

# BOARD AUDIT COMMITTEE REPORT

**Yeoh Siew Ming**  
Chairperson

**Throughout the year, the Committee remained dedicated to scrutinising the efficacy and integrity of the Group's financial reporting, internal control, and risk management processes.**



## HOW THE COMMITTEE OPERATES

Throughout the review period, the Board Audit Committee (BAC) convened six meetings, with the Company Secretary assuming the role of secretary to the BAC. The BAC extended invitations to the Managing Director/Chief Executive Officer (MD/CEO), Chief Financial Officer, and Head of Internal Audit Division (IAD) to contribute insights, guidance, and pertinent information, clarifying agenda items when necessary.

The Head of IAD presented comprehensive internal audit reports and activities to the BAC. During these sessions, key members of the Management were invited to address specific issues arising from audit findings. External auditors actively participated in BAC meetings, presenting the annual external audit plan and outcomes of the statutory audit conducted on the Company and its subsidiaries. Additionally, the BAC held two private sessions with external auditors on 15 February 2023, and 16 August 2023, respectively, without the presence of the Management.

The BAC ensured timely dissemination of agenda and meeting papers, inclusive of qualitative and quantitative information relevant to meeting objectives, through a secure collaborative software, providing BAC members with online accessibility at least five business days before each meeting. This facilitated document review, communication among BAC members, and ensured informed discussions.

Any Circular Resolutions of the BAC were circulated through an e-Signature tool for member approval. Deliberations during BAC meetings encompassed the Company's financial performance review, interim financial reporting to Bursa Malaysia, year-end statutory audits, assessment of Related Party Transactions (RPTs) and Recurrent Related Party Transactions (RRPTs), along with the status of open audit findings and agreed corrective actions. Minutes of the BAC meeting were confirmed at subsequent sessions and presented to the Board for notation.

In addition to reporting deliberations to the Board, the BAC Chairperson recommended for the Board approval for annual financial statements, annual assessment of External Auditors, RPTs, RRPTs, revisions to internal and external governance processes as suggested by MCCG, and quarterly financial results.

## CONTINUOUS TRAINING

BAC members have recognised the importance for ongoing education and training. In the assessed year, every BAC member actively participated in a minimum of one training session that focused on advancements in accounting and auditing standards, practices, and regulations, aligning with the principles outlined in Practice 9.5 of MCCG.

### Terms of Reference

### Composition

### Roles

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<https://www.petronas.com/pcg/about-us/governance>

### Chairperson

**Yeoh Siew Ming**

Senior Independent Non-Executive Director

6/6

100%

### Members

**Dr. Zafar Abdulmajid Momin**

Independent Non-Executive Director

6/6

100%

**Datin Seri Sunita Mei-Lin Rajakumar**

Independent Non-Executive Director

6/6

100%

**Datuk Toh Ah Wah\***

Senior Independent Non-Executive Director

4/4

100%

\* Retired on 12 June 2023

## BOARD AUDIT COMMITTEE REPORT

## BAC'S ACTIVITIES IN 2023

## 1 FINANCIAL REPORTING

- a. Reviewed the quarterly results for announcements to Bursa Malaysia before recommending the same for the Board's approval, upon being satisfied that it had complied with applicable approved Malaysian Financial Reporting Standards (MFRS) issued by the Malaysian Accounting Standards Board (MASB), Main Market Listing Requirements (MMLR) and other relevant regulatory requirements.
- b. Reviewed the Company and the Group's annual and quarterly management accounts.
- c. Reviewed the audited financial statements of the Company and the Group prior to submission to the Board for the Board's consideration and approval, upon the BAC being satisfied that, inter alia, the audited financial statements were drawn up in accordance with the provisions of the Companies Act 2016 (CA 2016) and the applicable approved MFRS issued by the MASB.
- d. Reviewed specific key areas affecting the Company and the Group's financial results, and endorsed recommendations made by the Management. The key areas deliberated included assessments on the following areas:

| No. | Key Areas Deliberated   |
|-----|---|
| 1.  | <p>Impairment indicators of non-current assets (i.e., property, plant and equipment and intangible asset) and relevant detailed impairment testing.</p> <ul style="list-style-type: none"> <li>• The review of internal and external factors that may give rise to impairment indication</li> <li>• Should indication exists, the review and deliberation of the impairment assessments including key assumptions used, controls put in place by Management such as Segregation of Duties, consultation with the Subject Matter Experts and proper sign-off in deriving the recoverable amount. For FY2023, this includes the review of the Management's impairment assessment on: <ul style="list-style-type: none"> <li>- Pengerang Petrochemical Company's property, plant and equipment</li> <li>- Perstorp's goodwill and intangible assets with indefinite useful life</li> <li>- BRB Group's goodwill</li> <li>- PETRONAS Chemicals Aromatics Sdn. Bhd.</li> </ul> </li> </ul> |
| 2.  | Carrying values of inventories and any write-off thereon.   |
| 3.  | Provision of non-audit services by KPMG in accordance with Malaysian Institute of Accountants (MIA) By-Laws revision.   |
| 4.  | The review of Audit Planning Memorandum which includes statutory and non-statutory audit fees for PCG Group for Financial Year 2023 to 2025.  |
| 5.  | Updates on revised MFRS pronouncements issued in 2023.  |
| 6.  | Divestment of PCG's partial equity in PETRONAS Chemicals Fertiliser Sabah Sdn. Bhd.   |
| 7.  | Earn-out costs arising from acquisition of a subsidiary in 2019.  |
| 8.  | Finalisation of leakage audit and purchase price allocation in relation to acquisition of Perstorp in 2022.   |
| 9.  | Updates on Sabah State Sales Tax legislation and regulations as well as the impact to financial statements.   |
| 10. | The review of Principles of Delegation of Authority and Line of Sight for Specialty Chemicals subsidiary.   |
| 11. | Revision of PCG Group Limits of Authority.  |
| 12. | Getting ready with International Sustainability Standards Board (ISSB) Sustainability Disclosure.   |
| 13. | Guarantee on PPC project financing.   |

- e. The BAC had reviewed and deliberated the above key areas and was satisfied with the various actions taken by the Management in addressing the issues raised by the external auditors. The BAC noted that Management also held frequent engagements with the external auditors to understand whether any significant control deficiencies are being identified during the course of audit.

# BOARD AUDIT COMMITTEE REPORT

## BAC'S ACTIVITIES IN 2023 (CONTINUED)

### 2 INTERNAL CONTROL

- a. Reviewed the effectiveness of the system of internal controls, taking into account the findings from internal and external audit reports.
- b. Reviewed PCG Group Limits of Authority and Summary of Authority for Legal and Corporate Secretarial Services to include new areas of decision making as well as changes of authority level to align with current business requirements and governing documents.
- c. Established line of sight on key decision making for specialty chemicals subsidiaries to ensure alignment to PCG Group strategic objectives.

### 3 CORPORATE GOVERNANCE

- a. Reviewed the Corporate Governance Overview Statement and BAC Report for inclusion in the 2022 Integrated Report.

### 4 INTERNAL AUDIT

- a. Reviewed and approved the changes of Annual Audit Plan FY2023 on quarterly basis to ensure the proposed audit activities are carried out as per emerging and relevant risks as well as business strategies.
- b. Reviewed and approved the risk based on Annual Audit Plan FY2024 and budget to ensure comprehensiveness of audit coverage, resource and competencies to execute the internal audit functions effectively.
- c. Reviewed and deliberated on audit reports which included opinion on the adequacy and effectiveness of PCG's governance, risk management and internal controls, audit findings' root causes, implications and the recommended corrective actions to be undertaken by the Management. The BAC also provided suggestions for improvement to reinforce the oversight role and to ensure that Management holds individuals accountable for their internal control, risk management and governance responsibilities.
- d. Monitored the implementation of the agreed corrective actions on audit issues taken by Management until duly resolved on a quarterly basis.
- e. Reviewed the performance of IAD for FY2022 with regards to its independence, objectivity and effectiveness in providing assurance on PCG's governance, risk management and internal controls and approved the Key Performance Indicators of IAD for FY2023.
- f. Reviewed IAD's Quality Assurance and Improvement Programme activities.
- g. The Chairperson of the BAC held private meetings and discussions at least once every quarter with the Head and senior auditors of IAD on internal audit reports, selected audits' scopes, resource adequacy and capabilities, and any related matters.

### 5 RPT AND CONFLICT OF INTEREST

- a. Reviewed all RPTs/RRPTs prior to execution, in accordance with the PCG Guidelines and Procedures on RPTs/RRPTs and Conflict of Interest (COI), and affirmed that the transactions are carried out in the best interest of the Company, fair, reasonable and are not detrimental to the interest of the minority shareholders.
- b. Reviewed and deliberated on the RPTs/RRPTs reports on a quarterly basis.
- c. Reviewed and deliberated performance of RPTs/RRPTs vendors for 2022.

### 6 EXTERNAL AUDIT

- a. Reviewed with the external auditors, audit strategies and scope for the statutory audit of the Company and Group's financial statements for the financial year ended 31 December 2022.
- b. Reviewed with the external auditors the results of the statutory audit and the audit report.
- c. Reviewed the proposed fees for the statutory audits.
- d. Reviewed the fees of total non-audit work carried out by the external auditors with the main objective of ensuring there is no impairment to independence and objectivity. In relation to this, the BAC noted the assurance provided by the external auditors confirming their independence throughout the year under review.
- e. During the year under review, PCG engaged the external auditors for certain non-audit services. Total fees paid to the external auditors are detailed out in the next page.

## BOARD AUDIT COMMITTEE REPORT

|   | 2023            |                   | 2022            |                   |
|---|-----------------|-------------------|-----------------|-------------------|
|   | Group<br>RM'000 | Company<br>RM'000 | Group<br>RM'000 | Company<br>RM'000 |
| <b>KPMG PLT</b>   |                 |                   |                 |                   |
| <b>Audit Fees</b>   |                 |                   |                 |                   |
| Statutory Audit   | 1,758           | 493               | 1,518           | 317               |
| <b>Non-audit Fees</b>   |                 |                   |                 |                   |
| Half-yearly Limited Review  | 201             | 201               | 191             | 191               |
| Audit of non-financial information for Integrated Report                                      | 130             | 130               | 130             | 130               |
| Review of the quarterly Consolidated Results Report for announcement to Bursa Malaysia        | 33              | 33                | 32              | 32                |
| Review of Statement on Risk Management and Internal Control                                   | 27              | 27                | 27              | 27                |
| Verification of Investment Tax Allowance of PETRONAS Chemicals Fertiliser Sabah Sdn. Bhd.     | 20              | -                 | 20              | -                 |
| Professional services in relation to acquisition of a subsidiary                              | -               | -                 | 120             | -                 |
|   | <b>411</b>      | <b>391</b>        | <b>520</b>      | <b>380</b>        |
| <b>Overseas affiliate of KPMG PLT</b>   |                 |                   |                 |                   |
| <b>Audit Fees</b>   |                 |                   |                 |                   |
| Statutory Audit   | 385             | -                 | 178             | -                 |
| <b>Non-audit Fees</b>   |                 |                   |                 |                   |
| Tax services for BRB Group  | 49              | -                 | -               | -                 |
| Tax services for Perstorp Group   | 6               | -                 | -               | -                 |
| Consultancy/advisory  | -               | -                 | 433             | -                 |
|   | <b>55</b>       | <b>-</b>          | <b>433</b>      | <b>-</b>          |
| <b>Other Auditors</b>   |                 |                   |                 |                   |
| <b>Audit Fees</b>   |                 |                   |                 |                   |
| Statutory Audit   | 6,431           | 29                | 7,676           | 37                |
| <b>Non-audit Fees</b>   |                 |                   |                 |                   |
| Tax services for overseas subsidiaries  | 7,046           | -                 | 4,441           | -                 |
| Review of Transfer Pricing documentation  | 2,701           | 11                | 1,023           | 9                 |
| Review on acquisition of Perstorp Group   | 1,374           | -                 | -               | -                 |
| Purchase Price Allocation Assessment for Perstorp Group                                       | 1,305           | -                 | -               | -                 |
| Due diligence and cost verification services  | 1,192           | -                 | 3,874           | -                 |
| Accounting services   | 1,019           | -                 | 890             | -                 |
| Half-yearly Limited Review  | 723             | 7                 | 357             | 7                 |
| Goodwill impairment assessment for Perstorp Group   | 523             | -                 | -               | -                 |
| Impairment assessment at Pengerang Petrochemical Company Sdn. Bhd.                            | 25              | 25                | -               | -                 |
| Audit of report required for application of Government incentive in Netherlands for BRB Group | -               | -                 | 159             | -                 |
| IFRS convergence from Dutch Generally Accepted Accounting Principles (GAAP) for BRB Group     | -               | -                 | 332             | -                 |
| Business and legal advisory for incorporation of JV entity                                    | -               | -                 | 159             | 159               |
|   | <b>15,908</b>   | <b>43</b>         | <b>11,235</b>   | <b>175</b>        |
| Total Statutory Audit Fees  | <b>8,574</b>    | <b>522</b>        | <b>9,372</b>    | <b>354</b>        |
| Total Non-audit Fees  | <b>16,374</b>   | <b>434</b>        | <b>12,188</b>   | <b>555</b>        |
| <b>% of Non-audit Fees over Statutory Audit Fees</b>  | <b>&gt;100%</b> | <b>83%</b>        | <b>&gt;100%</b> | <b>&gt;100%</b>   |
| <b>% of Non-audit Fees over Statutory Audit Fees by KPMG PLT</b>                              | <b>23%</b>      | <b>79%</b>        | <b>34%</b>      | <b>&gt;100%</b>   |

# BOARD AUDIT COMMITTEE REPORT

## EXTERNAL AUDIT

To safeguard the autonomy of external auditors, a rotational policy is implemented, necessitating a change in the Audit Engagement Partner overseeing the Company every seven years. This includes a mandatory cooling-off period of five years before re-appointment, aligning with the requirements stipulated by the MIA.

Internally, the external auditors undergo an Independent Partner Review to uphold their independence. A written assurance was provided to the BAC by the external auditors, affirming their adherence to all pertinent professional and regulatory requirements, thereby maintaining independence throughout the audit engagement.

The BAC, in its commitment do thorough oversight, conducted an evaluation of the external auditors' performance, suitability and independence. This assessment focused on four key areas:

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

## Annual Reporting

The BAC carefully assessed its report for the financial year ended 31 December 2023, confirming its adherence to relevant regulatory requirements and guidelines.

## Internal Audit Function

The BAC is supported by an in-house internal audit, tasked with undertaking independent and objective assurance and advisory activities aimed at adding value and enhancing the Group's operations. The IAD contributes to the Group's objectives by systematically and rigorously evaluating, designing, and improving the effectiveness of governance, risk management, and internal control processes.

Reporting functionally to the BAC and administratively to the MD/CEO, the Head of IAD, Dewi Izza Suhana Radin Amir, ensures impartiality and independence in fulfilling the role outlined in the

BAC-approved Audit Charter. She is a Fellow Chartered Accountant of the Institute of Chartered Accountants in England and Wales (ICAEW) and holds a Bachelor of Arts in Accounting and Financial Management and Economics from the University of Sheffield, United Kingdom.

The IAD operates within the framework of the Internal Audit Charter, that defines its responsibilities, authority, and scope of work within the Group. Aligned with the standards and principles of the Institute of Internal Auditors' International Professional Practices Framework (IPPF), the Charter guides the IAD's activities.

Conducting audits according to established procedures, guidelines, and the COSO Internal Control Integrated Framework, the IAD employs a comprehensive, structured approach based on the five COSO components:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring Activities

To maintain independence and objectivity, internal auditors annually declare freedom from any relationships or conflicts of interest. In case of potential conflicts arising after the annual declaration, internal auditors promptly report to the Head of IAD and abstain from audit scopes leading to conflicts of interest.

The IAD adopts a risk-based approach, prioritising the Annual Audit Plan based on the Group's principal risks and critical areas aligned with business strategic objectives. Inputs for the plan are derived from various sources, including Group and PETRONAS Downstream risk profiles, business objectives and strategies, materiality/criticality of operations, maturity of internal controls in auditable areas, and feedback from stakeholders such as the BAC, Senior Management, selected directors of PCG OPU, Joint Venture (JV) companies and partners, external auditors, and the internal audit fraternity.



## BOARD AUDIT COMMITTEE REPORT

Continuously assessing emerging risks and areas requiring audit, the IAD presents proposed changes to the Annual Audit Plan to the BAC for approval. Throughout the review year, the IAD conducted audit engagements as per the approved plan, and presented the reports to the BAC. The list of audit engagements is as follows:

- 1 Audit on PETRONAS Chemicals Fertiliser Kedah Sdn. Bhd. (PC FK)
- 2 Audit on PETRONAS Chemicals Methanol Sdn. Bhd. (PC Methanol) - Plant Reliability
- 3 Audit on PETRONAS Chemicals Methanol Sdn. Bhd. (PC Methanol) - Turnaround Management
- 4 Audit on PETRONAS Chemicals MTBE Sdn. Bhd. (PC MTBE)
- 5 Audit on Asean Bintulu Fertilizer Sdn. Bhd. (ABF)
- 6 Shareholder's Audit on PCGPCC Oxyalkylates Sdn. Bhd. (PCGPCC)
- 7 Shareholder's Audit on Production and Maintenance of Citral Plant at BASF PETRONAS Chemicals Sdn. Bhd. (BPC)
- 8 Audit on PCG OER2 Manufacturing
- 9 Audit on PETRONAS Chemicals Marketing (Labuan) Ltd. (PCML): Commercial Value Chain (CVC) of A&F and MAM
- 10 Shareholder's Audit on Idemitsu Styrene Monomer Sdn. Bhd. (ISM)
- 11 Audit on Kertih Port Sdn. Bhd. (KPSB)
- 12 Audit on Cybersecurity - International Assets
- 13 Audit on Merger & Acquisition Perstorp Holding AB
- 14 Audit on Post-Merger Integration Activities Perstorp Holding AB
- 15 Audit on PCG Integrity Management
- 16 Shareholder's Audit on PRefChem
- 17 Audit on Risk Management at PCG
- 18 Audit on PCG RPT and RRPT
- 19 Audit on Sustainability – Environment

The IAD persisted in embracing a data analytics audit approach, employing suitable tools to enable auditors in executing a systematic sampling strategy and conducting audits across the ecosystem and work processes. This approach focused on targeted key risk areas, enhancing coverage and efficiency. The IAD also delved into the application of technologies like Robotic Process Automation (RPA) as integral components of the audit approach, promoting efficiency and systemic audit testing.

Internal audit reports presented to the BAC conveyed opinions on the adequacy and effectiveness of the Group's governance, risk management, and internal controls. They also outlined root causes of audit findings, their implications, and proposed corrective actions for Management consideration. Management, in turn, assumed responsibility for ensuring the implementation and satisfactory closure of agreed corrective actions within specified time frames. Monthly tracking of corrective action status ensued until resolution, with IAD verification preceding quarterly reporting to the BAC.

The Quality Assurance and Improvement Programme (QAIP) remained an integral part of the assessment framework, continually evaluating the quality of audit processes. This ongoing and periodic evaluation covered the entire spectrum of Internal Audit activities, assessing efficiency, effectiveness, and identifying opportunities for improvement through both internal and external assessments. Results and updates from QAIP assessments were regularly reported to the BAC.

The IAD has ample and adequate resources to execute its Approved Audit Plan. With a total of 18 internal auditors in the Group, each hailing from diverse backgrounds in accounting, finance, plant operations, and procurement, risk management and commercial, the IAD staff held various professional qualifications and certifications.

|   |  |
|---|--|
| ICAEW/ACCA/MICPA:<br><b>4</b>   | Master's Degree:<br><b>3</b>                                   |
| Certified Internal Audit:<br><b>1</b>   | COSO Certificate:<br><b>7</b>                                  |
| ISC2:<br><b>2</b>   | Engineer's Certificate of Competency (Steam) DOSH:<br><b>2</b> |
| Certified Environmental Professional in the Operation of Industrial Effluent Treatment System, DOE:<br><b>1</b> |  |

**Note:**

- Institute of Chartered Accountants in England and Wales (ICAEW)
- Association of Chartered Certified Accountants (ACCA)
- Malaysian Institute of Certified Public Accountants (MICPA)
- International Information System Security Certification Consortium (ISC2)
- Department of Occupational Safety and Health Malaysia (DOSH) – Ministry of Human Resource
- Department of Environment (DOE) – Ministry of Environment and Water

## BOARD AUDIT COMMITTEE REPORT

Throughout the reviewed year, the IAD collaborated with business line resources and subject matter experts sourced from partners within the PETRONAS Group. These experts specialised in areas such as Environment, Climate Change, Cybersecurity audit, Enterprise Risk Management, and HSE. Collaborating closely with Joint Venture (JV) and Joint Operation (JO) partners, the IAD actively participated in conducting shareholders' audits for the respective JV/JO entities.

The Group's commitment to empowering internal auditors included continuous training on business acumen and industry best practices. These training initiatives, facilitated by both in-house experts and external accredited training providers, also incorporated professional certifications. On-the-job learning remained a crucial platform for assessing and enhancing the capability and competency of internal auditors.

An annual individual competency assessment gauged the competence of internal auditors, determining specific learning and development needs. This assessment, integrated into PETRONAS' capability development program for internal auditors, adhered to core competencies outlined in the Internal Audit Competency Framework issued by the Institute of Internal Auditors.

In the financial year 2023, the total costs incurred by the internal audit function of the Group amounted to RM7.0 million.

### RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST SITUATIONS

In the past year, the BAC assessed all RPTs and RRPTs, as well as instances of COI, in accordance with the Guideline and Procedures of RPT and COI. This comprehensive guideline outlines the principles and procedures governing such activities across PCG Group, ensuring compliance with applicable MMLR and other legal regulations.

The BAC is satisfied that the Guideline establishes robust procedures to identify, monitor, and track all RPTs/RRPTs in a timely and organised manner. This framework guarantees that these transactions are consistently carried out in the best interests of the Group, maintaining fairness, reasonableness, adherence to normal commercial terms, and preventing detriment to minority shareholders. The BAC has periodically reviewed RPTs within the Group in alignment with the Guideline and intends to revisit procedures and processes based on Management recommendations.

Based on the Guideline and Procedures of RPT and COI, the following situations may give rise to a COI:

- If the Director holds an interest in a business that competes or is likely to compete, either directly or indirectly, with the business of PCG Group;
- In cases where there is no competing interest in the business, but the Director receives commission or fees due to providing consultancy or advisory services to the transacting party having business with PCG Group;
- When the Director is involved in or has an interest in business transactions concerning goods or services, either directly or indirectly, with PCG Group;
- If the Director provides or receives financial assistance from PCG Group.

During the year, there were no COI situations that had arisen which required the BAC's assessment.

The BAC Terms of Reference (TOR) was reviewed and updated in February 2024 to reflect the amendments to the MMLR in relation to COI.

The BAC TOR can be accessed on the Company's corporate website: <https://www.petronas.com/pcg/about-us/governance>

## BOARD AUDIT COMMITTEE REPORT

As part of the integrated oil and gas value chain of the PETRONAS Group, PCG engages in transactions crucial to its operations, such as the supply of raw materials. Due to the integrated nature of PCG's business with the PETRONAS Group, the Company has obtained a waiver from complying with the requirement of Paragraph 10.09 of the MMLR. This waiver, facilitates operational efficiency, by exempting PCG from seeking shareholders' approval for transactions related to certain goods, services, and facilities integral to PETRONAS Group's integrated operations.

|   |   | For Year Ended<br>31 December<br>2023<br>RM'000 |
|---|---|---|
| Transacting Parties   | Nature of transactions  |   |
| <b>PCG and<br/>PETRONAS &amp;<br/>its subsidiaries<br/>(PETRONAS Group)</b>               | <b>INTEGRATED OPERATIONS OF OUR GROUP</b>   |   |
|   | i. Supply of fuel and feedstock (such as ethane, propane, butane, dry gas, naphtha, natural gas) by PETRONAS Group  | 7,743,271                                       |
|   | ii. Supply of utilities, electricity and water by PETRONAS Group  | 174,952   |
|   | iii. Upgrading and pipeline works on the Labuan Gas Terminal by PETRONAS Chemicals Methanol Sdn. Bhd.   | Nil   |
|   | iv. Grant to PETRONAS Group for the right of usage of facilities and passage of commodities to facilitate the receipt and distribution of petrochemicals and related products | 9,489   |
|   | v. Provision of operating and maintenance services by PETRONAS Group  | 8,684   |
|   | vi. Purchase of marine diesel oil from PETRONAS Group   | 28,342  |
|   | <b>SERVICES RENDERED WITHIN THE PETRONAS GROUP</b>  |   |
|   | vii. Provision of vessel screening services by PETRONAS Maritime Services Sdn. Bhd.   | 679   |
|   | viii. Provision of freight, transportation and warehousing services by MISC Berhad and its subsidiaries (MISC Group)  | Nil   |
|   | <b>OTHERS</b>   |   |
|   | ix. Sales of petrochemical products and other related products to PETRONAS Group  | 1,245,390                                       |
| x. Supply of products from Pengerang Refining Company Sdn. Bhd. (PRC) to PCG              | 1,209,325   |   |
| xi. Supply of products by PCG to PRC  | Nil   |   |
| xii. Terminal Usage Agreements between PCG Group with Pengerang Terminals (Two) Sdn. Bhd. | Nil   |   |

The BAC is confident that, during the review year, all RPTs/RRPTs were fairly concluded at prevailing market rates/prices, conducted at arm's length, and adhered to normal commercial terms, applicable industry norms, without detriment to PCG and its minority shareholders. Quarterly reporting to the BAC ensured ongoing oversight of these transactions.

**BAC EFFECTIVENESS REVIEW AND PERFORMANCE**

For the year under review, the Board assessed the performance of the BAC through an annual Board Effectiveness Evaluation. The Board agreed that BAC continued to support the Board in reviewing financial and audit matters, contributing to the overall effectiveness of the decision-making process by the Board for the Company and the Group. The Board is satisfied that the BAC has discharged its functions, duties and responsibilities in accordance with the BAC TOR. Full details of the evaluation and the outcomes can be found on pages 94 to 95.

**REPORTING TO THE EXCHANGE**

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

**YEOH SIEW MING**

Chairperson,  
Board Audit Committee