



PETRONAS

PUSHING FORWARD

SHAPING THE NEW NORM

INTEGRATED 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.
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REGULATIONS COMPLIED
<ul style="list-style-type: none">• 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
<p>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.</p> <p><i>This report covers the period from 1 January to 31 December 2020, unless otherwise stated.</i></p>

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.



NAVIGATIONS ICON

OUR CAPITALS



Financial

The pool of funds that is available to an organisation for use in the production of goods or the provision of services and obtained through financing, such as debt, equity or grants, or generated through operations or investments.



Nature

All renewable and non-renewable environmental resources and processes that provide goods or services that support the past, current or future prosperity of an organisation.



Asset

Manufactured physical objects that are available to an organisation for use in the production of goods or the provision of services including buildings, equipment and infrastructure.



Intellectual

Organisational, knowledge-based intangibles, including but not limited to intellectual property, such as patents, copyrights, software, rights, and licences.



Human Capital

People's competencies, capabilities and experience, and their motivations to innovate in alignment with an organisation's strategy.



Social and Relationship

The relationships within and between communities, groups of stakeholders and other networks, and the ability to share information to enhance individual and collective well-being.

INTEGRATED REPORTING CROSS-REFERENCING



Strategy



Performance



Business Review



Financials



Investor Relations



Corporate Governance



Sustainability



Operating Environment



Key Stakeholders



Material Matters



Risk Management



Our Value Creation

KEY STAKEHOLDERS GROUPS



Investors and Funding Institutions



Customers



Business Partners



Suppliers and Vendors



Employees and Unions



Government Agencies and Authorities



Communities

MATERIAL MATTERS



Health, Safety, Security and Environment (HSSE)



Operational Reliability, Delivery and Efficiency



Gas Market Dynamics



Gas Market Liberalisation



Business Growth



Human Capital



Compliance to Regulation



Sustainability

OUR STRATEGIC THRUSTS



Operational Excellence



Commercial Excellence



Growth



People, Systems and Culture

38th Annual General Meeting
For PETRONAS Gas Berhad



Date: Tuesday, 20 April 2021



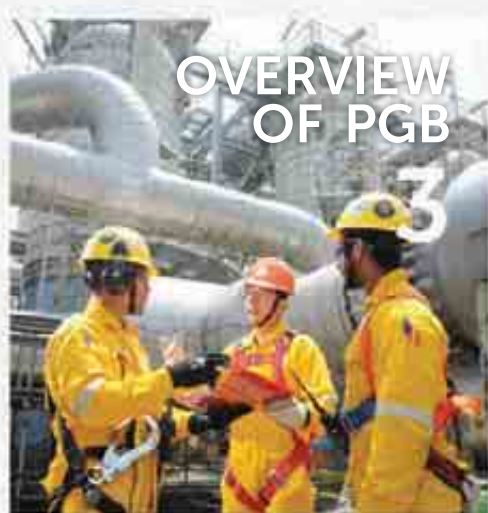
Time: 10.00 a.m.



Broadcast Venue: Virtual Studio 2
Level 4, Kuala Lumpur Convention Centre
Kuala Lumpur City Centre
50088 Kuala Lumpur, Malaysia

WHAT'S INSIDE

ABOUT OUR REPORT



01 OVERVIEW OF PETRONAS GAS BERHAD

- 4 Who We Are
 - 4 Statement of Purpose
 - 4 Vision & Mission
 - 4 Shared Values
 - 5 How We Create Sustainable Value
 - 5 How We Differentiate Ourselves
 - 5 PETRONAS Cultural Beliefs
- 6 2020 Key Highlights
 - 6 Business Highlights
 - 6 Financial Highlights
 - 7 Sustainability Highlights
- 8 How We Are Structured
- 9 Our Value Proposition
- 10 What We Do
 - 10 Business Units & Highlights
- 12 Where We Operate
 - 12 Our Presence
- 14 Our Group Business Activities and Processes
- 18 Our Key Milestones

02 KEY MESSAGES

- 20 Chairman's Statement
- 24 Message From MD/CEO
- 30 Group Financial Review

03 VALUE WE CREATE

- 36 Our Approach to Integrated Reporting
- 38 Our Value Creating Business Model
- 40 Key Resource Capitals: Role and Scoreboard
- 42 Stakeholder Engagement

04 OUR VALUE PROPOSITION

A. FORWARD STRATEGIES

- 46 Our Operating Environment
- 50 Material Matters
- 54 Key Risks and Mitigation
- 56 Strategic Blueprint
- 58 Strategic Focus Areas and Key Performance Indicators
- 60 Performance Scorecard

B. FORWARD DRIVEN PERFORMANCE

- 66 5-Year Group Financial Analysis
- 68 5-Year Financial Summary
- 70 5-Year Group Financial Information
- 71 Group Quarterly Performance
- 72 Simplified Group Statement of Financial Position
- 74 Key Interest Bearing Assets and Liabilities
- 74 Statement of Value Added
- 75 Distribution of Value Added
- 76 Investor Relations
 - 77 Investor Relations Activities
 - 78 Significant Announcements
- 79 Financial Calendar
- 80 Share Price Performance

C. FORWARD FOCUS

- 84 Business Review
 - 84 Gas Processing
 - 88 Gas Transportation
 - 92 Regasification
 - 96 Utilities
 - 98 Ancillary Services

05 OUR LEADERSHIP

- 100 Board at A Glance
- 102 Profile of the Board of Directors
- 110 Profile of Leadership Team
- 113 Organisation Structure



06 RESPONSIBLE GOVERNANCE

- 114 Value Creation Through Good Governance

07 TOWARDS A SUSTAINABLE FUTURE

- 120 Enriching Lives Through Sustainable Practices

08 OTHER INFORMATION

- 126 Corporate Information
- 127 Corporate Directory
- 128 Notice of 38th Annual General Meeting
- 131 Administrative Guide for the 38th AGM
- 136 Glossary
- Proxy Form



WHO WE ARE

We are Malaysia's Leading Gas Infrastructure and Centralised Utilities Company and one of the largest companies on the local Exchange in terms of market capitalisation, with core businesses in Gas Processing, Gas Transportation, Regasification and Utilities

Overview of **PETRONAS GAS BERHAD**

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



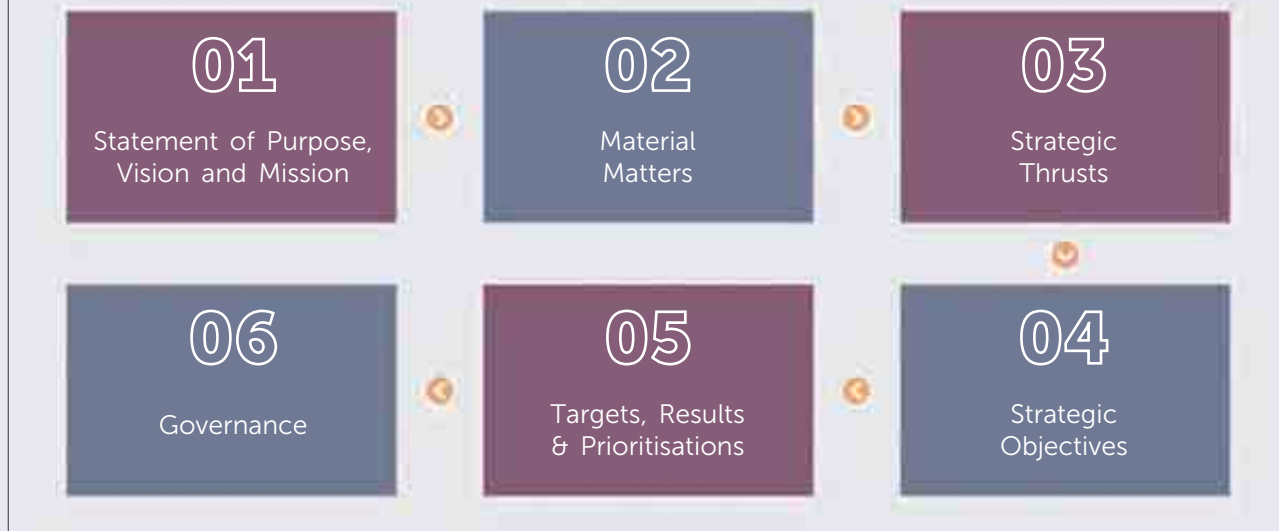
Professionalism



Cohesiveness



HOW WE CREATE SUSTAINABLE VALUE



HOW WE DIFFERENTIATE OURSELVES



PETRONAS CULTURAL BELIEFS



01

02

03

04

05

06

07

08

2020 KEY HIGHLIGHTS

BUSINESS HIGHLIGHTS

- Pushing Forward towards Shaping our New Norm as we progress responsibly to meet the nation's needs

Sustained Operational Excellence

Stellar plant and facility reliability performance across all segments at par with world-class standards

Regulation Under Third Party Access

Smooth implementation of Incentive-based Regulation vis-a-vis first year of Regulatory Period 1.

New Steam Supply Delivery

Successful delivery of first steam supply, as part of 20-year commitment with long-term customer

Contribution From Growth Projects

- New revenue stream from integrated ancillary services comprising LNG Truck Loading at RGTP and LNG Reloading at RGTSU
- First full year of revenue stream from LPG importation and exportation at Tanjung Sulong Export Terminal, Kemaman



6

FINANCIAL HIGHLIGHTS

- Robust financial performance amidst uncertain economic conditions due to the ongoing pandemic, supported by sustained revenue streams and lower costs

DIVIDEND

127
sen/share

2019: 82 sen/share

REVENUE

RM5.6
billion

2019: RM5.5 billion

PROFIT AFTER TAX

RM2.1
billion

2019: RM2.0 billion

TOTAL ASSETS

RM18.3
billion

2019: RM19.6 billion

MARKET CAPITALISATION

RM34.0
billion

2019: RM32.9 billion



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: 7.4 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 **65%**
2019: 48%

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 **0**
2019: 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 BOARD
13% **50%**
2019: 13% 2019: 50%
LEADERSHIP TEAM
33%
2019: 33%

COMMUNITIES

Program Sentuhan Alam PETRONAS
Program Sentuhan Kasih PETRONAS
Program Sentuhan Ilmu PETRONAS

01

02

03

04

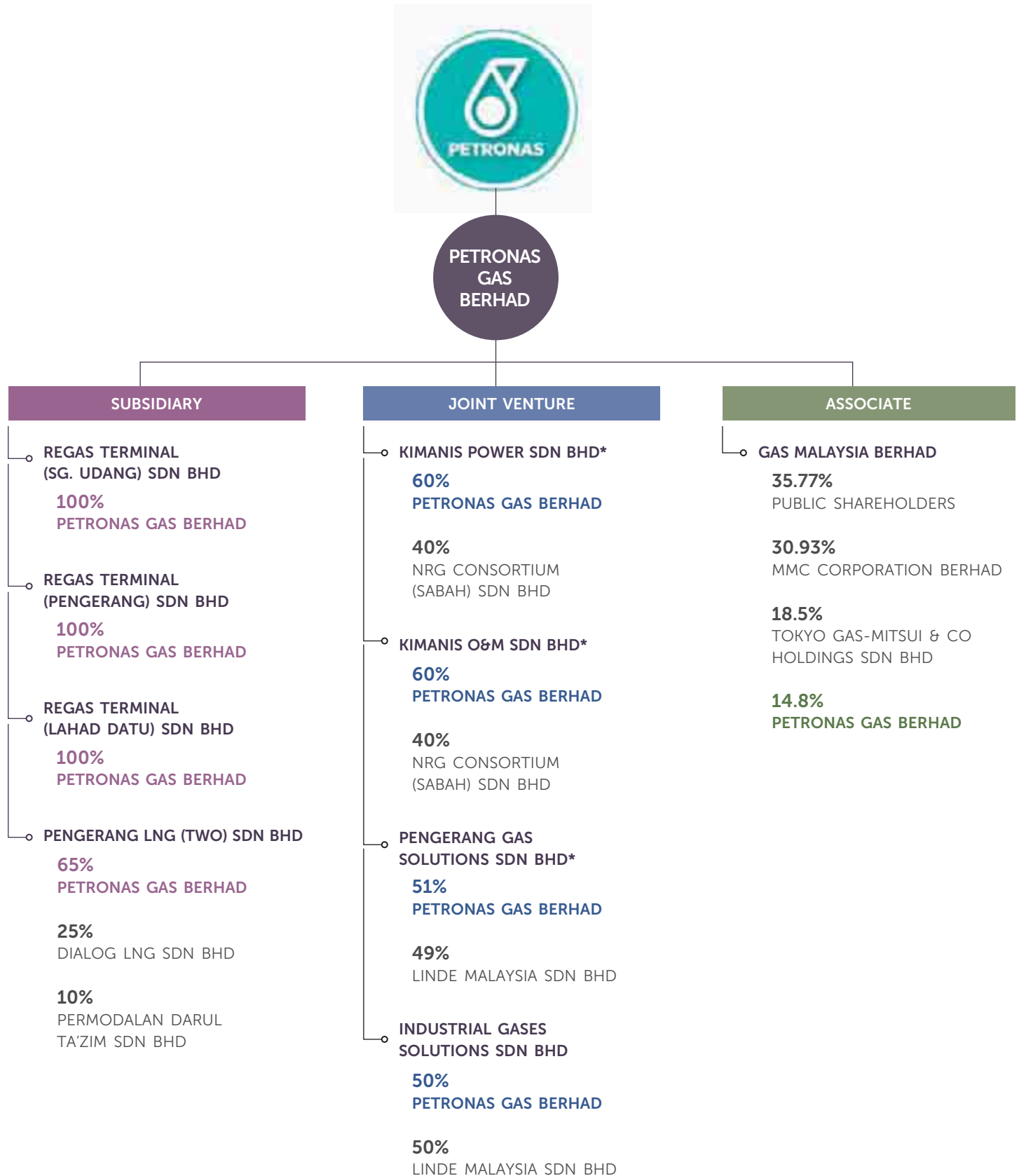
05

06

07

08

HOW WE ARE STRUCTURED



* Although the Group has more than 50% ownership, the Group treats these companies as joint ventures in accordance with Malaysian Financial Reporting Standard 10

OUR VALUE PROPOSITION

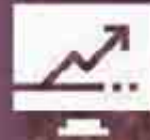
LEADING GAS INFRASTRUCTURE

Owner and Operations & Maintenance (O&M) Service Provider



WORLD CLASS PERFORMANCE

High Reliability Across All Assets



ROBUST BALANCE SHEET

Providing Agility to Capture Opportunities



STABILITY OF EARNINGS

Underpinned by Long-term Contracts



SUSTAINABLE RETURNS

to Shareholders



01

02

03

04

05

06

07

08

WHAT WE DO

BUSINESS UNITS & HIGHLIGHTS



GAS PROCESSING

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



01

02

03

04

05

06

07

08



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

PLANT / FACILITIES / TERMINALS

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



12

UTILITIES PRODUCT CAPACITIES:



Electricity

541 MW



Steam

960 t/h



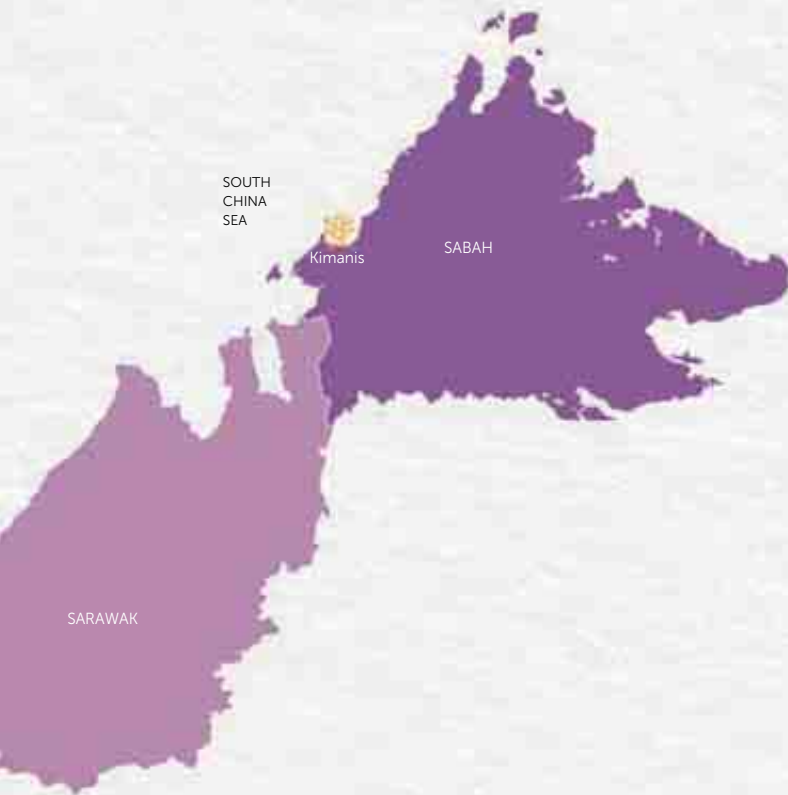
Oxygen

73,000 Nm³/h



Nitrogen

88,640 Nm³/h



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

PRODUCT CAPACITY				
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

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 Sulong Export Terminal		O&M Services

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)

01

02

03

04

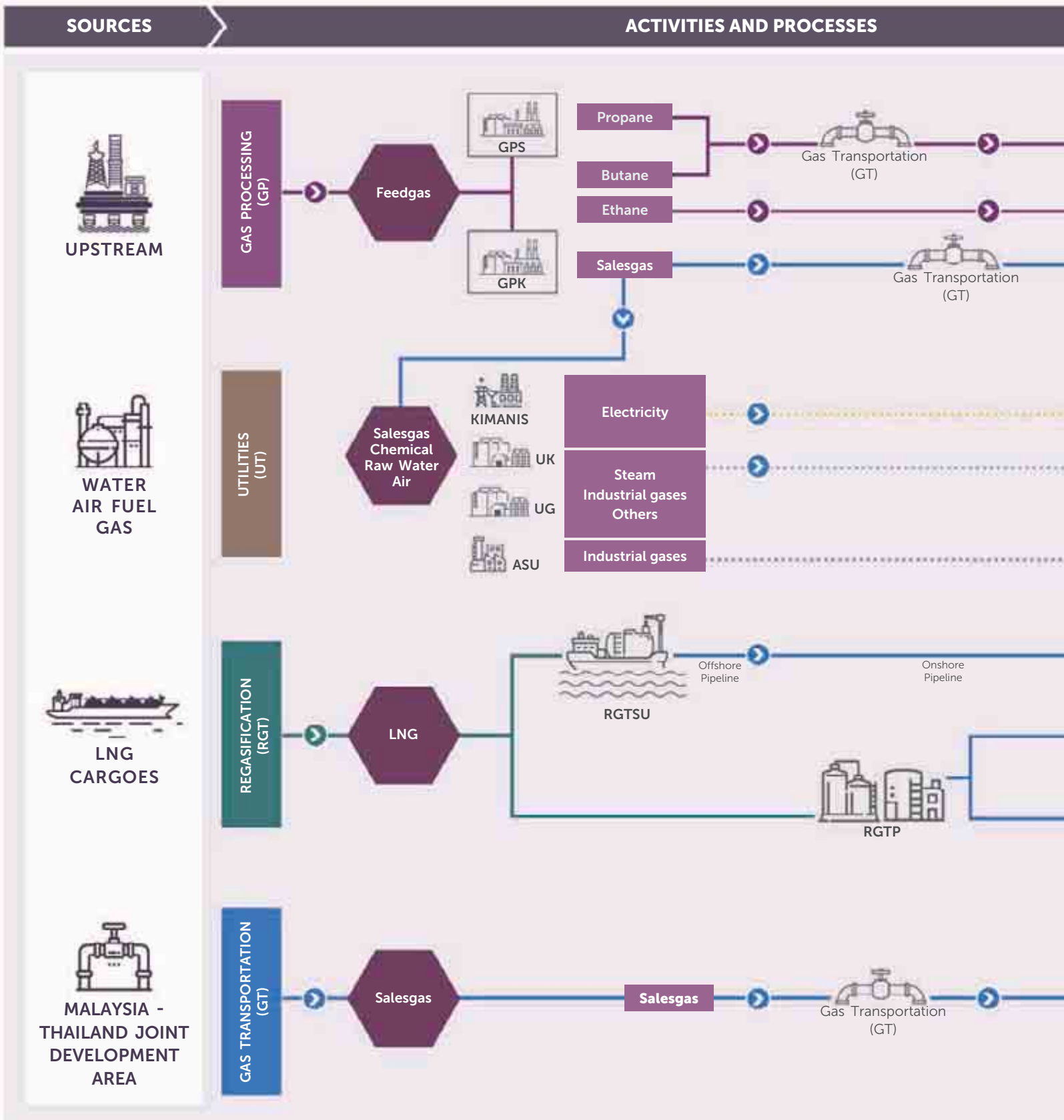
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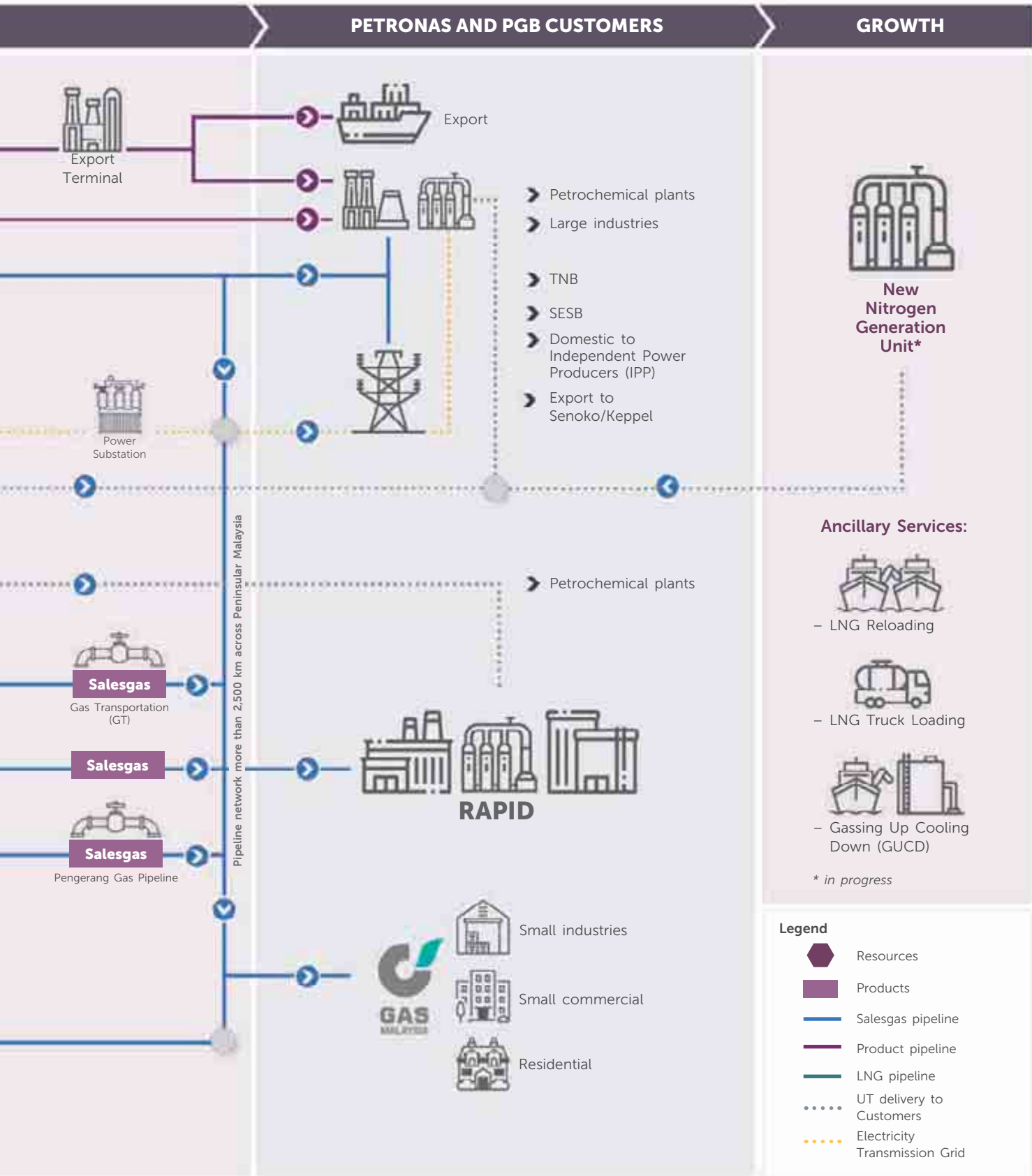
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OUR GROUP BUSINESS ACTIVITIES AND PROCESSES





01

02

03

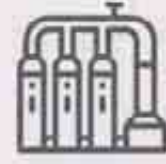
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New Nitrogen Generation Unit*

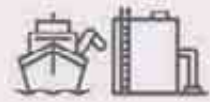
Ancillary Services:



- LNG Reloading



- LNG Truck Loading

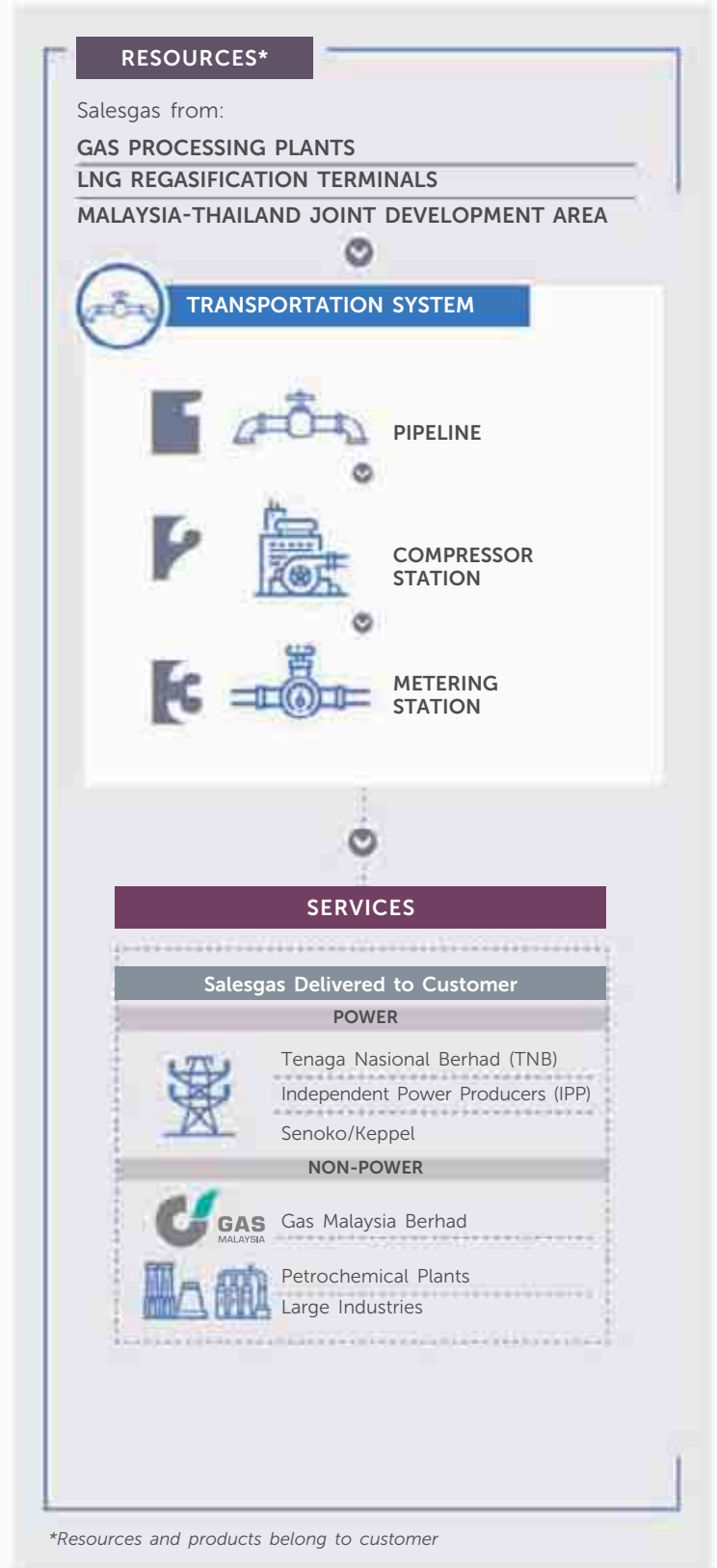
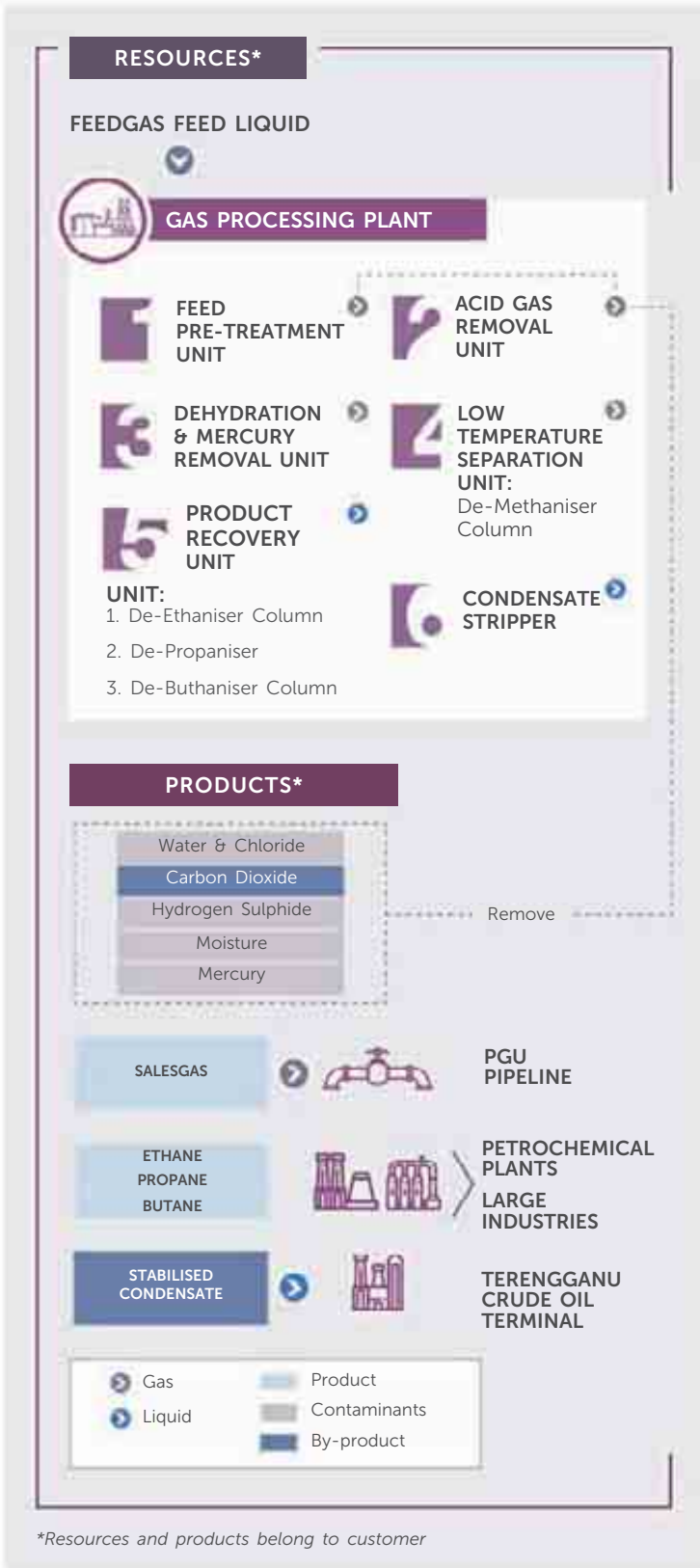


- Gassing Up Cooling Down (GUCD)

* in progress

- Legend**
- Resources
 - Products
 - Salesgas pipeline
 - Product pipeline
 - LNG pipeline
 - UT delivery to Customers
 - Electricity Transmission Grid

Our Group Business **Activities and Processes**





01

02

03

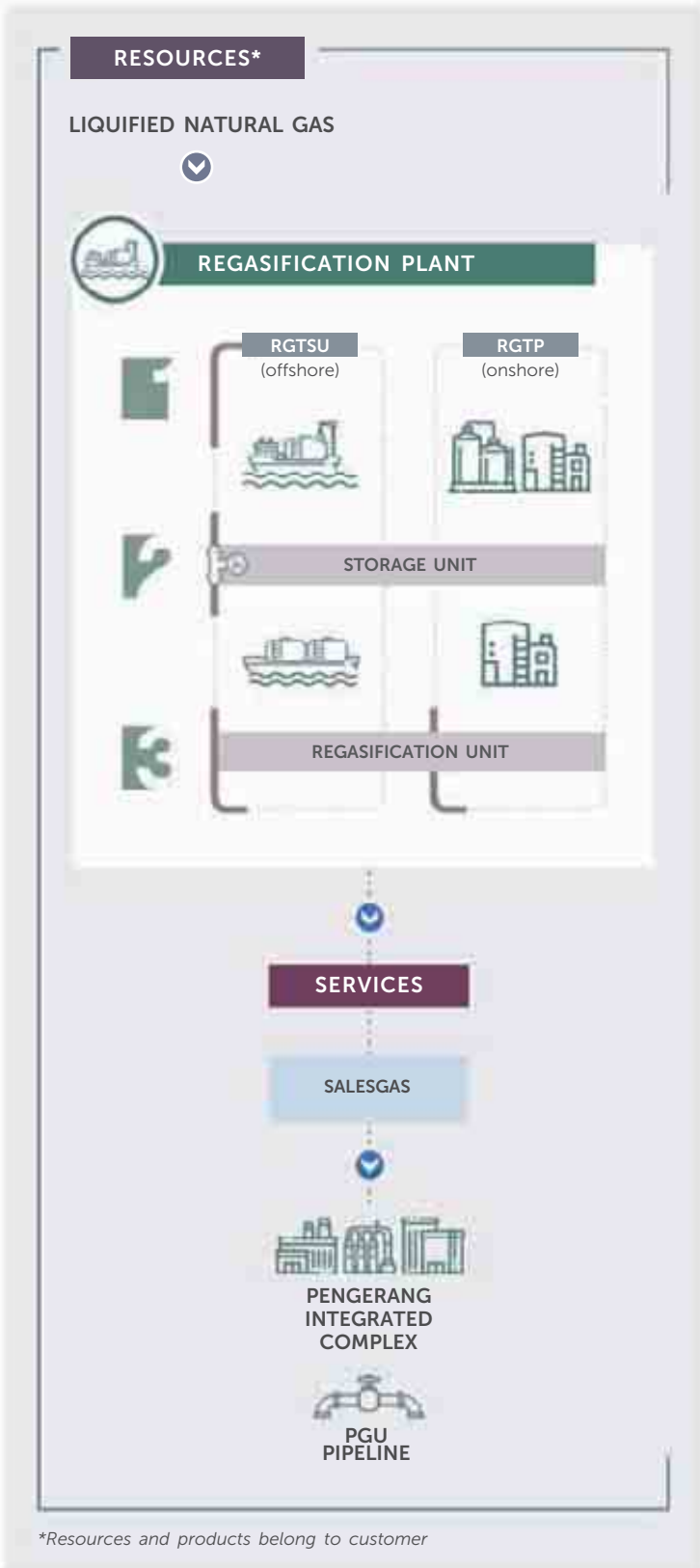
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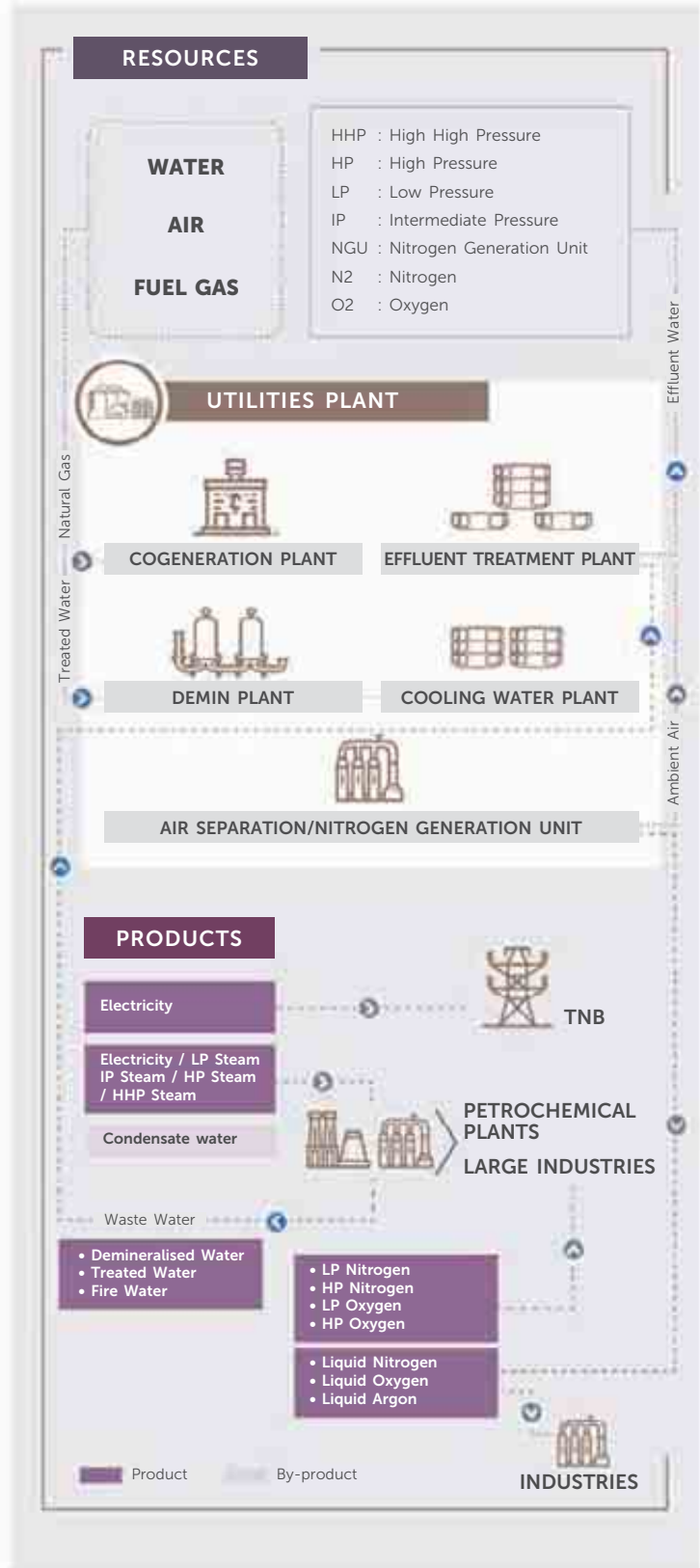
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*Resources and products belong to customer



1983-1984

- Incorporation of PETRONAS Gas Sdn Bhd (PGSB) as a wholly-owned subsidiary of Petroliaam Nasional Berhad (PETRONAS) in 1983.
- Commencement of operations of Peninsular Gas Utilisation (PGU) 1 and commissioning of Gas Processing Plant (GPP) 1.

1987-1991

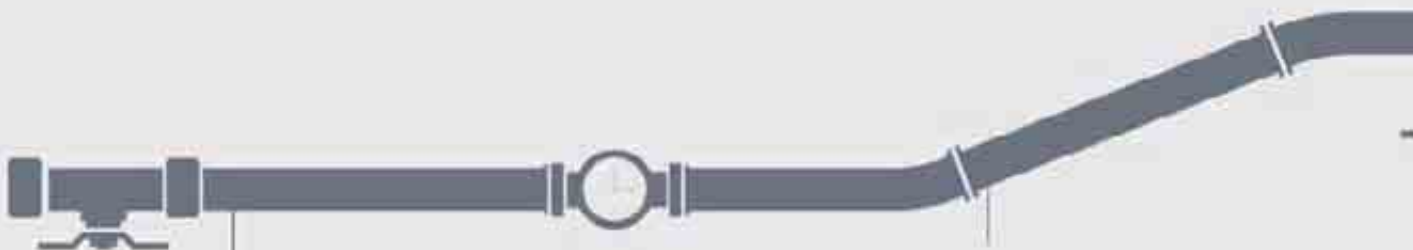
- Appointment of PGSB as a throughput and servicing agent to PETRONAS for PGU via Throughput Agreement.
- Commencement of operations of PGU2.
- Officiation of Segamat Gas Transmission Centre by the Prime Minister of Malaysia.

1992-1994

- First salesgas delivery to Senoko Power Station in Singapore via submarine pipeline.
- Commencement of operations of GPP2, GPP3 and GPP4.



OUR KEY MILES



2020

- Successful delivery of steam supply to Polyplastics Asia Pacific Sdn Bhd.
- Launch of LNG Truck Loading Facility, part of PETRONAS Virtual Pipeline System (VPS) solution via PGB's LNG Regasification Terminal Pengerang (RGTP).
- Completion of Floating Storage Unit (FSU) reloading facilities at LNG Regasification Terminal Sungai Udang (RGTSU).
- Launch of LNG Reloading service at RGTSU for PETRONAS LNG bunkering services, the first in Southeast Asia

2019

- Execution of the 2nd term of GPA with PETRONAS.
- Execution of Gas Transportation Agreement (GTA) for PGU, Terminal Use Agreement (TUA) for RGTSU and TUA for RGTP with PETRONAS Energy & Gas Trading Sdn Bhd (PEGT).
- Successful delivery of maiden LNG third party cargo at RGTSU.
- Introduction of new integrated ancillary services at RGTP.
- Commencement of full commercial operation of ASU, Pengerang.



01

02

03

04

05

06

07

08

1995-1998

- Execution of a 20-year Gas Processing and Gas Transmission Agreement (GPTA) between PGSB and PETRONAS.
- Listing of PETRONAS Gas Berhad (PGB) on the main board of the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad).
- Completion of PGU3.
- Execution of the first Sale and Purchase Agreement with Centralised Utility Facilities (CUF).

1999-2000

- Commencement of operations of GPP5 and GPP6.
- First delivery of electricity to customers from CUF Kertih and CUF Gebeng.
- Secured RM1.4 billion worth of Islamic Financing from the domestic private debt securities to partly finance CUF project.

2005-2009

- Execution of Operation and Maintenance Services Agreement with Trans Thai-Malaysia (M) Sdn Bhd.
- Ground breaking ceremony of Kimanis Power Plant project by Chief Minister of Sabah.

2010-2011

- Announcement of the development of Malaysia's first liquefied natural gas (LNG) Regasification Terminal in Sungai Udang, Melaka (RGTSU) by Prime Minister of Malaysia.
- Announcement of PGB Network Code to Bursa Malaysia.

2017-2018

- Commencement of operations of LNG Regasification Terminal Pengerang (RGTP).
- Execution of a 20-year Operation and Maintenance (O&M) Agreement with PETRONAS Carigali Sdn Bhd for operation and maintenance of the Sabah-Sarawak Gas Pipeline (SSGP).
- Regulation of the Group's Gas Transportation and Regasification businesses by the Malaysian Government pursuant to the Gas Supply (Amendment) Act 2016.
- Commencement of commercial operation at Train 1, Air Separation Unit (ASU), Pengerang.

2015-2016

- Completion of Plant Rejuvenation and Revamp Project for GPP2, GPP3 and GPP4.
- Secured USD500 million Term Loan Facility from Mizuho Bank to fund capital projects.
- Signing of Shareholders Agreement between PGB and Linde Malaysia Sdn Bhd for the development of Air Separation Unit (ASU) project in Pengerang, Johor.

2013-2014

- Commencement of operations of RGTSU.
- Commencement of operations of Kimanis Power Plant.
- Execution of new Gas Processing Agreement (GPA) and Gas Transportation Agreement (GTA) with PETRONAS for another 20 years.

T O N E S



CHAIRMAN'S STATEMENT

Dear Shareholders,

The year 2020 has been extremely challenging for everyone around the world with the pandemic impacting both lives and livelihoods. Here in Malaysia, while containment measures have by and large been successful, the economy contracted by 5.6% as many businesses deemed non-essential were required to shut down. As the affected businesses included a number of industrial manufacturers, demand for power during the year reduced significantly, hence also demand for natural gas.

ADNAN ZAINOL ABIDIN

Chairman
PETRONAS Gas Berhad



01

02

03

04

05

06

07

08

PROFIT
BEFORE TAX
RM2.6
billion

EBITDA
RM3.6
billion

DIVIDEND PAID
RM2.6
billion

Despite the reduction in demand, PGB Group's earnings have been protected by the long-term agreements we have with PETRONAS for Gas Processing, and with PETRONAS Energy & Gas Trading (PEGT) which underwrites the capacity of our Gas Transportation and Regasification businesses. Operationally, however, we were necessarily impacted by the pandemic. The fact that we provide an essential service – namely the delivery of gas to the nation – meant shouldering the responsibility of both delivering on our commitments to various stakeholders while ensuring the safety and well-being of our employees. And it gives me the greatest pleasure to share that we fulfilled both roles commendably.

What is more, by placing the highest priority on safe and efficient operations, PGB achieved excellent operational, financial and safety performance for the year. We sustained our plant reliability at 99.9%; recorded our highest ever profit before tax (PBT) of RM2.6 billion; and reported zero fatality, major fire, as well as major loss of primary containment (LOPC) incidents. While our strong performance was due in part to adherence to our R2 Game Plan, namely 301Q99 Pushing Forward, we also received critical support in safeguarding our people and operations by Management's quick and effective response to COVID-19. In particular, the continued sustainability of our operations was assured by the development of effective guidelines which served to minimise all risks related to the outbreak, in line with the action plans stipulated by PETRONAS' Pandemic Preparedness and Response Team (PPRT). Thanks to effective PGB barrier management coupled with a hands-on approach in monitoring and managing the situation across the Group, we emerged from the year with zero interruption to our operations and zero disruption to our business.

Given the Group's robust financial performance, the Board has declared an interim dividend of 22 sen per share and a special dividend of 5 sen per share in the fourth quarter. Added to the quarterly dividends totalling 50 sen per share and a special dividend of 50 sen per share declared in the second quarter, our total dividend for the year amounts to RM1.27 per share, exceeding the 82 sen per share declared in 2019. Committed to maximising returns to our shareholders, our dividend payout ratio and yield have remained consistently at par with, if not above, the industry average.



Chairman's **Statement**



We are driven to excellence in everything we do because it is part of PGB's value proposition to our stakeholders; yet, it is always reassuring to receive third-party validation of our efforts. ”

As part of creating value for our stakeholders, we do not focus only on our financial performance, but also our environmental, social and governance (ESG) scorecards. We recognise that, via good governance, we are able to maintain the highest level of integrity and transparency, thus strengthening the trust our stakeholders have in us. Accordingly, we strive constantly to adopt best practices as advocated by the Malaysian Code on Corporate Governance (MCCG 2017) introduced by the Securities Commissions as well as Bursa Malaysia's Main Market Listing Requirements (MMLR). In 2020, in line with a new MMLR requirement, we revised our Board Succession Planning Framework to include amendments to Board Selection Criteria and process flow for the appointment of Directors. In addition, the cooling-off period for the re-appointment of Independent Directors has been increased from two to three years. We will also observe a three-year cooling off period for the re-designation of non-independent directors as independent directors.

In addition, we have reviewed the Terms of Reference of the Nomination and Remuneration Committee based on the latest requirements by MCCG 2017. This encompasses the annual review of the key performance indicators (KPIs) of our Leadership Team.

In line with our commitment to continuously strengthen our safety frameworks, we are in the process of upgrading our Occupational Health & Safety Management certification to the latest MS ISO 45001:2018 standard; and are ensuring our HSSE Policy is aligned with the requirements of this standard. In addition, our HSSE policy will satisfy the requirements of the MS ISO 14001:2015 Environmental Management standards and the Environment Mainstream Tool (EMT) requirement recently imposed by the Department of Environment.



On the ground, good progress has been made in the mangrove rehabilitation programme we embarked on in 2018 with the Malaysian Nature Society (MNS). Under our five-year partnership, we have planted more than 6,500 mangrove saplings along Sungai Latoh in Kongkong Laut, Johor, while experts from MNS as well as a local university have conducted a comprehensive study on the flora and fauna in the ecosystem. Data collected from this study will be beneficial for all future river conservation projects in the country. Through this project, therefore, we are not only supporting the community in Kongkong Laut but those that live along the coastline throughout the nation.



We are driven to excellence in everything we do because it is part of PGB's value proposition to our stakeholders; yet, it is always reassuring to receive third-party validation of our efforts. In 2020, this was provided in the form of numerous local as well as international awards. Among others, we received Gold Awards from the UK-based Royal Society for the Prevention of Accidents (RoSPA); we won three British Safety Council International Safety Awards; two in the 10th Annual Alpha Southeast Asia Corporate-Institutional Investor Awards; three MSWG-ASEAN Corporate Governance 2019 and various awards from the National Council for Occupational Safety & Health (NCOSH).

Although the operating environment around us is undergoing great transformation because of the pandemic, demand for gas will continue to be strong as it is the cleanest fossil-based fuel, and still available in abundant quantities. The International Energy Agency (IEA) predicts progressive recovery in demand for natural gas in mature markets and growth in emerging markets in 2021 due to low prices. In Malaysia, short-term demand from industrial and commercial customers will pick up as the economy recovers, while longer-term growth is likely to be driven by gas playing a pivotal bridging role in the country's energy transition towards cleaner energy. A Natural Gas Roadmap is being drafted which will see natural gas play a bigger role in the meeting the country's energy needs.

The country is, moreover, blessed with 42 trillion cubic feet of natural gas reserves, the second highest in ASEAN. Our relevance in the new energy-efficient Malaysia that is being shaped is therefore guaranteed. And, with the continued collaboration of all our stakeholders, I have every confidence that PGB will continue to be able to meet our commitments as we serve our customers and nation.

I would like to acknowledge and thank all our stakeholders for their contributions to PGB, which we greatly value. The list includes the Government, Suruhanjaya Tenaga, our business partners, suppliers and customers. A special note of appreciation to my predecessor, Adif Zulkifli, for his steer and guidance to where PGB is today, to my fellow Directors on the Board for their time and wise counsel, as well as to our Management and all employees. On behalf of the Board, I would like to thank Kamal Bahrin Ahmad, who was instrumental in PGB's 2020 achievements and welcome our newly appointed Managing Director and CEO, Abdul Aziz Othman. We look forward to working with you as we Push Forward in Shaping the New Norm.

ADNAN ZAINOL ABIDIN
Chairman

01

02

03

04

05

06

07

08

MESSAGE FROM MD/CEO



We remained laser-focused on meeting the nation’s energy needs by serving our growing portfolio of customers in a safe, reliable and efficient manner.”



Despite the unprecedented challenges brought by the COVID-19 pandemic, PGB continued to deliver strong results for the year 2020, proving our very sound fundamentals and the resilience of our business model.

Disruptions in most key industries notwithstanding, we remained laser-focused on meeting the nation’s energy needs by serving our growing portfolio of customers in a safe, reliable and efficient manner. We also pressed ahead with our transformation agenda, R2 Game Plan: 301Q99 Pushing Forward, completing projects that had been initiated to remain efficient and relevant in a liberalised gas industry while establishing our footprint in ancillary businesses.

While focusing on operational and commercial excellence, we did not waver from our most critical responsibility – that of ensuring the safety and well-being of our people, especially our frontliners. As a result of concerted efforts, we also achieved excellent safety performance.

In many ways, therefore, the year was a success for PGB and it gives me pleasure to present an account of the Group’s performance.

ABDUL AZIZ OTHMAN

Managing Director/Chief Executive Officer
PETRONAS Gas Berhad



MANAGING COVID-19

Upon the declaration of COVID-19 as a global pandemic by the World Health Organization (WHO), and the Malaysian Government's implementation of a Movement Control Order (MCO), PGB immediately took all the necessary precautions to manage the risk of exposure to our people and reduce the risk of transmission at the workplace.

As natural gas plays a key role in the country's energy generation, our teams continued to work throughout the year. However, their safety was given top priority and we ensured adherence to all the relevant Standard Operating Procedures (SOPs) – including reduced manpower, daily temperature screening, and use of personal protective gear – to keep our employees safe while maintaining reliable supply to power plants. Focusing on core operations, we deferred all scheduled plant turnaround activities but carried out essential maintenance activity to avoid service interruptions.

At the same time, we required our office-based staff to work from home (WFH), and leveraged digital technologies to keep communication lines open with them as well as with our suppliers, customers and the authorities. Physical meetings were avoided as we shifted our engagement to online platforms.

Other than to support WFH, we continued with our ongoing digital transformation and adopted more digital initiatives, especially in our plants, to maximise reliability and efficiency. During the year itself we implemented the GPU Technical Centre (GTC), a centralised digital tool that provides descriptive, predictive and prescriptive analyses to prevent business interruption in order to maximise reliability. On 1 January 2021, we launched our Utilities Remote Operation Centre (ROC), which monitors and manages both Utilities Gebeng (UG) and Utilities Kerteh (UK), creating operational efficiencies that reduce our manpower needs and costs.

Throughout the changes and adaptations to the new norm, we continued to support liberalisation of the gas industry via Third Party Access (TPA). As a responsible operator of the country's gas infrastructure, we created transparency in the terms and conditions for subscribing to our regasification and pipeline facilities by publishing and making publicly available our Access Arrangements and tariffs. During the year, we also continued to engage with shippers to facilitate the process of leveraging available capacity at our facilities.

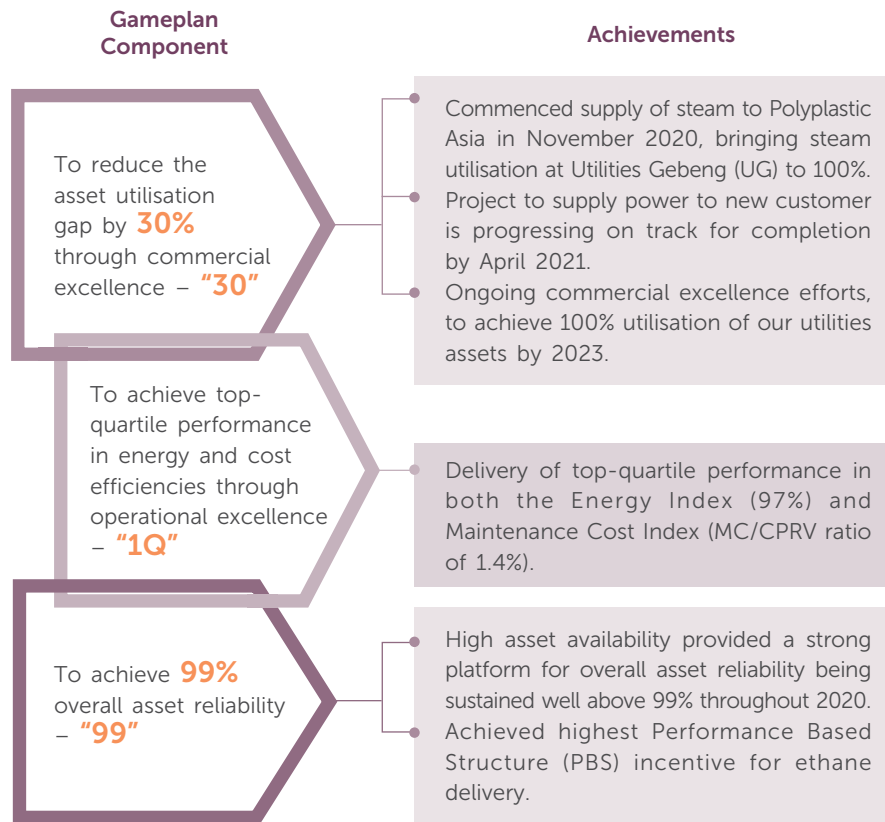
These efforts are intended to encourage the participation of more shippers in the market, hence promote healthy competition for the purpose of security of supply in Malaysia. In this regard, I would like to share that on 7 January 2021, we received our second TPA cargo at RGTSU, positive indication that liberalisation of supply is gaining traction. Firm in the belief that this transition will be beneficial to all stakeholders, we will continue to work with the regulators on ensuring the success of TPA.

Amid the changes taking place in the industry, we realise that we cannot maintain business as usual. It is imperative that PGB evolves in tandem with our operating environment and that we venture into emerging areas in order to remain resilient and relevant. Our priorities are two-fold: to focus on product unit cost while executing our growth strategy. During the year, we achieved successes on both fronts.

Read more on Operating Environment on page 46.

RESILIENCE THROUGH 301Q99 PUSHING FORWARD

In 2019, we launched our new four-year strategic roadmap, R2 Game Plan 301Q99 Pushing Forward, with clear goals to be achieved every year up to year 2022. For the year 2020, a total of 75 Key Result Areas (KRAs) had been identified, all of which were completed as planned contributing to total value creation of RM97.7 million.



Read more on Strategy on page 56.

01

02

03

04

05

06

07

08

Message from MD/CEO



The Pushing Forward part of the game plan, which focuses on growth delivery, drove PGB to achieve Final Investment Decision (FID) for three projects to enhance our service efficiency. The first involves the installation of additional compressors at Segamat Compressor Station, to debottleneck our southern gas pipeline and enhance its capacity to meet higher pressure requirements for our southern region customers. This will also provide greater flexibility for more third-party shippers to capture the increase in gas demand in the southern region. We also worked on the 42km lateral gas pipeline project connecting to the proposed Pulau Indah Gas Power plant at Pulau Indah Selangor, and achieved FID shortly after the year end. At the same time, we also FID a new oxygen backup supply system set up in Utilities Kertih to improve oxygen supply reliability to customers.

In addition, we identified several new projects which are currently in the framing stage. More updates will be provided as they progress.

As reported in last year's report, we also launched reloading facilities at RGTSU for LNG bunkering and LNG truck loading facilities at RGTP. The truck loading facilities support a new way of delivering gas via Virtual Pipeline System (VPS) by our sister company PETRONAS Dagangan Berhad with first LNG delivery from Pengerang to a manufacturing plant in Alor Setar, Kedah, on 8 September. Catering to demand for gas from off-grid and small-scale customers, VPS is the first of its kind in Peninsular Malaysia. Meanwhile, our first reloading service at RGTSU for LNG bunkering operation was completed successfully on 11 November, which is 100% subscribed by PETRONAS for its LNG bunkering service, one of the first in Southeast Asia.

Despite pandemic-related delays in the commercial operations dates (CODs) of these projects, once up and running both businesses have progressed smoothly and enhancing our value-add proposition to customers.

Read more on Performance on page 58 to 65.

BUSINESS REVIEW

Operational Highlights

All four core businesses – Gas Processing, Gas Transportation, Regasification and Utilities – continued to perform at world-class levels during the year.

- Under Gas Processing, we achieved Operational Equipment Effectiveness (OEE) of 99.4%, 99.6%, 99.7% and 99.7% for sales gas, ethane, propane and butane respectively – all higher than target. We also attained 100% Product Delivery Reliability (PDR) for salesgas, propane and butane.
- Our pipeline network achieved close to 100% reliability, similar to the corresponding year.
- Our LNG regasification terminals sustained strong reliability performance at close to 100% while scoring 100% for OEE.
- Our Utilities plants achieved 100% PDR for steam, electricity and industrial gases throughout the year.

Read more on Business Review on page 84 to 99.





01

02

03

04

05

06

07

08



Safety Performance

Over the years, we have been placing increasing emphasis on safety as this is an area we will not compromise on. In 2020, we were gratified by one of our best performances to date, achieving a clean scorecard in all key safety metrics – with zero fatality, zero major fire, zero lost time incident and zero loss of primary containment (LOPC).

Our performance is the result of conscientious efforts by management to instil a safety culture, and to create a sense of personal accountability among all employees as well as employees of our contractors. In 2019, we had embarked on nurturing an HSSE Generative Culture, and are targeting to achieve this in some of our operating units by 2021. At the same time, we are migrating from our OHSAS 18001:2007 certification to the more stringent MS ISO 45001:2018 certification, which has necessitated identifying and closing gaps in our safety platform.

Achieving exemplary safety performance in a year with the added pressures of a pandemic made it all the more laudable. I would like to acknowledge all PGB employees who have contributed to ensuring a safe place to work. Syabas, and keep up the good work!

Message from MD/CEO

People Development

We recognise that we are only as good as our people, hence seek to deliver continuous training and development programmes to build their competencies and capabilities. In 2019, we embraced the RESCISCO framework introduced by PETRONAS which aims to deliver empowered, enabled and agile talent through fit-for-purpose, flexible career pathing. In 2020, we continued to build on this platform with the implementation of Superior Managed Assessment (SMA) for all Technical and Business Executives.

At the same time, along with the necessity for employees to work from home (WFH), we ensured everyone was provided with sufficient support to make the transition seamlessly. In line with PETRONAS Preparedness & Readiness Team (PPRT)'s directive, all employees were provided with laptops and guided by our IT experts in providing the right platform for effective communication and collaboration virtually.



FINANCIAL REVIEW

Group Performance

The Group maintained strong revenue for the year, at RM5.6 billion, marking a 2.5% or RM133.8 million increase from 2019. This was driven primarily by Regasification and Gas Transportation, which together recorded RM182.5 million growth in revenue, aided by higher tariffs under Regulatory Period 1 (RP1) which came into effect on 1 January 2020. The new tariffs take into consideration the cost of internal gas consumption (IGC), which now has to be borne by PGB and not shippers/capacity users as was the case previously, as well as the cost of jetty usage incurred by RGTP.

In 2020, PGB also earned RM82.0 million from the Performance Based Structure (PBS), 3% more than in 2019.

Along with the slight increase in revenue, we were able to reduce our cost of operations through greater efficiencies thus increasing our profit after tax (PAT) for the year by 4.9% to RM2.1 billion, surpassing previous records.



Read more on Financial Performance on page 64 to 75.

REVENUE
RM5.6
billion

PERFORMANCE
BASED STRUCTURE
RM82.0
million

PROFIT AFTER TAX
RM2.1
billion



01

02

03

04

05

06

07

08

OUTLOOK

With the rollout of the National COVID-19 Vaccination Programme as of 23 February 2021, and continued measures by the Government to contain the pandemic, the economy is set to recover in 2021. Bank Negara Malaysia has predicted gross domestic product (GDP) growth for the year at between 6.5% and 7.5%.

Greater stability in the economic environment will be positive for PGB, spurring an increase in demand for gas and other utilities while enabling us to focus on further business growth. Various opportunities have already been identified, and I am excited to take up the help at a time when the Company is poised to share the new norm moving forward.

2021 will be a busy year as the entire economy is uplifted, presenting opportunities to be tapped and requiring us to maintain stability of supply to our customers.

ACKNOWLEDGMENTS

PGB has grown tremendously over the years, thanks to the contributions of our many stakeholder groups. I would like to take this opportunity to thank each group for its support, which continues to be highly valued.

To the Government and regulators, thank you for creating and maintaining a healthy ecosystem for the gas industry. To all our investors, shareholders, business partners, suppliers and customers, I would like to express my appreciation for your trust in PGB's ability to deliver. To the Board of Directors of PGB, thank you for your wise counsel which is all the more critical today as our industry undergoes great change. I would also like to express my gratitude for your trust in appointing me as MD/CEO of the Group. A special note of thanks to our previous MD/CEO, Kamal Bahrin Ahmad, for his steer and leadership towards better results in 2020.

Finally, to my colleagues in the Leadership Team and all our employees, a heartfelt "terima kasih" for your hard work and dedication to serving not only the Group but the nation.



ABDUL AZIZ OTHMAN

Managing Director/Chief Executive Officer

GROUP FINANCIAL REVIEW



Underpinned by strong financial fundamentals, we have proven ourselves yet again to be resilient in terms of results and returns. ”

PGB Group recorded robust financial results for 2020 with highest profit after tax, surpassing the RM2 billion mark for only the second time ever.

We were fortunate as our revenue and earnings were mostly shielded from the impact of COVID-19 and related market vagaries, as our businesses continue to be largely underpinned by long-term contracts. Nonetheless, there was a considerable step-up in cost optimisation efforts during the year under review in view of the uncertain economic conditions throughout the unprecedented period.

With the first year of Regulated Period 1 (RP1) well underway in 2020, the Group’s two regulated business segments – Gas Transportation and Regasification – registered higher revenue in line with higher regulated tariffs. For RP1, which will run from 2020 to 2022, ST has determined tariffs of RM1.129/GJ for the Group’s PGU pipeline, RM3.455/mmBtu for LNG Regasification Terminal Sungai Udang and RM3.485/mmBtu for LNG Regasification Terminal Pengerang. The higher RP1 tariffs were due to the inclusion of pass-through Internal Gas Consumption costs, which were previously borne in kind by shippers and capacity users. We also recorded additional revenue from ancillary services at both LNG regasification terminals as we commenced LNG truck loading activities at Pengerang and LNG reloading activities for bunkering at Sugnai Udang. While relatively small in quantum, these new revenue streams furthers our foray into non-regulated services.

The Group’s Gas Processing business segment also saw slight revenue improvement on higher performance incentives received as our gas processing plants continued to run efficiently. The higher revenue from these three business segments offset lower revenue from Utilities business with lower sale of excess electricity into the grid.

At the same time, cost of revenue over revenue trended lower at 52.5% compared to 2019. Consequently, the Group’s operating profit improved by 4.5% to RM2.7 billion while profit after tax or the year grew by 4.9% to RM2.1 billion. The Group’s total assets stood at a very healthy RM18.3 billion, Cash flow from operations was higher at RM3.5 billion.

With the strong results, total dividends of 127 sen per share were declared for the year, including special dividends amounting to 55 sen per share. This is equivalent to a dividend payout ratio of 125% compared to 84% last year.

PROFIT AFTER TAX
RM2.1
billion

CASH FLOW FROM OPERATIONS
RM3.5
billion

DIVIDEND PAYOUT RATIO
125%



As the Group pushes forward towards shaping the new norm, the primary financial focus are:

OPTIMISATION OF CAPITAL STRUCTURE AND CASH MANAGEMENT

Taking cognisance of the changing business landscape environment, with a balanced portfolio of both regulated and non-regulated businesses, there is an increasing need for an efficient capital structure. Hence, during the year under review, we commenced a capital structure review exercise across the Group.

In October 2020, we undertook a refinancing exercise at our 65% subsidiary, Pengerang LNG (Two) Sdn Bhd (PLNG2), setting up an Islamic Medium Term Notes programme and subsequently raising RM1.7 billion Sukuk Murabahah. Proceeds from the inaugural issuance were utilised to prepay its outstanding USD shareholders loans. This exercise allowed us to capitalise on the favourable debt market conditions, while also matching the currency of PLNG2's funding with the regulated tariff currency which is now in RM under RP1. The 20-year multi-tranche Sukuk was competitively priced and oversubscribed by three times, considering PLNG2 position as a first-time issuer.

Upon receipt of the shareholder loan prepayment, PGB prepaid the outstanding USD434.6 million balance on its external loan with Mizuho Bank Limited which was originally due to be repaid in 2021.

As at 31 December 2020, the Group's gearing stood at 20% (including arrangement accounted for as leases under MFRS). With the external loan fully settled and with several projects being developed for the Gas Transportation business segment, PGB has, as announced shortly after the year end, executed a 3-year financing facility agreement with RHB Islamic Bank Berhad for an aggregate principal amount of RM1.3 billion. This facility is ready for utilisation, including for the 42-km lateral pipeline project to Pulau Indah Power Plant which reached Final Investment Decision shortly after the year end.

Held predominantly in In-House Accounts managed by PETRONAS Integrated Financial Shared Service Centre to enables more efficient cash management, the Group's cash and cash equivalents stood at just over RM3.1 billion as at 31 December 2020.

During the year under review, we stepped up on the monitoring of capital and cash flow requirements. Working capital requirements of the entities within the Group are reviewed and approved on an annual basis to trigger timely repatriation and compliance to minimum cash requirements. Cash flow forecasts are also tracked in terms of accuracy and I am pleased to report that these were maintained at well over 90% for PGB and its subsidiaries, allowing for proper planning and fund placements.

The Group's dividend policy – a payout ratio of around 50% consolidated profit after tax and non-controlling interest – underlines our commitment to ensure sustained level of returns to our shareholders. Nevertheless, the Group's actual dividend payout ratio has been more than 70% over the last five years with the special dividends in 2020 partly attributable to the capital structure review exercise.

Moving into 2021, we will continue to progress the capital structure review exercise and improving our cash management practices as there are still opportunities for us to optimise our balance sheet in meeting operational and growth plans.

01

02

03

04

05

06

07

08

Group Financial Review

PROACTIVE MANAGEMENT OF FINANCIAL RISKS

PGB continues to manage its financial risks – namely credit risk, liquidity risk and market risk – proactively and in a timely manner. Financial risks are incorporated as part of the overall enterprise risk accordingly. Whilst COVID-19 had minimal impact to the Group financially, the detail and frequency of monitoring and reporting of key financial risk indicators and signposts were increased in 2020.

Credit Risk

Credit risk is minimised as we only enter into contracts with counterparties with high credit standing. Other credit enhancement measures, such as cash deposits and bank guarantees, are also put in place in line with our Credit Guidelines.

We continue to enhance our credit management process and procedures during the year. With the Credit Risk Committee firmly established, customer credit assessments and credit limits were deliberated to further ensure readiness for new customers, including potential new shippers and capacity users under TPA.

Liquidity Risk

The Group's liquidity position remains strong with sufficient cash and liquid marketable assets. Underpinned by long-term contracts and with over 90% of our business based on fixed returns, our core business model remains cash accretive. This coupled with rigorous monitoring of our receivables and payable have ensured liquidity risk is minimised.

Market Risk

During the year, the market risks to which the Group is exposed primarily relate to foreign currency exchange rates and interest rates. We undertake foreign exchange hedging arrangements on foreign exchange transactions where applicable to manage exchange rate fluctuations.

With the floating-rate external Term Loan facility settled in October 2020, we have also unwound the interest rate hedging arrangements during, previously in place to allow PGB to pay an effective fixed interest rate regardless of interest rate fluctuations.

In undertaking hedging activities, the Group leverages on PETRONAS Group Treasury Division, which has in-house expertise on such transactions. Transactions entered into are non-speculative and are in accordance with PETRONAS Groupwide policies and guidelines.

Looking ahead to 2021, the focus will be to effectively manage our financial risks, including identifying any emerging risks brought about by current external volatilities, in tandem with our new Financial Policy adopted last year so as to protect value for our shareholders.

INCULCATED FISCAL DISCIPLINE

We continued to strengthen fiscal discipline across the Group throughout the year under review, in view of the economic uncertainties brought about by the pandemic.

Cost of revenue over revenue was lower at 52.5% in 2020 compared to 56.3% in 2019. Lower costs were achieved across all the businesses; these encompassed a broad range of cost elements including internal gas consumption due to efficiencies, repairs and maintenance due to reprioritisation of activities, manpower-related costs such as travelling and training with new ways of working.

Total CAPEX incurred for 2020 was just above RM1.0 billion, lower than RM1.3 billion in 2019 with certain spending rephased or rescope in view of the restrictions imposed on activities during the pandemic. Nevertheless, there was no impact on operations with catch-up of activities in the latter part of the year as the Group successfully delivered its LNG truck loading facilities and reloading for bunkering projects.

OPEX and CAPEX, together with measures of financial profitability are tracked as part of the Group's scorecard and these are cascaded down as KPIs to respective Management and individual scorecards.

For 2021, we will continue to adopt and improvise on new ways of working and coupled with specific focus on unit cost, the Group will strive to maintain spending levels as far as possible without compromising safety and reliability.

While COVID-19 has not had significant financial impact to PGB Group, some precautionary responses included:

- Increased frequency and scrutiny of cashflows, cash balances, receivables and payables
- Increased monitoring of leading indicators and signposts affecting financial risks
- Revisit and reprioritisation of OPEX and CAPEX without compromising safety and reliability
- Switch to virtual investor relations engagements with timely update and responses on any COVID-19 impact

PUSHING FORWARD : SHAPING THE NEW NORM

Underpinned by strong financial fundamentals, we have proven ourselves yet again to be resilient in terms of results and returns. With RP1 well underway for the Group's regulated businesses and with new opportunities in the pipeline, PGB Group is in good stead to face the coming years. Pushing forward, our commitment to our shareholders remains as ever to ensure sustainable returns in shaping the new norm.



GROUP FINANCIAL PERFORMANCE REVIEW

For the year ended	2020 RM million	2019 RM million	Variance %
Revenue	5,592	5,458	3
Cost of revenue	(2,936)	(3,071)	-4
Gross profit	2,656	2,387	11
Administrative expense	(125)	(95)	32
Other expenses	(22)	-	100
Other income	161	264	-39
Financing costs	(220)	(230)	-4
Share of profit from joint ventures and associate	160	137	17
Profit before taxation	2,610	2,463	6
Tax expense	(528)	(479)	10
Profit after taxation	2,082	1,984	5

Group Consolidated Profit or Loss

Group revenue stood at at RM5.6 billion for 2020, a slight increase of 3% or RM133.8 million, compared to 2019 in line with new tariffs for Regulatory Period 1 (RP1) effective 1 January 2020 for Regasification and Gas Transportation business segments. These were offset by lower revenue from Utilities segment due to lower excess electricity sold.

Regasification segment revenue improved in line with higher RP1 tariffs due to inclusion of internal gas consumption (IGC) pass-through costs and higher regulated asset base for LNG regasification terminal Pengerang following inclusion of jetty leased asset. Higher revenue from Gas Transportation also arose from the inclusion of IGC pass-through cost into the RP1 tariff, negated by impact of Regulated Asset Base (RAB) transitioning from Depreciated Replacement Cost (DRC) to Net Book Value (NBV).

Cost of revenue declined by 4% or RM135.6 million mainly due to lower depreciation expense as a result of fully depreciated assets and extension of statutory plant turnaround interval, and lower Utilities segment fuel gas costs.

Gross profit grew by 11% or RM269.3 million, at RM2,656.4 million with higher contribution from Gas Processing, Regasification and Utilities segments.

Other income was lower by 39% or RM102.2 million to RM161.4 million attributable to unfavourable movement on foreign exchange coupled with lower investment income during the year.

Finance costs was RM219.8 million, a decrease of 4% or RM9.9 million due to early settlement of the Group's USD Term Loan and loan from a corporate shareholder of a subsidiary.

Share of profits from joint ventures and associate improved by RM23.1 million on the back of improved contribution from Pengerang Gas Solutions Sdn Bhd.

Against profit before tax, tax expense at RM527.9 million carries an effective tax rate which is lower than the statutory tax rate of 24% mainly due to tax incentives granted for PLNG2.

Consequently, profit for the year grew by 5% or RM98.2 million to RM2,082.3 million, surpassing the Group's previous results.

01

02

03

04

05

06

07

08

Group Financial Review

Segmental Performance

GAS PROCESSING

Segment revenue increased by 0.5% or RM8.4 million following new revenue stream from liquified petroleum gas importation and exportation services at Tanjung Sulong Export Terminal, Terengganu, and higher Performance Based Structure incentives in line with continued world-class operational performance recorded.

Segment results rose by 15.7% or RM128.1 million against 2019 as a result of lower depreciation expense due to fully depreciated assets and extension of statutory plant turnaround interval, in addition to higher revenue.



GAS TRANSPORTATION

Segment revenue was higher by 1.8% or RM20.4 million at RM1,172.9 million driven by higher RP1 tariff. The higher RP1 tariff follows the inclusion of internal gas consumption (IGC) cost recovery, which is a pass-through cost. Prior to RP1, IGC cost was borne directly by the shipper.

This was offset by lower revenue from operation and maintenance activities and Sarawak gas transportation following the transfer of Sabah-Sarawak Gas Pipeline operations to PETRONAS Carigali Sdn Bhd as well as sale of Miri and Bintulu gas distribution assets to a third-party.

Segment results was comparable at RM794.9 million, declining only slightly by 0.6% or RM4.6 million as lower net RP1 tariff excluding IGC was partially offset by lower operating costs. Net RP1 tariff excluding IGC was lower mainly due to transitioning of RAB from DRC to NBV under Incentive-based Regulation (IBR).



REGASIFICATION

Segment revenue improved by 13.1% or RM162.1 million in line with higher tariffs applicable for RP1 effective from 1 January 2020 to 31 December 2022 following inclusion of IGC pass-through cost and higher RGTP RAB due to inclusion of jetty leased asset.

Segment results increased by 16.7% or RM102.1 million largely attributable to lower internal gas consumption purchased and higher RAB for RGTP under RP1 tariff, offset by higher utilities cost relating to RGTP electricity supply contract.



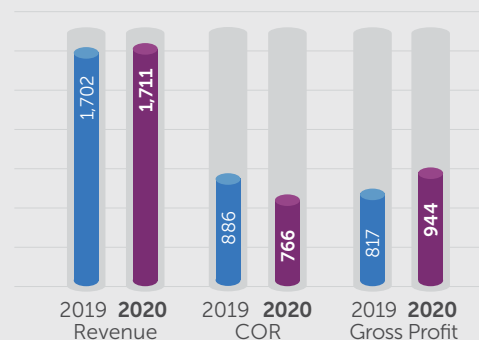
UTILITIES

Segment revenue decreased by 4.2% or RM57.1 million, mainly attributable to lower excess electricity offtake by customer offset by higher industrial gases and steam sales.

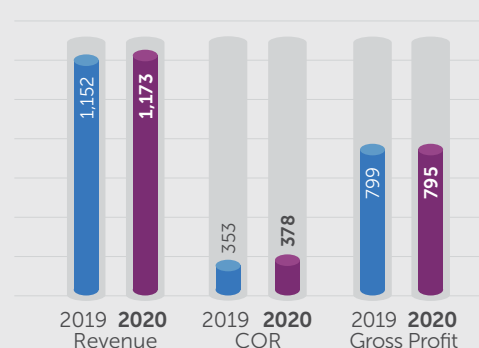
Despite lower revenue, segment results increased by 27.3% or RM43.7 million driven by higher contribution from steam and industrial gases sales on the back of lower fuel gas costs and lower depreciation expense. Fuel gas costs were lower due to revision in pricing from regulated price to reference market price.



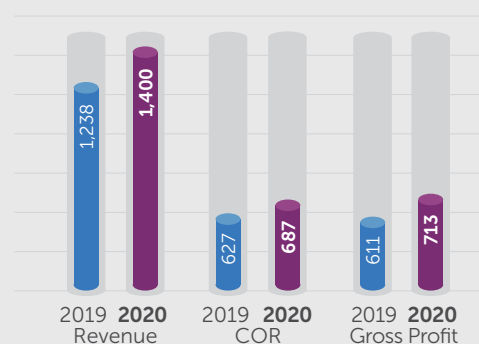
GAS PROCESSING (RM million)



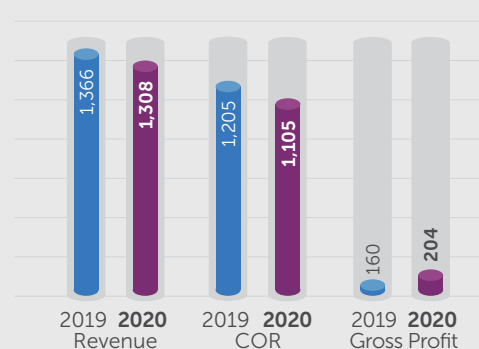
GAS TRANSPORTATION (RM million)



REGASIFICATION (RM million)



UTILITIES (RM million)





Group's Financial Position



Assets

The Group's total assets at

RM18.3 billion

was lower by **6.3%**

or RM1,238.9 million largely attributable to lower cash and cash equivalents following higher dividends paid.



Liabilities

Group total liabilities decreased by **10.7%** or RM642.3 million to

RM5.4 billion

mainly attributable to full settlement of a USD term loan facility at PGB and loan from corporate shareholder at PLNG2 offset by new Islamic financing facility raised during the year.



Equities

Total equity attributable to shareholders of the Company was lower by **4.6%** or RM610.6 million at

RM12.6 billion

in line with higher dividends paid offset by profit for the year.

01

02

03

04

Group's Cash Flows

The Group's cash and cash equivalents stood at

RM3.1 billion as at 31 December 2020,

a decrease of RM882.8 million or **22%** from RM4.0 billion as at 31 December 2019 following higher dividends paid to shareholders of the Company totaling

RM2.6 billion (2019: RM1.4 billion).

Net cash generated from operating activities

was higher by **4.0%** or RM134.6 million at

RM3.5 billion in line with higher operating profit during the year.

05



Net cash used in financing activities

was higher by **88.4%** or RM1,634.4 million at

RM3.5 billion as a

result of higher dividends paid to shareholders of the Company and full settlement of external Term Loan facility at PGB as well as loan from corporate shareholder at PLNG2, offset by new Islamic financing raised by PLNG2.

06

07

08

Net cash used in investing activities decreased by **18.9%** or RM206.9 million at

RM0.9 billion in line with lower spending on capital expenditure and higher dividends received from associate and joint ventures.

OUR APPROACH TO INTEGRATED REPORTING

INFLUENCING OUR INTEGRATED THINKING

STATEMENT OF PURPOSE

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

EXTERNAL FACTORS

OPERATING ENVIRONMENT

Key external factors which include aspects of legal, commercial, social, environment and political context, that could affect PGB's ability to create value in the short, medium and long-term.

 Read more on page 46

STAKEHOLDERS ENGAGEMENT

The outcome of our communications with key stakeholders, including how and to what extent we understand, take into account and respond to their legitimate needs and interests.

 Read more on page 42

OUR BUSINESS APPROACH

OUR STRATEGIC THRUSTS

- Operational Excellence
- Commercial Excellence
- Growth
- People, Systems and Culture

 Read more on page 56

MATERIAL MATTERS

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.

INTEGRATE

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.

OUR GOVERNANCE & SUSTAINABILITY APPROACH

Our Ability to Create and Protect Value

Our governance and sustainability approach promotes strategic decision-making with short, medium and long-term outcomes to reconcile the interests of the Group and the society in our pursuit of sustainable value. Our governance framework supports the creation and protection of value in our activities which enables ethical and effective leadership, corporate citizenship and sustainable organisation. Similarly, our sustainability framework reflects our concerted efforts to promote long-term value creation.

 Read more on Corporate Governance in our Governance & Financial Report.

 Read more on Sustainability in our Sustainability Report.



IMPACTING THE GROUP

OUTCOME



Health, Safety, Security and Environment (HSSE)



Business Growth



Operational Reliability, Delivery and Efficiency



Human Capital



Gas Market Dynamics



Compliance to Regulation



Gas Market Liberalisation



Sustainability

Read more on Material Matters on page 50

Read more on our Keys Risks and Mitigation on page 54

OUR RESPONSE

STRATEGY

We elaborate on PGB's 'R2 Game Plan: 301Q99 Pushing Forward' as the response to address Material Matters, based on the Group's strategic thrusts i.e. Operational Excellence, Commercial Excellence and Growth, underpinned by People, Systems and Culture.

Read more on page 56

KEY PERFORMANCE INDICATORS

We present the list of measurable values, both leading and lagging, used to gauge our effectiveness in achieving targets under identified strategic focus areas.

Read more on page 58

SCORECARD

We prepare periodic tracking of our progress against the agreed KPIs for performance assessment and corrective actions, if required.

Read more on page 60 to 65

BUSINESS REVIEW

We conduct detailed periodic analysis on respective businesses including operational highlights, challenges/risks and initiatives for performance assessment and corrective actions, if required.

Read more on page 84 to 99

FINANCIAL PERFORMANCE

We report financial-related performance metrics as well as capital market activities.

Read more on page 66 to 75 Read more on page 66 to 75

KEY RESOURCE CAPITALS

Our integration between capitals and processes, including the necessary trade-offs in order to create value over time for our stakeholders.

Read more on page 40

STAKEHOLDER VALUE CREATION

Our showcase of stakeholder engagement initiatives and the corresponding results, as way of value we offer to our stakeholders.

Read more on page 42

01

02

03

04

05

06

07

08

OUR VALUE CREATING BUSINESS MODEL

Our business model is built across four strategic business units which actively interact and integrate with one another, thus ensuring resources are utilised to the fullest. It allows for dynamic decision making as well as focused execution and growth, enabling us to deliver value to both PETRONAS Group and to our own stakeholders.

STATEMENT OF PURPOSE

A progressive energy and solutions partner enriching lives for a sustainable future

ALIGNED WITH OUR STRATEGY

WE RELY ON OUR RESOURCES

OUR CAPITAL



FINANCIAL



NATURE



ASSET



INTELLECTUAL



HUMAN CAPITAL



SOCIAL & RELATIONSHIP

INPUTS

The pool of funds supporting business operations

- Equity funding
- Debt funding

Renewable and non-renewable resources consumed

- Natural gas
- Water
- Land

- Plants and pipelines value
- Plant Overall Equipment Effectiveness (OEE)
- Plant Reliability
- Product Delivery Reliability (PDR)

Our brand, institutionalised technical knowledge, innovation capacity, reputation, as well as the strategic partnerships we forge.

The competencies, capabilities and experience of our employees and how they innovate, collaborate and align with our objectives

- Investment in training
- Implementation of Talent Mix Strategy

The strong relationships we create through regular engagements with all our key stakeholders.

CORE BUSINESS AND ACTIVITIES

GAS PROCESSING (GP)

GAS TRANSPORTATION (GT)

REGASIFICATION (RGT)

UTILITIES (UT)

Read more on 84 to 99

SUPPORTED BY ROBUST GOVERNANCE FRAMEWORK

Highest standard of governance and effective board leadership

MATERIAL MATTERS

- Health, Safety, Security and Environment (HSSE)
- Operational Reliability, Delivery and Efficiency
- Gas Market Dynamics
- Gas Market Liberalisation
- Business Growth
- Human Capital
- Compliance to Regulation
- Sustainability

Read more on page 50



01

02

03

04

05

06

07

08

SHARED VALUES



Loyalty



Integrity



Professionalism



Cohesiveness

TO CREATE VALUE

OUTPUT

SALESGAS

ETHANE

PROPANE

BUTANE

REGASIFIED
LNG

ELECTRICITY

STEAM

INDUSTRIAL GASES

OTHERS

VALUED OUTCOMES

FINANCIAL

- Operating profit
- Earnings per share
- Dividend paid to shareholders

NATURE

- Energy Efficiency Index
- Reduction in carbon emission
- % of waste recycled

ASSET

- Salesgas delivered
- Electricity, steam and industrial gases generated

INTELLECTUAL

- Innovation e.g. Key Result Areas
- Standardised work processes
- Operational Excellence Management System (OEMS)

HUMAN CAPITAL

- % of Technical Professionals
- % of Women Representation in Management
- % of Women Representation in Board

SOCIAL & RELATIONSHIP

- Vendor and supplier programmes
- Corporate Social Responsibility programmes

STAKEHOLDERS IMPACTED



OUR VALUE PROPOSITION

Leading Gas Infrastructure Owner



World Class Operational Performance



Robust Balance Sheet



Stable Earnings



Sustainable Returns to Shareholders

KEY RESOURCE CAPITALS: **ROLE AND SCOREBOARD**

	FINANCIAL		NATURE		ASSET				
	2019	2020	2019	2020	2019	2020			
SIX INPUT CAPITALS	Equity funding	78%	80%	Natural gas (mmscfd)	1,994	1,651	Plants and pipelines value (RM billion)	11.4	9.9
	Debt funding	22%	20%	Freshwater withdrawal (m ³)	7.4	6.9	Project in progress value (RM billion)	0.9	1.4
	WACC (from Bloomberg)	7.3%	8.2%	Land area (hectare)	4,961	4,962	CAPEX (RM billion)	1.3	1.0
	Interest earned from investment (RM million)	154.2	120.9				Plant OEE	99.3%	99.8%
	Interest expense paid (RM million)	229.5	215.7				Plant Reliability – GTR	99.96%	99.92%
	Market capitalisation (RM billion)	32.9	34.0				Salesgas PDR	100%	100%
							Utilities PDR	98.9%	100%

KEY PROCESS

Various processes such as gas processing, gas transportation, regasification and utilities to convert natural resources utilising all other key inputs into valuable products and output



	2019		2020		2019		2020		
OUTPUT/ OUTCOME	Operating profit (RM billion)	2.6	2.7	Energy Efficiency Index	92	97	Salesgas delivered (mmscfd)	2,272	1,882
	Cash from operating activities (RM billion)	3.4	3.5	Carbon emission (million tonnes/CO _{2e})	4.4	3.7	Electricity (GWh)	1,866	1,535
	EBITDA (RM billion)	3.5	3.6	Hazardous waste generated (tonnes)	2,437	1,489	Steam (kMT)	3,864	4,043
	Earnings per share (EPS) (sen)	97.8	101.6	Hazardous waste recycled (tonnes)	1,179	966	Industrial gases (mil Nm ³)	525	660
	Dividend per share (sen)	82.0	127.0	Percentage of waste recycled	48%	65%			

ACTIONS TO ENHANCE OUTCOMES

Optimising financial capital

- New revenue stream from ancillary services
- Cost optimisation in extending plant turnaround interval
- Sustainable returns via dividend distribution to shareholders in line with industry dividend payout ratio
- Optimum hedging strategy through continuous assessment on various funding alternatives to cater for growth opportunities

Managing natural resources

- Investment in research and development as well as technologies to improve energy efficiency and address negative impact on natural elements by minimising pollution and promoting water stewardship
- 30% target on annual reduction in waste disposal
- 'Sayangi Sungai Latoh' programme to preserve the biodiversity of rivers near our operating sites
- Investment to meet clean air regulation requirements

Elevating asset performance

- Implementation of R2 Gameplan: 301Q99 focusing on operational and commercial excellence
- Plant rejuvenation for Gas Processing Santong (GPS)

TRADE OFFS



By applying our **financial** capital to create value, there will be positive impact on **asset, human, intellectual and social & relationship** capitals. This, however, may result in depletion of **natural resources**.



We affect **natural resources** through our business processes as well as emission. Addressing the impact requires utilisation of our **financial, assets and human** capitals.



Improving our asset performance requires **financial** capital in the short term but will positively contribute to **financial, natural resources, human and social & relationship** capitals in a longer term.



INTELLECTUAL

- Systems and processes
- Digitalisation
- Intellectual property management

HUMAN CAPITAL

	2019	2020
Number of employees	1,829	1,765
Training mandays per employee	7.4	3.9
Total wages and salaries (RM million)	427	347
Investment in training (RM'000)	8.4	2.5

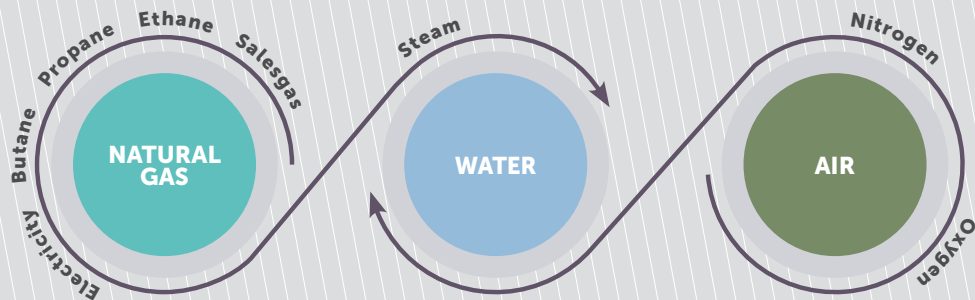
SOCIAL AND RELATIONSHIP

Continuous engagement with:

- Investors and Funding Institutions
- Employees and Unions
- Customers
- Government Agencies and Authorities
- Business Partners
- Communities
- Suppliers and Vendors

01

02



03

- Innovation e.g. Key Result Areas
- Standardised work processes
- Operational Excellence Management System (OEMS)

	2019	2020
Technical Professionals	88%	87%
Non-technical Professionals	12%	13%
Women Representation in Management	33%	33%
Women Representation in Board	50%	50%

- PETRONAS Vendor Development Programme (VDP)
- Toolbox sessions with contractors
- Program Sentuhan Alam PETRONAS
- Program Sentuhan Kasih PETRONAS
- Program Sentuhan Ilmu PETRONAS

04

05

Leveraging intellectual capital

- Automation of processes to eliminate errors, enhance quality and free resources for more value-added tasks
- Outsourcing of project management, procurement and transactional finance functions to PETRONAS for efficiency and best practices

Nurturing people

- Enhanced Leadership Programme
- Setting up world-class working environment, culture and ethics in nurturing leadership capability
- Implementation of talent mix strategy to create diverse workforce

Engaging stakeholders

- Promoting gas as a cleaner source of fuel
- Leveraging on technical knowledge for potential business ventures

06

07



Investing in **intellectual** capital reduces our **financial** capital in the short term. Nevertheless, in the longer term, **financial, natural resources, human** and **social & relationship** capitals will be enhanced.



Optimisation for efficiency has required us to increase our investment on capability and leadership, depleting **financial** capital. However, in the long run, **intellectual** and **financial** capitals will be positively impacted, as we become more capable and cost efficient.



We invest in **social & relationship** capital for long-term **financial** capital growth. However, in the short term, both **financial** and **human** capitals are required.

08

STAKEHOLDER ENGAGEMENT

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.



We Engage to Ensure Value Creation



INVESTORS & FUNDING INSTITUTIONS



Quality of Engagement



Capital Impacted



Why We Engage

- Access to equity and debt funding
- Liquidity of our shares
- Fair rating of our shares
- Open dialogue to understand and address concerns

What We Offer

- 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

Key Concerns

- 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

Response

- 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

Engagement Platforms

- Annual General Meeting
- Analyst briefing
- Investor roadshows and conferences
- One-on-one meetings
- Site visits
- PGB website

Frequency



Stakeholder Engagement



SUPPLIERS AND VENDORS



Quality of Engagement



Capital Impacted



Why We Engage

- Delivery of services aligned to PETRONAS and PGB values

What We Offer

- Fair opportunities and negotiation processes
- Opportunities and partnerships that assist in growing their business

Key Concerns

- Fair procurement and pricing practice
- Project delivery performance

Response

- Leverage on PETRONAS Group Procurement services
- Communications and guidance of standards through:
 - PETRONAS Code of Conduct and Business Ethics (COBE);
 - PETRONAS Anti-Bribery and Corruption Manual (ABC); and
 - PETRONAS Vendor Development Programme.

Engagement Platforms

- Toolbox sessions
- Project sponsor meetings

Frequency



EMPLOYEES AND UNIONS



Quality of Engagement



Capital Impacted



Why We Engage

- Encourage employees to make valuable contributions in delivering 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

What We Offer

- 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

Key Concerns

- 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

Response

- 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

Engagement Platforms

- PGB Townhall
- Union engagement and activities
- Engagement with the Leadership Team
- Periodic employee engagement with Human Resources Department
- Intranet and Internal newsletters
- Company updates sharing session

Frequency





01

02

03

04

05

06

07

08



GOVERNMENT AGENCIES AND AUTHORITIES



Why We Engage

- Establish PGB's role in delivering sustainable energy for the nation
- Be a consultative partner in defining the role of gas in the energy market

What We Offer

- Extensive gas delivery network in Peninsular Malaysia
- Cleaner energy from cogeneration plants
- Safe, reliable and efficient operations across all facilities

Key Concerns

- 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

Response

- Formal and informal engagements
- Joint emergency response exercises
- Familiarisation visit to PGB facilities
- Regular reporting to government agencies

Engagement Platforms

- Engagement programmes
- Consultative sessions
- One-on-one meetings

Frequency



Quality of Engagement



Capital Impacted



COMMUNITIES



Why We Engage

- Increase communities' understanding of PGB's business and operations
- Maintain positive image of the Company

What We Offer

- Education and social support
- Environmental protection and biodiversity preservation

Key Concerns

- Health and safety of PGB operations and impact to surrounding communities

Response

- Implementation of Corporate Social Responsibility (CSR) programmes in the areas of education, environment and social support:
 - 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

Engagement Platforms

- Corporate Social Responsibility (CSR) programmes
- Periodic briefings and engagements with local communities

Frequency



Quality of Engagement



Capital Impacted



OUR OPERATING ENVIRONMENT

Our operating environment is becoming increasingly dynamic, largely characterised by the recent gas market liberalisation and rising challenges from competing alternatives, such as coal and solar, as a fuel source. PGB monitors changes in our operating environment and reflects them in our material matters which, in turn, influence our strategy to become a leading gas infrastructure and utilities company.



46

1

MALAYSIAN GAS SUPPLY & DEMAND OUTLOOK

Capitals Affected :



Strategic Response :



The COVID-19 pandemic has affected Malaysia's natural gas usage in 2020. The country was under Movement Control Order (MCO) from 18 March to 4 May 2020, and activities remained restricted even upon lifting of some restrictions throughout the year.

In addition, the oil price plunge and a shift towards cleaner energy are in motion, resulting in accelerated growth in renewable sources of energy.

Outlook

- The long-term growth in energy demand is expected to remain, with gas playing a major role as a transitional fuel in the energy mix.
- The regional gas supply market is expected to remain robust.

Impact to our business

- No significant impact to overall earnings as PGB's business model and long-term contracts ensure steady revenue streams, particularly for Gas Processing, Gas Transportation and Regasification business segments.

How we respond

- Focus on asset optimisation, operating efficiencies, and value-adding activities to our existing assets.
- Seek potential growth opportunities in related space, capitalising on our technical knowledge and experience.



2

MALAYSIAN GAS MARKET LIBERALISATION

Capitals Affected :



Strategic Response :



The Third Party Access (TPA) was introduced to allow for competition in the domestic gas market whilst ensuring security of gas supply for Malaysia.

TPA was governed by Suruhanjaya Tenaga (ST) who oversees the gas infrastructure facilities, set the tariffs and regulate the access to the domestic market.

Outlook

The current end-user gas pricing mechanism may change to reflect full market liberalisation.

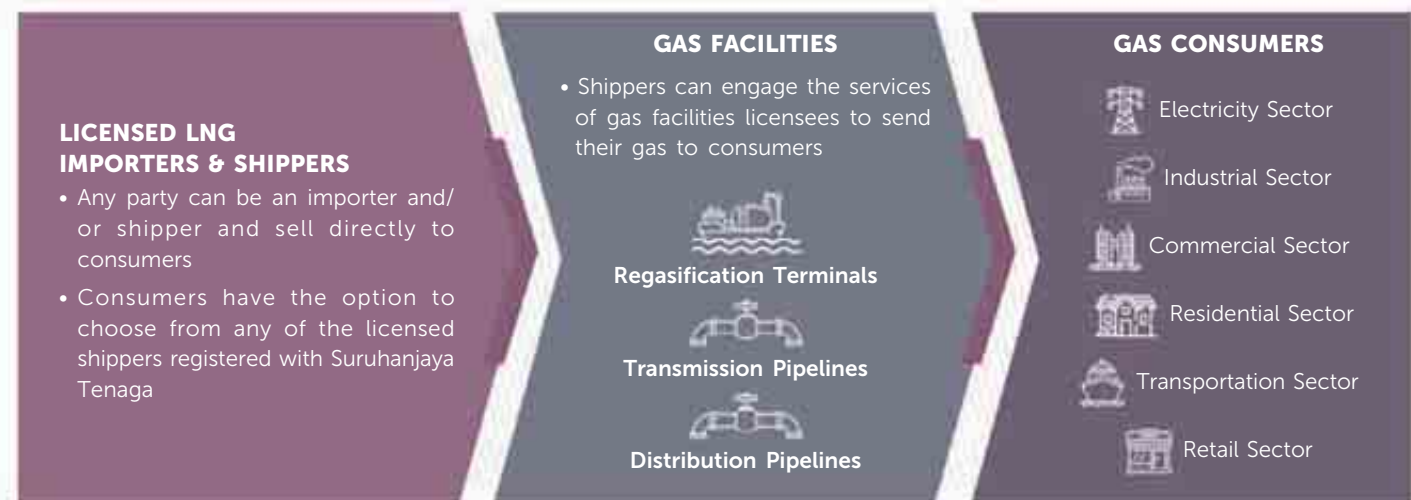
Impact to our business

- The gas pricing mechanism does not affect the regulated tariffs for the infrastructure and facilities owned by PGB.
- Low gas market prices would stimulate demand growth from other industries.

How we respond

- Collaborate effectively with Suruhanjaya Tenaga to ensure that our infrastructure and systems are ready to accept third party cargoes.
- Strengthen our operations and reduce costs with 301Q99 Pushing Forward game plan to mitigate impact to revenue.
- Diversification into ancillary services.
- Seek potential growth opportunities in related space, capitalising on our technical knowledge and experience.

THIRD PARTY ACCESS PROVIDES MORE OPTIONS FOR CONSUMERS TO PURCHASE NATURAL GAS



01

02

03

04

05

06

07

08

Our Operating Environment

3

MALAYSIAN POWER MARKET LIBERALISATION

Capitals Affected :



Strategic Response :



Malaysian Electricity Supply Industry (MESI 2.0) aims to liberalise the generation to distribution components of the power industry in Peninsular Malaysia.

MESI 2.0 also liberalises fuel procurement, allowing for power producers to seek out lower fuel sources not limited to coal or gas.

Outlook

Gas demand from the power sector remains limited, with modest allocation of planned capacity for gas-fired power plants up to 2030.

Impact to our business

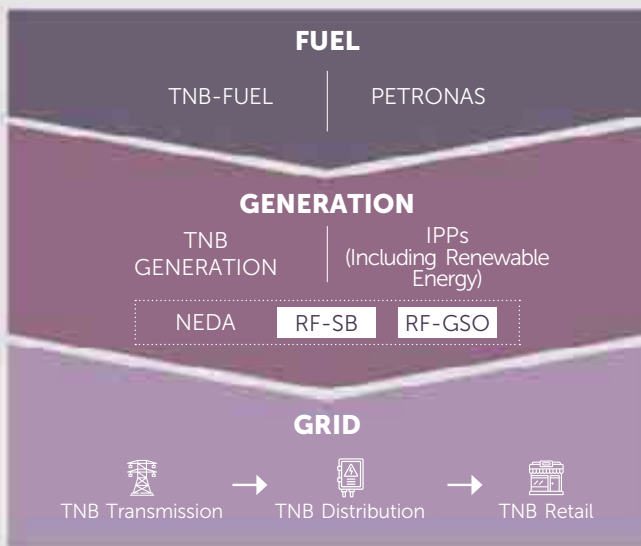
- No impact to the business as we currently have limited exposure to the power business.

How we respond

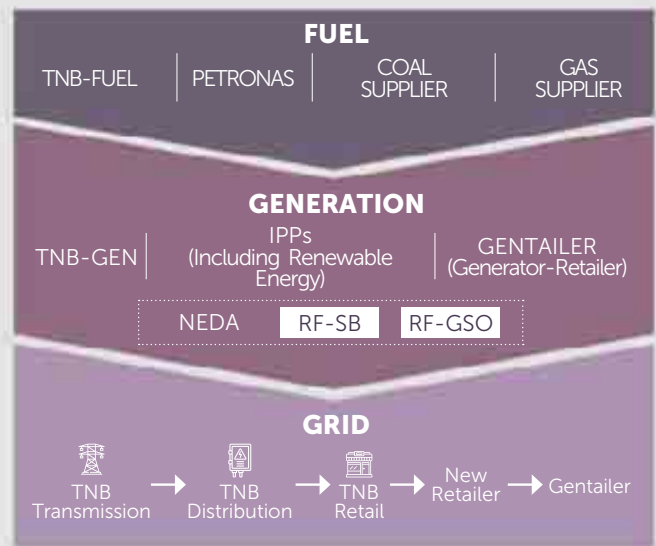
- Explore potential participation in the industry, leveraging on our experience in the utilities and power business.

MALAYSIA ELECTRICITY SUPPLY INDUSTRY (MESI)

MESI 1.0 (2010 – 2014)



MESI 2.0 (Recommendation) (2019 – 2025)





4

INDUSTRIAL REVOLUTION 4.0

Capitals Affected :



Strategic Response :



The Fourth Industrial Revolution is rapidly driving transformational disruptions across every sector. Industry structures and business models are being disrupted by innovation in new products and services, changing cost structures and lowering barriers to entry.

Outlook

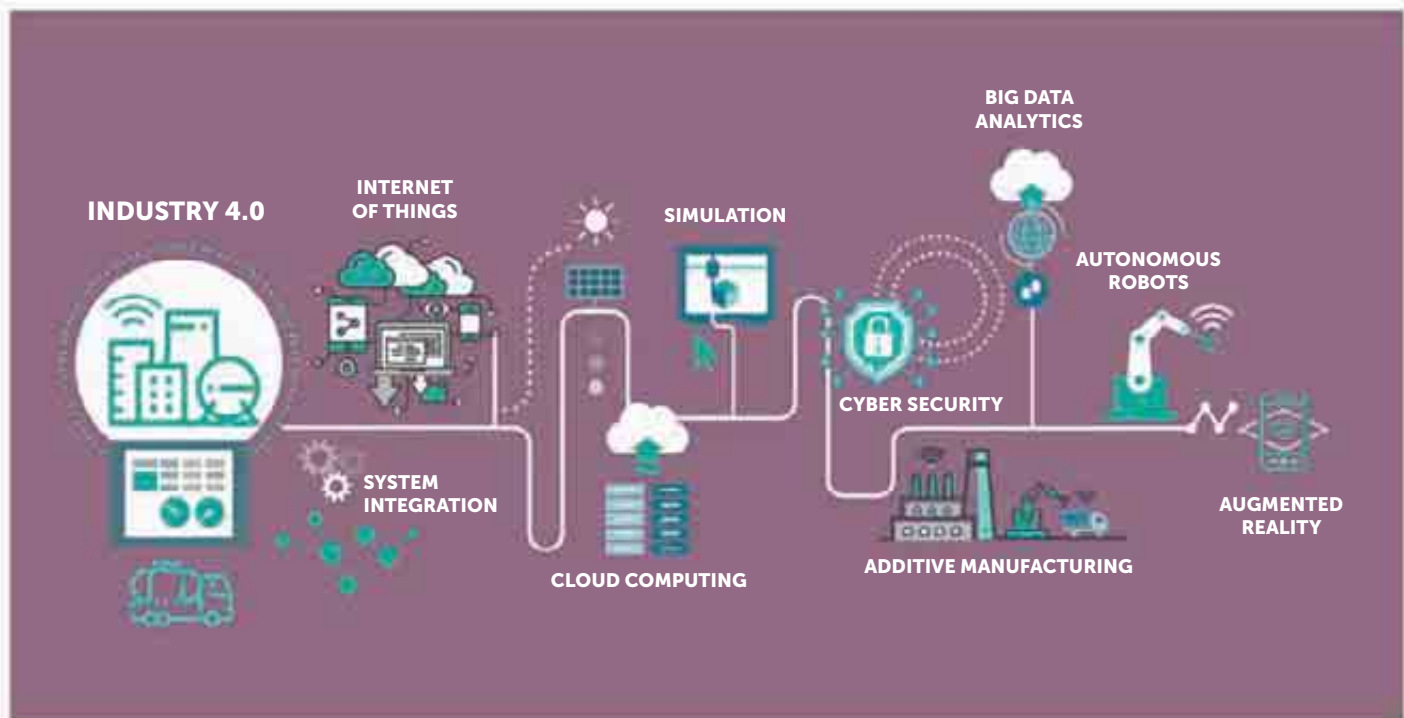
Energy players are leveraging on new technologies to expand capabilities and be the leading solutions provider.

Impact to our business

- Our way of operating is changing, requiring a rethink on how to remain future-proof and competitive in the future.

How we respond

- Ongoing transformation towards a data-driven organisation by employing descriptive and advanced analytics.
- Implementation of digital initiatives to enhance operational efficiencies and reduced HSSE incidents.



01

02

03

04

05

06

07

08

MATERIAL MATTERS

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.



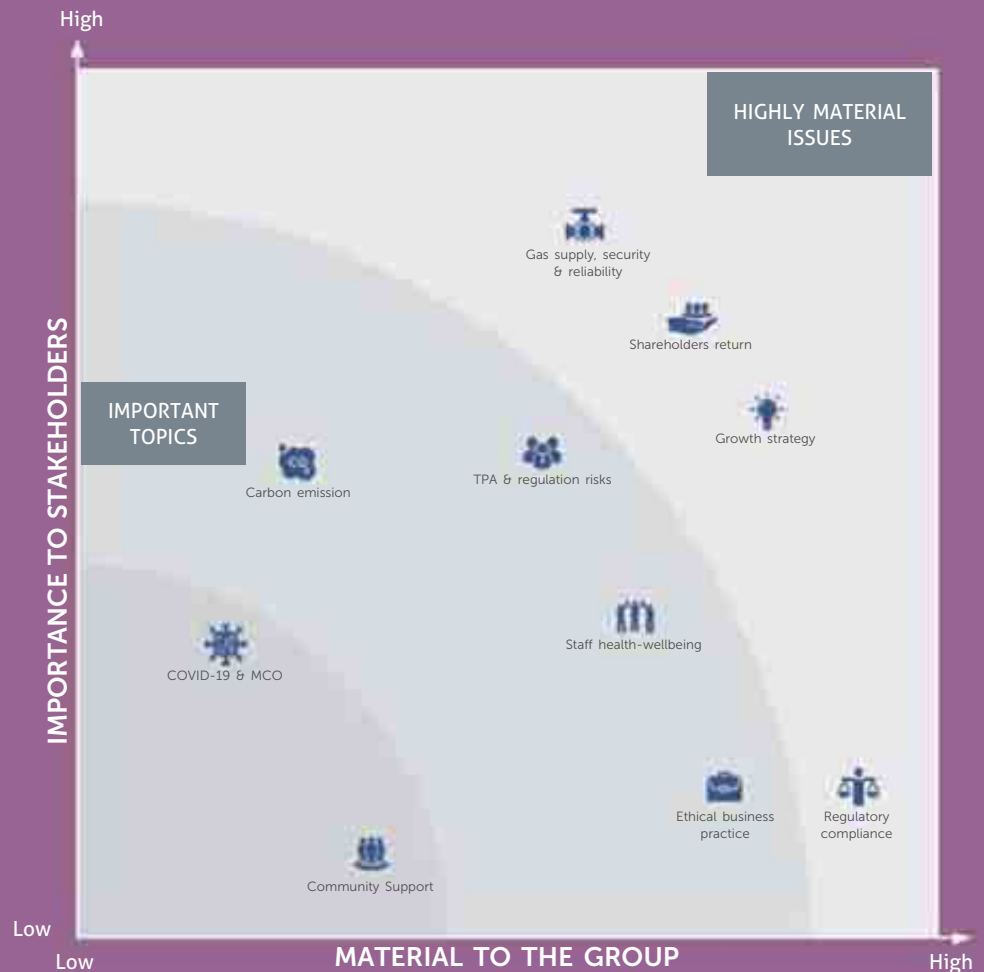
Prioritise

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



01



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.

Stakeholders Affected



Capitals Impacted



Strategic Link



02



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.

Stakeholders Affected



Capitals Impacted



Strategic Link



03

04



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.

Stakeholders Affected



Capitals Impacted



Strategic Link



05

06

07

08

Material Matters



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.

Stakeholders Affected



Capitals Impacted



Strategic Link




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.

Stakeholders Affected



Capitals Impacted



Strategic Link




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.

Stakeholders Affected



Capitals Impacted



Strategic Link





01

02

03

04

05

06

07

08



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.

Stakeholders Affected   

Capitals Impacted  

Strategic Link 









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.

Stakeholders Affected   

Capitals Impacted   

Strategic Link  

 Read more on our Strategy on page 56

 Read more on our Risk Management on page 54

 Read more on our Sustainability practices on page 120

KEY RISKS AND MITIGATION

Key risks identified under the PGB Enterprise Risk Profile as well as other risk focus areas are regularly monitored to ensure timely completion of their mitigations.

TYPE OF RISK

1 STRATEGY

Risk Description

Inability to deliver key projects effectively and competitively impacting PGB growth targets

Mitigation actions

1. Effective monitoring of end-to-end growth project progress (from framing to execution stage).
2. Enhancement of Project Accountability at PGB level.

Results

Key projects under PGB have been effectively managed as per plan with target projects delivered in 2020 despite COVID-19 challenges.

2 HSSE

Risk Description

Unsustainable HSSE performance resulting from gaps in achieving generative HSSE culture

Mitigation actions

1. Adhering to the applicable directives as well as daily screening and health declaration upon entrance for staff and contractors.
2. Continue strengthening behavioural based safety to staff as well as contractors, particularly on safety accountability at high risk and critical working areas.
3. Implementation towards achieving generative HSSE culture through divisional HSSE generative culture KRAs, as aligned with the established generative culture roadmap.

Results

No major incident recorded in 2020.

3 REGULATORY

Risk Description

Uncertainties in third party access tariff mechanism beyond regulatory period

Mitigation actions

1. Formulation of strategy in managing the tariff mechanism for Regulatory Period 2 (RP2) and beyond.
2. Identification of next growth areas for PGB beyond 2022, to mitigate potential TPA impact.

Results

Establishment of Regulatory Third Party Access (RTPA) Steering Committee which looks at overall regulatory and TPA issues across various projects as well as functions, inclusive of preparatory work for RP2.

Identification of several growth projects under consideration at framing stage.

4 MARKET

Risk Description

Inability to sustain profitability from Utilities business

Mitigation actions

1. Review overall Utilities business strategy and business model.
2. Continuation of Utilities 301Q99 KRAs efforts towards value creation and cost reduction.

Results

Sustainable profit before tax (PBT) through ongoing effort to sustain its existing business.

Secured new future business for the supply of power and steam.



01

02

03

04

05

06

07

08

5 OPERATIONAL 

Risk Description

Unsustainable operational performance resulting in supply interruptions to customers

Mitigation actions

1. Implementation of digital solutions to improve and sustain operational excellence across PGB operating divisions.
2. Timely completion of operational excellence KRAs under 301Q99 Pushing Forwards.

Results

Sustainable improvement of key operational indicators on higher product delivery reliability to customers and Overall Equipment Effectiveness (OEE) which translated into uninterrupted delivery.

7 GOVERNANCE 

Risk Description

Inability to uphold good sustainability rating resulting in loss of business opportunities

Mitigation actions

Execution of sustainability initiatives and activities as planned, particularly for environment profile e.g. carbon emissions target, schedule waste recovery and recycle.

Results

PGB's listing in FTSE4GOOD reflects good sustainability practices.

6 TECHNOLOGY 

Risk Description

Exposure to operations system failure and data leakage due to ineffective cyber security measures

Mitigation actions

1. Server upgrade to the latest operating system (OS) version to have better telemetry and alert mechanism.
2. Execution of cyber security strategy and development programme.

Results

Proactive cyber security scanning to ensure no major impact to business operations.

8 REGULATORY 

Risk Description



Breaches of critical laws and regulations resulting in reputational damage

Mitigation actions

1. Awareness communication across PGB Group on new laws and regulations i.e. PETRONAS Third Party Risk Management (TPRM) and PETRONAS Personal Data Protection Act.
2. Incorporation of TPRM requirement into PGB credit guideline process and procedure.
3. Perform Corruption Risk Assessment (CRA) across PGB.

Results

No breaches of critical laws and regulation.

Risk Impact  HIGH  MODERATE  LOW

STRATEGIC BLUEPRINT

STRATEGIC THRUSTS

1 OPERATIONAL EXCELLENCE

- Achieve superior and sustainable plant performance focusing on:
 - Safe, reliable and efficient operations while reducing costs to ensure price competitiveness.
 - Improve plant reliability performance to secure higher PBS amount.

2 COMMERCIAL EXCELLENCE

- Deliver superior and competitive service to retain and extend new products to existing customers.
- Secure new customers by being:
 - customer centric; and
 - a solutions provider of choice in terms of cost, pace and service.
- Advocate the role of natural gas towards sustainable energy mix.

3 GROWTH

- Leverage on our capabilities and strengths to compete and secure new growth opportunities in our existing space.
- Step out into adjacent play that can add value to our existing assets.

4 PEOPLE, SYSTEMS AND CULTURE

- Transform Employee Experience through talent mobility and agile workforce.
- Promote Diversity and Inclusion to grow a diverse and inclusive workforce in a supportive working environment.
- Efficient leadership and capability development.
- Efficient and sustainable management systems and work processes



01

02

03

04

05

06

07

08

301Q99 PUSHING FORWARD

- **'30'** represents improvement of plant utilisation gap by 30%. The focus being to:
 - Retain existing customers by improving product delivery reliability and HSSE
 - Capture new customers by expanding PGB resources to increase product sales
- **'1Q'** represents driving the energy and cost efficiency to achieve Quartile 1 target in order to bring down the unit production cost.
 - Energy Efficiency Index
 - Maintenance Cost over Current Plant Replacement Value (MC/CPRV)
 - Maximising productivity through empowerment



- **'99'** represents protecting enterprise value by sustaining asset reliability at 99%. It also focuses on maximising Performance Based Structure (PBS) incentives through higher plant reliability.

The action plans are translated to Key Result Areas (KRAs) to deliver the target value creation for each element. OE R2 3Play (Work Process, Management System and Empowerment) and Digital solutions will act as strategic drivers to sustain the value creation of PGB R2 Game Plan.

2020

More than 75 Key Result Areas (KRAs) were identified. A total of **RM97.7 million** value creation was achieved from PGB R2 Game Plan





LONG-TERM

Gas Advocacy

PGB is pushing forward to explore growth opportunities that can add further value to existing assets and future-proof the business. To this end, PGB is actively advocating the use of natural gas in achieving sustainable energy mix in Malaysia.

STRATEGIC FOCUS AREAS AND KEY PERFORMANCE INDICATORS

In realising our strategy, we focus on four strategic thrusts to ensure a robust and fundamentally resilient business that can respond quickly to changes in the business environment.

STRATEGIC FOCUS AREAS		KEY PERFORMANCE INDICATORS	
STRATEGIC THRUSTS	 OPERATIONAL EXCELLENCE	<ul style="list-style-type: none"> • Ensure safe operations at all facilities • Drive efficiencies and improve plant utilisation • Improve plant reliability performance to secure higher PBS revenue 	<p>Zero HSSE Incident*</p> <p>Plant reliability and efficiency:</p> <ul style="list-style-type: none"> (a) Average OEE – GP, UT & RGT (b) Salesgas PDR – PGU (c) Utilities PDR (d) Energy Efficiency Index
	 COMMERCIAL EXCELLENCE	<ul style="list-style-type: none"> • Retain existing customers • Expand resources to capture new customers • Advocate the role of natural gas towards sustainable energy mix 	<ul style="list-style-type: none"> • Extension of existing contracts • New sales contracts • Engagements with statutory bodies • Participation in industry conferences
	 GROWTH	<ul style="list-style-type: none"> • Explore growth opportunities in existing businesses and adjacent space 	<ul style="list-style-type: none"> • Achievement of key milestones for projects and opportunities identified
	 PEOPLE, SYSTEMS AND CULTURE	<ul style="list-style-type: none"> • Transform Employee Experience through talent mobility and agile workforce • Promote Diversity and Inclusion towards supportive working environment • Effective leadership and capability development <p>Implement efficient and sustainable system and work process</p>	<ul style="list-style-type: none"> (a) Number of Ready Talent for Business Critical Positions (b) Implementation of Talent Mix Strategy (a) Digital Initiatives (b) OE R2 Initial Implementation Readiness Assessment above 50%

* Fatality, Lost Time Injury, Major Lost of Primary Containment and Major Fire Incident.



01

02

03

04

05

06

07

08

2020 INITIATIVES AND RESULTS

2021 PRIORITIES

Two Total Recordable Cases (TRCs) Incidents

Above world-class operational performance:

- (a) 99.8%
- (b) 100%
- (c) 100%
- (d) 97%

- Sustain the momentum of 2020 value creation and initiatives
- Identify and execute more initiatives through Key Results Areas (KRAs) to maximise value creation

- Successful delivery of first steam supply, as part of 20-year commitment with long-term customer
- Organised Shippers Engagement Forum as part of our collaboration effort towards an open domestic gas market

- Renewal of Utilities contracts
- Secure new Utilities customers outside of captive area
- Proactive identification of new opportunities

- (a) LNG Truck Loading at RGTP
- (b) LNG Reloading at RGTSU
- (c) Additional Nitrogen Generation Unit at Kertih

- Execution and completion of endorsed projects including the 42km lateral pipeline project from Puchong to Pulau Indah
- Proactive identification of new opportunities

- (a) 3 : 1
- (b) Implementation of Talent Mix Strategy
 - (i) Development of agile workforce initiative
 - (ii) Empowerment of female workforce in technical and managerial position

- Continued implementation of talent strategy and initiatives

- (a) (i) GPU Technical Centre digital platform
- (a) (ii) Barrier Management & HSSE application
- (b) (i) Utilities Kertih, GT Operations, GT Maintenance, RGTSU, RGTP, and Kimanis Power Plant: 100%

- Continued improvements toward self-empowered organisation

PERFORMANCE SCORECARD

HEALTH, SAFETY, SECURITY AND ENVIRONMENT (HSSE)

➤ Zero Fatality, Lost Time Injury (LTI), Major LOPC and Major Fire Incident were recorded during the year.

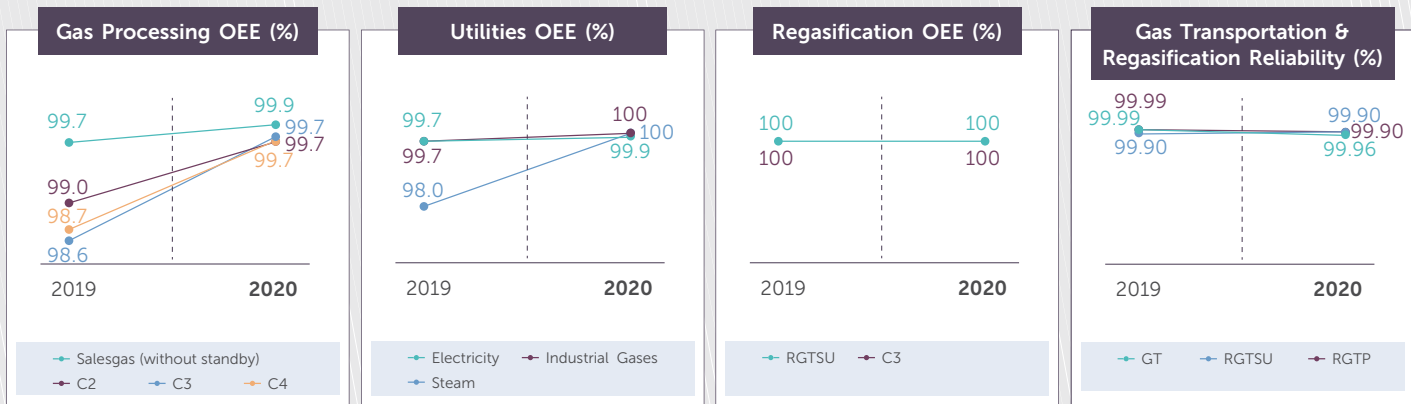
Category	Units of measurement	Description	2016	2017	2018	2019	2020	YoY Trend
Fatality	Number of incidents	Total number of reportable fatalities (staff, contractor and third party)	0	3	0	0	0	◀ ▶
Lost Time Injury (LTI)	Number of incidents	An injury is assessed to be on LTI when the injured person cannot return for duty during next shift or next day	6	2	0	2	0	▼
Major Lost of Primary Containment (LOPC)	Number of incidents	Total number of LOPC related to process safety incidents with the greatest consequences	0	0	0	0	0	◀ ▶
Major Fire Incident	Number of incidents	Total number of fire or explosion resulting in the greatest consequences	0	0	0	0	0	◀ ▶
Total Recordable Cases (TRCs)	Number of incidents	The sum of fatalities and total injuries resulting in Permanent Total Disabilities (PTD), Permanent Partial Disabilities (PPD), Lost Work Day Cases (LWC), Restricted Work Cases (RWC) and Medical Treatment Cases (MTC)	10	5	1	4	2	▼



OPERATIONS

➤ Higher Operational Equipment Effectiveness (OEE) achieved for Gas Processing, Utilities and Regasification has translated into higher Product Delivery Reliability (PDR) to customers. Higher transmission reliability demonstrated our world-class performance in transmission operations, ensuring security of gas supply to the nation.

Indicator	Unit of Measurement	Description	2016	2017	2018	2019	2020
Ethane Production	(MT/hr)	Annual average ethane production from the gas processing plants	142	134	142	144	134
Salesgas PDR	%	Product delivered as per customers' nomination	100	100	100	100	100
Electricity PDR	%		100	100	100	99.9	100
Steam PDR	%		100	99.8	100	99.8	100
Industrial Gases PDR	%		100	94.1	98.9	97.2	100



- OEE – A measure of plant performance against its limits and identified sources of loss within the plant and a measure of how well equipment is used when available. World-class performance benchmark for OEE is 95%.
- Reliability – A measure to determine the impact of unscheduled downtime on the availability of the plant. World-class performance benchmark for Reliability is 98%.

01

02

03

04

05

06

07

08

Performance Scorecard

HUMAN CAPITAL

- We have adopted an empowered organisation model, and we continue to review the effectiveness of our organisation as we strive to achieve world-class competitiveness.
- We provide continuous Leadership and Technical Capability Development programmes to enhance staff capability in building a highly engaged and capable workforce to realise our aspiration to become a world-class organisation. Harvard Manage Mentor (HMM) is a digital learning platform which encourages our staff to drive their own learning and capability development.

Objectives	Units of measurement	2016	2017	2018	2019	2020
Total employees	Number of staff	2,117	1,956	1,959	1,829	1,765
Other nationality	Number of staff	14	9	8	3	1
Employee turnover	%	0.7	0.5	0.6	0.6	0.3
Staff costs	RM million	324.5	353.5	403.2	426.8	346.8
Mandays training per employee	days	10.3	6.4	6.2	7.4	3.9
Training investment per employee	RM'000	6.3	3.6	5.2	8.4	2.5

Note: Less mandays training and training investment per employee in 2020 was mainly due to deferment and conversion from physical to virtual training during MCO



1,765

2019 : 1,829
2018 : 1,906

Workforce



33%

2019 : 33%
2018 : 33%

Women in Leadership Team



50%

2019 : 57%
2018 : 50%

Women in Board Composition



Baby Boomers

17

2019 : 63
2018 : 94



Gen X

637

2019 : 645
2018 : 685



Millenials

1,090

2019 : 1,100
2018 : 1,164



Post Millenials

21

2019 : 20
2018 : 16

* Manpower generation data 2020 is based on the new definition i.e Baby Boomers (1965 and before), Gen X (1966-1979), Millenials (1980-1994), Post Millenials (1995 and after).



DIGITAL INITIATIVES

➤ Digital revolution has already fundamentally affected the environment we are in and how we operate our business. In order to meet the rapidly evolving expectations of customers, PGB aspires to adopt digitalisation in applicable aspects of our business to improve plant performance, drive innovation and create sustainable value.

01



02

BARRIER MANAGEMENT & HSSE

The Barrier Management & HSSE (BMH) is a PGB in-house solution utilising statistical process control methodology, which provides real-time monitoring and anomaly detection to ensure highest reliability of PGU pipeline.

03

The BMH application enables us to access a portal to an all-inclusive descriptive and predictive data analytics that visualises critical parameters for our Gas Transportation and Regasification (GTR) assets. At our GTR's PETRONAS Gas Control Centre (PGCC), the real time data is provided for ease of onsite personnel to inspect and verify the state and healthiness of our pipelines, subsequently generating insight for prompt decision making.

04

This will enable us to trigger early warnings and take preemptive actions to prevent supply interruption to customer thus increasing plant reliability with optimised maintenance cost. Furthermore, this contributes immensely to our HSSE performance by safeguarding our people, environment, and assets.

05

GPU TECHNICAL CENTRE

GPU Technical Centre (GTC) is a digital platform launched by PGB to deliver new value to our plant and business performance by gathering and harnessing digital data as part of PETRONAS Digital New Way of Working.

Gas Processing & Utilities (GPU) has pioneered GTC as its digital initiative for barrier management tools to facilitate in sustaining plant operations thus contributing to higher plant safety, reliability and efficiency.

The advanced analyses generated from the tools in GTC ensure a comprehensive view of overall plant performance thus assisting in prompt decision making and accurate resolution.

Meaningful insights drawn from these tools provide significant prescriptive analysis that enable us to further improve and enhance our equipment and plant performance. GTC has the ability and capacity to utilise big data analytics to be further explored on other digital initiatives.



06



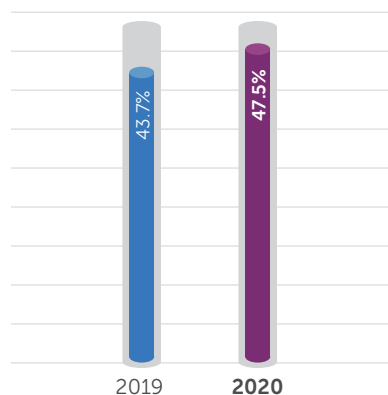
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Performance Scorecard

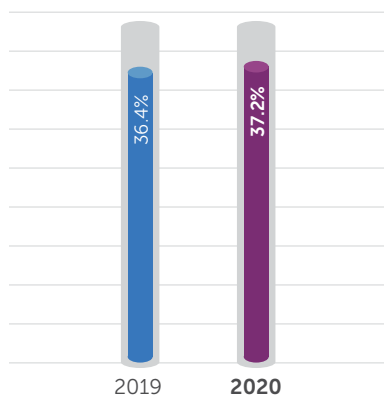
FINANCIAL

➤ **Gross profit margin** is defined as a ratio of gross profit to revenue and is a profitability indicator.



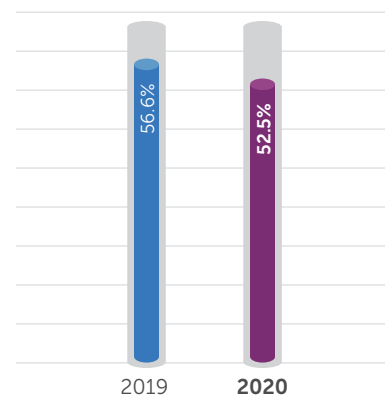
➤ Higher due to introduction of Incentive-based Regulation (IBR) on Gas Transportation and Regasification segments.

➤ **Net profit margin** is defined as a ratio of net profit after tax to revenue and is a profitability indicator.



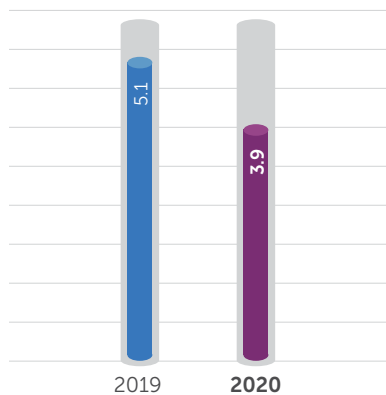
➤ Higher due to higher operating profit.

➤ **Cost to Income (CTI)** is defined as cost of revenue divided by revenue.



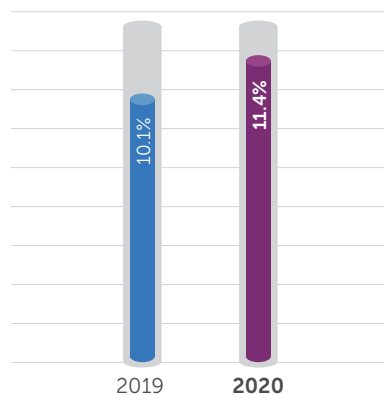
➤ Higher as a result of lower operating cost amidst slightly higher revenue.

➤ **Current ratio** is defined as a ratio of current assets to current liabilities and is a measure of liquidity.



➤ Lower attributed to lower cash balance.

➤ **Return on Asset (ROA)** is defined as a ratio of net income to total assets and is a profitability indicator.



➤ Higher on improved margins from operating business segments.



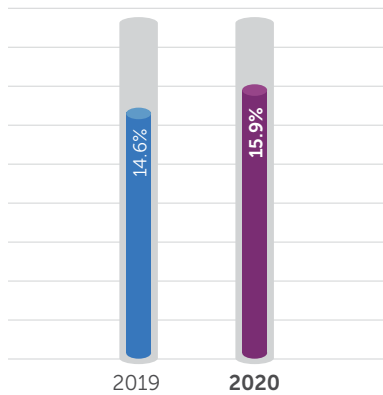
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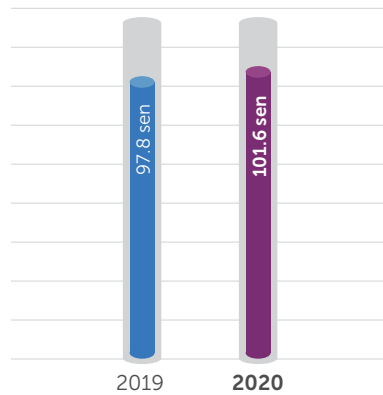
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➤ **Return on Equity (ROE)** is defined as profit attributable to shareholders divided by the average shareholders' equity for the financial year.



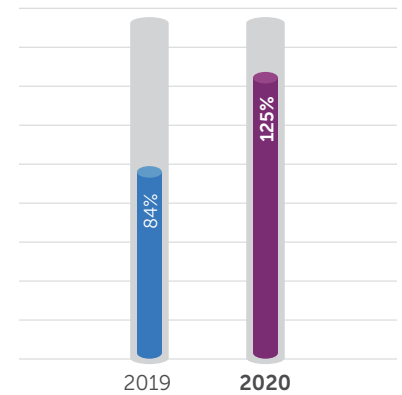
➤ Higher on the back of higher profit after tax.

➤ **Earnings Per Share (EPS)** is defined as the portion of the Company's distributable income allocated to each equity share



➤ Higher in line with improved profit for the year.

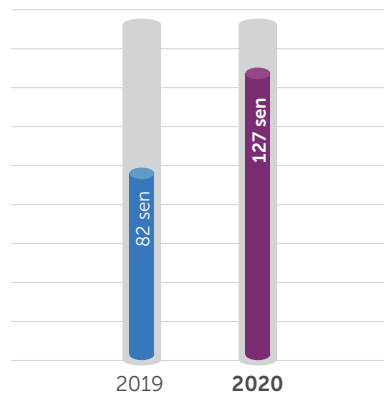
➤ **Dividend Payout Ratio (DPR)** is defined as the percentage of earnings paid to shareholders in dividend.



➤ Higher due to special dividends declared and paid.

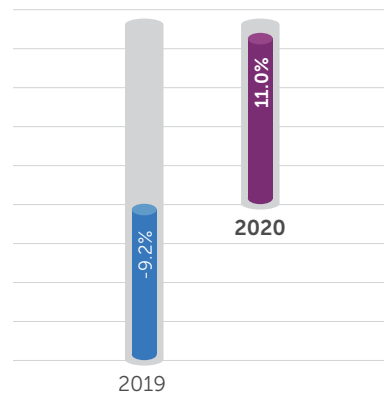
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➤ **Dividends Per Share (DPS)** is defined as dividends declared for the shareholders divided by the number of ordinary shares issued.



➤ Higher due to increased distribution to shareholders.

➤ **Total Shareholder's Return (TSR)** is defined as increase/decrease in share price and dividends paid during the year, divided by the opening share price.



➤ Improvement with share price trend and dividend paid during the year.

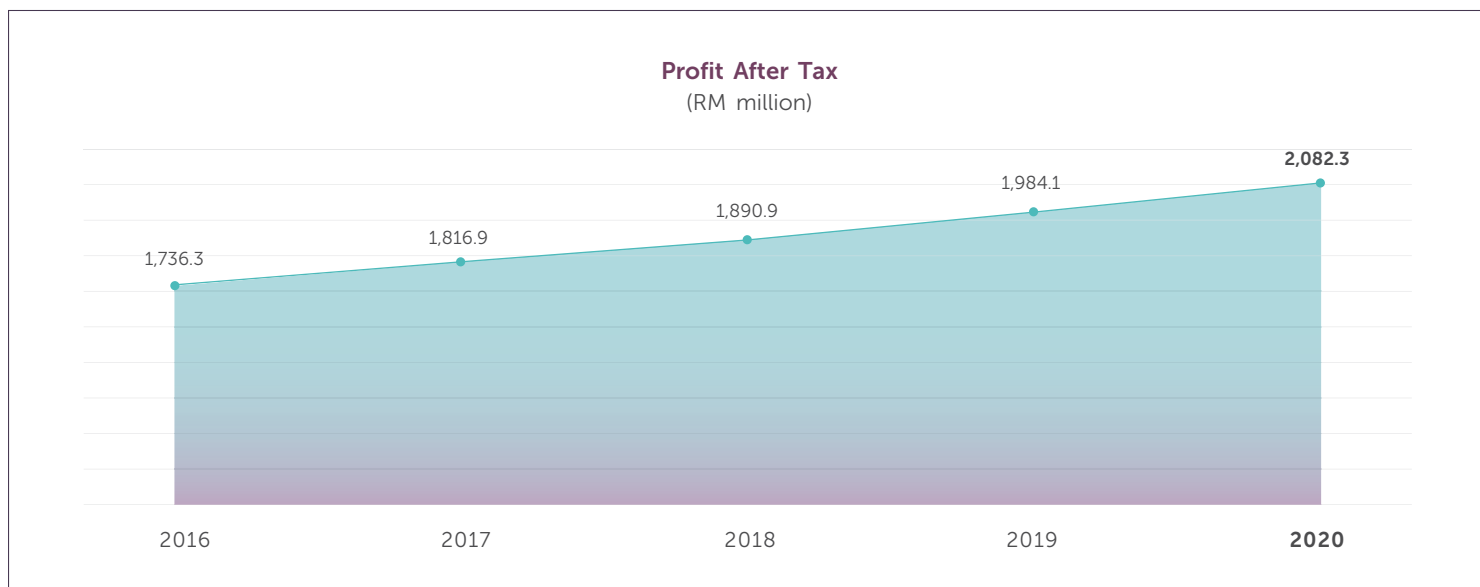
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5-YEAR GROUP FINANCIAL ANALYSIS

Item	2016	2017	2018	2019	2020
Profit After Tax (RM million)	1,736.3	1,816.9	1,890.9	1,984.1	2,082.3



ANALYSIS

66

2016

- Compared to 2015, excluding impact of tax incentives and forex, profit remained steady at RM1.7 billion.

2017

- Achieved commercial operations of Malaysia's second LNG regasification terminal in Pengerang, Johor on November 2017.
- Compared to 2016, profit was higher as a result of new revenue stream from RGT Pengerang.

2018

- Regulation of the Group's Gas Transportation and Regasification businesses under Gas Supply (Amendment) Act 2016 which includes economic, safety and technical regulation by Suruhanjaya Tenaga.
- Compared to 2017, profit was higher driven by second LNG regasification terminal in Pengerang, Johor which commenced commercial operations in November 2017 and being further supported by higher revenue from all other segments.

2019

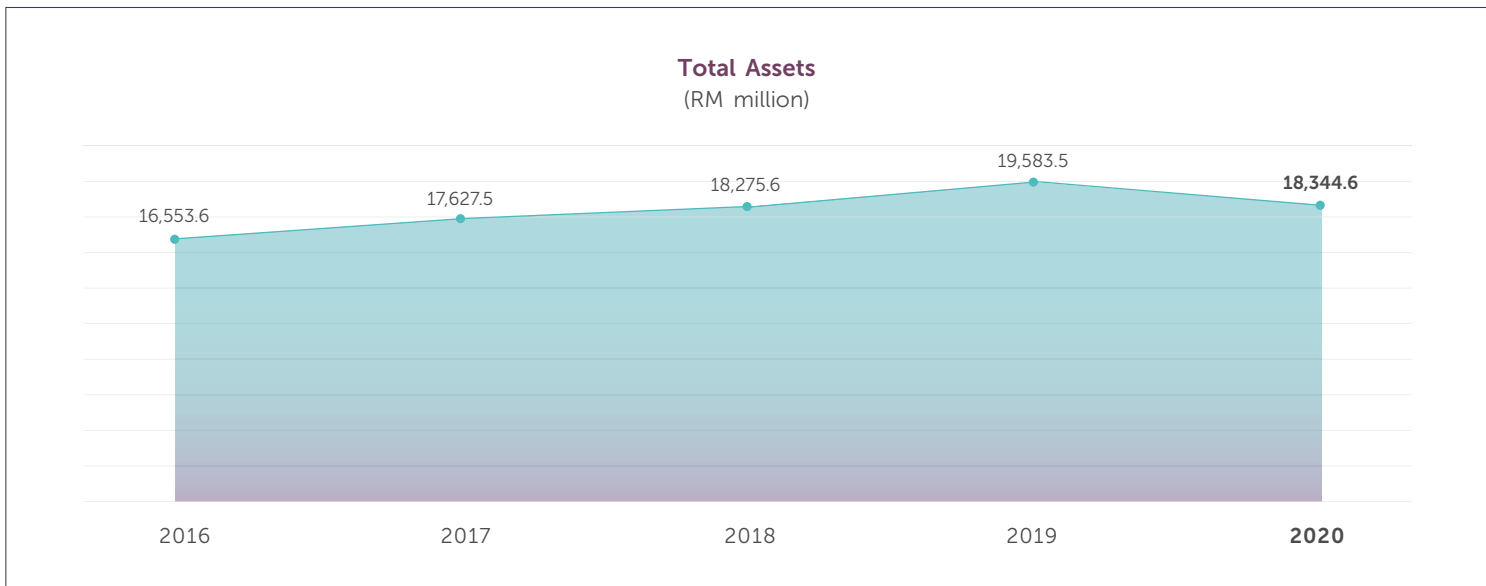
- Achieved full commercial operations for Air Separation Unit project in Pengerang, Johor under Pengerang Gas Solutions Sdn. Bhd., a 51% joint venture of the Group.
- Compared to 2018, profit was higher driven by higher share of profit from joint ventures, unrealised foreign exchange gains from translation of USD denominated lease liabilities and higher interest income from fund investment.

2020

- Compared to 2019, profit was higher mainly driven by lower operating costs.



Item	2016	2017	2018	2019	2020
Total Assets (RM million)	16,553.6	17,627.5	18,275.6	19,583.5	18,344.6



ANALYSIS

Item	2016	2017	2018	2019	2020
Property, plant and equipment	12,807.5	12,898.6	12,487.6	13,246.5	13,216.2
Fixed assets	9,660.8	12,188.5	11,799.2	12,355.3	11,856.0
Project-in-progress	3,146.7	710.1	688.4	891.2	1,360.2
Cash and cash equivalents	1,763.1	2,500.4	3,616.0	4,021.7	3,138.9

2016

- Compared to 2015, total assets surged to RM16.6 billion as the Group embarked into Malaysia's Second LNG Regasification Terminal and Air Separation Unit plant projects in Pengerang, Johor.

2017

- Compared to 2016, total assets increased due to higher cash balances contributed by cash generated from operations.

2018

- Compared to 2017, total assets increased mainly contributed by higher cash and cash equivalents generated from the Group's full year revenue stream from LNG regasification terminal in Pengerang, Johor.

2019

- Compared to 2018, total assets grew by 7% mainly contributed by higher PPE balance following adoption of MFRS 16 *Leases* which resulted in recognition of right-of-use assets effective 1 January 2019 and higher cash and cash equivalents generated from operating activities.

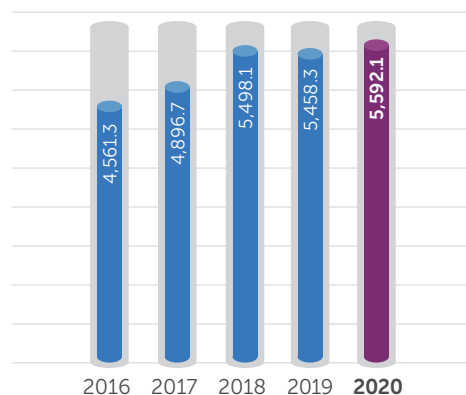
2020

- Compared to 2019, total assets was lower by 6% largely attributable to lower cash and cash equivalents following higher dividends paid.

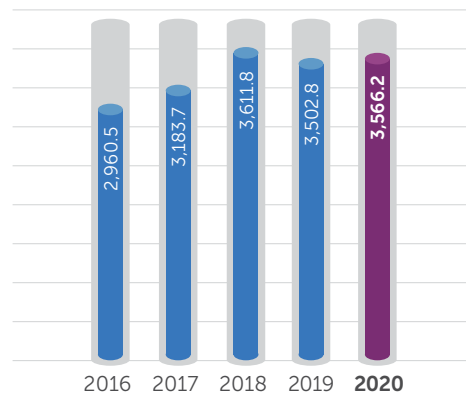
5-YEAR FINANCIAL SUMMARY

Year	2016	2017	2018	2019	2020
Revenue (RM million)	4,561.3	4,896.7	5,498.1	5,458.3	5,592.1
Profit after tax (RM million)	1,736.3	1,816.9	1,890.9	1,984.1	2,082.3
EBITDA (RM million)	2,960.5	3,183.7	3,611.8	3,502.8	3,566.2
Dividends per share (sen)	62.0	66.0	72.0	82.0	127.0
Earnings per share (sen)	87.9	90.6	90.6	97.8	101.6
Total assets (RM million)	16,553.6	17,627.5	18,275.6	19,583.5	18,344.6
Total equity (RM million)	12,161.2	12,762.4	13,200.0	13,565.2	12,968.5
Market capitalisation (RM billion)	42.1	34.6	38.0	32.9	34.0
Closing share price (RM)	21.30	17.48	19.20	16.62	17.18

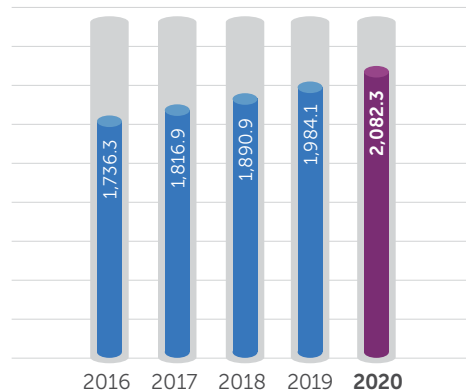
REVENUE
(RM million)



EBITDA
(RM million)



PROFIT AFTER TAX
(RM million)





01

02

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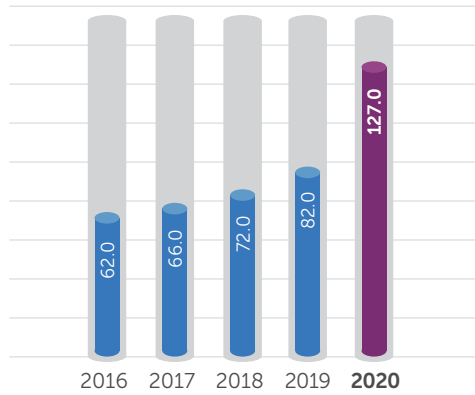
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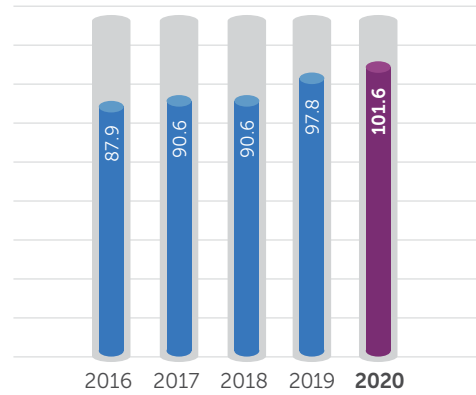
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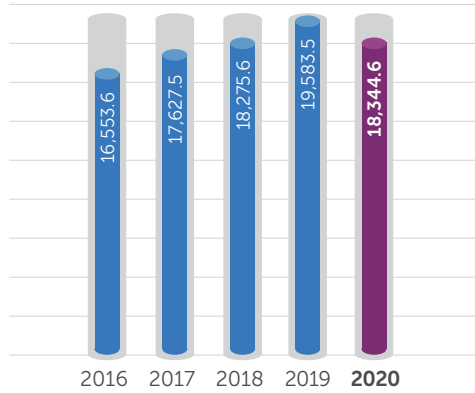
DIVIDENDS PER SHARE
(sen)



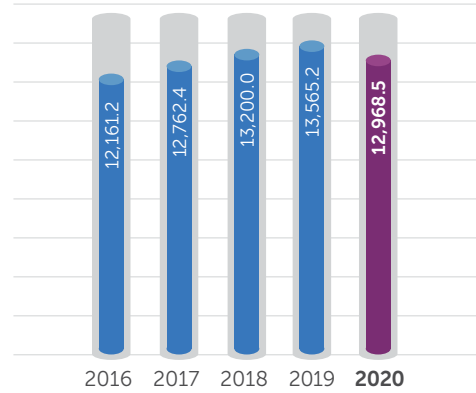
EARNINGS PER SHARE
(sen)



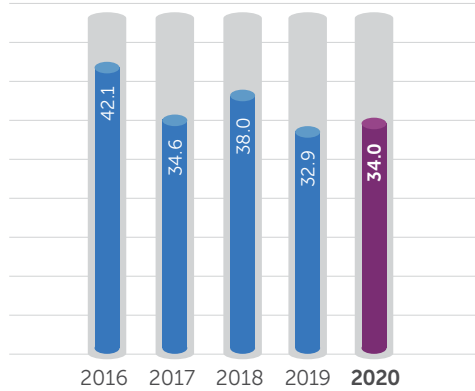
TOTAL ASSETS
(RM million)



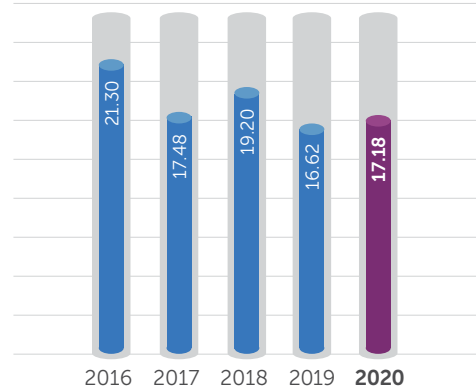
TOTAL EQUITY
(RM million)



MARKET CAPITALISATION
(RM billion)



SHARE PRICE
(RM)



5-YEAR GROUP FINANCIAL INFORMATION

Year	2016	2017	2018	2019	2020
Key results (RM million)					
Revenue	4,561.3	4,896.7	5,498.1	5,458.3	5,592.1
By segment:					
Gas Processing	1,557.2	1,572.3	1,571.0	1,702.3	1,710.7
Gas Transportation	1,303.9	1,382.4	1,360.6	1,152.5	1,172.9
Regasification	631.1	773.5	1,245.4	1,237.9	1,400.0
Utilities	1,069.1	1,168.5	1,321.1	1,365.6	1,308.5
By geography:					
Peninsular Malaysia	4,545.4	4,801.3	5,422.0	5,410.3	5,581.1
Sabah & Sarawak	15.9	95.4	76.1	48.0	11.0
Interest income	54.2	84.8	112.6	154.2	120.9
Cost of revenue	2,495.4	2,666.8	2,962.2	3,071.2	2,935.7
By segment:					
Gas Processing	908.8	921.4	931.7	885.8	766.1
Gas Transportation	328.5	331.3	342.6	353.0	378.0
Regasification	344.8	395.5	547.4	626.9	686.9
Utilities	913.2	1,018.6	1,140.5	1,205.5	1,104.7
Financing costs	93.9	113.5	169.4	229.7	219.8
Administration expenses	93.1	84.3	90.0	94.8	125.4
Operating profit	2,137.1	2,278.4	2,570.6	2,555.9	2,670.2
Earnings before interests, taxes, depreciation and amortisation	2,960.5	3,183.7	3,611.8	3,502.8	3,566.2
Profit before taxation	2,106.8	2,252.7	2,334.6	2,462.9	2,610.2
Profit after taxation	1,736.3	1,816.9	1,890.9	1,984.1	2,082.3
Profit attributable to shareholders of the Company	1,739.1	1,792.7	1,793.0	1,935.3	2,009.6
Key statement of financial position (RM million)					
Property, plant and equipment	12,807.5	12,898.6	12,487.6	13,246.5	13,216.2
Cash and cash equivalents	1,763.1	2,500.4	3,616.0	4,021.7	3,138.9
Total assets	16,553.6	17,627.5	18,275.6	19,583.5	18,344.6
Borrowings	2,249.5	3,084.3	3,327.0	3,898.9	3,279.4
Total liabilities	4,392.4	4,865.1	5,075.6	6,018.3	5,376.1
Share capital	1,978.7	3,165.2	3,165.2	3,165.2	3,165.2
Reserves	9,988.0	9,349.8	9,658.3	10,080.2	9,469.6
Total equity attributable to shareholders of the Company	11,966.7	12,515.0	12,823.5	13,245.4	12,634.8
Non-controlling interests	194.5	247.4	376.5	319.8	333.8
Total equity	12,161.2	12,762.4	13,200.0	13,565.2	12,968.5
Share information					
Earnings per share (sen)	87.9	90.6	90.6	97.8	101.6
Dividends per share (sen)	62.0	66.0	72.0	82.0	127.0
Net assets per share (RM)	6.05	6.32	6.48	6.69	6.39
Closing share price (RM)	21.30	17.48	19.20	16.62	17.18
Number of ordinary shares ('000)	1,978,732	1,978,732	1,978,732	1,978,732	1,978,732
Market capitalisation (RM billion)	42.1	34.6	38.0	32.9	34.0



GROUP QUARTERLY PERFORMANCE

2020

In RM million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2020
Operating revenue	1,396.2	1,399.8	1,407.4	1,388.7	5,592.1
Operating profit	458.1	709.8	832.9	669.4	2,670.2
Profit before taxation	449.0	711.9	808.1	641.2	2,610.2
Profit after taxation	348.0	573.7	639.6	521.0	2,082.3
Profit attributable to shareholders of the Company	368.1	547.1	591.0	503.4	2,009.6
Earnings per share (sen)	18.6	27.7	29.9	25.4	101.6
Dividends per share (sen)	16.0	66.0	18.0	27.0	127.0

2019

In RM million	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2019
Operating revenue	1,367.7	1,380.2	1,338.0	1,372.4	5,458.3
Operating profit	691.1	661.5	574.8	628.5	2,555.9
Profit before taxation	670.0	651.3	553.3	588.3	2,462.9
Profit after taxation	530.8	514.8	445.5	493.0	1,984.1
Profit attributable to shareholders of the Company	515.6	502.9	431.5	485.3	1,935.3
Earnings per share (sen)	26.1	25.4	21.8	24.5	97.8
Dividends per share (sen)	16.0	16.0	18.0	32.0	82.0

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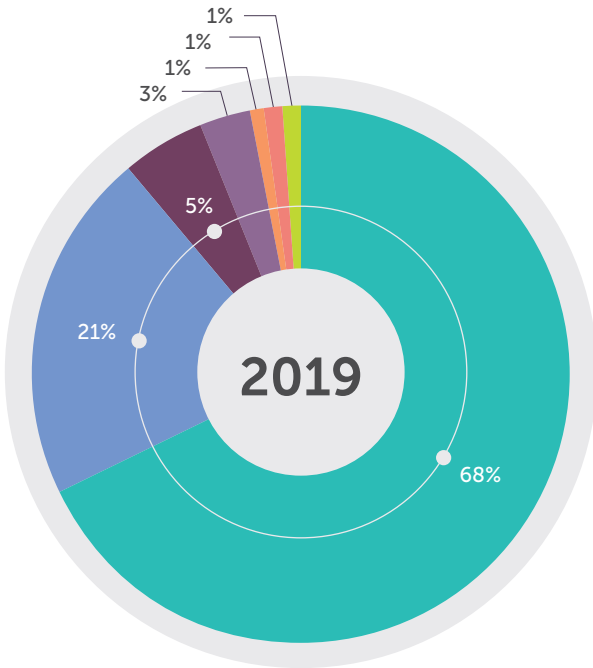
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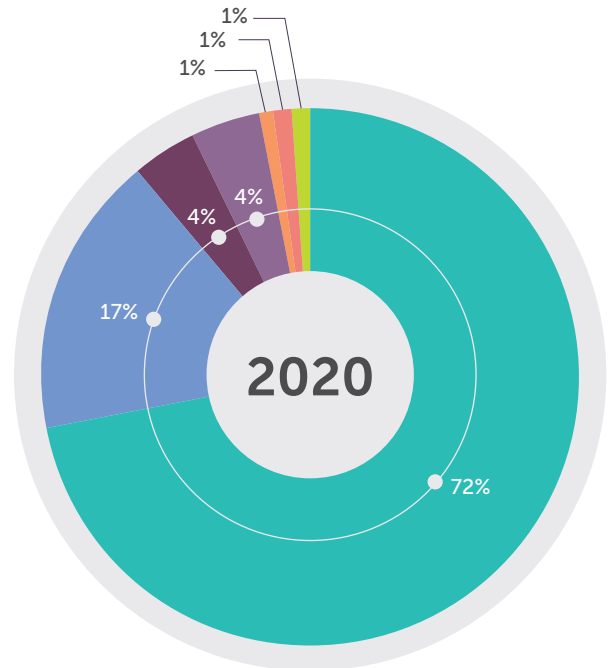
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SIMPLIFIED GROUP STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS



RM19.6
billion



RM18.3
billion

Property, Plant and Equipment 68%	Cash and Cash Equivalents 21%	Trade and Other Receivables 5%
Investment in Joint Ventures 3%	Deferred Tax Assets 1%	Investment in Associate 1%
Long-term Receivables 1%	Tax Recoverable *	Trade and Other Inventories *

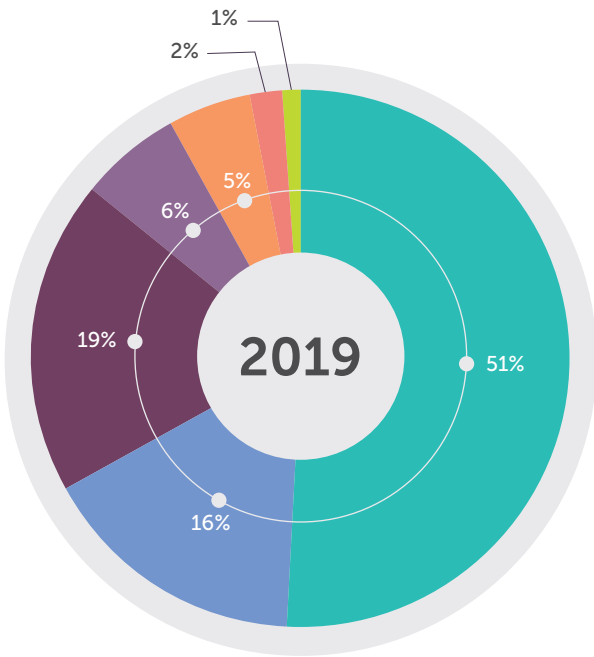
* Insignificant percentage (%)

Property, Plant and Equipment 72%	Cash and Cash Equivalents 17%	Trade and Other Receivables 4%
Investment in Joint Ventures 4%	Deferred Tax Assets 1%	Investment in Associate 1%
Long-term Receivables 1%	Tax Recoverable *	Trade and Other Inventories *

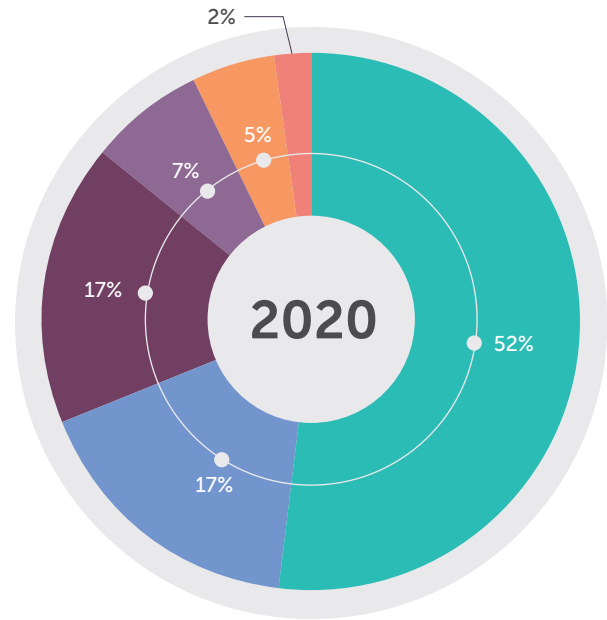
* Insignificant percentage (%)



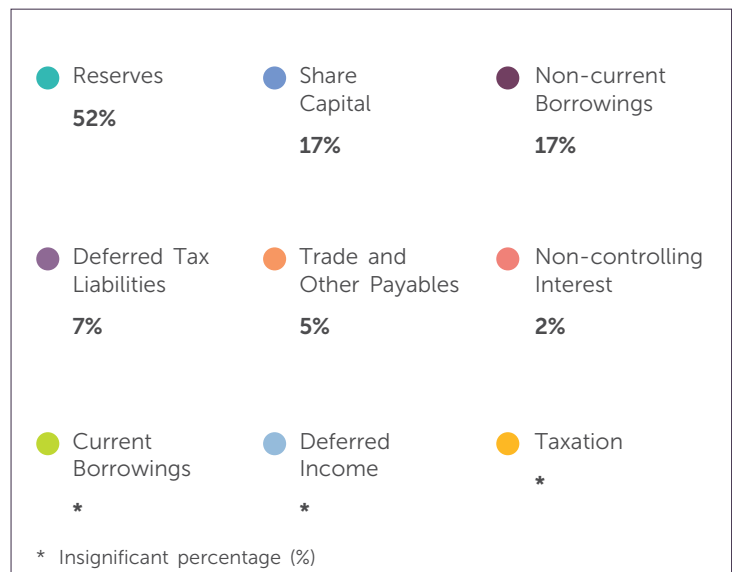
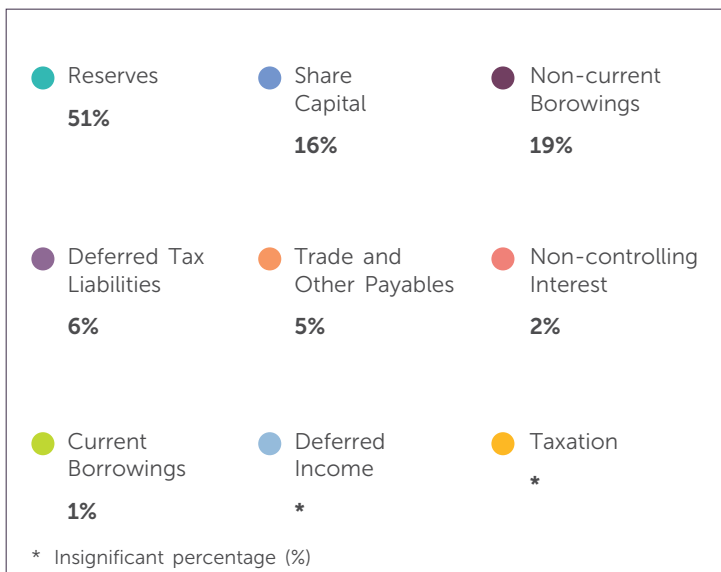
TOTAL EQUITY AND LIABILITIES



RM19.6
billion



RM18.3
billion



01

02

03

04

05

06

07

08

KEY INTEREST BEARING **ASSETS AND LIABILITIES**

	2019			2020		
	As at 31 December RM million	Effective Interest Rate %	Interest Income/ (Expenses) RM million	As at 31 December RM million	Effective Interest Rate %	Interest Income/ (Expenses) RM million
Interest earning assets						
Cash and cash equivalents	4,021.7	3.3	154.2	3,138.9	2.1	120.9
Interest bearing liabilities						
Islamic financing facility	–	–	–	1,700.0	2.0-3.7	(8.0)*
Finance lease liabilities	1,656.7	7.2-9.1	(146.6)	1,579.4	7.2-9.1	(138.0)*
Term loan	1,781.2	2.1-2.8	50.1	–	2.1-2.8	(42.2)*
Loan from corporate shareholder of a subsidiary	461.0	6.5	33.0	–	6.5	(24.2)*

* Part of interest expenses are capitalised as part of projects-in-progress.

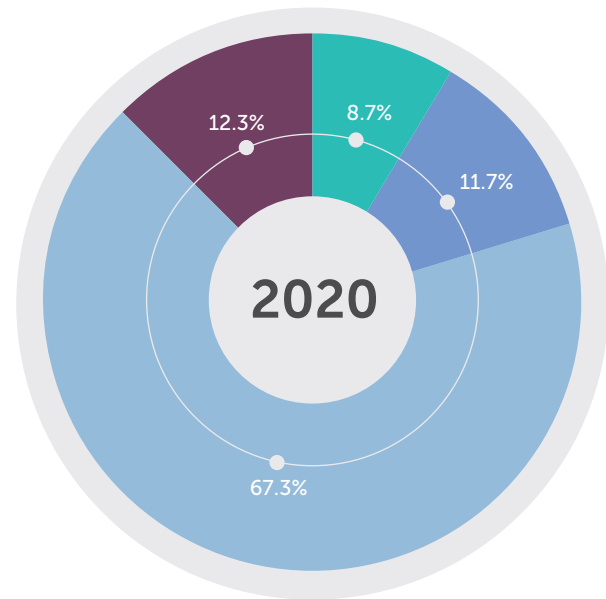
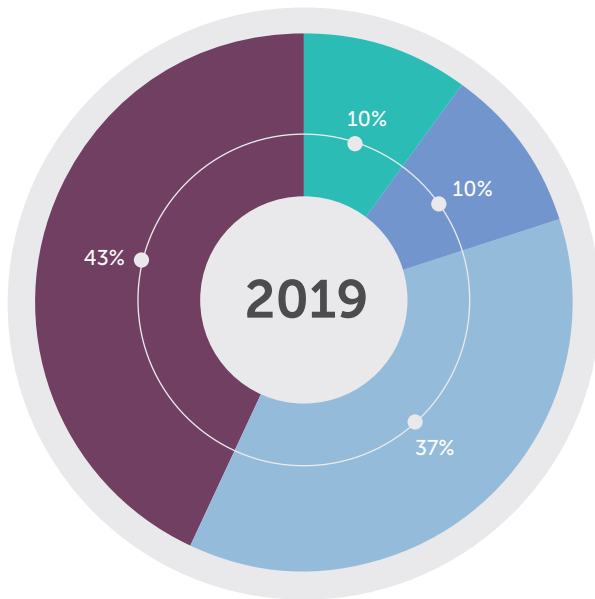
STATEMENT OF **VALUE ADDED**

74

	2019 RM million	2020 RM million
Revenue	5,458.3	5,592.1
Purchase of goods and services	(1,599.7)	(1,682.5)
Value added by the Group	3,858.6	3,909.6
Other income and expenses	263.6	139.1
Financing costs	(229.7)	(219.8)
Share of profit after tax of equity accounted associate and jointly controlled entity	136.7	159.8
Value added available for distribution	4,029.2	3,988.7



DISTRIBUTION OF VALUE ADDED



01

02

03

04

	2019 RM million	2020 RM million
To employees Employment costs	426.8	346.8
To government Taxation	383.5	464.9
To shareholders Dividends Non-controlling interest	1,424.8 48.8	2,611.9 72.7
Retained for reinvestment and future growth Depreciation, amortisation and impairment Deferred tax expense Retained profit	1,139.5 95.3 510.5	1,031.7 63.0 (602.3)
	4,029.2	3,988.7

05

06

07

08

INVESTOR RELATIONS

COVID-19 and the Movement Control Order (MCO) issued by the Malaysian government has pushed Investor Relations to explore new ways to engage our shareholders and the broader community.

Our activities remained guided by our investor relations programme, which is developed annually and tailored to address the relevant topics at the time. All sessions were led by our designated spokespersons, namely our MD/CEO, CFO and Head of Investor Relations.

For the first time ever, our 37th Annual General Meeting (AGM) was conducted virtually via live streaming from PETRONAS Twin Towers. During the meeting, we saw 281 shareholders logged in via Remote Participation and Voting (RPV) platform and utilising digital voting for the meeting resolutions. All proposed resolutions were duly passed and minutes of the AGM is available on our website at www.petronasgas.com.

As the duration of the AGM was limited to two hours in accordance to the Standard Operating Procedures issued by PETRONAS, shareholder queries on similar topics were answered collectively, and the answers were published on our website post the AGM.

Our early adoption of digital platform for the quarterly analyst briefings, on the other hand, has resulted in minimal adjustments from the practice prior to the pandemic. Our briefings, which are conducted via webcast and conference call, provide seamless experience to the attendees. Additionally, the financial results and recording of the sessions are available at our website for further reference.

While the frequency of formal meetings was noticeably less, emails and informal catch ups via text messages became more common. We also saw the number of virtual meetings on the rise, as more investors and analysts began to opt for online face-to-face meetings. The online platform also allowed us to engage multiple investors and analysts at the same time.

Earlier in January 2020, we managed to organise a site visit to our Segamat Operations Centre in Johor, Malaysia. The event received positive feedback from the attendees who appreciated the role PGB plays in ensuring gas supply delivery and reliability for the nation. There was no site visit organised during the remaining part of the year.

Notwithstanding the changing ways of working, we continuously strive to maintain accessibility to our stakeholders. For investor-related queries and feedback, we can be reached at ir.petronasgas@petronas.com.

Awards Received

10th Annual Alpha Southeast Asia Corporate-Institutional Investor Awards 2020:

- #2 Strongest Adherence to Corporate Governance
- #3 Most Consistent Dividend Policy

14th Annual Alpha Southeast Asia Best Deal & Solution Awards 2020:

- Best Islamic Finance Project Finance Deal of the year: PLNG2's RM1.7 billion (USD410.5 million) Project Financing Sukuk Murabahah

MSWG-ASEAN Corporate Governance 2019

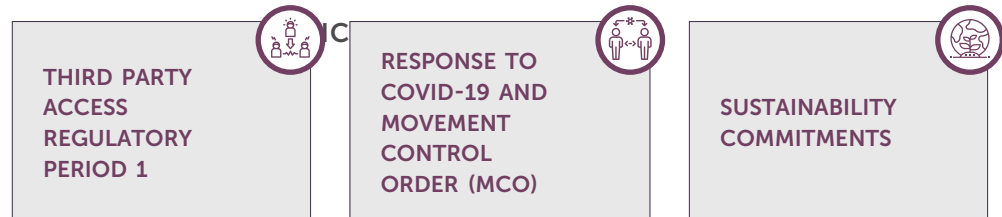
- #2 Industry Excellence: Utilities
- #15 Corporate Governance Disclosure
- #15 Overall Corporate Governance & Performance

National Annual Corporate Report Awards (NACRA) 2020

- Platinum: Best Design



RELEVANT COMPANY UPDATES ARE SHARED SO AS TO FACILITATE INVESTORS IN MAKING INFORMED INVESTMENT DECISIONS. ”





INVESTOR RELATIONS ACTIVITIES

Quarterly Results and Analyst Briefing

Result	Announcement Date	Briefing Date	Type of Meeting
Q1	20 May 2020	20 May 2020	Webcast and Conference Call
Q2	19 August 2020	21 August 2020	Webcast and Conference Call
Q3	19 November 2020	20 November 2020	Webcast and Conference Call
Q4	22 February 2021	23 February 2021	Webcast and Conference Call

Investor Conference

Date	Event	Location
6 -7 January 2020	CGS-CIMB 12th Annual Malaysia Corporate Day	Kuala Lumpur, Malaysia

Site Visit

Date	Event	Site	Location
13 January 2020	Retail Shareholders Visit	Segamat Operation Centre	Johor, Malaysia

AGM

37th Annual General Meeting

- Thursday, 25 June 2020
- Live Streaming from PETRONAS Twin Towers, Kuala Lumpur
- Shareholders and Proxies Attended: 281

Investor Engagements



01

02

03

04

05






06

07

08

Investor Relations

SIGNIFICANT ANNOUNCEMENTS

Date	Event	
12 February	Kimanis Power Sdn. Bhd. (KPSB), a 60% joint venture company of PGB, and Sabah Electricity Sdn. Bhd. (SESB) agreed to resolve outstanding disputes by entering into a Global Settlement Agreement (GSA) and mutually withdrawing from previous Arbitration Proceedings.	Bursa Announcement
19 February	PGB completed the transfer of Sarawak assets comprising Miri Gas Distribution System (MGDS) and Bintulu Gas Distribution System (BGDS) to PETROS Gas effective 1 January 2020.	 Quarterly Analyst Briefing
17 September	Pengerang LNG (Two) Sdn Bhd (PLNG2), a 65% owned subsidiary of PGB lodged the Sukuk Murabahah Programme with the Securities Commission Malaysia.	 Bursa Announcement
21 October	PLNG2 issued a RM1.7 billion Sukuk Murabahah in 20 tranches and was oversubscribed by three times.	 Bursa Announcement
20 November	PGB announced its new ancillary services: <ul style="list-style-type: none"> • LNG Truck Loading at LNG Regasification Terminal Pengerang; and • LNG Reloading as part of PETRONAS bunkering service, available at both LNG Regasification Terminal Sungai Udang and Pengerang. 	 Quarterly Analyst Briefing





FINANCIAL CALENDAR

2020**18 FEBRUARY 2020**

Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2019

20 MARCH

Date of Notice of 37th Annual General Meeting and date of issuance of Integrated Report 2019

26 MARCH

Date of payment of the interim and special dividend for the 4th quarter ended 31 December 2019

20 MAY

Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2020

25 JUNE

37th Annual General Meeting

30 JUNE

Date of payment of the interim dividend for the 1st quarter ended 31 March 2020

19 AUGUST

Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2020

1 OCTOBER

Date of payment of the interim and special dividend for the 2nd quarter ended 30 June 2020

19 NOVEMBER

Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2020

22 DECEMBER

Date of payment of the interim dividend for the 3rd quarter ended 30 September 2020

2021**22 FEBRUARY**

Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2020

26 FEBRUARY

Announcement of the audited financial statements for the financial year ended 31 December 2020

22 MARCH

Date of payment of the interim and special dividend for the 4th quarter ended 31 December 2020

19 MARCH

Date of Notice of 38th Annual General Meeting and date of issuance of Integrated Report 2020

20 APRIL

38th Annual General Meeting

01

02

03

04

05

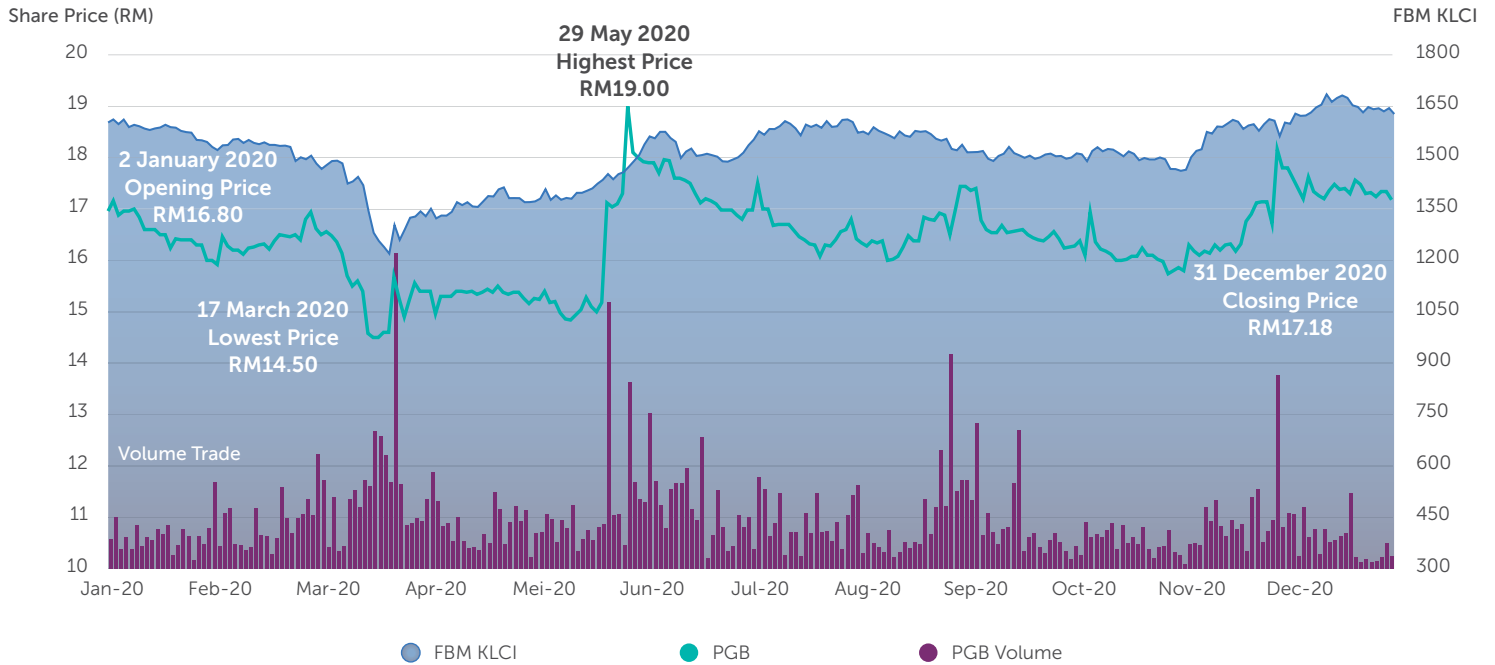
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SHARE PRICE PERFORMANCE

SHARE PRICE PERFORMANCE



80

SHARE PRICE

RM16.80 Opening
RM17.18 Closing
RM19.00 Peak

MARKET CAPITALISATION

RM34.0
 billion
 2019: RM32.9 billion

AVERAGE DAILY TRADED VOLUME (ADTV)

840,909
 2019: 866,900

EARNINGS PER SHARE

101.6
 sen
 2019: 97.8 sen

DIVIDEND PER SHARE

127
 sen
 2019: 82 sen

TOTAL SHAREHOLDER RETURN

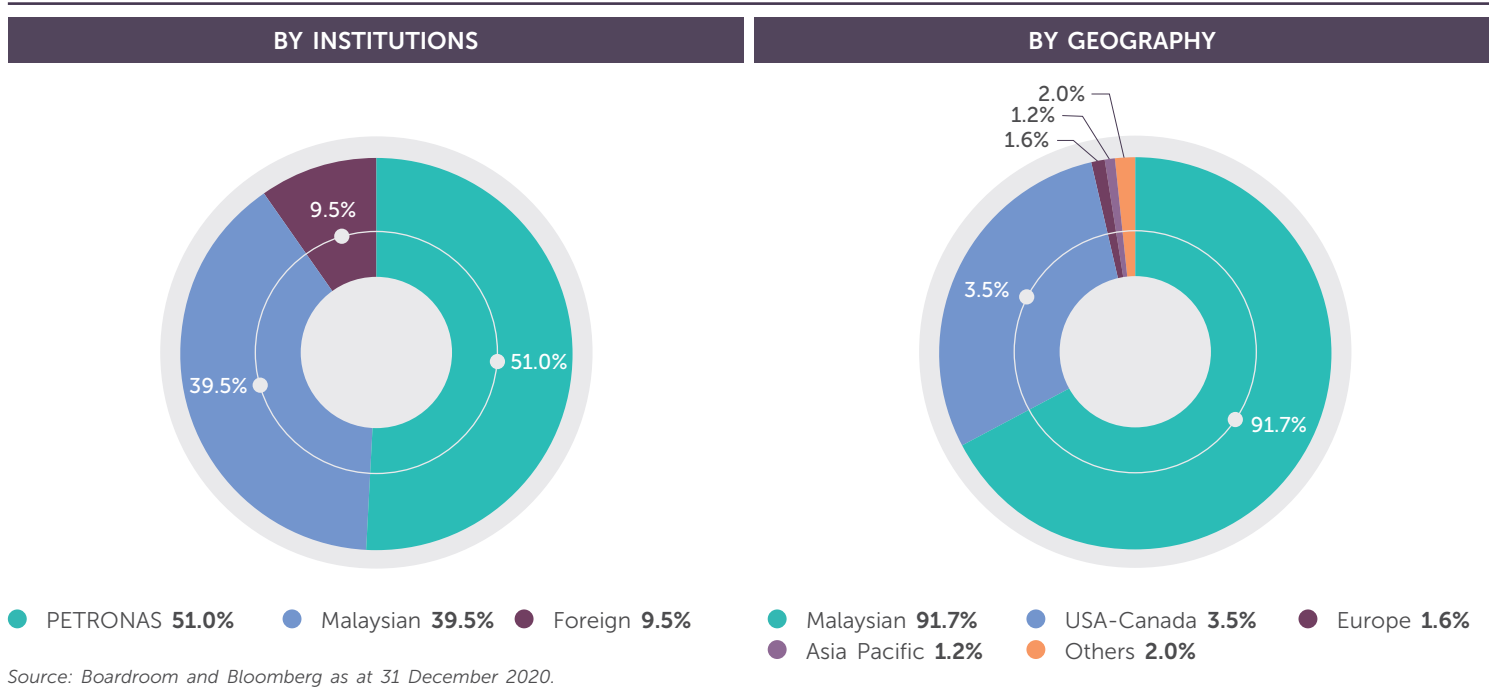
11.0%
 2019: -9.2%

DIVIDEND PAYMENT DATE

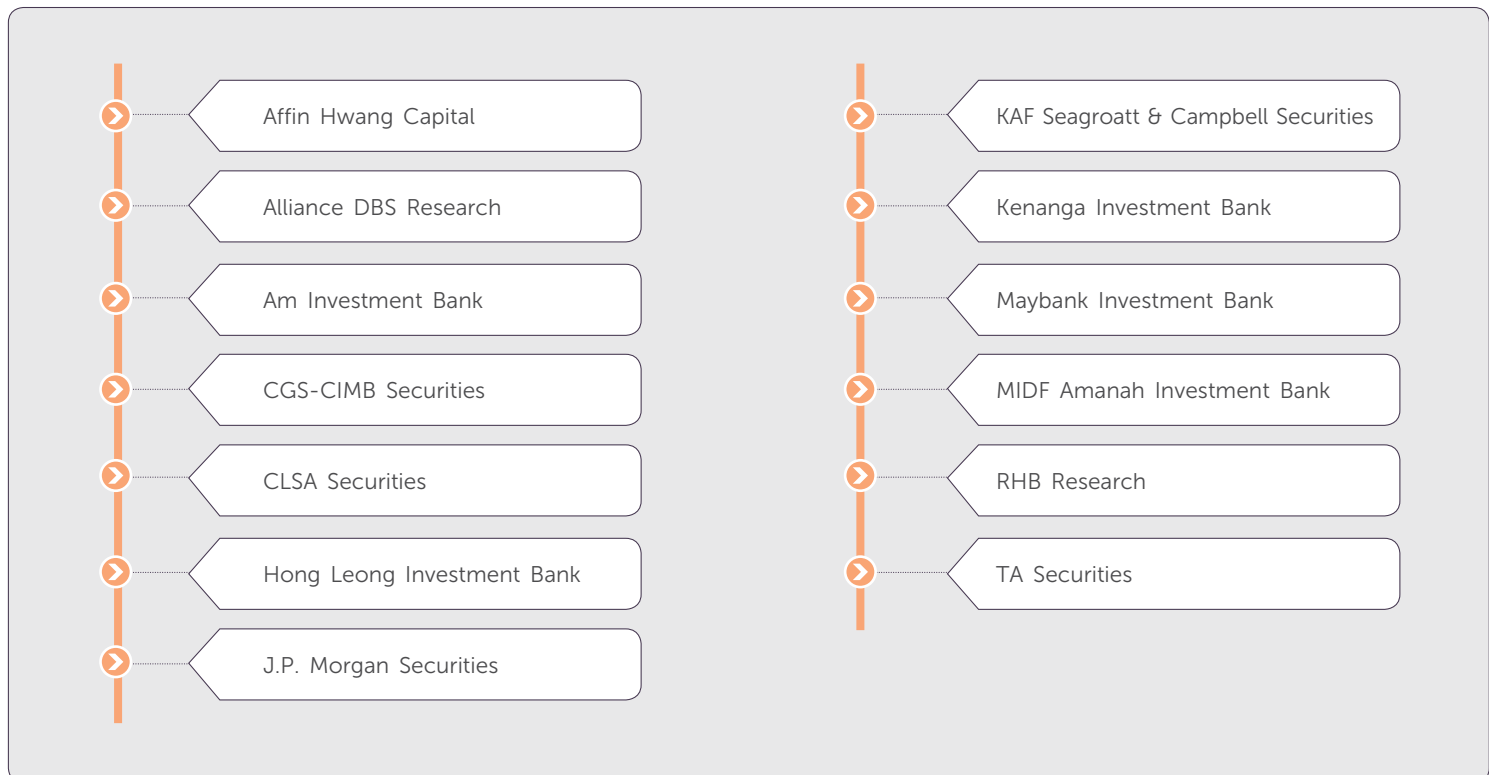
Q1 16 sen 30 June 2020	Q2 16 sen 1 October 2020	1 ST SPECIAL 50 sen 1 October 2020	Q3 18 sen 22 December 2020	Q4 22 sen 22 March 2021	2 ND SPECIAL 5 sen 22 March 2021
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SHAREHOLDINGS



RESEARCH COVERAGE



01

02

03

04

05

06

07

08





GAS PROCESSING BUSINESS

BUSINESS REVIEW



ZABIDI AHMAD
Head of Gas Processing and Utilities

GAS PROCESSING



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

FINANCIAL PERFORMANCE

RM1.7 billion

Revenue

RM0.9 billion

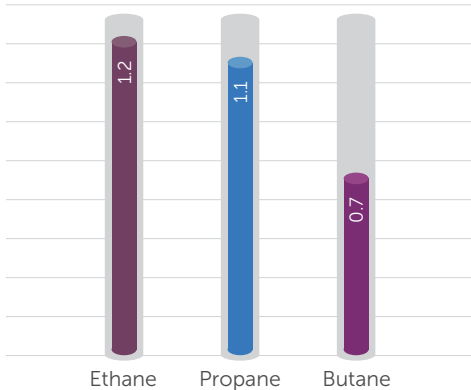
Gross Profit

RM4.3 billion

Segment Assets

OPERATIONAL PERFORMANCE

Liquid Production Volume (MT million)



OEE

PDR

Salesgas
99.9%

Salesgas
100%

Ethane
99.6%

Ethane
100%

Propane
99.7%

Propane
100%

Butane
99.7%

Butane
100%

HUMAN CAPITAL



Male
885



Female
101



Total Staff
986

RECOGNITION/AWARD

Health, Safety, Security and Environment (HSSE)

- MSOSH OSH Grand Award (Superior OSH Performance) for GPS and TSET
- ROSPA GOLD Award for GPS & TSET
- HSSE Awards (Certificate of Excellence) in PETRONAS Operational Excellence Forum & Awards (OEFA) – GPS
- HSSE Awards (Certificate of Excellence) in PETRONAS Operational Excellence Forum & Awards (OEFA) – TSET

Innovations & Improvements

Malaysia Productivity Corporation (MPC) Convention

- Five Gold Awards in Regional Innovation Showcase Team Excellence (RISTEx) by MPC – GPK & GPS
- 2nd Place Overall QE/5S Category in Annual Productivity Innovation & Conference and Exposition (APIC) – GPK
- Top 20 Manufacturing Sector in Annual Productivity Innovation & Conference and Exposition (APIC) – GPK & GPS

- Three 5 Stars Gold Awards in Annual Productivity Innovation & Conference and Exposition (APIC) – GPK & GPS
- One 4 Stars Gold Awards in Annual Productivity Innovation & Conference and Exposition (APIC) – GPK

Institut Kimia Malaysia (IKM) Laboratory

- Excellence Silver Award for Analytical Technology Kertih (ATK) and Analytical Technology Santong (ATS)
- Excellence Award for Analytical Technology Export Terminal (ATET)



Prime Minister Hibiscus Award Excellent Achievement Award

- PETRONAS Gas Berhad (Gas Processing Kertih (GPK))

Prime Minister Hibiscus Award Notable Achievement Award

- PETRONAS Gas Berhad (Gas Processing Santong)
- PETRONAS Gas Berhad (Tg. Sulong Export Terminal)

PETRONAS Operational Excellence Forum & Award (OEFA) 2020

- Four Awards received for GPK
- Four Awards received for Amine Flowrate Optimisation project

01

HIGHLIGHTS 2020

STRATEGIC OBJECTIVES

INITIATIVES IN 2020

TARGETS IN 2021



Operational Excellence

- Digitalisation enhancement through GPU Technical Centre (GTC) to further improve business performance and plant healthiness for a safe, reliable and efficient organisation as well as providing staff with data driven tools to perform effective site verification and troubleshooting.
- Certification upgrading for ISO45001:2018 at GPSET.

- Continue Digitalisation enhancement through Brilliant Innovated GNE (BIG) programme focusing on value chain optimisation, centralising operations and engineering capability, virtual physical asset performance optimisation and enhanced frontliners procedures for safer, effective and efficient task delivery.
- Certification upgrading for ISO45001: 2018 at GPK.

02



Commercial Excellence

- Plant improvement initiatives under PGB R2 Game Plan: 301Q99 FY2019-2022 resulting in good reputation on Product Delivery Reliability at 100%.

- Focus execution on the outlined PGB R2 Game Plan with concentrated effort to further reduce unit cost.

03



Growth

- Maximising cash generator through improvement of existing assets efficiency initiatives under PGB R2 Game Plan which contributed to improvements in plant reliability and integrity resulting in enhanced cost efficiency.

- Further maximise current asset utilisation and efficiency by elevating our competitiveness in pursuing business growth.

04

05

CHALLENGES AND RISK

MITIGATION

RESULT

HSSE

- Safe and flawless execution of turnaround activities with COVID-19 constraint and Movement Control Order (MCO) direction.

- Developed COVID-19 guideline booklet to facilitate execution of shutdown activities that contribute to zero O&M interruption.
- Close monitoring of signposts via risk assessment to manage COVID-19 pandemic.

- Commendable HSSE performance, despite higher risk exposure due to increased manhours and number of turnaround and shutdown activities.

06

Operational Excellence

- Lower salesgas demand in view of COVID-19 constraint and global market reform.

- Sustaining plant performance at above 99% reliability to secure supply to customers.

- 100% PDR and higher OEE.

07

OUTLOOK AND PROSPECTS

- Further improvement in safety and reliable operations towards productive, efficient and competitive organisation via digitalisation and OER2 implementation, in line with PGB R2 Game Plan: 301Q99 Pushing Forward activities.
- Continuous improvement in plant performance through effective preventive maintenance and flawless execution of shutdown activities.

08





GAS TRANSPORTATION BUSINESS

Business Review



BURHAN ABDULLAH
Head of Gas Transmission and Regasification

GAS TRANSPORTATION



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

FINANCIAL PERFORMANCE

RM1.2 billion

Revenue

RM0.8 billion

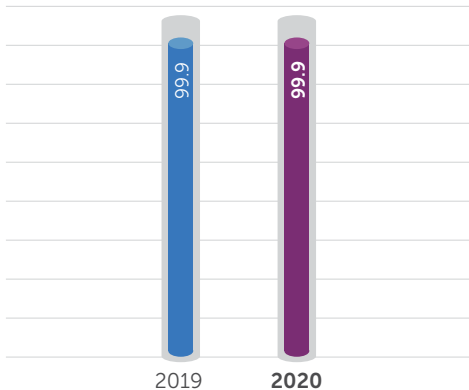
Gross Profit

RM2.9 billion

Segment Assets

OPERATIONAL PERFORMANCE

GT Reliability (%)



- Reliability – A measure to determine the impact of unscheduled downtime on the availability of the pipeline transmission.
- World class performance benchmark for Reliability is 98%.

HUMAN CAPITAL



Male
268



Female
43



Total Staff
311

RECOGNITION/AWARD

➤ MSOSH OSH Award 2020

- Kuantan RO : Grand
- Shah Alam RO : Gold Merit
- Segamat Operation Centre : Gold Merit
- Pasir Gudang RO : Gold Merit
- Kertih RO : Gold Merit
- Gurun RO : Gold Merit
- Sitiawan RO : Gold Class 1

➤ British Safety Council 2020




- Segamat OC : Merit
- Kuantan RO : Winner

➤ PETRONAS Operational Excellence Forum & Award (OEFA) 2020

- Best OPU Insight Driven Action : GTR
- Best Video Production & Exhibition : Squad Up (TSD & MTCE)
- Special Gold Award : Squad Up (TSD & MTCE)
- Special Culture Award : Best Organisation Climate – GT
- Bronze OE Award – GT



HIGHLIGHTS 2020

STRATEGIC OBJECTIVES	INITIATIVES IN 2020	TARGETS IN 2021
 Operational Excellence	<ul style="list-style-type: none"> Sustaining world class performance of Reliability with zero HSSE incidents at all times. Completion of major work at NPS 36 PGU Loop 1 Verification Dig Up & Repair with zero HSSE incident recorded, attributable to relentless HSSE focus through enhancements of HSSE Generative Culture. Improved pipeline and land encroachment monitoring through technology and digital i.e. PiriGIS, Drone, CCTV, Parameter Intrusion Detection System (PIDS). 	<ul style="list-style-type: none"> To strengthen GTR HSSE and Operational Excellence through Technology and Digital (e.g. BMH) and instill Generative HSSE Culture at all levels. To strengthen O&M activities through realignment current Work Process towards OE R2 towards safe, reliable and efficient of GT infrastructure.
 Commercial Excellence	<ul style="list-style-type: none"> Plant improvement KRAs i.e. minimise value leakages and optimise overall asset utilisation. Plant establishment KRAs i.e. reduction of FSR utilisation for rotating equipment, turbo-health to monitor compressor performance, optimisation of compressor station operation, etc. 	<ul style="list-style-type: none"> To continue plant improvement initiatives by establishing KRAs for asset rejuvenation towards sustainability of pipeline integrity.
 Growth	<ul style="list-style-type: none"> Several projects undertaken to connect our PGU pipeline to new customer. 	<ul style="list-style-type: none"> To further enhance overall asset utilisation through pipeline extension to new demand hubs.

01

02

03

CHALLENGES AND RISK

CHALLENGES AND RISK	MITIGATION	RESULT
Business Environment <ul style="list-style-type: none"> Introduction of Third Party Access which has changed the fundamental economic model for GT business. Customer expectation on zero interruption. 	<ul style="list-style-type: none"> Continuous engagement with Suruhanjaya Tenaga to minimise impact to operations. 	<ul style="list-style-type: none"> Tariff set at RM1.246/GJ for Regulatory Period 1 2020-2022.
Mindset Change <ul style="list-style-type: none"> Changing business and operating environment requires pervasive HSSE Generative Culture, flexible work processes and staff empowerment. 	<ul style="list-style-type: none"> Establishment of specific KRAs to improve HSSE performance as well as to move our towards Generative Culture. Implementation of GT Operate Facility Work Process (OFWP) and Maintain Facility Work Process (MFWP). Establishment of GTR Empowerment Implementation Team whose progress is reported to R2 Steering Committee (R2SC). 	<ul style="list-style-type: none"> Implementation of safety critical mindset and behaviour programme as part of continuous effort towards Generative HSSE Culture.
Asset Operational <ul style="list-style-type: none"> Lower PGU utilisation due to lower demand from power sector. Managing PGU pipeline integrity and geo-hazard for safe and reliable operations. Customer expectation of high asset reliability. 	<ul style="list-style-type: none"> Operational initiatives as part of PGB R2 Game Plan: 301Q99. Pipeline integrity assessment and geo-hazard improvement. Establishment of dedicated team to focus on improvement of Equipment Reliability Strategy. 	<ul style="list-style-type: none"> Identified initiatives were executed timely in order to increase gas utilisation and balance the low power sector demand.

04

05

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OUTLOOK AND PROSPECTS

- Sustaining world class performance of gas pipeline with continuous improvement on asset integrity programme towards safe, reliable and efficient operations.
- Continuous effort towards operational excellence on implementation of OE R2 Work Process, Management System and Empowerment to ensure competitiveness against other organisations in global benchmarking.

08





REGASIFICATION BUSINESS



Business Review



BURHAN ABDULLAH
Head of Gas Transmission and Regasification

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

FINANCIAL PERFORMANCE

RM1.4 billion

Revenue

RM0.7 billion

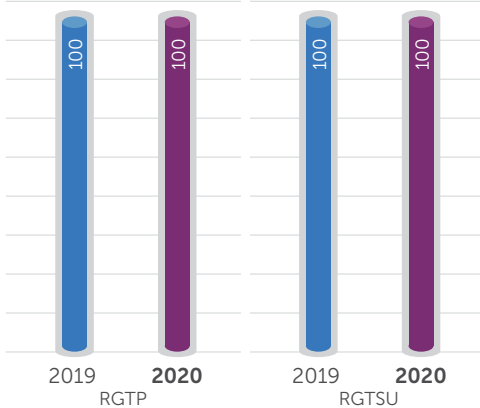
Gross Profit

RM6.2 billion

Segment Assets

OPERATIONAL PERFORMANCE

OEE (%)



➤ OEE – A measure of plant performance against its limits and identified sources of loss within the plant and a measure of how well equipment is used when available.

➤ World-class performance benchmark for OEE is 95%.

HUMAN CAPITAL



Male
110



Female
6



Total Staff
116

RECOGNITION/AWARD

➤ **MSOSH OSH Award 2020**

- RGTSU : Grand
- RGTP : Gold Merit

➤ **British Safety Council 2020**

- RGTSU : Winner

➤ **Prime Minister's Hibiscus Award 2019/2020**

- RGTSU : Exceptional Achievement
- RGTSU : Melaka State Award

➤ **Annual Productivity & Innovation Conference and Exposition (APIC) 2020**

- RGTSU : Gold Award/Top 20 Group (Industrial Sector)
- RGTP : Gold Award/Top 20 Group (5S/ QE Category)




➤ **PETRONAS Operational Excellence Forum & Award (OEFA) 2020**

- RGTSU : Special Sustainability Award

- RGTSU : Business Top 5 Award
- RGTSU : Silver Award (HSSE)
- RGTSU : Bronze Award (Operational Excellence)
- RGTSU : Best R2C2 Personality Award (Executive)
- RGTP : Business Top 5 Award
- RGTP : Silver Award (Operational Excellence)
- RGTP : Bronze Award (HSSE)



HIGHLIGHTS 2020

STRATEGIC OBJECTIVES	INITIATIVES IN 2020	TARGETS IN 2021
 Operational Excellence	<ul style="list-style-type: none"> Sustaining above world class benchmarks of OEE of 95% and compliance with various HSSE governance and assurance frameworks as well as the PETRONAS Mandatory Control Framework at all times. Completion of major turnaround at RGTSU with zero HSSE incident recorded attributable to relentless focus on HSSE. Accreditation with national and international certification. 	<ul style="list-style-type: none"> To strengthen the Operational Excellence through Technology and Digital (e.g. BMH) and instill Generative HSSE Culture at all level. To sustain RGTSU and RGTP OEE and reliability through comprehensive integrity programme and work process. To strengthen O&M activities by realigning current work process to reflect OE R2 standards towards safe, reliable and efficient of operations.
 Commercial Excellence	<ul style="list-style-type: none"> Minimise value leakages and optimise overall asset utilisation through establishment KRAs i.e. RGTEC Optimisation and Sea Water Flow Optimisation. 	<ul style="list-style-type: none"> To continue optimising overall asset utilisation through establishment of KRAs i.e. improve BOG after cooler maintenance and RGTEC Faring improvement.
 Growth	<ul style="list-style-type: none"> Successfully launched LNG Truck Loading at RGTP Successfully completed LNG Reloading as part as PETRONAS bunkering. 	<ul style="list-style-type: none"> Capture new business opportunities from new services offered at regasification facilities

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02

03

CHALLENGES AND RISK

CHALLENGES AND RISK	MITIGATION	RESULT
Business Environment <ul style="list-style-type: none"> Introduction of Third Party Access which has changed the fundamental economic model for RGT business. Customer expectation on zero interruption. 	<ul style="list-style-type: none"> Continuous engagement with Suruhanjaya Tenaga to minimise impact to operations. Sustaining reliability above world class through effective implementation of O&M best practices. 	<ul style="list-style-type: none"> Tariff set for Regulatory Period 1 2020-2022: <ul style="list-style-type: none"> – RGTSU: RM3.455/GJ – RGTP: RM3.485/GJ
Mindset Change <ul style="list-style-type: none"> Changing business and operating environment requires pervasive HSSE Generative Culture, flexible work processes and staff empowerment. 	<ul style="list-style-type: none"> Establishment of specific KRAs to improve HSSE performance as well as to move our HSSE culture towards Generative Culture. Implementation of Operate Facility Work Process (OFWP) and Maintain Facility Work Process (MFWP). Establishment of GTR Empowerment Implementation Team whose progress is reported to R2 Steering Committee (R2SC). 	<ul style="list-style-type: none"> Implement safety critical mindset and behaviour programme as part of continuous effort towards Generative HSSE Culture.
Asset Operational <ul style="list-style-type: none"> Lower RGTSU utilisation due to lower demand from power sectors. Managing PGU pipeline integrity and geo-hazard for safe and reliable operations. Customer expectation of high asset reliability. 	<ul style="list-style-type: none"> Operational initiatives as part of PGB R2 Game Plan: 301Q99. Pipeline integrity assessment and geo-hazard improvement. Establishment of dedicated team to focus on improvement of Equipment Reliability Strategy. 	<ul style="list-style-type: none"> Identified initiatives were executed timely in order to increase gas utilisation and balance the low power sector demand.

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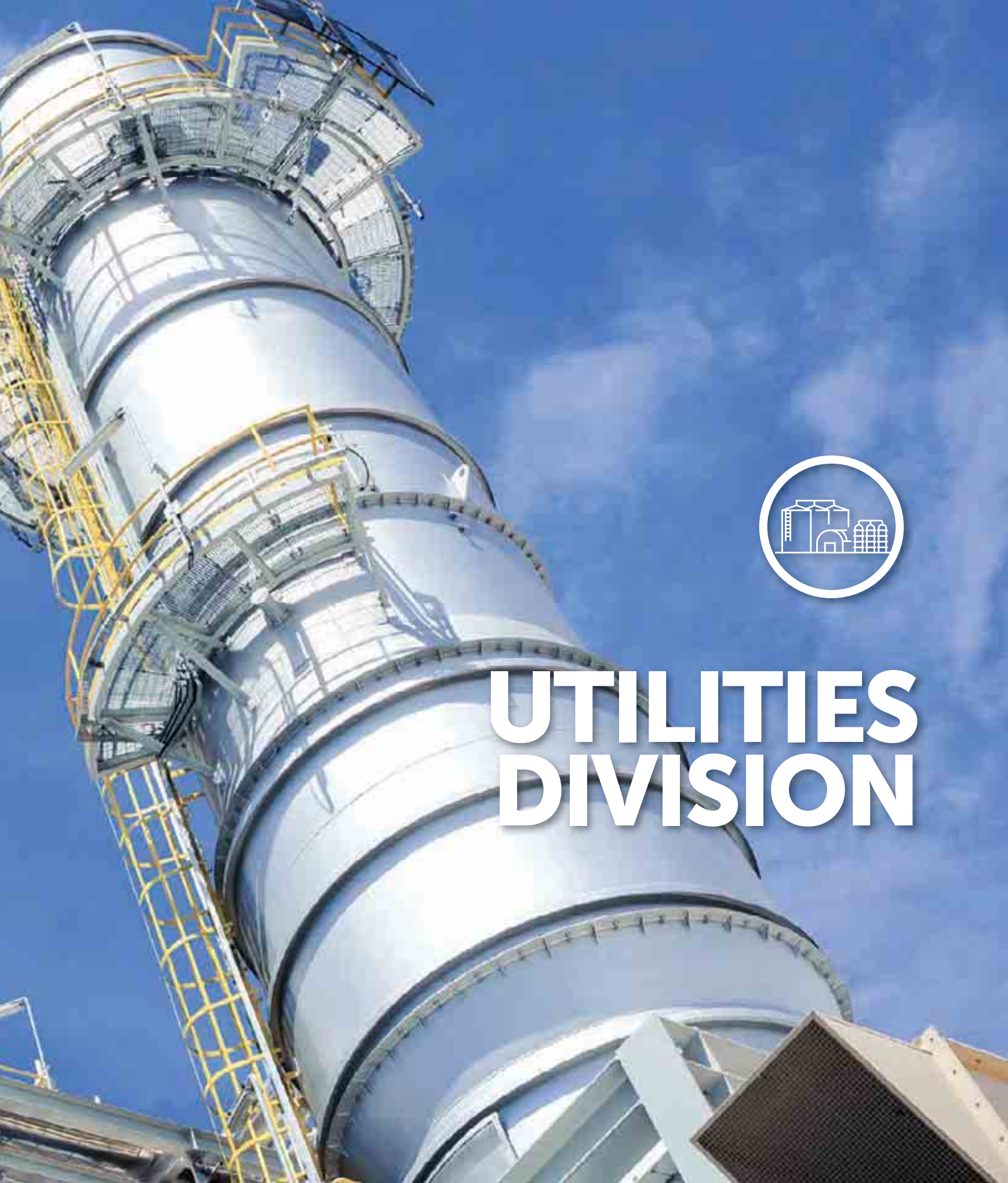
07

OUTLOOK AND PROSPECTS

- Sustaining world class performance of regasification terminal with continuous improvement on asset integrity programme towards safe, reliable and efficient operations.
- Continuous effort towards operational excellence on implementation of OE R2 Work Process, Management System and Empowerment to ensure competitiveness against other organisations in global benchmarking.

08





UTILITIES DIVISION

Business Review



ZABIDI AHMAD
Head of Gas Processing and Utilities

UTILITIES



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

FINANCIAL PERFORMANCE

RM1.3 billion

Revenue

RM0.2 billion

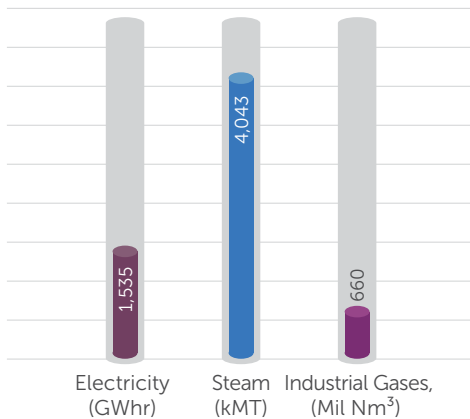
Gross Profit

RM1.3 billion

Segment Assets

OPERATIONAL PERFORMANCE

Production Volume



OEE

Electricity
99.9%

Steam
100%

Industrial Gases
100%

PDR

Electricity
100%

Steam
100%

Industrial Gases
100%

HUMAN CAPITAL



Male
213



Female
13



Total Staff
226

RECOGNITION/AWARD

► Health, Safety, Security and Environment (HSSE)

- MSOSH OSH Gold Merit Award (Excellence OSH Performance) for UK and UG
- ROSPA Gold Award for UK and UG
- Excellent achievement (highest category) for Prime Minister Hibiscus Award for UG

► Innovations & Improvements

Institut Kimia Malaysia (IKM) Laboratory

- Excellence Award for Analytical Technology Utilities Kertih (ATUK) and Analytical Technology Utilities Gebeng (ATUG)

PETRONAS Operational Excellence Forum & Award (OEFA) 2020

- Won two (2) special HSSE award



HIGHLIGHTS 2020

STRATEGIC OBJECTIVES	INITIATIVES IN 2020	TARGETS IN 2021
<p>Operational Excellence</p>	<ul style="list-style-type: none"> Digitalisation enhancement through GTC to further improve business performance and plant healthiness for a safe, reliable and efficient organisation as well as providing staff with data driven tools to perform effective site verification and troubleshooting. 	<ul style="list-style-type: none"> Continue Digitalisation enhancement through Brilliant Innovated GNE (BIG) programme focusing on value chain optimisation, centralising operations and engineering capability, virtual physical asset performance optimisation and enhanced frontliners procedures for safer, effective and efficient task delivery. Certification upgrading for ISO45001: 2018 at UK.
<p>Commercial Excellence</p>	<ul style="list-style-type: none"> Steam supply commissioning to Polyplastics Asia Pacific (PAP) in November 2020. 	<ul style="list-style-type: none"> Focus execution on the outlined PGB R2 Game Plan with concentrated effort to further reduce unit cost i.e. establishment of Remote Operations Centre (ROC).
<p>Growth</p>	<ul style="list-style-type: none"> Plant improvement initiatives under PGB R2 Game Plan contributed to improved plant reliability and integrity and successfully retaining existing customer through extension of contracts. 	<ul style="list-style-type: none"> Further expand resources to capture new customers by extending product supply to other PETRONAS entities. Further improve COGEN efficiency through execution of Energy Index initiatives.

01

02

03

04

CHALLENGES AND RISK

CHALLENGES AND RISK	MITIGATION	RESULT
<p>HSSE</p> <ul style="list-style-type: none"> Safe and flawless execution of shutdown activities with COVID-19 constraint and Movement Control Order (MCO) direction. 	<ul style="list-style-type: none"> Developed COVID-19 guideline booklet to facilitate execution of shutdown activities that contribute to ZERO O&M interruption. Close monitoring of signposts via risk assessment to manage COVID-19 pandemic. 	<ul style="list-style-type: none"> Commendable HSSE performance, despite higher risk exposure due to increased manhours and higher number of shutdown activities.
<p>Operational Excellence</p> <ul style="list-style-type: none"> TNB export changed to "Min active power to maintain connection to TNB Grid" at 3.5 MW for each UK and UG for free until NEDA is established in January 2021. 	<ul style="list-style-type: none"> Sustaining plant performance at above 99% reliability to secure supply to existing customers. 	<ul style="list-style-type: none"> 100% PDR and plant reliability.

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OUTLOOK AND PROSPECTS

- Further improvement in safety and reliable operations towards productive, efficient and competitive organisations via digitalisation and OER2 implementation, in line with PGB R2 Game Plan: 301Q99 Pushing Forward activities.
- Continuous improvement in plant performance through effective preventive maintenance and flawless execution of shutdown activities.

08

Business Review

ANCILLARY SERVICES

LNG TRUCK LOADING AT REGASIFICATION TERMINAL PENGERANG (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.

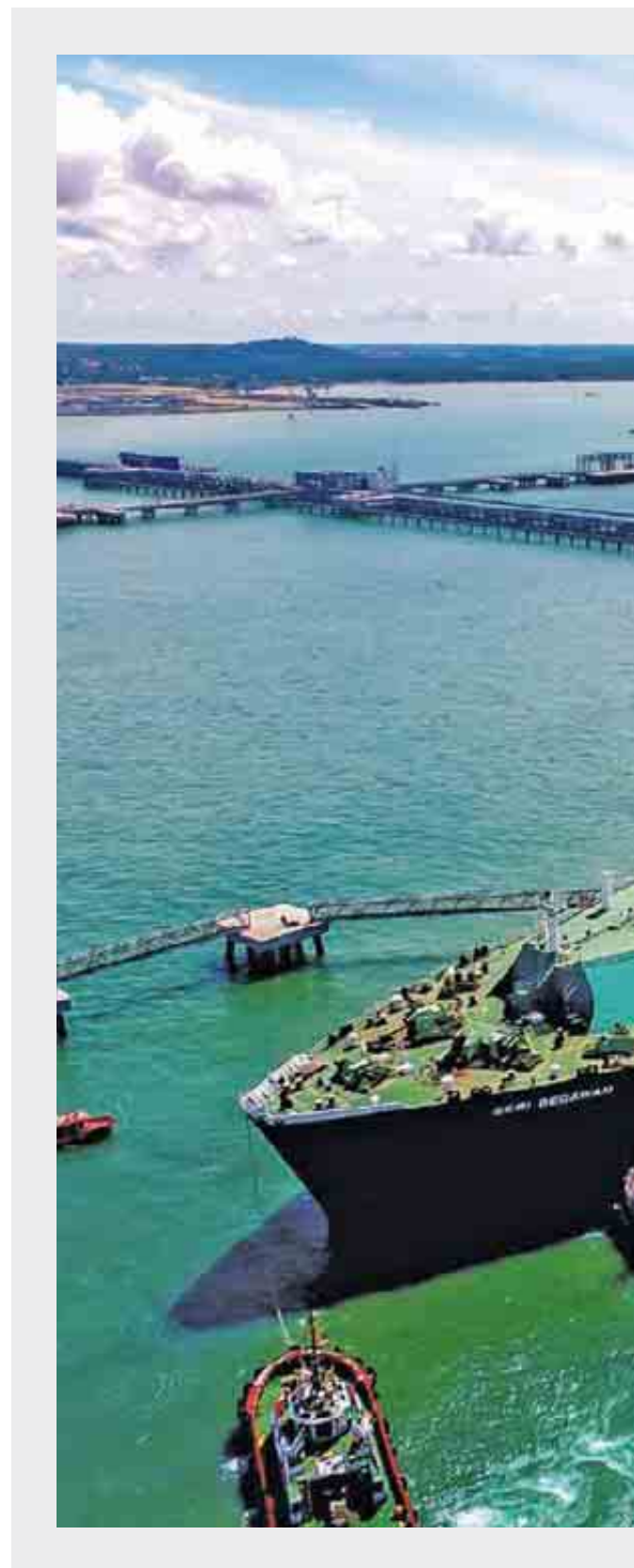


LNG RELOADING AT REGASIFICATION TERMINAL SUNGAI UDANG (RGTSU)

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.

PGB is set to promote LNG as an alternative to cleaner marine fuels, being strategically located to serve vessels plying through Straits of Malacca.





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.

01

02

03

04

05

06

07

08

BOARD AT A GLANCE

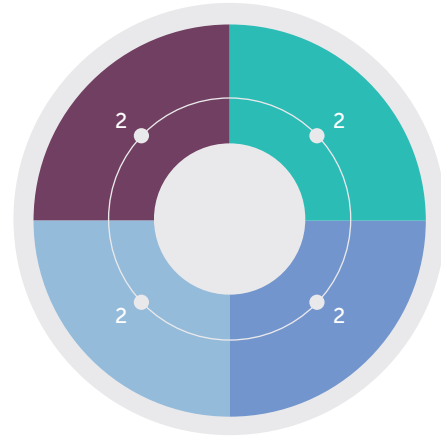
COMPOSITION



- Senior Independent Director 1
- Independent Non-Executive Director* 3
- Non-Independent Non-Executive Director (including the Chairman) 3
- Executive Director 1

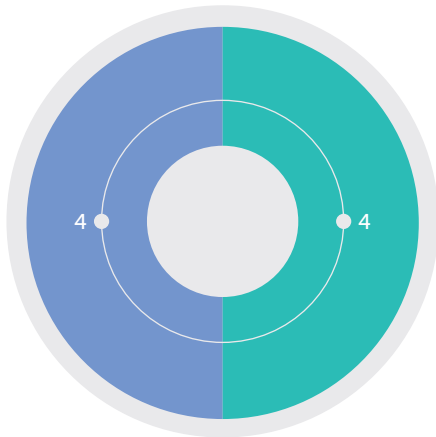
* Excluding the Senior Independent Director

AGE GROUP



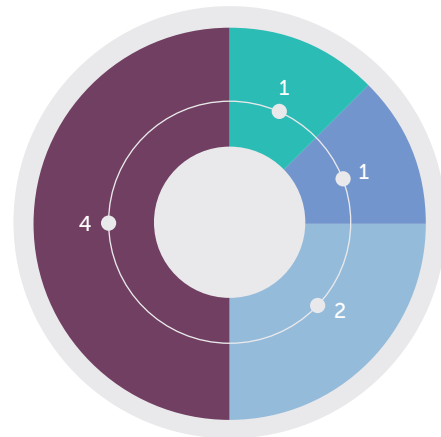
- Age 70-79 2
- Age 60-69 2
- Age 50-59 2
- Age 40-49 2

GENDER



- Male 4
- Female 4

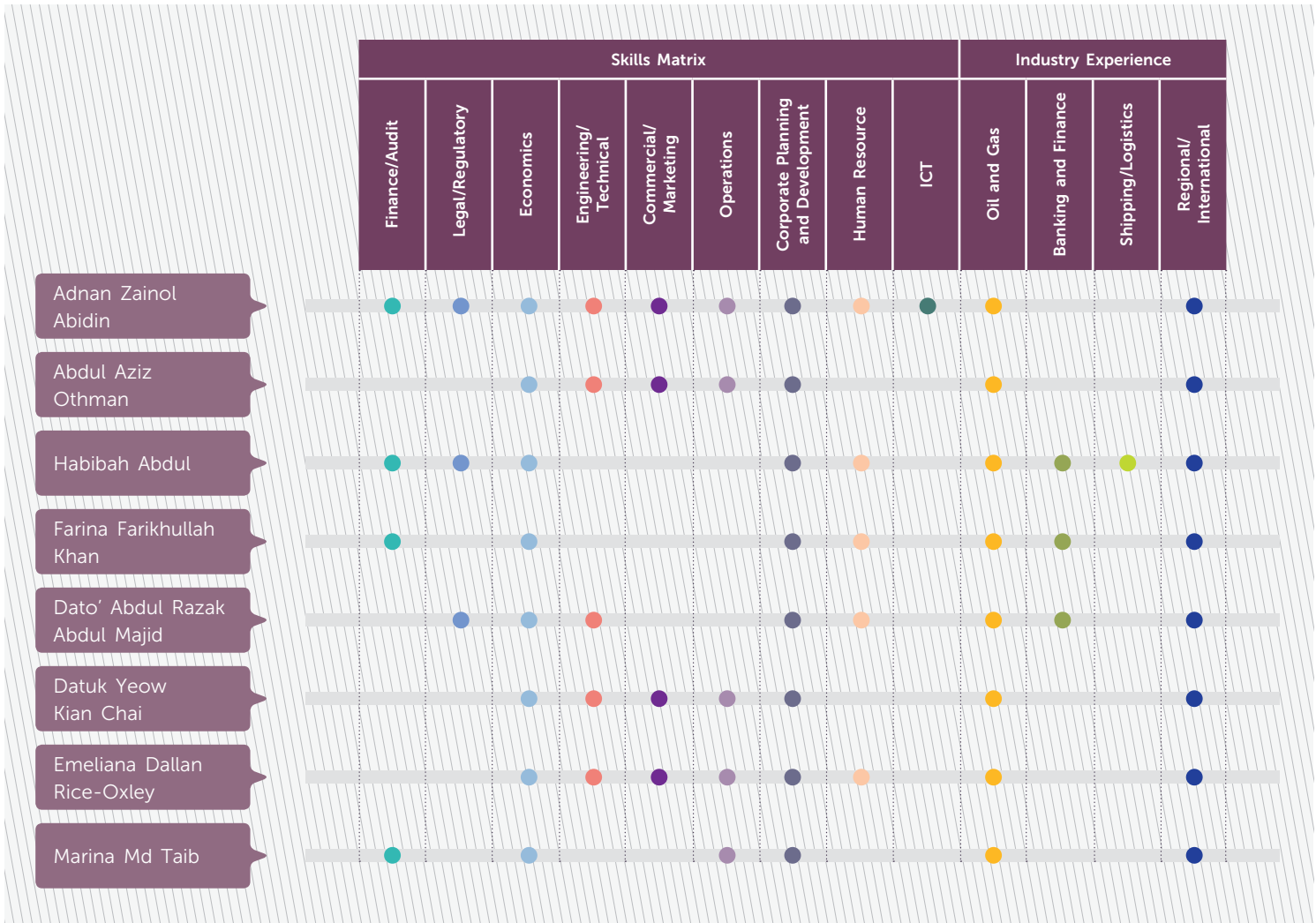
TENURE



- 7-9 years 1
- 4-7 years 1
- 2-4 years 2
- 0-2 years 4



BOARD SKILLS AND EXPERIENCE MATRIX



- Finance/Audit
- Legal/Regulatory
- Economics
- Engineering/Technical
- Commercial/Marketing
- Operations
- Corporate Planning and Development
- Human Resource
- ICT
- Oil and Gas
- Banking and Finance
- Shipping/Logistics
- Regional/International

01

02

03

04

05

06

07

08

PROFILE OF THE **BOARD OF DIRECTORS** as at 10 February 2021



01

ADNAN ZAINOL ABIDIN

Chairman
Non-Independent Non-Executive Director



Age/Gender

59 Years/Male



Nationality

Malaysian



Date of Appointment

2 July 2020

Length of Service

- 7 months

Number of Board Meetings Attended

- 4/4

Academic/Professional Qualifications

- Bachelor of Science in Chemical Engineering, University of Leeds, United Kingdom

Present Directorships

Listed issuer:

- PETRONAS Gas Berhad

Other public company:

- NIL

Present Appointments

- Executive Vice President and Chief Executive Officer of PETRONAS Gas and New Energy Business
- Member of PETRONAS Executive Leadership Team
- Board Member of various companies in PETRONAS

Past Experience

- Senior Vice President of PETRONAS Project Delivery and Technology
- Vice President of PETRONAS LNG Assets
- Vice President of PETRONAS Global LNG Projects
- President and Chief Executive Officer of Pacific Northwest LNG (Canada)
- Chief Executive Officer of Egyptian LNG (Egypt)
- Chief Executive Officer of PETRONAS Chemicals Ammonia Sdn. Bhd.
- 35 years of extensive experience in oil and gas industry

Declaration

- No family relationship with any Director/Major Shareholder
- No conflict of interest with PETRONAS Gas Berhad
- No conviction of offences within the past five years other than traffic offences, if any
- Does not hold more than five directorships in listed issuers



02

ABDUL AZIZ OTHMANManaging Director/Chief Executive Director
Non-Independent Executive Director**Age/Gender**

55 Years/Male

**Nationality**

Malaysian

**Date of Appointment**

1 January 2021

Length of Service

- 1 month

Number of Board Meetings Attended

- NIL

Academic/Professional Qualifications

- Senior Executive Programme, London Business School
- INSEAD Programme, INSEAD Business School
- Bachelor Science Mechanical Engineering, University George Washington, United States of America

Present Directorships

Listed issuer:

- PETRONAS Gas Berhad

Other public company:

- NIL

Present Appointments

- Vice President Gas and Power, Gas and New Energy Business
- Member, Gas and New Energy Executive Leadership Team of PETRONAS
- Board Member of various companies in PETRONAS

Past Experience

- Vice President, Strategy and New Ventures of PETRONAS Energy Canada Limited
- Head, Strategic Planning and Ventures of PETRONAS Chemicals Group Berhad
- Chief Executive Officer of Vinyl Chloride Malaysia Sdn. Bhd.
- General Manager, Centralised Utilities Facilities of PETRONAS Gas Berhad
- Engineer, Peninsular Gas Utilisation Project of PETRONAS Gas Berhad

Declaration

- No family relationship with any Director/Major Shareholder
- No conflict of interest with PETRONAS Gas Berhad
- No conviction of offences within the past five years other than traffic offences, if any
- Does not hold more than five directorships in listed issuers



01

02

03

04

05

06




07

08

Profile of the **Board of Directors** as at 10 February 2021



03 **HABIBAH ABDUL**
Senior Independent Director

 Age/Gender 65 Years/Female	 Nationality Malaysian	 Date of Appointment 13 September 2013
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Length of Service

- 7 years and 5 months

Number of Board Meetings Attended

- 7/7

Academic/Professional Qualifications

- Fellow of Institute of Chartered Accountants in England and Wales
- Member of Malaysian Institute of Certified Public Accountants
- Member of Malaysian Institute of Accountants
- Bachelor of Economics (Accounting), University Malaya

Present Directorships

Listed issuers:

- PETRONAS Gas Berhad
- KLCC Property Holdings Berhad

Other public company:

- NIL

Present Appointments

- Chairman, Nomination and Remuneration Committee of KLCC Property Holdings Berhad
- Member, Board Audit Committee of PETRONAS Gas Berhad
- Member, Nomination and Remuneration Committee of PETRONAS Gas Berhad
- Member, Board Audit Committee of KLCC Property Holdings Berhad
- Board Member of KLCC REIT Management Sdn. Bhd.

Past Experience

- Member of Securities Commission
- Experienced in providing audit and business advisory services to several large public listed, multinationals and local corporations
- Partner of Arthur Andersen
- Partner of Ernst & Young

Declaration

- No family relationship with any Director/Major Shareholder
- No conflict of interest with PETRONAS Gas Berhad
- No conviction of offences within the past five years other than traffic offences, if any
- Does not hold more than five directorships in listed issuers



04

FARINA FARIKHULLAH KHAN

Independent Non-Executive Director

**Age/Gender**

48 Years/Female

**Nationality**

Malaysian

**Date of Appointment**

1 September 2018

Length of Service

- 2 years and 5 months

Number of Board Meetings Attended

- 7/7

Academic/Professional Qualifications

- Advanced Management Program, Harvard Business School, United States of America
- Fellow member of the Institute of Chartered Accountants, Australia
- Bachelor of Commerce (Accounting), University of New South Wales, Australia

Present Directorships

Listed issuers:

- PETRONAS Gas Berhad
- KLCC Property Holdings Bhd
- AMMB Holdings Berhad
- Icon Offshore Berhad

Other public company:

- Ambank Islamic Berhad

Foreign listed company:

- EnQuest PLC

Present Appointments

- Chairman, Board Audit Committee of PETRONAS Gas Berhad
- Chairman, Board Audit Committee of KLCC Property Holdings Berhad
- Chairman, Group Nomination and Remuneration Committee of AMBB Holdings Berhad
- Chairman, Risk Management Committee of Ambank Islamic Berhad
- Member, Nomination and Remuneration Committee of PETRONAS Gas Berhad
- Member, Nomination and Remuneration Committee of KLCC Property Holdings Berhad
- Member, Audit Examination Committee of AMMB Holdings Berhad
- Member, Audit Examination Committee of Ambank Islamic Berhad
- Member, Audit Committee of Icon Offshore Berhad
- Board Member of KLCC REIT Management Sdn. Bhd.
- Member, Safety, Climate and Risk Committee of EnQuest Plc
- Member, Remuneration and Social Responsibility Committee of EnQuest Plc
- Member, Audit Committee of EnQuest Plc

Past Experience

- Board Member of Progress Energy Canada Ltd
- Chief Financial Officer of PETRONAS Chemicals Group Berhad
- Chief Financial Officer of PETRONAS Exploration & Production Business
- Chief Financial Officer of PETRONAS Carigali Group of Companies
- Senior Manager, Corporate Planning & Development Division of PETRONAS
- Senior Associate, Business Services of Coopers & Lybrand, Australia

Declaration

- No family relationship with any Director/Major Shareholder
- No conflict of interest with PETRONAS Gas Berhad
- No conviction of offences within the past five years other than traffic offences, if any
- Does not hold more than 5 directorships in listed issuers



01

02

03

04

05

06

07

08

Profile of the **Board of Directors** as at 10 February 2021



05

DATO' ABDUL RAZAK ABDUL MAJID

Independent Non-Executive Director



Age/Gender

70 Years/Male



Nationality

Malaysian



Date of Appointment

1 September 2018

Length of Service

- 2 years and 5 months

Number of Board Meetings Attended

- 7/7

Academic/Professional Qualifications

- Masters Degree in Business Administration, Ohio University, United States of America
- Bachelor of Electrical Engineering, Brighton University, United Kingdom

Present Directorships

Listed issuer:

- PETRONAS Gas Berhad

Other public company:

- NIL

Present Appointments

- Chairman of Energy Council of Malaysia
- Chairman, Nomination and Remuneration Committee of PETRONAS Gas Berhad
- Member, Board Audit Committee of PETRONAS Gas Berhad

Past Experience

- Chief Executive Officer of MyPower Corporation MESI 2.0 (Government of Malaysia Undertaking)
- Chairman of Energy Commission Malaysia
- Chief Executive Officer of MyPower Corporation MESI 1.0 (Incorporated by Ministry of Energy)
- Senior Vice President, (Corporate Affairs Division) of Tenaga Nasional Berhad
- Vice President (Generation) of Tenaga Nasional Berhad
- Secondment, Economic Planning Unit of Prime Minister's Department

Declaration

- No family relationship with any Director/Major Shareholder
- No conflict of interest with PETRONAS Gas Berhad
- No conviction of offences within the past five years other than traffic offences, if any
- Does not hold more than five directorships in listed issuers



06

DATUK YEOW KIAN CHAI

Independent Non-Executive Director

**Age/Gender**

70 Years/Male

**Nationality**

Malaysian

**Date of Appointment**

30 July 2020

Length of Service

- 6 months

Number of Board Meetings Attended

- 4/4

Academic/Professional Qualifications

- Masters of Marine Technology, University of Strathclyde
- Degree in Mechanical Engineering, University College London

Present Directorships

Listed issuer:

- PETRONAS Gas Berhad

Other public company:

- NIL

Present Appointments

- Chairman of PETRONAS Abandonment Cess Fund Board of Trustee
- Independent Non-Executive Board Member of PETRONAS Carigali Sdn. Bhd.
- Independent Non-Executive Board Member of PETRONAS International Corporation Limited
- Member of Nomination and Remuneration Committee of PETRONAS Gas Berhad

Past Experience

- Advisor of PETRONAS Carigali Sdn Bhd
- Vice President of PETRONAS Chemicals Business
- Director of Project Interface Directorate
- Co-Champion PETRONAS OPI Initiative
- Chief Executive Officer of PETRONAS Chemicals Fertiliser Kedah Sdn. Bhd.
- Chief Executive Officer of PETRONAS Carigali (Turkemenistan) Sdn. Bhd.
- Head of Exploration and Production Technology Centre
- 35 years of extensive experience in oil and gas industry experience

Declaration

- No family relationship with any Director/Major Shareholder
- No conflict of interest with PETRONAS Gas Berhad
- No conviction of offences within the past five years other than traffic offences, if any
- Does not hold more than five directorships in listed issuers



01

02

03

04

05

06

07




08

Profile of the **Board of Directors** as at 10 February 2021



07 **EMELIANA DALLAN RICE-OXLEY**
 Non-Independent Non-Executive Director



 Age/Gender 58 Years/Female	 Nationality Malaysian	 Date of Appointment 1 September 2016
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Length of Service

- 4 years and 5 months

Number of Board Meetings Attended

- 7/7

Academic/Professional Qualifications

- Advanced Management Programme, Harvard Business School, United States of America
- Degree in Geology, University of South Carolina, United States of America

Present Directorships

Listed issuer:

- PETRONAS Gas Berhad

Other public company:

- NIL

Present Appointments

- Vice President, Exploration of PETRONAS Upstream
- Member, Upstream Leadership Team of PETRONAS
- Member, Upstream People Development Council of PETRONAS
- Champion, PETRONAS Leading Women Network
- Board Member of various companies in PETRONAS

Past Experience

- Vice President of Exploration Malaysia of PETRONAS
- Led PETRONAS strategy to accelerate monetisation of the gas-rich resources in East Malaysia as well as international exploration growth
- Served numerous technical and managerial roles in Malaysia, Central North Sea, Brazil, Onshore United States of America and Latin America for Shell
- Exploration Portfolio and Planning Manager for Asia Pacific region for Shell

Declaration

- No family relationship with any Director/Major Shareholder
- No conflict of interest with PETRONAS Gas Berhad
- No conviction of offences within the past five years other than traffic offences, if any
- Does not hold more than five directorships in listed issuers



08

MARINA MD TAIB

Non-Independent Non-Executive Director

**Age/Gender**

48 Years/Female

**Nationality**

Malaysian

**Date of Appointment**

1 September 2019

Length of Service

1 year and 5 months

Number of Board Meetings Attended

- 7/7

Academic/Professional Qualifications

- Advanced Management Programme, Harvard Business School
- Masters of Petroleum Business Management, University of Adelaide, Australia
- Fellow, Institute of Chartered Accountants in England and Wales (ICAEW)
- Bachelor of Social Studies Accountancy, University of Exeter, United Kingdom

Present Directorships

Listed issuer:

- PETRONAS Gas Berhad

Other public company:

- NIL

Present Appointments

- Member, Board Audit Committee of PETRONAS Gas Berhad
- Head, Corporate Strategic Planning of PETRONAS
- Board Member of various companies in PETRONAS

Past Experience

- Head, Brunei Operations of PETRONAS Carigali Sdn Bhd
- Head, Strategic Planning, Petroleum Management Unit of PETRONAS
- Senior Manager, Corporate Planning and Development Division of PETRONAS

Declaration

- No family relationship with any Director/Major Shareholder
- No conflict of interest with PETRONAS Gas Berhad
- No conviction of offences within the past five years other than traffic offences, if any
- Does not hold more than five directorships in listed issuers



01

02

03

04

05

06

07

08

PROFILE OF LEADERSHIP TEAM as at 10 February 2021



1 ABDUL AZIZ BIN OTHMAN
 Managing Director/
 Chief Executive Director

Nationality/Ethnicity Malaysian/Malay
Age/Gender 55/Male
Date of Appointment January 2021
Length of Service 1 month

Responsibilities

- Overall management and operations of the business, organisational effectiveness and the implementation of the Group's strategies and policies
- Manage the respective responsibilities of the divisions and departments in Company.

Academic/Professional Qualifications

- Senior Executive Programme, London Business School
- INSEAD Programme, INSEAD Business School
- Bachelor of Science in Mechanical Engineering, George Washington University, United States of America

Present Appointments

- Vice President, Gas and Power, Gas and New Energy Business
- Member, Gas and New Energy Executive Leadership Team, PETRONAS
- Board Member of various companies in PETRONAS

Past Experience

- Vice President, Strategy and New Ventures, PETRONAS Energy Canada Limited
- Head, Strategic Planning and Ventures, PETRONAS Chemicals Group Berhad
- Chief Executive Officer, Vinyl Chloride Malaysia Sdn Bhd
- General Manager, Centralised Utilities Facilities (CUF), PETRONAS Gas Berhad
- Engineer, Peninsular Gas Utilisation Project (PGU)

2 ZABIDI AHMAD
 Head of Gas Processing and
 Utilities

Nationality/Ethnicity Malaysian/Malay
Age/Gender 53/Male
Date of Appointment March 2020
Length of Service 11 months

Responsibilities

- Overall management and operations of Gas Processing and Utilities facilities by ensuring safe, optimum and efficient plant operations
- Ensure delivery of contracted utilities which satisfies customers' requirements as well as achieving optimum gas value chain for PETRONAS and PGB
- Ensure compliance with regulations and statutory requirements

Academic/Professional Qualifications

- Bachelor of Science in Mechanical Engineering, George Washington University, United States of America

Present Appointments

- Board Member of various companies in PETRONAS
- Executive Committee of Kelab Golf & Rekreasi PETRONAS (KGRP)

Past Experience

- Managing Director/CEO, PETRONAS Penapisan Sdn Bhd PP(T)SB
- Head (Plant), PETRONAS Penapisan Sdn Bhd PP(T)SB
- Manager (Maintenance), PETRONAS Penapisan Sdn Bhd PP(T)SB
- Manager (Maintenance Rotating Engineering-GPP B) PETRONAS Gas Berhad
- Manager (Maintenance Process), PETRONAS Gas Berhad

3 BURHAN ABDULLAH
 Head of Gas Transmission and
 Regasification

Nationality/Ethnicity Malaysian/Malay
Age/Gender 54/Male
Date of Appointment January 2017
Length of Service 4 years 1 month

Responsibilities

- Overall management and operations of Gas Transmission and Regasification facilities by ensuring safe, optimum and efficient pipeline network and regasification operations
- Ensure delivery of gas which satisfies PETRONAS customers' requirements as well as achieving optimum gas value chain for PETRONAS
- Ensure compliance with regulations and statutory requirements

Academic/Professional Qualifications

- Bachelor of Chemical Engineering from University of Texas A&I, United States of America
- First Grade Steam Engineer from Malaysian Department of Occupational Safety & Health

Present Appointments

- Chief Executive Officer, Regas Terminal (Sg. Udang) Sdn Bhd

Past Experience

- Vice President Operations, Trans-Thai Malaysia (Thailand) Ltd
- Senior Operation Manager, PETRONAS Gas Berhad
- Shift Supervisor, Ethylene (Malaysia) Sdn Bhd
- Operation Engineer, PETRONAS Penapisan (Terengganu) Sdn Bhd



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Declaration

- No family relationship with any director and/or major shareholder of PGB
- No conflict of interest with PGB
- No conviction of offences within the past five years other than traffic offences, if any

4 SHARIZA SHARIS MOHD YUSOF
Chief Financial Officer

Nationality/Ethnicity Malaysian/Malay
Age/Gender 47/Female
Date of Appointment September 2017
Length of Service 3 years 5 months

Responsibilities

- Overall Group's financial and fiscal management as well as investor relations
- Provide strategic partnering and finance advisory to the business particularly on business ventures and commercial arrangements

Academic/Professional Qualifications

- Member, Malaysian Institute of Accountants
- Fellow, Institute of Chartered Accountants in England and Wales (ICAEW)
- Bachelor of Science in Economics and Accounting, University of Bristol, United Kingdom

Present Appointments

- Director, Kimanis Power Sdn Bhd
- Director, Kimanis O&M Sdn Bhd
- Director, Pengerang Gas Solutions Sdn Bhd
- Alternate Director, Pengerang LNG (Two) Sdn Bhd
- Alternate Director, Gas Malaysia Berhad
- Board Member of various companies in PETRONAS

Past Experience

- Financial Controller, PETRONAS Chemicals Group Berhad
- Senior Manager, Strategic Planning, PETRONAS
- Head, Finance and Administration, Dragon LNG, United Kingdom
- Manager, Financial Accounting, PETRONAS Dagangan Berhad
- Analyst, President/CEO's Office, PETRONAS
- Executive, Corporate Finance, PETRONAS
- Auditor, Wenham Major Chartered Accountants, United Kingdom

5 ABDUL RAZAK SAIM
Head of Business Development and Commercial

Nationality/Ethnicity Malaysian/Malay
Age/Gender 55/Male
Date of Appointment February 2013
Length of Service 8 years 0 month

Responsibilities

- Provide overall medium to long-term business strategy for the Company
- Maximise Group's profitability through effective business development for growth, commercial negotiations and resolutions, business ventures management, land acquisition and management
- Provide strategic direction for effective and profitable business operations under the Third Party Access (TPA)

Academic/Professional Qualifications

- Bachelor of Mechanical Engineering (Hons), University of Wollongong, New South Wales, Australia

Present Appointments

- Director/CEO, Pengerang LNG (Two) Sdn Bhd
- Director, Industrial Gases Solutions Sdn Bhd
- Director, PETRONAS Energy (India) Ptd Ltd
- Director, Gas District Cooling (GDC) Sdn Bhd
- Director, Regas Terminal (Lahad Datu) Sdn Bhd
- Director, Regas Terminal (Pengerang) Sdn Bhd

Past Experience

- Director, Transasia Pipeline Pvt Ltd
- Commissioner, PT Transportasi Gas Indonesia
- Chief Operating Officer, BAKIPC Sdn Bhd
- General Manager, Gas Business Development, Gas Business Unit, PETRONAS
- Head, Malaysia Gas Management, Gas Business Unit, PETRONAS
- Manager, Gas Supply Planning, PETRONAS
- Manager, Business Planning, PETRONAS Australia Pty Ltd
- Senior Executive, Marketing, East Australia Pipeline Marketing Pty Ltd
- Various technical positions in PGB on gas compression and facilities management
- Procurement Executive, Gas Transmission Operation, PGB

6 BARISHAH MD HANIPAH
Head of Human Resources Management

Nationality/Ethnicity Malaysian/Malay
Age/Gender 56/Female
Date of Appointment March 2013
Length of Service 7 years 11 months

Responsibilities

- Formulate talent strategies and initiatives in developing competent and capable leaders and workforce across PGB Group including securing, developing and retaining talents
- Provide Human Resources advisory to adapt and adopt the right HR solutions at the strategic, tactical and operational level
- Create positive experience through empowered, agile and enabled talent eco-system

Academic/Professional Qualifications

- Bachelor of Business Administration (*Cum Laude*), University of Toledo, Ohio, United States of America

Present Appointments

- Joint Secretary, Nomination and Remuneration Committee

Past Experience

- Senior Manager, Sponsorship and Talent Sourcing, PETRONAS
- Manager, Human Resource Management, PETRONAS Chemicals Fertiliser (Kedah) Sdn Bhd
- Manager, HR Planning and Development, PGB
- Manager, Remuneration Administration, PETRONAS
- Executive within HRM Division of PETRONAS in the areas of People Development, Capability Development and HR Information System
- Executive, Education Sponsorship, PETRONAS

01

02

03

04

05

06

07

08

Profile of **Leadership Team** as at 10 February 2021

7 TENGKU MAZURA TENGKU ISMIT Head of Legal & Corporate Secretariat

Nationality/Ethnicity Malaysian/Malay
Age/Gender 49/Female
Date of Appointment 1 March 2020
Length of Service 1 year

Responsibilities

- Overall management of legal affairs and company secretarial services of PGB Group

Academic/Professional Qualifications

- LLB (Honours), Universiti Kebangsaan Malaysia
- Admitted as Advocate & Solicitor of the High Court of Malaya in 1997
- Licensed Company Secretary

Present Appointments

- Head (Legal Gas), Legal G&NE, Group Legal

Past Experience

- Head Legal Finance and Tax, PETRONAS
- Head Corporate Governance & International Compliance, PETRONAS
- Senior Legal Counsel, PETRONAS Chemical Group Berhad
- Senior Legal Counsel, Corporate Services, PETRONAS
- Legal Counsel, Legal Finance
- Management Trainee and Industrial Relations Executive, Nestle Products Sdn Bhd

8 MUHAMMAD NAZOMI OMAR Head of Business Excellence

Nationality/Ethnicity Malaysian/Malay
Age/Gender 41/Male
Date of Appointment June 2019
Length of Service 1 year 8 months

Responsibilities

- Manage overall PGB strategies and plans implementation, as well as risk management to ensure PGB business continuity while safeguarding and sustaining the long-term interests of the shareholders, employees and customers in line with the Company's direction, policy, procedures and statutory requirements
- Manage deliverable of key business reporting to relevant stakeholders and analyse gaps for business opportunities and portfolio performance
- Ensure the development and effectiveness of PGB management system and business process to improve performance and create value for stakeholders

Academic/Professional Qualifications

- Bachelor in Electrical and Electronic Engineering, University Sains Malaysia

Present Appointments

- NIL

Past Experience

- Manager, Commercial Plant and Utilities, PETRONAS Gas Berhad
- Head, Project Management Office GPU, PGB
- Head, Operations GP3/4 and KCS A/B and COGEN, GPU, PGB
- Head, Operations COGEN, PGB
- Executive, Shift Supervisor, PGB

9 NIK IRWAN IZANEE NIK ABDULLAH Head of Corporate Affairs

Nationality/Ethnicity Malaysian/Malay
Age/Gender 45/Male
Date of Appointment August 2018
Length of Service 2 years 6 months

Responsibilities

- Lead and drive the corporate affairs functions which include external stakeholders' engagement, media management, corporate and crisis management communications, sustainable development, staff & public relations and administration to meet the short, medium and long-term objectives of PGB
- Formulate strategies and programmes and the required approach to define the desired reputation and brand positioning to continuously secure shareholders' satisfaction and confidence towards PGB
- Ensure positive positioning of PGB's reputation as a socially responsible organisation and the community's business partner of choice through various Corporate Social Responsibilities (CSR) initiatives

Academic/Professional Qualifications

- Bachelor of Business Administration, Western Michigan University, United States of America

Present Appointments

- NIL

Past Experience

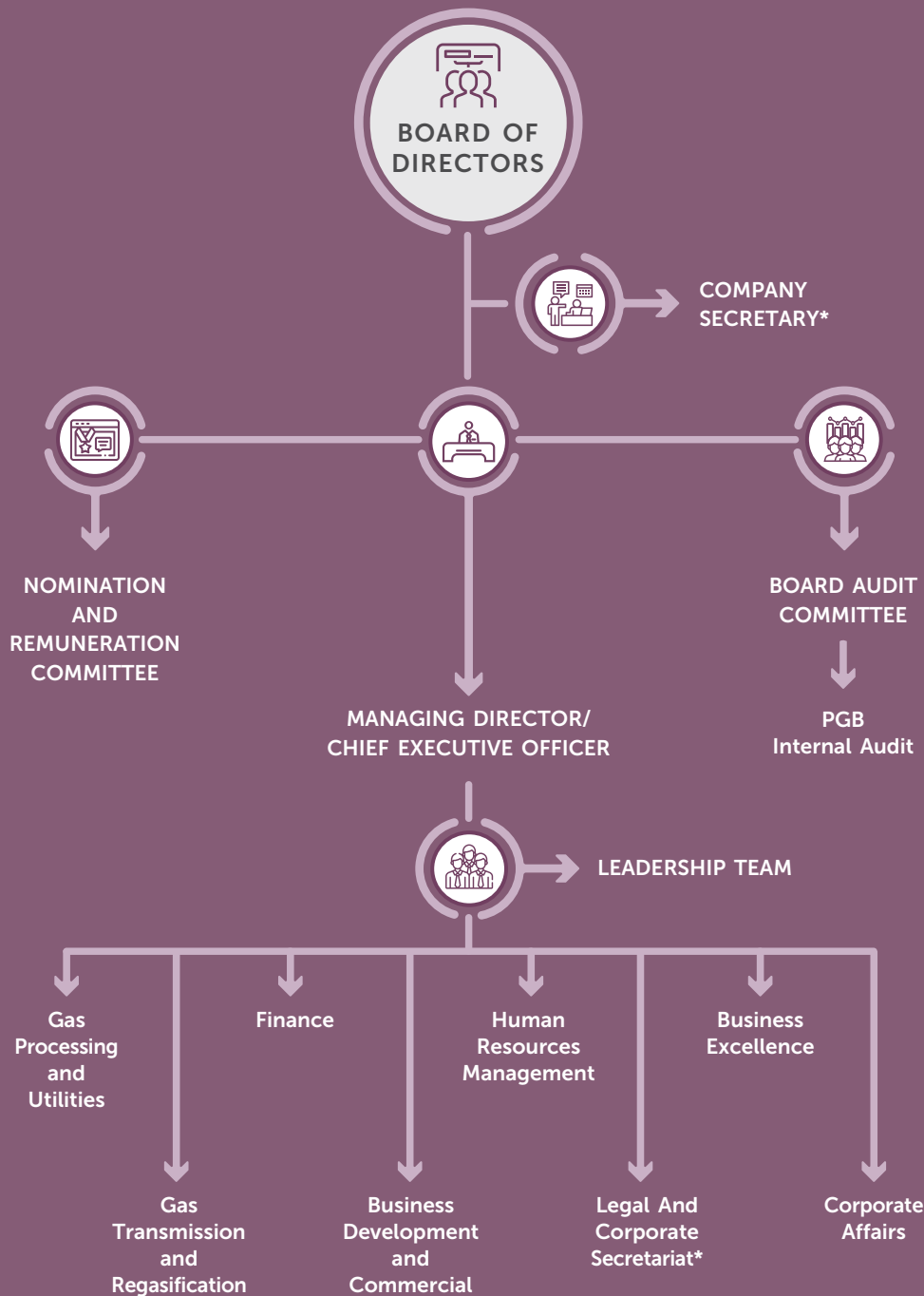
- Head, Corporate Affairs & Administration, PETRONAS Carigali Iraq Holding B.V.
- Manager, Stakeholder Relations (International), PETRONAS
- Manager, Corporate Brand & Policy, PETRONAS
- Executive, Public Relations, Advertising and Promotions, Events Management, PETRONAS

Declaration

- No family relationship with any director and/or major shareholder of PGB
- No conflict of interest with PGB
- No conviction of offences within the past five years other than traffic offences, if any



ORGANISATION STRUCTURE



* Corporate Secretariat functions are undertaken by PETRONAS Group Legal

NUMBER OF EMPLOYEES



1,765

as at 31 December 2020

01

GENDER DIVERSITY



Male

87%

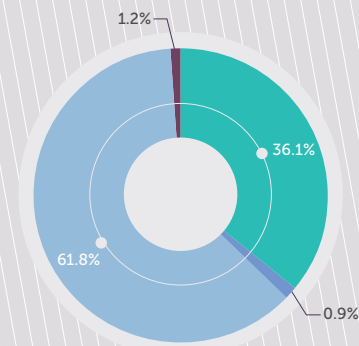


Female

13%

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AGE DIVERSITY*



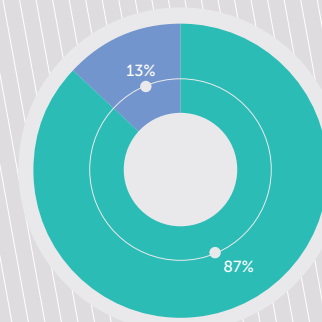
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- Gen X **637**
- Millennials **1,090**
- Baby Boomers **17**
- Post Millennials **21**

TECHNICAL KNOWLEDGE DIVERSITY



06

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- Technical **1,536**
- Non-Technical **229**

08

* Manpower generation data 2020 is based on the new definition i.e Baby Boomers (1965 and before), Gen X (1966-1979), Millennials (1980-1994) and Post Millennials (1995 and after).

VALUE CREATION THROUGH GOOD GOVERNANCE

The Board and the Management strive to chart our business direction and create maximum shared value across all spheres, led by our Statement of Purpose which is **“A Progressive Energy and Solutions Partner Enriching Lives For A Sustainable Future”** as we drive strategic responses and heed market needs.

We anchor on our shared values of Loyalty, Integrity, Professionalism and Cohesiveness which form the backbone of our business conduct, to deliver results to stakeholders. In the course of doing so, we do not waver from our goal to create value to our stakeholders.

We respond to risks and opportunities, ensure relevance and sustainability of the business model, monitor the overall environment, the availability and quantity of capital inputs and acknowledge the needs of all stakeholders. This strategy is executed through our strategic focus areas which enables the Group to create value through good governance by meeting and delivering operational and financial targets.



PGB IS COMMITTED TO THE HIGHEST STANDARDS OF GOVERNANCE, ETHICS AND INTEGRITY





01

02

03

04

05

06

07

08

BOARD OF DIRECTORS



ADNAN ZAINOL ABIDIN
Chairman
Non-Independent
Non-Executive Director



ABDUL AZIZ OTHMAN
Managing Director/
Chief Executive Director
Non-Independent
Executive Director



HABIBAH ABDUL
Senior Independent Director
Member of BAC
Member of NRC



FARINA FARIQHULLAH KHAN
Independent Non-Executive Director
Chairman of BAC
Member of NRC



**DATO' ABDUL RAZAK
ABDUL MAJID**
Independent Non-Executive Director
Chairman of NRC
Member of BAC



DATUK YEOW KIAN CHAI
Independent Non-Executive Director
Member of NRC



**EMELIANA DALLAN
RICE-OXLEY**
Non-Independent
Non-Executive Director



MARINA MD TAIB
Non-Independent
Non-Executive Director
Member of BAC



Note:
BAC: Board Audit Committee
NRC: Nomination and Remuneration Committee

Value Creation Through **Good Governance**

2

OUR GOVERNANCE POLICY

Our Board is committed to the highest standards and levels of governance, ethics and integrity within the Group.

The Board believes that excellence in corporate governance is vital to achieve the highest standards of professionalism and business ethics across the Company's spectrum of business activities.

In PGB, we embrace world-class business practices and robust institutional framework and constantly review, enhance and strengthen these practices to ensure we act in the best interest of our stakeholders.

PGB, with four core business segments, ie, gas processing, gas transportation, LNG regasification and utilities has established itself as Malaysia's leading gas infrastructure and utilities company.

PGB adopts world-class governance practices and globally recognised standards for sustainable practices to ensure sustained strength of our business segments and services. In so doing, we are resilient and at the same time, flexible in adopting new regulatory changes, responding and adapting to the challenging and competitive regional and global business environment.

Our good governance is not a box-ticking exercise. It entails far more than legislative, regulatory compliance and principles of best practices.

We believe that good governance with value-driven objectives as its mainstay, contributes to raising values through enhanced accountability, strong risk and performance management, transparency and effective leadership.

Good corporate governance creates and sustains shareholder value; ensures that our behaviour is ethical and promotes positive outcomes for all stakeholders.

VALUE-DRIVEN OBJECTIVES OF OUR BOARD: PILLAR OF SUSTAINABLE VALUE CREATION

Value-driven objectives of our Board are rooted in corporate governance principles and best practices espoused in the Malaysian Code on Corporate Governance 2017 (MCCG 2017), reporting disclosures and increased compliance requirements of the Main Market Listing Requirement (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia), Companies Act 2016 and other applicable regulations.

➤ Effective Ethical Leadership

Strong leadership is critical to value creation. The Board sets the tone, provides leadership and vision and leads the Group ethically, effectively and responsibly.

The Board has the power to shape the Group's direction and culture through its corporate governance philosophy and ethical practices. In this way the Board ensures that the Group plays a significant role in society as an employer, business partner, taxpayer and contributor of the country's economic growth.

➤ Strategy, Performance and Reporting

The Board takes accountability for the Group's performance. The Board sets the Group's strategic aims and ensures that the necessary resources are in place to meet its objectives and review Management's performance.

The Board supports the Group in its implementation of the Group's value-driven strategic objectives and the effort put in place in achieving them. The required disclosures are contained in this Integrated Report and other reports available at the Company's corporate website at www.petronasgas.com

3

Governance Structure and Delegation

The Board is collectively responsible for delivering sustainable value through oversight of the management of the Group's business through its Board Committees.

➤ Sustainable Growth and Stakeholders

In providing leadership and vision to the Group, the Board ensures sustainable growth and delivery of the Group's purpose and objectives for the benefit of all stakeholders.



4

COLLECTIVE RESPONSIBILITIES OF THE BOARD

A director, when exercising his/her power, owes a fiduciary duty to the Company and collectively should act honestly in good faith in the best interest of the Company. Our Board is collectively responsible for the long-term success of PGB and delivering sustainable value through oversight of the management of the Group's business.

The main functions of the Board include the following:

- Reviews, approves and monitors strategic business plans, goals and policies
- Ensures appropriate policies are in place, adopted effectively and regularly reviewed
- Provides oversight of the conduct and performance of the Management and the Group's business
- Ensures and provides accountability to its members or shareholders and to some extent, towards a wider range of stakeholders

Our Board and Board Committees

The Board provides leadership and strategic guidance to safeguard stakeholder value creation within a framework of prudent and effective controls. This makes it possible for the Group to assess and manage risks to ensure long-term sustainable development and growth.

The Board is ultimately accountable and responsible for the performance and affairs of PGB and ensures that the Group adheres to high standards of ethical behaviour.

The Board Committees assist the Board in the discharge of its duties and responsibilities.

Each Board Committee has a formal written Terms of Reference that are effectively delegated in respect of some of the Board's responsibilities.

The Board monitors these responsibilities to ensure effective coverage of and control over, the Group's operations.



INVOLVEMENT IN COMPANY'S STRATEGIC MATTERS

Although the Board maintains its independence, it is important that it engages with Management on multiple levels to understand fully the Group's business.

5



01

02

03

04

05

06

07

08

Value Creation Through **Good Governance**

6

RISK MANAGEMENT

Risks arising from a constantly shifting global industrial and geopolitical landscape are among the major challenges our business faces in progressing with our goal of growing shareholders' value in a sustainable manner.

Risk management is fundamental to the Group's strategy and our gas infrastructure and utilities business. The pervasiveness of risk in this industry means that our Board deems risk management as an integral part of our business strategy.

Risk management oversight is carried out by the Board and the BAC via the Risk Management Unit which reports on risk management to the BAC.

The BAC reviews and challenges the Enterprise Risk Report which entails among others, the risk profile and status of risk mitigation and implementation.

PGB has adopted the PETRONAS Resiliency Model in managing risks with three focus areas, namely Enterprise Risk Management, Crisis Management and Business Continuity Management.

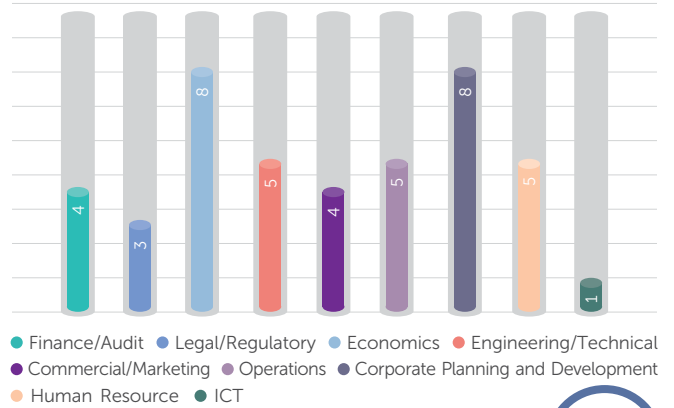
The business environment within which we operate requires us to be vigilant in our risk management and to continuously identify new emerging risks.

BOARD SKILLS MATRIX

The Board has members with a broad range of skills and experiences that helps to create value in the interests of the Company and its shareholders.

With the appropriate mix of skills and experience, the Board is assured that it is well-equipped to guide and steer our strategy into the future and thereby, create value.

Required Skills and Experience



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BOARD INDEPENDENCE

The Board is diverse in demographics, skills and experience.

The Board comprises eight Directors, four of whom represents 50% of Independent Directors who promote independent judgement and diverse mind sets and opinions. All Directors must exercise their judgement independently, irrespective of status and are required to act in the best interests of the Company.

All Directors are assessed annually via the Board Effectiveness Evaluation exercise.

The Independent Directors assessed in 2020 satisfied the independence criteria and therefore, maintained their independent status.

In line with the exemplary practice as recommended by MCCG 2017, the Company has adopted a tenure policy whereby the total tenure of the Independent Directors is capped at nine years.

BOARD DIVERSITY

The Directors bring with them years of experience in managing sustainable business growth and collectively represent leadership with diversity of perspectives that supports effective decision-making.

A diverse Board is necessary to provide unique perspectives, experience and expertise required to achieve effective stewardship thereby, creating value.

Diversity that embraces mixed profiles, age and gender, knowledge, skill, regional and industry experience at Board level are key considerations in the Board selection process.

In addition, each of the director has the character, experience, integrity, competence and time to effectively discharge his/her role as a director.

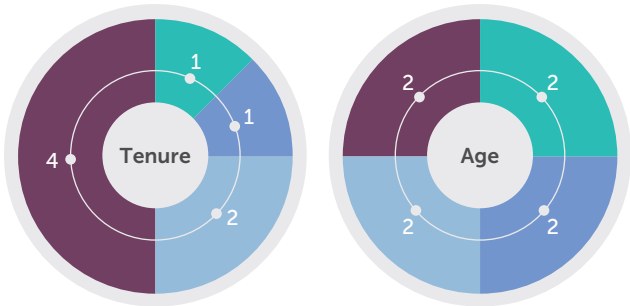
Female Directors currently represent 50% of the Board composition in line with the Government's aspiration and Practice 4.1 of the MCCG 2017.

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10

BOARD TENURE AND AGE DISTRIBUTION



● 7-9 years	1	● Age 70-79 years	2
● 4-7 years	1	● Age 60-69 years	2
● 2-4 years	2	● Age 50-59 years	2
● 0-2 years	4	● Age 40-49 years	2

OUR APPROACH TO COMPLIANCE

We comply with and subscribe to various legislations and regulatory requirements, such as MMLR by Bursa Malaysia, MCGG 2017, Companies Act 2016, Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Appropriate procedures and mechanisms are in place to ensure full and continuous adherence to these laws and regulation.

Our business compliance covers a wide range of laws and regulatory areas, including anti-competition, anti-bribery and corruption, international sanctions and data protection.

The principles governing our ethical standards and compliance can be found within CoBe, Whistleblowing Policy and the Anti-Bribery and Corruption Manual.

11

CONFLICT OF INTEREST

A Director is prohibited from using his or her position or confidential or price-sensitive information to benefit herself or himself or any related third party, financially or otherwise.

Directors are also required to inform the Board of conflicts or potential conflicts of interest that they may have in relation to particular items of business or other directorships. They must declare any actual or potential conflict of interest at the Board meeting where the matter is being transacted and discussed.

A Director may accept other Board appointments provided the appointments do not conflict with the Group and/or adversely affect the Director's duties as well as time commitment.

A Non-Executive Director should not hold more than five directorships in listed entities.

12

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INTEGRITY AND ETHICS

PGB acknowledges the Board's role in establishing a corporate culture that encompasses and embraces ethical conduct within the Group. The adoption of these policies is to ensure that the conduct of business and the Company's employees are consistently carried out ethically and with integrity.

During the year under review, the Company had conducted series of staff engagement to instill awareness on these policies as part of the Company's annual event.



COMMITMENT ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) MATTERS

We are committed to ensure the highest standards of environmental, social and governance practices.

We believe sustainable development has to be incorporated in the business value chain for a company to successfully create long-term value.

We progressively keep abreast of evolving social and environmental expectations by continuously engaging with our stakeholders.

13

01

02

03

04

05

06

07

08

ENRICHING LIVES THROUGH **SUSTAINABLE PRACTICES**

TOWARDS A **SUSTAINABLE FUTURE**

OUR SUPPORT FOR UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UNSDGS)

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



Good health is essential to sustainable development and the newly implemented 2030 Agenda reflects the complexity and interconnectedness of the two. It takes into account widening economic and social inequalities, rapid urbanisation, threats to the climate and the environment, the continuing burden of HIV and other infectious diseases, and emerging challenges such as non-communicable diseases. Universal health coverage will be integral to achieving SDG 3, ending poverty and reducing inequalities. Emerging global health priorities that are not explicitly included in the SDGs, including antimicrobial resistance, also demand for action.



Since 2000, there has been an enormous progress in achieving the target of universal primary education. The total enrolment rate in developing regions have reached 91% in 2015, and the worldwide number of children out-of-school has dropped by almost half. There has also been a dramatic increase in literacy rates, and many more girls are in school than ever before. These are all remarkable successes achieved from the SDG.

The efforts to achieve inclusive and quality education for all reaffirm the belief that education is indeed one of the most powerful instruments for sustainable development. This goal is targeting for all girls and boys to complete free primary and secondary education by 2030. It also aims to provide equal access to affordable vocational training, eliminate gender and wealth disparities, as well as achieve universal access to a quality higher education.

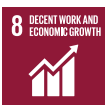


Between 2000 and 2016, the proportion of the global population having access to electricity has increased from 78% to 87%, and the number of people living without electricity dipped to just below one billion.

The demand for cheap energy increases in proportion to the continuous growth of the population. For economies heavily reliant on fossil fuels, this will bring forth drastic changes to our climate.

Investing in solar, wind and thermal power, improving energy productivity, and ensuring energy for all are vital if we are to achieve SDG 7 by 2030.

Infrastructure expansion and technology upgrade in order to provide clean and more efficient energy in every country will promote growth and help the environment.



The goals under SDG 8 promote sustained economic growth, higher levels of productivity and technological innovation. Encouraging entrepreneurship and job creation are key to this, as are effective measures to eradicate forced labour, slavery and human trafficking. With these targets in mind, the goal is to achieve full and productive employment, and decent work, for both women and men by 2030.



Achieving economic growth and sustainable development requires us to urgently reduce our ecological footprint by changing the way we produce and consume goods and resources. Agriculture is the biggest user of water worldwide, and irrigation now claims close to 70% of all freshwater for human use.

The efficient management of our shared natural resources, and the way we dispose of toxic waste and pollutants are important targets for the achievement of SDG 12. Encouraging industries, businesses and consumers to recycle and reduce waste is equally important, as is supporting developing countries to move towards more sustainable patterns of consumption by 2030.

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Greenhouse gas emissions are more than 50% higher than it was in 1990. Global warming is causing long-lasting changes to our climate system, of which our lack of action will bring threats and irreversible consequences which threatens if we do not act.

The annual average economic losses from climate-related disasters are in the hundreds of billions of dollars. SDG 13 aims to mobilise US\$100 billion annually by 2020 to address the needs of developing countries to both adapt to climate change and invest in low-carbon development.

The target to limit the increase in global mean temperature to two degrees Celsius above pre-industrial levels, aiming at 1.5 °C is still possible provided that there are strong political will, increased investment and utilisation of the existing technologies. However, this would require urgent and ambitious collective action.

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Oceans absorb about 30% of the carbon dioxide produced by humans, and we are seeing a 26% rise in ocean acidification since the beginning of the industrial revolution. Marine pollution, an overwhelming majority of which comes from land-based sources, is reaching alarming levels, with an average of 13,000 pieces of plastic litter to be found on every square kilometre of ocean.

The goals under SDG 14 aim to sustainably manage and protect marine and coastal ecosystems from pollution, as well as to address the impacts of ocean acidification. Enhancing conservation and the sustainable use of ocean-based resources through international law will also help mitigate some of the challenges facing our oceans.

04



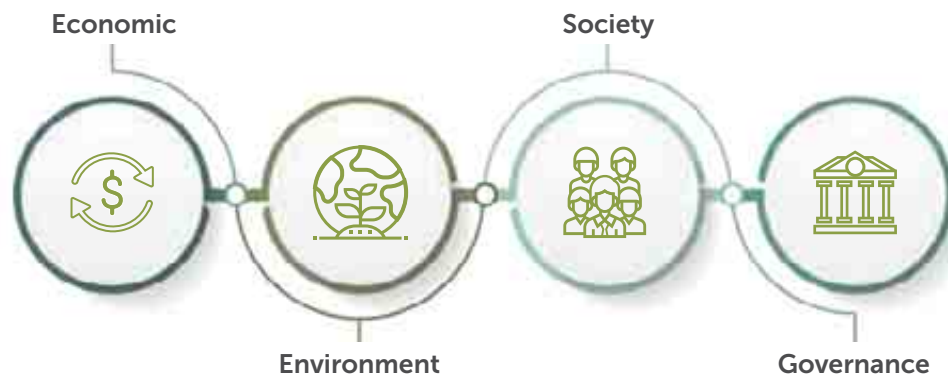
Plant life provides 80% of the human diet, and we rely heavily on agriculture as important economic resources. Forests cover 30% of the Earth's surface, providing vital habitats for millions of species, and are important sources for clean air and water, as well as being crucial for combating climate change.

Urgent action must be taken to reduce the loss of natural habitats and biodiversity which have been a part of our common heritage and to support global food and water security, climate change mitigation and adaptation, and peace and security.

05

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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07

08

Enriching Lives Through **Sustainable Practices**

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 (PBPP), 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 HSSE 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



SUSTAINABILITY KEY MILESTONE

01

02

03

04

05

06

07

08

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

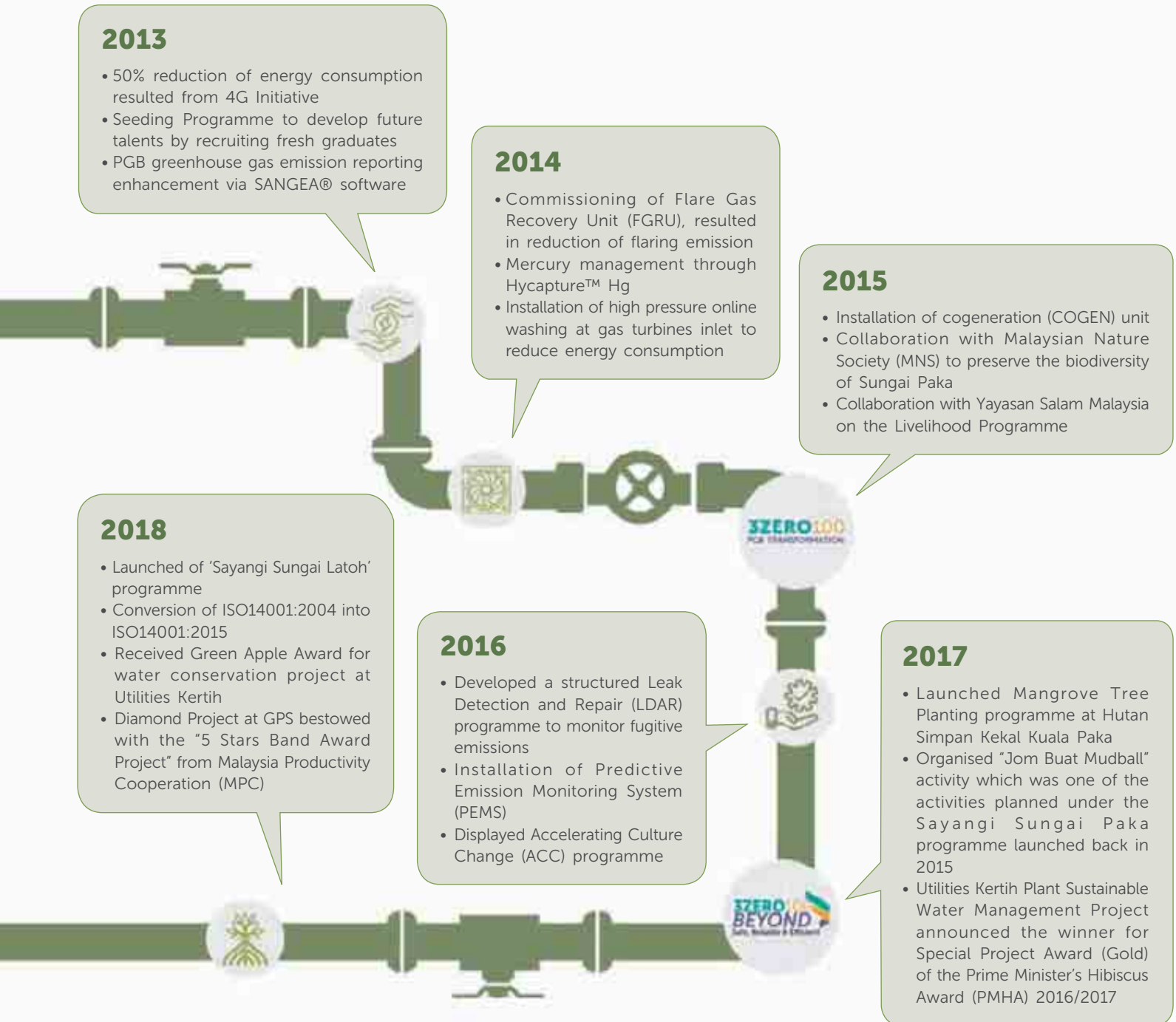
- Launched of 'Sayangi Sungai Latoh' programme
- Conversion of ISO14001:2004 into ISO14001:2015
- Received Green Apple Award for water conservation project at Utilities Kertih
- Diamond Project at GPS bestowed with the "5 Stars Band Award Project" from Malaysia Productivity Cooperation (MPC)

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



Enriching Lives Through Sustainable Practices

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 	



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	
	1. Human Capital 2. Sustainability	1. School painting activities programme 'Sentuhan Kasih' programme during festive season	1. Conducive learning environment 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

01

02

03

04

05

06

07

08

CORPORATE INFORMATION

Adnan Zainol Abidin
Chairman

Abdul Aziz Othman
MD/CEO

Habibah Abdul
Senior Independent Director

Farina Farikhullah Khan
*Independent
Non-Executive Director*

Dato' Abdul Razak Abdul Majid
*Independent
Non-Executive Director*

Datuk Yeow Kian Chai
*Independent
Non-Executive Director*

Emeliana Dallan Rice-Oxley
*Non-Independent
Non-Executive Director*

Marina Md Taib
*Non-Independent
Non-Executive Director*

BOARD OF
DIRECTORS

▶ BOARD AUDIT COMMITTEE

Farina Farikhullah Khan (*Chairman*)
Habibah Abdul
Dato' Abdul Razak Abdul Majid
Marina Md Taib

▶ NOMINATION AND REMUNERATION COMMITTEE

Dato' Abdul Razak Abdul Majid (*Chairman*)
Habibah Abdul
Datuk Yeow Kian Chai
Farina Farikhullah Khan

▶ SENIOR INDEPENDENT DIRECTOR

Habibah Abdul
Email address:
habibah.abdul@petronas.com

▶ COMPANY SECRETARIES

Tengku Mazura Tengku Ismit
SSM Practising Certificate No.
201908001798 (MACS 01585)

Yeap Kok Leong
SSM Practising Certificate No.
202008001750 (MAICSA 0862549)

▶ REGISTERED OFFICE

Tower 1
PETRONAS Twin Towers
Kuala Lumpur City Centre
50088 Kuala Lumpur
Malaysia
Tel : (+603) 2331 5000

▶ BUSINESS ADDRESS

Level 49 & 50, Tower 1
PETRONAS Twin Towers
Kuala Lumpur City Centre
50088 Kuala Lumpur
Malaysia
Tel : (+603) 2331 5000

▶ INVESTOR RELATIONS

Izan Hajar Ishak
Head of Investor Relations
Level 49 & 50, Tower 1
PETRONAS Twin Towers
Kuala Lumpur City Centre
50088 Kuala Lumpur

Email address:
ir.petronasgas@petronas.com

▶ SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
Registration No. 199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Malaysia
Tel : (+603) 7890 4700
Fax : (+603) 7890 4670
Email address:
BSR.Helpdesk@boardroomlimited.com

▶ AUDITORS

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
10th Floor, KPMG Tower
Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : (+603) 7721 3388
Fax : (+603) 7721 3399

▶ BANKING SERVICES PROVIDER

PETRONAS Integrated Financial Shared
Services Centre ("IFSSC")*

▶ PLACE OF INCORPORATION AND DOMICILE

Malaysia

▶ FORM OF LEGAL ENTITY

Incorporated on 23 May 1983 as a private company limited by shares under the Companies Act, 1965 and converted into a public company limited by shares on 28 March 1995

▶ STOCK EXCHANGE LISTING

Listed on the Main Market of Bursa
Malaysia Securities Berhad
Listing date : 4 September 1995
Stock Name : PETGAS
Stock Code : 6033
Stock Sector : Utilities

▶ WEBSITE

www.petronasgas.com

* Banking requirements are managed centrally by IFSSC (except for Finance Service Reserve Account and Sukuk Trustees' Reimbursement Account of a subsidiary) to enable more efficient banking management for PGB Group.



CORPORATE DIRECTORY

PETRONAS GAS BERHAD

Level 49 & 50
Tower 1, PETRONAS Twin Towers
Kuala Lumpur City Centre
50088 Kuala Lumpur, Malaysia
T: +(603) 2331 5000
F: +(603) 2331 6987
+(603) 2051 6992

GAS PROCESSING

Gas Processing Plant, Kertih

KM 105, Jalan Kuantan – Kuala Terengganu
24300 Kertih, Kemaman
Terengganu Darul Iman
T: +(609) 831 2345
F: +(609) 827 1710

Gas Processing Plant, Santong

KM 8, Kampung Tok Arun
Off Jalan Santong
23100 Paka, Dungun
Terengganu Darul Iman
T: +(609) 831 2345
F: +(609) 827 4578

Tanjung Sulong Export Terminal

Tanjung Sulong
24000 Kemaman
Terengganu Darul Iman
T: +(609) 831 2345
F: +(609) 863 1146

GAS TRANSPORTATION

Gurun Regional Office

Gurun Regional Office
KM 1 Jalan Jeniang
08300 Gurun
Kedah Darul Aman
T: +(604) 468 5518
F: +(604) 468 5519

Kertih Regional Office

KM 105, Jalan Kuantan-Kuala Terengganu
24300 Kertih, Kemaman
Terengganu Darul Iman
T: +(609) 867 3500
F: +(609) 864 0375

Kuantan Regional Office

Lot 1, Sektor 1, Bandar Indera Mahkota
25200 Kuantan
Pahang Darul Makmur
T: +(609) 573 2811
F: +(609) 573 2813

Pasir Gudang Regional Office

PLO 332, Jalan Perak 4
Kawasan Perindustrian Pasir Gudang
81700 Pasir Gudang
Johor Darul Takzim
T: +(607) 251 0333
F: +(607) 251 0400

Segamat Operation Centre

KM 10, Lebuhraya Segamat-Kuantan
85000 Segamat
Johor Darul Takzim
T: +(607) 935 3000
F: +(607) 931 6521

Seremban Regional Office

KM 11, Jalan Seremban/Tampin
71450 Sungai Gadut
Negeri Sembilan Darul Khusus
T: +(606) 677 6777
F: +(606) 677 7799

Shah Alam Regional Office

Lot 1, Jalan Jemuju Lima 16/13E
Kawasan Perindustrian Seksyen 16
40200 Shah Alam
Selangor Darul Ehsan
T: +(603) 5510 6222
F: +(603) 5510 1528

Sitiawan Regional Office

Lot 33263, Jalan Datuk Ahmad Yunus,
32000 Sitiawan
Perak Darul Ridzuan
T: +(605) 692 5611
F: +(605) 692 5615

REGASIFICATION

Pengerang LNG (Two) Sdn Bhd

Tingkat 2
Bangunan Pengerang Terminal (Two) Sdn Bhd
Lot PTD 4836, Jalan Damai 2
Kampung Sungai Kapal
81600 Pengerang
Johor Darul Takzim
T: +(607) 817 7692

Regas Terminal (Sg. Udang) Sdn Bhd

Pejabat Operasi Regas Terminal
PETRONAS Penapisan Melaka
Persiaran Penapisan
76300 Sungai Udang
Melaka
T: +(607) 352 6007

UTILITIES

Utilities Plant, Kertih

Kertih Integrated Petrochemical Complex
KM 105, Jalan Kuantan – Kuala Terengganu
24300 Kertih, Kemaman
Terengganu Darul Iman
T: +(609) 831 2345
F: +(609) 830 5514

Utilities Plant, Gebeng

Lot 139A, Gebeng Industrial Area Fasa III
26080 Kuantan
Pahang Darul Makmur
T: +(609) 831 2345
F: +(609) 586 3311

JOINT VENTURES

Kimanis Power Sdn Bhd

Kimanis Power Plant
KM 48, Kg. Batu Pungit
89607 Kimanis, Papar
Sabah
T: +6087 88 6217/224
F: +6087 88 6219

Pengerang Gas Solutions Sdn Bhd

Lot 137, ASU RAPID
Pengerang Integrated Complex
81600 Pengerang
Johor Darul Takzim
T: +(607) 817 5915

01

02

03

04

05

06

07

08

NOTICE OF 38TH ANNUAL GENERAL MEETING

PETRONAS Gas Berhad

Registration No. 198301006447 (101671-H)
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN THAT the 38th Annual General Meeting (AGM) of PETRONAS Gas Berhad will be held fully virtual through live streaming via a remote participation and voting facilities at the Broadcast Venue, Virtual Studio 2, Level 4, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia on Tuesday, 20 April 2021 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

- To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon.

Please refer to Explanatory Note A

- To re-elect the following Directors who retire by rotation in accordance with Article 107 of the Company's Constitution and being eligible, offer themselves for re-election:

- Dato' Abdul Razak Abdul Majid (Resolution 1)
- Farina Farikhullah Khan (Resolution 2)

Please refer to Explanatory Note B

- To re-elect the following Directors who retire in accordance with Article 100 of the Company's Constitution and being eligible, offer themselves for re-election:

- Adnan Zainol Abidin (Resolution 3)
- Datuk Yeow Kian Chai (Resolution 4)
- Abdul Aziz Othman (Resolution 5)

Please refer to Explanatory Note B

- To approve the Directors' fees and allowances payable to the Non-Executive Directors of up to an amount of RM2,500,000 with effect from 21 April 2021 until the next annual general meeting of the Company. (Resolution 6)

Please refer to Explanatory Note C

- To approve the re-appointment of KPMG PLT, as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Directors to fix their remuneration. (Resolution 7)

Please refer to Explanatory Note D

- To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and Company's Constitution.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purposes of determining a member who shall be entitled to attend and vote at the forthcoming 38th AGM, the Company shall be requesting the Record of Depositors as at 13 April 2021. Only a depositor whose name appears on the Record of Depositors as at 13 April 2021 shall be entitled to attend and vote at the meeting as well as for appointment of proxy(ies) to attend and vote on his/her stead.

BY ORDER OF THE BOARD

TENGGU MAZURA TENGGU ISMIT SSM Practising Certificate No. 201908001798 (MACS 01585)

YEAP KOK LEONG SSM Practising Certificate No. 202008001750 (MAICSA 0862549)

Company Secretaries

Kuala Lumpur
19 March 2021

**NOTES:****1. IMPORTANT NOTICE**

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairman of the meeting to be present at the main venue of the meeting.

Shareholders **will not be allowed** to attend this AGM in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, participate, speak (including pose questions to the Board via real time submission of typed texts) and vote (collectively referred as "participate") remotely at this AGM via the Remote Participation and Voting (RPV) facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. (Tricor) via its TIH Online website at <https://tiah.online>.

Please read these notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPV.

2. PROXY AND/OR AUTHORISED REPRESENTATIVE

- (a) A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
- (b) A member of the Company who is entitled to participate at the meeting may appoint not more than two proxies to participate on his/her behalf provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.
- (c) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each Securities account it holds with ordinary shares of the Company standing to the credit of the said Securities accounts.
- (d) Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for the multiple beneficial owners in one Securities Account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
- (e) Where a member or the authorised nominee appoints two proxies, or where an Exempt Authorised Nominee appoints two or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (f) A member who has appointed a proxy or attorney or authorised representative to participate at AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via TIH Online website at <https://tiah.online>. Procedures for RPV can be found in the Administrative Guide for the AGM.
- (g) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
 - (i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with:

- (a) Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia; or

- (b) By fax at 03-2783 9222 or email to is.enquiry@my.tricorglobal.com

- (ii) By electronic means

The proxy form can be electronically lodged with Tricor via TIH Online at <https://tiah.online>. Kindly refer to the Administrative Guide for the AGM on the procedures for electronic lodgement of proxy form via TIH Online.

- (h) Please ensure **ALL** the particulars as required in the proxy form are completed, signed and dated accordingly.
- (i) Last date and time for lodging the proxy form is on Sunday, 18 April 2021 at 10.00 a.m.
- (j) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with Tricor or alternatively, the Customer Service Centre at the address stated under item (g)(i)(a) above not less than 48 hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- (k) For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with Tricor or alternatively, the Customer Service Centre at the address stated under item (g)(i)(a) above. The certificate of appointment of authorised representative should be executed in the following manner:
 - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by at least two authorised officers, of whom one shall be a director or any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

3. Pursuant to Paragraph 8.29A of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia) all resolutions set out in the Notice of 38th AGM will be put to vote as a poll.

01

02

03

04

05

06

07

08

Notice of 38th Annual General Meeting

PETRONAS Gas Berhad

Registration No. 198301006447 (101671-H)
(Incorporated in Malaysia)

4. EXPLANATORY NOTES

Note A

Audited Financial Statements for the Financial Year Ended 31 December 2020

The audited financial statements are laid before the shareholders pursuant to the provision of Section 244(2)(a) of the Companies Act 2016 (CA 2016) for discussion only. The audited financial statements do not require shareholders' approval and hence, will not be put forward for voting.

Note B

Re-election of Directors who retire in accordance with Article 107 and Article 100 of the Company's Constitution

(i) Re-election of Directors who retire in accordance with Article 107 of the Company's Constitution

Article 107 of the Company's Constitution provides that one-third of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company provided always that all Directors shall retire from office once at least in each three years but shall be eligible for re-election at the AGM. A Director retiring at a meeting shall retain office until the close of the meeting whether adjourned or not.

At the forthcoming 38th AGM, two directors will be retiring in accordance with Article 107 of the Company's Constitution. They are Dato' Abdul Razak Abdul Majid and Farina Farikhullah Khan, whom being eligible for re-election have given their consent for re-election at the AGM.

(ii) Re-election of Directors who retire in accordance with Article 100 of the Company's Constitution

Article 100 of the Company's Constitution provides, amongst others, that the Board shall have the power to appoint any person to be a Director to fill a casual vacancy or as an addition to the existing Board, and that any Director so appointed shall hold office until the next following AGM and shall be eligible for re-election.

In view that Adnan Zainol Abidin, Datuk Yeow Kian Chai and Abdul Aziz Othman were appointed after the last AGM held on 25 June 2020, they will be retiring under Article 100 of the Company's Constitution. They, being eligible for re-election have also given their consent for re-election.

The Board endorsed the Nomination and Remuneration Committee's recommendation that the Directors who retire in accordance with Article 107 and Article 100 of the Company's Constitution are eligible to stand for re-election.

The profiles of the retiring Directors are set out in the Profile of the Board of Directors on pages 102 to 109 in the Integrated Report 2020 and pages 4 to 11 of the Governance and Financial Report 2020.

Note C

Non-Executive Directors' Fees and Allowances

Pursuant to Section 230(1) of the CA 2016, the fees of the directors, and any benefits payable to the directors including any compensation for loss of employment of a director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting.

The fees and allowances structure of the Non-Executive Directors (NEDs) of the Company is as follows:

- Monthly fixed fees for duties as Director/Chairman;
- Meeting allowance for each Board/Board Committee attended; and
- Fuel allowance.

The Directors' fees and meeting allowances for Non-Independent Non-Executive Directors who are also employees of Petroliaam Nasional Berhad (PETRONAS) are paid directly to PETRONAS.

The shareholders at the last AGM held on 25 June 2020 approved the Directors' fees and allowance of up to an amount of RM2,600,000 for the period from 26 June 2020 until the next AGM of the Company. The actual Directors' fees and other benefits paid to NEDs for the said period was RM1,541,629.01.

The Directors' fees and allowances for the NEDs for the period from 21 April 2021 until the next AGM of the Company (Mandate Period) are estimated not to exceed RM2,500,000. The calculation is based on the estimated number of scheduled Board and Board Committees' meetings and on assumption that all the NEDs will remain in office until the next AGM. This resolution is to facilitate payment of the Directors' fees and allowances for the Mandate Period.

The Board will seek shareholders' approval at the next AGM in the event the Directors' fees and allowances proposed are insufficient.

Details of the fees paid to the NEDs for the financial year ended 31 December 2020 are published in the Corporate Governance Report on the Company's corporate website at www.petronasgas.com.

Note D

Re-appointment of Auditors

The Board Audit Committee (BAC) had carried out an assessment on the performance, suitability and independence of external auditors based on the following four key areas:

- Quality of the audit engagement team and services;
- Adequacy of resources;
- Quality of communication and interaction; and
- Independence, objectivity and professional scepticism.

The annual assessment on the Company's External Auditors, KPMG PLT, was conducted in January 2021 whereby the BAC was satisfied with the performance and independence of the external auditors.

KPMG PLT has also met the criteria prescribed by Paragraph 15.21 of the MMLR of Bursa Malaysia.

The Board at its meeting held on 22 February 2021 approved the BAC's recommendation for the re-appointment of KPMG PLT as External Auditors of the Company for the financial year ending 31 December 2021 for approval of the shareholders under Resolution 7.

Abstention from Voting

Any NED of the Company who is a shareholder of the Company will abstain from voting on Resolution 6 concerning remuneration of the NEDs.

Other Information

The Company has engaged independent scrutineers to count, audit and validate the votes for each proposal presented to shareholders.



ADMINISTRATIVE GUIDE FOR THE 38TH ANNUAL GENERAL MEETING of PETRONAS Gas Berhad (the Company)



Date: Tuesday, 20 April 2021



Time: 10.00 a.m.



Broadcast Venue: Virtual Studio 2
Level 4, Kuala Lumpur Convention Centre
Kuala Lumpur City Centre
50088 Kuala Lumpur
Malaysia

01

02

PRECAUTIONARY MEASURES AGAINST THE CORONAVIRUS DISEASE (COVID-19)

- The Securities Commission Malaysia (SC) had, on 13 January 2021, announced that capital market entities supervised, licensed or registered by the SC shall operate in accordance with the applicable Standard Operating Procedures (SOPs) issued by the authorities during the Emergency Ordinance and various forms of Movement Control Order (MCO). The SC had, on 5 March 2021, issued a revised Guidance Note on the Conduct of General Meetings for Listed Issuers (SC Guidance Note) stating various modes of conducting general meetings for areas with movement restriction subject to the requirements under the prevailing and applicable SOPs (Revised Guidance Note). The Revised Guidance Note further states that listed issuers are encouraged to continue leveraging on technology to conduct their general meetings beyond the MCO in accordance with the recommendation stated under Practice 12.3 of the Malaysian Code on Corporate Governance 2017.
- In line with the Government's directive, SC Guidance Note and Revised Guidance Note, the Company will conduct the 38th AGM on a **virtual basis through live streaming and online remote voting** via Remote Participation and Voting (RPV) facilities which are available on Tricor Investor & Issuing House Services Sdn. Bhd.'s (Tricor) **TIIH Online** website at <https://tiih.online>.
- The Broadcast Venue of the 38th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue of the meeting. No shareholders/proxy(ies) from the public will be physically present at the Broadcast Venue on the day of the meeting.
- Shareholders are to attend, participate, speak (including pose questions to the Board via real time submission of typed texts) and vote (collectively referred as "participate") remotely at this 38th AGM via the RPV facilities provided by Tricor via its **TIIH Online** website at <https://tiih.online>. You may also consider appointing the Chairman of the Meeting as your proxy to attend and vote on your behalf at the 38th AGM.
- Due to the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 38th AGM at short notice. Kindly check the Company's corporate website at www.petronasgas.com or announcements for the latest updates on the status of the 38th AGM.
- The Company will continue to observe the guidelines issued by the Ministry of Health and will take all relevant precautionary measures as advised.

03

04

05

06

07

REMOTE PARTICIPATION AND VOTING

- The RPV facilities are available on Tricor's **TIIH Online** website at <https://tiih.online>.
- Shareholders are to participate remotely at the 38th AGM using RPV facilities from Tricor.
- Kindly refer to Procedures for RPV as set out below for the requirements and procedures.

08

Administrative Guide for the **38TH Annual General Meeting** of PETRONAS Gas Berhad (the Company)

PROCEDURES TO REMOTE PARTICIPATION AND VOTING VIA RPV FACILITIES

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 38th AGM using the RPV facilities:

Procedure	Action
BEFORE THE 38TH AGM DAY	
i. Register as a user with TIIH Online	<ul style="list-style-type: none"> Using your computer, access to website at https://tiih.online. Register as a user under the “e-Services” select “Create Account by Individual Holder”. Refer to the tutorial guide posted on the homepage for assistance. Registration as a user will be approved within one working day and you will be notified via email. If you are already a user with TIIH Online, you are not required to register again. You will receive an email to notify you that the remote participation is available for registration at TIIH Online.
ii. Submit your request to attend 38 th AGM remotely	<ul style="list-style-type: none"> Registration is open from 10.00 a.m. on Friday, 19 March 2020 until the day of 38th AGM on Tuesday, 20 April 2021. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 38th AGM to ascertain their eligibility to participate the 38th AGM using the RPV. Login with your user ID (i.e. email address) and password and select the corporate event: “(REGISTRATION) PETRONAS GAS BERHAD 38TH AGM” Read and agree to the Terms & Conditions and confirm the Declaration. Select “Register for Remote Participation and Voting”. Review your registration and proceed to register. The system will send an email to notify that your registration for remote participation is received and will be verified. After verification of your registration against the Record of Depositors as at 13 April 2021, the system will send you an email after 18 April 2021 to approve or reject your registration for remote participation. <p>(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV)</p>
ON THE 38TH AGM DAY	
i. Login to TIIH Online	<ul style="list-style-type: none"> Login with your user ID and password for remote participation at the 38th AGM at any time from 9.30 a.m. i.e. 30 minutes before the commencement of meeting at 10.00 a.m. on Tuesday, 20 April 2021.
ii. Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: (Live Stream Meeting) PETRONAS GAS BERHAD 38TH AGM to engage in the proceedings of the 38th AGM remotely. <p>If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will try to respond to questions submitted by remote participants during the 38th AGM. If there is time constraint, the responses will be published within three working days in the Company’s corporate website at www.petronasgas.com under Investor Relations, after the meeting.</p>
iii. Online remote voting	<ul style="list-style-type: none"> Voting session commences from 10.00 a.m. on Tuesday, 20 April 2021 until a time when the Chairman announces the end of the session. Select the corporate event: (Remote Voting) PETRONAS GAS BERHAD 38TH AGM or if you are on the live stream meeting page, you can select “GO TO REMOTE VOTING PAGE” button below the Query Box. Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
iv. End of remote participation	<ul style="list-style-type: none"> Upon the announcement by the Chairman on the conclusion of the 38th AGM, the Live Streaming will end.

Note to users of the RPV facilities:

- (i) Should your registration for RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
- (ii) The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
- (iii) In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-4080 5616/011-4080 3168/011-4080 3169/011-4080 3170 for assistance or email to tiih.online@my.tricorglobal.com for assistance.



ENTITLEMENT TO PARTICIPATE AND APPOINTMENT OF PROXY

- Only members whose names appear on the Record of Depositors as at 13 April 2021 shall be eligible to participate at the 38th AGM or appoint a proxy(ies) and/or the Chairman of the Meeting to participate on his/her behalf.
- In view that the 38th AGM will be conducted on a virtual basis, a member can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the proxy form.
- If you wish to participate in the 38th AGM yourself, please do not submit any proxy form for the 38th AGM. You will not be allowed to participate in the 38th AGM together with a proxy appointed by you.
- Accordingly, proxy forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the 38th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than Sunday, 18 April 2021 at 10.00 a.m:
 - (i) In hard copy:
 - (a) By hand or post to the office of Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia; or
 - (b) By fax at 03-2783 9222 or email to is.enquiry@my.tricorglobal.com
 - (ii) By electronic form:

All shareholders can have the option to submit proxy forms electronically via TIIH Online and the steps to submit are summarised below:

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> • Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of proxy form	<ul style="list-style-type: none"> • After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: PETRONAS GAS BERHAD 38TH AGM – "SUBMISSION OF PROXY FORM". • Read and agree to the Terms and Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(ies) appointment. • Print the proxy form for your record.

Administrative Guide for the **38TH Annual General Meeting** of PETRONAS Gas Berhad (“The Company”)

Procedure	Action
ii. Steps for corporation or institutional shareholders	
Register as a User with TIIH Online	<ul style="list-style-type: none"> • Access TIIH Online at https://tiih.online • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects “Create Account by Representative of Corporate Holder”. • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one to two working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. <p>Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact Tricor if you need clarifications on the user registration.</p>
Proceed with submission of proxy form	<ul style="list-style-type: none"> • Login to TIIH Online at https://tiih.online • Select the corporate exercise name: “PETRONAS GAS BERHAD 38TH AGM: SUBMISSION OF PROXY FORM” • Agree to the Terms and Conditions and Declaration. • Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Submit the proxy appointment file. • Login to TIIH Online, select corporate exercise name: “PETRONAS GAS BERHAD 38TH AGM: SUBMISSION OF PROXY FORM” • Proceed to upload the duly completed proxy appointment file. • Select “Submit” to complete your submission. • Print the confirmation report of your submission for your record.

VOTING AT MEETING

- The voting at the 38th AGM will be conducted on a poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia). The Company has appointed Tricor to conduct the poll voting electronically (e-voting) via Tricor e-Vote application (Tricor e-Vote App) and Boardroom Corporate Services Sdn. Bhd. as Independent Scrutineers to verify the poll results.
- Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting and submit your votes at any time from the commencement of the 38th AGM at 10.00 a.m. Kindly refer to **“Procedures to Remote Participation and Voting via RPV Facilities”** provided above for guidance on how to vote remotely via TIIH Online.



RESULTS OF THE VOTING

- The resolutions proposed at the 38th AGM and the results of the voting will be announced at the 38th AGM and subsequently via an announcement made by the Company through Bursa Malaysia at www.bursamalaysia.com.

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PRE-MEETING SUBMISSION OF QUESTIONS TO THE BOARD OF DIRECTORS

- The Board recognises that the 38th AGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the 38th AGM, shareholders may in advance, before the 38th AGM, submit questions to the Board of Directors via Tricor's TIIH Online website at <https://tiih.online>, by selecting "e-Services" to login, post your questions and submit it electronically. Alternatively, you may also send your questions for the 38th AGM to Investor Relations at ir.petronasgas@petronas.com no later than **Sunday, 18 April 2021 at 10.00 a.m.** The Board of Directors will endeavour to address the questions received at the 38th AGM.

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ANNUAL REPORT

- The Annual Report is available on the Company's corporate website at www.petronasgas.com and Bursa Malaysia's website at www.bursamalaysia.com under Company's announcements.
- You may request for a printed copy of the IR2020 and GFR2020 at <https://tiih.online> by selecting "Request for Annual Report" under the "Investor Services".
- Kindly consider the environment before you decide to request for the printed copy of the Annual Report. The environmental concerns like global warming, deforestation, climate change and many more affect every human, animal and nation on this planet.

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ENQUIRY

- If you have any enquiry prior to the meeting, please call Tricor at +603-2783 9299 during office hours i.e. from 8.30 a.m. to 5.30 p.m. (Monday to Friday).

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GLOSSARY

ABC	Anti-Bribery and Corruption	FTSE	Financial Times Stock Exchange
ACC	Accelerating Cultural Change	GEES	Graduate Employability Enhancement Scheme
AGO	Acid Gas Oxidiser	GHG	Greenhouse Gases
AGRU	Acid Gas Removal Unit	GHSSE	Group Health, Safety, Security and Environment
ASU	Air Separation Unit	GIA	Group Internal Audit
BCM	Business Continuity Management	GPA	Gas Processing Agreement
BCP	Business Continuity Plan	GPK	Gas Processing Kertih
BCP	Business Critical Position	GPP	Gas Processing Plant
BLP	Building Leaders Programme	GPS	Gas Processing Santong
CAPEX	Capital Expenditure	GPU	Gas Processing and Utilities
CCP	Control Critical Position	GSA	Gas Supply (Amendment) Act 2016
CEMS	Continuous Emission Monitoring System	GTA	Gas Transportation Agreement
CFP	Corporate Financial Policy	GTR	Gas Transmission and Regasification
CG	Corporate Governance	GUCD	Gassing Up Cooling Down
CoBE	Code of Conduct and Business Ethics	GWh	Gigawatt Hour
COGEN	Cogeneration Plant	HMM	Harvard Manage Mentor
COP	Community of Practice	HPRT	Hydraulic Power Recovery Turbine
CoRA	Contractor Risk Assessment	HRSG	Heat Recovery Steam Generation
CRM	Customer Relationship Management	HSSE	Health, Safety, Security and Environment
CSC	Commercial Steering Committee	ICT	Information and Communication Technology
CSR	Corporate Social Responsibilities	IETS	Industrial Effluent Treatment System
CX	Commercial Excellence	IFSSC	Integrated Financial Shared Services Centre
DOE	Department of Environment	IMC	Integrated Marketing Communications
DOSH	Department of Occupational Safety and Health	IPP	Independent Power Producers
DPR	Dividend Payout Ratio	ITA	Investment Tax Allowance
DPS	Dividend Per Share	JMP	Journey Management Plan
DTA	Deferred Tax Assets	JV	Joint Venture
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation	KAPENAS	Kesatuan Kakitangan Petroliaam Nasional Berhad
ECER	East Coast Economic Region	KIPC	Kertih Integrated Petrochemical Complex
EIA	Environmental Impact Assessment	KMt	Kilometric tonnes
ELMS	Energy Loss Management System	KPI	Key Performance Indicators
EMS	Environmental Management System	KRA	Key Results Area
EPS	Earning Per Share	KRI	Key Risk Indicators
ERE	Emergency Response Exercise	KWAP	Kumpulan Wang Persaraan (Diperbadankan)/ Retirement Fund (Incorporated)
ERM	Enterprise Risk Management	LBV	LNG Bunkering Vessel
ERP	Enterprise Risk Profile	LDAR	Leak Detection and Repair
ERS	Equipment Reliability Strategy	LNG	Liquefied Natural Gas
ESG	FTSE Environmental, Social and Governance	LOA	Limits of Authority
FEL	Front-end Loading	LOPC	Loss of Primary Containment
FGRU	Flare Gas Recovery Unit	LT	Leadership Team
FLL	Finance Lease Liabilities	LTI	Lost Time Injury
FOREX	Foreign Exchange	LTIF	Lost Time Injury Frequency
FRIM	Forest Research Institute of Malaysia	LTIR	Lost Time Incident Rate
FSU	Floating Storage Unit	MAP	Mandatory Accreditation Programme



MASB	Malaysian Accounting Standards Board
MCCG	Malaysian Code on Corporate Governance
MCF	Mandatory Control Framework
MFRS	Malaysian Financial Reporting Standards
MGA	Malaysia Gas Association
MI	Mechanical Integrity
MIA	Malaysian Institute of Accountants
MICG	Malaysian Institute of Corporate Governance
MIDA	Malaysian Industrial Development Authority
MMLR	Main Market Listing Requirements
MMSCFD	Million Standard Cubic Feet Per Day
Nm³	Normal Cubic Meters
MNS	Malaysian Nature Society
MSOSH	Malaysian Society for Occupational Safety and Health
MSWG	Malaysian Shareholders Watch Group
MTJDA	Malaysia-Thailand Joint Development Area
NACRA	National Annual Corporate Report Awards
NGU	Nitrogen Generation Unit
O&M	Operation and Maintenance
OE	Operational Excellence
OEE	Overall Equipment Effectiveness
OE&I	Operational Excellence and Improvement
OEMS	Operational Excellence Management System
OHSAS	Occupational Health and Safety Assessment Series
OPEX	Operating Expenditure
OPU	Operating Unit
OSH	Occupational Safety and Health
PBS	Performance Based Structure
PCB	PETRONAS Cultural Beliefs
PCP	Pengerang Cogeneration Plant
PDR	Product Delivery Reliability
PD&T	Project Delivery and Technology
PEMS	Predictive Emission Monitoring System
PFRM	Plant and Facilities Risk Management
PGPP	Pengerang Gas Pipeline Project
PGU	Peninsular Gas Utilisation
PIC	Pengerang Integrated Complex
PIMS	Pipeline Integration Management System
PIVOT	PETRONAS Integrated Vision for Operational Excellence and Technology
PLT	Plant Leadership Team
PPE	Property, Plant and Equipment
PPMS	PETRONAS Project Management System
PPRT	Pandemic Preparedness Response Team
PRBI	PETRONAS Risk-Based Inspection

ProFIT	Product Flaring Improvement Taskforce
PRR	Plant Rejuvenation and Revamp
PSC	Project Steering Committee
PSIP	Program Sentuhan Ilmu PETRONAS
PSKP	Program Sentuhan Kasih PETRONAS
PSM	Process Safety Management
PTW	Permit-To-Work
QA	Quality Assurance
QASR	Quarterly Audit Status Report
QC	Quality Control
R2	Desired Result
RA	Reinvestment Allowance
RAPID	Refinery and Petrochemicals Integrated Development
RCC	Risk and Compliance Committee
RCFA	Root Cause Failure Analysis
RGTP	Regasification Terminal Pengerang
RGTSU	Regasification Terminal Sungai Udang
RGTEC	RGT Minimum Sent Out Capability
RMU	Risk Management Unit
ROA	Return on Asset
ROE	Return on Equity
ROW	Right of Way
RSA	Regasification Service Agreement
SCE	Safety Critical Element
SESB	Sabah Electricity Sdn Bhd
SL1M	Skim Latihan 1Malaysia
SOGT	Sabah Oil-Gas Terminal
SSGP	Sabah-Sarawak Gas Pipeline
SSI	Special Scheme Inspection
ST	Suruhanjaya Tenaga
STAR	Supplier Tracking Assessment Rating
TA	Turnaround
TOR	Terms of Reference
TPA	Third Party Access
TSET	Tanjung Sulong Export Terminal
TSR	Total Shareholders' Return
TTS	Technical Trade Specialist
UNGP	United Nations Guiding Principles
VPS	Virtual Pipeline System
WACC	Weighted Average Cost of Capital
WP	Work Process
Y-o-Y	Year-on-year
ZeTo	PETRONAS Zero Tolerance

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PROXY FORM

for the 38th Annual General Meeting



No. of Ordinary Shares Held	
CDS Account Number	

I/We _____ NRIC/Passport No./Company No.: _____
(Full Name In Block Letters)

of _____ Telephone No.: _____
(Full Address)

Email address.: _____ being a member of PETRONAS Gas Berhad ("the Company") hereby appoint:

Full Name (in Block Letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Full Name (in Block Letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 38th Annual General Meeting of the Company which will be held fully virtual through live streaming via a remote participation and voting facilities at the Broadcast Venue, Virtual Studio 2, Level 4, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia on Tuesday, 20 April 2021 at 10.00 a.m. and at any adjournment thereof. My/our proxy is to vote as indicated below:

Resolution*	Ordinary Business	For	Against
1.	Re-election of Dato' Abdul Razak Abdul Majid as a Director		
2.	Re-election of Farina Farikhullah Khan as a Director		
3.	Re-election of Adnan Zainol Abidin as a Director		
4.	Re-election of Datuk Yeow Kian Chai as a Director		
5.	Re-election of Abdul Aziz Othman as a Director		
6.	Approval of Directors' fees and allowances of up to an amount of RM2,500,000 with effect from 21 April 2021 until the next annual general meeting of the Company payable to Non-Executive Directors		
7.	Re-appointment of KPMG PLT as Auditors of the Company		

Note:

* Please refer to the Notice of 38th Annual General Meeting for full details of the proposed Resolutions.

(Please indicate with an "X" in the spaces provided whether you wish your vote to be cast for or against the Resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit)

Date: _____ 2021.

Signature/Common Seal of Shareholders

NOTES:

1. A member who is entitled to attend, participate, speak (including pose questions to the Board via real time submission of typed texts) and vote (collectively referred as "participate") in this AGM via Remote Participation and Voting (RPV) facilities is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
2. A member of the Company who is entitled to participate at the meeting may appoint not more than two proxies to participate on his/her behalf provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each Securities account it holds with ordinary shares of the Company standing to the credit of the said Securities accounts.
4. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for the multiple beneficial owners in one Securities Account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. Where a member or the authorised nominee appoints two proxies, or where an Exempt Authorised Nominee appoints two or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
6. A member who has appointed a proxy or attorney or authorised representative to participate at AGM via RPV **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via TIH Online website at <https://tih.online>. Procedures for RPV can be found in the Administrative Guide for the AGM.
7. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than 48 hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with:

- (a) Tricor Investor & Issuing House Services Sdn. Bhd. (Tricor), Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

- (b) By fax at 03-2783 9222 or email to is.enquiry@my.tricorglobal.com

(ii) By electronic means

The proxy form can be electronically lodged with Tricor via TIH Online at <https://tih.online>. Kindly refer to the Administrative Guide for the AGM on the procedures for electronic lodgement of proxy form via TIH Online.

8. Please ensure **ALL** the particulars as required in the proxy form are completed, signed and dated accordingly.
9. Last date and time for lodging the proxy form is on Sunday, 18 April 2021 at 10.00 a.m.
10. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with Tricor or alternatively, the Customer Service Centre at the address stated under item (7)(i)(a) above not less than 48 hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
11. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with Tricor or alternatively, the Customer Service Centre at the address stated under item (7)(i)(a) above. The certificate of appointment of authorised representative should be executed in the following manner:
 - (i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - (ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by at least two authorised officers, of whom one shall be a director or any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

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STAMP
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TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.

Unit 32-01, Level 32, Tower A

Vertical Business Suite, Avenue 3, Bangsar South

No. 8, Jalan Kerinchi, 59200 Kuala Lumpur

Malaysia

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www.petronasgas.com