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IMPLEMENTING A SUSTAINABLE FUTURE

OUR APPROACH TO SUSTAINABILITY

Gas Malaysia Berhad ("the Group" or "Gas Malaysia") acknowledges that sustainability is a key aspect of our business operations as we seek to produce long-term value for our stakeholders.

As a purpose-driven organisation, sustainability considerations contribute directly to what we do as a business, how we operate and how we engage with our stakeholders. As such, we recognise that sustainability is crucial to our business operations in order to reduce our environmental impacts, maximise our economic returns and ensure that good governance practices are upheld. We are guided by Bursa Malaysia's Sustainability Reporting Guide (3rd Edition) and the Global Reporting Initiative ("GRI") Framework to aid us in meeting our commitment of creating a more sustainable and resilient organisation.

The contents of this report reflect our most material sustainability impacts across our value chain as well as the sustainability issues that were most significant to us and our stakeholders in 2022.

Our Sustainability Pillars



ECONOMIC

Gas Malaysia is committed to supporting the sustainable growth of the nation through our business operations and practices. We understand that the provision of clean, safe and reliable energy is essential in driving economic growth and contributing towards the transition to a low-carbon economy.

As such, we play an important role in ensuring that the sustainable growth and development of our business is in line with the development of the local economy. Our contributions extend beyond this as we also add value to the economy through the development of gas infrastructure which in turn generates economic value for our vendors, business partners and employees.

Please refer to page 44



GOVERNANCE

Gas Malaysia is fully aware that good governance is not only crucial for our business operations but is also important for our stakeholders as well. We understand that good corporate governance helps to improve stakeholder relationships as it helps us to improve on our best practices in order to enhance our responsibility and accountability to our stakeholders. Gas Malaysia also acknowledges that a good governance structure helps us in managing the company responsibly and according to sound ethics and accountability. As such, we have put in place various governance practices to help us become more accountable to our stakeholders.

Please refer to pages 45 to 47



ENVIRONMENT

Gas Malaysia is fully aware of the impact that we have on the environment, using natural resources to support our operations. We acknowledge that we need to strive to preserve natural resources as we diligently monitor our Greenhouse Gas ("GHG") Emissions.

We are guided by the ISO 14001:2015 Environmental Management Systems, which underlines our commitment towards minimising any adverse environmental impact that may arise from our operations. This certification also helps guide us in identifying, monitoring, managing, and mitigating environmental issues as we strive to achieve incremental improvements in integrating sustainability into our business operations.

Please refer to pages 48 to 52



SOCIA

At Gas Malaysia, we are aware of our responsibility of safeguarding the wellbeing of our employees, customers as well as the local communities in the areas that we operate in. The social pillar is of particular importance to us as our people are at the core of our business operations. As such, we continue to invest in the safety and health of our people, strive to give our customers excellent service in every interaction and continue to work on uplifting communities that we care deeply about.

Please refer to pages 53 to 59

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Our Aspiration

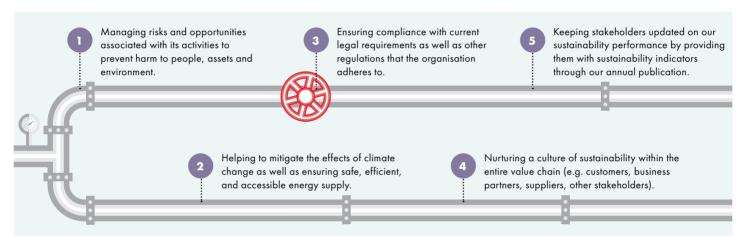
Our business practices are designed to create sustainable, long-term value throughout our value chain through fair, ethical, responsible, and transparent business conduct.

Our Commitments

Gas Malaysia is committed to ensuring that environmental, ethical and social principles are at the core of our business decisions.

In line with this, we commit to identifying and analysing the expectations of Gas Malaysia's various stakeholders as well as establishing action guidelines regarding key issues such as GHG emissions, health and safety, good governance, employment practices, non-discrimination, and anti-corruption.

Gas Malaysia understands that sustainability must be integrated within all aspects of Gas Malaysia's business and organisational levels while considering the perspective of its stakeholders such as:



Scope & Boundary

In preparing this statement, we have aligned our reporting with Bursa Malaysia's Sustainability Reporting Guide. This statement covers our sustainability-related activities for the period 1 January 2022 to 31 December 2022 for the Group.

Statement of Assurance

This Sustainability Statement has not been subject to an assurance process.

Sustainability Governance

As part of our strategy to become a purpose-driven organisation, we have implemented a sustainability governance structure that will ensure all business activities are conducted in line with our sustainability commitments. The framework defines the roles and responsibilities of the Board and Management as well as the disclosure processes which enable us to accurately report on our progress.

Gas Malaysia's sustainability governance structure empowers the Board of Directors ("BOD") with the responsibility of endorsing Gas Malaysia's sustainability strategies and goals while also empowering the Board Risk & Compliance Committee ("RCC") with the responsibility of providing oversight on Gas Malaysia's sustainability strategies and goals.

Below the RCC, is the Management Committee ("MC"), comprising the GCEO and senior management members of the company, is responsible for providing guidance to developing and implementing Gas Malaysia's sustainability goals and strategies. The MC reviews and recommends appropriate sustainability strategies and goals to the RCC.

In supporting the MC, the Corporate Strategy Department is responsible for designing and formulating Gas Malaysia's sustainability strategies and goals as well as ensuring the company's sustainability progress are tracked and updated periodically.

Our sustainability governance helps to ensure that Gas Malaysia's sustainability initiatives are being managed effectively. This includes establishing goals and strategies, as well as communicating key messages about our sustainability efforts through a top-down approach.

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Sustainability Governance Structure

Members

Consists of Board Members.

Responsibilities

Endorse Gas Malaysia's sustainability strategies and goals.



Consists of the GCEO and senior management members.

Responsibilities

- Review and recommend Gas Malaysia's sustainability strategies and goals.
- Provide guidance to develop and implement Gas Malaysia's sustainability goals and strategies.

Members

Consists of various Department Heads, heads of subsidiaries and joint venture companies.

Responsibilities

- Report on sustainability performance to Corporate Strategy.
- Implement sustainability plans and initiatives initiated by Corporate Strategy.



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⁸oard Risk & Compliance Committee ("RCC")





Members

Consists of Board Members.

Responsibilities

Provide oversight on Gas Malaysia's sustainability strategies and goals.



Corporate Strategy





Responsibilities

- Design and formulate Gas Malaysia's sustainability strategies and goals.
- Ensure overall sustainability strategies, goals and initiatives are implemented, tracked and reported.

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Sustainability Statement

Stakeholder Management

We actively and consistently engage with our stakeholders across eight (8) different groups, with varied concerns and interest as well as influence and impact over the Group. We are of the opinion that such engagements not only help improve rapport and strengthen relationships but, also helps the Group to better understand the concerns of stakeholders. This in turn will help to enable efficient and relevant response. It must be noted that during the pandemic, most of our engagements shifted to online (virtual) formats, however, this did not hinder or dampen our commitment towards better engagements with our stakeholders.

Stakeholder Group	Method & Frequency of Engagement	Expectations & Concerns	Our Response	Impact on the Group
Regulatory Bodies & Government Agencies	Engagement Method Engagements and Dialogue Sessions Reporting and Consultation on Regulatory or Industry Related Matters Formal Meetings Familiarisation Visits Engagement Frequency Regular & Ad-hoc	Regulatory bodies such as Suruhanjaya Tenaga and the Economic Planning Unit expect the Group to comply with the relevant laws and regulations.	Cooperated effectively with Suruhanjaya Tenaga to ensure that our business operations remain well-prepared and equipped to fully adhere to the Third Party Access ("TPA") requirements. We have been in close consultations with Suruhanjaya Tenaga on gas tariff revisions.	Not adhering to the relevant laws and regulations can lead to a withdrawal of our licence to operate, penalty fees and doloss of reputation.
Board of Directors ("BOD")	Periodic Board and Board Committee Meetings Formal Correspondences Engagement Frequency Scheduled & Ad-hoc	The Board expects the Group to uphold the highest principles of transparency and accountability in full compliance with all applicable laws.	Management has ensured that the Board is always kept updated regarding the Group's latest business and governance developments.	A good working relationship with the Board will ensure business continuity through good and ethical governance practices.
Shareholders	Engagement Method • Quarterly Analyst Briefings • Open Dialogues Sessions (Scheduled & Unscheduled) • Conference Calls • Annual General Meeting ("AGM") • Annual Reports • Site Visits • Media Releases & Bursa Announcements Engagement Frequency • Scheduled, Regular & Ad-hoc	Shareholders expect the Group to sustain its earnings potential and market presence for the investment community. They are also concerned about matters such as material business development, liquidity and fair ratings of Gas Malaysia's shares, shareholders' confidence and the enhancement of shareholders' value.	We have designed a comprehensive investor relations engagement programme, which focuses on guided disclosures about the Group's business focus, financial performance, new businesses and market liberalisation.	Maintaining good engagement with our shareholders is positive for our business as it increases the interaction with the capita market and fosters a positive perception amongst the investment community, which can also increase positive analyst coverage of the Group.

Stakeholder Managemen

Stakeholder Group	Method & Frequency of Engagement	Expectations & Concerns	Our Response	Impact on the Group
Customers	 Engagement Method Dialogue Sessions Customer Relationship Building Programme Formal Meetings Customer Feedback Platforms Road Shows Engagement Frequency Regular & Ad-hoc 	Our industrial, commercial, retail and residential customers expect the Group to deliver reliable and quality service that meets the required standards at competitive pricing.	 We have focused on increasing engagement with our customers and have organised outreach programmes. We have enhanced our customer service by conducting after-sales and value-added services. Taken constructive feedback from customers into consideration to further improve our services. 	Our strong customer-centric service will strengthen our customer base and market share, in addition to improving customer experience and brand loyalty which will turn our customers into brand ambassadors.
Authorities	Engagement Method Dialogue Sessions Formal Meetings Familiarisation Visits to our Gas Facilities Engagement Frequency Regular & Ad-hoc	Federal, state and local government as well as safety and health authorities expect the Group to comply with the related legal and regulatory requirements under their jurisdiction.	The Group continues to ensure that all relevant and applicable laws are strictly followed and complied with.	 Non-compliance with relevant laws and regulations can result in our licence being revoked and will also cause a loss of reputation. Work permits must be obtained from local authorities before we can commence pipeline construction.
Business Partners	 Engagement Method Formal Meetings Dialogue Sessions Engagement Frequency Regular & Ad-hoc 	Suppliers and vendors of the Group expect fair opportunities and the transparent conduct of procurement and payment processes.	 The Group has established a procurement policy and has an Integrity Pact in place. We have also strictly observed fair procurement and pricing evaluation practices, while monitoring any process irregularities. 	The fair and transparent treatment of our vendors and suppliers will have a positive impact on the quality and timeliness of the deliverables, leading to better project outcomes.

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Stakeholder Group	Method & Frequency of Engagement	Expectations & Concerns	Our Response	Impact on the Group
Employees	Engagement Method Employee Engagement Survey Internal Communications Employee Engagement Initiatives Leadership Engagement Sessions Sports and Recreational Activity Engagement Frequency Regular & Ad-hoc	Our employees are concerned about fair employment practices, career opportunities and safety and health.	 The Group provides ample opportunities for learning and development and is committed to nurturing future potential talent to ensure career progression. The Group also upholds good safety and health practices to ensure our employees remain safe at all times. 	Good employment practices will improve overall productivity and improve employee loyalty and result in a lower attrition rate.
Local	Engagement Method Periodic Meetings Dialogue Sessions CSR Initiatives Engagement Frequency Regular & Ad-hoc	The communities in areas we operate are concerned about the Group's activities and how they may affect the surrounding areas.	We take great care in ensuring public safety standards are upheld and closely monitor the pipelines we have built. Through our Corporate Social Responsibility ("CSR") initiatives, we closely collaborate with welfare associations and conduct community outreach programmes, while providing financial support for community development and environmental preservation programmes.	Nurturing good relationships with local communities will enable positive outcomes involving community concerns. Environmental protection to ensure more sustainable business outcomes.

Sustainability Statement

Materiality Assessment

In upholding our commitment as a responsible and conscientious player in the energy sector, sustainability remains as a core consideration of what we do and how we do it. As such, Gas Malaysia's performance and long-term sustainability is closely linked to how effectively we address our material matters.

With a large footprint throughout the country, it is essential to be aware of the issues material to us in the environmental, economic, social and governance context. On this note, we are guided by the perspectives and expectations of our stakeholders which we have identified through regular stakeholder engagements in order to help us manage our material maters more effectively.

In the year under review, we have conducted a materiality assessment to capture material matters that substantively affect our ability to create sustainable value over the short, medium and long term.

OUR MATERIAL ASSESSMENT PROCESS CONSISTS OF THREE STEPS



Identification

- We identified a list of potential material matters that are important to both our stakeholders and Gas Malaysia by analysing the GRI Framework.
- We specifically analysed the Sector Standards (GRI 11: Oil and Gas Sector) of this framework to identify the list of potential material matters.
- Based on the analysis of this framework, we identified a total of 22 potential material matters.



Stakeholder Engagement

- We then conducted a validation process via surveys with internal stakeholders namely our Board of Directors and Management Committee Members to assess the relevancy of these material matters to Gas Malaysia.
- Through this process, a total of nine (9) material matters were selected as relevant to Gas Malaysia's operations.



Prioritisation

We then prioritised the selected material matters based on two-criteria:

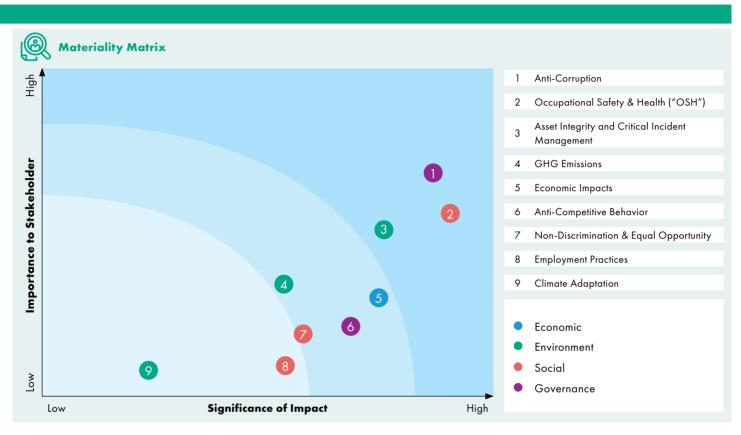
- The importance of the material matter to the stakeholder
- The impact of the material matter on our business

We then plotted the selected material matters within our materiality matrix.

Our Sustainability Journey

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Sustainability Statement





Sustainability Statement





Economic sustainability is one of the cornerstones of sustainable development and is key to Gas Malaysia's long-term growth.

We grow our business by expanding the reach of our network and improving access to gas supply for all Malaysians. The business decisions we make also take into account our environmental, social and financial impacts. We believe our contributions will go a long way towards boosting the nation's economy, driving us towards sustainable development and our UN SDGs.



How We Manage the Matter

The Group strives to uphold sustainable and responsible business practices through effective risk management, investing in sustainable solutions and expanding the gas industry by actively engaging with our stakeholders. We strive to meet the nation's energy needs in a sustainable manner, as a provider of cleaner, safer, reliable and cost-effective energy solutions to industrial, commercial and residential customers. The Group continues to fully adhere to relevant laws and regulations while upholding the highest standards of integrity and governance.

Transparent and Fair Procurement Practices

The Group manages its procurement in a fair and transparent manner to ensure accountability and integrity. This is practiced in various processes such as confirming a vendors' interest before inviting them to participate in a tender. It is our belief that business ethics are the cornerstone to the sustainable growth and future of our business.

We strive to cultivate a sustainable supply chain by developing stronger partnerships with our business partners while reducing the potential risks to our business. To this end, Gas Malaysia conducts its procurement in a fair and transparent manner in several ways, including confirming the vendor's interest before inviting them to commit to a tender. Each step in the tendering process is conducted according to the standard operating procedure ("SOP") and approval requirements, from the preparation of the bidding list to tender evaluation and award recommendations.

In addition, the Group has implemented an e-Procurement system which provides a myriad of benefits, such as:

- Increases efficiency, transparency and productivity
- Shortens the procurement cycle
- · Digitalises the procurement contents and processes
- Facilitates engagements with vendors



Our Sustainability Journey

GOVERNANCE



It is an imperative to uphold good governance and ethical business practices to ensure the safe and reliable distribution of aas to our industrial, commercial and residential customers throughout Malaysia.

Our commitment to uphold sound corporate governance practices and to comply with relevant laws and regulations within a highly-regulated industry like ours is crucial to protecting the interests of our shareholders and stakeholders.



How We Manage the Matter

The Group takes active measures to prevent corruption as it poses severe financial, operational, and reputational risks that impedes business growth. We continue to consistently adhere to Gas Malaysia's Anti-Bribery and Anti-Corruption ("ABAC") Policy, Whistleblower Policy and other applicable laws to promote transparency and accountability within our company.

Our strategy includes implementing the T.R.U.S.T. principles covering Top level commitment, Risk assessment, Undertaking control measures, Systematic monitoring, review and enforcement, and Training and communication, as well as the Anti-Bribery Management System according to the Malaysian Standards ISO 37001:2016. Moving forward, the Group and its subsidiaries are moving towards obtaining the ISO 37001:2016 Anti-Bribery Management System ("ABMS") Certification by a recognised certification body.

Anti-Bribery and Anti-Corruption

Embedding a culture of integrity across our business operations is key to enforcing good corporate governance. Since 2021, we have in place an Integrity and Governance Department which is responsible for managing complaints, detecting and verifying non-compliance incidents and improving the overall integrity and governance of our organisation.

Sustainability Statement

We provide training for employees to increase their awareness on the current issues relating to bribery and corruption and to keep them well-informed. As such, employees have been trained on the following topics:

Abuse of Power and Misappropriation by Malaysian Anti- Corruption Commission ("MACC")	Corruption Offences Committed by Commercial Organisations by MACC	'Do the Right Thing' by Institut Integriti Malaysia ("IIM")	ISO 37001:2016 – Risk Management and Assessment Training by SIRIM	ISO37001:2016 – Internal Auditing by SIRIM
Participation Rate: 100% of all staff	Participation Rate: 100% of all staff	Participation Rate: 46% of non-executive staff (ongoing programme to be continued in 2023)	Participation Rate: 70 % of Risk Coordinators	Participation Rate: 100% of appointed ABMS internal auditor

In relation to this, the Group has developed a Gifts Guideline, which outlines the company's position, types of gifts, and declaration of gifts. An approval must be obtained as per the Group's Limits of Authority ("LOA") on accepting and offering gifts between employees, customers, vendors, contractors, and third parties. All gifts must be handled in a way that prevents abuse and is not in the employee's interest.

There were zero reported cases of violation of the ABAC Policy

In 2022, the Group carried out several initiatives under T.R.U.S.T Principles. The following describes the objectives and initiatives for each principle:

T.R.U.S.T Principles	Objectives	Initiatives
Top Level Commitment	To ensure business activities are carried out in an environment that is bribery-free.	 All employees including Senior Management and the Board of Directors have pledged and signed the Corruption-Free Pledge, or "Ikrar Bebas Rasuah" ("IBR") in compliance to the MACC directive Establishment of the Integrity and Governance Department Revision of Board Charter & ABAC Policy Establishment of Gifts Guideline
Risk Assessment	To ensure adequate measures are in place to prevent, detect and respond to bribery and corruption risks.	Identifying internal and external issues that lead to bribery, and evaluating the needs and expectations of stakeholders Corruption Risk Assessment for all business units in: Gas Malaysia Berhad Gas Malaysia Distribution Sdn Bhd Gas Malaysia Energy and Services Sdn Bhd Gas Malaysia Retail Services Sdn Bhd Gas Malaysia Energy Advance Sdn Bhd Gas Malaysia Virtual Pipeline Sdn Bhd Gas Malaysia Synergy Drive Sdn Bhd
Undertake Control Measures	To ensure adequate measures are in place to prevent, detect and respond to bribery and corruption.	 Establish ABMS-related documentation Implementation of ABAC Policy Implementation of Whistleblower Policy Implementation of Gifts Guideline Implementation of Integrity Pact ABAC, Gifts Guideline Briefing & Corruption-Free Pledge or IBR for new employees
Systematic Monitoring, Review and Enforcement	To ensure adequate measures are in place to prevent, detect and respond to bribery and corruption.	 Revision of Board Charter Review of Code of Ethics Review of ABMS-related documentations i.e. ABAC Policy, ABMS Manual, ABMS Internal Audit Procedure, Corruption Risk Assessment Procedure and Gifts Guideline ABMS Stage 1 Audit by Certification Body
Training and Communication	To train employees on their awareness and understanding of ABMS to reduce potential bribery risks. To promote better corporate governance and legal compliance.	 Providing ABMS training and awareness for all staff and business associates Communication to all staff on ABAC Policy and Gifts Guideline through posters, e-mails, notice board, e-Bulletin and the intranet

Operations Assessed for Corruption-Related Risks

Our Sustainability Journey

As the Group strives to combat corruption to achieve progress and sustainable change in our business, we continue to have our operations regularly assessed for any risks related to corruption. In the year under review, a series of Corruption Risk Assessment ("CRA") sessions were conducted across all business units under Gas Malaysia to improve the existing corruption risk register. As of 31 December 2022, the Group's identified corruptions risks are under review, and pending to be recorded and reported in the risk management system.

Communication and Training on Anti-Corruption

It is vital to fully educate our staff on the importance of best practices to avoid bribery and corruption at all costs. Such acts are contrary to our corporate principles, and they are illegal acts, incurring fines and penalties, causing damage to the employee and the company. As such, in 2022 all employees including our Board of Directors have been informed on Anti-Corruption Policies and Procedures.



- Directors were briefed on Gas Malaysia's ABAC Policy via Board Meetings.
- All new directors that were appointed after the approval of our ABAC were given a copy of the Director's handbook which includes the ABAC Policy.
- The Board of Directors have also undertaken the Corruption Free Pledge and were
 present during the discussion on the revision of Gas Malaysia's ABAC Policy.



 All employees have been briefed on Gas Malaysia's ABAC Policy and Gift Guidelines via e-mail and during their induction session.

Anti-Competitive Behaviour

Gas Malaysia embraces healthy competition between businesses as it drives the company to innovate and improve its efficiencies, resulting in competitive pricing, better quality products and services, more options for consumers and increased value for all. The Group is committed to behaving in an acceptable way towards competitors and suppliers and avoids engaging in any form of illegal or potentially illegal business behaviour.

To this end, we strive to adhere to local and international laws to avoid anti-competitive behaviour and monopoly practices, that would influence our output volume and create monopolies over distribution, transportation and supply to our customers.

How We Manage the Matter

The Third-Party Access ("TPA") regulatory framework allows third parties to gain access to gas facilities that they do not own nor operate. Besides that, the TPA system allows multiple entities to have access to and utilise gas facilities that are available in Malaysia, to provide a reliable and sustainable supply of gas to customers.

To reinforce our position in the industry value chain in preparation for full market liberalisation, we have successfully unbundled our business operations into two separate entities – gas distributor and gas shipper. These two entities known as Gas Malaysia Distribution Sdn Bhd ("GMD") and Gas Malaysia Energy and Services Sdn Bhd ("GMES"), are wholly owned by Gas Malaysia and were awarded a distribution licence and shipping licence respectively.

Further to that, GMD was granted a 20-year distribution licence, enabling it to fulfil its role as a gas distributor via its NGDS throughout Peninsular Malaysia. On the other hand, GMES plays the role of a gas shipper as it was granted a 10-year shipping licence to procure gas from a shipper and deliver gas according to customers' requirements.



ENVIRONMENT



As corporations across the nation are stepping up their Environmental, Social and Governance ("ESG") commitments, Gas Malaysia pushes ahead with its efforts to conserve the environment while managing the consumption of electricity, fuel and water.

Climate change continues to be an important aspect of our operations as it poses a risk to our business growth and impacts the environment and society. To this end, we made every effort to minimise our emissions to mitigate the impacts of climate change and continued to measure and monitor the GHG emissions from our business operations. We also implemented efforts to improve energy efficiency in our operations and utilise renewable energy solutions.

We remain guided by the ISO 14001:2015 Environmental Management Systems Standard, which helps us to identify, assess and manage our environmental matters, as well as minimise any environmental impacts arising from our operations.

In the year under review, we took the initiative to disclose our GHG emissions, in particular, Scope 1 and 2 emissions. We believe that measuring our GHG emissions will help us to identify and prioritise areas for improvement in the future.

Asset Integrity and Critical Incident Management

As a component in the oil and gas industry, asset integrity and critical incident management is vital to the Group to ensure a safe and sustainable business. This includes implementing measures such as inspection, testing, verification, and other methods to prevent major accidents or hazards within the Group. It is our duty to create a safe space by safeguarding our operations and embedding an incident-free culture within the workplace through the consistent prevention of hazards and accidents.



How We Manage the Matter

Public safety continues to be our highest priority. We strive to reduce critical incidents that can damage our assets and the surrounding environment, such as gas leaks during distribution which can lead to injuries and pollute the surrounding soil, water and air.

We continue to enforce comprehensive safety measures and quality controls throughout our operations in compliance to relevant policies and procedures, to deliver natural gas safely and consistently to our customers. Regular preventive maintenance and systematic troubleshooting are also periodically executed to keep our gas facilities well-maintained. We also make sure that the design and material specifications of our pipelines are in adherence to local regulations and international codes and standards.



Safety Measures at Gas Networks Infrastructure

Our efforts to create a safe environment begin from the planning stage up to the construction stage, as every detail is carefully considered to ensure the safety of our infrastructures. For instance, in our expansion plans, pipeline routes and locations of isolation valves are carefully selected, while design and material specifications are guided by the local regulations as well as international codes and standards. Meanwhile, in the construction stage, competent contractors are engaged to design, engineer, procure, construct and commission our gas pipelines. Moreover, our steel pipes are sourced from manufacturers licensed by the American Petroleum Institute ("API"), based on verified specifications and certified by a third-party agency.

Safety Measures at Operations & Maintenance

We keep our gas facilities well-maintained through regular maintenance and systematic troubleshooting to prevent risks and hazards from occurring. Our safety measures include gas station inspections, 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 conducted to identify irregularities and to oversee third-party work carried out at our gas facilities. All third-party work conducted within the vicinity of our gas facilities requires approval and monitoring by our Operations & Maintenance team to prevent damage, as per our standard operating procedure.

Aside from that, we have dedicated on-call emergency response teams on standby to promptly respond to emergencies within 90 minutes of notification. These teams are enforced to reduce the risk of our operations to the public and limit the potential damage to property and the environment. In the year under review, our System Average Interruption Duration Index ("SAIDI") results improved to 0.0786 minutes of interruption per customer, while our average response time was relatively maintained to 25.78 minutes.

SAIDI Results by Year

SAIDI (Average Minutes of Interruption per Customer)



Response Time (Average Minutes Taken to Respond at Site)



Sustainability Statement

Climate Adaptation, Resilience & Transition

In the past year, many have suffered from the worsening effects of climate change, evident from the heatwaves and flood disasters which have hit several countries.



In the context of such challenges, adapting to climate change is a necessity as industries need to take action to prevent severe environmental effects.

To protect the planet, efforts need to be made to reduce GHG emissions and increase our efforts in adaptation to help people build long-term resilience to the evolving environmental changes. With this in mind, the Group is committed to a low-carbon future through its efforts to reduce GHG emissions, driving the nation towards a low-carbon future via the transmission of natural gas to consumers.



How We Manage the Matter

GHG Emissions

Gas Malaysia aspires to play a pivotal role in contributing towards the nation's aspiration of a low carbon future and to fulfil the climate change agenda. Natural gas has been identified as the main transition fuel as it is one of the cleanest forms of fossil fuels, emitting up to 50% less CO_2 in comparison to coal.

Apart from that, the Group generates electricity through gas-powered combined heat and power systems ("CHP") through its joint venture entities, which are highly efficient and produce less emissions. CHP systems utilise 32% less fuel and have 50% less annual carbon emissions than coal.

The Group also explored other opportunities for waste-to-energy solutions, such as the use of methane released from POME as part of its Green Gas Project. POME is an organic liquid waste that is generated during palm oil production. By utilising waste-to-energy we are able to acquire the methane that is released, convert it to bio-methane, to be injected into our pipelines. This enables us to mitigate methane emissions that would have been released into the atmosphere which is more harmful as methane is 21 times more potent than carbon dioxide, as it traps heat in the atmosphere, contributing towards global warming and ultimately climate change.

Our Green Gas Project is a unique initiative, as it involves injecting biomethane generated from POME into the national grid. In 2023, we will inject the first batch of biomethane into our NGDS and by the end of 2025, we aim to achieve 517,000 MMBtu of biomethane volume. Not only that, but we are also open to explore platforms recommended by the Government including the Voluntary Carbon Market which was launched by Bursa Malaysia.

During the year, the Group continued to practice transparency and accountability by reporting our carbon emissions (Scope 1 & 2), according to the international reporting frameworks. We believe that the consistent measuring and reporting of our carbon emissions will help us to improve our understanding of our environmental impacts and enable us to plan more impactful initiatives to reduce our consumption of energy and emissions.

Scope 1 GHG emissions include direct emissions that occur from sources that are controlled or owned by Gas Malaysia, while Scope 2 records indirect GHG emissions associated with the purchase of heat, steam, electricity or cooling. Our measurements are calculated based on the GHG Protocol Corporate Standardand according to IPCC 2006 Guidelines.

The following are the emissions measured in 2021 and 2022:

SCOPE 1	SCOPE 2
2021 (tCO ₂ e) — 19,923	2021 (tCO ₂ e)
2022 (tCO ₂ e) — 176,065.204	2022 (tCO ₂ e)1,850.33

^{*}The increase in Scope 1 emissions from 2021 to 2022 is due to incorporating emissions from our combined heat and power (CHP) plants into our GHG emissions calculations. The increase in Scope 2 emissions from 2021 to 2022 is due to the increase in electricity usage as more staff members started working from the office (more office space and facilities being utilised) instead of working from home (due to COVID-19) and because our manpower has increased from 2021 to 2022.

The Way We are Governed

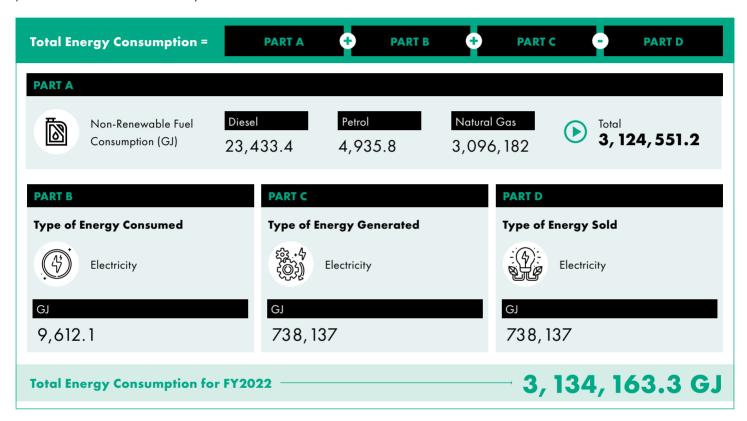
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Energy Management

Managing our energy efficiently is important in our business operations, as it reduces our carbon footprint and embeds a culture of energy-saving initiatives such as optimising fuel usage and integrating the use of energy-efficient equipment across our operations. We greatly rely on diesel and petrol for our vehicles while electricity is utilised at our offices and stations.



Waste Management

Gas Malaysia strives to be responsible in its waste management through our commitment to reduce the amount of waste sent to landfills. We believe our long-term measures will save cost, protect the environment, elevate our reputation and safeguard the health of our workers.



How We Manage the Matter

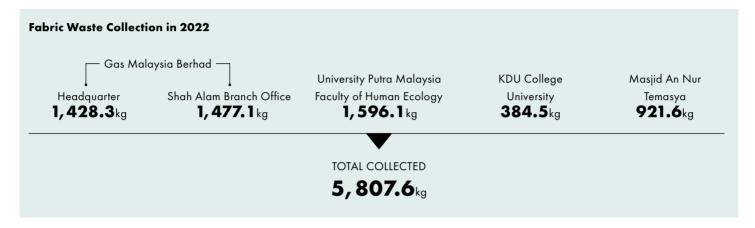
In our management of waste, we recycle our waste and ensure our scheduled waste is handled responsibly in compliance with the Environmental Quality Act 1974. Our generated scheduled waste is grouped into the following five categories:

SW1:	SW2:	SW3:	SW4:	SW5:
Metal and metal-	Waste containing	Waste containing	Waste which	Other waste
bearing waste	inorganic	principally organic	contains inorganic or	(residue from
	constituents which	constituents which	organic constituents	treatment or
	may contain	may contain metals		recovery of
	metals and organic	and inorganic		scheduled waste)
	materials	materials		

In the year under review, we discarded 0.14 MT of fluorescent bulbs (SW109).

Sustainability Statement

The Group established an ongoing collaboration with a social enterprise, where five bins to collect fabric for recycling were placed in various locations including our head office, educational institutions and mosque. In the year under review, this initiative enabled us to divert 5,807.6kg of fabric from being dumped into the landfill.



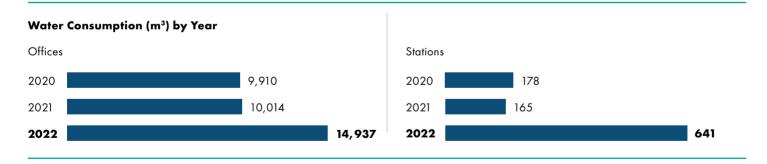
Water Consumption

Although water is a renewable natural source, the Group focuses on optimising its management of water to enforce good responsible practices across our operations. The Group continues to be committed in conserving the use of water to ensure we have a consistent supply and to reduce water-related costs.



How We Manage the Matter

Our consumption of water is mainly for general use within our offices, while water is used for auxiliary processes at our stations. In 2022, our water consumption was 15,578m³, which increased in comparison to our consumption of 10,179m³ in 2021.



Other Information

Sustainability Statement





Our strength and success are largely dependent on the collective efforts of our employees as they have the ability to transform our business.

As the Group seeks to enable employees to perform to their fullest potential, it continues to invest in its people through development programmes to strengthen its engagement with them and to elevate their competencies, while developing a conducive workplace that is centred on safety, diversity, equality and excellence. Year after year, we make efforts to put people first, from providing a safe workplace for employees, delivering customer excellence to upholding the needs of communities.

Employment Practices

We greatly value our people and deeply care about their health and well-being, safety and development. The Group continues to make efforts to engage, retain and attract the best talents in the industry, by providing training and education, attractive benefits, and covering our employees with relevant frameworks and policies. In addition, the effective implementation of labour practices and policies will enhance employee productivity and bolster the company's long-term performance.



How We Manage the Matter

Gas Malaysia has a diverse pool of talents from various genders, backgrounds, ethnicities, age groups and other demographics that bring together a solid team of people who work as one unit to expand the business and achieve targets. We are committed to creating a safe, nurturing, inclusive, rewarding and empowering workplace to enable our employees to attain excellence in all that they do for the Group. To cultivate a high-potential and high-performing workforce, we consistently invest in the development of our employees to equip them with training, leadership and core skill programmes to elevate their competencies.

Introduction

Overview of Gas Malaysia

Message from the Leaders

Strategic Context

Sustainability Statement

Our Commitments

The Group advocates equal employment opportunities in accordance with local laws and regulations. Our employment practices are specified in the employee handbook and circulars, which are disseminated via email to update our employees on any changes to the labour laws or guidelines.

Labour Practices

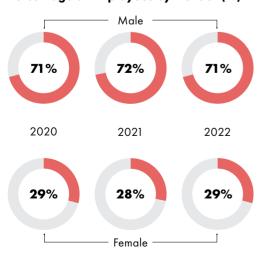
Our approach is guided by the principles outlined in Malaysian Employment laws. All employees are treated with dignity and respect, without discrimination-based factors such as age, gender, etc. in terms of employment, promotion, rewards and career advancement within the Group. We adopt a merit-based approach that hires and promotes individuals based on their skills, experience, capabilities and job performance.

The Group has a zero-tolerance approach towards all forms of child and forced labour throughout its operations.

Employee Diversity

In the year under review, male employees comprised 71% while females stood at 29%. At the same time, employees in the 30-50 age group represented the majority of employees in the Group. Gas Malaysia continues to provide equal opportunity to both males and females in terms of hiring and employment opportunities.

Percentage of Employees by Gender (%)



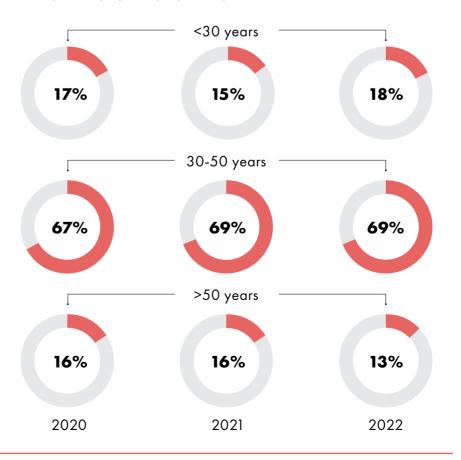
Percentage of Male Employees by Management Level (%)

Position	2020		2021		2022	
	Number	Rate	Number	Rate	Number	Rate
Non-Management	339	88%	358	89%	374	90%
Management	37	9%	35	9%	31	8%
Senior Management	11	3%	9	2%	11	2%

Percentage of Female Employees by Management Level (%)

Position	2020		2021		2022	
	Number	Rate	Number	Rate	Number	Rate
Non-Management	149	94%	153	95%	156	93%
Management	8	5%	7	4%	10	6%
Senior Management	1	1%	1	1%	1	1%

Percentage of Employees by Age Group (%)



Breakdown of Permanent & Contract Staff (2022)

Number of Female Staff

Number of Male Staff

Permanent Contract
166 2

Permanent **409** Contract **6**

New Hires & Attrition

The Group continued to recruit talents to drive the growth of the company and improve the overall success of its business, maximising productivity and diversifying the skills of its workforce. In 2022, the Group hired 32 new hires. We also attained an attrition rate of 8.98% for 2022.

Number of New Hires

Total Number of New Hires

2022	2021
32	46

Attrition Rates (%)

2022	2021	2020
8.98	3.43	3.74

Attrition Rate by Age Group (2022)

<30	30-50	>50
2.11%	5.81%	1.06%

Attrition Rate by Gender (2022)

Male	Female
6.17%	2.81%

Membership Association

Gas Malaysia supports membership associations to establish industry best practices within its organisation, as well as to support employees in their career development. We believe that our membership enables us to advance our goals and purposes, as well as provide a wide range of tangible benefits and services including upskilling workshops, training and networking events. These membership associations also set standards for the industry and provide a wealth of information for our people on issues such as standardisation of processes and existing issues in the industry.

The following are a list of organisations/associations that Gas Malaysia subscribes to:

- Malaysian Employer Federation ("MEF")
- Federation of Malaysian Manufacturers ("FMM")
- Malaysian Gas Association ("MGA")

Non-Discrimination & Equal Opportunity

Our people are the cornerstones of our business and as a responsible employer, we strive to provide equal opportunities for our employees to grow personally and professionally, without discriminating against them. It is our belief that every individual deserves a chance to flourish and to be accepted despite their differences in opinion, background, religion, ethnicity and characteristics that are unique to them.

Apart from that, the Group also has in place a grievance mechanism that enables employees and third parties to file reports or grievances on any suspected breach in laws or regulations in our operations. With regards to any grievances reported, complainants are required to send a formal e-mail to our Human Resources. Once a grievance is received, HR will review the severity and contents of the grievance matter before providing the best possible solution in accordance with labour laws and procedures. This will be followed by checking facts with parties (complainant and defendant) involved through a conducted hearing, after which HR will determine a diplomatic resolution to reconcile both parties. Lastly, HR will follow up with complainant(s) to ensure that the issue(s) have been settled.



How We Manage the Matter

The Group is aware of the existing needs of its employees and seeks to accommodate their needs. This will also enable us to retain employees and build trust and loyalty within the workforce. We continue to offer training to upskill and develop the capacities of our employees and provide parental leave to accommodate those with family responsibilities. We also periodically engage with employees via our Employee Engagement Survey to address risks pertaining to discrimination and unfair treatment in the workplace.

Training, Development & Upskilling Programmes

During the year, we made efforts to enhance the skills and capabilities of our employees through several training programmes to elevate their knowledge on the gas industry. We strive to cultivate a pipeline of talents with leadership abilities to support us in any changes that may occur within the Group. Succession planning is a part of talent development, which allows us to groom potential candidates and identify employees with exceptional abilities who can be promoted to leadership positions when required.

Our training programmes for the year focused on upgrading employees' skill sets and supported our succession efforts. To this end, the Group organised several training and leadership programmes to equip our employees with better management and strategic thinking skills.

Sustainability Statement

The following are some of the upskilling programmes conducted to upgrade employees' skill sets:

- General Management
- Professional Project Management
- Coaching Public Speakers for C-Suite Levels
- Foundations of Effective Leadership (programme is a collaboration with GENOS International, Australia)
- · Engagement Session with Top Management

Training Hours/Gender (2022)	Male	Female
Total No. of Employees	417	166
Total No. of Training Hours	12,484.5	4,469.5
Average Training Hours Per Employee	29.94	26.92

Training Hours by Employee Category (2022)

	Total No. of Employees in Each	Total No. of	Average Training Hours Per Employee
Employee Category	Category	Training Hours	by Management Level
Non-Management	530	14,507.5	27.37
Management	41	2,226	54.29
Senior Management	12	220.5	18.38

Occupational Safety & Health

The Group strives to safeguard the health and well-being of its employees, customers and communities in areas where it operates in. We are committed to providing the safest working conditions through proactive risk management across the organisation to drive operational excellence. Our Health, Safety, Environment and Quality ("HSEQ") Policy provides guidelines on risk prevention, occupational injury and illness, and preventing damage to the environment.



How We Manage the Matter

We make every effort to promote high occupational safety & health ("OSH") standards to protect our employees and communities in the areas we operate, as well as to increase our accountability to our customers and stakeholders. Apart from that, Gas Malaysia also actively implements safety risk management across the Group via stringent HSEQ policies and management systems that are in line with the International Organisation for Standardization ("ISO").

Health, Safety, Environment and Quality Management System

The Group remains guided by internationally-recognised management system standards that improve operational efficiency and enables the Group to comply with the statutory and regulatory requirements pertaining to its services and industry. Besides that, the HSEQ system enables the Group to manage occupational health and safety risks, while conserving the environment and improving the quality of our operational services.

The scope of our HSEQ management system encompasses Gas Malaysia Berhad, Gas Malaysia Distribution Sdn Bhd, Gas Malaysia Energy and Services Sdn Bhd, Gas Malaysia Retail Services Sdn Bhd and Gas Malaysia Virtual Pipeline Sdn Bhd.

Other Information

Sustainability Statement

In 2022, the Group has maintained the following certifications following the annual audit conducted by SIRIM:

ISO 9001:2015	ISO 14001:2015	ISO 45001:2018	ISO/IEC 27001:2013
Quality Management Systems	Environmental Management	Occupational Health & Safety	Information Security
	Systems	Management Systems	Management Systems

In addition, the Group complies to the Occupational Safety & Health Act 1994 and ensures its HSEQ management systems are well-implemented.

Hazard Identification, Risk Assessment and Incident Investigation ("HIRARC")

While every effort is made to ensure safety is embedded in our operations, unforeseen accidents and incidents do happen. To manage this, our HIRARC procedure provides the framework for the identification of hazards, assessment of risks and the implementation for necessary control measures relating to occupational health and safety.

Besides that, our Incident Investigation and Reporting process provides guidelines for personnel on the best way to conduct incident investigation within the Group's premises, work areas and work sites, including but not limited to pipeline and station installation sites.

Work-Related Injuries

Gas Malaysia strives to prevent workplace injuries, illnesses and fatalities through its approaches and practices to safeguard the health and safety of employees within its operations.

However, despite our best efforts to protect our workers on top of enforcing stringent safety measures, we regret to report one (1) non-employee fatality (pipeline construction contractor) and three employee work-related injuries that occurred during the reporting period. Following these incidents, we immediately took appropriate measures according to procedure, increased training for staff and reminded our workers on the importance of integrating safety measures into their work processes. Moving forward, we will continue to identify hazards and risks through our HIRARC and implement more measures to bolster our OSH.

Employees						
Year 2020		2021		2022		
	Number	Rate	Number	Rate	Number	Rate
Fatalities	0	0	0	0	0	0
Work-related injuries	0	0	0	0	3	0.56
Number of hours worked	1,079,402		1,068,742		1,071,320	

Non-employees						
Year	20	21 2021		21	2022	
	Number	Rate	Number	Rate	Number	Rate
Fatalities	1	0.23	0	0	1	0.35
Work-related injuries	0	0	0	0	0	0
Number of hours worked	879,577		762,193		570,484	

^{*} Rate is calculated based on 200,000 hours worked

Training on Occupational Health & Safety

Apart from its compliance to policies, regulations and procedures, the Group believes it is essential to inculcate a strong safety culture amongst employees, to create awareness and to remind workers on the rules and measures needed to make our HSEQ effective.

Sustainability Statement

In 2022, we rolled out the following sessions on health and safety which covered the following topics:

- Health & Safety Day To instil a culture of safety and health, Gas Malaysia organised an event themed
 'Nurturing Healthy Minds Towards Better Life', which included a health awareness talk, blood donation drive and
 health screening test.
- First Aid Training Provided first aid training to 60 employees to ensure their responsiveness during emergencies.
- Dialogue with EPCC Contractors & Vendors Discussed current issues on OSH and the statutory
 requirements of incident reporting with contractors and vendors.
- Contractor Training 1 (Site HSE Management for Site Safety Supervisor, Site Supervisor & Team
 Leader) Six (6) sessions were conducted to reinforce good HSE management towards achieving our targets for
 zero unsafe acts, unsafe conditions, non-compliance to laws, regulations and policies.
- Contractor Training 2 (QC Personnel) Three (3) online sessions were held to enhance awareness on "Preventing Steel Pipe Coating Damage During Handling" to sustain the integrity of our NGDS.
- **Building Evacuation Drill** Evacuation drills were conducted at the head office, branch and regional offices to test the preparedness of the Group's Emergency Team.

Worker Participation, Consultation and Communication on OSH

In our endeavour to keep everyone safe across our premises and operations, we have in place a HSE Committee.

Gas Malaysia's HSE Committee includes the following:

Steering Health, Safety and Environment Committee

Kuala Lumpur Branch Office Health, Safety and Environment Committee

Facilities Health, Safety & Environment Sub-Committee

Technical Health, Safety and Environment Sub-Committee

The Committees and Sub-Committees meet on a quarterly basis to discuss safety, health and environmental matters.

Their responsibilities include the following:

Reviewing the efficacy of the HSE performance and policy

Ensuring the management system is relevant and effective and identifying areas for improvement

Providing decision-making, advice and guidance on all HSE-related matters across the Group

Enforcing appropriate action on any reported and/or observed HSE-related matters

Assessments

In 2022, we executed the following initiatives to improve our commitment towards occupational safety and health to achieve operational excellence:

- SIRIM Certification Audit and certification was conducted on 12 to 14 October 2022 for Gas Malaysia Berhad, Gas Malaysia Energy and Services Sdn Bhd, Gas Malaysia Retail Services Sdn Bhd, Gas Malaysia Distribution Sdn Bhd and Gas Malaysia Virtual Pipeline Sdn Bhd
- Noise Risk Assessment Eurofins NM Laboratory Sdn Bhd was engaged to conduct a noise risk assessment with our employees who assisted in monitoring and area mapping at 33 gas service stations and odoriser stations (via sampling) at all regions
- DOSH Audit at Branch/Regional Offices Audits were conducted by State DOSH Officer at selected Gas Malaysia branch and regional offices including Prai Regional Office, Eastern Regional Office, Ipoh Branch Office and Senawang Branch office

Lending a Hand to Communities

We believe that as a corporate organisation, it is our duty to give back to society. We will continue to find opportunities to contribute to our society in a variety of ways guided by the four pillars namely; Community, Environment, Education and Sports. These pillars are aligned with our CSR theme of "Energising the Community". Our support to the underserved and underprivileged will go a long way to strengthen our reputation, promoting volunteerism among our employees, increase our engagement with customers and cultivate loyalty, trust and accountability for our organisation.

Financials

Other Information

Sustainability Statement

In the year under review, we contributed approximately RM467,785 to the following initiatives:

Education

Back to School Programme

We organised a 'Back to School' programme in collaboration with ABARO (Resta Enterprise Sdn Bhd), in an effort to provide school necessities to over 150 underprivileged children from the B40 community from Sekolah Kebangsaan Puchong Perdana. The school children were given school uniforms, shoes, stationaries and hygiene kits worth RM21,600.

Community

Flood Assistance at Kampung Bukit Lanchung

We provided aid to the communities living in Kampung Bukit Lanchung who were impacted by the flood disaster. We donated electrical appliances such as rice cookers and electrical kettles to support the needs of flood victims. Approximately RM18,000 was contributed to this initiative, benefitting 100 families.

Supporting the Mentally Challenged

In collaboration with the Selangor and Federal Territory Association for the Mentally Handicapped ("SAMH"), Gas Malaysia participated as a main sponsor in its annual food and fun fair held at Sekolah Khas Klang, Selangor. The contributed funds will go towards upgrading their facilities as well as supporting the educational, training and care needs of mentally challenged children and adults. Approximately RM33,600 was contributed into this initiative.

Sports

Partnership with Football Association of Selangor ("FAS")

In an ongoing three-year initiative, Gas Malaysia contributed RM10,000 per year in its partnership with Selangor FC to support its FAS Local Giant Programme from 2020 to 2022, contributing a total of RM30,000. The funds will be used to empower local football talents and enable the Selangor football team to meet its goals.

Environment

Collaboration with Gibbons Conservation Society

In an initiative to support the environment, we partnered with the Gibbon Conservation Society to support the rehabilitation of gibbons. We donated two of our used pick-up trucks which will be used for purchasing food for the sheltered gibbons, rescuing gibbons and for transporting equipment. In addition, about 40 of our employees volunteered in a fruit tree-planting initiative at the rehabilitation facility and a river-cleaning activity. Gas Malaysia also donated groceries to about 20 Orang Asli families living in the vicinity of facility. In total, we contributed approximately RM4, 185 to this initiative.

Wakalah Zakat

Tuisyen Pintar YPM@KPLB

In line with our commitment to assist the needy, Gas Malaysia partnered with Yayasan Pelajaran MARA ("YPM") to become one (1) of the sponsors for Tuisyen Pintar YPM@KPLB 2022. This is a tuition programme specifically tailored to help selected B40 students in rural areas to cope with their academic studies. Gas Malaysia has been supporting this programme for 4 years (2019 -2022). This tuition programme has benefitted a total of 4,400 students from 44 MRSM centres. Approximately RM370,000 was contributed to this programme.

MMC Prihatin Programme

With a commitment to aid the less fortunate, we contributed essential household groceries to the underprivileged from Pangsapuri Sri Mutiara in Putra Heights and Pangsapuri Enggang in Bandar Kinrara. This initiative is an effort to lessen the burden of the underprivileged community in conjunction with the holy month of Ramadhan. This initiative is in support of MMC's prihatin programme and it is a collaboration between MMC Corporation Berhad, Gas Malaysia and Lembaga Zakat Selangor. In total, about 200 needy families benefitted from this initiative. The packed grocery items distributed were rice, flour, sugar, spices and more. Approximately RM 10,400 was contributed to this initiative.

Dialysis Treatment

In 2016, Gas Malaysia purchased a dialysis machine for An-Nur Dialysis Centre worth RM40,000 in order to cope with the increase in the number of patients with renal disease. For the year 2022, due to the availability of the donated dialysis machine, it was possible to accommodate 6 patients visiting the centre for treatment and the centre was able to successfully conduct 864 dialysis sessions.