

MATERIAL TOPICS SUMMARY

In order to aid better understanding of our material matters, we have mapped them based on their impacts to PCG and our stakeholders, identified opportunities and PCG's response to each material matter.

MATERIAL TOPICS SUMMARY

ECONOMIC

INNOVATION & PRODUCT STEWARDSHIP

IMPACT TO PCG

Maintaining PCG's competitive edge fosters meaningful relationships with customers, thereby retaining customer loyalty. We will be able to deliver customer-centric solutions, enhance competitiveness and advanced products that are sustainable, meeting safety regulations.

IMPACT TO STAKEHOLDERS

Addressing customer needs and pain points through products that are innovative, safe and sustainable will enable customers to grow their business while advancing their sustainability journeys.

OPPORTUNITIES

- Expanding our sustainable product line to enable both PCG and our customers to attract new markets, propel innovations and build business resilience
- Forming common-objective alliances with customers, vendors and other stakeholders
- Strategically position innovation labs for better customer access

STAKEHOLDER GROUPS AFFECTED



PCG'S RESPONSE TO THE MATTER

- Driving research and development into innovative and sustainable product development
- Expanding global network of innovation labs to co-create and tailor solutions to customers
- Pursuing extended producer responsibility and adopting a life-cycle view in product development and risk management

SDGs



SUPPLY CHAIN MANAGEMENT

Thriving business opportunities, strengthening connections to build trust and confidence among stakeholders elevate supply reliability, enhancing our capabilities while minimising risks.

Effective supply chain management creates a resilient network, meeting stakeholder demands for quality, reliability and sustainability. By integrating Environmental, Social and Governance (ESG) elements into procurement, we support stakeholders in managing environmental and social risks, fostering transparency and collaboration.

- Building strong partnerships with suppliers and vendors to enhance downstream supply and increase productivity
- Suppliers and vendors with the expertise and skills will contribute towards a high HSE performance
- Incorporating ESG elements into suppliers screening and selection



- Incorporating ESG criteria into supplier screening and selection
- Undertaking supplier engagement and assessment on ESG risk and compliance
- Supporting supplier capability development and industry collaboration towards a sustainable supply chain



BUSINESS STRATEGY & FINANCIAL RESILIENCE

Enabling sustainable growth and operational excellence while minimising operational disruptions and increase competitive advantage, leading to financial stability and greater value creation.

Our Two-Pronged Strategy supported by EESG pillars ensures long-term benefit and increases confidence of investors by fortifying operational excellence, growing our specialty chemicals portfolio, strengthening sustainable investment opportunities aimed at mitigating increased risks and costs.

- Strengthening our strategies and finances to increase our stakeholders' trust in us
- Having strong business fundamentals is key to attracting investment and funding for projects
- Achieving operational excellence through digitalisation and solid partnerships with feedstock, utilities and chemical suppliers, as well as resolving issues to improve plant reliability



- Driving the execution of our Two-Pronged Strategy via three strategic thrusts and integrating EESG components into our growth levers
- Prioritising projects that offer strategic benefits as well as immediate positive value impact, and identifying sustainable technology to facilitate portfolio expansion in sustainable products
- Enhancing reliability programmes through identification of plant threats, aligning Asset Life Study (ALS) results with maintenance strategies and executing reliability projects, bolstered by digital solutions across the Group's operations
- Aligning operations by establishing various platforms where all stakeholders at every level can convene, collaborate and synchronise their activities across the value chain, thereby mitigating the impacts of external challenges on plant operations

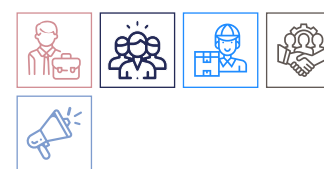


CYBERSECURITY & DIGITALISATION

Strengthening business growth and investor confidence while building stakeholder trust will protect the Company's reputation while reducing exposure to cyber risks, which could lead to legal consequences.

Stakeholders' confidence are elevated through PCG's pursuit of robust integrated digitalisation, resilient cybersecurity commitments and investment in digital infrastructure, to protect our reputation and reduce exposure to cyber risks.

- Providing cybersecurity assurance of a secure and sustainable business environment to nurture stakeholders' trust
- Digitalisation enables better control and management, thus improving quality of services and deliverables



- Adoption of Secure by Design approach for all digital projects to mitigate implementation risks
- Driving compliance towards Enterprise Cyber Security Governance Framework through awareness building and periodic audits/tests (Human Firewall)
- Enabling full utilisation and system-wide assurance by identifying suitable digital tools via Cybersecurity Business Impact Assessment (BIA) and Legal & Regulatory Assessment (CSBIA-LRA), Third Party Assurance, Cybersecurity Business Risk Assessment (CSBRA) and by decommissioning legacy systems



Key Stakeholder Groups



Employees



Customers



Suppliers & Vendors



Business Partners



Shareholders & Investment Community



Government & Regulators



Communities



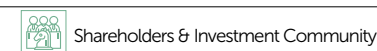
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<div style="writing-mode: vertical-rl; transform: rotate(180deg);">ECONOMIC</div>	<div style="writing-mode: vertical-rl; transform: rotate(180deg);">CIRCULAR ECONOMY</div> <p>Enabling PCG to take the leading position in advancing circular economy within the industry while mitigating the environmental and social impacts derived from PCG's products will reduce impacts to our reputation and spur business sustainability.</p>	<p>Our customers can benefit from improved product quality, satisfaction and access to sustainable options. Moreover, regulatory compliance is facilitated, aiding in the achievement of environmental goals. The circular economy creates job opportunities, promotes inclusivity and aligns economic activities with environmental and social objectives, fostering a more sustainable and resilient future.</p>	<ul style="list-style-type: none"> Converting plastic wastes into circular feedstock to improve our resources and create new business opportunities Enables PCG to develop other new opportunities in circular carbon and bio-solutions as viable alternatives to fossil-based products Positions PCG at the forefront of Malaysia's circular economy 		<ul style="list-style-type: none"> Achieved Final Investment Decision (FID) to chemically recycle plastic wastes to produce feedstocks for sustainable plastics Establishing strategic collaborations with waste concessionaires and technology providers to transform the landscape of plastic recycling ecosystem in Malaysia Advanced other circular solution projects and implemented circular operations particularly in water recovery and waste reduction initiatives 	
	<div style="writing-mode: vertical-rl; transform: rotate(180deg);">CLIMATE CHANGE</div> <p>Reducing the Company's carbon footprint and strengthening our climate resilience will minimise climate risks that can impact our business and financial stability.</p>	<p>Transitioning towards low carbon solutions and managing the carbon footprint will bring long-term benefits to stakeholders, unearth growth opportunities for low-emissions products and services, while preserving our planet.</p>	<ul style="list-style-type: none"> Transitioning towards low carbon solutions market to allow us to meet future demands Improving our energy efficiency to ensure better performance and cost savings Enables PCG to continue delivering products and solutions that have low or no impact to the environment 		<ul style="list-style-type: none"> Ensuring our climate-related risks and opportunities are well-managed through effective implementation of climate-related initiatives including, but not limited to, driving GHG emissions reduction across all assets via implementation of PCG's Net Zero Carbon Emissions (NZCE) Roadmap 	
	<div style="writing-mode: vertical-rl; transform: rotate(180deg);">ENVIRONMENTAL STEWARDSHIP</div> <p>Reducing PCG's environmental footprint will prevent financial loss, regulatory fines, disruptions in operations and reputational damage.</p>	<p>Ensuring continued availability of natural resources, safe and healthy environment for the communities and future generations.</p>	<ul style="list-style-type: none"> Avoiding, minimising, restoring and offsetting impacts to biodiversity Reducing waste and managing our resources to reduce operational costs and dependencies on shared resources with community Environmental initiatives to draw interest from investors and provide more avenues for capital 		<ul style="list-style-type: none"> Driving responsible use of water and hazardous waste management by adopting a circular approach within our operations Undertaking a Biodiversity & Ecosystem Service (BES) risk profiling process to identify biodiversity and ecosystem services risks 	
	<div style="writing-mode: vertical-rl; transform: rotate(180deg);">SAFETY & HEALTH</div> <p>Ensuring human capital is protected while boosting employee morale and productivity will minimise regulatory, legal and reputational risks and reduce operational costs due to workplace accidents and injuries.</p>	<p>Strengthen investors' confidence and sustain the trust factors among stakeholders by creating a healthy and safe work environment at all operational sites for our employees and workers, and the local communities we operate.</p>	<ul style="list-style-type: none"> Prioritising health and safety to attract and retain top talents in the industry Create a profile that reflects high integrity, performance and value Creating a safe environment by reducing workplace incidents, improving overall productivity 		<ul style="list-style-type: none"> Inculcating a culture of HSE excellence by enforcing a robust HSE framework Ensuring we reach our HSE goals through programmes such as Felt Leadership, Focused Learning (Learning from Incidents) and Balance of Consequence Improving our HSE practices via the Mandatory Control Framework 	

Key Stakeholder Groups



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SOCIAL

GOVERNANCE

	IMPACT TO PCG	IMPACT TO STAKEHOLDERS	OPPORTUNITIES	STAKEHOLDER GROUPS AFFECTED	PCG'S RESPONSE TO THE MATTER	SDGs
COMMUNITY ENGAGEMENT	Constant engagement with the local community provides knowledge and insights to support informed decisions that benefit all stakeholders, upholding PCG's reputation as a reasonable and caring organisation.	Enable PCG to address diverse community needs as part of our corporate duty to contribute to society, nurturing trust and promoting community well-being.	<ul style="list-style-type: none"> Build strong relationship with local communities, fostering goodwill and trust that can lead to increase brand loyalty Create positive social impact within the community that we operate 		<ul style="list-style-type: none"> Supporting communities through the three focus areas of the PCG Social Impact Strategy, namely Environment, Education and Community Well-Being and Development 	
TALENT MANAGEMENT & WELL-BEING	Boosting employee morale and productivity while ensuring right manning level, robust succession planning, and development capabilities.	A high performance workplace will enable PCG to deliver long-term value to investors and stakeholders, and create a positive workplace culture for employees.	<ul style="list-style-type: none"> Developing future-ready talents with agile and innovative mindsets 		<ul style="list-style-type: none"> Implementing robust succession planning and accelerating efforts to recruit talents with niche competencies to support our operations and propel growth Investing in capability development for employees with relevant technical and soft skills through integrated development to deliver business results Providing employees with benefits and frequent engagement to keep employees motivated and connected 	
HUMAN RIGHTS	Enhance PCG's reputation, employee morale and productivity while mitigating regulatory, legal and reputational risks.	Respecting human rights will boost working conditions and livelihoods of people and communities interacting with and reliant on PCG's business.	<ul style="list-style-type: none"> Protecting the rights of those we employ to draw top quality talents Enforcing human rights practices to emphasise our role as a responsible corporate citizen Cultivating an inclusive and positive work culture to create a more agile and creative work environment that delivers superior results 		<ul style="list-style-type: none"> Embedding the PETRONAS' Human Rights Commitment, as underscored by the UN's Guiding Principles on Business and Human Rights, within contracts and agreements Driving awareness and capability building on human rights management among employees and contractors Monitoring the implementation of the Diversity & Inclusion framework against targets to promote a more inclusive and equitable society 	
CORPORATE GOVERNANCE	Enabling strong and effective corporate governance which is embedded in our operations to fortify credibility and trust while minimising risks to protect our stakeholders' interests and prioritise long-term value creation.	Employing good governance builds credibility among stakeholders and fosters trust while improve risks management credibility, strengthening stakeholders' interests in our organisation.	<ul style="list-style-type: none"> Business transparency to enable us to execute business plans and strategies efficiently Practising good governance to instil a high-performance work culture 		<ul style="list-style-type: none"> Ensuring that our operations comply with the Malaysian Code on Corporate Governance (MCCG) and other regulations relevant in markets where we operate Increasing the diversity and representation of the Independent Directors of the Board Ensuring our compliance to PETRONAS' Code of Conduct and Business Ethics (CoBE) and reinforcing CoBE through regular training 	

R For more information on Stakeholder Engagement, please refer to pages 45 to 48 in the Integrated Report.
R For more information on SDG Targets Alignment, please refer to pages 100 to 101.