focuses on three anchors; Sustainable Business, Social Responsibility and Resource Efficiency.



How each of the strategy addresses our material matters is illustrated below:

Sustainability Strategy	Material Matters	Responses	Result	Link to UNSDGs
Sustainable Business	<ol style="list-style-type: none"> Operational Reliability, Delivery and Efficiency Gas Market Dynamics Gas Market Liberalisation Business Growth Compliance to Regulation Sustainability 	<ol style="list-style-type: none"> 301Q99 Pushing Forward Game Plan Efficient management of regulated assets Business expansions: <ol style="list-style-type: none"> Expansion of utilities capacity and customer base Expansion of Tanjung Sulong Export Terminal (TSET) Introduction of ancillary services: <ol style="list-style-type: none"> Gassing Up Cooling Down (GUCD) LNG reloading LNG bunkering LNG truck loading 	<ol style="list-style-type: none"> Increased profit and higher dividend paid in 2020 despite the challenges faced by the Group Ready infrastructure to support Third Party Access (TPA) at our gas facilities in supplementing domestic gas supply to ensure supply security. We also provide environment for competitive pricing in the liberalised gas market Business growth Diversified business for new revenue streams 	
Social Responsibility: Commitment to Health, Safety and Security	<ol style="list-style-type: none"> Health, Safety, Security and Environment (HSSE) Operational Reliability, Delivery and Efficiency Compliance to Regulation Human Capital Sustainability 	<ol style="list-style-type: none"> Generative HSSE Culture and PETRONAS Zero Tolerance (ZeTo) Rules: <ol style="list-style-type: none"> Stop Work Policy Jom Patuh dan Tegur 50,000 Safety Observations Medical privileges: <ol style="list-style-type: none"> Preventive Health Screening Setting up of Kertih Interplant Clinic (KIC) at Kertih Integrated Petroleum Complex Staff welfare Security measures: <ol style="list-style-type: none"> 200 Emergency Response Exercises Perimeter Intrusion Detection System (PIDS) and CCTV across all our sites 	<ol style="list-style-type: none"> Zero fatality, zero fire accident with multiple MSOSH Award in 2020 for outstanding OSH performance Award winner for Excellent Occupational Health & Safety (Chief Executive Officer/Private Company) from Department of Safety and Occupational Health Comprehensive medical benefits to staff and PETRONITA Creche for staff children Low security-related incidents and interventions for the past three years 	



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Sustainability Strategy	Material Matters	Responses	Result	Link to UNSDGs
Social Responsibility: Caring for Our Talents	1. Health, Safety, Security and Environment (HSSE) 2. Human Capital 3. Sustainability	1. Benchmark practice with the United Nations Guiding Principle on Business and Human Right (UNGPs) 2. Effective talent sourcing and people management 3. Pursue diversity and inclusion in the workforce 4. Comparable staff benefits	1. Employee work-life balance through flexible working hours and Compressed Work Week (CWW) programmes 2. Skilled workforce and quality leaders, with smooth succession planning execution and low staff turnover 3. Improved perspectives in insights and decision making	
	Social Responsibility: Caring for the Society	1. Human Capital 2. Sustainability	1. School painting activities programme 'Sentuhan Kasih' programme during festive season 2. Assisted 200 less-fortunate families in Malaysia	
Resource Efficiency	1. Health, Safety, Security and Environment (HSSE) 2. Operational Reliability, Delivery and Efficiency 3. Business Growth 4. Compliance to Regulation 5. Sustainability	1. GHG's emission target of 5.0 Million tCO _{2e} by 2024* 2. Installation of Solar Photovoltaic System 3. Installation of Best Available Technique (BAT) for air emission monitoring and control 4. New COGEN with nitrogen oxide removal (deNO _x) 5. 3R Programme – Re-use of spent catalyst and Benfield solution 6. Life Cycle Assessment (LCA) 7. Sayangi Sungai Latoh Programme	1. Reduction of CO ₂ emission 2. Circular economy by recycling CO ₂ for other uses. Reduction in Energy Intensity under 301Q99 Pushing Forward game plan 3. Cost saving from electricity generated from sustainable source 4. Efficient management of air emission 5. Reduction of NOx emission intensity 6. Migration of OHSAS 1800:2007 to MS ISO 45001:2018 7. Sustain the ISO 14001:2014 certification 8. More than 9,000 mangrove saplings planted to improve the ecosystem	

* Target for PGB & its subsidiaries

OUR SUSTAINABILITY JOURNEY

Material matters have the most impact on our ability to create long-term value. These matters influence how the Board and the Leadership Team steer the Group.

MATERIAL MATTERS IDENTIFICATION PROCESS:



Identify

We conduct the necessary research to analyse our business context, considering our operating environment, the resources we rely on, as well as feedback from our stakeholders (internal and external) to assess matters that can be of financial, reputational, operational, environmental, social, strategic or legislative significance. Based on the matters identified, we discuss our risks and opportunities to each component accordingly.



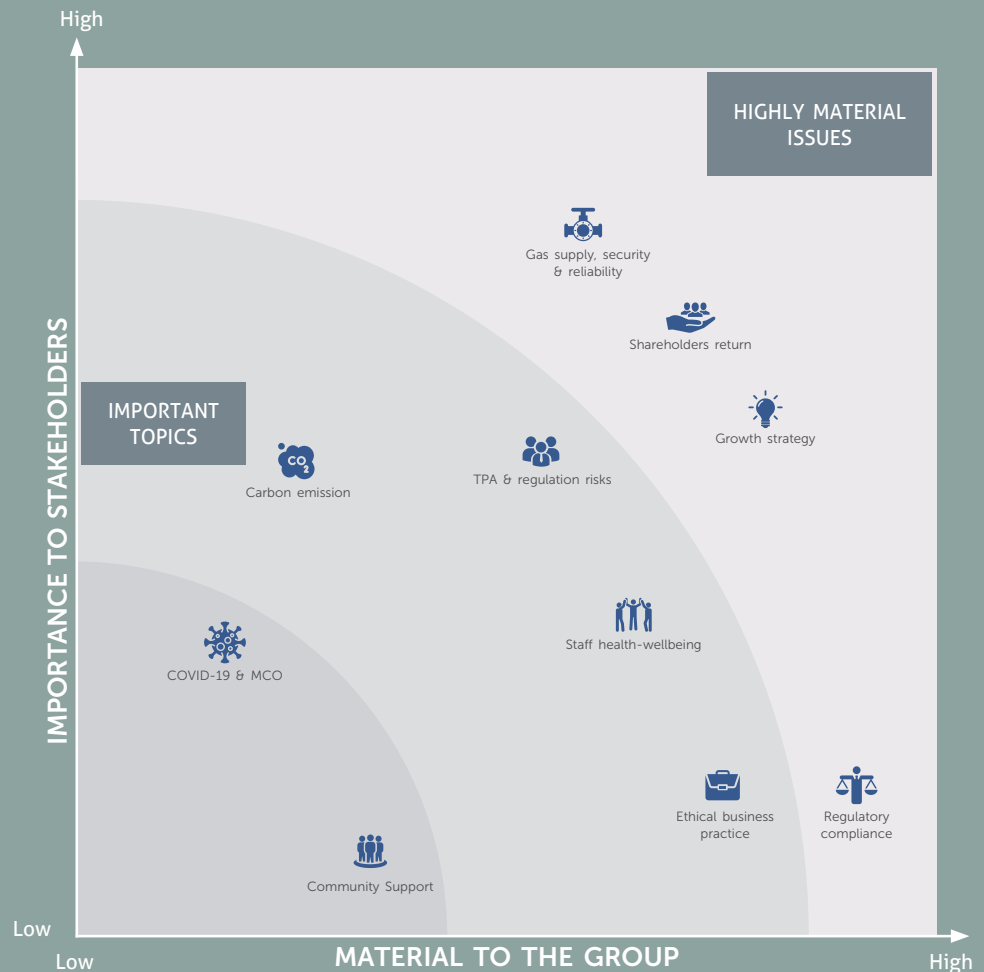
Prioritise

Using the outcome of the aforementioned analysis as well as the key risks and opportunities identified, we prioritise those matters that are most material to our ability to create sustained value in the short, medium and long-term.



Integration

We integrate our material matters into our strategy, and track our performance against this strategy using clearly identified strategic focus areas and key performance indicators (KPIs) that are cascaded and monitored throughout the organisation



List of 8 Top Material Matters:

1. Health Safety, Security and Environment
2. Operational Reliability, Delivery and Efficiency
3. Gas Market Dynamics
4. Gas Market Liberalisation
5. Business Growth
6. Human Capital
7. Compliance to Regulation
8. Sustainability

List of 10 Important Topics from Stakeholder Engagement:

1. Gas supply, security and reliability
2. TPA and regulatory risks
3. Growth strategy
4. Shareholders' return
5. Carbon emission
6. COVID-19 and Movement Control Order (MCO)
7. Staff health and well-being
8. Regulatory compliance
9. Ethical business practice
10. Community support



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HEALTH, SAFETY, SECURITY AND ENVIRONMENT (HSSE)

WHAT ARE THE RISKS

Occurrence of major HSSE incidents affecting PGB business and reputation.

WHAT ARE THE OPPORTUNITIES

Inculcation of behavioural safety culture with commitment from all staff, leading to increasing operational reliability and efficiency.

OUR RESPONSE

Strengthen HSSE practices via identified key focus areas, which include:

- HSSE compliance improvement via digitalisation;
- Efficient functional assurance;
- Upskilling HSSE capability; and
- Effective communication programme.

Concerted and continued efforts to strengthen behaviour towards Generative HSSE Culture.

[Link to UNSDGs](#)



OPERATIONAL RELIABILITY, DELIVERY AND EFFICIENCY

WHAT ARE THE RISKS

Unsustainable operational performance and non-competitive costs impacting customers.

WHAT ARE THE OPPORTUNITIES

Development of key operational strategies to achieve and sustain world-class standard which can be leveraged upon to generate additional revenue.

Development of initiatives to ensure cost-competitiveness.

OUR RESPONSE

Identification and timely completion of operational initiatives under R2 Game Plan:301Q99 Pushing Forward.

Implementation of digital solutions for effective monitoring and intervention.

[Link to UNSDGs](#)



GAS MARKET DYNAMICS

WHAT ARE THE RISKS

Low asset utilisation arising from reduced demand for gas, use of alternative fuels, and increasing call for renewables.

WHAT ARE THE OPPORTUNITIES

Advocacy on the use of natural gas towards achieving sustainable energy mix in Malaysia to generate business opportunities.

OUR RESPONSE

Explore growth opportunities to add further value to existing assets and future-proof the business.

[Link to UNSDGs](#)



Our Sustainability Journey



GAS MARKET LIBERALISATION

WHAT ARE THE RISKS

Pressure on tariffs and earnings for regulated businesses.

WHAT ARE THE OPPORTUNITIES

Potential growth opportunities in non-regulated areas, such as utilities, power and ancillary services.

OUR RESPONSE

Undertake efforts in ensuring fair tariff development through continuous engagement with Suruhanjaya Tenaga, Economic Planning Unit (EPU) and economic consultant.

Identification and effective implementation of commercial initiatives under R2 Game Plan: 301Q99 Pushing Forward.

[Link to UNSDGs](#)



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BUSINESS GROWTH

WHAT ARE THE RISKS

Challenges in achieving growth targets to support PGB business.

WHAT ARE THE OPPORTUNITIES

Collaboration in delivering integrated utilities solutions.

Potentials in power generation.

Step out opportunities emerging from energy transition.

OUR RESPONSE

Strategic engagements with various parties to explore potential collaboration opportunities.

Establishment of Result Delivery and Investment Steering Committees to closely monitor growth progress.

[Link to UNSDGs](#)



HUMAN CAPITAL

WHAT ARE THE RISKS

Readiness of competent and capable talents to drive value in business operations and strategies.

WHAT ARE THE OPPORTUNITIES

Robust talent management strategies and plans to produce capable and continuous pipeline of talents.

OUR RESPONSE

Development and implementation of Talent Mix Strategy which enables empowered organisation, agile workforce as well as diversity and inclusion.

Management of talent competencies through RESCISCO framework introduced by PETRONAS which aims to deliver empowered, enabled and agile talent.

[Link to UNSDGs](#)





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COMPLIANCE TO REGULATION

WHAT ARE THE RISKS

Potential breaches of critical laws, regulations and licenses resulting in reputational damage and financial loss.

WHAT ARE THE OPPORTUNITIES

Adherence to critical laws and regulations resulting in strong reputation and standing.

OUR RESPONSE

Execution of awareness and communication programmes on laws, regulations and licences across PGB.

[Link to UNSDGs](#)



SUSTAINABILITY

WHAT ARE THE RISKS

Inability to ensure and balance sustainability from economic, social and governance standpoints.

WHAT ARE THE OPPORTUNITIES

Potential collaboration with all stakeholders along the value chain to deliver sustainable solutions.

OUR RESPONSE

Identification and monitoring of annual sustainability targets.
 Deliberate on sustainability practices at Sustainability Committee.
 Alignment of sustainability targets and initiatives with PETRONAS.

[Link to UNSDGs](#)



SUSTAINABILITY COMMITMENT

This commitment statement defines what PGB means by sustainability.

Governed by PETRONAS Group’s Statement of Purpose, “A progressive energy and solutions partner, enriching lives for a sustainable future”, PGB has focused our sustainability efforts around the following:

- PGB as a progressive solutions partner will continuously push the boundaries in enhancing our value proposition to our customers, while at the same time strengthening our portfolio through diversifying in adjacent plays to future proof PGB’s business.
- In enriching lives, PGB is committed towards improving the quality of life of all our stakeholders by creating value and delivering products that are sensitive to our customers’ requirements and needs. PGB will provide opportunity for our own employees to develop their career and grow with the company and ultimately help society to reach its full potential.
- Being a responsible corporation, we emphasise on the impact that we want to see within our environment, i.e. sustainable future by ensuring the benefits that we are creating can be sustained over the longer term, and can be measured not only in terms of shareholder value creation, but societal progress and environmental sustainability.



A PROGRESSIVE ENERGY AND SOLUTIONS PARTNER, ENRICHING LIVES FOR A SUSTAINABLE FUTURE

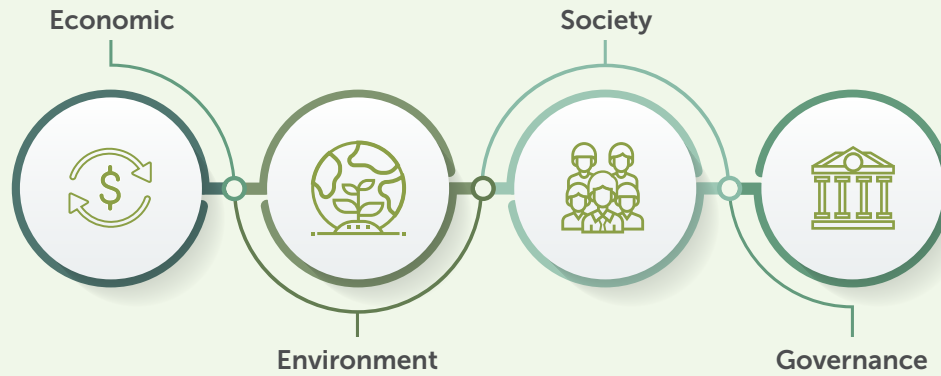




SUSTAINABILITY FRAMEWORK

SUSTAINABILITY FRAMEWORK

We view sustainability or sustainable development as a business imperative, and this means looking beyond financial profitability by balancing economic, social and environmental considerations in making sound business decisions.



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SUSTAINABILITY GOVERNANCE

As part of our sustainability journey, PGB Sustainable Development Working Committee is established to craft sustainability policy, strategies and monitor the execution of the approved plans. The Committee is also trusted to guide us in meeting our economic, environmental and social sustainability goals as well as ensuring compliance to governance. In ensuring that sustainability issues are taken into account across all our products and services, the MD/CEO heads the Sustainable Development Working Committee, whose members consist of representatives from all the business unit support functions within PGB and its subsidiaries. The Chairman of the Committee is also responsible for the governance and implementation of sustainability policy.



Sustainability Framework

Roles and Responsibilities of Sustainable Development Working Committee encompasses:

- i. Develop and recommend the Sustainability Policy for the approval of the Board
- ii. Implement the approved Sustainability Policy
- iii. Plan and recommend on EESG activities or actions for the approval of the Board
- iv. Execute the approved EESG activities or actions
- v. Update and report to the Board on the executed EESG activities/actions
- vi. Review the adopted Sustainability Policy and approved activities on regular basis

Sustainability efforts, progress and commitments are also being reported and monitored monthly at PGB Leadership Team level and any issues are being deliberated and resolved collectively. In terms of climate change, The Sustainable Development Working Committee is responsible to provide stewardship and guidance on relevant key sustainability matters and initiatives.

We have plans for 2021 for climate change to be included as part of our Company scorecard in addition to KPIs on HSSE records.

Driving Change Today

We are committed to conduct our business in an ethical and compliant manner, ensuring that we respect the rights of all people.

Good governance drives an ethical and focused mindset, one that is committed towards delivering the best without any compromise. Underlying the approach are strong commitments and policies including the **PETRONAS Code of Conduct and Business Ethics (CoBE)**, **PETRONAS Integrity Compliance Framework (PICF)** and **PETRONAS Corporate Sustainability Framework** which apply to PGB.

Progressing For Tomorrow

Ongoing structured programmes are in place to empower employees and contractors wherever we operate to reaffirm our governance policies and system at all times.

To ensure our contractors share our efforts, we will be enhancing assessments of their social, ethical and environmental standards to safeguard against governance risks as well as human rights risks.

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PETRONAS CODE OF CONDUCT AND BUSINESS ETHICS (COBE)

The CoBE is applicable to all employees of PETRONAS. In addition, third parties are required to always act consistently with CoBE when dealing with, acting on behalf of, or in the name of PETRONAS Group. It covers areas such as conflict of interest, anti-corruption, competition, anti-money laundering, international trade and export controls. Disciplinary action will be taken against any employee not complying with CoBE, subject to applicable laws.

CoBE is the essential guide to assist all PETRONAS employees in exercising their judgment to act in the best interest of PETRONAS.

PETRONAS CoBE Guide is available on PETRONAS' corporate website at www.petronas.com

Any improper conduct can be submitted to CoBe channel i.e. cobe@petronas.com

02

PETRONAS ANTI-BRIBERY AND CORRUPTION MANUAL

PETRONAS has a zero-tolerance policy with regards to all forms of bribery and corruption

The PETRONAS Anti-Bribery and Corruption Manual (ABC Manual) governs matters such as engagement with public officials, no facilitation payments, engagement with third parties, as well as gifts, entertainment and corporate hospitality.

The ISO 37001 is a testament of PETRONAS commitment to implementing international practices to combat corruption and our strong commitment towards zero-tolerance for bribery and corruption.

PETRONAS ABC manual is available on PETRONAS' corporate website at www.petronas.com

Any improper conduct can be submitted to ABC channel i.e. cobe@petronas.com

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PETRONAS WHISTLEBLOWING POLICY

The PETRONAS Whistleblowing Policy provides employees and members of the public with an avenue to disclose any improper conduct such as misconduct, criminal offence or malpractices.

The Whistleblowing Committee deliberates and decides on the course of action for the submissions and monitors the progress of submissions.

PETRONAS Whistleblowing Policy and Procedures are available on PETRONAS' corporate website at www.petronas.com

Any improper conduct can be submitted to the whistleblowing channel i.e. whistle@petronas.com



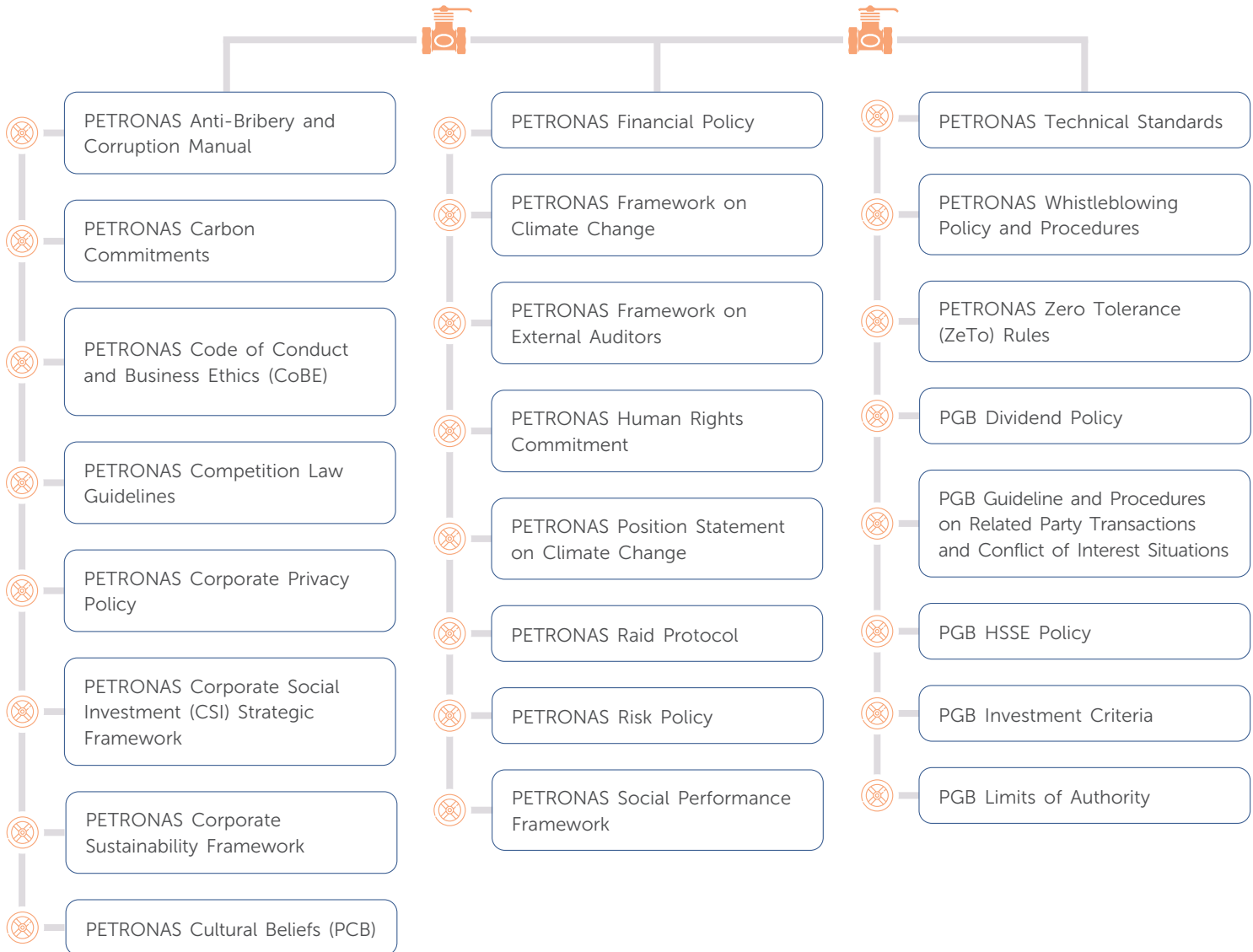
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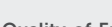


LIST OF INTERNAL POLICIES

Good governance enables PGB to function efficiently and effectively by providing clarity on acceptable as well as expected standards of behaviour. In carrying out our business activities responsibly, safely and reliably, we are guided by PETRONAS' Shared Values of Loyalty, Professionalism, Integrity and Cohesiveness. These are supported by our strict conformance to respective laws, rules and regulations.



STAKEHOLDER **MANAGEMENT FRAMEWORK**

Our stakeholders have the ability to influence our operations and credibility. We keep our stakeholders informed about our activities, results, and direction while also collecting input on their needs, interests, and expectations through existing engagement platforms. Due to the different ways they are impacted by our company, each community in our group of stakeholders has its own set of interests. A list of our stakeholder groups is provided below, together with an explanation of why we engage and what we offer to them, as well as our engagement platforms, their key concerns and our response to it.

KEY STAKEHOLDER GROUP	WHY WE ENGAGE	WHAT WE OFFER
 <p>INVESTORS & FUNDING INSTITUTIONS</p> <p>Quality of Engagement </p>	<ul style="list-style-type: none"> • Access to equity and debt funding • Liquidity of our shares • Fair rating of our shares • Open dialogue to understand and address concerns 	<ul style="list-style-type: none"> • Solid investment case and understanding of the business strategy • Continued, sustained growth in capital and distributions • Assurance that business activities and decisions are aligned to strategy in creating sustained value • Assurance that sustainability and compliance with governance principles is considered and integrated into business strategy • Ability to pay interest and repay debt capital
 <p>CUSTOMERS</p> <p>Quality of Engagement </p>	<ul style="list-style-type: none"> • Present a superior offering that reflects our operational and commercial excellence • Extension of contracts • Secure new contracts 	<ul style="list-style-type: none"> • Product Delivery Reliability (PDR) • Quality product offering
 <p>BUSINESS PARTNERS</p> <p>Quality of Engagement </p>	<ul style="list-style-type: none"> • Foster and maintain good business relationship 	<ul style="list-style-type: none"> • Mutually beneficial partnerships • Support in business operations
 <p>SUPPLIERS AND VENDORS</p> <p>Quality of Engagement </p>	<ul style="list-style-type: none"> • Delivery of services aligned to PETRONAS and PGB values 	<ul style="list-style-type: none"> • Fair opportunities and negotiation processes • Opportunities and partnerships that assist in growing their business
 <p>EMPLOYEES AND UNIONS</p> <p>Quality of Engagement </p>	<ul style="list-style-type: none"> • Encourage employees to make valuable contributions in delivering on business strategy, achieve strategic goals and act as brand custodians • Motivate employees to generate and implement innovative ideas and solutions for us • Identify and fill skills gap in order to nurture and develop future talent 	<ul style="list-style-type: none"> • A work environment that promotes sustainability • Opportunities for learning, development and growth • Career growth prospects • Opportunity to make valuable contributions and achieve personal fulfilment and satisfaction
 <p>GOVERNMENT AGENCIES AND AUTHORITIES</p> <p>Quality of Engagement </p>	<ul style="list-style-type: none"> • Establish PGB's role in delivering sustainable energy for the nation • Be the consultative partner in defining the role of gas in the energy market • Approval for tariff under regulated business. 	<ul style="list-style-type: none"> • Extensive gas delivery network in Peninsular Malaysia • Cleaner energy from cogeneration plants • Safe, reliable and efficient operations across all facilities • Competitive tariff
 <p>COMMUNITIES</p> <p>Quality of Engagement </p>	<ul style="list-style-type: none"> • Increase communities' understanding of PGB's business and operations • Maintain positive image of the Company 	<ul style="list-style-type: none"> • Education and social support • Environmental protection and biodiversity preservation



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Quality of Engagement

- ◆ No existing relationship
- ◆◆ Relationship established, but much work to be done to improve quality of relationship
- ◆◆◆ Relationship established, value-generating connection, but with some room for improvement
- ◆◆◆◆ Good-quality, mutually beneficial relationship, with some room for improvement
- ◆◆◆◆◆ Strong relationship of mutual benefit

Frequency

- D Daily
- W Weekly
- M Monthly
- Q Quarterly
- Y Yearly

KEY CONCERNS	RESPONSE	ENGAGEMENT PLATFORMS
<ul style="list-style-type: none"> Third Party Access and regulatory risks to business Impact of COVID-19 and Movement Control Order (MCO) to business Growth strategy Environment, Social and Governance (ESG) practice 	<ul style="list-style-type: none"> Guided disclosure on company focus, financial performance and progress of growth projects Issuance of PGB quarterly results Continuous engagement with investors and funding institutions Disclosure of ESG practices in the Integrated Report 	<ul style="list-style-type: none"> Annual General Meeting Y Analyst briefing Q Investor roadshows and conferences Y One-on-one meetings W Site visits Y PGB website Q
<ul style="list-style-type: none"> Competitive rates 	<ul style="list-style-type: none"> Close integration along the value chain to ensure reliability and PDR Increased offering of customer centric-solutions for both products and prices Increased customer engagement and visits Increased marketing activities and outreach to customers 	<ul style="list-style-type: none"> Customer experience survey Y Customer visits Q Industry conferences, forums and events Y One-on-one meetings W
<ul style="list-style-type: none"> Performance and returns of business ventures Opportunity for growth and value creation Sustaining long-term partnership Regulatory compliance 	<ul style="list-style-type: none"> Assimilation of operational and commercial excellence to drive performance Identification of potential business opportunities Mutual secondment of staff Focused effort on managing existing and potential partners 	<ul style="list-style-type: none"> Board meetings Q Management committee meetings M Strategic dialogues, conferences, forums and events Y One-on-one meetings W
<ul style="list-style-type: none"> Fair procurement and pricing practice Project delivery performance 	<ul style="list-style-type: none"> Leverage on PETRONAS Group Procurement services Communications and guidance of standards through: <ul style="list-style-type: none"> – PETRONAS Code of Conduct and Business Ethics (COBE); – PETRONAS Anti-Bribery and Corruption Manual (ABC); and – PETRONAS Vendor Development Programme. 	<ul style="list-style-type: none"> Toolbox sessions W Project sponsor meetings Q
<ul style="list-style-type: none"> Staff health and well-being due to COVID-19 Conducive working environment Diversity and Inclusivity (DNI) culture Inability to relate staff contribution to company's strategy and business plans 	<ul style="list-style-type: none"> Increased flexibility in working arrangements during MCO Provide COVID-19 related health support Structured leadership development framework Internal programmes to encourage staff participation and understanding of PGB's strategy and business plans 	<ul style="list-style-type: none"> PGB Townhall Y Union engagement and activities Q Engagement with the Leadership Team M Periodic employee engagement with Human Resources Department Q Intranet and Internal newsletters M Company updates sharing session Q
<ul style="list-style-type: none"> Gas supply, security and reliability Economic impact to consumers Regulatory compliance Health and safety of PGB operations and impact to surrounding communities Ethical business practice 	<ul style="list-style-type: none"> Formal and informal engagements Joint emergency response exercises Familiarisation visit to PGB facilities Regular reporting to government agencies 	<ul style="list-style-type: none"> Engagement programmes Q Consultative sessions Y One-on-one meetings Q
<ul style="list-style-type: none"> Health and safety of PGB operations and impact to surrounding communities 	<ul style="list-style-type: none"> Implementation of Corporate Social Responsibility (CSR) programmes in the areas of education, environment and social support: <ul style="list-style-type: none"> – Back-to-school programmes – 'Sayangi Sungai Latoh' mangrove planting programme – Free market of which the proceeds were channelled to B40 recipients Sponsorships and donations Outreach programmes to foster good relationship with community 	<ul style="list-style-type: none"> Corporate Social Responsibility (CSR) programmes Q Periodic briefings and engagements with local communities Q

PARTNERSHIPS AND COLLABORATIONS

PGB supports sustainability efforts as part of the wider oil and gas sector while continue to enhance our relationships with stakeholders. We believe greater impact can be achieved through close collaborations with the right players.

OUR APPROACH TO PROMOTING INDUSTRY GROWTH

01

Participation in membership organisations, associations, events and working groups in Malaysia and internationally.

02

Collaboration and joint initiatives aimed at addressing HSSE and sustainability.

03

Collaboration with local communities and authorities as a responsible citizen.

KEY ACTIVITIES IN 2020



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- PGB is a member of Malaysia Gas Association (MGA), which is also a member of International Gas Union (IGU).
- Actively advocating for a clean Gas Masterplan for Malaysia at all platforms.
- Member of Cogen Taskforce under MGA to increase energy efficiency.
- Corporate Sponsor for 8th National Energy Forum organised by MGA.
- Panel speaker and sponsor of Malaysia's Inaugural Forum on Cogeneration, officiated by Ministry of Energy, Science, Technology, Environment and Climate Change (MESTECC).
- Panel speaker and International Gas Union (IGU) Energy forum in Jogjakarta

- Member of Gebeng Industrial Support Group (GISG) to solve water supply issues in Gebeng, Kuantan
- Support PETRONAS Leading Women Network (PLWN) to offer a platform for women to be part of an active network and seek for support to enable our women workforce to thrive in the workplace.

- Provided internships and industrial training programme placements for local universities students and graduates under Professional Training and Education for Growing Entrepreneurs (PROTÉGÉ) and Perdana Fellowships programmes.
- Proactive community programme and collaborations. Chinese New Year, Deepavali and Hari Raya celebrations with local community.
- 'Ziarah Programme', coordinated visits to staff suffering from health issues.
- Donations to the less fortunate.
- Back-to-School programme.
- 'Fun Day' with cancer patients.

2005 – 2010

- Implementation of Program Sentuhan Kasih PETRONAS
- Execution of Building Leaders Programme
- Commissioning of 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)

2020

- Received Prime Minister Hibiscus Award
- Migration of OHSAS 18001:2007 to MS ISO 45001:2018
- Sustain the ISO 14001:2014 certification
- Strengthen Engineering Management of Change Compliance
- Land Encroachment Mitigation
- Emergency Response Management Readiness
- Achieving Sustainable Development
- Digital Permit to Work Implementation across PGB (ePTW+, eJHA and UAUC)
- Participation in Local and International HSSE Awards such as MSOSH National HSE Award and British International Safety Award
- PGB Methane Baseline Study completed
- Human Health Risk assessment baseline at Kerteh and Pasir Gudang RO
- PGB Net Zero Carbon Emission (NZCE) Roadmap Workshop
- Reclassification of EIA Eight Off-Site Hazardous Waste Storage to Centralized Onsite Hazardous Waste storage

2012

- 32% savings of waste-handling costs resulted from 4G initiative
- Implementation of Program Bakti Pendidikan PETRONAS (BPPP), which is now rebranded as Program Sentuhan Ilmu PETRONAS

2019

- Launching of 301Q99 Pushing Forward Game Plan to improve energy efficiency index, reduction of maintenance cost and increase utilisation
- Implementation of Generative HSE Culture
- RGTSU Export Compressor (RGTEC) won Silver Award from Anugerah Hijau Negeri Melaka under Green Project Category in Year 2019
- ‘Sayangi Sungai Latoh’ baseline assessment and tree planting in three phases
- Completion of Predictive Emission Monitoring System (PEMS)
- 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

301Q99
PUSHING
Forward



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SUSTAINABILITY MILESTONES

2013

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

2014

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

2015

- Installation of cogeneration (COGEN) unit
- Collaboration with Malaysian Nature Society (MNS) to preserve the biodiversity of Sungai Paka
- Collaboration with Yayasan Salam Malaysia on the Livelihood Programme

2018

- Launched of 'Sayangi Sungai Latoh' programme
- Conversion of ISO14001:2004 into ISO14001:2015
- Received Green Apple Award for water conservation project at Utilities Kertih
- Diamond Project at GPS bestowed with the "5 Stars Band Award Project" from Malaysia Productivity Cooperation (MPC)

2016

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

2017

- 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

3ZERO100
PGB TRANSFORMATION

3ZERO100
BEYOND
Safe, Reliable & Efficient



ECONOMIC

SUSTAINABILITY





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PGB was set up as an infrastructure company to facilitate the monetisation of Malaysia’s upstream gas resources. As such, since inception, our operating philosophy has always been about providing clean and low-carbon energy to Malaysia to ensure sustainable environment. Over the years, the role has further evolved as PGB moved further downstream with our entry into Utilities business where we become the industry that uses gas as a feedstock to generate electricity, steam and industrial gases.

MATERIAL MATTERS

1 Operational Reliability, Delivery and Efficiency

2 Gas Market Dynamics

3 Gas Market Liberalisation

4 Business Growth

5 Compliance to Regulation

6 Sustainability



INTRODUCTION OF ANCILLARY SERVICES

As a progressive energy and solutions partner, PGB had launched two (2) additional ancillary services at its terminal this year, which are known as LNG reloading for Bunkering Service at RGTSU and LNG Truck Reloading Services at RGTP. This part of PGB’s effort in revenue diversification as well as increasing asset utilisation. PGB is thrilled to support the larger agenda of promoting LNG as a cleaner marine fuel and to be the first terminal (RGTSU) to provide bunkering service in South East Asia. On the other hand, the LNG Truck Loading facility will support PETRONAS Virtual Pipeline System to enable gas access to cater gas demand from customers that are located off-grid from PGU network and small-scale users.

LNG TRUCK LOADING AT REGASIFICATION TERMINAL PENDERANG (RGTP)

On 8 September 2020, RGTP launched its LNG Truck Loading Facility as part of PETRONAS Virtual Pipeline System (VPS) in Peninsular Malaysia. This is a significant milestone for PGB as we become part of a business solution to enable gas supply to small-scale customers and off-grid customers located away from Peninsular Gas Utilisation Network.

RGTP provides loading and logistic services for LNG trucks prior to their journey to deliver the LNG to the customers. The facility has four loading bays that can cater up to 36 loadings per day. Since its commissioning, we successfully completed 65 loadings in 2020.

LNG RELOADING AT REGASIFICATION TERMINAL SUNGAI UDANG (RGTSU)

On 26 October 2020, PGB introduced its first ancillary service at RGTSU with the successful commissioning of LNG Reloading service. This is as part of the LNG Bunkering service, another integrated value chain project which establishes PETRONAS’ position as one of the first service providers in Southeast Asia.

The launch of the bunkering service began at RGTSU, where the LNG was loaded from our modified Floating Storage Unit 1 into MV Avenir Advantage, PETRONAS’ first LNG bunkering vessel. The vessel then sailed for the ship-to-ship transfer to SIEM Aristotle off Pasir Gudang waters in Johor.

We are set to promote LNG as an alternative to cleaner marine fuels, with RGTSU being strategically located to serve vessels plying through Straits of Malacca.

Economic Sustainability



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CONTINUATION OF EXISTING ANCILLARY SERVICES

GASSING UP COOLING DOWN (GUCD) AND LNG RELOADING SERVICES AT RGTP

RGTP continued to offer GUCD and LNG Reloading services that were first introduced in 2019.

GUCD is a specialised service to bring the storage tanks on LNG carriers, after drydocking, to a natural environment and cool it down to cryogenic temperature, of -160°C , before loading its next cargo.

LNG Reloading service provides option to a cleaner marine fuel for ships sailing through South China Sea. In addition, RGTP also offers the flexibility to capacity users to export LNG.

By offering attractive rates and high-quality service, we will be able to attract more LNG vessel operators and owners to use our services. Both services continue to elevate RGTP's position as an LNG Hub in the region, with extensive range of services for its customers.

Throughout the year, we completed four GUCD services and one reloading service in 2020.





IMPROVEMENT IN BACK-UP SUPPLY FOR OXYGEN

In September 2020, as a customer-focused business, PGB had sanctioned a project with the aim to improve back-up supply for oxygen. New storage tank and oxygen liquefier unit will be built at the existing Utilities Kerteh plant to convert the excess oxygen produced from existing ASU into additional liquid oxygen. This will serve as a buffer to further enhance security of supply to our customer, PETRONAS Chemical Glycols Sdn. Bhd. The back-up supply will enable PGB to improve its PDR. The new facility is target to be completed by Quarter 3 2022.

LAND ACQUISITION FOR NEW LATERAL GAS LINE TO PULAU INDAH

On 19 August 2020, PGB Board had sanctioned the proposal to acquire land for the development of a new lateral gas pipeline to Pulau Indah. The new 42km pipeline will extend from Puchong all the way to Pulau Indah. This is the first significant expansion for PGB's gas transportation business under the TPA regime. The pipeline will enable gas supply to power plant and other customers along the route. The Final Investment Decision for the pipeline was approved by PGB Board on 22 February 2021 and is target to be commissioned by Quarter 1 in year 2023.



HIGHLIGHTS



DIVIDENDS PAID
RM2.6
billion
2019: RM1.4 billion



WORKFORCE
1,765
employees
2019: 1,829 employees



PRODUCT DELIVERY
RELIABILITY (C1, C3, C4, Electricity)
100%
2019: 100%



TAX PAID
RM390.4
million
2019: RM429.8 million



LAND
4,962
hectares
2019: 4,961 hectares



EMPLOYEE
COMPENSATION
RM346.8
million
2019: RM426.8 million



AVERAGE SALES GAS
DELIVERED
1,882
mmscfd
2019: 2,272 mmscfd

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ENVIRONMENTAL

SUSTAINABILITY

Being Responsible to the Environment





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We ensure our processes and systems are running efficiently as part of our effort to minimise impact of air emission towards environmental and climate change. We are committed to comply with the air emission limit as stipulated in the Environmental Quality (Clean Air) Regulations, 2014.

MATERIAL MATTERS

- 1 Health, Safety, Security and Environment (HSSE)
- 2 Operational Reliability, Delivery and Efficiency
- 3 Compliance to Regulations or Regulatory Compliance
- 4 Sustainability

3 GOOD HEALTH AND WELL-BEING

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

14 LIFE BELOW WATER

15 LIFE ON LAND

We closely monitor and manage our air emissions via Continuous Emission Monitoring System (CEMS), Predictive Emission Monitoring System (PEMS), besides the manual sampling by accredited third party contractor and Leak Detection and Repair (LDAR) program.

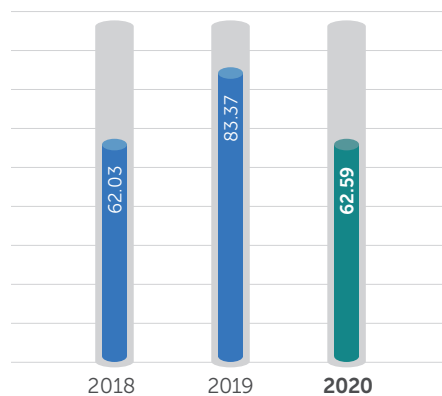
Through LDAR started in 2018, we identified areas releasing fugitive emission, including methane leaks. The identified leak areas will be subsequently repaired by our team. Hence, stopping the release of fugitive emission to atmosphere.

As of 2020, 29 units of CEMS and PEMS have been installed on PGB equipment. This equals to 66% completion from the total of 44 units of CEMS that are required to be installed throughout PGB. The remaining 15 units will be installed in stages and expected to be completed by 2023. With the installation of CEMS and PEMS, it will allow us to obtain real time data and take prompt action should any abnormal reading recorded. For stacks that do not have a complete CEMS installation, manual monitoring by third party contractor is conducted to ensure our stack emission complies with the emission limit stipulated in the Environmental Quality (Clean Air) Regulations, 2014 (CAR 2014).

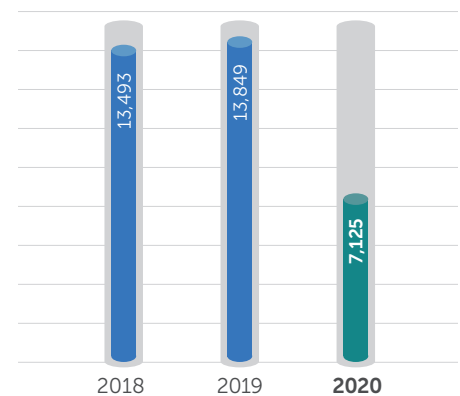
Besides quality we also measure the quantity of emission through calculation of Sulphur Oxides (SOx) and Nitrous Oxide (NOx) loading. The trending of SOx and NOx loading recorded from year 2019 – 2020 has shown a significant decrease due to:

1. The usage of cleaner fuel (low-sulphur compliant fuel) in our fleets resulting to lower SOx emission.
2. Operational improvements and a reduction in venting activities resulting to lower NOx emission.

PGB SO_x Loading (tonne)



PGB NO_x Loading (tonne)



We are also committed to reduce NOx emission from our facilities and comply with CAR 2014. For this reason, all of our facilities will be installed with the Best Available Technique Economically Achievable by year 2029.

Environmental Sustainability

Environmental Fines & Penalties

From 2018 until 2020, we only received one environmental fine and penalty in year 2018 with regard to the submission of hazardous waste inventory summary to Department of Environment (DOE) as per required in 'Jadual Pematuhan' quarterly. The penalty cost was RM500. The summary of the environment fine stipulated as table below:

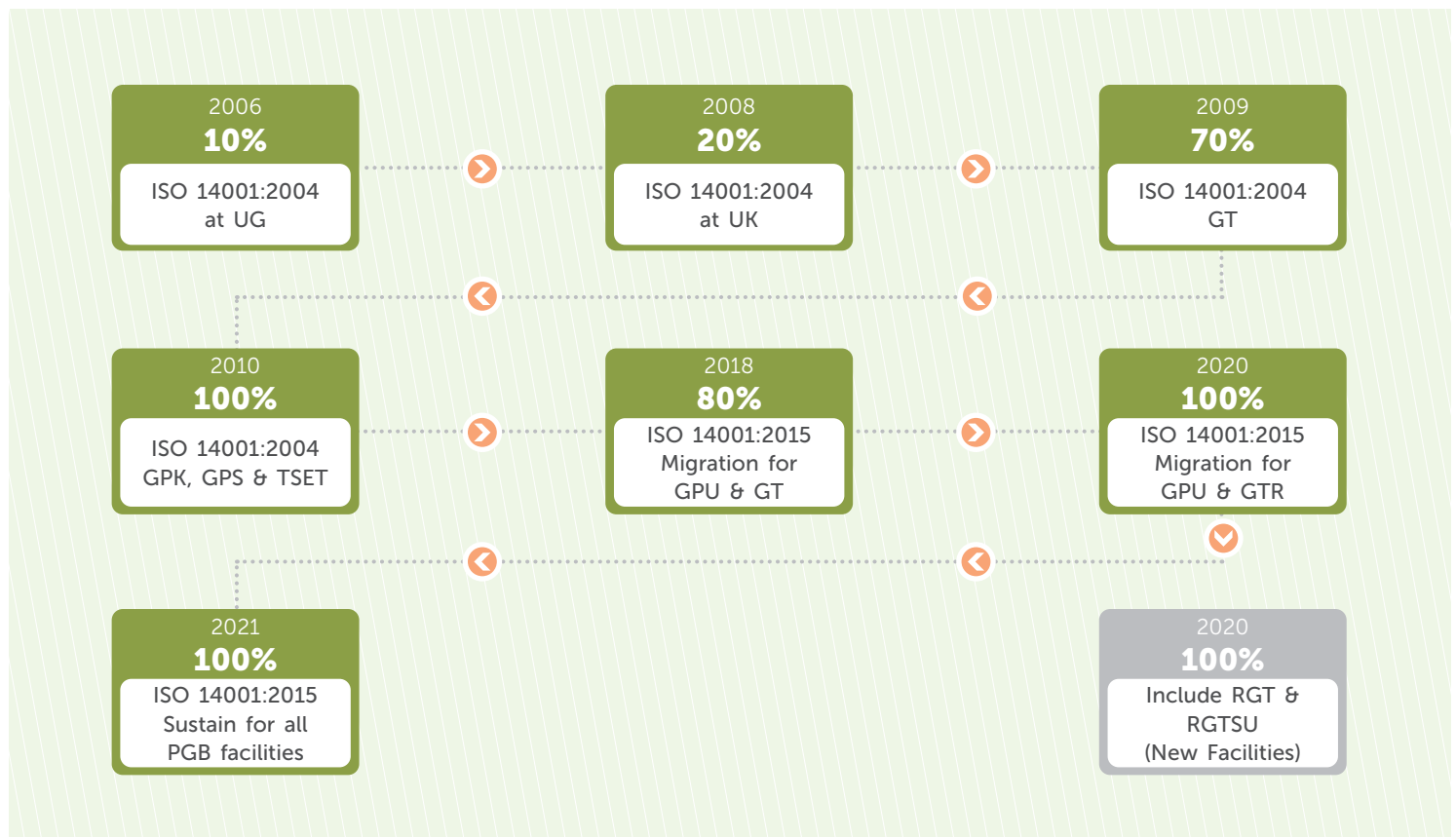
Year	2018	2019	2020
Number	1	0	0
Total costs of environmental fines (RM)	500	0	0

In years afterward, no environmental fine issued by local authorities. We now timely submit the hazardous waste inventory as per required under 'Jadual Pematuhan'. In addition, we conducted a clarification session with DOE Putrajaya on the EIA Revocation for Eight Hazardous Wastes Storage Facilities to become Centralized Onsite Hazardous Wastes Storage.

Environmental Management System (ISO 14001)

We started our journey on ISO 14001:2004 certification in 2008 at Utilities Gebeng (UG) and Utilities Kertih (UK). The implementation of the ISO 14001:2004 has been extended to other facilities i.e. Gas Processing Kertih (GPK), Gas Processing Santong (GPS), Tanjung Sulong Export Terminal (TSET) and Gas Transmission (GT) in 2010. The certification of ISO 14001:2004 has been sustained until the new revision of ISO 14001:2015.

All of our sites including Regasification Terminal Sungai Udang (RGTSU) and Regasification Terminal Pengerang (RGTP) have successfully migrated to ISO 14001:2015 and still sustain the certification until now.





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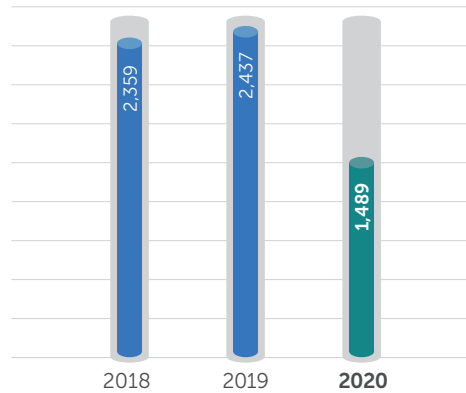
ISO 45001 scope in 2020

We have started the implementation of OHSAS 18001:2007 at UG, UK and GT from year 2006 to year 2009. All these facilities have sustained the certification by SIRIM until 2020. As a progressive company, we started to migrate and upgrade our management system in Occupational Health & Safety i.e. from OHSAS 18001:2007 to MS ISO 45001:2018 with zero major finding and two minor observations.

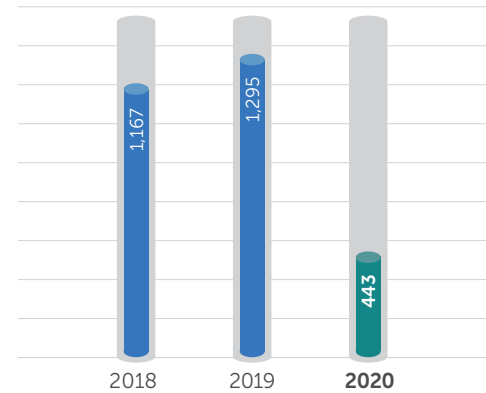
We also have successfully extended our scope certification in OH&S Management for another 5 sites i.e. GPK, GPS, TSET, RGTSU and RGTP. Our sites now have been fully certified with ISO 45001:2018.

Hazardous Waste Management

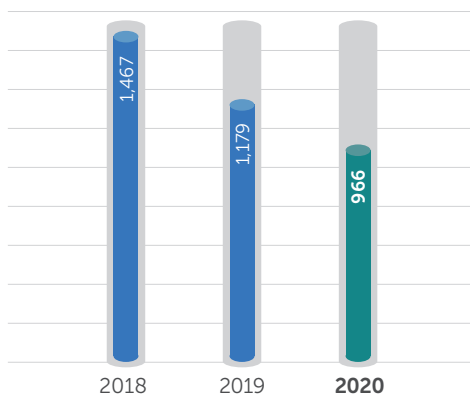
Hazardous Waste Generated
(MT)



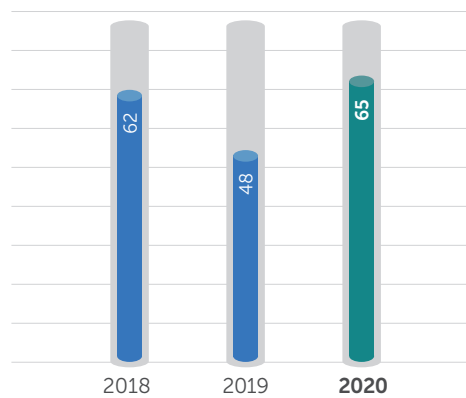
Hazardous Waste Disposed
(MT)



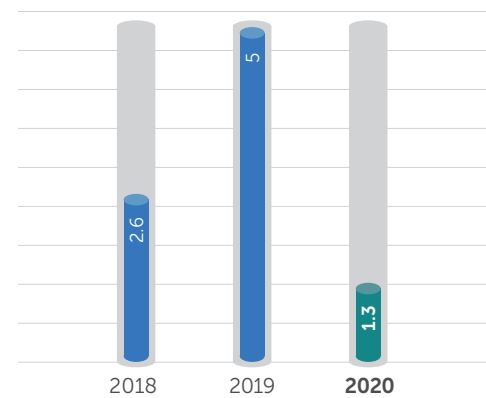
Quantity of 3R
(MT)



Percentage of 3R
(%)



Cost Saving from Hazardous Waste 3R
(RM million)



Responsible and sustainable waste management is one of our key focus areas in day to day plant operations. Since 2016, we have promoted the 3R (Reduce, Reuse, Recycle) programme in our facilities through enhancement of Waste Management Plan to combat pollution and supporting DOE's vision on 'cradle-to-cradle'. All hazardous wastes are inventorised and stored safely in dedicated areas before being transported to licensed recovery facilities. Once our wastes arrived at the facilities, the wastes will be processed to recover the useful materials and made into a new product.

In 2020, we generated a total amount of 1,489MT of hazardous wastes from normal operation and turnaround activities. A total of 966MT or equivalent to 65% from total hazardous wastes that mainly consist of spent catalyst have been recovered. The remaining 443MT or equivalent to 35% of hazardous waste generated were disposed at licensed facilities.

In summary, a total cost of RM0.78 million has been spent solely for waste disposal in 2020 compared to RM1.9 million in 2019. This is equal to 59% of total cost reduction as compared to 2019. Align with PETRONAS Sustainability Agenda in safeguarding the environment, we have replaced at least 60% of fluorescent lamps to LED at TSET in 2020. This effort has reduced the quantity of mercury waste generated at our plant. The replacement of remaining 40% will be continued in 2021. In addition, we also collaborated with DOE Pahang in giving awareness on the importance of managing e-waste properly in "Kempen Pengumpulan Buangan Elektrik & Elektronik". This campaign was conducted in conjunction with National Environment Day.

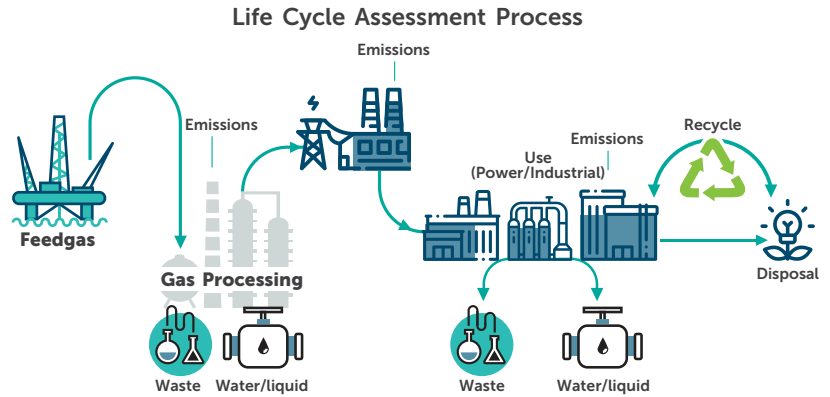
Our successful effort in managing hazardous waste has been recognised in 2020. We have been listed as top 10 QE/5S category in Annual Productivity Innovation and Conference & Exposition (APIC). We also received a recognition from DOSH for OSH Best Practices 2020.

Environmental Sustainability

Non-Hazardous Waste Management

We are aware that plastic waste has become one of the prominent global issues. In managing non-hazardous waste especially on plastic waste, we collaborated with PETRONAS Gas & New Energy (GNE) on Zero Single Plastic Campaign. This campaign has been launched in February 2020. In conjunction with this campaign, a customised design for reusable water bottles with a tagline of "REDUCE, REUSE, RECYCLE" has been distributed to all facilities. The reusable water bottles are widely being used and always being utilised by staff. By doing this, we have successfully drive generative HSE Culture by demonstrating commitment to support Sustainability Development Goal (SDG).

In line with Malaysia Towards Zero Single-Use Plastic Roadmap 2018-2030, we are also collaborating with PETRONAS Chemical Group Berhad for New Plastic Economy (NPE) initiative that will be focusing on recycling programme in East Coast region. This collaboration will increase the effectiveness of the recycling campaign that already been initiated from 2017, improve recyclables collection process and ultimately obtain better recycling outcome. Other than that, we have assigned dedicated recyclers to collect our wastes for recycling. The assigned recyclers also will provide data on total amount of recyclable materials that they have collected for our further analysis in terms of sustainability.



Life Cycle Assessment (LCA)

We are collaborating with PETRONAS Group HSE Product Stewardship & Toxicology team to conduct Life Cycle Assessment (LCA) for our products that consist of methane, ethane, propane, butane and condensate. This assessment will further contribute to achieve sustainable development goals, provide the environmental footprint of the products and carbon trading to the customers and consumers. As of now, LCA has been conducted at Utility Gebeng (UG), Gas Processing Santong (GPS) and Tanjung Sulong Export Terminal (TSET). We will continue to conduct this assessment to other remaining facilities in the coming years.



Water Management

We adhere to PETRONAS' Guidelines on Water Practices (WAPS), Wastewater Management & Water Management PETRONAS Technical Standard (PTS) to minimise the impact of our discharge on surrounding water bodies. The two documents specify framework to manage water at our facilities covering in our systems: cooling water, ion exchange, reverse osmosis and electrode ionisation, steam generator system, condensate, wastewater discharge, collection & treatment and sludge handling. We measure the Chemical Oxygen Demand (COD) of our wastewater, which indicates how much oxidizable material it contains. The higher the COD, the lower the dissolved oxygen level in a water body, which is harmful to living organisms. All wastewater discharged by us is channeled into rivers and seas, and not to enclosed water bodies.



Performance and Key Initiatives

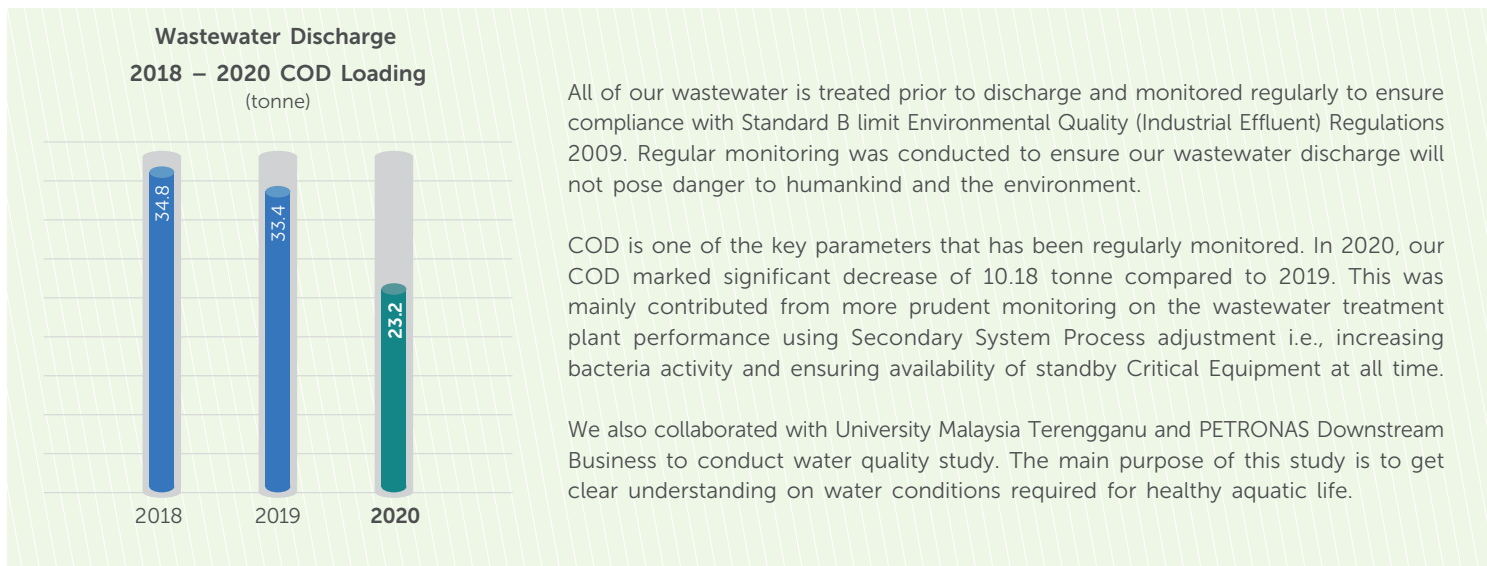
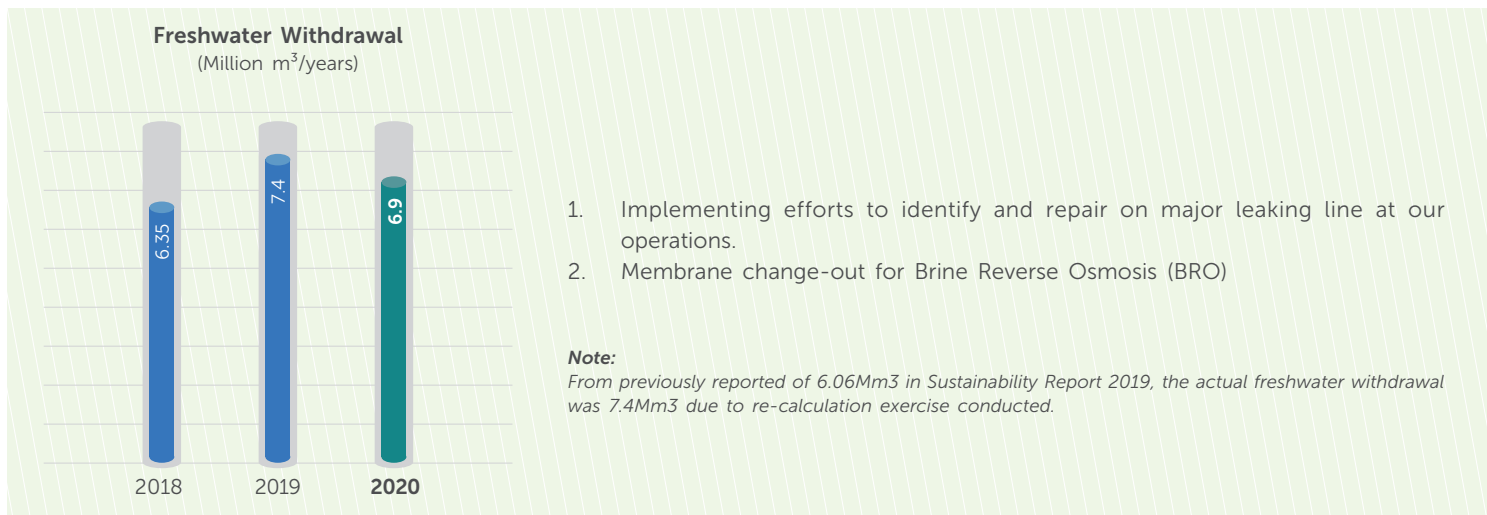
Water Usage

We are in the process of setting up water reduction targets for our operations. As a preliminary, we have set up a water consumption target to some of the facilities in 2020. The target is act as a baseline before further implementation to the rest of the facilities.

Freshwater Withdrawal

We recorded a total water withdrawal of 6.9 Mm³ in 2020, as compared to 7.4 Mm³ in 2019, marking a 6.8% reduction. Our main source of freshwater water supply is from municipal potable water. Meanwhile, RGTSU & RGTP, seawater is being utilised for purpose to heat up Liquefied Natural Gas (LNG) to become sales gas. The temperature discharge of the seawater is being monitored to ensure the discharge temperature is not too cold for marine life.

The reduction of 7% of freshwater usage is mainly due to:



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Environmental Sustainability

Initiatives on Water

We are committed to conserve natural resources in places we operate (in nine states in Malaysia) including one offshore facility at Melaka's Jetty Regasification Unit (JRU). We are also committed to consume water efficiently and explore any means to reduce water consumption in our operation wherever possible.

We have conducted water assessment study and identified two areas that face water stress issue, namely at Gebeng (Utiliti Gebeng) and Pengerang (RGTP).

One of the initiatives that contributed to the reduction of water usage in our business is water harvesting project at offshore JRU. The project was initiated when frequent water ponding was observed at Loading Platform 1 (LP1). It occurred because of dripping water condensates which was formed from the low temperature of LNG-send-out pipeline. The water dripped to the ground resulting in water ponding underneath. However, there is insufficient drainage and equipment to channel the water and keep it controlled. At the same time, there is a notable water supply shortage at LP1 for cleaning activities. To solve this issue, we installed a drainage system under the LNG pipeline to collect the water droplets and routed the water harvested into water tanks for storage. The water is then utilised for cleaning activities. This does not only eliminate the water ponding issue, but also contributes to approximately RM7,400 savings per month of water withdrawn from the bunkering vessels.

Climate Change

ENHANCED 'PETRONAS CARBON COMMITMENTS'

PETRONAS Is Committed To Operational Excellence in Sustainably Producing Affordable & Reliable Energy

Planning and Projects

- Zero continuous flaring and venting of hydrocarbon shall be incorporated in the design philosophy of new Upstream and Downstream facilities and projects
- Malaysia Petroleum Management shall apply a country level CO₂ emission allowance in the panning process for High CO₂ field development
- High CO₂ field development in Upstream shall incorporate Carbon Capture, Utilisation and Storage (CCUS), technologies at design stage
- Carbon Price shall be considered in project decision-making together with the option of Carbon Offsets where economically feasible

Operations

- Zero continuous venting of hydrocarbon for all existing Upstream and Downstream facilities
- Reduce the continuous flaring of hydrocarbon for all existing Upstream and Downstream facilities where operationally and economically feasible
- Downstream and LNG operating assets shall meet and sustain top quartile energy performance

Renewable Energy

- Renewable Energy technologies shall be considered in all facilities and projects where operationally and economically feasible



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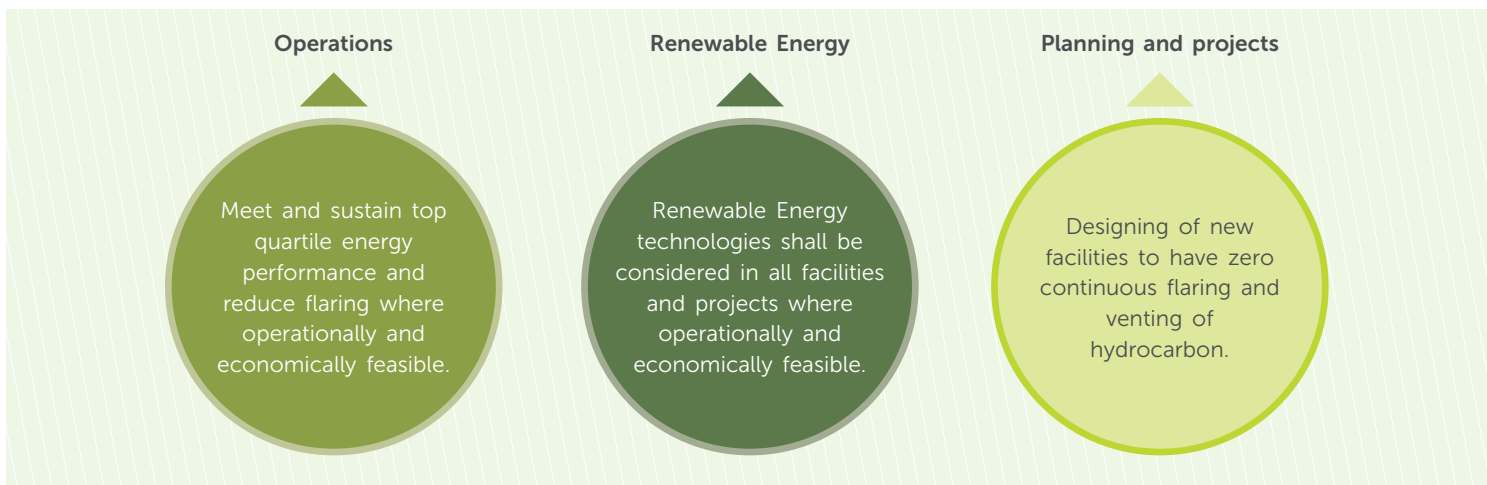
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GHG Emissions, Climate Mitigation & Adaptation

One of the alarming environmental issues that we face today is global warming, which could lead to extreme weather events with devastating social and environmental impacts. To avert such catastrophes, 197 nations signed an agreement to limit global warming to below 2°C at the UN Conference of Parties (COP) held in Paris in 2015. Malaysia has committed to 45% reduction in GHG emissions intensity by the year 2030 from year 2005 baseline.

At PGB, we are committed to develop an energy culture and become cost effective production unit by implementing the energy and loss management system. We take proactive steps in energy conservation as well as reduction in GHG emissions through continuous improvements in the plant design and operation. We ensure that we run our business by taking a foremost account in energy utilisation efficiency and reduction/elimination of wasteful energy in any form. Our effort is driven by PETRONAS Carbon commitment, PETRONAS' Climate Change Position and Net Zero Carbon Emission (NZCE) Aspiration by 2050 that has been announced by PETRONAS President & Group CEO during PETRONAS President townhall last year.

At PGB, we recognise climate change as one of our business risks and opportunities. Our focus in combating climate change will be focusing on these areas:



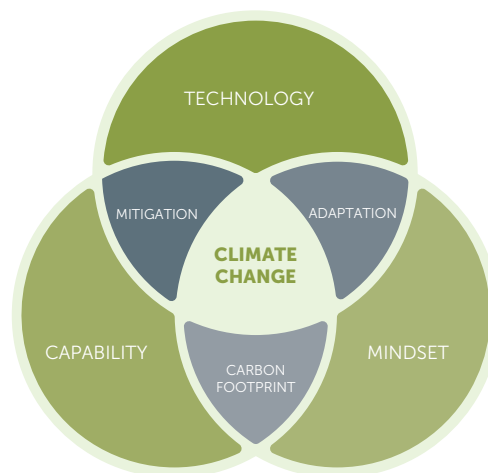
PETRONAS' Climate Change Position



PETRONAS DULY RECOGNISES ITS CORPORATE RESPONSIBILITY AS A PLAYER IN THE GLOBAL ENERGY SECTOR TO BALANCE THE ISSUE OF CLIMATE CHANGE WITH THE CHALLENGE OF SUSTAINABLY PRODUCING AFFORDABLE AND RELIABLE ENERGY. ”

PETRONAS Climate Change Framework:

We focus on carbon footprint, mitigation and adaptation, enabled through technical innovation, technology deployment and capability development.



Carbon Footprint:

Good GHG accounting practices (relating to our carbon footprint) enable us to monitor, report and take proactive measures to reduce GHG emissions within our operations and products.

Mitigation:

Mitigation delivers economic benefits through operational excellence and gas monetisation.

Adaptation:

Strengthening our resilience to physical impacts of climate change will build business sustainability as well as reduce potential asset damage.

Environmental Sustainability

Performance and Key Initiatives

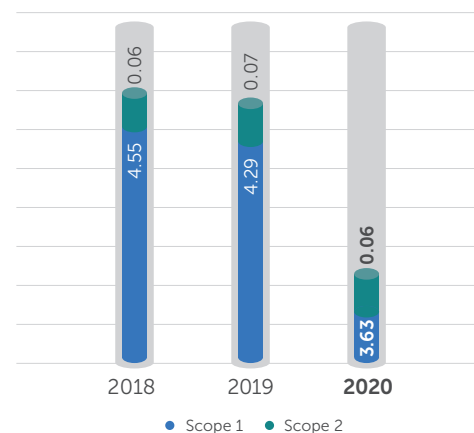
Amine Solvent Optimisation

Aligned with 301Q99 PGB Game Plan, we invested in Research & Development (R&D). One of the initiatives is Amine Solvent Optimisation that intended to reduce fuel gas consumption by optimising Amine flow rate for CO₂ treatment. We spent a total of RM5,000 for this R&D that basically covered in development of in-house CO₂ analysis in Amine sample and develop predictive model for Amine optimisation. The initiative manages to reduce amine flow from 1,400 tonne per hour (tph) to 1,320 tph, and manage to save fuel gas consumption by 180 GJ/Day or 9 tCO_{2e}/day.

Hydrogen Rich Gas Utilisation

In collaboration with PETRONAS Chemicals MTBE Sdn Bhd (PC MTBE), we utilise their by-product, Hydrogen Rich Gas (HRG) for emission reduction. The HRG that previously flared, currently being used in HRSG system which contributed to reduction in flaring at PC MTBE. At the same time, the HRG used in substitution of natural gas in HRSG generated lesser emission. This effort is not only recovering the energy losses and utilising the value chain effectively, but also reducing the environment impact of the emission by reducing 3,266 tCO_{2e} annually.

PGB GHG
(million tonnes CO_{2e})



Indicator	Base (2017) (Million tCO _{2e})	Limit (Million tCO _{2e})	2018 (Million tCO _{2e})	2019 (Million tCO _{2e})	2020 (Million tCO _{2e})
GHG Emissions	4.87	5.00 (by 2024)	4.61	4.36	3.70

The GHG intensity for PGB

Plant	2018	2019	2020
GPP	0.25 tCO _{2e} /tonne of product	0.23 tCO _{2e} /tonne of product	0.25 tCO _{2e} /tonne of product
UT	0.24 tCO _{2e} /MWh	0.25 tCO _{2e} /MWh	0.23 tCO _{2e} /MWh
GTR	0.30 tCO _{2e} /mmscf of throughput	0.28 tCO _{2e} /mmscf of throughput	0.22 tCO _{2e} /mmscf of throughput

Capacity and production by energy type of our plants

	Total power Generation (MW)	Total steam Generation
Natural Gas	404	1320
Solar	0.143	NA

Electricity production by energy type

Energy Type	2020 (MWh)
Natural Gas	2,053,554
Solar	192



Energy Management

Initiatives under PGB 301Q99 R2 Game Plan

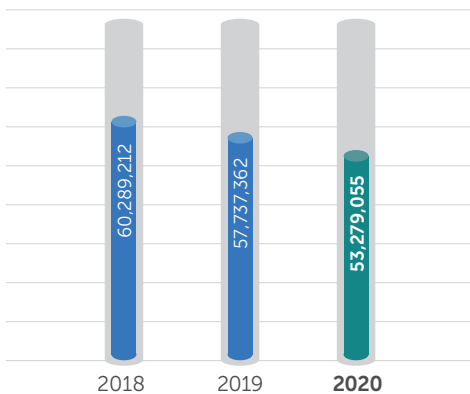
At PGB, we recognise climate change as one of the business risks and opportunities. As part of PGB 301Q99 R2 Game Plan, we target to achieve Quartile 1, energy performance by year 2022.

Various initiatives have been planned and some initiatives are already in place to meet the targets.

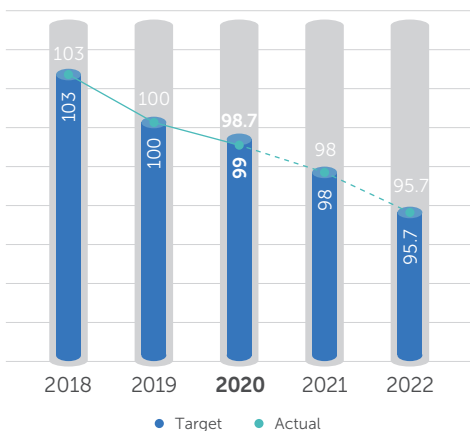
Based on the 2020 performance, overall plan on Energy Optimisation initiative was already ahead than schedule with 82% (actual) vs 81% (plan).

With the completion of the initiatives as well as operational optimisation workaround, we managed to reduce 7.7% of energy consumption as compared to the previous year.

GPU Total Energy Consumption 2018 – 2020, GJ/year



GPU Energy Index shown better performance since 2018 resulting from intensive Energy Index reduction initiative. For 2020, GPU achieved EI target with 98.7 vs 99 target. All energy initiatives have contributed to RM16.9 million value creation for year 2020.



GPK Acid Gas Oxidiser (AGO) Air Fuel Ratio Tuning

We invested RM15.89 million for Carbon Dioxide Supply to New Customers (COSLA) Project. The project started in Year 2018 with the objectives to recover and sell Carbon Dioxide (CO₂) as raw material to other industry sectors. We had conducted quick rectification work that includes efforts in calibrating and switching transmitters and analysers as well as stroking air combustion damper. This strategy is established to do improvement which includes tuning of Air to Fuel (A/F) Ratio & Oxygen excess at Programmable Logic Controller (PLC). Upon completion of the project, fuel gas consumption has improved from 2,800 kg/hr to 2,036 kg/hr with amount of 764kg/hr reduction. The reduction of fuel gas usage provides a potential fuel gas savings with amount of RM1,073/hr or a total of RM3 million in 2020. The Fuel Gas reduction also contributed to a reduction of 9,242 tonneCO_{2e} per year.

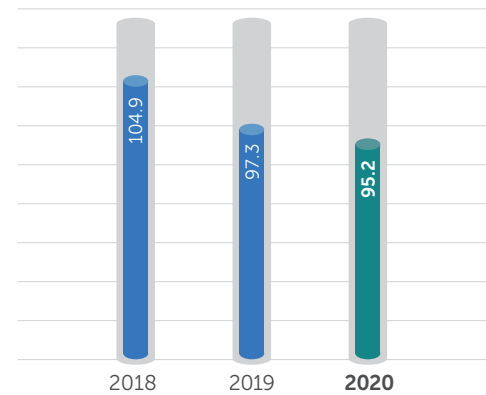
GPK F3-781 Excess Oxygen Improvement

We have conducted an analysis on fuel gas consumption, air flow and air fuel ratio for F3-781 boiler. It is found that fuel gas consumption, air flow and air fuel ratio for F3-781 boiler are not as per designed. We have performed fuel gas calculation and block calibration to adjust fuel gas back to original design based on the steam production. Then, we performed air fuel ratio optimisation by lowering air flow into boiler furnace to reduce heat loss and minimise fuel gas consumption. This initiative has contributed value creation with approximate amount of RM100,000/year.

GPS Furnace Efficiency Improvement

Main objective of this initiative is to improve furnace efficiency by integrating new Gross Heating Value analyser reading for LP fuel gas into the calculation block for furnace fuel consumption. This project completed in October 2020 and already in operation. Based on 2020 performance, this project has already contributed a total amount of 7,500GJ energy savings starting from October 2020.

GTR Energy Index %



At Gas Transmission and Regasification (GTR), we are committed to develop an energy culture and become cost effective transmission and regasification division by implementing the Energy & Loss Management System to meet PETRONAS expectations to become a "Global Champion". We monitor our Energy Index (EI) performance as indicator on our energy efficiency. From 2018 to 2020, we have achieved significant reduction on energy index from 104.9% in 2018, 97.3% in 2019 and 95.2% in 2020.

Our energy management efforts focus to increase efficiency in utilisation of internal gas consumption (IGC) and electrical consumption. We are currently embarking on 12 initiatives to reduce IGC and electricity consumption. Three initiatives have been completed in 2019 whereby another eight initiatives completed in 2020. The completion of these initiatives has resulted in significant EI reduction from 104.9% in 2018 to 95.2% in 2020. This is equivalent to a reduction of total of 3,348.70 tonne CO_{2e} emission. The remaining initiative is expected to be completed in 2023 and will contribute further reduction of EI to below than 95.7%. We targeted to sustain EI below than 95.7% in the next following year.

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Environmental Sustainability

The key initiatives that contribute to this achievement are:

- Improvement on Boil Off Gas (BOG) After Cooler Maintenance
- Elimination of Regas Terminal Export Compressor (RGTEC) Flaring at RGTSU
- Elimination Leak Detection System (LDS) spurious tripping programmed at RGTSU.
- Conversion of sweep gas medium from Fuel Gas to Nitrogen at RGTP.

These 4 initiatives have contributed to a total of RM1.67 million value creation to PGB in 2020. Higher utilisation of RGTP and RGTSU in 2020 also contributed to the EI reduction.



GAS PROCESSING AND UTILITIES DIVISION, PETRONAS GAS BERHAD

Energy & Loss Management System Charter

GPU is committed to develop an energy culture and become cost effective production units by implementing the Energy & Loss Management System to meet PETRONAS expectations to become a "Global Champion".


To demonstrate our commitment at all levels:

- We shall conduct our business by taking a foremost account in energy utilization efficiency and reduction/ elimination of wasteful energy in any form.
- We shall take proactive steps in energy conservation as well as reduction in greenhouse gases emission through continuous improvements in the plant design and operation.
- We shall ensure that our business unit is operated and maintained in accordance with the industrial standards and best practices in energy management.
- We shall strive for excellence and review the effective assessment in order to ensure corrective actions are taken for gaps closure and also continuous commitment towards energy improvement.
- We shall establish Energy & Loss Management Program to accomplish all the above objectives.

We require all employees, to understand and strictly adhere to the charter at all times.



ZABIH BIN AHMAD
HEAD,
GAS PROCESSING & UTILITIES DIVISION



GAS TRANSMISSION AND REGASIFICATION DIVISION (GTR), PETRONAS GAS BERHAD

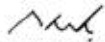
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2. We shall take proactive steps in energy conservation as well as reduction in greenhouse gases emission through continuous improvements in the transmission and regasification design and operation.
3. We shall ensure that our transmission and regasification unit is operated and maintained in accordance with the industrial standards and best practices in energy management.
4. We shall strive for excellence and reviewing the effective assessment in order to ensure corrective actions are taken for gaps closure and also continuous commitment towards energy improvement.
5. We shall establish Energy & Loss Management Program to accomplish all the above objectives.

We require all employees, to understand and strictly adhere to the charter at all times.



BURHAN BIN ABDULLAH
HEAD,
GAS TRANSMISSION & REGASIFICATION DIVISION



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Net Zero Carbon Emission (NZCE)

The announcement on PETRONAS' aspiration – to achieve net zero carbon emissions by 2050 was made by the President and Group CEO of PETRONAS in 2020. Net Zero Carbon Emissions (NZCE) 2050 will stretch PETRONAS' efforts to reduce carbon emissions to net zero and create new and inclusive opportunities that contribute towards a just transition where we operate.

Upon the announcement, PETRONAS Gas and New Energy has initiated NZCE committee to generate the GNE NZCE Roadmap from year 2024 until 2050. This initiative has started on 23 November 2020 and PGB has been selected as one of the team members in the committee to generate Gas and Power NZCE Roadmap.

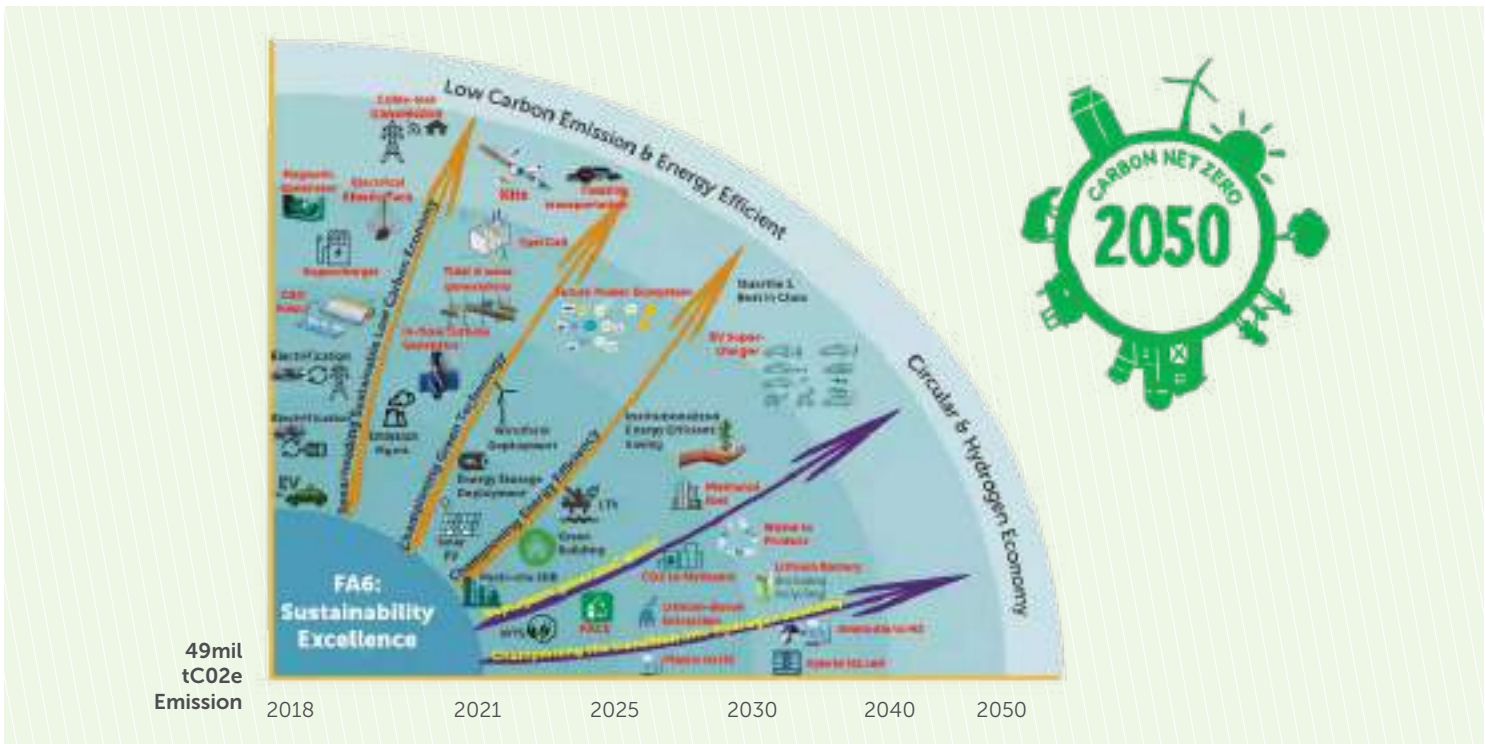
Therefore, the Aspiration NZCE Roadmap Workshop was conducted in November 2020, gathering Subject Matter Experts from various divisions in PETRONAS. It was a concerted effort by all parties to ensure PGB would be able to execute all feasible initiatives in achieving the aspiration of NZCE. This commitment is aligned with Strategic Initiative and Key Results Area that link with 301Q99 Pushing Forward Game Plan.



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Syndication with PGB MD/CEO En Kamal Baharin on the NZCE Roadmap to be implemented at PGB

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PGB Aspiration NZCE Roadmap Workshop via Virtual Platform

Environmental Sustainability



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National Environment Day 2020

PGB celebrated National Environment Day and World Occupational Safety and Health (OSH) day on 21-27 October 2020. The launching ceremony was held in 21st October 2020 in collaboration with DOE State Terengganu. The prestigious event was officiated virtually by the Director of DOE State Terengganu. The objective of the event is to support and give awareness to staff regarding **PETRONAS Sustainability Agenda** which focusing on 4 lenses i.e. Continued Value Creation, Safeguard the Environment, Positive Social Impact and Responsible Governance.

There were many events established throughout the week that include Virtual Hibiscus Walking Challenge, Hazard Hunt at Home Photo Contest, Reusable Water Bottle initiative to support zero-single use plastic campaign, quizzes and coloring Contest.

The student coloring contest was done at Tadika Nurul Iman As-Siddiq located Kuala Terengganu and 60 students were benefitted from this programme. Stationeries and school bags were given to these students to help them in their learning process at school.





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PETRONAS

HARI ALAM SEKITAR NEGARA, KESIHATAN & KESELAMATAN PEKERJAAN SEDUNIA PGB GPU 2020
"CAKNA ALAM SEKITAR UNTUK KESIHATAN DAN KESELAMATAN BERSAMA"

#StayHome #StaySafe
#301099 #PUSHINGFORWARD

*Jemputan Emcee Khas:
Ahmad Fedtri Yahya,
Pengacara MHI*

*Duta Alam Sekitar JAS
Negeri Terengganu:
Mat Dan*

21 Okt 2020 . 10am – 12pm

GPU HSSE

JABATAN ALAM SEKITAR NEGERI TERENGGANU

JABATAN ALAM SEKITAR NEGERI TERENGGANU

HARI ALAM SEKITAR NEGARA, KESELAMATAN & KESIHATAN PEKERJAAN SEDUNIA PGB GPU 2020
"CAKNA ALAM SEKITAR UNTUK KESIHATAN DAN KESELAMATAN BERSAMA"

GPU HSSE



SOCIAL

SUSTAINABILITY

Commitment to Health, Safety and Security



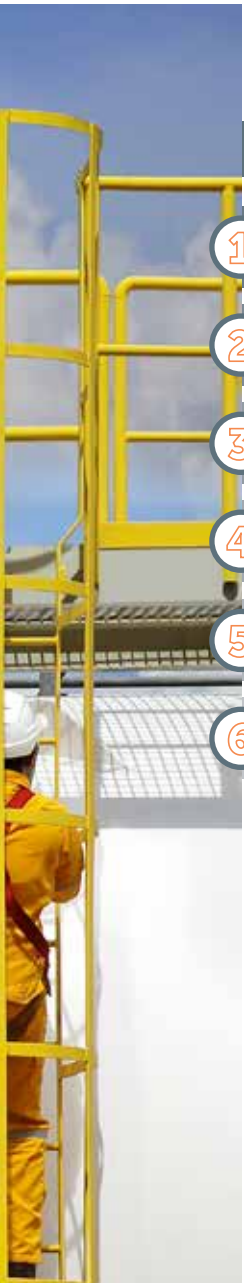


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We at PGB uphold highest priority on the health and safety of our workforce and the protection of our assets, communities, environment, and all stakeholders as reflected in the PGB Health, Safety and Environment (HSE) Policy. The policy sets out the Company’s guiding principle in managing risks and hazards relevant to the business operations.



MATERIAL MATTERS

- 1 Health, Safety, Security and Environment
- 2 Operational Reliability, Delivery and Efficiency
- 3 Business Growth
- 4 Compliance to Regulation
- 5 Human Capital
- 6 Sustainability



HSE MANAGEMENT

We oversee the governance of the HSE through implementation of the HSE Management System. All our Leadership Teams (LT) upholds and drives safety excellence through their leadership values, competencies and behaviours. They are responsible for understanding and mitigating risks as well as maintaining and assuring safeguards for the business. The LT demonstrates their commitment by leading and integrating HSE aspects into business plans and targets. These plans and targets are then strategically aligned with the HSE Plan and cascaded to all working levels. Through continuous employee engagement, they set clear expectations, targets, and objectives for each employee, while themselves carrying the highest portion of HSE KPI weightage.

Our annual PGB HSE scorecard, comprising key performance indicators, is developed based on historical statistics with the aim of improving our safety performance year-on-year, and ultimately achieving zero incident. HSE risks, incidents, performance, and issues are deliberated in the LT meeting monthly and discussed in detail during HSE Steering Committee meetings chaired by the MD/CEO and subsequently reported to the Board. In addition, HSE management review is conducted as part of benchmarking against the previous year’s HSE performance and PETRONAS Group’s OPU’s performance as part of learning from others and improvement for the following years’ strategic objectives. In ensuring health and safety improvements, employees are involved in worksite HSE Committee meetings. This Worksite HSE Committee meetings will deliberate site-specific HSE issues, programs and performance monthly. The periodic meetings include participation of both employees and management representatives.

HSE ASSURANCE IN PGB

HSE assurance at the work site is conducted regularly to assess compliance to all health, safety and environment requirements. Furthermore, this first line of assurance will act as first barrier of early detection to prevent incidents. During the year, all asset across PGB were audited on a monthly basis by identified focal personnel using myAssurance system. We also emphasise on HSE compliance by our contractors throughout 4 level Assurance program which is to reduce inherent risk before entering plant area. Other than that, during GPP2, KCS & DPCU2 TA, we have become pioneer across PETRONAS OPU toward **TA Digital Assurance leveraging on Mobile ‘myAssurance’**. This program is one of the activities for GPK in particularly to establish a system based approach to control and improve occupational, health and safety performance during Turnaround activities.

Social Sustainability

COMMITMENT TO HEALTH, SAFETY AND SECURITY

PETRONAS Gas Berhad

100%

Effective

Note:
Overall Compliance = (Requirement Compliance + Schedule Compliance)/2

TA Digital Assurance is one of the elements to continue and drive HSSE in GPU

This program is one of the activities for GPK in particular to establish a Systematic Approach to control and improve its occupational, health and safety performance via:

Creating the operating discipline amongst HSSE practitioner by using standardise checklist.

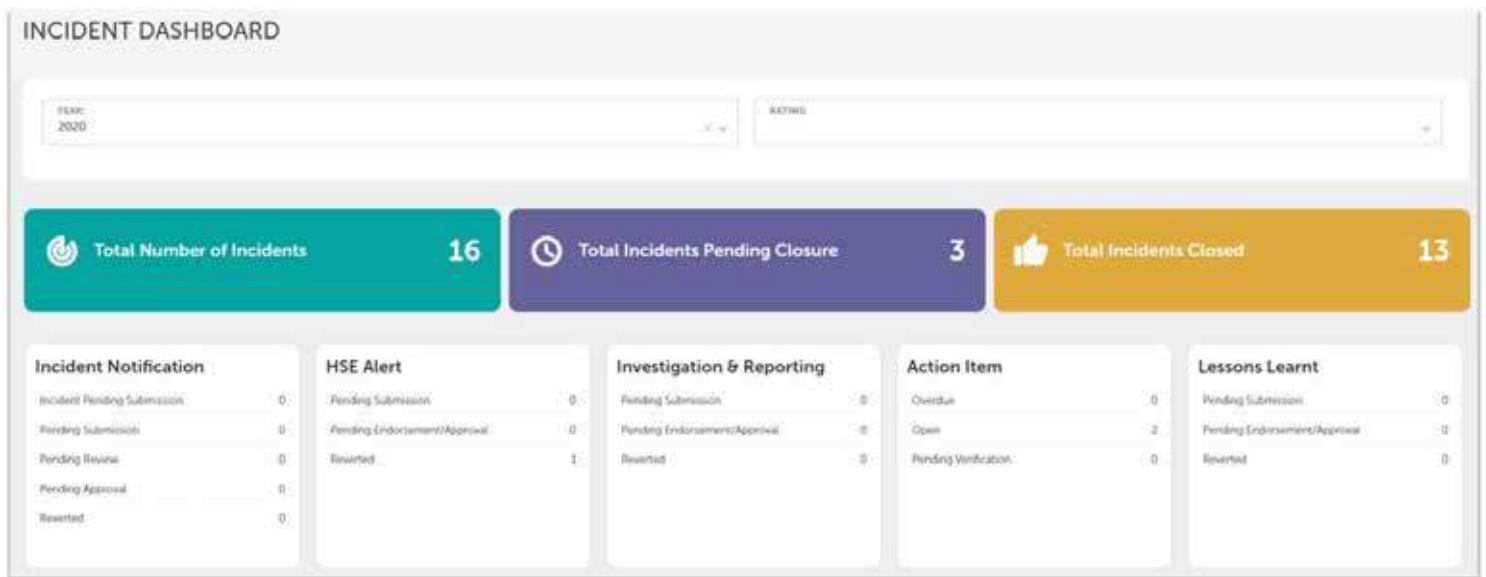
Increase efficiency and productivity of assurance during TA by the simplification of data consolidation and analysis.

Increasing assurance effectiveness by using focused and risk based strategic assurance.

Showcasing top leaders & management commitment towards safety and health movement.

In 2020, we conducted assurance assessment based on structured assurance plan for contractors to ensure we safeguard our operations and interests against any regulatory non-compliance and prevent any unwanted incidences. All findings are analysed to identify their root causes and provide not only a holistic approach in gap closure but also sustained implementation in every quarter to our Leadership Team to have insight in preventing incident beforehand. All incidents action item prudently monitored and track via HSSE Incident Management System. In addition, the annual HSE MS review is carried out as part of a continual improvement cycle. Findings from the management review is used as input to identify HSE strategic objectives and new HSE focus areas.

HSSE IMS Dashboard 2020





We started implementation of OHSAS 18001:2007 at UG, UK and GT from year 2006 to year 2009. All these facilities have sustained the certification by SIRIM until 2020. As a progressive company, we started to migrate and upgrade our management system in Occupational Health & Safety i.e. from OHSAS 18001:2007 to MS ISO 45001:2018 with zero major findings and 2 minor observation.

PGB has been successfully upgraded its current certification of Malaysian standard for SIRIM integration management system from OHSAS 18001:2007 to MS ISO 45001:2018. Our sites now have been fully certified with ISO 45001:2018.

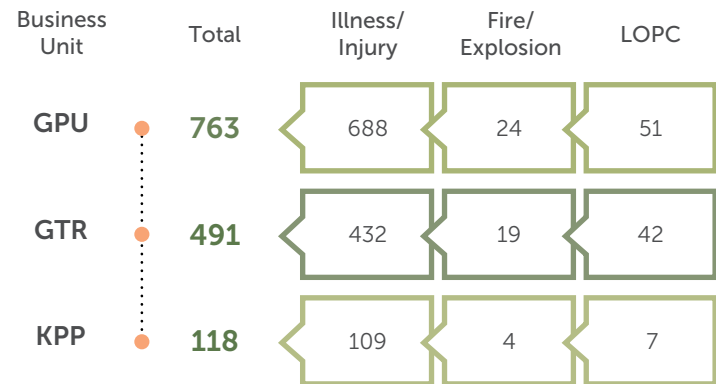
SAFETY PERFORMANCE

This year, the company has achieved an outstanding safety performance: zero fatality and zero LTIF. It is PGB's best achievement for the last 5 years. This is testament of our highest commitment to safeguard our valuable workforce and assets by putting vigorous efforts on strengthening HSE compliance, managing HSE risks and improving HSE monitoring at sites. All incidents were investigated, and all recommended corrective actions were monitored and tracked for closure. In preventing future incidents, increased efforts through checking were conducted on similar operations where reoccurrence of incidents may happen. Lessons learnt from incidents are also shared across the Company, with our contractors and business partners to prevent recurrence. On top of that, we have prudently recorded 16,600 Safety Observation via digital platform HSSE UAUC. From data analysis, we have effectively prevent numerous potential incident on Injury, Illness, Fire, Explosion and LOPC across PGB.

	2018	2019	2020
No. of Fatalities			
Employees	0	0	0
Contractors	1	0	0
Fatality Accident Rate (FAR)	8.88	0	0
No. of Lost Time Injuries (LTI)			
Employees	0	1	0
Contractors	1	1	0
Lost Time Injury Frequency (LTIF)	0.088	0.14	0
No. of Total Reportable Case			
Employees	0	1	0
Contractors	2	3	2
Total Portable Case Frequency (TRCF)	0.17	0.29	0.17

➤ Total Manhours FY2020: 11,372, 186 man-hours for PGB employees and contractors

Potential Incidents by Locations



➤ HSSE UAUC Analytic Analysis Dashboard: Prevented Potential Incidents by Locations in PGB

Moving forward, we will continue to make sure safety becomes a priority in all our activities, including enhancement of HSE risk management that leverages on digitalised tools, development of Generative HSE Culture capability at all working levels and regular syndications with employee on HSE best practices and lessons learnt via "PGB Jom Ngeteh" Lesson Learnt via Virtual Engagement. In 2020, 53 employees have participated in the Rakan HSSE program organised by Group HSSE. The supervisory and communication skills of our frontline supervisors are constantly improved through a series of Rakan HSSE workshops, which create HSE consciousness in all aspects of decision-making and also fortify a culture of compliance amongst employee.

GTR has embarked In-Vehicle Monitoring System management to monitor installed at each company vehicle to monitor driver behaviour during business traveling to increase compliance towards Driving safety Requirement (Driver Management, Vehicle Management & Journey Management).

RISK MANAGEMENT

We are aware that we operated in high risk environment. We greatly emphasis on effective risk management to identify and assess risks, and manage the risk to the levels as low as reasonably practicable.

Various controls and preventive measures are implemented based on a risk-based prioritisation and comprehensive processes to understand and analyse HSE risks as well as their impacts on our people, assets, reputation and environment.

Specialised techniques is used for identification of HSE hazards and effects which include Hazard Identification (HAZID), Process Hazard Analysis (PHA), Health Risk Assessment (HRA), Environmental Impact Assessment (EIA) and Quantitative Risk Assessment (QRA). This risk-based approach is applied across our value chain, encompassing new projects and existing operations.

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Social Sustainability

COMMITMENT TO HEALTH, SAFETY AND SECURITY

As part of annual risk assessment, this year, we conducted risk assessments for new business ventures i.e. AERO-X Reliability Improvement, UG KANEKA Electricity Power Supply Project, GPS Lighting Protection System Improvement Project, Remote Operation Centre (ROC) Project. All Risk Assessments conducted utilised the HSSE Integrated Risk Assessment (HIRA) system which is a digital one-stop centre for HSSE Risk assessment tools aim to be a solution with analytics capability that move towards prescriptive risk management and enabling effective implementation of mitigation and intervention.

In addition, we also completed Control of Industrial Major Accident Hazards (CIMAH) Report for UK Plant with the purpose to identify the type, relative likelihood and the consequence of a major accident that might occur. The report also provide recommendation for safe operation of the activity, control of serious deviations that could lead to a major accident, and emergency procedure at the site.

PROCESS SAFETY

In preventing Major Process Safety Incident with serious impact, we apply Process Safety Principles in designing, building, operating and maintaining our facilities. For year 2020, we focused on adopting digital initiatives with mistake-proofing concept in order to enhance the monitoring of process safety barriers' integrity and reliability. In order to achieve the target of No Process Safety Accidents, we rigorously monitored our compliance to the PETRONAS Standards and work towards closing any identified gaps. This involved consolidated teamwork among Top Management, staff and our frontliners. Process safety will continue to be our focus in 2021 in order to strengthen asset integrity.

HSE COMPETENCY & TRAINING

In the effort to upskill staff with latest HSE competencies, a series of trainings were conducted. This will help to further enhance a safe working environment and at the same time to ensure our employees are equipped with updated HSE capabilities.



OCCUPATIONAL HEALTH



Our employees are one of our most important assets. In collaboration with Hibiscus Environmental Awareness program, the main purpose of this activity is to support MESTIFIT4HEALTH program among GPU staff. Besides that, this activity is also to encourage healthy living style, inspire, as well as to motivate GPU staff to improve their mental and physical strength through walking and running. Due to pandemic COVID-19 in 2020, the program has change from cohort event into individual virtual walking challenge. Participants comprising 468 GPU staff has recorded a total of 68,831,092 steps. Moving forward, many other activities have been planned for 2021 to keep the momentum and encourage all employees to live work and life balanced lifestyle.

GTR has started to monitor Fitness to Work (FTW) protocol for staff to ensure they are medically fit for specific job execution. Example of FTW program include Breathing Apparatus, Confined Space Entry, Fire Fighting, Forklift/Crane, offshore, Working at height, Audiometric, and Color perceptions. Additionally, GTR is also aspiring all staff to undergo Preventive Health Screening as part of sustaining MESTIFIT4HEALTH programmes and part of KRA Generative HSSE Culture program.

Prevention of COVID-19 Infection

In ensuring the workforce and workplace is kept protected from risk of COVID-19 infection, we have conducted various Risk Assessments and develop 'GPU COVID-19: Way We Work Guidebook', Special Work Procedures, Barrier Management, Working Arrangement, Operations and Turnaround Signposts, and COVID-19 Awareness Videos. With all the efforts taking place, as well as continuous weekly review, our operations remained uninterrupted despite the challenges faced due to the pandemic.



INDUSTRIAL HYGIENE

Office Ergonomics

It is well known that the comfortable workplace will optimise workforce productivity. We have been actively strengthening management of office ergonomics by developing internal competency on Ergonomics. In 2020, we have upgraded all chairs in Control Rooms at Utilities Kerteh to ergonomics chair. Utilities Kerteh Remote Operating Centre has been successfully adopting the requirements of ISO 9241-3 Ergonomic Requirements for Office Work with Visual Display Terminals (VDTs) with a better set-up and optimised ergonomics features.

Work from Home Ergonomics



➤ *HSSE IN ME Engagement Series: Ergonomics*

Working from Home has enabled us to operate seamlessly despite having to deal with the complexities of the COVID-19 pandemic. Each individual may not be equipped with an ergonomically compliant home office. However, in managing and ensuring the emerging ergonomics risk of Working from Home is well mitigated, we have developed ergonomic action plans, rolled-out home ergonomics self-assessment tool, published ergonomic awareness video, conducted briefings, and periodically circulated infographics on ergonomics to staff.

Industrial Hygiene (IH) Awareness Program

Skill development and upskilling is always become one way to keep the workforce motivated, self-driven and continuously level up especially in Industrial Hygiene (IH). IH Vaganza Program consist of monthly bulletin issuance, monthly Kahoot quiz sessions addressing day to day business matters and awareness on new and emerging IH issues. Participation is enormously high and has allowed continuous open communication between the workforce and Company Subject Matter Expert (SME) on Industrial Hygiene.

CONTRACTOR HSE MANAGEMENT

Safety requirements are not an option at PGB. It is a requirement that shall be adhered to by contractors and staff at all times to ensure they perform their work safely at our facilities. To comply with this requirement from the Contractor Management point of view, our contractors are thoroughly screened before contracts are being awarded to them. As part improvement strategy, PGB has put more focused and stringent requirements on pre-award and post-award processes. By having this strategy, PGB has constant engagement and effective communication with Group Procurement to implement the best possible way to execute the strategy without any misconception.

Starting from 2020, contract owners are required to conduct an overall risk assessment strategy leveraging PGB's database of hazards register. This strategy will improve on PGB's overall risk mitigation plan way before a contract being executed at our facilities. PGB has also improved its HSE Technical Evaluation Criteria for above-threshold contracts valued at RM2 million and above. By assessing and addressing all these safety issues during the pre-award phase, the data will then be translated into the Contractor's HSE Plan. Actions to mitigate the risk will be frequently monitored and audited by contract owners during the post-award phase.

In addition to audit and monitoring, we conducted yearly engagement with the contractors' top management. PGB leverage this engagement as a communication-centric platform between PGB and contractors' top management for contractors to raise their concern on contracting issues. Eventually, contractors will be evaluated after every completion of a contract in terms of their work performance, quality, timeliness, and HSSE criteria. Any gaps and non-compliance towards these elements will be recorded as credentials for the next award process and future improvements. On top of that, PGB have conducted 100% upskilling for contract owner via myLearning as compulsory training. Engagement with Contractor Management representative was also conducted to share on ZeTo rules compliance, Incident Lesson Learnt and Generative HSSE Culture conversation.

EMERGENCY PREPAREDNESS

PGB adopts PETRONAS Resiliency Model (PRM); an integrated view on the strategy for managing risks in three areas, namely Enterprise Risk Management (ERM), Crisis Management (CM), and Business Continuity Management (BCM) as depicted in PRM by Group Risk Management (GRM). This prepares us to execute prompt and coordinated response and recovery in the event of an emergency and crisis.

To verify the readiness of responders, in term of competency in managing emergency and readiness of the emergency facilities, in 2020, PGB has conducted three full scale emergency exercises and 294 small scale emergency drills. The planned exercise covers Incident Action Plans (IAP) established based on potential credible scenarios identified in relevant studies for example Control of Industrial Major Hazards (CIMA). Frequent exercise together with cross team interactions with external response teams will enhance responders' decision-making capabilities, elevating individual and group abilities on response operations. GTR has conducted 8 Emergency Response Exercise (ERE) sessions for COVID-19 pandemic response at GTR.

PGB divisions have developed Incident Action Plan to address COVID-19 Response and increased mitigation measures to curb the spread of COVID-19 virus among staff and contractors.

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SOCIAL

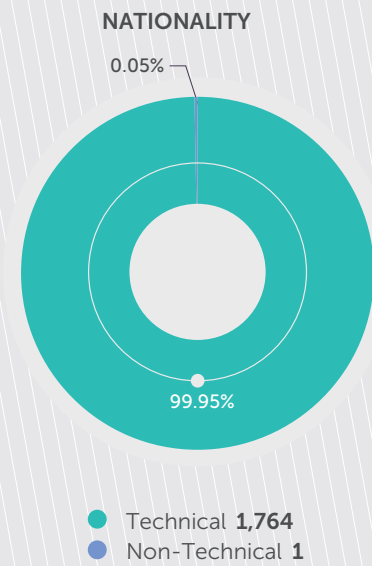
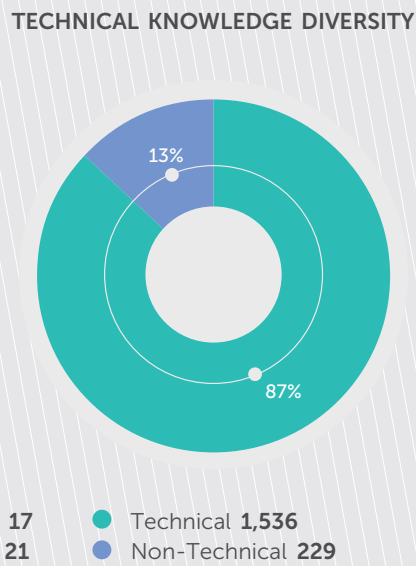
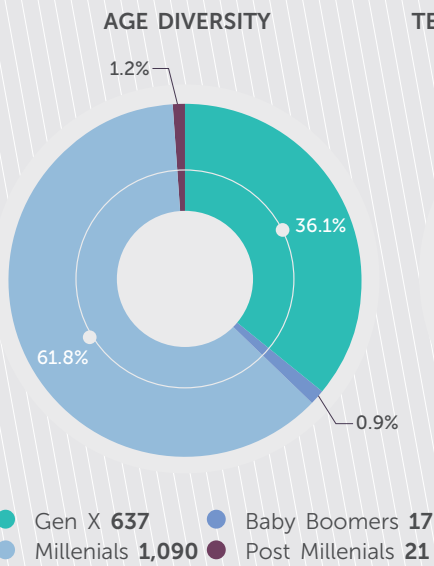
SUSTAINABILITY

Caring For Human and Society

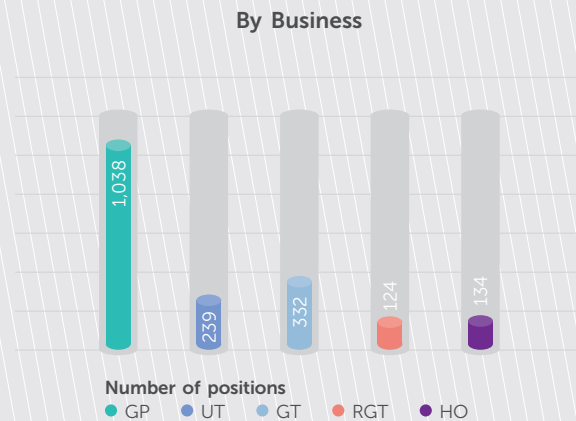
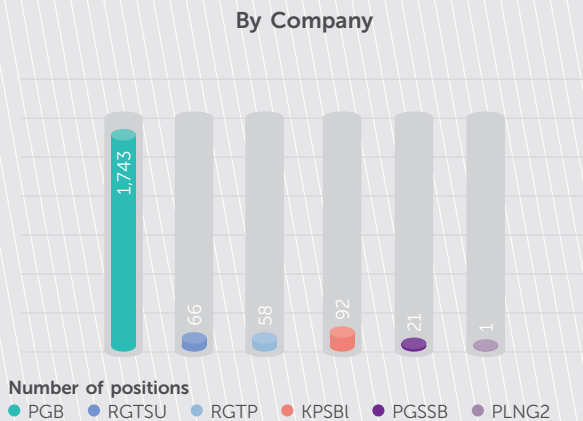




PEOPLE PLANNING



APPROVED POSITIONS



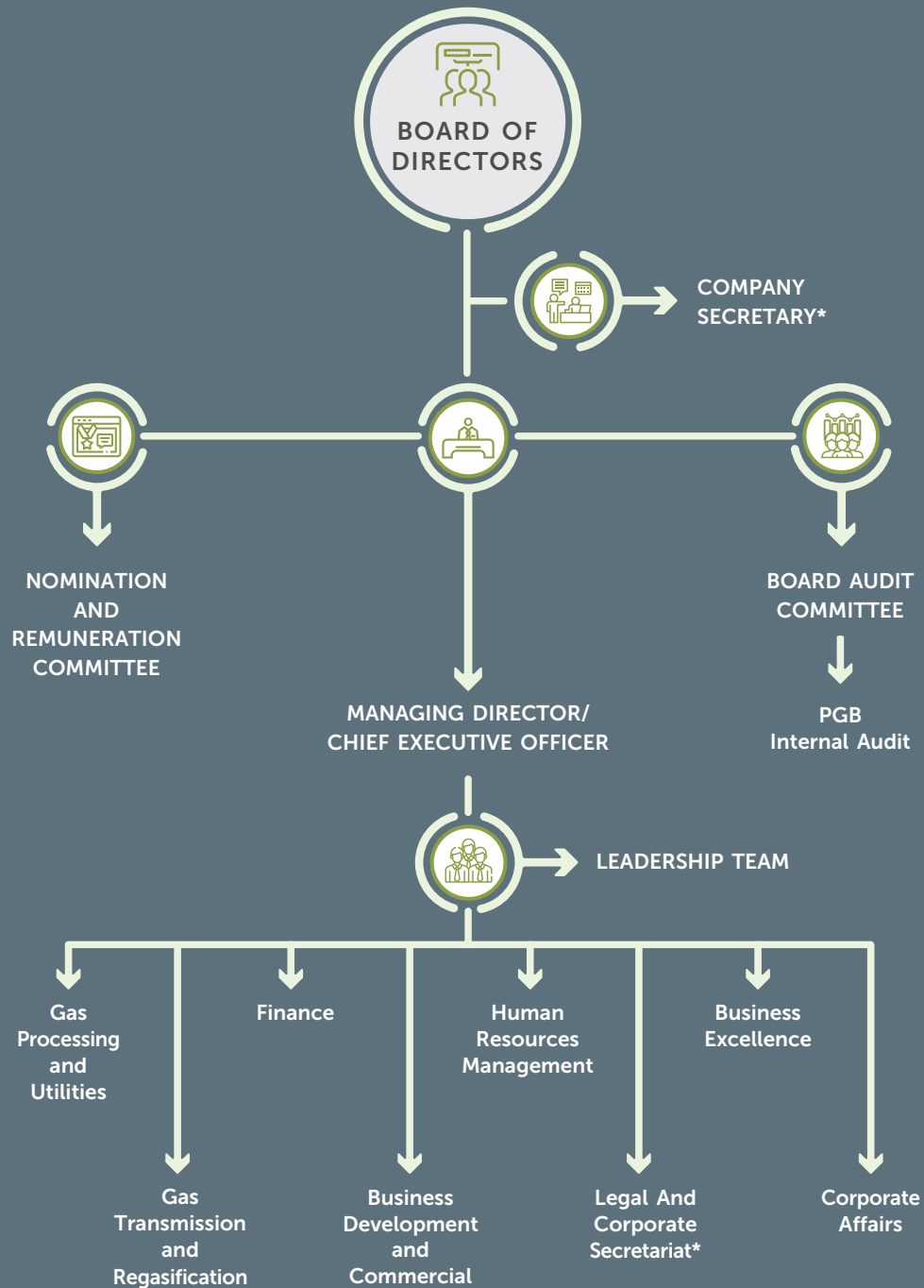
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Social Sustainability CARING FOR HUMAN AND SOCIETY

ORGANISATION DESIGN & STRUCTURE



* Corporate Secretariat functions are undertaken by PETRONAS Group Legal



TALENT SOURCING & PEOPLE MANAGEMENT

Highlight on Talent Sourcing & People Management Activities for FY2020

We have always been aligned with PETRONAS' guiding principles of attracting and recruiting individuals based on merit, where only the most suitably qualified and competent individuals are selected for hire. We provide equal opportunity employment for all qualified candidates who meet the minimum entry requirement.

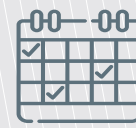
In addition, we are committed to support local requirements and is guided by existing company policies, procedures and guidelines when filling vacancies. The Company has prioritised the recruitment based on the criticality of the positions and successfully recruited 19 talents of which 100% are Malaysians.

Apart from sourcing externally, we continued to invest into developing the right competencies of our human capital and nurture a self-driven and an empowered workforce, enriching the knowledge and capability of our talents through cross business and function experiences. This encompasses talent progression and mobility within PGB and to PETRONAS Group wide, 13% or 239 talent was progressed and mobilised within the organisation to support business requirement and talent development.

We seek to bring on board a diverse workforce for the value that different opinions and perspectives broadening our viewpoints and enhancing our decision making. To support that, PGB has developed Talent Mix Strategy that enables. Empowered Organisation, Agile Workforce as well as Diversity and inclusion. Company-wide, female employees make up 20% of our total workforce for technical executive and managerial position. At the Board level, gender balance is amplified with women making up 50% of our Board of Directors.



CAPABILITY DEVELOPMENT



Total Training Mandays

3.9

2018: 6.2 2019: 7.4

Note: Less training investment per employee mainly due to deferment and conversion from physical to virtual training during MCO.



Training investment per employee (RM '000 per staff)

2.5

2018: 5.2 2019: 8.4

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HSSE Mandatory and Compulsory training for 2020

- 1 Hazardous Waste Management
- 2 Certified Environmental Professional in Scheduled Waste Management (CePSWAM)
- 3 Authorised Entrant and Standby Person (AESP)
- 4 Authorised Gas Testers & Entry Supervisor (AGTES)
- 5 Authorised Gas Testers & Entry Supervisor (AGTES) (Non Confined Space)
- 6 Crane Inspection Course
- 7 Defensive Driving - Light Vehicle (Enabler)
- 8 Scaffolding (Basic, Intermediate or Advanced)- Mechanical
- 9 Rigging and Slings
- 10 Engineering Management of Change
- 11 Pre-Activity Safety Review (PASR) Leader
- 12 PHA Leader
- 13 Hazard & Effect Management Process (HEMP)
- 14 On Scene Commander
- 15 Basic Fire Fighting
- 16 Advance Industrial Fire Fighting
- 17 Certified First Aider & Automated External Defibrillator Training
- 18 Permit To Work Receiving Authority/Work Leader
- 19 Boat Landing Officer
- 20 Offshore Lifeboat Coxswain Training
- 21 Basic Offshore Safety Emergency Training (BOSET)
- 22 Defensive Driving - 4WD
- 23 Forklift Operation
- 24 PTW AA
- 25 Safe Handling of Chemicals

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Social Sustainability

CARING FOR HUMAN AND SOCIETY

Capability Management

Staff are now empowered and encourage to chart their own capability development by focusing more opportunities for On-Job Training (OJT) i.e. 70% of the approach, coupled with coaching and networking (20%) and classroom learning (10%) to meet the demands of the ever changing business environment.

Scaling Up Talent Competencies Through RESCISCO Implementation

With the successful implementation for pilot group Mechanical Discipline in 2019, RESCISCO journey continues to scale up in 2020 to all technical and business executives.

It is aimed to deliver empowered, enabled and agile talent through operationalisation of competencies and wholesome development that is fit-for-purpose, flexible career pathing that maximizes opportunity and technical talent cluster that guides staff career pathing.

The whole organisation has adopted an open and self-driven way of managing competency development through a transparent and easily accessible ecosystem. Each individual's progression will eventually be linked to their own pace and desire to develop their own competencies which allow people to amplify their skill sets to match the specialization required by different parts of the organization through Superior Managed Assessment (SMA), versus the one-size-fits-all approach) during previous Accelerated Capability Development (ACD) program introduced earlier.

Through RESCISCO implementation, individual staff will be empowered to take charge of their own progression, in line with the company's culture of personal accountability.



Intensify Virtual and Digital Learning Experience

To complement PETRONAS New Way of Working due to COVID-19 Pandemic, Virtual and Digital Learning are becoming more crucial in ensuring continuous learning experience among staff Learning via Microsoft Team is becoming a norm instead of physical classes.

PETRONAS's MyLearning continues to be the go-to digital learning platform where online contents are accessible to everyone in the organisation including the 42 Harvard Manage Mentor (HMM) modules and 41 modules under the HMM Sparks series which would enable a more personalised learning experience, through its short burst of learning contents. In addition, the nicely curated learning content in the mobile apps such as SWITCH has equipped staff with latest knowledge (e.g Cyber Security, Agile Way of Working and Digital Initiatives) information to reach staff anytime, anywhere.

Industrial Training Opportunities and Graduates Employability Enhancement Scheme (GEES)

A total of 91 undergraduates and diploma students from overseas and local universities were given the opportunity to undergo their internship program at PGB in 2020. Of the total, 65 students were attached at Gas Processing & Utilities Division (GPU), 15 at Gas Transmission & Regasification (GTR) and 11 at the Head Office (HO).

The students have spent between three to eight months at their assigned departments and completed the internship program with final presentations to their respective Superiors on their projects.

For GEES, there were 18 graduates has been given the opportunity to undergo 6 months On the Job Program at PGB in 2020.

While undergoing these programs, the candidates were also exposed to the Company's high performing work culture and it was exemplary as they observed and tried to emulate the positive behavior in preparation for their future working life.





LEADERSHIP DEVELOPMENT

Succession Planning

In ensuring business continuity where key positions remain filled with competent incumbents, succession planning exercise were conducted not limited to key Management positions, but also including PGB Senior Management positions. During the year, Succession Planning exercise has been conducted and completed for 99 identified PGB Critical Positions in order to ensure the continuity of plant operations. In ensuring readiness talent to assume critical positions, PGB adopts PETRONAS Top Talent Management Value Chain to review talents on a wholesome basis annually. The aims are to determine their strengths, areas of development and career plans, which later followed by identification of successors for PGB Senior Management positions. The succession planning for PGB Senior Management positions was approved by the PETRONAS Talent Council.

PGB Nurturing Young Leaders Programme

PGB Nurturing Young Leaders Programme for executives based on the PETRONAS Potential Leaders Development Framework was approved in 2018. The programme focuses on 70-20-10 blended learning approach in which 93 executives has been identified to undergo the programme. In 2020 a series of programmes has been organised internally i.e virtual trainings, job attachment and mentoring programme with PGB leaders.

PETRONAS Leadership In-Role Development Programmes

PETRONAS offers a series of leadership programmes in enhancing the effectiveness of new managers and senior management staff in leading self, leading others, leading change and leading business. The programmes aim to facilitate new managers transitioning into their new roles and accelerating the leadership development of new senior management staff as well as assisting them in effectively delivering the performance required. Riding on it, during the year PGB identified 26 new managers and senior management staff to attend the Leadership In-Role Development Programmes offered virtually by PETRONAS Leadership Centre via virtually.

PGB Nurturing Potential Coach Development Programme

PGB has established PGB Nurturing Potential Coach Development programme for selected executives G03 to G04 based on Coach criteria with technical experience (minimum of 7 years). The programme has been approved in October 2020 and the objective of the programme is to nurture technical talents in pursuing Coach career path towards OE R2 journey in PGB. Based on the selection criteria, PGB has identified 20 candidates to be enrolled under this programme.

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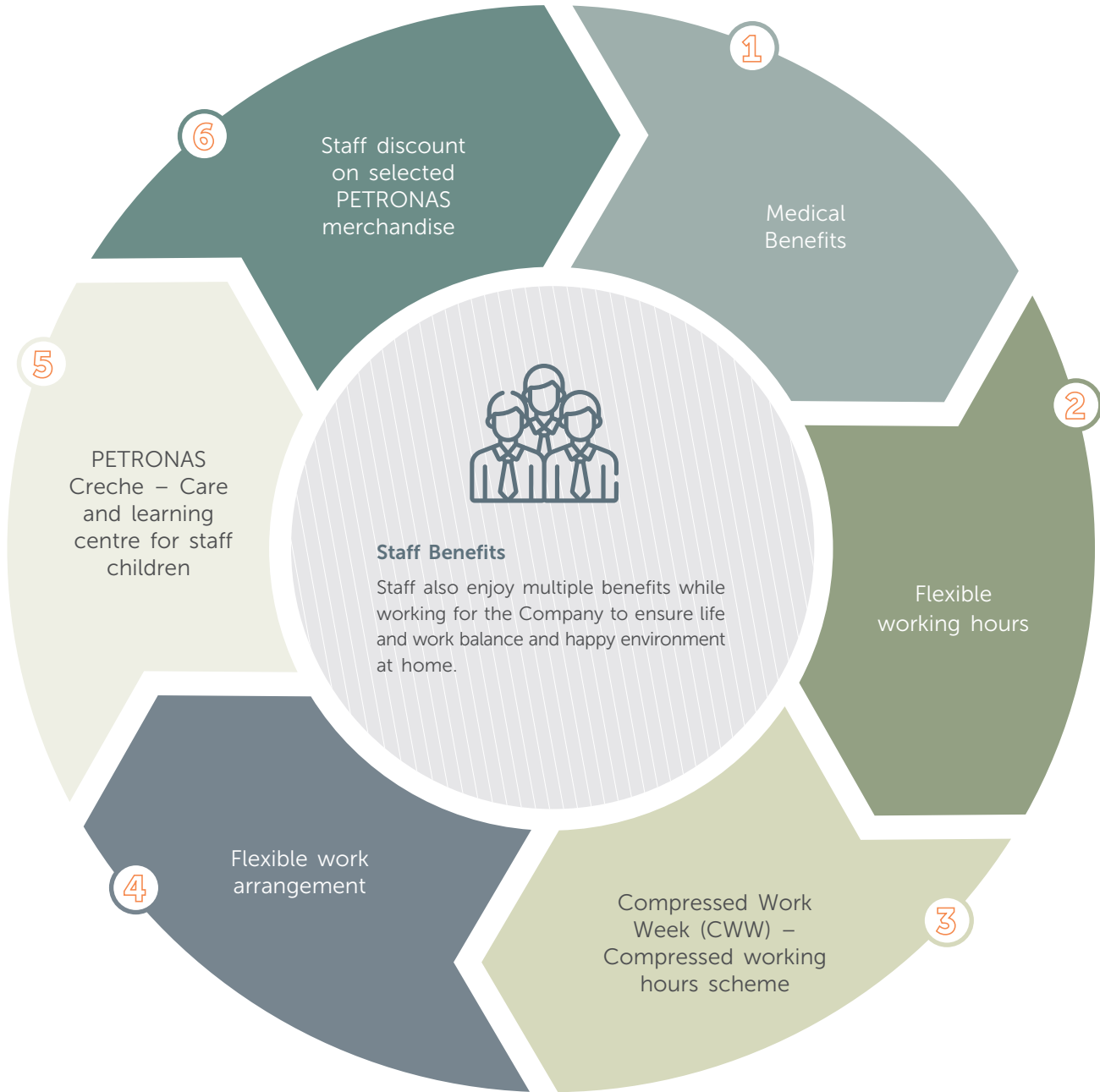
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Social Sustainability

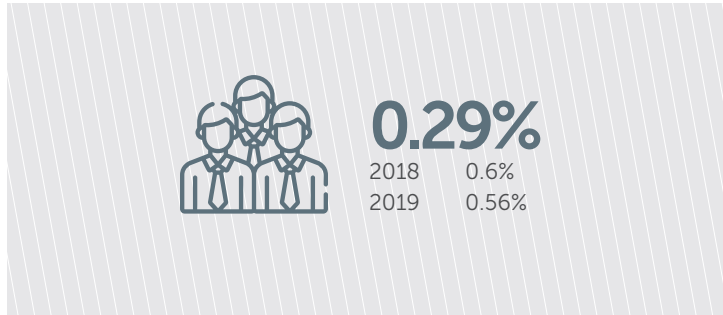
CARING FOR HUMAN AND SOCIETY





REMUNERATION/EMPLOYEE RELATION/INDUSTRIAL RELATION

Employee Turnover (Resignation)



During the year, our staff turnover rate dropped further to 0.29% from 0.56% in 2019. This is a result of our continuous and effective initiative in creating the right working environment for our people.

Other Highlights

Workforce Engagements

Employee engagement sessions play an important role in employee motivation and alignment of their behaviours with our company values and business objectives. We provide open platforms on which we share common interests and collaborate together to address concerns. We have conducted more than 20 engagement sessions with staff to update them on the latest HR benefits enhancements, policies and procedures and Tell Me session to seek feedback for continuous improvement and to attend their inquiries and concerns, based at the HO, GPU and GTR.

In addition, we have also conducted quarterly engagement session and activities i.e. plant visit with our union representative, KAPENAS. We recorded all feedback and took the necessary steps to mitigate and closed the concerns raised in ensuring harmonious working relationship between employee and employer.

To ensure HR is connected 24/7 with employees, HRM has established HRM PGB Helpdesk. Staff can reach HR via email and via phone during office hours.

Grievances Management

We have a comprehensive work process in handling grievance with the aim of reaching earliest agreement at the lowest level and maintaining good relations between both parties. During the year, there were no grievances recorded.

Disciplinary Action Process & Procedures and Consequence Management Procedures

PETRONAS Disciplinary Process & Procedures (DAPP) is principles to be applied in instituting disciplinary action against employee who found to have committed a misconduct against express and/ or implied terms of employment. This procedure provides the process flow, roles and responsibility with regard to managing Industrial Relations.

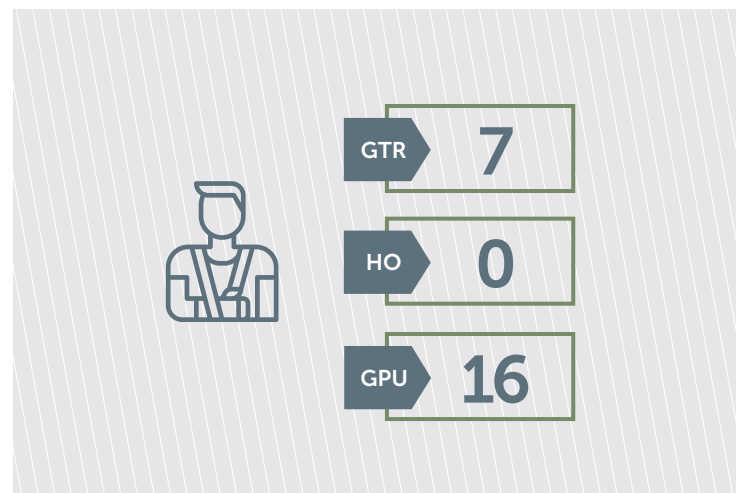
Consequence Management Procedures is PGB internal progressive consequence actions process and procedures to be applied in instituting discipline to employee who is found to have committed non-compliance against express and/or implied terms of employment as per stated in PGB Consequence Management Matrix.

Workforce Protection

The Group adopts and practices PETRONAS policies and procedures on Industrial Relations and Code of Conduct Business Ethics (CoBE), the Company has ensured compliance to the local labor laws, such as Employment Act 1955, Industrial Relation Act 1967 & Union Trade Act.

COURTESY VISIT TO STAFF

As a responsible and caring organisation, PGB cares greatly for the wellbeing of the staff. In extending our empathy and compassion, HRM conducted courtesy visits to 23 staff who were challenged with medical conditions.



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SOCIAL

SUSTAINABILITY

Enriching The Communities





As we navigate through the global COVID-19 pandemic which has led to staggering impact on daily lives and major interruptions to businesses, PGB stands firm in upholding its commitment to ensure the wellbeing of our people followed by the safe and optimal operation of our businesses across the value chain.

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PROGRAM SENTUHAN KASIH PETRONAS

Each year, in conjunction with major celebrations in Malaysia, PGB extends necessities aimed at improving the communities' well-being. The intent of the Sentuhan Kasih Festive programme is to foster a memorable celebration for the less fortunate during the festive seasons to incite joy, love and care.

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In February 2020, PGB in collaboration with Yayasan PETRONAS organised Sentuhan Kasih CNY 200 families in Negeri Sembilan and Perlis benefitted from the contribution of necessities, household items, hampers and 'angpow': bringing more meaning to their Lunar year celebration.

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➤ PETRONAS family made the day memorable for 100 less fortunate beneficiaries in Negeri Sembilan by contributing food hampers in preparing for the Chinese New Year celebration.

Social Sustainability ENRICHING THE COMMUNITIES



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➤ Our volunteers have enjoyed a shopping trip with our beneficiaries at the Giant Mall, Perlis. It was truly a memorable experience to assist the beneficiaries as they choose new clothes, shoes and other essentials to prepare for the Lunar New Year celebration.



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Later of the year, despite the unprecedented COVID-19 pandemic, PGB continued providing assistance to the less-privileged families in preparation for the Light Festival of Deepavali. In Dengkil, Selangor, PGB once again joined forces with Yayasan PETRONAS handing out necessities more than 40 Indian families. The effort was recognised by the Ministry of Women, Family and Community Development via Pejabat Kebajikan Masyarakat Daerah Sepang.

The contribution was organised in a small-scale event with strict compliance to Restricted Movement Control Order (RMCO) in November 2020. For the record, majority of the Indian community in Kampung Ampar Tenang, Dengkil are from the B40 category; mostly working in the nearby plantation as general workers, lorry drivers and SME entrepreneurs who were economically affected by the pandemic.

The Sentuhan Kasih PETRONAS programme is part of the organisation's Community Well-being and Development focus area, initiated to coincide with major festive celebrations in Malaysia. It provides an avenue for PGB and Yayasan PETRONAS to work with communities to provide for their basic needs and well-being. The programme is also in line with the PETRONAS Sustainability Agenda and the United Nations' Sustainable Development Goals.



Social Sustainability ENRICHING THE COMMUNITIES

Oil Spill Cleaning Effort

As a responsible corporate citizen, PGB proactively extended assistance to the State Department of Environment and other agencies who carried out works to clean up oil spill stretching two kilometres along Pantai Cermin and Pantai Tanjung Biru, Port Dickson. Volunteers from RGTSU together with neighbouring business operations in Melaka were mobilised to the incident area for the cleaning effort, besides providing Personal Protective Equipments (PPE), rubber gloves, cleaning gears and mineral water.

Despite limited number of staff in office and operation facilities due to Working From Home (WFH) arrangement, we managed to gather resources providing necessary aid and at the same time played our role in sustaining positive relationship with our key stakeholders.



SAYANGI SUNGAI LATOH

Although COVID-19 restricted community activities to be conducted, our partner for Sayangi Sungai Latoh programme, Malaysia Nature Society (MNS) was consistently keeping track of mangrove plants growth in the designated area.

In January, 2,000 additional plants were successfully planted, adding up to the sum of 9,320 trees planted since the inception of this programme. For the record, objectives of the programme are;

- (i) to conserve the Johor River's ecosystem with smart partnership of corporate companies, stakeholders, non-government organisation and local community
- (ii) to manage the Johor River Restoration program and species conservation with efficient monitoring system
- (iii) to educate local community and monitoring by MNS towards mangrove ecology sustainability and river conservation.





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COVID-19 CONTRIBUTION

As the conditions around the COVID-19 pandemic continue to evolve, PGB is committed to do our part in supporting efforts by PETRONAS and the Malaysian Government.

Down south, PGB took the initiative by approaching B40 families who were significantly affected by Restriction Control Order. We reached out to needful families in Johor to distribute our Care Kit containing hand sanitisers, disinfectants, and face masks as well as food supplies.

While we continue to contribute to the well-being of community around us, trying our level best to share the spirit of joy and happiness, we ourselves have learned the meaning of hope, courage, and never-to-give-up.



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