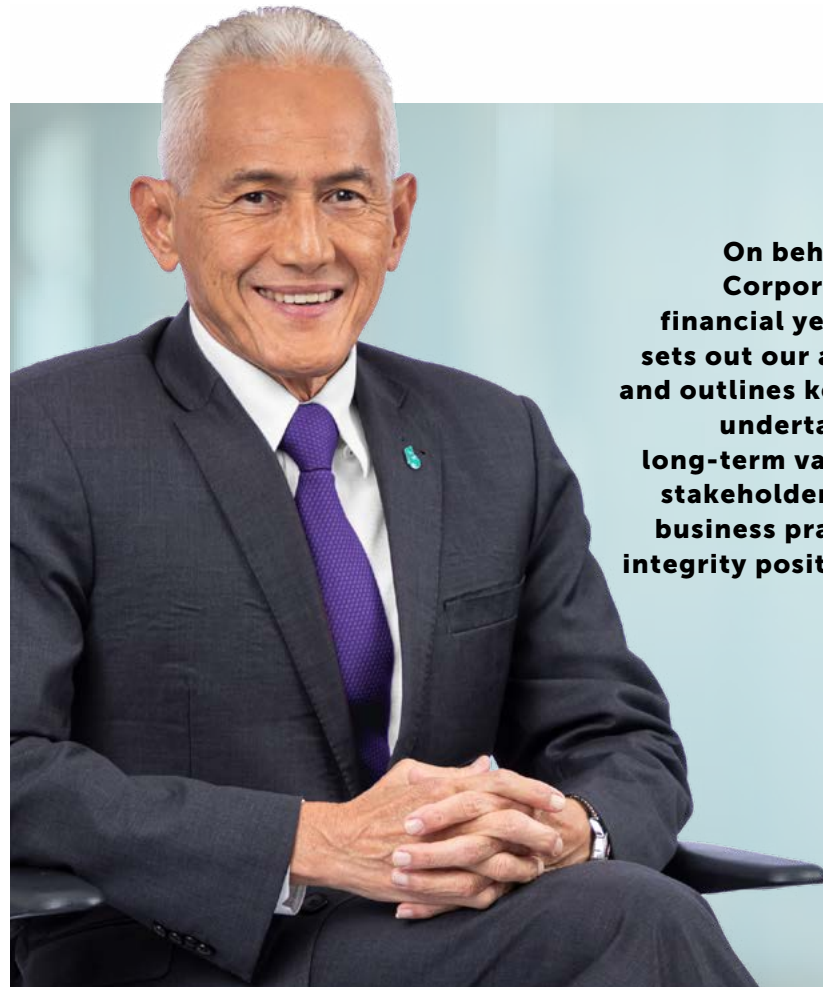


CORPORATE GOVERNANCE OVERVIEW STATEMENT



DEAR SHAREHOLDERS,

On behalf of the Board, I am pleased to present the Corporate Governance Overview Statement for the financial year ended 31 December 2023. This Statement sets out our approach to effective corporate governance and outlines key focus areas of the Board and its activities undertaken during the year as we continue to drive long-term value for all our stakeholders. In an era where stakeholders increasingly value ethical and sustainable business practices, PCG's dedication to governance and integrity positions it as a beacon of responsible corporate citizenship in a challenging landscape.

Datuk Ir. (Dr.) Abdul Rahim Hashim
Chairman

AWARDS 2023



CORPORATE GOVERNANCE OVERVIEW STATEMENT



PRINCIPLE A
Board Leadership and Effectiveness

Details are elaborated on pages 88 to 101



PRINCIPLE B
Effective Audit and Risk Management

Details are elaborated on pages 102 to 103



PRINCIPLE C
Integrity in Corporate Reporting and Relationship with Stakeholders

Details are elaborated on pages 104 to 109

GOVERNANCE AND THE DELIVERY OF STRATEGY

Pages between 92 and 121 describe the Board and Board Committees key activities during the year.

In line with the Board reserved matters, we considered and approved key strategic acquisitions, disposals and developments. When debating these transactions, we considered the sustainability aspects of the transactions or projects and the potential impacts on the Company's stakeholders including job creation in the local communities, how they fit within our two-pronged strategy, and sustainable returns for investors in line with our Sustainability Agenda.

Maintaining a robust corporate governance framework remains a key priority, ensuring we operate with the utmost integrity and accountability, in full consideration of our stakeholders' best interests.

Demonstrating this commitment, the Board:

- Embraced a zero-tolerance stance on bribery and corruption by signing the PCG Integrity Pledge in FY2023
- Strengthened alignment with shared goals and objectives through a collaborative workshop with management on the core pillars of corporate governance
- Proactively shaped the Group's future through three Board Strategic Conversations focused on talent, branding, sustainability and growth for PCG

SUSTAINABILITY

During the year under review, the Board received updates and engaged in discussions regarding several important matters relating to sustainability. This included a comprehensive overview of the sustainability agenda, encompassing goals, priorities, and targets.

Additionally, the Board reviewed ongoing sustainability programmes and discussed the resources required to support these initiatives effectively. There were deliberations on integrating sustainability considerations into key business decisions, ensuring that environmental and social factors were adequately addressed in strategic planning.

The Board also examined the Company's sustainability performance against established targets on a quarterly basis, emphasising the importance of monitoring progress and identifying areas for improvement.

SUCCESSION PLAN

During the year, the Board approved the appointment of Mazuin Ismail as the new Managing Director/Chief Executive Officer (MD/CEO) of PCG in place of Ir. Mohd Yusri Mohamed Yusof effective 1 January 2024. In addition, Datuk Toh Ah Wah had retired as Senior Independent Director (SID) of the Company and the role of SID was assumed by Yeoh Siew Ming.

The Board wishes to express its sincere gratitude and appreciation to Ir. Mohd Yusri Mohamed Yusof and Datuk Toh Ah Wah for their invaluable services as members of the Board.

BOARD EFFECTIVENESS

The annual review of Board effectiveness helps the Board to consider how it operates and how its operations can be improved. This year, the Board Effectiveness Evaluation (BEE) was undertaken internally and the findings of this review have provided the Board with ideas to further improve the manner in which the Board operates. Details of the BEE 2023 are set out on pages 94 to 95 of this report.

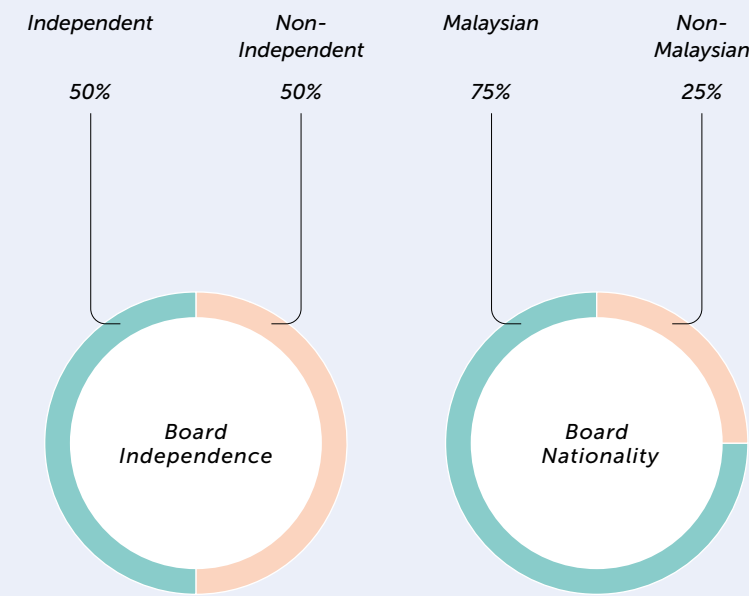
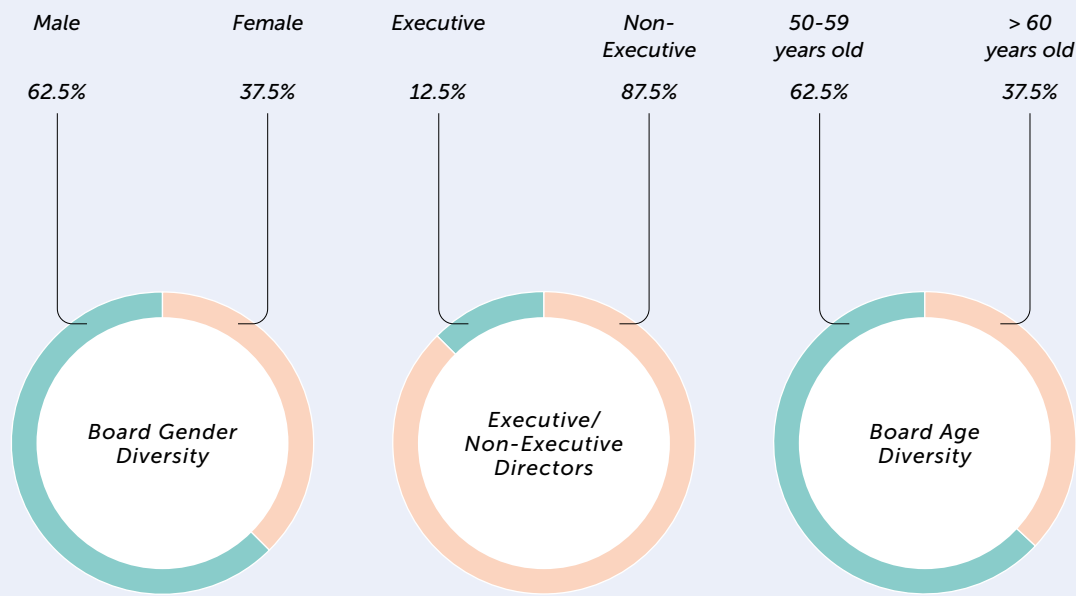
CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD AT A GLANCE

Our Board remains vigilant of the evolving corporate governance landscape and is steadfast in its commitment to delivering effective leadership.

The Board is confident that it possesses the right blend of skills, experience, independence, and knowledge to drive forward its strategic growth agenda.



Total Board and Board Committees Meeting Hours

134

Industry Background:

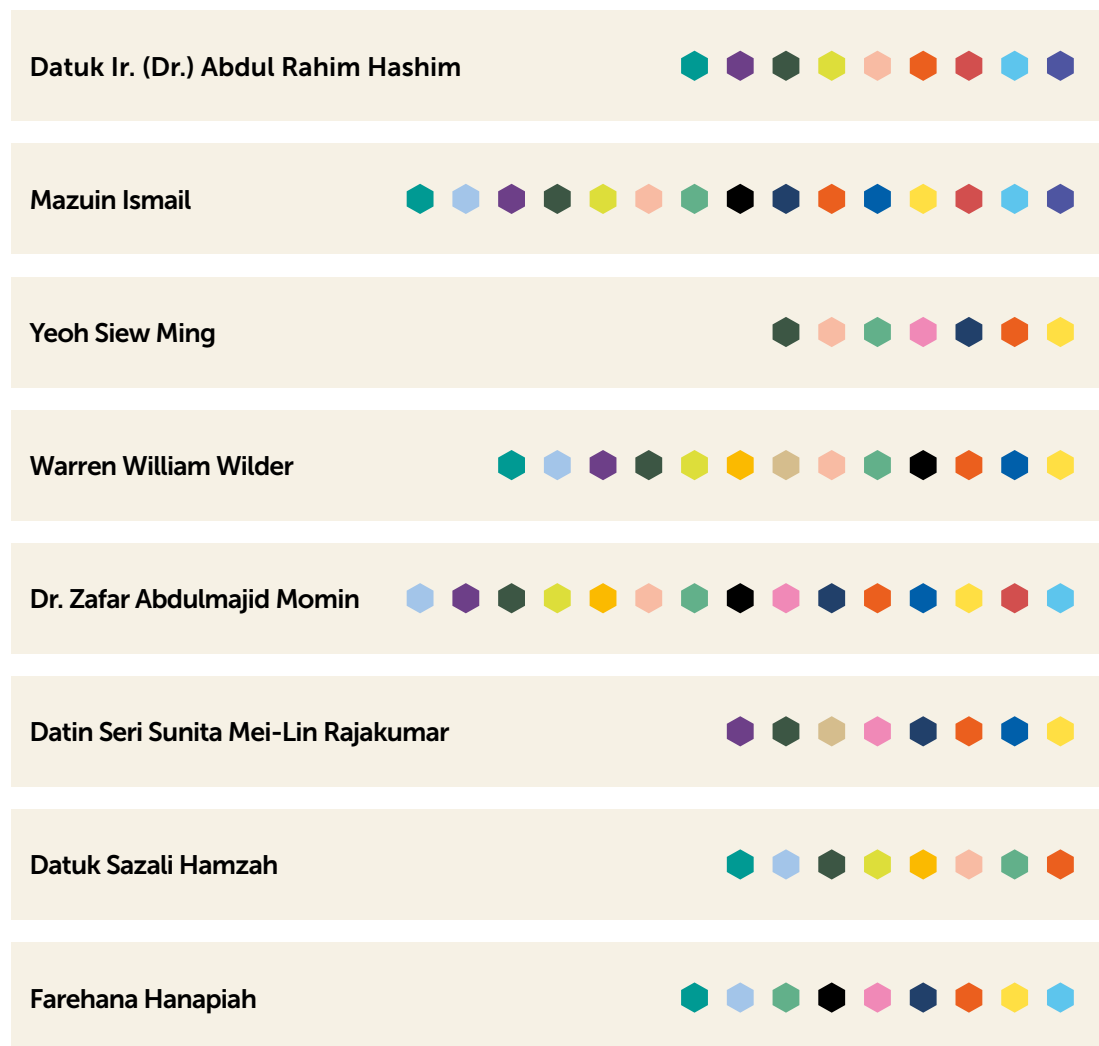
- Oil and Gas
- Petrochemical

International Experience:

- Global
- Regional

Functional Experience:

- Engineering
- Logistics
- Legal/Regulatory
- Operations
- Commercial/Marketing
- Economics
- Finance
- Audit
- Risk Management
- Sustainability
- Corporate Strategy
- Technology
- Human Resource
- Project Management



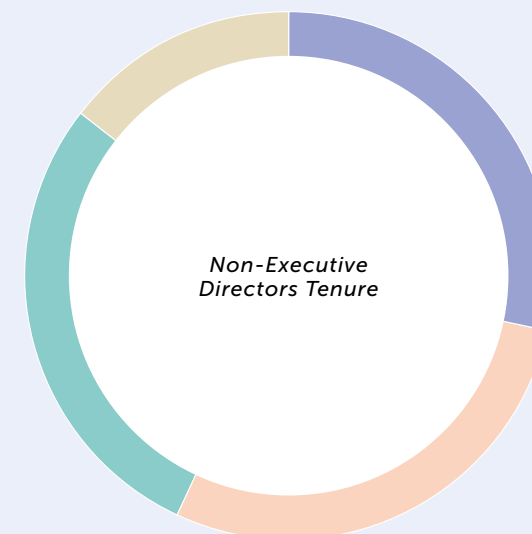
Independent Non-Executive Directors (INED)

Yeoh Siew Ming	4 years 9 months
Warren William Wilder	5 years 8 months
Dr. Zafar Abdulmajid Momin	5 years 8 months
Datin Seri Sunita Mei-Lin Rajakumar	1 year 8 months

The tenure of an Independent Non-Executive Director is not more than 9 years.

Non-Independent Non-Executive Directors (NINED)

Datuk Ir. (Dr.) Abdul Rahim Hashim	2 years 2 months
Datuk Sazali Hamzah	9 years 9 months
Farehana Hanapiah	1 year 9 months



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A Board Leadership and Effectiveness

BOARD LEADERSHIP

Guided by an effective Board, the Group is committed to achieving long-term sustainable success, generating value for shareholders, and making positive contributions to a broader stakeholder base. As at the date of this Statement, the Board consisted of Non-Independent Non-Executive Chairman, four Non-Independent Non-Executive Directors, two Non-Independent Non-Executive Directors and the MD/CEO.

The Board composition represents a mix of skills, knowledge and expertise relevant to PCG's business.

The Board's key role is to oversee the development and execution of the Group's strategies. The Board consists of individuals with diverse backgrounds and experiences, which facilitates constructive debates ensuring comprehensive discussions on the Group's performance and strategic initiatives.

The Board actively monitors operational and financial performance against established goals and objectives. It ensures the presence of effective controls and systems to manage risks, securing the necessary financial resources and skilled personnel to achieve strategic goals. The Non-Executive Directors (NEDs), possessing diverse business, financial, and international skills and experience, contribute to a balanced and dynamic foundation that supports the Group's strategic growth. During the year under review, the NEDs had a private session without the presence of the MD/CEO and Management to discuss any matters that the NEDs may wish to raise in the interest of the Company.

For a detailed understanding of the Directors' backgrounds, profiles can be found on pages 72 to 76.

BOARD MEETINGS

The Board adheres to a structured framework, delineating matters exclusively reserved for its approval. These encompass pivotal decisions ranging from endorsing the Group's strategic direction and budget to approving substantial corporate transactions, authorising capital expenditure, and overseeing crucial aspects such as risk management, dividends, change of MD/CEO, the Sustainability Agenda, and communications to shareholders. Throughout the year under review, all matters within the Board's purview received unanimous approval, underlining the cohesive and robust governance structure, with an average 99% attendance by the Directors for Board Meetings in FY2023.

Pre-scheduled Board and Board Committees meetings dates are circulated to the Board and Management prior to the commencement of the year to assist the Directors in planning their schedule for the year. Agendas are crafted in consultation with the Chairman and MD/CEO, ensuring thorough preparation and a transparent decision-making process. Board Papers are distributed at least five business days before meetings, providing ample

time for comprehensive review and thoughtful deliberations. All materials for the Board meeting are uploaded onto a secure portal which can be accessed on tablet devices provided to the Directors. While decisions require a majority vote, the Board operates on a consensus basis. In a rare occurrence of a tied vote, the Chairman exercises a casting vote. Notably, during the year under review, the Chairman did not exercise this option, underscoring the alignment of perspectives within the Board.

Transparency and integrity are paramount, with Directors providing declarations of interest on transactions at the commencement of meetings. Those with vested interests disclose the extent and nature of their interest, maintaining objectivity by abstaining from deliberations and voting on such transactions.

For a comprehensive breakdown of matters within the Board's domain, interested parties can refer to our detailed Board Charter, accessible online at <https://www.petronas.com/pcg/about-us/governance>

DIVISION OF RESPONSIBILITIES BETWEEN THE BOARD AND MANAGEMENT

The Board fulfils its responsibilities through a combination of direct involvement and delegation to its Committees. The implementation of the Company's strategy and the day-to-day management are entrusted to the MD/CEO, who is supported by senior leadership teams. The Board maintains oversight, provides guidance, and holds management accountable, retaining ultimate responsibility for ensuring effective governance and strategic direction.

SUPPLY AND ACCESS TO INFORMATION

The Board is provided with comprehensive and timely access to all relevant information essential for the effective discharge of its duties. They have access to the advice and services as per the Board Charter of the Company Secretaries, MD/CEO, Chief Financial Officer and other senior management as well as external advisers. The Company Secretary, under the guidance of the Chairman, ensures a smooth flow of information within the Board, its Committees, and between the Management team and NEDs.

The Directors also have the opportunity to visit the Group's operational facilities to better understand the Group's business operations. Directors may, at any time, request for further explanations, briefings or informal discussions on any aspect of the Group's operations or business issues from senior management. Additionally, Directors, either collectively or individually, may seek independent professional advice in the course of their duties, with the Company bearing the associated expenses. During the year under review, the INEDs had engaged independent external professionals to provide advisory services in respect of certain transactions undertaken by the Group and the costs were borne by the Company. The Company has utilised an

electronic platform for delivery of documents or materials to the Board. This is to ensure prompt and secure delivery of high-quality information to the Board.

BOARD DIVERSITY, SKILLS AND EXPERIENCE

The Group is dedicated to fostering diversity within its Board, aiming for a well-rounded composition of directors with diverse backgrounds, experiences, perspectives, skills, and knowledge. We believe that diversity, encompassing gender and other factors, contributes to the Board's high performance, effectiveness, and the overall success of the Group. Our commitment to diversity is upheld through a meritocratic appointment process to maintain an optimal balance.

In addition to the Board Diversity Policy, the Board adopted the PETRONAS Diversity & Inclusion (D&I) statement, outlining baseline and long-term targets across gender, multinationalism, age, and culture. The recruitment and selection of new candidates for Board memberships prioritise diversity considerations. The Board ensures a focus on diversity by reviewing succession plans, identifying specific factors for recruitment, adhering to inclusive recruitment processes, and assessing the mix of diversity, addressing any gaps.

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

CONFLICT OF INTEREST

The Board meticulously follows a robust procedure for the regular scrutiny and oversight of potential conflicts of interest, which is conducted on a quarterly basis. Directors with substantial commitments beyond the Group are required to disclose these commitments prior to their appointment and are expected to provide updates in case of any changes. The Company Secretary maintains a comprehensive register of both actual and potential conflicts of interest, subject to an annual review.

Moreover, all Directors are mandated to declare their interests on a quarterly basis, and this information is presented to the Board for notation. The Group adheres to a set of guidelines and procedures concerning Related Party Transactions (RPT) and Recurrent Related Party Transactions (RRPT), as well as Conflict of Interest (COI) situations. These guidelines outline the principles and procedures governing such activities across the Group, ensuring compliance with the MMLR and other regulations.

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

ROLES AND RESPONSIBILITIES

Division of Responsibility

The positions of Chairman and MD/CEO are distinct, held by Datuk Ir. (Dr.) Abdul Rahim Hashim and Mazuin Ismail, respectively. Well-defined guidelines on the division of responsibilities are established to maintain a balanced distribution of authority, enhance accountability, and foster independent decision-making. This clear hierarchical structure, guided by our Board Charter, promotes efficiency and facilitates prompt, well-informed decision-making.

Detailed information on their specific roles are specified in the Board Charter which can be found on the Company's corporate website at <https://www.petronas.com/pcg/about-us/governance>

QUALIFIED AND COMPETENT COMPANY SECRETARIES

Our Company Secretaries, Azira Marini Ab Rahim and Mek Yam @ Mariam Hassan, are qualified under Section 235 of the CA 2016 to serve as Company Secretaries. They provide crucial advisory support to the Board, focusing on matters such as the Company's Constitution, Board policies, corporate governance, and procedures. Additionally, they ensure compliance with regulatory requirements, codes, guidelines, and legislation. The Company Secretaries meticulously document discussions and deliberations during Board and Board Committees' meetings, ensuring that action items are appropriately recorded as matters arising in the meeting minutes until resolved. To stay abreast of evolving regulatory changes and developments in corporate governance, the Company Secretaries actively participate in continuous training. During the year under review, they attended the following training sessions:

	Development Programme Attended	Organiser	Date (2023)
Azira Marini Ab Rahim	Refresher Training for PCG Group Nominated Directors and PCG Seconddees on Directors' Duties and Responsibilities and Governance, Risk & Compliance	PCG	16 March
	Global Board of Directors Transformation Masterclass 2023	Corporate World Intelligence	30 May – 1 June
	PETRONAS Board Conversation Series #Q1 2023: Nature Action	PETRONAS	31 May
	iConnect Session for Leaders	PETRONAS	15 June
	"Bursa Malaysia the Company Secretary: Becoming a Changemaker" Programme	Bursa Malaysia	1 August
	PCG Board & Management Workshop	PCG	22 August
	PETRONAS Board Conversation Series #Q2 2023: Sustainability, Transparency and Disclosure	PETRONAS	30 August
	Industrial Relations for Leaders Programme	PETRONAS	6 September
	PDM 5.0: PETRONAS Board Governance and Decision - Making Process & Meeting Management	PETRONAS	21 September
	PCG Integrated Report 2023 Workshop	PCG	27 September
Mek Yam @ Mariam Hassan	PETRONAS Board Excellence: Continuous Education - Conflict of Interest	PETRONAS	27 October
	Get ready for ISSB Sustainability Disclosure	KPMG	21 November
	PETRONAS Board Conversation Series #Q3 2023: Physical Climate Risk and the Impact on PETRONAS	PETRONAS	24 November
	PETRONAS ESG Legal Conference	PETRONAS	7 February
	Integrated Governance, Risk & Compliance Framework: Driving Performance	MARCUS EVANS	15 May
	PETRONAS Board Excellence Series- Essential	PETRONAS	1 August
	PETRONAS Board Conversation Series #Q2 2023: Sustainability, Transparency and Disclosure	PETRONAS	30 August
	PETRONAS Board Excellence Series: Rising Above 2	PETRONAS	20 September
	PETRONAS Board Excellence: Continuous Education - Conflict of Interest	PETRONAS	27 October
	PETRONAS Board Conversation Series #Q32023: Physical Climate Risk and the Impact on PETRONAS	PETRONAS	24 November
High Performance Leadership	LONDON FTE/LAYKAS GROUP	4-8 December	

The Board is satisfied with the competence and performance of both Company Secretaries in fulfilling their roles and providing support.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A Board Leadership and Effectiveness

OUR GOVERNANCE STRUCTURE

The Board exercises oversight through its three main Committees: the Nomination and Remuneration Committee (NRC), the Board Audit Committee (BAC), and the Board Sustainability and Risk Committee (BSRC). The detailed terms of reference for each Committee are accessible at <https://www.petronas.com/pcg/about-us/governance>. All Board Committees solely comprised of NEDs. During every Board meeting, the Chairman of each Board Committee provides an update on significant matters discussed at the Board Committee meetings which are scheduled before the Board meeting.

For the day-to-day operational management of the business, the Board entrusts authority to the MD/CEO, who, in turn, is supported by various committees, including the Management Committee, People Development Committee, Project Steering Committee, Sustainability and Risk Management Committee (SRMC), Digital Steering Committee, and Tender Committee.

Furthermore, the Internal Audit Department, operating independently, directly reports to the BAC.

BOARD

Board Meeting Attendance for 2023

The Board, as a collective entity, bears the responsibility for ensuring effective oversight of the Company. This includes steering the Company's strategic direction, defining objectives, formulating business plans, assessing viability, and establishing a governance structure conducive to achieving strategic growth and delivering sustainable shareholder value.

Board of Directors

Datuk Ir. (Dr.) Abdul Rahim Hashim
Non-Independent Non-Executive Director (Chairman)

Yeoh Siew Ming
Senior Independent Non-Executive Director

Warren William Wilder
Independent Non-Executive Director

Dr. Zafar Abdulmajid Momin
Independent Non-Executive Director

Datin Seri Sunita Mei-Lin Rajakumar
Independent Non-Executive Director

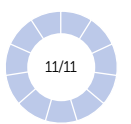
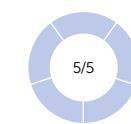
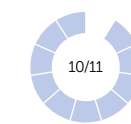
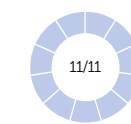
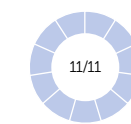
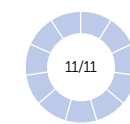
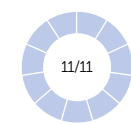
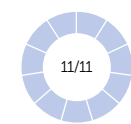
Datuk Sazali Hamzah
Non-Independent Non-Executive Director

Farehana Hanapiah
Non-Independent Non-Executive Director

Datuk Toh Ah Wah⁽¹⁾
Senior Independent Non-Executive Director

Ir. Mohd Yusri Mohamed Yusof⁽²⁾
Executive Director (MD/CEO)

Total Meetings Attended



BOARD COMMITTEE

BAC

The Committee oversees and assesses our financial and narrative reporting, internal controls, and risk management. This includes the evaluation of internal and external audit activities, along with finance, control, and compliance-related programmes.

BSRC

The Committee ensures the Group maintains robust sustainability and risk management frameworks. Provides oversight and advisory services on the implementation, performance, and compliance of sustainability and risk management activities.

NRC

The Committee ensures the Board comprises individuals with the necessary skills, knowledge and experience to effectively discharge its responsibilities and to oversee all aspects of succession planning, remuneration and performance of Directors and Senior Management.

Board Committee & AGM/EGM Meeting Attendance

BAC

Chairperson
Yeoh Siew Ming
Attendance **6/6**

Members

Dr. Zafar Abdulmajid Momin
Attendance **6/6**
Datin Seri Sunita Mei-Lin Rajakumar
Attendance **6/6**
Datuk Toh Ah Wah⁽¹⁾
Attendance **4/4**

BSRC

Chairman
Warren William Wilder
Attendance **6/6**

Members

Yeoh Siew Ming
Attendance **6/6**
Dr. Zafar Abdulmajid Momin
Attendance **6/6**
Datin Seri Sunita Mei-Lin Rajakumar
Attendance **6/6**

INTERNAL AUDIT DEPARTMENT (IAD)

⁽¹⁾ Terms of reference is accessible to the public on the Company's corporate website at <https://www.petronas.com/pcg/about-us/governance>

NRC

Chairman
Dr Zafar Abdulmajid Momin
Attendance **6/6**

Members

Yeoh Siew Ming
Attendance **6/6**
Farehana Hanapiah
Attendance **6/6**
Datuk Toh Ah Wah⁽¹⁾
Attendance **4/4**

AGM

Chairman
Datuk Ir. (Dr.) Abdul Rahim Hashim
Attendance **1/1**

Members

Yeoh Siew Ming
Attendance **1/1**
Warren William Wilder
Attendance **1/1**
Dr. Zafar Abdulmajid Momin
Attendance **1/1**
Datin Seri Sunita Mei-Lin Rajakumar
Attendance **1/1**
Datuk Sazali Hamzah
Attendance **1/1**
Farehana Hanapiah
Attendance **1/1**
Datuk Toh Ah Wah⁽¹⁾
Attendance **1/1**
Ir. Mohd Yusri Mohamed Yusof⁽²⁾
Attendance **1/1**

⁽¹⁾ Retired on 12 June 2023

⁽²⁾ Resigned on 1 January 2024

All Directors complied with the minimum attendance requirement, of not less than 50% of the Board meetings held during the financial year as stipulated in the MMLR.

99%

Sustainability Governance

The Group's commitment to sustainability governance places a strong emphasis on transparency and accountability in the execution of sustainability strategies. The Board assumes the ultimate responsibility for overseeing the Group's sustainability practices, recognising the integration of Economic, Environmental, and Social factors as a fiduciary duty. The BSRC plays a pivotal role in overseeing the Group's sustainability commitments, goals, and opportunities.

To support the BSRC, the SRMC, operating at the management level and chaired by the MD/CEO, contributes to managing risks and offering guidance on sustainability matters that impact the business. Furthermore, the Sustainable Development Working Committee (SDWC), chaired by the Head (Strategy & Governance) Sustainability Development, reports directly to the SRMC. This committee, with a direct report to the MD/CEO, actively drives the Group's Sustainability Agenda.

MD/CEO - Responsible for the overall operations of the business, organisational effectiveness and implementation of the Group's strategies and policies.

Management Committees

Regular reporting/progress updates



Working Group

CORPORATE GOVERNANCE OVERVIEW STATEMENT

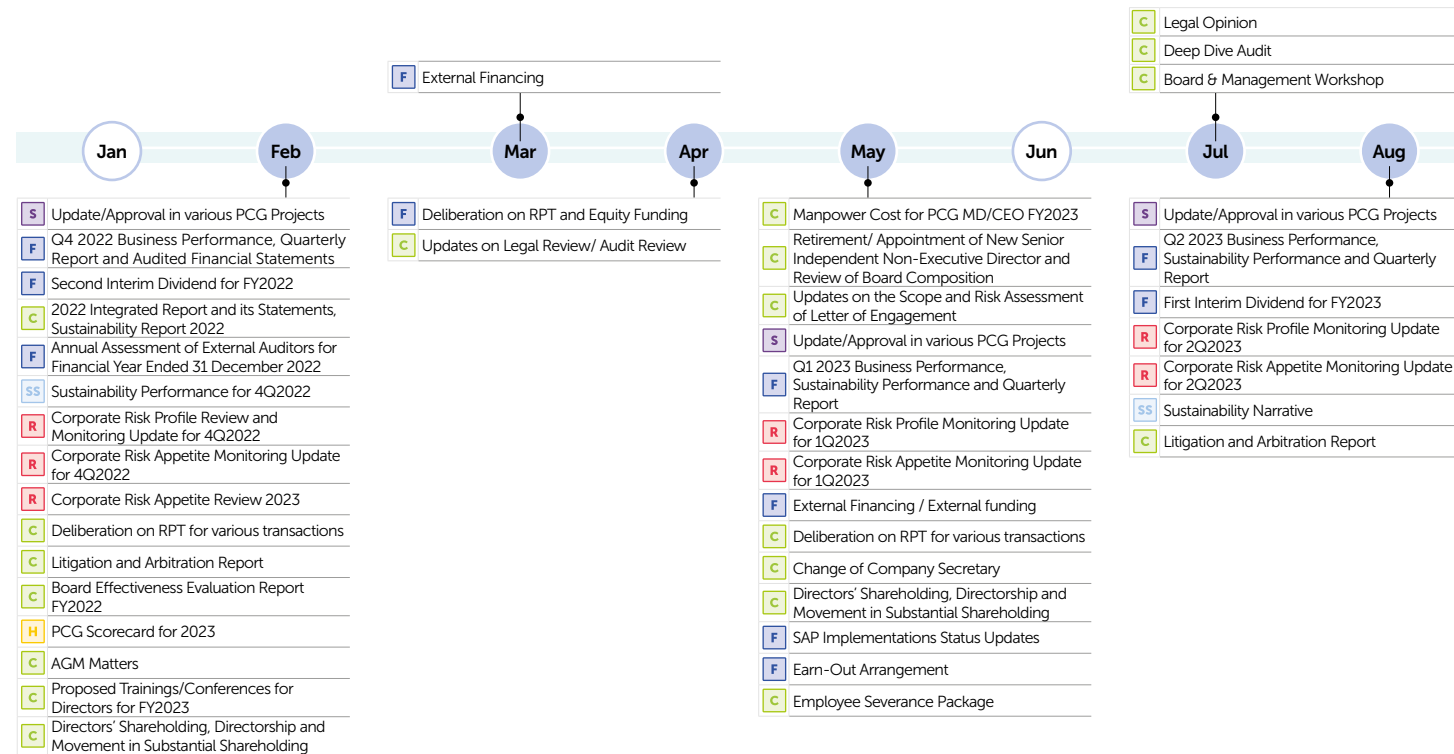
CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A Board Leadership and Effectiveness

FOCUS AREAS FOR THE BOARD DURING 2023

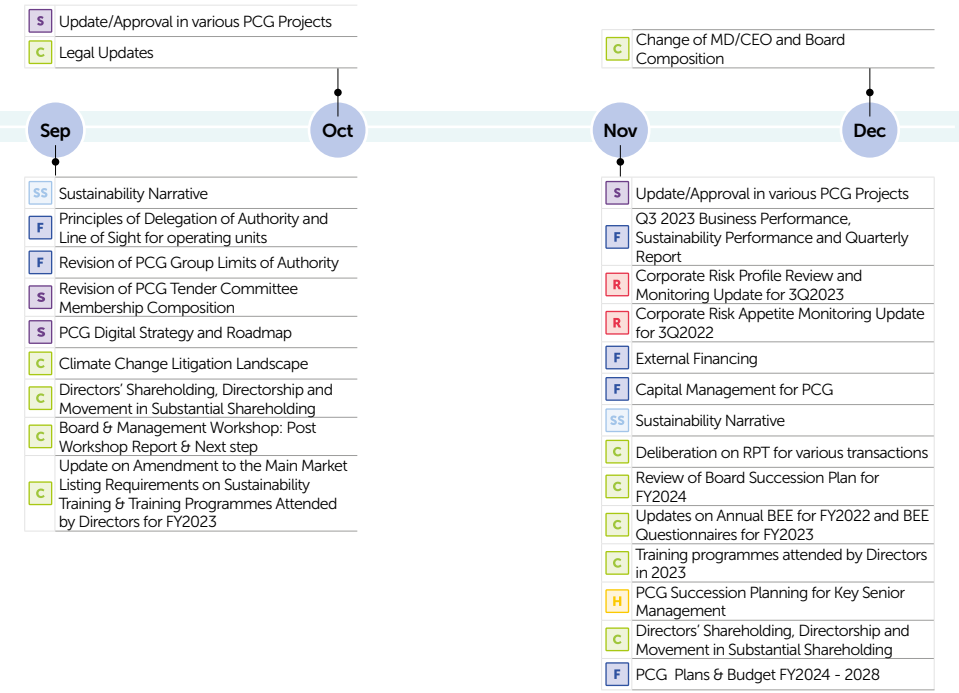
FY2023 BOARD AGENDA

● Months the Board met



Agenda & Areas of Focus

F Financial R Risk SS Sustainability H Human Capital Development S Strategy C Corporate Governance and Compliance



BOARD FOCUS AREAS FOR FY2024

- Core Business**
 - Strive for ZERO Major HSE Incident & Best In-Class HSE Performance
 - Enhance cyber resiliency
 - Sustain Operational Excellence: Asset reliability & integrity
 - Deliver Commercial Excellence: Value maximisation
- New Business**
 - Achieve milestone for growth projects
 - Build strong specialty chemicals business
 - Complement with sustainable product portfolio
- Sustainability**
 - Drive NZCE implementation
 - Enhance nature and biodiversity action
 - Elevate positive social impact
- Talent Management**
 - Implement structured and focused talent solutioning to drive PCG's core & growth levers
- Technology + Digital**
 - Embed OER2 and Digitalisation for a High Performing Organisation

S Strategy

- Sustain HSE Excellence and continuous concerted efforts to meet "ZERO is Possible" aspiration
- Maximise value from Operational and Commercial Excellence through reliable plant operation and world class plant utilisation as well as focusing in delivering value from best netback market
- Execute Growth Delivery Excellence and strengthen specialty chemicals platform
- Execute Sustainability Development roadmap

The Board had also deliberated and approved PCG's five-year business plan and budget. Projections presented to the Board were prepared against market forecasts. Strategic targets and Key Performance Indicators (KPIs) of the Company's three strategic pillars - Operational Excellence, Commercial Excellence and Growth Delivery Excellence - as well as future growth projects and financial forecasts, were also presented to the Board for their deliberation. The Board also deliberated PCG's resource allocation plans and potential challenges towards achieving PCG's aspirations.

BOARD STRATEGIC CONVERSATION (BSC) AND SITE VISITS

Throughout the year under review, three successful strategic sessions were conducted with the Management Committee of PCG. These sessions involved in-depth discussions by the Board on the Group's Talent Strategy and Corporate Branding Strategy, along with a reconsideration of its Sustainability and Specialty Chemicals Transformational Growth Strategy. Additionally, the Board, in collaboration with Senior Management, actively participated in on-site visits to the Specialty Chemicals plants under both Perstorp and BRB. These visits, conducted during the reviewed period, aimed to enhance the Board's understanding of the Company's operations and foster camaraderie among the leadership.

GROUP STRATEGIC INITIATIVES AND PLANS

The Board deliberated on strategic initiatives and provided the relevant feedback and directions. During these sessions, the Board also oversaw the conduct of the Company's business and execution of the initiatives against the 2023 target.

F Financial

GROUP'S PERFORMANCE ON QUARTERLY BASIS

The Board was updated on a quarterly basis regarding performance against business plan targets. Performance is measured and tracked against the approved KPIs. The MD/CEO and Key Management's KPIs and their performance were presented to the Board to oversee, measure and track against the approved KPI targets for the year in achieving the Company's aspiration and objective.

SS Sustainability

ADVANCING SUSTAINABILITY AGENDA

The Board convened to deliberate upon the following critical matters:

Sustainability Implementation
Strategic discussion on the Group's comprehensive sustainability agenda, encompassing established goals, prioritised objectives, and measurable targets.

Programme Assessment and Resource Allocation
Review of existing sustainability programmes and initiatives to evaluate their effectiveness and resource requirements to ensure optimal alignment with strategic objectives.

Sustainability Integration
The Board engaged in detailed dialogue surrounding the integration of sustainability considerations into key business decisions, emphasising cross-functional collaboration and responsible long-term planning.

Performance Monitoring and Improvement
A rigorous framework for monitoring sustainability performance against established targets on a quarterly basis was implemented, promoting continuous improvement and accountability.

R Risk

MANAGEMENT OF PRINCIPAL RISKS

The Board deliberated and approved principal risks that may significantly impact business goals and targets. The Board constantly monitors the agreed mitigations to manage or reduce the likelihood and impact of these principal risks. Key risk indicators which provide early warnings of risk manifestation were also reported to the Board.

In addition, various emerging risks or opportunities resulting from the complex internal and external environment that we operate in were also identified and reported to the Board and determined if it should be included as one of the principal risks under the PCG Corporate Risk Profile.

To ensure that risks undertaken in pursuit of business objectives are acceptable, the Board evaluates new and ongoing initiatives against the Company's risk appetite which sets key operational boundaries as any breach of risk appetite may jeopardise business sustainability.

In achieving comprehensive risk-based decision making, the Board also deliberated on the risks related to high impact business matters such as projects' Final Investment Decisions, project financing and joint venture arrangement, in order to assess the feasibility and commerciality of these projects and investments.

C Corporate Governance and Compliance

During the year, the Board reviewed its composition, diversity, tenure, retirement of Directors at the AGM and the Board skills and experience matrix.

IMPLEMENTATION AND MONITORING OF SUCCESSION PLANNING

The Board ensures that there is an appropriate succession plan for members of the Board and Senior Management.

For more information, please refer to Nomination and Remuneration Committee Report on pages 110 to 111.

REVIEWED AND MONITORED THE PERFORMANCE OF RELATED PARTY VENDORS

The Board through its BAC reviewed the performance of the related party vendors in respect of the work or services performed during the period from 1 January 2023 until 31 December 2023, a total of 62 assessment were conducted.

Performances were evaluated based on the vendors' capability, responsiveness, reliability and HSE criteria.

RELATED PARTY TRANSACTIONS (RPT) AND RECURRENT RELATED PARTY TRANSACTIONS (RRPT)

The Board through its BAC reviewed the RPT and RRPT within the PCG Group, in accordance with the PCG's Guidelines and Procedures on Related Party Transactions and Conflict of Interest Situations, to ensure all transactions are at arm's length and were carried out on normal commercial terms and not to the detriment of the minority shareholders. During the period from 1 January 2023 until 31 December 2023, there were 2 RPT contracts, and 13 RRPT contracts entered into by the Company and its subsidiaries.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A Board Leadership and Effectiveness

BOARD RE-ELECTION

In strict adherence to the Malaysian Code on Corporate Governance (MCCG), MMLR and in accordance with Article 107 of the Company's Constitution, one-third of the incumbent Directors to retire by rotation at each Annual General Meeting (AGM) provided always that each director shall retire from office at least once in every three years. This process underscores the mandate that each Director vacates their position at least once within a three-year interval but remains eligible for re-election at the AGM. Subsequently, a Director retiring at the AGM serves until the meeting's conclusion, whether adjourned or not. To ensure compliance with these regulatory and governance frameworks, the Directors' rotation list undergoes scrutiny by the NRC, receiving formal endorsement prior to its submission to the Board. Directors subject to re-election affirm their consent before deliberation at PCG's Board meeting.

In deciding candidates' eligibility for re-election, the NRC conducts a comprehensive assessment encompassing competencies, commitment, contribution, fitness and propriety, performance metrics derived from the Board Effectiveness Evaluation (BEE), fit and proper declarations, and the demonstrated ability to act in the best interest of PCG. On 26 February 2024, the Board endorsed the NRC's recommendation for the following Directors to be considered for re-election pursuant to the relevant Articles of PCG's Constitution at the Company's imminent 26th AGM.

Article 107:

- Warren William Wilder
- Dr. Zafar Abdulmajid Momin
- Datuk Sazali Hamzah

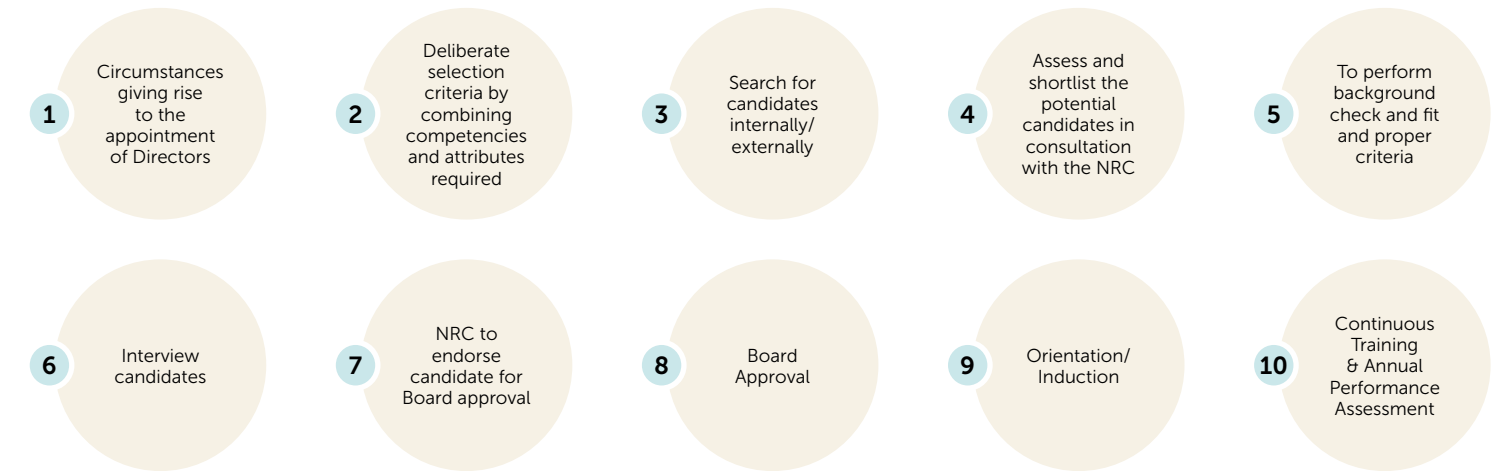
Article 100:

- Mazuin Ismail

APPOINTMENT OF NON-EXECUTIVE DIRECTORS

The Board oversees appointments, relying on recommendations from the NRC. Demonstrating a commitment to diversity, appointments follow merit-based criteria, aligning with corporate strategy and the Fit and Proper Policy. The selection process emphasises achieving an optimal mix of skills, personalities, and experience, following approved criteria. The procedure involves the NRC creating a detailed specification outlining the necessary skills and experience. External recruitment consultants may be engaged to assist with identifying and shortlisting suitable candidates. The NRC will interview the shortlisted candidates before recommending the most suitable candidates to the Board for appointment as Directors. Suitable candidates will be identified to fill vacancies on the Board as and when the needs arise.

BOARD APPOINTMENT PROCESS BASED ON BOARD SUCCESSION PLANNING FRAMEWORK



BOARD INDEPENDENCE

Recognising the vital role that INEDs play in upholding robust corporate governance, the Board emphasises the obligation of all Directors, irrespective of their independent status, to prioritise the Company's best interests and exercise independent judgement without constraints.

As part of the BEE process, both the NRC and the Board conducted assessments of the independence of INEDs. The evaluation affirmed the satisfactory level of independence demonstrated by all INEDs, highlighting their consistent delivery of sound, independent, and objective judgment during Board deliberations. Their active engagement in discussions and decision-making underscores their commitment to acting in the best interests of the Group.

During the year under review, Datuk Toh Ah Wah stepped down as the SID after nine years of esteemed service on 12 June 2023. Yeoh Siew Ming was subsequently appointed as SID to ensure continuity and effective oversight. As at the date of this Statement, the Board comprises four INEDs, representing 50% of the Board composition which meets the requirements outlined in Paragraph 15.02 of the MMLR, with more than one-third of its members serving as INEDs. The Board also acknowledges Practice 5.2 of

MCCG, requiring a majority of independent directors in large companies. In absence of having majority independent directors, the Board employs the following measures to provide independent judgement and views during Board deliberations:

- (1) The SID acts as a sounding board to the Chairman and serves as an intermediary for the INEDs when necessary.
- (2) All Board Committees are chaired by INED.
- (3) All Board Committees comprised solely of INEDs, except for the NRC.
- (4) The BAC reviews all RPTs adhering to PCG's Guidelines and Procedures prior to Board meetings. During Board meetings, any Directors having an interest, shall abstain from deliberation and voting for all RPTs. This protocol is essential to maintain transparency and to safeguard the interests of minority shareholders.

None of the Company's INEDs have exceeded a tenure of more than nine years on the Board, ensuring continual fresh perspectives.

BOARD EFFECTIVENESS EVALUATION 2023

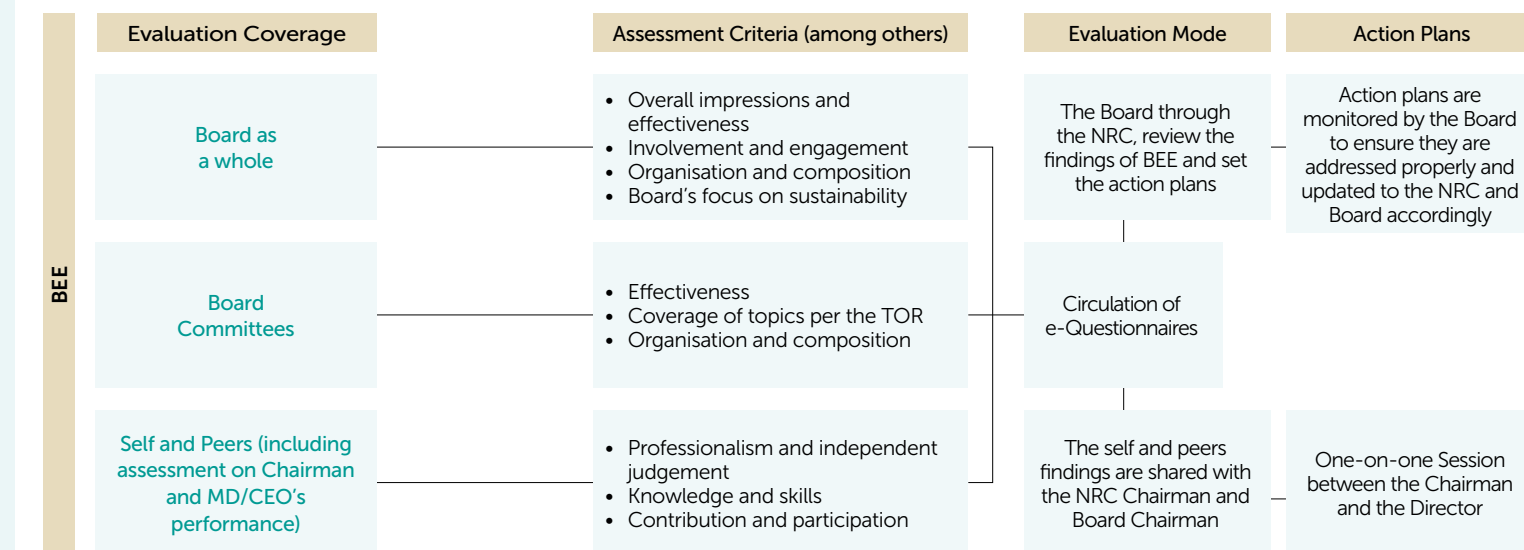
BEE is to evaluate the performance of Board/Board Committees/Members of the Board as well as identifying any gaps or areas of improvement, where required.

Every year, under the purview of the NRC, a formal evaluation is undertaken to assess the effectiveness of the following:

1. The Board as a whole and the Board Committees
2. Contribution of each individual Director
3. Independence of Independent Directors

The Board engages an external consultant to perform BEE exercise once every three years. This is to facilitate an objective and candid Board evaluation. The last assessment carried out by an external consultant was for the year assessment 2021 while the next engagement is envisaged for year assessment 2024.

During the year under review, the BEE was conducted internally through an electronic platform. The indicators for the performance of the Board and Board Committees which included among others, the composition, planning process, conduct of meetings, communication with the Management and stakeholders as well as strategy and planning for the Group were used for the Directors to provide their ratings.



BOARD'S EFFECTIVENESS REVIEW AND PERFORMANCE

The outcome of the 2023 BEE indicated that the Board is committed to the highest standards of good governance and continues to be seen as an excellent Board with strong support from the Management. Key takeaways included the need to focus on Board composition, stakeholder engagement, succession planning, digitalisation capability and sustainability by the Group.

The 2023 BEE revealed that the current composition of the Board is well-balanced, high performing, effective and equipped with the relevant skills and areas of expertise to navigate PCG in its growth strategy and sustainability journey.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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PRINCIPLE A Board Leadership and Effectiveness**INDUCTION AND TRAINING**

New Directors joining the Board undergo a comprehensive onboarding programme conducted by members of the Management Committee. This programme covered essential aspects of the business, including an overview of the Group's financial risk management processes, the internal audit function, innovation and technology, critical legal areas, and the corporate governance framework. Additionally, the Directors are briefed on ongoing and potential projects undertaken by the Group, facilitating their familiarisation with the Group's businesses.

Following the new appointment of the MD/CEO, a comprehensive onboarding programme was conducted on 3 January 2024 which covered all aspects of the Group's business. In adherence to Paragraph 15.08 of the MMLR, the Directors recognise the significance of attending conferences, training programmes, and seminars to stay informed about industry developments and changes. This practice also helps them stay updated on new statutory and regulatory requirements. Throughout the year under review, all Directors attended programmes, conferences and forums covering environmental, social, governance, sustainability, financial matters, relevant industry updates and global business developments. This proactive approach is seen as valuable in contributing to the effective discharge of their duties.

Director	Trainings Programmes/Conferences Attended	Organiser	Date (2023)
Datuk Ir. (Dr.) Abdul Rahim Hashim	PETRONAS Board Conversation Series #Q1 2023: Nature Action	PETRONAS	31 May
	Energy Asia: Charting Pathways for A Sustainable Asia	International Conference & Exhibition Professionals	26 – 28 June
	PCG Board & Management Workshop	PCG	22 August
	BEM Convention 2023: Engineering Leadership on "Nurturing Leadership: A Case for Engineers"	The Board of Engineers Malaysia (BEM)	24 August
	PETRONAS Board Conversation Series #Q2 2023: Sustainability, Transparency and Disclosure	PETRONAS	30 August
	S&P Sharing Session on Sharing of Petrochemical Industry	S&P	27 November
	MyGAS 2023: Malaysian Gas Symposium "Revitalising the Role of Gas in Energy Transition"	Malaysian Gas Association (MGA)	16 November
Mazuin Ismail	Malaysia Centre for Fourth Industrial Revolution (C4IR)	World Economic Forum	15 May
	PETRONAS Board Excellence: Sustainability 101 Programme	Group Secretarial & Board Governance, PETRONAS	25 May
	PETRONAS Board Conversation Series #Q1 2023: Nature Action	PETRONAS	31 May
	Top Leaders Dialogue	PETRONAS	11 – 12 June
	Energy Asia: Charting Pathways for A Sustainable Asia	International Conference & Exhibition Professionals	26 – 28 June
	LNG Canada Conference	International Gas Union (IGU) & GTI Energy	11 – 12 July
	TNB Energy Transition Conference	Tenaga Nasional Berhad (TNB)	28 – 29 August
PETRONAS Board Excellence: Continuous Education - Conflict of Interest	PETRONAS	27 October	

Director	Trainings Programmes/Conferences Attended	Organiser	Date (2023)
Yeoh Siew Ming*	Enterprise Compliance - Introduction to Export Control	PETRONAS	18 May
	Energy Asia: Charting Pathways for A Sustainable Asia	International Conference & Exhibition Professionals	26 – 28 June
	PCG Board & Management Workshop	PCG	22 August
	PETRONAS Board Conversation Series #Q2 2023: Sustainability, Transparency and Disclosure	PETRONAS	30 August
	2023 Board and Audit Committee Practices	KPMG	6 July
	Introducing the first ISSB Standards: Understanding what they mean for global companies	KPMG	21 July
	Advocacy Session for Directors and CEO for Main Market Listed Issuers	Bursa Malaysia	17 August
	Navigating AI Governance and ESG Reporting for the Future	KPMG	17 October
	Management of Cyber Risk	Bursa Malaysia	25 October
	PETRONAS Board Excellence: Continuous Education - Conflict of Interest	PETRONAS	27 October
	Get ready for ISSB Sustainability Disclosure	KPMG	21 November
	S&P Sharing Session on Sharing of Petrochemical Industry	S&P	27 November
	Climate Change and Carbon Footprint: Getting the Right Financial Risk and Reporting Perspectives	ICDM	1 December
Cyber Security & You	PETRONAS	6 December	
Enterprise Compliance: Zero Tolerance Rules Interactive	PETRONAS	15 December	
Warren William Wilder	PCG Board & Management Workshop	PCG	22 August
	World Chemical Forum 2023	Chemical Market Analytics by Opus - Dow Jones Company	12 – 14 September
	Webinar: Africa's Giant Fields: Greener and Faster	S&P Global	17 November
	84 th Transactions Roundtable	Pilko & Associates Motiva Morgan Stanley Skadden	8 November
	Circular Plastics Service Update: Price & Margins Outlook for Recycled Polyolefins and Bio-Polyolefins (EMEA/AMER)	Chemical Market Analytics by Opus - Dow Jones Company	14 November
	S&P Sharing Session on Sharing of Petrochemical Industry	S&P	27 November
Dr. Zafar Abdulmajid Momin*	From Carbon Capture to Hydrogen Economy	National University of Singapore (NUS) (RU Mini)	22 February
	Building Connected and Sustainable Organizations and Ecosystems	NUS Global Asia Institute	17 March
	Singapore Commodity Market Insights Forum	S&P Global Commodity Insights	28 March
	Smart Additive Manufacturing	NUS (RU Mini)	23 April
	PETRONAS Board Conversation Series #Q1 2023: Nature Action	PETRONAS	31 May
	PCG Board & Management Workshop	PCG	22 August
	PETRONAS Board Conversation Series #Q2 2023: Sustainability, Transparency and Disclosure	PETRONAS	30 August
	Asia Pacific Petroleum Conference (APPEC) 2023	S&P Global Training	4 – 6 September

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PRINCIPLE A Board Leadership and Effectiveness

Director	Trainings Programmes/Conferences Attended	Organiser	Date (2023)
Dr. Zafar Abdulmajid Momin*	Asia Pacific Board Leadership Forum 2023	Russell Reynolds	17 – 18 October
	PETRONAS Board Excellence: Continuous Education - Conflict of Interest	PETRONAS	27 October
	Get ready for ISSB Sustainability Disclosure	KPMG	21 November
	PETRONAS Board Conversation Series #Q3 2023: Physical Climate Risk and the Impact on PETRONAS	PETRONAS	24 November
	S&P Sharing Session on Sharing of Petrochemical Industry	S&P	27 November
Datin Seri Sunita Mei-Lin Rajakumar*	Nature and Business: How to Accelerate Business Action to Reverse Nature Loss	PETRONAS	13 January
	UK-Malaysia Low Carbon Energy Programme (LCEP) "Powering a Just Transition"	British High Commission	7 February
	Chairman McKinsey Global Institute Sven "A New Era for the World: Opportunities and Risks for Malaysia"	McKinsey	20 February
	Whistleblowing Training	HSBC	27 February
	Insights from COP27 & COP15 and its Implications for the Board	Climate Governance Singapore	4 April
	EY C-Suite Forum 2023	Ernst & Young	6 April
	HSBC Global Non-Executive Director Summit	HSBC	15 – 17 May
	PETRONAS Board Conversation Series #Q1 2023: Nature Action	PETRONAS	31 May
	Energy Asia: Charting Pathways for A Sustainable Asia	International Conference & Exhibition Professionals	26 – 28 June
	Webinar Series Carbon Pricing in Malaysia Session 2: Mandatory Carbon Markets	Climate Governance Malaysia (CGM) & The European Roundtable on Climate Change and Sustainable Transition (ERCST)	26 July
	PNB Knowledge Forum 2023	Permodalan Nasional Berhad (PNB)	27 July
	Pricing A Negative Externality: Carbon Session 4 - Carbon Pricing in the Malaysia Context	CGM & ERCST	7 August
	PCG Board & Management Workshop	PCG	22 August
	PETRONAS Board Conversation Series #Q2 2023: Sustainability, Transparency and Disclosure	PETRONAS	30 August
	Russell Reynolds 3 rd Annual Asia Board Leadership Forum	Russell Reynolds	18 October
	PETRONAS Board Excellence: Continuous Education - Conflict of Interest	PETRONAS	27 October
	Get ready for ISSB Sustainability Disclosure	KPMG	21 November
	S&P Sharing Session on Sharing of Petrochemical Industry	S&P	27 November
	2023 United Nations Climate Change Conference (COP 28)	COP28 International Emissions Trading Association (IETA) Pavilion/ Malaysia Pavilion COP 28	30 November – 2 December
	CGI Key Takeaways from COP28 for the Boardroom	Climate Governance Initiative	14 December

Director	Trainings Programmes/Conferences Attended	Organiser	Date (2023)
Datuk Sazali Hamzah	CERAWeek 2023, Houston USA	S&P Global	6 – 10 March
	Invitation: Invest Malaysia 2023 Series 1 - Strengthening Resilience & Sustaining Growth	Bursa Malaysia & Maybank	8 March
	Board Dialogue Series 1: Innovation	PETRONAS	20 March
	PETRONAS Board Conversation Series #Q1 2023: Nature Action	PETRONAS	31 May
	Training for PDB Board & C-Suite Upskilling: Sustainability (FTSE4GOOD & TCFD)	PETRONAS Dagangan Berhad (PDB)	7 June
	Top Leaders Dialogue	PETRONAS	12 June
	Energy Asia: Charting Pathways for A Sustainable Asia	International Conference & Exhibition Professionals	26 – 28 June
	PCG Board & Management Workshop	PCG	22 August
	PETRONAS Board Conversation Series #Q2 2023: Sustainability, Transparency and Disclosure	PETRONAS	30 August
	PETRONAS Board Excellence: Continuous Education - Conflict of Interest	PETRONAS	27 October
	PETRONAS Board Conversation Series #Q3 2023: Physical Climate Risk and the Impact on PETRONAS	PETRONAS	24 November
	S&P Sharing Session on Sharing of Petrochemical Industry	S&P	27 November
	Farehana Hanapiah	CERAWeek 2023, Houston USA	S&P Global
Board Dialogue Series 1: Innovation		PETRONAS	20 March
PETRONAS Board Conversation Series 1: Nature Action		PETRONAS	31 May
Top Leaders Dialogue		PETRONAS	12 June
Energy Asia: Charting Pathways for A Sustainable Asia		International Conference & Exhibition Professionals	26 – 28 June
PCG Board & Management Workshop		PCG	22 August
PETRONAS Board Conversation Series #Q2 2023: Sustainability, Transparency and Disclosure		PETRONAS	30 August
Top Leaders Dialogue 2023: Route to Sustainability Excellence		PETRONAS	18 – 19 October
Coaching Summit 2023 at PETRONAS Leadership Centre		PETRONAS	25 October
PETRONAS Board Excellence: Continuous Education - Conflict of Interest		PETRONAS	27 October
S&P Sharing Session on Sharing of Petrochemical Industry		S&P	27 November

* BAC Members

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A Board Leadership and Effectiveness

DIRECTOR'S INDEMNITY

Throughout the reviewed year, PCG provided indemnification for its Directors, in compliance with the provisions of the CA 2016. Directors and Officers are indemnified against liabilities incurred in the discharge of their duties while holding office, to the extent allowed under the Directors' and Officers' Liability Insurance (D&O) procured by the Company. The indemnification extends to circumstances covered by the insurance.

Directors have the option to secure additional D&O insurance, offering protection against unindemnified liabilities by the Company or uninsured circumstances, to the extent insurable. The determination of premiums for this insurance is made by the insurance company and the Directors may opt to subscribe to this coverage.

DIRECTORS' REMUNERATION

Our strategic approach to Directors' fees is crafted to align with our objectives, fostering the attraction, motivation, and retention of top-tier talent. This fees structure, adhering to regulatory requirements and reflecting prevailing market practices and trends, is designed to offer both attractive and well-balanced rewards.

In pursuit of transparency and formality, the Board has established a robust Directors' Remuneration Framework. This framework encompasses special fees, retainer fees, meeting allowances, and benefits in-kind. To comply with Section 230(1) of the CA 2016, the resolution seeking approval for Directors' fees from the 25th AGM until the upcoming AGM was presented to shareholders for their endorsement.

	Director's Fee (per annum) (RM)	Attendance Fee		Fuel (per annum)* (RM)
		BOD (RM)	Committee (RM)	
Chairman	288,000	3,500	3,500	6,000
NINEDs	144,000	3,500	3,500	
INEDs	144,000	3,500	3,500	6,000
INED - Special Skill	144,000	3,500 (Special Fee = Up to 5 times of meeting attendance fee)	3,500	

* NINEDs who are employees of PETRONAS are not eligible for fuel allowance

The fees and meeting allowances for NINEDs who are PETRONAS employees are directly disbursed to PETRONAS. These fees and allowances for NEDs will persist until a subsequent review by the Board, contingent upon the PCG's shareholders' approval. Additionally, the Company covers all relevant expenses incurred by Directors in the discharge of their duties.

The breakdown of the detailed Directors' remuneration is disclosed in the Corporate Governance Report 2023 (CG Report 2023) which is accessible to the public at Company's corporate website at <https://www.petronas.com/pcg/media/reports>. During the year under review, Ir. Mohd Yusri Mohamed Yusof was remunerated an amount of RM1,915,980.00 as MD/CEO of PCG. He was not entitled to receive director's fee or meeting allowances throughout his service as PCG's MD/CEO.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

SENIOR MANAGEMENT'S SHAREHOLDINGS

Save as disclosed below, none of the key Senior Management held shares in the Company during the financial year:

Name	Held by whom	Direct Interest				% of shareholdings
		Opening balance/ Date of Appointment	Bought	Sold	Closing balance	
Ir. Mohd Yusri Mohamed Yusof	Self	23,000	27,000	-	50,000	0.00

SENIOR MANAGEMENT'S REMUNERATION

Our approach to remuneration underscores the Group's dedication to adhering to best practices in compensation, retention, and rewards, aiming to attract and retain exceptional talent. We consistently assess remuneration packages and incentives through regular evaluations aligned with market-related surveys.

PETRONAS REMUNERATION PHILOSOPHY AND GUIDING PRINCIPLES

PHILOSOPHY

PETRONAS is committed to providing reward programmes that nurture a healthy and appreciative working environment in order to attract, retain and motivate talent to sustain a high-performance culture.

PRINCIPLES

ADAPTABLE REWARDS

We ensure that rewards are aligned with business goals, and adaptable to changes in business outlook and strategy.

EQUITABLE REWARDS

We ensure that rewards commensurate with accountabilities, competencies and performance of our talents.

SUSTAINABLE REWARDS

We ensure that rewards are market-competitive and cater to diverse workforce needs while complying with relevant statutory requirements.

The Senior Management, comprising PETRONAS employees seconded to the Company, receives remuneration aligned with industry standards and benchmarked against the market. The Board acknowledges that there is a departure from Practice 8.2 of the MCCG (disclosure on a named basis of the top five Senior Management's remuneration components). The Company has opted not to disclose the components of the remuneration of its top 5 Senior Management as their salary, bonus, benefits in-kind and other emoluments are subject to the Personal Data Protection Act (PDPA) 2010.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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PRINCIPLE B Effective Audit and Risk Management**Financial Reporting**

Under the ownership of the Chief Financial Officer, policies and procedures governing the financial reporting process and preparation of financial statements are transparently communicated through the Group Policies system. The BAC conducts regular reviews during which reports from members of the finance team and external auditors, who are invited to attend BAC meetings, are scrutinised. In this review process, the BAC considers various aspects, including material accounting assumptions and estimates made by management, significant judgements or key audit matters identified by the external auditor, compliance with relevant accounting standards and other regulatory reporting requirements, such as the MCCG, as well as the applied accounting policies and procedures.

Internal Audit Function

The internal audit function plays a crucial role in offering independent and objective assurance, advice, and insight on the Group's governance, risk management, and internal control processes. The audit results encompass opinions on adequacy and effectiveness, identification of root causes for audit findings, their implications, and recommendations for sustainable actions to be taken by the Management. Management takes responsibility for implementing the closure of audit issues, and the BAC is regularly informed about the status of these closures.

Risk Management and Internal Controls

The Board recognises its duty to uphold a robust system of risk management and internal controls, adhering to the guidelines set forth in the Financial Reporting Council's Guidance on Risk Management, Internal Control, and Related Financial Business reporting, as well as the MCCG. The Management team has established a well-defined organisational structure with explicit operating procedures, delineated lines of responsibility, and delegated authority, subject to a comprehensive review by the Board.

Quarterly reviews by the Board encompass an assessment of the risk profile, mitigation measures, and risk appetite. The Board is committed to ensuring the integrity of control systems, including internal financial controls, to effectively protect the Company's assets and investments.

For a comprehensive understanding of risk management and internal controls within the Group, please refer to the Statement on Risk Management and Internal Control (SORMIC), outlined on pages 122 to 136 of the report.

TRANSPARENT AND ACCOUNTABLE

Code of Conduct and Business Ethics

The Group upholds and implements the PETRONAS Code of Conduct and Business Ethics (CoBE), which underscores the principles of discipline, good conduct, professionalism, loyalty, integrity, and cohesiveness crucial for the success and well-being of the Group. Within the CoBE are comprehensive policy statements delineating the expected standards of behaviour and ethical conduct for every individual within the Group.

Notably, the Group extends the requirement of compliance with the relevant sections of the CoBE to contractors, sub-contractors, consultants, agents, and representatives, as well as others involved in performing work or services for or on behalf of the Group. The CoBE explicitly forbids improper solicitation, bribery, and other corrupt activities, not only by employees and directors but also by third parties engaged in work or services for or on behalf of Group's companies.

For public accessibility, the CoBE is available on the Company's corporate website at <https://www.petronas.com/pcg/about-us/governance>

Corporate Liability

The corporate liability provision imposes accountability on a company for any illicit actions undertaken by its employees for the benefit of the company, unless the company can demonstrate the presence of adequate procedures to prevent such misconduct. Aligned with the T.R.U.S.T values and principles, the Company has implemented anti-bribery and corruption programmes and controls, guided by the Guidelines on Adequate Procedures issued by the Prime Minister's Department.

Throughout the year under review, groupwide communications focused on conveying a clear tone from the top, with top management at PETRONAS actively delivering messages. This strategic communication approach played a pivotal role in promoting transparency and integrity, incorporating awareness campaigns such as "Leaders Speak Integrity" to reach all PETRONAS employees, including those at PCG. These campaigns underscored the commitment to implementing best practices and upholding integrity in day-to-day operations and business transactions.

Anti-Bribery and Corruption Policy and Guidelines

Upholding a stringent zero-tolerance approach towards bribery and corruption, PCG relies on PETRONAS' Anti-Bribery and Corruption Policy and Guidelines, commonly known as the ABC Manual, as a comprehensive framework. This manual elucidates the foundational principles and provides explicit guidance to employees in addressing improper solicitation, bribery, and other corrupt activities that may arise during business operations. Crucially, the ABC Manual extends its reach to encompass all individuals associated with the company, including employees, directors, contractors, sub-contractors, consultants, agents, representatives, and others.

In the fiscal year ending 2023, significant steps were taken in line with this commitment. All Directors signed the Integrity Pledge during the year under review. Furthermore, all employees were mandated to submit asset declarations in the same fiscal year. Additionally, the ABC manual underwent revision in 2023, reinforcing our dedication to maintaining the highest standards of integrity and ethical conduct across its operations.

PCG underwent the ISO 37001:2016 Anti-Bribery Management Systems (ABMS) audit in Q4 2023 and successfully obtained certification from SIRIM in February 2024. This achievement serves as a tangible testament to our unwavering commitment to proactively manage and minimise risk on activities that are exposed to corruption or integrity, hence reinforces our pledge to conducting business ethically and transparently. The certification marks a significant milestone, providing robust validation of our dedication to the effective implementation and continuous enhancement of our anti-bribery compliance programme.

For more details on the ABC Manual, please refer to the Company's corporate website at <https://www.petronas.com/pcg/about-us/governance>

Whistleblowing Policy

The Company upholds the PETRONAS Whistleblowing Policy, offering a platform for both Group employees and the public to disclose any improper conduct in adherence to the stipulated procedures. This policy assures individuals that disclosures are secure and handled confidentially, operating through accessible whistleblowing channels with the utmost integrity and accountability.

The Whistleblowing Policy outlines the oversight and responsibilities of the whistleblowing process, the reporting procedure, whistleblower protection, and the global confidentiality extended to whistleblowers. The policy and procedures are publicly accessible on the Company's corporate website at <https://www.petronas.com/pcg/about-us/governance>. To report any improper conduct, individuals can email whistle@petronas.com.

Trading on Insider Information

Every quarter, the Company Secretary disseminates a Notice of Closed Period to Directors, the Management Committee, and pertinent senior management within the PCG Group. This notice emphasises the protocols governing the trading of the Company's shares, particularly during the "Closed Period" when individuals possess price-sensitive information related to PCG. Throughout the reviewed year, neither the Board nor the Principal Officers engaged in any trading activities during the Closed Period. This information was regularly communicated to the Board on a quarterly basis for their acknowledgment.

When dealings outside closed period, the Directors and key senior management must, within three market days after the dealing has occurred, give notice of the dealing in writing to the Company Secretary in which the announcement to Bursa Malaysia will be made immediately.

Related Party Transactions and Conflicts of Interest

The BAC meticulously reviews all RPTs, including RRPTs, conducted by the Company or its subsidiaries, adhering to PCG's Guidelines and Procedures on Related Party Transactions and Conflict of Interest Situations. To fortify internal control, the Company has established robust Guidelines and Procedures on RPTs and Conflict of Interest Situations.

A more streamlined process has been implemented, incorporating an RPT Assessment Checklist that outlines each step of approval, monitoring, and reporting for RPTs/RRPTs before final endorsement by the BAC. During the year under review, an independent assessment and assurance on PCG's RPT/RRPT management was carried out by an Internal Audit Department to ensure necessary controls are adequate and the completeness of reporting in meeting the relevant laws and regulations. This audit exercise commenced in 4Q FY2023 and the audit findings was tabled to the BAC in February 2024. The audit covered the reporting period from 31 December 2021 to 31 December 2023. For a comprehensive overview of the Group's policies and procedures on RPTs and RRPTs, please refer to the SORMIC, available on pages 122 to 136 of this report.

Selection of Vendors

The Group adheres to and incorporates the PETRONAS tendering process and governing principles outlined in the PETRONAS Procurement Standard for the selection of vendors. Typically, the primary selection criteria revolve around technically acceptable and commercially attractive bids.

To facilitate an impartial review on vendors' selection and ensure adherence to established guidelines and procedures, Tender Committees are established for deliberation of tenders above certain threshold and upon endorsement from the Tender Committees, award recommendations are forwarded to the approving authority for approval.

The tendering process encompasses several key stages:

- Tender Plan Approval
- Technical Evaluation
- Commercial Evaluation
- Award Recommendation

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C Integrity in Corporate Reporting and Relationship with Stakeholders

OUR CUSTOMERS

Our MD/CEO, in charge of overseeing the management of key customers, regularly updates the Board on his interactions with customers and engagement with policy makers and regulatory bodies.

The Board receives comprehensive customer insights and information through reports presented by the MD/CEO and management teams, as well as during strategy and business presentations. This ensures a well-rounded understanding of our customer relationships and the external landscape.



OUR SHAREHOLDERS

A dedicated Investor Relations team consistently engages with shareholders and investors, organising and coordinating sessions to facilitate access to management and occasionally the Board.

The Group proactively addresses inquiries from shareholders and potential investors, focusing on their specific areas of interest.

The Investor Relations team provides weekly updates on the daily movement of PCG shares vis-à-vis the Brent crude price, FBM Kuala Lumpur Composite Index (FBM KLCI) and selected peer shares. Monthly and quarterly management reports include similar periodic reviews of PCG shares as well as updates on top ten and foreign shareholdings. Additionally, the Board is kept informed of market perceptions and investor expectations, particularly pre and post quarterly financial results announcements, as analysts' reports and views are provided regularly. All shareholders are provided several avenues to post questions and comments directly to the Board i.e., email as well as the Q&A channel provided before and during AGMs. Any feedback or suggestions received are promptly communicated to the Board.



MEANINGFUL COMMUNICATION

OUR COMMUNITIES

To carry out impactful long-term initiatives, employees harness collaborations and partnerships with various non-governmental organisations and local government agencies. PCG's Social Impact programmes, strategically planned and implemented, align with and support the Company's Sustainability Agenda.

These community engagements are focused on Education, Community Well-being & Development, and Environment, mirroring the three key areas outlined in the PETRONAS Social Impact Management Framework. This strategic alignment ensures a cohesive and targeted approach to our social impact initiatives.



OUR SUPPLIERS

Our commitment to supply chain integrity underscores our dedication to sustainability, with our supplier relationships serving as a valuable source of insights for the Board.

Our site and purchasing teams collaborate extensively with suppliers on diverse matters, encompassing product stewardship, ethical sourcing, regulatory compliance, and operational enhancements. The Board gains comprehensive insights into these issues through detailed Board reports and active engagement with our operations and functional teams. This collaborative approach ensures that the Board remains well-informed about the intricacies of our supply chain.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C Integrity in Corporate Reporting and Relationship with Stakeholders

The Management is dedicated to fostering regular and transparent communication with investors. Orchestrated by the Investor Relations Department, our comprehensive investor engagement programme encompasses various activities. These include hosting quarterly results analyst briefings, arranging site and company visits for analysts and investors, conducting non-deal roadshows, thematic webinars and participating in investment conferences.

While the investor relations engagements are selectively led by the MD/CEO and the Chief Financial Officer, certain activities are occasionally joined by other Board members, especially when their areas of expertise align with key shareholder discussions. Quarterly analyst briefings feature the presence of senior management, addressing operational matters, market trends, growth projects, sustainability, and other pertinent issues. Recordings and transcripts of these briefings are promptly made available on our corporate website to ensure equal access for all investors.

Regular updates are provided to the Board through quarterly Board papers, management presentations, and email correspondence. Beyond being a communication channel, the investor relations team serves as a conduit, conveying investors' feedback, capital market views and sentiments, relative share price performance as well as suggestions for enhanced corporate disclosures. This invaluable information equips the management and Board with insights into investors' concerns and requirements, aiding informed decision-making for the Group's future direction.

In addition to formal events, the investor relations team maintains ongoing communication with stakeholders through meetings, telephone calls, and email correspondence. The AGM serves as a traditional platform for direct engagement between shareholders and the Board. Shareholders can submit questions and comments before and during the AGM, fostering a transparent and interactive environment.

The investor relations team extends its engagement efforts beyond retail and institutional shareholders to include potential investors, analysts, investment banks, stockbrokers, and other capital market participants. These efforts encompass interactions with entities such as Bursa Malaysia, the Securities Commission, the Minority Shareholder Watch Group, and the Malaysian Institute of Corporate Governance.

DIVIDEND

Our dividends are paid within 30 days upon the date of declaration. All shareholders are treated equally and paid within the prescribed timeline as follows:

Second Interim Dividend FY2022

Declaration Date: 23 February 2023
Entitlement Date: 13 March 2023
Payment Date: 23 March 2023

First Interim Dividend FY2023

Declaration Date: 22 August 2023
Entitlement Date: 8 September 2023
Payment Date: 21 September 2023

March 2023 (Second Dividend) payment for 2022.

412
Engagements
(FY2022: 359)

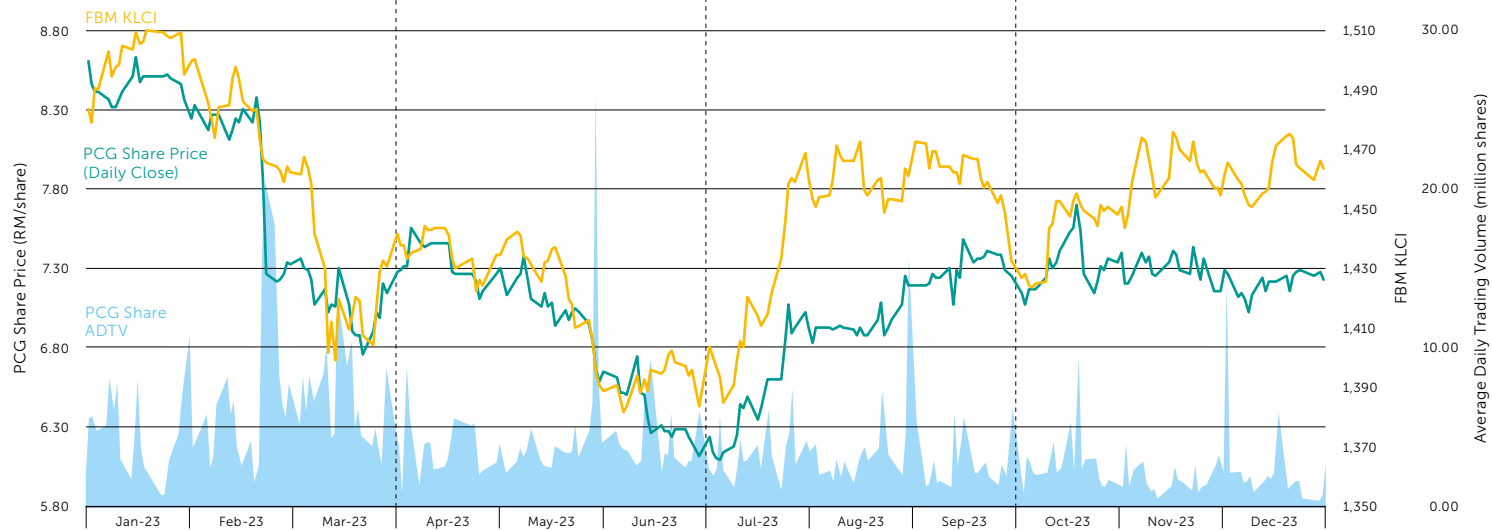
CHANNELS

- Annual General Meeting
- Quarterly Analyst Briefings
- Conferences and Roadshows
- Corporate Meetings
- Emails and Telephone Calls
- Site Visits

FY2023 SHARE PRICE PERFORMANCE

- In 2023, PCG shares registered an overall decline in prices and market capitalisation, corresponding to the decline in quarterly earnings. Sentiments surrounding the shares included sluggish economic recovery, crude oil price volatility, negative chemicals sector outlook weakened by low demand, high supply, high inflation and margin pressure
- The shares closed at RM8.60 per share on the first trading day (3 January) and ended the year 17% lower at closing price of RM7.16 on the last day (29 December). The shares reached a 3-year low of RM5.97 on 6 July. In comparison, the FBM KLCI declined only marginally during the period
- The average daily trading volume (ADTV) during the year was recorded at 4.5 million shares a decline of 44% compared to 8.1 million shares in 2022, indicating low investor interest. This is further explained by the gradual decline in monthly foreign shareholding as the chemicals sector continued its downcycle throughout 2023

	1Q2023	2Q2023	3Q2023	4Q2023
High	RM8.62	RM7.50	RM7.43	RM7.65
Low	RM6.67	RM6.56	RM5.97	RM6.95
Close	RM7.07	RM6.56	RM7.19	RM7.16

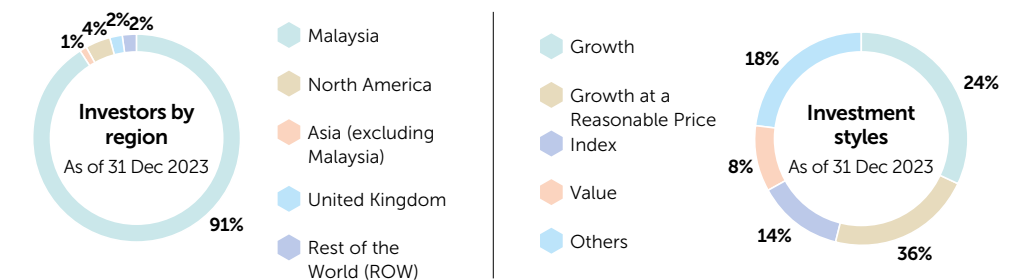


OWNERSHIP BY NON-MALAYSIANS

As at Financial Year Ended 31 December	2019	2020	2021	2022	2023
Foreign shareholding (%)	9.5	7.3	9.4	10.6	8.2

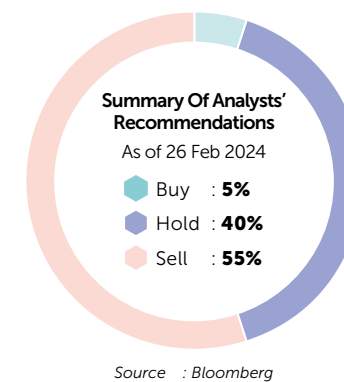
As at month end in FY2023	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Foreign shareholding (%)	10.3	9.9	8.9	8.7	8.8	8.7	8.5	8.4	8.3	8.2	8.2	8.2

Foreign shareholding declined in FY2023 compared to the previous year in line with net foreign outflow recorded by Bursa Malaysia. Non-Malaysian institutional investors reallocated investments towards sectors with positive outlooks while their interest in PCG fell on expectations of declining earnings forecast as the chemicals downcycle was set to be prolonged.



Source : Nasdaq Ir Insights, as at 31 Dec 2023

ANALYST COVERAGE



No.	Research House	No.	Research House
1.	Affin Hwang Investment Bank Berhad	11.	Kenanga Investment Bank Berhad
2.	AmlInvest Bank Berhad	12.	MIDF Amanah Investment Bank Berhad
3.	BIMB Securities Sdn. Bhd.	13.	Macquarie Securities
4.	CGS-CIMB Securities	14.	Maybank Investment Banking Group
5.	CLSA Securities (M) Sdn. Bhd.	15.	Morgan Stanley Asia (Singapore) Pte.
6.	Citi Investment Bank	16.	Nomura Securities Malaysia Sdn. Bhd.
7.	Goldman Sachs Investment Banks	17.	RHB Investment Bank
8.	Hong Leong Investments Bank Berhad	18.	TA Securities Holdings Berhad
9.	JP Morgan Securities	19.	UBS Securities (Thailand) Ltd
10.	KAF Equities Sdn. Bhd.	20.	UOB Kay Hian Securities (M) Sdn. Bhd.

CONFERENCES ATTENDED

CGS- CIMB 15 th Annual Virtual Corporate Day, 3 January 2023	CLSA Malaysia Strategy & PETRONAS Outlook 2023, 6 January 2023	Nomura ASEAN Conference 2023, 6 March 2023	Morgan Stanley Virtual ASEAN Conference 2023, 28 June 2023	JP Morgan Steel ASEAN Energy and Metal Forum, 11 July 2023
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CORPORATE GOVERNANCE OVERVIEW STATEMENT

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PRINCIPLE C Integrity in Corporate Reporting and Relationship with Stakeholders

KEY CONCERNS

VALUE PROPOSITION:

The company's commendable performance amidst external and internal challenges validates its robust fundamentals, strength and resilience. Having successfully implemented its strategy to diversify into specialty chemicals in 2022 with the acquisition of Perstorp, PCG has effectively completed its post-merger integration at the end of 2023 with a keen focus on maximising synergies between the companies while developing the growth strategy for the segment. This further cements our drive to future proof the business to ensure long term returns, growth and stability, while realising its near term target to obtain 30% additional revenue from non-traditional business.

Lead by a management team with a diverse set of skills and experience, PCG is well positioned for long term sustainable and value creation. The company has dividend policy of about 50% profit after tax and minority interest but has continuously surpassed the policy in its commitments to pay.

MANAGING PERFORMANCE:

The company continues to focus on its operational excellence initiatives to overcome the challenges faced during the year, including unplanned shutdown at a number of plants while maintaining scheduled statutory turnarounds and maintenance works. With the new specialty chemicals segment, the company now has a broader product portfolio and access to more diverse end user markets. At the same time, proximity to key markets, backed by strong market knowledge allows us to be responsive and agile in navigating market changes and dynamics. As was apparent during the year, changes in energy prices due to supply-demand dynamics, economic movements and growth has a direct impact on chemical product prices. As such, we must optimise our operational and commercial performance while maintaining strict financial prudence.

PROJECT DELIVERABLES:

In 2023, the company achieved Ready for start-up (RFSU) for the specialty ethoxylates and polyether polyols plant in Kertih, Terengganu and nitrile butadiene latex plant in Pengerang, Johor. The petrochemical plants in Pengerang Integrated Complex (PIC) are currently undergoing performance test runs. The Melamine plant in Gurun, Kedah, is on track to start-up in the second half of 2024. Following the acquisition of the Maleic Anhydride (MAN) plant located in Gebeng, Pahang, rejuvenation work is currently ongoing and is targeted for completion in 2025. The acquisition of Perstorp has brought on board a new Pentaerythritol (Penta) and ISCC PLUS certified Voxtar™ M40 plant in Sayakha, India, that was inaugurated in February 2024. On the sustainability front, PCG reached the Final Investment Decision (FID) to build an advanced chemical recycling plant in Pengerang, Johor, that will convert end-of-life plastic waste into pyrolysis oil, targeted to begin operation in 2026.

MANAGING EESG:

Our Sustainability Strategy takes into consideration our material matters and is aligned to the Group's Two-Pronged Strategy which is built on the three pillars of Economic, Environmental and Social (EES). The Economic pillar refers to our business sustenance and green initiatives which are supported by our three strategic thrusts of Operational Excellence, Commercial Excellence and Growth Delivery Excellence. The Environmental pillar is anchored on environmental stewardship and resource efficiency, within which we look to address our emissions, energy optimisation, water conservation as well as biodiversity conservation. The Social pillar addresses our employees and other stakeholders through fair labour practices, employee development and the effects of our Social Impact programmes. All of which is underpinned by a strict Governance code overseen by our Board of Directors.

CONDUCT OF ANNUAL GENERAL MEETING

The AGM is the principal forum of open dialogue with shareholders. The Company's 25th AGM was conducted virtually through live streaming and online remote voting via Remote Participation and Voting Facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd., on 18 April 2023. The Notice and Agenda of the 25th AGM were delivered to the shareholders on 17 March 2023, this being 31 days before the AGM. The Notice and Agenda were also published in the local English and Bahasa Malaysia newspapers and made available on the Company's corporate website at <https://www.petronas.com/pcg/investor-relations/annual-general-meeting>. The AGM Notice includes details of the resolutions proposed, along with any relevant information and reports.

The Company had notified the shareholders on the conduct of the AGM virtually via the RPV application, together with the instructions in the Administrative Guide. The same was also published through the announcement to Bursa Malaysia and the Company's corporate website, respectively.

There was active engagement between the Board and shareholders, and there was opportunity for shareholders to have real-time interaction with the Board and the MD/CEO during the AGM. The Chairman, who chaired the proceedings, provided fair opportunity and time to all shareholders to exercise their rights to raise questions and make recommendations. The proceedings of the 25th AGM were recorded in the minutes of the meeting and made available within 30 days after the AGM on corporate website at <https://www.petronas.com/pcg/investor-relations/annual-general-meeting>.

RELATIONSHIP WITH EXTERNAL AUDITORS

Through the BAC, the Company maintains a professional and transparent relationship with its external auditors, KPMG PLT. The BAC met the external auditors twice during the year under review to assess the scope and adequacy of the Group's audit plan, process and audit findings. At the meetings, the external auditors highlighted to both the BAC and the Board on matters that warrant their attention.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors have provided assurance that the financial statements prepared for each financial year give a true and fair view of the state of affairs of the Company and the Group as at the end of financial year and of the results and cash flow of the Company and the Group for the financial year as required by the CA 2016. The Statement of Responsibility by Directors for the audited financial statements of the Company and Group is as outlined on page 4 of the Financial Report.

R Details of the Company and the Group's financial statements was set out in the Financial Report.

STATEMENT OF COMPLIANCE

The Board has deliberated, reviewed and approved this Statement and is satisfied that the Group has fulfilled its obligations under the relevant paragraphs of the MMLR, CA 2016, MCGG, CG Guide - 4th edition issued by Bursa Malaysia Berhad and other applicable laws and regulations throughout the financial year ended 31 December 2023. The Board considers that the Company has complied and applied the Principles of MCGG for the year under review, save for Practice 5.2 (majority of Independent Directors) and Practice 8.2 (senior management's remuneration). Details of how the Company has applied the MCGG Principles and complied with its Practices are set out in the CG Report 2023. The explanation for the departures is further elaborated in the CG Report 2023, which is accessible through the Company's corporate website at <https://www.petronas.com/pcg/media/reports>.

ADDITIONAL COMPLIANCE INFORMATION - MATERIAL CONTRACTS

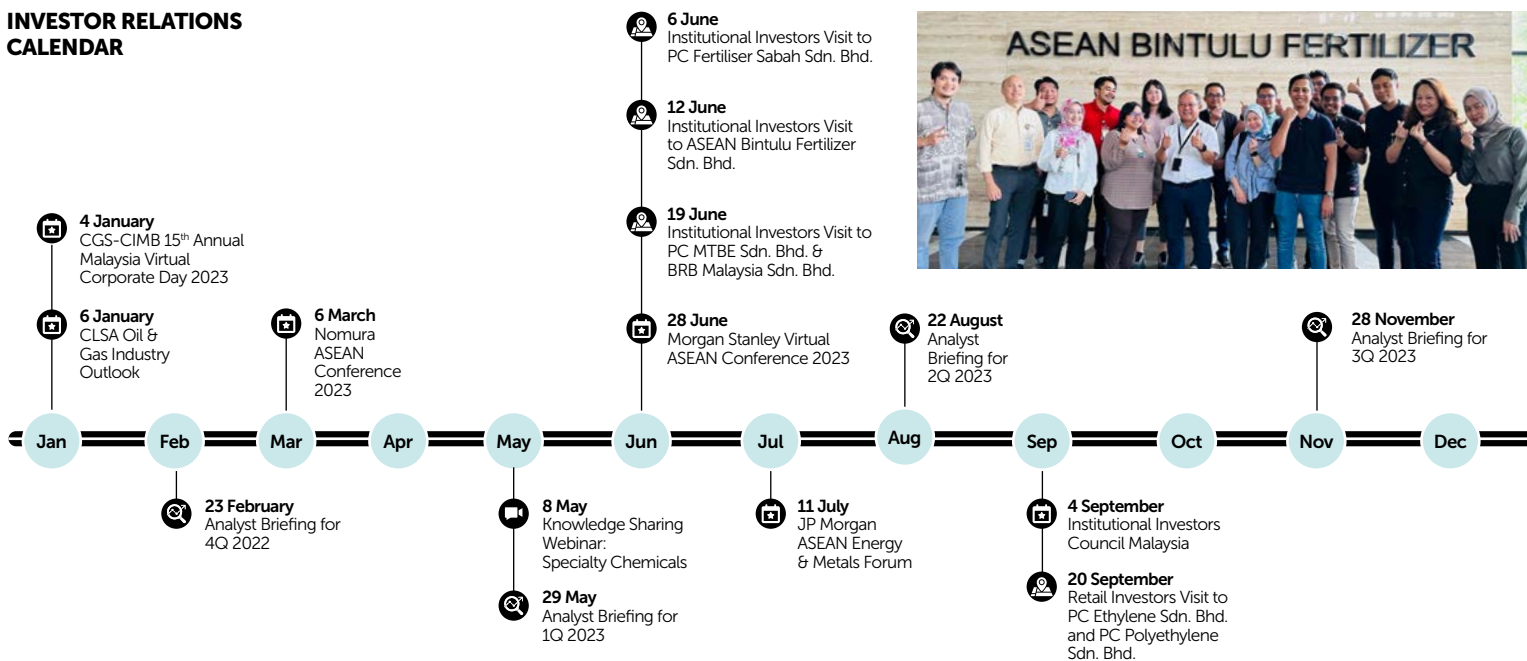
There were no material contracts or loans entered into by the Company or its subsidiaries involving Directors' or major shareholders' interests, either still subsisting at the end of the year ended 31 December 2023 or entered into since the end of the previous period, except as disclosed in the Audited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

This statement is made in accordance with the resolution of the Board of Directors dated 26 February 2024.

DATUK IR. (DR.) ABDUL RAHIM HASHIM
Chairman

EVENTS

INVESTOR RELATIONS CALENDAR



FINANCIAL CALENDAR

2023

- 24 February 2023**
Announcement of the unaudited consolidated results for the fourth quarter ended 31 December 2022
- 13 March 2023**
Date of entitlement of the second interim dividend for the financial year ended 31 December 2022
- 16 March 2023**
Notice of the 25th Annual General Meeting of PETRONAS Chemicals Group Berhad

- 17 March 2023**
Date of issuance of FY2022 Integrated Report
- 23 March 2023**
Date of payment of the second interim dividend for the financial year ended 31 December 2022
- 18 April 2023**
25th Annual General Meeting

- 29 May 2023**
Announcement of the unaudited consolidated results for the first quarter ended 31 March 2023
- 22 August 2023**
Announcement of the unaudited consolidated results for the second quarter ended 30 June 2023
- 8 September 2023**
Date of entitlement of the first interim dividend for the financial year ended 31 December 2023

- 21 September 2023**
Date of payment of the first interim dividend for the financial year ended 31 December 2023
- 28 November 2023**
Announcement of the unaudited consolidated results for the third quarter ended 30 September 2023

2024

- 26 February 2024**
Announcement of the unaudited consolidated results for the fourth quarter ended 31 December 2023
- 13 March 2024**
Date of entitlement of the second interim dividend for the financial year ended 31 December 2023

- 22 March 2024**
- Date of Notice of the 26th Annual General Meeting
- Date of issuance of 2023 Integrated Report
- 27 March 2024**
Date of payment of the second interim dividend of the financial year ended 31 December 2023
- 24 April 2024**
26th Annual General Meeting