

**PETRONAS GAS BERHAD**  
198301006447 (101671-H)



**PETRONAS**



# **PROGRESSING WITH RESILIENCE**

SUSTAINABILITY REPORT 2025



This year's cover presents a powerful metaphor that captures the essence of our journey – the tree rings illustrate growth and resilience shaped over time.

Each tree ring symbolises steady progress, with each year adding depth and strength to our foundation. The circular feature echoes last year's cover, reinforcing continuity in our progress.

### Our Reporting Suite

#### Integrated Report



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

#### Sustainability Report



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



Scan the QR code to access the full version of our Integrated Report 2025 and Sustainability Report 2025. The reports are also accessible online on the PGB website.

## About This Report

**PETRONAS Gas Berhad (PGB) presents its Sustainability Report (Report), which provides an overview of its environmental, social and governance (ESG) performance, key initiatives and impacts. The Report outlines how sustainability considerations are integrated into our decision-making, operations and risk management to support long-term value creation for stakeholders.**

This Report reflects the sustainability issues that are most significant to our business and stakeholders, highlighting topics such as energy transition, carbon reduction, occupational health and safety, and governance.

Given the essential nature of our operations and their wide-ranging impacts, this Report shares how PGB navigates regulatory requirements, increasing climate-related risks and rising stakeholder expectations while pursuing opportunities. It also details how we balance operational reliability with environmental stewardship and social responsibility while contributing to Malaysia's development and energy transition.

Moving forward, we will continue to enhance our disclosures to provide stakeholders with a clear and balanced account of our progress, challenges and priorities as we advance towards a more sustainable and resilient future.

### Scope and Boundary of Reporting

This Report is published annually and covers the period from 1 January 2025 to 31 December 2025 unless otherwise stated. It encompasses our principal business activities, including business segments, subsidiaries and joint venture operations.

Comparative data is presented where relevant to support year-on-year assessment. Any refinements to the reporting scope, organisational boundaries or methodologies are explained in the relevant sections of this Report.

### Restatements of Information

Where appropriate, selected data have been restated to improve consistency in measurement or to reflect refined interpretations of applicable requirements. Any restatements are clearly identified in the relevant sections.

### Reporting Frameworks

Sustainability reporting continues to evolve in response to regulatory developments and investor expectations. This Report is prepared in accordance to national standards and with reference to international standards that guide disclosures across the industry.

- Global Reporting Initiative Universal Standards 2021
- Sustainability Accounting Standards Board Standards
- FTSE4Good Bursa Malaysia Index ESG Indicators
- International Petroleum Industry Environmental Conservation Association, Sustainability Reporting Guidance for the Oil and Gas Industry (4<sup>th</sup> Edition)
- United Nations Sustainable Development Goals
- International Sustainability Standards Board's International Financial Reporting Standards S2

### National Sustainability Reporting Framework Requirements

Malaysia's National Sustainability Reporting Framework (NSRF) mandates the adoption of the International Financial Reporting Standards S1 and S2 for companies listed on Bursa Malaysia's Main Market.

International Financial Reporting Standard S1 sets out the general requirements for the disclosure of sustainability-related financial information, while International Financial Reporting Standard S2 specifies climate-related disclosure requirements. These standards require organisations to disclose information on sustainability-related and climate-related risks and opportunities that could reasonably be expected to affect enterprise value over the short, medium and long term.

For the financial year ended 31 December 2025, PGB has reported its climate-related risks and opportunities in accordance with the International Financial Reporting Standards S2.

As a first-time adopter, PGB applied the transition reliefs available under these standards and exercised the proportionality mechanism in preparing these disclosures, taking into account data availability, measurement methodologies and the maturity of internal systems.

For more information, refer to the Sustainability Governance section on page 12, the Climate Change Management section on pages 41 to 60 and the IFRS S2 Content Index on pages 163 to 169 in this Report.

### Our Reporting Principles

Material sustainability matters are determined based on business relevance and stakeholder significance. During the year, we reviewed regulatory developments, industry trends and stakeholder feedback to ensure that our disclosures reflect the realities of our operating environment.

Inputs considered include governmental acts and regulations, media analysis, PETRONAS policies and guidelines, peer benchmarking, internal audit findings, surveys and enterprise risk documentation. These inputs informed the prioritisation of the material matters disclosed in this Report.

In 2025, we enhanced selected disclosures to reflect evolving regulatory and market expectations. Our greenhouse gas (GHG) reporting includes Scope 1 and Scope 2 emissions, together with material Scope 3 categories identified through our latest Scope 3 materiality assessment.

The Scope 3 materiality assessment considered all 15 categories defined under the GHG Protocol Corporate Value Chain Standard (2011). Based on the magnitude of emissions, three categories were identified as material: Fuel and Energy-Related Activities (Category 3), Processing of Sold Products (Category 10) and Investments (Category 15).

### Board Approval

The Board of Directors acknowledges its responsibility for the integrity of this Report. In its judgement, the disclosures provide a balanced account of our sustainability performance and address material matters relevant to the long-term interests of the Company and the stakeholders we serve.

### Independent Assurance

In our commitment to upholding the credibility and accuracy of our sustainability disclosures, we engaged LRQA Group Limited to provide independent assurance on selected disclosures within this Report. The full assurance statement is available on pages 156 to 157.

#### Navigation Icons

This icon tells you where you can find more information inside this report.

#### Key Stakeholder Group

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

#### Material Matters

Sustainable Value Creation	Pollution Management	Sustainable Supply Chain
Climate Change Management	Biodiversity Management	Equal Opportunity, Diversity and Inclusion
Energy Management	Occupational Safety and Health	Community Engagement
Water Management	Talent Management	Business Ethics and Transparency
Waste Management	Human Rights Management	Cybersecurity and Data Privacy

### Feedback

We welcome feedback on this Report, which may be directed to:

PETRONAS Gas Berhad  
Level 50, Tower 1  
PETRONAS Twin Towers  
Kuala Lumpur City Centre  
50088 Kuala Lumpur, Malaysia

Attention to Sustainability Reporting Team or email to [pgbstarcomms@petronas.com](mailto:pgbstarcomms@petronas.com)

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## Foreword by the Chairman of the Board Sustainability and Risk Committee



Dear Shareholders,

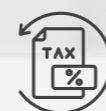
Amid an accelerating global and national energy transition, PGB enters the next phase of its sustainability journey with clearer focus on resilience, responsible growth and sustainable value creation. We have continued to strengthen governance, sharpen priorities and make deliberate choices that better position PGB for the future.

**Sujit Singh Parhar**  
Chairman, Board Sustainability and Risk Committee



# Standing Together

## Through Challenges and Change



Achieved **RM1.8 billion** in profit after tax reflecting steady cost discipline and stable operations



Recorded **RM6.4 billion** in revenue supported by steady gas transportation and processing volumes

As the Chairman of the Board Sustainability and Risk Committee (BSRC), I am proud to present PGB's Sustainability Report 2025. This report sets out how we respond to the energy transition while outlining our priorities, actions and progress in managing risks, capturing opportunities and supporting Malaysia's evolving energy needs.

### Delivering a Just and Systematic Energy Transition

The operating environment continues to evolve against the backdrop of energy transition, expanding disclosure requirements and heightened stakeholder scrutiny. For PGB, these developments are key considerations and are integrated into our robust risk management and capital allocation processes, while also supporting organisational readiness for the energy transition. The BSRC's responsibility is to ensure that all sustainability matters, particularly climate-related transitional and physical risks, are assessed with rigour and embedded into decision-making processes at the appropriate levels of the organisation.

Delivering an orderly transition that is aligned with national energy priorities requires sound judgement, particularly as regulatory frameworks continue to evolve. This includes

anticipated introduction of carbon pricing mechanisms and the expansion of sustainability reporting standards. In this context, the Board plays a critical role in ensuring that management responses are measured, proportionate and anchored to PGB's mandate as the nation's gas infrastructure operator.

Over recent years, our governance structures and escalation pathways have been progressively strengthened to improve clarity of accountability, integration of risk considerations and quality of disclosures. As a result, PGB is now prepared to navigate emerging sustainability and regulatory challenges with greater coordination and capability. The BSRC will continue to exercise oversight to ensure that preparedness translates into consistent execution and long-term value preservation.

### Leading Sustainability With Sound Board Oversight

Effective sustainability outcomes depend on sound governance and clear direction from the highest level. Over the past few years, PGB has progressively refined its governance structure to ensure sustainability and climate-related matters are deliberated at the appropriate level and integrated into enterprise-wide risk management.

At the working level, technical deliberations are undertaken by the Sustainability Working Committee, while broader risk and sustainability matters are discussed at the management level via the Sustainability and Risk Committee. At the Board level, the BSRC exercises strategic oversight, focusing on risk exposure,

transition readiness and alignment with long-term corporate objectives. This structure is designed to ensure clarity of roles, structured escalation and accountability across the organisation.

In 2025, enhancements to the Terms of Reference of the relevant committees further clarified oversight responsibilities for climate-related risks and opportunities. These refinements strengthened integration between sustainability governance and enterprise risk processes, ensuring that climate and transition considerations are assessed alongside operational and financial risks.

The BSRC's oversight extends beyond structural design to the quality of deliberation. Sustainability and climate-related matters are reviewed with attention to financial implications, asset-level exposures and regulatory developments. This enables the Board committee to assess whether management responses are proportionate, aligned with PGB's mandate and supported by appropriate internal controls.

In addition, sustainability-related capability requirements are reviewed through the annual Board Effectiveness Evaluation (BEE), with the appropriate Board committee deliberating the identified gaps to guide capability strengthening priorities. This provides a structured basis for ensuring the committee continues to exercise informed oversight as sustainability expectations evolve.

## Foreword by the Chairman of the Board Sustainability and Risk Committee

Through this governance framework, sustainability considerations are not treated as standalone initiatives but embedded within strategic planning, risk evaluation and capital allocation processes. This integration strengthens decision-making and reinforces accountability across management levels.

### Climate and Transition Risk Oversight

Climate and transition risks continue to evolve in complexity and potential impact. The BSRC's priority is to ensure that these risks are identified early, assessed rigorously and integrated into enterprise decision-making.

Climate-related risks with material enterprise impact are incorporated into PGB's Enterprise Risk Profile. This ensures they are subject to structured monitoring, mitigation planning and formal reporting through established governance channels. The committee reviews these risks in the context of asset integrity, operational continuity, regulatory exposure and potential financial implications.

In 2025, the approach to climate-related risk assessment was further refined to provide greater granularity in profiling exposures across locations and business segments. This enhancement improves visibility of how physical and transition risks may affect different segments of the business and supports more informed resource allocation and investment evaluation.

In addition, the BSRC also oversees transition-related exposures arising from evolving policy instruments, including the anticipated implementation of carbon pricing mechanisms in Malaysia. This includes monitoring developments related to the National Climate Change Act and the National Carbon Market Policy, which are expected to shape the design and timing of carbon pricing instruments. While the regulatory framework continues to develop, oversight is focused on ensuring that management evaluates potential implications through scenario analysis and maintains readiness to adapt strategy as policy clarity improves. By integrating climate and transition considerations into enterprise risk processes and investment governance, the BSRC seeks to ensure that PGB's long-term positioning remains aligned with national energy priorities while safeguarding financial resilience and operational stability.

### Disclosure and Organisational Readiness

Sustainability disclosure expectations continue to expand in scope and depth, requiring enhanced governance, data integrity and organisational preparedness. The BSRC ensures that PGB's sustainability reporting reflects robust corporate governance, reliable data and sound judgement in the application of evolving standards.

In 2025, PGB advanced its alignment with the National Sustainability Reporting Framework (NSRF), building on prior adoption of the Task Force on Climate-related Financial Disclosures (TCFD). The improved alignment focused on the integration of governance, strategy, risk management and metrics within a coherent reporting framework. Particular attention was given to strengthening data validation processes, clarifying accountability for sustainability metrics and enhancing cross-functional coordination.

As standards evolve beyond climate, the BSRC continues to monitor regulatory developments and assess organisational readiness. Capability development at Board and management levels remains an important priority to ensure informed oversight and appropriate judgement in interpreting new requirements.

Through these efforts, reporting is treated not as a compliance exercise but as a reflection of governance quality and effective risk management. Strengthened processes over recent years have improved clarity of escalation, integration of sustainability considerations into decision-making and reliability of disclosures. This foundation positions PGB to meet expanding expectations with consistency and transparency.

### Moving Forward

Looking ahead, sustainability and transition dynamics will continue to shape the regulatory and operating landscape. Policy developments such as carbon pricing, expanding disclosure standards and evolving stakeholder expectations will require ongoing vigilance and measured responses.

Over recent years, PGB has strengthened governance integration, refined risk assessment processes and improved disclosures. These enhancements have improved coordination across functions and clarified accountability at multiple levels of the organisation. As a result, PGB is better prepared to navigate emerging sustainability and regulatory challenges with greater consistency and confidence.

The BSRC will continue to focus on ensuring that sustainability considerations remain embedded within enterprise risk management, strategic planning and capital allocation decisions. Focus will be directed towards transition-related exposures, organisational capability development and the continued evolution of reporting standards. Through rigorous oversight, the Board seeks to safeguard business continuity while supporting sustainable value creation.



### Acknowledgements

We acknowledge that progress in sustainability is never the result of individual effort, but reflects collective leadership, sound judgement and consistent execution across the organisation.

I would therefore like to acknowledge the many leaders, authorities and teams whose commitment and support have shaped PGB's sustainability progress over the year. The Board has played a critical role in setting the direction and exercising oversight to ensure sustainability remains firmly anchored to PGB's long-term purpose. I wish to record my appreciation to the MD/CEO, Abdul Aziz Othman, for his tremendous support in advancing PGB's sustainability agenda. At the same time, the Leadership Team has translated this direction into clear priorities and decisions that support effective execution across the business.

I would also like to recognise the Sustainability Team for driving the development and implementation of PGB's sustainability priorities, supported by the SWC, which continues to play an important role in guiding and coordinating efforts across functions. Our frontline teams and asset focal points deserve equal recognition for embedding sustainability considerations into daily operations and ensuring that commitments made at the corporate level are delivered on the ground.

Beyond the organisation, I extend my thanks to our key stakeholders, particularly the Ministry of Energy Transition and Water Transformation, the Ministry of Economy and the Malaysia Energy Commission, whose guidance has informed our contributions to the national energy transition and economic growth. Our appreciation also goes to the state governments and local agencies in the communities where we operate.

Looking ahead, PGB seeks to grow responsibly, meeting the nation's essential energy needs while making a meaningful and positive contribution to communities and broader social development.

## Managing Director/Chief Executive Officer's Statement



Dear Shareholders,

Addressing the energy trilemma is fundamental to Malaysia's economic and social stability, with PGB playing an integral role in supporting this responsibility.

**Abdul Aziz Othman**  
Managing Director/Chief Executive Officer



# Leading the Way

With Purpose and Integrity

As the nation's leading gas infrastructure and utilities company, we continue to strengthen our expertise in the energy sector while advancing our sustainability agenda through a rigorous yet pragmatic approach. In doing so, we are committed to meeting today's energy needs safely and reliably while preparing the business for a sustainable future.

### Sustainable Value Creation

#### Strengthening Resilience, Enabled by Transition

National and regional energy transition policies continue to reshape how value is created across the energy sector. The focus on decarbonisation and energy security has reinforced the role of natural gas as a lower carbon option while also opening pathways for growth beyond the traditional model.

In this context, PGB continues to advance a Sustainable Value Creation approach that integrates sustainability into how we plan, invest and grow. Anchored in governance and capital allocation priorities, the approach balances delivering safe, reliable operations today with positioning the business for a lower carbon future. This includes aligning growth priorities with national transition roadmaps and applying a structured lens to climate-related financial considerations in investment evaluation.

Alongside operational reliability across our core businesses, we advanced selective diversification initiatives that are aligned with sustainable value creation. This includes unlocking value from existing infrastructure through targeted diversification and pursuing low-carbon opportunities and step-out ventures that leverage our Right of Way (ROW) and existing assets. In 2025, PGB achieved Final Investment Decision for the development of fibre optic infrastructure along the Peninsular Gas Utilisation ROW, targeted for commissioning in the first quarter of 2027. The project is intended to strengthen revenue resilience while contributing to Malaysia's digital infrastructure agenda.

To reinforce investment quality, sustainability considerations continued to be embedded into key business processes. Carbon Footprint Assessments (CFA) and exposure analyses form part of major project evaluations to assess climate-related financial risks, including potential carbon pricing, alongside commercial and technical considerations. During the year, CFAs were carried out across major growth projects spanning energy storage, energy efficiency solutions, gas infrastructure, digital connectivity and power generation.

Transition planning also progressed during the year. PGB revisited its Net Zero Carbon Emissions 2050 Pathway to reflect the Group's decarbonisation strategy and business growth profile, including the scale and sequencing assumptions for carbon capture and storage developments. As part of this recalibration, the interim milestone was reset from 2030 to 2035 to keep the pathway practicable and aligned to the expected maturation timeline of these developments.

We continued to integrate **climate-related risks into enterprise risk processes**, with enhanced granularity in profiling exposures across assets, locations and business models.

Environmental considerations now inform strategic planning, asset management and investment evaluation, **ensuring that climate-related financial implications** are considered alongside commercial and operational factors.

Execution is also shaped by the Sustainability Blueprint established in 2023. Since its introduction, PGB has advanced more than 30 blueprint initiatives, including seven initiatives in 2025. The blueprint is currently under review to ensure continued alignment with strategy and the operating landscape, with updates intended to be reflected in the 2026 reporting cycle.

### Safeguard the Environment

#### Enhancing Climate Resilience and Transition Readiness

Environmental stewardship remains integral to how PGB manages risks, safeguards asset integrity and strengthens long-term resilience. In 2025, as regulatory scrutiny intensified and transition expectations accelerated, our focus shifted from compliance to structured execution, ensuring environmental considerations are embedded into operations, risk management and capital planning.

We continued to integrate climate-related risks into enterprise risk processes, with enhanced granularity in profiling exposures across assets, locations and business models. This strengthens management's ability to assess both physical and transition risks and to allocate resources in a prudent manner.

A key priority during the year was strengthening emissions management across the value chain. In 2025, PGB completed an assessment across all 15 categories of Scope 3 emissions to improve visibility of indirect emissions and align disclosures with evolving NSRF requirements under IFRS S2. The assessment enabled identification of material Scope 3 categories and strengthened the foundation for more consistent disclosures and management focus going forward.

# Managing Director/Chief Executive Officer's Statement

Across operations, we maintained emphasis on prudent resource management, emissions control and waste minimisation. These measures contributed to improved energy and operational efficiency while reinforcing the role of gas infrastructure in supporting a lower carbon transition pathway.

In parallel, we strengthened internal readiness for evolving sustainability reporting expectations. Climate-related disclosures were further aligned with IFRS S2 requirements, supported by closer coordination across various departments. This has enhanced data governance, risk integration and disclosure quality, positioning PGB to respond to expanding expectations, including emerging nature-related and value chain reporting requirements.

## Positive Social Impact

### Empowering People, Partners and Communities

Our ability to operate safely and reliably is closely linked to the well-being of our people, the capability of our suppliers and the trust of the communities we serve. In 2025, we continued to strengthen these foundations to reinforce our social licence to operate and support long-term business resilience.

We sustained our focus on developing internal capability while extending expectations across our value chain. Through continued engagement with suppliers, including initiatives under the PETRONAS Supplier Support Programme, we advanced ESG awareness, disclosure readiness and decarbonisation capability across our ecosystem. A responsible and capable supply chain is essential to managing operational and reputational risks in a transitioning energy landscape.

During the year, the industry faced an unprecedented safety incident at Putra Heights that tested the resolve of our organisation. The incident required us to respond decisively while maintaining business continuity across the national gas network.

Immediately following the incident, we approached the situation with a clear focus on transparency, ensuring that engagement with affected and concerned communities was guided by fairness, empathy and care. Support for affected families was coordinated with state and federal agencies. PGB mobilised resources and volunteers at temporary relief centres for a period of two weeks to help ensure that families received assistance and were in a safe environment during a difficult period. Medical assistance was provided and we partnered with government agencies to contribute towards property repair assistance.

At the community level, we reinforced trust and deepened cooperation through programmes under PGBConnects. We also strengthened outreach along the pipeline ROW to provide clearer understanding of our operations and to encourage shared responsibility in areas where development intersects with our pipeline corridors.

## Responsible Governance

### Upholding Accountability, Transparency and Market Confidence

Sustaining value creation in an evolving energy landscape requires effective governance, clear accountability and informed decision-making. In 2025, we continued to enhance governance structures and processes to ensure sustainability considerations are embedded into strategic direction, risk oversight and capital allocation.

At the management level, sustainability governance is anchored through structured escalation and deliberation mechanisms that enable technical assessment, cross-functional discussion and executive review of climate-related risks and opportunities. Climate risks with high enterprise impact are integrated into the Enterprise Risk Profile (ERP), ensuring they are subject to formal monitoring, mitigation planning and Board oversight. This integration strengthens alignment of risk identification, resource allocation and long-term strategy.

In anticipation of Malaysia's proposed carbon tax framework, we established a dedicated Carbon Tax Readiness Taskforce to assess potential implications and develop mitigation strategies. Through the application of internal carbon pricing and scenario-based exposure analysis, we have begun to evaluate potential impacts under different policy outcomes. While regulatory mechanisms continue to evolve, this preparatory work strengthens readiness and informs strategic planning.

Disclosure quality and data governance also remain central to maintaining market confidence. Our cross-functional approach supports more consistent data validation, clearer accountability for sustainability metrics and improved transparency in reporting. Some of the improvements we obtained from these collaborations included:

**Governance**

- Incorporated oversight of climate-related risks and opportunities into the TOR for the SRC and the SWC
- Enhanced knowledge and capabilities for Board members

**Risk Management**

- Expanded our risk assessment approach to include granularity of climate risk profiling, such as location and business models, for better understanding and measurement of the impact of the risks
- Integrated climate-related risks with high enterprise impact into PGB's ERP

**Strategy**

- Updated the profile for transition risks and opportunities (i.e. risk, financial impact and ratings, mitigation)
- Established physical risks and opportunities (i.e. asset damages and impact on business or value chain)

**Metrics and Targets**

- Conducted Scope 3 materiality assessment and disclosed material Scope 3 categories, which account for 95% of PGB's total GHG emissions

Our governance efforts continue to be reflected in external assessments. In 2025, PGB maintained its FTSE4Good rating score of 4.7 and received recognition in regional reporting and corporate governance benchmarks. While such assessments provide reference points, our focus remains on strengthening internal strategy and coordination, disclosure credibility and governance effectiveness to support enduring resilience and stakeholder trust.

**Moving Forward**

We anticipate continued evolution in sustainability disclosure expectations beyond climate, including emerging requirements related to biodiversity and human capital under frameworks such as the Taskforce on Nature-related Financial Disclosures and future IFRS Sustainability Disclosure Standards. In this context, we will continue to prioritise capability development by upskilling leadership and operational teams through targeted training and continuous learning, ensuring the organisation can respond effectively as expectations expand.

We will also continue refining our approach towards double materiality to quantify potential financial impacts of sustainability matters on the business. This will strengthen decision-making across capital allocation, risk management and strategic planning while enhancing the quality of disclosures.

As regional developments shape energy transition prospects, we will continue to explore and seize opportunities as part of our broader decarbonisation and transition approach, taking into account commercial viability, implementation readiness and evolving market structures.

At the same time, we are mindful of increasingly stringent expectations from investors. Through consistent engagement and proactive disclosure, we aim to maintain confidence and ensure that our sustainability priorities continue to align with stakeholder expectations and sustainable value creation.

**Acknowledgements**

As expectations continue to rise, we recognise the responsibility that comes with sound governance and focus on learning from experience, strengthening our practices and reinforcing trust, in support of long-term resilience and value. Sustainability will continue to be a demanding journey, requiring collective effort and sound governance.

With this in mind, I would like to thank the Board for its oversight and the Leadership Team for making the execution of our sustainability strategy and initiatives possible. I also extend my appreciation to PGB's Sustainability Team and the Sustainability Working Committee (SWC), who have continually ensured that our sustainability efforts were cascaded to the front line and asset focal points. Their dedication is highly appreciated and has helped to strengthen organisational alignment and delivery. PGB's frontline teams, asset focal points and employees also merit recognition for playing a critical role in translating our corporate commitments into measurable outcomes on the ground.

I would also like to acknowledge PETRONAS and the Ministry of Natural Resources and Environmental Sustainability (NRES) for their guidance and advice, and the many partnerships PGB has forged to create long-term value, especially Kumpulan Wang Simpanan Pekerja (KWSP), Kumpulan Wang Persaraan (Diperbadankan) (KWAP) and Permodalan Nasional Berhad (PNB) for their continued support in strengthening governance, financial resilience and sustainable value creation.

We will continue to advance our efforts across our sustainability priorities in a way that balances strategy, accountability and readiness for the energy transition. While external recognition provides useful affirmation of our progress, we will continue to embed sustainability into how we govern, operate and make decisions, so that the actions we take today contribute to enduring outcomes for our business, stakeholders and the nation.

# Sustainability Scorecard

# Recognised for Excellence

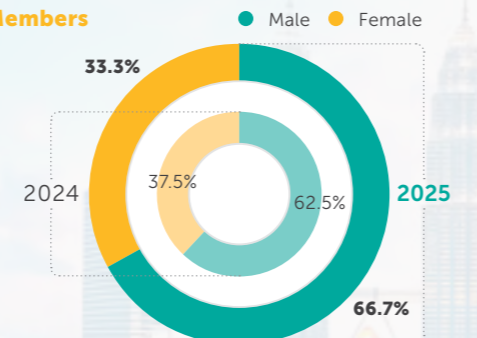
### Sustainable Value Creation

<b>Revenue</b> <b>RM6.4</b> billion 2024: RM6.5 billion	<b>Profit After Tax</b> <b>RM1.8</b> billion 2024: RM1.9 billion	<b>EBITDA</b> <b>RM3.4</b> billion 2024: RM3.4 billion	<b>Dividend Declared</b> <b>72.0</b> sen per share 2024: 72.0 sen per share
<b>Total Assets</b> <b>RM19.8</b> billion 2024: RM18.8 billion	<b>Market Capitalisation</b> <b>RM35.9</b> billion 2024: RM35.0 billion	<b>Average Salesgas Delivered</b> <b>2,161</b> mmscfd 2024: 2,455 mmscfd	<b>Land Area</b> <b>5,203</b> hectares 2024: 5,145 hectares

### Safeguard the Environment

<b>GHG Emissions</b> Scope 1 <b>5,475,205</b> tonnes CO <sub>2</sub> e 2024: 6,074,946 tonnes CO <sub>2</sub> e	Scope 2 <b>73,305</b> tonnes CO <sub>2</sub> e 2024: 51,319 tonnes CO <sub>2</sub> e	Scope 3 <b>Not Applicable*</b> 2024: 1,445,976 tonnes CO <sub>2</sub> e <small>* Due to a materiality assessment conducted in 2025, Scope 3 emissions will be disclosed in the next reporting cycle. For more information, refer to the Climate Change Management section on page 57.</small>	
<b>Recover, Recycle, Reuse and Reduce (4R) Waste</b> <b>5,067*</b> metric tonnes 2024: 1,799 metric tonnes <small>* The increase is primarily attributed to the implementation of new 4R projects at PGB's facilities. For more information, refer to the Waste Management section on page 71.</small>	<b>Freshwater Withdrawal Reduction</b> <b>2,500,000*</b> m <sup>3</sup> 2024: 66,500 m <sup>3</sup> <small>* The significant decrease is due to the refurbishment of the Brine Reverse Osmosis system at Utilities Kertih. For more information, refer to the Water Management section on page 79.</small>	<b>Wastewater Discharge</b> <b>788,121</b> m <sup>3</sup> 2024: 1,012,932 m <sup>3</sup>	<b>Fines and Penalties</b> <b>0</b> 2024: 0

### Positive Social Impact

<b>Local Employment</b> <b>100%</b> 2024: 100%	<b>Loss Time Injury Frequency</b> <b>0.09</b> 2024: 0.27	<b>Employee Turnover Rate</b> <b>2%</b> 2024: 3%	<b>Board Members</b> 
<b>Total Training Hours</b> <b>133,781</b> 2024: 198,881	<b>Permanent Employees</b> <b>99.6%</b> 2024: 98.1%	<b>Employees with Disabilities</b> <b>0</b> 2024: 0	

### Responsible Governance

**IFRS S1 and S2 Disclosure Compliance**

- Progressed PGB's alignment with International Financial Reporting Standards S1 and S2 disclosures, which will strengthen the integration of sustainability-related risks and opportunities, including climate change, into enterprise risk management, governance and financial reporting

**BURSA MALAYSIA FTSE4Good**

- Maintained a FTSE4Good score of **4.7** in 2025

**ASEAN CGCA**

- PGB was recognised among the **Top 50 ASEAN Public Listed Companies** at the **ASEAN Corporate Governance Awards**

**Reporting Awards**

- Gold Award**, Australasian Reporting Award
- Best of Malaysia and Cover Design Categories**, Annual Report Competition Award, New York

**Bloomberg ESG Score**

**5.36**


- Improved ESG score from 5.31 in 2024 to **5.36** in 2025, surpassing the industry median

### Awards and Recognitions

**Gas Transportation**

**Malaysia Technology Expo 2025 – International Innovation Awards**

- Gold Award** – Digital Management Asset Tracking ICT Category
- Silver Award** – Automation of LNG Drain Spool System Project  
Protection of the Environment: Water, Wastewater and Sanitisation Category
- Bronze Award** – Thermochromic Sticker for Hotspot Monitoring  
Safety and Security Category



## Sustainability Governance

# Securing Tomorrow Through Responsible Governance

### Sustainability Governance Structure

The Board's leadership and oversight of all sustainability matters are reinforced by:

PGB Board

Chaired by **Datuk Adif Zulkifli**, the Board leads and oversees PGB Group's business, which includes economic, environment and social considerations.

Board Sustainability and Risk Committee (BSRC)

Chaired by **En. Sujit Parhar (INED)**, the BSRC oversees the ESG, compliance and sustainability matters.

Sustainability and Risk Committee (SRC)

Chaired by **En. Aziz Othman (PGB MD/CEO)**, the SRC reviews, deliberates and endorses sustainability matters prior to deliberation at the BSRC and Board level.

Sustainability Working Committee (SWC)

Chaired by **En. M. Zubir Ismail (Head of HSE and Sustainability)**, the SWC discusses and deliberates all PGB Sustainability Development matters (strategies, initiatives, issues, etc.) before implementation.

While PGB had established sustainability governance structure by 2024, enhancements in 2025 were focused on deepening effectiveness, sharpening accountability and strengthening execution as regulatory expectations and disclosure standards continued to evolve. In 2025, our sustainability governance structure remained aligned with emerging sustainability frameworks and national energy transition policies.

Our governance structure provides clear accountability across the Board, management and working committees. This ensures that our sustainability priorities inform strategic planning, risk management and organisational performance, supporting progress towards the ambitions articulated in our Strategic Agenda and Sustainability Blueprint.



The **Sustainability and Risk Committee (SRC)** provides management-level oversight of sustainability matters and offers assurance on risk management to the Board through its quarterly meetings. The SRC reviews, discusses and endorses sustainability matters before escalation to the BSRC and Board. Its responsibilities include reviewing the CRRO process, evaluating the adequacy of climate risk management strategies and policies and guiding the implementation and institutionalisation of climate risk practices across PGB. The SRC's Terms of Reference (TOR) has been refreshed to further clarify its roles and responsibilities.

The setting of CRRO targets is overseen by management and the Board through Leadership Team meetings, Board meetings, committee meetings and the Board Strategic Conversation platforms. Progress against climate-related targets is monitored monthly at the Leadership Team level, quarterly through the SRC and BSRC and annually through the Board Strategic Conversation.


The role of the **Sustainability Working Committee (SWC)** Chairman is delegated to the Head of the Health, Safety, Security and Environment (HSSE) and Sustainability Department. Comprising leaders and members of the four sustainability lenses, the SWC meets as required, with a minimum of quarterly meetings, and plays a pivotal role in embedding sustainability across PGB's value creation, growth ambitions and operations. The leaders of the lenses, who are working-level personnel from various departments, are accountable for the performance of their respective lenses.

In 2025, the TOR was updated to enhance the SWC's key functions, particularly in discussing and deliberating sustainability and climate-related issues, including its progress against targets. The SWC also considers risks and opportunities when reviewing policies, business strategies, risk management and expenditure.


The **PGB Board** provides leadership and oversight to ensure PGB's operations uphold sustainability, integrity and compliance with applicable laws, rules and regulations. The Board considers economic, environmental and social factors in its quarterly meetings and has responsibility for the governance of sustainability, including setting sustainability strategies, priorities and targets.

The Board is supported by the **Board Sustainability and Risk Committee (BSRC)**. The BSRC's oversight includes climate-related issues with a specific focus on ensuring that Climate-related Risks and Opportunities (CRRO) are integrated into PGB's broader business strategy.

The BSRC evaluates CRROs identified through the climate risk assessment process, including their potential financial implications for major transactions and investment decisions. This includes reviewing how these risks are reflected in the Enterprise Risk Profile (ERP) and assessing their potential influence on PGB's business operations and strategy.

 For more information, refer to Our Risk Assessment Approach on pages 48 to 49 in Climate Change Management in this report.

The Board considers trade-offs associated with CRROs as part of its decision-making process, balancing short- and long-term financial impacts with PGB's operations, while the BSRC deliberates these trade-offs when reviewing major transactions, investments and strategic initiatives to ensure alignment with PGB's long-term business resilience and sustainability agenda.

 For more information on how climate-related trade-offs influence value creation, refer to Our Value Creating Business Model on pages 40 to 41 of the IR 2025.



Regasification Terminal Sungai Udang

# Sustainability Governance

Sustainability Working Committee (SWC)

**Objective**

To provide a platform consisting of all crucial personnel to ensure all PGB sustainability development activities are adequately reviewed and executed in a timely manner

**Deliverables**

- Verified sustainability data for sharing with stakeholders
- Implementation plan and strategy for sustainability initiatives and flagship programmes
- Content for the annual PGB Sustainability Report, PGB sustainability website, etc

**Key Functions**

- Review all materials regarding Sustainability Development matters prior to sharing/obtaining endorsement/approval from Division PLT/PGB LT/SRC/BSRC/Board
- Discuss and deliberate all PGB Sustainability Development matters (strategies, initiatives, issues, etc.) before implementation
- Discuss and deliberate sustainability and climate-related issues, including their progress against targets, and consider risks and opportunities during the review of policies, business strategies, risk management and expenditure
- Disseminate Sustainability Development-related information to stakeholders, such as internal PGB, Gas Business, Group HSSE, CSO, etc
- Obtain sustainability-related information from relevant departments for reporting, such as Sustainability Report, website, MSWG etc., and share with rating agencies such as FTSE, MSCI etc., which align with internationally recognised reporting frameworks such as GRI, TCFD, SASB, IPIECA, etc
- Ensure all related sustainability improvement initiatives and activities are implemented promptly and effectively
- Review materiality assessment and provide feedback on the material matters matrix, issues, risks and opportunities that impact both stakeholders and PGB

These enhancements reinforce the SWC's role in driving the Sustainability Blueprint and ensuring adherence and alignment with key regulatory and national policies such as the National Energy Transition Roadmap (NETR) and National Climate Change Policy 2.0 (NCCP 2.0).

PGB Sustainability Working Committee Structure

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graph TD
    Chairman[Chairman] --- DeputyChairman[Deputy Chairman]
    Chairman --- Secretariat[Secretariat]
    Secretariat --- SVCS[Sustainable Value Creation]
    Secretariat --- SE[Safeguard the Environment]
    Secretariat --- PSI[Positive Social Impact]
    Secretariat --- RG[Responsible Governance]
    SVCS --- SVCSL[Leader]
    SVCS --- SVCSM[Members]
    SE --- SEL[Leader]
    SE --- SEM[Members]
    PSI --- PSIL[Leader]
    PSI --- PSIM[Members]
    RG --- RGL[Leader]
    RG --- RGM[Members]
    
```

**Chairman**

- Develop and determine the most effective approach for integrating sustainability into PGB's business strategy, including through resource allocation, stakeholder communication and setting timelines and schedules
- Plan and oversee the implementation of all sustainability commitments
- Chair committee meetings and provide strategic direction for PGB's sustainable development initiatives
- Fulfil the attainment of PGB's sustainability milestones and objectives

**Deputy Chairman**

- Assume the Chairman's responsibilities in the Chairman's absence or when the position is vacant
- Collaborate with the Chairman and other members to guide PGB's sustainable development initiatives
- Support the attainment of PGB's sustainability milestones and objectives

**Secretariat**

- Coordinate SWC activities based on discussions and decisions made during SWC meetings
- Arrange logistical requirements for SWC activities
- Document all agreed action items and next steps to share with SWC members
- Track the implementation of agreed actions assigned to designated parties

**Lens Leader**

- Integrate sustainability practices into business operations.
- Perform gap analyses and implement measures to address identified gaps.
- Coordinate with relevant stakeholders as needed.
- Ensure the availability of adequate resources to support team responsibilities.
- Achieve and uphold metrics and objectives within their respective sustainability lens.

**Lens Member**

- Assist the Lens Leader in integrating specific sustainability practices within the asset.
- Act as a change agent within the asset or department.
- Identify gaps and recommend appropriate measures to address them at the asset or department level.
- Support the Lens Leader in engaging with relevant stakeholders when necessary.

# Sustainability Governance

## Integrated Decision-Making Processes

Embedding climate oversight within our sustainability governance structures ensures climate-related risks are managed through established governance and strategic processes. We have integrated climate-related risk considerations into the Risk Assessment Decision-Making (RADM) process to support consistent assessment of strategic, operational and financial implications.

Climate risk assessments are conducted through PGB's Enterprise Risk Management Framework (ERMF), where key risks and opportunities are identified and their implications are analysed to guide mitigation measures and inform investment evaluations. This structure provides clearer visibility of sustainability considerations across growth plans, capital allocation and long-term value creation.

Our controls and procedures for climate-related risks are integrated with key internal functions aligned with relevant risk themes, including HSSE, operational, climate and sustainability and project delivery. The SRC and SWC coordinate across these functions such as Finance, Legal, Sustainability and Business Development and Commercial to embed climate-related considerations into business planning, risk assessment and performance monitoring. Integration is achieved through regular reporting, cross-functional reviews and alignment with PGB's risk governance framework and internal control systems.

**PG** For more information, refer to Our Climate Risk Management Framework on page 48 in Climate Change Management in this report.

## Skills and Competencies

PGB's Board and management enhance their knowledge on sustainability through training programmes, including the Mandatory Accreditation Programme II, a Bursa Malaysia-mandated programme that equips directors with competencies in ESG governance, sustainability oversight and reporting requirements. The required skills and competencies, including sustainability, are evaluated during the annual Board Effectiveness Evaluation. Any competency requirements identified are discussed with the Nomination and Remuneration Committee for implementation through the selection process or development programmes.

The Board also engages third-party consultants to provide targeted sustainability training to ensure that members are constantly equipped with updated skills and knowledge. At the staff level, sustainability roadshows were conducted across 11 assets in 2025 while training continued to be carried out for the Carbon Footprint Assessment and grievance mechanisms for relevant focal teams.

**PG** For more information on the Board's and Leadership Team's profiles and training programmes, refer to the Corporate Governance Overview Statement on pages 80 to 94 and page 110 of the IR 2025.

## Linking Leadership Compensation to Climate Action

Sustainability performance indicators continue to form part of the remuneration structure for the MD or CEO, Leadership Team and senior executives. These indicators support the execution of PGB's Sustainability Agenda and Strategic Agenda while aligning with annual objectives and cascaded Key Performance Indicators (KPIs) across the organisation.

<b>MD or CEO and Leadership Team</b>	PGB's scorecards are incorporated with climate-linked metrics, including greenhouse gas (GHG) reduction and the Sustainability Blueprint. Performance is monitored monthly by the Leadership Team and quarterly at Board level.	<b>Senior Executives</b>	Climate performance forms part of annual KPIs, with GHG reduction remaining a key focus area. Additionally, FTSE4Good overall performance and climate-related indicators were also incorporated for 2025.
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Note:  
Due to confidentiality, PGB does not disclose the percentage of executive management remuneration recognised in the current reporting period that is linked to climate-related considerations.

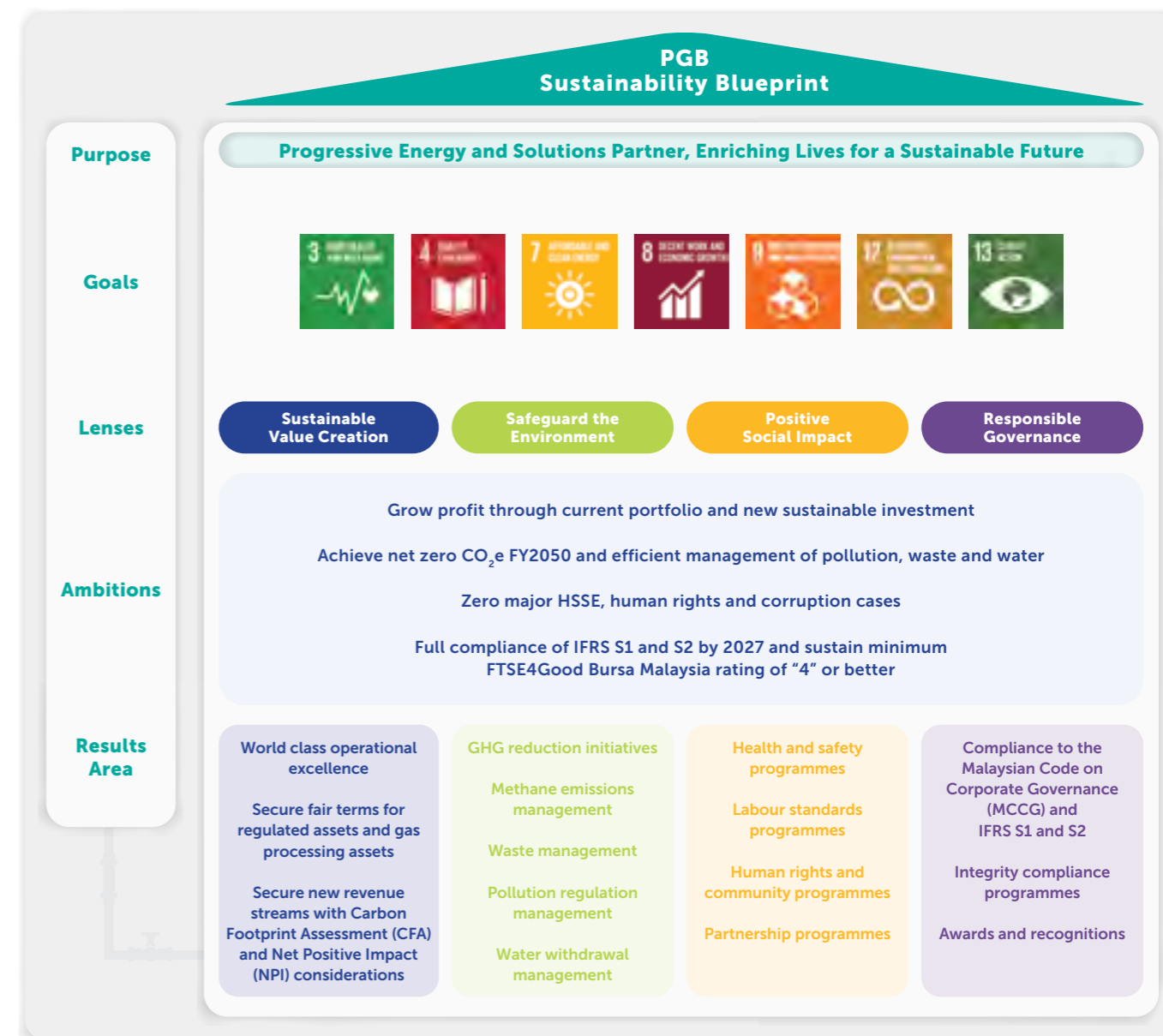
## Integrating Sustainability Into Our Management Systems

Our commitment to operational and project excellence is underpinned by our Operational Excellence Management System (OEMS), which provides for safe, reliable and sustainable operations. The OEMS aligns with global standards such as ISO 45001:2018 Occupational Health and Safety Management Systems and ISO 14001:2015 Environmental Management Systems.

Sustainability has been incorporated as the fifteenth element (S15) of the OEMS since 2022 and is included in the annual Management System Review (MSR). Insights from the MSR guide continuous improvements to this element and reinforce the integration of sustainability across our business.

In our third year of MSR, we included the indicator for Carbon Footprint Assessment across departmental, divisional and business levels following the activation of the S15 element at the departmental level in 2024. We will continue to incorporate key sustainability indicators into the S15 element and embed sustainability considerations across all OEMS elements, including grievance indicators within element 02.06 social performance.

# Sustainability Blueprint



The PGB Sustainability Blueprint serves as the foundation for our planning and delivery of sustainability priorities. The blueprint continued to guide us in 2025 and shaped our performance across the four lenses: Sustainable Value Creation, Safeguard the Environment, Positive Social Impact and Responsible Governance. It provides a clear framework that links our purpose to operational action, enabling us to manage risks, implement key initiatives and strengthen outcomes towards our strategic ambitions.

While we remain guided by the blueprint in implementing our 2025 key focus areas and initiatives, we are currently reviewing it to ensure our strategies continue to align with the changing sustainability landscape and stakeholder expectations, while strengthening its relevance to our evolving priorities.

<b>Standards and Frameworks</b>	<ul style="list-style-type: none"> <li>UN SDGs, with a focus on SDG 3, SDG 4, SDG 7, SDG 8, SDG 9, SDG 12 and SDG 13</li> <li>PETRONAS' Statement of Purpose: A Progressive Energy and Solutions Partner, Enriching Lives for a Sustainable Future</li> </ul>	<ul style="list-style-type: none"> <li>GHG Protocol and OGMP 2.0 Framework</li> <li>PETRONAS' NZCE 2050 Pathway</li> <li>PETRONAS' Sustainability Agenda</li> <li>Global ESG rating agencies' criteria</li> </ul>
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# Determining Our Material Matters

## Materiality Determination

Our sustainability material matters guide how we uphold excellence in operations and management, support long-term business growth and strengthen our KPI results. We generally review our materiality assessment every two years to identify the sustainability topics that are most significant to our business and stakeholders.

In 2025, we conducted a comprehensive materiality assessment, gathering insights from internal and external stakeholders through an online survey. The exercise offered a holistic view of our business context, external expectations and enterprise-level risks, providing a more robust evaluation compared to the proxy-based approach used in 2023. Moving forward, we plan to conduct double materiality assessments to evaluate sustainability matters through both impact and financial lenses. The process will enable us to gradually quantify the financial impacts of our material matters and enhance informed decision-making, capital allocation and risk management, while maintaining a clear focus on business continuity, energy security and shareholder returns.

### 1 Identification

Material matters are identified through a gathering of internal and external feedback and comprehensive research to identify the list of sustainability topics.

This involves assessing the business environment, operational factors and resource dependencies while considering financial, reputational, operational, environmental, social, strategic and legislative factors. Based on the matters identified, we deliberate potential risks and opportunities across the scope of each of these factors.

### 2 Prioritisation

Material matters are prioritised based on the outcomes of the online survey among key external and internal stakeholders, particularly members of the Leadership Team (LT) and the Board. The rankings of the material matters are plotted on a Material Matters Matrix to reflect their significance to PGB and its stakeholders.

### 3 Validation

The prioritised list of material matters is reviewed by the sustainability governance platforms and subsequently submitted to the Board for endorsement.

### 4 Continuous Monitoring and Risk Assessment

Once integrated into our strategy, the performance and risk elements related to each material matter are continuously monitored and benchmarked through key performance indicators and focus areas cascaded from the LT.

The PGB Board provides leadership and oversight to ensure that PGB's operations uphold sustainability, integrity and compliance with applicable laws, rules and regulations. As the highest governance body, the Board is responsible for identifying, evaluating, monitoring and managing economic, environmental and social (EES) risks and opportunities. This includes considering EES factors in its quarterly meetings and being accountable for PGB's sustainability goals and targets through setting sustainability strategies and priorities.

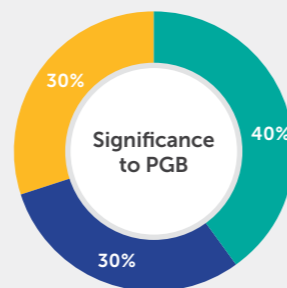


#### Survey Inputs from PGB's Key External Stakeholders

21 Stakeholders, across all 7 categories + 150 Employees

Benchmarking with Sustainability Reporting Standards  
4 Standards

Benchmarking with Industry Peers  
7 Peers



#### Survey Inputs from PGB's Key Internal Stakeholders

6 Board Members, 10 Leadership Team Members

Alignment with Enterprise Risk Profile (ERP)  
PGB ERP Principal Risks

Alignment with PETRONAS Material Topics

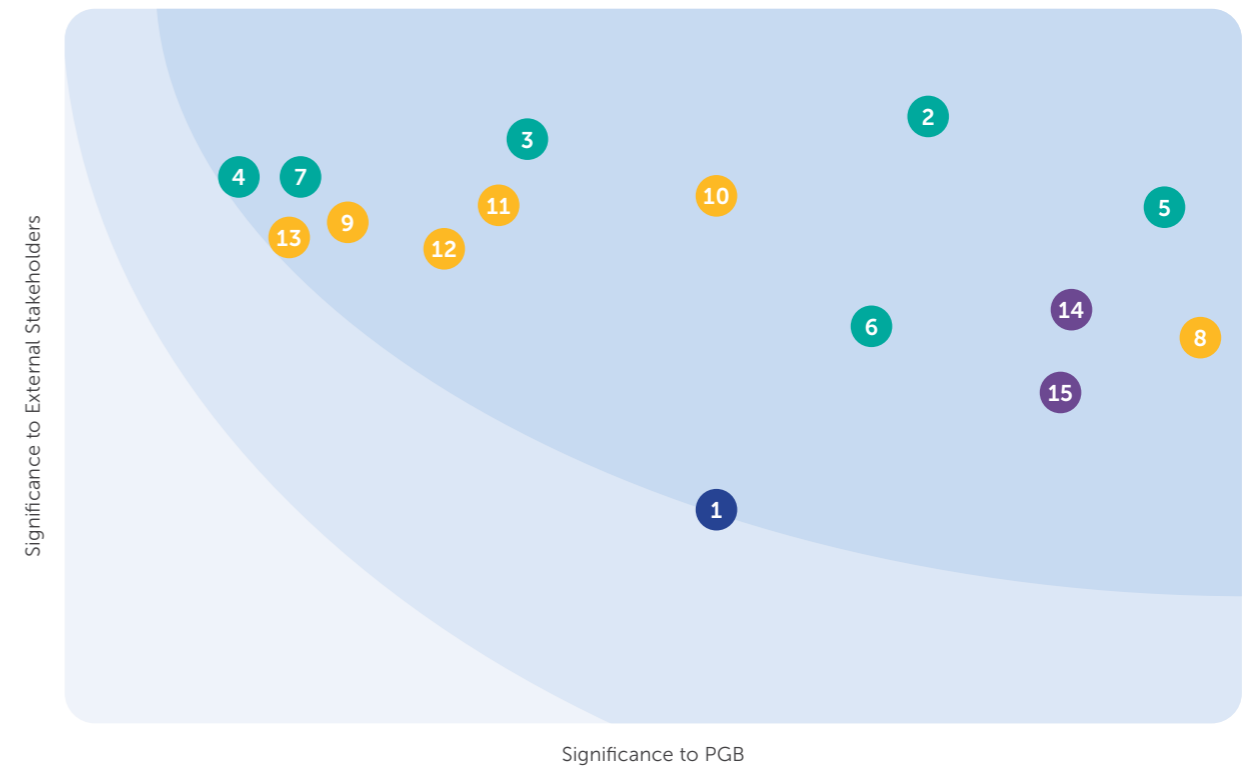
Note:

The seven categories of stakeholders are Investors and Funding Institutions, Customers; Business Partners; Suppliers and Vendors; Employees and Unions; Government Agencies and Authorities; Communities and Non-Governmental Organisations and the Media.

The materiality matrix was developed using weighted inputs that considered both stakeholder perspectives and organisational significance. The process incorporated benchmarking against industry peers and recognised sustainability reporting standards, as well as survey responses gathered from seven stakeholder groups. We further assessed organisational significance by aligning the material matters with PETRONAS' material topics, ERP principal risks and inputs from the Leadership Team and the Board.

The assessment confirmed that the material topics identified in 2023 remain relevant and continue to represent significant operational exposures and stakeholder priorities for PGB. The updated matrix reflects the revised positioning of the material topics following the assessment.

### Outcome from the Comprehensive Materiality Assessment



**Economic**  
1 Sustainable Value Creation

**Social**  
8 Occupational Safety and Health

**Governance**  
14 Business Ethics and Transparency

**Environment**  
2 Climate Change Management  
3 Energy Management  
4 Water Management  
5 Waste Management  
6 Pollution Management  
7 Biodiversity Management

9 Talent Management  
10 Human Rights  
11 Sustainable Supply Chain  
12 Equal Opportunity, Diversity and Inclusion  
13 Community Engagement

15 Cybersecurity and Data Privacy

# Determining Our Material Matters

## Risks and Opportunities Related to Our Material Matters

As part of our approach to managing material matters, we actively monitor the risks and opportunities associated with each topic, enabling us to implement targeted strategies and drive progress in identified actionable areas.

**Sustainable Value Creation**

**Risks**

- Challenges in securing and delivering growth projects effectively
- Unsustainable profitability from non-regulated businesses
- Challenges in achieving fair tariffs for regulated businesses

**Opportunities**

- Explore growth opportunities in core and adjacent domains
- Expand into non-regulated businesses
- Explore low-carbon and green opportunities beyond traditional gas and utilities businesses

**Energy Management**

**Risks**

- Inefficient energy use

**Opportunities**

- Enhance operational energy efficiency across facilities and processes
- Deploy energy optimisation projects (e.g. waste-to-energy, energy recovery)

**Climate Change Management**

**Risks**

- Continuous emissions from combustion, flaring and venting
- Failure to adapt to climate change (transition or physical risks)

**Opportunities**

- Implement renewable energy solutions
- Utilise carbon abatement technologies
- Venture into carbon credit trading and the carbon market to address carbon mechanisms
- Leverage the outcome from the physical risk assessment to ensure resilient infrastructure and adaptation solutions
- Address potential issues arising from new requirements or regulations issued by authorities
- Execute PGB's NZCE 2050 pathway

**Waste Management**

**Risks**

- Risk of environmental law or regulation breaches
- Reputational and operational damage from non-compliance

**Opportunities**

- Improve the performance of facilities and processes
- Ensure strict compliance with environmental regulations and licensing requirements
- Promote circular economy through 4R initiatives
- Demonstrate product stewardship
- Execute PGB's Waste Roadmap

**Water Management**

**Risks**

- Risk of regulatory fines or penalties for non-compliance
- Negative impacts on waterway due to overuse of water resources

**Opportunities**

- Implement water conservation initiatives
- Uphold effective wastewater management practices
- Execute PGB's Water Roadmap

**Biodiversity Management**

**Risks**

- Irreversible damage to natural habitats
- Legal and reputational impacts from biodiversity and ecological incidents

**Opportunities**

- Conduct biodiversity and ecological risk assessments for all new projects, facilities and processes
- Avoid or minimise impact on protected areas, key biodiversity areas and UNESCO World Heritage Sites
- Implement Biodiversity Action Plan (BAP) for new operations and projects to achieve a Net Positive Impact on nature and biodiversity

**Pollution Management**

**Risks**

- Risk of environmental law or regulatory breaches
- Reputational and operational damage from non-compliance

**Opportunities**

- Upgrade the performance of facilities and processes
- Ensure strict compliance with environmental regulations and licensing requirements
- Ensure air and water quality for surrounding communities through responsible operations

## Determining Our Material Matters


**Occupational Safety and Health**

**Risks**

- Health, Safety, Security and Environment (HSSE) performance issues or incidents, resulting in workplace harm, operational disruption and reputational impact
- Non-compliance with occupational safety and health requirements, leading to prosecution, fines or penalties under relevant legislation

**Opportunities**

- Foster HSE Generative Culture through employee commitment
- Enforce strict health and safety standards across all projects, facilities and processes
- Conduct HSE assurance for growth and major CAPEX projects






**Talent Management**

**Risks**

- Insufficient skilled talent to drive sustainable value creation and growth

**Opportunities**

- Uphold and improve structured capability-building and training programmes for core and growth-related skills





**Human Rights**

**Risks**

- Risk of unethical hiring practices (e.g. forced labour) in operations, causing reputational damage

**Opportunities**

- Ensure compliance with ethical hiring and labour practices across all projects, facilities and processes
- Implement PGB's Human Rights Policy





**Sustainable Supply Chain**

**Risks**

- Inefficient manpower or resource management in the supply chain
- Reputational damage due to human rights or suppliers' violations

**Opportunities**

- Encourage supply chain to adopt sustainability practices through the PETRONAS Supplier Support Programme (PSSP)
- Enhance suppliers' capabilities in enhancing sustainability performance





**Equal Opportunity, Diversity and Inclusion**

**Risks**

- Low morale and motivation in the workplace due to poor business practices

**Opportunities**

- Promote progressive workplace practices, ensure equal opportunity and encourage diversity of thought





**Community Engagement**

**Risks**

- Failure to deliver on community expectations or commitments
- Negative impacts arising from social media allegations

**Opportunities**

- Invest consistently in long-term community welfare, education, environmental stewardship and social development initiatives







**Business Ethics and Transparency**

**Risks**

- Risk of misconduct, corruption and unethical business practices, leading to reputational damage and potential prosecution or penalties from relevant regulators

**Opportunities**

- Conduct employee training on corporate values, business ethics and expected conduct
- Uphold and improve robust governance, transparency and accountability




**Cybersecurity and Data Privacy**

**Risks**

- Disruption to business operations and erosion of customer trust due to system failures and data breaches from evolving cybersecurity and data privacy threats

**Opportunities**

- Foster cybersecurity awareness among personnel through e-learning modules and regular phishing tests
- Adopt advanced threat-protection measures across operations
- Maintain 24/7 network monitoring and centralised security operations



# Engaging Our Stakeholders

We engage regularly with key stakeholder groups to understand their priorities and how our activities affect them. Insights from these engagements inform strategic planning, risk management and operational decisions, ensuring that the Group's actions remain aligned with stakeholder expectations and long-term value creation.

Through various engagement channels, we communicate our performance, strategic priorities and sustainability commitments while gathering feedback that helps refine our approach to governance, operations and investment decisions. This process strengthens accountability and supports integrated thinking across the organisation, enabling management to balance stakeholder interests while advancing sustainable value creation.

The table below outlines our key stakeholder groups, the primary engagement channels and the frequency of these interactions.

**Frequency** A As required W Weekly M Monthly Q Quarterly Y Yearly

Investors and Funding Institutions	
<b>Why We Engage</b>	<b>What We Offer</b>
<ul style="list-style-type: none"> <li>Enhance financing and capital market opportunities</li> <li>Maintain share liquidity</li> <li>Foster open communication with investors for informed investment decisions</li> <li>Uphold transparency with shareholders and the investment community</li> </ul>	<ul style="list-style-type: none"> <li>A stable investment profile with steady share price performance and low volatility</li> <li>Alignment between business activities and strategic goals</li> <li>Integration of sustainability and governance into business practices</li> <li>Ability to sustain attractive shareholder returns</li> </ul>
<b>Key Concerns</b>	<b>Our Response</b>
<ul style="list-style-type: none"> <li>Emerging risks due to adjacent developments</li> <li>Progress on growth initiatives</li> <li>Evolving sustainability practices and disclosure requirements</li> <li>Stability of shareholder returns</li> <li>Changing investor focus from oil and gas sectors due to environmental concerns</li> </ul>	<ul style="list-style-type: none"> <li>Efficient and productive communication with local authorities in addressing emerging risks</li> <li>Clear and timely disclosures on strategies and growth initiatives</li> <li>Quarterly results announcements and analyst briefings</li> <li>Consistent stakeholder engagement</li> <li>Prompt response to shareholder queries</li> <li>Highlights of performance and initiatives through reports, presentations and website</li> </ul>
<b>Channel and Frequency of Engagement</b>	<span style="color: orange;">A</span> One-on-one meetings <span style="color: orange;">A</span> Emails/Letters/Surveys <span style="color: lightgreen;">Q</span> Analyst briefings <span style="color: lightgreen;">Q</span> Website (for analyst briefings only) <span style="color: purple;">Y</span> Site visits <span style="color: purple;">Y</span> Annual General Meeting

Customers	
<b>Why We Engage</b>	<b>What We Offer</b>
<ul style="list-style-type: none"> <li>Present superior offerings that reflect operational and commercial excellence</li> <li>Retain and extend contracts</li> <li>Secure new business opportunities</li> <li>Foster and maintain good business relationships</li> </ul>	<ul style="list-style-type: none"> <li>Reliable product delivery at a competitive cost</li> <li>Quality-assured product offerings</li> <li>Commitment to Product Delivery Reliability (PDR) and conformance to specifications</li> </ul>
<b>Key Concerns</b>	<b>Our Response</b>
<ul style="list-style-type: none"> <li>Timely delivery of high quality products and services</li> <li>Competitive product offerings</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened integration across the value chain to enhance reliability and ensure PDR</li> <li>Expanded customer-focused solutions for both product offerings and pricing</li> <li>Boosted customer interactions through consistent engagements and visits</li> <li>Enhanced marketing efforts and outreach initiatives</li> </ul>
<b>Channel and Frequency of Engagement</b>	<span style="color: blue;">W</span> One-on-one meetings <span style="color: purple;">Y</span> Annual customer experience survey <span style="color: purple;">Y</span> Industry conferences, forums and events <span style="color: lightgreen;">Q</span> Customer visits
Business Partners, Suppliers and Vendors	
<b>Why We Engage</b>	<b>What We Offer</b>
<ul style="list-style-type: none"> <li>Foster resilient partnerships through communication and collaborations</li> <li>Preserve delivery of goods and services aligned with PGB's values</li> </ul>	<ul style="list-style-type: none"> <li>Collaborations through joint initiatives for mutual benefits</li> <li>Opportunities and partnerships to support the growth of suppliers' businesses</li> </ul>
<b>Key Concerns</b>	<b>Our Response</b>
<ul style="list-style-type: none"> <li>Environmental, social and governance regulations and requirements from existing and potential partners</li> <li>Fairness and efficiency in business transactions</li> </ul>	<ul style="list-style-type: none"> <li>Foster strategic alignment with existing and potential partners</li> <li>Leveraged procurement and financial services' policies and procedures to promote efficiency and transparency</li> <li>Strengthened engagements to maintain a reliable supply chain</li> </ul>
<b>Channel and Frequency of Engagement</b>	<span style="color: blue;">W</span> One-on-one meetings <span style="color: purple;">Y</span> Strategic dialogue, conferences, forums and events <span style="color: purple;">Y</span> Contractor engagements and clinics <span style="color: blue;">W</span> Toolbox sessions <span style="color: blue;">W</span> HSSE contractor improvement programme <span style="color: lightgreen;">Q</span> Project sponsor meetings

# Engaging Our Stakeholders

Employees and Unions	
<b>Why We Engage</b>	<b>What We Offer</b>
<ul style="list-style-type: none"> <li>Foster a positive ecosystem and encourage employees' contribution to business strategies and goals</li> <li>Identify skill gaps to nurture future talent</li> <li>Inspire collaboration between employees and management</li> <li>Maintain positive relationships with union representatives to ensure industrial harmony</li> </ul>	<ul style="list-style-type: none"> <li>A supportive environment promoting sustainability and psychological safety</li> <li>Opportunities for learning, development and growth</li> <li>Opportunities for meaningful contributions towards personal fulfilment and strategic business goals</li> </ul>
<b>Key Concerns</b>	<b>Our Response</b>
<ul style="list-style-type: none"> <li>Employees' physical and mental well-being</li> <li>Inclusive and conducive working environment</li> <li>Skills development and capability building</li> <li>Sustaining industrial harmony</li> </ul>	<ul style="list-style-type: none"> <li>Structured programmes to address physical, mental and financial well-being</li> <li>Communication programmes to encourage diversity and inclusion</li> <li>Structured development programmes, focusing on technical, functional and leadership skills</li> <li>Collaboration with union representatives for a seamless Human Resources policy to understand and conclude negotiations on collective agreement</li> <li>Enhanced employee engagement with 22 activities and programmes in 2025 to foster a conducive work environment and culture</li> </ul>
<b>Channel and Frequency of Engagement</b>	<ul style="list-style-type: none"> <li> Engagement with employees</li> <li> Intranet and Internet newsletters</li> <li> Union engagements and activities</li> </ul>
Government Agencies and Authorities	
<b>Why We Engage</b>	<b>What We Offer</b>
<ul style="list-style-type: none"> <li>Promote our support and contribution for government initiatives (e.g. NETR, NCCP 2.0, NSRF, CCUS Bill)</li> <li>Serve as a partner in shaping the gas and power industry's direction in Malaysia</li> </ul>	<ul style="list-style-type: none"> <li>Extensive gas delivery network across Peninsular Malaysia</li> <li>Lower-carbon natural gas power plant</li> <li>Safe, efficient and reliable operations across all facilities</li> <li>Upholding licences in core regulated businesses, such as pipeline and regasification terminals</li> <li>Understanding of the latest requirements and regulations</li> </ul>
<b>Key Concerns</b>	<b>Our Response</b>
<ul style="list-style-type: none"> <li>Gas supply security and reliability</li> <li>Economic impacts on consumers</li> <li>Regulatory and ESG compliance</li> <li>Operational health, safety and environment impacts</li> <li>Integrity and ethics business conduct</li> <li>Timely public sustainability disclosures (e.g. IFRS S1 and S2, TNFD)</li> </ul>	<ul style="list-style-type: none"> <li>Formal and informal engagements</li> <li>Joint emergency response exercises</li> <li>Familiarisation visits to PGB facilities</li> <li>Monthly newsletter to government agencies</li> </ul>
<b>Channel and Frequency of Engagement</b>	<ul style="list-style-type: none"> <li> Engagement programmes</li> <li> Consultative sessions</li> </ul>

Communities and Non-Governmental Organisations	
<b>Why We Engage</b>	<b>What We Offer</b>
<ul style="list-style-type: none"> <li>Provide the latest developments of PGB's business and operations-related matters</li> <li>Maintain a positive corporate image</li> </ul>	<ul style="list-style-type: none"> <li>Educational and social support initiatives</li> <li>Environmental protection and biodiversity preservation</li> </ul>
<b>Key Concerns</b>	<b>Our Response</b>
<ul style="list-style-type: none"> <li>Health and safety impact of operations on surrounding areas</li> <li>Access to education and social support</li> <li>Protection of the environment and biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>Enhancement of safety awareness programmes and engagements, including emergency drills with communities surrounding the ROW i.e., Awareness and Action Programme</li> <li>Social impact initiatives focused on education (Powering Knowledge), community well-being (Uplifting Lives) and the environment (Planting Tomorrow)</li> <li>Sponsorships and donations for targeted beneficiaries and underserved communities across locations where PGB operates</li> <li>Community outreach and engagement activities with surrounding communities adjacent to our assets</li> </ul>
<b>Channel and Frequency of Engagement</b>	<ul style="list-style-type: none"> <li> Newsletters</li> <li> Progress meetings</li> <li> Email correspondence and texts</li> </ul>
Media	
<b>Why We Engage</b>	<b>What We Offer</b>
<ul style="list-style-type: none"> <li>Support their role as a key communication link between the business and stakeholders</li> <li>Collaborate with media to distribute vital information affecting corporate reputation and branding</li> </ul>	<ul style="list-style-type: none"> <li>Transparent sharing of information</li> <li>Regular interaction with PGB spokespersons</li> </ul>
<b>Key Concerns</b>	<b>Our Response</b>
<ul style="list-style-type: none"> <li>Business performance</li> <li>Environmental management and other sustainability performance</li> <li>New innovation and technology development</li> </ul>	<ul style="list-style-type: none"> <li>Open and transparent engagement with the media</li> <li>Timely responses to media enquiries</li> <li>Activities to share updates and maintain positive rapport</li> </ul>
<b>Channel and Frequency of Engagement</b>	<ul style="list-style-type: none"> <li> Press releases on key business updates</li> <li> Press releases on quarterly performance</li> <li> Engagements with the media</li> </ul>

# Sustainable Value Creation

Our commitment to sustainable value creation drives our operations and growth initiatives, enabling us to deliver steady financial performance for our business and shareholders. As the energy landscape continues to evolve, pursuing growth that supports national and regional energy security and sustainability agenda is increasingly important. By integrating Carbon Footprint Assessments (CFA) and carbon cost considerations into our decision-making processes, we enable responsible expansion and strengthen the development of a greener, lower-carbon portfolio that supports the long-term viability of our business.

- 30 Diverse Growth Portfolio
- 31 Carbon Footprint Assessment

### Relevant UNSDGs



### Why It Matters

PGB has unlocked a new phase of growth since adopting the Sustainable Value Creation (SVC) approach in 2023. Embedding sustainability into our strategic direction and driving sustainable growth enables us to navigate emerging risks and seize opportunities in a rapidly changing energy landscape.

Building on this foundation, we align our strategic priorities with national energy and decarbonisation policies to ensure that our ambitions support Malaysia's broader transition efforts and goals. We are in the midst of expanding our approach to include elements of biodiversity and social impact, as they both play an equally important role in advancing a just transition. This alignment enhances our prospects in the domestic market and reinforces our position as the nation's preferred energy provider.

### Our Approach

#### Upholding Effective Governance

Our SVC strategies are led by the Board, which maintains a robust top-level oversight through Board, PGB Leadership Team and Investment Steering Committee.

The SVC approach integrates sustainable values into our business statement of purpose and embeds sustainability as an enabler in our business strategic agenda, which was established in 2023 for resilient growth. Since the transition to the SVC model, we have incorporated CFA and decarbonisation projects into our business strategy. To ensure a more comprehensive approach towards decision-making and alignment with our Final Investment Decision (FID) requirements, we are preparing to expand the SVC model to include more aspects of sustainability, such as impacts on biodiversity, the ecosystem and community. This will help to embed wider environmental and social considerations into our investment evaluations, improve the robustness of our strategy and support positive outcomes for stakeholders and the environment.



# Sustainable Value Creation

## Diverse Growth Portfolio

We manage our diverse growth portfolio by employing a multi-faceted approach. This involves diversifying existing infrastructure and capacity through the development of a fibre optic infrastructure, while venturing into green and low-carbon opportunities, such as the installation of a new air separation unit to harness cold energy.

Projects	Impact
<b>Completed Projects in 2025</b>	
A new LNG floating storage unit commenced operations in August 2025 at the regasification terminal (RGT) in Pengerang, Johor.	<ul style="list-style-type: none"> <li>The new unit strengthens Malaysia's energy security and PGB's regasification platform by enhance system flexibility system flexibility, supporting higher terminal utilisation and advancing the NEP.</li> </ul>
A new gas compressor commenced operations in Kluang, Johor.	<ul style="list-style-type: none"> <li>The Kluang Compressor Station will increase PGU II Sector 3 gas capacity in southern Peninsular Malaysia, enabling PGB to support growing industrial demand while providing secure and cleaner energy supply to existing and new gas users in the region.</li> </ul>
<b>Ongoing Projects</b>	
The expansion of 100 MW power plant in Kimanis, Sabah, is expected to be commissioned in 2026.	<ul style="list-style-type: none"> <li>The Kimanis 100 MW expansion will strengthen Sabah's energy security and support long-term economic and socio-economic growth under the Sabah Energy Roadmap 2040, while creating jobs and enabling a more reliable and sustainable power supply for industries and communities.</li> </ul>
A 52 MW power plant in Sipitang, Sabah, is expected to be commissioned in 2026.	<ul style="list-style-type: none"> <li>The 52 MW Sipitang power plant will secure a dedicated and reliable power supply to an upcoming LNG project in Sipitang, enabling a major investment in Sabah while supporting industrial development, job creation, and the growth of Sabah's oil and gas ecosystem.</li> </ul>
The installation of a new Air Separation Unit (ASU) to harness cold energy at Pengerang, Johor, is expected to be commissioned by 2026.	<ul style="list-style-type: none"> <li>The ASU will unlock a new low-carbon industrial utilities business for PGB by using utilising cold energy to supply oxygen, nitrogen and cooling medium to support Malaysia's high-value industrial growth.</li> </ul>
A 120 MW power plant in Labuan, is expected to be commissioned in 2028.	<ul style="list-style-type: none"> <li>The power plant will support Labuan and Sabah's power stability and future economic growth.</li> </ul>
<b>Project Achieved FID in 2025</b>	
Development of a fibre optic infrastructure along PGB's Peninsular Gas Utilisation (PGU) Right-of-Way (ROW).	<ul style="list-style-type: none"> <li>The fibre optic project will monetise PGB's existing pipeline ROW by creating a new digital infrastructure revenue stream while strengthening national connectivity, supporting data-driven industries and enhancing the resilience of Malaysia's critical energy and communications networks.</li> </ul>

## Impact of Our New Project

The development of a fibre optic infrastructure along PGB's ROW reflects our aspiration to capture new opportunities and expand our revenue streams by leveraging existing assets. As a step-out venture, the project achieved FID in May 2025 and subsequently received its operating licence from the Malaysian Communications and Multimedia Commission (MCMC) in June 2025. The project, which is targeted for commissioning in the first quarter of 2027, will enable us to contribute to the country's digital advancement by supporting connectivity and infrastructure development.



Gas Processing Santong

## Carbon Footprint Assessment

Conducting a CFA is integral to our decision-making process for sustainable value creation, as it guides us towards sustainable investments using a data-driven approach. The CFA framework guides the adoption of best-available technologies to minimise emissions and align project designs with our carbon commitments, such as zero routine venting and flaring, ensuring that we are on track to achieve our Net Zero Carbon Emissions (NZCE 2050) by 2050 Pathway.

To further strengthen the assessment framework, we have implemented an internal carbon price of USD5 per tonne of carbon dioxide equivalent (tCO<sub>2</sub>e) to help evaluate carbon cost exposure by considering potential costs of carbon taxes and abatement initiatives. The findings of the assessments are integrated into the financial investment decision-making process to guide PGB's shift towards a low-carbon portfolio.

Since 2023, we have integrated CFAs into our projects and provided employees with the knowledge to conduct the assessments. In 2024, we launched the PGB CFA Leader Certification Pathway to train our employees in calculating carbon exposure across projects with greater accuracy, fostering informed decision-making. In 2025 alone, a total of 45 employees were upskilled and certified under the programme.

Since the implementation of CFAs, we have conducted a total of nine assessments across major projects, including those that have reached FID. These included two completed assessments in 2023 and another two for new power plant projects in 2024. In 2025, CFAs were conducted for five major growth projects.

Additionally, we have empowered our assets to conduct CFAs for smaller projects by incorporating CFA compliance as a key performance metric under Sustainability, the 15<sup>th</sup> element of the OEMS. Moving forward, we plan to increase the internal carbon pricing to USD10 per tCO<sub>2</sub>e to further strengthen our assessments and enhance alignment with the evolving direction of regional and global carbon mechanisms.

## Decarbonisation Projects

We are steadfast in our commitment to contributing to national decarbonisation efforts by exploring carbon capture, utilisation and storage (CCUS), as well as energy storage system facilities. At the same time, we are working closely with relevant stakeholders and national policymakers to foster an industry ecosystem that strengthens the viability and financial feasibility of future green energy projects such as energy storage systems to support national renewable energy infrastructure.

# Sustainable Value Creation

## Aligning Future Plans With National Objectives

Malaysia's transition towards a low-carbon and climate-resilient economy presents opportunities for us to expand our value creation while contributing to the nation's energy demand and strengthening energy security.

In response, we have aligned our growth strategies with key national policies and roadmaps that recognise natural gas as the optimal destination fuel, supporting a reliable and secure energy transition for the nation. To strengthen our role in national energy security, we anchor on our strategic partnerships for mutual growth and work closely with the government to advance a fair energy transition and a low-carbon portfolio.

### National Energy Policy (NEP) 2022-2040

This policy, which highlights natural gas as a cleaner, reliable energy source amid coal phase-out efforts, gives us the opportunity to expand our gas transportation and regasification assets to meet growing energy needs.

### Malaysian National Energy Transition Roadmap (NETR)

Our gas infrastructure and expansion plans support the NETR enabling low carbon power generation and providing critical infrastructure to support Malaysia's energy transition.

### 13<sup>th</sup> Malaysia Plan and National Budget 2025

In line with decarbonisation and energy transition priorities under these frameworks, we are supporting natural gas infrastructure expansion while managing our carbon emissions in accordance with our NZCE 2050 Pathway.

## Engaging Stakeholders to Drive Collaboration

Working closely with stakeholders is key to generating positive impact from our value creation initiatives. We actively collaborate with ministries, authorities and policymakers to ensure our efforts are aligned with our long-term objectives. Our engagement extends to participating in government-led sustainability initiatives, working with local councils and partnering with non-governmental organisations to leverage their platforms and strengthen the reach and impact of our initiatives.

### 2025 Stakeholder Management Events Supporting SVC

#### Intersessional Working Group (ISWG-GHG) 18

PGB attended the ISWG-GHG's 18<sup>th</sup> meeting from 17 to 21 February 2025 and presented a paper on "Well-to-tank and tank-to-wake default emission factor for methanol fuel pathway 'MeOH\_fCO2\_rH2\_MS\_gm'". The paper was co-sponsored by Turkey and Nigeria and obtained preliminary support from Hong Kong, Iran, Thailand, Namibia, Liberia, Bangladesh and Greece. Following the session, several countries including Japan, Germany, Saudi Arabia, Brazil, Qatar, China and India expressed interest in further discussions and collaboration with PGB.



#### Marine Environment Protection Committee (MEPC)

PGB presented a paper on "Pre-combustion captured CO<sub>2</sub> as carbon neutral feedstock for low-carbon e-methanol production" at MEPC's 83<sup>rd</sup> meeting held from 7 to 11 April 2025. The presentation gained support from Chile, Ethiopia, Peru, Argentina and IPIECA. The paper was subsequently submitted and endorsed for further deliberation by the GESAMP-LCA Working Group.



PGB also attended MEPC's second extraordinary meeting from 14 to 17 October 2025 and presented a talk on "e-methanol as transitional fuel towards 2050" at the High Commission of Malaysia in London. The talk was attended by various country ambassadors and maritime attachés.

#### Fibre Optic Infrastructure

PGB, through its wholly owned subsidiary PG LinkaranFibre Sdn Bhd, achieved a key regulatory milestone with the approval of the Network Facilities Provider (NFP) and Network Service Provider (NSP) licences by the Malaysian Communications and Multimedia Commission (MCMC) on 2 July 2025.



## Our Performance

The economic value we generate and distribute each year reflects our commitment to creating sustainable value for all stakeholders.

### Direct Economic Value Generated and Distributed (RM million)

	2023	2024	2025
<b>Direct economic value generated</b>			
Revenue	6,445.4	6,538.2	<b>6,373.8</b>
Other income <sup>1</sup>	230.1	228.9	<b>357.8</b>
<b>Economic value distributed</b>			
Operating costs (e.g. materials, products, facilities purchased)	2,639.6	2,659.6	<b>2,716.8</b>
Employee wages and benefits	493.4	552.7	<b>431.1</b>
Payments to providers of capital	1,506.1	1,512.0	<b>1,534.0</b>
Payments to government by country	441.3	352.8	<b>402.7</b>
Community investments	5.2	5.7	<b>3.9</b>
Economic value retained	1,589.9	1,684.3	<b>1,643.1</b>

## Local Recruitment Efforts and Minimum Wage Compliance

Prioritising local talent enables us to contribute to local economic development and support broader socio-economic progress. Through inclusive hiring practices, we continue to provide local communities with access to higher income opportunities, including leadership roles. In 2025, 100% of our Senior Management<sup>2</sup> employees were hired locally<sup>3</sup>. We also maintained full compliance with all government-mandated minimum wage requirements.

Notes:

- <sup>1</sup> Comprises net other income, financing costs and contribution from joint ventures and associate.
- <sup>2</sup> Senior Management encompasses our Senior Managers, General Managers, Senior General Managers and MD/CEO.
- <sup>3</sup> Local is defined as Malaysia.

### Moving Forward

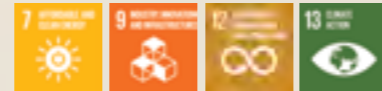
Moving forward, we will continue to embed sustainability into our growth and investment decisions, strengthening our low-carbon portfolio while supporting national energy security and transition goals. Through innovation, strategic partnerships and effective execution, we aim to deliver resilient long-term value for stakeholders while contributing to a more sustainable energy future.

# Safeguard the Environment

Guided by our Net Zero Carbon Emissions (NZCE 2050) by 2050 Pathway, we continue to strengthen our GHG emissions disclosures while advancing carbon abatement and energy management initiatives to support progress towards carbon neutrality. To foster coexistence with the natural environment, we promote circularity through recycling and protect biodiversity and natural ecosystems by managing pollutants and practising responsible resource consumption.

- 35 Energy Management
- 41 Climate Change Management
- 60 Pollution Management
- 67 Waste Management
- 75 Water Management
- 83 Biodiversity Management

**UN SDGs that are key to us:**



## Safeguard the Environment Energy Management

### Why It Matters

Responsible energy management is central to PGB’s strategy for sustainable growth and climate action. Optimising energy consumption will not only reduce our carbon footprint but also improve our operational performance and asset reliability. These practices support equipment reliability and uninterrupted operations, enabling us to advance our commitment to addressing the energy trilemma.

To achieve these outcomes, PGB implements robust governance frameworks, leverages advanced technologies and maintains rigorous oversight across the energy lifecycle. Our efforts promote prudent consumption of finite energy resources and uphold stakeholder confidence, in line with the Energy Efficiency and Conservation Act (EECA) 2024, which mandates large energy users to manage, audit and report on their energy performance.

By adhering to these practices, we demonstrate both regulatory compliance and responsible stewardship of precious and finite energy resources while the world continues its pursuit of sustainable renewable energy security, positioning us as a key player in the national energy transition agenda.

### Our Approach

#### Advancing Energy-Conscious Operations

We remain committed to embedding energy efficiency and GHG emissions reduction as part of our core operations and sustainability strategy. We continuously pursue energy savings and operational efficiency initiatives by leveraging advanced technologies and optimised processes. Through proactive management and oversight, we consistently identify and seize opportunities to further optimise energy use.

Our Energy and Loss Management System (ELMS) guides us in effectively improving our energy performance. In 2025, we aligned with the newly published PETRONAS Technical Standard Energy and Loss Management System (PTS ELMS 3.0) by refining two key terminologies:



Energy Index (EI) is now Energy Intensity Ratio (EIR)



Specific Energy Consumption (SEC) is now Energy Intensity

These revisions standardise our terminology in accordance with internationally recognised standards. They align with Malaysian regulatory requirements under the EECA 2024, which mandates the development and implementation of an energy management system. The Act introduces significant compliance obligations, including the appointment of a Registered Energy Manager (REM), mandatory energy audits conducted by a Registered Energy Auditor (REA) and annual reporting requirements detailing energy consumption, systems and planned improvements. For designated buildings, the EECA also requires the display of Energy Intensity Labels and adherence to minimum energy performance standards.

# Safeguard the Environment

## Energy Management

### Institutionalising Scenario Modelling for Energy-Efficient Operations

Building on its adoption since 2023, scenario modelling has progressively evolved from an analytical tool into an embedded operational capability that supports energy-efficient decision-making. Year on year, focused efforts have been undertaken to strengthen and institutionalise this approach as part of routine operations rather than as a standalone optimisation exercise.

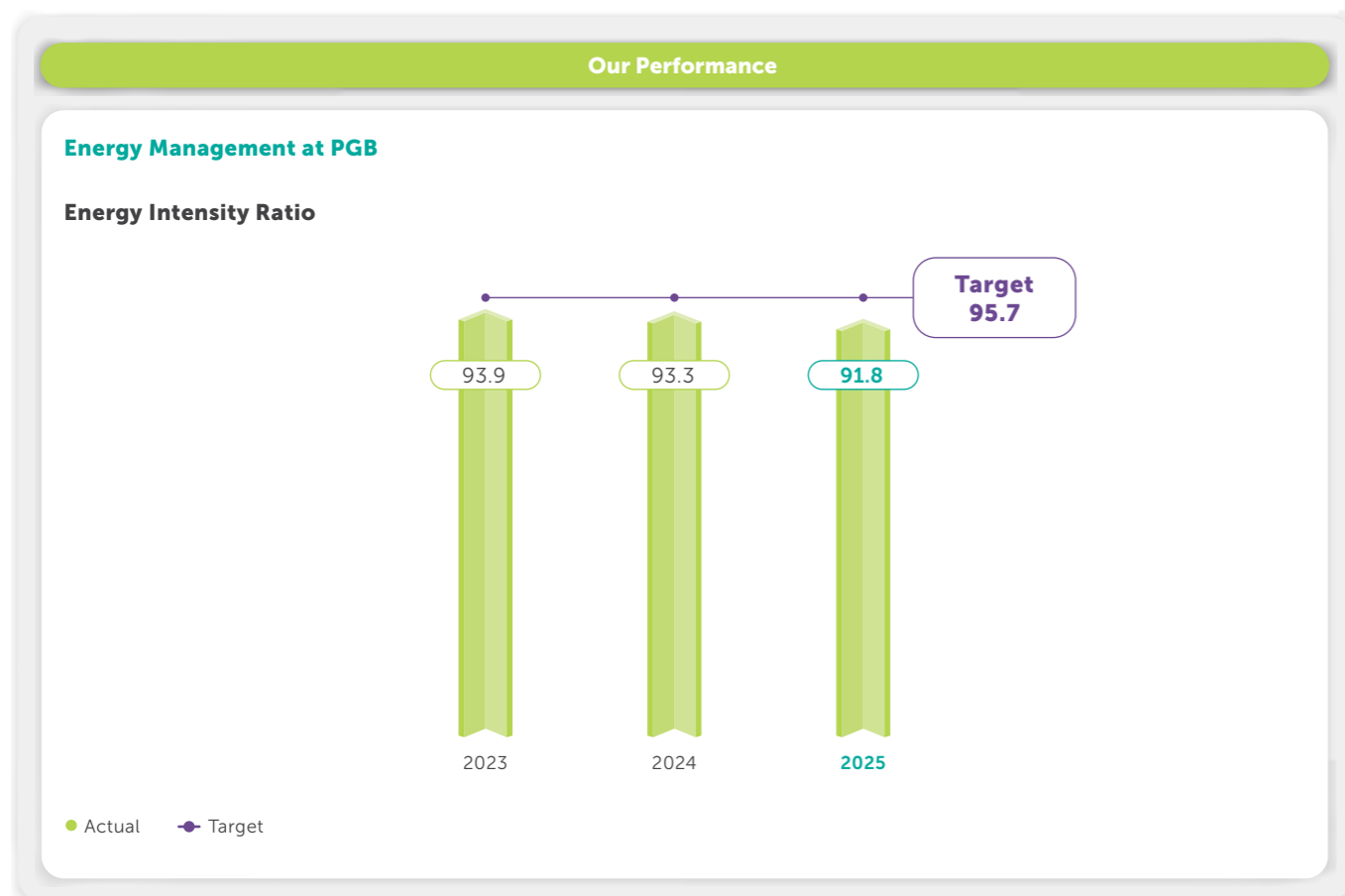
This evolution has required additional on-the-ground initiatives, including targeted equipment modifications, enhancements to operation and maintenance strategies and agile operational planning that accounts for variations in feed gas composition and sales gas demand. These efforts have enabled scenario modelling to be applied consistently and effectively across both the Gas Processing and Utilities segments.

Within the Gas Processing segment, scenario modelling continues to support informed transitions between sales gas maximisation and liquid hydrocarbon maximisation under varying operating conditions. In the Utilities segment, it underpins the optimisation of power exports under the New Electricity Dispatch Arrangements (NEDA) through the use of real-time optimisation, while enabling strategic adjustments to cogeneration (COGEN) unit dispatch during periods of reduced demand.

Scenario modelling supports informed decision-making by enabling the optimisation of energy consumption across various plant operating modes while securing customer demand and operational requirements. Through the deliberative selection of operating configurations, it helps optimise internal fuel gas usage, contributing to sustained reductions in operating costs and GHG emissions in alignment with PGB's long-term sustainability objectives.

### Energy Commitment

Our Energy Commitment outlines a detailed list of initiatives and specifies the projected energy savings within our assets. In realising this, each asset has established an Energy Working Committee responsible for providing strategic guidance, monitoring progress and ensuring that all milestones are achieved within the defined time frame.



### Power Production Capacity by Energy Type

Energy Type	Total Electricity Generation Capacity (MW) <sup>1</sup>	Total Steam Generation Capacity <sup>2</sup> (MT/hour) <sup>3</sup>
Natural Gas	400	1,312
Solar <sup>4</sup>	0.254	Not Applicable

Notes:  
<sup>1</sup> Megawatt  
<sup>2</sup> Total steam generation capacity from COGEN  
<sup>3</sup> Metric Tonne per hour  
<sup>4</sup> Measured in Megawatt Peak (MWp)

### Electricity Production by Energy Type (MWh)

Energy Type (MWh) <sup>1</sup>	2023	2024	2025
Fuel Gas	2,123,530	2,265,000	2,321,900
Solar	250	294	366
Imported Electricity from Grid	97,872	111,052	144,526
Nuclear	0 <sup>2</sup>	0 <sup>2</sup>	0 <sup>2</sup>
Coal	0 <sup>2</sup>	0 <sup>2</sup>	0 <sup>2</sup>
Oil	0 <sup>2</sup>	0 <sup>2</sup>	0 <sup>2</sup>
CCGT	0 <sup>2</sup>	0 <sup>2</sup>	0 <sup>2</sup>
Biomass	0 <sup>2</sup>	0 <sup>2</sup>	0 <sup>2</sup>
Hydro	0 <sup>2</sup>	0 <sup>2</sup>	0 <sup>2</sup>
Geothermal	0 <sup>2</sup>	0 <sup>2</sup>	0 <sup>2</sup>
Wind	0 <sup>2</sup>	0 <sup>2</sup>	0 <sup>2</sup>
Other Renewables	0 <sup>2</sup>	0 <sup>2</sup>	0 <sup>2</sup>
Overall Renewables	0	0	0
<b>Total</b>	<b>2,221,652</b>	<b>2,376,346</b>	<b>2,466,792</b>

Notes:  
<sup>1</sup> Megawatt-hour  
<sup>2</sup> PGB does not produce electricity from nuclear, coal, oil, CCGT, biomass, hydro, geothermal, wind and other renewable sources.

### Energy Consumption

Asset Coverage	2023	2024	2025
GPU (GPK, GPS, TSET, UK, UG)	58.32	59.81	60.29
GTR (GT, RGTSU, RGTP)	4.34	4.27	4.15
<b>Total (GJ/year) (million)</b>	<b>62.66</b>	<b>64.08</b>	<b>64.44</b>
<b>Total Energy Consumption (MW)</b>	<b>17,405,556</b>	<b>17,800,000</b>	<b>17,900,000</b>

Note:  
<sup>\*</sup> Gigajoules

# Safeguard the Environment

## Energy Management

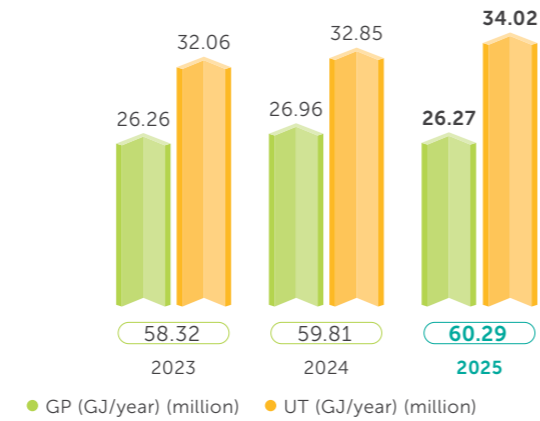
### Energy Management at GPU

In addition to aligning with the new PTS ELMS 3.0, GPU has also enhanced our methodology by readjusting our calculation boundaries and improving the conversion factors used in our calculations to more accurately represent the energy performance of our assets. These improvements are reflected in both the current and previous year data.

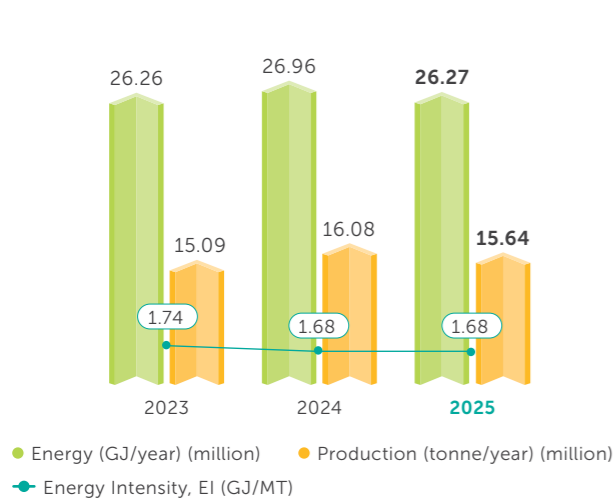
#### GPU Energy Intensity Ratio



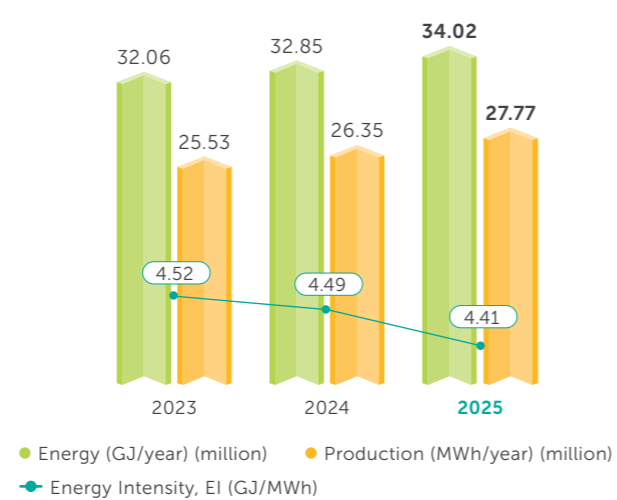
#### GPU Energy Consumption



#### GP Energy Intensity



#### UT Energy Intensity



### GPU Energy Consumption Initiatives

In 2025, GPU focused its energy efficiency efforts on Utilities operations, where targeted technical interventions could deliver measurable improvements in energy performance. At Utilities Gebeng, energy optimisation efforts centred on the gas turbine efficiency upgrade project which improved heat rate and increased power output. As at December 2025, this intervention delivered an average energy reduction of 15.51 GJ per hour, translating into a cumulative GHG reduction of 1,630 tCO<sub>2</sub>e for the year.

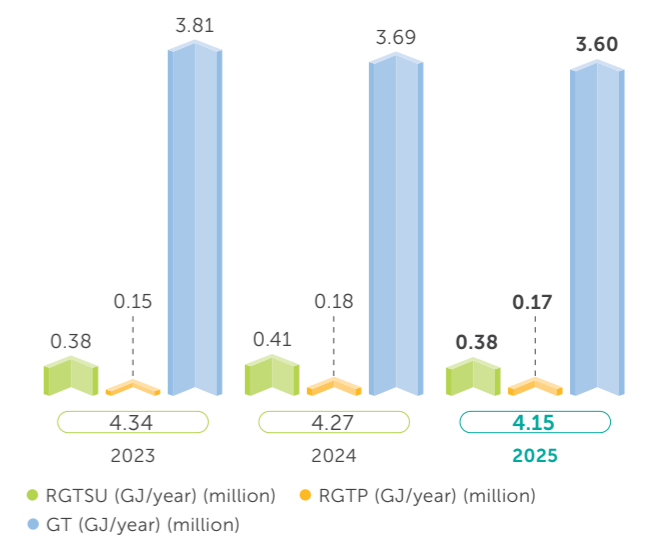
Complementing these asset-level upgrades, GPU also piloted operational measures to restore equipment efficiency at Utilities Kertih. The pilot focused on removing exfoliated scales and fouling deposits, resulting in gas turbine exhaust backpressure reduction. This improved overall COGEN efficiency and reduced energy consumption by an average of two to three GJ per hour under operating conditions.

### Energy Management at GTR

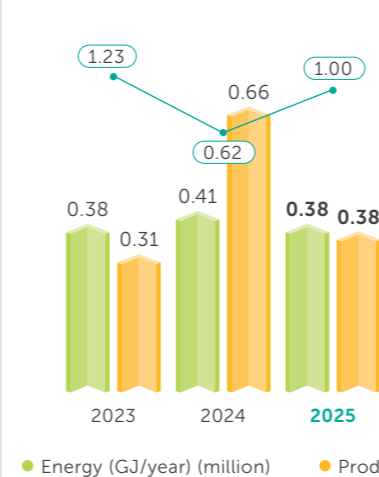
#### GTR Energy Intensity Ratio



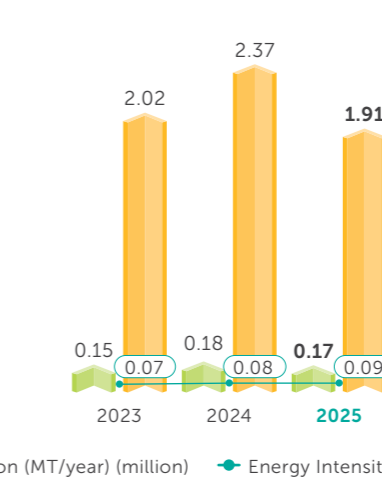
#### GTR Energy Consumption



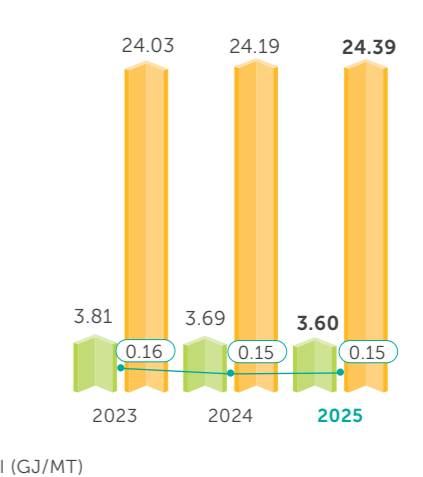
#### RGTSU Energy Intensity



#### RGTP Energy Intensity



#### GT Energy Intensity



### GTR Energy Consumption Initiative

At the Segamat Compressor Station, GTR identified inefficiencies associated with the existing Bleed-Off Valve (BOV) operating schedule for gas turbines, whereby the valves remain open during stable operation, resulting in unnecessary loss of bleed air.

The optimisation of the BOV for the gas turbines at the Segamat Compressor Station has the potential to reduce CO<sub>2</sub> emissions, as the current BOV schedule keeps the valves open during stable operation, causing unnecessary loss of bleed air. The proposed BOV optimisation will reschedule the compressor bleed valves to close during stable operation at low-load setpoints. This adjustment will widen the range of efficient engine operation with the BOV closed, thereby reducing CO<sub>2</sub> emissions and lowering the exposure of the engine's BOV and ducting to high-temperature bleed air, which currently contributes to duct failures. Through a control system update, the optimisation is expected to reduce CO<sub>2</sub> emissions by approximately 1,035 tonnes per year.

## Safeguard the Environment Energy Management



Tanjung Sulong Export Terminal

### Moving Forward

Enhancing energy efficiency will remain a key priority across PGB, with initiatives focused on Significant Energy Users. We will keep exploring alternative energy sources, including solar and waste heat recovery, to drive further reductions in overall energy consumption. Building on the successful implementation of the gas turbine efficiency upgrade, the programme will continue in 2026 to strengthen operational performance and energy efficiency.

In parallel, PGB is advancing its biomethane injection facilities along the PGU pipeline, enabling renewable biomethane to be integrated into the national gas network. This positions PGB as a key enabler of biomethane transmission, connecting renewable gas producers with domestic and cross-border markets and supporting the transition to lower-carbon energy systems.

## Safeguard the Environment Climate Change Management

### Why It Matters

Climate change landscape has evolved rapidly in recent years as regulators and financial markets accelerate transition efforts through decarbonisation policies, carbon pricing mechanisms and disclosure expectations. For PGB, emerging regulatory developments, such as carbon tax, have elevated climate change into an issue that has both financial and sustainability impacts, with direct implications for operating costs, capital allocation and long-term competitiveness.

In this context, setting targets and maintaining a clear decarbonisation pathway will enable PGB to align with national and global climate ambitions. Effective climate management is critical to ensuring that our business remains relevant and resilient as Malaysia advances its energy transition agenda.

### Our Approach

#### Driven by Our Group-Wide Net Zero Journey

PGB is committed to managing its greenhouse gas (GHG) emissions, guided by its NZCE 2050 Pathway, to achieve carbon neutrality by 2050. While our targets are not mandated by regulations, they are guided by national net zero ambitions and PETRONAS' Net Zero Commitment. We are keenly aware of the impact of GHG emissions from our operations and are continuously implementing the necessary mitigation measures to reduce our carbon footprint.

To ensure relevance and integration with strategic decision-making, PGB defines climate targets across three time horizons that correspond with the following:

#### Short Term (1–5 years)

Short-term goals are essential for sustaining strategies to drive GHG emissions reductions across our operations, while enabling swift adaptation to increasing gas demand, evolving regulations, market dynamics and stakeholder expectations. This aligns with PGB's detailed performance planning and financial projections over a five-year cycle.

#### Medium Term (6–15 years)

Medium-term objectives ensure we grow in alignment with industry trends, national policies and global targets, ensuring our gas infrastructure and operations support energy security and reliability while being as sustainable as possible. The medium-term objectives are incorporated into PGB's business plans, allowing us to focus on our customers and invest sustainably.

#### Long Term (16 years onwards)

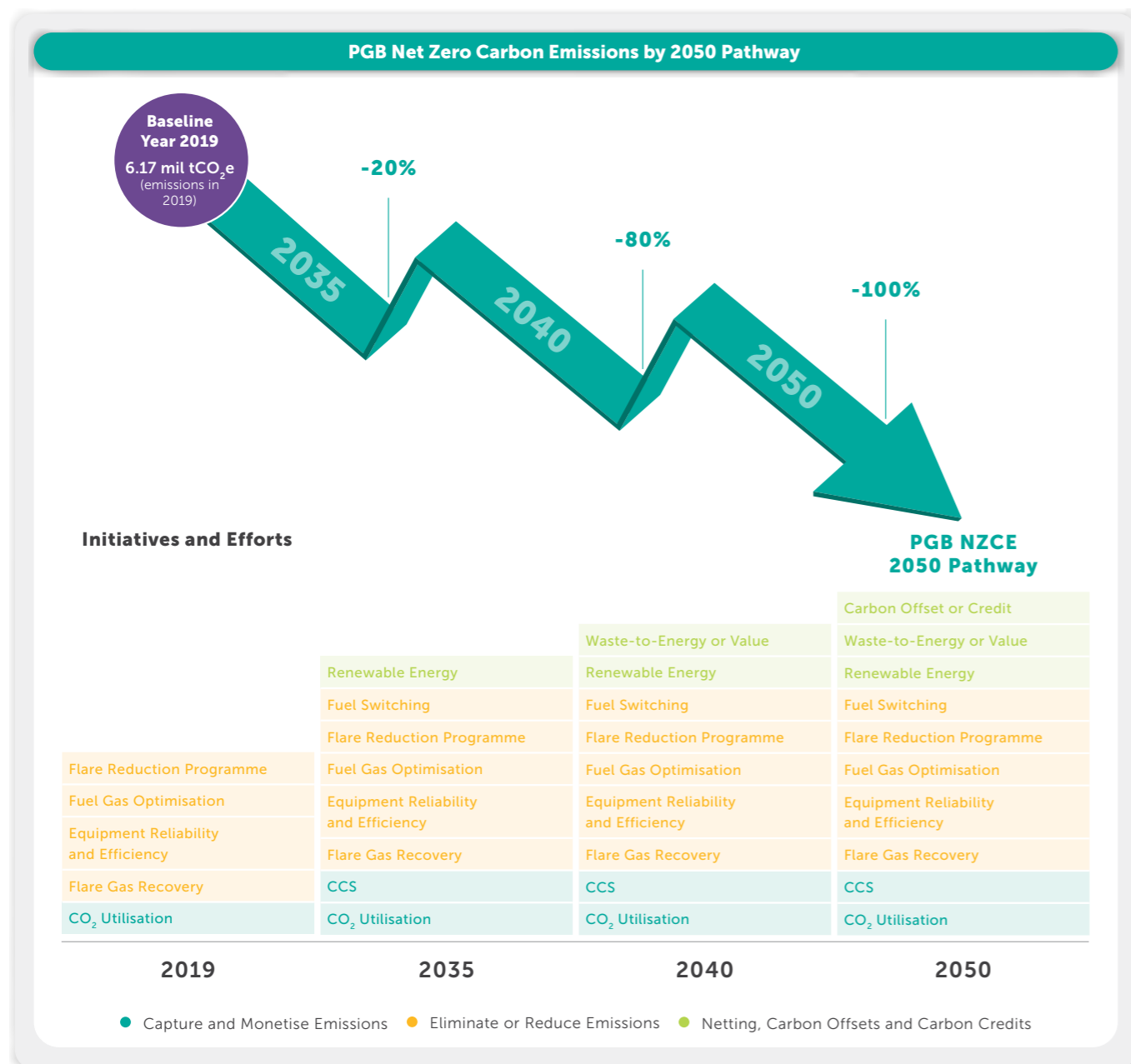
Long-term aspirations support our transformation towards achieving NZCE 2050, driving the implementation of comprehensive risk mitigation and abatement measures as our business transitions to lower-carbon business opportunities. Our aspirations contribute to formulating PGB's broader business strategy, with an emphasis on the energy transition and technology trends.

Our decarbonisation approach is anchored on four primary levers: zero routine flaring and venting, energy efficiency, low carbon/green energy and Carbon Capture and Storage (CCS). These levers prioritise emissions reduction at the source, supported by emissions capture and monetisation where technically and commercially viable. For hard-to-abate residual emissions, up to 10% will be addressed through carbon offsets or credits.

# Safeguard the Environment

## Climate Change Management

### Recalibrating PGB's Net Zero Carbon Emissions by 2050 Pathway



In 2025, PGB calibrated its NZCE 2050 Pathway to ensure continued alignment with our evolving business strategy and the disciplined execution of key abatement initiatives. The recalibration of the interim milestone does not alter PGB's commitment to achieving net zero carbon emissions by 2050, but reflects enhanced data quality, deeper governance oversight and improved understanding of the execution timelines for large-scale abatement solutions.

#### Establishing Baseline Emissions

Our journey towards NZCE 2050 Pathway commenced with establishing 2019 as the baseline year for Scope 1 and Scope 2 emissions. The year 2019 was selected following the introduction of a new organisational boundary for the NZCE 2050 Pathway and represents a stable reference period before the COVID-19 pandemic, which significantly impacted business-as-usual operations. In 2019, Scope 1 and Scope 2 emissions baseline was recorded at 6.17 million tCO<sub>2</sub>e, while baseline methane emissions amounted to 157,937 tCO<sub>2</sub>e.

### Setting Targets and Key Assumptions

To achieve our net zero carbon emissions target for 100% of operationally controlled Scope 1 and Scope 2 emissions, we established quantitative interim and long-term targets based on absolute emissions relative to the 2019 baseline to track progress along our NZCE 2050 Pathway. These targets apply to all PGB assets under operational control.

The targets were established to guide our efforts in mitigating climate change impacts from our operations, ensure that we sufficiently address climate transition risks and align our business strategy in support of the national net zero agenda. While the NZCE 2050 Pathway target aligns with national ambitions, interim targets are set to align with PGB's business direction and strategy.

<p><b>Short Term</b></p> <p>Achieve a <b>20% reduction</b> in emissions by 2035 compared with the 2019 baseline of 6.17 million tCO<sub>2</sub>e.</p>	<p><b>2035</b></p> <p>Emissions reduction is primarily driven by CCS and Carbon Capture and Utilisation (CCU) initiatives, alongside the zero routine flaring and venting initiative.</p>
<p><b>Medium Term</b></p> <p>Achieve an <b>80% reduction</b> in emissions by 2040 compared with the 2019 baseline of 6.17 million tCO<sub>2</sub>e.</p>	<p><b>2040</b></p> <p>Emissions reduction will come from low-carbon or green energy solutions, supported by the scaled deployment of CCS and CCU.</p>
<p><b>Long Term</b></p> <p>Achieve <b>net zero</b>, or a <b>100% reduction</b> in emissions, by 2050 compared with the 2019 baseline of 6.17 million tCO<sub>2</sub>e.</p>	<p><b>2050</b></p> <p>Residual emissions are managed through the utilisation of carbon offsets, capped at 10%, with the remaining emissions addressed through low-carbon or green energy solutions and CCU initiatives.</p>

PGB's emissions reduction targets are net targets. In line with science-based pathways such as those referenced by the Science Based Targets initiative (SBTi), approximately 10% of residual emissions may be addressed through carbon netting mechanisms, including offsets or carbon credits. Accordingly, PGB targets approximately 90% emissions reduction on a gross basis, with carbon netting applied only to hard-to-abate residual emissions of up to 10%.

In setting these targets, PGB considers sectoral contributions towards achieving the International Energy Agency's (IEA) targets for the below 1.5°C warming scenario. The SBTi has paused its development of the sectoral decarbonisation guidelines for the Oil and Gas Sector Guidance. Given that both the SBTi and the Transition Pathway Initiative (TPI) Sectoral Decarbonisation Pathway are based on global datasets, PGB prioritises alignment with national targets while remaining vigilant of evolving sectoral decarbonisation approaches.

Progress against targets is monitored through ongoing GHG emissions measurement and oversight under PGB's sustainability governance platform. In the event of material changes to PGB's business direction or strategy, the Board or the Board Sustainability and Risk Committee (BSRC) may request a review of the targets to ensure continued relevance and alignment. These targets have yet to be validated by a third party.

#### Reporting Boundary for GHG Emissions

Greenhouse gas emissions are measured using the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004), except where specific requirements under IFRS S2 apply. PGB refers to the GHG Protocol Corporate Value Chain Standard (2011) to define the 15 Scope 3 emission categories for disclosure. The boundary for GHG reporting is determined through both organisational and operational perspectives. The organisational boundary sets out the entities and activities included within the reporting scope, based on ownership and control. The operational boundary identifies emission sources classified as Scope 1, Scope 2 and Scope 3 emissions in accordance with the GHG Protocol.

# Safeguard the Environment

## Climate Change Management

### Organisational Boundary

PGB adopts the operational control approach in accordance with the GHG Protocol. This approach reflects emissions from assets over which PGB is accountable and can exert operational influence by implementing emissions reduction and abatement strategies, as opposed to the equity share approach, which may include assets where PGB has limited control or influence.

PGB accounts for 100% of emissions from assets under its operational control. These include our direct assets, namely Gas Processing Kertih (GPK), Gas Processing Santong (GPS), Tanjung Sulong Export Terminal (TSET), Utilities Kertih (UK), Utilities Gebeng (UG) and our gas transportation facilities, as well as assets operated through our subsidiaries, including PLNG2 Sdn. Bhd. and Regas Terminal Sungai Udang (RGTSU) Sdn. Bhd. Our regasification terminals, RGTSU and Regas Terminal Pengerang (RGTP), are also included within the operational boundary.

Entities that are not under PGB’s operational control, such as joint ventures and associate companies, are excluded from Scope 1 and Scope 2 emissions consolidation and are assessed as part of Scope 3 emissions.

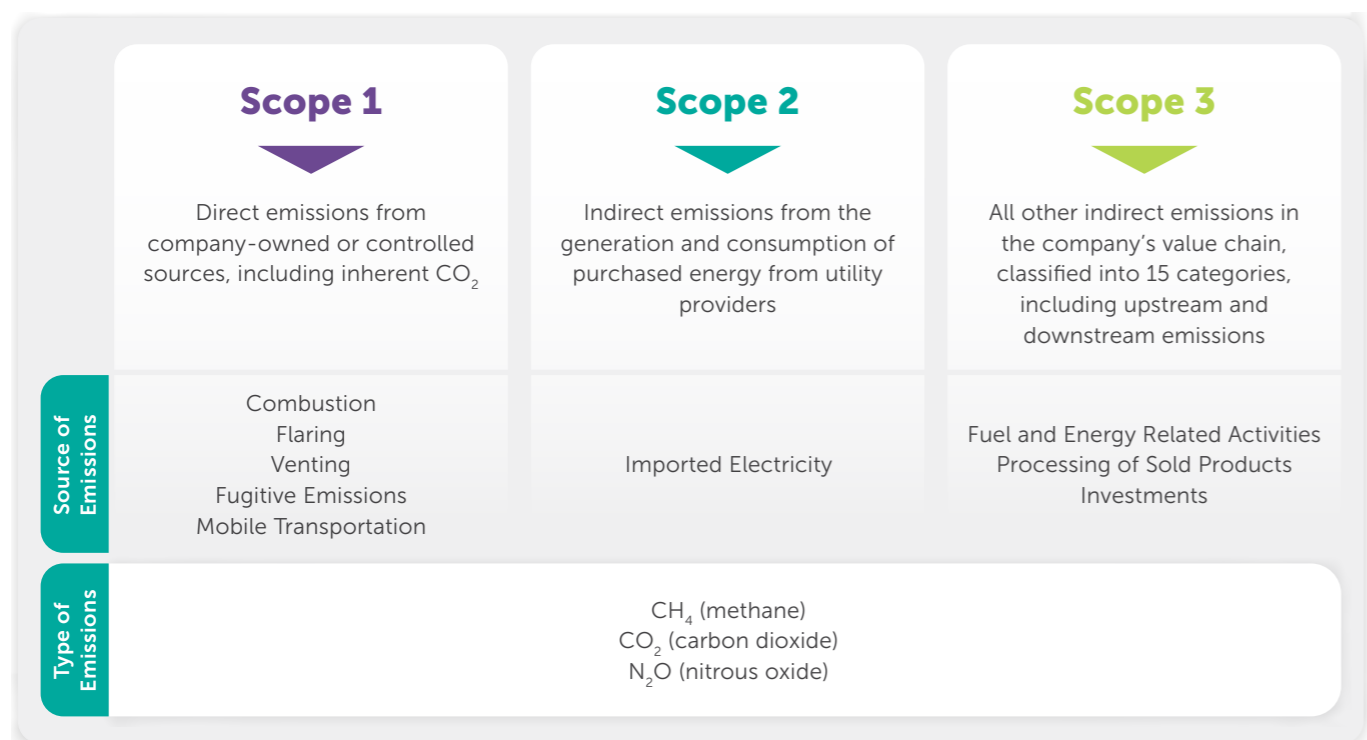
### Operational Boundary

We have conducted essential measurements and developed a comprehensive emission inventory, encompassing inherent CO<sub>2</sub> emissions in feedgas, combustion, venting, flaring, fugitive emissions and purchased energy across these facilities. PGB monitors progress against the NZCE 2050 Pathway by tracking GHG emissions. We also refer to the American Petroleum Institute (API) Compendium (2009) for calculations.

### Monitoring and Reporting of Our Emissions

PGB monitors and reports GHG emissions based on its organisational and operational boundaries. We continue to strengthen emissions monitoring and management to support reductions and progress towards NZCE 2050 Pathway. We adopted iCON, a GHG accounting and simulation application, to enhance data automation and enable real-time emissions monitoring. Alignment with the United Nations Environment Programme’s (UNEP) Oil and Gas Methane Partnership 2.0 (OGMP 2.0) Level 4 reporting has improved the accuracy of methane measurements for lower levels of methane. Armed with a comprehensive view of our emissions inventory, we are empowered to strengthen our abatement efforts and ensure greater reliability, accuracy and transparency in our disclosures.

To establish our operational boundary, we adhere to emissions calculations that follow the GHG Protocol Corporate Standard methodologies, covering the following scopes:



In 2025, we enhanced our Scope 3 management by conducting a materiality assessment across all 15 categories. The assessment aimed to identify the categories that contribute most to our Scope 3 emissions.

In identifying material Scope 3 emissions, PGB applied the GHG Protocol Scope 3 Standard criteria based on emissions size, resulting in the selection of three material categories. In alignment with the requirements of the National Sustainability Reporting Framework (NSRF) and IFRS S1 and S2, we have revised our approach from the previous reporting period and will continue disclosing material Scope 3 categories accordingly.

### Judgments and Measurement Uncertainties

PGB applies defined bases and assumptions when measuring and reporting GHG emissions to ensure consistency, transparency and alignment with applicable reporting standards.

When consolidating GHG emissions, PGB includes emission sources that are material to its operations and excludes sources that contribute less than 0.1% of total emissions, as their omission does not materially affect the completeness or accuracy of the emissions inventory. This approach maintains alignment with recognised GHG accounting principles.

PGB monitors and reports emissions for three GHGs: carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O), which represent the most relevant and material emissions arising from our operational activities. PGB does not monitor the remaining Kyoto Protocol GHGs as they are immaterial in volume.

### Contractual Instruments

PGB sources all Scope 2 electricity in Peninsular Malaysia, where the government regulates electricity generation and supply, with Tenaga Nasional Berhad (TNB) serving as the primary electricity provider. PGB calculates Scope 2 emissions using TNB’s emission factors in accordance with applicable regulatory and reporting requirements<sup>1</sup> and discloses any Green Electricity Tariff (GET) schemes that it subscribes to, where applicable.

Source:

<sup>1</sup> Developed by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD)



Tanjung Sulong Export Terminal

# Safeguard the Environment

## Climate Change Management

### Alignment With National and Global Climate Change Public Policies, Regulations and Frameworks

PGB aligns its climate change management approach with relevant national and international public policies, regulations and frameworks to support the delivery of its NZCE 2050 Pathway. We keep abreast of the regulatory and policy developments to ensure our strategy, targets and disclosures remain responsive to evolving expectations while supporting national priorities and sectoral responsibilities. We engage with government bodies, regulators and industry platforms to stay informed of regulatory and policy developments while contributing constructively where appropriate.

PGB's climate-related practices align with the following key public policies, regulations and frameworks:

<b>World Bank's Zero Routine Flaring (ZRF) by 2030 Initiative</b>	We leverage PETRONAS Group's commitment to supporting the ZRF Initiative, where governments, companies, associations and development institutions pledge to eliminate routine flaring by 2030.
<b>Methane Guiding Principles (MGP)</b>	Our actions are aligned with the MGP through PETRONAS' commitment to the Global Methane Pledge launched at COP26, which aims to reduce global methane emissions by at least 30% from 2020 levels.
<b>Oil and Gas Methane Partnership 2.0 (OGMP 2.0)</b>	We support the OGMP 2.0, which is part of the UNEP, by leveraging PETRONAS Group's participation, contributing to methane management and reporting efforts aligned with the OGMP 2.0 Gold Standard.
<b>Oil and Gas Decarbonisation Charter</b>	We build on PETRONAS' commitment to the Oil and Gas Decarbonisation Charter, a joint industry commitment launched at COP28 in December 2023.
<b>GHG Protocol: A Corporate Accounting and Reporting Standard (2013)</b>	We align with the GHG Protocol for emissions accounting and reporting, ensuring transparency and consistency.
<b>International Financial Reporting Standards (IFRS) S1 and S2</b>	Having fully addressed all TCFD recommendations, we are further aligning with IFRS S1 and S2 requirements to enhance the quality of our financial climate-related disclosures as we advance our sustainability journey. Governed by the NSRF, we are committed to fully complying with the disclosure requirements of IFRS S2 by 2025 and subsequently IFRS S1 by 2027, as mandated by Bursa Malaysia.
<b>World Business Council for Sustainable Development (WBCSD)</b>	We benefit from PETRONAS' membership in the WBCSD by adopting sustainability best practices shared by member organisations.
<b>Energy Efficiency and Conservation Act (EECA) 2024</b>	We are committed to supporting the EECA 2024, which came into force in January 2025, by further advancing energy efficiency and sustainable energy practices.
<b>National Climate Change Policy 2.0 (NCCP 2.0)</b>	We keep abreast of the NCCP 2.0 implementation through open communication with government organisations to stay updated on the latest developments and foster collaboration in driving climate action.
<b>Malaysian National Energy Transition Roadmap (NETR)</b>	We are progressively diversifying our portfolio with lower-carbon and renewable energy initiatives to contribute to and drive alignment with the NETR.

### Collective Efforts From Climate-Related Organisations and Trade Associations

PGB is listed as a Full Corporate Member of the Malaysian Gas Association (MGA). While we strive to ensure that our climate change commitments remain consistent with the position taken by MGA, including its advocacy of Malaysia's goals under the Paris Agreement and its support for the NETR, we will thoroughly evaluate any contradictions that arise to best manage the climate-related risks and seize climate-related opportunities unique to our business.

In addition to trade associations, as a subsidiary of PETRONAS, PGB also supports the climate-related initiatives of organisations in which PETRONAS is a signatory member, such as the UNEP's OGMP 2.0, which prompted our alignment with UNEP's OGMP 2.0 Level 4 reporting in 2024 for our gas processing assets. Although PGB is not directly involved in these organisations, the climate-related issues that they advocate for inform PETRONAS' climate management framework, which, in turn, guides our business climate strategy.

### Our Integrated Climate Strategy

Anchored on globally recognised climate action frameworks and PGB's NZCE 2050 Pathway, PGB takes an integrated, Group-wide approach to managing climate-related risks and opportunities. This approach focuses on aligning with relevant national and global climate policies and regulations, strengthening emissions monitoring and implementing a structured set of measures to reduce or eliminate emissions at source. Where appropriate, we also pursue opportunities to capture and monetise emissions and, over the longer term, consider the use of carbon offsets or credits for hard-to-abate residual emissions.

### Abatement Solution Strategies

To advance the NZCE 2050 Pathway, PGB prioritises mitigation and adaptation measures and deploys a range of solutions to progressively reduce its carbon footprint over time. Our abatement efforts focus on the following three key areas:

### Elimination and Reduction of Emissions

We strengthen our operational excellence initiatives by reducing or eliminating flaring, combustion, venting and fugitive emissions where we operate. We leverage technology and innovation to implement science-based resource optimisation and decarbonisation solutions, including:

- Optimisation and upgrading of gas turbines
- Improvements in boiler heat recovery
- Implementation of an equipment reliability system
- Optimisation of furnace operations
- Utilisation of zero-carbon methane
- Installation of flare recovery systems
- Installation of leak prevention and rectification systems

In 2025, we continued to build on these ongoing initiatives by implementing additional emissions reduction measures at the GPU level. New initiatives introduced during the year included the off gas rerouting at Gas Processing Kertih, which delivered emissions reductions of 12,748 tCO<sub>2</sub>e, enhancements to overhead compressor performance that resulted in 159,944 tCO<sub>2</sub>e of avoided emissions, and the implementation of gas turbine optimisation at Utilities Kertih, contributing a further 3,086 tCO<sub>2</sub>e reduction. These initiatives complement existing operational excellence measures and reinforce PGB's continued focus on reducing emissions through targeted operational improvements.

### Capture and Monetise Emissions

As part of the NZCE 2050 Pathway, we collaborate with PETRONAS to capture inherent CO<sub>2</sub> emissions. We supply the captured CO<sub>2</sub> as feedstock for downstream customers, creating value while reducing emissions that would otherwise be released. Since the early 2000s, monetising CO<sub>2</sub> sales has been a key activity, contributing to reduction in GHG emissions.

### Netting, Carbon Offsetting and Carbon Credits for Remaining Emissions

To address hard-to-abate and unavoidable residual emissions, we consider carbon netting through offsets and carbon credits as part of the NZCE 2050 Pathway. In alignment with the science-based pathways, such as the SBTi initiatives, up to 10% of residual emissions may be eligible for carbon netting via offsets and carbon credits.

To support the credibility and integrity of any carbon credits used, we refer to recognised international standards acknowledged by PETRONAS and Malaysian regulators, including guidance from the Ministry of Natural Resources and Environmental Sustainability (NRES) and Bursa Malaysia. We are expecting the formalisation of NRES's *Dasar Pasaran Karbon Kebangsaan* (DPKK) to provide further clarity on applicable requirements, standards and guidance arrangements.

We do not impose restrictions on the types of carbon credits and will explore a range of options available in the carbon market, including nature-based solutions and technological carbon reduction and removal initiatives.

Currently, we are working on establishing our carbon credit strategy, including identifying credible third-party schemes for carbon credit verification and certification. PGB will participate in the carbon credit market only after the DPCK is finalised and the relevant implementation frameworks are established.

# Safeguard the Environment

## Climate Change Management

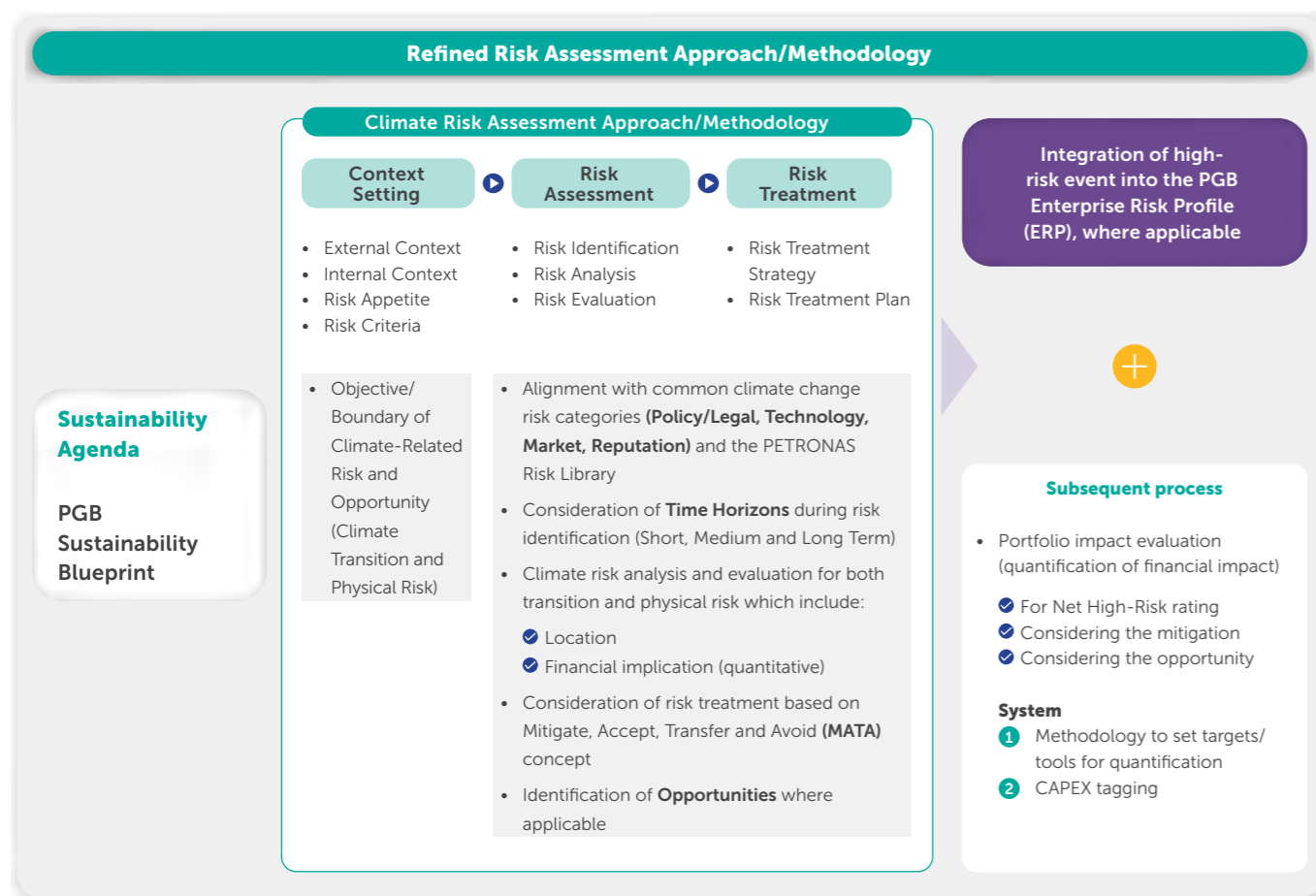
### Our Risk Assessment Approach

#### Climate-Related Risk Management Process

##### Transition Risk

In 2025, PGB expanded its climate risk assessment processes to align with IFRS S2 requirements, building on approaches applied in the previous reporting period. The change reflects a refinement in how climate-related risks and opportunities are considered within PGB's existing enterprise risk management framework, with greater attention given to risk relevance, comparability and decision usefulness.

Climate-related risks and opportunities are assessed in alignment with the PETRONAS Group Enterprise Risk Management Framework. External and internal contexts, risk appetite and assessment criteria, including regulatory requirements and asset-level considerations, are taken into account. Climate considerations are incorporated into existing risk management practices so that climate risks are assessed alongside other enterprise risks, rather than in isolation.



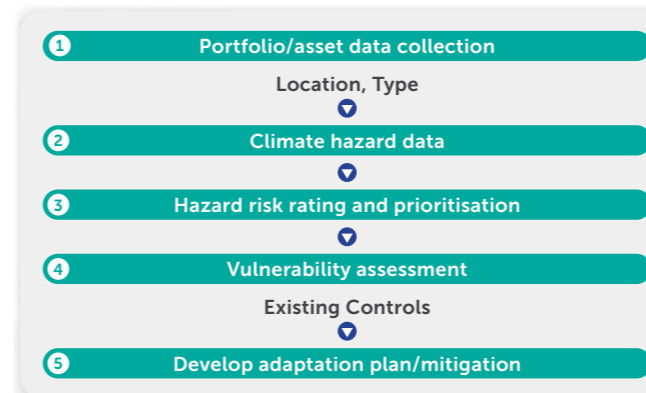
As illustrated above, the climate risk assessment progresses from context setting to risk assessment and risk treatment, before being reflected in PGB's Enterprise Risk Profile (ERP) where applicable. The approach applies to both transition and physical climate risks and supports consistent evaluation of risk implications across relevant time horizons.

Under this approach, PGB evaluates climate-related transition risks with increased granularity to improve understanding of potential impacts on operations and financial performance. Considerations include asset location and business model characteristics, which influence how regulatory developments and other transition drivers may affect the business.

The assessment considers changes in the regulatory and policy environment, as well as their potential implications for PGB's operating context. This supports management judgment on how transition-related factors may influence business resilience over time.

##### Physical Risk

PGB leverages the physical climate risk assessment approach and processes established at the PETRONAS Group level to assess current physical climate hazards affecting its assets.



This assessment incorporates exposure boundaries and identifies climate hazards, hazard risk ratings and prioritisation, vulnerability assessment and potential adaptation plans where applicable. The physical impacts of climate change are assessed using an IPCC-based framework, which includes the evaluation of exposure, hazard, vulnerability and risk.

Impact validation is supported through inputs and data from Group Health, Safety and Environment and Finance, particularly in relation to asset damage and business interruption. Once key physical risks and opportunities are identified, their implications are analysed to support timely actions that enable PGB to anticipate, mitigate and adapt to current and emerging climate challenges.

##### Risk Prioritisation

Identified climate-related risks are prioritised based on their likelihood and potential magnitude\*, taking into account possible financial impacts, operational disruptions and regulatory changes. Risk ratings, such as high or medium, are applied to support consistent prioritisation.

Risks identified as priorities are reviewed by the Sustainability and Risk Committee (SRC) and escalated for onward deliberation and oversight by the Board Sustainability and Risk Committee (BSRC).

Note:  
\* PGB assesses climate-related risks by evaluating the likelihood of occurrence and the magnitude of potential financial impact should the risk materialise. For more information, refer to the Statement on Risk Management and Internal Control on pages 143 to 159 of the IR 2025.

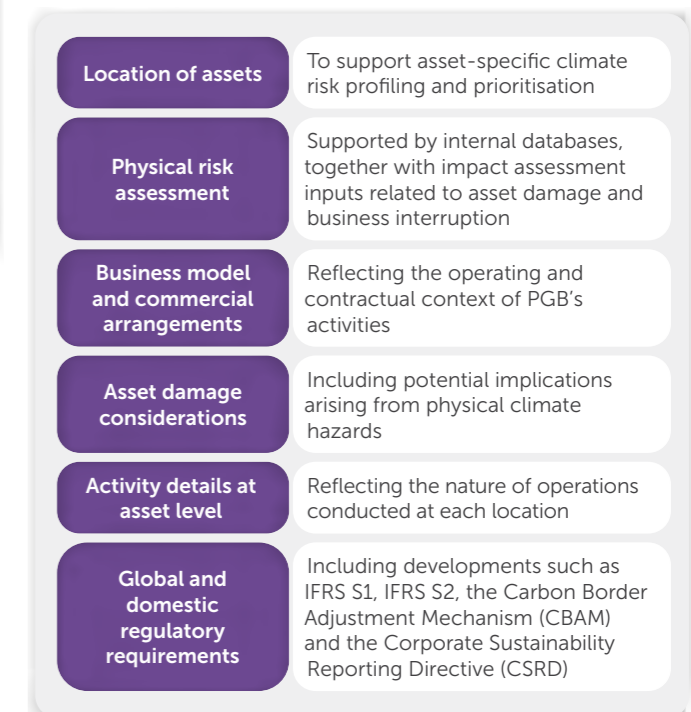
##### Monitoring and Periodic Review

Climate-related risks are monitored through the SRC and BSRC on a quarterly basis, supporting oversight of risk status and mitigation progress.

To ensure climate-related risks remain current and appropriately managed, an annual review is conducted with updates made based on changes in risk priority and emerging developments.

##### Key Inputs and Parameters

PGB follows a structured approach to identify and assess climate-related risks, utilising various inputs and parameters such as:



##### Integration Into Enterprise Risk Management and Decision-Making

Climate-related risks that are identified and prioritised through the assessment process are integrated into PGB's Enterprise Risk Profile, alongside other key risk areas such as Health, Safety, Security and Environment (HSSE), Operational, Reputation, Project Delivery, Legal and Regulatory, Cybersecurity and Financial.

The inclusion of climate-related risks within the ERP supports leadership oversight and informed allocation of resources for mitigation efforts. Periodic reviews are conducted to maintain a proactive approach in addressing emerging risks and refining mitigation strategies.

The ERP is deliberated at the management level through the SRC, which is responsible for the management of PGB's risks. This is further endorsed and reported to the BSRC, which provides oversight and subsequently reports to the Board if required. In addition, climate-related risks and opportunities are integrated into Risk Assessment and Decision-Making (RADM) exercises, including assessments related to PGB's investment decisions to strengthen resilience and support long-term business sustainability.

# Safeguard the Environment

## Climate Change Management

### Summary of Our Transition Risks, Opportunities and Associated Impacts

PGB assesses the impacts of climate change on our operations through internal risk assessments. These assessments identify key transition-related risks, including increased operating costs arising from emerging regulatory compliance requirements, as well as opportunities linked to decarbonisation and operational improvements. We evaluate the associated financial implications over short-, medium- and long-term time horizons. The climate-related risks and opportunities in the table below are present across all our business activities.

We address climate-related risks through targeted mitigation measures that strengthen operational resilience while enabling us to capture relevant opportunities. After considering the effectiveness of existing controls and mitigation measures, we assign each climate-related risk a net risk rating. This rating reflects the residual level of risk after mitigation and informs prioritisation, monitoring and escalation within our enterprise risk management processes.

Risk Category	Transition Risk	Potential Impact on PGB Operations	Financial Implication	Mitigations	Opportunities
<b>Policy and Legal</b>  <b>Time horizon:</b> Short, medium and long term	Unable to timely prepare for the implementation of carbon tax due to uncertainty of implementation milestones of the RUUPIN and DPKK  The amount and business activities vulnerable to this transition are disclosed in Financial Implications of Carbon Tax on page 52.	Adverse impact on profitability due to non-recovery of the carbon tax through existing commercial arrangement	Increased OPEX due to imposition of carbon tax	<b>Direct</b> 1. To execute the relevant identified mitigations related to recovery of carbon tax through commercial arrangements 2. Continue pursuing the decarbonisation projects, e.g. CCU and CCS  <b>Indirect</b> 3. Engagement with government for clarity of the carbon tax implementations	Maturing growth or green projects as part of abatement efforts (CCU and CCS)
<b>Policy and Legal</b>  <b>Time horizon:</b> Short term	Non-compliance with regulatory disclosure requirements due to constantly changing rating requirements	1. Non-compliance with Bursa Main Market Listing Requirements on sustainability reporting (IFRS) 2. Potential exclusion from the Bursa Malaysia Sustainability Index list, i.e. FTSE4Good 3. Lack of trust from investors in the company's sustainability efforts 4. Unable to provide timely and credible disclosures effectively	1. Financial impact, e.g. related to impact to market or share price 2. Increased OPEX for adopting specific tools and hiring consultants	<b>Direct</b> 1. Structured execution of gaps closure identified by internal IFRS Compliancy Task Force 2. Proactively engage with relevant SMEs from Group HSSE and Finance to address gaps and implement recommendations  <b>Indirect</b> 2. Proactively engage with Bursa Malaysia and the FTSE Russell Team on evolving reporting requirements	Leverage digital technology to develop a robust monitoring, reporting and verification system

Risk Category	Transition Risk	Potential Impact on PGB Operations	Financial Implication	Mitigations	Opportunities
<b>Market</b>  <b>Time horizon:</b> Short and medium term	Limited access to financing and insurance coverage due to failure in fulfilling the extensive ESG requirements from financiers and insurers	1. Limited access to financing and insurance coverage 2. High borrowing costs and insurance premium	Increased capital and operating costs	<b>Direct</b> 1. To keep abreast of the ever-evolving ESG requirements from financiers and insurers  <b>Indirect</b> 2. Continuous engagement with financiers, insurers and ESG rating agencies to understand and seek clarity on their expectations and requirements	Wider financing options from financial institutions to ensure seamless fundraising in supporting PGB's growth agenda
<b>Market</b>  <b>Time horizon:</b> Short and medium term	Lower demand for gas-generated electricity due to shifting demand towards green electricity	Potential reduction in utilities revenue	Lower revenue for Utilities business in the event that customers shift their preferences to cleaner energy	<b>Direct</b> 1. Maturing solar PV projects for Utilities Kertih (UK) and Utilities Gebeng (UG)  <b>Indirect</b> 2. Continue engaging with customers to purchase potential green electricity package from PGB	Strengthen PGB's portfolio by focusing on green electricity as a new revenue stream
<b>Technology</b>  <b>Time horizon:</b> Short and medium term	Unable to adopt low-carbon and energy-intensive technologies due to economic affordability and customers' specifications	Potential reputational impact and increased carbon-related costs, following carbon or emission cost	Increased CAPEX for technology adoption or increased OPEX on carbon-related costs or tax	<b>Direct</b> 1. Continue working on recovery of both OPEX and CAPEX related to low-carbon and energy-intensive technologies (e.g. expand the use case to ensure project is viable)  <b>Indirect</b> 2. Collaborate closely with PD&T to stay updated on the latest technological developments	Work proactively with PETRONAS and stakeholders to expedite or increase the deployment of low-carbon technologies and innovations
<b>Reputation</b>  <b>Time horizon:</b> Short, medium and long term	Unable to meet increased stakeholder expectations on PGB's climate change efforts and progress due to business strategy alignment and calibration	Potential reputational damage, affecting investor and stakeholder trust	1. Financial impact, e.g. related to impact to market or share price 2. Increased cost to manage stakeholder perception	<b>Direct</b> 1. Continue pursuing our commitment to sustainability efforts, including the NZCE 2050 Pathway direction and targets  <b>Indirect</b> 2. Continuous engagement with our external stakeholders to pursue decarbonisation projects	Strengthen PGB's position as a responsible corporate citizen in supporting climate change efforts and initiatives  Improve PGB's market position through a commendable ESG rating, wider fundraising opportunities and diversified growth initiatives

# Safeguard the Environment

## Climate Change Management

### Financial Implications of Carbon Tax

PGB has identified transition risks associated with the eventual implementation of a carbon tax as material and tangible, arising from uncertainty over the implementation milestones of the *Rang Undang-Undang Pasaran Industri Karbon* (RUUPIN) and the *Dasar Pasaran Karbon Kredit* (DPKK). Based on current announced applicable industries, the carbon impact is concentrated within the utilities-related business.

In 2025, the Malaysian government had not finalised the carbon tax mechanism. As a result, there were no changes to PGB’s business model and no financial impacts in the current reporting year. To prepare for eventual implementation, PGB established a carbon tax task force in 2025. We anticipate that changes from 2026 onwards will include adjustments to pricing models and company strategy. The execution of the carbon tax mechanism is contingent on the enforcement of the RUUPIN and DPKK.

In the interim, PGB continues to assess scenarios and the potential financial impacts in the medium and long term, which are expected to result in higher operating costs. Based on current assumptions, an internal carbon price of USD 5 per tCO<sub>2</sub>e applied to approximately 6 million tCO<sub>2</sub>e would translate into an estimated annual carbon price exposure of RM132 million, approximately 7% of PGB’s baseline profit before tax.

PGB does not expect a significant risk of material adjustment in subsequent reporting periods arising from transition risks. In the short term, management does not expect an increase in the carrying amounts of reported assets and liabilities within the next five years. Over the medium and long term, asset values may increase due to higher CAPEX associated with decarbonisation investments, including CCU and CCS initiatives.

To implement our climate strategy, PGB will consider the most viable and optimal sources of funding to support financial resilience and cost efficiency. This includes utilisation of internal funding from operational and investing cash flows as well as external financing through debt or equity markets, where required. These funding approaches will be evaluated on an ongoing basis to maintain liquidity, optimise the capital structure and align with PGB’s NZCE 2050 Pathway. In this context, PGB has allocated approximately RM248 million in CAPEX for the period from 2026 to 2029, representing its capital deployment towards climate-related risks and opportunities. This investment supports key decarbonisation project opportunities as part of its strategy to mitigate potential exposure to future carbon tax obligations across its business activities.

### Assessing Transition Risks Through Scenario Analysis

For transition risks to assess our future climate-related risks and opportunities from a transition perspective, we have adopted two scenarios from the International Energy Agency’s (IEA) World Energy Outlook (WEO) 2024: the IEA Announced Pledges Scenario (APS) and the IEA Stated Policies Scenario (STEPS). These scenarios provide transition pathways for assessing potential impacts on PGB. In 2025, we continued to enhance our climate scenario assessment for material risks, with a particular focus on carbon tax exposure for PGB, while maintaining qualitative assessments for other climate-related risks.

#### Low Emission Scenario (Announced Pledges Scenario – APS)

This scenario assumes the full implementation of all announced climate commitments, including Nationally Determined Contributions (NDCs) and net zero targets, within their stated timelines. In Malaysia, this is reflected in the NETR, which sets out the national pathway towards a lower carbon energy system.

**Implication:** Heightened regulatory and transition risk as global climate commitments, including NDCs, are translated into Malaysian policies and regulatory measures through the NETR. This accelerates decarbonisation requirements, increases reliance on low carbon technologies such as CCS and may place downward pressure on natural gas demand, increasing the urgency to decarbonise operations.

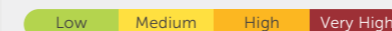
#### High Emission Scenario (Stated Policies Scenario – STEPS)

This scenario reflects the prevailing policy environment, based on measures already implemented or under development and current deployment capacity for clean energy technologies. In Malaysia, this is reflected in the NCCP 2.0, which supports a more gradual emissions reduction pathway.

**Implication:** For PGB, this scenario reflects a more gradual policy environment, where existing measures under the NCCP 2.0 continue to guide Malaysia’s transition. Natural gas continues to substitute higher emission fuels such as coal and oil, supporting the maintenance or selective expansion of gas infrastructure. Regulatory and transition pressures remain comparatively lower than under the APS, with reduced immediacy for accelerated decarbonisation.

The following table outlines the six key transition risks identified by PGB, categorised according to recognised transition risk categories. Each risk has been assessed for our level of exposure under the APS and STEPS, covering medium- to long-term projections from 2030 to 2050.

Risk Category	Transition Risks	Risk Level	
		APS 2030–2050	STEPS 2030–2050
Policy and Legal	Unable to timely prepare for the implementation of carbon tax due to uncertainty of implementation milestones of the RUUPIN and DPKK.	High to Very High	Medium
	Non-compliance with regulatory disclosure requirements due to constantly changing rating requirements	High to Very High	Medium to Low
Market	Limited access to financing and insurance coverage due to failure to fulfil the extensive ESG requirements from financiers and insurers	High to Very High	Medium
	Lower demand for gas-generated electricity due to shifting demand towards green electricity	Low to High	Low to Medium
Technology	Unable to adopt low-carbon and energy-intensive technologies due to economic affordability and customers’ specifications	High	Low
Reputation	Unable to meet increased stakeholder expectations on PGB’s climate change efforts and progress due to business strategy alignment and calibration	High to Very High	Medium to High



### Assessing Our Physical Risks

In 2025, we continued our collaboration with the PETRONAS Group and expanded the scope of our risk assessments from six assets in 2024 to seven assets, with the addition of export facilities in Tanjung Sulong Export Terminal (TSET), Kemaman, to evaluate the physical impacts of climate change. In addition, the 2025 assessment boundary includes gas processing and regasification activities.

The assessment used the same Shared Socio-economic Pathway 2-4.5 climate model as in the IPCC Sixth Assessment Report, consistent with the 2024 approach, as this remains the most plausible scenario.

All seven assets were assessed against seven critical climate hazards: extreme precipitation, lightning, drought, heat waves, storm surges, fluvial floods and pluvial floods. By 2050, these hazards may pose high, very high or extreme risks to our operations.

Hazards	Lightning*		Storm Surge		Fluvial Flood		Pluvial Flood		Extreme Precipitation		Drought		Heat Wave	
	2030	2050	2030	2050	2030	2050	2030	2050	2030	2050	2030	2050	2030	2050
East Coast	●	-	●	●	●	●	●	●	●	●	●	●	●	●
West Coast	●	-	●	●	●	●	●	●	●	●	●	●	●	●
Southern	●	-	●	●	●	●	●	●	●	●	●	●	●	●



Note: \* Future lightning risk cannot be predicted due to high uncertainty of the occurrence even when the condition is right. Possible correlation to extreme precipitation as a proxy in forecasting future lightning risk.

# Safeguard the Environment

## Climate Change Management

To ensure comprehensive outcomes, we established a prioritisation approach to identify critical assets. Further assessments were conducted through site validation to confirm climate hazards, assess the adequacy of asset design and determine whether an adaptation plan was required. This process is intended to ensure robustness of our adaptation plan.

Additionally, we conducted a business interruption assessment for Gas Processing Kertih (GPK), given its exposure to fluvial flooding and its critical role in the gas value chain. Based on the assessed extreme precipitation event, the estimated financial impact associated with asset damage vulnerable to this climate hazard is RM61.1 million, representing approximately 3.3% of the total asset value assessed. Going forward, we will conduct site-specific validation of identified gas assets to assess their vulnerability to climate hazards. We will also develop additional adaptation measures based on the validation outcomes.

Building on these efforts, we will continue to enhance our management of the physical impact of climate change through dedicated climate-related physical risk assessments of our assets. The outcomes aim to guide our mitigation strategies and support the resilience of our assets and value chains to climate-related physical risks, helping us remain adaptive and future-ready in a rapidly evolving risk landscape.

### Significant Areas of Uncertainty

Climate scenario analysis relies on forward-looking assumptions on policy developments, market dynamics, technological progress and projected physical climate conditions. These factors may evolve differently from current expectations. In assessing potential climate-related risks and opportunities, PGB considered key areas of uncertainty arising from transition scenario analysis based on the IEA APS and STEPS together with physical climate hazard modelling aligned with the SSP2-4.5 pathway used in the IPCC Sixth Assessment Report. These factors may influence the magnitude, timing and financial implications of potential impacts on the company's operations, capital allocation and long-term strategy.

### Regulatory and Policy

Uncertainty persists regarding the timing, scope and implementation of carbon pricing in Malaysia, including the planned carbon tax and the possible introduction of emissions trading or hybrid regulatory mechanisms. This may affect future compliance obligations and the associated implications for assets, operations and cost structures.

### Technology Adoption and Innovation

The development, scalability and commercial viability of low-carbon technologies, including carbon capture and renewable energy integration, remain uncertain. Changes in technology maturity and cost competitiveness may influence investment decisions and the future utilisation of existing infrastructure.

### Market and Financial Dynamics

Demand for natural gas relative to green alternatives will depend on the pace of the national energy transition, evolving customer preferences and policy support for alternative energy sources. Increasing ESG expectations among financial institutions and insurers may affect access to financing, insurance availability and funding costs.

### Physical Climate Risks

The frequency and severity of extreme weather events, including flooding and storm surges, remain uncertain. These events may affect infrastructure reliability, disrupt operations and increase maintenance and climate adaptation costs.

### Capacity to Adjust or Adapt Business Strategy

PGB maintains the capacity to adjust its business strategy in response to climate-related risks and opportunities through capital allocation, asset flexibility and capability development. The company directs strategic capital towards sustainability initiatives supporting adaptation and decarbonisation. This includes potential investments in CCU, CCS and energy efficiency programmes across operations. To strengthen long-term resilience and support the evolving energy landscape, PGB is exploring opportunities to diversify its portfolio into low-carbon ventures. In addition, employees have been upskilled through training programmes, including the Carbon Footprint and Social Risk Assessment, to strengthen internal capability in managing climate-related risks and opportunities.

### Availability and Flexibility of Financial Resources

PGB maintains financial flexibility to support climate-related initiatives through a combination of internal resources and external funding options. The company maintains a healthy cash position and prudent gearing levels, providing capacity to finance climate-related investments while preserving liquidity. Capital allocation balances long-term funding requirements for decarbonisation initiatives with short-term liquidity needs.

### Ability to Redeploy, Repurpose, Upgrade or Decommission Assets

PGB retains flexibility to redeploy, repurpose, upgrade or decommission existing assets in response to evolving transition pathways and technology developments. The company's infrastructure and equipment can be adapted to support renewable feedstock integration and potential hydrogen applications as energy systems evolve. This flexibility supports the optimisation of existing assets while enabling alignment with decarbonisation pathways.

### Current and Planned Investments

PGB's current and planned investments in climate-related initiatives aim to mitigate transition and physical risks, strengthen operational resilience and capture opportunities associated with the energy transition.

Current investments include energy efficiency projects across core operations to reduce Scope 1 and Scope 2 emissions and the deployment of digital monitoring systems to support climate-risk assessment and operational oversight.

Planned investments include potential capital allocation for renewable energy integration and carbon capture technologies that remain under evaluation. PGB is also exploring strategic partnerships related to bioenergy initiatives.

### Financial Impact

PGB's investments in climate-related initiatives are expected to reduce exposure to regulatory and transition costs, improve operational efficiency and position the company to meet evolving climate-related regulatory requirements. Capital deployment will be managed through internal resources and external financing options to maintain financial flexibility.

### Resilience Outcomes

Climate-related initiatives strengthen the company's capacity to manage climate-related risks by improving operational efficiency, enabling infrastructure adaptation to evolving energy systems and enhancing preparedness for regulatory and market shifts identified through scenario analysis.

### Key Assumptions

When conducting the climate scenario assessment, PGB considered a range of key assumptions relating to policy developments, macroeconomic trends, national conditions, energy transition pathways and technological progress. These include the planned introduction of a carbon tax in Malaysia in 2026, as announced in Budget 2025.

The assessment also considered growing stakeholder expectations for greater ESG adoption and reporting requirements in Malaysia and the continued transition of the national energy landscape towards green and renewable energy sources.

Assumptions on energy usage and mix reflect increased adoption of renewable energy in line with Malaysia's NETR and rising demand for green electricity. The assessment further assumes continued access to relevant low-carbon technologies with improving cost competitiveness over time.

### Adapting to and Mitigating Physical Risks

We remain dedicated to implementing the following climate risk mitigation and adaptation strategies, safeguarding our operations from extreme weather events:

#### Flood Preparation and Mitigation

Flood Committees have been established across all PGB operational locations. During the monsoon season, we mobilise these committees to implement flood intervention measures and coordinate emergency responses when flood events occur. Additionally, these committees support evacuation efforts and provide essential assistance to affected personnel and families, including post-flood clean-up activities, in close collaboration with local authorities, such as the Fire and Rescue Department of Malaysia (BOMBA) and the Public Services Department (JPA).

#### Protection From Storms

To strengthen our roofing systems, we conduct periodic studies and implement enhancements to ensure they withstand predetermined wind speeds of up to 28 m/s.

We utilise an enhanced clipping system to improve the structural integrity of the metal roofing deck and its components.

#### Corrosion Prevention

In collaboration with PETRONAS Research Sdn. Bhd., we apply innovative graphene-based technology to protect steel structures from corrosion, with the objective of extending asset lifespans by five to 15 years.

#### Mitigating Coastal Erosion

To mitigate coastal erosion risks, PGB implements breakwaters to protect operational sites from waves, tides and storm surges. These structures also provide sheltered conditions for vessel berthing and support the management of sediment movement within littoral and basin zones.

# Safeguard the Environment

## Climate Change Management

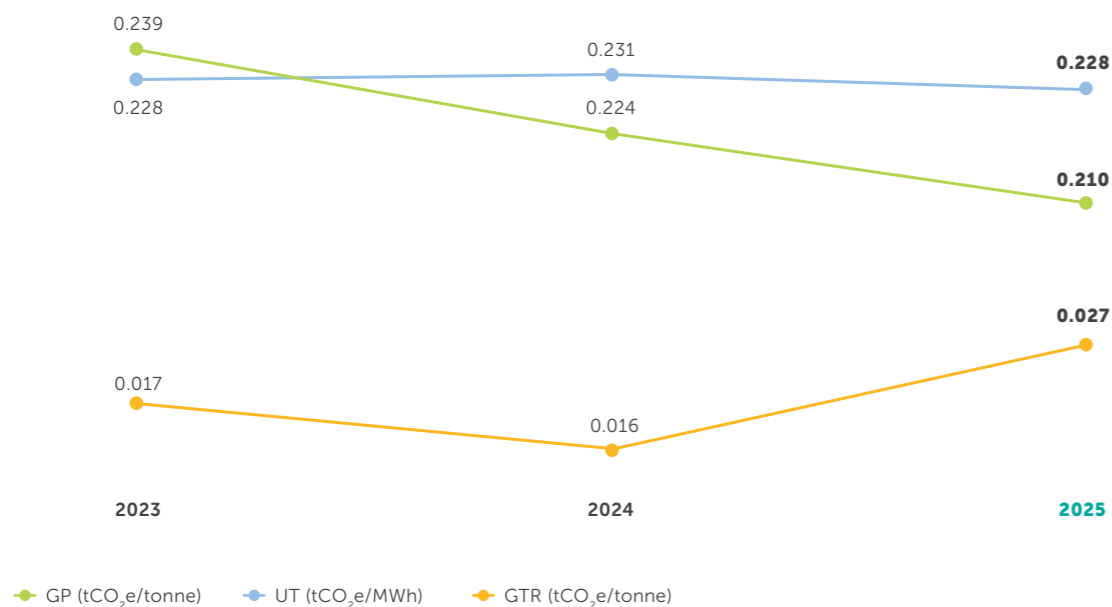
### Our Performance

Our methodologies for quantifying our GHG emissions are aligned with internationally recognised standards, including the American Petroleum Institute (API) Compendium of Greenhouse Gas Emissions Methodologies for the Oil and Natural Gas Industries, the GHG Protocol and the PETRONAS Technical Standard (PTS). In 2025, we adopted the PTS 18.72.05 GHG Emissions Management, which requires the use of the API GHG Compendium to calculate GHG emissions.

During the year, GPU's GHG emissions data were internally audited in accordance with the PTS 18.72.05 GHG Emissions Management and ISO 14064, while GTR's GHG emissions data were verified through a third-party audit by Lloyd's Register Quality Assurance in accordance with ISO 14064. The audit identified three minor findings, all of which were addressed and closed within the reporting period.

For GHG emissions consolidation, we continue to use the operational control method, accounting for 100% of emissions from operations under our operational control. We do not include emissions data for real estate holdings in our calculations, as PGB is a non-REIT organisation.

### GHG Intensity



We maintained steady performance in Gas Processing (GP) during the year, attributable to the flare-reduction project, which improved overhead compressor reliability, enabling more gas to be monetised rather than flared. Utilities (UT) performance also improved, driven by higher operating efficiency and cleaner fuel gas utilisation.

However, we recorded an increase in GHG intensity for Gas Transportation and Regasification (GTR) primarily due to non-routine emissions associated with the Putra Heights pipeline safety incident, which involved a major natural gas pipeline fire and significant methane release.

### GHG Emissions

GHG Emissions (tCO <sub>2</sub> e)	2022	2023	2024	2025
<b>Scope 1</b>	N/A	5,859,402	6,074,946	<b>5,475,205.02</b>
<b>Scope 2</b>	N/A	49,165	51,319	<b>73,304.74</b>
<b>Scope 3 – Category 3: Fuel and Energy-Related Activities</b>	568,027	537,213	545,382	<b>Will be disclosed next year</b>
<b>Scope 3 – Category 10: Processing of Sold Products</b>	303,711	287,643	325,720	<b>Will be disclosed next year</b>
<b>Scope 3 – Category 15: Investments*</b>	557,758	642,508	574,874	<b>Will be disclosed next year</b>
<b>Gross Total (Scopes 1 and 2)</b>	N/A	5,908,567	6,126,265	<b>5,548,509.76</b>
<b>Gross Total (Scopes 1, 2 and 3)</b>	N/A	7,375,931	7,572,241	<b>Will be disclosed next year</b>
<b>Gross Total (Scope 3)</b>	1,429,496	1,467,364	1,445,976	<b>Will be disclosed next year</b>
<b>Carbon Credit Retired</b>	0	0	0	<b>0</b>
<b>Net Total (Scopes 1 and 2)</b>	N/A	5,908,567	6,126,265	<b>5,548,509.76</b>
<b>NZCE 2050 Pathway Trajectory (Total Scopes 1 and 2)</b>	N/A	5.86	5.78	<b>5.71</b>
<b>Net Total (Scopes 1, 2 and 3)</b>	N/A	7,375,931	7,572,241	<b>Will be disclosed next year</b>

Note:  
\* Accounts for emissions from KPSB, PGSSB and GMB only. Emissions from other entities were found to be immaterial.

In 2025, PGB's Scope 1 emissions decreased overall. The reduction was driven primarily by lower flaring at GPU following improvements to overhead compressor reliability, which enabled more gas to be monetised rather than combusted. However, GTR recorded an increase in emissions due to the Putra Heights pipeline safety incident.

Scope 2 emissions increased compared to 2024, largely attributable to the commissioning of new motor-driven compressors in Kluang to strengthen gas supply security within the PGU pipeline network in the southern region of Peninsular Malaysia.

The Scope 3 materiality assessment covered all 15 categories and identified three material categories, which collectively accounted for 95% of the total accounted Scope 3 emissions. These categories were determined to be material based on the magnitude of emissions, in line with the GHG Protocol Corporate Value Chain Standard (2011), and are as follows:

#### Category 3 Fuel and Energy-Related Activities

Well-to-tank emissions for natural gas and electricity purchased by PGB not yet included in Scope 1 and Scope 2 emissions<sup>1</sup>.

#### Category 10 Processing of Sold Products

Emissions resulting from the processing of PGB's nitrogen, oxygen and steam products by downstream customers.

#### Category 15 Investments

Emissions resulting from PGB's joint ventures and associate companies.

# Safeguard the Environment

## Climate Change Management

The Scope 3 categories are central to PGB's near-term management approach. Over the past three years, PGB has progressively strengthened Scope 3 data coverage, assessment methodologies and internal governance, improving visibility of emissions drivers across the value chain. This phased approach supports readiness for future target calibration while accounting for data availability, value chain engagement and evolving disclosure requirements.

Aligned with the requirements of the NSRF and IFRS S1 and S2, we will continue to disclose our material Scope 3 categories accordingly<sup>2</sup>. Following Bursa Malaysia's retraction of the disclosure requirements for Categories 6 and 7, these categories have been excluded in this reporting cycle, allowing us to focus on Scope 3 categories that are most material to us.

This disclosure enables us to assess the adequacy and effectiveness of our current efforts in managing GHG emissions across the value chain. In addition, incorporating carbon footprint assessments into our investment decisions has enabled our management to make informed choices to secure a sustainable, low-carbon business portfolio.

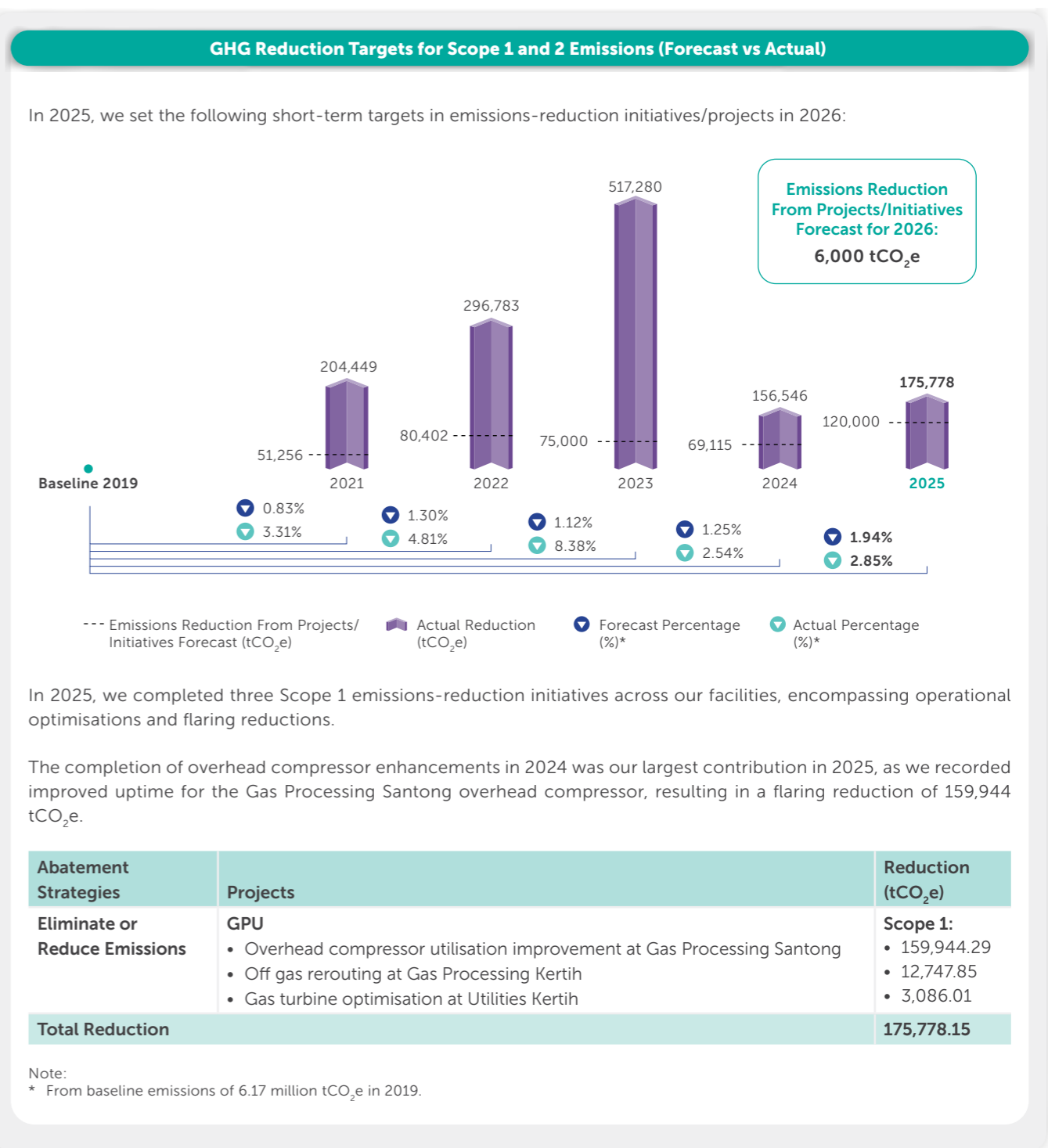
Notes:  
<sup>1</sup> PGB accounts for Category 3 emissions using DEFRA emission factors that include upstream emissions from fuel extraction, refining and transportation. As fuel consumed by PGB assets is processed through its own gas processing facilities, a slight overlap may occur between Category 3 and reported Scope 1 and Scope 2 emissions. PGB intends to adopt more specific emission factors as value chain reporting matures to improve boundary precision and minimise potential overlap.  
<sup>2</sup> Due to reliance on data from the value chain, the disclosure of Scope 3 emissions will shift by one reporting cycle to allow companies within the value chain to disclose their information prior to its use in our Scope 3 calculations.

Scope 1 Breakdown by GHG Type				
Pollutant (tonnes)	2023	2024	2025	Global Warming Potential (GWP)*
Carbon dioxide (CO <sub>2</sub> )	5,471,599.79	5,752,363.01	<b>5,233,335.84</b>	1
Methane (CH <sub>4</sub> )	14,670.71	14,112.66	<b>11,745.31</b>	25
Nitrous oxide (N <sub>2</sub> O)	70.42	70.76	<b>72.29</b>	298

Note:  
 \* GWP is a factor describing the radiative forcing impact of one mass-based unit of a given GHG relative to an equivalent unit of carbon dioxide. Hence, the higher the value, the higher the global warming impact of the specific type of GHG. Currently, our GWP factors are derived from the Fourth Assessment Report. For 2026 onwards, PGB will shift to GWP factors from the Sixth Assessment Report in alignment with the new PETRONAS Technical Standards Greenhouse Gas Emissions requirements.

In 2025, GPU recorded lower carbon dioxide emissions due to enhanced operational efficiency, cleaner fuel utilisation and flaring-reduction initiatives, as reflected in our improved GHG intensity. Our emissions decreased following the commissioning of a new Acid Gas Oxidiser (AGO) at GPS at the end of 2024, resulting in a significant reduction in methane emissions in 2025.

GTR recorded a 30% increase in methane emissions compared to 2024, primarily driven by non-routine emissions associated with the Putra Heights pipeline safety incident. Following the incident, extensive post-incident enhancements were carried out to stabilise the system and ensure uninterrupted operations and supply within the PGU pipeline network. These recovery and operational measures also led to higher carbon dioxide emissions than in 2024.



### Moving Forward

We will continue to strengthen climate risk management and emissions reduction efforts across our operations in line with evolving regulatory requirements and industry expectations. Emphasis will be placed on improving energy efficiency, enhancing emissions monitoring and supporting the transition to lower-carbon energy systems. We will also advance climate-related disclosures to ensure transparency and alignment with national and global standards.

# Safeguard the Environment

## Pollution Management

### Why It Matters

Protecting the environment is integral to how we operate and grow. As one of the major contributors to national development, we recognise that every operational decision we take may have significant environmental impact. With environmental challenges intensifying, stakeholders increasingly value organisations that demonstrate accountability and support sustainable ecosystems.

Our commitment to environmental stewardship is both a moral responsibility and a strategic advantage, reinforcing regulatory compliance, meeting stakeholder expectations and supporting resilient growth across our value chain. We take active steps to minimise pollution by optimising resource use and responsibly managing effluent and air emissions for future generations.

### Our Approach

#### Responsible Pollution Management Through Robust Frameworks

We remain committed to minimising pollution through the responsible management of effluent, air emissions and resource use across our operations. Guided by the PGB Health, Safety and Environment (HSE) Policy, we ensure that our environmental risks and hazards are effectively managed.

Our practices remain aligned with global and industry standards, including the International Organization for Standardization (ISO), Original Equipment Manufacturer (OEM) standards and other relevant regulatory frameworks. We further align our resource management efforts with UN SDG 12 (Responsible Consumption).

In addition, we reduce risks to levels "as low as reasonably practicable" (ALARP) by actively identifying environmental hazards, such as resource depletion and excessive effluent and emissions generation. This approach enables us to continue implementing the ongoing measures outlined below, which prevent pollution and protect the environment.

	Initiatives	Impacts
Resources	Condensate Water Recycling Through Customer Collaboration	Reduces water consumption
Pollution	Combustor Upgrading for Unit 1 Compressor (Segamat Compressor Station)	Improves air emission performance and enhances compliance with environmental standards
Air Emissions	Predictive Emission Monitoring System (PEMS)	Enables real-time and predictive monitoring of air emissions, allowing proactive identification and mitigation of potential abnormal readings and improving compliance and operational efficiency

### Enhancing Operational Sustainability Through Life Cycle Assessments

To monitor our environmental impact, we collaborated with the PETRONAS HSE Product Stewardship and Toxicology team to conduct Life Cycle Assessments (LCA) of our products from PGB facilities. The assessments are part of the ISO 14040/44 standards (Environmental Management: Life Cycle Assessment) and help us identify opportunities for pollution prevention by enhancing the efficient use of natural resources.

	GPK and GPS	GT	UK and UG	TSET
Products Assessed	<ul style="list-style-type: none"> <li>Sales gas (C1)</li> <li>Ethane (C2)</li> <li>Propane (C3)</li> <li>Butane (C4)</li> <li>Condensate (C5+)</li> <li>CO<sub>2</sub> (only for GPK)</li> </ul>	<ul style="list-style-type: none"> <li>Sales Gas</li> <li>LPG</li> <li>Ethane</li> <li>Propane</li> <li>Butane</li> <li>Condensate</li> </ul>	<ul style="list-style-type: none"> <li>Electricity</li> <li>Steam</li> <li>Demineralised water</li> <li>Cooling water</li> <li>Raw water</li> <li>Gaseous N<sub>2</sub></li> <li>Liquid N<sub>2</sub></li> <li>Liquid O<sub>2</sub> (UK only)</li> <li>Gaseous O<sub>2</sub> (UK only)</li> <li>Argon (UK only)</li> <li>Instrument air (UK only)</li> </ul>	<ul style="list-style-type: none"> <li>Propane (C3)</li> <li>Butane (C4)</li> <li>Liquefied Petroleum Gas (LPG)</li> </ul>

#### Products that have been assessed under the LCA study for Gas Transmission (GT):

##### Life Cycle Analysis



#### Air Emissions Management

To maintain compliance with the Environmental Quality (Clean Air) Regulations 2014 and proactively manage emissions, we continue to employ Continuous Emission Monitoring Systems (CEMS) and Predictive Emission Monitoring Systems (PEMS), supplemented by periodic air quality evaluations conducted by accredited third-party contractors. The CEMS allow us to monitor air emissions in real time and is integrated with the Department of Environment's Integrated Remote Monitoring System (iREMOTE) platform, with technical support from our GPU Technical Centre (GTC). This enables us to promptly identify and rectify any irregularities in emissions readings.

#### Upgrading of Combustor Unit at Compressor Station

As part of our ongoing efforts to manage air emissions across our operations, PGB completed the upgrade of a combustor for a compressor at the Segamat Compressor Station during the reporting period. The upgrade focused on improving combustion performance to support better control of air emissions during routine operations. The initiative was fully implemented as planned, with a total capital expenditure of RM38 million. This forms part of PGB's broader approach to strengthening air emissions management while maintaining compliance with applicable regulatory requirements.

## Safeguard the Environment

### Pollution Management

#### Resource Management

To reduce freshwater consumption, we have implemented a range of water efficiency and conservation initiatives. They include condensate water recycling through collaboration with neighbouring customers, rainwater harvesting to support daily operational needs, systematic rectification of water and steam leaks and enhancements to condensate recovery systems.

Collectively, these measures supported more efficient water use within operations, improved internal water reuse and reduced reliance on freshwater sources, contributing to PGB's approach to responsible water management across our facilities.

Key initiatives implemented during the reporting period include:

<b>Condensate Water Recycling Through Customer Collaboration</b>	Recycling condensate water through collaboration with customers by repurchasing and reusing condensate from supplied steam
<b>Rainwater Harvesting</b>	Installation of a rainwater harvesting system at GPK Green Scheduled Waste Yard for use in daily operations
<b>Water and Steam Leak Rectification</b>	Rectification of water and steam leaks to reduce water wastage and improve system efficiency
<b>Condensate Recovery to Minimise Freshwater Use</b>	Enhancement of condensate recovery through refurbishment of the UK Brine Reverse Osmosis (BRO) system to optimise condensate recovery and reduce freshwater use

#### Raw Materials (Chemicals) Usage (Annual Consumption in kg)

Unit	Type of Chemical	2023	2024	2025
Cooling Water	3DT 129	9,259	9,619	<b>13,942</b>
	3DT 199	3,960	3,290	<b>7,036</b>
	3DT 304	10,586	10,187	<b>19,433</b>
	GN8020	24,032	22,605	<b>21,254</b>
	N7330	12,816	14,842	<b>23,496</b>
	NX1103	14,137	13,867	<b>11,506</b>
	NX1104	12,976	12,697	<b>10,895</b>
	Sodium Hypochlorite	280,000	229,200	<b>12,573</b>
<b>Total</b>		<b>367,766</b>	<b>316,307</b>	<b>120,135</b>
Boiler Water	ELIMINOX	4,270	4,297	<b>8,759</b>
	HTP73614	20,568	17,850	<b>20,702</b>
	NA0660	5,171	4,888	<b>4,751</b>
	OS5300	5,359	5,121	<b>5,057</b>
	TriAct 1800	28,531	30,805	<b>55,700</b>
<b>Total</b>		<b>63,899</b>	<b>62,961</b>	<b>94,969</b>
<b>Grand Total</b>		<b>431,665</b>	<b>379,268</b>	<b>215,104</b>

#### Effluent Management

We are committed to the responsible management of industrial effluent, which is primarily generated at GPK, GPS, UK and RGTP facilities, in full compliance with the Environmental Quality (Industrial Effluent) Regulations 2009 (IER 2009). In addition, the discharges from our Industrial Effluent Treatment Systems (IETS) are closely monitored to meet the Department of Environment's Standard B limits.

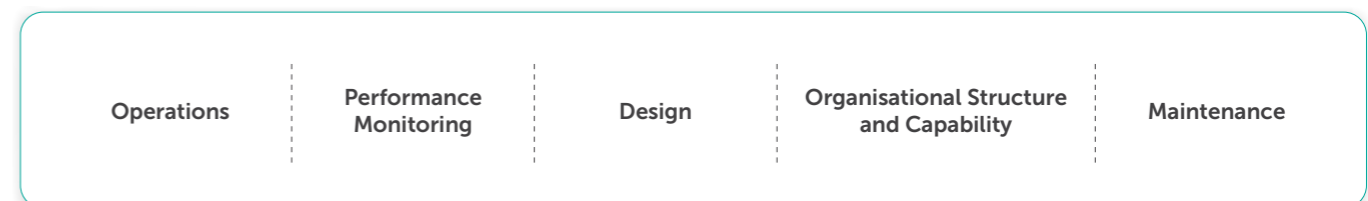
Regular performance assessments are carried out by a DoE-certified IETS-competent professional, with all results submitted through the DoE's Online Environmental Reporting (OER) system. We further strengthened the oversight of our effluent management through a combination of internal and independent laboratory analyses, supported by on-site online monitoring instruments, ensuring precise, reliable and verifiable management of final effluent discharges.

In 2025, we further conducted an analysis, as detailed in the following summary:

#### Situational Assessment for IETS GPU/GTR

PGB conducted a situational assessment of IETS and Sewage Treatment Systems (STS) across GPU and GTR operations to evaluate compliance with applicable requirements. The assessment was initiated by Group Health, Safety and Environment (GHSE), Gas Transportation Services (GTS) and the Gas and Maritime Business.

The assessment covered five key elements:



The assessment was conducted through data gathering, interviews and site assessments carried out between February and September 2025, referencing DoE and SPAN guidelines, PTS 18.72.04 Wastewater Management and relevant internal standard operating procedures. This is to provide a clear view of the compliance status of PETRONAS IETS and STS facilities and inform targeted actions to strengthen operational control, system performance and organisational capability in preparation for stricter enforcement under the amended Environmental Quality Act 1974.

#### Industrial Effluent Characterisation Study for PLNG2

In October 2025, we completed the Industrial Effluent Characterisation Study (IECS) for Pengerang LNG (TWO) Sdn. Bhd. (PLNG2) to establish a representative baseline of influent characteristics and determine the treatment requirements. The study was a recommendation from the situational assessment carried out in May 2025 as part of the GHSE initiative and in accordance with DoE regulations and guidelines.

The findings of the IECS require us to verify whether our existing IETS is subject to IER 2009 compliance. The study confirmed that PLNG2 is not subject to the IER 2009 under the First Schedule (List of Premises to which these regulations do not apply). Nevertheless, to ensure that any accidentally contaminated water or effluent is effectively managed, we recommend partially maintaining the current IETS equipment with certain exclusions.

# Safeguard the Environment

## Pollution Management

### Effluent Performance

The table below outlines the IETS discharges and COD levels across our plants from 2022 to 2025, including the respective discharge sites. All measurements complied with IER 2009 Standard B requirements.

Plant	Destination	Effluent Quality	2023	2024	2025
GPK	Sg. Kertih	Amount of Effluent Discharge (m <sup>3</sup> )	38,853.00	48,928.98	<b>37,293.36</b>
		COD Loading (tonnes)	3.32	3.46	<b>1.66</b>
GPS	Sg. Paka	Amount of Effluent Discharge (m <sup>3</sup> )	32,673.00	48,471.22	<b>44,193.95</b>
		COD Loading (tonnes)	0.98	1.35	<b>0.88</b>
UK	Sg. Kertih	Amount of Effluent Discharge (m <sup>3</sup> )	705,236.00	915,532.22	<b>706,633.34</b>
		COD Loading (tonnes)	25.22	32.24	<b>21.39</b>
RGTP	South China Sea	Amount of Effluent Discharge (m <sup>3</sup> )	0	0	<b>0</b>
		COD Loading (tonnes)	0	0	<b>0</b>
<b>Total</b>		Total Amount of Effluent Discharge (m <sup>3</sup> )	776,762.00	1,012,932.42	<b>788,120.65</b>
		COD Loading (tonnes)	29.52	37.05	<b>23.93</b>



### Effluent Compliance

We have established an internal threshold for specific parameters in GPU's IETS, which are below the Standard B limits under the IER 2009, enabling early detection of irregularities in the IETS process.

Additionally, we conduct routine monitoring of seawater and river conditions in accordance with the frequencies specified in the Environmental Management Plan (EMP). Together, these measures support our sustained record of zero incidents of non-compliance with discharge limits.

Incidents of Non-Compliance Related to Discharge Limits	2023	2024	2025
<b>Total</b>	0	0	<b>0</b>

### Air Emissions Management

To maintain compliance with the Environmental Quality (Clean Air) Regulations 2014 and proactively manage emissions, we continue to employ Continuous Emission Monitoring Systems (CEMS) and Predictive Emission Monitoring Systems (PEMS), supplemented by periodic air quality evaluations conducted by accredited third-party contractors.

The CEMS allow us to monitor air emissions in real time and are integrated with the Department of Environment's Integrated Remote and Monitoring System (iREMOTE) platform, with technical support from our GPU Technical Centre (GTC). This enables us to promptly identify and rectify any irregularities in emissions readings. As of 2025, we have installed 39 units of CEMS across our facilities.

### Air Emissions Performance

We actively monitor air emissions by measuring Nitrogen Oxides (NOx) and Sulfur Oxides (SOx) levels, as well as quantifying Volatile Organic Compound (VOC) emissions across all our facilities.



### Environmental Fines and Penalties

In 2025, we maintained our record of zero environmental fines and penalties and continued to meet all applicable environmental requirements.

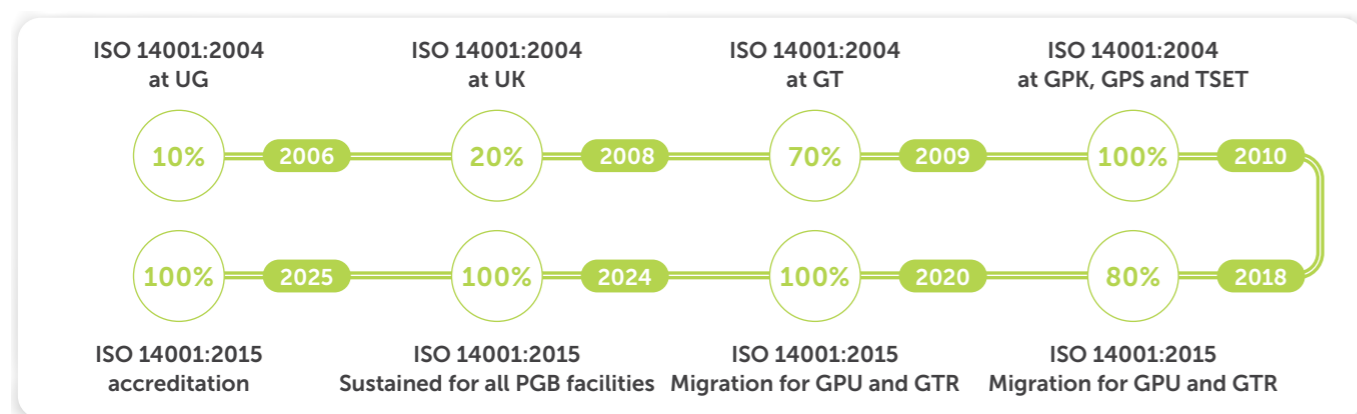
	2023	2024	2025
<b>Number of Environmental Fines and Penalties</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Environmental Fines (RM)</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Safeguard the Environment Pollution Management

### Demonstrating Environmental Excellence Through ISO Certification

Since 2006, we have progressively attained ISO certifications, beginning with Utilities Gebeng (UG) and Utilities Kertih (UK), achieving ISO 14001:2004 in 2008. The certification was subsequently expanded in 2010 to other facilities, including Gas Processing Kertih (GPK), Gas Processing Santong (GPS), Tanjung Sulong Export Terminal (TSET) and Gas Transportation (GT). We have since successfully transitioned to full certification under ISO 14001:2015.

As of 2025, 100% of our sites, including RGTSU and RGTP, maintained the ISO 14001:2015 accreditation, reflecting our commitment to efficient resource use and effective effluent and air emissions management in line with global sustainability standards. These certifications reinforce our competitive edge in the industry and strengthen our reputation with stakeholders.



### Upholding Standards Through Environmental Audits

RGTSU and RGTP conduct annual third-party environmental audits to assess the compliancy with Environmental Impact Assessment (EIA) requirements. These audits are carried out by DoE-registered auditors. The selected facilities also engage SIRIM auditors for annual independent limited assurance audits to maintain ISO 14001:2015.

### Driving Impact Through Environmental Collaborations

We continue to collaborate with local authorities, NGOs and other partners to support the preservation and sustainable management of ecosystems. Our initiatives have reinforced partnerships, enhanced community engagement and encouraged active participation among our people. On 4 October 2025, GPU collaborated with the Terengganu DoE to promote environmental awareness at the Terengganu State-Level World Ozone Day celebration by showcasing methane management innovations. The exhibition featured Leak Detection and Repair camera technology, drone-based leak detection and the phase-out of ozone-depleting R22 refrigerants.

#### Moving Forward

We will continue to strengthen pollution prevention and control measures across our operations by enhancing monitoring, improving operational practices and maintaining strict compliance with applicable regulatory and industry standards. Emphasis will be placed on minimising effluent discharges and air emissions, optimising resource use and reinforcing preventive controls to reduce environmental risks and safeguard surrounding ecosystems.

## Safeguard the Environment Waste Management

### Why It Matters

PGB maintains rigorous waste management practices to address the multiple streams of waste generated across its operations. This includes systematic handling, storage and disposal practices, enabling us to mitigate environmental risks, maximise material recovery and act as a catalyst for a circular economy. Our responsible waste management demonstrates our steadfast commitment to environmental protection while ensuring regulatory compliance at all our sites.

### Our Approach

#### Adopting a Systematic and Informed Approach

Our operations generate waste mainly through routine activities, maintenance tasks, shutdowns and turnaround activities. Responsible waste management is embedded into our HSE Policy and is implemented through a Waste Management Plan that is reviewed annually to align with best practices.

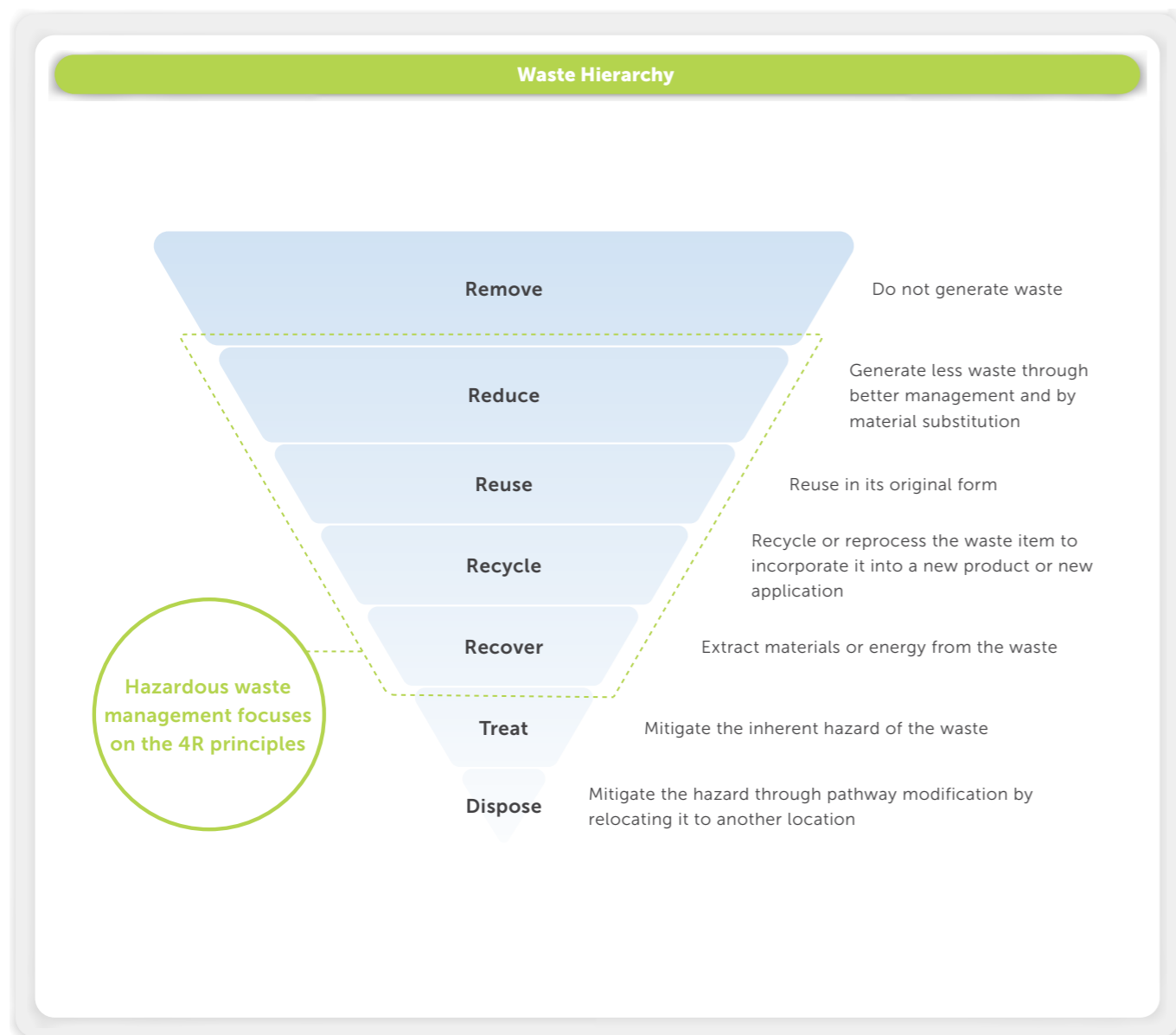
	Initiatives	Impacts
Hazardous Waste	Recovery of spent activated carbon	Reduces the resources required for the generation of new products
Non-Hazardous Waste	4R Campaign: Towards a Sustainable Environment (collection of used coveralls, clothes, toys and school uniforms)	Reduces waste disposed to landfills



# Safeguard the Environment

## Waste Management

We distinguish between hazardous and non-hazardous waste and apply handling approaches that meet the specific requirements of each category. Our strategy is anchored in the Waste Hierarchy, using the 4R principles of Reduce, Reuse, Recycle and Recover to set clear priorities and drive continuous improvement in waste management.



We use Environmental Aspect Impact (EAI) assessments as a core control within our Environmental Management System (EMS), aligned with ISO 14001:2015. We conduct these assessments across operations, maintenance, projects and turnarounds to identify and manage actual and potential waste-related impacts. Samples of typical waste outputs are outlined in the following table:

Activity	Inputs	Outputs
<b>Routine operations in wastewater treatment plants</b>	Activated carbon, chemicals, e.g. soda ash	Sludge waste, Spent activated carbon
<b>Machinery maintenance activities (Lube oil change-out)</b>	Lube oil	Spent lube oil
<b>Turnaround (Vessel cleaning)</b>	Water	Oil in water mixture

### Hazardous Waste Management

To meet local authority requirements, we engage licensed waste contractors registered with the Department of Environment (DoE) to manage hazardous waste. We perform third-party assurance reviews to confirm their ongoing compliance with environmental legislation.

We also monitor the Electronic Scheduled Waste Information System (eSWIS) developed by the DoE to track waste data from generation to treatment and disposal. This system streamlines processes and improves reporting accuracy to support effective and transparent waste management.

### Key Activities in Managing Hazardous Waste in 2025

- Recovery of Electrical and Electronic Waste**: PGB implemented an electrical and electronic waste recovery initiative from 26 October to 3 November 2025 to manage end-of-life electronic equipment generated through employee use and operational activities. The initiative formed part of PGB’s approach to handling electrical and electronic waste in accordance with environmental and regulatory requirements. Recoverable materials, such as metals and plastics, were channelled into manufacturing reuse streams, while hazardous components were disposed of in accordance with environmental regulations. Approximately 255.11kg of electrical and electronic waste was recovered and processed during the year, supporting landfill diversion and resource conservation.
- Recovery of Spent Lube Oil**: Building on the recovery practices implemented in prior years, spent lube oil generated from machinery maintenance activities continued to be recovered and processed through licensed recovery facilities in 2025. The spent oil was collected during scheduled maintenance activities and treated to remove contaminants before being refined into low-grade oil for reuse in automotive and machinery applications. This ongoing recovery process supported consistent management of hazardous waste while reducing reliance on new oil production. Approximately 361.24MT of spent lube oil was recovered through this process.
- Recovery of Spent Activated Carbon**: Consistent with practices established in previous years, spent activated carbon generated from wastewater treatment and other industrial processes continued to be managed through licensed recovery facilities for regeneration and reuse in 2025. The recovery process involved thermal or steam regeneration to restore adsorption capacity, followed by quality testing prior to reuse in applications such as water treatment and air purification. This approach supported the continued reduction of hazardous waste disposal and a more efficient use of raw materials. Approximately 160.68MT of spent activated carbon was regenerated during the year.
- Recovery of Oily Sludge**: Oily sludge generated from operational and maintenance activities, including sump pits and process units, was collected and treated to recover usable components where feasible. The waste was transferred to licensed facilities where recovery processes were applied, with non-recoverable residues disposed of in compliance with applicable environmental regulations. Approximately 67.61MT of oily sludge was recovered and processed, supporting resource recovery while ensuring responsible management of hazardous residues.
- Recovery of Spent Filter and Used Personal Protective Equipment**: Spent filters and used Personal Protective Equipment (PPE) were collected and managed to minimise environmental and health risks. These materials were segregated at the site level and transferred to licensed waste contractors for decontamination, treatment and disposal. Recoverable materials were processed where feasible, while non-recoverable waste was directed to secured disposal facilities. Approximately 371.90MT of spent filters and used PPE were managed in 2025, reducing reliance on secured landfills and supporting compliance with scheduled waste regulations.

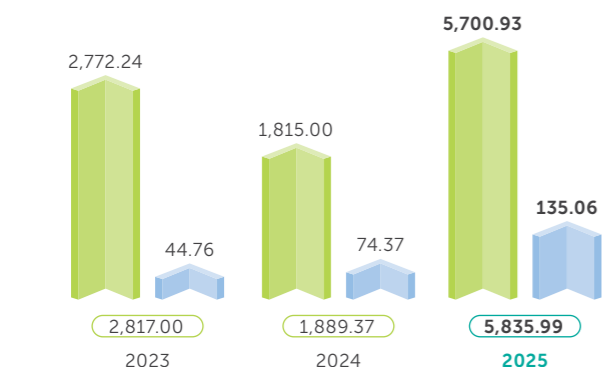
# Safeguard the Environment

## Waste Management

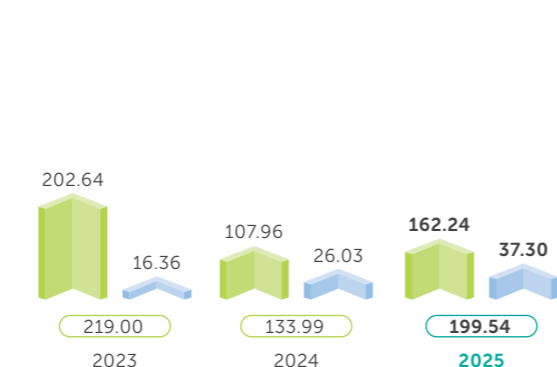
### Our Performance

#### Hazardous Waste Management

Quantity of Hazardous Waste Generated (MT)



Quantity of Hazardous Waste Disposed (MT)

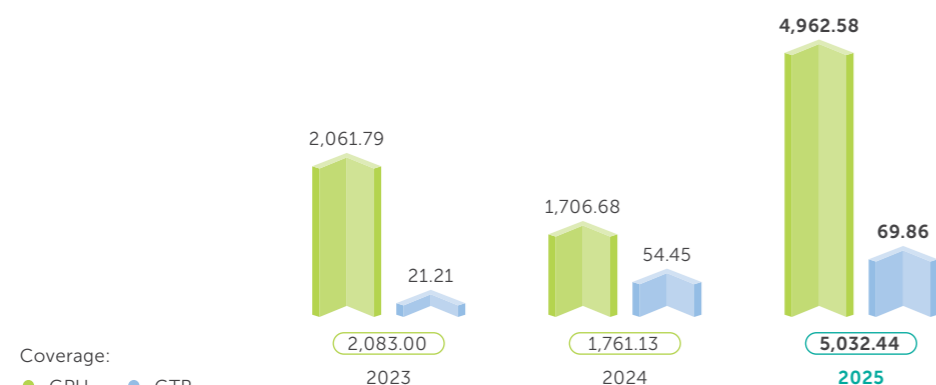


Coverage:  
● GPU ● GTR

#### Hazardous Waste Disposed by Disposal Operations (MT)

Type of Disposal Operation	GPU			GTR		
	2023	2024	2025	2023	2024	2025
Incineration with energy recovery	0	0	0	0	0	0
Incineration without energy recovery	191.11	87.39	102.41	14.01	19.30	27.08
Secured landfill	6.60	0	9.10	1.19	2.92	7.99
Other disposal operations (i.e. physical treatment, solidification)	4.93	20.57	50.73	1.16	3.81	2.23

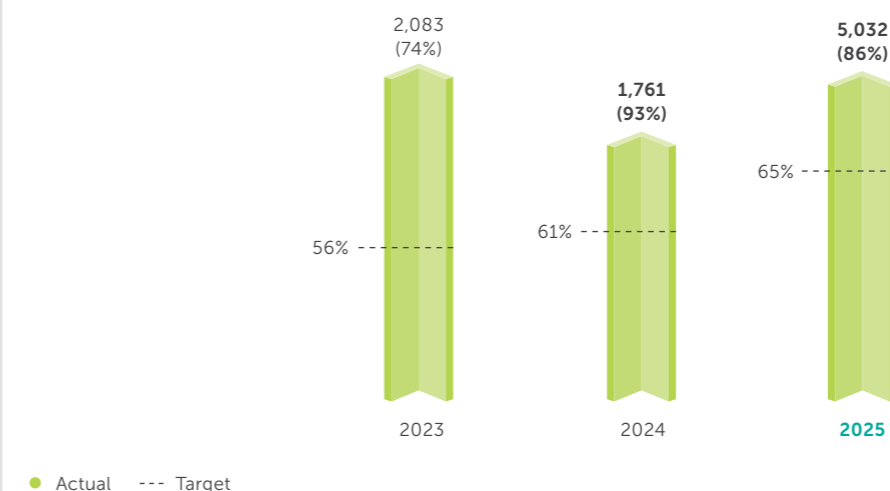
#### Hazardous Waste Diverted From Disposal by 4R Activities – Waste Recycled (MT)



Coverage:  
● GPU ● GTR

Type of Recovery Operation	GPU			GTR		
	2023	2024	2025	2023	2024	2025
Preparation for reuse	0	0	0	0	0	0
Internal recycling	0	0	0	0	0	0
Other recovery options – Third-party prescribed premises	2,061.79	1,706.68	4,962.58	21.21	54.45	69.86

#### Actual Against Target 4R



	2023	2024	2025
Target 4R (%)	56	61	65
Actual 4R (%)	74	93	86
Actual (MT)	2,083	1,761	5,032

Notes:  
In addition to complying with existing regulations, our efforts to reduce and avoid waste are guided by the year-specific targets that we set. These 4R targets increase every year, showcasing our commitment to sustainable operations. Preliminary targets are based on 2022 plans. A high actual 4R % is due to new 4R projects at our facilities. For long-term commitment and sustainability, we entered into a long-term contract with a 4R company.

In addition to our hazardous waste management efforts, we apply the same responsibility to the management of our non-hazardous waste. We have implemented a range of initiatives aimed at preventing waste generation and managing its associated impacts. Several of these initiatives are delivered through collaboration with other companies to extend their reach and effectiveness.

#### Key Activities in Managing Non-Hazardous Waste in 2025

##### GPU Free Market at Dewan Sivik Kertih

As part of our community well-being and development agenda, PGB once again organised the GPU Free Market at Dewan Sivik Paka on 22 March 2025, themed around sharing the spirit of Aidilfitri and supporting the local community. GPU staff volunteers from various departments organised this charity programme to support underprivileged communities in Paka and Kertih while promoting responsible consumption practices among employees. The initiative encouraged the 3Rs – Reuse, Reduce and Recycle – through the collection and redistribution of pre-loved items.

The charity programme strengthened engagement with communities near GPU operations and aligned with PETRONAS' positive social impact agenda. GPU staff collected and distributed donated items, including clothing, footwear, toys, books and household utensils. The event recorded a positive community participation, with attendees arriving before the opening and approximately 40% of items taken within the first hour.

Volunteers provided hands-on support to families and children throughout the event and helped with the distribution of items. Participants provided positive feedback and expressed interest in future programmes. The charity programme incurred a total expense of RM4,885, well below the approved budget.

The team identified opportunities to enhance future programmes, including staggered restocking of high-demand items, improved quality control of donations and potential collaboration with recycling partners to manage remaining items.

# Safeguard the Environment

## Waste Management

### 4R Campaign

PGB conducted the 4R Campaign from 9 to 18 November 2025 with active participation from the GPU workforce. To support awareness and participation, the organising team circulated digital email posters among the GPU fraternity to communicate the campaign objectives and collection arrangements. The campaign encouraged staff to donate coveralls, pre-loved clothing, toys and school uniforms in support of the *Kumpul, Kitar, Kongsi* initiative, which promotes collecting, recycling and sharing practices.

During the campaign period, GPU staff contributed a total of 256.80kg of clothing, bags and footwear. The organising team sorted the donated items and prepared them for redistribution through the Free Market Go Green Mushtari programme. By diverting usable textile items from disposal and channelling them for reuse, the initiative supported efforts to reduce textile waste sent to landfills while reinforcing recycling awareness among employees.

### Recycling Month in Conjunction With HSE Month 2025

PGB organised the Recycling Month in conjunction with HSE Month 2025, from 1 to 31 July, at the Segamat Operation Centre (SOC) and the Pasir Gudang Regional Office. The initiative aimed to promote environmental awareness among employees and encourage active participation in recycling activities across operational sites. During the campaign, employees collected a range of recyclable materials, reflecting engagement across multiple waste streams. The following summarises the items and quantities collected:



The programme increased employee participation in recycling initiatives and supported ongoing efforts to manage recyclable materials in a structured and measurable manner.

### Food Waste Recycling Initiative: Closing the Loop Through In-House Composting

In line with our commitment to circular resource management and waste minimisation, PGB has implemented an in-house food waste composting programme to divert pantry food scraps from landfills. This initiative also focuses on managing food waste at the source and converting organic waste into a usable output for our employees.

- Transforming Food Waste Into Usable Compost**  
 Food waste generated from office pantry areas, including fruit peels, vegetable offcuts and meal remnants, is processed using an on-site food composter. The composter applies controlled aeration, heat and microbial activity to convert organic waste into compost within a short processing cycle. This approach reduces the volume of food waste requiring off-site disposal.
- Supporting a Circular Resource System**  
 The compost produced through the programme is used for internal landscaping and distributed to employees for personal gardening and small-scale community planting activities. This internal reuse supports a closed-loop approach by returning processed organic waste to practical use rather than disposal.
- Encouraging Responsible Food Waste Practices Among Employees**  
 By involving employees in the separation of pantry food waste and providing access to the compost produced, the initiative reinforces responsible food waste management practices at the workplace. The programme also encourages employees to apply similar practices at home, extending awareness of food waste reduction beyond office operations.

#### Key Benefits

<b>Waste Diversion</b>	Significant reduction of food waste disposed to landfills
<b>Emissions Reduction</b>	Lower carbon footprint associated with organic waste breakdown
<b>Resource Recovery</b>	Conversion of waste into usable compost for staff and internal landscaping
<b>Employee Empowerment</b>	Enhanced sustainability mindset and engagement across the organisation
<b>Cost Efficiency</b>	Reduction of waste collection volumes and avoidance of external disposal fees

The food waste composting initiative demonstrates our commitment to circularity, resource efficiency and stakeholder engagement. By returning compost to employees, we extend sustainability practices beyond the organisation into the homes and communities of our people.

### Laman Hijau Campaign, Kertih RO

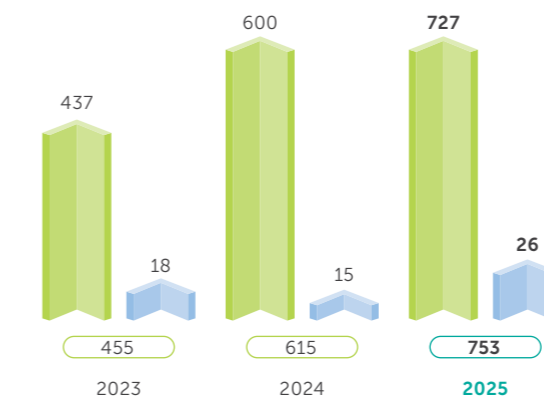
GTR launched the Laman Hijau Campaign at the Kertih RO on 28 July 2025. It was led by one of our project management teams, Consortium APID – comprising Asia Propel Sdn. Bhd., I Drill Pipelines Constructions Sdn. Bhd. and Prodigy World Solutions Sdn. Bhd. – and GTR. The campaign aimed to promote a greener and healthier work environment.

The initiative promoted the 3R programme by encouraging sustainable gardening practices through the use of recycled materials and repurposed items. Activities included vegetable and flower planting, plant tagging and team-based engagement activities. These activities supported environmental awareness, stress management and the reinforcement of a positive safety culture through teamwork and respect for nature.

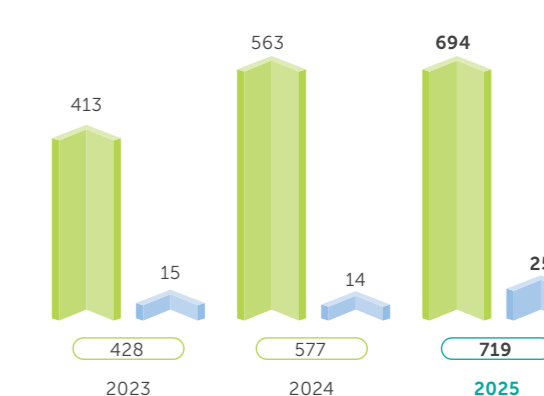


### Non-Hazardous Waste Management

Quantity of Non-Hazardous Waste Generated (MT)



Quantity of Non-Hazardous Waste Disposed (MT)



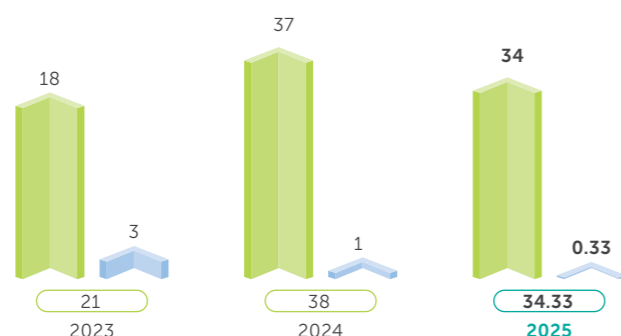
Coverage:  
 ● GPU ● GTR

#### Non-Hazardous Waste Disposed (Non-Recycled) by Disposal Operations (MT)

Type of Disposal Operation	GPU			GTR		
	2023	2024	2025	2023	2024	2025
Incineration with energy recovery	0	0	0	0	0	0
Incineration without energy recovery	0	0	0	0	0	0
Secured landfill	413	563	694	15	14	25
Other disposal operations	0	0	0	0	0	0

## Safeguard the Environment Waste Management

### Non-Hazardous Waste Diverted From Disposal – Waste Recycled (MT)



Coverage:  
● GPU ● GTR

Type of Recovery Operation	GPU			GTR		
	2023	2024	2025	2023	2024	2025
Preparation for reuse	0	0	0	0	0	0
Internal recycling	18	37	34	3	1	0.33
Other recovery options	0	0	0	0	0	0

### Total of Hazardous Waste and Non-Hazardous Waste (MT)

	2023	2024	2025
Total waste generated	3,272.00	2,504.56	6,588.99
Total waste diverted from disposal (4R)	2,104.00	1,799.13	5,066.77
Total waste directed to disposal	647.00	710.99	918.54

#### Moving Forward

We will continue to review and enhance our Waste Management Plan to ensure effective waste management and regulatory compliance. We will also strengthen waste reduction, recycling and recovery initiatives across our operations to minimise environmental impact and support responsible resource use.

## Safeguard the Environment Water Management

### Why It Matters

The growing scarcity of water resources presents a critical challenge with far-reaching impacts on health, food systems and economic stability. To address this, we continue to strengthen comprehensive water management practices throughout our organisation.

With increasing demand and climate-related pressure on water supply, we are embedding responsible water use strategies into decision-making processes and operational practices. Our initiatives aim to strengthen resource stewardship while supporting resilient infrastructure for future generations.

### Our Approach

#### Delivering Sustainable Water Management

Our Health, Safety and Environment (HSE) Policy provides the framework for water reduction measures across our operations. We remain fully compliant with the PETRONAS Guidelines on Water Practices and the Technical Standard (PTS) for Wastewater and Water Management.

These standards apply across our water management infrastructure, including cooling water, ion exchange, reverse osmosis, electrode ionisation, steam generation and condensate water. In addition, the standards cover handling sludge, treating and discharging wastewater, and implementing comprehensive water recycling practices.

At all GPU sites, we maintain robust water management plans aligned with PTS requirements, incorporating condensate return systems, Brine Reverse Osmosis (BRO) facilities and water recycling frameworks to enhance operational performance and sustainability outcomes.



# Safeguard the Environment

## Water Management

### Managing Water Resources and Consumption

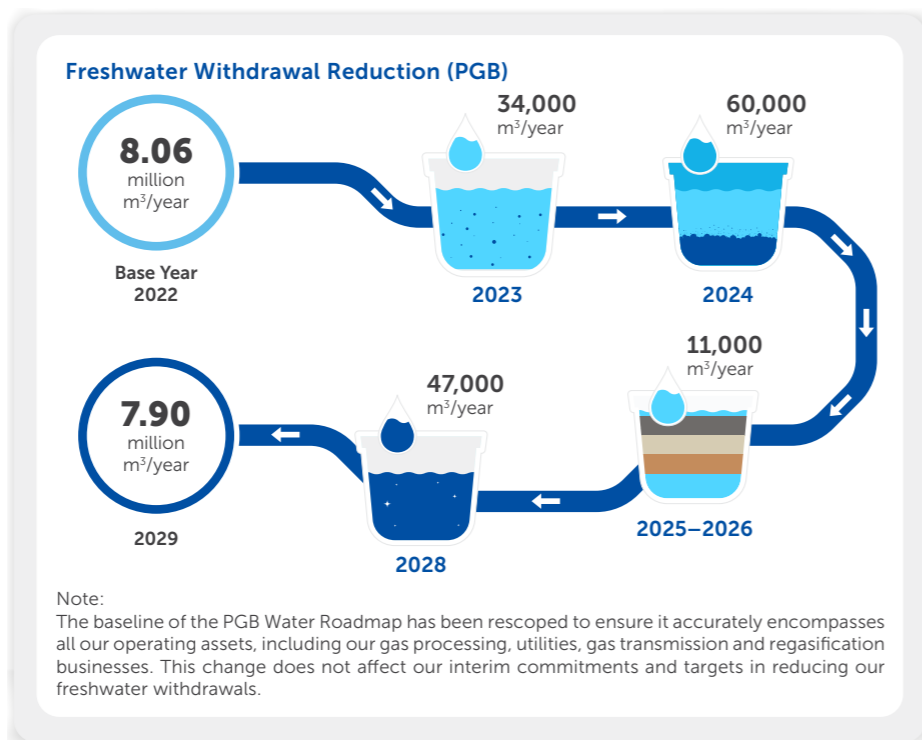
We source the majority of our freshwater from municipal potable water, while adopting strategies to reduce reliance on freshwater wherever possible. In practice, we utilise seawater at both our regasification terminals, RGTSU and RGTP, to heat LNG and convert it back to its gaseous form for commercial distribution.

We also regulate and monitor the temperature of discharged seawater to protect marine ecosystems. Additionally, we avoid water withdrawal for power generation by using electricity supplied by our gas turbines and rooftop solar panels.

### Reducing Freshwater Withdrawal: PGB Water Roadmap

We continue to implement deliberate measures to responsibly manage our water resources. The PGB Water Roadmap (2023–2029) outlines our approach to sustainable water management, establishing progressive annual reduction targets for freshwater withdrawal.

With total freshwater withdrawal recorded at 8.06million m<sup>3</sup> per year in 2022, we remain committed to gradually reducing this figure to 7.90million m<sup>3</sup> per year by 2029, while also targeting a reduction of 43,800m<sup>3</sup> per year for freshwater withdrawal in water-stressed regions by 2028.



### Ensuring Water Integrity and Compliance

Our initiatives are aimed at reducing freshwater withdrawal and improving water-use efficiency. We focus on optimising operational processes to enhance the cycle of concentration within the boiler water system, besides identifying and rectifying water and steam leaks within the network. These efforts are supported by our ongoing water-recycling and conservation measures that help manage total consumption.

Our wastewater management practices remain rigorous and aligned with regulatory requirements. This includes monitoring Chemical Oxygen Demand (COD) levels, an indicator of organic pollutants that can deplete oxygen levels in receiving water bodies.

In addition to COD, we monitor temperature, ammonia, free residuals and pH to ensure that all treated wastewater satisfy the Level 3 requirements of the PTS for Wastewater Management and the Standard B limits prescribed under the Environmental Quality (Industrial Effluent) Regulations 2009 (IER 2009).

To mitigate ecological risks that could arise from discharge into enclosed water bodies, we release treated effluent only into open water bodies, such as rivers and marine environments. These receiving waters are monitored regularly in accordance with our Environmental Management Plan (EMP), which incorporates risk assessments to identify and address potential environmental impacts.



Our wastewater management practices remain rigorous and aligned with regulatory requirements.

### Reducing Freshwater Withdrawal Through Strategic Local and Global Initiatives

PGB has implemented measures to minimise freshwater consumption, in alignment with PETRONAS’ sustainability commitments and global water stewardship standards:

Local Initiative	Water Initiative Roadmap	Global Initiative	Alliance for Water Stewardship (AWS) Framework
	<ul style="list-style-type: none"> <li>We have developed a comprehensive roadmap comprising multiple initiatives aimed at reducing freshwater withdrawal and overall water usage.</li> <li>As of the end of 2025, the projects planned under the roadmap are expected to reduce water consumption by 99,100m<sup>3</sup>.</li> </ul>		<ul style="list-style-type: none"> <li>Through PETRONAS’ Gebeng Action Plan, we actively promote responsible water use and collective action at the catchment level.</li> <li>As part of this programme, we work closely with various external stakeholder groups, including government and regulatory bodies, state-owned and local agencies, industrial facility providers and other relevant stakeholders such as site employees and local communities. These collaborations aim to strengthen water governance, improve shared water security and ensure compliance with international stewardship standards.</li> </ul>
	<b>Brine Reverse Osmosis (BRO) System Update</b> <ul style="list-style-type: none"> <li>We have refurbished the BRO system at Utilities Kertih (UK), which has significantly improved condensate recovery efficiency and minimised our freshwater consumption.</li> </ul>		

### Collaboration With External Parties

Category	Stakeholder
Government and Regulatory Bodies	National Water Resource Council (NWRC)
	Suruhanjaya Perkhidmatan Air Negara (SPAN)
	National Water Services Commission
	Department of Environment (DoE) Pahang
	Badan Kawal Selia Air (BKSA) Pahang
State-Owned and Local Agencies	Pengurusan Air Pahang Berhad
	Department of Irrigation and Drainage (DID), Malaysia
	Pahang Water and Energy Resources Sdn Bhd
Other Key Stakeholders	Pahang Corporation
	Perbadanan Kemajuan Negeri Pahang (PKNP)
Companies	Bauxite mines
	Site employees
	Residential communities (Beserah, Kampung Hulu Balok, Balok Perdana, Taman Balok Makmur, Taman Balok Putra)
	Lynas Advance Material Plant
	South Pacific Chemical Industries Sdn Bhd
	RP Chemical (Malaysia) Sdn Bhd
	Cargill Palm Products Sdn Bhd
	Borsig Boiler System Sdn Bhd
	Vibrant Waves Sdn Bhd
	BASF PETRONAS Chemicals Sdn Bhd
	Propane Dehydrogenation (PDH)
Polyplastics Asia Pacific Sdn Bhd	
Kaneka Malaysia Sdn Bhd	

# Safeguard the Environment

## Water Management

### Collaborative Water Management Initiatives

We collaborate with strategic partners and stakeholders to strengthen water management across operations, catchments and water-stressed areas through shared resource strategies and coordinated actions.

**Shared Water Streams**

- We are exploring opportunities to reuse treated wastewater from other companies operating at the same sites in the Kertih and Gebeng areas.
- Both UK and Utilities Gebeng (UG) have partnered with neighbouring customers, such as INEOS PCG Acetyls Sdn Bhd (IPASB) and PETRONAS Chemicals Ammonia Sdn Bhd (PCASB), to recycle condensate water by repurchasing and reusing condensate from supplied steam, which reduces freshwater withdrawal.
- The purchased condensate is integrated into the system to support utility production and is subsequently supplied back to the customer.


**Collaboration Initiatives for Freshwater Source Quality Enhancement**

- We actively promote community-based initiatives to improve water quality and support sustainable freshwater management, including mudball activity.
- This initiative introduces eco-friendly mudballs containing beneficial microorganisms into rivers and water bodies to break down organic pollutants, reduce sludge and restore the natural balance of aquatic ecosystems.
- By enhancing upstream water conditions, the activity helps maintain cleaner water sources, reduces the need for extensive freshwater treatment and safeguards catchment health.
- On 23 June 2025, a mudball activity was conducted at Tasik Taman Bandar Kuantan, Pahang, through a joint effort between stakeholders and PGB employees. The programme included environmental awareness briefings, hands-on mudball preparation, the releasing of mudballs into the lake and a lakeside clean-up, reinforcing collective action towards ecosystem restoration, environmental education and community engagement.


**Stakeholder Engagement in Water-Stressed Areas**

- We actively engage state-level stakeholders to address recurring water supply interruptions affecting Gebeng, Pahang.
- During the reporting period, we conducted a series of in-person engagements with Pengurusan Air Pahang Berhad (PAIP) and Badan Kawal Selia Air Pahang to discuss both short-term mitigation measures and longer-term solutions to manage water supply in the region.
- These engagements support coordinated planning, improve alignment on response measures and contribute to strengthening water supply reliability in a water-stressed catchment.


**Our Performance**



Reduced freshwater withdrawals by **2,500,000m<sup>3</sup>** through water reduction initiatives



Improved water intensity for **GP by 7.5%** throughout the year



Achieved full compliance with **zero fines** and recorded zero incidents of non-compliance

**Freshwater Withdrawals**

In 2025, we recorded a significant decrease in municipal freshwater withdrawals, primarily due to the refurbishment of the BRO unit at UK. The upgraded BRO unit improved condensate recovery and facilitated scheduled plant shutdowns, reducing operational water demand.

Municipal Freshwater Withdrawal <sup>1</sup> by Location (million m <sup>3</sup> )	2023	2024	2025
GTR	0.63	0.43	<b>0.14</b>
GPU	7.63	7.57	<b>6.93</b>
<b>Total</b>	<b>8.26</b>	<b>8.00</b>	<b>7.07</b>

Water Withdrawal <sup>1</sup> by Source (million m <sup>3</sup> )	2023	2024	2025
Surface water from rivers, lakes, natural ponds	0	0	<b>0</b>
Groundwater from wells, boreholes	0	0	<b>0</b>
Used quarry water collected in the quarry	0	0	<b>0</b>
Municipal potable water	8.26	8.00	<b>7.07</b>
External wastewater	1.95	3.39	<b>3.13</b>
Harvested rainwater	0.000254	0.000028	<b>0.00028</b>
Seawater, water extracted from the sea or ocean	109	125	<b>97.31</b>
<b>Total</b>	<b>119.21</b>	<b>136.39</b>	<b>107.51</b>

Note:  
<sup>1</sup> Water withdrawal represents the total amount of water withdrawn from surface water or groundwater sources.

# Safeguard the Environment

## Water Management

### Freshwater Intensity

GP Freshwater Intensity (m <sup>3</sup> /tonne production)	2023	2024	2025
Q1	0.1975	0.2037	<b>0.2193</b>
Q2	0.2107	0.1791	<b>0.2056</b>
Q3	0.2205	0.2063	<b>0.2018</b>
Q4	0.1851	0.1981	<b>0.2170</b>
<b>Total Average Per Year</b>	0.2024	0.1968	<b>0.2109</b>
<b>Limit/Target</b>	0.2890	0.2890	<b>0.2890</b>

UT Freshwater Intensity (m <sup>3</sup> /tonne production)	2023	2024	2025
Q1	0.4262	0.4588	<b>0.3789</b>
Q2	0.4730	0.3769	<b>0.4556</b>
Q3	0.4418	0.3946	<b>0.4535</b>
Q4	0.4593	0.4752	<b>0.4557</b>
<b>Total Average Per Year</b>	0.4503	0.4264	<b>0.4334</b>
<b>Limit/Target</b>	0.5200	0.5200	<b>0.5200</b>

### Water Discharge

Water Discharge by Destination (million m <sup>3</sup> )	2023	2024	2025
Ocean total discharge	109.00	125.00	<b>97.36</b>
Surface water total discharge	4.15	2.99	<b>2.48</b>
Subsurface/Well total discharge	0	0	<b>0</b>
Off-site water treatment total discharge	0	0	<b>0</b>
Beneficial/Other use total discharge	0	0	<b>0</b>
<b>Total</b>	113.15	127.99	<b>99.84</b>

### Water Consumption

In 2025, we achieved a significant reduction in water consumption, driven by two key initiatives. The refurbishment of the BRO unit at UK enhanced the efficiency of condensate recovery, which reduced the reliance on freshwater resources. Additionally, scheduled plant shutdowns at GPK and GPS further contributed to lowering operational water demand during the year.

Water Consumption at All Sites by Source (million m <sup>3</sup> )	2023	2024	2025
Total	4,168	4,543	4,538

### Water Consumption Intensity for Power Generation

Power Generation Water Withdrawal/Consumption Intensity by Source (m <sup>3</sup> /MWh)	2023	2024	2025
Total	0	0	0

### Water Withdrawal and Consumption at Water-Stressed Regions

We maintain proactive water management practices that improve water efficiency at our two assets, the UG operational site and the RGTSU site office, located in water-stressed regions. We continue to pursue strategies to optimise water efficiency, safeguarding our access to clean water.

Costing Category	Cost (RM)	Remarks
Costs associated with water-related risks	0	No expenses were incurred for water purchase or transportation, as there was no recurrence of a water crisis in the area in 2025.
Investment in R&D to mitigate water-related risks	296,995	The investment supported an Environmental Resource Management (ERM) study aimed at developing an action plan for UG. The study focused on site location, water sources and infrastructure, addressing critical challenges such as water availability, quality and system constraints. The key outcomes include recommendations to improve water management through enhanced water use efficiency, rainwater harvesting initiatives and the development of a comprehensive stormwater management plan.

Water Withdrawal/Consumption at Water-Stressed Regions	2023	2024	2025
<b>UG</b>			
Water withdrawal (million m <sup>3</sup> )	1.238	1.283	<b>1.306</b>
Water consumption (million m <sup>3</sup> )	0.720	0.693	<b>0.876</b>
Percentage of water consumption (%)	58	54	<b>67</b>
<b>RGTSU</b>			
Water withdrawal (million m <sup>3</sup> )	0.001	0.002	<b>0.01</b>
Water consumption (million m <sup>3</sup> )	0.000	0.000	<b>0.000</b>
Percentage of water consumption (%)	0	0	<b>0</b>
<b>Total (million m<sup>3</sup>)</b>	1.959	1.978	<b>2.192</b>

Note:  
The percentage of water consumption is calculated based on the amount of water consumed out of the total water withdrawn.

### Wastewater Discharge and COD Loading

Wastewater Discharge by Location (m <sup>3</sup> )	2023	2024	2025
GPK (Sg. Kertih)	38,853.38	48,928.98	<b>37,293.36</b>
GPS (Sg. Paka)	32,673.17	48,471.22	<b>44,193.95</b>
UK (Sg. Kertih)*	705,232.14	915,532.22	<b>706,633.34</b>






Note:  
\* The wastewater discharge from UK is inclusive of the treated effluent from other plants (customers).

Wastewater COD Loading (tonnes)	2023	2024	2025
GPK	3.32	3.46	<b>1.66</b>
GPS	0.98	1.35	<b>0.88</b>
UK	25.22	32.24	<b>21.39</b>
RGTP	0.00	0.00	<b>0.00</b>

## Safeguard the Environment Water Management

### Water Conservation Initiatives in 2025

Our facilities across various business segments have implemented tailored water management approaches to align with operational needs and sustainability goals. The execution of strategic initiatives throughout PGB has resulted in a 2,650,000m<sup>3</sup> per year reduction in freshwater withdrawal. This achievement underscores our commitment to conserving natural resources and meeting the water reduction targets set for 2025.

 <p><b>Improving Boiler Efficiency to Reduce Blowdown</b></p>	<ul style="list-style-type: none"> <li>Improved the boiler cycle of concentration from 10 to 35 cycles in UK and UG, reducing boiler blowdown and water consumption.                     <ul style="list-style-type: none"> <li>In 2023, UK further increased the cycle of concentration to 40 cycles, achieving an annual water savings of 30,344m<sup>3</sup> across both plants.</li> <li>In 2024, GPK increased its boiler cycle of concentration from 80 to 120 cycles, resulting in water savings of 56,000m<sup>3</sup> per year.</li> </ul> </li> <li>In 2025, UK further increased the boiler cycle of concentration for the heat recovery steam generator for blowdown from 10 to 60 cycles, resulting in water savings of 2,795.74m<sup>3</sup> across the plant.</li> </ul>
 <p><b>Expanding Condensate Recycling Through Customer Collaborations</b></p>	<ul style="list-style-type: none"> <li>Partnered with neighbouring customers to recycle condensate water through UK and UG by repurchasing and reusing condensate from supplied steam.</li> <li>In 2025, this initiative delivered 2,515,940.88m<sup>3</sup> of water savings at the UK and UG facilities.</li> </ul>
 <p><b>Implementing Rainwater Harvesting</b></p>	<ul style="list-style-type: none"> <li>Integrated rainwater harvesting technology with a storage capacity of 3,000 litres at the GPK Green Scheduled Waste Yard.</li> <li>In 2025, a total of 28,800 litres of harvested rainwater was utilised for daily operations.</li> </ul>
 <p><b>Detecting and Rectifying Leaks for Water and Steam Savings</b></p>	<ul style="list-style-type: none"> <li>Rectified 28 out of 36 water leaks (78%) and 131 out of 163 steam leaks (80%), reducing water wastage and improving system efficiency.</li> </ul>
 <p><b>Upgrading Condensate Recovery Systems to Minimise Freshwater Demand</b></p>	<ul style="list-style-type: none"> <li>Refurbished the BRO system at UK to maximise condensate recovery, achieving an annual reduction of 65,305m<sup>3</sup> in freshwater consumption.</li> </ul>

### Moving Forward

Looking ahead, our focus will remain on safeguarding asset integrity to optimise water utilisation and minimise wastage. We plan to further strengthen monitoring systems, allocate additional resources for leak rectification and equip employees with proactive leak management skills to achieve an improved rectification rate in 2026. By continuously embracing innovation and setting industry-leading standards, we aim to conserve resources and protect the environment for future generations.

## Safeguard the Environment Biodiversity Management

### Why It Matters

A significant share of the planet's biodiversity faces escalating threats from human-driven activities, such as pollution, overexploitation of natural resources, deforestation and other disruptions to natural habitats and ecological balance. As a leading organisation in the energy sector, we recognise the vital need to embed sustainable practices that protect biodiversity and support the long-term resilience of our ecosystems.

Failing to integrate biodiversity considerations into our corporate strategy could lead to operational disruptions, increased regulatory and public scrutiny and significant reputational risks. In alignment with our broader climate commitments, we remain dedicated to conserving biodiversity, focusing on safeguarding endangered species and the ecosystems that sustain them in the regions where we operate.

### Our Approach

#### Reaffirming Our Position on Nature and Biodiversity

We reaffirm our commitment to supporting Malaysia's nature and biodiversity agenda. Our biodiversity management efforts remain fully aligned with the new PETRONAS' Position on Nature and Biodiversity, a cornerstone of the Group's Sustainability Approach.

The Position sets out five key focus areas, each backed by clear commitments to ensure our operations and new business ventures respect, protect and enhance biodiversity and natural ecosystems, in line with global best practices such as The Global Biodiversity Standard and the Convention on Biological Diversity's Global Biodiversity Framework.



# Safeguard the Environment

## Biodiversity Management

### Establishing Voluntary Exclusion Zones

- We recognise the Universal Value<sup>1</sup> of UNESCO World Heritage Sites and commit to not conduct any new operations or projects in these sites.

### Managing Nature and Biodiversity Risk

- For new projects in Protected Areas<sup>2</sup> (PAs) and Key Biodiversity Areas (KBAs), we aim to achieve net positive impact on nature and biodiversity and develop Biodiversity Action Plans.
- For our existing sites, we will develop Biodiversity Action Plans for Very High and High Risk sites and establish site-specific inventories of important biodiversity features.

### Promoting Nature and Biodiversity Through Partnerships and Collaborations

- We support local nature and biodiversity conservation initiatives to safeguard and enhance ecosystems, habitats and endangered species in Malaysia and/or in countries where we operate.
- We continue to participate in relevant initiatives and partner with credible organisations to leverage global best practices, international frameworks and standards.

### Supporting Public Policy that Aims to Protect Nature and Biodiversity

- We support the objectives of the Kunming–Montreal Global Biodiversity Framework and recognise the policies and ambitions on nature and biodiversity in the countries where we operate, including Malaysia’s National Policy on Biological Diversity.

### Promoting High-Quality Nature-Based Climate Solutions

- Protecting nature and biodiversity is an integral part of nature-based carbon offset strategies for addressing remaining hard-to-abate emissions and delivering PETRONAS’ Commitment to NZCE 2050 Pathway.
- Where appropriate, we actively explore and invest in high-quality nature-based climate solutions anchored in reputable, internationally recognised certification standards.

Notes:

<sup>1</sup> Outstanding Universal Values means cultural and/or natural significance which is so exceptional so as to transcend national boundaries and to be of common importance for present and future generations of humanity (Source: UNESCO World Heritage Centre – Compendium).

<sup>2</sup> Mapping of new projects to PAs and KBAs is conducted via a BES Screening exercise utilising the IBAT.

### Biodiversity and Ecosystem Services Assessment

We continue to uphold our commitment to minimising the biodiversity impact of our operations while conserving the benefits provided by surrounding ecosystems.

Our efforts include conducting assessments and utilising recognised tools to evaluate sites, identify biodiversity-related risks and implement effective mitigation measures in line with global best practices.

#### Inventory for Important Biodiversity Features

An inventory is carried out on an as-needed basis to provide baseline data for future monitoring of Very High-risk and High-risk operations, particularly where gaps in mitigation measures are identified as part of ongoing assessments to evaluate operational footprints and their impacts on nature and biodiversity within the surrounding area.

#### Biodiversity and Ecosystem Services (BES) Screening for New Operations

Integrating nature and biodiversity into new projects and investments begins with the BES screening process, which is location-specific. The screening is used to determine whether a proposed project or investment is situated within a UNESCO World Heritage Site, a Protected Area (PA) or a Key Biodiversity Area (KBA). In line with the Mitigation Hierarchy, the first priority is to avoid selecting project locations within these sensitive areas. To support this process, the Integrated Biodiversity Assessment Tool (IBAT), a web-based mapping and reporting platform, is utilised to identify potential biodiversity features, including PA, KBA and the presence of species listed on the IUCN Red List.

#### Integrated Biodiversity Assessment Tool

The IBAT provides access to a centralised global dataset on biodiversity, including information on PAs, KBAs and the IUCN Red List of Threatened Species. This tool allows us to adopt fact-based decision-making to manage biodiversity risks and impacts effectively.

#### Biodiversity and Ecosystem Services Risk Assessment (BESRA) for Existing Projects

Existing operations shall undergo a BESRA, which involves a three-step process. The first step, risk profiling, is the initial identification of potential BES risks. This step is followed by risk validation, where identified risks are assessed and verified. The final step, risk management, involves developing and implementing measures to address validated risks.

BESRA is conducted to identify and assess BES risks in areas where we operate, evaluate potential impacts of operational activities on BES and understand and effectively manage dependencies.

#### Environmental Impact Assessments (EIAs)

EIAs are central to our commitment to sustainable operations, enabling us to identify, evaluate and manage the ecological consequences of our activities, including impacts on local flora, fauna and ecosystems.

#### Environmental Aspect and Impact (EAI)

In alignment with the ISO 14001:2015 framework, we adopt an EAI approach to identify and evaluate the environmental risks and opportunities associated with our activities, products and services. Environmental aspects are elements of our operations that interact with the environment, while environmental impacts are the resulting changes, whether adverse or beneficial, to environmental conditions.

# Safeguard the Environment

## Biodiversity Management

### Inventory for Important Biodiversity Features: Understanding the Nature and Biodiversity Ecosystems in the Areas Where We Operate

To monitor ecosystem health and understand changes within the area over time, PGB undertakes periodic inventories with external consultants and academic subject matter experts. In 2010 and 2022, we carried out inventories within the PETRONAS Petroleum Industry Complex (PPIC) operations area, covering our assets, GPK, GPS, TSET and UK facilities, in Kerteh, Terengganu.

These inventories cover key habitats, such as hill forests, coastal sandy beaches, freshwater swamps, man-made lakes, mangroves and the riparian areas of Sungai Kertih. A broad range of flora and fauna groups is assessed, including fish, avifauna (birds), herpetofauna (reptiles and amphibians) and arthropods (insects). The 2022 inventory showcased an overall increase in species groups within and around our facilities.

PPIC Inventory

Category	Methodology	2010	2022
Flora	Transect surveys	190	286
Mammals	Point count (Direct observation)	7	10
Avifauna (Birds)	Point count (Direct observation)	123	122
Fish (Swamp and Man-Made)	Casting, gill nets and interview	17	18
Fish (Sg. Kertih)	Casting, gill nets and interview	9	13
Herpetofauna (Reptiles and Amphibians)	Active searching and direct observation	14	32
Arthropods	Deployment of traps (Pitfall, light trap, pheromone, ovitrap, etc.)	10*	14*

Note:  
\* The numbers represent orders, not species.



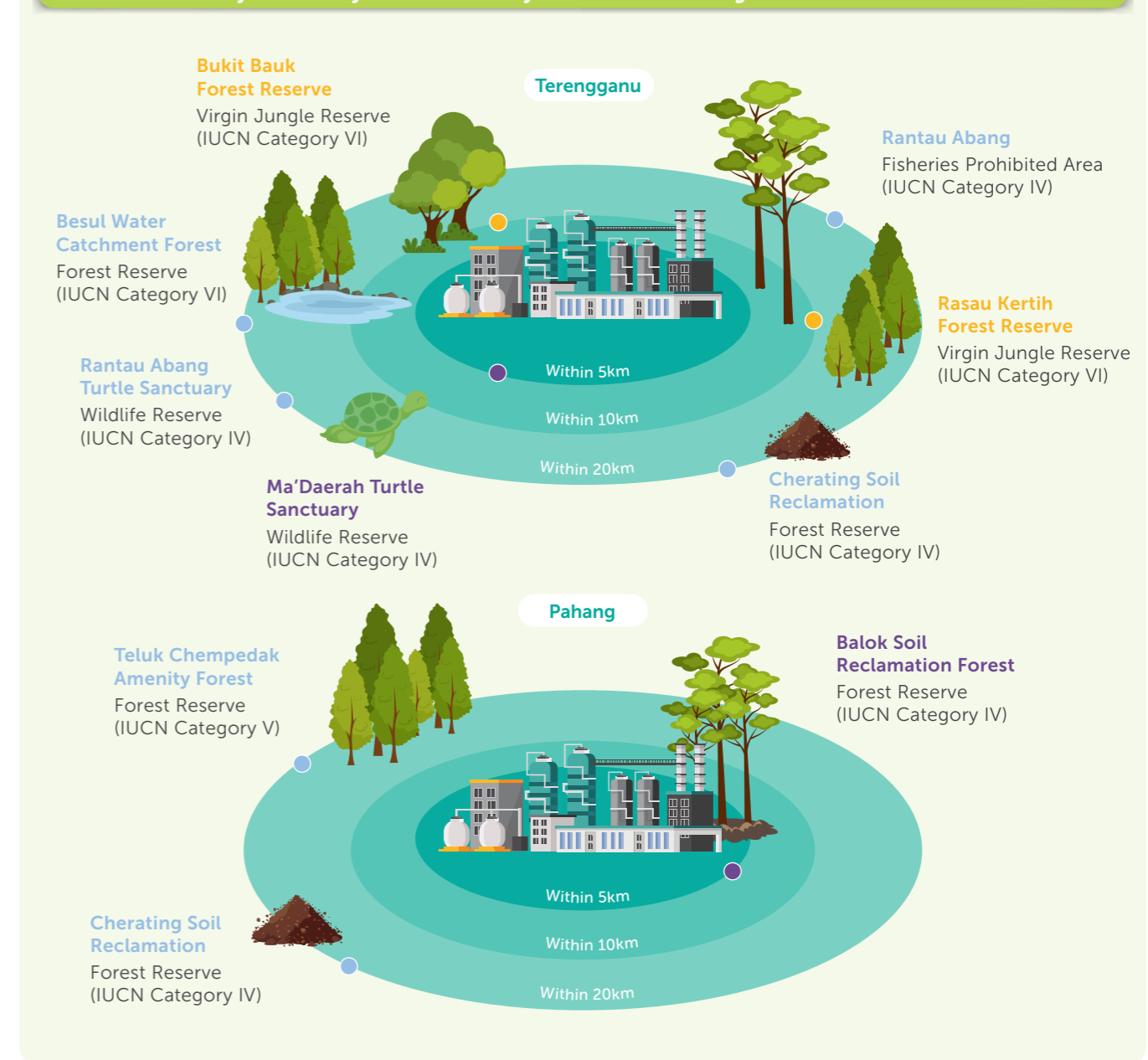
### BES Screening: Assessing Biodiversity Sensitivities Across Our Existing Operations

To understand the ecological significance of areas surrounding our operations, we identify and categorise nearby KBAs using the International Union for Conservation of Nature (IUCN) Red List of Threatened Species, the most comprehensive global reference for the conservation status of animals, plants and fungi.

The IUCN also classifies PAs based on their ecological value and management objectives. While Category VI allows for sustainable use of natural resources, Category V emphasises safeguarding the interaction between people and nature, and Category IV focuses on protecting specific species or habitats through active management.

From a BES screening of our Gas Processing and Utilities facilities in Terengganu and Pahang, we have identified several KBAs located within 5km, 10km and 20km of our facilities, as illustrated in the infographic, together with their respective IUCN categories.

Key Biodiversity Areas in Proximity to PGB Gas Processing and Utilities Facilities



## Safeguard the Environment Biodiversity Management

In September 2025, we carried out a BES screening of our pipeline network in Malaysia, covering all existing pipeline assets under our operational control. This included major pipeline segments in Segamat–Pasir Gudang, Sitiawan, Kertih–Kuantan, Gurun, Shah Alam and Seremban.

The screening aimed to provide a spatial overview of how our pipeline network interacts with Malaysia’s biodiversity and conservation priorities. It identified areas where pipelines are close to or within protected or key biodiversity zones, offering guidance for future environmental management and compliance.

The screening involved a desktop assessment via IBAT and UNESCO Site Navigator. Following the screening, we highlighted proximity to conservation areas and indicated whether pipelines are close to or within PAs, KBAs and UNESCO World Heritage Sites for each segment.

The screening indicated that none of our operations are located within a UNESCO World Heritage Site. However, the Segamat–Pasir Gudang pipeline route lies within 1km of the Labis Forest Reserve PAs, while the Shah Alam pipeline route is situated in the North Central Selangor Coast, a designated KBA.

BES Screening of PGB Pipeline Network				
PGB Pipeline Proximity (km)	Pasir Gudang		Shah Alam	
	Within	1km	Within	5km
UNESCO World Heritage Sites (WHS)	None	–	None	–
Protected Areas (PAs)	None	Labis Forest Reserve	None	Paya Indah Wetland Sanctuary
Key Biodiversity Areas (KBAs)	None	–	In North Central Selangor Coast	–

These proximities suggest potential biodiversity sensitivities, highlighting the need for further risk assessment and the implementation of appropriate mitigation measures. In line with the PETRONAS Position on Nature and Biodiversity, these operations are due for BES Risk Profiling in 2026 as part of the periodic BESRA assessment to identify potential BES risks.

### Biodiversity and Ecosystem Services Risk Assessment

Risk profiling is a high-level desktop assessment of inherent risk, defined as the natural level of risk prior to mitigation, based on the location and operational activities of PGB operations. The rating below is derived from the BESRA 2022 risk profiling exercise.

PPIC Facilities in Kertih (GPK, GPS, TSET, UK)			UG		
Likelihood	Severity	Risk Rating	Likelihood	Severity	Risk Rating
(C) Possible	(3) Moderate	C3 Medium	(C) Possible	(3) Moderate	C3 Medium
<b>Justification</b> Attributed to the PPIC’s scale and complexity and potential impact on vulnerable surrounding ecosystems and communities			<b>Justification</b> Attributed to UG’s proximity to PAs		

For existing operations classified as High-risk or Very High-risk assets with identified gaps in risk mitigation, the implementation of a Biodiversity Action Plan (BAP) is mandatory to address and reduce these risks.

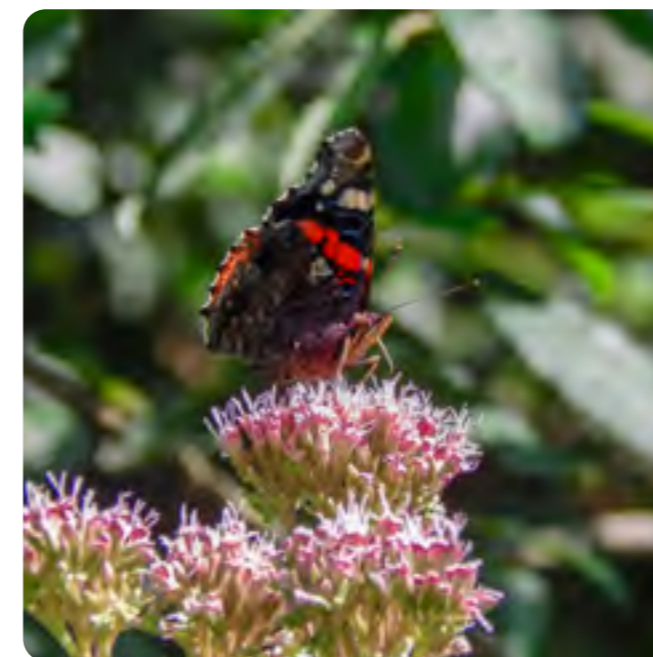
Assets assessed as medium risk or below are considered to have adequate measures in place to minimise potential impacts on nature and biodiversity.

### Environmental Impact Assessments: Promoting Responsible Growth

To uphold our commitment to biodiversity while pursuing economic development, EIAs are an essential part of our due diligence for new projects and operations. They allow us to carefully evaluate the ecological consequences of our activities, ensuring that our business practices remain responsible, sustainable and aligned with environmental stewardship.

#### EIA for Rancho Project

The Rancho Project involves constructing a gas engine power plant to meet a 120MW demand in Labuan, including a natural gas pipeline from PETRONAS Chemicals Marketing (Labuan) Ltd. (PCML) and new 33kV and 132kV transmission lines. The plant’s scheduled target Commercial Operation Date (COD) by 2028. The EIA assesses the environmental and ecological impacts of these developments, ensuring the project is executed responsibly, minimises disruption and aligns with sustainable practices.



#### Impact on Flora and Fauna

The proposed gas engine power plant and the associated 132kV transmission line are located within an area dominated by secondary vegetation, consisting mainly of shrubs, grasses and common tree species. The siting of the power plant will require vegetation clearing of approximately 3.8 hectares. As the vegetation present largely comprises common secondary growth, the anticipated impact on flora is considered minor to moderate, localised and not expected to affect protected or rare species.

Along the transmission line corridor, vegetation clearing will be minimal due to compliance with Sabah Electricity Sdn. Bhd. (SESB) wayleave conditions, which allow vegetation or crops below two metres in height. Only selective trimming and removal of taller vegetation will be necessary to meet safety clearance requirements. Fauna disturbance in this area is expected to be limited, short-term and primarily associated with noise and movement during construction.

For the natural gas pipeline, the right-of-way (ROW) is predominantly covered with grasses and does not require major site clearing. Disturbance to flora and fauna will be temporary and restricted to the pipeline trenching footprint. As there are no forested areas or sensitive ecological receptors within the pipeline alignment, impacts are expected to be insignificant.

Upon completion of construction works, all disturbed areas will be compacted and re-turfed, allowing natural recolonisation of common plant species and the gradual return of fauna. With appropriate mitigation measures, including controlled clearing, proper waste management and post-construction rehabilitation, the overall impact on flora and fauna is assessed to be low and manageable.

#### Impact on Socioeconomic Factors

The Rancho Project is expected to influence local socioeconomic factors positively. By prioritising employment opportunities for local residents during the construction and operation phases, the project can help reduce unemployment, increase household incomes and stimulate the local economy. Additionally, establishing mechanisms to manage and address community concerns, such as an internal communication platform, can strengthen community engagement, ensure timely resolution of issues and foster social cohesion.



# Safeguard the Environment

## Biodiversity Management

### Our Performance

#### Biodiversity Protection and Conservation Programmes

We are committed to safeguarding ecosystems through active collaboration with industry partners, NGOs, regulators and local communities. Our biodiversity protection and conservation initiatives demonstrate our dedication to preserving ecosystems and fostering sustainable development.

#### Flora Conservation-Related Programme



#### ► Tree Planting Programme

On 21 September 2025, volunteers planted 25 trees along the shoreline to strengthen coastal resilience and support local ecosystems during the GPU SIM Hatch and Hope programme that was held at Ma'Daerah Turtle Conservation and Information Centre, Kerteh, Terengganu.

#### Fauna Conservation-Related Programme

#### ► Turtle Hatching Release

A total of 100 Green Turtle (*Chelonia mydas*) hatchlings were released into the sea early in the morning of 21 September 2025 during the GPU SIM Hatch and Hope programme at Ma'Daerah Turtle Conservation and Information Centre, Kerteh, Terengganu. The timing was chosen to ensure the hatchlings' safety and comfort during their initial journey from shore to ocean.

The release also aimed to improve survival rates and highlight the importance of protecting nesting beaches from pollution and human interference. Volunteers and conservationists participated to witness and support the release, reinforcing public awareness of marine conservation.



#### ► Corporate Social Responsibility at Zoo Johor

On 6 November 2025, a Corporate Social Responsibility (CSR) activity was conducted at Zoo Johor through a collaboration between the Pasir Gudang Regional Office (PGRO) Team, the PRESO Project Team and local authorities, including the Department of Environment (DoE), Majlis Perbandaran Kemaman (MPK) and Majlis Perbandaran Dungun (MPD). The programme focused on environmental stewardship and community engagement.

The programme supported the zoo's conservation efforts through volunteer activities aimed at enhancing animal habitats, improving cleanliness and raising awareness of wildlife conservation. This initiative strengthened partnerships with local stakeholders while fostering a sense of responsibility among employees towards biodiversity protection and sustainable environmental practices.

#### Water Body Conservation Programme

To support the protection and rehabilitation of coastal, riverine and freshwater ecosystems, we implement focused initiatives that reduce pollution, restore habitats and promote environmental stewardship, including the EcoCoast Beach Cleaning, the Beach and Turtle Conservation Area Clean-Up and the Teratai Lake Park Rehabilitation Programme at the Segamat Operations Centre (SOC) perimeter. Details of these initiatives are outlined below:

#### ► EcoCoast Beach Cleaning

PGB led the EcoCoast Beach Cleaning initiative in collaboration with East Coast KIPC members to safeguard the environment and promote responsible sustainability. On 11 October 2025, the programme was carried out simultaneously at three different locations, namely Pantai Petak Paka, Pantai Kuala Kerteh and Pantai Tampin Kemasik, covering a stretch of approximately 5.6km in support of PETRONAS' commitment to FTSE4Good principles. The initiative collected a total of 1.77tonnes of waste across the sites: Paka – 0.31tonnes, Kerteh – 0.84tonnes and Kemasik – 0.62tonnes.



A total of 750 participants registered for the programme, including PETRONAS employees from GPU-PGB, PCG and PMA, the DoE, the Tourism EXCO, local representatives of Paka and Kemasik and the Municipal Offices of Kemaman and Dungun, as well as students from SMK Rantau, SMK Kerteh, SMK Paka and members of the public.

In addition to the beach cleaning activities, the principles of Reduce, Reuse and Recycle were highlighted through communication and promotional materials, ensuring that these messages were effectively conveyed to participants. The initiative also served as a platform for engagement with key stakeholders and partners, demonstrating collaborative efforts that extend beyond the workplace and reflect a shared responsibility to conserve nature for future generations.

#### ► Beach and Turtle Conservation Area Clean-Up

In conjunction with the GPU SIM Hatch and Hope programme, a clean-up initiative was carried out at the turtle conservation and nearby beach areas to support the preservation of sea turtle habitats. The activity focused on maintaining suitable nesting conditions through beach clean-up and basic site care activities.

Volunteers removed waste and debris from identified nesting areas, helping to reduce potential hazards to turtles and hatchlings and support a cleaner coastal environment. The initiative also provided an opportunity to reinforce awareness of marine conservation and responsible behaviour in sensitive coastal ecosystems.

#### ► Revive the Lake: Mudball Initiative Programme at GTR Assets

The Kuantan Regional Operations Office organised the Revive the Lake: Mudball Initiative Programme in collaboration with ECO Care, the Pahang Department of Irrigation and Drainage, the Pahang Department of Environment and representatives of PETRONAS staff in the Kuantan district. This programme was held on 23 June 2025 at Taman Bandar Kuantan Lake, Indera Mahkota, with the aim of raising awareness about river and lake conservations. Approximately 200 mudballs were deployed to purify the lake as a sustainable alternative to chemical water treatments, focusing on long-term ecological balance.

This initiative has been replicated by our Segamat Operation Centre at Taman Tasik Teratai, coupled with other activities, such as used cooking oil collection for recycling, plugging and tree planting in the park area.



#### Moving Forward

In line with our broader climate and sustainability objectives, we are committed to strengthening our biodiversity efforts to protect ecosystems and species in areas where we operate. Our approach will continue to be guided by the new PETRONAS' Position on Nature and Biodiversity, supported by enhanced biodiversity risk assessments and the progressive development of targeted action plans and conservation initiatives to manage risks, mitigate impacts and deliver positive outcomes for nature.