

PETRONAS Chemicals Group Berhad

Corporate Deck

ESG Corporate Investor Day
18th July 2024

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Agenda

About PCG

Snapshot: PCG Overview and performance

Positioning for Sustainability

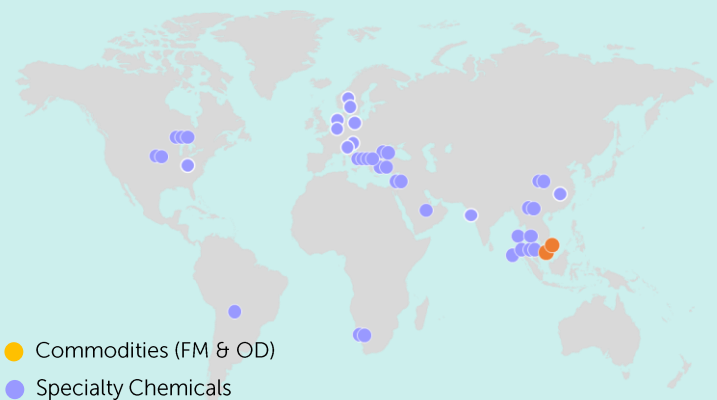
- *Evolving market dynamics and EESG requirements*
- *2-pronged strategy aimed at value preservation and growth*

Investing in A Sustainable Future

- *Climate action*
- *Progressing towards net zero*
- *Our priorities, opportunities, goals and targets*

PCG is a leading integrated chemicals player in the region

PCG's Global Network



3 MAJOR SEGMENTS

Olefins & Derivatives

Olefins, intermediate, basic and high performance chemicals, and polymer

Fertilisers & Methanol

Methanol and a range of nitrogen, phosphate and compound fertilisers

Specialties

Specialty chemicals from the operations of BRB & Perstorp

PCG at a Glance

First plant in

1985

ASEAN Bintulu Fertilizer Sdn Bhd

Nameplate capacity

15.4mil

tonne per annum (mtpa)

Listed since **November**

2010

Our Market presence

30%

Malaysia

13%

China

Made up of more than

80 Subsidiaries

JVs & associated companies

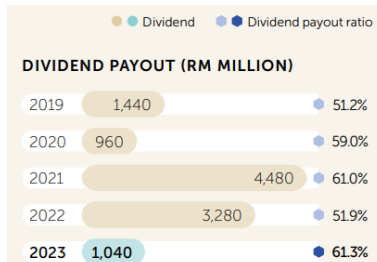
Market Capitalisation

RM57.3bil

as at 31 Dec 2023

Total asset base:

RM60.2bil



Historical payout ratio more than

50%

of Group Profit After Tax and Non-Controlling Interests ("PATANCI"),

Our Growth Journey

1985

- First plant in ASEAN Bintulu Fertilizer Sdn Bhd

2010-2014

- Incorporation of PCG and listing on Main Market of Bursa Malaysia
- Incorporated overseas marketing subsidiaries, PCM (Thailand) Company Limited & PCM (China) Co., Ltd

1992-1999

- Commenced production at Gebeng Integrated Petrochemical Complex and Kerteh Integrated Petrochemical Complex
- Acquired methanol plant in Labuan

2015-2016

- Undertake petrochemical projects at PIC, Pengerang, Johor
- Incorporated an overseas marketing subsidiary, PT PCM Kimia Indonesia

2017-2023

- Divested 50% equity in PPC to Aramco
- Commenced operations at PC Fertiliser Sabah
- Achieved first drop of Bio-Monoethylene Glycols
- Acquired BRB
- Commenced production of silicone blended products at BRB Malaysia in Gebeng, Pahang
- Acquired PERSTORP
- Commenced production at Lubricants Additive Chemical facility in Echt, Netherlands
- Final Investment Decision Maleic Anhydride Plant in Gebeng
- Final Investment Decision for Advanced Chemical Recycling Plant in Pengerang

Management strategies poised toward long term resilience and value creation

Competitive Advantages



Competitive world scale plants with **balanced** and **diversified** product portfolio



Proximity to key growth markets



Secure long-term feedstock supply



Strong returns and **capacity** to fund growth



Portfolio expansion with **leading** edge technology

Operational Excellence

- **Safe** operations at a high level of productivity
- **Disciplined** practices in HSE & manufacturing program
- **Efficient** feedstock supply management

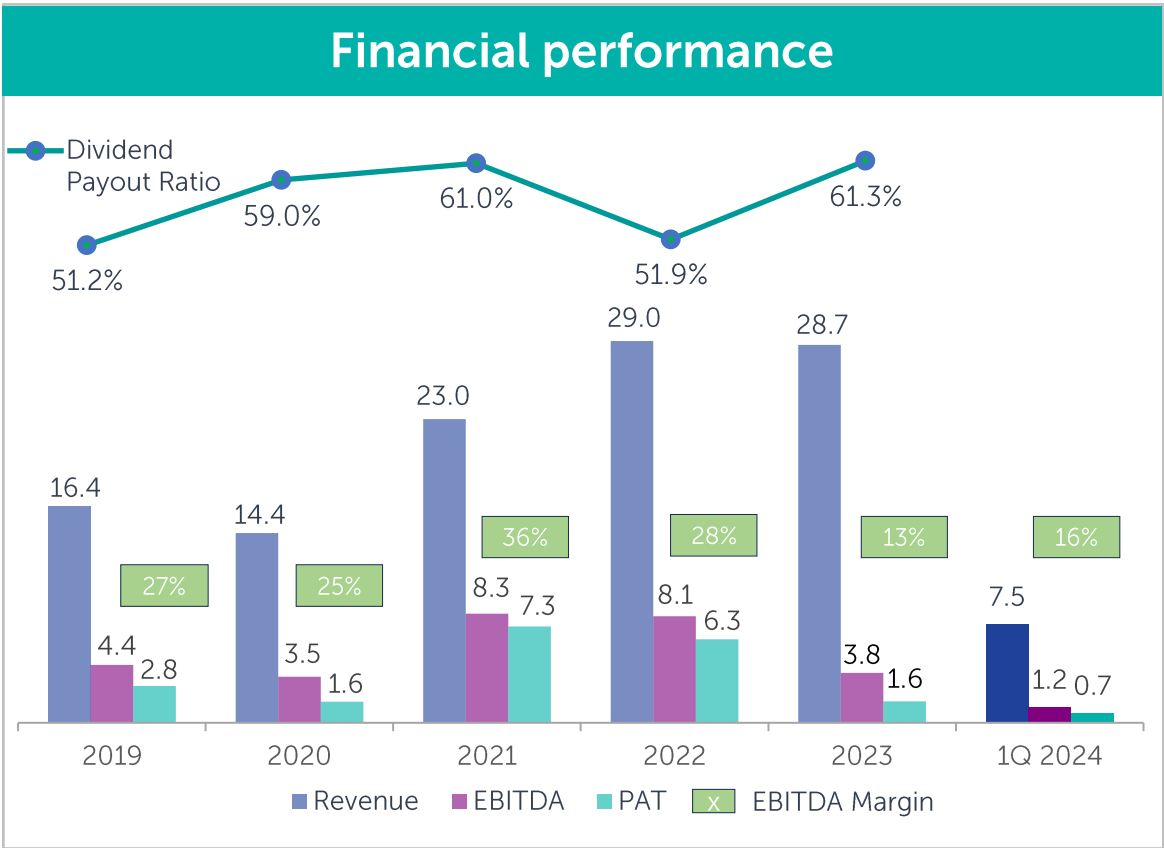
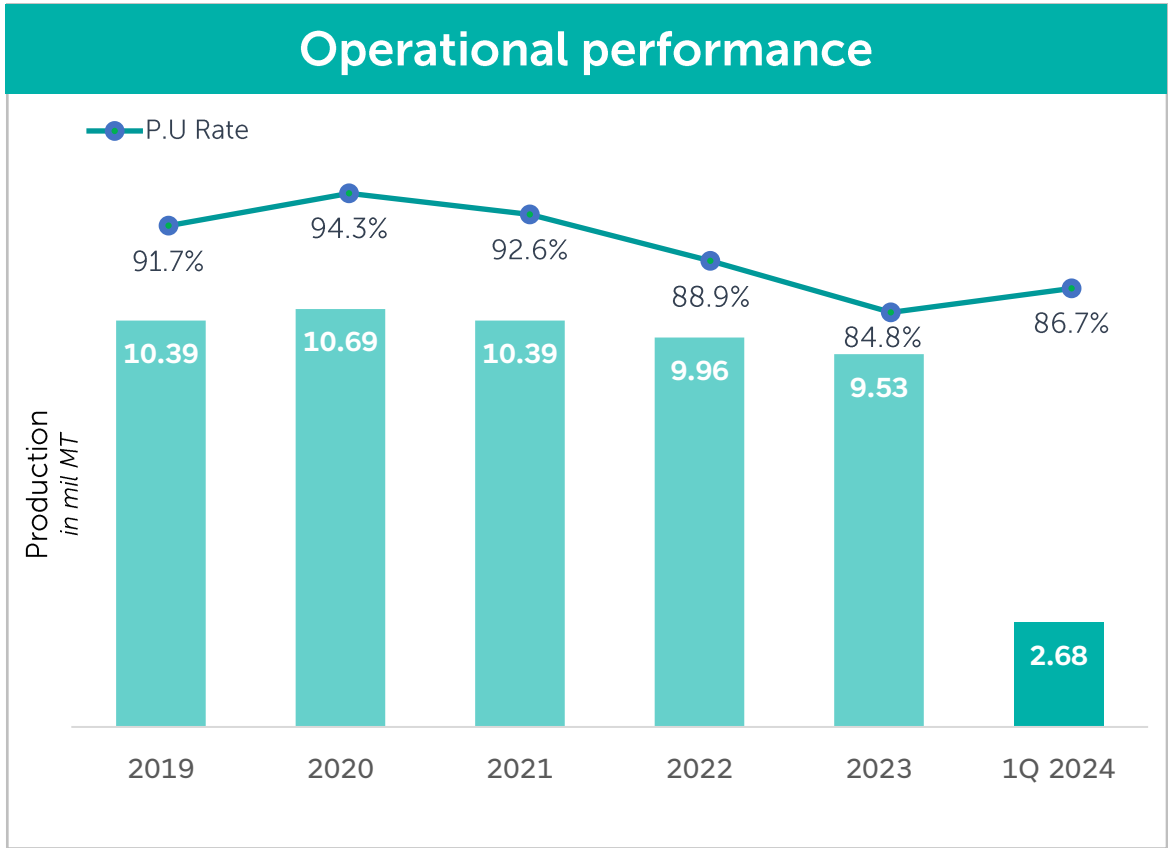
Commercial Excellence

- Additional value through **competitive** marketing, providing **innovative products and solutions** to create a **customer centric** business

Growth Delivery Excellence

- **Capacity Growth and portfolio expansion** into derivatives and specialty chemicals
- Commitment to **sustainable investments**

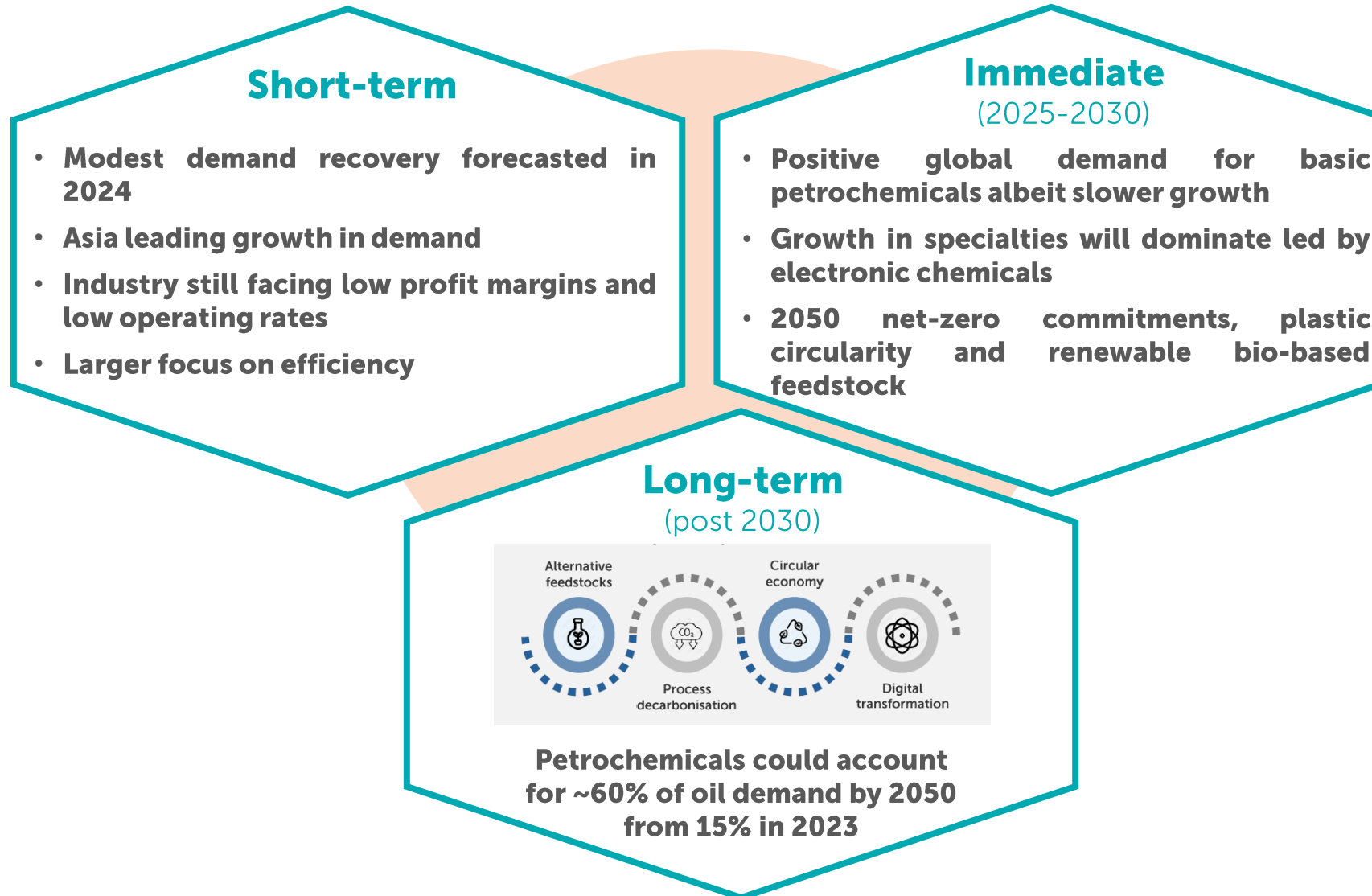
PCG continue to record commendable operational and financial performance despite volatile markets and supply chain disruptions



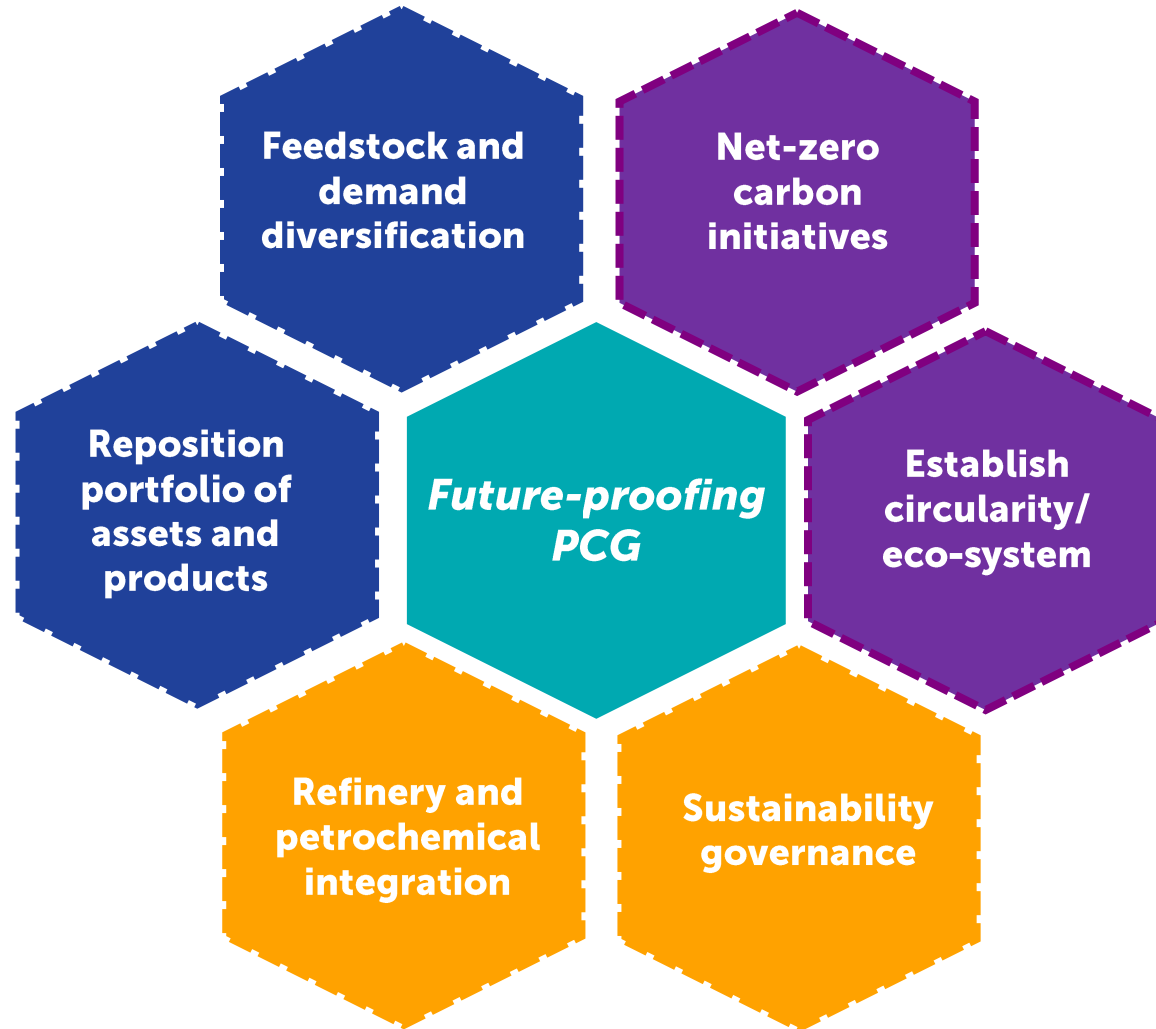
Continuous focus on strategy execution and maintaining financial resilience

- ✓ Foreign exchange management
- ✓ Risk management and governance practice
- ✓ Prioritized capital investment
- ✓ Inventory management
- ✓ Cost discipline and optimization
- ✓ Business growth
- ✓ Management of working capital & liquidity

Short term challenges persists as industry pivots towards new end-market demands and circularity



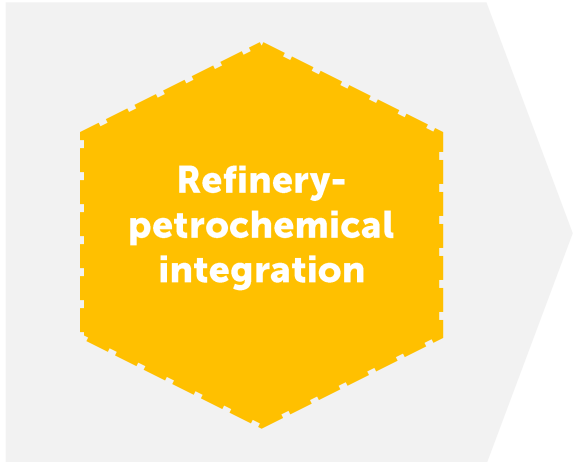
PCG has been positioning itself to sustainably address the immediate and anticipated shifts in the chemicals industry



*"Companies in the petrochemical industry...will need to focus on three areas to differentiate themselves and "de-commodify" their products: **planning for volatile end market demand**, anticipating **consumer preferences** for seamless delivery and **sustainable products**, and capitalizing on **innovation**"*

- Deloitte

Understanding of evolving market dynamics and EESG requirements provide PCG the ability to respond to risks and opportunities



PRESENT RISKS

- Oil price fluctuation
- Overcapacity competition
- Evolving consumer preference
- Volatile end-market demand
- Increasing cost of operations

OPPORTUNITIES

- New process technologies
- Crude to chemicals
- Specialty products
- Enabling circular economy

PCG's response

- OE** HSE & Operational Excellence
- CE** Commercial Excellence
- GE** Growth Delivery Excellence
 - Stepping out: Specialties
 - New Plastics Economy
 - Biomass to chemicals
 - Renewable chemicals to resins
 - Green methanol

Safeguarding the Environment

- Driving Climate Action
- Pursuing Nature Action

Supporting Just Transition

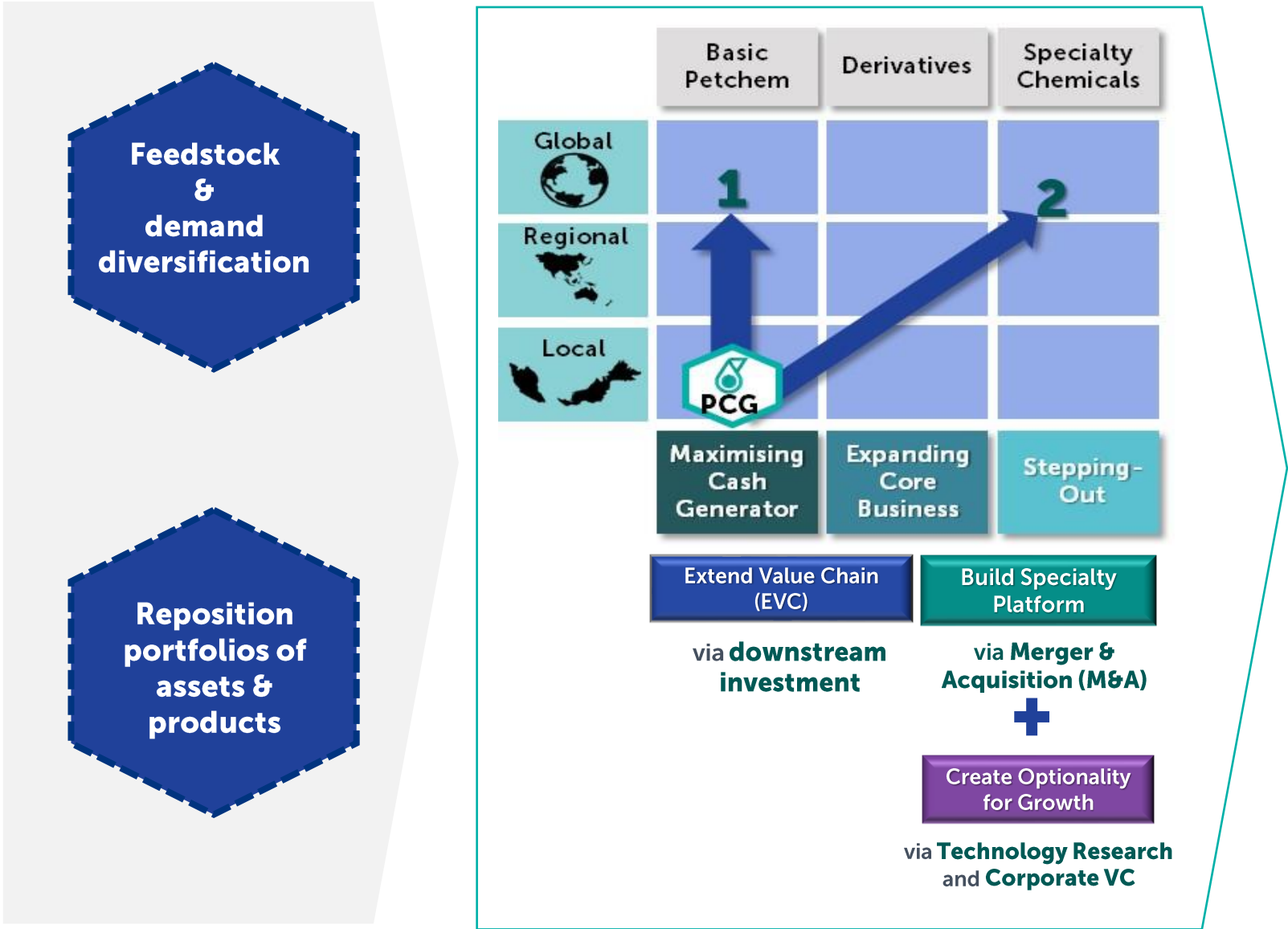
- Delivering Positive Social Impact

EVALUATING THE EFFECTIVENESS OF PCG'S CLIMATE GOVERNANCE

- Annual assessment of the Board's performance on sustainability
- Senior Management's KPIs include targets and progress of material sustainability risks,
- Incentives are provided to MD/CEO and key leadership based on climate-related KPIs

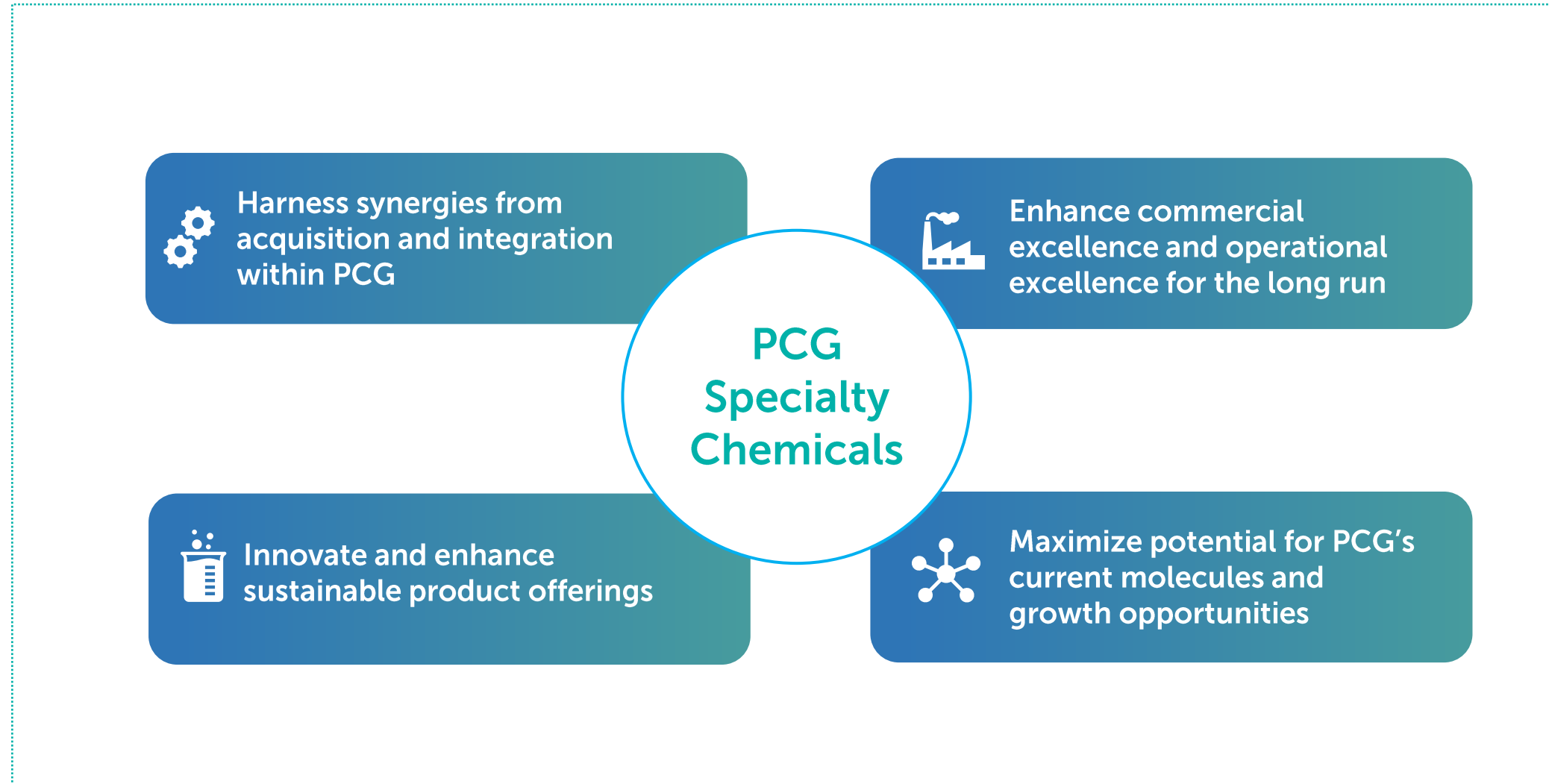
- Improve Board oversight and responsibilities
- Environmental Stewardship
- Digitalisation (OEXMS)
- Customer Centricity

PCG's 2-pronged growth strategy aims to preserve and grow value, both in basic chemicals & derivatives business and new specialty chemicals platform



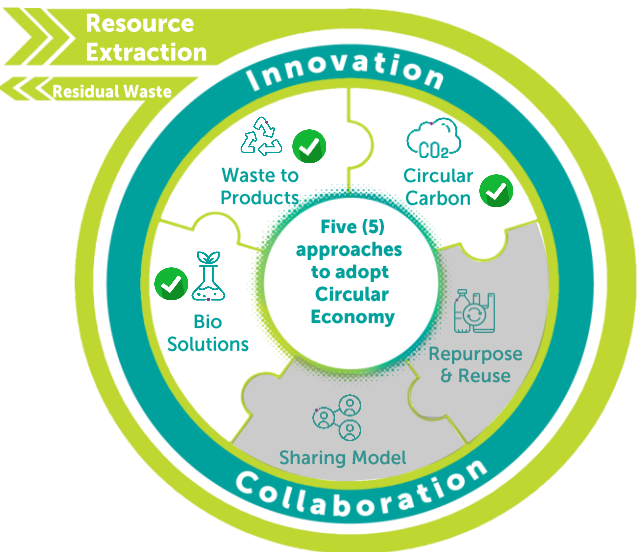
Milestones	
2016	2-EHAcid
2018	Citral, Citronellol & L-Menthol HR-PIB
2019	 BRB
2020	PT Anugerah Kimia Indonesia
2022	 Perstorp
2023	Nitrile Butadiene Latex Specialty Ethoxylates & Polyols
2024	Melamine, Pengerang Complex
2025	2EHAcid Expansion, Butadiene
2026	Maleic Anhydride, Circular Polymers, Green Methanol

Combined capabilities of BRB, Perstorp and future bolt-on acquisitions will drive sustainable growth of Specialty Chemicals for PCG



Sustainable offerings based on circular economy principles will complement the current product portfolio

PETRONAS Circular Economy



CE is **integral to Sustainability Agenda**, embedded across the group to

- i. **enable a low waste future**
- ii. **steward natural resources**
- iii. **minimise our carbon footprint**

while creating value

PCG Sustainable Portfolio



Carbon Dioxide Utilisation

Transform carbon dioxide into value-added products

Circular Carbon

Closed loop system involving 4Rs (reduce, reuse, recycle, remove) to manage carbon emissions

- Carbon utilisation into valuable products
- Low carbon technology



New Plastics Economy

Utilisation of plastic waste to produce recycled polymers

Waste to Products

Converting waste to other products, creating new revenue lines

- Chemical recycling
- Mechanical recycling



Sustainable Products

Bio-based products as viable alternative to fossil-based products

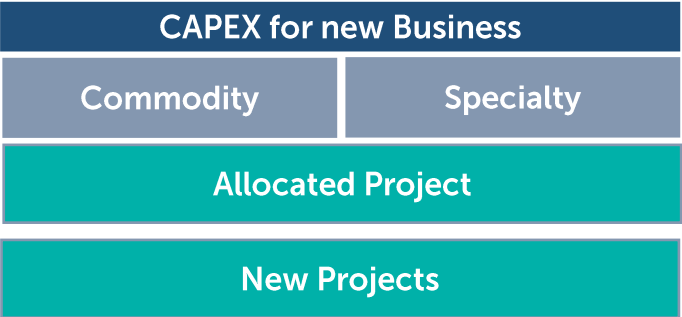
Bio Solutions

Bio-based inputs or products (regenerate)

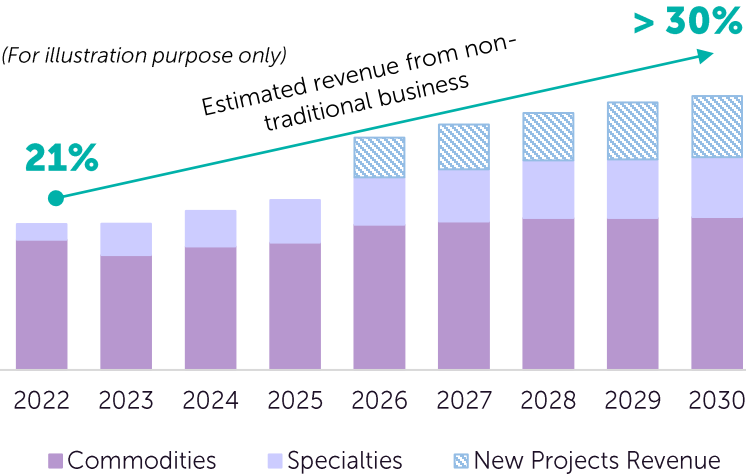
- Bio-based products
- Renewable based

Investing in our future

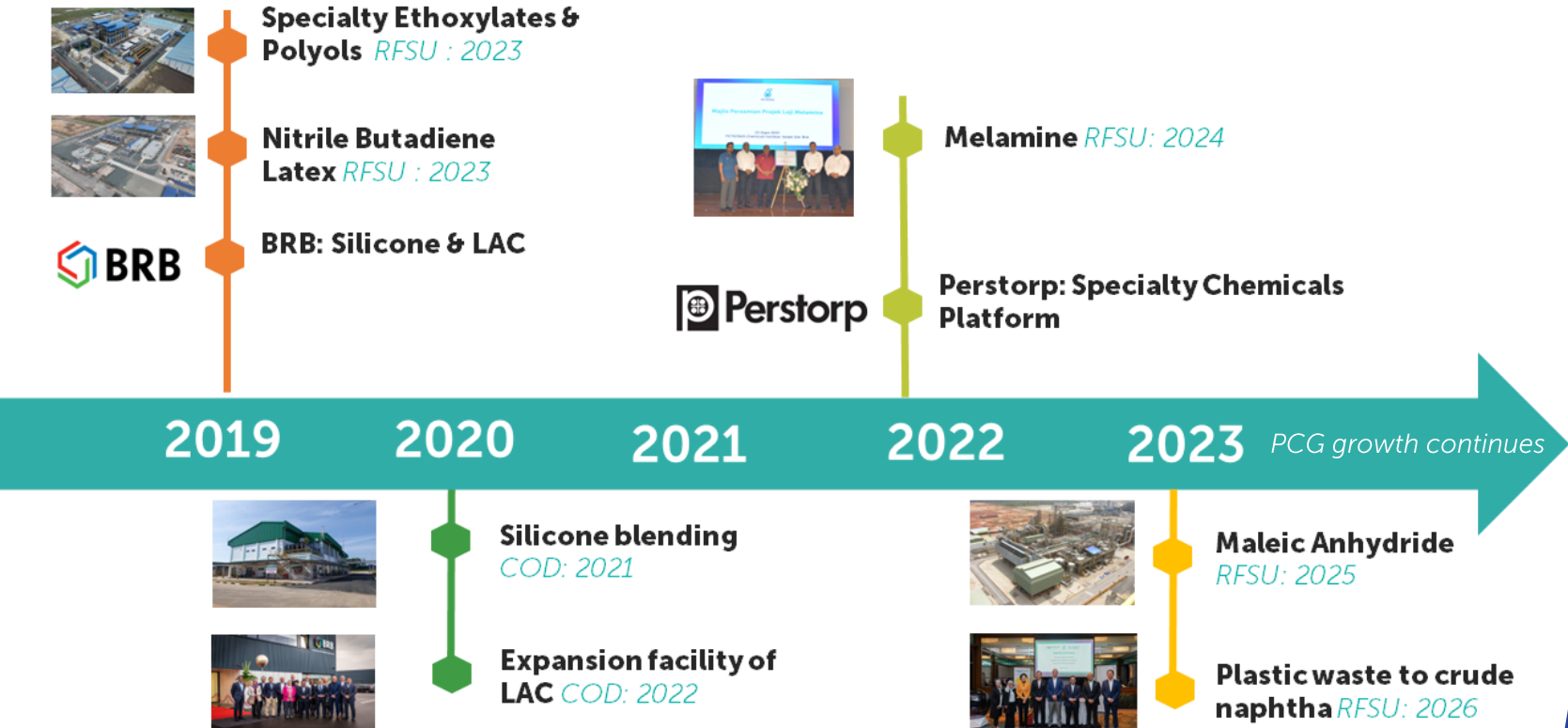
Our priority is to grow and deliver value to our stakeholders



CAPEX is crucial in sustaining the businesses



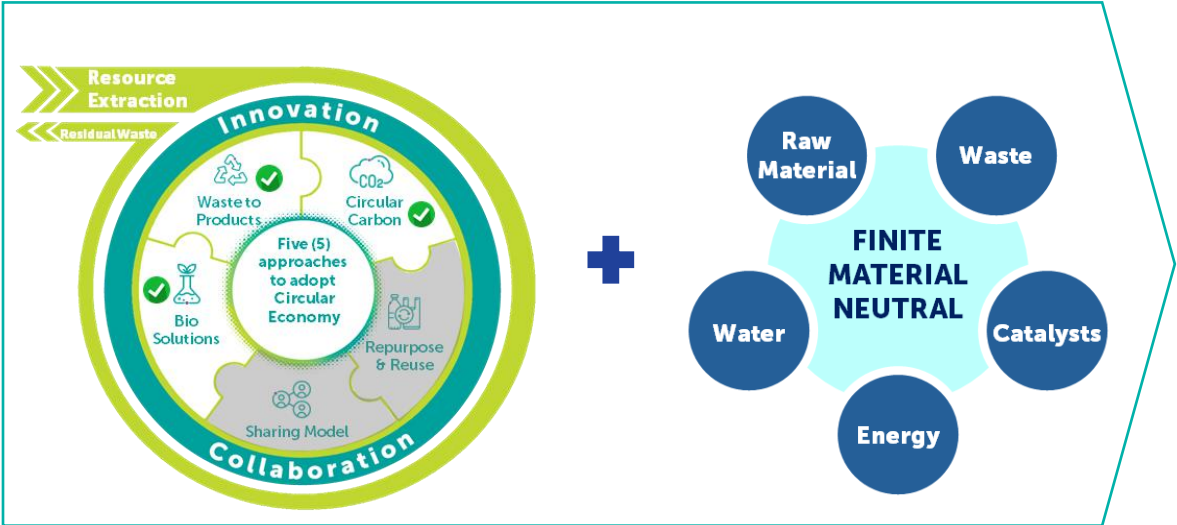
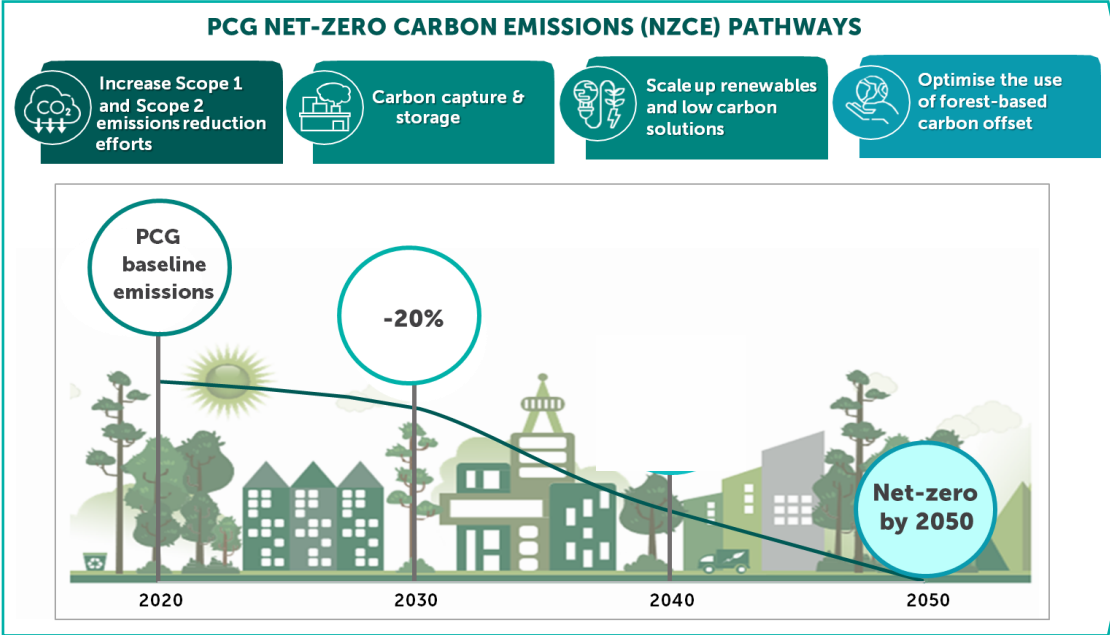
PCG continues to evaluate projects which are under various stages of studies and execution to future-proof our business



Climate action is at the forefront of our Sustainability Agenda

Net-zero carbon initiatives

Establish circularity/eco-system



Target

Driving Climate Action

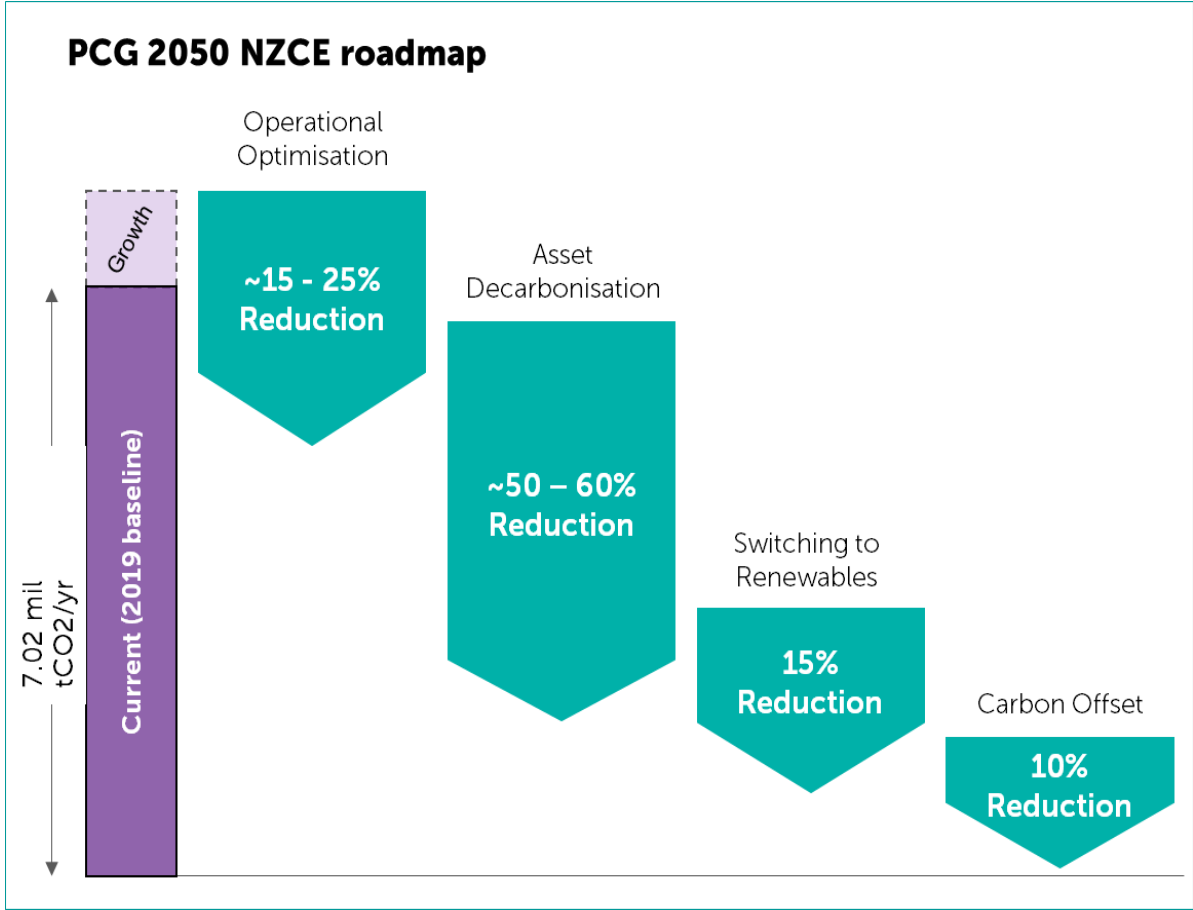
20% reduction in GHG by 2030

NET ZERO 2050 Net Zero Carbon Emissions by 2050

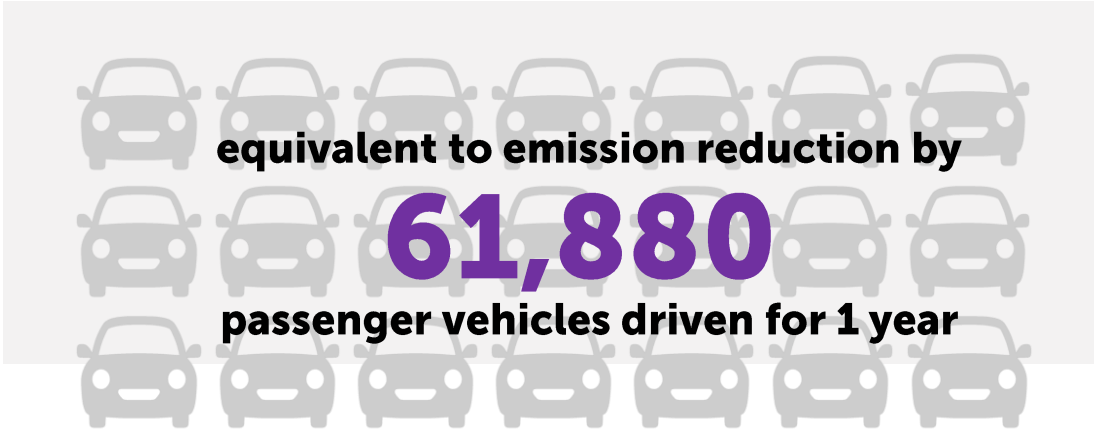
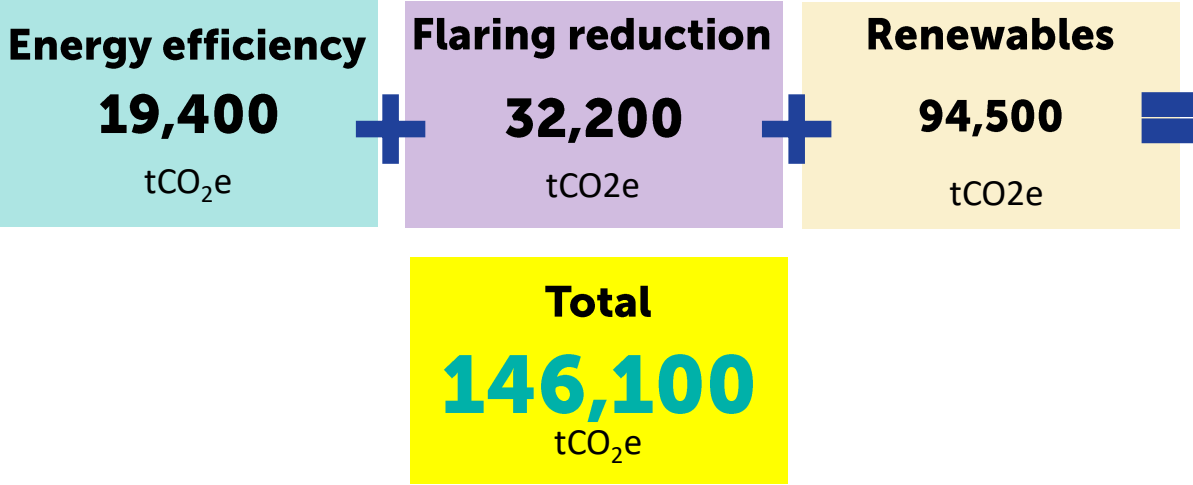
Project

- Bio-MEG for biodegradable packaging
- Project Air for Sustainable Methanol
- Bio-emollient for personal care
- Plastic waste to crude naphtha, for production of circular polymers

Progressing towards net zero: Decarbonisation efforts of existing facilities have been intensified following the roll-out of PCG's NZCE roadmap in 2021



2023 GHG emission reduction efforts



Summary of the Average Transition Risk and Opportunity Categories to PCG Across Three Business Segments

Transition Driver	Type	If the world transitions from STEPS to APS		
		2026	2030	2050
Mandatory carbon pricing	Risk	●	●	●
Carbon border adjustment mechanism (CBAM) and climate-related trade barriers	Risk	●	●	●
Tightening of hydrocarbon supply and rising competition for alternative feedstocks	Risk	●	●	●
Promotion of circular chemicals production	Opportunity	●	●	●
Increase in demand for bio-based and more efficient products	Opportunity	●	●	●
Chemicals as enablers for low carbon energy technologies	Opportunity	●	●	●
Near zero emission technologies for chemicals production	Risk	●	●	●
Energy efficiency and electrification	Opportunity	●	●	●
Tightened access to capital for carbon intensive activities	Risk	●	●	●
Increasing stakeholder scrutiny over climate disclosures	Risk	This driver was not assessed by an external scenario indicator due to the lack of available data from the IEA. However, PCG considers this driver important to our reputation and thus closely monitors the potential risk associated with stakeholder scrutiny.		
Average risk level for PCG Group				●

Legends

Risk/Opportunity score (raw value)	Larger or smaller than ± 0.25	Between ± 0.15 and ± 0.25	Between ± 0.05 and ± 0.15	Between $+ 0.05$ and $- 0.05$
Risk score (raw value)	● High	● Moderate	● Low	● Limited
Opportunity score (raw value)	● High	● Moderate	● Low	● Limited

Driving environmental stewardship through resource efficiency and nature and biodiversity conservation efforts

Water & Waste Resource Efficiency

- Water availability assessment & studied alternative water sources at water stressed area
- Best practices on water management by meeting regulatory requirement & deployed wastewater process
- Detailed study on utilising technology to reduce wastewater discharge
- Implementation of 3R when managing hazardous & non-hazardous waste

PETRONAS Position on Nature & Biodiversity



Safeguarding and promoting human rights

PCG is committed to respecting human rights, including the rights of our employees, suppliers and other stakeholders. We are guided by the PETRONAS Human Rights Commitment and the United Nations (UN) Guiding Principle on Business and Human Rights



FREEDOM OF ASSOCIATION



WAGES AND BENEFITS



FOREIGN AND MIGRANT WORKERS



ESTABLISH GRIEVANCE MECHANISMS



HUMANE TREATMENT



FREEDOM OF LABOUR



WORKING HOURS



NON-DISCRIMINATION



PREVENTION OF CHILD LABOUR

PCG believes Diversity & Inclusion (D&I) drives diverse ideas, views and backgrounds to create a more progressive and creative work environment.



Expanding our Social Impact while continuing to drive sustainability awareness and education



more than
20,000
mangrove trees planted since 2005 at
EcoCare Kerteh



Over
120 tonnes
of recyclable wastes collected from
our Be Green programme

Environment

PETRONAS
Planting Tomorrow

PCG's Activation

Expand
Be Green
Proper waste collection and segregation through 3R (Reduce, Reuse and Recycle)

Education

PETRONAS
Powering Knowledge

Expand
PSYE
Plastic, Sustainability & You Education

Shoc4School
Safe Handling of Chemicals for School

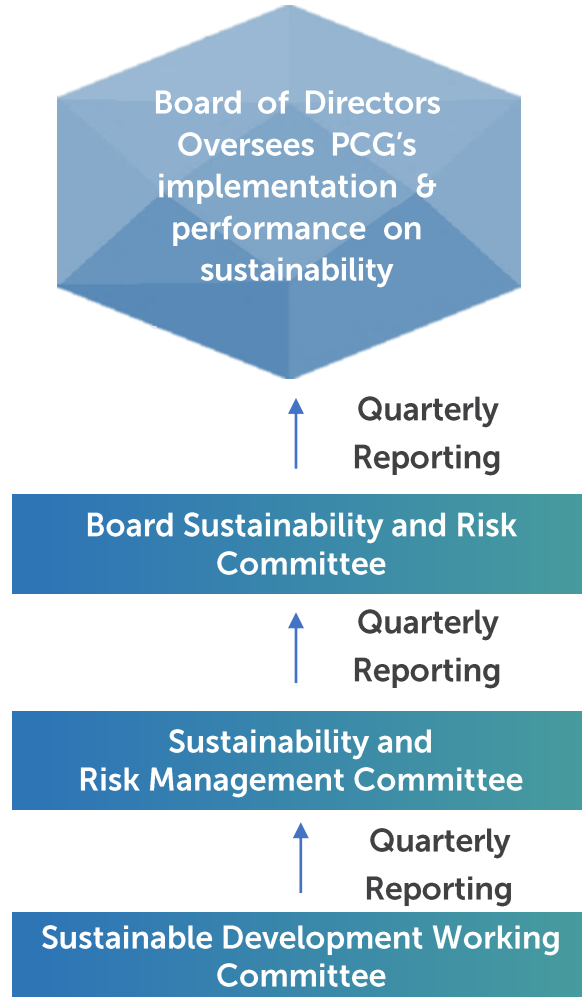
Community wellbeing & development

PETRONAS
Uplifting Lives

Repurpose
Community Relief
Contribution to community development

Sustainability Governance

ROLES & RESPONSIBILITIES



EVALUATING THE EFFECTIVENESS OF PCG'S CLIMATE GOVERNANCE

- The Board's performance on sustainability is assessed annually at the Board effectiveness evaluation.
- The Board ensures that the performance of the Senior Management includes a review of their performance against set targets and progress of PCG's material sustainability risks, including climate-related risks.
- Incentives are provided to MD/CEO and key leadership based on a set of key performance indicators (KPIs) including climate related indicators such as absolute emissions reduction and governance, in alignment with Task-force on Climate Related Financial Disclosure (TCFD) recommendations.

Framework/ standard



Benchmarking





Thank you