



04

**DRIVING SUSTAINABLE
BUSINESS**

OUR APPROACH TO SUSTAINABILITY

Gas Malaysia Berhad (“Gas Malaysia” or “the Group”) is committed to upholding sustainable practices in its operations as we seek to produce long-term value while limiting our impact on the environment and enhancing the livelihoods of the communities around us. Guided by the Economic, Environment and Social (“EES”) pillars, the Group continues to contribute to nation-building, environmental conservation and community development.

SCOPE & BOUNDARY

In preparing this statement, we have aligned our reporting with Bursa Malaysia’s Sustainability Reporting Guide. The statement

covers our sustainability-related activities for the period from 1 January 2020 to 31 December 2020 for the Group, its subsidiaries and joint venture companies.

SUSTAINABILITY GOVERNANCE

The Board of Directors has oversight of the Group’s sustainability matters. The Group’s sustainability efforts are largely governed by a Sustainability Reporting Committee (“SRC”) that comprises the heads of departments, subsidiaries and joint venture companies who review and discuss the Group’s sustainability initiatives and goals, and communicate them to the respective departments within the Company.

THE OVERSIGHT STRUCTURE

RISK & COMPLIANCE COMMITTEE

- Approvals
- Oversight of sustainability initiatives/strategy
- Evaluates sustainability performance



GROUP CHIEF EXECUTIVE OFFICER

- Provides insights to the SRC to ensure the Group’s sustainability strategies and goals are aligned
- Provides counsel and guidance on EES matters within the Group



SUSTAINABILITY REPORTING COMMITTEE

- The SRC reports to the Group Chief Executive Officer (“GCEO”)
- Reviews and discusses the Group’s sustainability initiatives and goals and communicates them to the respective departments within the Company
- Works closely with the respective departments to develop related reports

OUR THREE KEY PILLARS



1 Economic

Our role in ensuring the sustainable growth of our business is in line with developing the local economy.

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2 Environment

The impact of our business operations on the environment and the efforts to embrace eco-friendly practices and minimise our environmental footprint.

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3 Social

Our interaction with the social system with a particular focus on reaching out to the surrounding communities and our stakeholders in order to strengthen our reputation as a responsible corporate entity.

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"Our contributions to the economy include expanding our business operations, developing gas infrastructure that further supports our various contractors and business partners and generating jobs and outputs that support our supply chain and the broader economy."



ECONOMIC

Our role in ensuring the sustainable growth of our business is in line with developing the local economy.

Gas Malaysia, through its business activities, plays a vital role in supporting nation-building as we provide clean, safe and reliable energy solutions to power the nation's economic growth.

Our contributions to the economy include expanding our business operations, developing gas infrastructure that further supports our various contractors and business partners and generating jobs and outputs that support our supply chain and the broader economy. In addition, we constantly add value to the industry through our active engagement with all major industry stakeholders to further advance the industry and its interests.

OUR CONTRIBUTION TO NATION-BUILDING

For the year under review, Gas Malaysia expanded the NGDS network by approximately 132 kilometres, bringing the total length of gas pipelines to 2,600 kilometres. While this was slightly less than the 134 kilometres constructed in 2019, it was still significant given the challenges posed by the pandemic.

	2017	2018	2019	2020
Gas Pipeline (kilometres)	2,243	2,334	2,468	2,600
No. of Customers				
Industrial	853	888	933	965
Commercial	2,310	2,331	2,328	2,159
Residential	35,720	34,703	32,909	25,508
Total	38,883	37,922	36,170	28,632
Volume Sold for NG & LPG (mil MMBtu)	183.9	193.8	201.2	200.1

The expansion of gas infrastructure not only adds value to the nation and the industry but also enables the Group to garner additional customers, together with customers seeking to expand. In 2020, the expansion of the Kinta Valley network allowed us to identify 48 prospective customers. The Kinta Valley project, which started in 2018 as a collaboration between the Ministry of International Trade and Industry and the Perak State Government, is now nearing completion with 98% of the planned pipeline constructed.

Looking ahead, Gas Malaysia plans to construct an additional 138 kilometres of NGDS in 2021 in areas such as Bidor in Perak, Sedenak in Johor and Lukut in Negeri Sembilan. This will ensure that we will be able to continue supplying gas reliably and as extensively as possible to enable greater access to this cleaner energy source.

TRANSPARENT AND FAIR PROCUREMENT PRACTICES

As we progress in our sustainability journey, we practise transparent and fair procurement practices to promote a sustainable supply chain that contributes to our business partners' growth while also improving efficiencies in the execution of our projects.

In the context of responsible procurement, the Group offers fair opportunities to all vendors during the tendering process by confirming their interest to participate before they are officially invited to tender for a project. Negotiations are conducted transparently, and we are genuinely keen to help and support business partners to grow with us. The Group also engages with suppliers or potential suppliers when necessary, and we are in the process of establishing a Vendors Code of Conduct.

In addition, we provide training to our suppliers and business partners on specific matters, especially in relation to enhancements of our safety procedures. In terms of compliance and risk, the Group takes a serious view of corruption risk, and we have included this as part of the Group's risk management approach.

“Gas Malaysia is cognisant of the important role it can play in supporting environmental conservation initiatives while advocating the use of cleaner energy.”



ENVIRONMENT

The impact of our business operations on the environment and the efforts to embrace eco-friendly practices and minimise our environmental footprint.

Concerns about the impact that corporations have on the environment continue to grow as both citizens and investors call on companies to be more environmentally responsible. In response, companies are embedding good environmental practices into their business strategies as they strive to mitigate their impact on the environment and the communities in which they operate.

Gas Malaysia is cognisant of the important role it can play in supporting environmental conservation initiatives while advocating the use of cleaner energy.

The Group also fully supports the Government’s efforts towards drafting a Climate Change Act as recently declared by the Ministry of Environment and Water. Such legislation will help boost the use of clean and low-emission energy sources, an objective which is aligned to what Gas Malaysia has advocated since its inception.

GREEN ENERGY IS THE FUTURE

As a responsible corporate citizen, Gas Malaysia is committed to playing its role in reducing negative impacts on the environment, and as a gas company, we can achieve this by strongly advocating the use of natural gas. Natural gas is among the cleanest forms of fossil fuels, emitting up to 50% less carbon dioxide (“CO₂”) than coal.

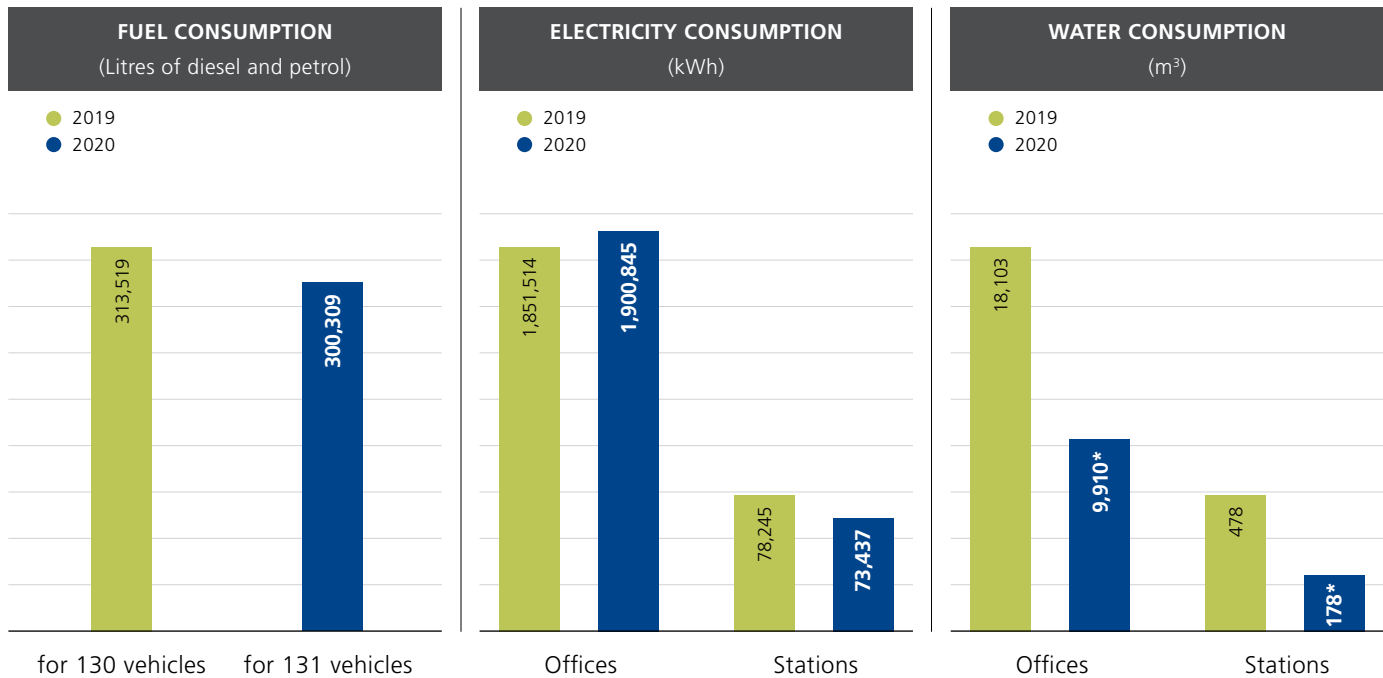
To augment our efforts, the Group has created a virtual pipeline to undertake gas distribution via land transportation to customers who cannot be supplied through the NGDS network.

Palm Oil Mill Effluent (“POME”), the organic liquid waste generated during palm oil production, represents a major untapped source of energy. Biomethane is a green gas generated from POME, which is a substitute for natural gas. The Group is exploring the potential of offtaking biomethane from palm oil mills and landfills owners.

The Group also promotes energy efficiency through the use of Combined Heat and Power (“CHP”) systems. On average, compared to conventional electricity generation, CHP systems use 32% less fuel and have 50% less annual carbon emissions than coal. Therefore, a CHP system can boost operational efficiency by approximately 85% through the simultaneous production of electricity and steam.

Beyond our emission-avoidance initiatives, we have become more energy-efficient by replacing existing light bulbs with energy-saving LEDs. In doing so, we have focused especially on areas that need lighting 24 hours a day. This is an ongoing initiative, and we expect to see results in the form of lower electricity usage in the coming years.

In further boosting the quality of our reporting, the Group is disclosing its fuel, electricity and water consumption data for the first time. We hope to use these statistics as a baseline to help us formulate cost-saving initiatives in the future.



* The considerable reduction in water usage was due to employees not being in the office during the Movement Control Order period.

FOCUSING ON ENVIRONMENTAL CONSERVATION EFFORTS

Part of our focus on the Environment pillar centres on conservation efforts as we want to ensure we contribute to preserving a healthy, biodiverse and clean environment. For instance, Gas Malaysia has supported the conservation of river terrapins in collaboration with the Department of Wildlife and National Parks for several years now. We have also donated an egg-hatching incubator to the River Terrapin Conservation Centre in Bota Kanan, Parit, Perak to help with population recovery efforts.

For the year under review, we enabled the centre to upgrade its facilities by helping with the installation of grills and door locks around the river, the provision of several water pumps and filtering machines to improve water clarity and the supply of paint to repair signages. Our progress over the years in this important initiative is detailed below.

YEAR	NATURAL SOIL		USING INCUBATOR MACHINE		TOTAL HATCHLINGS	SUCCESS RATE OF HATCHLINGS
	TOTAL INCUBATED	TOTAL HATCHLINGS	TOTAL INCUBATED	TOTAL HATCHLINGS		
2016/2017	499	155	-	-	155	31%
2017/2018	-	-	230	187	187	81%
2018/2019	-	-	180	144	144	80%
2019/2020			150	100	100	67%

We continued to build on our efforts to protect biodiversity in Malaysia through the planting of mangrove trees at the Kuala Selangor Nature Park ("KSNP"). This initiative, launched in October 2020, involved 50 employees, and we planted about 300 mangrove seedlings within the designated area. Studies have shown that mangroves play an important role as a natural barrier against erosive coastlines and as essential breeding grounds for a variety of marine life. The Group will be kept updated on the growth of the seedlings, as they will be monitored by KSNP supervisors to ensure their survival.

In addition to this, we are planning to make tree planting a regular event to ensure a more focused approach to our environmental conservation efforts.

In January 2020, the Group went one step further in its environmental conservation efforts by organising a fabric recycling initiative in collaboration with Kloth Cares, a social enterprise. The objective of the initiative was to reduce the amount of discarded fabric headed to landfills. Gas Malaysia thus adopted five fabric-recycling bins provided by Kloth Cares where anyone could drop off items containing fabric, such as shoes, bags, soft toys, carpets, curtains and clothes.

The first bin was placed at our headquarters in Shah Alam, while the second one was placed at University of Wollongong Australia ("UOW") Malaysia KDU. The third bin was installed at our Shah Alam branch office in December, and the fourth was placed at Universiti Putra Malaysia's Faculty of Ecology. In total, we managed to save 1,490 kg of fabric from landfills in 2020.



“At Gas Malaysia, we constantly enrich and positively impact our stakeholders in the social sphere.”



SOCIAL

Our interaction with the social system with a particular focus on reaching out to the surrounding communities and our stakeholders in order to strengthen our reputation as a responsible corporate entity.

At Gas Malaysia, we constantly enrich and positively impact our stakeholders in the social sphere. These stakeholders include our employees, our customers and the communities where our operations are located. Over the past 28 years, we have made gradual progress, and it was no different in 2020 as we pursued the enhancement of community development efforts and ensured that the public remained safe while building trust with our customers and safeguarding our employees.

PRODUCT RESPONSIBILITY**Public Safety**

Public safety is our top priority and something we will never compromise under any circumstances. As part of this responsibility, we implement comprehensive safety measures across our operations by putting in place stringent policies and procedures to ensure safe and reliable delivery of natural gas to our customers. Further to this, we adhere to strict quality control and safety measures at all stages of our business, from the planning and construction of our NGDS pipelines to operations and maintenance.

(i) Safety Measures at Gas Networks Infrastructure

During planning, strategic pipeline routes and locations of isolation valves are carefully selected with future infrastructure expansion in mind.

At the engineering stage, design and material specifications are made in accordance with local regulations and internationally accepted codes and standards to mitigate against potential failures of equipment.

At the construction stage, we appoint competent contractors to design, engineer, procure, construct and commission the gas pipelines. Our steel pipes are sourced from manufacturers licensed by the American Petroleum

Institute ("API"), who produce pipes according to verified specifications that are further inspected by a third-party agency to assure us of their quality.

(ii) Safety Measures at Operations & Maintenance

To ensure gas facilities are well-maintained, periodic preventive maintenance and systematic troubleshooting are performed, including gas station inspection, monitoring of underground steel gas pipeline conditions via cathodic protection inspection, valve inspection, pipeline leakage survey, pipeline integrity inspection and odorant intensity level check.

Daily pipeline inspections are also carried out to detect abnormalities and monitor unauthorised third-party work within the vicinity of our gas facilities. All third-party work in our gas facilities' immediate area requires permits and is supervised by our Operations & Maintenance team to prevent any damage to the facilities.

There are also dedicated on-call emergency response teams on standby to physically respond to emergencies within 90 minutes of notification to minimise the risk to the public and limit the potential damage to property and the environment.

PERFORMANCE INDICATOR	2017	2018	2019	2020
SAIDI (Average Minutes of Interruption per Customer)	0.1067	0.3299	0.1780	0.3286
Response Time (Average Minutes Taken to Respond at Site)	23.93	26.82	23.25	22.51

Enhancing Customer Satisfaction

At Gas Malaysia, we always put our customers first, and from the moment we onboard new customers, we seek to enhance our customer service to address their needs and respond to their feedback. To achieve this, we established a Customer Care Unit ("CCU"), operating Monday to Friday from 8.30 am to 5.30 pm, to help customers resolve issues related to billing, account registration and service activation.

In addition, we have an E-Services portal that serves our industrial customers and an E-Portal that serves our residential customers. These portals are secured websites that enable customers to view account details, billing and payment information and gas consumption, besides allowing them to receive the latest notifications and leave enquiries with our sales personnel. We plan to enhance the portals' functionality and extend their availability to mobile applications.

Customer Care Unit

In 2020, our CCU team addressed 85.5% of all customer complaints within the three-day threshold target. This was a 14.5% reduction compared to 2019 and was due to our technical team being unable to access customer sites, i.e. residences, for inspections due to Covid-19 restrictions.

Moving forward, we are working on resolving this gap with our technical services team who are currently restructuring and implementing new strategies to improve our service delivery, and to better address customers' complaints or enquiries.

E-Services

As of 31 December 2020, about 99.80% of our industrial and large commercial customers had registered on our E-Services portal, denoting a 1.25% improvement compared with the previous year of 98.55%.

Safeguarding and Upskilling our Employees

Gas Malaysia is strongly committed to developing our employees to unlock their full potential while at the same time paying close attention to their health and safety. We believe that we can shape a more efficient, competitive and engaged workforce through our carefully considered and planned talent and career development programmes, which will help retain employees and motivate them to be more productive. Our employees are key to the Group's success.

The Group is particularly interested in succession planning, and we continue to groom selected employees to prepare them for future leadership roles. Our ongoing training programmes, conducted internally and externally, equip these employees with the latest knowledge and skills in the market, contributing to their growth and capabilities. In the year under review, the training programmes were conducted virtually due to the Covid-19 pandemic.

HEALTH, SAFETY & ENVIRONMENT (HSE)

As outlined by our Health, Safety, Environment and Quality ("HSEQ") Policy, we continuously strive to prevent and eliminate any risk of occupational injury and illness to personnel and mitigate any environmental damage, thereby allowing us to collectively enhance the quality of our services.

In this context, we have three goals that guide us: a zero-tolerance towards non-compliance with regulations such as the Occupational Safety & Health Act 1994, striving for zero lost workdays and the effective implementation and continual improvement of our HSEQ management systems.

We embed our safety culture via consistent internal communications to all our stakeholders and ongoing occupational safety and health-related training for employees and contractors. Our activities in 2020 are detailed below:

- Defensive driving and riding training for personnel who are required to frequently drive or ride for work purposes;
- First aid training for contractors;
- Authorised Entrant & Standby Person ("AESP") training for contractors in collaboration with the National Institute for Occupational Safety and Health; and
- Contractor Site Safety Supervisor, Team Leader and Site Supervisor development training and assessment.

In line with best practices, we monitor, on a monthly basis, the man-hours of all our employees and contractors that may directly contribute to lost workday cases. Our statistics for 2020 are presented below:

- Lost Time Incident Frequency Rate of 0.51 with one Lost Time Incident for the year.
- As of 31 December 2020, a total of 127,888 safe man-hours worked without lost workday cases was achieved.

OUR EMPLOYEES				
FY2020	545 EMPLOYEES	386 Male	159 Female	3.74% Attrition Rate
FY2019	530 EMPLOYEES	376 Male	154 Female	3.48% Attrition Rate

Sustainability Statement

To further support our efforts, the Group adheres to internationally recognised management system standards in improving our operational efficiency and in complying with statutory and regulatory requirements relevant to our services.

For the period under review, we are pleased to announce that the Group was audited by SIRIM, Malaysia's leading certification body. SIRIM auditors recommended that Gas Malaysia retain the following certifications:

- ISO 9001:2015 (Quality Management Systems);
- ISO 14001:2015 (Environmental Management Systems); and
- ISO 45001:2018 (Occupational Health & Safety Management Systems).

In relation to the above-mentioned key objectives, we conducted 74 inspections on the contractors working at our pipeline construction sites and fabrication yard during the year under review.

YEAR	2018	2019	2020
No. of Inspections Conducted	71	111	74*

* The lower number of inspections in 2020 was due to movement restrictions as a result of the pandemic

OUR COMMITMENT TO CORPORATE SOCIAL RESPONSIBILITY ("CSR")

Gas Malaysia continues to contribute to society as we believe that business outcomes should not be the only result that defines our organisation. We believe in giving back to the community with many of our programmes being aimed at empowering and enriching communities, much in line with our CSR theme of 'Energising the Community'.

Our efforts are carried out through the four pillars of Community, Environment, Education and Sports which enables our programmes to have the greatest possible positive impact on the community.

Despite the pandemic, we managed to carry out a number of meaningful initiatives to preserve the environment, help the communities we serve and support the frontliners involved in the fight against the pandemic.

ONGOING INITIATIVES CONTINUED FROM PRECEDING YEARS

AN-NUR DIALYSIS CENTRE

Focus Area:

Health - Renal Disease

Results

In 2016, a dialysis machine was purchased to help the centre cope with the increasing number of patients with renal disease. Since then, the centre has been able to accommodate more patients. The year 2020 saw 864 dialysis sessions, benefitting about 93 patients.

DEPARTMENT OF WILDLIFE AND NATIONAL PARKS, PENINSULAR MALAYSIA ("PERHILITAN")

Focus Area:

River Terrapin Conservation

Results

We assisted the centre in upgrading its facilities by helping in the installation of grills and door locks around the river, the provision of several water pumps and filtering machines to improve water clarity and the supply of paint to repair signages.

GEOGLOCAL SOCIETAL SDN BHD

Focus Area:

Tiger Conservation

Results

Financial assistance was provided to conserve the declining population of the Malayan Tiger.

MARA EDUCATION FOUNDATION

Focus Area:

Education

Results

Financial assistance was provided to benefit up to 1,010 school students from ten MARA learning centres throughout the nation sitting for their Sijil Pelajaran Malaysia ("SPM") examinations. In preparation for their exams, the students were tutored by professional teachers from Maktab Rendah Sains MARA via online learning.

The year 2020 also saw the introduction of several new initiatives to further expand our CSR efforts. These included the following initiatives:

NEW INITIATIVES FOR THE YEAR 2020

FABRIC RECYCLING INITIATIVE

Focus Area:
Environment

Results

Gas Malaysia launched a fabric recycling initiative at its head office in Shah Alam in collaboration with social enterprise Kloth Cares. This effort was aimed at reducing the amount of fabric ending up in landfills.

VISIT TO PAEDIATRIC WARD IN HOSPITAL SHAH ALAM

Focus Area:
Community

Results

Gas Malaysia staff visited children warded at Hospital Shah Alam's paediatric ward during the Chinese New Year celebrations to spread cheer among the children and to show appreciation to the doctors and nurses for their commitment and care.

DONATION OF HANDHELD PULSE OXIMETERS TO GOVERNMENT HOSPITALS

Focus Area:
Community

Results

The Group donated digital handheld pulse oximeters to four Government hospitals to be used to treat Covid-19 patients:

- i. Hospital Raja Permaisuri Bainun, Perak
- ii. Hospital Teluk Intan, Perak
- iii. Hospital Tengku Ampuan Afzan, Pahang
- iv. Hospital Sultanah Aminah, Johor

DONATION OF UNUSED WORKABLE COMPUTERS TO UNDERPRIVILEGED STUDENTS

Focus Area:
Education

Results

This CSR initiative originated from MMC and was in line with the Group's community spirit. Gas Malaysia contributed ten unused workable computers (refurbished computers) to this noble cause.

In total, 81 computers were distributed (between November and December 2020) to underprivileged students from the B40 segment from five different schools and one public university.

The institutions involved were:

- SMK Pandamaran Jaya
- SMK Sultan Abdul Aziz Shah
- SMK Jalan Kebun
- SMK Seri Kundang
- SK Bandar Rinching
- UiTM Shah Alam

The objective of this CSR initiative was to promote e-learning among underprivileged students and to enable them to continue studying online without any interruption to their education.

QURBAN PROGRAMME

Focus Area:
Community and Staff Engagement

Results

To mark the year's Hari Raya Qurban, Gas Malaysia donated nine cattles for 'ibadah Qurban' (ritual sacrifice) throughout Gas Malaysia's gas distribution areas in Peninsular Malaysia. The cattles were distributed to the mosques near Gas Malaysia branch offices, especially in areas where Gas Malaysia has its business operations.

MANGROVE TREE-PLANTING

Focus Area:
Environment

Results

Gas Malaysia held a mangrove tree-planting programme involving about 50 employees at Kuala Selangor Nature Park. We managed to plant about 300 mangrove seedlings in a designated area within the park.

NEW INITIATIVES FOR THE YEAR 2020 (CONTINUED)

**NATIONAL CANCER COUNCIL
MALAYSIA ("MAKNA")****Focus Area:**

Community - Welfare

Results

We provided financial aid to MAKNA to support their Bursary Assistance Programme. This programme assists financially challenged cancer patients with monthly allowances, medical equipment, medication and supplementary items to enable them to cope with their illness.

**FOOTBALL ASSOCIATION
OF SELANGOR (FAS) 'LOCAL
GIANTS PROGRAMME'****Focus Area:**

Sports

Results

In line with our commitment to supporting local football talent development, we provided sponsorship to the FAS under their 'Local Giants Programme'.

**TAHFIZ SCHOOLS/ MOSQUES/
ISLAMIC ESTABLISHMENTS****Focus Area:**

Community - Welfare

Results

Financial assistance was channelled to building upgrades, expansion work and welfare programmes.

UNIONS SUCH AS:

- PENINSULAR MALAYSIA
FIRE AND RESCUE SERVICES
WORKERS UNION
- POLICE ADMINISTRATIVE AND
CIVILIAN STAFF UNION

Focus Area:

Welfare of Union

Results

Financial assistance was provided for the various initiatives undertaken by the uniformed bodies' unions. Our contributions were channelled to their awareness and welfare programmes, educational funds and other similar initiatives.

**UNDERPRIVILEGED
INDIVIDUALS****Focus Area:**

Medical Assistance

Results

Financial assistance was provided to ease the burden of underprivileged individuals with medical conditions.

MOVING FORWARD

Looking ahead, the Group remains resolute in improving its sustainability efforts as we seek to create value responsibly. We will continue to pursue initiatives that will benefit all our stakeholders with a strong focus on economic, environmental and social considerations, as we are committed to achieving sustainable growth and development.

In tandem with this, we are also taking steps to improve our reporting, as evidenced by this Sustainability Statement in which we have discussed our employee numbers, health and safety statistics and energy usage statistics.