



# Supply Chain

PETRONAS Chemicals Group Berhad (PCG)

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PETRONAS Group adopts zero tolerance against all forms of bribery and corruption. As an employee, it is incumbent upon each and everyone of us to internalise and abide by the PETRONAS Code of Conduct and Business Ethics (CoBE) & Anti-Bribery and Corruption (ABC) Manual while remain guided by our shared values of loyalty, integrity, professionalism and cohesiveness.

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# Supply Chain Sustainability

Supply chain sustainability is a crucial element within our business, and we work closely with our suppliers, contractors and service providers to drive the adoption of sustainability frameworks and best practices within the supply chain.

Our procurement processes from selection of suppliers to awarding of tenders are mainly guided by the PETRONAS Procurement Standard which adheres to PETRONAS Anti-Bribery and Corruption Policy & Guidelines (ABC Manual) and PETRONAS Code of Conduct and Business Ethics (CoBE) regulations.

Under CoBE, PCG, its contractors and service providers are expected to aim to create lasting social benefits; safeguard the health and safety of employees, contractors and neighbours; minimise disruptions to the community; lower emissions; minimise impact on ecosystems and biodiversity; and use energy, water and other resources more efficiently.

Further to this, our subsidiaries BRB and Perstorp Group subscribe to EcoVadis, which is one of the world's most comprehensive sustainability rating tools used to drive transparency on social, ethical and environmental impacts across the supply chain. Both companies have achieved Silver Rating in Ecovadis that places them in the top 25% globally of all companies that EcoVadis rates on a variety of sustainability criteria.

# Supplier Selection and Monitoring

- We embed environmental and social considerations into supplier selection in adherence to PETRONAS CoBE. We do this by specifying environmental requirements as part of selection criteria for contracts and other arrangements with contractors, suppliers and other supply chain partners.
- Further to this, we also conduct risk assessment during tendering on various categories including health and safety, environment, governance, legal/regulatory, integrity, socio-economic, suppliers, and human rights.
- At PCG, we regularly conducted supplier audit on environmental management practices and controls such as spill and hazardous waste management, which includes physical audits at site.
- At Perstorp, our international subsidiary, all suppliers of large spend and/or specifically rated, are systematically assessed using a supplier evaluation tool. The tool consists of questions, addressing issues such as environmental management, human rights, labor standards and anti-corruption. The procedure also requires suppliers to acknowledge and sign our vendor policy. This systematic approach covers 80% of our spend. We also conduct audits of suppliers, but they mainly focus on management systems for quality and the environment.
- At BRB, our international subsidiary, a systematic supplier assessment process is conducted, and suppliers are notified of the result. If necessary, an improvement plan including audits is then set up.

# Trade and Industry Collaboration

PCG works closely with industry and trade associations to drive sustainability and address industry specific topics affecting environmental performance within the supply chain. These include:

- PCG, through its membership in Chemicals Industry Council of Malaysia (CICM) Responsible Care program, engaged authorities to deliberate environmental concerns in the country, such as enhancing hazardous waste recycling capability in the country.
- PCG, in collaborated with Malaysian Plastics Manufacturing Association (MPMA) launched Operation Clean Sweep (OCS), which is a global plastic industry signature program aimed at reducing accidental loss of plastic material, such as pellets and flakes to the environment, in Malaysia. Upon becoming the first signatory to OCS in Malaysia, PCG is now driving OCS adoption by its customers and supply chain partners.
- Our subsidiary Perstorp is a member of the Swedish Chemical Federation (IKEM), which aims to find industrial solutions to global social challenges under various topics such as climate transition, labour market, environmental assessment and plastic recycling.
- Our subsidiary BRB is a member of MVO Nederland (CSR Netherlands), a Dutch industry organisation aimed at improving the sustainability of the country's industries and supply chains. Its tasks include identifying CSR risks in international supply chains and international sustainable business opportunities, among other efforts.