

## SEGMENTAL REVIEW

# COMMODITIES

### OVERVIEW

In the year under review, PCG's commodities portfolio which comprises Olefins & Derivatives (O&D) segment and Fertiliser & Methanol (F&M) segment faced a combination of external and internal challenges that impacted both operational and sales performance.

On the commercial front, we had to navigate soft market demand that affected the entire industry, while operationally, there were a range of unexpected shutdowns due to reliability challenges as well as feedstock and supply disruptions which impacted plant utilisation. PCG navigated these headwinds to the best of our ability, focusing on our Operational Excellence and Commercial Excellence initiatives to mitigate the effects on our business.

### CHALLENGES

From an operations perspective, we met with a number of internal and external reliability challenges that prompted unexpected shutdowns and disruptions at our plants. Internally, we had several unplanned shutdown events mainly at PC Methanol, ASEAN Bintulu Fertilizer (ABF), PC Aromatics and PC MTBE. Maintenance downtime at the Sabah-Sarawak Gas Pipeline (SSGP), through which our gas feedstock is delivered, meant that our PC Fertiliser Sabah and PC Methanol (Plant 2) plants also had to shut down. Besides, we also experience utilities supply disruptions to our facilities in Kertih. As a consequence, the overall plant utilisation rate declined to 84.8% from 88.9% in 2022 and led to a shortfall in production and sales volume.

In 2023, we undertook two planned turnarounds and six scheduled maintenance activities and these were executed successfully with improved HSE performance as a result of the implementation of the HSE Turnaround Standardisation and Best Practices programme that began in 2022. We continuously evaluating the effectiveness of our operational and strengthening our efforts in mitigating all reliability challenges through enhanced maintenance strategies, and improve collaboration with our feedstock and utility suppliers. The efforts include reinforcing the technical collaboration internally and externally to ensure we learn and implement the best practices within the industry.

From a commercial perspective, the entire petrochemicals industry had to navigate the impact of China's slower-than-expected post-pandemic recovery, high oil prices and an overall moderation in global economic growth that weighed on business sentiment. With sufficient domestic supply in China, demand remained soft for chemical imports, which also prompted China producers to compete in European markets. With high oil prices, shale oil producers were also able to restart production, which brought extra capacity to the market for certain products. Consequently, margins have been compressed for much of the year.

However, within the rest of the Asian region, we continue to maintain our edge as a supplier of choice given our dedication to customer service excellence, competitive prices and strong technical support. Internally, we responded to the unplanned shutdowns by conducting strategic sourcing to ensure that the shortfall in production did not impact our customers. In addition, we continued to introduce new enhanced products and rolled out PETRONAS360, a new self-service portal for our customers aimed at delivering a more seamless experience.

**R** For more information regarding our Operational and Commercial Excellence initiatives, please refer to our Strategy section on pages 53 to 58.



## SEGMENTAL REVIEW-COMMODITIES

### PERFORMANCE HIGHLIGHTS & ACHIEVEMENTS

#### O&D SEGMENT :

In 2023, plant utilisation for the O&D segment was 85.4% compared to 91.4% in 2022. Lower plant utilisation was contributed by turnaround activities at PC MTBE as well as scheduled shutdown at PC Glycols and PC Derivatives in the third and fourth quarter. Externally, utility supply disruption from Utilities Kertih in the second half of 2023 impacted the segment's plant utilisation.

In terms of sales performance, the O&D segment experienced an increase in sales volume at 3,516 kilometric tonnes (KMT) in 2023 from 2,879 KMT in 2022, mainly due to contribution from PIC despite the lower Plant Utilisation (PU) this year. Despite unexpected plant reliability issues, we maintained a high Order Fulfilment Reliability (OFR) of 95% through effective mitigation plans such as order prioritisation and strategic sourcing.

Furthermore, we intensified our route-to-market efforts to secure homes for the upcoming volumes from PIC. In 2023, a total volume of 0.84 million MT from pre-operation activities was delivered to the market.

This year, we launched a new product under the Enhanced Product Development (EPD) initiative - Ethonas SF401, an engineered spacer fluid in oil-based mud drilling activities that enhances wettability and is sustainable and cost-effective.

#### OVERALL PRODUCTION VOLUME:

**2023** 3,365 KMT      2022: 3,577 KMT  
2021: 3,910 KMT

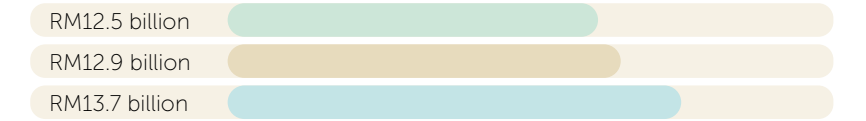
#### OVERALL SALES VOLUME:

**2023** 3,516 KMT      2022: 2,879 KMT  
2021: 3,056 KMT

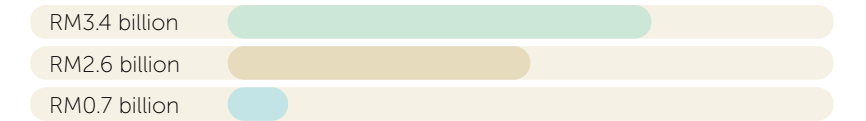
#### PLANT UTILISATION:

**2023** 85.4%      2022: 91.4%  
2021: 99.6%

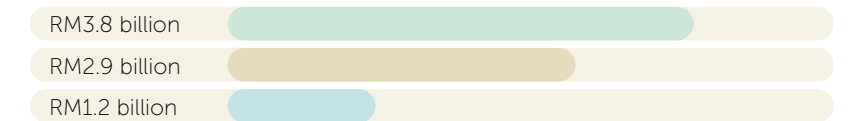
#### REVENUE



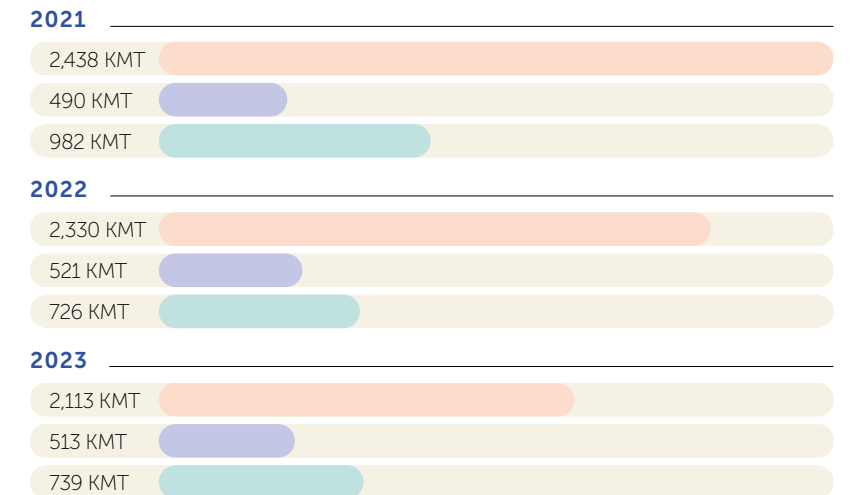
#### PROFIT AFTER TAX



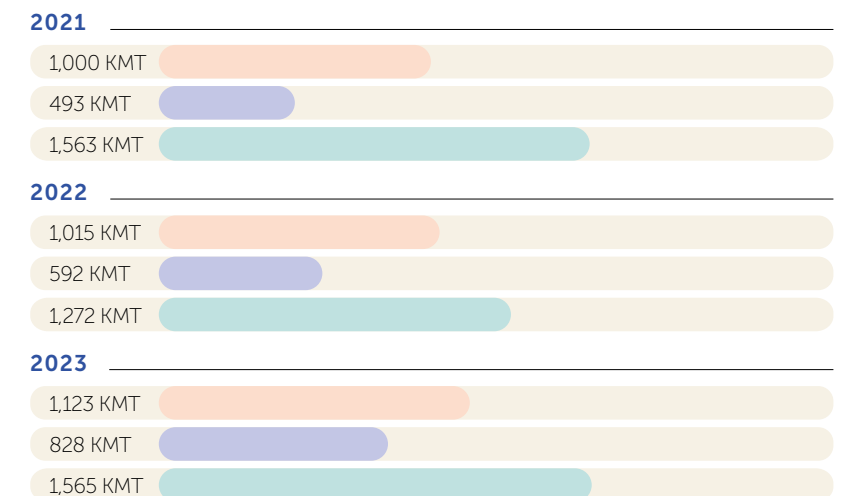
#### EBITDA



#### PRODUCTION VOLUME BREAKDOWN



#### SALES VOLUME BREAKDOWN



Olefins, Glycols & Derivatives    Polymers    Aromatics & MTBE



## SEGMENTAL REVIEW-COMMODITIES

### PERFORMANCE HIGHLIGHTS & ACHIEVEMENTS

#### F&M SEGMENT :

For the F&M segment, plant utilisation was 84.4% compared to 87.5% in 2022, attributed to higher plant maintenance activities. These were in addition to extended scheduled shutdowns at ABF.

Consequently, due to the multiple unplanned shutdowns, volume availability for sales was lower than planned. However, our wide network and solid relationship with co-producers and suppliers enabled the commercial team to ensure supply reliability to customers via strategic sourcing, especially for methanol. At the same time, we were able to minimise risks of contract cancellations and maintained our reputation as a preferred supplier.

In terms of sales performance, we improved delivery at key markets with the first delivery and operationalisation of new methanol tanks at Semarang in Indonesia, and Fujian & Taicang in China. In addition, we increased the production volume of Ultra High Purity Methanol (UHPM) from 3,600 litres to 5,040 litres since the launch of this product in 2021. UHPM is a low-carbon solution applied in fuel cells for stationary and mobile energy solutions.

Further to that, we intensified our route-to-market endeavours to secure homes for upcoming methanol volume from Sarawak Petchem, with 67% of the total volume already committed to customers through Letters of Intent (LOI). Situated in Bintulu, the methanol plant will have an annual capacity of 1.7 million metric tonnes. PCG will be the marketing agent for Sarawak Petchem Sdn. Bhd. (Sarawak Petchem) for a duration of 20 years.

In addition, we commenced retail sales of PETRONAS AireBlue™ at Kedai Mesra outlets in Johor, in collaboration with PETRONAS Lubricants Marketing (Malaysia). AireBlue™ was developed by PCG and launched in 2019 as a solution to help reduce the formation of impurities and produce cleaner exhaust emissions.

#### OVERALL PRODUCTION VOLUME:

**2023**  
6,169 KMT  
2022: 6,390 KMT  
2021: 6,478 KMT

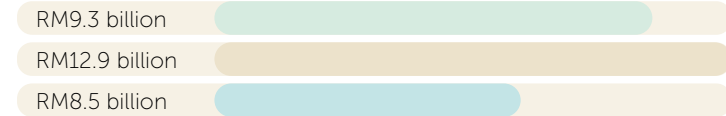
#### OVERALL SALES VOLUME:

**2023**  
5,252 KMT  
2022: 5,184 KMT  
2021: 5,145 KMT

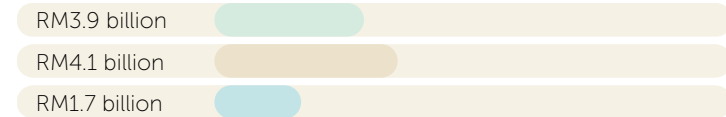
#### PLANT UTILISATION:

**2023**  
84.4%  
2022: 87.5%  
2021: 88.7%

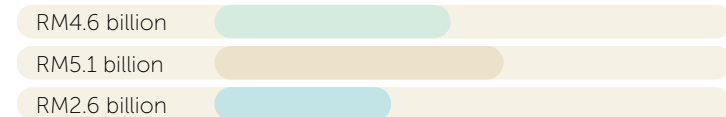
#### REVENUE



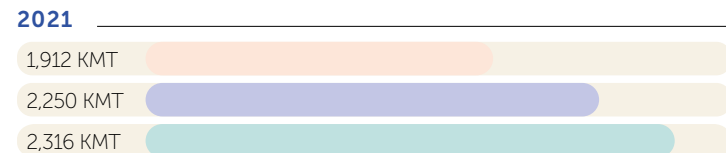
#### PROFIT AFTER TAX



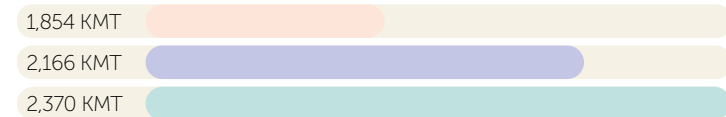
#### EBITDA



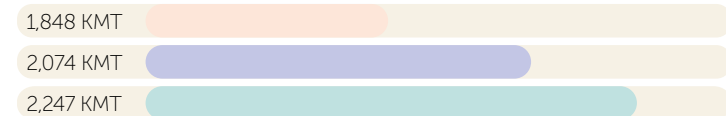
#### PRODUCTION VOLUME BREAKDOWN



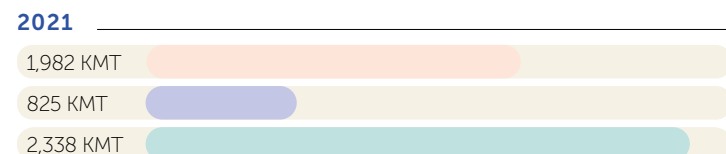
#### 2022



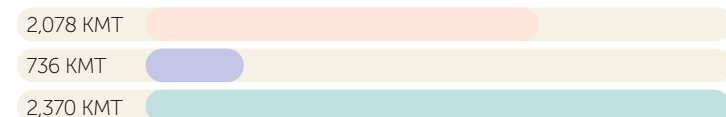
#### 2023



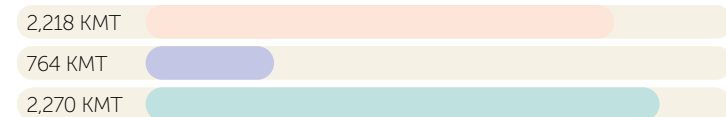
#### SALES VOLUME BREAKDOWN



#### 2022



#### 2023



Methanol Ammonia Urea



PETRONAS AireBlue™ introduced in selected Kedai Mesra outlets.

### RISKS & OPPORTUNITIES

#### H Health, Safety and Environment Risk

Unsafe working environment exposes our employees and contractors to physical and chemical hazards, leading to potential injuries or fatalities.

#### Opportunity

- Drive the implementation of HSE excellence programmes at all levels, including for contractors, to ensure a safe working environment

#### Action taken

- In 2023, we intensified PCG HSE Turnaround Standardisation and Best Practices while consistently implementing our HSE Generative Culture
- Implemented the Road Transport Operation Guideline (RTOG), Vehicle Acceptance Checklist (VAC) and Electronic Pre-Departure Checklist (ePDC)
- Launched the HSE Partnership Pledge 2023 with the theme 'Strive for ZERO, ZERO is possible' for PCG's contractors to pledge their commitment and compliance to health and safety requirements

#### Results

- Recorded ZERO fatality and ZERO major fire incident since 2019 as well as achieved reduced Lost Time Injury Frequency (LTIF) at 0.09 compared to 0.17 LTIF in 2022
- Maintained low Total Vehicle Accident Rate (TVAR) at 0.08 (1) vs 0.19 (3) limit

#### O Plant Operational Risk

Unreliable and inconsistent production impacts sales volume and revenue growth.

#### Opportunities

- Strengthen technical collaboration internally and externally to improve response and mitigate plant reliability challenges based on best practices and latest improved technology
- Deliver Operational Excellence by optimising digital tools utilisation in managing plant reliability issues and improving plant efficiency

**R** For more information regarding Plant Operational Risk, please refer to our Risk Overview section on page 68.

#### Action taken

- Established an expert network for all technical experts to manage specific discipline, knowledge and work processes from across PCG to come together on a single platform to discuss and share solutions
- Continuation of Plant Facing Analytics (PFA) tools to increase plant Overall Equipment Effectiveness (OEE) and targeting the reduction of plant downtime due to equipment failure through advanced analytics

#### Results

- Addressed majority of plant issues during shutdown activities. Specifically for ABF, the ABF Reliability Improvement Strategy & Execution (ARISE) programme and rectification, which took place in the first half of 2023, resulted in the improvement of plant utilisation to 85% compared to less than 50% in the first half of 2023\*

\* For more information regarding our Operational Excellence initiatives, please refer to our Strategy section on pages 53 to 55.

#### F Feedstock and Utilities Risk

Unreliable feedstock, utilities and chemicals supply which may disrupt plant operation.

#### Opportunity

- Effectively collaborate with feedstock, utilities and chemicals suppliers

#### Action taken

- Continued to collaborate with the Additional Ethane Taskforce (AET) and Additional Methanol Team (AMT) in maximising feedstock availability through collaboration between PCG and feedstock supplier up to upstream facilities
- Sustained close collaboration with local agencies to ensure uninterrupted water supply to our facilities
- During the SSGP downtime incident, PC Fertiliser Sabah used it as an opportunity to conduct maintenance activities that ultimately led to the optimisation of planned downtime

#### Results

From AET, PCG managed to secure more than 147 tonnes per hour (tph) of ethane supply availability and an additional 40 mmscfd of gas supply from AMT.

#### M Market Risk

Mismanagement of customer relationships may result in loss of customer loyalty and subsequently tarnish the company's reputation.

#### Opportunities

- Reliable and timely delivery of products to customers promotes repeated purchases and customer loyalty
- Engagement and collaborations with customers enables a better understanding of their product expectations and better insight on current market needs
- Expansion of customer base and exploration of new markets through innovative products
- Deliver Commercial Excellence through strategic approaches in sales and logistics initiatives

#### Action taken

- Established CDEx, a digital platform that provides visibility to customers on delivery updates
- Collaborated on product co-creation opportunities to solve customers' pain points
- Delivered customer-centric value propositions that meet customer needs
- Optimised sales portfolio mix and maintained high pricing excellence against market benchmark to maximise value
- Maintained competitive logistics costs through cost-to-serve optimisation initiatives

#### Results

- Continued to achieve high sales volume despite challenges amid market volatility and slow demand
- Achieved 5.5 sigma on customer feedback, exceeding the industry standard of 5.0 sigma
- Achieved a Net Promoter Score (NPS) of +68, an increment from +65 in 2022



## SEGMENTAL REVIEW-COMMODITIES

### CONTRIBUTION TO SUSTAINABILITY

In 2023, PCG took significant steps to embed sustainability in its operations, aligning with PETRONAS' Sustainability Agenda. We met and exceeded our emissions targets in what is a multiphased decarbonisation journey. Some of our key initiatives include:

**Kertih Site-wide Energy Review (SER) :**

- Identified opportunities such as utilising tail gas from PC Olefins for fuel gas usage of neighbouring aromatic plants (PC Aromatics)
- Rebalanced turbine operations at PC Olefins for optimised steam consumption

**Flaring and Venting Optimisation :**

- Minimised C5 flaring at PC MTBE
- Optimised CO<sub>2</sub> venting at PC Fertiliser Sabah

**Digital Transformation :**

- Implemented the Energy Twin project for live monitoring of equipment energy efficiency
- Sustained Advanced Process Control (APC) at PC Fertiliser Kedah and PC Methanol to reduce GHG emissions

**Scope 2 Emission Reduction :**

- Purchased renewable energy through Tenaga Nasional Berhad's Green Electricity Tariff (GET) and Sarawak Energy Berhad's Renewable Energy Credits (REC) to reduce market-based Scope 2 emissions

**Water-use Minimisation :**

- Concluded assessment of water consumption at our operating plants and identified efficient water consumption initiatives
- Reduced raw water consumption at our methanol plant by implementing adjustments and upgrades to the boiler and water treatment equipment to recover and reuse process condensate

**Material Matters :**



**R** For more information regarding our Operational and Commercial Excellence initiatives, please refer to our Strategy section on pages 53 to 58.

### OUTLOOK

Notwithstanding the challenging operating environment that is expected to persist well into 2024, PCG remains steadfast in ensuring that the focus going forward will be on plant reliability and performance.

With the effort we have implemented in this year, we anticipate that our plants will be able to achieve plant utilisation of above 90% going forward. In addition, we will emphasise the importance of rigour and discipline to all relevant stakeholders in complying with processes, policies and procedures as any lapses could lead to reliability issues.

We will also continue leveraging the structured sharing of lessons learnt to frontliners to ensure we maintain a culture of learning and empower our frontliners with the insights needed to excel in their roles and to drive better plant performance. Furthermore, in line with our HSE generative culture, we will continue to implement the PCG HSE Turnaround Standardisation and Best Practices Programme in 2024 and expand the practices to scheduled shutdown and normal operations as it has proven to be effective in 2023.

On the commercial front, 2024 looks to be an exciting year for PCG with new capacities coming online, namely PIC and the melamine plant in Gurun, Kedah. With the additional sales volume, the commercial team will be expanding market reach by exploring new geographical markets and untapped customer segments.

## SEGMENTAL REVIEW



**Overview**

This has been an important year for PCG's Specialty Chemicals Division as it marks the first full year of the coming together of BRB Group (BRB) and Perstorp Group (Perstorp), under one roof. This division, now known as PCG Specialty Chemicals (PCG SC), comprises BRB and Perstorp, has a total of 12 production sites, approximately 2,000 employees and sales representation across the Americas, Europe, Middle East, Africa and Asia Pacific (APAC).

**OUR BUSINESS PORTFOLIO IS FOCUSED ON SIX PRODUCT GROUPS:**

- Resins & Coatings
- Engineered Fluids
- Advanced Materials
- Animal Nutrition
- Silicones
- Lube Oil Additives & Chemicals (LAC)

The establishment of PCG SC ensures the alignment of the operating companies to PCG's overall strategy and business goals. PCG SC is further supported by four functions that include Strategy & Business Development, Technology & Innovation, Finance, and Talent & Culture. Through PCG SC, PCG aimed to strengthen its position in the global specialty chemicals space, equipped with intimate market knowledge, innovation capabilities and strong sustainability credentials.

Moving forward, PCG SC will embark on a transformational strategy to focus on selected market segments supported by synergetic technology platforms to capture new opportunities amid an evolving market landscape.

**CHALLENGES**

In the year under review, the specialty chemicals industry in general faced strong headwinds. The ongoing geopolitical tensions disrupted supply chains and caused energy inflation, which affected our production cost in Europe. Tight monetary policy throttled investments, especially in the construction segment, which in tandem with dampened market sentiment and customer destocking caused a further reduction in sales volume.

In addition, the slow recovery of China's economy prompted an increase of its low-cost exports to the global market, especially in Europe. This added competition further challenged sales prices and will continue to weigh on the industry for the foreseeable future.

To mitigate this, we have implemented operational improvements to increase efficiency while looking at ways to optimise our supply chain network and product mix to maximise profitability. Cost optimisation initiatives are also in place to lessen the impact of soft market demand. The overall aim is to ensure that we are in a stronger and fitter position to capture opportunities when the market recovers.

**PERFORMANCE HIGHLIGHTS & ACHIEVEMENTS**

In the year under review, PCG SC reports, for the first time, financial results that combine both BRB's and Perstorp's contributions.

REVENUE	EBITDA	LOSS AFTER TAX (LAT)	SALES VOLUME
2023	2023	2023	2023
RM6,385 million	RM179 million	RM198 million	841 KMT

For the financial year 2023, PCG SC reported Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) of RM179 million, mainly impacted by compressed margins due to competitive price pressure coupled with weak market demand. Loss After Tax (LAT) was recorded at RM198 million in line with lower EBITDA.

In the face of the obstacles encountered in 2023, PCG SC proactively implemented focused strategies aimed at reclaiming market share and strengthening our competitive position. This involved a concerted effort to explore new prospects and broaden our market base, particularly within our specialties portfolio. Additionally, we undertook comprehensive optimisation in both production and sales processes to achieve optimum profitability. Our relentless commitment to procurement savings played a pivotal role in enhancing operational efficiency, with a key focus on cost optimisation.



## SEGMENTAL REVIEW-SPECIALTY CHEMICALS

## KEY HIGHLIGHTS

## PERSTORP :

- Completed the construction of Sayakha plant in India for Pentaerythritol (Penta) production and ISCC PLUS certified Voxtar™ M40 to support our sustainability commitment
- Project Air, a game-changing initiative to break fossil dependence by producing sustainable methanol from residue streams, such as captured carbon, together with biogas and green hydrogen. It has obtained its environmental permit and the front-end engineering design is underway
- Implemented a technology to recycle wastewater from a nearby municipal treatment plant for production operations in Stenungsund, Sweden. This will save 1.1 billion litres of fresh water per year

## BRB :

- BRB Malaysia Sdn. Bhd. in Gebeng, Pahang obtained critical certifications, ISO 9001 (Quality Management Systems), ISO 22000 (Food Safety Management) and GHP (Good Hygiene Practices), enabling us to enter the food industry in early 2023
- In Echt, Netherlands, BRB has started full operation of the new LAC plant
- BRB Silicones United Kingdom Ltd started full operation on 8 February 2023 which will strengthen our presence in the United Kingdom
- Since the incorporation of BRB South Korea Ltd on 14 December 2022, BRB has established full market presence and enhanced capability in South Korea to capture the value from the current business portfolio and ongoing growth projects

## SPECIALTY CHEMICALS PRODUCT

## Resins &amp; Coatings

Essential building blocks and specialty products tailored to produce resins for the coatings industry, including alkyd resins, liquid saturated polyester, liquid unsaturated polyesters, powder polyesters, polyurethane dispersions, radiation curing, cationic curing, and intumescent carbon donors.

## Highlights :

- New product launched by Perstorp for Pro-Environment solutions:
- Neeture™ N100 and Eviron™ T100, renewable polyols that reduce carbon footprint across the value chain and promote sustainable sourcing of raw materials

## Animal Nutrition

Innovative organic-acid based solutions to improve gut health and performance as well as help to keep feed nutritious and safe from enteros, mycotoxins, moulds and yeasts.

## Highlights :

- Expanded the Gastrivix™ Avi business, a poultry feed additive that combines valeric and butyric acid to enhance gut health for optimal growth and performance

## GROUPS

## Engineered Fluids

High quality building blocks for polyol ester base stock with a complete range of polyol portfolio. Mainly targeted for use in aviation turbine oils, hydraulic fluids, metalworking fluids, refrigeration lubricants, transformer oils and di-electric fluids.

## Highlights :

- Grew Pro-Environment sales by promoting sustainability in the lubricant industry

## Silicones

Specialty silicones products cover markets such as Personal Care, Construction, Coating & Inks, Plastic & Rubber Composites, and Food & Beverages.

## Highlights :

- The BRB Silicone business launched a broad range of new products to address customer needs for various industries, such as coating, personal care and food applications. Some key highlights include:
- Akasil® Antifoam SD 10, SD 20 & SD 30 for food-grade application
  - BRB® SG 270 cross polymer for cosmetic application
  - CSL® 463 and 464 as a silicone for roof sealant

## Advanced Material

Leverages focused and innovative chemistry related to polyurethane, PVC and polyesters to help formulators, compounders and converters to produce safer, more sustainable and higher performance plastics.

## Highlights :

- The Tray Circularity Evaluation Platform (TCEP) Technical Committee of PETCORE Europe has endorsed Akestra™ 100 and Akestra™ 110 for heat-resistant PET tray production without negatively impacting European Polyethylene terephthalate (PET) recycling compliance. These products enhance recycled PET's heat resistance, enable increased recycled material content and promote circularity

## LAC

LAC improves the performance of lubricants and fuels. Our solutions enable better efficiency of vehicles and machinery in all temperatures, while extending service life and reducing fuel consumption.

## Highlights :

- BRB introduced Petrolad® 9330 light duty engine oil package, targeting SN performance requirements and Petrolad® 8830 heavy duty engine oil, targeting CI-4 equivalent performance
- Viscotech® 6073 LR launched as an Olefin Copolymer (OCP) viscosity modifier that dissolves in re-refined base oil, which contributes to environmental sustainability through circular economy





## SEGMENTAL REVIEW-SPECIALTY CHEMICALS

### RISKS & OPPORTUNITIES

#### H Health, Safety and Environment (HSE) Risk

- HSE incidents in chemical manufacturing, particularly process safety breaches like spills and fires, can significantly impact personnel, environment and operations

#### Opportunity

- Drive the implementation of HSE Excellence programmes at all levels

#### M Market Risk

- Change in demand/customer behaviour
- Geopolitical tension, protracted/persistent high inflation causing slowdown of economy
- Increased competitors' supply from China to Europe

#### Opportunities

- Strong engagement with customers enables a better understanding of their product expectations
- Collaborations with customers provide better insights on current market needs

#### O Operational Risk

- Energy and raw material prices remain at high levels with big competitive gap between Europe, Middle East and Africa (EMEA) and APAC affecting margin contribution
- Supply chain/logistics disruption contributed by external factors, e.g. geopolitical tensions, sanctions

#### Opportunity

- Effective collaboration with feedstock, utilities, logistic providers and chemical suppliers

#### R Regulatory Risk

- Dynamic and more stringent requirements and/or enforcement in laws and regulations related to specialty products and its market

#### Opportunity

- Continuously develop and establish best practices, including trainings to all staff, in order to ensure compliance with laws and regulations in the locations where we operate

#### Action taken

- Increase and improve safety measures through safety training, e.g. Perstorp Careway 365 programme that covers annual assessment and integration programme with PETRONAS

#### Results

- No major HSE incidents such as fire, manual handling and spillage were recorded

#### Action taken

- Participated in exhibitions, hosted seminars/webinars and launched new products to keep up with dynamic market demand
- Strengthen "Integrated product-tree strategy" to optimise margin contribution
- Proactive measures to respond to market recovery while capturing strong growth for specialties

#### Results

- Participated in 21 key exhibitions and seven webinars across the region such as the European Coating Show, CHINACOAT and In-Cosmetic Asia
- Launched 19 new products for coatings, personal care and construction application
- Increased sales volume in specialties segment and high-margin products

#### Action taken

- Run continuous improvement programmes with site-specific implementation including cost, raw material and yield optimisation while providing relief to selected struggling suppliers
- Frequent monitoring and reporting of improvement programme

#### Results

- Multiple sites achieved significant cost savings in key areas such as direct variables cost, freight and raw materials
- Increased product yield for specialties
- Adjusted supplier terms (price, payment, consignment stock, order size) to support them in hardship

#### Action taken

- Implemented mandatory e-learnings and training across all employees to raise awareness and knowledge of Code of Conduct and Business Ethics (CoBE), to align with PETRONAS' standard

#### Results

- Improved practice of compliance in keeping up with changing laws and regulations especially in critical legal areas

## SEGMENTAL REVIEW-SPECIALTY CHEMICALS

### CONTRIBUTION TO SUSTAINABILITY

PCG demonstrates a steadfast commitment to environmental stewardship, recognising the critical importance of sustainability within our operations. Our efforts are epitomised through Perstorp, with sustainability being a core component of its business strategy, aiming to be Finite Material Neutral – ensuring resource consumption does not surpass nature's replenishment rate.

#### PRO-ENVIRONMENT SOLUTIONS

Perstorp's portfolio includes over 25 solutions and products derived from renewable and/or recycled materials, seamlessly integrating into existing chemical processes to offer sustainable options to our customers. Introduction of 2-EH Pro 100™, utilising renewable resources to achieve a negative carbon footprint, and Akestra™, a recyclable polyester alternative for food-grade applications, reflecting our commitment to sustainability as market demands escalate.

#### CORPORATE SUSTAINABILITY TARGETS

Perstorp has ambitious goals set for CO<sub>2</sub> emissions reduction (Scope 1, 2, and 3), water conservation, waste management and minimising ecotoxic impact by 2030, validated by the Science Based Targets initiative (SBTi).

BRB is refining its sustainability framework, enhancing its economic, environmental, social and governance commitments. This encompasses a commitment to emissions reduction by 2030 and the promotion of sustainable products, alongside fostering a strong safety culture. This initiative aligns with upcoming EU regulatory requirements, with a completion target set for 2024.

#### RECOGNITION

Our dedication to sustainability has been recognised with prestigious accolades from EcoVadis with Perstorp receiving a gold medal and BRB a silver medal which signify ranking in the Top 5% and Top 25% across all industries, respectively. These awards highlight our exceptional commitment to a superior sustainability management system, setting a benchmark in the industry.

#### Material Matters :



**R** For more information regarding our Growth Delivery Excellence initiatives, please refer to our Strategy section on pages 59 to 61.



### OUTLOOK

The market outlook for specialty chemicals remains uncertain in the near to mid-term, influenced by the ongoing Russia-Ukraine conflict, continuous inflationary pressures, a global economic downturn and stringent product safety regulations, all of which are expected to affect the demand for our products. Despite these challenges, the long-term industry outlook is promising, with a shift towards sustainability and APAC being identified as a key growth region due to its economic opportunities. We have inaugurated Sayakha plant in India February 2024 to enhance our capability to serve the APAC market and align our commitment to sustainability by including the Pro-Environment Solutions line.

PCG SC is committed to innovation, sustainability and customer satisfaction as we navigate through the challenging terrains. We aim to expand our specialties portfolio and provide robust support to our customers, ensuring reliable supply of a broad range of products to the target segments.

We are also embarking on developing an innovation hub in Malaysia that will provide customer-centric solutions and leverage the global network of innovation labs from BRB and Perstorp. This initiative will enhance our innovation capabilities to deliver tailored solutions to meet customer needs. Additionally, PCG SC is developing a transformation strategy to embark on our journey to becoming a global leader in specialty chemicals industry.