



PETRONAS



ELEVATING GREATER AMBITIONS

GOVERNANCE AND FINANCIAL
REPORT 2023

PETRONAS GAS BERHAD

198301006447 (101671-H)

BASIS OF THIS REPORT

INTEGRATED REPORTING APPROACH

PETRONAS Gas Berhad (PGB or the Group) adopts an Integrated Reporting Approach, seamlessly blending financial performance, business activities, and sustainability initiatives. Aligned with the Value Reporting Foundation's Framework, this approach ensures a comprehensive depiction of our operations and underscores our commitment to transparent communication and responsible corporate practices.

REGULATIONS COMPLIED

- Bursa Malaysia Main Market Listing Requirements
- Companies Act 2016
- Malaysian Code on Corporate Governance 2021
- Corporate Governance (4th Edition) issued by Bursa Malaysia
- Malaysian Financial Reporting Standards
- IFRS Accounting Standards

SCOPE AND BOUNDARY OF REPORTING

This report encompasses the core activities of the Group, detailing our business segments, subsidiaries, and joint venture operations. Its purpose is to fulfil the information needs of long-term investors. Additionally, we provide insights into how we generate value for other vital stakeholders, such as employees, customers, government agencies, authorities, suppliers, and communities.

This report covers the period from 1 January to 31 December 2023, unless otherwise stated.

RESTATEMENT OF INFORMATION

Certain data pertaining to our performance in 2021 and 2022 have been restated in this Report due to actions taken to standardise our basis for calculating the data in question or due to a revised interpretation of the relevant data requirements.

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.



INTEGRATED REPORT



The Integrated Report stands as the paramount document for our stakeholders, eloquently presenting our distinctive value creation proposition and exemplary performance delivery.

GOVERNANCE & FINANCIAL REPORT



The Governance and Financial Report delineates our holistic strategy for safeguarding value in our operations, intricately coupled with a detailed account of our financial performance for the year.

SUSTAINABILITY REPORT



The Sustainability Report meticulously outlines our endeavours and steadfast commitment to fostering a sustainable business, strategically positioned for long-term success.

APPROVAL BY THE BOARD

PGB Board of Directors (Board) recognises its duty to uphold the integrity of this Integrated Report. In the Board's assessment, the report comprehensively addresses all material issues pertinent to the Group's value creation and accurately reflects the integrated performance of PGB Group. Prepared in accordance with the Value Reporting Foundation's Integrated Reporting Framework, this report embodies our commitment to transparent and comprehensive reporting.

ADNAN ZAINOL ABIDIN

Chairman

ABDUL AZIZ OTHMAN

Managing Director/Chief Executive Officer

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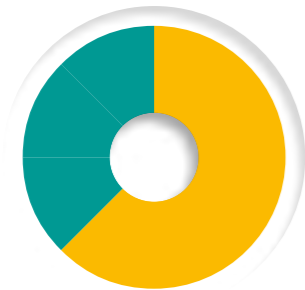
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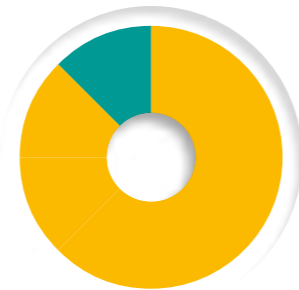
BOARD AT A GLANCE

BOARD DIVERSITY



5 Male 3 Female

CITIZEN



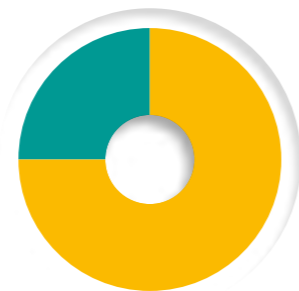
7 Malaysian 1 Non-Malaysian

BOARD COMPOSITION



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

TENURE



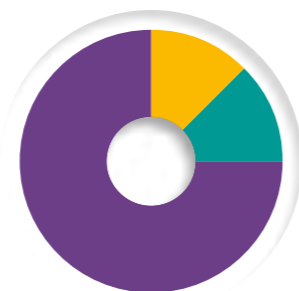
6 2 - 4 years 2 4 - 6 years

ETHNICITY



5 Malay 1 Chinese
1 Sikh 1 Eurasian

AGE GROUP



1 Age 70 - 79 1 Age 60 - 69 6 Age 50 - 59

BOARD SKILLS AND EXPERIENCE MATRIX

DIRECTORS' EXPERTISE AND INDUSTRY PROFICIENCY ASSESSMENT

(As at 29 Feb 2024)

NAME OF DIRECTORS:

	Adnan Zainol Abidin	Abdul Aziz Othman	Farina Farikhullah Khan	Marina Md Taib	Datuk Yeow Kian Chai	Datuk Mark Victor Rozario	Sujit Singh Parhar s/o Sukhdev Singh	Hasliza Othman
	▼	▼	▼	▼	▼	▼	▼	▼

SKILLS MATRIX:

	Adnan Zainol Abidin	Abdul Aziz Othman	Farina Farikhullah Khan	Marina Md Taib	Datuk Yeow Kian Chai	Datuk Mark Victor Rozario	Sujit Singh Parhar s/o Sukhdev Singh	Hasliza Othman
FA Finance/Audit	●		●	●		●		
LR Legal/Regulatory	●		●					
EC Economics	●	●	●	●	●	●	●	●
ET Engineering/Technical	●	●			●		●	●
CM Commercial/Marketing	●	●			●	●		
OP Operations	●	●		●	●	●	●	●
CP Corporate Planning And Development	●	●	●	●	●	●	●	●
HR Human Resource	●		●					
ICT ICT	●					●		
EN Entrepreneurial						●		
INV Investment				●				
SUS Sustainability	●	●	●		●	●	●	

INDUSTRY EXPERIENCE:

	Adnan Zainol Abidin	Abdul Aziz Othman	Farina Farikhullah Khan	Marina Md Taib	Datuk Yeow Kian Chai	Datuk Mark Victor Rozario	Sujit Singh Parhar s/o Sukhdev Singh	Hasliza Othman
O Oil And Gas	●	●	●	●	●	●		●
B Banking And Finance			●	●				
R Regional/International	●	●	●	●	●	●	●	●
P Power	●	●				●	●	
S Shipping And Logistic	●							

BOARD OF DIRECTORS

As at 29 February 2024

BOARD OF DIRECTORS

As at 29 February 2024



From left to right:

<p>MEK YAM @ MARIAM HASSAN FCIS(CS)(CGP) Company Secretary</p>	<p>MARINA MD TAIB Non-Independent Non-Executive Director</p>	<p>SUJIT SINGH PARHAR S/O SUKHDEV SINGH Independent Non-Executive Director, a Member of BAC and BSRC</p>	<p>DATUK YEOW KIAN CHAI Independent Non- Executive Director, Chairman of BSRC and a Member of NRC</p>	<p>ADNAN ZAINOL ABIDIN Chairman Non-Independent Non-Executive Director</p>	<p>ABDUL AZIZ OTHMAN Managing Director/ Chief Executive Officer</p>	<p>FARINA FARIKHULLAH KHAN Senior Independent Non-Executive Director, Chairman of BAC and a Member of NRC and BSRC</p>	<p>DATUK MARK VICTOR ROZARIO Independent Non- Executive Director, Chairman of NRC and a Member of BAC and BSRC</p>	<p>HASLIZA OTHMAN Non-Independent Non-Executive Director</p>	<p>CIK AZIZAHWATI ISHAK FCIS(CS)(CGP) Company Secretary</p>
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Note:
BAC : Board Audit Committee NRC : Nomination and Remuneration Committee BSRC : Board Sustainability and Risk Committee

PROFILE OF THE BOARD OF DIRECTORS

PROFILE OF THE BOARD OF DIRECTORS

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

- Chief Operating Officer, PETRONAS and Executive Vice President & Chief Executive Officer, Gas Business PETRONAS
- Member of PETRONAS Executive Leadership Team
- Board Member of various companies in PETRONAS

Past Experience

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

Declaration

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

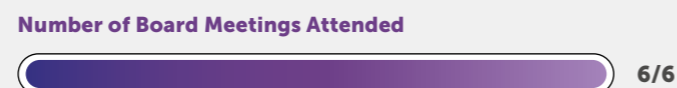


ADNAN ZAINOL ABIDIN

Chairman
Non-Independent Non-Executive Director

Nationality	Age	Gender
	62	Male

Date of Appointment	Length of Service
2 July 2020	3 years 8 months



Skills Matrix and Industry Experience

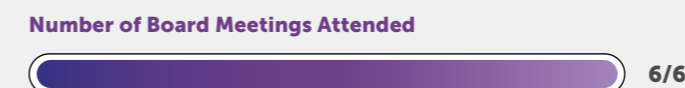


ABDUL AZIZ OTHMAN

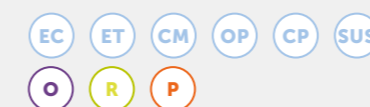
Managing Director/Chief Executive Officer

Nationality	Age	Gender
	58	Male

Date of Appointment	Length of Service
1 January 2021	3 years 2 months



Skills Matrix and Industry Experience



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 Directorships

Listed issuer:

- PETRONAS Gas Berhad

Other public company:

- Nil

Present Appointments

- Senior Vice President, Gas & Power, Gas Business PETRONAS
- Board Member of various companies in PETRONAS
- President, Malaysian Gas Association
- Regional Coordinator South & Southeast Asia, International Gas Union
- Member Executive Committee & Member Audit Committee, International Gas Union
- Malaysia Advisor Board, ASEAN Innovation Business Platform

Past Experience

- Chief Marketing Officer, PETRONAS LNG Limited
- 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
- Head (Strategy & Business Planning), PETRONAS
- Manager (Corporate Issues), Business Planning & Development, PETRONAS

Declaration

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

PROFILE OF THE BOARD OF DIRECTORS

PROFILE OF THE BOARD OF DIRECTORS

Academic/Professional Qualifications

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

Present Directorships

Listed issuer:

- PETRONAS Gas Berhad
- KLCC Property Holdings Berhad
- 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
- Member, Nomination and Remuneration Committee of PETRONAS Gas Berhad
- Member, Board Sustainability and Risk Committee of PETRONAS Gas Berhad
- Chairperson, Board Audit Committee of KLCC Property Holdings Berhad and KLCC REIT Management Sdn. Bhd.
- Member, Board Nomination and Remuneration Committee of KLCC Property Holdings Berhad and KLCC REIT Management Sdn. Bhd.
- Member, Risk Committee of KLCC Property Holdings Berhad
- Chairman, Group Nomination and Remuneration Committee of AMMB Holdings Berhad
- Member, Audit and Examination Committee of AMMB Holdings Berhad
- Member, Risk Management Committee of AmBank Islamic Berhad
- Member, Audit and Examination Committee of AmBank Islamic Berhad
- Member, Audit and Risk Management Committee of Icon Offshore Berhad
- Board Member of KLCC REIT Management Sdn. Bhd.
- Senior Independent Director of EnQuest PLC
- Member, Remuneration and Social Responsibility Committee of EnQuest PLC
- Chairman, Audit Committee of EnQuest PLC

Past Experience

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

Declaration

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- Does not hold more than five directorships in listed issuers



FARINA FARIKHULLAH KHAN

Senior Independent Non-Executive Director

Nationality



Age

51

Gender

Female

Date of Appointment

1 September 2018

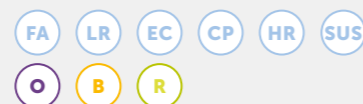
Length of Service

5 years 6 months

Number of Board Meetings Attended



Skills Matrix and Industry Experience



DATUK YEOW KIAN CHAI

Independent Non-Executive Director

Nationality



Age

73

Gender

Male

Date of Appointment

30 July 2020

Length of Service

3 years 7 months

Number of Board Meetings Attended



Skills Matrix and Industry Experience



Academic/Professional Qualifications

- Master of Science in Marine Technology, University of Strathclyde, United Kingdom
- Bachelor of Science in Mechanical Engineering, University College London, United Kingdom

Present Directorships

Listed issuer:

- PETRONAS Gas Berhad

Other public company:

- Nil

Present Appointments

- Chairman, Board Sustainability and Risk Committee of PETRONAS Gas Berhad
- Member, Nomination and Remuneration Committee of PETRONAS Gas Berhad

Past Experience

- Chairman of PETRONAS Abandonment Cess Fund Board of Trustee
- Independent Non-Executive Director of PETRONAS Carigali Sdn. Bhd.
- Independent Non-Executive Director of PETRONAS International Corporation Ltd.
- Advisor, PETRONAS Carigali Sdn. Bhd.
- Vice President, PETRONAS Chemicals Business
- Director, Project Interface Directorate
- Co-Champion PETRONAS OPI Initiative
- Chief Executive Officer, PETRONAS Chemicals Fertiliser Kedah Sdn. Bhd.
- Chief Executive Officer, PETRONAS Carigali (Turkmenistan) Sdn. Bhd.
- Head, Exploration and Production Technology Centre
- 35 years of extensive experience in oil and gas industry

Declaration

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

PROFILE OF THE BOARD OF DIRECTORS

Academic/Professional Qualifications

- Senior Management Programme/Business, Harvard Business School
- Chartered Accountant, Institute of Chartered Accountants in England and Wales, FCA
- Bachelor of Science, London School of Economics (LSE)

Present Directorships

Listed issuer:

- PETRONAS Gas Berhad

Other public company:

- Nil

Present Appointments

- Chairman of Nomination and Remuneration Committee of PETRONAS Gas Berhad
- Chairman of Board Audit Committee of Bond Pricing Agency Malaysia Sdn. Bhd.
- Board Member of Pintar Projek Sdn. Bhd.
- Chairman of Board Audit Committee of Pintar Projek Sdn. Bhd.
- Director, Bond Pricing Agency Malaysia Sdn. Bhd.
- Member, Board Sustainability and Risk Committee of PETRONAS Gas Berhad
- Member, Board Audit Committee of PETRONAS Gas Berhad

Past Experience

- Chief Executive Officer, Adventa Berhad
- Chief Executive Officer of General Electric (Malaysia)
- Chief Executive Officer & Member of Governance Council at Agensi Inovasi Malaysia (AIM)/National Innovation Agency of Malaysia
- Group Managing Director of Country Heights Holdings Berhad
- Executive Director at Sunway Holdings Incorporated Berhad (now known as Sunway Berhad)
- Group Chief Financial Officer of Sunway Group
- Controller, East Asia at Schlumberger Limited
- Manager at KPMG Peat Marwick (United Kingdom)

Declaration

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



DATUK MARK VICTOR ROZARIO

Independent Non-Executive Director

Nationality **Age** **Gender**



59

Male

Date of Appointment

1 June 2021

Length of Service

2 years 9 months

Number of Board Meetings Attended



Skills Matrix and Industry Experience



SUJIT SINGH PARHAR S/O SUKHDEV SINGH

Independent Non-Executive Director

Nationality **Age** **Gender**



53

Male

Date of Appointment

15 July 2021

Length of Service

2 years 7 months

Number of Board Meetings Attended



Skills Matrix and Industry Experience



Academic/Professional Qualifications

- Postgraduate Certificate in Business Administration, University of Leicester, United Kingdom
- Bachelor of Engineering (Civil & Structural Engineering), Nanyang Technological University (N.T.U.), Singapore

Present Directorships

Listed issuer:

- PETRONAS Gas Berhad

Other public company:

- Nil

Present Appointments

- Member, Board Sustainability and Risk Committee of PETRONAS Gas Berhad
- Member, Board Audit Committee PETRONAS Gas Berhad

Past Experience

- Director/Senior Advisor, Mubadala Investment Company, Abu Dhabi, United Arab Emirates
- Executive Director, Global Capital & Development Sdn. Bhd.
- Chief Executive Officer, Global Capital & Development Pte Ltd, Singapore
- Advisor, Global Capital & Development Pte Ltd, Singapore
- Advisor, National Central Cooling Company (Tabreed) Abu Dhabi, United Arab Emirates
- Chief Executive Officer, National Central Cooling Company (Tabreed) Abu Dhabi, United Arab Emirates
- Senior Vice President, Mubadala Investment Company, Abu Dhabi, United Arab Emirates
- Senior Vice President, SembCorp Industries Singapore/ MENA
- Manager, Keppel FELS ENERGY Pte Ltd, Singapore
- Civil Engineer, S.K Pui Chartered Consulting Engineers, Singapore

Declaration

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

PROFILE OF THE BOARD OF DIRECTORS

Academic/Professional Qualifications

- Advanced Management Programme, Harvard Business School
- Master 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

- Senior Vice President, Corporate Strategy, PETRONAS
- Board Member of various companies in PETRONAS

Past Experience

- Vice President, Treasury, PETRONAS
- Member, Board Audit Committee, PETRONAS Gas Berhad
- Head, Corporate Strategic Planning, PETRONAS
- Head, Brunei Operations, PETRONAS Carigali Sdn. Bhd.
- Head, Strategic Planning, Petroleum Management Unit, PETRONAS
- Senior Manager, Corporate Planning and Development Division, PETRONAS


Declaration

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



MARINA MD TAIB

Non-Independent Non-Executive Director

Nationality	Age	Gender
	51	Female

Date of Appointment	Length of Service
1 September 2019	4 years 6 months

Number of Board Meetings Attended

6/6

Skills Matrix and Industry Experience

FA EC OP CP INV
O B R

PROFILE OF THE BOARD OF DIRECTORS

Academic/Professional Qualifications

- Masters of Sciences, Chemical Engineering, Texas A&M University, Texas, United States of America
- Bachelor of Science, Chemical Engineering, Texas A&M University, Texas, United States of America

Present Directorships

- Listed issuer:**
- PETRONAS Gas Berhad

Other public company:

- Nil

Present Appointments

- Senior Vice President, Malaysia Assets, Upstream Business PETRONAS
- Board Member of various companies in PETRONAS

Past Experience

- Head (Peninsular Malaysia), Malaysia Assets, Upstream, PETRONAS Carigali Sdn. Bhd.
- Head (Resource Development), Malaysia Petroleum Management, PETRONAS
- Head (Upstream Risk & Assurance), Upstream Business, PETRONAS
- General Manager (Field Development, Petroleum Resource Development), Petroleum Management Unit, PETRONAS
- Senior Manager (Front End Engineering, Field Development), Petroleum Management Unit, PETRONAS


Declaration

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- Does not hold more than five directorships in listed issuers



HASLIZA OTHMAN

Non-Independent Non-Executive Director

Nationality	Age	Gender
	56	Female

Date of Appointment	Length of Service
15 July 2021	2 years 7 months

Number of Board Meetings Attended

5/6

Skills Matrix and Industry Experience


EC ET OP CP
O R

COMPANY SECRETARIES



MEK YAM @ MARIAM HASSAN

FCIS(CS)(CGP)
Company Secretary

Nationality	Age	Gender
	50	Female


Professional Qualifications

- Chartered Company Secretary from the Institute of Chartered Secretaries and Administrators, United Kingdom
- Fellow of Malaysian Institute of Chartered Secretaries and Administrators



CIK AZIZAHWATI ISHAK

FCIS(CS)(CGP)
Company Secretary

Nationality	Age	Gender
	51	Female

Professional Qualifications

- Chartered Company Secretary from the Institute of Chartered Secretaries and Administrators, United Kingdom
- Fellow of Malaysian Institute of Chartered Secretaries and Administrators


LEADERSHIP TEAM

As at 29th February 2024





- | | | | |
|--|--|--|---|
| 1 ABDUL AZIZ OTHMAN
Managing Director/
Chief Executive Officer | 2 SHAHRUL AZHAM SUKAIMAN
Chief Financial Officer | 3 BURHAN ABDULLAH
General Manager,
Gas Transportation and
Regasification | 4 M NAZIR M NOR
Senior General Manager,
Gas Processing & Utilities |
| 5 FLORENCE OH YEOK KIM
Senior Manager, Strategic
Communications | 6 HARMAINI YAHYA
General Manager, HSE and
Business Excellence | 7 HISHAM MAULOT
General Manager, Business
Development & Commercial | 8 ROSNI HAMID
General Manager, Human
Resource Management |
| 9 MOHD AZLI HUSIN
General Manager, Self-Regulatory | 10 JAMADIL KHAIRIAH MOHAMAD
General Manager, Legal Gas & Power | | |

PROFILE OF LEADERSHIP TEAM



ABDUL AZIZ OTHMAN
Managing Director/Chief Executive Officer

Scan to view video 

Nationality	Age	Gender
	58	Male

Date of Appointment January 2021
Length of Service 3 years 2 months

Responsibilities

- Overall management and operations of the business, organisational effectiveness and the implementation of the Group's strategies and policies.

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


- Senior Vice President, Gas & Power, Gas Business PETRONAS
- Board Member of various companies in PETRONAS
- President, Malaysian Gas Association
- Regional Coordinator South & Southeast Asia, International Gas Union
- Member Executive Committee & Member Audit Committee, International Gas Union
- Malaysia Advisor Board, ASEAN Innovation Business Platform

Past Experience

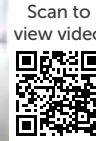
- Chief Marketing Officer, PETRONAS LNG Limited
- Vice President, Strategy & New Ventures, PETRONAS Energy Canada Limited
- Head, Strategic Planning & Ventures, PETRONAS Chemicals Group Berhad
- Chief Executive Officer, Vinyl Chloride Malaysia Sdn. Bhd.
- General Manager, Centralised Utilities Facilities (CUF), PETRONAS Gas Berhad
- Head (Strategy & Business Planning), PETRONAS
- Manager (Corporate Issues), Business Planning & Development, PETRONAS


Declaration

- No family relationship with any Director/Major Shareholder of PETRONAS Gas Berhad
- No conflict of interest or potential conflict of interest, including interest in any competing business with PETRONAS Gas Berhad and its subsidiaries



M NAZIR M NOR
Senior General Manager, Gas Processing & Utilities

Scan to view video 

Nationality	Age	Gender
	46	Male

Date of Appointment January 2023
Length of Service 11 months

Responsibilities

- Overall management and operations of Gas Processing & Utilities in achieving business operation sustainability and long-term growth.

Academic/Professional Qualifications

- Bachelor of Civil Engineering, University Teknologi MARA (UiTM)
- Management Programme from Duke CE

Present Appointments

- MD/CEO, Malaysia Marine and Heavy Engineering Holdings Berhad
- Director, PETRONAS Energy and Gas Trading Sdn. Bhd.
- Director, CEFS Response Sdn. Bhd.

Past Experience


- Country Head (Argentina) & CEO PETRONAS E&P Argentina, PETRONAS (PCSB Argentina)
- Director, Infrastructure & Integration, PETRONAS Energy Canada Limited
- Head, PRGT Pipeline – Progress Energy, PETRONAS (Pacific North-West LNG Canada)
- Manager, LNG Pipeline & Integration, PETRONAS (Pacific North-West LNG Canada)
- Head, Transformation PMO – (People and Culture), PETRONAS Gas Berhad
- Head, Transmission East Malaysia Operation, PETRONAS Gas Berhad
- Manager, East Malaysia Operation, PETRONAS Gas Berhad
- Manager, Pasir Gudang Regional Operation, PETRONAS Gas Berhad
- Manager, Pipeline Operations Advisor & Engineering Manager, PETRONAS (PAPL Gladstone LNG Australia)

Note:
M Nazir M Nor served as the Senior General Manager, Gas Processing & Utilities until 30th November 2023, and was replaced by Shahrul Izan Bakti A Aziz effective 1st December 2023.

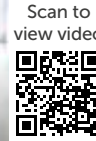
Declaration

- No conviction of any offences within the past five years other than traffic offences, if any
- Does not hold more than five directorships in listed issuers

PROFILE OF LEADERSHIP TEAM



BURHAN ABDULLAH
General Manager, Gas Transportation and Regasification

Scan to view video 

Nationality	Age	Gender
	56	Male

Date of Appointment January 2017
Length of Service 7 years

Responsibilities

- Overall management and operations of Gas Transportation and Regasification facilities by ensuring Safe, Reliable and Efficient pipeline network and regasification operations.

Academic/Professional Qualifications

- Bachelor of Chemical Engineering from University of Texas A&M University - Kingsville Texas

Present Appointments

- Nil

Past Experience

- Chief Executive Officer, Regas Terminal (Sg. Udang) Sdn. Bhd.
- Vice President Operations, Trans-Thai Malaysia (Thailand) Limited
- Senior Manager, Operations at Gas Processing Plant B at Santong, Paka, PETRONAS Gas Berhad
- Senior Manager, Operations at Gas Processing Plant A at Kertih, PETRONAS Gas Berhad
- Process Manager at Ethylene (M) Sdn. Bhd.

Note:
Burhan Abdullah served as the General Manager, Gas Transportation and Regasification until 31st December 2023, and was replaced by Ir. M Nasahie Akbar Ali effective 1st January 2024.

Declaration

- No family relationship with any Director/Major Shareholder of PETRONAS Gas Berhad
- No conflict of interest or potential conflict of interest, including interest in any competing business with PETRONAS Gas Berhad and its subsidiaries



SHAHRUL AZHAM SUKAIMAN
Chief Financial Officer

Scan to view video 

Nationality	Age	Gender
	44	Male

Date of Appointment July 2022
Length of Service 1 year 7 months

Responsibilities

- Overall Group's financial and fiscal aspects as well as risk management and investor relations.

Academic/Professional Qualifications

- Bachelor of Accounting (Hons), International Islamic University Malaysia (IIUM)
- Fellow, Association of Chartered Certified Accountants (ACCA)

Present Appointments

- Director, Regas Terminal (Sg Udang) Sdn. Bhd.
- Director, Pengerang LNG (Two) Sdn. Bhd.
- Director, Kimanis Power Sdn. Bhd.
- Director, Kimanis O&M Sdn. Bhd.
- Director, Pengerang Gas Solutions Sdn. Bhd.
- Director, Industrial Gases Solutions Sdn. Bhd.
- Director, Sipitang Utilities Sdn. Bhd. [formerly known as Regas Terminal (Lahad Datu) Sdn. Bhd.]


Past Experience

- General Manager (Finance Group & Corporate) PETRONAS
- Head of Finance, PT PETRONAS Niaga Indonesia
- Senior Manager (Financial Services and Treasury), PETRONAS Gas Berhad
- Senior Manager (Group Accounts and Performance), PETRONAS Chemicals Group Berhad
- Manager (Management Accounting - Group & Performance), PETRONAS Chemicals Group Berhad
- Manager (Gas & Power), President's Office PETRONAS


Declaration


- No conviction of any offences within the past five years other than traffic offences, if any
- Does not hold more than five directorships in listed issuers

PROFILE OF LEADERSHIP TEAM



HISHAM MAULOT
General Manager, Business Development & Commercial

Scan to view video 

Nationality	Age	Gender
	49	Male

Date of Appointment August 2021
Length of Service 2 years 6 months

Responsibilities

- Overall PGB's strategic direction in delivering business growth and commercial matters.

Academic/Professional Qualifications

- Bachelor of Business Administration (Banking & Finance Management), Northwood University, Michigan, USA

Present Appointments

- Chief Executive Officer & Director, Pengerang LNG (Two) Sdn. Bhd.
- Director, Industrial Gases Solutions Sdn. Bhd.
- Director, Sipitang Utilities Sdn. Bhd. [formerly known as Regas Terminal (Lahad Datu) Sdn. Bhd.]
- Director, Regas Terminal (Pengerang) Sdn. Bhd.
- Director, PETRONAS Refinery and Petrochemical Corporation, Utilities and Facilities (PRPC UF) Sdn. Bhd.
- Director, Pengerang Power Sdn. Bhd. (PEPSB)


Past Experience

- General Manager, Marketing, PETRONAS Energy & Gas Trading
- Senior Manager, Business Development, PETRONAS Gas Berhad
- Head Downstream, PETRONAS Australia Pty Ltd
- Head, Risk Management, PETRONAS LNG
- Manager Strategy & Planning, Business Planning Department, PETRONAS Gas Berhad


Declaration

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

PROFILE OF LEADERSHIP TEAM



ROSNI HAMID
General Manager, Human Resource Management

Nationality	Age	Gender
	48	Female

Date of Appointment November 2021
Length of Service 2 years 3 months

Responsibilities

- Overall talent management and HR strategic partner supporting business leaders.

Academic/Professional Qualifications

- Bachelor of Business Admin (Honour), Universiti Utara Malaysia

Present Appointments


- Nil

Past Experience


- Head, Remuneration & Talent Services, Global HR Services, PETRONAS
- Senior Manager in various sections within HR Centralised Services, PETRONAS, which includes Benefits Management, Service Management & Strategic Planning & Business Solutions
- Manager, Vendor Management, HR Centralised Services, PETRONAS
- Team Leader of HR ICT Project, HR Division, PETRONAS
- Manager, Top Talent Development, HR Division, PETRONAS
- Manager, People Planning & Management, PETRONAS Methanol Labuan

Declaration

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



JAMADIL KHAIIRIAH MOHAMAD
General Manager, Legal Gas & Power

Nationality	Age	Gender
	47	Female

Date of Appointment March 2023
Length of Service 11 months

Responsibilities

- Overall management of legal affairs of PGB Group.

Academic/Professional Qualifications

- Bachelor of Laws, University of Sheffield, England UK

Present Appointments

- Nil

Past Experience

- Senior Manager, SLC (ME & Central Asia), PETRONAS
- Senior Manager, SLC (PMA/JDA), PETRONAS
- Senior Manager, SLC (SK Oil), PETRONAS
- Senior Legal Counsel (Spec. Proj./Business Vent.), PETRONAS Gas Berhad
- Legal Counsel, PETRONAS Gas Berhad
- Legal Counsel (HR), PETRONAS
- Head (Legal Counsel), PETRONAS
- Manager (Legal Counsel – Nitro & Ind/Special Chem), PETRONAS
- Manager (Legal Counsel – Olefins & Polymers), PETRONAS

Declaration

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



HARMAINI YAHYA
General Manager, HSE and Business Excellence

Nationality	Age	Gender
	50	Male

Date of Appointment June 2021
Length of Service 2 years 6 months

Responsibilities

- Overall management of PGB business excellence, sustainability and HSSE governance.

Academic/Professional Qualifications

- Bachelor of Mechanical Engineering (Hons), Leeds University

Present Appointments

- Nil

Past Experience


- Manager, Inspection, PETRONAS Gas Berhad
- Head, Maintenance-GP3/4, FGRU & COGEN, PETRONAS Gas Berhad
- Manager, Project Management Department, PETRONAS Gas Berhad
- Manager, Mechanical & Civil Engineering, Plant Technical Services Department, PETRONAS Gas Berhad

Note: Harmaini Yahya served as the General Manager, HSE and Business Excellence until 31st December 2023, and was replaced by M Fitri M Zain effective 1st January 2024.


Declaration


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

PROFILE OF LEADERSHIP TEAM




FLORENCE OH YEOK KIM
Senior Manager, Strategic Communications

Nationality	Age	Gender
	49	Female



MOHD AZLI HUSIN
General Manager, Self-Regulatory

Nationality	Age	Gender
	46	Male

Date of Appointment
September 2021

Length of Service
2 years 5 months

Responsibilities

- Overall strategic communications and stakeholder management.

Academic/Professional Qualifications

- Bachelor of Arts (Communication - Advertising), Charles Sturt University, Australia

Present Appointments

- Nil

Past Experience

- Head, Research, Group Strategic Communications, PETRONAS
- Manager, Planning & Research, Corporate & Marketing Communication, PETRONAS Dagangan Berhad
- Head, Advertising & Promotions, Corporate & Marketing Communication, PETRONAS Dagangan Berhad
- Manager, Communication Management, Brand Department, PETRONAS Dagangan Berhad
- Brand Marketing Specialist, Chevron Malaysia Limited

Date of Appointment
October 2021

Length of Service
2 years 4 months

Responsibilities

- Overall management of Self-Regulatory and statutory compliance of PGB.

Academic/Professional Qualifications

- Master of Science in Industrial & Technology Management, Universiti Kebangsaan Malaysia
- Bachelor of Engineering (Hons) in Mechanical Engineering, Universiti Teknologi PETRONAS

Present Appointments

- Nil

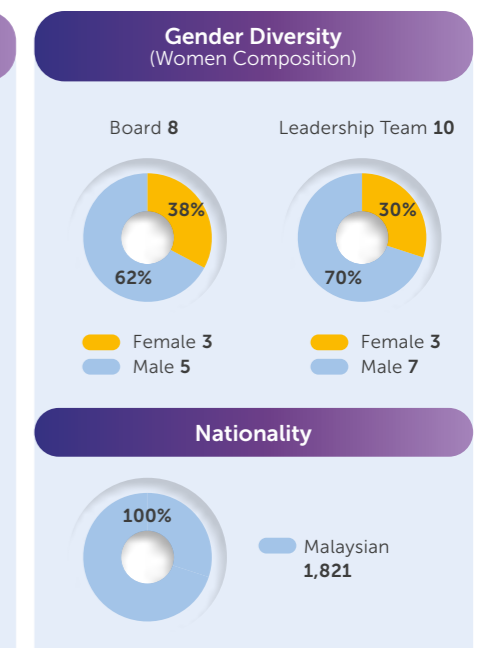
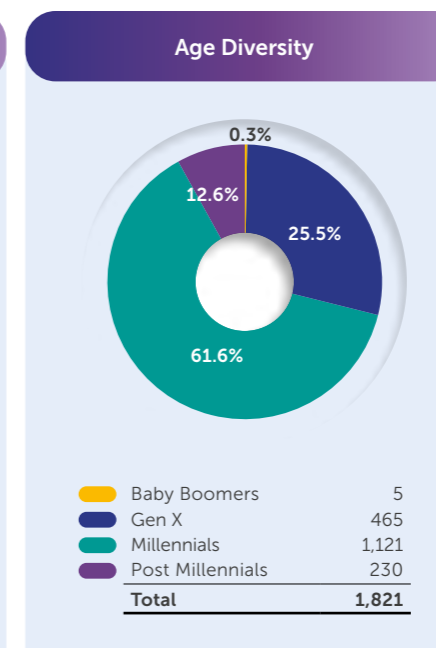
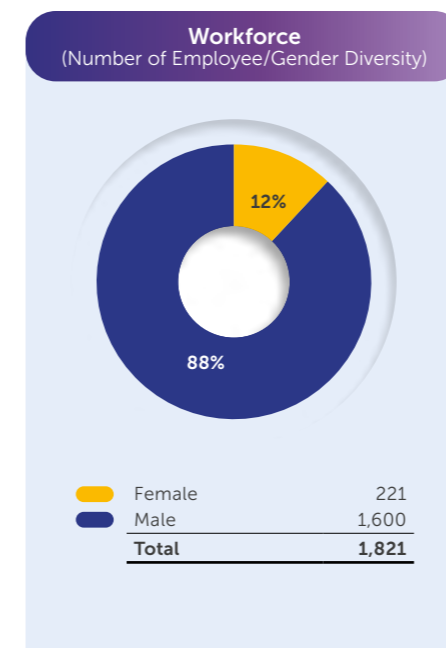
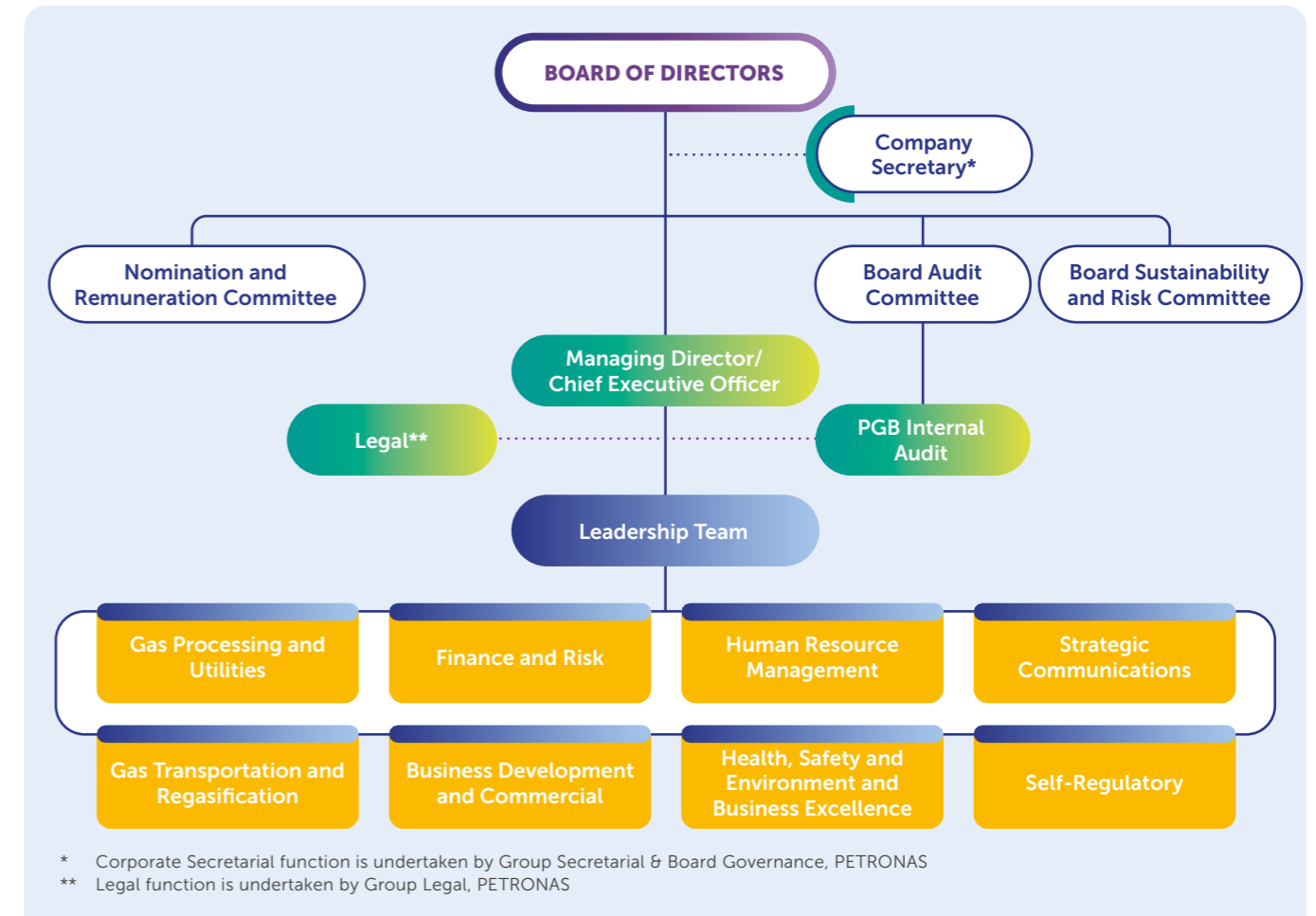
Past Experience

- Senior Manager (Regasification Terminal), Regas Terminal (Sungai Udang) Sdn. Bhd.
- Senior Manager (Southern Operation), PETRONAS Gas Berhad
- Senior Manager (Technical Services), Gas Transportation & Regasification, PETRONAS Gas Berhad
- Manager (Bintulu Regional Operation), PETRONAS Gas Berhad.
- Manager (Mechanical), Operation Engineering Department, PETRONAS Gas Berhad

Declaration

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

CORPORATE STRUCTURE



Note:

- Data as at 31 December 2023.
- Manpower generation data 2023 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).

CHAIRMAN'S STATEMENT ON CORPORATE GOVERNANCE



To our Valued Shareholders,

On behalf of the Board of PETRONAS Gas Berhad (PGB or the Group), I am pleased to present the Corporate Governance Overview Statement (CGOS) for the financial year ended 31 December 2023.

PGB recognises the fundamental role of sound corporate governance in driving sustainable, long-term value creation for all stakeholders. With unwavering commitment to integrity, transparency, and robust risk management practices, we continually strive to uphold the highest standards of governance across all facets of our business.

By consistently aligning our corporate governance framework with the Malaysian Code on Corporate Governance 2021 (MCCG 2021), the Bursa Malaysia Corporate Governance Guide (4th Edition), and the Companies Act 2016, we safeguard our corporate reputation, protect stakeholder interests, and foster investor confidence. This, in turn, ensures PGB's ability to deliver consistent shareholder value and contribute meaningfully to the long-term economic landscape.

Throughout the year, the Board actively collaborated with Senior Management to refine and strengthen our governance framework. As of this Statement, I am proud to report compliance with all provisions of the MCCG 2021 with the exception of Practices 5.2 and 8.2. A detailed explanation of our approach to these specific practices is provided in the comprehensive Corporate Governance Report 2023, readily accessible on our website at www.petronas.com/pgb.

Furthermore, the Board conducted a thorough Board Effectiveness and Evaluation 2023 (BEE 2023) exercise, examining both its own performance and that of individual directors and Board Committees. This internal assessment, enhanced to encompass sustainability initiatives, confirmed that PGB continues to be led by a highly proficient and effective Board.

Demonstrating our focus on sustainability as a core agenda, the Board approved the renaming of the Board Risk Committee to the Board Sustainability and Risk Committee (BSRC) effective 27 February 2024. This reflects the existing BSRC's responsibilities, encompassing not only risk management but also oversight of Environmental, Social & Governance (ESG), Compliance, and Sustainability matters.

We remain committed to ongoing enhancement of our internal governance practices, policies, and procedures. This included revisions to the Board Charter and the terms of reference for relevant Board Committees in February 2024, ensuring the highest standards of governance are consistently applied throughout the PGB Group.

We extend our sincere gratitude to Dato' Abdul Razak Abdul Majid who stepped down as Senior Independent Non-Executive Director on 27 March 2023. We deeply appreciate his valuable service and significant contributions to the Board.

As we move forward, PGB will continue to make strides in governance, risk management, and sustainability. This commitment ensures our continued relevance to stakeholders and markets, allowing us to consistently deliver enduring value for all.

Thank you for your continued support to PETRONAS Gas Berhad.

ADNAN ZAINOL ABIDIN
Chairman
PETRONAS Gas Berhad

CORPORATE GOVERNANCE OVERVIEW STATEMENT

We present to you the Corporate Governance (CG) Overview Statement for the financial year ended 31 December 2023.

This statement articulates how the Group has incorporated and implemented principles and best practices outlined in the following requirements/guides:

- 1 Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia).
- 2 Companies Act 2016 (CA 2016).
- 3 MCCG 2021
- 4 Corporate Governance Guide (4th Edition) issued by Bursa Malaysia.

In addition to these, our practices have been consistently evaluated against the ASEAN Corporate Governance Scorecard and other relevant laws and regulations throughout the year ended 31 December 2023.

This CGOS is to be read alongside the publicly accessible Corporate Governance Report 2023 (CG Report 2023), which is made available on the Company's corporate website at www.petronas.com/pgb. This CGOS narrates how PGB's measures align with the principles of good governance in accordance with the MCCG 2021, making specific references to the three key CG principles outlined in the MCCG 2021:

- PRINCIPLE A** Board Leadership and Effectiveness
- PRINCIPLE B** Effective Audit and Risk Management
- PRINCIPLE C** Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

PGB is dedicated to maintaining high standards of integrity and ethics in the execution of its business operations. The importance of good governance is paramount, serving as a crucial element to ensure sustainable, long-term performance. Our commitment to these principles is designed not only to optimise returns for stakeholders but also to foster enduring, long-term economic value and growth within the PGB Group.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

OUR GOVERNANCE STRUCTURE

The Board champions transparency and accountability in the boardroom, fostering these essential elements of governance across the entire Group.

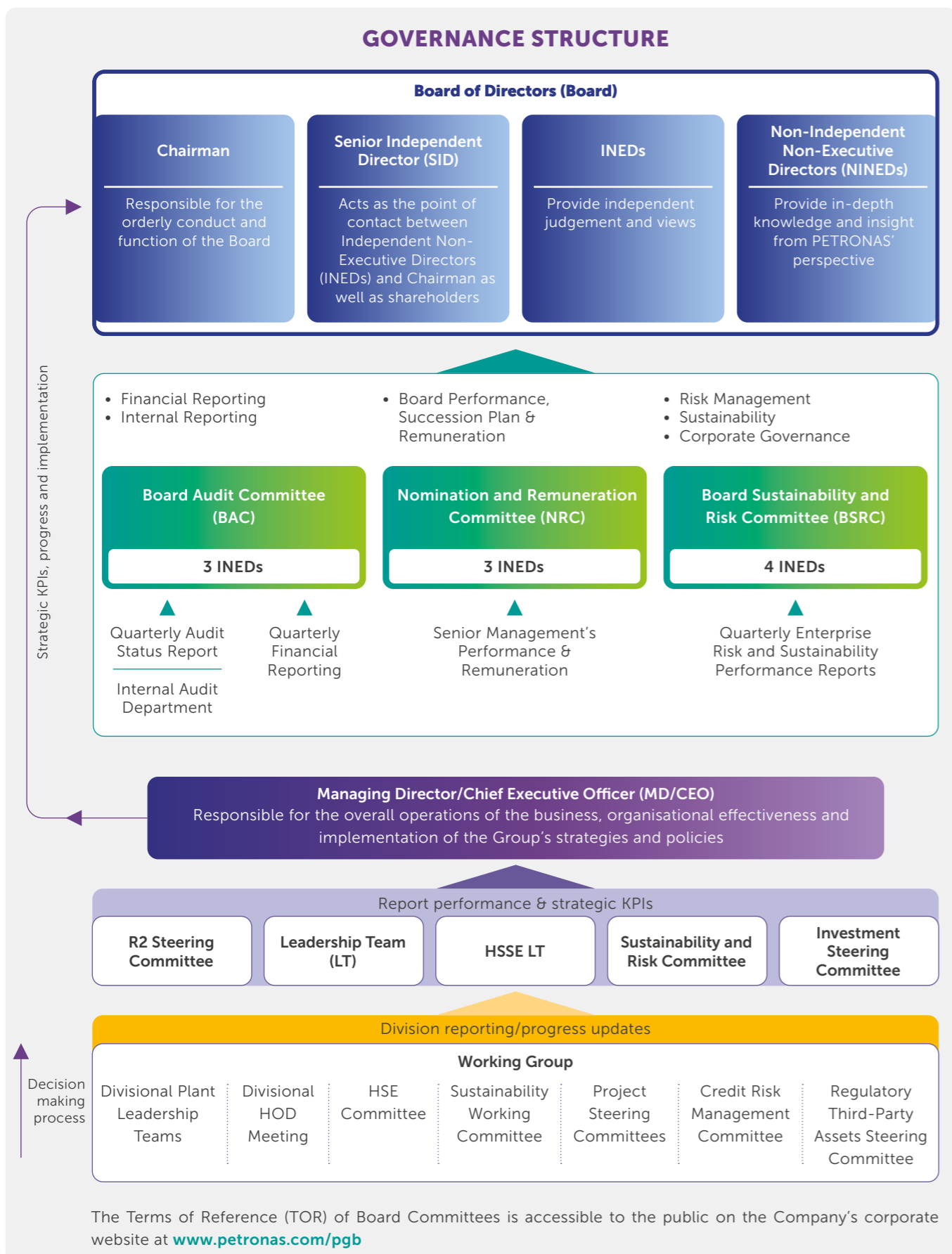
PGB's governance structure and practices are seamlessly integrated throughout the PGB Group, driven by principles that include emphasising greater integrity, transparency, accountability, and responsibility. The promotion of the Group's future growth is facilitated through sustainable practices aligned with the Group's sustainability and growth agenda. The autonomy of various operating entities within the Group is balanced with appropriate checks and balances.

Accountable to shareholders, the Board is entrusted with the creation and delivery of sustainable value. This responsibility encompasses overseeing the management of the Group's business, approving strategic plans, monitoring their implementation, and providing necessary support for successful execution.

The Board fulfils its responsibilities within a clearly defined governance framework with robust mechanisms in place. While retaining ultimate accountability and responsibility for the Company's performance and affairs, the Board delegates governance responsibilities to key Committees of the Board and Management committees without abdicating its core duties. The Group adheres to high standards of ethical behaviour under the Board's watch.

The effective functioning of the Board relies on a clear division of roles and responsibilities, aligning with the principles of the MCCG 2021. This framework illustrates the governance oversight role of the Board and the interplay of various governance components. The following table provides an overview of the Group's governance structure, key Board Committees, and other Management committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



CORPORATE GOVERNANCE OVERVIEW STATEMENT

HOW THE BOARD OPERATES?

Our Board Charter

In the effective execution of its duties and responsibilities, the Board adheres to the guidance provided by the Board Charter, a comprehensive document outlining the principles and guidelines to be applied by the Board. The delegation of authority, as articulated in the Board Charter, ensures that the line of authority aligns with legal and regulatory requirements.

This charter delineates the roles and responsibilities of the Board, Chairman, and MD/CEO, encompassing aspects such as Board appointments, succession planning, establishment of Board Committees, stakeholder communication, and risk management.

Periodic reviews and updates of the Board Charter take place to incorporate relevant changes to policies, procedures, and processes, as well as amendments to rules and regulations. This ensures the document remains pertinent and consistent with applicable rules, regulations, and recommended best practices. For accessibility, the Board Charter is made available on the Company's corporate website at www.petronas.com/pgb, along with the Terms of References (TOR) for all Board Committees.

Board Leadership

The Board is entrusted with the responsibility of overseeing the success of the Group, directing its affairs in a responsible and effective manner. Each Director is obligated to act in good faith and in the best interest of the Company. Recognising their collective and individual responsibilities to all shareholders, the Directors ensure the Company's affairs are managed, controlled, and operated with diligence. The Board asserts its satisfaction in fulfilling these duties and obligations during the reviewed year, promoting long-term sustainability and success within a framework of prudent and effective control.

In safeguarding stakeholder value-creation, the Board ensures the Company's strategic plan supports long-term value creation and incorporates strategies encompassing economic, environmental, social, and governance (ESG) considerations. This approach strengthens the integration of sustainability into the Company's operations, fostering resilience, sustainable value, and maintaining stakeholder confidence simultaneously.

In fulfilling its fiduciary and leadership functions, the Board's roles and responsibilities include, among others:

- 1 Policy Making**
 - Ensuring the presence, effective adoption, and regular review of appropriate policies in response to changing circumstances.
- 2 Providing Accountability**
 - Being accountable to shareholders and, to a broader extent, to various stakeholders impacted by PGB's decisions, such as employees, suppliers, customers, the local community, and the state/country where PGB operates.
- 3 Risk Management and Internal Control**
 - Reviewing and approving financial statements.
 - Managing principal risks and ensuring adequacy of PGB's internal control system, including compliance with applicable laws, regulations, rules, and guidelines.
 - Ensuring an appropriate succession plan for members of the Board and Leadership Team (LT).
- 4 Strategy Formulation**
 - Reviewing, approving, and monitoring annual corporate plans encompassing overall corporate strategy, business plan and targets, human resources plan, financial plan and budget, risk management plan, and information technology plan to ensure sustainability and optimisation of long-term returns.

These roles and responsibilities are explicitly outlined in the Board Charter.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

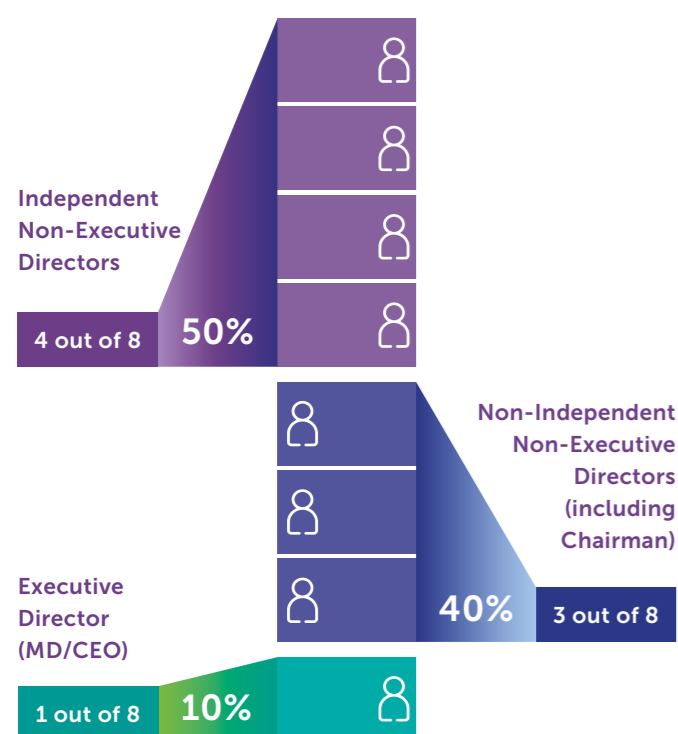
Board Balance and Composition

As of the date of this Statement, the Board comprises of eight (8) members, including one (1) holding an Executive Office as Managing Director/Chief Executive Officer (MD/CEO) and seven (7) Non-Executive Directors (NEDs).

In the financial year under review, Farina Farikhullah Khan assumed the role of Senior Independent Director (SID) on 27 March 2023, succeeding Dato' Abdul Razak Abdul Majid, who resigned from the SID position on the same date.

The Board expresses its gratitude and appreciation to Dato' Abdul Razak Abdul Majid for his valuable contributions and commitment during his tenure on the Board.

As at the date of this report, the Board composition is as follows:



The current Board satisfies the requirement of Paragraph 15.02 of the Main Market Listing Requirement of Bursa Malaysia as it has more than one-third of its members serving as Independent Non-Executive Directors (INEDs). Additionally, the Board acknowledges Practice 5.2. of the Malaysian Code on Corporate Governance which mandates a majority of INEDs for large companies.

To ensure check and balance as well as independent judgement and views during Board deliberation, the Board employs the following measures:

- 1 The appointment of a Senior Independent Director (SID) as a sounding board of the Chairman and to serve as intermediary for the INEDs.
- 2 All Board Committees are comprise solely of INEDs.
- 3 All Board Committees are chaired by the INED.
- 4 The Board Audit Committee, which comprises solely of INEDs reviews all Related Party Transactions and recommends the same for the Board's approval. During Board meeting, Non-Independent Non-Executive Directors (NINEDs) with an interest in the transaction shall abstain from deliberation and voting for all Related Party Transactions, this protocol is essential for maintaining transparency and safeguarding the interests of minority shareholders.

Directors are chosen based on individual merits and experience, forming a diverse Board with expertise, skills, and knowledge to provide effective oversight and strategic guidance. The Nomination and Remuneration Committee ensures the Board maintains the right balance of skills, experience, business knowledge, size, and diversity in age and gender. This approach fosters inclusiveness of views and facilitates effective decision-making and deliberation during Board meetings.

NEDs contribute their expertise and experience to thoroughly deliberate and examine proposed policies and strategies. In accordance with Paragraph 15.06 of the MMLR, no Board member holds more than five directorships in listed companies. Directors notify the Chairman of PGB before accepting additional appointments to ensure no undue impact on their time commitment. No Directors have appointed any alternates.

The profile of each Director is available on pages 6 to 13 of the Governance and Financial Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Separate roles of Chairman, MD/CEO and Senior Independent Director

The separation of the Chairman and MD/CEO positions is maintained to establish a clear distinction of responsibilities between the two roles.

The Chairman is primarily tasked with overseeing and facilitating the smooth functioning of the Board. Conversely, the MD/CEO bears the responsibility for the overall operations of the business, organisational effectiveness, and the execution of the Group's strategies and policies. Due to the Company's close integration and synergy with PETRONAS, the Chairmanship is retained by a NINED. This segregation of roles is crucial, given the differing expectations and distinct primary audiences associated with each role.

The MD/CEO oversees the responsibilities of the various divisions and departments within the Company. The Leadership Team (LT) supports him, ensuring the implementation of effective systems, controls, and allocation of resources to execute business strategies and decisions.

Roles of Chairman

ADNAN ZAINOL ABIDIN

Chairman

- a. Leading the Board in setting the values and ethical standards of PGB.
- b. Chairing the Board meetings and stimulating debates on issues and encouraging positive contributions from each Director.
- c. Consulting with the Company Secretary in setting the agenda for Board meetings and ensuring that all relevant issues are on the meetings' agendas.
- d. Maintaining a relationship of trust with and between the MD/CEO and NEDs.
- e. Ensuring the provision of accurate, timely and clear information to Directors.
- f. Ensuring effective communication with shareholders and relevant stakeholders.
- g. Conducting performance assessment of the Board, its Committees and individual Directors, including assessment of the independence of INEDs.
- h. Facilitating effective contribution of NEDs and ensuring constructive discussions at Board meetings.
- i. Ensuring that all Directors are properly apprised on issues arising at Board meetings and there is sufficient time allowed for discussion on complex or contentious issues and where appropriate, arranging for informal meetings beforehand to enable thorough preparations.
- j. Allowing every Board resolution to be voted on and ensuring the will of the majority prevails.
- k. Casting votes in accordance with the prescribed Articles in the Constitution of PGB.
- l. Ensuring that all Board members, upon taking up their office, are fully briefed on the terms of their appointment, time commitment, duties and responsibilities, and the business of PGB.
- m. Acting as liaison between the Board and Management, and between the Board and the MD/CEO.



The profile of the Chairman is presented on page 6 of this Governance and Financial Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Roles of Managing Director/ Chief Executive Officer

ABDUL AZIZ OTHMAN

Managing Director/ Chief Executive Officer (MD/CEO)

i Responsibilities to the Board and PGB:

- a. To develop and recommend to the Board the long-term strategy and vision for PGB and/or Group that leads to the creation of long-term prosperity and stakeholder value.
- b. To develop and recommend to the Board the operational plan and budget that support PGB's and/or Group's long-term strategy.
- c. To foster a corporate culture that promotes ethical practices, encourages individual integrity and the fulfillment of PGB's corporate social responsibilities.
- d. To maintain a positive and ethical working environment that is conducive to attracting, retaining and motivating a diverse work force at all levels.

ii Responsibilities to the Management and business operation:

- a. To recommend suitable management structure and operating authority levels which include delegations of responsibilities to the Management.
- b. To ensure an effective Leadership Team (LT) below the level of the MD/CEO and to develop an appropriate succession plan.
- c. To formulate and oversee implementation of major corporate policies.
- d. To be accountable to the Board for the financial management and reporting, including forecasts and budgets of PGB.
- e. To report to the Board periodically on the Company's financial positions and results, key performance indicators, market conditions and business development.
- f. To ensure continuous improvement in quality and value of PGB's products and services.
- g. To serve as spokesperson for PGB.
- h. To refer to the Board Committee on matters as requested from time to time.



The profile of the MD/CEO is presented on page 7 of this Governance and Financial Report.

The respective roles and responsibilities of the Chairman and MD/CEO can be viewed under the Board Charter in the Company's corporate website, www.petronas.com/pgb.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Roles of Senior Independent Director

FARINA FARIKHULLAH KHAN

Senior Independent Director (SID)

The Senior Independent Director (SID) serves as the primary link between the Independent Non-Executive Directors and the Chairman, particularly in matters of a sensitive nature. The SID is available for confidential discussions with other Non-Executive Directors who may harbour concerns not yet deliberated by the entire Board. Additionally, she establishes an alternative communication channel for shareholders and stakeholders to express concerns and raise issues, ensuring these are appropriately directed to the relevant parties.

Farina Farikhullah Khan meets the criteria outlined in the definition of an Independent Director according to the Main Market Listing Requirements of Bursa Malaysia. Her appointment as SID at PGB on 27 March 2023 aligns with the best practices recommended by the ASEAN Corporate Governance Scorecard, a benchmark used by the Company to uphold the highest standards of good governance. Farina Farikhullah Khan, given her experience with the Board and seniority among the Independent Non-Executive Directors, fulfils the prescribed criteria, making her the most suitable candidate for the SID role. Her extensive familiarity with the Company's operations, understanding of the Board's workings, and involvement with all Board Committees at PGB provide her with in-depth knowledge of individual roles and strengths.

Farina Farikhullah Khan wields significant influence within the Board and has effectively fulfilled her role as SID at PGB.

All queries relating to the Group can be channelled to the SID's email address, farina.khan@petronas.com.my or directed to the following address:

Farina Farikhullah Khan
Senior Independent Director
 PETRONAS Gas Berhad
 Level 67, Tower 1, PETRONAS Twin Towers
 Kuala Lumpur City Centre
 50088 Kuala Lumpur
 Malaysia



The profile of the SID is presented on page 8 of this Governance and Financial Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Separation of Powers between the Board and Management

The Managing Director/Chief Executive Officer (MD/CEO) receives assistance in managing day-to-day business operations from the Leadership Team (LT), R2 Steering Committee, Sustainability and Risk Committee, and Investment Steering Committee, all of whom he regularly consults.

The LT plays a crucial role in ensuring the implementation of effective systems, controls, and allocation of resources to execute business strategies and decisions endorsed by the Board and/or the MD/CEO. Monthly performance and strategic Key Performance Indicators (KPIs) are reported to the MD/CEO by the other committees, while progress and updates are consistently communicated by the working group within the business units.

Board Diversity

The Board acknowledges the pivotal role of diversity in enhancing its effectiveness by fostering a more expansive and inclusive scope for internal deliberations. PGB's Diversity Policy is firmly established, ensuring a diverse mix of members in terms of age and gender. This approach provides a comprehensive range of perspectives, experiences, and expertise necessary for effective stewardship and value creation. The recognition of diversity is also integral to keeping the Company relevant and sustainable amid the rapidly transforming business landscape.

In support of the national goal of achieving 30% representation of women directors, the Board currently comprises three women directors, constituting 38% of the Board composition. This aligns with the requirements of Practice 5.9 and Practice 5.10 of the Malaysian Code on Corporate Governance 2021 (MCCG 2021). Concurrently, the Board is committed to cultivating a corporate culture that embraces gender diversity.

The Nomination and Remuneration Committee (NRC) is mandated to conduct an annual review and evaluation of the Board's composition and performance. This includes the assessment of qualified candidates for potential Board positions, emphasising diversity.

The Board maintains a focus on diversity in the evaluation of new candidates for Board memberships. To foster and sustain diversity on the Board, the Board commits to:

- (a) Reviewing succession plans with an emphasis on diversity.
- (b) Identifying specific factors for consideration in the recruitment and selection process.

(c) Adhering to a recruitment and sourcing process that actively seeks diverse candidates, including women.

(d) Assessing the appropriate mix of diversity, encompassing gender, age, skills, experience, and expertise, and addressing any identified gaps.

The Board Diversity Policy is available to the public for reference on the Company's corporate website at www.petronas.com/pgb.

Independence

The Board acknowledges the significant role Independent Non-Executive Directors (INEDs) play in ensuring good corporate governance. All Directors, irrespective of their independence status, are mandated to act in the Company's best interests, exercising impartial and independent judgment. Currently, all four (4) INEDs meet the following criteria:

- (a) They are independent from Management, devoid of any business or other relationships that could compromise their independent judgment or ability to act in the Company's best interests.
- (b) They are not engaged in the day-to-day operations of the Company unless collective Board approval is required, thereby mitigating the risk of undue influence from external parties and enabling fair judgment.
- (c) They declare their interests or any potential conflicts of interest before the commencement of Board meetings. Directors receive papers at least five business days before meetings, allowing them to assess their involvement in any proposal. In case of a conflict, Directors are required to recuse themselves to ensure unbiased and free discussion and decision-making. This principle also applies to Non-Independent Non-Executive Directors (NINEDs).

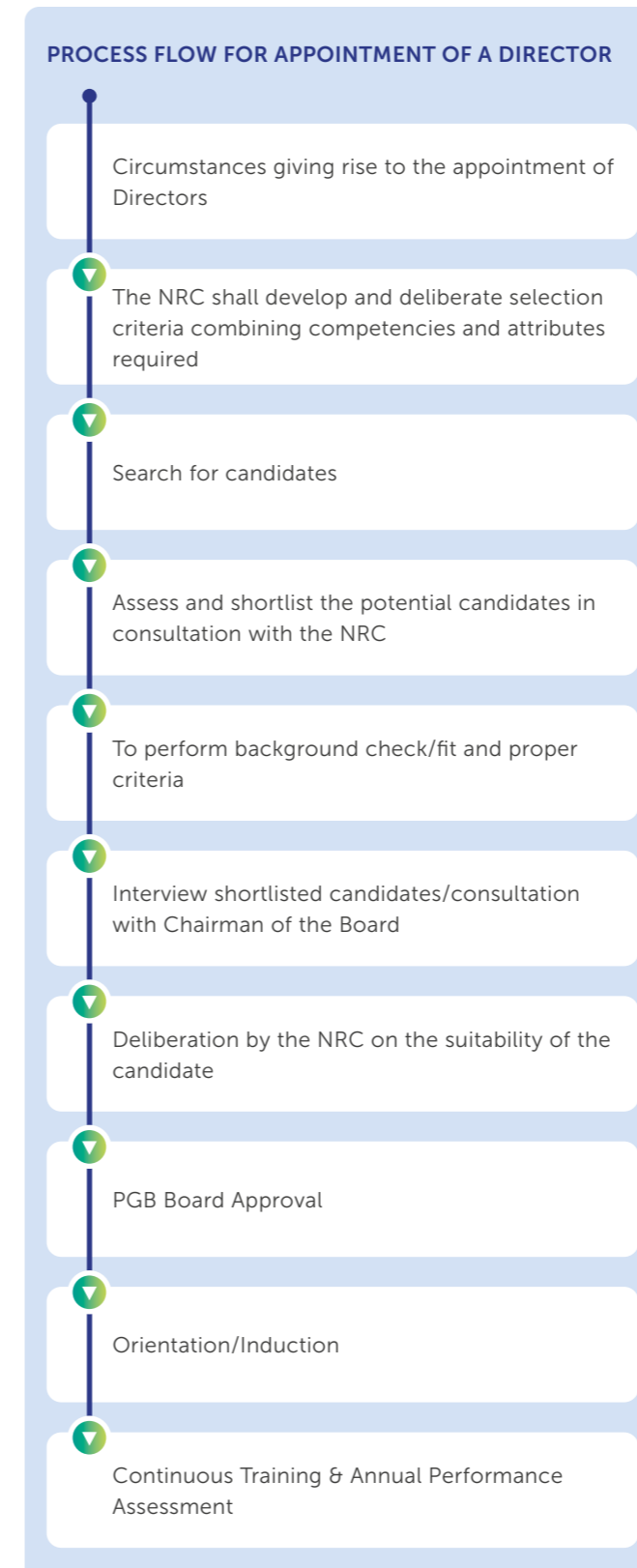
In alignment with the practice recommended by the MCCG 2021, the Company has implemented a tenure policy, capping an INED's total tenure on the Board at nine years. As of the report date, none of the INEDs has exceeded this nine-year limit.

Adhering to the Main Market Listing Requirements (MMLR) of Bursa Malaysia, the Company has expanded the definition of independent directors by extending the cooling-off period for specific individuals, such as existing or former officers, advisers, or transacting parties of the listed issuer or its related corporation, from two years to three years. This requirement also extends to NINEDs, forming part of the Board Succession Planning Framework.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Appointment Process

The Board appointment process is summarised in the chart below:



PGB follows a formal and transparent procedure for the appointment of new directors. The nomination of NINEDs to the Board is carried out by PETRONAS, the majority shareholder of PGB. On the other hand, the nomination of INEDs to the Board may result from recommendations by Board members or through the engagement of a professional recruitment firm to identify the most suitable candidates for vacant positions.

The NRC adheres to guidelines outlined in the Board Appointment Process, based on the Board Succession Planning Framework and Director's Fit & Proper Policy, when selecting suitable candidates. Once a potential candidate is shortlisted for recommendation, the Company Secretary conducts thorough background checks, including assessments of financial standing, character, and integrity.

All nominees for the Board undergo initial consideration by the NRC, which evaluates a mix of skills, competencies, experience, integrity, personal attributes, and the time commitment required for effective directorial responsibilities. The selection process also prioritises diversity in terms of age and gender.

Directors' Re-election

In adherence to the MMLR and Article 107 of the Company's Constitution, one-third of the Directors of the Company are scheduled for rotation at an Annual General Meeting (AGM), ensuring that all Directors retire from office at least once every three years. However, they remain eligible for re-election at the AGM. A retiring Director retains office until the conclusion of the meeting, whether adjourned or not. To comply with these requirements, the Directors' rotation list undergoes endorsement by the NRC before being recommended to the Board. Affected Directors must provide consent to their re-election before PGB's Board meeting.

The NRC, in evaluating candidates for re-election, considers competencies, commitment, contribution, and performance based on the Board Effectiveness Evaluation (BEE). Additionally, the NRC assesses the ability of retiring Directors to act in the best interest of PGB, ensuring compliance with the fit and proper criteria outlined in the Director's Fit and Proper Policy. The Board, in its meeting on 27 February 2024, endorsed the NRC's recommendation for the following Directors to be considered for re-election under Article 107 of the Company's Constitution at the upcoming 41st AGM, and these Directors have given their consent for re-election at the AGM:

Article 107 of the Company's Constitution:

- Datuk Mark Victor Rozario
- Sujit Singh Parhar s/o Sukhdev Singh
- Hasliza Othman



CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Meetings and Attendance

The Board convenes at least quarterly, with additional meetings convened when necessary. Meetings for the year under review, including those of the Board, Board Committees, and General meetings, were pre-scheduled in November 2022, allowing Directors to plan ahead and integrate these meetings into their schedules. Urgent matters are addressed through written circular resolutions between scheduled Board meetings.

A formal schedule outlines matters reserved for Board meetings, encompassing corporate plans, annual budgets, operational and financial performance reviews, major investments and financial decisions, risk management, Management performance assessment, changes to the Management and control structure, and key policies and procedures. Members of the Leadership Team (LT) attend Board meetings by invitation, reporting on matters relevant to their areas of responsibility and presenting new proposals or updates based on Board recommendations. All proceedings are duly minuted and signed, with minutes properly maintained by the Company Secretary.

Keeping pace with technology, the approach to daily affairs has evolved with some activities, including strategic conversations, high-level decision-making, and financial and governance matters, conducted via a hybrid model. Six (6) Board meetings were held during the year, supplemented by written circular resolutions for urgent matters. Directors demonstrated commitment, inquisitiveness, vocal participation, and judicious decision-making during Board and Committee meetings, ensuring impartial views with the best interests of the Company and stakeholders at the forefront.

Directors fulfilled their attendance requirements, complying with the minimum 50% attendance requirement at Board meetings as per the Main Market Listing Requirements of Bursa Malaysia. The overall attendance of Directors at all Board meetings during the year was nearly 100%. The Board expresses satisfaction with the Directors' commitment to fulfilling their roles and responsibilities.

Details of each Director's attendance at the Board, Board Committees, and the 40th Annual General Meeting during the year under review are provided below:

No.	Name of Directors	BOD	BAC	NRC	BSRC	AGM
	Adnan Zainol Abidin	6/6				1/1
	Abdul Aziz Othman	6/6				1/1
	Farina Farikhullah Khan	6/6	6/6	4/4	8/8	1/1
	Datuk Yeow Kian Chai	6/6		4/4	8/8	1/1
	Marina Md Taib	6/6	1/1			1/1
	Datuk Mark Victor Rozario	6/6	6/6	2/2	8/8	1/1
	Sujit Singh Parhar s/o Sukhdev Singh	6/6	4/4		8/8	1/1
	Hasliza Othman	5/6				1/1
	Dato' Abdul Razak Abdul Majid*	2/2	2/2	2/2	3/3	

Note: Dato' Abdul Razak Abdul Majid* Resigned wef 27 March 2023

2023 saw the Board and Board Committees spent a total of approximately 85 hours in discharging its key fiduciary duties and oversight functions and responsibilities.



Note: BSC = Board Strategic Conversation

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Committees

In pursuit of effective duty discharge, the Board has delegated specific functions to Committees, each operating with its Terms of Reference (TOR).

The Chairs of all Committees provide the Board with reports on decisions or outcomes from Committee meetings. Reports from the Board Audit Committee, Board Sustainability and Risk Committee and Nomination and Remuneration Committee can be found on pages 48 to 68 of this Governance and Financial Report.

Board Strategic Conversation

In addition to the aforementioned meetings, the Company held a BSC with the LT on 19 November 2023. This session aimed to provide updates, discuss the external environment and market outlook, and deliberate on the Group's strategic and growth plans.

Supply and Access to Information

Before each Board meeting, a comprehensive agenda and Board papers, containing both qualitative and quantitative information relevant to the meeting's business, are circulated to all Directors within five business days. This proactive distribution ensures Directors have ample time to review the materials, seek clarifications from Management or the Company Secretary, and be adequately prepared for the meeting. Directors can also propose agenda items, and urgent papers can be presented under "Any Other Business," subject to approval from both the Managing Director/Chief Executive Officer and Chairman. The content of Board papers is extensive, covering objectives, background, critical issues, implications, risks, strategic fit, recommendations, and other pertinent information, facilitating informed decision-making by the Board.

At Board meetings, Management and relevant external consultants, when applicable, deliver presentations and briefings to provide clarification and support the Board in decision-making.





Access to Board papers is facilitated through an online collaborative software, allowing Directors to securely access, read, and review documents, as well as collaborate with other Directors and the Company Secretary electronically. This online accessibility empowers Directors to engage with documents and communicate with Board members at their convenience.

Directors enjoy direct access to Management and unrestricted access to any information about the Group, enabling them to fulfil their duties effectively. They also have direct access to the advice and services of the Company Secretary, receiving regular updates on new statutory and regulatory requirements related to their responsibilities. The Directors, either collectively as a Board or individually, have the right to seek independent professional advice at PGB's expense to support their duties.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board's 2023 Key Focus Areas and Priorities

The diagram below highlights the key areas of focus for the Board, featured as agenda items during the respective meetings throughout the year. In-depth discussions on these items enable the Board to make well-informed decisions, considering the long-term implications for the business and its stakeholders.

	Key Focus Areas	Description
 Strategy	Group Strategic Initiatives and Plans Group's Business Plan and Budget	The Board deliberated on long term strategic options and provide the relevant feedback and steer. The Board deliberated and approved PGB's business plan. PGB strategic targets, operational plan and financial forecasts were presented to the Board for their deliberation. The Board deliberated the risks as well as potential challenges, both external and internal, towards achieving the business plan. The Board considered and approved the budget necessary to carry out the business plan.
	Group's Performance on Quarterly basis Interim Dividends	The business performance report is mandatory to be reported at quarterly board meeting. Performance is measured and tracked against approved Key Performance Indicators. On quarterly basis, the Board was updated on the performance against the Business Performance targets. The Board considered and approved the proposal on declaration of Interim Dividends.
 Financial	Management of principal risks	The Board deliberated and approved PGB critical risks that may significantly impact PGB business goals and targets. The Board constantly monitors the agreed mitigations to manage or reduce the likelihood and impact of these critical risks. Key risk indicators which provide early warnings of risk manifestation were also reported to the Board. To ensure risks undertaken in pursuit of business objectives are within Board acceptable level, the Board approved PGB risk appetite which sets its key operational boundaries. Any breach of risk appetite may jeopardise PGB business sustainability, hence, will be escalated to the Board for deliberation. In achieving comprehensive risk-based decision making, the Board also deliberated on the risks related to high impact business matters such as projects' Final Investment Decisions in order to assess the feasibility and commerciality of these projects and investments.
	Adhering and upholding best corporate governance practices	As part of the role of the Board of PGB, the Board via Board Sustainability and Risk Committee (BSRC) reviewed the Company's status of adherence to the Malaysian Code on Corporate Governance 2021 (MCCG 2021) in order to continue the current practice to sustain MCCG best practice. During the year under review, the Board has also approved the revision to PGB Limits of Authority (LOA) and Summary of Authority (SOA). Based on good governance best practices, a comprehensive LOA review and revision is required to be executed every 3 to 5 years in order to reflect the latest business requirements and any changes to organisation structure.
 Risk and Internal Controls	Related Party Transactions and Recurrent Related Party Transactions	The Board deliberated and approved Related Party Transactions (RPT) and Recurrent Related Party Transactions (RRPT) in accordance with PGB Guidelines and Procedures on RPT and Conflict of Interest Situations to ensure the transactions are at all times carried out at arm's length basis and not to detriment of the minority shareholders.
 Corporate Governance and Compliance		

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Overview of Various Agenda Items on the Board and Board Committees Meetings 2023

JANUARY NRC • MD/CEO Scorecard for FY2023 C	MARCH BAC • Review on project S BSRC • Review on Business Risk R
FEBRUARY NRC • Revision of Manpower Cost for MD/CEO F • MD/CEO Direct Reports Scorecards for FY2023 C • Update on Directors' Training Programmes for FY2022 and Proposed Trainings/Conferences for Directors for FY2023 C • Governance and Financial Report for FY2022: NRC Report C • Re-election of Directors at PGB 40 th AGM C • Board Effective Evaluation FY2022 C • Assessment on Fit and Proper Criteria for Senior Independent Director of the Company C	BOARD • Strategic Business Discussions S • Sustainability Blueprint R • Integrated Report for FY2022 C • Board Effectiveness Evaluation Report for FY2022 C • Corporate Governance Report for FY2022 C • Convening of PGB's 40 th AGM C • Revision of Manpower Cost for PGB MD/CEO F
BAC • Q4 2022 Financial Results and Performance review and Audited Financial Statements FY2022 F • Q4 2022 RRPT Status Update R • KPMG Presentation on PGB Group Audit Status for the year ended 31 December 2022 R • Deliberation on Audit and its related activities R • Internal Audit Proposed Balanced Scorecard R • Q4 2022 Internal Audit Performance Status R • Declaration on the Organisational Independence of the Internal Audit Activity R • Governance and Financial Report for Financial Year 2022: BAC Report and Statement on Risk Management and Internal Control C	MAY BAC • Q1 2023 Financial Results and Performance Review F • Q1 2023 RRPT Status Update R • Deliberation on Audit and its related activities R • Revision of PGB Internal Audit Charter R • Internal Audit Performance Status as at 31 March 2023 R BSRC • Q1 2023 Enterprise Risk Report R • Q1 2023 Risk Appetite Updates R • Q1 2023 Sustainability Update R
BSRC • Q4 2022 Enterprise Risk Report R • Q4 2022 Risk Appetite Updates R • Sustainability Update and Report for FY2022 R • Sustainability Blueprint R • Review on Business Risks R • Governance and Financial Report for FY2022 C	BOARD • Litigation and Arbitration Report C • Q1 2023 Financial Results & Performance Review F • Interim Dividend F • Strategic Business Discussions S • Change of Company Secretary C • PGB Risk Appetite Tolerance Threshold R
BOARD • Q4 2022 Financial Results and Performance Review and Audited Financial Statements FY2022 F • Interim Dividend F • Strategic Business Discussions S • Appointment of Senior Independent Director C	JUNE BAC • Strategic Business Discussion S BSRC • Review on Business Risk R
	JULY BSRC • Review on Business Risk R BOARD • Strategic Business Discussion S

Notes:

F - Financial **S** - Strategy **R** - Risk and Internal Control **C** - Corporate Governance and Compliance

CORPORATE GOVERNANCE OVERVIEW STATEMENT

AUGUST

- NRC**
- 2023 Mid-Year Performance Review for PGB MD/CEO and Direct Reports' Scorecards **C**
 - Update On Succession Planning for Senior Management Positions **C**
 - Update on Directors' Training Programmes and Trainings/Conferences for Directors in FY2023 **C**

- BAC**
- Q2 2023 Financial Results and Performance Review **F**
 - Proposed Revision to Limits of Authority (LOA) and Summary of Authority (SOA) **C**
 - Q2 2023 Recurrent Related Party Transactions (RRPT) Status Update **R**
 - Review on Projects **R**
 - Deliberation on Audit and its related activities **R**
 - Integrity Risk Assessment Heatmap in PGB **R**
 - PGB Internal Audit Performance Status as of 30 June 2023 **R**

- BSRC**
- Review on Business Risks **R**
 - Q2 2023 Enterprise Risk Report **R**
 - Q2 2023 Risk Appetite Update **R**
 - Q2 2023 Sustainability Report **R**
 - Malaysian Code on Corporate Governance 2021 (MCCG 2021): Gap Analysis **C**

- BOARD**
- Litigation and Arbitration Report **C**
 - Q2 2023 Financial Results & Performance Review **F**
 - Interim Dividend **F**
 - Proposed Revision to LOA and SOA **R**
 - Strategic Business Discussions **S**
 - Renewal of Tenure of Independent Non-Executive Director **C**

NOVEMBER

- NRC**
- Employee Performance Rating for PGB Senior Management FY2023 **C**
 - Annual Board Effectiveness Evaluation: Questionnaires **C**

- BAC**
- Q3 2023 Financial Results and Performance Review **F**
 - Q3 2023 RRPT Status Update **R**
 - PGB Group Audit Plan and Fees FY2023 **R**
 - Review on Projects **R**
 - Change of Senior Manager (Internal Audit) **R**
 - Deliberation on Audit and its related activities **R**
 - PGB Internal Audit 3-Years Rolling Strategic Plan, 3-Years Digital Initiative Plan and Budget for 2024 **R**
 - Internal Audit Balanced Scorecard Results **R**
 - Q3 2023 Internal Audit Performance Status **R**

- BSRC**
- Review on Business Risk **R**
 - Q3 2023 Enterprise Risk Report **R**
 - Enterprise Risk Profile for FY2024 **R**
 - Q3 2023 PGB Sustainability Update **R**

- BOARD**
- Litigation and Arbitration Report **C**
 - Q3 2023 Financial Results and Performance Review **F**
 - Interim Dividend **F**
 - Business Plans 2024-2028 and Budget 2024 **F**
 - Strategic Business Discussions **S**
 - Enterprise Risk Profile (ERP) for FY2024 **R**
 - Annual Board Effectiveness Evaluation: Questionnaires **C**

CORPORATE GOVERNANCE OVERVIEW STATEMENT

SUSTAINABILITY

PGB's 2023 Sustainability Report underscores our dedication to enhancing the Group's sustainability practices, aiming for increased competitiveness, resilience, and adaptability amid numerous business challenges. This comprehensive report delineates the scope of our sustainability reporting and the sustainability framework, addressing stakeholder expectations across various sustainability issues.

The Sustainability Report 2023 is available as a distinct publication.

Directors' Indemnity

Throughout the financial year, PGB extends indemnification to its Directors, adhering to provisions outlined in the Companies Act 2016, within the limits of insurability under the Directors' and Officers' Liability Insurance (D&O) procured by the Company. This indemnification covers Directors and Officers against any liabilities incurred while fulfilling their duties in their respective roles.

Directors have the option to secure D&O insurance for additional protection (to the extent it is insurable) against liabilities not covered by indemnification from the Company or in uninsured circumstances. The determination of the premium payable by Directors is made by the insurance company.

Succession Plan

The Board has adopted the Board Succession Plan Framework, serving as a structured guide for the orderly identification and selection of new Non-Executive Directors, whether due to anticipated retirements, Board expansion, or other circumstances. This plan, managed by the Nomination and Remuneration Committee (NRC), addresses the composition and effectiveness of the Board.

The NRC, under the purview of the Board, is responsible for ensuring appropriate succession planning of Directors. This includes reviewing the Board's mix of skills and experience and assessing the tenure of Independent Non-Executive Directors (INEDs). During the reviewed period, the NRC initiated a Board Search, appointing an independent consultant to identify qualified candidates for the INED position.

In addition to Director succession planning, the NRC oversees the succession planning for the Managing Director/Chief Executive Officer (MD/CEO) and Leadership Team (LT).

The NRC continues to focus on relevant reviews and assessments for the MD/CEO and LT positions. The committee is confident in the presence of a sufficient talent pool for potential successors to the PGB MD/CEO and LT. In cases where suitable internal talents are unavailable, the NRC is prepared to recruit external talents for critical positions.

Onboarding and Continuing Development Programme for Directors

All newly appointed Directors to the Board undergo a comprehensive onboarding programme, facilitated by members of the LT. This programme covers key aspects of the business, an overview of the Group's financial risk management processes, insights into the internal audit function, discussions on innovation and technology, and an exploration of the corporate governance framework within the Group. Directors are also briefed on ongoing and potential projects within the Group, aiding in their familiarisation with the Group's businesses.

In adherence to Paragraph 15.08 of the Main Market Listing Requirements of Bursa Malaysia, Directors recognise the significance of attending conferences, training programmes, and seminars to stay informed about industry developments and changes, as well as to update themselves on new statutory and regulatory requirements. Throughout the reviewed year, Directors actively participated in programmes, conferences, and forums covering areas such as corporate governance, finance, relevant industry updates, and global business developments. They deemed these engagements as valuable contributions to the effective discharge of their duties.

Members of the Board Audit Committee fulfilled the requirement of Practice 9.5 of MCCG 2021 by attending relevant training sessions on accounting and auditing standards.

Notes:

F - Financial **S** - Strategy **R** - Risk and Internal Control **C** - Corporate Governance and Compliance

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Moreover, during the year under review, Directors played diverse roles in various capacities at seminars and training programmes, serving as both delegates and speakers. Further details of their participation are outlined below:

No.	Director	Trainings Programmes /Conferences Attended	Organiser	Date
1.	Adnan Zainol Abidin	• BH Annual Meeting	Baker Hughes, Florence, Italy	28 January – 5 February 2023
		• Annual Event CERAWeek	IHS Markit, Houston, USA	5 – 11 March 2023
		• Energy Asia - Charting Pathways for a Sustainable Asia	iCEP	26 – 28 June 2023
		• LNG 23	PETRONAS, Vancouver, Canada	9 – 15 July 2023
		• PETRONAS Board Conversation Series 2023: Sustainability Talk - Sustainability Transparency and Disclosure	PETRONAS	30 August 2023
		• Emerging Technology Day	PIVA, San Francisco	18 – 20 October 2023
		2.	Abdul Aziz Othman	• A session with Mark Laudi (HBM) on Media Skills MasterClass
• Annual Event CERAWeek	IHS Markit, Houston, USA			6 – 10 March 2023
• Sustainability 101 Programme 2023	PETRONAS			25 May 2023
• Energy Asia - Charting Pathways for a Sustainable Asia	iCEP			26 – 28 June 2023
• Kursus Pengukuhan Bahasa Melayu for PGB Leaders	UiTM			18 July 2023
• Energy Transition	TNB			28 – 29 August 2023
• PETRONAS Board Conversation Series 2023: Sustainability Talk - Sustainability Transparency and Disclosure	PETRONAS			30 August 2023
• PGB BAC & BRC Sustainability Training	PGB			4 - 5 September 2023
• Kursus Penulisan Teks Ucapan dan Surat Rasmi	PGB			2 October 2023
• Dialog with Bursa on FTSE4GOOD ESG Ratings and ESG Development	PETRONAS			3 October 2023
• Conflict of Interest (COI) and Governance of COI	PETRONAS			27 October 2023
• PETRONAS Board Conversation Series 2023: Sustainability Talk – Climate Action	PETRONAS			24 November 2023
3.	Farina Farikhullah Khan			• Sustainability Awareness Programme
		• BNM Climate Risk Management and Scenario Analysis Policy Document	AmBank	6 March 2023
		• ICON Offshore Berhad Directors' Training 2023	ICON Offshore	4 April 2023
		• PETRONAS Board Conversation Series #Q1 2023: A Session with Martijn Wilder AM, Founder and CEO of Pollination	PETRONAS	31 May 2023
		• Energy Asia - Charting Pathways for a Sustainable Asia	iCEP	26 – 28 June 2023
		• Refresher on 5 Critical Legal Areas	KLCC	14 August 2023
		• 2 nd Asian Economy Impact – Climate Change Risk	AmBank	29 August 2023
		• PGB BAC & BRC Sustainability Training	PGB	4 - 5 September 2023
		• KLCCRM & KLCCP Board Strategic Away Day	KLCC	6 – 7 September 2023
		• Dialog with Bursa on FTSE4GOOD ESG Ratings and ESG Development	PETRONAS	3 October 2023
		• Conflict of Interest (COI) and Governance of COI	PETRONAS	27 October 2023

CORPORATE GOVERNANCE OVERVIEW STATEMENT

No.	Director	Trainings Programmes /Conferences Attended	Organiser	Date		
4.	Datuk Yeow Kian Chai	• PETRONAS Board Conversation Series #Q1 2023: A Session with Martijn Wilder AM, Founder and CEO of Pollination	PETRONAS	31 May 2023		
		• Energy Asia - Charting Pathways for a Sustainable Asia	iCEP	26 – 28 June 2023		
		• Joint Ventures, Shareholders Agreement & Conflict of Interest Situations	MIA	17 August 2023		
		• PETRONAS Board Conversation Series 2023: Sustainability Talk - Sustainability Transparency and Disclosure	PETRONAS	30 August 2023		
		• PGB BAC & BRC Sustainability Training	PGB	4 - 5 September 2023		
		• Dialog with Bursa on FTSE4GOOD ESG Ratings and ESG Development	PETRONAS	3 October 2023		
		• A New Strategy & Risk Approach – Out With The Old, In With The New	ICDM	12 October 2023		
		• Conflict of Interest (COI) and Governance of COI	PETRONAS	27 October 2023		
		• PETRONAS Board Conversation Series 2023: Sustainability Talk – Climate Action	PETRONAS	24 November 2023		
		• MAP Part II: Leading for Impact	ICDM	11 – 12 December 2023		
		5.	Datuk Mark Victor Rozario	• ICDM Advocacy Dialogue: A Dialogue with Bursa Malaysia – FTSE4GOOD ESG Rating for All PLCs	ICDM	14 April 2023
				• CEO Roundtable Breakfast: Leading The Way in Additive Manufacturing	AMRACE	27 April 2023
				• Datacentre & Cloud Infra Summit (DCCI) 2023 – Malaysia	TRADEPASS	16 - 17 May 2023
• PETRONAS Board Conversation Series #Q1 2023: A Session with Martijn Wilder AM, Founder and CEO of Pollination	PETRONAS			31 May 2023		
• Cyber Attack Nexus Singapore 2023	THE TEH GROUP			15 - 16 June 2023		
• Beyond Box Ticking: Essentials for Effective Remuneration Committees	ASB			7 August 2023		
• PETRONAS Board Conversation Series 2023: Sustainability Talk - Sustainability Transparency and Disclosure	PETRONAS			30 August 2023		
• PGB BAC & BRC Sustainability Training	PGB			4 - 5 September 2023		
• Dialog with Bursa on FTSE4GOOD ESG Ratings and ESG Development	PETRONAS			3 October 2023		
• Symposium "The Path Towards Greater Prosperity for Malaysia"	PETRONAS			18 October 2023		
• MAP Part II: Leading for Impact	ICDM			25 - 26 October 2023		
• YTL Head 2023	YTL			16 November 2023		
• PETRONAS Board Conversation Series 2023: Sustainability Talk – Climate Action	PETRONAS			24 November 2023		
• Global Muslim Business Forum 2023 (Speaker)	Government of Sarawak			28 - 30 November 2023		

CORPORATE GOVERNANCE OVERVIEW STATEMENT

No.	Director	Trainings Programmes /Conferences Attended	Organiser	Date
6.	Sujit Singh Parhar S/O Sukhdev Singh	• PETRONAS Board Conversation Series #Q1 2023: A Session with Martijn Wilder AM, Founder and CEO of Pollination	PETRONAS	31 May 2023
		• PETRONAS Board Conversation Series 2023: Sustainability Talk - Sustainability Transparency and Disclosure	PETRONAS	30 August 2023
		• PGB BAC & BRC Sustainability Training	PGB	4 - 5 September 2023
		• Dialog with Bursa on FTSE4GOOD ESG Ratings and ESG Development	PETRONAS	3 October 2023
7.	Marina Md Taib	• Sustainable Finance and Investment	Yale School of Management	February - April 2023
		• Invest Malaysia Kuala Lumpur 2023	Bursa Malaysia and Maybank	8 March 2023
		• International Women’s Day; Building More Inclusive Workplaces Strategies for Embracing Equity and Advancing Women (Guest Speaker)	Women Leadership Foundation and Asia School of Business	8 March 2023
		• PETRONAS Board Conversation Series #Q1 2023: A Session with Martijn Wilder AM, Founder and CEO of Pollination	PETRONAS	31 May 2023
		• Bank Negara Malaysia Sasana Symposium 2023; Structural Reforms for a Stronger Malaysia	Bank Negara Malaysia	8 June 2023
		• The Sustainable Treasurer ; Sharpening the ESG Spotlight (Speaker – Embedding ESG in the Oil and Gas Industry)	Corporate Treasurer, Hong Kong	20 June 2023
		• Energy Asia - Charting Pathways for a Sustainable Asia (Panel Chair on Financing Asia’s Transition and Attendee)	iCEP	26 – 28 June 2023
		• Climate Finance Summit 2023	Perdana Fellows Alumni Association	13 July 2023
		• PETRONAS Board Conversation Series 2023: Sustainability Talk - Sustainability Transparency and Disclosure	PETRONAS	30 August 2023
		• ASEAN Indo Pacific Forum – Speaker on Incentivising Green Investment and the Role of Regulatory Reform	Ministry of Foreign Affairs, Indonesia (on behalf of ASEAN)	6 September 2023
		• Women’s Leadership Conference – Speaker on Strategies for empowering women	Asia School of Business	11 October 2023
		• Top Leaders Dialogue – Route to Sustainability Excellence	PETRONAS Leadership Centre	18-19 October 2023
		• PETRONAS Board Conversation Series 2023: Sustainability Talk – Climate Action	PETRONAS	24 November 2023
		8.	Hasliza Othman	• PETRONAS Board Conversation Series #Q1 2023: A Session with Martijn Wilder AM, Founder and CEO of Pollination
• PETRONAS Board Conversation Series 2023: Sustainability Talk - Sustainability Transparency and Disclosure	PETRONAS			30 August 2023
• Conflict of Interest (COI) and Governance of COI	PETRONAS			27 October 2023

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Qualified and Competent Company Secretaries

In the reviewed year, Yeap Kok Leong concluded his role as Company Secretary effective 22 May 2023. He was succeeded by Cik Azizahwati Ishak, who currently serves as the Head, Corporate Secretarial - PGB.

Both Company Secretaries at PGB, Mek Yam @ Mariam Hassan and Cik Azizahwati Ishak, hold qualifications to act as company secretaries under Section 235 of the Companies Act 2016. They are Fellows of the Malaysian Institute of Chartered Secretaries and Administrators. In their capacities, the Company Secretaries serve as advisors to the Board, offering guidance on PGB’s Constitution, policies and procedures, and ensuring compliance with regulatory requirements, codes, guidelines, and legislations.

The Company Secretaries play a pivotal role in documenting and communicating discussions and deliberations during Board and Board Committee meetings. They keep the Board informed about the follow-up actions taken by the Management in response to the decisions and recommendations. Staying informed about evolving regulatory changes and developments in corporate governance is a continuous commitment for the Company Secretaries, who actively engage in ongoing training programmes. During the reviewed year, the Company Secretaries attended the following training programmes:

Name	Development Programme Attended	Organiser	Date
Mek Yam - Mariam Hassan	PETRONAS ESG Legal Conference	PETRONAS	7 February 2023
	Integrated Governance, Risk & Compliance (GRC) Framework : Driving Performance	Marcus Evans	15 May 2023
	PETRONAS Board Excellence Series- Essential	PETRONAS	1 August 2023
	PETRONAS Board Excellence Series- Rising Above 2	PETRONAS	20 September 2023
	Conflict of Interest (COI) and Governance of COI	PETRONAS	27 October 2023
	High Performance Leadership	LONDON FTE/LAYKAS Group	4-8 December 2023
	Cik Azizahwati Ishak	Board Governance Excellence Executive Masterclass Malaysia 2023	Asian World Centre
PETRONAS Board Conversation Series #Q1 2023: A Session with Martijn Wilder AM, Founder and CEO of Pollination		PETRONAS	31 May 2023
PETRONAS Board Conversation Series 2023: Sustainability Talk - Sustainability Transparency and Disclosure		PETRONAS	30 August 2023
PETRONAS Board Excellence Series- Rising Above 2		PETRONAS	20 September 2023
MAICSA Annual Conference 2023		MAICSA	4 & 5 October 2023
Conflict of Interest (COI) and Governance of COI		PETRONAS	27 October 2023
PETRONAS Board Conversation Series 2023: Sustainability Talk – Climate Action		PETRONAS	24 November 2023

Board Effectiveness Evaluation

The annual Board Effectiveness Evaluation (BEE) is conducted to assess the performance of the Board, its Committees, and individual Directors. Facilitated under the oversight of the Nomination and Remuneration Committee, this formal evaluation aims to identify any gaps or areas for improvement. The assessment specifically targets the following aspects:

- 1 The overall performance of the Board and its Committees
- 2 The individual contribution of each Director
- 3 The independence of Independent Directors

The BEE is designed to enhance the effectiveness and performance of the Board and its Committees, ensuring alignment with the best interests of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board and Board Committees Effectiveness Evaluation 2023

The annual Board Effectiveness Evaluation (BEE) is conducted in adherence to the recommendations of the Malaysian Code on Corporate Governance 2021 (MCCG 2021). Following Practice 6.1 of the MCCG, an external independent consultant is engaged every three years. For the year 2023, the BEE was conducted internally using a digital platform, encompassing evaluations of the Board, Board Committees, Peers, and self-assessment of individual Board members. PGB Corporate Secretarial internally compiled the BEE results.

On 27 February 2024, the Board was presented with a report detailing the performance of the Board, Board Committees, and individual Directors, with further elaboration available in the Nomination and Remuneration Committee Report. The NRC conducted a thorough review of the Board Effectiveness Evaluation 2023 (BEE 2023) outcomes, acknowledging PGB's effective, committed, and talented Board, led by a highly capable Chairman. The Board and its Committees demonstrated a commitment to the highest standards of governance, maintaining a high level of effectiveness with robust support from Management.

One of the key improvement areas highlighted in the BEE 2023 is to equip the Board on knowledge of sustainability governance in Environment, Social and Governance (ESG) reporting risk, targets and initiatives.

Directors' Remuneration

Director remuneration at PGB is designed to align with the company's strategic objectives, ensuring the attraction, motivation, and retention of high-caliber talents. The fee structure is crafted, adhering to regulatory requirements, embracing current market practices and trends, and offering well-balanced and appealing rewards.

PGB has instituted a formal and transparent Directors' Remuneration Framework, encompassing retainer fees, meeting allowances, and benefits in-kind. In accordance with Section 230(1) of the Companies Act 2016, the resolution pertaining to the payment of Directors' fees from the 40th Annual General Meeting (AGM) until the forthcoming AGM was presented for shareholders' approval.

	Monthly fees	Meeting Allowance per attendance			
		Board	Board Audit Committee	Nomination and Remuneration Committee	Board Sustainability and Risk Committee
Chairman	RM24,000	RM3,500	RM3,500	RM3,500	RM3,500
Member	RM12,000	RM3,500	RM3,500	RM3,500	RM3,500

Note: Malaysian Resident INEDs are entitled to fuel allowance of RM6,000 per annum

The fees and allowances for Non-Executive Directors (NEDs) will persist until a subsequent review by the Board and are contingent upon the approval of PGB's shareholders. PGB acknowledges a departure from Guidance 7.2 of MCCG 2021, clarifying that the company presently has no plans to propose separate resolutions for the approval of fees for each NED. Future endeavours may explore avenues to align with the intended outcome.

Director's fees and meeting allowances for Non-Independent Non-Executive Directors, who are also employees of PETRONAS, are directly remitted to PETRONAS. Additionally, the company reimburses all relevant expenses incurred by the Directors in the course of fulfilling their duties.

A detailed breakdown of Directors' remuneration is disclosed in the Corporate Governance Report 2023, available for public reference on the company's corporate website at www.petronas.com/pgb.

The remuneration package for the Executive Director is a balanced combination of fixed and performance-linked elements. A portion of the Executive Director's compensation is variable, tied to Key Performance Indicators (KPIs), which includes the Group's overall performance.

Abdul Aziz Othman, the Managing Director/Chief Executive Officer (MD/CEO) and Executive Director, does not receive directors' fees or meeting allowances. For the year, he was remunerated with an amount of RM1,752,624 as the MD/CEO of PGB.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Senior Management's Remuneration

The remuneration philosophy underscores the Group's dedication to aligning with best practices in consideration of remuneration, retention, and rewards, aiming to attract and retain outstanding talent. Regular assessments against market-related surveys ensure that the remuneration packages and incentives remain competitive.

PETRONAS REMUNERATION PHILOSOPHY AND GUIDING PRINCIPLES

Providing remuneration that nurtures a healthy and appreciated working environment in order to attract, retain and motivate talents to sustain a high-performance culture:

Adaptable Rewards: Rewards are aligned with business goals, and adaptable to changes in business outlook and strategy.

Equitable Rewards: Rewards are commensurate with accountabilities, competencies and performance of our talents.

Sustainable Rewards: Rewards are market-competitive and cater to diverse workforce needs while complying with relevant statutory requirements.

Company employees are seconded from PETRONAS, and their remuneration is benchmarked against industry standards, ensuring alignment with market rates. Despite being positioned at the lower quartile of benchmarked companies, the remuneration package remains competitive. Training, succession planning, and performance appraisals for these employees adhere to PETRONAS' Human Resources Policies and Strategies. The Board is committed to appointing only individuals with relevant skills and experiences to management positions within PGB.

Remuneration is structured based on PETRONAS' Remuneration Philosophy and Guiding Principles, accessible on the Company's corporate website at www.petronas.com/pgb.

PGB acknowledges a deviation from Practice 8.2 of MCCG 2021 regarding the disclosure of components of Senior Management's remuneration, such as salary, bonus, benefits in-kind, and other emoluments, due to compliance with the Personal Data Protection Act (PDPA) 2010. PETRONAS Group, including its listed companies, has chosen not to disclose senior management personnel's personal data to the public. At present, the Company does not have an alternative plan to meet this intended outcome.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is dedicated to delivering an impartial and thorough evaluation of the Group's financial position and prospects through various reports, including quarterly financial results, annual financial statements, the Integrated Report, and other communications to shareholders, investors, and regulatory authorities.

The Statement of Responsibility by Directors, concerning the preparation of the annual Audited Financial Statements, is available on page 89 of this Governance and Financial Report.

Related Party Transactions and Conflict of Interest Situations

The Company has established comprehensive Policies and Procedures concerning Related Party Transactions (RPTs) and Conflict of Interests Situations (COIs), including Recurrent Related Party Transactions (RRPTs). These measures ensure that such transactions are conducted on an arm's length basis, adhere to normal commercial terms, and not to the detriment of the Company's minority shareholders.

Detailed information regarding the Policies and Procedures on RPTs and COIs, as well as Risk Management processes and Internal Control procedures, can be found in the Board Audit Committee (BAC) section and the Statement on Risk Management and Internal Control (SORMIC) on pages 48 to 59 and 69 to 86, respectively, within this Governance and Financial Report.

All RPTs, including RRPTs, undertaken by the Company or its subsidiaries undergo scrutiny by the BAC. A comprehensive list of transactions with related parties is provided on pages 163 to 165 of the Audited Financial Statements.

Risk Management and Internal Control

The Board remains dedicated to upholding and evaluating its risk management processes and internal control procedures, aiming to establish a robust system that safeguards shareholders' investments and the assets of both the Company and the Group.

For a comprehensive understanding of the risk management and internal control mechanisms within the Group, please refer to the SORMIC, presented on pages 69 to 86 of this Governance and Financial Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

COMMUNICATING EFFECTIVELY WITH STAKEHOLDERS AND INVESTORS

The Board acknowledges the crucial role of effective communication with the Company's shareholders and various stakeholders, including the wider public. To ensure timely dissemination of information regarding the Group's business activities and financial performance, the Company employs various channels such as Bursa Malaysia announcements, postings on the official website, press statements, issuance of the Annual Report, and, when necessary, press conferences.

Regular dialogues with institutional shareholders and analysts, along with quarterly analyst briefings, are conducted by the Managing Director/Chief Executive Officer (MD/CEO), Chief Financial Officer (CFO), and Head of Investor Relations. These engagements aim to enhance understanding of the Group's financial performance and operations. The minutes of the 40th Annual General Meeting (AGM), along with a summary of questions and answers from the meeting, are made available on the Company's website.

Periodic visits to the Group's facilities are organised to provide stakeholders with a deeper appreciation and insight into the Group's business and operations.

The Company actively maintains its website, www.petronas.com/pgb, with the latest information on corporate and business aspects. Press statements, Bursa Malaysia announcements, analyst briefings, and quarterly results are accessible on the website, promoting transparency and accessibility of information for shareholders and other market participants. Investors can provide communication and feedback through the email address ir.petronasgas@petronas.com or by addressing it to:

Suriyanti Nordin
Head of Investor Relations
 Level 49 & 50, Tower 1
 PETRONAS Twin Towers
 50088 Kuala Lumpur
 Malaysia

In addition, matters of concern to the Group from shareholders of other stakeholders can be addressed to the Senior Independent Director directly to the following address:

Farina Farikhullah Khan
Senior Independent Director
 PETRONAS Gas Berhad
 Level 67, Tower 1,
 PETRONAS Twin Towers
 Kuala Lumpur City Centre
 50088 Kuala Lumpur
 Email address: farina.khan@petronas.com.my

The details of the Investor Relation activities during the year under review is presented on page 79 of the Integrated Report 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Annual General Meeting (AGM)

The AGM serves as the primary platform for open dialogue with shareholders. Shareholders received notice, agenda, and proxy forms for the AGM at least 28 days prior, allowing ample time for preparation to attend and appoint proxies. Each ordinary business item in the AGM notice is accompanied by an explanatory statement detailing the effects of proposed resolutions.

The 40th AGM, conducted virtually on May 11, 2023, prompted a review by the Board to enhance shareholders' participation through digital tools. The MD/CEO presented a comprehensive review of the Group's performance, initiatives, and shareholder value, supported by visual and graphical presentations during the Virtual AGM.

Before the AGM, shareholders were encouraged to submit questions, providing ample time for the Board, Leadership Team (LT), and external auditors to address queries. The Chairman played a pivotal role in fostering constructive dialogue between shareholders, the Board, and senior management.

The Board addressed 20 live questions and 21 pre-submitted questions during the AGM's Question-and-Answer session, with 117 live questions and 45 pre-submitted questions received. Unanswered questions were responded to within three working days and published on the Company's website under the Investor Relations page. Questions addressed during the AGM were also made available for shareholders' reference on the website.

In compliance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia, each resolution at the AGM was voted by poll. Tricor Investor & Issuing House Services Sdn Bhd served as the Poll Administrator, and Boardroom Corporate Services Sdn Bhd acted as the Independent Scrutineer for the e-Vote application. Active shareholder participation was encouraged, with 833 shareholders and proxies logging in through RPV at the beginning of the meeting, representing 459,532,563 shares.

The AGM minutes are publicly accessible on the Company's corporate website at www.petronas.com/pgb.

INTEGRITY AND ETHICS

The Board is committed to a corporate culture that encompasses and embraces ethical conduct within the Group by adopting numerous policies which serve to achieve this commitment.

Code of Conduct and Business Ethics

The Group adheres to and upholds the PETRONAS Code of Conduct and Business Ethics (CoBE), emphasising principles of discipline, good conduct, professionalism, loyalty, integrity, and cohesiveness crucial for the Group's success and well-being. The CoBE comprises detailed policy statements outlining the expected standards of behaviour and ethical conduct for every individual within the Group.

The Group extends the requirement of CoBE compliance to contractors, sub-contractors, consultants, agents, and representatives, along with others involved in performing work or services for or on behalf of the Group. This ensures that ethical standards are maintained throughout all operations. The CoBE explicitly prohibits improper solicitation, bribery, and other corrupt activities, not only among employees and directors but also among third parties engaged in work or services for the Group's companies.

Accessible to the public, the CoBE is available on the Company's corporate website at www.petronas.com/pgb.

Anti-Bribery and Corruption Policy

PGB enforces a zero-tolerance approach towards bribery and corruption through the adoption of the Anti-Bribery and Corruption Policy (ABC) from PETRONAS. This policy not only outlines the fundamental principles but also offers comprehensive guidance to employees, directors, contractors, sub-contractors, consultants, agents, representatives, and others involved in work or services for or on behalf of PGB.

The ABC policy provides insights into addressing improper solicitation, bribery, and other corrupt activities that may arise during business dealings. It applies universally to all individuals connected with PGB.

For further details on the ABC policy, please visit the Company's corporate website at www.petronas.com/pgb.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Corporate Liability

In response to the incorporation of corporate liability in the recent amendment to the Malaysian Anti-Corruption Commission Act 2009 (MACC Act 2009), effective from 1 June 2020, the Company has proactively implemented measures to establish adequate procedures preventing individuals associated with the Company from engaging in activities that could trigger liability under the newly introduced Section 17A of the MACC Act 2009. This corporate liability provision holds a Company accountable for unlawful actions undertaken by its employees for the company's benefit, unless the Company can demonstrate the presence of sufficient preventive measures.

Furthermore, the Company has introduced mandatory e-learning modules, focusing on key legal areas, including Data Privacy, Third-Party Risk Management (TPRM), Sanctions, Anti-Bribery and Corruption (ABC) Manual, and Competition, to train its employees comprehensively.

Whistleblowing Policy

The Company has embraced the PETRONAS Whistleblowing Policy, offering a channel for employees and members of the public to report any improper conduct. The detailed policy and procedural guidelines are available to the public on the Company's official website at www.petronas.com/pgb. Reports on improper conduct can be submitted via email to whistle@petronas.com.

Trading on Insider Information

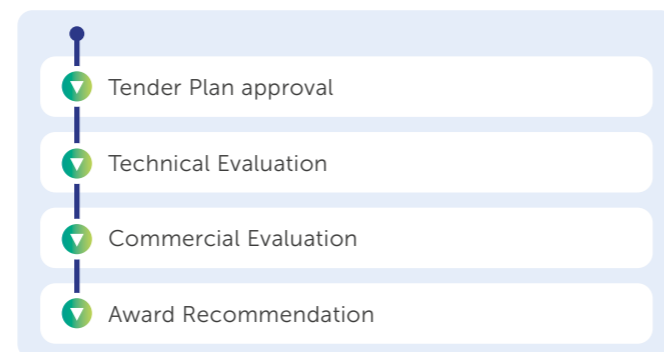
Every quarter, the Company Secretary issues a Notice of Closed Period to Directors and the Leadership Team, outlining the regulations regarding trading in the Company's shares during "Closed Period" and "Outside Closed Period." This is to ensure compliance with the stipulations of Chapter 14 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia. Directors and Principal Officers that hold price sensitive information are restricted from engaging in trading during Closed Periods. There were no trading activities conducted by the Board or Principal Officers of the Company during the reviewed year.

Selection of Vendors

The Group adheres to the PETRONAS tendering process and associated principles outlined in the PETRONAS Tenders & Contracts Administrative Manual for vendor selection. The primary selection criteria revolve around the bid's technical acceptability and commercial attractiveness.

To maintain objectivity and compliance with established guidelines, Tender Committees have been constituted to independently review and evaluate bidders' proposals. Only upon the endorsement of the Tender Committee is the award recommendation submitted to the approving authority for consideration and approval.

The tendering process encompasses the following stages:



Related Party Transactions and Conflict of Interest Situations

The Board Audit Committee (BAC) reviews all Related Party Transactions (RPTs), including Recurrent Related Party Transactions (RRPTs), conducted by the Company or its subsidiaries. As part of reinforcing internal control measures, the Company has implemented its Guidelines and Procedures on RPT and Conflict of Interest Situations (The Guideline).

For an in-depth understanding of the Group's guidelines and procedures concerning RPTs and RRPTs, please refer to the Statement on Risk Management and Internal Control, available on page 83 of this report.

RELATIONSHIP WITH AUDITORS

External Auditors

The Company maintains a professional and transparent relationship with its external auditors, KPMG PLT, through the BAC. In the financial year, the BAC held two meetings with the external auditors to scrutinise the scope and adequacy of the Group's audit process, financial results, annual financial statements, and audit findings. Additionally, the BAC met the auditors once during the year under review, in the absence of Management. In these session, the external auditors brought the BAC's attention to pertinent matters, providing insights to both the BAC and the Board.

For further details regarding the BAC's role concerning the external auditors, please refer to the BAC Report on pages 50 to 51 of this Governance and Financial Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Internal Audit

PGB's Internal Audit function directly reports to the BAC, maintaining unrestricted access to the BAC and the functions or assets within the BAC's purview. Operating independently from other units, the Internal Audit function conducts regular audits to assess the adequacy and effectiveness of internal controls, ensuring compliance with regulatory requirements. The findings and agreed-upon recommendations resulting from approved audit engagements are presented to the BAC. For further details about the BAC's role concerning the internal auditors, please refer to the Board Audit Committee Report on pages 52 to 53 of this Governance and Financial Report.

Directors' Responsibility Statement

The Directors have provided assurance that the financial statements prepared for the financial year ended 31 December 2023 is a true and fair view of the state of affairs of the Company and the Group as required by the Companies Act 2016. The Statement of Responsibility by Directors for the audited financial statements of the Company and Group is as outlined on page 89. Details of the Company and the Group's financial statements for the financial year ended 31 December 2023 are set out on pages 89 to 189.

Statement by the Board on Compliance

The Board has deliberated, reviewed and approved this Statement and is satisfied that the Group has fulfilled its obligations under the relevant paragraphs of the MMLR of Bursa Malaysia, CA 2016, Malaysian Code on Corporate Governance 2021 (MCCG 2021) and Corporate Governance Guide – 4th Edition issued by Bursa Malaysia Berhad in addition to being benchmarked against the ASEAN Corporate Governance Scorecard and other applicable laws and regulations throughout the year ended 31 December 2023.

The Board is also satisfied that the Company has adopted the practices and has applied the key Principles of the MCCG 2021 for the year under review. Details of how the Company has applied the MCCG Principles and complied with its Practices are set out in the Corporate Governance (CG) Report. The explanation for the departures is further elaborated in the CG Report.

The Board will continue its efforts to raise the bar in terms of the Company's corporate governance standards and instills a culture that promotes ethical conduct, transparency and sustainable value creation, with the ultimate objective of realising long-term shareholder value while taking into account the interests of other stakeholders.

Additional Compliance Information - Material Contracts

There were no material contracts or loans entered into by the Company or its subsidiaries involving Directors' or major shareholders' interests, either still subsisting at the end of the year ended 31 December 2023 or entered into since the end of the previous period, except as disclosed in the Audited Financial Statements.

This Statement is made in accordance with a resolution of the Board of Directors dated 27 February 2024.

ADNAN ZAINOL ABIDIN
Chairman

BOARD AUDIT COMMITTEE REPORT



Dear Valued Shareholders,

The Board Audit Committee (BAC) of PETRONAS Gas Berhad (PGB or the Company) is pleased to present the BAC Report for the financial year ended 31 December 2023 in compliance with Paragraph 15.15 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia).

FARINA FARIKHULLAH KHAN
Chairman, Board Audit Committee

TERMS OF REFERENCE

The Terms of Reference (TOR) of the BAC set out the authority, duties and responsibilities of the BAC which are consistent with the requirements of the MMLR and the Malaysian Code on Corporate Governance 2021 (MCCG 2021).

The TOR of the BAC are accessible to the public on the Company's corporate website at www.petronas.com/pgb.

COMPOSITION

The current BAC composition complies with Paragraph 15.09(1)(b) of the MMLR of Bursa Malaysia and the MCCG 2021 where all three (3) BAC members are Non-Executive Directors including its Chairman are Independent Directors who fulfil the criteria of independence as defined in the MMLR of Bursa Malaysia. None of the members of the BAC is alternate director. During the year under review, Dato' Abdul Razak resigned as a member of BAC effective 27 March 2023 and was replaced by Sujit Singh Parhar s/o Sukhdev Singh.

As at the date of this report, the composition of the BAC is as follows:



FARINA FARIKHULLAH KHAN

Chairman
(Senior Independent Non-Executive Director)

Date of appointment: 21 November 2018
Tenure: 5 years 3 months



DATUK MARK VICTOR ROZARIO

Member
(Independent Non-Executive Director)

Date of appointment: 22 November 2021
Tenure: 2 years 3 months



SUJIT SINGH PARHAR S/O SUKHDEV SINGH

Member
(Independent Non-Executive Director)

Date of appointment: 27 March 2023
Tenure: 11 months

BOARD AUDIT COMMITTEE REPORT

The BAC Chairman, Farina Farikhullah Khan and Datuk Mark Victor Rozario are qualified accountants.

Farina Farikhullah Khan, is a Fellow of the Institute of Chartered Accountants in Australia (FCA). Whereas, Datuk Mark Victor Rozario is a Fellow of the Institute of Chartered Accountants in England and Wales (FCA).

The profiles of all the BAC members are disclosed on pages 108, 110 and 111 of the Integrated Report and pages 8, 10 and 11 of this Governance and Financial Report 2023 (GFR 2023).

In this regard, the composition of the BAC is made up with persons who have sound knowledge and understanding of financial reporting and management requirements. The Company is in compliance with Paragraph 15.09(c)(i) of the MMLR which requires at least one member of the BAC to be a qualified accountant.

MEETINGS AND ATTENDANCE

The BAC meetings for the year under review were scheduled in November 2022, to facilitate the Members in planning ahead and incorporating the BAC meetings into their respective schedules.

The BAC scheduled to meet quarterly and additional meetings were convened as and when necessary. During the year under review, the BAC met six (6) times to discharge its duties and functions as a committee to the Board. The record of attendance of the BAC members can be found on page 32 of this GFR 2023.

To facilitate deliberation of audit issues or other areas impacting the financial results of the Company, the Managing Director/Chief Executive Officer (MD/CEO), Chief Financial Officer (CFO), Head of Internal Audit Department (IAD), External Auditors, Leadership Team (LT) and other persons deemed necessary by the BAC were invited to attend the BAC meetings to provide advice and furnish the BAC with necessary information. The Company Secretary acts as Secretary to the BAC.

The Head of IAD presented the internal audit plan to the BAC. The External Auditors also attended the BAC meetings to present the external audit plan for the year and the outcome of the statutory audits conducted on the Company and its subsidiaries.

Both internal and external audit plans were approved by the BAC in accordance to the BAC TOR. In addition, the BAC had a private session on 15 February 2023 with the External Auditors without the presence of Management.

The agenda and meeting papers relevant to the business of the meetings were distributed to the BAC members via a secured collaborative software, not less than five days from the date of each meeting.

Matters deliberated at the BAC meetings included the review of the Group's financial statements, quarterly results for the announcements to Bursa Malaysia, related party transactions and recurrent related party transactions, external and internal audit reports, status of open audit findings together with the agreed corrective actions. In addition to communicating to the Board on matters deliberated during its meeting, the BAC also recommends to the Board, the approval of Group Financial Statements and quarterly results.

All proceedings of the BAC meetings were duly recorded in the minutes of each meeting and the signed minutes of each BAC meeting were properly kept by the Secretary. Minutes of the BAC meeting was tabled for confirmation at the following BAC meeting, after which they were presented to the Board for notation.

ACTIVITIES OF THE BAC DURING THE FINANCIAL YEAR 2023

As the Board is ultimately responsible for the oversight of the Company, it is consistently kept informed by the BAC of its activities. As such, the BAC meeting is held before the Board meeting to ensure that all critical issues, significant findings and irregularities are communicated to the Board on a timely basis.

During the year under review, the BAC carried out the following activities in discharging its function and duties:

Financial Reporting

- Reviewed the quarterly results announcements to Bursa Malaysia before recommending the same for approval by the Board upon being satisfied that, it had complied with applicable approved Malaysian Financial Reporting Standards (MFRS) issued by the Malaysian Accounting Standards Board (MASB), Main Market Listing Requirements (MMLR) and other relevant regulatory requirements.
- Reviewed the Company's and Group's annual and quarterly management accounts.
- Reviewed the audited financial statements of the Company and Group prior to submission to the Board for the Board's consideration and approval, upon the BAC being satisfied that, inter alia, the audited financial statements were drawn up in accordance with the Malaysian Financial Reporting Standards ("MFRS"), IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016.

The above reviews were conducted together with the presence of the MD/CEO and Chief Financial Officer (CFO).

BOARD AUDIT COMMITTEE REPORT

Internal Control

- Reviewed the effectiveness of the system of internal controls, taking into account the findings from internal and external audit reports.

Corporate Governance

The Board Audit Committee (BAC) also assisted the Board in the following governance matters:

- Reviewed BAC Report, the Statement on Risk Management and Internal Control (SORMIC) for the financial year ended 31 December 2022 which was supported by an independent review by KPMG PLT for inclusion in the Integrated Report 2022.

Internal Audit

In 2023, the BAC had undertaken the following activities, to be in line with the requirements of International Professional Practices Framework (IPPF), Institute of Internal Auditors (IIA), Bursa Malaysia and Malaysian Code on Corporate Governance 2021 (MCCG 2021):

- Reviewed and endorsed the declaration on the Organisational Independence of the Internal Audit Activity by the PETRONAS Gas Berhad Internal Audit (PGB IA) for the period of 1 January 2023 to 31 December 2023 on BAC Meeting dated 15 February 2023. This declaration shall be undertaken annually to allow internal audit to fulfil its responsibilities.
- Reviewed and approved PGB IA Balanced Scorecard for 2023.
- Assessed the performance of PGB IA with regard to their ability to provide independent and objective assurance on the effectiveness of governance, risk and control to be in conformance with recognised international standards.
- Reviewed and approved the risk based 3-Years Rolling Strategic Plan, 3-Years Digital Initiative Plan and budget to ensure comprehensiveness of audit coverage, resources and competencies for effective execution in 2024.
- Monitored the progress of PGB IA deliverables as reported quarterly.

- Reviewed and deliberated audit reports, recommendations, and action plans to strengthen PETRONAS Gas Berhad's Governance, Risk and control. The BAC also put forward some suggestions for improvement to reinforce the oversight role and to ensure that Management holds individuals accountable on their internal control, risk and governance responsibilities.

- Monitored the closure of agreed corrective actions as reported quarterly until duly resolved. Any extension of deadline for the agreed of corrective actions will be approved by Head of PGB Internal Audit and reported to BAC.

Related Party Transactions and Conflict of Interest Situations

- Reviewed Related Party Transactions (RPTs) and Recurrent Related Party Transactions (RRPTs) in accordance with PGB Guideline and Procedures on RPT and Conflict of Interest Situations to ensure the transactions are at all times carried out on arm's length basis and not to the detriment of the minority shareholders.

- The BAC also reviewed the status update of the RPTs and RRPTs on quarterly basis.

External Audit

- Reviewed audit strategies and scope for the statutory audit of the Company's and Group's financial statements for the financial year ended 31 December 2023 as presented by the external auditors.
- Reviewed with the external auditors the results of the statutory audit and the audit report.
- Reviewed and endorsed the proposed fees for the statutory audits.
- In accordance with the PETRONAS Framework on External Auditors adopted in 2019, the BAC had carried out the annual assessment on the performance, sustainability and independence of the external auditors for the year under review, based on the following four key areas:
 - Quality of engagement team and services;
 - Adequacy of resources;
 - Quality of communication and interaction; and
 - Independence, objectivity and professional skepticism.

BOARD AUDIT COMMITTEE REPORT

Overall, the BAC was satisfied with the performance and independence of the external auditors. Positive feedbacks and area of improvement arising from the assessment, have been communicated to the auditors accordingly.

- Reviewed the non-audit services provided by the external auditors while ensuring there was no impairment of independency or objectivity. This included monitoring the fee of the total non-audit work carried out by the external auditors so as not to jeopardise their independence status. In relation to this, the BAC was provided assurance by the external auditors confirming their independence throughout the financial year under review. During the year under review, PGB also engaged the external auditors for non-audit services. Total fees paid to the external auditors were as follows:

Particulars	2023		2022	
	Group (RM'000)	Company (RM'000)	Group (RM'000)	Company (RM'000)
Total Statutory Audit fees	574	344	537	322
Total Non-audit Fees:				
• Independent Review of SORMIC	12	12	12	12
Percentage of Non-audit Fees over Statutory Audit Fees	2.09%	3.49%	2.23%	3.73%

- Reviewed the Audit Focus Areas identified by the external auditors for the financial year ended 31 December 2023:

FY2023 Audit Focus Area			
No.	Audit Focus Area	Matters Considered	BAC Comments
1.	Capitalisation and componentisation of completed projects	The audit reviewed the capitalisation and componentisation exercise performed by the management and noted that the cost capitalised and assets classification are appropriate and consistent with the Group policy.	Concurred with the findings that Management had capitalised and componentised of the completed project accordingly.
2.	Revenue from utilities segment	The audit evaluated the design, implementation and operating effectiveness of controls related to revenue recognition and perform substantive testing on revenue recognised.	Concurred with the findings that revenue from utilities segment have been recognised appropriately.
3.	Management override of controls	The audit reviewed the risk of management override of controls, in particular, through the use of manual journal entries.	Concurred with the findings that the risk of the use of manual journal entries was appropriate.

BOARD AUDIT COMMITTEE REPORT

EXTERNAL AUDIT

In ensuring that the external auditors' independence is not impaired, the Audit Engagement Partner in charge of the Company is allowed to serve in the same role for a maximum of seven years before being rotated and is required to observe a minimum cooling-off period of five years before being re-appointed. Internally, the external auditors conduct an Independent Partner Review in order to preserve their independence. The external auditors had also provided their written assurance to the Board Audit Committee (BAC) that in accordance with the terms of all relevant professional and regulatory requirements, they had been independent throughout the audit engagement.

Annual Reporting

The BAC reviewed its report, Corporate Governance Overview Statement and the Statement on Risk Management and Internal Control (SORMIC) for the financial year ended 31 December 2023 to ensure that they were prepared in compliance with the relevant regulatory requirements and guidelines.

INTERNAL AUDIT FUNCTION

The mission of internal audit function is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Internal audit assists the organisation to accomplish its goal by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process within the Group.

During the year under review, PETRONAS Gas Berhad Internal Audit (PGB IA) undertook the execution of twenty (20) engagements inclusive of unplanned assignments to address new emerging risk during the year. PGB IA reviews the governance, risk management and internal controls of PETRONAS Gas Berhad key activities based on risk-based 3-Years Rolling Strategic Plan which were presented and approved by the BAC.

In line with the function independency status, the Head of Internal Audit reports functionally to the BAC and administratively to the Managing Director/Chief Executive Officer (MD/CEO) of PGB. At least annually, the Head of Internal Audit shall confirm the independency status of PGB in-house internal audit function.

In 2023, the internal audit function was headed by Anas bin Fadzilan who holds a Bachelor of Commerce (Finance) from University of Melbourne, Australia. The incumbent is a Chartered Member of Institute Internal Auditors (CMIIA), Certified Fraud Examiner (CFE) and Certified Internal Control Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO).

He has over 15 years of experience in PETRONAS and held numerous portfolios. He assumed several executive positions within Group Treasury until he was moved to Group Internal Audit as Executive (Internal Audit) in 2013, before being promoted as Manager (Internal Audit), in 2016. In total, he has 5 years of experience in Investment and Treasury business and 10 years of experience in Internal Audit. His performance for the past 5 years has been rated as exceeding requirements, as per PETRONAS' Employee Performance Management and has demonstrated Distinctive PETRONAS Culture Belief (PCB), possess excellent interpersonal skills and vast business networks along the value chain.

The Internal Audit function is guided by:

- PGB Internal Audit Charter (the Charter) as approved by the BAC. The Charter defines PGB IA Purpose, Authority, Responsibility, and Limitation within the Group
- International Professional Practices Framework (IPPF)
- COSO (Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring Activities)
- PGB Internal Audit internal Procedures, Processes and Guidelines (L3 documents)
- Relevant policies and procedures as adopted by the Group.

In maintaining independency and objectivity, internal auditors will not be assigned with audit scope that would lead to conflict of interest.

PGB IA continues to adopt a risk-based approach to ensure the audit plan is prioritised based on the Group's key risks in deriving the audit plan. In deriving the audit plans, PGB IA gathers input from various sources including the Group's risk profile, business plan and strategy, emerging risks, materiality/criticality of business operations, previous audit history and insights & feedback from the BAC and the Management.

During the year, PGB IA performed audit engagements based on the approved internal audit plan and presented the reports of the following audit engagement to the BAC:

- Audit on Overall Governance and Management of PGB Procurement Activities (Contract Management)
- Audit on PGB Inventory Management & Warehouse
- Audit on Turnaround Management activities at Gas Processing Kertih (GPK) and Utilities (UT)
- Audit on Regulatory Compliance (Corporate Liability and Critical Legal Areas)
- Audit on Overall Governance and Management of PGB Self-Regulatory
- Audit on Overall Governance and Management of PGB Fixed Asset & Security
- Audit on Growth and Sustenance Projects (Project Execution & Project Closure)
- Shareholder Audit on Kimanis Power Sdn. Bhd.

- Audit on Overall Governance and Management of GTR HSE
- Audit on Overall GTR Operations & Maintenance Activities
- Review on Operational Excellence Management System (OEMS)
- Special Review on GRAPHITE Project
- Special Review of Staff Claims
- Special Review of Non-GP Items
- Special Review on Sustainability Data Verification
- Investigation of JTK
- Investigation of Latoh
- Investigation of FGE
- Investigation of STORM
- Investigation of MEX

The results of the abovementioned audit engagement were deliberated with the respective Management prior to subsequent deliberation at the BAC platform. Respective Management is responsible to close all Agreed Corrective Actions within the agreed time frame and status will be reported to the BAC on quarterly basis. If extension of time for closure of corrective action is required, respective Management is to provide reasonable justification to the Head of Internal Audit Department (IAD) and reported to BAC.

The in-house internal audit is also subjected to continuous improvement effort. For that the Quality Assurance and Improvement Programme (QAIP) continues to be adopted to assess the quality of audit processes. It is an ongoing and periodic assessment that covers the entire spectrum of Internal Audit activities. The QAIP assesses the efficiency and effectiveness of the audit processes and opportunities for improvement are identified through the internal and external assessments. The external assessments will be conducted by external party and to be reported to BAC in FY2024.

For demonstration of competency and professional due care, PGB IA is staffed by seventeen (17) individuals from diverse work experiences, competencies and qualification amongst others are Accounting & Finance, Operations & Maintenance, Sales & Marketing, Information Technology & Digital, Supply & Logistics, Strategic Planning, Project Management, Safety and other related enablers functions. PGB IA was also supported by Technical Professional, Subject Matter experts and resources from PETRONAS Group, specifically on project management and technical related areas. Advisories were also sought from PETRONAS Group Internal Audit Line Experts.

In addition, to enhance the auditors' competencies and their continued professional development, PGB IA support education programme that enable its personnel to pursue their career in relevant internal audit certifications such as Certified Internal Auditors (CIA), Certified Fraud Examiner (CFE) and Certified Integrated COSO framework.

To date, twelve (12) of PGB IA personnel are equipped with relevant certifications either from accounting professional bodies, Institute of Internal Audit, Certified Fraud Examiner,

COSO and Malaysia Department of Safety & Health. In addition, one (1) internal auditor has acquired CIA and two (2) internal auditors have acquired CFE during the year

The Group continues its commitment to equip the internal auditors with adequate knowledge to discharge their duties and responsibilities via continuous training platforms either through the Institute of Internal Audit or Functional Skill Group 04 (FS04) on Internal Audit. FS04 training programmes are established based on Internal Audit Competency Framework issued by the Institute of Internal Auditors. New internal auditors are also provided with on-the-job attachment platform within PETRONAS Internal Audit fraternity.

Annually, the auditors are assessed via individual Superior Managed Assessment (SMA) to identify their areas of strength and development area. Personal Development Plan will be prepared based on the SMA result of individual auditors.

The total cost incurred by the internal audit function of the Company for the financial year was RM 6.31 million.

RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST SITUATIONS

During the year under review, the BAC reviewed all Related Party Transactions/Recurrent Related Party Transactions (RPTs/RRPTs) and Conflict of Interest (COI) situations based on the Guideline and Procedures of RPT and COI (the Guideline). This Guideline lays out the principles and procedures which govern the activities on RPTs/RRPTs and COI situations across the PGB Group in complying with the applicable Main Market Listing Requirement (MMLR) and other laws and regulations. The BAC is satisfied that the Guideline has put in place adequate procedures and processes to identify, monitor and track all RPTs/RRPTs in a timely and orderly manner to ensure that the RPTs/RRPTs are at all times, carried out in the best interests of the Group, are fair, reasonable and on normal commercial terms and are not to the detriment of the minority shareholders. The BAC has, from time to time reviewed any RPTs that have risen within the Group in accordance with the Guideline. The procedures and processes will also be reviewed from time to time based on the recommendations from Management.

PGB forms part of the integrated oil and gas value chain of the PETRONAS Group. Due to the integrated nature of PGB's business operations with the PETRONAS Group, the Company has been granted exemption and waivers from complying with the requirement of Paragraphs 10.08 and 10.09 of the MMLR including having to seek shareholders' approval in relation to the supply, sale, purchase, provision and usage of certain goods, services and facilities. The exemption and waivers are of particular significance to ensure PGB does not experience any disruption to its operations.

BOARD AUDIT COMMITTEE REPORT

RRPTs that were waived by Bursa Malaysia from complying with the requirement of Paragraph 10.09 of the MMLR are as follows:

Date of Bursa Malaysia Waiver Approval	Transacting Parties	Relationship	Nature of Transactions	Value of Transactions in 2023 (RM'000)
26 March 2014	<ul style="list-style-type: none"> PGB and PETRONAS 	<ul style="list-style-type: none"> PETRONAS is a major shareholder of PGB holding 51% 	<ul style="list-style-type: none"> Gas Processing Agreement (GPA) Gas Transportation Sabah Agreement (GTSA) Shipper Agent Services Agreement (ASA) 	<ul style="list-style-type: none"> Gas processing services: RM1,772,203 Gas transportation services (Sabah): RM2,089 Agent services: RM12
23 May 2014	<ul style="list-style-type: none"> Regas Terminal (Sg. Udang) Sdn. Bhd. (RGTSU) and Gas Asia Terminal (L) Pte. Ltd. (GATL) RGTSU and Sg. Udang Port Sdn. Bhd. (SUP) RGTSU and PETRONAS Penapisan Melaka Sdn. Bhd. (PPM) 	<ul style="list-style-type: none"> RGTSU is a wholly owned subsidiary of PGB GATL is a wholly owned subsidiary of MISC Berhad (MISC) and PETRONAS is a major shareholder of MISC holding 51% RGTSU is a wholly owned subsidiary of PGB SUP is a wholly owned subsidiary of MISC Maritime Services Sdn Bhd, a wholly owned subsidiary of MISC and PETRONAS is a major shareholder of MISC holding 51% RGTSU is a wholly owned subsidiary of PGB PPM is a wholly owned subsidiary of PETRONAS 	<ul style="list-style-type: none"> Ancillary Agreement for Regasification service (ACRS) for Time Charter Services for Floating Storage Unit ACRS Marine Services Agreement ACRSL Land Lease Agreement 	<ul style="list-style-type: none"> Time Charter Services for Floating Storage Unit: RM1,236,465 Marine services: RM6,475 Land lease for pipeline route and office building: RM87
27 October 2015	<ul style="list-style-type: none"> Pengerang LNG (Two) Sdn. Bhd. (PLNG2) and Pengerang Power Sdn. Bhd. 	<ul style="list-style-type: none"> PLNG2 is a subsidiary of PGB holding 65% Pengerang Power Sdn. Bhd. is a wholly owned subsidiary to PRPC Utilities and Facilities Sdn. Bhd. 	<ul style="list-style-type: none"> Ancillary Agreements for RGT Pengerang Project 	<ul style="list-style-type: none"> Purchase of electricity: RM37,070

BOARD AUDIT COMMITTEE REPORT

Date of Bursa Malaysia Waiver Approval	Transacting Parties	Relationship	Nature of Transactions	Value of Transactions in 2023 (RM'000)
23 October 2020	<ul style="list-style-type: none"> PGB, RGTSU and PLNG2 with PEGT PGB with PEGT 	<ul style="list-style-type: none"> PGB is owned by PETRONAS of 51% RGTSU is a wholly owned subsidiary of PGB PLNG2 is a subsidiary of PGB holding 65% PEGT is a wholly owned subsidiary of PETRONAS PGB is owned by PETRONAS of 51% PEGT is a wholly owned subsidiary of PETRONAS 	<ul style="list-style-type: none"> Master Sale and Purchase Agreement (MSPA) for purchase of internal gas consumption Gas Supply Agreement (GSA) for purchase of fuel gas 	<ul style="list-style-type: none"> Purchase of gas for internal consumption by PGB, RGTSU and PLNG2 from PEGT: RM218,191 Purchase of fuel gas: RM1,562,455
11 October 2021	<ul style="list-style-type: none"> PGB with PETRONAS Chemicals Derivatives Sdn. Bhd. PGB with PETRONAS Chemicals Ammonia Sdn. Bhd. PGB with BASF PETRONAS Chemicals Sdn. Bhd. PGB with PETRONAS Chemicals LDPE Sdn. Bhd. 	<ul style="list-style-type: none"> PGB is owned by PETRONAS of 51% PETRONAS Chemicals Derivatives Sdn. Bhd. is a wholly owned subsidiary of PETRONAS Chemicals Group Berhad PGB is owned by PETRONAS of 51% PETRONAS Chemicals Ammonia Sdn. Bhd. is a wholly owned subsidiary of PETRONAS Chemicals Group Berhad PGB is owned by PETRONAS of 51% BASF PETRONAS Chemicals Sdn. Bhd. is an associate company of PETRONAS Chemicals Group Berhad holding 40% PGB is owned by PETRONAS of 51% PETRONAS Chemicals LDPE Sdn. Bhd. is a wholly owned subsidiary of PETRONAS Chemicals Group Berhad 	<ul style="list-style-type: none"> Supply of Utilities Agreement Supply of Utilities Agreement Compressed Air Sharing Agreement Fire Water Services Agreement (FWSA) Supply of Utilities Agreement Supply of Utilities Agreement 	<ul style="list-style-type: none"> Sale of industrial utilities RM809,311 Sale of industrial utilities RM279,004 Compressed air facilities services income RM610 Fire and water services RM29 Sale of industrial utilities RM186,077 Sale of industrial utilities RM149,659

BOARD AUDIT COMMITTEE REPORT

Date of Bursa Malaysia Waiver Approval	Transacting Parties	Relationship	Nature of Transactions	Value of Transactions in 2023 (RM'000)
11 October 2021 (cont'd)	<ul style="list-style-type: none"> PGB with PETRONAS Chemicals Aromatics Sdn. Bhd. 	<ul style="list-style-type: none"> PGB is owned by PETRONAS of 51% PETRONAS Chemicals Aromatics Sdn. Bhd. is a wholly owned subsidiary of PETRONAS Chemicals Group Berhad 	<ul style="list-style-type: none"> Supply of Utilities Agreement 	<ul style="list-style-type: none"> Sale of industrial utilities RM81,503
	<ul style="list-style-type: none"> PGB with Ineos PCG Acetyls Sdn. Bhd. 	<ul style="list-style-type: none"> PGB is owned by PETRONAS of 51% Ineos PCG Acetyls Sdn. Bhd. is a joint venture company of PETRONAS Chemicals Group Berhad holding 30% 	<ul style="list-style-type: none"> Supply of Utilities Agreement Fire Water Services Agreement (FWSA) 	<ul style="list-style-type: none"> Sale of industrial utilities RM44,797 Fire and water services RM41
	<ul style="list-style-type: none"> PGB with PETRONAS Chemicals Ethylene Sdn. Bhd. 	<ul style="list-style-type: none"> PGB is owned by PETRONAS of 51% PETRONAS Chemicals Ethylene Sdn. Bhd. is a subsidiary of PETRONAS Chemicals Group Berhad holding 87.5% 	<ul style="list-style-type: none"> Supply of Utilities Agreement Sell and Deliver Utilities Consumption Agreement 	<ul style="list-style-type: none"> Sale of industrial utilities RM17,652 KSMF utilities consumption RM80
	<ul style="list-style-type: none"> RGTSU with PEGT 	<ul style="list-style-type: none"> RGTSU is a wholly owned subsidiary of PGB PEGT is a wholly owned subsidiary of PETRONAS 	<ul style="list-style-type: none"> Supply of Utilities Agreement 	<ul style="list-style-type: none"> LNG bunkering income RM5,525
	<ul style="list-style-type: none"> PLNG2 with PEGT 	<ul style="list-style-type: none"> PLNG2 is a subsidiary of PGB holding 65% PEGT is a wholly owned subsidiary of PETRONAS 	<ul style="list-style-type: none"> LNG Truck Loading Facilities 	<ul style="list-style-type: none"> LNG trucking and reloading income RM15,879
	<ul style="list-style-type: none"> PGB with PETCO Trading Labuan Company Ltd. 	<ul style="list-style-type: none"> PGB is owned by PETRONAS of 51% PETCO Trading Labuan Company Ltd. is a wholly owned subsidiary of PETRONAS Trading Corporation Sdn. Bhd. 	<ul style="list-style-type: none"> Importation and Exportation Agreement Manpower, Routine Maintenance, Utilities Cost Recovery and Rental Facilities 	<ul style="list-style-type: none"> LPG import and export service fees RM6,543 Marine facilities income RM2,617
	<ul style="list-style-type: none"> PGB with Kertih Terminals Sdn. Bhd. 	<ul style="list-style-type: none"> PGB is owned by PETRONAS of 51% Kertih Terminals Sdn. Bhd. is an associate company of PETRONAS Chemicals Group Berhad holding 40% 	<ul style="list-style-type: none"> Supply of Utilities Agreement 	<ul style="list-style-type: none"> Sale of industrial utilities RM8,355

BOARD AUDIT COMMITTEE REPORT

Date of Bursa Malaysia Waiver Approval	Transacting Parties	Relationship	Nature of Transactions	Value of Transactions in 2023 (RM'000)
11 October 2021 (cont'd)	<ul style="list-style-type: none"> PLNG2 with PETRONAS LNG Ltd. 	<ul style="list-style-type: none"> PLNG2 is a subsidiary of PGB holding 65% PETRONAS LNG Ltd. is a wholly owned subsidiary of PETRONAS LNG Sdn. Bhd. (PLSB) 	<ul style="list-style-type: none"> Master Gas Up Cool Down Services Agreement 	<ul style="list-style-type: none"> Gassing up cooling down income RM2,734
	<ul style="list-style-type: none"> PGB with Voltage Renewables Sdn. Bhd. 	<ul style="list-style-type: none"> PGB is owned by PETRONAS of 51% Voltage Renewables Sdn. Bhd. is a subsidiary of Gentari Renewables Sdn. Bhd. holding 70% 	<ul style="list-style-type: none"> Management Services Agreement (MSA) 	<ul style="list-style-type: none"> Sale of industrial utilities RM201
	<ul style="list-style-type: none"> PGB with PETRONAS Carigali Sdn. Bhd. 	<ul style="list-style-type: none"> PGB is owned by PETRONAS of 51% PETRONAS Carigali Sdn. Bhd. is a wholly owned subsidiary of PETRONAS 	<ul style="list-style-type: none"> Land Management Service Agreement (MSA) for Sabah oil and gas terminal, Sabah Sarawak gas pipeline, Dalak pipeline, Sabah gas terminal and Labuan gas terminals Operation and Maintenance Services for Sabah Asset 	<ul style="list-style-type: none"> Project management fees and operations and maintenance income RM233 Operation and maintenance expenses RM1,027
	<ul style="list-style-type: none"> PGB with PETRONAS Chemicals MTBE Sdn. Bhd. 	<ul style="list-style-type: none"> PGB is owned by PETRONAS of 51% PETRONAS Chemicals MTBE Sdn. Bhd. is a wholly owned subsidiary of PETRONAS Chemicals Group Berhad 	<ul style="list-style-type: none"> Fire Water Services Agreement (FWSA) Sales and Purchase Agreement for the supply of electricity and utilities 	<ul style="list-style-type: none"> Fire and water services RM54 Sale of industrial utilities RM263,712
	<ul style="list-style-type: none"> PGB with PETRONAS Chemicals Marketing (Labuan) Ltd. 	<ul style="list-style-type: none"> PGB is owned by PETRONAS of 51% PETRONAS Chemicals Marketing (Labuan) Ltd. is a wholly owned subsidiary of PETRONAS Chemicals Group Berhad 	<ul style="list-style-type: none"> Sales and Purchase Agreement (SPA) to supply excess hydrogen gas to Utilities Gebeng (UG) plant 	<ul style="list-style-type: none"> Purchase of hydrogen RM8,967

BOARD AUDIT COMMITTEE REPORT

Date of Bursa Malaysia Waiver Approval	Transacting Parties	Relationship	Nature of Transactions	Value of Transactions in 2023 (RM'000)
11 October 2021 (cont'd)	<ul style="list-style-type: none"> PGB and RGTSU with PETRONAS Lubricants Marketing (Malaysia) Sdn. Bhd. 	<ul style="list-style-type: none"> PGB is owned by PETRONAS of 51% RGTSU is a wholly owned subsidiary of PGB PETRONAS Lubricants Marketing (Malaysia) Sdn. Bhd. is a wholly owned subsidiary of PETRONAS Dagangan Berhad 	<ul style="list-style-type: none"> Purchase of petroleum products for operation 	<ul style="list-style-type: none"> Purchase of petroleum products RM5,093
	<ul style="list-style-type: none"> PGB and PLNG2 with PETRONAS Hartabina Sdn. Bhd. 	<ul style="list-style-type: none"> PGB is owned by PETRONAS of 51% PLNG2 is a subsidiary of PGB holding 65% PETRONAS Hartabina Sdn. Bhd. is a wholly owned subsidiary of PETRONAS 	<ul style="list-style-type: none"> Land Lease Agreement 	<ul style="list-style-type: none"> Lease of land RM1,060
	<ul style="list-style-type: none"> PGB and PETRONAS 	<ul style="list-style-type: none"> PETRONAS is a major shareholder of PGB holding 51% 	<ul style="list-style-type: none"> Land Lease Agreement 	<ul style="list-style-type: none"> Lease of land RM98
	<ul style="list-style-type: none"> PLNG2 with Pengerang Terminals (Two) Sdn. Bhd. 	<ul style="list-style-type: none"> PLNG2 is a subsidiary of PGB holding 65% Pengerang Terminals (Two) Sdn. Bhd. is a joint venture company of PETRONAS Refinery & Petrochemical Corporation Sdn. Bhd. (PRPC) holding 40% 	<ul style="list-style-type: none"> Jetty Usage Agreement 	<ul style="list-style-type: none"> Jetty usage service RM69,176
	<ul style="list-style-type: none"> RGTSU with Sg. Udang Port Sdn. Bhd. (SUP) 	<ul style="list-style-type: none"> RGTSU is a wholly owned subsidiary of PGB Sg. Udang Port Sdn. Bhd. is a wholly owned subsidiary of MISC Maritime Services Sdn. Bhd., a wholly owned subsidiary of MISC and PETRONAS is a major shareholder of MISC holding 51% 	<ul style="list-style-type: none"> Tugboat Services Agreement 	<ul style="list-style-type: none"> Tugboat services RM40
	<ul style="list-style-type: none"> PGB with Kertih Port Sdn. Bhd. 	<ul style="list-style-type: none"> PGB is owned by PETRONAS of 51% Kertih Port Sdn. Bhd. is a wholly owned subsidiary of PETRONAS Chemicals Group Berhad 	<ul style="list-style-type: none"> Land Lease Agreement 	<ul style="list-style-type: none"> Lease of land RM129

BOARD AUDIT COMMITTEE REPORT

Date of Bursa Malaysia Waiver Approval	Transacting Parties	Relationship	Nature of Transactions	Value of Transactions in 2023 (RM'000)
11 October 2021 (cont'd)	<ul style="list-style-type: none"> PGB with Vinyl Chloride (Malaysia) Sdn. Bhd. 	<ul style="list-style-type: none"> PGB is owned by PETRONAS of 51% Vinyl Chloride (Malaysia) Sdn. Bhd. is a wholly owned subsidiary of PETRONAS Chemicals Group Berhad 	<ul style="list-style-type: none"> Supply of Utilities Agreement 	<ul style="list-style-type: none"> Sale of industrial utilities RM3,836
	<ul style="list-style-type: none"> PGB with PCG PCC Oxyalkylates Sdn Bhd 	<ul style="list-style-type: none"> PCG PCC Oxyalkylates Sdn. Bhd. is a joint venture of PETRONAS Chemicals Group Berhad holding 50% 	<ul style="list-style-type: none"> Supply of Utilities Agreement 	<ul style="list-style-type: none"> Sale of industrial utilities RM1,046
	<ul style="list-style-type: none"> PGB with PRPC Utilities and Facilities Sdn. Bhd. 	<ul style="list-style-type: none"> PRPC Utilities and Facilities Sdn. Bhd. is a wholly owned subsidiaries of PETRONAS Refinery and Petrochemicals Corporation Sdn. Bhd. 	<ul style="list-style-type: none"> Supply of Utilities Agreement 	<ul style="list-style-type: none"> Sale of industrial utilities RM99
	<ul style="list-style-type: none"> PLNG2 with Malaysia LNG Sdn. Bhd. 	<ul style="list-style-type: none"> PLNG2 is a subsidiary of PGB holding 65% Malaysia LNG Sdn. Bhd. is a subsidiary of PETRONAS 90% 	<ul style="list-style-type: none"> Master Gas Up Cool Down Services Agreement 	<ul style="list-style-type: none"> Gassing up cooling down income RM470
	<ul style="list-style-type: none"> PGB with PEGT 	<ul style="list-style-type: none"> PGB is owned by PETRONAS of 51% PEGT is a wholly owned subsidiary of PETRONAS 	<ul style="list-style-type: none"> Pipeline Project Service Agreement 	<ul style="list-style-type: none"> Operation and maintenance income RM595

The Board Audit Committee (BAC) is satisfied that during the year under review, all the Related Party Transactions/Recurrent Related Party Transactions (RPTs/ RRPTs) were fairly concluded on prevailing market rate/prices, had been carried out at arm's length basis and normal commercial terms/conditions, applicable industry norms and not detrimental to the interests of PETRONAS Gas Berhad (PGB) and its minority shareholders. The RPTs/RRPTs were reported to the BAC on a quarterly basis.

BAC EFFECTIVENESS REVIEW AND PERFORMANCE

During the financial year under review, the Board assessed the performance of the BAC through an annual Board Effectiveness Evaluation. The Board agreed that BAC continued to support the Board in reviewing financial and audit matters, contributing to the overall effectiveness of the decision-making process by the Board for the Company and the Group. The PGB Board is satisfied that the BAC has discharged its functions, duties and responsibilities in accordance with the BAC Terms of Reference.

REPORTING TO THE EXCHANGE

For the year under review, the BAC is of the view that the Company is in compliance with the Main Market Listing Requirements (MMLR) and as such, the reporting to Bursa Malaysia under Paragraph 15.16 of the MMLR is not required.

FARINA FARIKHULLAH KHAN
Chairman
Board Audit Committee

NOMINATION AND REMUNERATION COMMITTEE REPORT



Dear Valued Shareholders,

The Nomination and Remuneration Committee (NRC) of PETRONAS Gas Berhad (PGB or the Company) is pleased to present the NRC report for the financial year ended 31 December 2023 in compliance with Paragraph 15.08A(3) of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia).

DATUK MARK VICTOR ROZARIO
Chairman, Nomination and Remuneration Committee

TERMS OF REFERENCE

The NRC operates under its Terms of Reference (TOR), which align with the guidelines of the Main Market Listing Requirements (MMLR) of Bursa Malaysia and the Malaysian Code on Corporate Governance 2021 (MCCG 2021).

The TOR is accessible to the public on the Company's corporate website at www.petronas.com/pgb.

COMPOSITION

The NRC was established on 14 November 2011 and comprises exclusively Independent Non-Executive Directors (INEDs). The composition of the NRC is in line with the requirement of Paragraph 15.08A(1) of the MMLR of Bursa Malaysia, which provides that the NRC must comprise exclusively non-executive directors, majority of whom are independent directors. The NRC is chaired by an Independent Director which is in line with Practice 5.8 of MCCG 2021. Datuk Mark Victor Rozario was appointed as the NRC Chairman in place of Dato' Abdul Razak Abdul Majid who resigned from the Company effective 27 March 2023.

As at the date of the Governance and Financial Report 2023 (GFR 2023), the composition of the NRC is as follows:

	DATUK MARK VICTOR ROZARIO Chairman <i>(Independent Non-Executive Director)</i> Date of appointment: 27 March 2023 Tenure: 11 months
	DATUK YEOW KIAN CHAI Member <i>(Independent Non-Executive Director)</i> Date of appointment: 3 August 2020 Tenure: 3 year 7 months
	FARINA FARIKHULLAH KHAN Member <i>(Senior Independent Non-Executive Director)</i> Date of appointment: 19 November 2020 Tenure: 3 year 3 months

The profiles of the NRC members are disclosed on pages 8 to 10 of the GFR 2023 and pages 108 to 110 of the Integrated Report 2023.

NOMINATION AND REMUNERATION COMMITTEE REPORT

ROLE AND PHILOSOPHY

The NRC was established to enhance among others the efficiency and transparency of the Company's governance process and responsible for regularly reviewing and making recommendations to the Board on the structure, size and composition of the Board and to ensure that an appropriate balance exists between Executive, Non-Executive and Independent Directors. It assists with the identification and nomination of new directors and appointment by the Board and/or shareholders and oversees the training of Directors.

MEETINGS AND ATTENDANCE

The NRC meetings for the year under review were scheduled in November 2022, to facilitate the Members in planning ahead and incorporating the NRC meetings into their respective schedules.

During the year in review, the NRC convened four (4) times to fulfil its responsibilities and functions as a committee of the Board. The attendance records of the NRC members is located on page 32 of this GFR 2023.

The Managing Director/Chief Executive Officer (MD/CEO), Head of Human Resources Management Division and any other persons deemed necessary by the NRC are invited to attend the NRC meetings to provide their input and furnish the NRC with relevant information. The Company Secretary acts as Secretary to the NRC.

All proceedings of the NRC meetings were duly recorded in the minutes of each meeting and the signed minutes of each NRC meeting were properly kept by the Secretary. Minutes of the NRC meetings were tabled for confirmation at the following NRC meetings, after which they were presented to the Board for notation.

FUNCTIONS OF THE NRC AND RELATED ACTIVITIES IN FY2023

Board Succession Plan

The Board has established a Succession Planning Framework to ensure the orderly identification and selection of new INEDs in the event of an opening on the Board, whether such opening exists by reason of an anticipated retirement or expansion of the size of the Board.

Throughout the financial year under review, the NRC continued to provide essential support to the Board in relation to the succession planning of the Board and reviewing the Board's required mix of skills and experience as well as reviewing the tenure of INEDs on the Board.

The selection process of the INED candidates was undertaken vigorously to ensure the candidates possessed the relevant qualification, skill and experiences suitable to be appointed on Board of PGB.

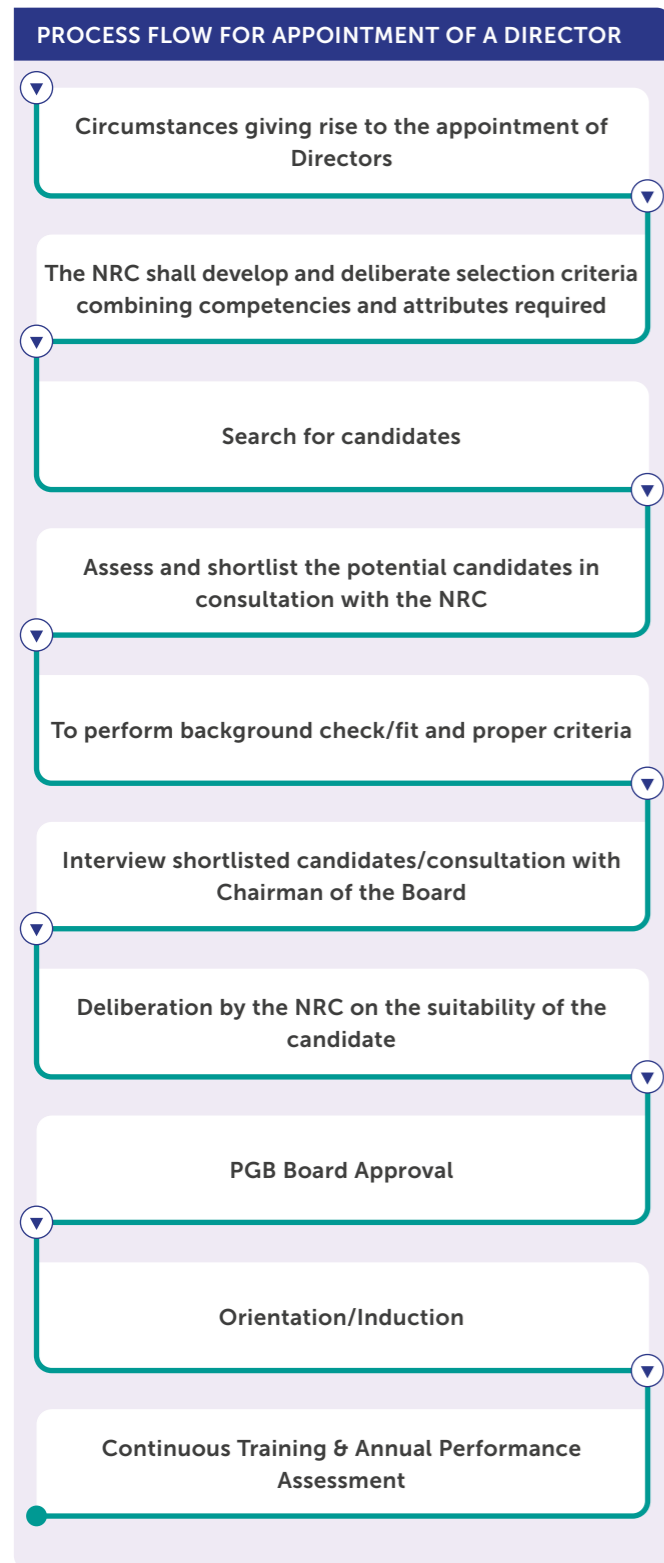
In the selection of suitable candidates, the NRC adheres to the guidelines stipulated in the Board Succession Planning Framework which set out in the Board Appointment Process and Director's Fit & Proper Policy.

During the year under review, there were changes made to PGB Board and Board Committees as follows:

- i) Appointment of Dato' Abdul Razak Abdul Majid as the Senior Independent Director of the Company on 16 February 2023.
- ii) Resignation of Marina Md Taib as a member of Board Audit Committee (BAC) on 1 March 2023
- iii) Resignation of Dato' Abdul Razak Abdul Majid as the Senior Independent Non-Executive Director of the Company, Chairman of NRC and member of Board Risk Committee (BRC) and BAC on 27 March 2023.
- iv) Appointment of Farina Farikhullah Khan as Senior Independent Director of the Company on 27 March 2023.
- v) Appointment of Datuk Mark Victor Rozario as a member and Chairman of the NRC on 27 March 2023.
- vi) Appointment of Mr. Sujit Singh Parhar s/o Sukhdev Singh as a member of the BAC on 27 March 2023.

NOMINATION AND REMUNERATION COMMITTEE REPORT

The process flow for appointment of a director is as follows:



Senior Management Succession Plan

In addition to the Succession Planning for the Directors, the Nomination and Remuneration Committee (NRC) is tasked to oversee the development of a succession plan for the Managing Director/Chief Executive Officer (MD/CEO) and Senior Management. During the year under review, NRC continued to focus on conducting all relevant reviews and assessments of the Senior Management positions. The NRC ensures that there is a sufficient pool of potential successors for PGB Senior Management and that for critical positions, external talents will be recruited if there are no suitable internal talents available. The NRC also highlighted to the Board on the importance of development of internal talent pool, effective human capital planning and management which are vital in delivering the Company the best available talent for its future success.

Directors' Re-Election

Taking into consideration the relevant requirements, the Directors' retirement rotation list was presented to the NRC for endorsement prior to recommendation to the Board and thereafter, to the shareholders for approval. The recommendation in turn, is determined through their annual evaluation, independence assessment and fit and proper criteria, which are assessed by the NRC before any recommendation is made to the Board for deliberation and approval. The retiring Directors are required to give their consent on their re-election prior to the convening of the Annual General Meeting (AGM).

The following Directors are to retire in accordance to Article 107 of the Company's Constitution:

- Datuk Mark Victor Rozario
- Sujit Singh Parhar s/o Sukhdev Singh
- Hasliza Othman

At its meeting held on 13 February 2024, the NRC evaluated whether the retiring Directors had satisfied the fit and proper policy to continue serving as directors. All the retiring Directors have also given their consent for the re-election at the 41st AGM.

MD/CEO AND SENIOR MANAGEMENT PERFORMANCE APPRAISAL

During the year under review, the NRC deliberated on the MD/CEO and Senior Management's 2023 scorecard and their performance against the set targets.

NOMINATION AND REMUNERATION COMMITTEE REPORT

Board Effectiveness Evaluation

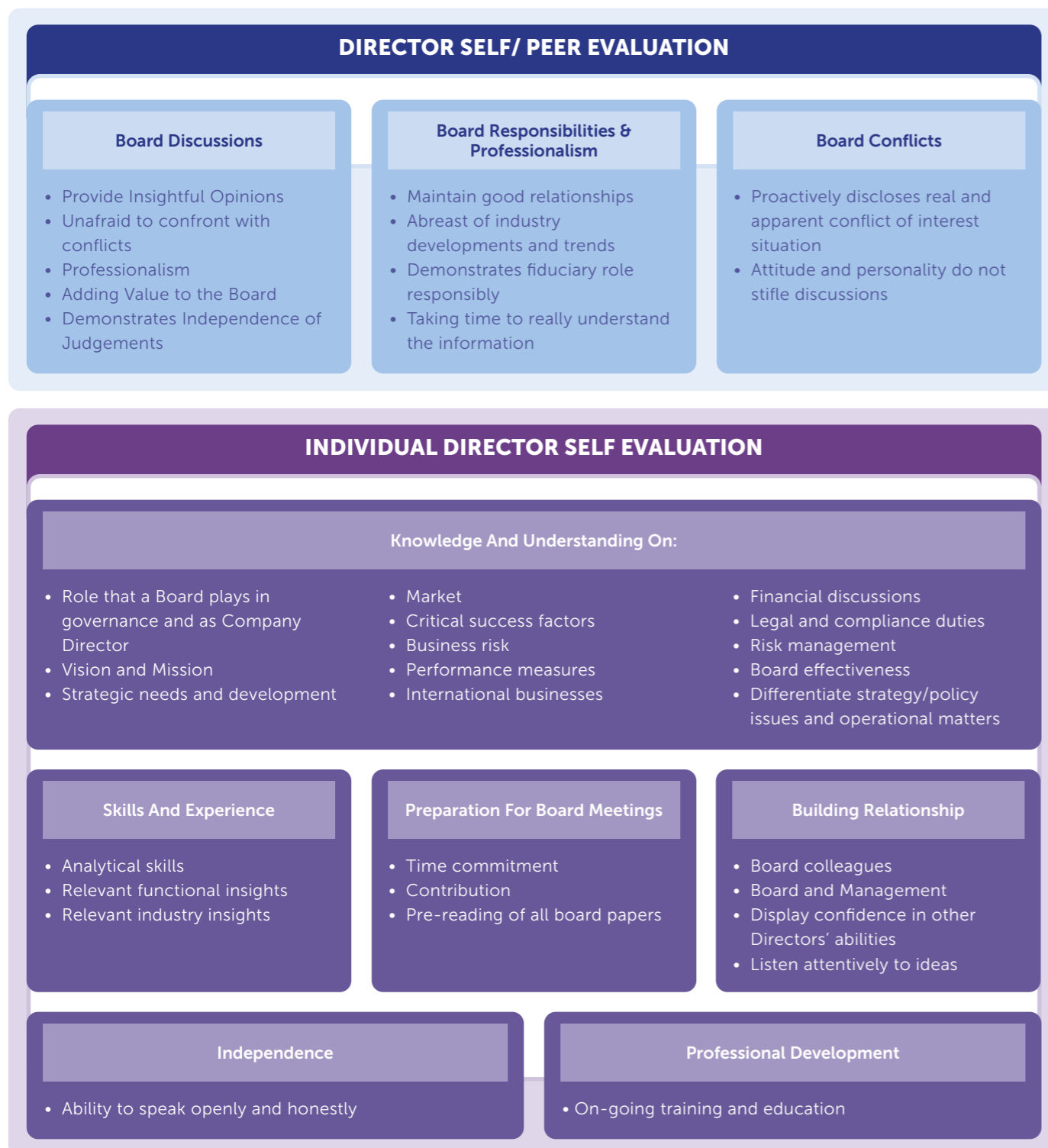
The Board Effectiveness Evaluation 2023 (BEE 2023) was conducted via a digital platform and the process covered the Board, Board Committees, Peer, Self-Evaluations and Individual Self-Evaluations of the Board members. This is in line with Practice 6.1 of Malaysian Code on Corporate Governance 2021 whereby the Board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and the performance of each individual director. The BEE 2023 focused on assessing the effectiveness and performance of the Board and its Committees in the best interest of PGB. The BEE results were compiled/analysed internally by the PGB Corporate Secretarial.

The BEE questionnaires were distributed through a digital platform in December 2023. The questionnaires were specially designed to evaluate the performance of the Board and its oversight role, the composition of the Board and Board Committees, the strategic planning process, the forward-looking agenda, conduct of meetings, engagement with Management and stakeholders, as well as interactions and dynamics within the Group. These indicators served as a tool for the Board to provide their ratings and to identify areas for improvement.

The following areas were assessed:



NOMINATION AND REMUNERATION COMMITTEE REPORT



The Board evaluation approach featured a framework that provides a strategic level assessment of the Board, Board Committee and Individual Director's performance, the findings of which were used to form recommendations and actionable plans for greater board effectiveness.

The output of the exercise was a comprehensive report at Board level that was presented and facilitated at a Board working session with the designated Committee to discuss the observations and prioritisation of the recommendations made that are benchmarked against corporate governance best practices. Individual reports were also provided to each member of the Board, as well as the Chairman so that the Chairman can guide the development of the directors.

NOMINATION AND REMUNERATION COMMITTEE REPORT

BOARD EFFECTIVENESS EVALUATION 2023 REVIEW

The Nomination and Remuneration Committee (NRC) reviewed the outcome of the Board Effectiveness Evaluation 2023 (BEE 2023) and noted that PGB is committed to the highest standards of good governance and led by a competent Board with strong support from the Management. The results of the BEE 2023 were presented to the NRC and Board meetings held on 13 February 2024 and 27 February 2024 respectively. The Board noted the findings and areas that required further improvements.

Based on the analysis on the findings from the BEE 2023 report, the key strengths of the Board are visible in the following areas:

- (i) The Board has demonstrated its ability to provide a stewardship role to the Management in fulfilling its business objectives. The Board is capable of critically evaluating proposals presented for deliberation and offering valuable insights on options to step up for potential new business outcomes.
- (ii) The Board including its Board Committees, effectively addressed the needs of the Company and ensured the protection of the interests of all key stakeholders.
- (iii) The Board is highly effective, with a well-balanced composition that fosters active and constructive discussions. No single party dominates the conversations.

One of the key areas for improvement highlighted in the BEE 2023 is to equip the Board on knowledge of sustainability governance in Environment, Social and Governance (ESG) reporting risk, targets, and initiatives.

The result of the BEE 2023 for the Board, Board Committees and Individual Directors for the year under review have enabled the Board to put in place actions to address areas for improvement for the coming year.

Priority areas and key findings have since been incorporated in the action plans that would further improve the Board performance. The individual results of the Directors' Self and Peer Assessment will also be used as consideration for directors going for re-appointment/renewal/re-election in 2024 and the full set of the result was provided to the Chairman of the Board for the latter to discuss with the individual directors.

Annual Reporting

Reviewed and endorsed the disclosures in the NRC Report for the financial year ended 31 December 2023 to ensure that it was prepared in compliance with the relevant regulatory requirements and guidelines.

NRC's Effectiveness Review and Performance

Based on the 2023 BEE findings, the Board believes that the NRC played an effective role in managing board transitions

during the year, thus providing valuable contribution to the Board. The Board is satisfied with the performance and effectiveness of the NRC in providing sound advice and recommendations to the Board during the year, particularly on succession planning for Directors and the Senior Management.

SUMMARY OF ACTIVITIES OF THE NRC DURING FY2023

During the year under review, the NRC carried out the following activities in discharging its functions and duties:

i) Board Membership and Succession Plan

- Reviewed and assessed the performance of and made recommendations to the Board with regard to Directors seeking re-election at the Company's 40th Annual General Meeting.
- Assessed the training needs of the Directors to devise the Directors' Training Plan for FY2023.
- Reviewed the Directors' Fit and Proper Policy for Senior Independent Director of the Company.
- Reviewed the Changes of Succession Planning for PGB Senior Management Positions.

ii) Senior Management's Appointment, Remuneration and Performance

- Reviewed the Employee Performance Rating for PETRONAS Gas Berhad (PGB) Senior Management FY2022.
- Reviewed 2023 PGB Managing Director/Chief Executive Officer (MD/CEO) and Direct Reports' Scorecards.
- Reviewed the revision to the manpower cost for MD/CEO FY2023.
- Reviewed 2023 Mid-Year Performance for PGB MD/CEO and Direct Reports' Scorecards.

iii) Performance Management

- Reviewed and recommended revision to the performance scorecard for the MD/CEO and his direct reports.
- Reviewed and evaluated the performance of Senior Management, including MD/CEO for FY2022.

iv) Board Effectiveness and Evaluation

- Assessed the BEE findings for FY2022 and reviewed the follow-up actions on the BEE recommendations.
- Reviewed and approved to the BEE questionnaires for FY2023.
- Reviewed and approved the BEE exercise for FY2023 to be carried out internally via a digital platform.

DATUK MARK VICTOR ROZARIO

Chairman
Nomination and Remuneration Committee

BOARD SUSTAINABILITY AND RISK COMMITTEE REPORT



Dear Valued Shareholders,

On behalf of the Board Sustainability and Risk Committee (BSRC), I am pleased to present the BSRC Report for the Financial Year Ended 31 December 2023.

The Board had on 27 February 2024 approved the change of name of Board Risk Committee (BRC) to BSRC to better reflect its existing responsibility to oversee the Risk management framework, policies and practices; and Environmental, Social & Governance (ESG), Compliance and Sustainability agenda. The BSRC is particularly crucial to support the aspiration of PGB in achieving its strategic objectives, especially in pursuing its growth agenda.

This report provides an insight into the activities of the BSRC during the year under review.

DATUK YEOW KIAN CHAI

Chairman, Board Sustainability and Risk Committee

TERMS OF REFERENCE

The Terms of Reference (TOR) of the BSRC sets out the authority, duties and responsibilities of the BSRC. The TOR was revised on 27 February 2024 mainly to reflect the added purview on sustainability.

The TOR of the BSRC is accessible on the PGB's corporate website at www.petronas.com/pgb.

COMPOSITION

The BSRC consists of four (4) members who are all Independent Non-Executive Directors (INED). They possess sound judgement, objectivity, independent attitude, management experience, professionalism, integrity and knowledge on the industry. None of the BSRC members has appointed alternate directors.

As at the date of this report, the composition of the BSRC is as follows:



DATUK YEOW KIAN CHAI

Chairman

(Independent Non-Executive Director)

Date of appointment: 25 May 2021

Tenure: 2 year 9 months



FARINA FARIKHULLAH KHAN

Member

(Senior Independent Non-Executive Director)

Date of appointment: 25 May 2021

Tenure: 2 year 9 months



DATUK MARK VICTOR ROZARIO

Member

(Independent Non-Executive Director)

Date of appointment: 1 Jun 2021

Tenure: 2 year 9 months



SUJIT SINGH PARHAR S/O SUKHDEV SINGH

Member

(Independent Non-Executive Director)

Date of appointment: 22 November 2021

Tenure: 2 years 3 months

The profiles of the BSRC members are disclosed on pages 8 to 11 of the Governance and Financial Report 2023 and pages 108 to 111 of the Integrated Report 2023.

BOARD SUSTAINABILITY AND RISK COMMITTEE REPORT

MEETINGS AND ATTENDANCE DURING THE FINANCIAL YEAR

The BSRC meetings for the year under review were scheduled in November 2022 to allow the members to plan ahead and incorporate the BSRC meetings into their respective schedules. This also serves to provide the members ample notice of the meetings.

The BSRC meetings were scheduled once every quarter with additional meetings convened as and when necessary. During the year under review, the BSRC met eight (8) times in discharging its duties and functions as a committee of the Board. The record of attendance of the BSRC members is available on page 32 of this Governance and Financial Report 2023.

To facilitate deliberation of risk issues, the Managing Director/ Chief Executive Officer (MD/CEO), Chief Financial Officer (CFO) and Head of Risk Management Department (RMD) attended the BSRC meetings and provided the BSRC their inputs, advice, relevant information and clarification on relevant items on the agenda. The Company Secretary acts as a secretary to the BSRC.

The Head of RMD presented the risk management reports including updates on risk monitoring and the corporate risk profile to the BSRC. As and when required, relevant members of the Leadership Teams were invited to apprise the BSRC on specific issues arising from the strategic or high business impact proposals.

The agenda and meeting papers encompassing qualitative and quantitative information relevant to the business of the meetings were distributed to the BSRC members via a secured collaborative software, not less than five (5) days from the date of each meeting. Not only does this software ease the process of distribution of meeting papers and minimise leakage of sensitive information, it also enables the BSRC member to have access to the proposal papers electronically.

Matters deliberated at the BSRC meetings included the review of the PGB's risk appetite, enterprise risk report, strengthening risk culture in PGB, enterprise risk profile, matters relating to risk management as well as business propositions which required the BSRC's review and guidance on the risk aspects and aligning to the Environmental, Social and Governance, Compliance and Sustainability Agenda of PGB thereof.

All proceedings of the BSRC meetings were duly recorded in the minutes of each meeting and the signed minutes of each BSRC meeting are properly kept by the Secretary. Minutes of the BSRC meeting were tabled for confirmation at the following BSRC meeting, after which they were presented to the Board for notation.

SUMMARY OF ACTIVITIES OF THE BSRC DURING THE FINANCIAL YEAR 2023

During the year under review, the BSRC carried out the following activities in discharging its functions and duties:

1. ENTERPRISE RISK PROFILE

Reviewed and endorsed the Enterprise Risk Profile (ERP) for the Board's approval. The ERP established will ensure effective implementation of risk management and will be reviewed annually.

During the year under review, the BSRC endorsed seven (7) principal risks to the Board, out of which 3 were rated high for FY2023.

2. RISK APPETITE

The BSRC reviewed any breach of risk appetite thresholds on quarterly basis, for specific action to ensure risks undertaken in pursuit of strategic and business objectives were consistently within the approved levels. Subsequently, BSRC deliberated and endorsed the development of risk appetite and its thresholds for year 2023 monitoring.

3. RISK MONITORING

Reviewed and endorsed the adequacy and effectiveness of the risk management practices through monitoring of the Key Risk Indicators (KRIs) and mitigations implementation as updated in the quarterly Enterprise Risk Reports (ERR).

4. RISK ASSESSMENT FOR DECISION MAKING

Reviewed various business propositions and deliberated on key risks and mitigation of the proposals. The business propositions reviewed include:

-  Commercial transactions with high complexity and exposure
-  Key capital projects and new partnerships
-  New business ventures and/or special projects
-  Business expansions and/or new business models

BOARD SUSTAINABILITY AND RISK COMMITTEE REPORT

5. SUSTAINABILITY

Having understood the current state of the Company’s Sustainability, the BSRC had discussion with Management in providing guidance anchored at determining PGB’s long term sustainability strategy and agenda as well as implementing the initiatives outlined in the PGB Sustainability Blueprint.

6. HIGH IMPACT BUSINESS MATTERS

Reviewed and deliberated on the risks related to strategic and high impact business matters such as projects’ Final Investment Decisions, status project updates and strategic partnership to assess the feasibility and commerciality of these projects and investments.

7. GOVERNANCE

Reviewed the governance structure in ensuring it align with PGB’s business strategy.

The BSRC reviewed on PGB Corporate Governance practices and adoption of the Malaysian Code on Corporate Governance 2021 (MCCG 2021). The BSRC noted that PGB is already practising some exemplary practices as recommended in the MCCG 2021. The BSRC plays a vital role in reviewing the adequacy and effectiveness of risk management processes for PGB. In this regard, the BSRC reviews and challenges the ERR focusing on the status of KRIs and risk mitigation implementation in ensuring effective management of risk.

ANNUAL REPORTING

The BSRC reviewed the BSRC Report and Statement on Risk Management and Internal Control (SORMIC) for the financial year ended 31 December 2023 to ensure that they were prepared in compliance with the requirements and guidelines of the MMLR of Bursa Malaysia.

BSRC EFFECTIVENESS REVIEW AND PERFORMANCE

During the year under review, the Board assessed the performance of the BSRC through an annual Board Effectiveness Evaluation (BEE). The Board agreed that the BSRC is well structured and represented, with an appropriate mix of skills, expertise and experience, contributing to the overall effectiveness of the decision-making process for the Company and the Group. PGB Board is satisfied that the BSRC has effectively discharged its functions, duties and responsibilities in accordance with the BSRC TOR.

DATUK YEOW KIAN CHAI

Chairman
Board Sustainability and Risk Committee

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

This statement is made pursuant to Paragraph 15.26 (b) of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia) where the Board of Directors of public listed companies are required to publish a statement about the state of the risk management and internal controls of the listed issuer as a group.

The Board is committed to maintain and continuously improve PETRONAS Gas Berhad and its subsidiaries (Group)’s system of risk management as well as internal controls and is pleased to provide the following statement which outlines the nature and scope of risk management and internal controls of the Group during the year under review.

As internal control is an integral part of the Group’s risk and control continuum to achieve the Group’s objectives, the Group adopts PETRONAS’ shared values of loyalty, integrity, professionalism and cohesiveness which set the tone for a sound system of risk management and internal controls.

BOARD’S ACCOUNTABILITY

The Board acknowledges the importance of a sound risk management system and internal control practices for good corporate governance with the objective of safeguarding shareholders’ investments and the Group’s assets. The Board affirms its overall responsibility for the Group’s system of risk management and internal controls and has undertaken a review of the adequacy and effectiveness of those systems and compliance with relevant laws and regulations.

In view of the limitations that are inherent in any system of internal controls, this system is designed to manage the risk to as low as reasonably practicable in achieving the corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or losses or the occurrence of unforeseeable circumstances.

The Group has in place an ongoing process for identifying, evaluating, monitoring and managing all significant risks faced by the Group and its achievement of objectives and strategies for the year under review. This process is regularly reviewed by the Board in accordance with the Statement on Risk Management and Internal Control pursuant to Paragraph 15.26 (b) of the MMLR of Bursa Malaysia.

RISK MANAGEMENT PRACTICES

Risk Management is regarded by the Board to be an integral part of the Group’s organisational processes, with the objective of maintaining a sound system and ensuring its continuing adequacy and integrity. Risk Management is firmly embedded in the Group’s management system. The Group’s Risk Management Policy is to adopt an effective and progressive Enterprise Risk Management (ERM) system to identify, evaluate and monitor the risks faced by the Group and to take specific measures to mitigate these risks.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

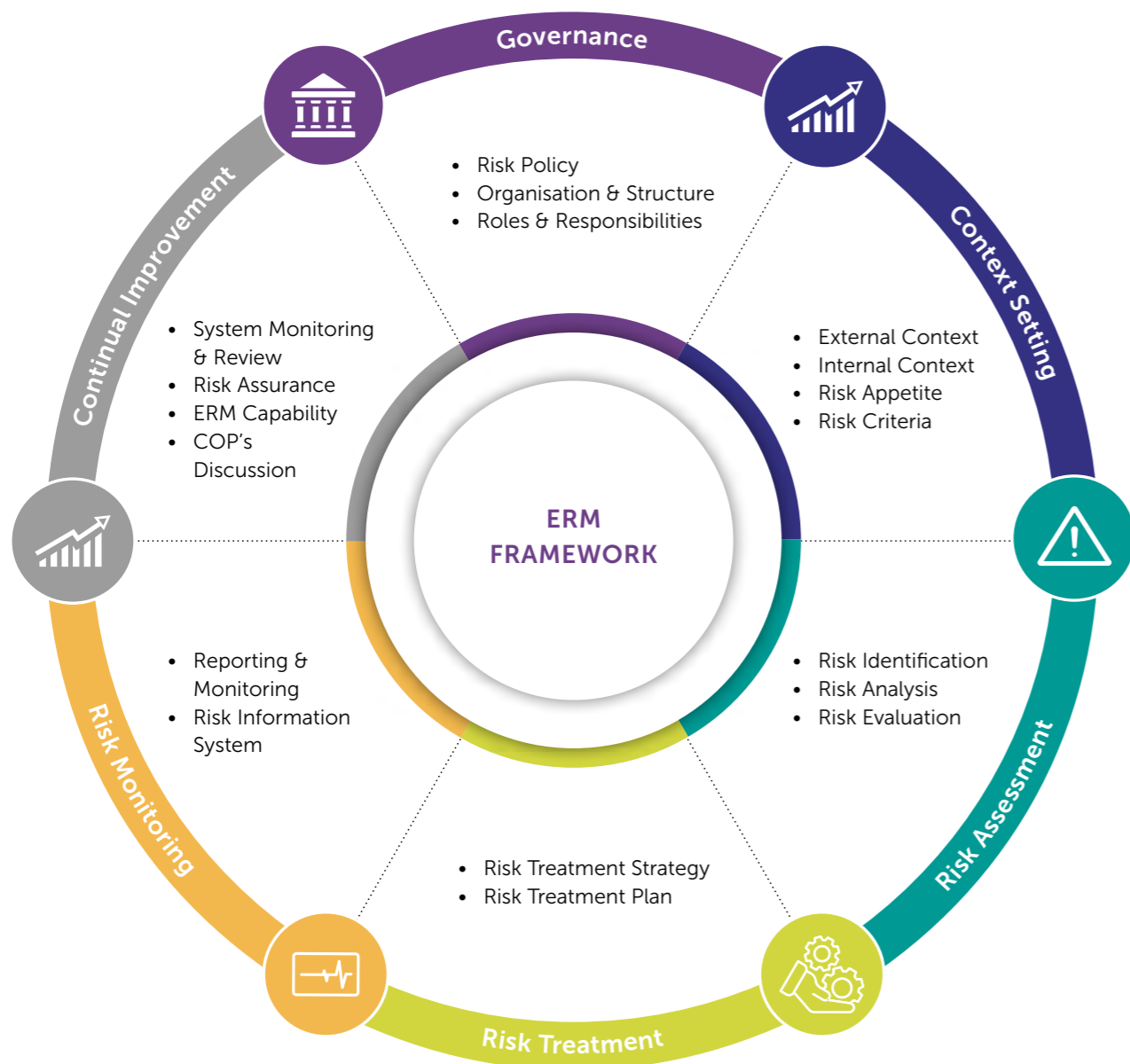
RISK MANAGEMENT FRAMEWORK

Our Risk Management Framework adheres to the PETRONAS Resiliency Model (PRM), which focuses on the three areas namely Enterprise Risk Management (ERM), Crisis Management (CM) and Business Continuity Management (BCM) in strengthening the current practices and placing greater emphasis on risk management implementation and business continuity practices.

ENTERPRISE RISK MANAGEMENT

a) Enterprise Risk

The Group's Enterprise Risk Management (ERM) adheres to the PETRONAS ERM Framework which adopts ISO 31000:2009 Risk Management requirements. The ERM Framework provides a standard and consistent approach in implementing ERM in the Group. There are six key requirements of ERM under the Framework:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

The Group's Risk Policy communicates the Board's and Management's expectations on risk management implementation and business continuity practices.

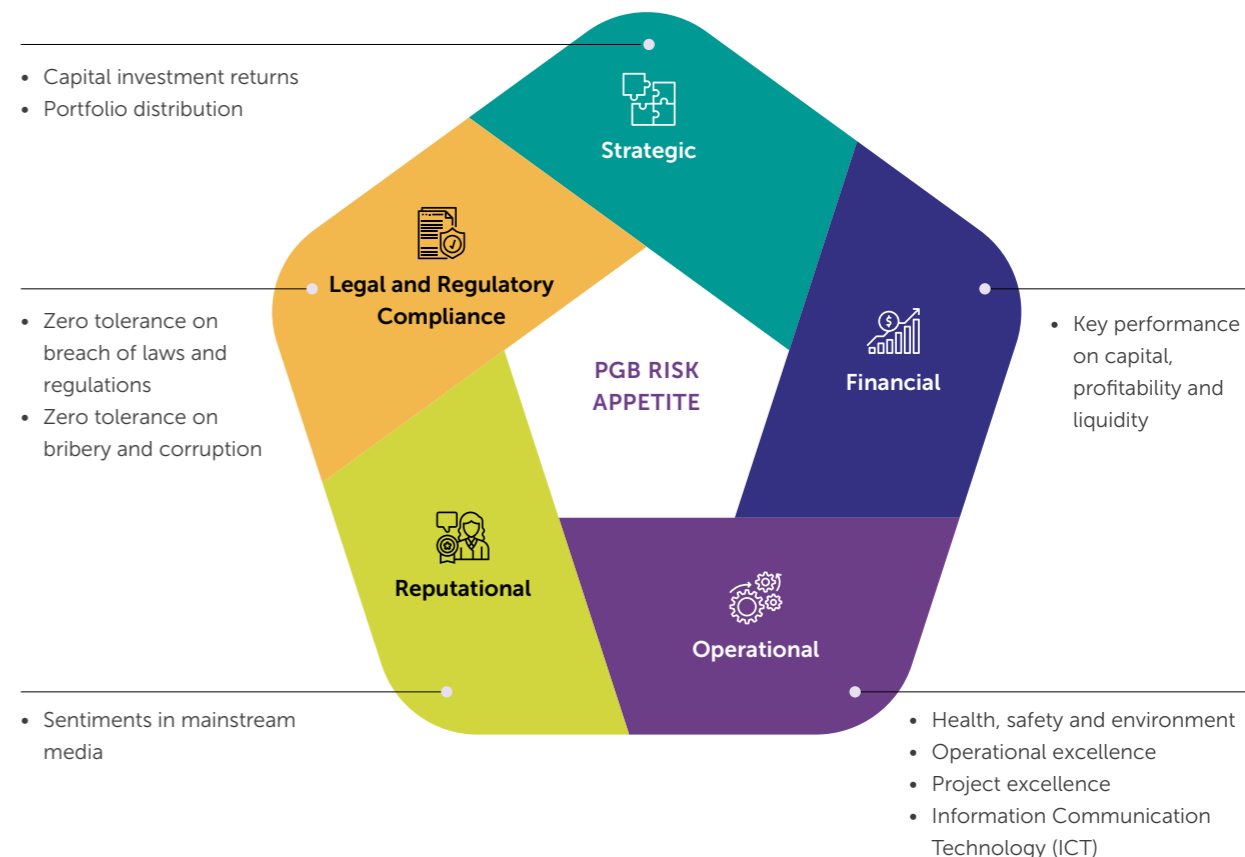
PGB is committed to become a risk resilient organisation. PGB shall continuously strive to implement:

Risk management best practices to protect and create value within the set boundaries.

Risk based decision making by providing a balanced and holistic view of exposures to achieve business objectives.

Managing risk is everyone's responsibility.

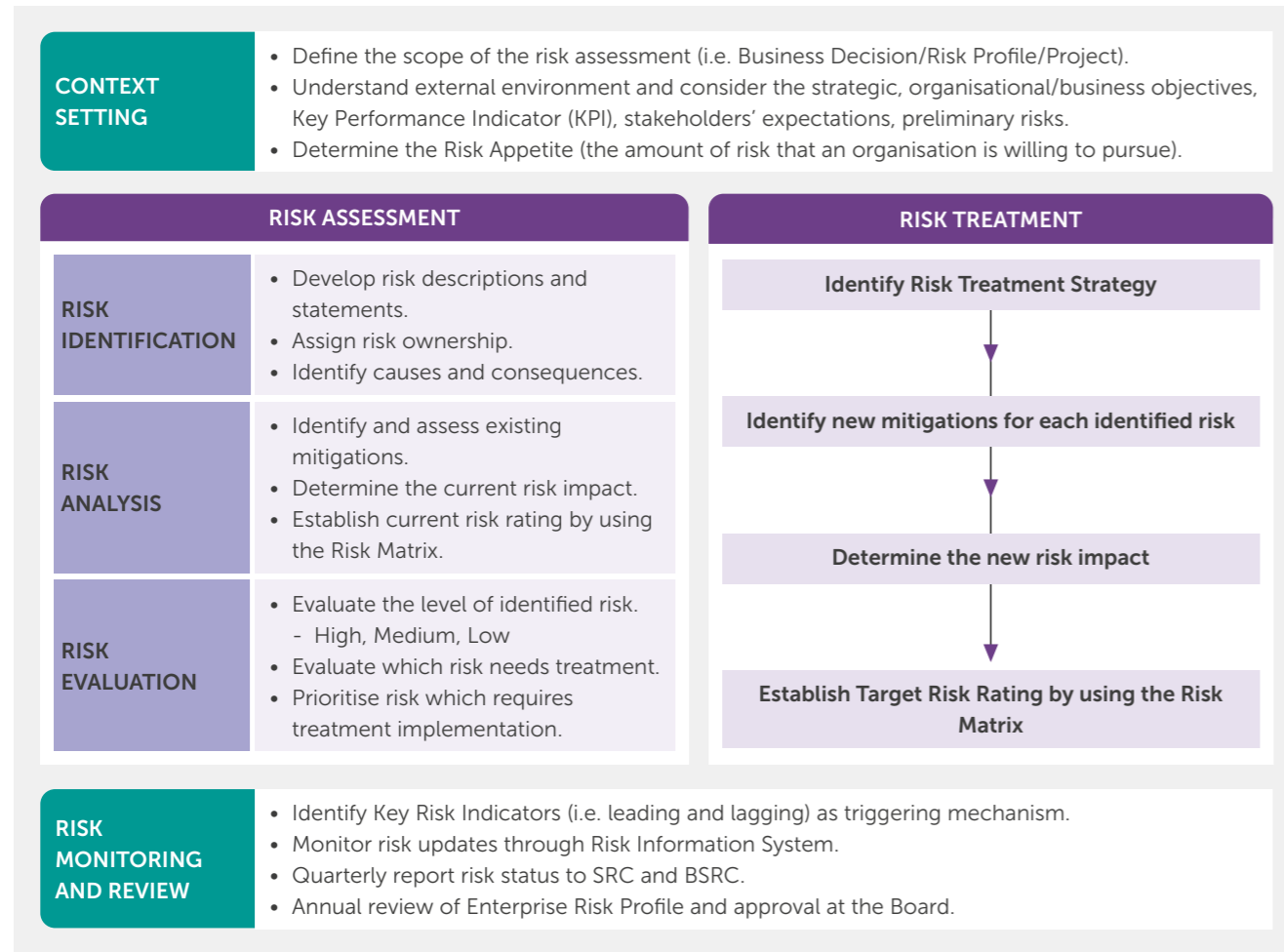
In addition, the Group's risk appetite level is being deliberated and agreed upon to further enhance clarity on the risks that the Group is willing to pursue or retain. The risk appetite which being reviewed annually, takes into account relevant parameters as well as business strategies and performance expectations.



Enterprise Risk Profiling and Assessment follows a process which ensures a consistent approach in assessing and analysing risks faced by the Group, guided by its approved strategies and plan. Risks are reviewed annually with involvement from Management and Subject Matter Experts (SMEs) from divisions and departments across the Group with discussions focused on risks which could potentially impede the Group from meeting its objectives.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

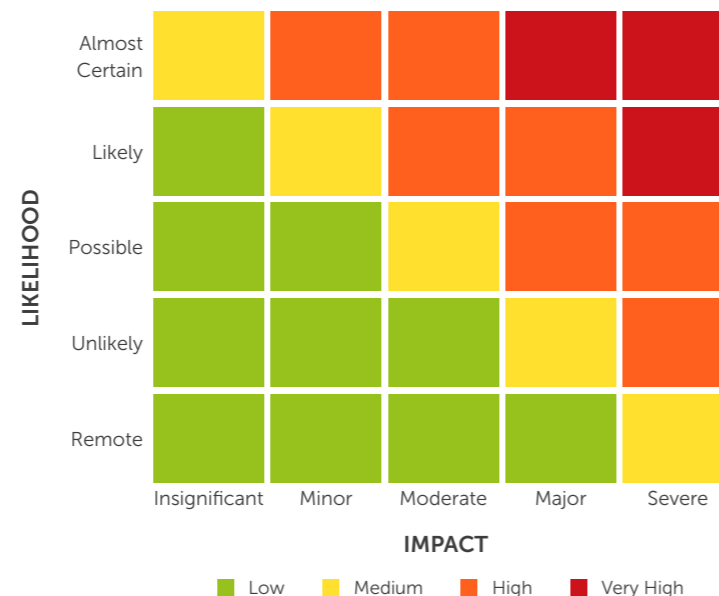
The following structured process within the ERM Framework was adopted:



Our Risk Matrix

As part of ERM, each risk is mapped based on a matrix which specifies the likelihood and impact of the risk. The likelihood and impact of these risks are assessed and evaluated against PGB's risk appetite and tolerance level. Likelihood rating states the probability of the risk to happen, while impact rating specifies the extent of its impact if the risk occurs. Both measurements can be expressed qualitatively or quantitatively.

Key Risk Indicators (KRIs) and mitigation actions have also been identified and implemented accordingly. Key risk indicators are identified to facilitate monitoring of the risks and provide an early warning signal on recognised risks. The key risks and mitigation actions are monitored and reported to SRC and BSRC for deliberation and guidance on a quarterly basis.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

Prior to risk profiling and assessment activities, various inputs are analysed in setting the context of the assessment, which includes both internal and external factors that may impact the Group's businesses and operations. Internally, key considerations include recent Health, Safety, Security and Environment (HSSE) performance or audit findings, operational performance as well as project related matters. From the external perspective, recent changes in regulatory or statutory requirements as well as shifts in industry outlook and landscape are also considered and analysed as they may have a direct or indirect impact on the Group operations.

Each risk is mapped based on a matrix which specifies its likelihood (how likely is the risk to happen) and its impact (the extent of its impact if it did happen), analysed from both qualitative and quantitative perspectives. The matrix is adopted from the PETRONAS ERM Framework and adapted based on the Group's risk appetite and tolerance level. Depending on the risk treatment strategies adopted, mitigation plans are outlined to mitigate the risks to an acceptable level.

Key Risk Indicators (KRIs) are identified to facilitate monitoring of the risks which provide an early warning signal on potential emerging risks. Risk Owners, Risk Mitigation Owners and Risk Focal persons are assigned for each risk to ensure the risk mitigations developed are appropriately implemented, monitored and regularly reported.

RMD provides updates on the Group's ERM implementation to PGB SRC and subsequently, to PGB BSRC in the form of a quarterly Enterprise Risk Report (ERR). The report covers the risk profile and status of risk mitigation implementation, KRIs as well as risk management framework implementation and risk initiatives.

During the year, an annual review of the Enterprise Risk Profile was conducted throughout the Group (including at subsidiaries and JV companies) where key issues and risks were deliberated at length based on the latest context considering internal and external factors, focusing on the key risks. Mitigations were identified for each of the key risks and aligned with the Group's focus in driving its business plans and strategies to achieve its aspirations as set out in PGB Material Matters in Integrated Report 2023.

Both Regas Terminal Sungai Udang Sdn. Bhd. and Pengerang LNG (Two) Sdn. Bhd., which are operating subsidiaries within the Group are also prescribe to the PRM framework and practices. Guidance was provided to Kimanis Power Sdn Bhd and Pengerang Gas Solutions Sdn Bhd, both joint venture companies, on the practice of PGB Risk Policy and PRM.

Risk Assessment in Decision Making (RADM) was also conducted on new business ventures and strategies, as it is a key component to facilitate informed decision making

at Steering Committees, Leadership Team, BSRC and Board where more than 90 risk assessments were completed, facilitated by RMD in 2023.

b) Plant and Facilities Risk

The respective Plant Leadership Teams (PLT) are responsible in ensuring adequate and effective Plant and Facilities Risk Management (PFRM) at the Divisions. The Group manages its operational risks via PFRM. Under PFRM, risks relevant to operations at the divisions were assessed, monitored and reported to the respective Business Divisions' PLT. As per the Enterprise Risk, the risks were rated based on its probability and impact to the divisions' operations. Appropriate mitigation plans are put in place for every key risk.

During the year under review, the plant and facilities risk review was conducted for both Gas Processing and Utilities (GPU) Division, and Gas Transmission and Regasification (GTR) Division. The respective divisions' risk profiles were deliberated, updated and approved at Division's PLT. Subsequently, the risks were monitored with mitigation actions tracked and periodically reported to the respective PLTs.

c) Project Risk

In accordance with PGB Project Strategic Direction, it is imperative to ensure efficient project delivery from inception to completion, while prioritising adherence to cost and schedule, as well as maintaining the highest standards of HSE and safeguarding our reputation. To uphold these standards, dedicated project steering committees have been established to closely monitor and ensure the effective execution of projects and services as per Plant Change Execution Agreement (PCEA), Technical Service Agreement (TSA), and Service Agreement (SA). Additionally, Project Development Department and Project Directorate Department has been operationalised during the year under review, to further enhance the effectiveness of project delivery, particularly in PGB growth projects.

Status updates on project risk mitigations are included as part of the monthly project progress report to the relevant committees such as PGB Leadership Team (PGB LT), respective Divisions' PLT and the relevant Project Steering Committee (PSCs) for proper monitoring. With current and potential new projects from growth initiatives, close monitoring is key to meet the project delivery targets.

PGB Investment Steering Committee (ISC), act as a sounding board to the Leadership Team in managing capital investments related to growth and strategy. The PGB ISC provides strategic direction for potential business opportunities, project, and initiatives for strategic, growth purpose and annual portfolio review.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

d) Contractor Risk

Procurement functions are undertaken by Group Procurement (GP) of PETRONAS to benefit from cost and process efficiencies, improved line of sight as well as clarity in accountability whilst having direct access to a larger pool of expertise and resources in GP. Correspondingly, tendering exercises are facilitated by GP in accordance with PETRONAS Group tendering and contract procedures and guidelines.

The Contractor Risk Assessment (CoRA) process is an integral part of the contractor's selection process which is being applied prior to awarding the contract. Upon award of the contract, the results of CoRA together with its mitigation plans are implemented, monitored, and resolved by the relevant teams involved in the project.

e) Finance Risk

The Group has adopted the PETRONAS Financial Policy in 2021. The policy sets the overarching philosophy on commitment towards becoming financially resilient, and to ensure efficient capital and liquidity management amidst challenging and volatile business landscape, in addition to providing a consistent framework in which financial risk exposures are identified and strategies developed to mitigate such risks.

The Group has further established the PETRONAS Financial Standard which serves as the supporting framework and guidelines to manage its finance risk exposures that include counterparty risk, liquidity risk, foreign exchange risk and interest rate risk. These guidelines will align the Group's practices with PETRONAS' policies and guidelines.

The Group's foreign currency management policy is in place to minimise economic and significant transactional exposure arising from currency movements. For major capital projects, the Group and the Company perform assessment of potential foreign currency risk exposure at the investment decision phase to determine the appropriate foreign currency risk management strategy. Residual net positions are actively managed and monitored against prescribed policies and control procedures. When deemed necessary and appropriate, the Group will enter into derivative financial instruments to hedge and minimise their exposure to the foreign currency movements.

f) Credit Risk

PGB Credit Guidelines is in place to facilitate the management of credit risk exposures which applies the Credit Risk Management processes based on PETRONAS Credit Risk Rating methodology. The customers are assessed using the PETRONAS Credit Risk Rating System (PCRRS) to ensure alignment with the credit assessment process adopted by the PETRONAS Group. The system evaluates the creditworthiness and assigns credit risk ratings to all of

the Company's customers. Credit assessment facilitates the decision to assign applicable credit limit to customers as exposure control.

Trade and non-trade receivables ageing are also deliberated monthly at the PGB LT, where overdue balances, if any, are highlighted and actions to be taken agreed.

To further strengthen the management of credit risk, PGB Credit Risk Management Committee provides oversight on credit risk management practices in compliance with PETRONAS Financial Policy.

g) Third Party Risk

Third Party Risk Management (TPRM) is adopted to instil business discipline of having a robust due diligence process in order to safeguard PGB Group from any corporate liability arising from misconduct of our third parties in the 5 critical areas of laws i.e. Sanctions, Export Control, Competition, Data Privacy and Ethics & Integrity. TPRM outlines the due diligence screening using the recommended tools including KYC Self-Declaration Questionnaire and Online Screening System.

h) Health, Safety, Security and Environment (HSSE) Risk

The Group leverages on the PETRONAS Health, Safety and Environment Management System (HSEMS) to manage HSSE risks and ensure that operations are in compliance with the HSSE regulatory requirements. The HSEMS ensures that HSSE risks within the business are managed effectively. In addition, the Group subscribes to PETRONAS HSSE Mandatory Control Framework to strengthen HSSE governance within the Group through clear HSSE requirements.

Major risks in HSSE are identified with its mitigation actions monitored through Hazards and Effects Management Process (HEMP), Plant Facilities Risk Management (PFRM) and Enterprise Risk Management (ERM). Amongst the focus areas for the year under review is HSSE compliance improvement via digitalisation, enhancing functional assurance effectiveness, continue generative HSSE culture journey and safe execution of projects by performing consistent assurance. Let's Comply & Intervene programme (Jom Patuh & Tegur) is also being conducted to instil proactive hazard identification and rectification at site to inculcate a pervasive behavioural safety culture.

The Group has established multiple platforms to conduct periodic management review on HSSE risks and changes are managed through structured Management of Change (MOC) that are triggered from past incidents and plant modifications activities. HSSE performance and reporting is a fixed agenda in the monthly PGB Leadership Team Meeting. Similar HSSE Leadership Team (HSSELT) Committee meetings are held at the business and division level, facilities and projects which are chaired by respective Management personnel.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

The Group has also put in place a series of assurance programmes to review and verify the effectiveness of the HSEMS and HSSE risk mitigations on its facilities. The HSSE assurance programme adheres to the requirement of PETRONAS HSEMS, Mandatory Control Framework, PETRONAS Technical Standards, as well as international standards such as ISO 14001 for Environmental Management System, OHSAS 18001 and MS 1722 for Occupational Health and Safety Management System. The Group is committed to continue with its rigorous HSSE assurance programmes in ensuring the effectiveness of its HSEMS implementation.

i) Corporate Liability

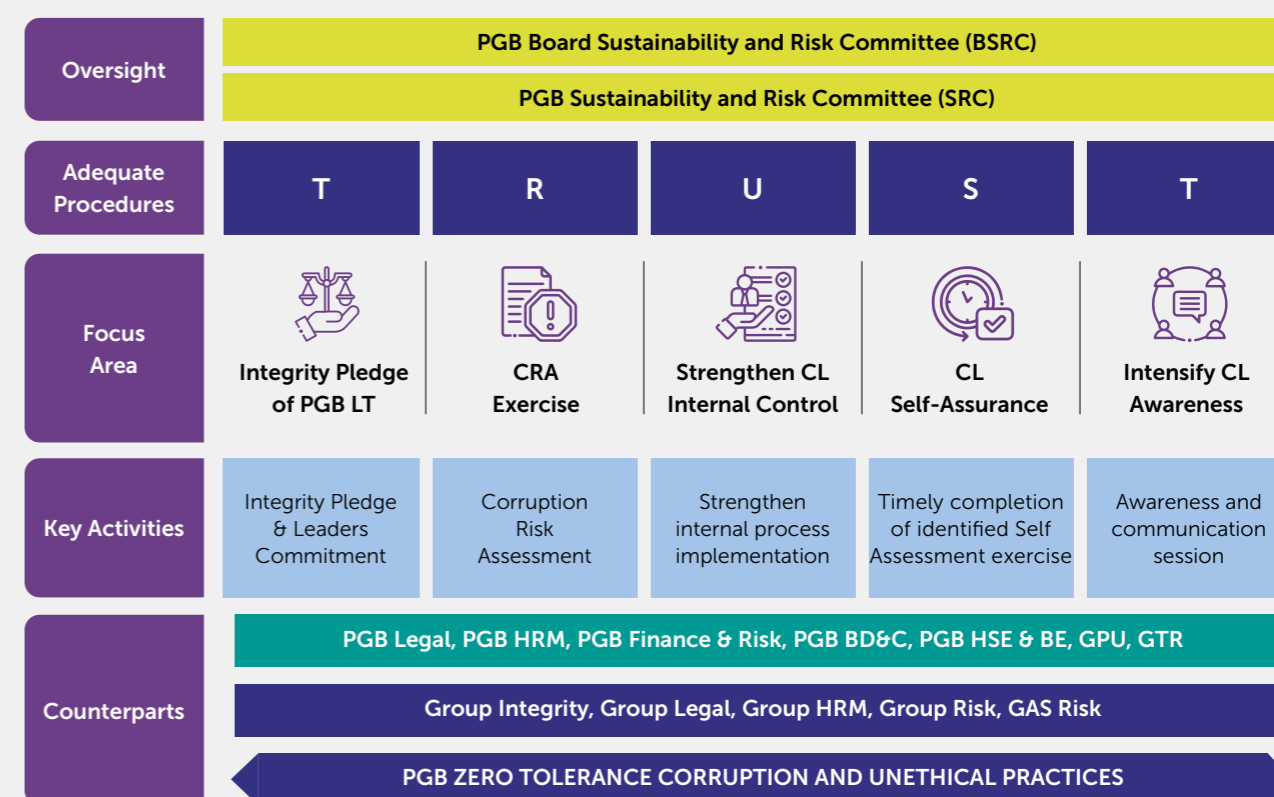
Similar to other organisations, PGB is exposed to corporate liability under Section 17A of Malaysian Anti-Corruption Commission Act (2009) which penalises commercial organisations for failure to prevent bribery and corruption, effective from 1 June 2020. The sole defence available to protect the commercial organisation is through the implementation of Prime Minister's Office (PMO)'s Guidelines on Adequate Procedures.

PROCEDURES BASED ON 5 PRINCIPLES KNOWN AS TRUST



In view of this, PGB Integrity Framework and PGB Corporate Liability Programme plan have been developed. PGB Corporate Liability Programme is being monitored and reported by the PGB Integrity Focal Person (IFP) to PGB LT and PETRONAS Group Integrity on a periodical basis to ensure the Group is protected from liability under Section 17A of MACC Act (2009). During the period under review, PGB conducted a comprehensive review on its Corruption Risk Assessment (CRA), with the identified mitigations being systematically captured and monitored on a periodic basis.

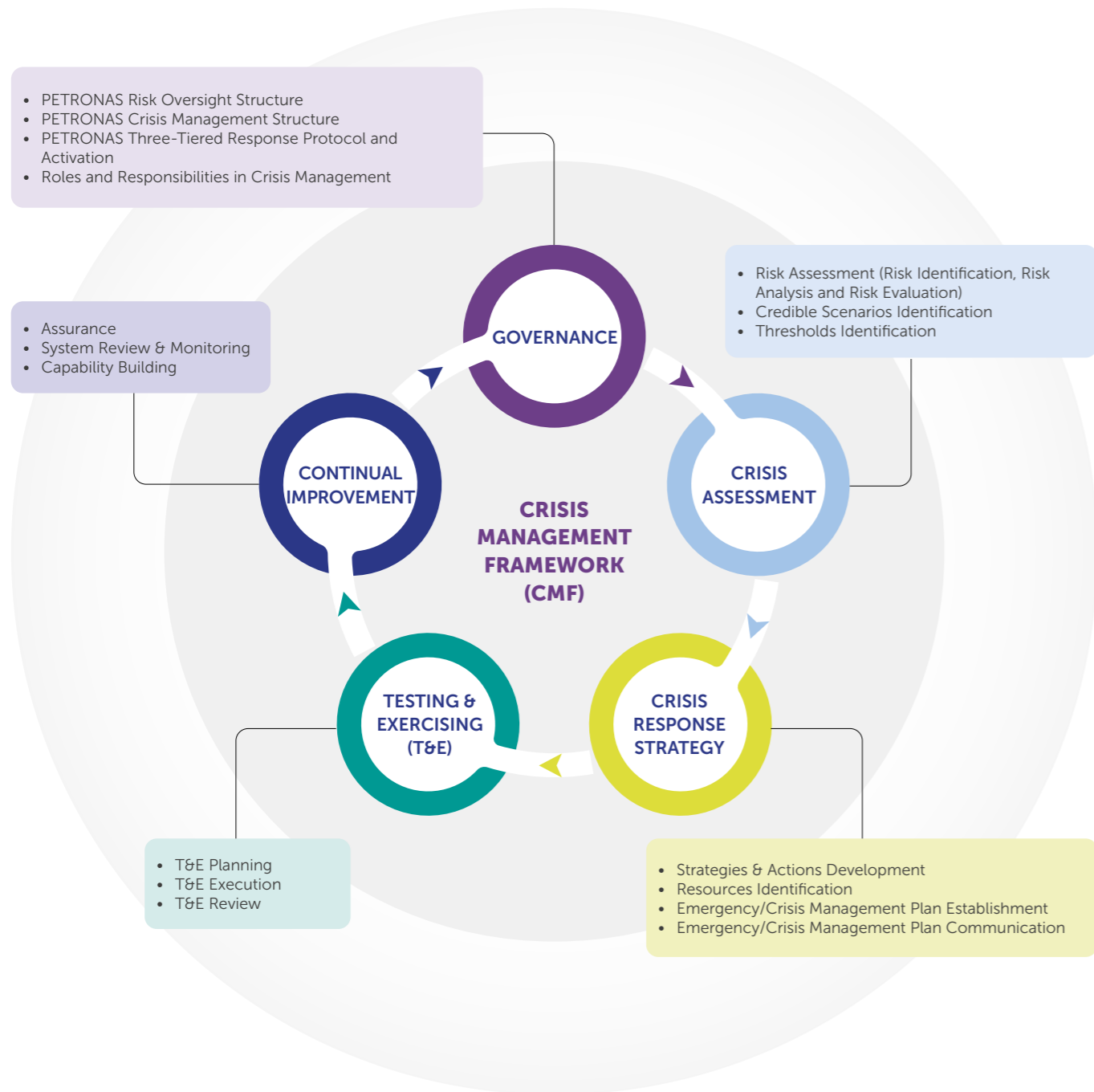
PGB INTEGRITY FRAMEWORK



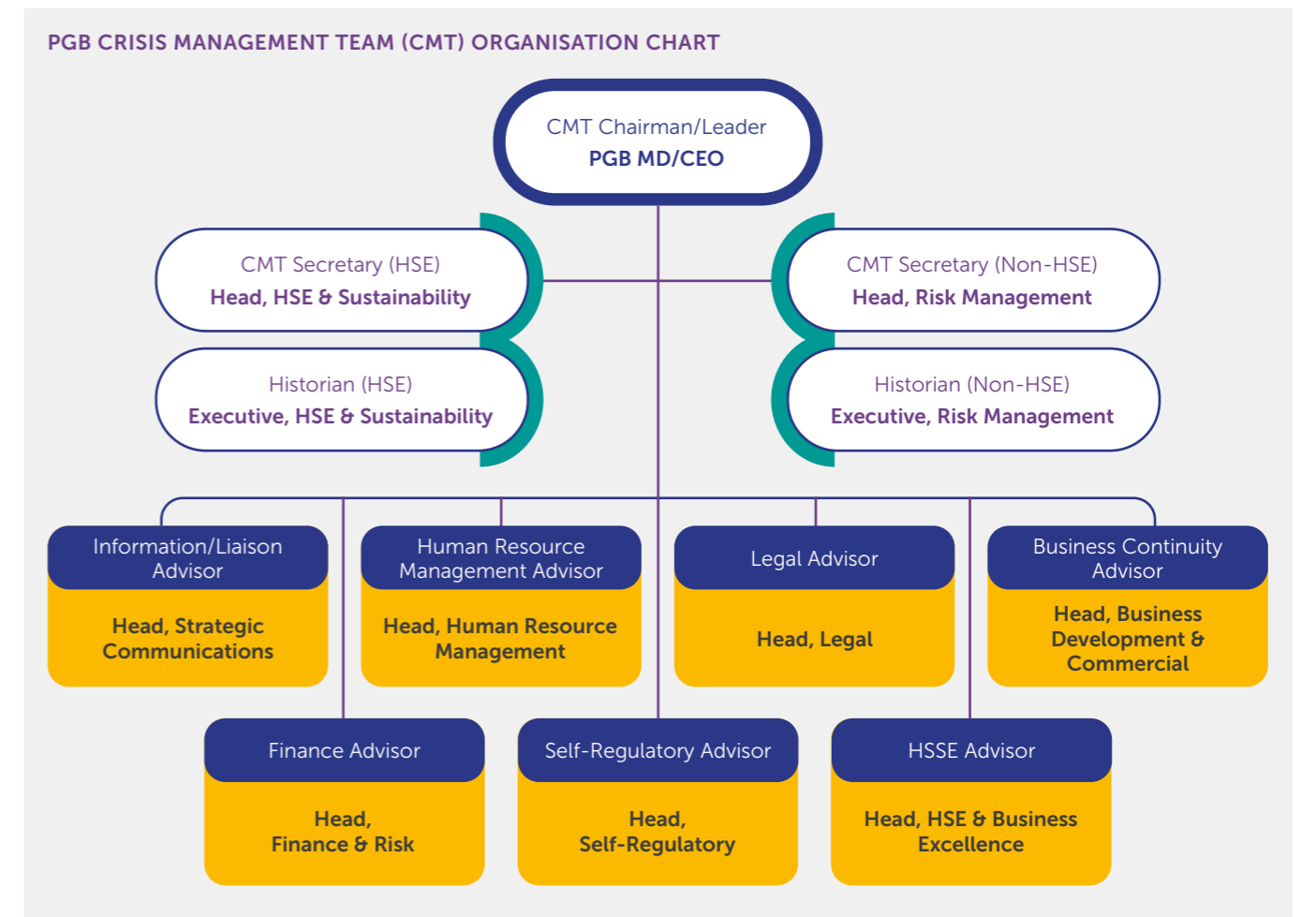
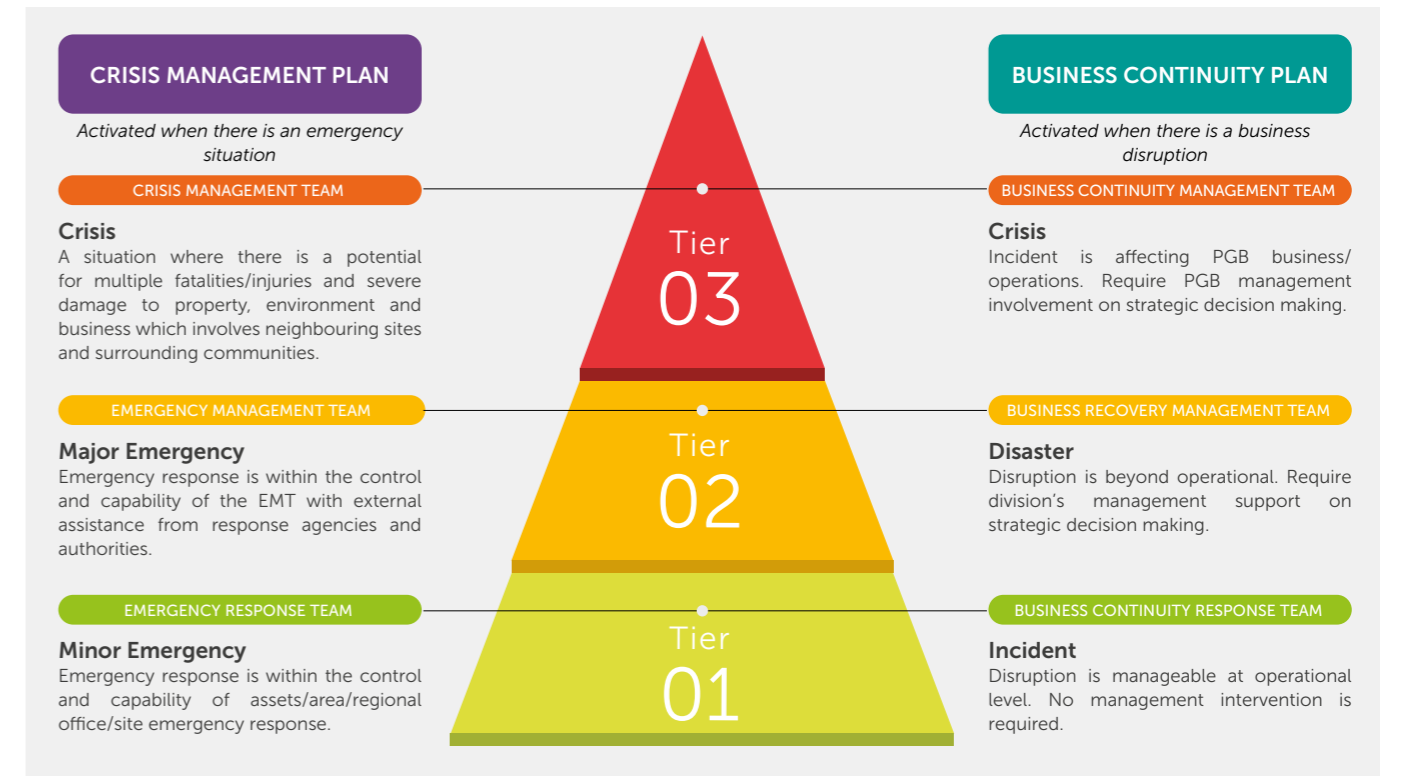
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

CRISIS MANAGEMENT

The Group crisis management framework and practices are in adherence to the PETRONAS Crisis Management framework which provides the foundation for consistent and effective crisis response. The Group has in place contingency planning that defines the structure and processes for managing emergencies and crisis at operational and company level. There is a three-tier response system in place as outlined based on severity of the crisis which provides clear demarcation of response control and required capability of emergency or crisis team members in order to protect and save people, environment, asset and reputation. In the event of business disruptions during crisis events, Business Continuity Plan (BCP) will be activated to ensure business continuity.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS



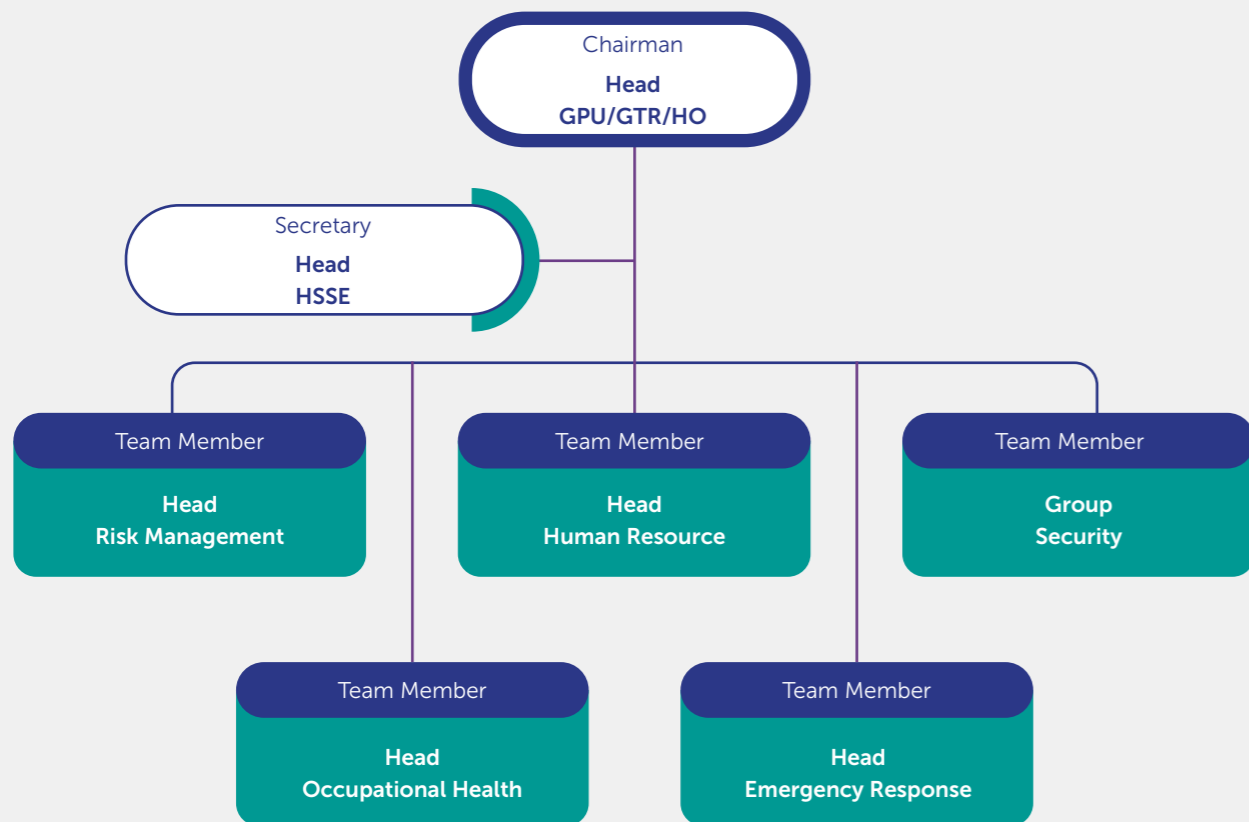
STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

As part of Crisis Management Plan (CMP), PGB Group has incorporated the non-HSE crisis scenario areas on top of the existing Health Safety and Environment (HSE) crisis scenario area, which includes security, finance, human resource management, legal and regulatory, plant and facilities, information communication technology and reputation. In addition, specific crisis action plans specifically for information communication technology and cybersecurity were also established.

PGB Pandemic Preparedness Response Guideline continues to be in place to:

- provide guidance to strategise preparedness and response to minimise the risk imposed by COVID-19 outbreak;
- align the action plans as stipulated by PETRONAS Pandemic Preparedness and Response Team (PPRT); and
- reduce the impact on the Company’s business activities whereby safeguarding its people, environment, assets and reputation.

PGB PPRT STRUCTURE

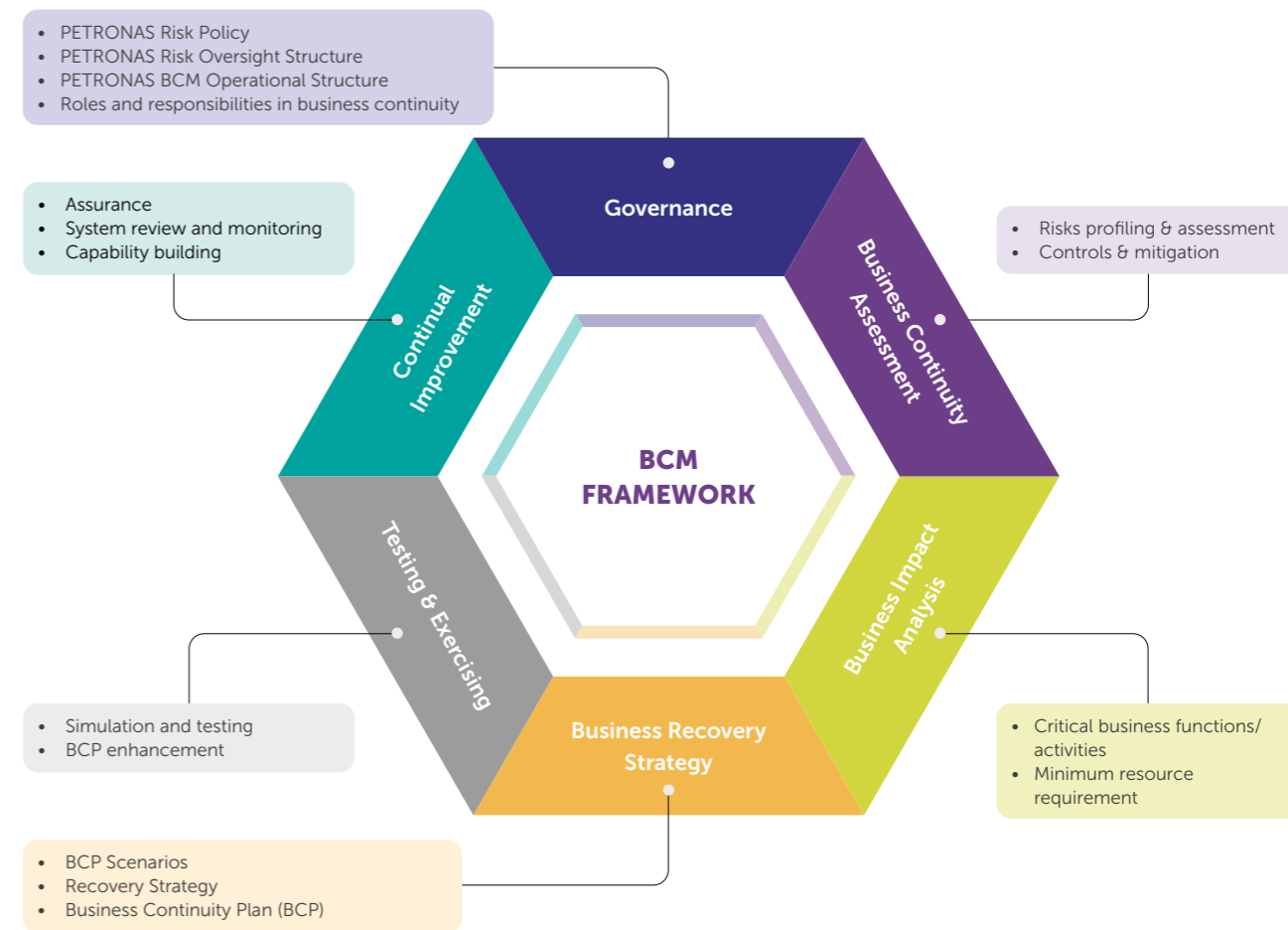


BUSINESS CONTINUITY MANAGEMENT

The Group practices structured Business Continuity Management (BCM) which involves various elements to ensure continuity of the Group’s operations and services in the event of disruptions or crises. RMD is entrusted with the responsibility of ensuring effective BCM governance and implementation in the Group. At operating divisions, there are focal persons assigned to drive the implementation of the framework and processes rolled out by RMD and ensure effective execution of BCM at the respective divisions.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

PGB BUSINESS CONTINUITY MANAGEMENT FRAMEWORK



Business Impact Analysis (BIA) prioritises the Group’s key business functions and spells out the timeframe to resume each function in the event of disruptions. It was periodically reviewed and updated with objective to identify criticality of business functions and determine resource requirements to be allocated for recovery and resumption.

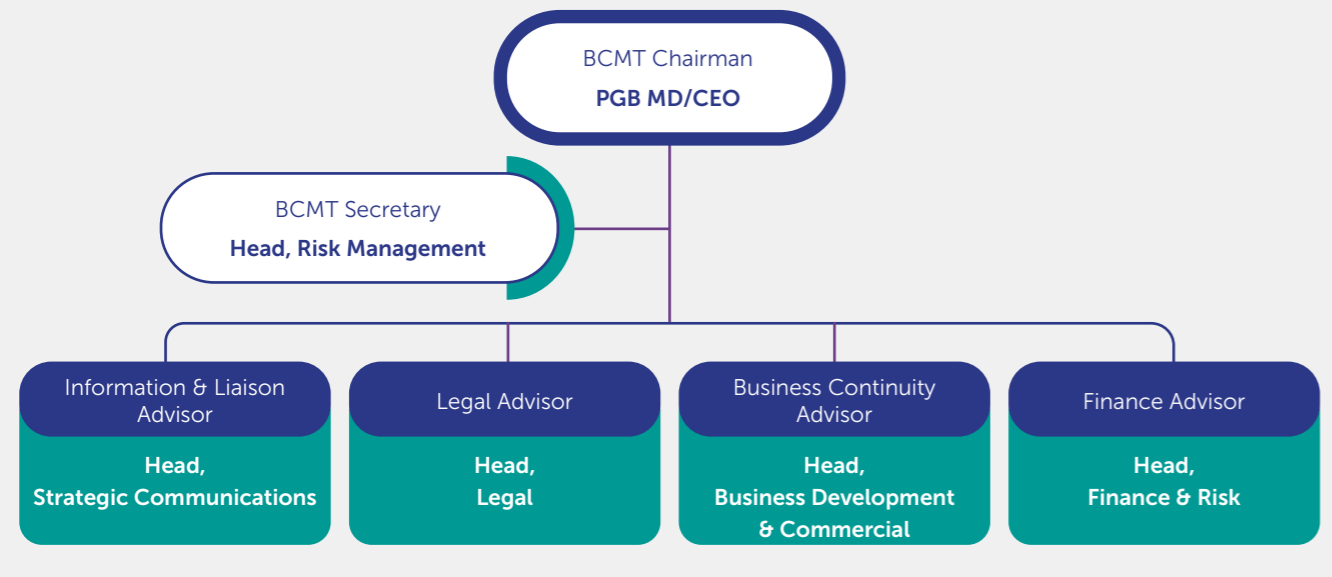
The Group has in place of Gas and Utilities supply Business Continuity Plan (BCP) which adopts a three-tiered approach in escalating response which will assist the Group in effectively responding and managing gas and utilities supply disruption. The Group has also formulated BCP in responding to the inaccessibility of PETRONAS Twin Towers where its Head Office operates, to resume its Head Office’s critical functions virtually.

RMD provides guidance and reference to ensure compliance to the Group’s BCM requirements including capability building whereby assurance and continuous awareness programmes are in place, as part of the overall BCM continual improvement.

During the year under review, the Group performed Emergency, Crisis and Business Continuity testing and exercises in October and November 2023 to ensure preparedness and readiness in facing business disruption, as well as to ascertain the effectiveness and robustness of response and recovery strategies. From the testing and exercise, findings and gaps were registered for further improvement.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

PGB BUSINESS CONTINUITY MANAGEMENT TEAM (BCMT) ORGANISATION CHART



INTERNAL AUDIT FUNCTION

The Board recognises that the internal audit function is an integral part of PGB’s corporate governance.

The internal audit function was undertaken by the PGB Internal Audit (IA) in providing independent, objective assurance and consulting activities on the Governance, Risk and Controls of PGB.

This practice is in line with the requirement of Bursa Malaysia, Malaysia Code of Corporate Governance (MCCG) and the International Professional Practice Framework (IPPF issued by the Institute of Internal Auditors).

In demonstrating independency, objectivity, impartiality, proficiency, and professional due care:

- PGB internal audit reports functionally to the BAC and reports administratively to the Managing Director/Chief Executive Officer of the Group;
- The internal audit processes and activities are guided by the approved Internal Audit Charter which outlined the purpose, authority, responsibilities and limitations of in-house internal audit function, and aligned with the IPPF.
- Reference is also made to the internal control framework issued by the Committee of Sponsoring Organisation (COSO) in evaluating the state of PGB’s internal control. COSO is an internationally recognised organisation providing guidance on internal control, enterprise risk management and governance. Based on the COSO Framework, all aspects of controls are given emphasis in order to ensure risk is well managed and mitigated.

During the year under review, PGB IA undertook the execution of 20 audit engagements which has included ad hoc assignments to accommodate emerging requirements. In addition to the audit engagements, 2 Analytical Assessments and 1 Continuous Auditing exercise were completed as part of the PGB IAs Digital Transformation and Journey.

PGB IA reviews the governance, risk management and internal controls of PGB key activities based on risk-based 3-Years Rolling Strategic Plan which was presented and approved by the BAC. The BAC reviews PGB IA audit reports which include opinions on the adequacy and effectiveness of PGB’s governance, risk management and internal controls, root cause and recommended corrective actions to be undertaken by the Management. The progress of PGB IA activities including the status of corrective action closure based on internal audit findings were reported to the BAC on a quarterly basis.

In 2023, PGB IA is staffed by 17 individuals with relevant experience and qualifications. PGB IA is headed by Anas Fadzilan with 15 years in PETRONAS and out of which 10 years were in Internal Audit.

The key activities of the internal audit function and audit competencies are set out in the BAC Report on page 50 of this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

OTHER SIGNIFICANT ELEMENTS OF INTERNAL CONTROL SYSTEM

The other significant elements of the Group’s internal control system are tabulated below.

a) Board

The Board meets at least once a quarter, in order to maintain its full and effective supervision on the overall governance of the Group. The MD/CEO leads the presentation of Board Papers and provides comprehensive explanations on pertinent issues. In arriving at any decisions, based on recommendations by the Management, thorough deliberation and discussion by the Board is a prerequisite. In addition, the Board is updated on the Group’s activities and its operations on a regular basis.

The Board reviews all significant issues arising from changes in the business environment, which may result in significant risks to the Group. The Chief Financial Officer (CFO), Head of HSE & Business Excellence, Head of Risk Management and Head of HSE & Sustainability provides the Board with the Group’s quarterly performance report.

Where areas for improvement in the system are identified, the Board will consider the views and recommendations made by the BAC, BSRC and Management.

b) Organisation Structure

An organisational structure which defines the formal lines of responsibility and delegation of authority is in place to assist in implementing the Group’s strategies and day-to-day business operations. A process of hierarchical reporting has been established and it provides the Company with a documented and auditable trail of accountability. The Company’s organisational structure is set out on page 21 of this Annual Report.

The Company’s Leadership Team (LT) serves as an advisory to PGB MD/CEO in accomplishing the vision, mission, strategies and objectives set for the Group. Additionally, the Gas Processing & Utilities and Gas Transmission & Regasification Division Plant Leadership Teams (PLTs) provide operational directions and manage operational matters at the respective divisions. Various functional committees have also been established across the Group to ensure the Group’s activities, major projects and operations are properly aligned towards achieving the organisation’s objectives and targets.

c) Limits of Authority

A documented Limits of Authority (LOA) with clear lines of accountability and responsibility serves as a tool of reference to identify the appropriate approving authority at various levels of management including matters that require the Board’s approval.

A full review of LOA is undertaken every five years and realignment of LOA is performed to cater for a change in the organisational structure to ensure effective decision making. During the year, the Company has completed full review and revised its LOA to align with current business structure and further enhance its internal controls. The new LOA of PGB was approved and subsequently implemented effective 1 September 2023.

d) Management System

The Group implements Operational Excellence Management System (OEMS) which serves as a one-stop-center for all systems and requirements, with a built-in self-assurance process. It incorporates best practices, continual improvement cycles and embeds mandatory requirements into day-to-day work practices which are translated into four levels of structured document (Policy, Requirements, Procedures and Records). The company leverages on internal governance processes that ensure disciplined execution at all levels by complying with the PETRONAS Assurance Standard. In addition to the documents and self-assurance, the Group is governed by PETRONAS Business Process Management (BPM) guidelines in the day-to-day operation work process to enhance business process efficiency and clarity on roles, responsibilities and competencies. The company evaluates the effectiveness of overall OEMS key areas through its annual Management System Review (MSR). A comprehensive MSR has been conducted for the year where areas of improvement and appropriate action items were identified.

e) Tendering and Procurement

All tendering exercises were deliberated at the respective Tender Committees of PETRONAS Group. Leveraging on the said Tender Committees, the level of responsibilities is in place to govern the tendering activities. Subsequent to the review by the relevant Tender Committees, the contracts will be subject to approval by the relevant approving authority who is independent from the Tender Committee. Tenders are called for and are awarded based on factors such as technical and financial capability, quality, HSSE, performance track record, schedule and cost.

f) Business Plan and Budget

Budgets are an important control mechanism used by the Group to ensure an optimum allocation of Group resources and the operational managers are sufficiently guided in making business decisions. The Group undertakes a comprehensive annual planning and budgeting exercise which includes the development of business plans for a five-year period and establishment of key performance indicators against which operating units and subsidiaries are evaluated. The plans and budget are deliberated and approved by the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

The Group's performances are monitored, analysed and reported internally on a monthly basis to the PGB LT. Additionally, the Group's quarterly performances are also presented to the BAC/Board with comparison to approved plans as well as against prior periods. Any mitigating measures are deliberated at PGB LT and BAC/Board respectively and executed where necessary.

Additional budget requirements are managed through budget transfer or supplementary budget, to be approved by the relevant approving authority in accordance to the Limits of Authority.

g) Financial Reporting Controls

The Group has adopted PETRONAS Financial Reporting Controls (FRC) Assurance in 2021 with the principal objective of enhancing the quality and integrity of the Group's financial reports through a structured process of ensuring the adequacy and effectiveness of key internal controls operating at various levels within the Group at all times. FRC requires among others, documentation of key controls, remediation of control gaps as well as regular testing of control operating effectiveness.

FRC Assurance adopts the three lines of assurance model as outlined in the PETRONAS Assurance Framework (PAF) whereby each line of assurance will be responsible and accountable for providing assurance and oversight on the effectiveness of Financial Reporting Controls to management and board.

FRC is supported by FRC Assurance Guideline which provides an overarching governing document that is intended to provide a standardised reference with structured and consistent approach in managing the assurance for financial reporting controls in PETRONAS Group.

The Group has embarked on an integrated assurance system as part of FRC assurance implementation.

On a semi-annual basis, each key process owner at various Management levels is required to complete self-assurance functional checklists and provide confirmation of compliance to key controls for the areas of the business for which they are accountable and a Letter of Assurance is submitted on an annual basis.

Subsequently, the MD/CEO and CFO provide overall assurance to the Board on the adequacy and effectiveness of key internal controls of the Group.

During the year under review, the Group also performed FRCs to the joint venture companies namely Kimanis Power Sdn. Bhd. and Pengerang Gas Solutions Sdn. Bhd..

h) Information and Communication Technology

The Group leverages on Information and Communication Technology (ICT) as the key enabler to efficiently gather key business information in providing useful insights to facilitate timely decision making and enhance productivity. Being part of PETRONAS Group, the Group adheres to PETRONAS Group Digital Policy and adopts PETRONAS Group Digital Strategy and roadmap. In addition, the Group also established internal control for Decision Support Package (DSP) and Value Creation Framework to govern both internal and groupwide implementation of ICT initiatives. Internal ICT audit and system reviews are conducted periodically to ensure compliance with PETRONAS Group policies and internal procedures.

CYBERSECURITY

As PGB transforms itself into a data driven organisation, cybersecurity threats may be amplified; hence it has been identified as one of the Group's principal risks adopting PETRONAS Enterprise Cyber Security Governance Framework (ECSGF) to provide the assurance that the existing infrastructure and applications are operated securely while its vulnerabilities are mitigated and remained as low as reasonably possible. There are guidelines as well in place for Operational Technology (OT) Cybersecurity design across the group, which is based on the ISO 27001 and IEC 62443 standards.

DATA PRIVACY

In addition, PGB also adopts the PETRONAS Data Privacy Policy that outlines the principles and guidelines for the collection, use, disclosure, and protection of personal data. The policy is based on the Malaysian Personal Data Protection Act 2010 (PDPA) and the European Union's General Data Protection Regulation (GDPR). The policy applies to all PGB employees and third-party service providers who handle personal data on behalf of the group. The policy requires that personal data is collected and processed in a fair and lawful manner, and that individuals are informed of the purpose of the collection and their rights regarding their personal data. The policy also requires that appropriate security measures are in place to protect personal data from unauthorised access, disclosure, or misuse.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

i) Related Party Transactions and Conflict of Interest

Guidelines and Procedures on Related Party Transactions (RPTs) and Conflict of Interest (COI) Situations (collectively, the Guideline) have been established within the Group to promote continuous awareness and provide consistent approach to all RPTs and Recurrent Related Party Transactions (RRPTs) or COI situations.

The Guideline requires the use of various processes to ensure that RPTs/RRPTs are conducted on arm's length basis, normal commercial terms, and are not to the detriment of the Group's minority shareholders. It aims to provide guidelines under which certain transactions and situations must be reviewed and endorsed by the various governing parties of the Group and/or disclosed to the regulators and governing bodies.

It also prescribes the processes required to identify, evaluate, approve, monitor and report RPTs/RRPTs as well as manage COI. Such processes include identification and screening of transactions, negotiation of transaction and approval/mandate mechanism, monitoring and reporting principles, and renewal or changes in the terms or termination of such dealings. In principle, the Guideline sets forth the following:

- If a Director or a related party has an interest in a transaction, he or she will abstain from any deliberation and decision making at the Board of PGB or subsidiaries (as the case may be) in respect of such transaction.
- On annual basis, all Directors and any related party of the Group will declare in written form, designed to elicit information about current/potential relationships and/or COI situations, involving their interest, either directly or indirectly, to the Company Secretary. They are also required to notify the Company Secretary at Board meetings of any interest in RPTs or COI situations when they are made known to them immediately.

COI may arise in a situation where:

- a) The Director has interest in a business that competes or is likely to compete, either directly or indirectly, with the business of PGB Group; or
- b) There is no competing interest in the business, but the Director derives or receives commission or fees by virtue of him providing consultancy or advisory services to the transacting party having business with PGB Group; or
- c) Where the Director conducts or has interest in business transactions involving goods or services, either directly or indirectly, with the PGB Group; or
- d) Where the Director provides or receive financial assistance from the PGB Group.

- As per the Guideline, RPTs/RRPTs will be reviewed by the BAC for the BAC's endorsement of the transaction. Such transactions are then approved by the relevant approving authority as prescribed in the Company's LOA. No endorsement from BAC is required if the approving authority is not at Board/Shareholders' level. However, such RRPT will be reported on quarterly basis to BAC. Furthermore, the Directors are required to abstain from deliberation and voting on relevant resolutions in which they have an interest at the Board or any general meeting convened.
- All transactions within PETRONAS Group shall be based on market, industry or negotiated pricing formulas and the terms are not more favourable to the related party than those generally applied to a third party, in order to ensure that the transactions are on an arm's length basis.
- Where possible, benchmarking is conducted on the prices of similar services/product available in the market.
- The Board has the overall responsibility to ensure compliance to the established Guidelines to approve and monitor RPTs/RRPTs and COI situations. The Board and/or BAC may also appoint individuals and committees to examine the RPTs/RRPTs, as deemed appropriate.
- Bursa Malaysia has granted PGB exemptions and various waivers from complying with the requirements of the MMLR of Bursa Malaysia from having to seek shareholders' mandate for RRPT with PETRONAS and their Group of Companies. The exemption essentially states that the exempted RRPTs must be transacted on an arm's length basis.
- A database is maintained to capture the list of related parties and RPTs/RRPTs which have been entered into.

During the year under review, the BAC is satisfied that all the RPTs/RRPTs were fairly concluded on prevailing market rate/prices, had been carried out at arm's length basis and normal commercial terms/conditions, applicable industry norms and not detrimental to the interests of PGB and its minority shareholders. There was no other COI situation that had arisen which required the assessment from the BAC.

j) Human Resource Policies and Procedures

The Group's Human Resource (HR) policies are aligned to the PETRONAS policies and procedures on all areas of human resources. This is to ensure that the Group practices best in class HR policies and procedures for Human Capital Management. The HR policies and procedures that are adopted by the Group include Strategic Workforce Planning, Organisation Design & Job Management, Talent Acquisition, Capability Management, Succession Planning, Leadership Development, People Development, Remuneration, Employee Relations and Industrial Relations.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

k) Employee Performance Management

To maintain the Group as a high performing organisation, the Group continue to strengthen and enhance its Employee Performance Management implementation. The Group has established a systematic assessment of staff's performance against the set performance indicators which is reviewed on periodical basis. The Group has also taken measures to ensure that the performance evaluation process is objective and fair, where we also provide an avenue for employees to raise any of their grievances through a structured employee grievance process.

l) Capability Development

The Group has a structured capability development framework and processes that cater for both technical and non-technical employee groups; covering from non-executive level up to the senior management level. Capability development in the organisation is a combination of classroom & online learning, coaching, on-the-job learning and competency assessment. Periodic competency assessment is conducted to measure staff competency level against set standards ranging from Technical Know How (TKH), leadership (EDGE) & behavioural competency. The assessment is conducted through Superior Managed Assessment (SMA) for Executive position and PETRONAS Competency Assessment Scheme (PECAS) for Non-Executive position. Key capability development efforts and its performance are reported on a quarterly basis at Capability Development Working Committee (CDWC) and PGB People Development Committee (PDC) for seamless staff development. Conversation with superiors also is crucial for staff to pinpoint areas that require attention, ensuring prompt resolution and demonstrating proficiency in job performance.

m) Succession Planning

The Group has adopted the PETRONAS Top Talent Management Value Chain for Succession Planning process to enable the matching of the right talents to the right positions for breakthrough performance. The process starts with the identification of critical positions at business and corporate level. The Group is committed to develop Succession Planning for selected positions, namely as below but not limited to:

- Corporate Critical Positions
- Business Critical Positions
- Technical and Non-Technical Manager Positions
- Technical Specialist qualified leaders
- Growth Critical Positions
- HSE Critical Positions
- Positions that required "Certification of Competency (COC)".

This exercise is crucial in managing talents within the Group and from other PETRONAS Operating Units or Business Units. The Succession Planning information will then facilitate the Management in deliberating and charting staff's development plan and career progression including mobility internally within the Group or across businesses within PETRONAS Group for wider exposure as well as capability gap closure through an identified development plan and related assessment.

n) Leadership Development

The Group recognises the importance of Leadership Development in ensuring the organisation has sufficient competent leaders for future and current needs, and leadership development in PGB aims to enhance and elevate the leadership skills for employees at all levels. Guided by the PETRONAS Leadership Development Framework, our development programmes integrate various development approaches such as virtual and face-to-face training sessions, job attachments and personalised mentoring to provide relevant leadership exposure to all staff.

The PETRONAS Leadership EDGE Competencies and PETRONAS Cultural Beliefs is a guide for employees to lead themselves, lead teams and lead the business and promotes better internalisation of the values.

o) Code of Conduct and Business Ethics

The Group adopts and practices PETRONAS Code of Conduct and Business Ethics (CoBE). The CoBE, which is accessible to the public for reference on the Company's official website at www.petronas.com/pgb, places significant importance in upholding the principle of discipline, good conduct, professionalism, loyalty, integrity and cohesiveness that are critical to the success and wellbeing of the Group. The CoBE detailed policy statements on the standards of behaviour and ethical conduct expected of each individual to whom the CoBE applies. The Group also expects that contractors, sub-contractors, consultants, agents and representatives and others performing work or services for or on behalf of the Group to always act consistently with the relevant parts of the CoBE when performing such work or services. The CoBE expressly prohibits improper solicitation, bribery and other corrupt activity not only by employees and directors but also by third parties performing work or services for or on behalf of companies in the PETRONAS Group.

In compliance with the CoBE, the Company adopts the PETRONAS Anti-Bribery and Corruption (ABC) Manual which governs the prevention of corruption and unethical practices within the Group. The ABC Manual sets forth the policy statement and guidelines on how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS



p) Whistleblowing Policy

The Group has adopted the PETRONAS Whistleblowing Policy (WBP) which provides an avenue for employees and members of the public to disclose any improper conduct committed or about to be committed in accordance with the procedures as provided under the policy. The WBP is accessible to the public for reference on the Company's official website at www.petronas.com/pgb.

Under the policy, a whistleblower will be accorded with protection of confidentiality of identity, to the extent reasonably practicable. An employee who whistle blows internally will also be protected against any adverse and detrimental action for disclosing any improper conduct within the Group, to the extent reasonably practicable, provided that the disclosure is made in good faith. Such protection is accorded even if the investigation later reveals that the whistleblower is mistaken as to the facts and the rules and procedures involved.

q) PETRONAS Raid Protocol

The Company's policies are aligned to the PETRONAS Raid Protocol in ensuring appropriate manner in handling interaction with, and submission of information and data to the authorities in the event that raids are carried out within the premises of Company's offices worldwide. It is an internal procedure in response to the scope and powers of the authorities under relevant laws and various jurisdictions.

r) Human Rights Commitment

The Group is committed to uphold internationally recognised human rights in areas of its operations, complying with its Code of Conduct and Business Ethics, and all relevant legal requirements.

The Group subscribes to PETRONAS Social Performance Framework. The introduction of this framework covers the supply chain, community well-being, labour and working conditions for contractors, and third-party security which will strengthen the commitment of social responsibility. The Group is working closely with Group HSE (GHSE) to increase the human rights awareness across the organisation.

Meanwhile, the Group is vigilant to ensure all projects will comply not only with the safety and environmental requirements, but also on the social dimensions. Prior to any development of projects, social impact assessment will be conducted as part of the Environmental Impact Assessment process under the jurisdiction of the Department of Environment. Aspects and matters arising from community health (dust, noise pollution), safety (construction debris, traffic flow prone to accidents), community sensitivities (cultural heritage, relocation of local's important socio elements – pre-historical buildings etc) are aptly addressed. Stakeholder engagements were carried out with the local communities to reach to a mutual level of understanding that benefits both sides without any prejudicial implication to the latter.

s) Corporate Disclosure Guide

The Company has established an Internal Corporate Disclosure Guide to facilitate the disclosure and conduct on the dissemination of information. This Guide is based on the requirements as set out in the MMLR, the Corporate Disclosure Guidelines (2nd Edition) by Bursa Malaysia and promotes transparency and accountability. In the communication and dissemination of material information amongst the Company organisation and public. A detailed guide is available at www.petronas.com/pgb.

t) Corporate Privacy Policy

PGB is committed to comply with applicable privacy and personal data protection laws. In this regard, the Company has put in place a Corporate Policy to adequately safeguard the privacy and personal data of its employees as well as third parties.

u) Insurance

The Group has in place and maintains at all times relevant insurance/Takaful policies/contracts and have coverage which are industry standard as are customarily taken out and maintained by other companies in the same industry. Insurances are subscribed to with advice by PETRONAS Group Insurance, ensuring appropriate covers are in place and leveraging on common policies across PETRONAS Group, where applicable.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROLS

MANAGEMENT ROLE

Management is accountable to the Board for the implementation of the processes in identifying, evaluating, monitoring and reporting of risks and internal control as prescribed above. The MD/CEO and the CFO have provided the Board with assurance that the Group risk management and internal control system is operating adequately and effectively, in all material aspects, to ensure achievement of corporate objectives. In providing the above assurance by MD/CEO and CFO, similar letters of assurance have also been obtained from PGB LT Members confirming the adequacy and effectiveness of risk management practice and internal control systems within their respective areas.

WEAKNESSES IN RISK MANAGEMENT AND INTERNAL CONTROL THAT RESULT IN MATERIAL LOSSES

There were no material losses incurred during the year as a result of weaknesses in risk management and internal control. The Management continues to take measures to strengthen the control environment and monitor the risk management and internal control framework. Accordingly, the Board is satisfied that the Group's risk management and internal control system is adequate and effective.

IMPLEMENTATION OF RISK MANAGEMENT AND INTERNAL CONTROL IN SUBSIDIARIES AND MATERIAL JOINT VENTURE (JV) COMPANIES AND SUBSIDIARIES

The implementation of the relevant risk management and internal control systems at the Group's subsidiaries and material JV companies is in place.

REVIEW OF THIS STATEMENT

The external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants (MIA) for inclusion in the Annual Report of the Group for the year ended 31 December 2023, and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the Annual Report of the Group, in all material aspects:

- a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers; or
- b) is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board of Directors and Management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 27 February 2024.



LIST OF INTERNAL POLICIES

By upholding good governance throughout PGB, we facilitate efficient, effective and transparent operations. By clearly spelling out the acceptable and expected standards of behaviour, we are ensuring our people carry out business activities in a responsible, safe, and reliable manner.

We are guided by PETRONAS' Shared Values of Loyalty, Professionalism, Integrity and Cohesiveness, which in turn, are supported by robust governance frameworks, guidelines and policies, as well as strict conformance to the respective laws, rules and regulations.

 <p>POLICIES</p>	<ul style="list-style-type: none"> • PETRONAS Anti-Bribery and Corruption Manual • PETRONAS Code of Conduct and Business Ethics • PETRONAS Human Rights Commitment • PETRONAS Leadership and Capability Development Policy • PETRONAS Whistleblowing Policy and Procedures • PGB Tax Policy • PGB HSE Policy • PGB Financial Policy • PGB Security Policy • PGB Substance Misuse Policy • PGB IR Policy • PGB Risk Policy
 <p>FRAMEWORKS & COMMITMENT</p>	<ul style="list-style-type: none"> • PETRONAS Corporate Social Investment (CSI) Strategic Framework • PETRONAS Corporate Sustainability Framework • PETRONAS Framework on Climate Change • PETRONAS Framework on External Auditors • PETRONAS Raid Protocol • PETRONAS Social Performance Framework • PGB Quality Commitment • PGB Stop Work Commitment • PETRONAS Carbon Commitments
 <p>GUIDELINES & POSITIONS</p>	<ul style="list-style-type: none"> • PETRONAS Technical Standards • PETRONAS Competition Law Guidelines & Protocols • PETRONAS Sanctions and Export Control Guidelines • PGB Guideline and Procedures on Related Party Transactions and Conflict of Interest Situations • PETRONAS Position Statement on Climate Change • PETRONAS Cultural Beliefs (PCB) • PETRONAS Zero Tolerance (ZeTo) Rules • PGB Investment Criteria • PGB Limits of Authority

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The financial statements of the Group and of the Company as set out on pages 96 to 186, are properly drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the year then ended.

The Directors consider that in preparing the financial statements of the Group and of the Company:

- appropriate accounting policies have been used and consistently applied;
- reasonable and prudent judgements and estimates were made;
- all Financial Reporting Standards and the Malaysian Companies Act 2016 ("the Act") have been followed; and
- are prepared on a going concern basis.

The Directors are responsible for ensuring that the accounting and other records and registers required by the Act to be retained by the Company and its subsidiaries have been properly kept in accordance with the provisions of the said Act.

The Directors also have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and of the Company, and to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

for the year ended 31 December 2023

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company in the course of the financial year remained unchanged and consist of separating natural gas into its components and storing, transporting and distributing such components thereof for a fee and the sale of industrial utilities.

The principal activities of subsidiaries, joint ventures and associate are stated in Note 4, Note 5 and Note 6 to the financial statements respectively.

ULTIMATE HOLDING COMPANY

The holding and ultimate holding company is Petroliaam Nasional Berhad ("PETRONAS"), a company incorporated in Malaysia.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 4 to the financial statements.

RESULTS

In RM'000	Group	Company
Profit for the year	1,901,039	1,802,129
Attributable to:		
Shareholders of the Company	1,819,600	1,802,129
Non-controlling interests	81,439	—

DIVIDENDS

During the financial year, the amount of dividends paid by the Company were as follows:

- (i) In respect of the financial year ended 31 December 2022 as reported in the Directors' Report of that year, a fourth interim dividend of 22 sen per ordinary share amounting to RM435,321,000 declared on 16 February 2023 and paid on 15 March 2023; and
- (ii) In respect of the financial year ended 31 December 2023:
 - a first interim dividend of 16 sen per ordinary share amounting to RM316,597,000 declared on 22 May 2023 and paid on 20 June 2023;
 - a second interim dividend of 16 sen per ordinary share amounting to RM316,597,000 declared on 25 August 2023 and paid on 22 September 2023; and
 - a third interim dividend of 18 sen per ordinary share amounting to RM356,172,000 declared on 20 November 2023 and paid on 15 December 2023.

The Directors had on 27 February 2024 declared a fourth interim dividend of 22 sen per ordinary share amounting to RM435,321,000 in respect of the financial year ended 31 December 2023. The financial statements for the current financial year do not reflect these declared interim dividends. The dividends will be accounted for in equity as an appropriation of retained profits in the financial statements for the financial year ending 31 December 2024.

Further details on dividends are disclosed in Note 25 to the financial statements.

DIRECTORS' REPORT

for the year ended 31 December 2023

RESERVES AND PROVISIONS

There were no material movements to or from reserves and provisions during the financial year other than as disclosed in the financial statements.

DIRECTORS

Directors who served during the financial year until the date of this report are:

Adnan bin Zainol Abidin
 Abdul Aziz bin Othman
 Farina binti Farikhullah Khan
 Datuk Yeow Kian Chai
 Datuk Mark Victor Rozario
 Sujit Singh Parhar s/o Sukhdev Singh
 Hasliza binti Othman
 Marina binti Md Taib
 Dato' Abdul Razak bin Abdul Majid (resigned on 27 March 2023)

Subsidiaries

Regas Terminal (Sg. Udang) Sdn. Bhd.

Abdul Aziz bin Othman
 Mohammad Feisal bin Azhar
 Shahrul Izan Bakti bin Abd Aziz
 Shahrul Azham bin Sukaiman

Regas Terminal (Pengerang) Sdn. Bhd.

Hisham bin Maaulot
 Burhan bin Abdullah

Sipitang Utilities Sdn. Bhd. [Formerly known as Regas Terminal (Lahad Datu) Sdn. Bhd.]

Abdul Aziz bin Othman* (appointed on 24 February 2023)
 Hisham bin Maaulot*
 Shahrul Azham bin Sukaiman* (appointed on 24 February 2023)
 Rozali bin Khamis* (appointed on 24 February 2023)
 Dato Lai Keng Onn (appointed on 24 February 2023)
 Burhan bin Abdullah (resigned on 27 February 2023)

Pengerang LNG (Two) Sdn. Bhd.

Directors

Abdul Aziz bin Othman*
 Hisham bin Maaulot*
 Chan Yew Kai
 Zainab binti Mohd Salleh
 Shariman bin Daud*
 Dato' Ramlee bin A Rahman
 Shahrul Azham bin Sukaiman*
 (appointed on 7 September 2023)
 Abdul Razak Faiz bin Sulaiman*
 (resigned on 7 September 2023)

Alternates

Teo Seow Ling (alternate to Chan Yew Kai)
 Ngau Wu Wei (alternate to Zainab binti Mohd Salleh)
 Azman bin Jaafar (alternate to Dato' Ramlee bin A Rahman)
 Faeiz Afzal bin Mazlan (alternate to PGB's nominees)
 (appointed on 7 September 2023)
 Shahrul Azham bin Sukaiman (alternate to PGB's nominees)
 (ceased on 7 September 2023)

* These directors are nominees from PETRONAS Gas Berhad ("PGB")

In accordance with Article 107 of the Company's Constitution, Datuk Mark Victor Rozario, Sujit Singh Parhar s/o Sukhdev Singh and Hasliza binti Othman will retire by rotation from the Board at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

DIRECTORS' REPORT

for the year ended 31 December 2023

DIRECTORS' INTERESTS

The Directors in office at the end of the year who have interests and deemed interests in the shares of the Company and of its related corporations other than wholly-owned subsidiaries (including the interests of the spouses and/or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

Name	Number of ordinary shares in the Company			Balance at 31.12.2023
	Balance at 1.1.2023	Bought	Sold	
Datuk Yeow Kian Chai	3,000	—	—	3,000
Adnan bin Zainol Abidin - spouse	5,000	—	—	5,000

Name	Number of ordinary shares in PETRONAS Chemicals Group Berhad			Balance at 31.12.2023
	Balance at 1.1.2023	Bought	Sold	
Adnan bin Zainol Abidin - own	10,000	—	—	10,000
- spouse	6,000	—	—	6,000
Abdul Aziz bin Othman	6,000	—	—	6,000
Marina binti Md Taib	1,000	—	—	1,000

Name	Number of ordinary shares in PETRONAS Dagangan Berhad			Balance at 31.12.2023
	Balance at 1.1.2023	Bought	Sold	
Datuk Yeow Kian Chai	3,000	—	—	3,000

None of the other Directors holding office at 31 December 2023 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below), by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The directors' benefits paid to or receivable by Directors of the Company in respect of the financial year ended 31 December 2023 was RM976,000 comprising fees and other short-term employee benefits of RM957,000 and RM19,000 respectively.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES

There were no changes in the issued and paid up capital of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS' REPORT

for the year ended 31 December 2023

INDEMNITY AND INSURANCE COSTS

During the financial year, PETRONAS and its subsidiaries (hereinafter referred to as "PETRONAS Group"), including the Company, maintained a Directors' and Officers' Liability Insurance in accordance with Section 289 of the Companies Act, 2016. The total insured limit for the Directors and Officers Liability Insurance effected for the Directors and Officers of PETRONAS Group was RM1,290 million per occurrence and in the aggregate. The insurance premium for the Group and the Company is RM26,914 and RM19,851 respectively.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain:

- (i) that necessary actions had been taken in relation to the writing off of bad debts and the provisioning of doubtful debt and satisfied themselves that all known bad debts have been written off and adequate provision made for doubtful debts, and
- (ii) that any current assets which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company, had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- (i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- (iv) not otherwise dealt with in this report or the financial statements, that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- (ii) any material contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No material contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

DIRECTORS' REPORT

for the year ended 31 December 2023

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept reappointment.

The auditors' remuneration for the financial year ended 31 December 2023 is as follows:

In RM'000	Group	Company
Audit fees	574	344
Non-audit service fee	12	12

Signed on behalf of the Board of Directors
in accordance with a resolution of the Directors:

Adnan bin Zainol Abidin
Chairman

Abdul Aziz bin Othman
Director

Kuala Lumpur,
Date: 27 February 2024

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 96 to 186, are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2023 and of their financial performance and cash flows for the financial year then ended on that date.

Signed on behalf of the Board of Directors
in accordance with a resolution of the Directors:

Adnan bin Zainol Abidin
Chairman

Abdul Aziz bin Othman
Director

Kuala Lumpur,
Date: 27 February 2024

STATUTORY DECLARATION

I, **Shahrul Azham bin Sukaiman**, the officer primarily responsible for the financial management of **PETRONAS GAS BERHAD**, do solemnly and sincerely declare that the financial statements set out on pages 96 to 186 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed
Shahrul Azham bin Sukaiman
at **Kuala Lumpur** in **Wilayah Persekutuan**
on 27 February 2024.

BEFORE ME:

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

In RM'000	Note	2023	2022
ASSETS			
Property, plant and equipment	3	13,630,499	13,408,441
Investments in joint ventures	5	833,584	767,048
Investments in associate	6	186,519	175,435
Long-term receivable	7	69,416	122,818
Deferred tax assets	9	86,051	134,914
TOTAL NON-CURRENT ASSETS		14,806,069	14,608,656
Trade and other inventories	10	38,670	42,573
Trade and other receivables	11	926,633	990,010
Tax recoverable		19,963	20,919
Other investment	12	500,000	—
Cash and cash equivalents	13	3,027,943	4,026,244
TOTAL CURRENT ASSETS		4,513,209	5,079,746
TOTAL ASSETS		19,319,278	19,688,402
EQUITY			
Share capital	14	3,165,204	3,165,204
Reserves	15	10,389,858	9,982,879
Total equity attributable to the shareholders of the Company		13,555,062	13,148,083
Non-controlling interests	16	260,088	261,758
TOTAL EQUITY		13,815,150	13,409,841
LIABILITIES			
Borrowings	17	1,859,186	3,662,833
Deferred tax liabilities	9	1,202,035	1,207,184
Provisions	18	32,209	31,808
Deferred income	19	20,032	236
TOTAL NON-CURRENT LIABILITIES		3,113,462	4,902,061
Trade and other payables	20	1,097,383	1,203,591
Borrowings	17	1,293,283	172,909
TOTAL CURRENT LIABILITIES		2,390,666	1,376,500
TOTAL LIABILITIES		5,504,128	6,278,561
TOTAL EQUITY AND LIABILITIES		19,319,278	19,688,402

The notes set out on pages 108 to 186 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2023

In RM'000	Note	2023	2022
Revenue	21	6,445,423	6,160,176
Cost of revenue		(4,158,416)	(3,812,490)
Gross profit		2,287,007	2,347,686
Administration expenses		(131,123)	(113,535)
Other expenses		(55,176)	(76,814)
Other income		172,980	162,748
Operating profit	22	2,273,688	2,320,085
Financing costs	23	(126,757)	(178,434)
Share of profit after tax of equity-accounted joint ventures and associate		239,084	127,717
Profit before taxation		2,386,015	2,269,368
Tax expense	24	(484,976)	(510,900)
PROFIT FOR THE YEAR		1,901,039	1,758,468
Profit attributable to:			
Shareholders of the Company		1,819,600	1,645,446
Non-controlling interests	16	81,439	113,022
PROFIT FOR THE YEAR		1,901,039	1,758,468
Basic and diluted earnings per ordinary share (sen)	26	92.0	83.2

The notes set out on pages 108 to 186 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023

In RM'000	Note	2023	2022
Profit for the year		1,901,039	1,758,468
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net movements from exchange differences		11,662	17,185
Share of cash flow hedge of an equity-accounted joint venture		404	9,448
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,913,105	1,785,101
Total comprehensive income attributable to:			
Shareholders of the Company		1,831,666	1,672,079
Non-controlling interests		81,439	113,022
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,913,105	1,785,101

The notes set out on pages 108 to 186 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

In RM'000	Note	Attributable to shareholders of the Company			
		Non-distributable			
		Share Capital	Capital Reserve	Foreign Currency Translation Reserve	Hedging Reserve
Balance at 1 January 2023		3,165,204	520,801	34,659	35,119
Net movements from exchange differences		—	—	11,662	—
Share of cash flow hedge of an equity-accounted joint venture		—	—	—	404
Profit for the year		—	—	—	—
Total comprehensive income for the year		—	—	11,662	404
Changes in ownership interest in a subsidiary		—	—	—	—
Issuance of shares to a non-controlling interest		—	—	—	—
Redemption of redeemable preference shares in a subsidiary		—	—	—	—
Dividends - 31.12.2022 interim	25	—	—	—	—
Dividends - 31.12.2023 interim	25	—	—	—	—
Total transactions with owners of the Group		—	—	—	—
Balance at 31 December 2023		3,165,204	520,801	46,321	35,523

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The notes set out on pages 108 to 186 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

In RM'000	Note	Attributable to shareholders of the Company			Total Equity
		Distributable		Non-controlling Interests	
		Retained Profits	Total		
Balance at 1 January 2023		9,392,300	13,148,083	261,758	13,409,841
Net movements from exchange differences		—	11,662	—	11,662
Share of cash flow hedge of an equity-accounted joint venture		—	404	—	404
Profit for the year		1,819,600	1,819,600	81,439	1,901,039
Total comprehensive income for the year		1,819,600	1,831,666	81,439	1,913,105
Changes in ownership interest in a subsidiary		—	—	2	2
Issuance of shares to a non-controlling interest		—	—	2,587	2,587
Redemption of redeemable preference shares in a subsidiary		—	—	(5,556)	(5,556)
Dividends - 31.12.2022 interim	25	(435,321)	(435,321)	—	(435,321)
Dividends - 31.12.2023 interim	25	(989,366)	(989,366)	(80,142)	(1,069,508)
Total transactions with owners of the Group		(1,424,687)	(1,424,687)	(83,109)	(1,507,796)
Balance at 31 December 2023		9,787,213	13,555,062	260,088	13,815,150

continued from previous page

The notes set out on pages 108 to 186 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

In RM'000	Note	Attributable to shareholders of the Company			
		Non-distributable			Hedging Reserve
		Share Capital	Capital Reserve	Foreign Currency Translation Reserve	
Balance at 1 January 2022		3,165,204	520,801	17,474	25,671
Net movements from exchange differences		—	—	17,185	—
Share of cash flow hedge of an equity-accounted joint venture		—	—	—	9,448
Profit for the year		—	—	—	—
Total comprehensive income for the year		—	—	17,185	9,448
Redemption of redeemable preference shares in a subsidiary		—	—	—	—
Dividends - 31.12.2021 interim	25	—	—	—	—
Dividends - 31.12.2022 interim	25	—	—	—	—
Total transactions with owners of the Group		—	—	—	—
Balance at 31 December 2022		3,165,204	520,801	34,659	35,119

continue to next page

The notes set out on pages 108 to 186 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

In RM'000	Note	Attributable to shareholders of the Company			Total Equity
		Distributable		Non-controlling Interests	
		Retained Profits	Total		
Balance at 1 January 2022		9,369,414	13,098,564	240,946	13,339,510
Net movements from exchange differences		—	17,185	—	17,185
Share of cash flow hedge of an equity-accounted joint venture		—	9,448	—	9,448
Profit for the year		1,645,446	1,645,446	113,022	1,758,468
Total comprehensive income for the year		1,645,446	1,672,079	113,022	1,785,101
Redemption of redeemable preference shares in a subsidiary		—	—	(9,801)	(9,801)
Dividends - 31.12.2021 interim	25	(633,194)	(633,194)	—	(633,194)
Dividends - 31.12.2022 interim	25	(989,366)	(989,366)	(82,409)	(1,071,775)
Total transactions with owners of the Group		(1,622,560)	(1,622,560)	(92,210)	(1,714,770)
Balance at 31 December 2022		9,392,300	13,148,083	261,758	13,409,841

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The notes set out on pages 108 to 186 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

In RM'000	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,386,015	2,269,368
Adjustments for:			
Depreciation and amortisation	3	1,141,399	1,035,511
Share of profit after tax of equity-accounted joint ventures and associate		(239,084)	(127,717)
Unrealised loss on foreign exchange	22	21,993	67,672
Interest income	22	(149,170)	(120,218)
Financing costs	23	126,757	178,434
Other non-cash items		11,717	13,671
Operating profit before changes in working capital		3,299,627	3,316,721
Change in trade and other receivables		59,357	(92,426)
Change in trade and other inventories		(4,585)	(3,496)
Change in trade and other payables		(58,176)	176,000
Cash generated from operations		3,296,223	3,396,799
Interest income		149,170	120,218
Taxation paid		(440,306)	(590,758)
Net cash generated from operating activities		3,005,087	2,926,259
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from joint ventures and associate		173,530	68,665
Investment in Islamic deposit	12	(500,000)	—
Repayment of term loan due from a joint venture		54,466	46,316
Proceeds from partial disposal of investment in a subsidiary		2	—
Proceeds from disposal of property, plant and equipment		8,954	3,572
Purchase of property, plant and equipment		(1,167,246)	(1,169,163)
Net cash used in investing activities		(1,430,294)	(1,050,610)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to shareholders of the Company	25	(1,424,687)	(1,622,560)
Dividends paid to non-controlling interests		(80,142)	(82,409)
Drawdown of Islamic financing facility	17	303,600	457,000
Payment of lease liabilities	17	(1,094,739)	(67,362)
Repayment of Islamic financing facility	17	(105,000)	(110,000)
Interest expense paid	17	(169,157)	(196,730)
Payment to non-controlling interests on redemption of shares		(5,556)	(9,801)
Proceeds from shares issued to a non-controlling interest		2,587	—
Net cash used in financing activities		(2,573,094)	(1,631,862)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(998,301)	243,787
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		4,026,244	3,782,457
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	13	3,027,943	4,026,244

Total cash outflows for leases during the year comprise repayment of lease liabilities and related interests totalling RM1,176,618,000 (2022: RM198,482,000).

Included in the Group's cash and cash equivalents are deposit of RM23,924,000 (2022: RM22,277,000) and RM3,000 (2022: RM5,000) in a finance service reserve account being designated as security and a fixed balance amounting to RM30,000 (2022: RM30,000) in a trustee reimbursable account in relation to a subsidiary's Islamic financing facility.

The notes set out on pages 108 to 186 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

In RM'000	Note	2023	2022
ASSETS			
Property, plant and equipment	3	9,225,474	8,867,970
Investments in subsidiaries	4	1,861,619	1,042,182
Investments in joint ventures	5	283,059	283,059
Investments in associate	6	76,466	76,466
Long-term receivable	7	69,416	122,818
TOTAL NON-CURRENT ASSETS		11,516,034	10,392,495
Trade and other inventories	10	34,481	38,775
Trade and other receivables	11	779,804	800,985
Tax recoverable		21,018	22,053
Other investment	12	500,000	—
Cash and cash equivalents	13	2,876,925	3,866,820
TOTAL CURRENT ASSETS		4,212,228	4,728,633
TOTAL ASSETS		15,728,262	15,121,128
EQUITY			
Share capital	14	3,165,204	3,165,204
Reserves	15	9,184,433	8,806,991
TOTAL EQUITY		12,349,637	11,972,195
LIABILITIES			
Borrowings	17	6,481	869,331
Deferred tax liabilities	9	1,202,035	1,207,183
Provisions	18	11,211	10,755
Deferred income	19	20,032	236
TOTAL NON-CURRENT LIABILITIES		1,239,759	2,087,505
Trade and other payables	20	969,412	1,061,331
Borrowings	17	1,169,454	97
TOTAL CURRENT LIABILITIES		2,138,866	1,061,428
TOTAL LIABILITIES		3,378,625	3,148,933
TOTAL EQUITY AND LIABILITIES		15,728,262	15,121,128

The notes set out on pages 108 to 186 are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023

In RM'000	Note	2023	2022
Revenue	21	5,094,887	4,749,795
Cost of revenue		(3,443,751)	(3,151,305)
Gross profit		1,651,136	1,598,490
Administration expenses		(126,458)	(110,050)
Other expenses		(7,176)	(10,595)
Other income		714,349	506,772
Operating profit	22	2,231,851	1,984,617
Financing costs	23	(999)	(988)
Profit before taxation		2,230,852	1,983,629
Tax expense	24	(428,723)	(472,088)
PROFIT FOR THE YEAR REPRESENTING TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,802,129	1,511,541

The notes set out on pages 108 to 186 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

In RM'000	Note	Attributable to shareholders of the Company		
		Non-distributable	Distributable	Total
		Share Capital	Retained Profits	
Balance at 1 January 2023		3,165,204	8,806,991	11,972,195
Profit for the year		—	1,802,129	1,802,129
Total comprehensive income for the year		—	1,802,129	1,802,129
Dividends - 31.12.2022 interim	25	—	(435,321)	(435,321)
Dividends - 31.12.2023 interim	25	—	(989,366)	(989,366)
Total transactions with shareholders of the Company		—	(1,424,687)	(1,424,687)
Balance at 31 December 2023		3,165,204	9,184,433	12,349,637
Balance at 1 January 2022		3,165,204	8,918,010	12,083,214
Profit for the year		—	1,511,541	1,511,541
Total comprehensive income for the year		—	1,511,541	1,511,541
Dividends - 31.12.2021 interim	25	—	(633,194)	(633,194)
Dividends - 31.12.2022 interim	25	—	(989,366)	(989,366)
Total transactions with shareholders of the Company		—	(1,622,560)	(1,622,560)
Balance at 31 December 2022		3,165,204	8,806,991	11,972,195

The notes set out on pages 108 to 186 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

In RM'000	Note	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		2,230,852	1,983,629
<i>Adjustments for:</i>			
Depreciation and amortisation	3	758,649	665,387
Unrealised loss/(gain) on foreign exchange	22	5,537	(18,234)
Interest income	22	(141,087)	(117,123)
Financing costs	23	999	988
Other non-cash items		22,546	13,722
Operating profit before changes in working capital		2,877,496	2,528,369
Change in trade and other receivables		21,274	(41,533)
Change in trade and other inventories		(4,259)	(3,401)
Change in trade and other payables		(96,928)	160,370
Cash generated from operations		2,797,583	2,643,805
Dividends received from subsidiaries, joint ventures and associate		(540,488)	(339,970)
Interest income		141,087	117,123
Taxation paid		(432,836)	(586,009)
Net cash generated from operating activities		1,965,346	1,834,949
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from subsidiaries, joint ventures and associate		540,488	339,970
Investment in Islamic deposit	12	(500,000)	—
Increase in investment in subsidiaries	4	(943,281)	—
Purchase of property, plant and equipment		(1,075,610)	(1,144,475)
Proceeds from disposal of property, plant and equipment		8,954	3,572
Redemption of preference share in subsidiaries	4	123,844	298,980
Repayment of term loan due from a joint venture		54,466	46,316
Net cash used in investing activities		(1,791,139)	(455,637)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid to shareholders of Company	25	(1,424,687)	(1,622,560)
Drawdown of Islamic financing facility	17	303,600	457,000
Payment of lease liabilities	17	(97)	(89)
Interest expense paid	17	(42,918)	(19,152)
Net cash used in financing activities		(1,164,102)	(1,184,801)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(989,895)	194,511
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		3,866,820	3,672,309
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	13	2,876,925	3,866,820

Total cash outflows for leases during the year comprise payment of lease liabilities and related interests totalling RM640,000 (2022: RM640,000).

The notes set out on pages 108 to 186 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

1. BASIS OF PREPARATION

1.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act, 2016 in Malaysia.

As of 1 January 2023, the Group and the Company have adopted a new MFRS and Amendments to MFRSs ("pronouncements") that have been issued by the Malaysian Accounting Standards Board ("MASB") as described fully in Note 32 to the financial statements.

MASB has also issued revised pronouncements which are not yet effective for the Group and the Company and therefore, have not been adopted in these financial statements. These pronouncements including their impact on the financial statements in the period of initial application are set out in Note 33 to the financial statements. Revised pronouncements that are not relevant to the operations of the Group and of the Company are set out in Note 34.

These financial statements were approved and authorised for issue by the Board of Directors on 27 February 2024.

1.2 Basis of measurement

The financial statements of the Group and of the Company have been prepared on historical cost basis except for certain items which are measured at fair value, as disclosed in the accounting policies below.

1.3 Functional and presentation currency

The individual financial statements of each entity in the Group are prepared using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Group's and the Company's financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency.

All financial information has been rounded to the nearest thousands, unless otherwise stated.

1.4 Use of estimates and judgments

The preparation of financial statements in conformity with MFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following Notes:

- (i) Note 3 : Property, plant and equipment;
- (ii) Note 9 : Deferred tax;
- (iii) Note 18 : Provisions;
- (iv) Note 24 : Tax expense; and
- (v) Note 30 : Financial instruments.

2. MATERIAL ACCOUNTING POLICIES

The Group adopted amendments to MFRS 101 *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosures of Accounting Policies* from 1 January 2023. The amendments require the disclosure of "material", rather than "significant", accounting policies. The amendments did not result in any changes to the accounting policy information disclosed in the financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these financial statement by the Group and the Company, unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of consolidation

Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date that control commences until the date that control ceases.

All inter-company transactions are eliminated on consolidation and revenue and profits relate to external transactions only. Unrealised losses resulting from inter-company transactions are also eliminated unless cost cannot be recovered.

Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses. Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group. The identifiable assets acquired and liabilities assumed are measured at their fair values at the acquisition date. The costs of an acquisition is measured as the aggregate of the fair value of the consideration. Non-controlling interests are stated either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

When a business combination is achieved in stages, the Group remeasures its previously held non-controlling equity interest in the acquiree at fair value at the acquisition date, with any resulting gain or loss recognised in the profit or loss. Increase in the Group's ownership interest in an existing subsidiary is accounted for as equity transactions with differences between the fair value of consideration paid and the Group's proportionate share of net assets acquired, recognised directly in equity.

The Group measures goodwill as the excess of the aggregate fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and any previously held interest in the acquiree over the fair value of the identifiable assets acquired and liabilities assumed at the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Transaction costs, other than those associated with the issuance of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented, or, if later, at the date that common control was established; for this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain or loss is recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)

2.1 Basis of consolidation (continued)

Non-controlling interests

Non-controlling interests at the end of the reporting period, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the shareholders of the Company.

Non-controlling interests in the results of the Group are presented in the consolidated statement of profit or loss and other consolidated statement of comprehensive income as an allocation of the profit or loss and total comprehensive income for the year between the non-controlling interests and shareholders of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a fair value through other comprehensive income financial asset depending on the level of influence retained.

2.2 Associate

An associate is an entity in which the Group has significant influence including representation on the Board of Directors, but not control or joint control, over the financial and operating policies of the investee company.

Associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The consolidated financial statements include the Group's share of post-acquisition profits or losses and other comprehensive income of the equity-accounted associates, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

The Group's share of post-acquisition reserves and retained profits less losses is added to the carrying value of the investment in the consolidated statement of financial position. These amounts are taken from the latest audited financial statements or management financial statements of the associate.

When the Group's share of post-acquisition losses exceeds its interest in an equity accounted associate, the carrying amount of that interest (including any long-term investments such as loans and advances) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that associate, with the resulting gain or loss being recognised in the profit or loss. Any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)

2.2 Associate (continued)

When the Group's interest in an associate decreases but does not result in loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets and liabilities.

Unrealised profits arising from transactions between the Group and its associate are eliminated to the extent of the Group's interests in the associate. Unrealised losses on such transactions are also eliminated partially, unless cost cannot be recovered.

2.3 Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified as either joint operation or joint venture. A joint arrangement is classified as joint operation when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation. A joint arrangement is classified as joint venture when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method as described in Note 2.2.

2.4 Property, plant and equipment and depreciation

Recognition and measurement

Freehold land and projects-in-progress are stated at cost less accumulated impairment losses and are not depreciated. Other property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the assets to working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of material and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced item of property, plant and equipment is derecognised with any corresponding gain or loss recognised in the profit or loss accordingly. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Depreciation

Depreciation for property, plant and equipment other than freehold land and projects-in-progress, is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Property, plant and equipment are not depreciated until the assets are ready for their intended use.

Buildings are depreciated over 50 years or over the remaining land lease period, whichever is shorter.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)

2.4 Property, plant and equipment and depreciation (continued)

Depreciation (continued)

The estimated useful lives of the other property, plant and equipment and right-of-use assets are as follows:

Plant and pipelines	5 - 55 years
Storage units	20 - 25 years
Plant turnaround/major inspection	3 - 6 years
Office equipment, furniture and fittings	6 - 7 years
Other plant and equipment	3 - 20 years
Computer software and hardware	5 years
Motor vehicles	4 years

The depreciable amount is determined after deducting residual value. The residual value, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, period and method of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the profit or loss.

2.5 Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for a consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. The customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)

2.5 Leases (continued)

(ii) Recognition and initial measurement

(a) As a lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate is used. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group and the Company are reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group and the Company are reasonably certain not to early terminate the contract.

The Group and the Company exclude variable lease payments that are linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group and the Company assess at lease commencement whether it is reasonably certain to exercise the extension options in determining the lease term.

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group and the Company present right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'borrowings' in the statement of financial position.

(b) As a lessor

When the Group and the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

Where applicable, the Group and the Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)

2.5 Leases (continued)

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Depreciation of certain right-of-use assets are subsequently capitalised into carrying amount of other assets whenever they meet the criteria for capitalisation. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method (see Note 2.7(v)). It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The Group will reassess whether it is reasonably certain to exercise the extension option if there is a significant change in circumstances within its control.

When the lease liability is remeasured as described in the above paragraph, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

When there is lease modification due to increase in the scope of lease by adding the right-to-use one or more underlying assets, the Group and the Company assess whether the lease modification shall be accounted for as a separate lease or similar to reassessment of lease liability. The Group and the Company account for lease modification as a separate lease when the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments.

When there is lease modification due to decrease in scope, the Group and the Company decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease. The corresponding gain or loss shall be recognised in profit or loss. Lease liabilities are remeasured for all other lease modifications with corresponding adjustments to the right-of-use asset.

(b) As a lessor

The Group and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of other revenue.

The Group and the Company recognise finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the Group's and the Company's net investment in the lease. The Group and the Company aim to allocate finance income over the lease term on a systematic and rational basis. The Group and the Company apply the lease payments relating to the period against the gross investment in the lease to reduce both the principal and the unearned finance income. The net investment in the lease is subject to impairment requirements in MFRS 9 *Financial Instruments* (see Note 2.8).

2.6 Investments

Long-term investments in subsidiaries, associate and joint ventures are stated at cost less impairment loss, if any, in the Company's financial statements unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

The carrying amount of these investments includes fair value adjustments on shareholder's loans and advances (see Note 2.7).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Financial instruments

Recognition and initial measurement

A financial instrument is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

Regular way purchases or sales are recognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the financial asset.

A financial asset (unless it is a receivable without a significant financing component) and a financial liability is measured at fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, any directly attributable transaction cost incurred at the acquisition or issuance of the financial instrument.

Classification and subsequent measurement

(i) Financial assets

Financial assets are classified as measured at amortised cost or fair value through profit or loss ("FVTPL"), as appropriate.

The Group and the Company determine the classification of financial assets at initial recognition. The financial assets are not subsequently reclassified unless the Group and the Company change their business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss.

Subsequent measurement

Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method (see Note 2.7(v)). Interest income and foreign exchange gains and losses are recognised in profit or loss.

b) Fair value through profit or loss

All financial assets not classified as measured at amortised cost as described above are measured at fair value through profit or loss. This includes derivative financial assets except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument as described under hedge accounting below. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent measurement

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses recognised in the profit or loss. The methods used to measure fair value are stated in Note 2.21.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Financial instruments (continued)

Classification and subsequent measurement (continued)**(ii) Financial liabilities**

The categories of financial liabilities at initial recognition are as follows:

a) Amortised cost

Subsequent to initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method (see Note 2.7(v)).

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

b) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the Group's key management personnel; or
- if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expenses are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(iii) Derivative financial instruments

The Group and the Company use derivative financial instruments such as interest rate swaps and forward currency contracts to manage certain exposures to fluctuations in interest rates and foreign currency exchange rates.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains and losses arising from changes in fair value on derivatives during the year, other than those accounted for under hedge accounting as described below, are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Financial instruments (continued)

Classification and subsequent measurement (continued)**(iii) Derivative financial instruments (continued)**

In general, contracts to sell or purchase non-financial items to meet expected own use requirements are not accounted for as financial instruments. However, contracts to sell or purchase commodities that can be net settled or which contain written options are required to be recognised at fair value, with gains and losses recognised in the profit or loss.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

(v) Effective interest method

Amortised cost is computed using the effective interest method. This method uses effective interest rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument to the net carrying amount of the financial instrument. Amortised cost takes into account any transaction costs and any discount or premium on settlement.

(vi) Amortised cost of financial instruments

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2.8(i)) where effective interest rate is applied to the amortised cost.

(vii) Derecognition of financial instruments**Financial asset**

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or, the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement without retaining control of the asset or substantially all the risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss, except for equity investments at fair value through other comprehensive income where the gain or loss are recognised in other comprehensive income.

Financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss. In the case of waiver of debt from owners, the gain is recognised in equity as capital reserve.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)

2.7 Financial instruments (continued)

Hedge accounting**(i) Cash flow hedge**

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss.

In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the hedging instrument that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item such as inventory, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss as a reclassification adjustment.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income must be accounted for depending on the nature of the underlying transaction as described above.

Interest rate benchmark reform

The Group and the Company have applied the practical expedients provided in the amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement*, MFRS 7 *Financial Instruments: Disclosures*, MFRS 4 *Insurance Contracts* and MFRS 16 *Leases (Interest Rate Benchmark Reform – Phase 2)* upon transition from London Inter-Bank Offered Rate ("LIBOR") to Secured Overnight Financing Rate ("SOFR").

As at reporting date, the Group's and the Company's negotiated contracts for which alternative benchmark rate SOFR had been used to replace LIBOR resulted in economically equivalent position with no profit or loss impact upon initial transition.

2.8 Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost.

The Group and the Company measure loss allowances on cash and cash equivalents at an amount equal to lifetime expected credit loss.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)

2.8 Impairment (continued)

(i) Financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information, where available.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is past due.

The Group and the Company consider a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment (see Note 2.7(i)).

(ii) Other assets

The carrying amounts of other assets, other than inventories, deferred tax assets and non-current assets are reviewed at each reporting date to determine whether there is any indication of impairment.

If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or the cash-generating unit to which it belongs exceeds its recoverable amount. Impairment losses are recognised in the profit or loss.

A cash-generating unit is the smallest identifiable asset group that generates cash flows from continuing use that are largely independent from other assets and groups. An impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the year in which reversals are recognised.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)

2.9 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank balances, deposits with licensed financial institutions and highly liquid investments which have an insignificant risk of changes in fair value and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and deposits restricted, if any.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Cost of material stores and spares consists of the invoiced value from suppliers and import duty charges and is determined on a weighted average basis.

Cost of liquefied gases and water is determined on a weighted average basis.

2.11 Provisions, contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Group and the Company have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future net cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the accretion in the provision due to the passage of time is recognised as finance cost.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Group and the Company, are not recognised in the financial statements but are disclosed as contingent liabilities unless the possibility of an outflow of economic resources is considered remote.

Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statement of financial position but is disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

2.12 Employee benefits

Short term benefits

Wages and salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company.

Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)

2.13 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent it relates to a business combination or items recognised directly in equity, in which case it is recognised in equity or other comprehensive income.

Current tax

Current tax expense is the expected tax payable on the taxable income for the year, using the statutory tax rates at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is provided for, using the liability method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unabsorbed capital allowances, unused reinvestment allowances, unused investment tax allowances, unused tax losses and other unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unabsorbed capital allowances, unused reinvestment allowances, unused investment tax allowances, unused tax losses and other unused tax credits can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities where they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax asset is reviewed at each reporting date and is reduced to the extent that it is no longer probable that the future taxable profit will be available against which the related tax benefit can be realised.

Unused reinvestment allowance and unused investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unused tax incentive can be utilised.

Global minimum top-up tax

The Group has adopted International Tax Reform – Pillar Two Model Rules upon its release on 2 June 2023. The amendments introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two Model Rules as well as disclosure requirements on the exposure to Pillar Two income taxes upon adoption. The application by the respective entity is subject to when the law is being enacted or substantively enacted in the respective country jurisdiction.

Upon its application, the Group will apply a temporary mandatory relief from deferred tax accounting for the impacts of the top-up tax and accounts for it as a current tax when it is incurred. The application of the pronouncements is further discussed in Note 32.

2.14 Foreign currency transactions

In preparing the financial statements of individual entities in the Group, transactions in currencies other than the entity's functional currency ("foreign currencies") are translated to the functional currencies at rates of exchange ruling on the transaction dates.

Monetary assets and liabilities denominated in foreign currencies at the reporting date have been retranslated to the functional currency at rates ruling on the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)

2.14 Foreign currency transactions (continued)

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at reporting date, except for those that are measured at fair value, are retranslated to the functional currency at the exchange rate at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

Gains and losses on exchange arising from retranslation are recognised in the profit or loss. On consolidation, the assets and liabilities of subsidiaries with functional currencies other than Ringgit Malaysia, are translated into Ringgit Malaysia at the exchange rates ruling at reporting date.

The income and expenses are translated at the exchange rates at the dates of the transactions or an average rate that approximates those rates.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve within equity.

2.15 Borrowing costs and foreign currency exchange differences relating to projects-in-progress

Borrowing costs which are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to be prepared for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the assets is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs ceases when all activities necessary to prepare the qualifying asset for its intended use or sale are completed.

Exchange differences arising from foreign currency borrowings, although regarded as an adjustment to borrowing costs, are not capitalised but instead recognised in the profit or loss in the period in which they arise.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of financing a specific qualifying asset, in which the actual borrowing cost incurred on that borrowing less any investment income on the temporary investment of that borrowings will be capitalised. Borrowing costs incurred subsequently to the completion of a specific qualifying asset are included in the determination of the capitalisation rate.

2.16 Revenue

Revenue from contracts with customers

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group and the Company recognise revenue when or as it transfers control over a product or service to customer. An asset is transferred when the customer obtains control of the asset.

An entity transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs; or
- the entity's performance creates or enhances an asset (for example, work-in-progress) that the customer controls as the asset is created or enhanced; or
- the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time in accordance with the above criteria, then the Group or the Company satisfies the performance obligation and recognises revenue at a point in time.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)

2.17 Financing costs

Financing costs comprise of interest component of finance lease payments, interest payable on borrowings and profit share margin on Islamic Financing Facilities, as well as accretion in provision due to the passage of time.

All interest and other costs incurred in connection with borrowings are expensed as incurred, other than that capitalised in accordance with the accounting policy stated in Note 2.15. The interest component of finance lease payments is accounted for in accordance with the policy set out in Note 2.5.

2.18 Deferred income

Deferred income is recognised in profit or loss on a time proportion basis over the agreed contract period or applicable period.

2.19 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit and loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting profit and loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the period, for the effects of all dilutive potential ordinary shares, if any.

2.20 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segment results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance.

2.21 Fair value measurement

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or, in the absence of a principal market, in the most advantageous market.

(i) Financial instruments

The fair value of financial instruments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business at the end of reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

(ii) Non-financial assets

For non-financial assets, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

2. MATERIAL ACCOUNTING POLICIES (continued)

2.21 Fair value measurement (continued)

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identifiable assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable input).

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

3. PROPERTY, PLANT AND EQUIPMENT

Group 2023 In RM'000	At 1.1.2023	Additions	Disposals/ Write-offs	Transfers/ Adjustments	At 31.12.2023
At cost:					
Freehold land	11,259	16,504	—	—	27,763
Land improvement	109,006	—	—	—	109,006
Buildings	498,739	—	—	33,657	532,396
Plant and pipelines	22,795,476	1,049	(7,486)	530,677	23,319,716
Storage units	817,416	—	—	—	817,416
Plant turnaround/major inspection	1,998,026	—	(6,592)	324,322	2,315,756
Office equipment, furniture and fittings	66,551	158	(8)	(2,171)	64,530
Other plant and equipment	502,262	1,348	(674)	70,925	573,861
Computer software and hardware	206,955	—	(3,758)	22,165	225,362
Motor vehicles	25,015	1,236	(1,334)	—	24,917
Projects-in-progress	1,973,388	1,200,885	—	(990,717)	2,183,556
	29,004,093	1,221,180	(19,852)	(11,142)	30,194,279
Right-of-use					
Leasehold land	677,100	820	(1,914)	—	676,006
Other plant and equipment	580,109	—	—	—	580,109
Storage units	989,549	—	—	160,022	1,149,571
	2,246,758	820	(1,914)	160,022	2,405,686
	31,250,851	1,222,000	(21,766)	*148,880	32,599,965

* Includes the following adjustments:

- Adjustment to right-of-use assets following lease modification arising from change in lease payments in accordance with MFRS 16 Leases amounting to RM160,022,000.
- Spare parts expensed-off of RM5,370,000 that were previously transferred to property, plant and equipment and consumable assets expensed-off of RM4,850,000.
- Adjustment to decommissioning, dismantling, removal and restoration provision following change in discount rate amounting to RM922,000.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2023 In RM'000	At 1.1.2023	Charge for the year	Disposals/ Write-offs	Transfers/ Impairment	At 31.12.2023
Accumulated depreciation and impairment losses:					
Freehold land	—	—	—	—	—
Land improvement	8,665	1,677	—	—	10,342
Buildings	201,522	15,333	—	13,649	230,504
Plant and pipelines	15,023,156	648,800	(3,458)	(16,013)	15,652,485
Storage units	173,142	34,843	—	—	207,985
Plant turnaround/major inspection	1,245,458	285,302	(6,401)	—	1,524,359
Office equipment, furniture and fittings	52,001	4,611	(8)	(795)	55,809
Other plant and equipment	240,751	29,448	(535)	4,830	274,494
Computer software and hardware	131,863	27,379	(3,758)	(438)	155,046
Motor vehicles	22,138	1,381	(1,334)	—	22,185
Projects-in-progress	—	—	—	—	—
	17,098,696	1,048,774	(15,494)	1,233	18,133,209
<u>Right-of-use</u>					
Leasehold land	181,865	8,635	(82)	—	190,418
Other plant and equipment	99,378	22,811	—	—	122,189
Storage units	462,471	61,179	—	—	523,650
	743,714	92,625	(82)	—	836,257
	17,842,410	1,141,399	(15,576)	*1,233	18,969,466

* Relates to impairment losses on certain individual assets at Gas Transportation segment.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

3. PROPERTY, PLANT AND EQUIPMENT

Group 2022 In RM'000	At 1.1.2022	Additions	Disposals/ Write-offs	Transfers/ Adjustments	At 31.12.2022
At cost:					
Freehold land	4,504	6,755	—	—	11,259
Land improvement	109,006	—	—	—	109,006
Buildings	470,399	—	—	28,340	498,739
Plant and pipelines	22,233,359	346	(6,193)	567,964	22,795,476
Storage units	817,416	—	—	—	817,416
Plant turnaround/major inspection	1,719,200	—	(29,563)	308,389	1,998,026
Office equipment, furniture and fittings	64,321	205	(107)	2,132	66,551
Other plant and equipment	493,343	3,564	(759)	6,114	502,262
Computer software and hardware	160,636	—	(10)	46,329	206,955
Motor vehicles	24,811	1,970	(1,766)	—	25,015
Projects-in-progress	1,790,467	1,143,577	—	(960,656)	1,973,388
	27,887,462	1,156,417	(38,398)	(1,388)	29,004,093
<u>Right-of-use</u>					
Leasehold land	676,994	190	(84)	—	677,100
Other plant and equipment	553,848	—	—	26,261	580,109
Storage units	989,549	—	—	—	989,549
	2,220,391	190	(84)	26,261	2,246,758
	30,107,853	1,156,607	(38,482)	*24,873	31,250,851

* Includes the following adjustments:

- i. Adjustment to right-of-use assets following lease remeasurement arising from change in lease payments in accordance with MFRS 16 Leases amounting to RM26,261,000.
- ii. Spare parts expensed-off of RM863,000 that were previously transferred to property, plant and equipment and consumable assets expensed-off of RM525,000.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2022 In RM'000	At 1.1.2022	Charge for the year	Disposals/ Write-offs	Transfers/ Impairment	At 31.12.2022
Accumulated depreciation and impairment losses:					
Freehold land	—	—	—	—	—
Land improvement	6,988	1,677	—	—	8,665
Buildings	187,596	13,926	—	—	201,522
Plant and pipelines	14,401,996	617,493	(5,474)	9,141	15,023,156
Storage units	138,299	34,843	—	—	173,142
Plant turnaround/major inspection	1,041,669	233,352	(29,563)	—	1,245,458
Office equipment, furniture and fittings	47,672	4,436	(107)	—	52,001
Other plant and equipment	213,200	28,304	(753)	—	240,751
Computer software and hardware	113,955	17,918	(10)	—	131,863
Motor vehicles	22,383	1,521	(1,766)	—	22,138
Projects-in-progress	—	—	—	—	—
	16,173,758	953,470	(37,673)	9,141	17,098,696
Right-of-use					
Leasehold land	173,253	8,641	(29)	—	181,865
Other plant and equipment	76,577	22,801	—	—	99,378
Storage units	411,872	50,599	—	—	462,471
	661,702	82,041	(29)	—	743,714
	16,835,460	1,035,511	(37,702)	*9,141	17,842,410

* Relates to impairment losses on certain individual assets at Gas Processing segment.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

3. PROPERTY, PLANT AND EQUIPMENT

Company 2023 In RM'000	At 1.1.2023	Additions	Disposals/ Write-offs	Transfers/ Adjustments	At 31.12.2023
At cost:					
Freehold land	11,259	16,504	—	—	27,763
Buildings	387,155	—	—	28,798	415,953
Plant and pipelines	18,491,965	1,036	(7,486)	527,034	19,012,549
Plant turnaround/major inspection	1,922,735	—	(1,865)	302,039	2,222,909
Office equipment, furniture and fittings	44,597	70	(8)	(2,186)	42,473
Other plant and equipment	345,852	1,348	(674)	70,580	417,106
Computer software and hardware	183,400	—	(3,758)	4,727	184,369
Motor vehicles	24,268	1,236	(1,334)	—	24,170
Projects-in-progress	1,944,432	1,112,510	—	(945,469)	2,111,473
	23,355,663	1,132,704	(15,125)	(14,477)	24,458,765
Leased to others as operating lease					
Buildings	1,004	—	—	4,529	5,533
Right-of-use					
Leasehold land	662,697	820	(1,914)	—	661,603
	24,019,364	1,133,524	(17,039)	*(9,948)	25,125,901

* Relates to spare parts expensed-off of RM5,177,000 that were previously transferred to property, plant and equipment and consumable assets expensed-off of RM4,771,000.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2023 In RM'000	At 1.1.2023	Charge for the year	Disposals/ Write-offs	Transfers/ Impairment	At 31.12.2023
Accumulated depreciation and impairment losses:					
Freehold land	—	—	—	—	—
Buildings	176,474	9,790	—	13,649	199,913
Plant and pipelines	13,267,397	422,691	(3,458)	(16,013)	13,670,617
Plant turnaround/major inspection	1,192,426	272,863	(1,674)	—	1,463,615
Office equipment, furniture and fittings	34,910	2,597	(8)	(794)	36,705
Other plant and equipment	161,822	18,453	(535)	4,829	184,569
Computer software and hardware	118,200	22,476	(3,759)	(438)	136,479
Motor vehicles	21,392	1,381	(1,333)	—	21,440
Projects-in-progress	—	—	—	—	—
	14,972,621	750,251	(10,767)	1,233	15,713,338
<u>Leased to others as operating lease</u>					
Buildings	853	371	—	—	1,224
<u>Right-of-use</u>					
Leasehold land	177,920	8,027	(82)	—	185,865
	15,151,394	758,649	(10,849)	*1,233	15,900,427

* Relates to impairment losses on certain individual assets at Gas Transportation segment.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

3. PROPERTY, PLANT AND EQUIPMENT

Company 2022 In RM'000	At 1.1.2022	Additions	Disposals/ Write-offs	Transfers/ Adjustments	At 31.12.2022
At cost:					
Freehold land	4,504	6,755	—	—	11,259
Buildings	359,835	—	—	27,320	387,155
Plant and pipelines	17,948,538	346	(6,193)	549,274	18,491,965
Plant turnaround/major inspection	1,657,997	—	(20,031)	284,769	1,922,735
Office equipment, furniture and fittings	43,131	17	(107)	1,556	44,597
Other plant and equipment	341,034	3,564	(759)	2,013	345,852
Computer software and hardware	140,136	—	(10)	43,274	183,400
Motor vehicles	24,065	1,970	(1,767)	—	24,268
Projects-in-progress	1,773,613	1,082,963	—	(912,144)	1,944,432
	22,292,853	1,095,615	(28,867)	(3,938)	23,355,663
<u>Leased to others as operating lease</u>					
Buildings	1,004	—	—	—	1,004
<u>Right-of-use</u>					
Leasehold land	662,641	140	(84)	—	662,697
	22,956,498	1,095,755	(28,951)	*(3,938)	24,019,364

* Relates to spare parts expensed-off of RM3,736,000 that were previously transferred to property, plant and equipment and consumable assets expensed-off of RM202,000.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company 2022 In RM'000	At 1.1.2022	Charge for the year	Disposals/ Write-offs	Transfers/ Impairment	At 31.12.2022
Accumulated depreciation and impairment losses:					
Freehold land	—	—	—	—	—
Buildings	167,583	8,891	—	—	176,474
Plant and pipelines	12,875,125	388,606	(5,475)	9,141	13,267,397
Plant turnaround/major inspection	988,010	224,447	(20,031)	—	1,192,426
Office equipment, furniture and fittings	32,563	2,454	(107)	—	34,910
Other plant and equipment	146,438	16,137	(753)	—	161,822
Computer software and hardware	103,010	15,200	(10)	—	118,200
Motor vehicles	21,637	1,521	(1,766)	—	21,392
Projects-in-progress	—	—	—	—	—
	14,334,366	657,256	(28,142)	9,141	14,972,621
<u>Leased to others as operating lease</u>					
Buildings	757	96	—	—	853
<u>Right-of-use</u>					
Leasehold land	169,914	8,035	(29)	—	177,920
	14,505,037	665,387	(28,171)	*9,141	15,151,394

* Relates to impairment losses on certain individual assets at Gas Processing segment.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

3. PROPERTY, PLANT AND EQUIPMENT (continued)

In RM'000 Carrying amount	Group		Company	
	2023	2022	2023	2022
Freehold land	27,763	11,259	27,763	11,259
Land improvement	98,664	100,341	—	—
Buildings	301,892	297,217	216,040	210,681
Plant and pipelines	7,667,231	7,772,320	5,341,932	5,224,568
Storage units	609,431	644,274	—	—
Plant turnaround/major inspection	791,397	752,568	759,294	730,309
Office equipment, furniture and fittings	8,721	14,550	5,768	9,687
Other plant and equipment	299,367	261,511	232,537	184,030
Computer software and hardware	70,316	75,092	47,890	65,200
Motor vehicles	2,732	2,877	2,730	2,876
Projects-in-progress	2,183,556	1,973,388	2,111,473	1,944,432
	12,061,070	11,905,397	8,745,427	8,383,042
<u>Leased to others as operating lease</u>				
Buildings	—	—	4,309	151
<u>Right-of-use</u>				
Leasehold land	485,588	495,235	475,738	484,777
Other plant and equipment	457,920	480,731	—	—
Storage units	625,921	527,078	—	—
	1,569,429	1,503,044	475,738	484,777
	13,630,499	13,408,441	9,225,474	8,867,970

3.1 As a lessee

Right-of-use assets

Group

Right-of-use assets are mainly in relation to lease of land from state governments and a related company, rental of seabed from state government, usage of jetty facilities from a related company and charter hire of floating storage units from a related company.

Company

Right-of-use assets are in relation to lease of lands from state government and a related company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.1 As a lessee (continued)

Depreciation of right-of-use assets

The following is the depreciation of right-of-use assets recognised in profit or loss:

In RM'000	Group		Company	
	2023	2022	2023	2022
Total depreciation	92,625	82,041	8,027	8,035

Extension options

Certain lease contracts contain extension option exercisable before the end of the non-cancellable contract period. The discounted potential future lease payments arising from exercisable extension option was not included in the lease liabilities due to uncertainty at the reporting date as to whether the Group will exercise the extension terms.

Significant judgments and assumptions in relation to leases

The Group also applied judgment and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgment to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

Lease modification

During the year, lease modification arose from prepayment of charter hire of floating storage units of the Group's subsidiary at new residual contract value representing a one-off full settlement of the lease liabilities in relation to the right-of-use assets. In accordance with MFRS 16 Leases, the effect of the lease modification has been made against the respective right-of-use assets.

Lease remeasurement

In the previous year, lease remeasurement arose from change in lease payment of jetty usage facilities of the Group's subsidiary. In accordance with MFRS 16 Leases, the change in the consideration of the lease was adjusted by remeasuring lease liabilities using the revised lease payments. Corresponding adjustments were made against the respective right-of-use assets.

3.2 As a lessor

Property, plant and equipment leased to others as operating lease

The Company leased out a warehouse and office to subsidiaries under operating lease arrangement expiring in 2042. The lease income recognised in profit or loss during the year amounted to RM462,000 (2022: RM103,000).

The operating lease payments to be received until end of the lease tenure amounted to RM5,372,000 (2022: RM164,000).

3.3 Restrictions of land title

The titles of certain land are in the process of being registered in the Company's name.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.4 Project-in-progress

Included in additions to project-in-progress of the Group and of the Company are borrowing costs capitalised during the year of RM46,665,000 (2022: RM19,278,000) and RM45,790,000 (2022: RM18,604,000) respectively. The interest rate on borrowings capitalised for Group and Company was 4.05% (2022: 3.04%) and 4.04% (2022: 2.96%) per annum respectively.

3.5 Impairment

During the year, the Group and the Company recognised impairment losses on certain individual assets relating to Gas Transportation segment amounting to RM1,233,000.

In previous year, the Group and the Company recognised impairment losses on certain individual assets relating to Gas Processing segment amounting to RM9,141,000.

3.6 Land lease agreement for seabed land at a subsidiary

A subsidiary of the Group has entered into an agreement with the state government ("the lessor") to lease a seabed land situated off the coast of Sg. Udang in Melaka for 25 years from 2011 to 2036 on which the subsidiary's LNG regasification terminal and offshore pipeline resides. Upon termination or expiry of the agreement, the land is to be re-delivered to the lessor in a manner to be mutually agreed between both parties.

Under the agreement, the lessor may require the land to be delivered together with all of the subsidiary's equipment, erections, fixtures, structures and sub-structures ("the assets") constructed on the land at a consideration to be mutually agreed between the parties. Should there be no mutual agreement on the consideration, the lessor may then require the subsidiary to remove the assets, or they may appoint a third party to carry out the removal works and recharge the subsidiary for the costs incurred. The subsidiary of the Group has assessed that currently it is not probable that the subsidiary will be required to remove the assets.

4. INVESTMENTS IN SUBSIDIARIES

In RM'000	Company	
	2023	2022
Investment at cost:		
- unquoted shares		
At beginning of the year	1,042,182	1,341,162
Additional investment during the year	943,281	—
Redemption of redeemable preference shares	(123,844)	(298,980)
At end of the year	1,861,619	1,042,182

Additional investments relates to subscription of additional redeemable preference shares in Regas Terminal (Sg. Udang) Sdn. Bhd. and Sipitang Utilities Sdn. Bhd. and subscription of additional ordinary shares in Sipitang Utilities Sdn. Bhd..

Redemption of redeemable preference shares relates to redemption by Regas Terminal (Sg. Udang) Sdn. Bhd. and Pengerang LNG (Two) Sdn. Bhd. in both years.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

4. INVESTMENTS IN SUBSIDIARIES (continued)

Details of the subsidiaries are as follows:

Name of entity	Principal activities	Country of incorporation	Effective ownership and voting interest	
			2023 %	2022 %
Regas Terminal (Sg. Udang) Sdn. Bhd.	Own and operate LNG regasification terminal	Malaysia	100	100
Regas Terminal (Pengerang) Sdn. Bhd.	Dormant	Malaysia	100	100
Sipitang Utilities Sdn. Bhd.	Construct, own and operate of power plant for generation of electricity	Malaysia	90*	100
Pengerang LNG (Two) Sdn. Bhd.	Own and operate LNG regasification terminal	Malaysia	65	65

Summarised financial information on non-controlling interest has not been disclosed as the non-controlling interest of the subsidiaries are not individually material to the Group.

* Divestment of 10% shares ownership to KAB Energy Holdings Sdn. Bhd. during the year.

5. INVESTMENTS IN JOINT VENTURES

In RM'000	Group		Company	
	2023	2022	2023	2022
Investments at cost				
- unquoted shares	283,059	283,059	283,059	283,059
Share of post-acquisition profits and reserves	550,525	483,989	—	—
	833,584	767,048	283,059	283,059

The Group's involvements in joint arrangements are structured through separate vehicles which provide the Group rights to the net assets of these entities. Accordingly, the Group has classified these investments as joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

5. INVESTMENTS IN JOINT VENTURES (continued)

In RM'000	2023	2022
Group summarised financial information of joint ventures		
As at 31 December		
Non-current assets	2,162,427	2,022,800
Current assets	910,397	1,207,055
Non-current liabilities	(1,057,864)	(1,197,828)
Current liabilities	(539,009)	(647,760)
Net assets	1,475,951	1,384,267
<i>Included in the net assets are:</i>		
Cash and cash equivalents	575,879	707,292
Non-current financial liabilities (excluding other payables and provisions)	(1,057,864)	(1,197,828)
Current financial liabilities (excluding trade and other payables and provisions)	(184,992)	(199,762)
Group's share of net assets	833,584	767,048
Profit for the year	311,853	125,602
Other comprehensive income	26,272	49,442
Total comprehensive income for the year	338,125	175,044
<i>Included in the total comprehensive income are:</i>		
Revenue	534,492	608,963
Depreciation and amortisation	(47,341)	(45,734)
Interest income	79,336	94,320
Interest expense	(82,670)	(38,089)
Tax income/(expense)	174,836	(26,379)
Group's share of results		
Share of profit from operations	185,096	68,397
Share of other comprehensive income	12,066	26,633
Share of total comprehensive income	197,162	95,030
Other information		
Dividends received	130,626	33,000

Group's share of the net assets and results are significantly contributed by Kimanis Power Sdn. Bhd. and Pengerang Gas Solutions Sdn. Bhd..

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

5. INVESTMENTS IN JOINT VENTURES (continued)

Details of the joint ventures are as follows:

Name of entity	Principal activities	Country of incorporation	Effective ownership and voting interest	
			2023 %	2022 %
Kimanis Power Sdn. Bhd.*	Generation and sale of electricity	Malaysia	60	60
Kimanis O&M Sdn. Bhd.*	Dormant	Malaysia	60	60
Pengerang Gas Solutions Sdn. Bhd.*	Own and operate air separation unit plant	Malaysia	51	51
Industrial Gases Solutions Sdn. Bhd.	Selling, marketing, distribution and promotion of industrial gas	Malaysia	50	50

* Although the Group has more than 50% of the ownership in the equity interest of these entities, the Group has determined that it does not have sole control over these entities considering that strategic and financial decisions of the relevant activities of these entities require unanimous consent by all shareholders.

6. INVESTMENTS IN ASSOCIATE

In RM'000	Group		Company	
	2023	2022	2023	2022
Investments at cost				
- quoted shares	76,466	76,466	76,466	76,466
Share of post-acquisition profits and reserves	110,053	98,969	—	—
	186,519	175,435	76,466	76,466
Market value of quoted shares	609,932	619,433	609,932	619,433

Details of the material associate are as follows:

Name of entity	Principal activities	Country of incorporation	Effective ownership and voting interest	
			2023 %	2022 %
Gas Malaysia Berhad	Selling, marketing, distribution and promotion of natural gas	Malaysia	14.8	14.8

Although the Group has less than 20% of the ownership in the equity interest of Gas Malaysia Berhad, the Group has determined that it has significant influence over the financial and operating policies of the associate through representation on the Board of Directors.

In RM'000	2023	2022
Group's share of results		
Group's share of total comprehensive income for the year	53,988	59,320
Other information		
Dividends received	42,904	35,665

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

7. LONG-TERM RECEIVABLE

In RM'000	Group and Company	
	2023	2022
Due from a joint venture	69,566	123,066
Less: Expected credit losses	(150)	(248)
	69,416	122,818

Term loan due from a joint venture is unsecured, bears interest at a rate of 5.5% (2022: 5.5%) per annum and repayable in tranches at various due dates from 2021 to 2025.

8. DERIVATIVES

In RM'000	Note	Group		Company	
		Nominal value 2023	Carrying amount 2023	Nominal value 2022	Carrying amount 2022
Group					
Derivative assets at fair value through profit or loss					
Forward foreign exchange contracts	11	146	2	—	—
Derivative liabilities at fair value through profit or loss					
Forward foreign exchange contracts	20	10,802	80	159,224	10,432
Included within:					
Trade and other receivables	11		2		—
Trade and other payables	20		80		10,432
Company					
Derivative assets at fair value through profit or loss					
Forward foreign exchange contracts	11	146	2	—	—
Derivative liabilities at fair value through profit or loss					
Forward foreign exchange contracts	20	329	4	—	—
Included within:					
Trade and other receivables	11		2		—
Trade and other payables	20		4		—

In the normal course of business, the Group and the Company enter into derivative financial instruments to manage their normal business exposures in relation to interest rates and foreign currency exchange rates consistent with their risk management policies and objectives.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

9. DEFERRED TAX

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

In RM'000	Assets		Liabilities		Net	
	2023	2022	2023	2022	2023	2022
Group						
Property, plant and equipment	—	—	(1,505,818)	(1,488,581)	(1,505,818)	(1,488,581)
Deferred income	5,509	204	—	—	5,509	204
Expected credit loss	67	79	—	—	67	79
Unabsorbed capital allowances	3,909	3,260	—	—	3,909	3,260
Unused investment tax allowances	380,349	412,768	—	—	380,349	412,768
Tax assets/(liabilities)	389,834	416,311	(1,505,818)	(1,488,581)	(1,115,984)	(1,072,270)
Set off tax	(303,783)	(281,397)	303,783	281,397	—	—
Net tax assets/(liabilities)	86,051	134,914	(1,202,035)	(1,207,184)	(1,115,984)	(1,072,270)
Company						
Property, plant and equipment	—	—	(1,207,611)	(1,207,474)	(1,207,611)	(1,207,474)
Deferred income	5,509	204	—	—	5,509	204
Expected credit loss	67	87	—	—	67	87
Tax assets/(liabilities)	5,576	291	(1,207,611)	(1,207,474)	(1,202,035)	(1,207,183)
Set off tax	(5,576)	(291)	5,576	291	—	—
Net tax assets/(liabilities)	—	—	(1,202,035)	(1,207,183)	(1,202,035)	(1,207,183)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

In RM'000	Group		Company	
	2023	2022	2023	2022
Unused tax losses	38,882	38,882	—	—

The unused tax losses relates to a subsidiary of the Group. In accordance with Paragraph 5 of Income Tax (Exemption) (No.7) Order 2013 (Income based exemption for statutory income of a qualifying person derived from RAPID Complex), the subsidiary's unused tax losses does not expire. Deferred tax assets have not been recognised in respect of these items because it is not probable that the Group can utilise the benefits in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

9. DEFERRED TAX (continued)

The components and movements of deferred tax liabilities and assets during the year prior to offsetting are as follows:

Group 2023 In RM'000	At 1.1.2023	(Charged)/ Credited to profit or loss	At 31.12.2023
Deferred tax liabilities			
Property, plant and equipment	(1,488,581)	(17,237)	(1,505,818)
Deferred tax assets			
Deferred income	204	5,305	5,509
Expected credit loss	79	(12)	67
Unabsorbed capital allowances	3,260	649	3,909
Unused investment tax allowances	412,768	(32,419)	380,349
	416,311	(26,477)	389,834
Net deferred tax	(1,072,270)	(43,714)	(1,115,984)

Group 2022 In RM'000	At 1.1.2022	(Charged)/ Credited to profit or loss	At 31.12.2022
Deferred tax liabilities			
Property, plant and equipment	(1,571,022)	82,441	(1,488,581)
Deferred tax assets			
Deferred income	510	(306)	204
Expected credit loss	98	(19)	79
Unabsorbed capital allowances	1,841	1,419	3,260
Unused investment tax allowances	495,823	(83,055)	412,768
	498,272	(81,961)	416,311
Net deferred tax	(1,072,750)	480	(1,072,270)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

9. DEFERRED TAX (continued)

Company 2023 In RM'000	At 1.1.2023	(Charged)/ Credited to profit or loss	At 31.12.2023
Deferred tax liabilities			
Property, plant and equipment	(1,207,474)	(137)	(1,207,611)
Deferred tax assets			
Deferred income	204	5,305	5,509
Expected credit loss	87	(20)	67
	291	5,285	5,576
Net deferred tax	(1,207,183)	5,148	(1,202,035)

Company 2022 In RM'000	At 1.1.2022	(Charged)/ Credited to profit or loss	At 31.12.2022
Deferred tax liabilities			
Property, plant and equipment	(1,240,891)	33,417	(1,207,474)
Deferred tax assets			
Deferred income	510	(306)	204
Expected credit loss	106	(19)	87
	616	(325)	291
Net deferred tax	(1,240,275)	33,092	(1,207,183)

10. TRADE AND OTHER INVENTORIES

In RM'000	Group		Company	
	2023	2022	2023	2022
Liquefied gases and water	2,485	2,361	2,485	2,361
Maintenance materials and spares	36,185	40,212	31,996	36,414
	38,670	42,573	34,481	38,775
<i>Recognised in profit or loss as:</i>				
Cost of revenue	77,495	55,486	76,723	55,048
Inventories written-off	137	—	137	—
Net impairment losses on inventories	8,351	6,874	8,416	6,874

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

11. TRADE AND OTHER RECEIVABLES

In RM'000	Note	Group		Company	
		2023	2022	2023	2022
Trade receivables		37,043	28,649	37,043	27,808
Other receivables		15,219	16,037	14,485	16,001
Deposit		1,032	1,032	1,032	1,032
Prepayments		41,184	41,281	10,644	10,521
<i>Amount due from:</i>					
- holding company	11.1	170,068	164,520	170,049	164,518
- subsidiaries	11.2	—	—	5,079	3,815
- joint ventures and associate	11.3	4,558	8,126	4,558	8,126
- related companies	11.4	559,378	639,966	438,763	478,765
- related parties	11.5	39,633	31,974	39,633	31,974
Term loans due from a joint venture		58,644	58,543	58,644	58,543
Derivative assets	8	2	—	2	—
		926,761	990,128	779,932	801,103
Less: Expected credit losses		(128)	(118)	(128)	(118)
		926,633	990,010	779,804	800,985

11.1 Amount due from holding company arose in the normal course of business and relates to:

In RM'000	Group		Company	
	2023	2022	2023	2022
Trade	156,896	152,409	156,896	152,409
Non-trade	13,172	12,111	13,153	12,109
	170,068	164,520	170,049	164,518

11.2 Amount due from subsidiaries arose in the normal course of business and relates to:

In RM'000	Company	
	2023	2022
Trade	422	421
Non-trade	4,657	3,394
	5,079	3,815

11.3 Amount due from joint ventures and associate arose in the normal course of business and relates to:

In RM'000	Group and Company	
	2023	2022
Trade	1,272	1,647
Non-trade	3,286	6,479
	4,558	8,126

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

11. TRADE AND OTHER RECEIVABLES (continued)

11.4 Amount due from related companies arose in the normal course of business and relates to:

In RM'000	Group		Company	
	2023	2022	2023	2022
Trade	554,475	630,484	437,910	474,050
Non-trade	4,903	9,482	853	4,715
	559,378	639,966	438,763	478,765

11.5 Amount due from related parties arose in the normal course of business and relates to:

In RM'000	Group and Company	
	2023	2022
Trade	39,591	31,967
Non-trade	42	7
	39,633	31,974

12. OTHER INVESTMENT

In RM'000	Group and Company	
	2023	2022
Current		
Islamic deposit	500,000	—
	500,000	—

13. CASH AND CASH EQUIVALENTS

In RM'000	Group		Company	
	2023	2022	2023	2022
Cash with PETRONAS Integrated Financial Shared Service Centre	2,910,846	3,885,130	2,874,632	3,840,311
Cash and bank balances	93,173	118,837	2,293	26,509
Deposit	23,924	22,277	—	—
	3,027,943	4,026,244	2,876,925	3,866,820

The Group's and the Company's cash and bank balances are held in the In-House Account ("IHA") managed by PETRONAS Integrated Financial Shared Service Centre ("IFSSC") to enable more efficient cash management for the Group and the Company.

Included in the Group's cash and cash equivalents are deposit of RM23,924,000 (2022: RM22,277,000) and RM3,000 (2022: RM5,000) in a finance service reserve account being designated as security and a fixed balance amounting to RM30,000 (2022: RM30,000) in a trustee reimbursable account in relation to a subsidiary's Islamic financing facility.

All of the Group's and the Company's cash and cash equivalents in the current year and in the previous year are interest-bearing balances.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

14. SHARE CAPITAL

Company	2023		2022	
	No of shares '000	Amount RM'000	No of shares '000	Amount RM'000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares	1,978,732	3,165,204	1,978,732	3,165,204

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

15. RESERVES

Retained Profits

The Company has sufficient retained earnings to distribute single tier dividends paid out of income derived from operations which are tax exempted in the hands of shareholders pursuant to Paragraph 12B, Schedule 6 of the Income Tax Act, 1967.

Capital Reserve

Capital reserve represents available reserve in a subsidiary that has been capitalised arising from redemption of preference shares.

Foreign Currency Translation Reserve

Foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of subsidiary and joint venture whose functional currency is different from that of the Group's presentation currency.

Hedging Reserve

Hedging reserve records the portion of the gain or loss on hedging instruments in a cash flow hedge that is determined to be an effective hedge in accordance with accounting policy stated in Note 2.7. When the hedged transaction occurs, the gain or loss on the hedging instrument is transferred out from equity to either profit or loss or the carrying value of assets, as appropriate. If the forecast transaction is no longer expected to occur, the gain or loss recognised in equity is transferred to profit or loss.

16. NON-CONTROLLING INTERESTS

This consists of the non-controlling interests' proportion of share capital and reserves of partly-owned subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

17. BORROWINGS

In RM'000	Note	Group		Company	
		2023	2022	2023	2022
Non-current					
Secured					
Islamic financing facility	17.1	1,285,000	1,395,000	—	—
Lease liabilities	17.2	574,186	1,405,089	6,481	6,587
Total non-current secured borrowings		1,859,186	2,800,089	6,481	6,587
Unsecured					
Islamic financing facility	17.3	—	862,744	—	862,744
Total non-current unsecured borrowings		—	862,744	—	862,744
Total non-current borrowings		1,859,186	3,662,833	6,481	869,331
Current					
Secured					
Islamic financing facility	17.1	110,000	105,000	—	—
Lease liabilities	17.2	13,935	67,909	106	97
Total current secured borrowings		123,935	172,909	106	97
Unsecured					
Islamic financing facility	17.3	1,169,348	—	1,169,348	—
Total current unsecured borrowings		1,169,348	—	1,169,348	—
Total current borrowings		1,293,283	172,909	1,169,454	97
Total borrowings		3,152,469	3,835,742	1,175,935	869,428

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

17. BORROWINGS (continued)

Terms and debt repayment schedule:

In RM'000	Total	Under 1 year	1-2 years	2-5 years	Over 5 years
Group					
Secured					
Islamic financing facility	1,395,000	110,000	120,000	295,000	870,000
Lease liabilities	588,121	13,935	14,971	52,952	506,263
	1,983,121	123,935	134,971	347,952	1,376,263
Unsecured					
Islamic financing facility	1,169,348	1,169,348	—	—	—
Total borrowings	3,152,469	1,293,283	134,971	347,952	1,376,263
Company					
Secured					
Lease liabilities	6,587	106	114	404	5,963
Unsecured					
Islamic financing facility	1,169,348	1,169,348	—	—	—
Total borrowings	1,175,935	1,169,454	114	404	5,963

17.1 The secured Islamic financing facility obtained by a subsidiary of the Group comprise:

In RM'000	2023	2022
RM-denominated Islamic Murabahah Medium Term Notes	1,395,000	1,500,000

The RM-denominated Islamic Murabahah Medium Term Notes ("Sukuk Murabahah") relates to issuance by a subsidiary of the Group totalling RM1.7 billion under its Islamic Medium Term Note Programme ("Programme").

The Sukuk Murabahah bears profit rates ranging from 2.03% to 3.74% per annum (2022: 2.03% to 3.74% per annum) and the remaining amount is fully repayable at their various tranches due dates from 2024 to 2040.

It is secured by way of first ranking assignment and charge over a deposit and a finance service reserve account as disclosed in Note 13 which is to be funded to a minimum balance equivalent to the next 6 months' principal payment and next 6 months' periodic profit payment due.

In connection with the Programme, the subsidiary ("Issuer") has agreed to the following significant covenants:

- Issuer shall maintain a maximum debt to equity ratio of 80:20; and
- Issuer shall maintain a Finance Service Cover Ratio of not less than 1.25 times.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

17. BORROWINGS (continued)

17.2 The Group's lease liabilities represent committed future payments for rights-of-use assets in relation to usage of jetty facilities, lease of land and rental of seabed by subsidiaries of the Group from related companies and state government.

The lease liabilities bear interest at rates ranging from 8.1% to 8.4% per annum (2022: 8.1% to 9.1% per annum).

During the year, the Group's subsidiary has entered into an agreement with a related company for prepayment of charter hire of floating storage units at new residual contract value representing a one-off full settlement of the lease liabilities in relation to right-of-use assets.

17.3 The unsecured Islamic financing facility obtained by the Group and the Company comprises:

In RM'000	2023	2022
Commodity Murabahah Term Financing	1,169,348	862,744

On 22 February 2021, the Company obtained a 3-year unsecured Commodity Murabahah Term Financing facility for a maximum aggregate principal up to RM1.3 billion.

The Commodity Murabahah bears profit rates ranging from 3.46% to 4.18% per annum (2022: 2.38% to 3.56% per annum) and is repayable in full in March 2024.

Reconciliation of movement of liabilities to cash flows arising from financing activities

Group In RM'000	Islamic financing facility	Lease liabilities	Total
Balance at 1 January 2023	2,362,744	1,472,998	3,835,742
Changes from financing cash flows			
- payment of lease liabilities	—	(1,094,739)	(1,094,739)
- drawdown of Islamic financing facility	303,600	—	303,600
- repayment of Islamic financing facility	(105,000)	—	(105,000)
Total changes from financing cash flows	198,600	(1,094,739)	(896,139)
Effect of changes in foreign exchange rates	—	49,840	49,840
Other liability-related changes			
- modification of lease liabilities	—	160,022	160,022
- accrued interest expense	62	—	62
- interest capitalised	46,098	567	46,665
- interest expense	44,122	81,312	125,434
- interest paid	(87,278)	(81,879)	(169,157)
Total other liability-related changes	3,004	160,022	163,026
Balance at 31 December 2023	2,564,348	588,121	3,152,469

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

17. BORROWINGS (continued)

Reconciliation of movement of liabilities to cash flows arising from financing activities (continued)

Group In RM'000	Islamic financing facility	Lease liabilities	Total
Balance at 1 January 2022	2,015,940	1,431,176	3,447,116
Changes from financing cash flows			
- payment of lease liabilities	—	(67,362)	(67,362)
- drawdown of Islamic financing facility	457,000	—	457,000
- repayment of Islamic financing facility	(110,000)	—	(110,000)
Total changes from financing cash flows	347,000	(67,362)	279,638
Effect of changes in foreign exchange rates	—	82,923	82,923
Other liability-related changes			
- prepayment made	—	(175)	(175)
- remeasurement of lease liabilities	—	26,261	26,261
- accrued interest expense	255	—	255
- interest capitalised	18,780	498	19,278
- interest expense	46,379	130,797	177,176
- interest paid	(65,610)	(131,120)	(196,730)
Total other liability-related changes	(196)	26,261	26,065
Balance at 31 December 2022	2,362,744	1,472,998	3,835,742

Company In RM'000	Islamic financing facility	Lease liabilities	Total
Balance at 1 January 2023	862,744	6,684	869,428
Changes from financing cash flows			
- drawdown of Islamic financing facility	303,600	—	303,600
- payment of lease liabilities	—	(97)	(97)
Total changes from financing cash flows	303,600	(97)	303,503
Other liability-related changes			
- accrued interest expense	(411)	—	(411)
- interest capitalised	45,790	—	45,790
- interest expense	—	543	543
- interest paid	(42,375)	(543)	(42,918)
Total other liability-related changes	3,004	—	3,004
Balance at 31 December 2023	1,169,348	6,587	1,175,935

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

17. BORROWINGS (continued)

Reconciliation of movement of liabilities to cash flows arising from financing activities (continued)

Company In RM'000	Islamic financing facility	Lease liabilities	Total
Balance at 1 January 2022	405,940	6,773	412,713
Changes from financing cash flows			
- drawdown of Islamic financing facility	457,000	—	457,000
- payment of lease liabilities	—	(89)	(89)
Total changes from financing cash flows	457,000	(89)	456,911
Other liability-related changes			
- accrued interest expense	(199)	—	(199)
- interest capitalised	18,604	—	18,604
- interest expense	—	551	551
- interest paid	(18,601)	(551)	(19,152)
Total other liability-related changes	(196)	—	(196)
Balance at 31 December 2022	862,744	6,684	869,428

18. PROVISIONS

In RM'000	Group		Company	
	2023	2022	2023	2022
Provision for decommissioning of property, plant and equipment	32,209	31,808	11,211	10,755

The movements of provision for decommissioning during the financial year are as follows:

In RM'000	Group	Company
At 1 January 2023	31,808	10,755
Net changes in provision	(922)	—
Unwinding of discount	1,323	456
At 31 December 2023	32,209	11,211

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

18. PROVISIONS (continued)

As at 31 December 2023, the provision for decommissioning is expected to be utilised as follows:

In RM'000	Group	Company
11 to 20 years	13,819	—
More than 20 years	18,390	11,211
	32,209	11,211

The provision comprises of provision for decommissioning of property, plant and equipment in relation to the Group's and Company's obligation to decommission and remove certain assets, and to restore land leased to its original condition upon expiry between 2036 and 2046.

The corresponding amount of the provision for decommissioning made has been capitalised into the relevant property, plant and equipment and accounted for in accordance with the policy set out in Note 2.4.

The provision has been made based on present value of estimated decommissioning costs using discount rates ranging from 4.2% to 4.3% (2022: 3.9% to 4.2%).

19. DEFERRED INCOME

In RM'000	Note	Group and Company	
		2023	2022
At beginning of the year		1,517	2,126
Addition		25,178	1,345
Less: recognised in the profit or loss		(3,739)	(1,954)
At end of the year		22,956	1,517
Analysis of deferred income:			
Non-current		20,032	236
Current	20	2,924	1,281
		22,956	1,517

Deferred income mainly relates to the payments received in advance from related company and related party amounting to RM22,956,000 (2022: RM1,517,000) for the utilisation of Company's properties and equipments over a period of time by the related company and related party. The deferred income is subsequently recognised in the profit or loss on a time apportionment basis over the specified period.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

20. TRADE AND OTHER PAYABLES

In RM'000	Note	Group		Company	
		2023	2022	2023	2022
Other payables and accruals	20.1	747,532	840,412	699,988	797,208
Amount due to:					
- holding company	20.2	106,463	62,101	90,382	53,129
- related companies	20.3	240,384	287,992	176,099	208,331
- subsidiaries	20.2	—	—	15	9
- joint venture	20.2	—	1,373	—	1,373
Derivative liabilities	8	80	10,432	4	—
Deferred income	19	2,924	1,281	2,924	1,281
		1,097,383	1,203,591	969,412	1,061,331

20.1 Included in other payables and accruals are amounts owing to suppliers and contractors for purchase of property, plant and equipment for the Group of RM414,367,000 (2022: RM386,115,000) and for the Company of RM393,925,000 (2022: RM383,156,000).

20.2 Amount due to holding company, subsidiaries and joint venture arose in the normal course of business and are non-trade in nature.

20.3 Amount due to related companies arose in the normal course of business and relates to:

In RM'000	Group		Company	
	2023	2022	2023	2022
Trade	208,478	253,708	145,776	185,366
Non-trade	31,906	34,284	30,323	22,965
	240,384	287,992	176,099	208,331

Included in amount due to related companies are amounts owing to suppliers and contractors for purchase of property, plant and equipment for the Group of RM21,261,000 (2022: RM32,531,000).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

21. REVENUE

Revenue from contracts with customers

The Group's total revenue which also represents revenue from contracts with customers are disaggregated by primary geographical market and major products and services as follows:

In RM'000	Group		Company	
	2023	2022	2023	2022
Geographical locations				
Peninsular Malaysia	6,443,334	6,152,551	5,092,798	4,742,170
Sabah	2,089	7,625	2,089	7,625
Total revenue from contracts with customers	6,445,423	6,160,176	5,094,887	4,749,795
Products and services				
Gas processing services	1,778,200	1,746,788	1,778,200	1,746,788
Gas transportation services	1,139,524	1,162,381	1,139,524	1,162,381
Regasification services	1,327,667	1,391,139	—	—
Utilities				
- Electricity	772,362	631,181	772,362	631,181
- Steam	925,898	778,785	925,898	778,785
- Industrial gases	399,285	356,464	399,285	356,464
- Others*	73,279	66,099	73,279	66,099
LNG ancillary services	24,608	20,959	—	—
Operations and maintenance services	4,600	6,380	6,339	8,097
Total revenue from contracts with customers	6,445,423	6,160,176	5,094,887	4,749,795

* Others relate to sale of water and other utilities products.

The Group's disaggregated revenue for each reportable segments are as follows:

Group 2023 In RM'000	Gas Processing	Gas Transportation	Regasification	Utilities	Total
Gas processing services	1,778,200	—	—	—	1,778,200
Gas transportation services	—	1,139,524	—	—	1,139,524
Regasification services	—	—	1,327,667	—	1,327,667
Utilities	—	—	—	2,170,824	2,170,824
LNG ancillary services	—	—	24,608	—	24,608
Operations and maintenance services	—	4,600	—	—	4,600
	1,778,200	1,144,124	1,352,275	2,170,824	6,445,423

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

21. REVENUE (continued)

Revenue from contracts with customers (continued)

The Group's disaggregated revenue for each reportable segments are as follows: (continued)

Group 2022 In RM'000	Gas		Regasification	Utilities	Total
	Processing	Transportation			
Gas processing services	1,746,788	—	—	—	1,746,788
Gas transportation services	—	1,162,381	—	—	1,162,381
Regasification services	—	—	1,391,139	—	1,391,139
Utilities	—	—	—	1,832,529	1,832,529
LNG ancillary services	—	—	20,959	—	20,959
Operations and maintenance services	—	6,037	—	343	6,380
	1,746,788	1,168,418	1,412,098	1,832,872	6,160,176

Nature of goods and services

The following describes information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and the related revenue recognition policies.

Nature of products and services	Timing of recognition or method used to recognise revenue and significant payment terms	Variable elements in consideration
Gas processing services		
Processing of natural gas into sales gas and by-products	Upon services being rendered, invoices are issued at pre-determined tariff on a monthly basis, at month-end and payable within 30 days.	There is a performance based income upon achieving certain plant and equipment efficiency to extract liquid by-products from natural gas of which contributes less than 10% of total consideration.
Gas transportation services		
Transportation of processed gas to end customers	Upon services being rendered, invoices are issued at pre-determined tariff on a monthly basis, at month-end and payable within 30 days.	No variable considerations.
Regasification services		
Regasification of liquefied natural gas into Peninsular Gas Utilisation ("PGU") pipeline network and Pengerang Integrated Complex ("PIC")	Upon services being rendered, invoices are issued at pre-determined tariff on a monthly basis, at month-end and payable within 30 days.	No variable considerations.
Utilities		
Sale of industrial utilities to petrochemical complexes and national electricity grid	Upon industrial utilities distribution to customers, invoices are issued at pre-determined rates on a monthly basis, at month-end and payable within 30 days.	No variable considerations.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

21. REVENUE (continued)

Nature of goods and services (continued)

Nature of products and services	Timing of recognition or method used to recognise revenue and significant payment terms	Variable elements in consideration
LNG ancillary services		
Gasging up cooling down services	Upon services being rendered, invoices are issued at pre-determined tariff per service basis and payable within 7 days.	No variable considerations.
LNG reloading services	Upon services being rendered, invoices are issued at pre-determined tariff on a monthly basis, at month-end and payable within 30 days.	No variable considerations.
LNG truck loading services	Upon services being rendered, invoices are issued at pre-determined tariff on a monthly basis, at month-end and payable within 30 days.	No variable considerations.
Operations & maintenance services		
Provision of manpower to operate and maintain customer facilities	Upon services being rendered, invoices are issued at pre-determined tariff on a monthly basis, at month-end and payable within 30 days.	No variable considerations.

Transaction price allocated to the remaining performance obligations

The following table shows revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure only provides information for contracts that have a duration of more than one year.

Gas Processing Services In RM'000	Within 1 year	1 – 5 years	Over 5 years	Total
Group and Company				
Gas processing services				
- Reservation charges	1,704,000	6,816,000	—	8,520,000

The Group has a 20-year agreement from 2014 to 2033 with the holding company to provide gas processing services called the Gas Processing Agreement ("GPA"). Pursuant to the recently entered 3rd term of the GPA effective 1 January 2024 till 31 December 2028, there is remaining an unsatisfied performance obligation to the customer for the next 5 years. There does not exist any unsatisfied performance obligation beyond 5 years as tariffs and quantity nomination have yet to be agreed.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

21. REVENUE (continued)

As allowed by the accounting standards, the Group and the Company applied the practical expedient for exemption on disclosure of information on remaining performance obligation that is yet to be satisfied (or partially not satisfied) for contracts with customers as the performance obligation has an original expected duration of one year or less as follows:

i) Gas Transportation Services

The Group has long term agreements with a related company and holding company to provide gas transportation services that is subject to annual capacity reservation by the customers.

ii) Regasification Services

The Group has two LNG regasification facilities in Melaka and Johor that provide LNG regasification services.

Regas Terminal (Sg. Udang) Sdn. Bhd. ("RGTSU"), being a subsidiary company, has a long term agreement with a related company to provide LNG regasification services that is subject to annual capacity nomination by the customer.

Pengerang LNG (Two) Sdn. Bhd. ("PLNG2"), being a subsidiary company, has a long term agreement with a related company to provide LNG regasification services that is subject to annual capacity nomination by the customer.

iii) Utilities

The Group has long term agreements to supply industrial utilities to various customers in the Kertih Integrated Petrochemical Complex and Gebeng Industrial Area that are subject to daily, monthly, quarterly and annual nominations by the customers as well as fixed minimum offtake charges.

iv) LNG ancillary services

LNG reloading services

RGTSU, being a subsidiary company, has long term agreement with a related company to provide LNG reloading services that is subject to annual nomination schedule by the customer.

LNG truck loading services

PLNG2, being a subsidiary company, has a long term agreement with a related company to provide LNG truck loading services that is subject to annual operation schedule agreed by the customer.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

22. OPERATING PROFIT

In RM'000	Group		Company	
	2023	2022	2023	2022
Included in operating profit are the following charges:				
Auditor's remuneration:				
- audit fees	574	537	344	322
- non-audit service fee	12	12	12	12
Depreciation of property, plant and equipment	1,141,399	1,035,511	758,649	665,387
Net impairment losses on:				
- property, plant and equipment	1,233	9,141	1,233	9,141
- inventories	8,351	6,874	8,416	6,874
Property, plant and equipment expensed-off	5,503	893	5,496	570
Realised loss on foreign exchange	25,045	—	—	—
Rental of:				
- land and buildings	8,160	12,686	7,155	11,798
- equipment and motor vehicles	17,411	16,503	9,413	8,957
Staff costs:				
- wages, salaries and others	441,109	372,154	412,824	347,219
- contributions to Employees Provident Fund	52,283	44,599	49,160	41,682
Unrealised loss on foreign exchange	21,993	67,672	5,537	—
Write-offs of:				
- property, plant and equipment	220	718	220	718
- inventories	137	—	137	—
and crediting:				
Dividend income (quoted)				
- associate	—	—	42,904	35,665
Dividend income (unquoted)				
- subsidiaries	—	—	366,958	271,305
- joint ventures	—	—	130,626	33,000
Gain on disposal of property, plant and equipment	2,984	3,510	2,984	3,510
Interest income:				
- fund investment	139,586	108,277	131,503	105,182
- term loan due from a joint venture	9,584	11,941	9,584	11,941
Net impairment reversals on expected credit loss	88	79	88	79
Rental income on land and buildings	5,030	4,723	6,004	5,242
Realised gain on foreign exchange	—	2,773	5,341	1,651
Unrealised gain on foreign exchange	—	—	—	18,234

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

23. FINANCING COSTS

In RM'000	Group		Company	
	2023	2022	2023	2022
Recognised in profit or loss:				
- Lease liabilities	81,312	130,797	543	551
- Islamic financing facility	44,122	46,379	—	—
- Unwinding of discount for provisions	1,323	1,258	456	437
	126,757	178,434	999	988
Capitalised into qualifying assets:				
- Lease liabilities	567	498	—	—
- Islamic financing facilities	46,098	18,780	45,790	18,604
	46,665	19,278	45,790	18,604
Total financing costs	173,422	197,712	46,789	19,592

24. TAX EXPENSE

In RM'000	Group		Company	
	2023	2022	2023	2022
Current tax expenses				
Current year	420,918	511,976	413,835	505,885
Under/(Over) provision in prior years	20,344	(596)	20,036	(705)
Total current tax expenses	441,262	511,380	433,871	505,180
Deferred tax expenses				
Origination and reversal of temporary differences	48,652	(5,830)	325	(38,354)
(Over)/Under provision in prior years	(4,938)	5,350	(5,473)	5,262
Total deferred tax expenses	43,714	(480)	(5,148)	(33,092)
Total tax expenses recognised in profit or loss	484,976	510,900	428,723	472,088
Tax (income)/expense on share of profit of joint ventures	(105,660)	15,279	—	—
Tax expense on share of profit of associate	17,631	20,518	—	—
Total tax expenses	396,947	546,697	428,723	472,088

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

24. TAX EXPENSE (continued)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

Group In RM'000	%	2023	%	2022
Profit for the year		1,901,039		1,758,468
Total tax expenses		396,947		546,697
Profit excluding tax		2,297,986		2,305,165
Taxation at Malaysian statutory tax rate	24.0	551,517	24.0	553,240
Effects of income subject to different tax rates*	—	—	4.2	96,228
Non deductible expenses, net of non assessable income	1.2	27,743	0.6	14,834
Tax exempt income	(0.1)	(1,807)	(1.4)	(32,078)
Tax incentive [^]	(5.1)	(116,595)	—	—
Effect of net deferred tax benefits not recognised [^]	(2.9)	(66,094)	(3.8)	(89,195)
Effect of tax losses recognised	(0.3)	(7,696)	—	—
	16.8	387,068	23.6	543,029
Under provision in prior years		9,879		3,668
Tax expense		396,947		546,697

Company In RM'000	%	2023	%	2022
Profit before taxation		2,230,852		1,983,629
Taxation at Malaysian statutory tax rate	24.0	535,404	24.0	476,071
Effects of income subject to different tax rates*	—	—	4.8	96,228
Non deductible expenses, net of non assessable income	0.4	8,473	0.1	2,065
Tax exempt income	(5.8)	(129,717)	(5.3)	(106,833)
	18.6	414,160	23.6	467,531
Under provision in prior years		14,563		4,557
Tax expense		428,723		472,088

* Tax rate at 33% on chargeable income of the Company exceeding RM100 million for the year of assessment 2022 in accordance with the provision of Malaysian Finance Act 2021 ("Prosperity Tax").

[^] Comprise of tax incentives granted to a subsidiary and joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

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25. DIVIDENDS

In RM'000	Company	
	2023	2022
Ordinary		
Interim paid:		
2021 - Fourth interim dividend of 22 sen per ordinary share	—	435,321
2021 - Special interim dividend of 10 sen per ordinary share	—	197,873
2022 - First interim dividend of 16 sen per ordinary share	—	316,597
2022 - Second interim dividend of 16 sen per ordinary share	—	316,597
2022 - Third interim dividend of 18 sen per ordinary share	—	356,172
2022 - Fourth interim dividend of 22 sen per ordinary share	435,321	—
2023 - First interim dividend of 16 sen per ordinary share	316,597	—
2023 - Second interim dividend of 16 sen per ordinary share	316,597	—
2023 - Third interim dividend of 18 sen per ordinary share	356,172	—
	1,424,687	1,622,560

The Directors had on 27 February 2024 declared a fourth interim dividend of 22 sen per ordinary share amounting to RM435,321,000 in respect of the financial year ended 31 December 2023. The financial statements for the current financial year do not reflect these declared interim dividends. The dividends will be accounted for in equity as an appropriation of retained profits in the financial statements for the financial year ending 31 December 2024.

The net dividend per ordinary share for the respective financial year ended 31 December takes into account the total interim dividends declared as follows:

In Sen	Company	
	2023	2022
Declared and paid - net		
First interim dividend per ordinary share	16	16
Second interim dividend per ordinary share	16	16
Third interim dividend per ordinary share	18	18
	50	50
Declared but not paid - net		
Fourth interim dividend per ordinary share	22	22
	72	72

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26. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per ordinary share was based on the Group's net profit attributable to shareholders of the Company of RM1,819,600,000 (2022: RM1,645,446,000), over the number of ordinary shares outstanding during the year of 1,978,732,000 (2022: 1,978,732,000).

Diluted earnings per share

The Company has not issued any dilutive potential ordinary shares, hence, the diluted EPS is the same as the basic EPS.

In Sen	Company	
	2023	2022
Basic and diluted earnings per ordinary share	92.0	83.2

27. CAPITAL COMMITMENTS

Outstanding commitments in respect of capital expenditure at the end of the reporting year not provided for in the financial statements are:

In RM'000	Group		Company	
	2023	2022	2023	2022
Property, plant and equipment				
Approved and contracted for				
Less than one year	241,522	154,771	101,016	154,771
Between one and five years	235,667	281,929	52,479	51,929
	477,189	436,700	153,495	206,700
Approved but not contracted for				
Less than one year	1,429,408	1,711,386	1,269,014	1,588,893
Between one and five years	3,502,151	2,874,854	2,890,779	2,651,205
	4,931,559	4,586,240	4,159,793	4,240,098
	5,408,748	5,022,940	4,313,288	4,446,798
Share of capital expenditure of joint ventures				
Approved and contracted for				
Less than one year	4,011	351	—	—
Approved but not contracted for				
Less than one year	7,493	7,169	—	—
Between one and five years	6,637	8,357	—	—
	14,130	15,526	—	—
	18,141	15,877	—	—
Total commitments	5,426,889	5,038,817	4,313,288	4,446,798

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28. RELATED PARTY DISCLOSURES

Significant transactions with related parties

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

The Group's and the Company's related parties include subsidiaries, joint ventures, associate, as well as the holding and ultimate holding company, PETRONAS and its related entities. The Group's related parties also include Government of Malaysia and its related entities as the Company's holding company, PETRONAS is wholly-owned by the Government of Malaysia.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and an entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group.

Key management personnel compensation

In RM'000	Group and Company	
	2023	2022
Directors		
- Fees	957	1,255
- Benefit-in-kind	19	28
	976	1,283

In addition to directors' compensation paid directly as above, the Company paid to the holding company fees for representation on the Board of Directors and reimbursement of key management personnel costs and benefits as disclosed below.

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

In RM'000	Group		Company	
	2023	2022	2023	2022
Government of Malaysia's related entities:				
Tenaga Nasional Berhad				
- Sales of industrial utilities	40,807	81,410	40,807	81,410
- Purchase of electricity	(48,585)	(40,706)	(21,285)	(19,221)
TNB Repair and Maintenance Sdn. Bhd.				
- Provision of repair and maintenance services	(29,028)	(31,194)	(29,028)	(31,194)

NOTES TO THE FINANCIAL STATEMENTS

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28. RELATED PARTY DISCLOSURES (continued)

In RM'000	Group		Company	
	2023	2022	2023	2022
Holding company:				
- Gas processing fee income	1,702,961	1,703,404	1,702,961	1,703,404
- Interest income from fund investments	128,406	106,473	125,749	105,167
- Internal gas consumption performance incentive	69,242	36,842	69,242	36,842
- Gas transportation fee income	2,089	7,625	2,089	7,625
- Insurance claim	553	3,968	553	3,968
- Staff secondment services	(448,637)	(355,756)	(419,645)	(329,947)
- Information, communication and technology charges	(57,583)	(51,627)	(54,209)	(48,951)
- Insurance expense	(32,790)	(26,715)	(27,961)	(22,549)
- Staff medical expense	(24,340)	(18,535)	(24,254)	(17,612)
- Financial services	(10,568)	(13,014)	(9,207)	(12,174)
- Corporate security charges	(11,120)	(11,682)	(9,077)	(9,271)
- Supply chain and management services	(14,034)	(7,729)	(13,371)	(7,287)
- Rental of office premises	(6,693)	(7,250)	(6,693)	(7,250)
- Reimbursement of key management costs	(1,753)	(1,419)	(1,753)	(1,419)
- Fees for representation on the Board of Directors	(660)	(681)	(660)	(681)
Related companies:				
CEFS Response				
- Contribution for emergency response services	(11,571)	(9,284)	(11,564)	(9,057)
Gas Asia Terminal (L) Pte. Ltd.				
- Time charter services	(1,236,465)	(248,170)	—	—
Pengerang Power Sdn. Bhd.				
- Purchase of electricity	(37,070)	(42,777)	—	—
PETCO Trading Labuan Co. Ltd.				
- LPG import and export service income	6,543	6,543	6,543	6,543
PETRONAS Carigali Sdn. Bhd.				
- Operations and maintenance services charges	(1,027)	(7,622)	(1,027)	(7,622)
PETRONAS Chemicals Ammonia Sdn. Bhd.				
- Sale of industrial utilities	279,004	243,452	279,004	243,452
PETRONAS Chemicals Aromatics Sdn. Bhd.				
- Sale of industrial utilities	81,503	53,562	81,503	53,562
PETRONAS Chemicals Derivatives Sdn. Bhd.				
- Sale of industrial utilities	809,311	671,551	809,311	671,551
PETRONAS Chemicals Ethylene Sdn. Bhd.				
- Sale of industrial utilities	17,652	17,048	17,652	17,048
PETRONAS Chemicals LDPE Sdn. Bhd.				
- Sale of industrial utilities	149,659	113,522	149,659	113,522

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28. RELATED PARTY DISCLOSURES (continued)

In RM'000	Group		Company	
	2023	2022	2023	2022
Related companies: (continued)				
PETRONAS Chemicals Marketing Labuan Ltd.				
- Purchase of hydrogen	(8,967)	(9,836)	(8,967)	(9,836)
PETRONAS Chemicals MTBE Sdn. Bhd.				
- Sale of industrial utilities	263,712	232,886	263,571	232,886
PETRONAS Digital Sdn. Bhd.				
- Information, communication and technology	(21,322)	(13,262)	(15,130)	(8,256)
PETRONAS Energy and Gas Trading Sdn. Bhd.				
- Regasification fee income	1,327,666	1,381,240	—	—
- Gas transportation fee income	1,132,228	1,153,959	1,132,228	1,153,959
- Reloading income	10,649	9,786	—	—
- LNG truck loading income	10,755	9,360	—	—
- Purchase of fuel gas	(1,562,455)	(1,428,453)	(1,562,455)	(1,428,453)
- Purchase of gas for internal gas consumption	(218,191)	(298,485)	(202,503)	(254,988)
PETRONAS Global Technical Services Sdn. Bhd.				
- Technical manpower services	(5,629)	(4,051)	—	—
PETRONAS Lubricants Marketing Sdn. Bhd.				
- Purchase of petroleum products	(5,093)	(4,154)	(4,926)	(3,663)
PETRONAS Technical Services Sdn. Bhd.				
- Technical consultancy fees	(104,698)	(122,317)	(104,406)	(119,649)
PETRONAS Technical Training Sdn. Bhd.				
- Training and development related costs	(9,536)	(7,197)	(9,257)	(6,860)
Sungai Udang Port Sdn. Bhd.				
- Marine services	(6,475)	(6,475)	—	—
Subsidiaries:				
Regas Terminal (Sg. Udang) Sdn. Bhd.				
- Management fee income	—	—	3,654	3,909
- Pipeline maintenance fee income	—	—	1,670	1,670
- Technical and engineering services fee income	—	—	1,044	1,227
- Annual access right fee income	—	—	447	416
- Rental office income	—	—	225	—
- Rental warehouse income	—	—	103	103
Pengerang LNG (Two) Sdn. Bhd.				
- Management fee income	—	—	3,852	3,905
- Technical and engineering services fee income	—	—	870	1,449
- Rental office income	—	—	199	—
- Pipeline maintenance fee income	—	—	69	46
- Lab analysis, sampling and storage services	—	—	—	81

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

28. RELATED PARTY DISCLOSURES (continued)

In RM'000	Group		Company	
	2023	2022	2023	2022
Joint ventures:				
Industrial Gases Solutions Sdn. Bhd.				
- Sale of industrial utilities	12,699	6,839	12,699	6,839
- Purchase of nitrogen	(7,882)	(7,182)	(7,844)	(6,777)
Kimanis Power Sdn. Bhd.				
- Secondment fee income	1,813	2,398	1,813	2,398
Pengerang Gas Solutions Sdn. Bhd.				
- Interest income	9,584	11,941	9,584	11,941
- Secondment fee income	642	642	642	642
- Management fee income	277	277	277	277
Joint ventures and associates of the holding company and related companies:				
BASF PETRONAS Chemicals Sdn. Bhd.				
- Sale of industrial utilities	186,077	127,667	186,077	127,667
Ineos PCG Acetyls Sdn. Bhd.				
- Sale of industrial utilities	44,797	41,020	44,797	41,020
Kertih Terminals Sdn. Bhd.				
- Sale of industrial utilities	8,355	6,698	8,355	6,698
Pengerang Terminals (Two) Sdn. Bhd.				
- Jetty usage charges	(69,176)	(41,695)	—	—
Trans Thai-Malaysia (Malaysia) Sdn. Bhd.				
- Right of way and maintenance fees income	5,304	7,992	5,304	7,992

Included in the fees for representation on the Board of Directors are fees paid directly to holding company in respect of certain directors who are appointees of the holding company.

Information regarding outstanding balances at reporting date arising from related party transactions are disclosed in Note 7, Note 11, Note 17, Note 19 and Note 20.

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established on a commercial basis.

29. OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the Group's Chief Operating Decision Maker which is the Board of Directors, reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- Gas processing – activities include processing of natural gas into sales gas and other by-products such as ethane, propane and butane.
- Gas transportation – activities include transportation of processed gas to shippers' end customers and provision of operations and maintenance services.
- Regasification – activities include regasification of liquefied natural gas ("LNG") and provision of ancillary services comprising LNG reloading, truck loading and gassing up and cooling down services.
- Utilities – activities include manufacturing, marketing and supplying of industrial utilities and provision of operations and maintenance services.

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29. OPERATING SEGMENTS (continued)

Performance is measured based on segment gross profit as included in the internal management reports. Segment gross profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments.

Segment results refer to segment gross profit. The total segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated expenses mainly comprise forex gain or loss, other corporate income and expenses.

The total of segment assets are measured based on all assets of a segment, excluding interest bearing assets and corporate assets as these are managed on a group basis.

The segmental information in respect of the joint ventures and associate is not presented as the contribution of the associate and joint ventures and the carrying amounts of investment in the associate and joint ventures have been reflected in the statement of profit or loss and other comprehensive income and statement of financial position of the Group. Details of the joint ventures and associate are disclosed in Note 5 and Note 6 to the financial statements respectively.

Segment capital expenditure is the total cost incurred during the period to acquire non-current assets that are expected to be used for more than one period, other than financial instruments and deferred tax assets.

Group Business Segments 2023 In RM'000	Gas Processing	Gas Transportation	Gas Regasification	Utilities	Total
Revenue	1,778,200	1,144,124	1,352,275	2,170,824	6,445,423
Segment results	796,485	562,219	637,610	290,693	2,287,007
Unallocated expense					(13,319)
Operating profit					2,273,688
Financing costs					(126,757)
Share of profit after tax of equity-accounted joint ventures and associate					239,084
Profit before taxation					2,386,015
Tax expense					(484,976)
Profit for the year					1,901,039
Included in the measure of segment profit are:					
Depreciation and amortisation	(512,248)	(111,018)	(384,960)	(134,828)	(1,143,054)
Unallocated depreciation and amortisation	—	—	—	—	1,655

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29. OPERATING SEGMENTS (continued)

Group Business Segments 2022 In RM'000	Gas Processing	Gas Transportation	Gas Regasification	Utilities	Total
Revenue	1,746,788	1,168,418	1,412,098	1,832,872	6,160,176
Segment results	892,410	563,338	750,913	141,025	2,347,686
Unallocated expense					(27,601)
Operating profit					2,320,085
Financing costs					(178,434)
Share of profit after tax of equity-accounted joint ventures and associate					127,717
Profit before taxation					2,269,368
Tax expense					(510,900)
Profit for the year					1,758,468

Included in the measure of segment profit are:

Depreciation and amortisation	(448,400)	(104,377)	(372,333)	(111,779)	(1,036,889)
Unallocated depreciation and amortisation	—	—	—	—	1,378

Group Business Segments 2023 In RM'000	Gas Processing	Gas Transportation	Gas Regasification	Utilities	Total
Segment assets	4,627,242	3,845,592	4,852,313	1,491,979	14,817,126
Investment in joint ventures					833,584
Investment in associate					186,519
Unallocated assets					3,482,049
Total assets					19,319,278
Included in the measure of segment assets are:					
Capital expenditure	602,254	467,616	92,066	63,587	1,225,523
Unallocated capital expenditure	—	—	—	—	(3,523)

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31 December 2023

29. OPERATING SEGMENTS (continued)

Group Business Segments 2022 In RM'000	Gas Processing	Gas Transportation	Regasification	Utilities	Total
Segment assets	4,556,519	3,505,442	5,082,966	1,576,938	14,721,865
Investment in joint ventures					767,048
Investment in associate					175,435
Unallocated assets					4,024,054
Total assets					19,688,402

Included in the measure of segment assets are:

Capital expenditure	532,730	410,986	60,176	156,426	1,160,318
Unallocated capital expenditure	—	—	—	—	(3,711)

Major customers

The following are major customers with revenue that contribute to equal or more than 10 percent of Group revenue:

Group In RM'000	Segment	2023	2022
- PETRONAS Energy and Gas Trading Sdn. Bhd.	Gas Transportation and Regasification	2,468,455	2,554,345
- PETRONAS	Gas Processing and Gas Transportation	1,773,746	1,711,029
- PETRONAS Chemicals Group Berhad	Utilities	1,604,676	1,334,773

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

30. FINANCIAL INSTRUMENTS

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (i) Amortised cost ("AC"); and
- (ii) Fair value through profit or loss ("FVTPL")
 - Mandatorily required by MFRS 9

Group 2023 In RM'000	Note	AC	FVTPL - mandatorily at FVTPL	Total carrying amount
Financial assets				
Long-term receivable (excluding Expected Credit Losses ("ECL"))	7	69,566	—	69,566
Trade and other receivables (excluding prepayments and ECL)	11	885,575	2	885,577
Other investment	12	500,000	—	500,000
Cash and cash equivalents	13	3,027,943	—	3,027,943
		4,483,084	2	4,483,086
Financial liabilities				
Borrowings (excluding lease liabilities)	17	(2,564,348)	—	(2,564,348)
Trade and other payables (excluding deferred income)	20	(1,094,379)	(80)	(1,094,459)
		(3,658,727)	(80)	(3,658,807)

Group 2022 In RM'000	Note	AC	FVTPL - mandatorily at FVTPL	Total carrying amount
Financial assets				
Long-term receivable (excluding ECL)	7	123,066	—	123,066
Trade and other receivables (excluding prepayments and ECL)	11	948,847	—	948,847
Cash and cash equivalents	13	4,026,244	—	4,026,244
		5,098,157	—	5,098,157
Financial liabilities				
Borrowings (excluding lease liabilities)	17	(2,362,744)	—	(2,362,744)
Trade and other payables (excluding deferred income)	20	(1,191,878)	(10,432)	(1,202,310)
		(3,554,622)	(10,432)	(3,565,054)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

30. FINANCIAL INSTRUMENTS (continued)

Categories of financial instruments (continued)

Company 2023 In RM'000	Note	AC	FVTPL - mandatorily at FVTPL	Total carrying amount
Financial assets				
Long-term receivable (excluding ECL)	7	69,566	—	69,566
Trade and other receivables (excluding prepayments and ECL)	11	769,286	2	769,288
Other investment	12	500,000	—	500,000
Cash and cash equivalents	13	2,876,925	—	2,876,925
		4,215,777	2	4,215,779
Financial liabilities				
Borrowings (excluding lease liabilities)	17	(1,169,348)	—	(1,169,348)
Trade and other payables (excluding deferred income)	20	(966,484)	(4)	(966,488)
		(2,135,832)	(4)	(2,135,836)

Company 2022 In RM'000	Note	AC	FVTPL - mandatorily at FVTPL	Total carrying amount
Financial assets				
Long-term receivable (excluding ECL)	7	123,066	—	123,066
Trade and other receivables (excluding prepayments and ECL)	11	790,582	—	790,582
Cash and cash equivalents	13	3,866,820	—	3,866,820
		4,780,468	—	4,780,468
Financial liabilities				
Borrowings (excluding lease liabilities)	17	(862,744)	—	(862,744)
Trade and other payables (excluding deferred income)	20	(1,060,050)	—	(1,060,050)
		(1,922,794)	—	(1,922,794)

Financial risk management

The Group and the Company are exposed to various risks that are particular to its core business which consists of separating natural gas into its components and storing, transporting and distributing such components thereof for a fee, the sale of industrial utilities and the regasification of liquefied natural gas for a fee. These risks, which arise in the normal course of the Group's and the Company's business, comprise counterparty credit risk, liquidity risk and market risk relating to interest rates and foreign exchange risk.

The Group has policies, standards and guidelines in place that sets the foundation for a consistent approach towards establishing an effective integrated financial risk management.

Risk taking activities are undertaken within acceptable level of risk or risk appetite, whereby the risk appetite level reflects business considerations and capacity to assume such risks. The risk appetite is established at Board level, where relevant, based on defined methodology and translated into operational thresholds.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

30. FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

The Group's and the Company's goal in risk management are to ensure that the management understands, measures, monitors and reports the financial risks that arise in connection with their operations. The policies, standards and guidelines have been developed to identify, analyse, appraise, monitor and report the dynamic risks facing the Group and the Company. Based on this assessment, the Group and the Company adopt appropriate measures to mitigate these risks in accordance with their view of the balance between risk and reward.

Credit risk

Counterparty credit risk refers to risk of loss resulting from a counterparty failing to perform its contractual financial obligation or making payment for goods and services, due to circumstances such as bankruptcy, financial constraints, political restrictions and government directives.

The Group's and the Company's exposures to credit risk arise principally from their receivables from third party customers, fund and other investments and financial guarantees given to financial institutions for credit facilities granted to subsidiaries, joint ventures and associates. Credit risks are controlled in accordance with PETRONAS' policies, standards and guidelines implemented across PETRONAS Group.

(i) Receivables

Risk management objectives, policies and processes for managing the risk

The Group and the Company minimise credit risk by entering into contracts with highly rated counterparties. Potential counterparties are subject to credit assessment and approval prior to any transaction being concluded and existing counterparties are subject to regular reviews, including re-appraisal and approval of granted limits where applicable. The creditworthiness of counterparties is assessed based on an analysis of all available quantitative and qualitative data regarding business risks and financial standing, together with the review of any relevant third party and market information. Reports are prepared and presented to the management that cover the Group's overall credit exposure against portfolio level risk appetite.

Depending on the types of transactions and counterparty creditworthiness, the Group and the Company further mitigate credit risk by requiring collateral or other credit enhancements such as cash deposits, letter of credit and bank guarantees.

At each reporting date, the Group and the Company assess whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amounts in the statement of financial position.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the customer;
- a breach of contract such as a default; or
- it is probable that the customer will enter bankruptcy or other financial reorganisation.

Concentration of credit risk

As at the reporting date, significant receivables relate to amounts due from holding company and amounts due from related companies.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

30. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

(i) Receivables (continued)

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group and the Company manage their debtors and take appropriate actions (including but not limited to legal actions) to recover long overdue balances.

The Group and the Company perform credit rating assessment of all its counterparties in order to measure ECL of trade receivables for all segments using the PETRONAS Credit Risk Rating system. This credit rating assessment considers quantitative assessment using the counterparties' financial statements or a qualitative assessment of the counterparties which includes but is not limited to their reputation, competitive position, industry and geopolitical outlook.

In determining the ECL, the probability of default assigned to each counterparty is based on their individual credit rating. This probability of default is derived by benchmarking against available third party and market information, which also incorporates forward looking information.

Loss given default is the assumption of the proportion of financial asset that cannot be recovered by conversion of collateral to cash or by legal process and is assessed based on the Group and the Company's historical experience.

The following table provides information about the exposure to credit risk and ECL for trade receivables as at 31 December 2023 which are grouped together as they are expected to have similar risk nature.

Group 2023 In RM'000	Note	Gross carrying amount	Loss allowance	Net balance
Credit Risk Rating				
Excellent		433,701	—	433,701
Good		344,044	(14)	344,030
Fair		12,467	—	12,467
Amounts not subject to loss allowances*		(935)	—	(935)
		789,277	(14)	789,263
Representing				
Trade receivables	11	789,277	(14)	789,263

Group 2022 In RM'000	Note	Gross carrying amount	Loss allowance	Net balance
Credit Risk Rating				
Excellent		473,527	—	473,527
Good		357,139	(7)	357,132
Fair		17,929	—	17,929
Amounts not subject to loss allowances*		(3,439)	—	(3,439)
		845,156	(7)	845,149
Representing				
Trade receivables	11	845,156	(7)	845,149

* Amounts not subject to loss allowances relates to credit notes issued to customers.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

30. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

(i) Receivables (continued)

Recognition and measurement of impairment loss (continued)

Company 2023 In RM'000	Note	Gross carrying amount	Loss allowance	Net balance
Credit Risk Rating				
Excellent		433,701	—	433,701
Good		227,901	(14)	227,887
Fair		12,467	—	12,467
Amounts not subject to loss allowances*		(935)	—	(935)
		673,134	(14)	673,120
Representing				
Trade receivables	11	673,134	(14)	673,120

Company 2022 In RM'000	Note	Gross carrying amount	Loss allowance	Net balance
Credit Risk Rating				
Excellent		473,527	—	473,527
Good		200,285	(7)	200,278
Fair		17,929	—	17,929
Amounts not subject to loss allowances*		(3,439)	—	(3,439)
		688,302	(7)	688,295
Representing				
Trade receivables	11	688,302	(7)	688,295

* Amounts not subject to loss allowances relates to credit notes issued to customers.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

30. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

(i) Receivables (continued)

Recognition and measurement of impairment loss (continued)

The ageing of trade receivables as at the reporting date is analysed below.

In RM'000	Note	Group		Company	
		2023	2022	2023	2022
At net					
Current		789,277	845,156	673,134	688,302
Past due 1 to 30 days		—	—	—	—
Past due 31 to 60 days		—	—	—	—
Past due 61 to 90 days		—	—	—	—
Past due more than 90 days		—	—	—	—
		789,277	845,156	673,134	688,302
Representing:					
Trade receivables	11	37,043	28,649	37,043	27,808
Amount due from holding company	11.1	156,896	152,409	156,896	152,409
Amount due from subsidiaries	11.2	—	—	422	421
Amount due from joint ventures and associate	11.3	1,272	1,647	1,272	1,647
Amount due from related companies	11.4	554,475	630,484	437,910	474,050
Amount due from related parties	11.5	39,591	31,967	39,591	31,967
		789,277	845,156	673,134	688,302

Other receivables

Credit risks on other receivables are mainly arising from term loan due from a joint venture company. The term loan due from a joint venture has fixed terms of repayment as disclosed in Note 7 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

30. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

(i) Receivables (continued)

Recognition and measurement of impairment loss (continued)

As at the end of the reporting period, the maximum exposure to credit risks is represented by their carrying amounts in the statement of financial position. The Group and the Company have provided allowances for expected credit losses on these amounts. The movements in the allowance for impairment losses of receivables during the year are as follows:

2023 In RM'000	Trade receivables	Other receivables	Total
Group			
Opening balance	(7)	(359)	(366)
Impairment (loss)/reversal recognised	(7)	95	88
Closing balance	(14)	(264)	(278)
Company			
Opening balance	(7)	(359)	(366)
Impairment (loss)/reversal recognised	(7)	95	88
Closing balance	(14)	(264)	(278)

(ii) Fund investments

Risk management objectives, policies and processes for managing the risk

The Group and the Company are also exposed to counterparty credit risk from financial institutions through fund investments activities which is managed by PETRONAS IFSSC on behalf of the Group comprising primarily money market placement. These exposures are managed in accordance with existing policies and guidelines that define the parameters within which the investment activities shall be undertaken in order to achieve the Group's investment objective of preserving capital and generating optimal returns above appropriate benchmarks within allowable risk parameters.

Investments are only made with approved counterparties who met the appropriate rating and other relevant criteria, and within approved credit limits, as stipulated in the policies and guidelines.

Exposure to credit risk, credit quality and collateral

As at the reporting date, the maximum exposure to credit risk arising from fund investments is represented by the carrying amounts in the statement of financial position.

The credit risk on a financial instrument is considered low, if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

While the fund investments are unsecured, the Group and the Company do not expect any of the counterparties to fail to meet its obligation in view of their sound credit ratings.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

30. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is the risk that the Group and the Company will have insufficient funds to meet financial commitments in a timely manner. The Group's and the Company's exposure to liquidity risk arise principally from its trade and other payables and borrowings. In managing its liquidity risk, the Group and the Company maintain sufficient cash and liquid marketable assets.

The Group's and the Company's borrowing power is not limited by the Company's and respective Group entities' constitutions. However, certain borrowing covenants impose limited restrictions on some of the debt level of the Group and Company.

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the reporting date based on undiscounted contractual payments:

Group 2023 In RM'000	Carrying amount	Contractual profit per annum/ discount rate %	Contractual cash flows*	Within 1 year
Islamic Murabahah Medium Term Notes	1,395,000	2.37 to 3.74	1,748,500	152,230
Commodity Murabahah Term Financing	1,169,348	3.46 to 4.18	1,181,488	1,181,488
Lease liabilities	588,121	8.10 to 8.40	1,155,154	61,292
Trade and other payables (excluding deferred income)	1,094,459	—	1,094,459	1,094,459
	4,246,928		5,179,601	2,489,469

Group 2023 In RM'000	1-2 years	2-5 years	More than 5 years
Islamic Murabahah Medium Term Notes	159,739	397,526	1,039,005
Commodity Murabahah Term Financing	—	—	—
Lease liabilities	61,292	183,876	848,694
Trade and other payables (excluding deferred income)	—	—	—
	221,031	581,402	1,887,699

* The contractual cash flow is inclusive of the principal and interest payments.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

30. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

Maturity analysis (continued)

Company 2023 In RM'000	Carrying amount	Contractual profit per annum/ discount rate %	Contractual cash flows*	Within 1 year
Commodity Murabahah Term Financing	1,169,348	3.46 to 4.18	1,181,488	1,181,488
Lease liabilities	6,587	8.20	14,476	640
Trade and other payables (excluding deferred income)	966,488	—	966,488	966,488
	2,142,423		2,162,452	2,148,616

Company 2023 In RM'000	1-2 years	2-5 years	More than 5 years
Commodity Murabahah Term Financing	—	—	—
Lease liabilities	640	1,921	11,275
Trade and other payables (excluding deferred income)	—	—	—
	640	1,921	11,275

Group 2022 In RM'000	Carrying amount	Contractual profit per annum/ discount rate %	Contractual cash flows*	Within 1 year
Islamic Murabahah Medium Term Notes	1,500,000	2.22 to 3.74	1,898,403	149,903
Commodity Murabahah Term Financing	862,744	3.44 to 3.56	904,408	30,747
Lease liabilities	1,472,998	8.10 to 9.10	2,512,786	187,037
Trade and other payables (excluding deferred income)	1,202,310	—	1,202,310	1,202,310
	5,038,052		6,517,907	1,569,997

Group 2022 In RM'000	1-2 years	2-5 years	More than 5 years
Islamic Murabahah Medium Term Notes	152,230	425,571	1,170,699
Commodity Murabahah Term Financing	873,661	—	—
Lease liabilities	199,705	597,960	1,528,084
Trade and other payables (excluding deferred income)	—	—	—
	1,225,596	1,023,531	2,698,783

* The contractual cash flow is inclusive of the principal and interest payments.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

30. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

Maturity analysis (continued)

Company 2022 In RM'000	Carrying amount	Contractual profit per annum/ discount rate %	Contractual cash flows*	Within 1 year
Commodity Murabahah Term Financing	862,744	3.44 to 3.56	904,408	30,747
Lease liabilities	6,684	8.20	15,116	640
Trade and other payables (excluding deferred income)	1,060,050	—	1,060,050	1,060,050
	1,929,478		1,979,574	1,091,437

Company 2022 In RM'000	1-2 years	2-5 years	More than 5 years
Commodity Murabahah Term Financing	873,661	—	—
Lease liabilities	640	1,921	11,915
Trade and other payables (excluding deferred income)	—	—	—
	874,301	1,921	11,915

* The contractual cash flow is inclusive of the principal and interest payments.

Market risk

Market risk is the risk or uncertainty arising from changes in market prices and their impact on the performance of the business. The market price changes that the Group and the Company are exposed to includes interest rates, foreign currency exchange rates and other indices that could adversely affect the value of the Group's and of the Company's financial assets, liabilities or expected future cash flows.

Interest rate risk

The Group's and the Company's investments in fixed rate debt instruments are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

All interest rate exposures are monitored and managed proactively in line with PETRONAS's policies and guidelines.

The Group and the Company are also exposed to the ongoing interbank offered rates ("IBOR") reforms on its financial instruments that will be replaced or reformed as part of these market-wide initiatives.

The Group's and the Company's main IBOR exposure are indexed to USD LIBOR which was discontinued on 30 June 2023. The alternative benchmark rate is indexed to Secured Overnight Financing Rate (SOFR). The Group via its ultimate holding company has established a LIBOR Transition Project Steering Committee which monitors and manages the PETRONAS Group wide transition to alternative benchmark rates by the cessation date with an aim to achieve economically equivalent transactions and minimal impact upon transition. As at reporting date, transitional activities are completed and have applied the practical expedients to negotiate contracts for which the benchmark rate had been replaced to SOFR.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

30. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

Interest rate risk (continued)

The interest rate profile of the Group's and the Company's interest-bearing financial instruments based on carrying amount as at reporting date is as follows:

In RM'000	Group		Company	
	2023	2022	2023	2022
Fixed rate instruments				
Financial assets	652,134	203,886	628,210	181,609
Financial liabilities	(1,983,121)	(2,972,998)	(6,587)	(6,684)
	1,330,987	(2,769,112)	621,623	174,925
Floating rate instruments				
Financial assets	3,004,019	4,003,967	2,876,925	3,866,820
Financial liabilities	(1,169,348)	(862,744)	(1,169,348)	(862,744)
	1,834,671	3,141,223	1,707,577	3,004,076

All interest rate exposures are monitored and managed proactively in line with PETRONAS' policies and guidelines.

Cash flow sensitivity analysis for variable rate instruments

A change of basis points (b.p.s) in interest rates for financial asset and financial liabilities respectively at the end of the reporting period would have increased pre-tax profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

In RM'000	Group		Company	
	2023	2022	2023	2022
Changes in interest b.p.s (+/-)				
Financial assets	50 b.p.s	50 b.p.s	50 b.p.s	50 b.p.s
Financial liabilities	50 b.p.s	50 b.p.s	50 b.p.s	50 b.p.s
Gain	9,173	15,706	8,538	15,020

For the Group's and the Company's interest-bearing financial assets and liabilities that are fixed rate instruments measured at amortised cost, a change in interest rate is not expected to have material impact on the Group's and the Company's profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

30. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. The Group and the Company are exposed to varying levels of foreign currency risk when they enter into transactions that are not denominated in the respective companies' functional currencies and/or when foreign currency monetary assets and liabilities are translated at the reporting date.

The Group and the Company operate predominantly in Malaysia and transact mainly in Ringgit Malaysia.

The Group's and the Company's foreign exchange management policy are to minimise economic and significant transactional exposures arising from currency movements. For major capital projects, the Group and the Company perform assessment of potential foreign exchange risk exposure at the investment decision phase to determine the appropriate foreign exchange risk management strategy. Residual net positions are actively managed and monitored against prescribed policies and control procedures. When deemed necessary and appropriate, the Group and the Company will enter into derivative financial instruments to hedge and minimise its exposures to the foreign currency movements.

The Group's and the Company's significant exposure to foreign currency risk (a currency which is other than the functional currency of the Group entities), based on carrying amounts as at the reporting date are as follows:

Group In RM'000	2023	2022
Denominated in USD		
Financial assets		
Long-term receivable	69,566	123,066
Trade and other receivables	83,951	121,111
	153,517	244,177
Financial liabilities		
Lease liabilities	(574,620)	(1,458,820)
Trade and other payables	(21,701)	(25,328)
	(596,321)	(1,484,148)
Net exposure	(442,804)	(1,239,971)

Company In RM'000	2023	2022
Denominated in USD		
Financial assets		
Long-term receivable	69,566	123,066
Trade and other receivables	72,287	103,010
	141,853	226,076
Financial liabilities		
Trade and other payables	(7,199)	(5,464)
Net exposure	134,654	220,612

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

30. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

Currency risk sensitivity analysis

Sensitivity analysis for a given market variable provided in this note, discloses the effect on profit or loss as at 31 December 2023 assuming that a reasonably possible change in the relevant market variable had occurred at 31 December 2023 and been applied to the risk exposures in existence at that date to show the effects of reasonably possible changes in price on profit or loss and equity to the next annual reporting date. Reasonably possible changes in market variables used in the sensitivity analysis are based on implied volatilities, where available, or historical data for equity and commodity prices and foreign exchange rates. Reasonably possible changes in interest rates are based on management judgment and historical experience.

The sensitivity analysis is hypothetical and should not be considered to be predictive of future performance because the Group's actual exposure to market prices is constantly changing with changes in the Group's portfolio of among others, debt and foreign currency contracts where relevant. Changes in fair values or cash flows based on a variation in a market variable cannot be extrapolated because the relationship between the change in market variable and the change in fair value or cash flows may not be linear. In addition, the effect of a change in a given market variable is calculated independently of any change in another assumption and mitigating actions that would be taken by the Group. In reality, changes in one factor may contribute to changes in another, which may magnify or counteract the sensitivities.

The following table demonstrates the indicative pre-tax effects on the profit or loss of applying reasonably foreseeable market movements in the following currency exchange rates:

In RM'000	Appreciation in foreign currency rate %	Group Effect on profit/(loss)	Company Effect on profit/(loss)
2023			
USD	10	(44,280)	13,465
2022			
USD	10	(123,997)	22,061

A depreciation in foreign currency rate above would have had equal but opposite effect, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

30. FINANCIAL INSTRUMENTS (continued)

Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings, reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The following table analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

Group 2023 In RM'000	Fair value of financial instruments carried at fair value Level 2	Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amount
Financial assets				
Long-term receivable	—	72,002	72,002	69,566
Derivative assets	2	—	2	2
	2	72,002	72,004	69,568
Financial liabilities				
Islamic financing facilities	—	(2,433,065)	(2,433,065)	(2,564,348)
Derivative liabilities	(80)	—	(80)	(80)
	(80)	(2,433,065)	(2,433,145)	(2,564,428)
Group 2022 In RM'000				
Financial assets				
Long-term receivable	—	131,597	131,597	123,066
Financial liabilities				
Islamic financing facilities	—	(2,220,838)	(2,220,838)	(2,362,744)
Derivative liabilities	(10,432)	—	(10,432)	(10,432)
	(10,432)	(2,220,838)	(2,231,270)	(2,373,176)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

30. FINANCIAL INSTRUMENTS (continued)

Fair value information (continued)

Company 2023 In RM'000	Fair value of financial instruments carried at fair value Level 2	Fair value of financial instruments not carried at fair value Level 3	Total fair value	Carrying amount
Financial assets				
Long-term receivable	—	72,002	72,002	69,566
Derivative assets	2	—	2	2
	2	72,002	72,004	69,568
Financial liabilities				
Islamic financing facility	—	(1,169,348)	(1,169,348)	(1,169,348)
Derivative liabilities	(4)	—	(4)	(4)
	(4)	(1,169,348)	(1,169,352)	(1,169,352)
Company 2022 In RM'000				
Financial assets				
Long-term receivable	—	131,597	131,597	123,066
Financial liabilities				
Islamic financing facility	—	(862,744)	(862,744)	(862,744)

The calculation of fair value for derivatives and non-derivatives assets and liabilities within financial instruments depends on the type of instruments as follows:

- Fair value of non-derivative financial instruments, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.
- Fair value of forward exchange contracts are estimated by discounting the difference between the forward exchange rates and the contractual rate.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

30. FINANCIAL INSTRUMENTS (continued)

Income/(expense), net gains and losses arising from financial instruments

Group In RM'000	Interest income	Interest expense	Others	Total
2023				
Financial assets at amortised cost	149,170	—	(14,358)	134,812
Financial liabilities at amortised cost	—	(44,122)	(5,333)	(49,455)
Financial liabilities at fair value through profit or loss	—	—	22,493	22,493
Total	149,170	(44,122)	2,802	107,850

2022				
Financial assets at amortised cost	120,218	—	20,932	141,150
Financial liabilities at amortised cost	—	(46,379)	(1,610)	(47,989)
Financial liabilities at fair value through profit or loss	—	—	(1,298)	(1,298)
Total	120,218	(46,379)	18,024	91,863

Company In RM'000	Interest income	Interest expense	Others	Total
2023				
Financial asset at amortised cost	141,087	—	864	141,951
Financial liabilities at amortised cost	—	—	(1,246)	(1,246)
Financial liabilities at fair value through profit or loss	—	—	186	186
Total	141,087	—	(196)	140,891

2022				
Financial asset at amortised cost	117,123	—	21,099	138,222
Financial liabilities at amortised cost	—	—	(479)	(479)
Financial liabilities at fair value through profit or loss	—	—	(735)	(735)
Total	117,123	—	19,885	137,008

31. CAPITAL MANAGEMENT

The Group and the Company define capital as their total equity and debt. The objective of the Group's and the Company's capital management is to maintain an optimal capital structure and ensuring availability of funds in order to meet financial obligations, support business growth and maximise shareholder's value. As a subsidiary of PETRONAS, the Company's approach in managing capital is outlined in the PETRONAS Financial Policy.

The Group and the Company monitor and maintain a prudent level of total debt to total asset ratio to optimise shareholder value and to ensure compliance with covenants under debt and shareholders' agreements and regulatory requirements, if any.

There were no changes in the Group's and the Company's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

32. ADOPTION OF NEW AND REVISED PRONOUNCEMENTS

During the financial year, the Group and the Company adopted the following pronouncements that have been issued by the MASB and are applicable as listed below:

Effective for annual periods beginning on or after 1 January 2023

Amendments to MFRS 101 *Presentation of Financial Statements and MFRS Practice Statement 2 (Disclosure of Accounting Policies)*

Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)*

Amendments to MFRS 112 *Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)*

The initial application of the abovementioned pronouncements did not have any material impact to the financial statements of the Group and the Company.

Amendments to MFRS 112 *Income Taxes International Tax Reform - Pillar Two Model Rules*

On 2 June 2023, the MASB has also issued the Amendments to MFRS 112 *Income Taxes International Tax Reform - Pillar Two Model Rules*. This pronouncement is effective from annual period beginning on or after 1 January 2023. On 29 December 2023, Pillar Two legislation has been enacted in Malaysia, which will come into effect on 1 January 2025.

The Amendments to MFRS 112 introduce a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two Model Rules as well as disclosure requirements on the exposure to Pillar Two income taxes upon adoption.

The assessment of the potential exposure to Pillar Two income taxes is based on the most recent tax filings, country-by-country reporting and financial statements available for the constituent entities in the PETRONAS Group. Based on the initial assessment carried out as at 31 December 2023, the Pillar Two effective tax rates in which the Group operates are above 15%. Therefore, the Group does not expect a potential exposure to Pillar Two top-up taxes.

33. PRONOUNCEMENTS YET IN EFFECT

The following pronouncements that have been issued by the MASB will become effective in future financial reporting periods and have not been adopted by the Group and the Company in these financial statements:

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16 *Leases (Lease Liability in a Sale and Leaseback)*

Amendments to MFRS 101 *Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)*

Amendments to MFRS 101 *Presentation of Financial Statements (Non-current Liabilities with Covenants)*

Amendments to MFRS 107 *Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures (Supplier Finance Arrangements)*

Effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

Effective for a date yet to be confirmed

Amendments to MFRS 10 *Consolidated Financial Statements: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

Amendments to MFRS 128 *Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company are expected to apply the abovementioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the abovementioned pronouncements are not expected to have any material impacts to the financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

34. NEW AND REVISED PRONOUNCEMENTS NOT APPLICABLE TO THE GROUP AND THE COMPANY

The MASB has issued pronouncements which are not relevant to the Group and the Company and hence, no further disclosure is warranted.

Effective for annual periods beginning on or after 1 January 2023

MFRS 17 *Insurance Contracts*

Amendment to MFRS 17 *Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 - Comparative Information)*

35. HOLDING AND ULTIMATE HOLDING COMPANY

The holding company as well as the ultimate holding company is PETRONAS, a company incorporated in Malaysia.

INDEPENDENT AUDITORS' REPORT

To The Members of Petronas Gas Berhad
(Company No. 198301006447 (101671-H)) (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of PETRONAS Gas Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of material accounting policies, as set out on pages 96 to 186.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Capitalisation and componentisation of completed projects

Refer to Note 2.4 – Material accounting policy: Property, plant and equipment and depreciation and Note 3 – Property, plant and equipment.

The Group and the Company have significant property, plant and equipment including project-in-progress recognised as at the end of the reporting period. During the year, the Group and the Company completed significant capital projects and capitalised costs amounting to RM991 million and RM945 million respectively. Due to the size, complexity and volume of transactions involved in the capitalisation and componentisation process, there is a risk that the costs capitalised are not in accordance of MFRS 116, *Property, Plant and Equipment*. It is a significant area that our audit focuses on because it requires us to exercise judgement in evaluating management's process over the capitalisation and componentisation of the completed projects.

We performed the following audit procedures, among others:

- checked the completion date of project-in-progress to determine that completed projects were capitalised timely;
- evaluated the capitalisation process and determined that costs capitalised met the requirements of MFRS 116;
- evaluated the componentisation process to determine that significant components with different useful lives are depreciated separately; and
- assessed that any borrowing costs capitalised met the requirement of MFRS 123, *Borrowing Costs*.

INDEPENDENT AUDITORS' REPORT

To The Members of Petronas Gas Berhad
(Company No. 198301006447 (101671-H)) (Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report, and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Directors of the Company and take appropriate actions in accordance with approved accounting standards on auditing in Malaysia and International Standards on Auditing.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT

To The Members of Petronas Gas Berhad
(Company No. 198301006447 (101671-H)) (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya

Date: 27 February 2024

Chong Chen Kian
Approval Number: 03232/02/2026 J
Chartered Accountant

ANALYSIS OF SHAREHOLDINGS

as at 29 February 2024

SHARE CAPITAL

Share Capital : RM1,978,731,915 comprising 1,978,731,915 ordinary shares
 Class of Shares : Ordinary Shares
 Voting Rights : One Vote Per Ordinary Share (on a poll)

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	% of Total Shareholders	No. of Shares	% of Total Shares
Less than 100	2,008	14.66	8,618	0.00
100 - 1,000	8,419	61.46	6,496,905	0.33
1,001 - 10,000	2,409	17.58	7,984,119	0.40
10,001 - 100,000	526	3.84	19,934,861	1.01
100,001 to less than 5% of issued shares	334	2.44	567,657,874	28.69
5% and above of issued shares	3	0.02	1,376,649,538	69.57
Total	13,699	100.00	1,978,731,915	100.00

CLASSIFICATION OF SHAREHOLDERS

Category	No. of Holders		No. of Shares		% of Total Shareholdings	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Individuals	11,068	137	14,167,784	323,997	0.72	0.02
Body Corporate						
a. Banks/Finance Companies	39	0	421,920,705	0	21.32	0.00
b. Investment Trusts/ Foundation/Charities	22	0	351,500	0	0.02	0.00
c. Other types of companies	207	7	3,884,101	214,801	0.19	0.01
Government Agencies/Institutions	6	0	2,897,400	0	0.15	0.00
Nominees	1,483	728	1,333,686,480	201,283,145	67.40	10.17
Others	2	0	2,002	0	0.00	0.00
Total	12,827	872	1,776,909,972	201,821,943	89.80	10.20

ANALYSIS OF SHAREHOLDINGS

as at 29 February 2024

LIST OF SUBSTANTIAL SHAREHOLDERS

	Direct		Indirect	
	No. of Shares	% of Total Shares	No. of Shares	% of Total Shares
1. CIMB Group Nominees (Tempatan) Sdn Bhd				
- Exempt AN for Petroliam Nasional Berhad	1,008,616,900	50.97	-	-
- Exempt AN for Petroliam Nasional Berhad (PRF)	536,400	0.03	-	-
Total	1,009,153,300	51.00	-	-
2. Employees Provident Fund Board	259,939,199	13.14	-	-
3. Kumpulan Wang Persaraan (Diperbadankan)	197,018,705	9.96	-	-
Grand Total	1,466,111,204	74.09	-	-

LIST OF DIRECTORS' SHAREHOLDINGS

No.	Name of Director	No. of Shares Held Through Own Name	No. of Shares Held Through Nom Company	Total Shareholdings	%
1	Adnan bin Zainol Abidin	-	-	-	-
2	Abdul Aziz bin Othman	-	-	-	-
3	Marina binti Md Taib	-	-	-	-
4	Datuk Yeow Kian Chai	3,000	-	3,000	0.00
5	Farina binti Farikhullah Khan	-	-	-	-
6	Datuk Mark Victor Rozario	-	-	-	-
7	Hasliza binti Othman	-	-	-	-
8	Sujit Singh Parhar s/o Sukhdev Singh	-	-	-	-
	TOTAL			3,000	0.00

LIST OF SENIOR MANAGEMENT'S SHAREHOLDINGS

None of the Senior Management members hold shares directly or indirectly in PGB.

ANALYSIS OF SHAREHOLDINGS

as at 29 February 2024

LIST OF 30 LARGEST SHAREHOLDERS

No.	Name	No. of Shares	% of Total Shareholdings
1	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>EXEMPT AN FOR PETROLIAM NASIONAL BERHAD</i>	1,008,616,900	50.973
2	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	194,777,205	9.844
3	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD</i>	173,255,433	8.756
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (ISLAMIC)</i>	74,626,641	3.771
5	AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM BUMIPUTERA</i>	67,000,000	3.386
6	AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM MALAYSIA</i>	32,242,800	1.629
7	AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM MALAYSIA 3</i>	32,074,900	1.621
8	AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM MALAYSIA 2 - WAWASAN</i>	26,000,000	1.314
9	LEMBAGA TABUNG HAJI	20,693,700	1.046
10	AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM BUMIPUTERA 2</i>	16,975,900	0.858
11	CARTABAN NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)</i>	15,746,100	0.796
12	HSBC NOMINEES (ASING) SDN BHD <i>JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND</i>	10,636,012	0.538
13	HSBC NOMINEES (ASING) SDN BHD <i>JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND</i>	9,851,463	0.498
14	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 1)</i>	8,789,500	0.444
15	CITIGROUP NOMINEES (ASING) SDN BHD <i>CB SPORE GW FOR GOVERNMENT OF SINGAPORE (GIC C)</i>	7,857,263	0.397
16	AMANAHRAYA TRUSTEES BERHAD <i>AMANAH SAHAM BUMIPUTERA 3 - DIDIK</i>	7,004,200	0.354
17	PERMODALAN NASIONAL BERHAD	6,947,900	0.351

ANALYSIS OF SHAREHOLDINGS

as at 29 February 2024

LIST OF 30 LARGEST SHAREHOLDERS (continued)

No.	Name	No. of Shares	% of Total Shareholdings
18	CARTABAN NOMINEES (TEMPATAN) SDN BHD <i>PBTB FOR TAKAFULINK DANA EKUITI</i>	6,013,600	0.304
19	HSBC NOMINEES (ASING) SDN BHD <i>JPMCB NA FOR BLACKROCK INSTITUTIONAL TRUST COMPANY, N.A. INVESTMENT FUNDS FOR EMPLOYEE BENEFIT TRUSTS</i>	5,575,900	0.282
20	CARTABAN NOMINEES (ASING) SDN BHD <i>BNYM SA/NV FOR PEOPLE'S BANK OF CHINA (SICL ASIA EM)</i>	5,546,900	0.280
21	CARTABAN NOMINEES (TEMPATAN) SDN BHD <i>PAMB FOR PRULINK EQUITY FUND</i>	5,485,900	0.277
22	HSBC NOMINEES (ASING) SDN BHD <i>JPMCB NA FOR VANGUARD FIDUCIARY TRUST COMPANY INSTITUTIONAL TOTAL INTERNATIONAL STOCK MARKET INDEX TRUST II</i>	5,142,600	0.260
23	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC ISLAMIC DIVIDEND FUND</i>	5,125,300	0.259
24	CITIGROUP NOMINEES (ASING) SDN BHD <i>UBS AG</i>	5,103,147	0.258
25	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>EMPLOYEES PROVIDENT FUND BOARD (CGS CIMB)</i>	4,946,000	0.250
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MAYBANK TRUSTEES BERHAD FOR PUBLIC ITTIKAL FUND (N14011970240)</i>	4,500,000	0.227
27	CARTABAN NOMINEES (TEMPATAN) SDN BHD <i>PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND</i>	4,267,900	0.216
28	AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC ISLAMIC EQUITY FUND</i>	4,080,000	0.206
29	HSBC NOMINEES (ASING) SDN BHD <i>J.P. MORGAN SECURITIES PLC</i>	3,973,600	0.201
30	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MAYBANK TRUSTEES BERHAD FOR PUBLIC REGULAR SAVINGS FUND (N14011940100)</i>	3,871,900	0.196

SUMMARY OF LANDED PROPERTY, PLANT AND EQUIPMENT

A summary of the landed property, plant and equipment of PETRONAS Gas Berhad and its subsidiaries as at 31 December 2023

Location	Acquisition Date	Tenure	Description and usage	Land Area (hectare)	Age of Plant and Building (years)	Build-up Area (sq. m)	Net Book Value as at 31 December 2023 (RM'000)
TERENGGANU							
Gas Processing Plants, Kertih KM 105, Jalan Kuantan - Kuala Terengganu, 24300 Kertih, Kemaman, Terengganu Darul Iman		Leasehold Expiry:	Leasehold land				1,425,682
Lot No. 1903	30.09.1991	28.02.2043 (Sub-Lease 60 years)	<u>Plant</u> GPP 1 GPP 2 GPP 3	87.9	39.3 31.4 31.1	95,998 123,310 123,310	
Lot No. 3541	30.09.1991	03.04.2050 (60 years)	GPP 4 / DPCU 2 Compressor station	34.6	29.5 32.1	266,400 65,010	
Lot No. 1902	30.09.1991	26.02.2082 (99 years)	<u>Office</u> Administration building 1 Administration building 2 Fire station	2.7	38.4 33.7 35.8	1,282 6,892 3,248	
Gas Processing Plants, Paka KM 8, Kg. Tok Arun, Off Jalan Santong, 23100 Paka, Dungun, Terengganu Darul Iman		Leasehold Expiry:	Leasehold land				1,138,586
Lot No. 7346	03.08.1997	13.07.2058 (60 years)	<u>Plant</u> GPP 5 GPP 6 DPCU 3 <u>Office</u> Administration building	189.5	24.9 24.0 25.3 26.2	200,000 220,000 60,000 12,220	
Lot No. 7220	03.08.1997	20.06.2058 (60 years)	(Vacant)	26.9			

SUMMARY OF LANDED PROPERTY, PLANT AND EQUIPMENT

Location	Acquisition Date	Tenure	Description and usage	Land Area (hectare)	Age of Plant and Building (years)	Build-up Area (sq. m)	Net Book Value as at 31 December 2023 (RM'000)
TERENGGANU							
Export Terminal Operation Tanjung Sulong, 24000 Kemaman, Terengganu Darul Iman		Leasehold Expiry:	Leasehold land				230,117
Lot No. 1314	24.07.1993	19.03.2025 (40 years)	<u>Plant</u> Unit 1,2,3,4 <u>Office</u> Administration building	9.7	39.1	1,146	
Lot No. 1333	24.07.1993	11.03.2027 (40 years)	<u>Marine facility</u> Breakwater Jetty	2.7	39.1		
Utilities Plant, Kertih Kertih Integrated Petrochemical Complex, KM 105, Jalan Kuantan - Kuala Terengganu, 24300 Kertih, Kemaman, Terengganu Darul Iman		Leasehold Expiry:	Leasehold land	37.1			496,708
Lot No. 8065	21.12.1999	19.08.2060 (60 years)	<u>Plant</u> CGN B CGN C CGN D, E, F Water plant CGN G ASU Control room, lab & workshop <u>Office</u> Administration building		24.1 23.6 23.6 23.7 22.8 22.8 22.6 22.9	667 2,000 2,000 667 15,451 729 1,820 514	

SUMMARY OF LANDED PROPERTY, PLANT AND EQUIPMENT

Location	Acquisition Date	Tenure	Description and usage	Land Area (hectare)	Age of Plant and Building (years)	Build-up Area (sq. m)	Net Book Value as at 31 December 2023 (RM'000)
PAHANG							
Kuantan Regional Operations Office, Lot 1, Sector 1, Bandar Indera Mahkota, 25200 Kuantan, Pahang Darul Makmur		Leasehold Expiry:	Leasehold land	11.2			6,371
Lot No. PT16756	04.01.1989	04.01.2088 (99 years)	Office Regional office		32.2	2,428	
Kuantan Compressor Station, Kampung Mahkota, KM 19, Jalan Gambang, 26070 Kuantan, Pahang Darul Makmur		Leasehold Expiry:	Leasehold land	20.3			68,441
Lot No. 104462	04.01.1989	26.08.2101 (99 years)	Plant Compressor station		30.1	1,142	
			Compressor station		14.2	4,378	
Utilities Plant, Gebeng, Lot 139A, Gebeng Industrial Area, Phase III, 26080 Kuantan, Pahang Darul Makmur		Leasehold Expiry:	Leasehold land	18.8			371,195
Lot No. PT15127	17.11.1999	08.01.2100 (99 years)	Plant CGN A		24.1	667	
			CGN B		24.1	667	
			CGN C		24.1	667	
			N2GEN		24.1	360	
			Water plant		23.6	2,000	
			CGN E		4.8	780	
			Office Maintenance building		22.6	1,015	
			Warehouse		22.6	1,004	

SUMMARY OF LANDED PROPERTY, PLANT AND EQUIPMENT

Location	Acquisition Date	Tenure	Description and usage	Land Area (hectare)	Age of Plant and Building (years)	Build-up Area (sq. m)	Net Book Value as at 31 December 2023 (RM'000)
JOHOR							
Segamat Operation Centre, Gas Transmission System, KM 10, Lebuhraya Segamat-Kuantan, 85000 Segamat, Johor Darul Takzim		Leasehold Expiry:	Leasehold land	61.3			247,573
Lot No. PTD564	22.09.1991	18.02.2102 (99 years)	Plant Compressor station		26.0	2,792	
			Office Operation centre		31.4	8,080	
Pasir Gudang Regional Operations Office, PLO 332, Jalan Perak 4, Pasir Gudang Industrial Area, 81700 Pasir Gudang, Johor Darul Takzim		Leasehold Expiry:	Leasehold land	4.1			7,176
Lot No. PTD84942	23.04.1989	22.04.2088 (99 years)	Office Regional office		31.5	2,428	
			Lease from third party Land				5,850
LNG Regasification Terminal Pengerang Terminals (Two) Sdn. Bhd. Building, Lot PTD 5041, Jalan Damai 2, Kg Sungai Kapal, Pengerang, Johor		Leasehold Expiry:	Leasehold land	19.3			1,837,767
Lot PTD 5041	05.02.2015	04.02.2080 (65 years)	Plant Tank 1		8.9		
			Tank 2		8.5		
			Office Administration building				
			Lease from third party Land				7,328
			Jetty				434,295

SUMMARY OF LANDED PROPERTY, PLANT AND EQUIPMENT

Location	Acquisition Date	Tenure	Description and usage	Land Area (hectare)	Age of Plant and Building (years)	Build-up Area (sq. m)	Net Book Value as at 31 December 2023 (RM'000)
NEGERI SEMBILAN							
Seremban Regional Operations Office, KM 11, Jalan Seremban - Tampin, 71450 Sg. Gadut, Seremban, Negeri Sembilan Darul Khusus			Freehold land	14.0			5,103
Lot No. 21958	16.02.1994	Freehold	Office Regional office		32.4	2,428	
SELANGOR							
Shah Alam Regional Operations Office, Lot 1, Jalan Jemuju Lima 16/13E, Shah Alam Industrial Area, Section 16, 40200 Shah Alam, Selangor Darul Ehsan		Leasehold Expiry:	Leasehold land	2.9			5,763
Lot No. PT606	12.10.1990	11.10.2089 (99 years)	Office Regional office		32.1	2,428	
Meru Compressor Station, Lot 1586 (G3907) Mukim of Jeram District of Kuala Selangor, Selangor Darul Ehsan		Leasehold Expiry:	Leasehold land (Vacant)	5.4	N/A	N/A	834
Lot No. 12441	04.08.1998	10.08.2107 (99 years)					
PERAK							
Sitiawan Regional Operations Office, Lot 33263, Jalan Dato' Ahmad Yunus, 32000 Sitiawan, Perak Darul Ridzuan		Leasehold Expiry:	Leasehold land	3.2			3,238
Lot No. PT4535	04.11.1997	27.06.2101 (99 years)	Office Regional office		26.2	1,604	

SUMMARY OF LANDED PROPERTY, PLANT AND EQUIPMENT

Location	Acquisition Date	Tenure	Description and usage	Land Area (hectare)	Age of Plant and Building (years)	Build-up Area (sq. m)	Net Book Value as at 31 December 2023 (RM'000)
KEDAH							
Gurun Regional Operations Office, PO Box 31, KM 1, Jalan Jeniang, 08300 Gurun, Kedah Darul Aman		Leasehold Expiry:	Leasehold land	2.9			3,437
Lot No. 8173	18.12.1997	22.04.2102 (99 years)	Office Regional office		25.3	1,604	
8.4 km TTM Pipeline land at District of Kubang Pasu, Kuala Muda, Pendang and Pokok Sena, Kedah Darul Aman to District of Seberang Perai Tengah, Penang	1.11.2006	Leasehold Expiry: (99 years) & Freehold	Leasehold land Pipeline Pipeline across 8.4 km	25.21			326
					18.8	N/A	
MELAKA							
LNG Regasification Terminal, Sungai Udang PSR-1/ MG3 Retrofit Site Office			Facilities Jetty				1,277,591
Revamp PETRONAS Penapisan Sungai Udang, Melaka	01.10.2012	30.04.2036 (24 years)	Office Administration building	N/A	8.5	3,000	
	01.07.2011	Lease Expiry: 30.06.2038 (25 years)	Lease from third party Regasification Floating Storage	N/A	10.6	N/A	625,921
			LNG bunkering				23,628
			Land				2,365
PIPELINES							
PGU I – total gas pipeline comprises 6 km from Kertih to Paka, Terengganu, 32 km from Kertih to Teluk Kalong, Terengganu and two 40km of lateral lines from the GPPs to the Export Terminal in Tanjung Sulong, Terengganu Darul Iman	20.03.1985	Leasehold Expiry: (40, 60 and 99 years)	Pipelines Pipelines in leasehold land Terengganu: 74 lots		39.3	N/A	93,713
						Terengganu: 332.1	

SUMMARY OF LANDED PROPERTY, PLANT AND EQUIPMENT

Location	Acquisition Date	Tenure	Description and usage	Land Area (hectare)	Age of Plant and Building (years)	Build-up Area (sq. m)	Net Book Value as at 31 December 2023 (RM'000)
PIPELINES							
PGU II – total gas pipeline comprises Sector 1 – 265 km from Teluk Kalong, Terengganu to Segamat, Johor, Sector 2 – 241 km from Segamat, Johor to Kapar, Selangor, Sector 3 – 215 km from Segamat, Johor to Singapore.	01.01.1992	Leasehold Expiry: (99 years)	Pipelines		32.1	N/A	974,333
			Pipelines in leasehold land				
			Terengganu: 20 lots	Terengganu: 76.6			
			Pahang: 347 lots	Pahang: 525.9			
			Johor: 721 lots (Inclusive Loop 1 & Loop 2)	Johor: 977.9			
			Melaka: 139 lots	Melaka: 190.4			
			Negeri Sembilan: 262 lots	Negeri Sembilan: 460.2			
			Selangor: 140 lots	Selangor: 297.0			
PGU III – total gas pipeline comprises Sector 1 – 184 km from Meru, Selangor to Lumut, Perak, Sector 2 – 176 km from Lumut, Perak to Gurun, Kedah, Sector 3 – 90 km of NPS 36" mainline from Gurun to Pauh, Perlis	06.01.1996	Leasehold Expiry: (99 years)	Pipelines		Sector 1: 28.1	N/A	392,837
			Pipelines in leasehold land				
			Selangor: 94 lots	Selangor : Sector 2&3: 178.3	26.2	N/A	
			WP Kuala Lumpur : 14 lots	WP Kuala Lumpur : 17.9			
			Perak: 360 lots	Perak : 539.9			
			Penang: 96 lots	Penang : 118.1			
			Kedah: 262 lots	Kedah: 473.9			
			Perlis: 80 lots	Perlis: 87.0			
PGU Loop 1 – total gas pipeline of 265 km from Kertih, Terengganu to Segamat, Johor	04.10.1999	Leasehold Expiry: (99 years)	Pipelines		24.4	N/A	250,450
			Pipelines in leasehold land				
			Terengganu: 77 lots	Terengganu: 141.5			
			Pahang: 315 lots	Pahang: 103.8			

SUMMARY OF LANDED PROPERTY, PLANT AND EQUIPMENT

Location	Acquisition Date	Tenure	Description and usage	Land Area (hectare)	Age of Plant and Building (years)	Build-up Area (sq. m)	Net Book Value as at 31 December 2023 (RM'000)
PIPELINES							
PGU Loop 2 – total gas pipeline of 228 km from Segamat, Johor to Meru, Selangor	01.11.2000	Leasehold Expiry: (99 years)	Pipelines		23.4	N/A	337,781
			Pipelines in leasehold land				
			Melaka: 4 lots	Melaka: 1.3			
			Negeri Sembilan: 4 lots	Negeri Sembilan: 1.1			
TOTAL							10,274,409

Abbreviations:

- CGN : Cogenerator Plant
- DPCU : Dew Point Control Unit Plant
- GPP : Gas Processing Plant
- N2GEN : Nitrogen Generator
- ASU : Air Separation Unit

TOP 10 LANDED PROPERTY, PLANT AND EQUIPMENT

Name of Facilities and Location		Net Book Value (RM'000)
1	LNG Regasification Terminal, Pengerang	2,279,390
2	LNG Regasification Terminal, Sungai Udang	1,929,504
3	Gas Processing Plants, Kertih	1,425,682
4	Gas Processing Plants, Paka	1,138,586
5	PGU II	974,333
6	Utilities Plant, Kertih	496,708
7	PGU III	392,837
8	Utilities Plant, Gebeng	371,195
9	PGU Loop II	337,781
10	PGU Loop I	250,450

GLOSSARY

Abbreviation	Meaning/Definition
AAPG	Audit and Assurance Practice Guide
ABC	Anti-Bribery and Corruption
ACCA	Association of Chartered Certified Accountants
ACRS	Ancillary Agreement for Regasification Service
AGM	Annual General Meeting
AIM	Agensi Inovasi Malaysia
AMMB	AMMB Holdings Berhad
ASA	Agent Services Agreement
ASEAN	Association of Southeast Asian Nations
BAC	Board Audit Committee
BASF	PGB with BASF PETRONAS Chemicals Sdn. Bhd.
BCM	Business Continuity Management
BCMT	Business Continuity Management Team
BCP	Business Continuity Plan
BEE	Board Effectiveness and Evaluation
BH	BH Annual Meeting; Organised by Baker Hughes
BIA	Business Impact Analysis
BOD	Board of Directors
BPM	Business Process Management
BRC	Board Risk Committee
BSRC	Board Sustainability and Risk Committee
CA	Companies Act
CDWC	Capability Development Working Committee
CEFS	Central Emergency & Fire Services
CEO	Chief Executive Officer
CFE	Certified Fraud Examiner
CFO	Chief Financial Officer
CG	Corporate Governance
CGOS	Corporate Governance Overview Statement
CIA	Certified Internal Auditors
CM	Crisis Management
CMF	Crisis Management Framework
CMIIA	Chartered Member of Institute Internal Auditors
CMP	Crisis Management Plan
CMT	Crisis Management Team
CoBE	Code of Conduct and Business Ethics
COC	Certification of Competency
COGEN	Cogeneration Plant
COI	Conflict of Interest
CoRA	Contractor Risk Assessment
COSO	Committee of Sponsoring Organisation
CRA	Corruption Risk Assessment
CRMC	Credit Risk Management Committee
CSI	Corporate Social Investment
CUF	Centralised Utilities Facilities

Abbreviation	Meaning/Definition
D&O	Directors' and Officers' Liability Insurance
DCCI	Datacentre & Cloud Infra
DSP	Decision Support Package
ECSGF	Enterprise Cyber Security Governance Framework
EPCC	Engineering, Procurement, Construction & Commissioning
ERM	Enterprise Risk Management
ERP	Enterprise Risk Profile
ERR	Enterprise Risk Reports
ESG	Environmental, Social & Governance
FCA	Fellow of the Institute of Chartered Accountants
FRC	Financial Reporting Controls
FS04	Functional Skill Group 04
FWSA	Fire Water Services Agreement
GATL	Gas Asia Terminal (L) Pte. Ltd
GDPR	General Data Protection Regulation
GFR	Governance and Financial Report
GHSE	Group Health Safety and Environment
GP	Group Procurement
GPA	Gas Processing Agreement
GPK	Gas Processing Kertih
GPP	Gas Processing Plants
GPU	Gas Processing and Utilities
GRC	Governance, Risk & Compliance
GSA	Gas Supply Agreement
GTR	Gas Transmission and Regasification
GTSA	Gas Transportation Sabah Agreement
HEMP	Hazards and Effects Management Process
HO	Head Office
HOD	Head of Department
HR	Human Resources
HSE	Health Safety and Environment
HSEMS	Health, Safety and Environment Management System
HSSE	Health, Safety, Security and Environment
HSSELT	Health, Safety, Security and Environment Leadership Team
IA	Internal Audit
IAD	Internal Audit Department
ICAEW	Institute of Chartered Accountants in England and Wales
ICDM	Institute of Corporate Directors Malaysia
ICT	Information and Communication Technology
IFP	Integrity Focal Person
IIA	Institute of Internal Auditors
IIUM	International Islamic University Malaysia
INED	Independent Non-Executive Directors

GLOSSARY

Abbreviation	Meaning/Definition
INSEAD	Institut Européen d'Administration des Affaires
IPPF	International Professional Practices Framework
ISC	Investment Steering Committee
JV	Joint Venture
KPI	Key Performance Indicators
KPMG	Klynveld Peat Marwick Goerdeler
KYC	Know Your Customer/Client
LNG	Liquefied Natural Gas
LOA	Limits of Authority
LSE	London School of Economics
LT	Leadership Team
MACC	Malaysian Anti-Corruption Commission
MASB	Malaysian Accounting Standards Board
MCCG	Malaysian Code on Corporate Governance
MD	Managing Director
ME	Middle East
MFRS	Malaysian Financial Reporting Standards
MIA	Malaysian Institute of Accountants
MISC	Malaysia International Shipping Corporation
MMLR	Main Market Listing Requirements
MOC	Management of Change
MSA	Management Services Agreement
MSPA	Master Sale and Purchase Agreement
MSR	Management System Review
N.T.U.	Nanyang Technological University
NED	Non-Executive Directors
NINED	Non-Independent Non-Executive Directors
NRC	Nomination and Remuneration Committee
O&M	Operations and Maintenance
OEMS	Operational Excellence Management System
OT	Operational Technology
PAF	PETRONAS Assurance Framework
PCB	PETRONAS Culture Belief
PCEA	Plant Change Execution Agreement
PCG	PETRONAS Chemicals Group
PCRRS	PETRONAS Credit Risk Rating System
PDC	People Development Committee
PDPA	Personal Data Protection Act
PECAS	PETRONAS Competency Assessment Scheme
PEGT	PETRONAS Energy and Gas Trading
PEPSB	Pengerang Power Sdn. Bhd.
PFRM	Plant and Facilities Risk Management
PGB	PETRONAS Gas Berhad
PGB LT	PETRONAS Gas Berhad Leadership Team
PGU	Gas Utilisation Project

Abbreviation	Meaning/Definition
PLC	Public Limited Company
PLNG2	Pengerang LNG (Two) Sdn. Bhd.
PLSB	PETRONAS LNG Sdn. Bhd
PLT	Plant Leadership Teams
PMA	Petroleum Management Authority
PMO	Prime Minister's Office
PPM	Sg. Udang Port Sdn. Bhd
PRM	PETRONAS Resiliency Mode
PRPC UF	PETRONAS Refinery and Petrochemical Corporation, Utilities and Facilities
PSC	Project Steering Committee
QAIP	Quality Assurance and Improvement Programme
RADM	Risk Assessment in Decision Making
RGTSU	Regas Terminal (Sg. Udang) Sdn. Bhd.
RMD	Risk Management Department
RPT	Related Party Transaction
RRPT	Recurrent Related Party Transactions
SA	Service Agreement
SID	Senior Independent Director
SK	Sarawak
SLC	Senior Legal Counsel
SMA	Superior Managed Assessment
SME	Subject Matter Experts
SOA	Summary of Authority
SORMIC	Statement on Risk Management and Internal Control
SPA	Sales and Purchase Agreements
SRC	Sustainability and Risk Committee
SUP	Sg. Udang Port Sdn. Bhd
T&E	Testing & Exercising
TKH	Technical Know How
TOR	Terms of Reference
TPRM	Third Party Risk Management
TSA	Technical Service Agreement
UG	Utilities Gebeng
UiTM	University Teknologi MARA
UT	Utilities
WBP	Whistleblowing Policy
YTL	Yeoh Tiong Lay
ZeTo	Zero Tolerance



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