



PETRONAS

Resilience. Leveraging Strengths.

PETRONAS CHEMICALS GROUP BERHAD | INTEGRATED REPORT 2025



Cover Rationale

Resilience. Leveraging Strengths.

The theme "Resilience. Leveraging Strengths." encapsulates the spirit of collaboration at the heart of our success.

The cover celebrates the seamless integration of science, people and purpose, highlighting the collective strength that drives meaningful change. It showcases how innovation and cooperation unlock pathways to sustainability and progress, bridging the gap between challenges and opportunities. By harnessing the unique potential of our partnerships and expertise, we pave the way for impactful solutions that benefit industries, communities and the environment, demonstrating that together, we achieve more.

Dear Stakeholders,

PETRONAS Chemicals Group Berhad's approach to value creation is anchored in responsible and sustainable business practices. Our sustainability journey guides how we balance economic performance with environmental stewardship and social responsibility, supported by strong governance. By embedding transparency, accountability and ethical conduct into how we operate, we aim to build enduring trust and deliver sustainable outcomes over the long-term.

INSIDE THIS REPORT

BASIS OF THIS REPORT

OVERVIEW OF PCG

- 6 PCG at a Glance
- 10 Integrated Product Value Chain

JOINT LEADERSHIP STATEMENT

- 12 Chairman & MD/CEO Statement

MANAGEMENT DISCUSSION & ANALYSIS

16 STRATEGIC REVIEW BY MD/CEO

- Operating Environment and Outlook
- Material Matters
- Risks Overview
- Our Strategy
 - Operational Excellence
 - Commercial Excellence
 - Growth Delivery Excellence

38 FINANCIAL REVIEW BY CFO

- Simplified Group Statement of Financial Position
- Analysis of Financial Position
- Analysis of Consolidated Statement of Profit or Loss
- Analysis on Cash Flows
- Group Quarterly Performance
- Key Interest-Bearing Assets and Liabilities
- Five-Year Group Financial Summary
- Five-Year Group Financial Highlights
- Statement on Value Added

51 SEGMENTAL REVIEW

- Commodities
- Specialty Chemicals

66 SUSTAINABILITY REVIEW

- Sustainability Statement

VALUE CREATION

- 110 Value Creation Model
- 114 Stakeholder Engagement

COMMITMENT TO STRONG GOVERNANCE

- 118 Organisational Structure
- 119 Corporate Information
- 120 Board of Directors
- 124 Company Secretaries
- 125 Management Committee
- 128 Corporate Governance Overview Statement
- 150 Nomination and Remuneration Committee Report
- 152 Board Audit Committee Report
- 158 Board Sustainability and Risk Committee Report
- 161 Statement on Risk Management and Internal Control

ADDITIONAL INFORMATION

- 170 Top 10 Properties of PCG Group
- 172 Analysis of Shareholdings
- 175 Notice of 28th Annual General Meeting
- 178 Administrative Guide
- 182 Bursa Malaysia's CSI Prescribed Table
- 184 Sustainability Performance Table
- 185 Independent Limited Assurance Report
- 187 Additional Compliance Information
- 189 Glossary of Terms, Abbreviations and Acronyms

Proxy Form

28TH | ANNUAL GENERAL MEETING

Venue:
To be held physically and broadcasted live from:
Exhibition Hall 1, Ground Floor,
Kuala Lumpur Convention Centre,
50088 Kuala Lumpur, Malaysia

Date:
Wednesday, 22 April 2026

Time:
10.00 a.m.



The crossover icon indicates that the information is linked to other pages within this report.



The webpage icon indicates that additional information is available online; click the link to visit the relevant website.



PETRONAS Chemicals Fertiliser Sabah

BASIS OF THIS REPORT

INTEGRATED REPORTING APPROACH

As a top 30 company listed on the Bursa Malaysia Main Market, PETRONAS Chemicals Group Berhad (PCG or the Group) is committed to transparent and high-quality disclosures. Our Integrated Report (IR) adopts a clear and balanced approach by connecting financial performance with sustainability matters, strategic priorities and key risks and opportunities. This provides stakeholders with a concise and coherent understanding of how PCG creates value and sustains long-term resilience.

Guided by the principles of connectivity, materiality and forward-looking insight, the report reflects strong governance oversight and a commitment to stakeholder inclusivity. Our disclosures are designed to be relevant, comparable and responsive to stakeholder priorities across the short-, medium- and long-term.

OUR REPORTING BOUNDARIES

The IR covers the reporting period of 1 January 2025 to 31 December 2025, unless otherwise stated. Information presented relates to the risks, opportunities and outcomes of activities in the Group, comprising our subsidiaries, joint operations, associates and joint ventures.



Financial Reporting Boundary

Covers our operating subsidiaries, joint operations, associates and joint ventures.

Non-Financial Reporting Boundary

Covers our operating subsidiaries, joint operations, associates and joint ventures where we have management responsibility. Plant utilisation data is applicable only in our commodity-based business contexts.

STRATEGY

Our strategy outlines the key priorities and trade-offs that guide decision-making and long-term value creation. It sets the foundation for how the Group allocates resources, manages risks and positions itself for sustained performance.

STAKEHOLDER INTERESTS

Our strategic decisions and operations are shaped by stakeholder expectations, which include regulatory, economic and sustainability factors. By considering these perspectives, we set priorities and ensure that our actions consistently reflect stakeholder interests.

BUSINESS MODEL

Our business model shows how we turn inputs into outcomes that create value for stakeholders, aligning with our strategy and adapting to changing markets and sustainability needs.

BOARD INVOLVEMENT

The Integrated Reporting process is supported by early and active Board engagements. The Nomination and Remuneration Committee (NRC), Board Audit Committee (BAC) and Board Sustainability and Risk Committee (BSRC) provide oversight, strategic guidance and governance assurance to ensure the report reflects the Group's objectives and high standards of accountability.

EXTERNAL ENVIRONMENT

Our strategy and business model reflect changes in regulations, global economics, technology and sustainability. By analysing these factors, we stay resilient and responsive to our stakeholder's priorities.

TIME HORIZONS

SHORT-TERM (BY 2026)

Centred on annual business planning and execution, this horizon focuses on delivering near-term operational and financial targets while managing immediate regulatory, cost and market changes. It addresses short-term impacts on competitiveness, margins, supply chains and customer dynamics arising from evolving policy and market conditions.

MEDIUM-TERM (BY 2030)

Aligned with PCG's forecast rolling plan, this horizon integrates capital allocation, portfolio optimisation and operational strategy to support sustainable earnings and growth. It considers market transitions, demand shifts and cost structures, with priorities on efficiency, reliability, portfolio resilience and expansion of higher-value segments.

LONG-TERM (BY 2050)

Anchored to PCG's long-term strategic ambitions and PETRONAS Commitment to Net Zero Carbon Emissions (NZCE) by 2050, this horizon addresses structural shifts across energy, chemicals and end markets. It supports system-level planning for infrastructure, technology, policy and customer evolution, ensuring long-term business viability, competitiveness and leadership through disciplined transformation.

BASIS OF THIS REPORT

INTEGRATED REPORTING PROCESS

Compilation

Data is collected directly from Subject Matter Experts (SMEs) in the Integrated Reporting Working Committee (IRWC) to ensure the quality and accuracy of disclosures.

Review

Consolidated financial and non-financial data is internally reviewed by Content Management focal points to ensure consistency, compliance and alignment with reporting requirements.

Oversight

The Editorial Board provides strategic direction and oversight over the IRWC, guiding framework implementation across the Integrated Reporting suite.

Approval

The Integrated Reporting suite is audited by an independent external auditor before submission to Management and the Board Committee for approval.

Board Involvement

The Board of Directors (Board), through its committees, the NRC, BAC and BSRC, provides effective oversight and strategic guidance to the Group. This includes safeguarding financial integrity, strengthening risk management, endorsing sustainability initiatives and fostering leadership development to ensure a robust and effective governance structure.

Finalisation

Upon approval and finalisation by the Board, both the physical and digital versions are prepared in compliance with Bursa Malaysia requirements. The soft copy is released alongside the Notice of the Annual General Meeting.

MATERIALITY

The information in the report focuses on issues that are most material to our business operations and stakeholders. Our approach to identifying material topics, obtaining stakeholder feedback, prioritising as well as ranking material topics and validating the materiality assessment involves a comprehensive four-phase materiality process.

ALIGNMENT WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

At PCG, we take pride in managing environmental impact, promoting safe and inclusive workplaces as well as delivering innovative chemical solutions that enable more sustainable industries and communities. This alignment with the United Nations Sustainable Development Goals (SDGs) reinforces PCG's long-term strategy of creating shared value while contributing to Malaysia's broader sustainability ambitions.

We have prioritised 13 of the 17 SDGs where we believe we have the greatest ability to deliver meaningful impact through our business.



For further details on our contribution to the 13 selected SDGs, please refer to the PCG corporate website at <https://www.petronas.com/pcg/>

BASIS OF THIS REPORT

OUR REPORTING SUITE

PCG's reporting suite provides clear insight into our strategic priorities, performance and business direction, while addressing the material risks that influence our operations and long-term growth. Through consistent, well-structured and accountable disclosures, we demonstrate our commitment to accountability, resilience and sustainable value creation.

IR

Integrated Report 2025 (IR)

The objective of the IR is to provide our stakeholders with a thorough and balanced assessment of both financial and non-financial performance. Through this report, stakeholders will gain a better understanding of our business operations, sustainability initiatives, performance metrics, governance, risk management and prospects.

In demonstrating our commitment to transparency while reinforcing stakeholder trust, this report provides a comprehensive overview of our Corporate Governance Overview Statement, Nomination & Remuneration Committee Report, Board Audit Committee Report, Board Sustainability & Risk Committee Report and the Statement of Risk Management and Internal Control.

Guided by:

- International Integrated Reporting Framework (IIRF) as issued by the Value Reporting Foundation (VRF)
- Malaysian Code on Corporate Governance (MCCG)
- Main Market Listing Requirements (MMLR) as issued by Bursa Malaysia
- Companies Act 2016 (CA 2016)
- MFRS Accounting Standards as issued by the Malaysian Standards Board
- IFRS Accounting Standards as issued by the International Accounting Standards Board
- Corporate Governance Guide - 4th Edition as issued by Bursa Malaysia

SR

Sustainability Report 2025 (SR)

The SR is prepared in alignment with PCG's internal sustainability governance and reporting processes, supported by data collection, validation and reviews across relevant functions.

The report has been developed with reference to leading sustainability reporting standards and frameworks to ensure relevance, credibility and decision-useful disclosures for stakeholders.

Guided by:

- Malaysia-Specific Frameworks and Regulatory Guidance
- National Sustainability Reporting Framework (NSRF)
- MMLR as issued by Bursa Malaysia
- Bursa Malaysia Sustainability Reporting Guide
- FTSE4Good Bursa Malaysia Index's Environmental, Social and Governance (ESG) Indicators

International Frameworks and Standards

- IFRS Sustainability Disclosure Standards, IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) and IFRS S2 (Climate-related Disclosures)
- Sustainability Accounting Standards Board (SASB) Standards
- Global Reporting Initiative (GRI) Universal Standards 2021
- S&P Global Corporate Sustainability Assessment
- The United Nations Sustainable Development Goals (UN SDGs)

FR

Financial Report 2025 (FR)

The FR includes the Directors' Report, Audited Financial Statements and Independent Auditors' Report. It offers comprehensive financial information to our shareholders, investors, analysts and other relevant parties.

Guided by:

- MMLR as issued by Bursa Malaysia
- CA 2016
- MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board
- IFRS Accounting Standards as issued by the International Accounting Standards Board

INDEPENDENT COMBINED ASSURANCE STATEMENT

Assurance for this report is provided by our Board and supported by independent assurance from KPMG for non-financial information.

An independent limited assurance was performed by KPMG on selected sustainability indicators for the financial year ended 31 December 2025 as listed below:

- Total Scope 1 GHG Emissions
- Total Scope 2 GHG Emissions (location-based)
- Total Scope 2 GHG Emissions (market-based)
- Total Energy Consumption
- Wastewater Discharge, Chemical Oxygen Demand
- Freshwater Withdrawal
- Air Emissions, Nitrogen Oxides (NO_x) Emissions
- Air Emissions, Sulphur Oxides (SO_x) Emissions
- Tier 1 Process Safety Event
- Fatalities
- Lost Time Injury Frequency

Details of the assurance scope, methodology and conclusions are provided in the Independent Limited Assurance Statement included in this report on pages 185 to 186.

FEEDBACK

We are committed to continuously enhancing the quality of our reporting and value feedback from stakeholders. For any questions or suggestions, please contact:

Name : Safarah Zeba M Salim
Position : Senior Manager, Investor Relations
Email : petronaschemicals_ir@petronas.com

FORWARD-LOOKING STATEMENTS

This report includes several forward-looking statements relating to future performance. These projections and forecasts are grounded in present assumptions and conditions, which are subject to change and therefore carry some uncertainties. Numerous factors might lead to actual outcomes that may vary from those expressed or implied in these forward-looking statements.

BOARD RESPONSIBILITY STATEMENT

The Board acknowledges its responsibility in upholding the integrity of this Integrated Report. The Board believes that this report addresses all the issues that are material to the Group's ability to create value and fairly reflects PCG's integrated performance. This report has been prepared with reference to the IFRS Foundation International <IR> Framework and received the Board's approval on 23 February 2026.

DATUK SAZALI HAMZAH

Chairman

MAZUIN ISMAIL

Managing Director/Chief Executive Officer

BASIS OF THIS REPORT

NAVIGATION ICONS

KEY CAPITALS

- | | |
|--|--|
| N Natural
PCG's direct and indirect impact on the environment. | I Intellectual
PCG's laboratories, new operational rollouts, products and proprietary chemicals. |
| M Manufactured
PCG's plants, properties, equipment and manufacturing sites across Malaysia, Southeast Asia, Northeast Asia and the rest of the world. | SR Social and Relationship
External stakeholders such as suppliers, the community and the media. |
| H Human
PCG's employees' contribution to operations. | F Financial
Financial performance throughout all its operations in Asia Pacific (APAC), Americas and Europe, the Middle East and Africa (EMEA). |

STRATEGIC THRUSTS

- | |
|---|
| OE Operational Excellence
Strengthens plant performance by enhancing safety, reliability and efficiency across our operations. |
| CE Commercial Excellence
Boosts value by focusing on customer-centric growth, expanding market reach, optimising netbacks and innovating product solutions. |
| GE Growth Delivery Excellence
Advances sustainable growth by strengthening both our Commodities and SC portfolios, ensuring it remains enhanced and value-accretive. |

KEY STAKEHOLDER GROUPS

- S1** Employees **S2** Customers **S3** Suppliers & Vendors **S4** Business Partners **S5** Shareholders & Investment Community **S6** Government & Regulators **S7** Communities **S8** Media

PRINCIPAL RISKS

- H** Health, Safety and Environment Risk **P** Project Execution Risk **S** Strategic Investment Risk **C** Cybersecurity Risk **SS** Sustainability Risk
T Talent Risk **O** Operational Risk **Ta** Plant Turnaround Risk **M** Market Risk **F** Feedstock and Utilities Risk **R** Regulatory Risk

MATERIAL MATTERS

- | | |
|---|--|
| M1 Climate Change | PCG's approach to improving energy efficiency, advancing renewable energy, reducing GHG emissions, promoting sustainable transport and green facilities and strengthening preparedness for climate-related disruptions across its global operations. |
| M2 Nature & Environment | Policies and practices on environmental management aimed at minimising and mitigating the negative impacts of operations on nature and ecosystems. This includes responsible resource use, pollution control and biodiversity conservation. |
| M3 Business Strategy & Financial Resilience | PCG's strategic approach to ensuring business continuity, long-term and sustainable value creation, and financial resilience. It encompasses considerations of shifting demographics, changing consumption patterns, market access, socio-economic risks, and responsible investing and financing, all of which influence the organisation's ability to adapt, remain competitive, and deliver enduring stakeholder value. |
| M4 Innovation & Product Stewardship | PCG's commitment to developing innovative and high-quality products and services that are safe, transparent, and aligned with evolving customer expectations. It includes responsible management of technologies, intellectual property, and product lifecycles, while upholding consumer rights, and fostering trust through ethical and sustainable practices. |
| M5 Circular Economy | PCG's approach to support the transition towards a circular economy model, creating opportunities for developing sustainable circular products, plastic waste management, and responsible materials management. |
| M6 Supply Chain Management | Covers the policies and practices for procurement, supplier and contractor management, and materials handling to support a sustainable and resilient supply chain. It includes responsible sourcing, managing environmental impacts such as socio-economic risks, and considering geopolitical factors that may affect supply continuity. |
| M7 Cybersecurity & Digitalisation | The use of digital technologies to unlock new business models, improve operational efficiency and resilience and protect data from cyber-attacks and breaches, while enabling value creation and strengthening stakeholder trust across global operations. |
| M8 Safety & Health | Policies and practices that foster a culture of safety, compliance and continuous improvement to create as well as sustain a safe and healthy environment for employees and the broader public. This includes measures to address occupational risks, transportation safety, emergency preparedness and proactive hazard identification across all global operations. |
| M9 Talent Management & Well-Being | The policies and practices to create and retain a capable and high performing, diverse and inclusive workforce. This approach supports organisational agility, innovation and business continuity, while ensuring employees feel valued, empowered and equipped to thrive in a rapidly evolving industry. |
| M10 Human Rights | The policies and practices in managing and upholding fundamental human rights within the workplace, supply chain, and community, including efforts to assess and address social and environmental impacts of projects. |
| M11 Community Engagement | Stakeholder engagement and programmes conducted to deliver positive social impact to communities in areas we operate or interact with, including efforts to assess and address social as well as environmental impacts of projects. |
| M12 Corporate Governance | Business policies and practices to ensure ethical, transparent and responsible governance, including oversight of corporate conduct, regulatory compliance, and accountability in financial and non-financial matters. |

PCG AT A GLANCE

PCG operates 21 manufacturing sites across Malaysia, Canada, China, Germany, India, Italy, Singapore, Sweden, the Netherlands and the USA.

We continue to be driven by our **Two-Pronged strategy:**

FIRST-PRONG

Sustain strength in basic petrochemicals through Operational Excellence and Commercial Excellence in Maximising Cash Generation from existing business

SECOND-PRONG

Selectively diversify into derivatives, Specialty Chemicals and solutions through Growth Delivery Excellence via Expanding Core & Stepping-out opportunities

Our broad geographical footprint, supported by disciplined Operational Excellence and Commercial Excellence, has established PCG as one of Southeast Asia's prominent integrated chemical producers. Anchored on Growth Delivery Excellence, we continue to strengthen our position in the SC sector, enhancing our portfolio with differentiated, higher-value solutions. This strategic shift enables greater agility, resilience and the capacity to respond to evolving global market demands.

Innovation is integral to our foundational operating model. We prioritise the development of chemical solutions that meet the evolving needs of customers and proactively address emerging industry demands. We are committed to generating value through our products, talent development, connecting with local communities and making meaningful contributions to society as a whole.

Looking ahead, sustainability will remain a central consideration in PCG's strategic decision-making. The Group is committed to striking a balance between EESG priorities with long-term operational resilience, while incorporating advanced technologies and responsible practices to support a just and sustainable transition.

OUR EXPERTISE

We produce a diverse range of commodity and specialty chemicals for sectors such as agriculture, automotive, packaging, personal care and coatings. Our technical expertise and commercial strength allow us to deliver reliable, high-quality chemical solutions globally.

PCG AT A GLANCE

PERFORMANCE HIGHLIGHTS

Market Capitalisation

As at 31 December 2025

RM29,040 million

Production Capacity

10.8 million TPA

Total Assets Base

RM57,690 million

Constituent of FTSE4Good Bursa Malaysia Index for **12 consecutive years**



Our Purpose

A progressive energy and solutions partner enriching lives for a sustainable future.



Our Vision

To be the preferred chemical company providing innovative customer solutions.



Our Shared Values

Our shared values are deeply embedded in our culture to ensure we operate with integrity while contributing to the well-being of people in every nation where we have a presence.



Loyalty

We are deeply committed and loyal to the long-term success and growth of the corporation, while consistently upholding its reputation and objectives.



Integrity

We uphold the highest standards of honesty and uprightness in all our dealings, ensuring transparency, fairness and ethical conduct across all levels of the Group.



Professionalism

We relentlessly strive for excellence in every aspect of our work by embracing best practices, continuous learning and innovation.



Cohesiveness

We foster a culture of unity grounded in mutual trust, respect and open communication.

PCG AT A GLANCE

PCG AT A GLANCE

BUSINESS ACHIEVEMENTS

FIRST-PRONG

Sustained Plant Utilisation

Achieved Plant Utilisation (PU) rate of 86.9% for Olefins & Derivatives (O&D) and 89.0% for Fertilisers & Methanol (F&M), demonstrating our sustained operational reliability despite setback from unplanned shutdown.

Established New Strategic Sourcing

Collaborations with regional producers for the supply of urea, ammonia, NPK fertiliser, polymer coated urea, methanol, benzene, butadiene & propylene.

Increased Sales Volume

We recorded an increase in total sales volume of 4%, reaching 10,779 KMT.

SECOND-PRONG

Perstorp Amsterdam: First Commercial Delivery Completed

In 2025, PCG upgraded the Perstorp Amsterdam B.V. ester plant, expanding its synthetic ester capabilities to support thermal management and other advanced applications. The plant marked its first commercial delivery in July 2025 and have since shipped 33 tonnes of specialty esters to customers.

Expanded Specialty Product Offering

Introduced 30 new SC products.

Strengthened Global Presence

Inaugurated the PETRONAS Application Technology Centre in Shanghai, China.

SUSTAINABILITY-RELATED INITIATIVES

Sites Achieved Zero Scope 1 and 2 Emissions

Following the transition to renewable energy, the Echt site in the Netherlands achieved net zero emissions across Scope 1 and 2 in 2025, while the Waspik site, also in the Netherlands, continued to maintain zero emissions for the same scopes.

OUR FOUNDATIONS SHAPING VALUE CREATION

Our Portfolios**Commodities**

Covering a wide range of olefins, including key building blocks/feedstocks such as ethylene and propylene, along with glycols and their derivatives, polymers, methanol, ammonia and fertilisers as well as aromatics and MTBE.

Specialty Chemicals

Encompassing innovative and sustainable chemical solutions, the portfolio comprises of three business units, Specialties, Intermediates, and Silicones, of which PCG has a focus on coatings, engineered fluids, advanced polymers and personal care segments.

Key Product Segments

- Olefins & Derivatives (O&D)
- Fertilisers & Methanol (F&M)
- Engineered Fluids
- Personal Care
- Advanced Polymers
- Coatings

Key End Applications

- Plastics
- Resins
- Fertilisers
- Adhesives and Sealants
- Personal Care and Cleaning Products
- Textile Fibres
- Cosmetics
- Automotive
- Cleaning Materials
- Fragrances
- Food Additives

Headline Key Performance Indicators

- Production Volume
- Sales Volume
- Plant Utilisation

OUR KEY DIFFERENTIATORS

ENVIRONMENTAL

**Commitment to Low-Carbon and Sustainable Operations**

- PCG is committed to reducing its environmental footprint through targeted decarbonisation initiatives, energy efficiency enhancements and the integration of cleaner technologies across operations
- Our long-term ambition to achieve NZCE by 2050 guides investment decisions and operational improvements

Circularity and Responsible Resource Use

- We continue to advance circular solutions, waste reduction programmes and sustainable feedstock initiatives
- Efficient water, energy and raw material management supports responsible use of natural resources and reduces our impact on ecosystems

Environmental Stewardship and Compliance

- PCG upholds rigorous environmental governance standards, ensuring compliance with global best practices and regulatory requirements
- Our proactive environmental monitoring, risk mitigation and biodiversity considerations demonstrate our commitment to responsible and sustainable growth

SOCIAL

**Strong Safety Culture and Workforce Well-being**

- Safety is integral to PCG's culture, supported by comprehensive programmes that promote a safe and healthy working environment. We prioritise employee well-being, ensuring our teams operate confidently and sustainably across all sites

Talent Development and Future-Ready Workforce

- Our people strategy focuses on capability building, leadership development and nurturing a diverse, inclusive and empowered workforce
- This is demonstrated through the seven global laboratories, targeted training, digital upskilling and technical competency programmes that support competitiveness and future-readiness

Community Engagement and Creating Positive Impact

- PCG contributes to local communities through education, environmental awareness and skills development for socio-economic growth
- Our outreach focuses on effective engagement and impact that meets stakeholder expectations

ECONOMIC

**Global Reach and Market Leadership**

- Our global reach and diversified product portfolio enable us to meet evolving customer needs across key industries and geographies
- Our established market position is supported by long-standing customer relationships that reinforces our role as a trusted industry leader, with some partnerships spanning almost 40 years

Financial Strength and Growth Potential

- Resilient financial performance, delivering RM27.5 billion in revenue and RM1.9 billion in Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) for 2025
- Disciplined asset growth and targeted portfolio expansion, particularly in derivatives and SC
- Continued commitment to sustainable investments, enabling returns while preserving financial capacity for future growth
- A consistent and competitive dividend policy, reflecting a continued focus on long-term shareholder value

Operational Excellence

- Operational excellence remains a core driver of our economic performance
- Our world-class Health, Safety and Environment (HSE) standards underpin safe, reliable and efficient operations across all manufacturing facilities
- High PU in Malaysian operations and disciplined asset management enable us to maximise productivity, enhance cost efficiency and support continuous, high-quality supply to global customers

GOVERNANCE

**Strong Corporate Governance Framework**

- Continued presence in the FTSE4Good Bursa Malaysia Index highlights ongoing leadership in sustainable practices
- Achieved multiple awards in 2025, including Australasian Reporting Awards (ARA) 2025, ASEAN Corporate Governance Conference & Awards (ASEAN CGCA) 2025 and National Corporate Governance & Sustainability Awards (NACGSA) 2025, further illustrating PCG's dedication to achieving excellence

Ethical Business Conduct and Compliance

- PCG enforces strong corporate governance through transparent, accountable practices and effective oversight
- We ensure ethical conduct with comprehensive policies and controls
- Our strict anti-corruption programmes enforce compliance and enhance stakeholder trust

Risk Management and Strategic Oversight

- PCG's enterprise risk management combines strategic, operational, financial and sustainability risks into a unified framework
- This comprehensive approach strengthens business resilience, promotes long-term value and helps the Group respond quickly to new challenges

OUR PRESENCE/SALES BY MARKET

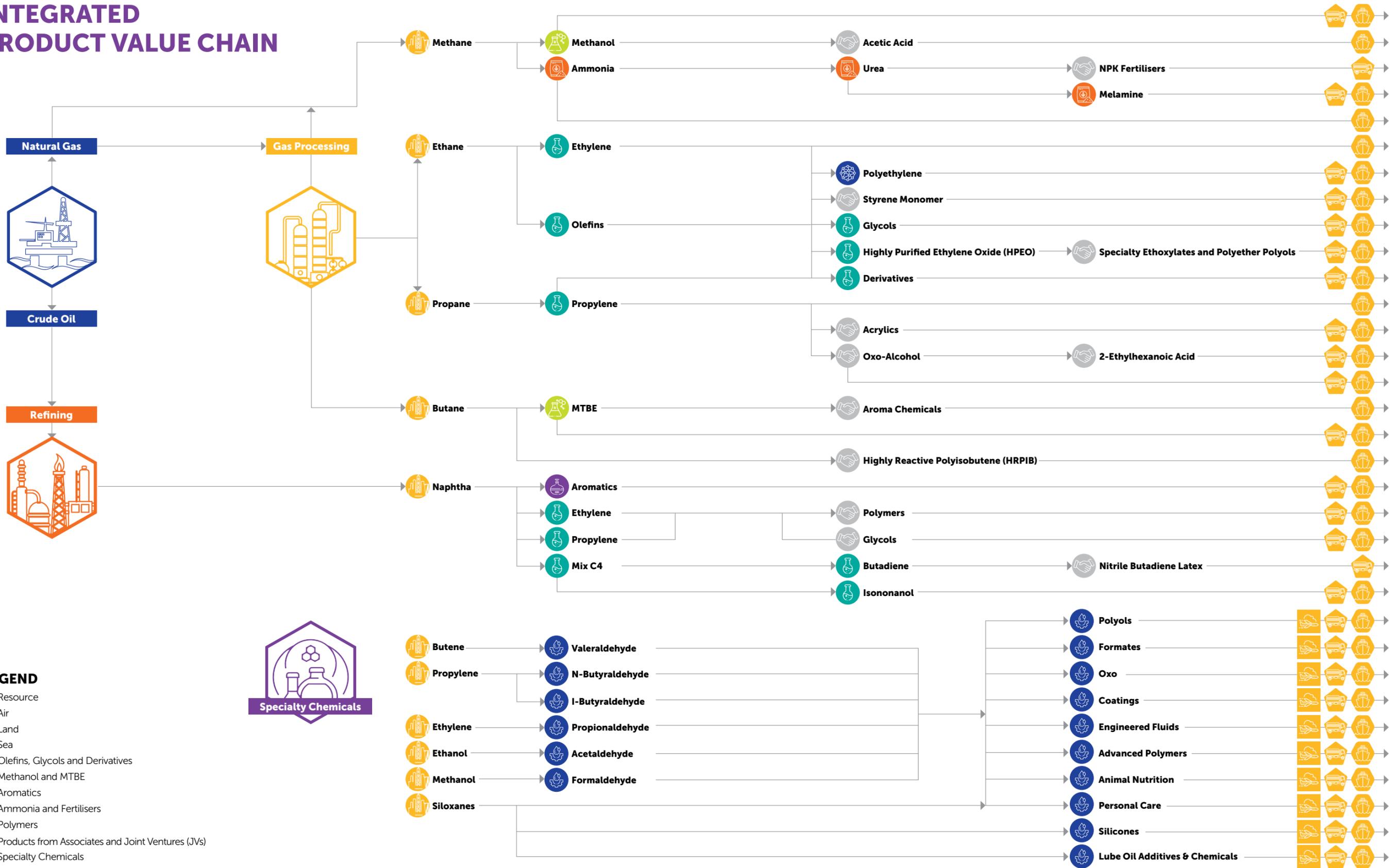
Malaysia
26%

Southeast Asia
31%

Northeast Asia
22%

Rest of the World
23%

INTEGRATED PRODUCT VALUE CHAIN



CHAIRMAN & MD/CEO

CHAIRMAN & MD/CEO

Driving Resilience, Strengthening Competitiveness and Advancing Sustainable Growth

Dear Stakeholders,

In 2025, PCG demonstrated robust operational resilience in a challenging environment, reinforcing its competitiveness and agility while advancing its long-term portfolio transformation towards higher-value segments and sustainable value creation. As anticipated, the year brought significant external pressures that tested our ability to navigate volatility across markets and supply chains.

CHALLENGING OPERATING ENVIRONMENT

The global chemicals industry continued to face intense headwinds, including persistent overcapacity, subdued demand and heightened geopolitical uncertainties. Macroeconomic conditions remained fragile, with uneven Gross Domestic Product (GDP) growth and muted Purchasing Managers' Index (PMI) across key markets, reflecting weak industrial activities and cautious customer sentiment. Ongoing trade and tariff uncertainties further disrupted global trade flows, while imbalances in supply and demand, particularly within the Commodities portfolio, exerted sustained pressure on pricing and margins. PCG also continued to be exposed to foreign exchange volatility, which influenced earnings throughout the year.

OPERATIONAL DISRUPTIONS AND FINANCIAL PERFORMANCE

Operationally, the Group navigated a complex mix of external and internal challenges that required operational realignment to sustain plant performance and delivery. Externally, unforeseen disruptions such as the utilities interruption at the Kertih Integrated Petrochemical Complex (KIPC) in January 2025 and feedstock interruptions linked to the Putra Heights incident in April 2025 placed additional pressures on production stability and supply reliability. Despite these challenges, PCG sustained high plant utilisation and reliability, reflecting the resilience of its operations and its ability to maximise value across the integrated portfolio through enterprise optimisation efforts. Internally, we undertook an intensive schedule of planned maintenance and turnaround activities across several facilities, requiring tight coordination of resources and timelines. Following a comprehensive full-year operational and risk review, PCG decided to defer the KIPC turnaround to Q2 2026. This decision prioritises effective turnaround management and reduces operational risks, while enabling more thorough planning and readiness to ensure the safety of our employees and contractors, supporting long-term asset reliability and value preservation.

DATUK SAZALI HAMZAH
Chairman



MAZUIN ISMAIL
Managing Director/Chief Executive Officer



In the Asia Pacific region, a surge in new capacity intensified competition, particularly within the Commodities portfolio, while demand recovery across key end-use sectors such as construction, automotive and consumer goods remained uneven. Elevated logistics costs and interest rate further weighed on operating economics and investment decisions.

These events had a pronounced impact on the Group's financial performance. For the year under review, PCG recorded revenue of RM27.5 billion, while posting a loss of RM2.1 billion. Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) declined from RM3.5 billion to RM1.9 billion, reflecting the combined effects of weaker market pricing, demand softness and higher fixed cost absorption due to plant outages. Notwithstanding these conditions, the Group maintained tight cost controls, prioritised operational reliability and safeguarded liquidity, ensuring the resilience of its balance sheet amid a volatile operating landscape.

In line with this disciplined approach, the Board exercised prudent judgement in balancing near-term financial pressures with long-term shareholder interests. A total dividend of 7 sen per share, amounting to RM560 million, was declared for the year, underscoring the Board's confidence in the Group's financial position and cash flow management. This decision reflects PCG's continued commitment to responsible capital stewardship, financial sustainability and the delivery of consistent shareholder returns, even in a year characterised by exceptional operational and market challenges.

CHAIRMAN & MD/CEO

STRENGTHENING OUR STRATEGIC PILLARS

PCG's strategic direction is anchored by three core pillars, Operational Excellence, Commercial Excellence and Growth Delivery Excellence, which collectively underpin the Group's resilience, competitiveness and ability to deliver sustainable value across market cycles. During the year, PCG refined its portfolio structure to sharpen focus across core and specialty businesses, enabling clearer accountability, more effective capital allocation and stronger execution across operating units. These pillars reflect the organisational discipline required to manage volatility, optimise portfolio performance and execute with consistency, even under challenging operating conditions.

Operational Excellence remains central to PCG's ability to sustain performance amid significant operational and market disruptions.

As part of our ongoing portfolio optimisation, we regularly review asset performance and strategic fit. This ensures the portfolio remains aligned with our long-term value creation objectives and capital discipline, particularly in a challenging market environment.

Through disciplined execution and proactive operational planning, the Group achieved an overall plant utilisation rate of 88%, reflecting strong asset reliability and coordination across operating plants despite elevated shutdown levels during the year, including a commercial shutdown at PETRONAS Chemicals Aromatics (PC Aromatics) to minimise losses amid weak margins, and the permanent shutdown of a satellite site in Nol, Sweden, as part of portfolio optimisation. In parallel, the Group strengthened its focus on value creation and cost optimisation initiatives across the business, delivering an improvement of over RM570 million in EBITDA for the year.

Targeted measures were implemented to minimise production gaps, including maximising output across identified operating units and optimising maintenance schedules. These initiatives generated approximately 625 kilometric tonnes (KMT) of production, helping to offset losses arising from external disruptions.

Commercial Excellence enhances PCG's competitiveness by strengthening market intelligence, strategic sourcing and portfolio optimisation in a challenging pricing environment.

These capabilities enabled the Group to respond decisively to shifting regional demand dynamics and supported a 4% increase in total sales volume, despite subdued market conditions.

Product reallocation strategies were executed to optimise netbacks and protect margins. Aromatics volumes were redirected to higher-value Northeast Asian markets, improving realised pricing compared to deliveries into Southeast Asia. In addition, urea volumes were tactically shifted to India, Japan and Chile to mitigate delays in the Southeast Asian planting season.

Growth Delivery Excellence guides the disciplined execution of PCG's portfolio development initiatives, ensuring strategic investments and capability expansions are delivered with clarity, rigour and a focus on long-term value creation.

Following the acquisition of OQ Chemicals Nederland B.V., now operating as Perstorp Amsterdam B.V., PCG upgraded the ester plant to strengthen its capabilities in synthetic esters. These products support thermal management and other advanced applications, reinforcing the Engineered Fluids segment as a key growth platform within our Specialty Chemicals (SC) portfolio. The plant was successfully transitioned to operations and achieved early commercial traction with its first customer delivery. This milestone expands PCG's presence in higher-value specialties and strengthens portfolio diversification through disciplined project delivery and targeted growth initiatives.

KEY PORTFOLIOS

Commodities

The Commodities portfolio remains the backbone of PCG's integrated value chain, anchoring our competitiveness through scale, reliability and market reach. In 2025, the portfolio continued to demonstrate resilience despite industry-wide margin pressures and supply-demand imbalances, especially in the Olefins & Derivatives (O&D) segment. Strengthened operating discipline across our assets helped stabilise production amid external disruptions and feedstock variability, ensuring consistent supply to customers across the region. In response to prolonged margin compression, PCG implemented enterprise-wide optimisation initiatives to maximise value across the integrated portfolio, including temporary commercial shutdowns or production slowdowns at selected facilities.

Commercial agility supported performance by leveraging market intelligence and customer engagement to optimise product placement into higher-value markets. Strategic sourcing delivered additional margin capture for Commodities, while tactical reallocation of methanol to Northeast Asia and targeted optimisation across urea and polymers helped improve overall netbacks.

These achievements reflect PCG's focused execution, disciplined operation and agility in responding to evolving market conditions, strengthening our resilience as industry challenges intensify.

 For further details, please refer to the Commodities section on pages 51 to 57.

Specialty Chemicals

The SC portfolio strengthens PCG's reach through higher-value, customer-focused solutions which enhances margin resilience and reduces exposure to commodity cycles. The integration of Perstorp and BRB enabled the Group to streamline operations into three focused business units, Specialties, Intermediates and Silicones, with the Specialties business encompassing focused segments including Coatings, Personal Care, Engineered Fluids and Advanced Polymer solutions. This structure improves customer access, sharpens resource allocation and enables more effective execution across targeted end markets.

In 2025, the business portfolio navigated economic uncertainty and soft demand through disciplined operational and commercial execution. In response, efficiency measures through procurement initiatives, process improvements and internal restructuring were undertaken based on a holistic business portfolio review, collectively enhancing cost competitiveness. SC capabilities were further strengthened through capacity additions at the Amsterdam site and a series of product launches, including Viscotech® Upcycled that leverages re-refined base oils to significantly reduce lifecycle carbon footprint, and the Emfinity® Esters, a new range of plant-based, biodegradable emollients for personal care applications. While several offerings remain in the market validation phase, continued technical engagement with customers is supporting qualification progress and future commercialisation opportunities.

Commercially, sales effectiveness was enhanced through the rollout of unified customer relationship management (CRM) systems and expanded digital engagement, improving portfolio visibility and customer responsiveness.

Innovation and sustainability continue to support differentiation across the SC portfolio. The establishment of the PETRONAS Application Technology Centre in Shanghai, China, in April 2025 strengthens collaboration and product validation in Asia, supporting faster response to customer requirements in a key growth market. In parallel, the initial phase of an advanced technology pilot programme in artificial intelligence (AI)

and machine learning is being deployed to enhance development and operational efficiency. Sustainable product development efforts, including low-Volatile Organic Compounds (VOC) waterborne systems and bio-based alternatives, address evolving customer requirements, while progress at sites such as Waspik and Echt in the Netherlands, supports longer-term operational decarbonisation objectives.

Through disciplined execution, targeted investment and customer-centric delivery, this portfolio continues to build scalable capabilities that support a more balanced and resilient business profile beyond commodity market cycles.

 For further details, please refer to the Specialty Chemicals section on pages 58 to 65.

EMBEDDING SUSTAINABILITY INTO BUSINESS EXECUTION

Sustainability remains integral to PCG's long-term competitiveness and value creation. Our approach balances ambition with practicality, acknowledging the different levels of ecosystem maturity and commercial realities across markets.

During the year, we continued improving energy efficiency, optimising processes, and reducing flaring across our operations. We expanded our renewable energy use through bundled Renewable Energy Certificates (RECs), while continuing advanced technical studies in other decarbonisation pathways. These disciplined efforts enable us to focus on high-impact opportunities that match our asset readiness and deliver sound economic value.

We also assessed circularity pathways, prioritising scalable and commercially-viable solutions that minimise waste, optimise feedstock usage, and support customers to achieve their sustainability commitments. Our Board, through the Sustainability and Risk Committee, maintains oversight to ensure all initiatives are driven by strong governance and remain aligned with our decarbonisation ambition and PETRONAS Commitment to Net Zero Carbon Emissions by 2050.

 For further details on PCG's sustainability efforts, please refer to the PCG Sustainability Report 2025.

STRENGTHENING OVERSIGHT, INTEGRITY AND RISK MANAGEMENT

We strengthened our governance structures, ensuring enhanced oversight, accountability and transparency throughout our organisation. We also established the Specialty Chemicals Advisory Panel comprising several industry experts, to deepen strategic insights driving the growth of our SC portfolio.

We reinforced integrity and risk management systems through strengthened controls, enhanced whistleblowing mechanisms and robust supply chain governance. Across our procurement, logistics and commercial functions, improved visibility of potential disruptions and disciplined execution helped safeguard operational continuity and support long-term business resilience.

These enhancements reflect our continued commitment to upholding strong governance principles and high standards of performance across PCG. We are laying the foundations to ensure we remain a trusted partner for all our stakeholders.

LOOKING AHEAD

The operating environment is expected to remain challenging in the near to medium term, as the global chemicals industry continues to face persistent oversupply, moderated demand growth and sustained margin compression. Heightened geopolitical uncertainties are likely to persist, contributing to slower industrial activity and cautious consumption patterns.

CHAIRMAN & MD/CEO



Inauguration of the PETRONAS Application Technology Centre in Shanghai, China

At the same time, sustainability requirements are tightening across regulatory, investor and customer dimensions, while customer needs continue to shift toward specialised, higher-performance and lower-carbon solutions. PCG will also continue to enhance its portfolio with a focus on asset optimisation, cost competitiveness and operational efficiency. Our core business will remain a priority, underpinned by safe and reliable operations, disciplined capital allocation, and sustained operational efficiency to protect margins and cash flow through the cycle.

Growth will be anchored in the expansion of SC and differentiated downstream derivatives, supported by selective investments in innovation, capability development and strategic partnerships. Innovation-led growth will be accelerated through deeper customer collaboration and co-creation of customised, more sustainable solutions, enabled by strengthened infrastructure, including a new technology and innovation centre in Bangi, Malaysia, expected to be completed in 2026, alongside the PETRONAS Application Technology Centre in Shanghai, China, and the IJsselmeer hub in the Netherlands. In parallel, selective investments in circular economy and bio-based solutions will position the Group to capture opportunities in the emerging low-carbon economy, reinforcing a more diversified and resilient portfolio over time.

APPRECIATION

We wish to extend our heartfelt appreciation to all our shareholders, customers, partners and employees for your unwavering trust and support. Your commitment and collaboration have played a vital role in strengthening PCG's resilience and advancing our strategic priorities throughout this transformative period for the industry.

We would also like to express our sincere gratitude to the Board of Directors for their invaluable guidance, counsel and support. Our deepest thanks to Datin Seri Sunita Mei-Lin Rajakumar and Warren William Wilder; their significant contributions have left a meaningful legacy within PCG. At the same time, we are pleased to welcome Luciano Tarcisio Poli to the Board and look forward to gaining his insights, expertise and leadership as we continue to pursue the Group's growth and long-term success.

Together, we remain committed to building a stronger, more sustainable and future-ready PCG, dedicated to delivering long-term value for all stakeholders.

DATUK SAZALI HAMZAH
Chairman

MAZUIN ISMAIL
Managing Director/Chief Executive Officer

STRATEGIC REVIEW BY MD/CEO

2025 tested the resilience and adaptability of the global chemicals industry, as volatile market conditions, geopolitical uncertainties and sustained margin pressures underscored the need for agility, disciplined execution and strategic foresight. Against this backdrop, PCG remained focused on creating sustainable value for stakeholders while strengthening the foundations for long-term growth.

The operating environment was shaped by persistent oversupply across key chemical chains, shifting trade flows and evolving customer expectations. These conditions reinforced the need to sharpen PCG's competitive positioning and organisational clarity. In response, we intensified our focus on operational and commercial excellence, disciplined cost management and portfolio optimisation, while continuing to build capabilities in higher-value segments to support more resilient earnings.

During the year, PCG undertook a strategic restructuring to better align the organisation with its long-term objectives and a structurally shifting industry. Effective November 2025, the business was reorganised into two portfolios, Commodities and SC, to improve efficiency, clarify accountability and enhance decision-

making. This structure strengthens the performance and market leadership of the Commodities portfolio, while accelerating the expansion of SC to capture new growth opportunities and enhance overall business resilience.

These strategic actions were guided by PCG's ongoing assessment of its Material Matters and principal risks, which inform how the organisation prioritises resources and manages uncertainty. Safety & Health, Business Strategy & Financial Resilience, Climate Change, Corporate Governance and Nature & Environment remain integral to our risk management practice and are embedded into strategic planning and decision-making, ensuring alignment with long-term sustainability, stakeholder expectations and an evolving operating environment.

This section provides an integrated view of:



OPERATING ENVIRONMENT & OUTLOOK

In 2025, the industry continued to face commodity oversupply, margin pressures and rising sustainability expectations. Conditions were mixed across Asia Pacific (APAC) and remained challenging in the Americas and Europe. In parallel, opportunities are building in SC and low-carbon solutions as demand shifts toward more sustainable products.



MATERIAL MATTERS

Our strategy is anchored on key material matters including Safety & Health, Business Strategy & Financial Resilience, Climate Change, Corporate Governance and Nature & Environment, which guide investment priorities, risk management and growth decisions to support long-term resilience.



RISKS OVERVIEW

Market volatility, regulatory changes, technology disruption and talent dynamics remain as key risks. We mitigate these through strong governance, robust scenario planning and embedding risk considerations into strategic decisions.



STRATEGIC REVIEW

We execute a two-pronged strategy to strengthen our core business and accelerate SC growth, underpinned by Operational, Commercial and Growth Delivery Excellence. Looking ahead, we will continue to deepen customer partnerships, deliver innovative solutions and generate sustainable shareholder returns while strengthening PCG's resilience.

STRATEGIC REVIEW BY MD/CEO



OPERATING ENVIRONMENT AND OUTLOOK

Macroeconomic trends and broader market forces, including shifts in economic cycles, geopolitical developments, as well as evolving customer and consumer preferences, continue to shape PCG's business landscape.

These developments influence what becomes material to PCG and our stakeholders, guiding how we prioritise the issues that matter most and strengthening our approach to identifying and managing risks amid changing market dynamics. In light of this, PCG continued to stay guided by our two-pronged strategy, continuously strengthening our operational and commercial excellence in our core business while accelerating growth in the SC portfolio, aligned with stakeholder expectations and long-term value creation.

Trends Shaping Our Industry

Operating in a challenging landscape, PCG continues to prioritise cost discipline, supply chain resilience and portfolio optimisation to sustain performance amid subdued demand and volatile market conditions. Persistent capacity oversupply, coupled with moderated demand growth, continues to exert pressure on margins and is expected to keep the operating landscape challenging in the near to medium term. While market conditions remain uncertain, PCG remains focused on strengthening its competitive positioning and operational resilience to navigate ongoing headwinds and respond effectively as industry fundamentals evolve.

Internally, PCG continues to respond to these conditions by strengthening operational efficiency, disciplined resource management and workforce capabilities, recognising their direct influence on performance alongside external dynamics.

MACROECONOMIC UNCERTAINTIES

PCG'S STRATEGIC THRUSTS



IMPACT ON VALUE CREATION

- The combination of different factors such as higher feedstock costs, lower chemical prices and elevated energy costs has significantly impacted profit margins
- Customers face price sensitivities where inflationary pressures and economic downturns are eroding consumer purchasing power. Global trade patterns, feedstock supply and capacity growth are reshaping supply, demand and pricing dynamics
- Deglobalisation has a negative impact on nations striving for energy and supply security

PCG'S RESPONSES

- Optimised production and prioritised higher-netback products while maintaining market presence
- Ensured stable and reliable Commodities production supported by improved logistics efficiency, netback optimisation and maintenance alignment with market conditions
- Sustained growth through customer-centric innovation in SC and co-creation of solutions across our focus segments, Coatings, Engineered Fluids, Personal Care and Advanced Polymer solutions
- Reinforced cost optimisation, prudent cash management and operational excellence to preserve margins and strengthen resilience

OUTLOOK

- Global GDP growth moderated to about 3.0–3.2% in 2025, down from 3.3% in 2024, as restrictive financial conditions, trade barriers and geopolitical tensions weighed on growth and investor confidence. Growth in 2026 is expected to remain modest amid ongoing macroeconomic and geopolitical uncertainties
- Inflationary pressures are expected to remain uneven across regions, driven primarily by tariff-related cost impacts, commodity price volatility and energy market fluctuations, contributing to cost pressures across the chemicals value chain
- Geopolitical developments driving shifts in supply chains and trade flows will continue to exert significant influence

STRATEGIC REVIEW BY MD/CEO

STRATEGIC REVIEW BY MD/CEO

HEIGHTENED SUSTAINABILITY EXPECTATIONS

PCG'S STRATEGIC THRUSTS



IMPACT ON VALUE CREATION

- Growing expectations for transparency and accountability in environmental performance are prompting stakeholders to push companies toward decarbonising operations, adopting renewable feedstocks and advancing circular economy initiatives. This transition is reshaping business models, reinforcing the licence to operate and creating new opportunities for differentiation and collaboration across markets
- Consumer preferences have evolved over time, with sustainability increasingly shaping purchasing decisions, influencing product demand and development toward more responsible and conscious consumption

PCG'S RESPONSES

- Advanced our sustainability agenda across operations and growth by improving energy efficiency, optimising feedstock and progressing our decarbonisation roadmap through low-carbon investments, strengthening competitiveness, resilience, and alignment with customer and regulatory expectations
- Embedded sustainability across our three strategic thrusts, strengthening Operational Excellence through efficiency and digital optimisation, advancing Commercial Excellence through sustainable product expansion and Environment, Economic, Social and Governance (EESG)-led customer engagements, and delivering Growth Delivery Excellence through strategic investments and partnerships in low-carbon, bio-based and enabling technologies
- Expanded our SC portfolio through greater use of bio-based, recycled and CO₂-based raw materials, growing low-carbon offerings across personal care, coatings, advanced polymers and engineered fluids to support circularity and customer goals

OUTLOOK

As sustainability increasingly shapes competitiveness in the chemicals industry, stakeholders are prioritising environmentally responsible practices, accelerating the shift toward sustainable feedstocks, low-carbon solutions and circular economy models. Rising regulatory expectations and demand for traceable, low-emission products are reshaping supply chains, capital allocation and industry partnerships.

TECHNOLOGICAL ADVANCEMENTS

PCG'S STRATEGIC THRUSTS



IMPACT ON VALUE CREATION

- Digitalisation, automation and innovation are transforming industries by enhancing operational efficiency, accelerating product development and driving the need for workforce upskilling to keep pace with technological advancements
- Technological progress such as the development of data centres fuels new product development opportunities

PCG'S RESPONSES

- Advanced the first phase of Artificial Intelligence/Machine Learning (AI/ML) pilot programme using machine learning platforms to expedite the development of coating solution formulations
- Continuous improvement of Synmerse™ DC, a synthetic immersion cooling fluid designed to keep computer systems from overheating, to support the growing demand for data centres
- Continued to embrace digitalisation initiatives that integrate systems across operations and businesses

OUTLOOK

The rapid adoption of digital technologies and AI is reshaping business competitiveness, driving growth in data centres and increasing demand for energy-efficient, sustainable cooling solutions. At the same time, the accelerating shift towards green mobility, particularly electric vehicles and low-carbon transportation systems, is transforming material demand and creating new opportunities for advanced, more sustainable chemical solutions.

Our Global Operating Environment

REGION: ASIA PACIFIC

OVERVIEW

- APAC delivered mixed results in 2025 amid uneven end-market recovery, with gradual improvement in construction and steady transportation demand in China and India, while China's consumer goods demand remained soft, particularly in personal and homecare
- China's "anti-involution" policy to curb excess capacity and disorderly pricing continued to reshape competitive dynamics across chemical value chains
- Malaysia's Chemical Industry Roadmap 2030 outlines longer-term growth ambitions, targeting an increase in the sector's gross value add contribution from 3.4% to 4.5% and adding around RM40 billion in economic value by 2030

OUR APPROACH

Commodities

- Expanded our regional market by establishing PC Marketing (Vietnam) Company Limited to maximise local distribution and domestic growth

Specialty Chemicals

- Expanded our Silicones applications in India's construction sector and strengthened application development capabilities
- Grew our APAC SC portfolio with targeted solutions, including polyurethane dispersion (PUD) dispersants for water-based resins and cooling fluids for data centre applications

REGION: AMERICAS

OVERVIEW

- Economic conditions in the Americas remained challenging in 2025, with elevated interest rates, tariffs and cost inflation constraining construction activity and pressuring automotive and transportation sectors
- Despite these headwinds, consumer markets showed relative resilience, particularly in household and personal care products. In addition, seasonal demand patterns, especially in agricultural and fertiliser-related applications, continued to create periodic opportunities across selected markets

OUR APPROACH

Commodities

- Expanded our Americas footprint through urea exports to selected markets including Chile, Guatemala, Mexico and Peru, supporting regional agricultural demand

Specialty Chemicals

- Accelerated growth in high-value applications by leveraging our diversified SC portfolio and innovation, supported by strategic customer partnerships to strengthen distribution and market reach

REGION: EMEA (EUROPE, THE MIDDLE EAST AND AFRICA)

OVERVIEW

- Europe end markets adjusted in 2025, with construction stabilising at lower levels while transportation and automotive remained cautious. Consumer goods growth moderated, and seasonal maintenance cycles continued to influence near-term demand
- Expansion in the Middle East continued despite oversupply, as Saudi Arabia and the United Arab Emirates advanced major projects and acquisitions while Qatar progressed investments to leverage low-cost feedstocks. This created periodic demand opportunities linked to project and infrastructure cycles
- Petrochemical products in Africa remained important in addressing energy challenges, supporting industrialisation and urbanisation, and improving agricultural efficiency, with seasonal agricultural demand providing additional pockets of opportunity

OUR APPROACH

Commodities

- Expanded our regional footprint by increasing market access in Türkiye and Egypt, strengthening PCG's export reach

Specialty Chemicals

- Strengthened our European market position through strategic partnerships and optimised product and pricing strategies to sustain market share
- Continued to drive growth in our silicones business in the Middle East, particularly in High Voltage Insulator Coatings, supported by sustained infrastructure development

STRATEGIC REVIEW BY MD/CEO

MATERIAL MATTERS

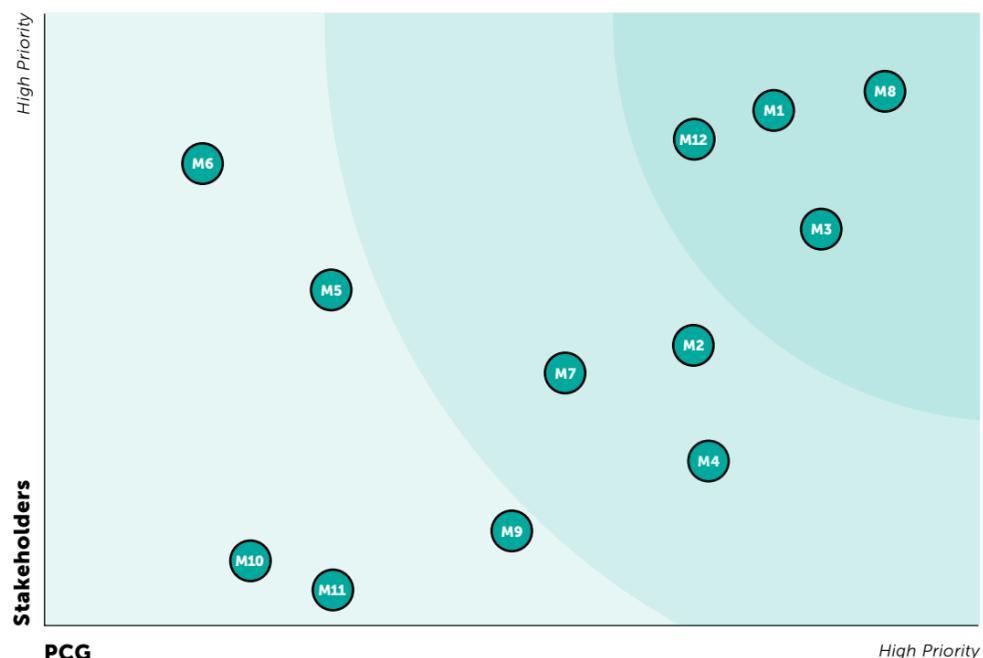
PCG's materiality assessment is embedded in governance and management oversight, aligning business strategy, risk management and long-term value creation.

PCG supports this process with structured analysis of regulatory developments, industry trends, peer practices and stakeholder sentiment to identify emerging risks, opportunities and evolving EESG expectations. Stakeholder insights from ongoing engagement with customers, suppliers, employees, investors and regulators are combined with internal perspectives to guide strategic priorities. PCG also applies a structured, four-phase materiality process to strengthen performance management and ensure consistent, transparent disclosure in this IR.



In 2025, we refreshed our materiality exercise to ensure continued alignment with evolving business priorities, regulatory developments and stakeholder expectations. The results of the materiality assessment are as follows:

- M1 Climate Change
- M2 Nature & Environment
- M3 Business Strategy & Financial Resilience
- M4 Innovation & Product Stewardship
- M5 Circular Economy
- M6 Supply Chain Management
- M7 Cybersecurity & Digitalisation
- M8 Safety & Health
- M9 Talent Management & Well-Being
- M10 Human Rights
- M11 Community Engagement
- M12 Corporate Governance



STRATEGIC REVIEW BY MD/CEO

The shifts in topic prioritisation reflect evolving regulatory expectations, increased stakeholder focus on governance and digital resilience, and practical considerations in scaling sustainability initiatives, demonstrating PCG's responsive materiality assessment.

For further details on material matter movements, underlying rationale, assessment methodology and topic-specific considerations, please refer to pages 11 to 18 of the PCG Sustainability Report 2025.

MATERIAL TOPICS SUMMARY

PCG's top five material matters reflect the issues most critical to stakeholder trust, operational resilience and long-term value creation.

Safety & Health remains PCG's foremost priority, underpinning our licence to operate and commitment to protecting employees, contractors and communities. A strong safety culture supports reliable operations, workforce productivity and disciplined risk management. Business Strategy & Financial Resilience ensures the Group remains agile amid market volatility and margin pressures, sustaining long-term value through prudent capital allocation, cost discipline and portfolio optimisation. Climate Change continues to shape expectations from customers, investors and regulators as the industry faces growing pressure to reduce emissions and transition towards a lower-carbon economy. PCG's focus on energy efficiency and lower-impact solutions strengthens compliance and competitiveness while supporting innovation in specialty and advanced materials. Corporate Governance reinforces transparency, ethical conduct and effective oversight, while Nature & Environment remains integral to responsible operations through resource efficiency, waste management and environmental stewardship that enhance resilience and long-term business value.

Together with disciplined financial management and strategic portfolio optimisation, these material matters guide how PCG navigates market cycles, allocates capital and pursues growth opportunities, strengthening resilience and positioning the business to deliver sustainable, long-term value.

For further details on PCG's material matters, including the materiality assessment process, policies, management approach and detailed disclosures, please refer to pages 11 to 18 of the PCG Sustainability Report 2025.

STRATEGIC REVIEW BY MD/CEO

RISKS OVERVIEW

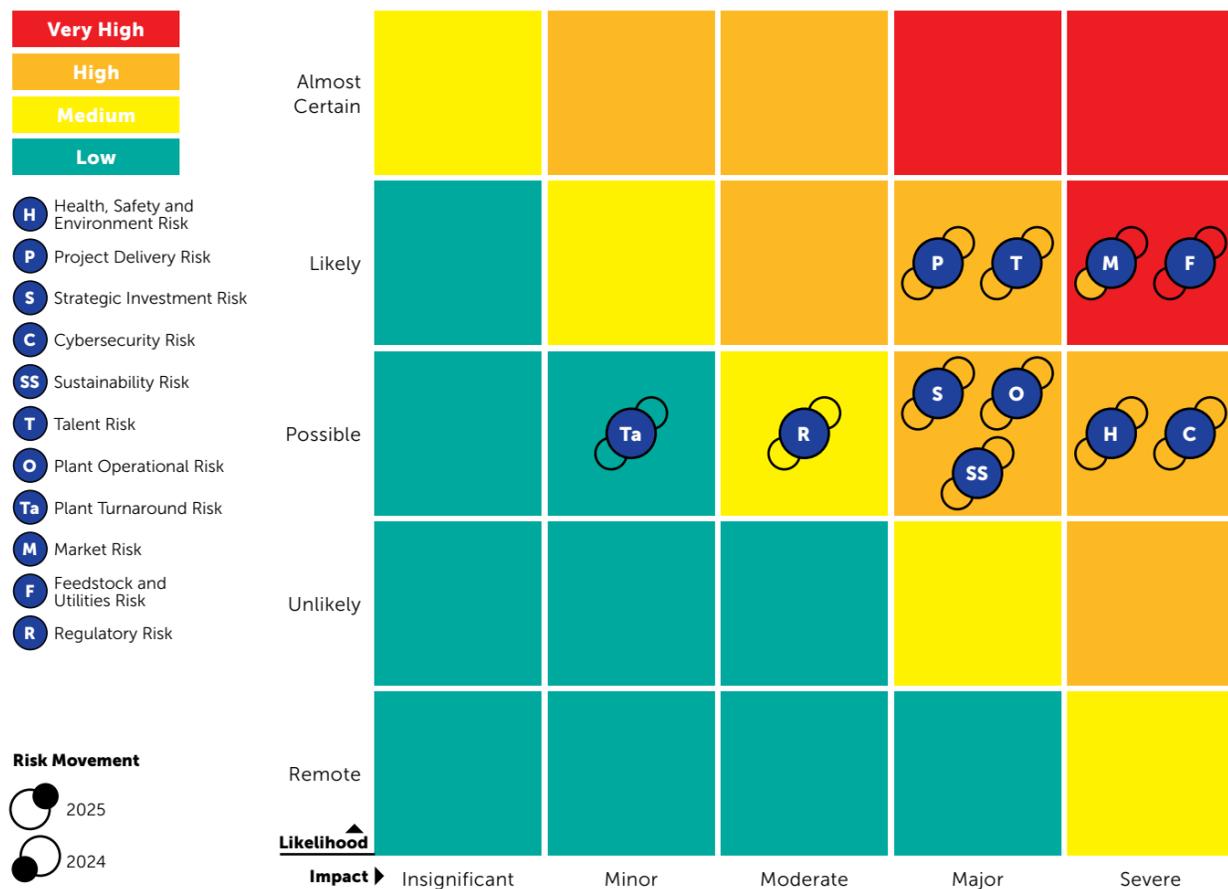


2025 marked a pivotal period for PCG, as the Group navigated significant challenges such as global overcapacity, policy uncertainty amplifying geopolitical volatility, and tightening sustainability-related regulations.

At PCG, we maintain full transparency in disclosing these risks while proactively shaping them into avenues for sustainable growth. Material matters in our reporting are closely linked to our 11 principal risks, highlighting where business strategies intersect with potential impacts. Through robust governance reviews, we align and prioritise these risks based on the impact they have on stakeholders, enabling proactive mitigation and value protection.

Principal Risks 2025

In 2025, PCG continued to enhance our management of all 11 principal risks by strengthening mitigation efforts and updating Key Risk Indicators (KRIs). Sustainability remains a key risk within our Corporate Risk Profile, encompassing Climate Change, Nature & Environment, Circular Economy and Human Rights. Relevant indicators, including greenhouse gas (GHG) emissions and targets, are monitored quarterly and reported to management and the Board. Additionally, sustainability and climate risks are integrated into oversight and reporting in accordance with IFRS S1 and S2.



STRATEGIC REVIEW BY MD/CEO

Strategic Risk

S STRATEGIC INVESTMENT RISK

Description

Growth initiatives and new business undertakings can potentially result in low returns and missed market opportunities. These risks are increasingly significant as we continue to expand our value chain into SC.

Risk Movement: MAINTAIN

The risk remains high given its potential impact on PCG's growth and long-term viability. Our mitigation measures are designed to address a dynamic operating environment and support the successful execution of strategic investments aligned with our long-term objectives.

IMPACT TO PCG

- Lowered financial capital and shareholder returns
- Unable to meet planned margins can result in loss of business opportunities and customers
- Inability to achieve growth in SC

Key Mitigation Strategies

- Drive sustainable growth for PCG by ensuring a robust, high-quality project funnel
- Deliver on SC promise through strategic risk insights and proactive commercial support, for example:
 - Robust project contracting and sourcing strategy evaluation
 - Gap closure for capability via specific development programme
 - Accelerate Route-to-Market (RTM) through strategic regional partnerships and interim development partners
- Deliver end-to-end project execution excellence addressing capability, culture and compliance matters

OPPORTUNITY

- Strengthen long-term competitive advantage by expanding Commodities and SC businesses through market growth, product diversification, strategic acquisitions, technology investment and innovation

Strategic Thrusts: OE CE GE Material Matters: M1 M2 M3 M4 M5 M8 Key Stakeholder Groups: S1 S3 S4 S5 Key Capitals: N H M I SR F

M MARKET RISK

Description

Adverse market environments have resulted in narrowing margins, which pose risks to long-term business viability. Persistent oversupply and volatile demand further intensify pressures on profitability and market positioning.

Risk Movement: INCREASE

The petrochemical market continues to face heightened uncertainty driven by a slower-than-expected global economic recovery and escalating geopolitical tensions, which are impacting demand growth and product spreads. These external pressures are expected to persist in the near to medium term. We will maintain disciplined risk management and closely monitor KRIs to enable timely intervention.

IMPACT TO PCG

- Lowered profitability and reduced shareholder returns due to strong competition and high operating cost
- Loss of market share and reduced customer demand
- Possibilities of plant slowdown or shutdown due to high inventory or negative margins
- Business portfolio rationalisation leads to business divestment

Key Mitigation Strategies

- Maximise netbacks by prioritising the right markets through optimised sales strategies, channel management and contract structures
- Increase customer value through innovation, tailored solutions and strong technical support
- Expand our global footprint by strengthening local distribution networks
- Drive cost efficiency by refining cost-to-serve models, scaling co-loading, improving storage capacity and broadening product diversification

OPPORTUNITIES

- Leverage PCG's competitive position to pursue partnerships, acquisitions and diversified product applications
- Enhance agility through a proven ability to navigate uncertain market conditions

Strategic Thrusts: OE CE GE Material Matters: M3 M4 M6 M10 Key Stakeholder Groups: S2 S3 S4 S5 Key Capitals: N H I SR F

STRATEGIC REVIEW BY MD/CEO

P
PROJECT DELIVERY RISK

Description
When managing the delivery of projects, issues can arise from internal and external factors throughout the project lifecycle. These factors can hinder construction, operation, commercialisation and reliability of new plants.

Risk Movement: MAINTAIN
Project delivery is critical to achieving PCG's objectives and sustaining operations, supported by robust mitigation measures including adherence to PETRONAS Project Management Standards and targeted actions to address evolving business challenges.

IMPACT TO PCG

- Missed opportunities and slower commercial execution, leading to project delays and unrealised growth
- Reduced shareholder and investor returns due to underperformance and delayed value realisation
- Adverse impact on suppliers through weaker demand visibility, disrupted sourcing plans and strained long-term partnerships due to misaligned management
- Reputational damage due to poor project delivery and failure to deliver expected returns

Key Mitigation Strategies

- Enhance the project delivery ecosystem by optimising end-to-end project execution while ensuring robust contractor performance management and operational readiness
- Implement a rigorous contractor selection process for all awarded contracts
- Build in safeguards for price escalations and adjust sourcing strategies post-award when disruptions arise
- Align risk assessments across project phases and reinforce governance through assurance and audits

OPPORTUNITIES

- Apply lessons from past projects to strengthen delivery excellence amid market volatility and supply disruptions
- Enhance project delivery signposts with clearer schedules and cost triggers to improve monitoring and enable earlier intervention

Strategic Thrusts: GE
Material Matters: M3 M6 M7 M8 M9 M11
Key Stakeholder Groups: S2 S3 S5
Key Capitals: N H M I SR F

Operational Risk

F
FEEDSTOCK & UTILITIES RISK

Description
PCG's plants rely on stable feedstock and utility supply, and any disruptions or cost increases can compromise operational performance and continuity.

Risk Movement: MAINTAIN
Despite no change in its risk rating, this remains a very high risk given PCG's strong dependence on reliable and cost-effective feedstock and utilities, and we continue to prioritise mitigation measures to secure stable supply.

IMPACT TO PCG

- Increased feedstock and utilities cost reduce PCG's profitability
- Unplanned/prolonged shutdown of PCG plants can ensue
- Lower production volumes result in an inability to fulfil contractual obligations
- Reputational decline affecting PCG's value as a public listed company

Key Mitigation Strategies

- Review and optimise feedstock and utilities contracts to strengthen supply reliability and pricing competitiveness
- Improve feedstock and utilities availability through targeted interventions, including closure of Root Cause Failure Analysis action items
- Apply Enterprise Optimisation analysis to support value-based decisions and improve consumption efficiency

OPPORTUNITY

- Strengthening collaborations and partnerships with feedstock and utilities suppliers allows us to address challenges more effectively

Strategic Thrusts: OE CE
Material Matters: M3 M4 M6 M10
Key Stakeholder Groups: S2 S3 S4 S5
Key Capitals: N H M I SR F

STRATEGIC REVIEW BY MD/CEO

O
PLANT OPERATIONAL RISK

Description
Given the deeply integrated nature of our operations, it is vital to plan and carry out operational and maintenance activities meticulously. Incidents at one or more plants risks widespread disruption throughout the entire value chain.

Risk Movement: MAINTAIN
Plant operational risk remains dynamic due to ongoing reliability and operational disruptions. We mitigate this through continuous operational, maintenance and reliability strategies, supported by comprehensive business continuity and recovery plans.

IMPACT TO PCG

- Reduced production volumes can constrain sales, lowering revenue and profitability
- Increased maintenance costs, reducing PCG's profitability
- Inability to meet customers' demands
- Loss of reputation damage and stakeholder trust

Key Mitigation Strategies

- Implement asset operation and equipment reliability programmes such as Plant Reliability Threat and Asset Life Study to address issues and optimise equipment performance reliability
- Conduct regular maintenance and inspection programmes to minimise equipment failure and unplanned shutdowns
- Activate Business Recovery Plan and Business Continuity Plan for cases of prolonged interruption

OPPORTUNITIES

- Enhance value chain performance through value optimisation and digitalisation to deliver operational excellence
- Streamline processes, minimise downtimes, reduce costs and drive innovation through resilience and business continuity

Strategic Thrusts: OE CE
Material Matters: M3 M4 M6 M7 M8 M9 M10 M11
Key Stakeholder Groups: S1 S2 S3 S4 S5 S6
Key Capitals: N H M I SR F

Ta
PLANT TURNAROUND RISK

Description
Unproductive plant turnarounds (TA) can result in Health, Safety and Environment (HSE), scheduling, cost and quality issues that affect plant operations. This also affects our overall integrated product value chain and customer delivery.

Risk Movement: MAINTAIN
Despite operational and strategic shifts, this risk remains low due to robust TA planning, execution and monitoring, supported by strong risk management controls.

IMPACT TO PCG

- Unplanned outages or HSE incidents reducing asset availability and output
- Higher TA costs from stricter safety requirements, expanded scope and inflation
- Failure to meet customer demand, impacting reputation and stakeholder confidence
- HSE incidents resulting in Lost Time Injury (LTI) and process safety impacts

Key Mitigation Strategies

- Optimise TA scope and resourcing through equipment criticality reviews and improved manpower planning
- Strengthen execution and start-up readiness with structured interventions, contingency plans and digital monitoring
- Reduce schedule and compliance risk by tackling material lead times, tightening TA governance and strengthening regulator or contractor engagements
- Reinforce HSE culture and contractor's performance through standardised practices, development programmes and digital surveillance

OPPORTUNITIES

- Strengthen PCG's operational efficiency by implementing optimised turnaround planning and efficient resource allocation, extending asset reliability and preventing unexpected shutdowns
- Enhance turnaround execution through stronger contractor collaboration and workforce capability development will ensure safe, timely and cost-effective completion

Strategic Thrusts: OE CE
Material Matters: M1 M2 M3 M4 M5 M8
Key Stakeholder Groups: S1 S2 S3 S4 S5
Key Capitals: N H M I SR F

STRATEGIC REVIEW BY MD/CEO

Reputational Risk

SS SUSTAINABILITY RISK

Description

Intensifying sustainability requirements, regulatory demands and evolving stakeholder expectations present growing challenges for PCG. These pressures can lead to higher operating costs, increased compliance complexity and heightened reputational risk.

Risk Movement: MAINTAIN

The risk remains high due to intensifying regulatory requirements and growing stakeholder expectations for clear sustainability targets and transparent disclosure. PCG is addressing this through targeted initiatives, including GHG reduction projects, physical climate risk assessments across our operations and strengthened governance structures to enhance accountability and support the delivery of our sustainability commitments.

IMPACT TO PCG

- Increased operational costs arising from the development of costly low-carbon technology and increased cost of borrowing
- Physical risks in PCG's operations (such as extreme weather and flooding) can result in the damage of assets, and exposure to litigation, penalties and fines
- Loss of market share from shifting customer preferences and declining investor interest
- Reputational damage and erosion of stakeholder trust

Key Mitigation Strategies

Climate Change

- Advance GHG mitigation initiatives while increasing adoption of renewable energy sources
- Implement Internal Carbon Pricing for growth projects and broaden the low-carbon emissions portfolio
- Conduct physical risk assessments at sites and develop adaptation measures
- Track climate transition trends such as policy shifts, incentives, competitor dynamics and customer preferences for low-carbon solutions while enhancing climate-related disclosures and reporting in alignment with IFRS S2 requirements

Circular Economy

- Evaluate and deploy strategies to transition to a circular portfolio while meeting Extended Producer Responsibility requirements
- Assess cost-efficient recycling technologies that lower expenses and enhance feedstock flexibility
- Evaluate the feasibility of renewable feedstocks for integration into PCG's polymer blend
- Develop innovative circular products like mono-material polymers while tracking policy updates, incentives, competitor actions and customer preferences in plastics advancements

Nature & Environment

- Minimise freshwater usage in water-stressed regions through optimised water management and viable technological interventions
- Improve water and waste stewardship throughout PCG operations
- Uphold adherence to regulatory standards and control mechanisms to safeguard chemical safety and environmental integrity

Human Rights

- Strengthen human rights awareness and capability development for staff, suppliers and contractors
- Adopt and implement Supply Chain Human Rights programmes and practices e.g., supplier code of conduct, due diligence, reporting
- Strengthen grievance mechanism management and tracking of human rights indicator performance
- Conduct Social Risk Assessments for all operation sites related to potential human rights impacts on communities, partners and stakeholders resulting from business activities

OPPORTUNITIES

- Accelerate the transition towards a sustainable and climate-resilient organisation by strengthening sustainability governance, strategies and implementation
- Leverage innovative solutions to minimise environmental impact and optimise resource efficiency
- Align and enhance sustainability reporting to clearly demonstrate progress and accountability to stakeholders

Strategic Thrusts: **OE CE** Material Matters: **M1 M2 M3 M4 M5 M6 M7 M8 M9 M10 M11** Key Stakeholder Groups: **S1 S2 S3 S4 S5 S6** Key Capitals: **N H M I SR F**

STRATEGIC REVIEW BY MD/CEO

R REGULATORY RISK

Description

We continue to monitor compliance across five critical legal areas: Sanctions, Competition, Ethics and Integrity, Export Control and Data Privacy. Any breach in these areas can tarnish our reputation and lead to significant financial losses.

Risk Movement: MAINTAIN

We manage this risk effectively through the execution and monitoring of our Legal Compliance Framework and Integrity Management System, as well as consistently ensuring that we adhere to current laws and regulations.

IMPACT TO PCG

- Non-compliance costs arising from penalties, summons and/or imprisonment
- Legal action from stakeholders results in loss of reputation and trust
- Lowered profit and loss of business or market share

Key Mitigation Strategies

- Implement and comply with PETRONAS Legal Compliance Framework
- Strengthen anti-bribery and integrity practices via ISO 37001: 2016 Anti Bribery Management System (ABMS) certification by SIRIM
- Periodic engagements with local authorities, service providers and customers to keep abreast on laws and regulations
- Drive proactive interventions through audit and assurance programmes, including compliance monitoring to uphold legal, regulatory and anti-corruption commitments

OPPORTUNITIES

- Strengthening controls will ensure compliance and promote ethical business practices
- Managing regulatory risks by identifying potential risks and adapting to regulatory changes will result in a more sustainable business environment

Strategic Thrusts: **OE CE GE** Material Matters: **M1 M2 M3 M4 M6 M7 M8 M10** Key Stakeholder Groups: **S1 S4 S5 S6** Key Capitals: **N H M I SR F**

Compliance Risk

H HEALTH, SAFETY AND ENVIRONMENT RISK

Description

HSE risks can stem from process safety incidents like chemical spills and fires. This may translate to adverse impacts for our people, environment, assets and business reputation.

Risk Movement: MAINTAIN

HSE risks are inherent to the nature of our operations. PCG manages these risks through continuous improvements in governance, processes and operational controls, with a strong focus on preventing major incidents and ensuring full compliance with applicable legal and regulatory requirements.

IMPACT TO PCG

- Asset damage that leads to plant slowdown or shutdown, negatively impacting productivity levels
- Pollution and environmental impacts surrounding operations
- Higher injury and accident recovery costs affecting employees
- Litigation and stop-work orders by regulatory bodies
- Impact on PCG's reputation as a public listed company

Key Mitigation Strategies

- Reinforce the "Strive for ZERO, ZERO is Possible" framework to eliminate major HSE and process safety incidents
- Enforce zero tolerance for safety breaches through consistent behavioural interventions and balanced consequences
- Strengthen targeted learning programmes to improve compliance with procedures, standards and requirements
- Implement focused interventions to strengthen fundamentals and prevent fire and Loss of Primary Containment (LOPC) incidents
- Enhance contractors' HSE management through stronger competency, accountability and performance monitoring

OPPORTUNITY

- Enhanced HSE practices strengthen PCG's operational capabilities, fosters a healthy working culture and ensures compliance while maintaining flexibility in the face of new or changing regulatory requirements

Strategic Thrusts: **OE CE** Material Matters: **M1 M2 M3 M4 M5 M6 M7 M8 M9 M10 M11** Key Stakeholder Groups: **S1 S3 S4 S6 S7** Key Capitals: **N H M I SR F**



For further details on our mitigation strategies, please refer to the PCG Sustainability Report 2025.



For further details, please refer to the Safety & Health section on pages 46 to 49 of the PCG Sustainability Report 2025.

STRATEGIC REVIEW BY MD/CEO

STRATEGIC REVIEW BY MD/CEO

T TALENT RISK

Description

Inadequacy of skilled talents, ineffective retention measures, and gaps in succession planning for critical roles and niche positions will negatively affect PCG's long-term growth as a company.

Risk Movement: MAINTAIN

Despite ongoing talent challenges, our risk indicators remain stable, including in critical roles supporting both core and new businesses. We will continue to attract, retain and develop talent to support our strategic transition.

IMPACT TO PCG

- Lowered operational efficiency due to reduced productivity, morale and higher turnover
- Loss of critical expertise and capabilities across PCG
- Missed strategic and growth opportunities
- Weaker oversight and decision-making impacting operations

Key Mitigation Strategies

- Strengthen PCG's working culture that supports creativity, innovation and overall employee morale through open communication, autonomy and recognition
- Lead strategic dialogues that actively shape and demonstrate the Employee Value Proposition by delivering visible initiatives that enhance employee engagement and retention
- Build capabilities through targeted training and knowledge-sharing to grow functional and leadership strengths

OPPORTUNITIES

- Strengthen attraction and retention of top talent through continuous promotion of diversity, equity and inclusion, alongside targeted upskilling and reskilling to future-ready the workforce
- Develop future-ready talent with agile and innovative mindsets to drive long-term organisational success

Strategic Thrusts: **OE CE GE** Material Matters: **M3 M7 M8 M10** Key Stakeholder Groups: **S1 S2 S3 S4 S5 S6** Key Capitals: **F M I**

C CYBERSECURITY RISK

Description

Greater reliance on digitalisation increases the vulnerability of Operational Technology (OT), heightening cybersecurity risk that could disrupt operations and damage reputation.

Risk Movement: MAINTAIN

We are consistently enhancing our Information and Communications Technology management, cyber resilience and information security. Through innovative applications of our controls and defence mechanisms, we adopt the latest technologies and leverage AI-based solutions to stay ahead of emerging threats and innovations.

IMPACT TO PCG

- Breach in stakeholders' information/data can result in damage of reputation and stakeholder trust
- Loss of critical business data can result in disruptions from system shutdowns

Key Mitigation Strategies

- Strengthen cyber resilience through targeted tools (e.g. data leakage protection), continuous programme monitoring, as well as ongoing change management and awareness initiatives
- Conduct Cyber Security Business Risk Assessments on critical systems, revalidate controls, and embed secure-by-design requirements for new Information Technology (IT) and digital solutions
- Fortify cyber defence through enterprise-wide Incident Response Procedures, Security Operations Centre, Vulnerability Management, Data Leakage Prevention, Forward Proxy, and Network Access Control
- Deploy Real-Time OT and OT Asset Management across all PCG facilities

OPPORTUNITIES

- Lead digitalisation initiatives in operational and commercial excellence
- Strengthen cybersecurity governance and compliance to safeguard business operations

Strategic Thrusts: **OE CE GE** Material Matters: **M3 M8 M9 M10 M11** Key Stakeholder Groups: **S1 S5 S6 S7** Key Capitals: **F M I**

For further details, please refer to the Cybersecurity & Digitalisation section on pages 44 to 45 of the PCG Sustainability Report 2025.

Emerging Risks

PCG proactively identifies emerging risks and develops targeted mitigation strategies to minimise adverse impacts and unlock new growth opportunities. The Board and Management team systematically evaluate and monitor these risks, along with corresponding signposts and mitigation plans. This allows for strategic risk discussions, enabling timely responses, agile decision-making and proactive actions to anticipate and manage emerging risks. At the same time, PCG aligns customer-driven opportunities with its strategic priorities to stay ahead of market changes.

GEOECONOMIC

Fragmented petrochemical trade flows amid rising geoeconomic risks

Ongoing uncertainty in global geopolitics remains a significant challenge to PCG's business sustainability, fuelled by changing trade agreements, rising international tensions and shifting alliances. This results in geoeconomic impacts that alter energy markets and trade dynamics. Within Malaysia, policies affecting the petrochemical industry add further complexity when it comes to shaping demand trends and investment decisions.

Impacts

- Surplus in commodity and intermediate chemicals is compounded by intense competition
- Changes or introductions of new regulations and policies, such as sustainability requirements, may impact businesses
- Feedstock and utilities availability can be affected by supply disruption
- Feedstock price volatility, driven by constrained supply, rising competition and sustainability factors, serves as a push for PCG to secure long-term offtake agreements to mitigate potential cost spikes

Signposts

- Developments from major geopolitical dialogues, including leaders' summits and international peace talks
- Announcements on oil production adjustments by Organisation of the Petroleum Exporting Countries (OPEC)/non-OPEC and related policy developments in the United States of America
- Increased inflows of Chinese products into Southeast Asia (SEA) and Europe, informing delivery planning to key markets and triggering strategic reviews of overseas subsidiaries
- Identification of new products and applications to diversify market presence through differentiated performance and sustainability propositions
- Opportunities to localise production in strategic markets through tolling arrangements or joint ventures for SC

Responses

- Continuously review business strategy and growth plans to capture higher-value opportunities, including market diversification based on best netbacks and optimisation of sales channels (e.g. end-users versus distributors)
- Strengthen understanding of the operating environment to enable earlier identification and management of market risks
- Implement prudent delivery planning to key markets, primarily China and SEA, while closely monitoring China's increasing market presence in SEA and Europe to inform strategic reviews of overseas subsidiaries' operations

Opportunities

- Capitalise on continued investment and manufacturing expansion in SEA, creating growth opportunities for PCG through strategic proximity
- Unlock synergies between PETRONAS Chemicals Marketing (Labuan) Ltd. and SC, including product-swapping arrangements, to expand market share and optimise revenue in selected destinations
- Invest in new technologies and product development to deliver more customised customer solutions

STRATEGIC REVIEW BY MD/CEO

STRATEGIC REVIEW BY MD/CEO

ENVIRONMENTAL

Disorderly low carbon and circular economy transitions

The contrast between our current position and our long-term aspirations is an emerging issue. Decarbonisation challenges stem from the disparity between the speed of transition and stakeholder expectations, encompassing policy frameworks and investment affordability. These challenges are further compounded by constraints within Malaysia's decarbonisation ecosystem, including issues of economic viability and technological readiness.

Impacts

- Negative effect on profitability and viability of new investments due to increased cost of doing business
- Reputational loss and potential litigation due to greenwashing/green-hushing
- Losing market share to competitors that have effectively subscribed to sustainable policies

Signposts

- Policies and regulations introduced by countries and international bodies (e.g. United Nations, International Maritime Organisation)
- Key outcomes and follow-up actions arising from Conference of the Parties discussions
- Decarbonisation initiatives and progress disclosures by major chemical industry players
- Availability of financial incentives and funding appetite from private financial institutions for sustainability and green projects

Responses

- Implement a low-carbon growth strategy with allocation of funding
- Assess market and customer willingness to pay for existing and new products, including through potential Mergers & Acquisitions (M&A) pursuits
- Advocate and collaborate with regulators and key stakeholders to monitor evolving regulations and drive positive change
- Drive internal readiness for the climate transition across processes, governance, data/systems, talent and prowess through awareness programmes
- Communicate sustainability progress clearly and responsibly to mitigate greenwashing risks

Opportunities

- Broader market prospects for sustainability products and strengthened cross-sector innovation e.g., bio-based products
- Potential for deeper stakeholder collaboration, in shaping Malaysia's sustainability roadmap
- Acquisition of strategic assets or stakes in reputable producers of sustainable feedstocks

TECHNOLOGY

Disruptive digital transformation and uneven adoption of emerging sustainable and green technologies, creating new governance, operational and competitive risks.

Technological advancement offers significant opportunities for PCG, but also introduces new risks. The rapid evolution of AI, combined with gaps in global and national regulatory frameworks, increases the potential for unethical use and data governance challenges. At the same time, delaying the adoption of sustainable technologies may erode PCG's competitive edge and relevance in a market that increasingly values innovation and environmental responsibility. Together, these dynamics underscore the need for a balanced and forward-looking strategy that manages risk while enabling growth and long-term sustainability.

Impacts

- Inadequate governance of AI systems may expose PCG to cybersecurity breaches, data misuse and regulatory non-compliance
- Significant investment in green technologies, if poorly selected or executed, may lead to stranded assets or suboptimal returns
- Misuse of AI or failure to deliver credible sustainability outcomes may erode stakeholder trust and weaken PCG's social license to operate
- Lagging adoption of AI-enabled and green technologies may result in higher costs, lower efficiency and reduced market relevance

Signposts

- Insights from credible and authoritative research and market intelligence sources (e.g. Gartner, OPIS Chemical Market Analytics)
- Emergence and adoption of prominent technologies from leading global technology players (e.g. OpenAI, NVIDIA, Google, Perplexity)
- Industry outlooks and commentary from established publications and data providers (e.g. S&P Global, Forbes)
- Developments in government policies, rules and regulations affecting technology adoption and deployment

Responses

- Align with PETRONAS' AI governance, adoption and utilisation directives
- Enhance awareness through learning on digital platform to promote best practices and vigilance in data disclosure
- Monitor green technology progress among peer chemical players to better assess viability, success factors and cost exposure
- Identify opportunities to optimise digital spend and scale AI adoption

Opportunities

- Scale digitalisation and AI-enabled innovation to support product development, predictive maintenance and energy optimisation, enhancing efficiency, supporting circularity and strengthening long-term operational resilience
- Foster strategic partnerships with reputable sustainability-focused suppliers, including renewable energy producers and bio-based feedstock providers, to mitigate risks and accelerate the adoption of innovative, low-carbon technologies

STRATEGIC REVIEW BY MD/CEO

STRATEGIC REVIEW BY MD/CEO

STRATEGIC REVIEW

To navigate a dynamic and competitive industry, PCG's Two-Pronged Strategy underpins the Group's resilience, adaptability and long-term growth. The strategy is designed to sustain strength in basic petrochemicals through disciplined operational and commercial execution, while selectively diversifying into derivatives, SC and innovative solutions to enhance portfolio resilience and future readiness.

This approach extends PCG's value proposition beyond traditional petrochemicals, positioning the Group to capture higher-value opportunities and respond to evolving customer and market needs. Execution is driven through three interrelated strategic thrusts, Operational Excellence, Commercial Excellence and Growth Delivery Excellence, which collectively strengthen plant performance, enhance customer-centric value creation, as well as advance sustainable, value-accretive growth across both Commodities and SC portfolios. These thrusts are further reinforced by PCG's Sustainability Agenda, integrating environmental, economic and social priorities underpinned by strong governance to support disciplined execution and long-term value creation.

OE

OPERATIONAL EXCELLENCE

Our Operational Excellence initiatives aim to build a resilient, safe and sustainable operating foundation, anchored on HSE excellence, asset reliability, digital transformation, efficient TA and disciplined cost efficiency.

PERFORMANCE HIGHLIGHTS

Production Volume 10,821 KMT	Plant Utilisation 88.2%	Improved operational efficiency through streamlined processes and organisational integration	Value creation and cost optimisation initiatives, including procurement and operational efficiency gains of RM574 million
--	-----------------------------------	---	---

At PCG, we recognise that safeguarding our people and operations requires proactive and sustained action. Guided by this, we continue to implement structured initiatives aimed at strengthening accountability, enhancing risk awareness, and building a more vigilant safety culture. At the same time, reliable performance remained a key priority, with Plant Utilisation (PU) reaching 88.2% in 2025, supported by proactive maintenance, continuous improvement, as well as close collaboration with partners and internal teams to sustain feedstock and utilities availability, strengthening business continuity and stakeholder confidence.

HEALTH, SAFETY AND ENVIRONMENT EXCELLENCE

Progress of Key Initiatives:

Safety and sustainability remained key priorities in 2025. The Group maintained strong safety performance with no fatalities or major incidents, progressed emissions reduction efforts, reinforced employee well-being through global Care Week initiatives, and strengthened consistency in HSE reporting across PCG.

Challenges:

While overall safety performance remained within industry norms, incidents during routine operations highlighted the need for stronger preventive behaviours and heightened day-to-day risk awareness.

Mitigation/Responses:

PCG strengthened its safety culture through immediate corrective actions, expanded deployment of safety pause initiatives and enhanced leadership engagement, reinforcing accountability and proactive risk management across the organisation.

RELIABLE PLANT PERFORMANCE

Progress of Key Initiatives:

Plant reliability improved year-on-year, particularly at ASEAN Bintulu Fertilizer (ABF) and PETRONAS Chemicals MTBE (PC MTBE), supported by higher utilisation and stronger operational discipline following targeted maintenance and TA interventions.

Challenges:

A reliability incident at PETRONAS Chemicals Ethylene (PC Ethylene) highlighted underlying equipment vulnerabilities and reinforced the importance of strengthening asset integrity and operational safeguards.

Mitigation/Responses:

PCG reinforced reliability management through more structured performance discussions, tighter maintenance discipline and systematic root-cause reviews, embedding consistent reliability practices across operations to prevent recurrence and strengthen long-term performance.

RELIABLE FEEDSTOCK AND UTILITIES SUPPLY

Progress of Key Initiatives:

PCG maintained momentum under the Enhanced Reliability Taskforce, remaining on track against key milestones while safeguarding fertiliser supply continuity through close collaboration with stakeholders during the Putra Heights incident.

Challenges:

Utilities and feedstock disruptions affected several production sites, creating operational pressure across parts of the integrated value chain.

Mitigation/Responses:

PCG strengthened coordination through the Enhanced Reliability Taskforce and worked closely with Upstream partners to optimise nomination strategies, mitigating supply curtailment risks and supporting operational stability.

TURNAROUND EXCELLENCE

Progress of Key Initiatives:

TA activities at PETRONAS Chemicals Fertiliser Sabah (PC Fertiliser Sabah) and PC Aromatics were completed as planned, reflecting improved execution discipline.

Challenges:

Coordinating manpower and equipment across multiple facilities increases the risk of resource constraints, scheduling pressures and cost escalation.

Mitigation/Responses:

PCG strengthened the TA governance and execution, with closer contractor engagement improving efficiency, reliability and delivery against budget and timelines.

DIGITALISATION JOURNEY

Progress of Key Initiatives:

Asset Performance Management remains a key focus, with the Reliability, Availability and Maintenance Boost Optimisation (RAMBO) initiative introduced at PC Ethylene and PETRONAS Chemicals Polyethylene (PC Polyethylene) to drive targeted reliability improvements and operational performance.

Challenges:

Low plant utilisation may limit the full benefits of asset optimisation initiatives.

Mitigation/Responses:

PCG extended the RAMBO approach to additional facilities, supported by broader use of digital tools to strengthen reliability, enhance operational excellence and unlock further value.

OUTLOOK

In 2026, production volume is expected to exceed 10,000 KMT on the back of improved reliability, despite planned TAs and intermittent shutdowns across several sites. To safeguard reliability and regulatory compliance, PCG will execute a series of TAs and pitstops, including the deferred KIPC TA and scheduled activities at PETRONAS Chemicals Methanol (PC Methanol) (Plant 2), ABF and PETRONAS Chemicals Fertiliser Kedah (PC Fertiliser Kedah), alongside a PC Fertiliser Sabah shutdown linked to an upstream integrated shutdown, resulting in the highest weighted average shutdown level on record. These activities remain essential for catalyst replacement, equipment renewal and compliance with Occupational Safety and Health (Plant Requiring Certificate of Fitness) Regulations 2024 and the PETRONAS Self Regulation Implementation Framework.

PCG remains focused on reliability, safety and sustainability, supported by proactive TA rectifications, tighter cost discipline and disciplined maintenance spend reviews to optimise performance, costs and operational flexibility across the value chain.

STRATEGIC REVIEW BY MD/CEO

CE

COMMERCIAL EXCELLENCE

Commercial excellence reflects PCG's focus on deeper customer engagement, stronger portfolio value and advancing digital capabilities to address customer needs and growing demand for sustainable solutions.

PERFORMANCE HIGHLIGHTS

Total Sales Volume	Order Fulfilment Reliability (OFR)	Customer Feedback	Net Promoter Score (NPS)	68
10,779 KMT	93%	5.0 sigma	+65	Number of new specialty customers acquired

These efforts are underpinned by a strong commitment to safety and integrity, including the safe handling of chemicals through stringent standards that safeguard product quality and minimise operational risks. Together, responsive market engagement, innovative solutions, as well as consistent delivery of quality and reliability strengthen PCG's reputation and foster long-term customer confidence across all interactions.

SALES PERFORMANCE

Progress of Key Initiatives:

Achieved 7,500 KMT in system sales and recorded 919 KMT of externally sourced products through strategic sourcing, alongside expanded regional market presence via strategic collaborations.

Challenges:

Unplanned shutdowns from internal reliability issues and external disruptions constrained sales volume, while soft demand, new capacity additions, tight vessel availability and heightened competition, particularly from cost-competitive producers from China, continued to pressure market conditions and customer retention.

Mitigation/Responses:

PCG strengthened strategic sourcing and portfolio optimisation while maintaining pricing discipline, deepened customer collaboration through co-creation, reinforced logistics and distribution capabilities, and improved efficiency through streamlined sales processes, tighter receivables management and procurement-led cost savings.

PROMOTE SAFE HANDLING OF CHEMICALS

Progress of Key Initiatives:

PCG strengthened responsible operations through 15 Product Stewardship engagements with regulators and authorities, achieved EcoVadis Silver (BRB) and Gold (Perstorp) ratings, and reinforced sustainable sourcing via the Roundtable on Sustainable Palm Oil (RSPO) Trader Certificate and renewed International Sustainability & Carbon Certification (ISCC) PLUS certification with expanded scope.

Challenges:

Assessing engagement effectiveness, managing diverse stakeholder expectations, closing sustainable procurement gaps, maintaining compliance amid evolving RSPO and ISCC requirements, and limited disclosure of non-public data affecting Environmental, Social and Governance (ESG) ratings.

Mitigation/Responses:

Enhanced regulatory engagement through structured stakeholder mapping, escalation protocols and compliance reviews, alongside targeted training and certification-readiness programmes to strengthen internal capability and sustain compliance.

STRATEGIC REVIEW BY MD/CEO

SUSTAIN LAND TRANSPORT SAFETY

Progress of Key Initiatives:

PCG strengthened third-party HSE governance through structured assurance for tollers, targeted leadership engagement with transport and tankage providers, and comprehensive guidelines and interactive sessions for Ex Works (EXW) transporters to reinforce duty of care and regulatory alignment.

Challenges:

Coordinating multiple HSE initiatives across diverse stakeholders, keeping pace with evolving regulatory requirements, and sustaining long-term stakeholder engagement amid competing operational priorities.

Mitigation/Responses:

Implemented a structured HSE and Assurance Annual Masterplan with clearer timelines and accountability, reinforced stakeholder understanding through practical engagement beyond compliance, and strengthened leadership advocacy to embed consistent safety ownership across the value chain.

ADDRESS CUSTOMER PAIN POINTS & OPTIMISE VALUE

Progress of Key Initiatives:

PCG strengthened its innovation pipeline through the introduction of 30 new products and the delivery of 253 technical solutions to support customer growth. The launch of the PETRONAS Application Technology Centre in Shanghai, China further enhanced customer access and enabled faster, more responsive technical support.

Challenges:

Customer adoption cycles remain extended in price-sensitive markets, while geopolitical and cost volatility affect demand visibility. At the same time, expectations continue to rise for sustainable, compliant solutions without compromising quality and supply reliability.

Mitigation/Responses:

Deepened customer engagement through targeted outreach, co-creation and technical support, accelerated customer-centric and pro-environment innovations, and strengthened operational and supply chain resilience to support customers amid market uncertainty.

DIGITALISATION JOURNEY

Progress of Key Initiatives:

PCG established digital system readiness for its new overseas subsidiary, PC Marketing (Vietnam) Company Limited, implemented SAP ECC6 and supported digital tools to enable efficient operations and strengthen marketing and sales capabilities. Initial machine learning pilots were also completed to accelerate coating formulation development.

Challenges:

Integrating multiple systems and ensuring accurate data migration, alongside onboarding and familiarising new users in Vietnam with the digital platforms.

Mitigation/Responses:

Ensured system readiness through rigorous testing from System Integration Testing to Business Validation Testing, complemented by structured change management, including group and one-to-one training, system support clinics, gamification and incentives.

OUTLOOK

At PCG, our commercial focus is directed toward strengthening volume growth through diversified and reliable supply channels, with strategic sourcing and trading playing an increasingly important role within the Commodities portfolio. We aim to maintain a balanced contribution from both portfolios while sustaining broad market coverage and strong operational discipline across diverse business models. Continued emphasis on strategic sourcing supports supply reliability for customers, including backfilling system production during both planned and unplanned maintenance. In parallel, PCG will continue to unlock new revenue streams by scaling beyond system volumes through third-party physical trading, supported by strategic collaborations and emerging market opportunities. PCG will also further strengthen customer-centric engagement and innovation capabilities to capture new opportunities, leveraging enhanced collaboration through regional hubs and tailored solutions to support sustainable growth, deepen customer relationships and enhance the competitiveness of its SC offerings.

STRATEGIC REVIEW BY MD/CEO

STRATEGIC REVIEW BY MD/CEO

GE

GROWTH DELIVERY EXCELLENCE

PCG's Growth Delivery Excellence continues to gain momentum across both Commodities and SC, supported by the commercialisation of key investments and expansion into high-demand markets.



Our Commodities portfolio has sustained a resilient performance through operational efficiencies and strategic sourcing, ensuring reliable supply and effective market demand. Meanwhile, our SC portfolio is growing in key regions such as APAC, the Americas and Europe, supported by focused sustainability efforts and customer-centric innovation.

PROGRESS OF KEY INITIATIVES

Achieved key growth milestones in the Commodities portfolio, with new downstream capacities and value-added capabilities in APAC

Expanded the SC portfolio through the scale-up of synthetic esters for transformer fluids following the acquisition of Perstorp Amsterdam B.V., enhancing the Engineered Fluids segment and access to higher-margin thermal management applications

Strengthened innovation and customer collaboration with the launch of the PETRONAS Application Technology Centre in Shanghai, China in April 2025 and continued progress on our technology and innovation centre in Bangi, Malaysia, targeted for completion in 2026

Introduced new specialty products, including Neptem™ emulsifiers for more sustainable coatings, Viscotech® Upcycled viscosity modifiers using re-refined base oils to support circularity, and expanded Emfinity® plant-based esters for personal care applications

MARKET

Challenges:

- Market conditions remained challenging, with oversupply, soft demand and continued margin pressure
- Elevated interest rates, inflation and geopolitical uncertainty further weighed on recovery across key end markets

Mitigation/Responses:

- Promoted operational discipline and efficiency throughout its operations
- Acquired new markets through customised solutions and co-created products that are aligned with customer needs
- Emphasised safety, risk management, governance and reliability in order to sustain performance amid a volatile environment

STRATEGIC INVESTMENTS

Challenges:

- Expansion into new ventures and growth projects carries execution risk, including underperformance and missed opportunities
- If not managed well, these risks could dilute returns, erode margins and shareholder value, and lead to lost customers

Mitigation/Responses:

- Evaluated integrated value chain models to improve operational efficiency
- Explored emerging technologies to upgrade molecules and unlock new feedstocks, aligned to near- and long-term priorities
- Accelerated specialty growth through portfolio realignment, guided by returns, viability and risk assessments
- Advanced research and technology projects with PETRONAS Capital Ventures, BRB and Perstorp, using clear criteria to improve success rates and capture new opportunities

PROJECT FEASIBILITY

Challenges:

- Hyperinflation, cost escalation, price volatility and climate-related pressures can undermine project feasibility

Mitigation/Responses:

- Strengthened project economics through rigorous evaluation and forecasting
- Leveraged business intelligence to benchmark performance against market standards and peers
- Partnered with strategic players and technology providers to enhance competitiveness
- Embedded sustainability from feasibility through to commercialisation

SUSTAINABILITY

Challenges:

- As expectations for sustainable products rise, customer readiness remains uneven, creating challenges in balancing compliance, innovation and cost competitiveness with actual demand, potentially impacting performance, reputation and long-term growth

Mitigation/Responses:

- Adopted a pragmatic approach to sustainability, meeting evolving requirements while capturing emerging opportunities
- Embedded sustainability and feasibility considerations across all growth projects
- Integrated a robust carbon abatement plan into all Final Investment Decision packages
- Partnered with leading technology providers to accelerate the development of a sustainable, innovative portfolio
- Leveraged advanced digital and analytical tools to track and report sustainability performance
- Strengthened customer engagement by clearly articulating the value of sustainable solutions

BUSINESS PARTNERS' PRIORITIES

Challenges:

- Our business partners face disruptions and challenges that impact how investment portfolios are managed and prioritised

Mitigation/Responses:

- Strengthened our value chain through close collaboration with business partners
- Secured alternative partners to sustain investments when required
- Expanded our SC portfolio through continuous innovation and strategic growth initiatives

INNOVATION

Challenges:

- While venturing into new technologies enhances PCG's portfolio and operations, it may necessitate an extended innovation period for business and technology validation which is also accompanied by a high uncertainty of success

Mitigation/Responses:

- Applied a standardised approach to identify and validate high-potential opportunities before developing solutions
- Collaborated with research centres and universities to incubate and validate our innovations
- Completed initial machine learning pilots to expedite the development of formulations for coating solutions
- Inaugurated the PETRONAS Application Technology Centre in Shanghai, China

OUTLOOK

PCG targets Ready for Start-Up (RFSU) for the Maleic Anhydride (MA) plant in 2026, while progressing growth projects across the pipeline and advancing SC expansion through organic and inorganic initiatives. Construction of the technology and innovation centre in Bangi remains on track and is expected to be completed by mid-2026.

Additionally, sustainability-driven growth will continue to be prioritised through low-carbon, circular economy and bio-based solutions, supported by the Technology & Innovation and Sustainability Funds. PCG will also continue to evaluate value-accretive opportunities and monitor market signposts to ensure alignment with strategic growth and sustainability objectives.

FINANCIAL REVIEW BY CFO



MOHD AZLI ISHAK
Chief Financial Officer

Dear Stakeholders,

2025 was a challenging year for PCG, with weaker pricing and spreads across most segments materially impacting earnings. We responded with disciplined cost management, prudent balance sheet and a continued focus on competitiveness to preserve resilience through the downcycle.

The year was shaped by a difficult operating environment for the global chemicals industry, marked by persistent overcapacity, subdued demand, and heightened trade and geopolitical uncertainty. Competitive intensity increased sharply, particularly within Asia Pacific (APAC), driven by significant capacity additions, while tariff-related disruptions further affected market access and pricing dynamics. PCG also faced foreign exchange volatility, which weighed on earnings.

Against this backdrop, the Group recorded revenue of RM27.5 billion, a decline of RM3.2 billion or 10%, largely due to lower product prices and the strengthening of Ringgit Malaysia against the US Dollar. Earnings Before

Interest, Taxation, Depreciation and Amortisation (EBITDA) declined by RM1.6 billion, or 46%, reflecting weaker product spreads and lower contribution from a joint operation entity, further impacted by unrealised foreign exchange losses on the revaluation of payables.

In line with this performance, the Group reported a loss after tax (LAT) of RM2.1 billion, compared to a profit after tax (PAT) of RM1.3 billion in the same period last year. The variance was primarily attributable to a combination of asset impairment at Perstorp, and lower remeasurement gain linked to the timing of trade payable payments as well as foreign exchange loss on the revaluation of a shareholder loan to a joint operation entity.

Despite these headwinds, we remained focused on protecting fundamentals and strengthening operational resilience. PCG delivered RM574 million in value creation and cost optimisation, supported by focused cost discipline and performance interventions, while maintaining strong liquidity to support operational stability. The Group continues to maintain a robust balance sheet, anchored by a strong equity base and prudent leverage. As at 31 December 2025, Group gearing stood at 9.3%, reflecting continued financial discipline and financial flexibility through the cycle.

Looking ahead, we remain anchored to four financial priorities, through which we track our key achievements, focused on strengthening resilience while enabling sustainable growth through disciplined capital allocation and strategic portfolio repositioning, strengthening core business performance, accelerating growth and portfolio shift as well as advancing sustainability and future-ready investments.

FINANCIAL REVIEW BY CFO

KEY ACHIEVEMENTS

Value Optimisation and Prudent Cost Discipline

Our capability to sustain our position as an industry leader by continuing to take proactive measures that preserve value and optimise cost

ACTIONS

- Maintained strong financial discipline and prudent cost controls, driven by initiatives in the three core pillars of Operational Excellence, Commercial Excellence and Growth Delivery Excellence, alongside effective project management and execution
- Managed stakeholders effectively through contract negotiations, leading to enhanced contract value

RESULTS

- Achieved RM574 million in value creation and cost optimisation through robust cost discipline and optimisation initiatives

Strengthened Risk Management and Governance

Our effective risk management has always been a pillar of good governance and integral in ensuring business continuity

ACTIONS

- Reinforced PCG's integrity posture by maintaining ISO 37001 Anti-Bribery Management System (ABMS) certification and strengthened integrity controls to mitigate corruption risks
- Enhanced organisational capabilities through structured integrity, compliance and sustainability programmes
- Operationalised PCG's risk appetite and profiles with strengthened mitigations and key risk indicators, while encouraging joint ventures (JVs) and associate companies to adopt structured risk management practices
- Reviewed and realigned decision-making structures to support PCG's reorganised operating model and strengthen governance effectiveness
- Enhanced PCG's IR2025 disclosures, guided by reporting requirements and guidelines (i.e. MCCG, MMLR, GRI, IFRS and MFRS)

RESULTS

- Distinguished PCG as the first to successfully implement PETRONAS Integrity Management System (PIMS) and maintain ISO 37001:2016 ABMS certification
- Strengthened PCG risk management governance, practices and compliance, including JVs and associate companies
- Revamped Limits of Authority (LOA) framework to strengthen accountability and accelerate decision-making under PCG's new organisational structure, promoting process efficiency and business agility
- Earned industry recognition, including the Australasian Reporting Awards (ARA) and the Overall Excellence Award at the National Annual Corporate Governance & Sustainability (NACGSA) 2025 Awards, reinforcing PCG's governance commitments

Effective Working Capital and Liquidity Management

Our working capital management initiatives focuses mainly on effective trade inventory, trade receivables and payables management as well as maintaining liquidity

ACTIONS

- Strengthened efficient inventory management through strategic planning, proactive monitoring and the Bottom-Up Stock Target, ensuring optimal stock levels and supply continuity
- Closely monitored and managed receivables to enhance collection discipline and support healthy working capital
- Improved oversight of payable deadlines and optimised payment process to ensure timely settlement, safeguarding creditor relationships
- Developed daily cash flow forecasts, ensuring disciplined cash management

RESULTS

- Balanced timely product monetisation with supply availability to meet customer requirements
- Maintained relatively low trade receivable ageing to ensure healthy cash flow

Advancing Sustainability and Future-Ready Investments

Our ability to secure financing amidst uncertainties is a testament to financial institutions' confidence in PCG's financial strength

ACTIONS

- Maintained low financial leverage while prioritising Economic, Environmental, Social, and Governance (EESG) to meet evolving financing market expectations and strengthen our value proposition to stakeholders

RESULTS

- Secured financing facilities and executed strategic loan restructurings for a subsidiary and a JV
- Developed a funding strategy for Perstorp Group, completed debt restructuring for Perstorp US portfolio and divested Idemitsu Styrene Monomer Sdn. Bhd.
- Advanced IFRS S1 and S2 implementation to accelerate readiness for full adoption by 2027
- Maintained a Sustainability Fund to support sustainability initiatives
- Completed economic evaluations and risk assessments for Extended Value Chain and sustainability projects

FINANCIAL REVIEW BY CFO

BALANCE SHEET HIGHLIGHTS

Total Assets
RM57,690 mil

(2024: RM59,591 million)

Total assets decreased by RM1.9 billion (3%) mainly due to lower property, plant and equipment following the strengthening of Ringgit Malaysia against US Dollar and impairment of assets at Perstorp.

Total Equity
RM37,380 mil

(2024: RM39,979 million)

Attributable to lower reserves and loss generated during the year, as well as payment of the 2nd interim dividend for financial year 2024 and the 1st interim dividend for financial year 2025.

Cash Position
RM9,621 mil

Reflecting strong liquidity to support operational needs and growth initiatives.

Dividend Payout
RM560 mil

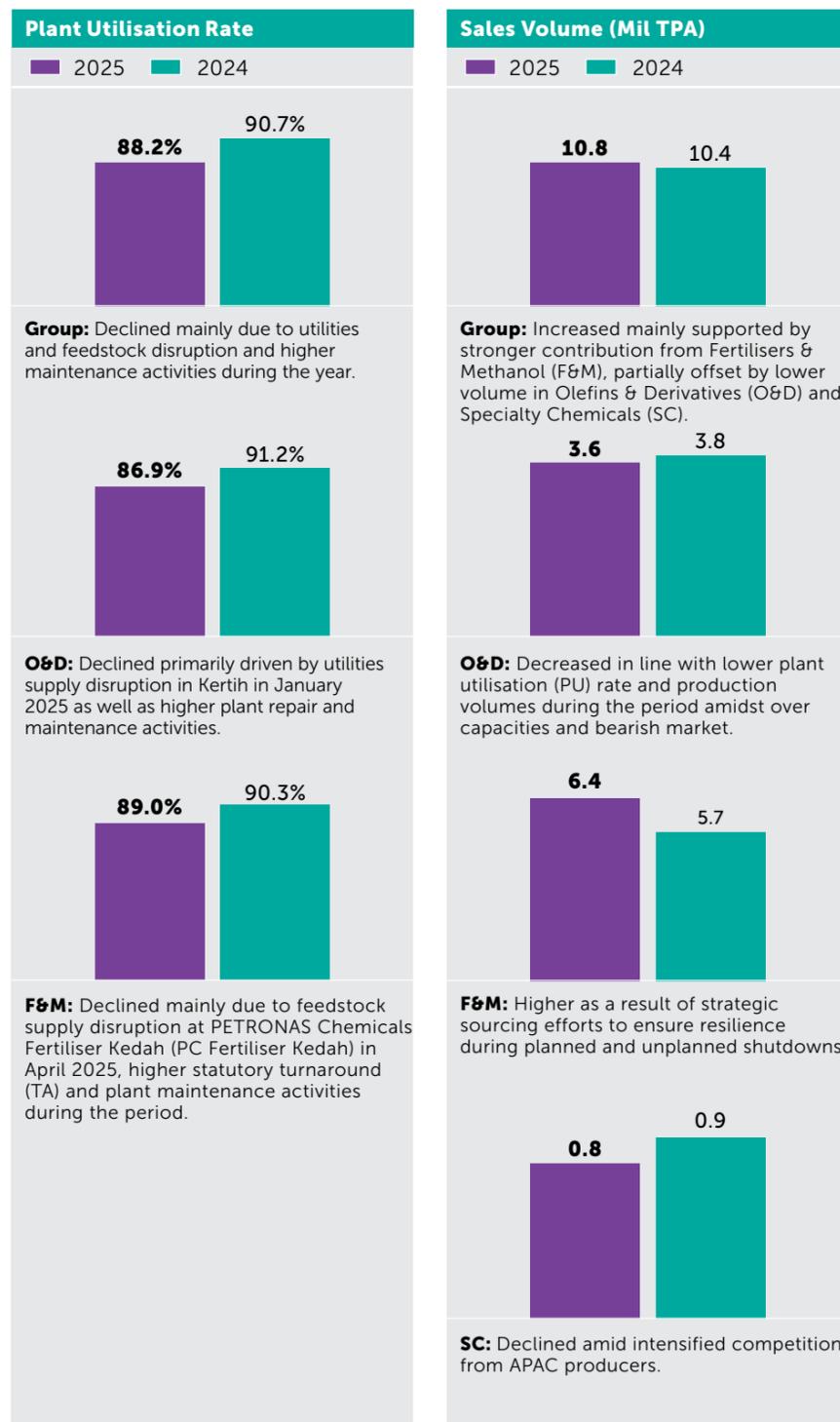
for 1st interim (2024:RM1,040 million).

Gearing Ratio
9.3%

Gearing remained low, underscoring the Group's continued financial discipline and balance sheet resilience.

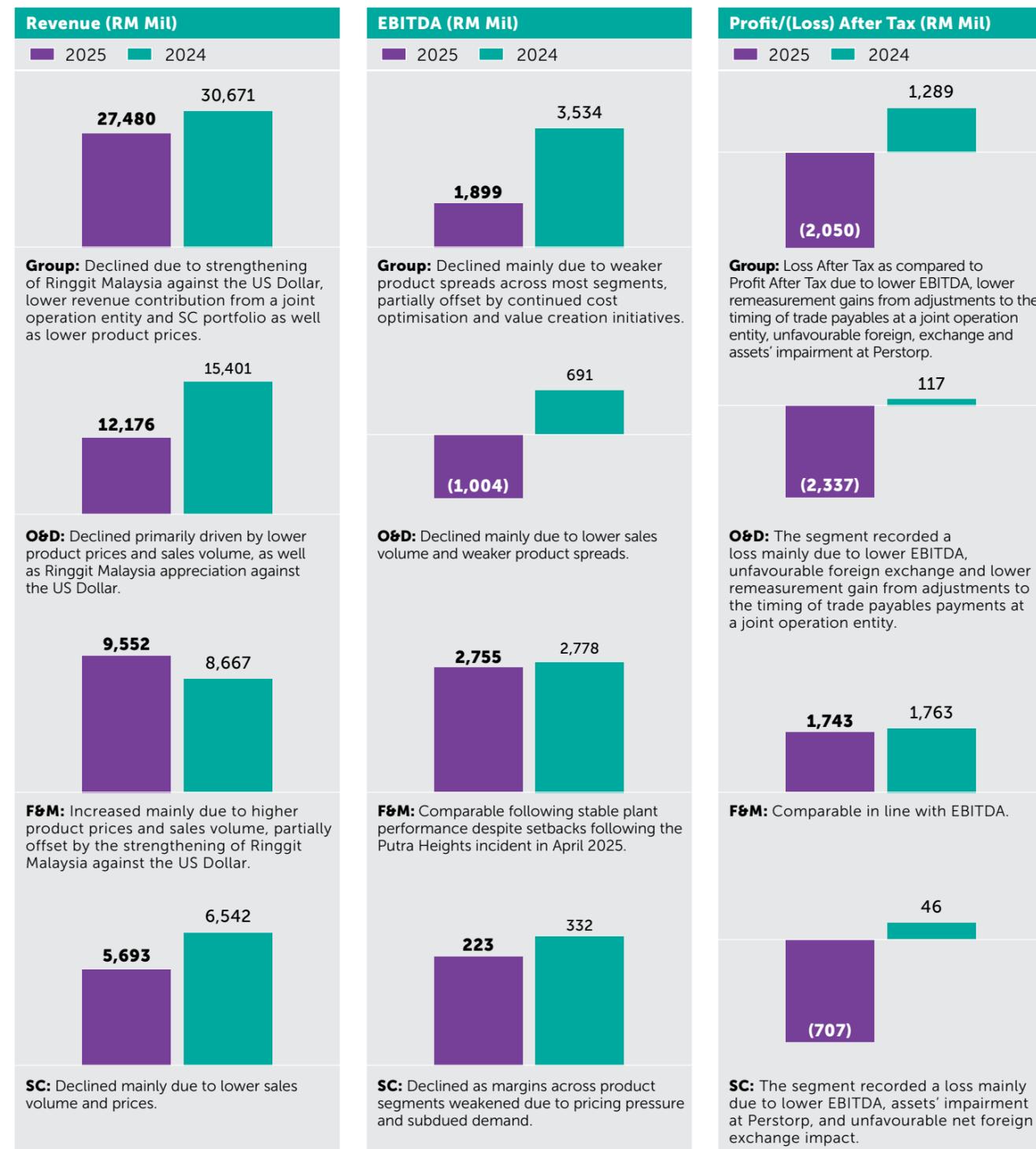
SEGMENTAL PERFORMANCE RESULTS

Operational and Commercial Performance



FINANCIAL REVIEW BY CFO

Financial Performance



FINANCIAL REVIEW BY CFO

RETURNS TO SHAREHOLDERS

PCG remains committed to delivering sustainable returns to shareholders while maintaining the financial capacity to navigate volatility and fund long-term growth. In 2025, our priority was to preserve balance sheet resilience through disciplined capital allocation, strong liquidity stewardship and prudent leverage, ensuring the Group remains well-positioned to sustain operations, protect competitiveness and invest selectively in strategic priorities through the cycle.

ENHANCED FINANCIAL GOVERNANCE AND COMPLIANCE

Effective November 2025, the LOA framework was revamped to support PCG's new organisational structure, strengthening accountability while enabling faster and more empowered decision-making. The updated LOA introduces clearer decision rights and expanded approval domains aligned to evolving business needs, improving agility while maintaining robust governance and control discipline.

To further strengthen the Group's risk management framework, we enhanced the PCG Corporate Risk Profile (CRP) review process through continuous evaluation of mitigation effectiveness and the prioritisation of strategic risks for Board-level focus. In addition, the Integrity Management Section was established under the Risk Management Department in February 2025 to reinforce integrity, compliance and consistency of governance practices across the Group.

SUSTAINABILITY

We recognise that sustainability decisions must be directly linked to value creation. As such, sustainability is embedded into capital allocation, risk management and strategic planning to support long-term resilience and regulatory readiness.

In 2025, PCG established a Sustainability Fund with an annual RM50 million contribution starting FY2025 to support sustainability initiatives. PCG reaffirmed our commitment to meeting the National Sustainability Reporting Framework (NSRF) requirements and has begun developing a structured approach aligned with the phased implementation timeline for Group 1 entities. We have made significant progress on the implementation of IFRS S1 and IFRS S2, including the establishment of financial quantification methodologies under IFRS S2 across short-, medium- and long-term horizons, supported by enhanced disclosures on carbon pricing assumptions referencing the International Energy Agency (IEA) World Energy Outlook (WEO). In parallel, PCG initiated gap assessments against the European Union (EU) Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD), considering emerging developments such as the Omnibus directive.

From a financial planning and investment perspective, we incorporated carbon pricing considerations into impairment valuation sensitivity assessments and continued monitoring sustainability-related expenditures. Operationally, we maintained our Green Electricity Tariff (GET) subscription to support market-based Scope 2 emissions reductions and continued advancing decarbonisation and circular economy initiatives.

OUTLOOK

The outlook for 2026 remains challenging as the global chemicals sector continues to face economic uncertainty, price volatility and evolving market dynamics. Ongoing overcapacity and cautious downstream demand are expected to keep pricing and spreads under pressure. In this environment, PCG will remain focused on operational reliability, disciplined commercial execution and rigorous cost optimisation to strengthen resilience through the cycle.

Commodities

The Group anticipates olefins and derivatives outlook to remain challenging, amid continued oversupply from capacity expansions in China, rising geoeconomic uncertainties and subdued demand conditions. Robust agricultural demand in India and Australia continues to underpin fertiliser consumption, while methanol supply remains constrained by scheduled TA in Southeast Asia (SEA).

Specialty Chemicals

The outlook for the SC portfolio remains cautious, reflecting softer demand conditions across key end markets, particularly construction and automotive. Consumer-related applications continue to demonstrate relative resilience and are expected to record modest growth, partially offsetting the broader market headwinds.

STRATEGIC FOCUS FOR 2026

Our financial priorities remain focused on building resilience while enabling sustainable growth through disciplined capital allocation and strategic portfolio repositioning, based on the following focus areas:

Strengthen Core Business Performance

Enhance operational and commercial excellence to maintain competitiveness in the Commodities portfolio, while continuing strict cost optimisation and prudent capital spending to protect margins and cash flow.

Accelerate Growth and Portfolio Shift

Drive SC expansion and innovation to increase the contribution of high-value products, while investing in sustainable solutions and exploring strategic partnerships and acquisitions to broaden capabilities.

Sustainability and Future-Ready Investments

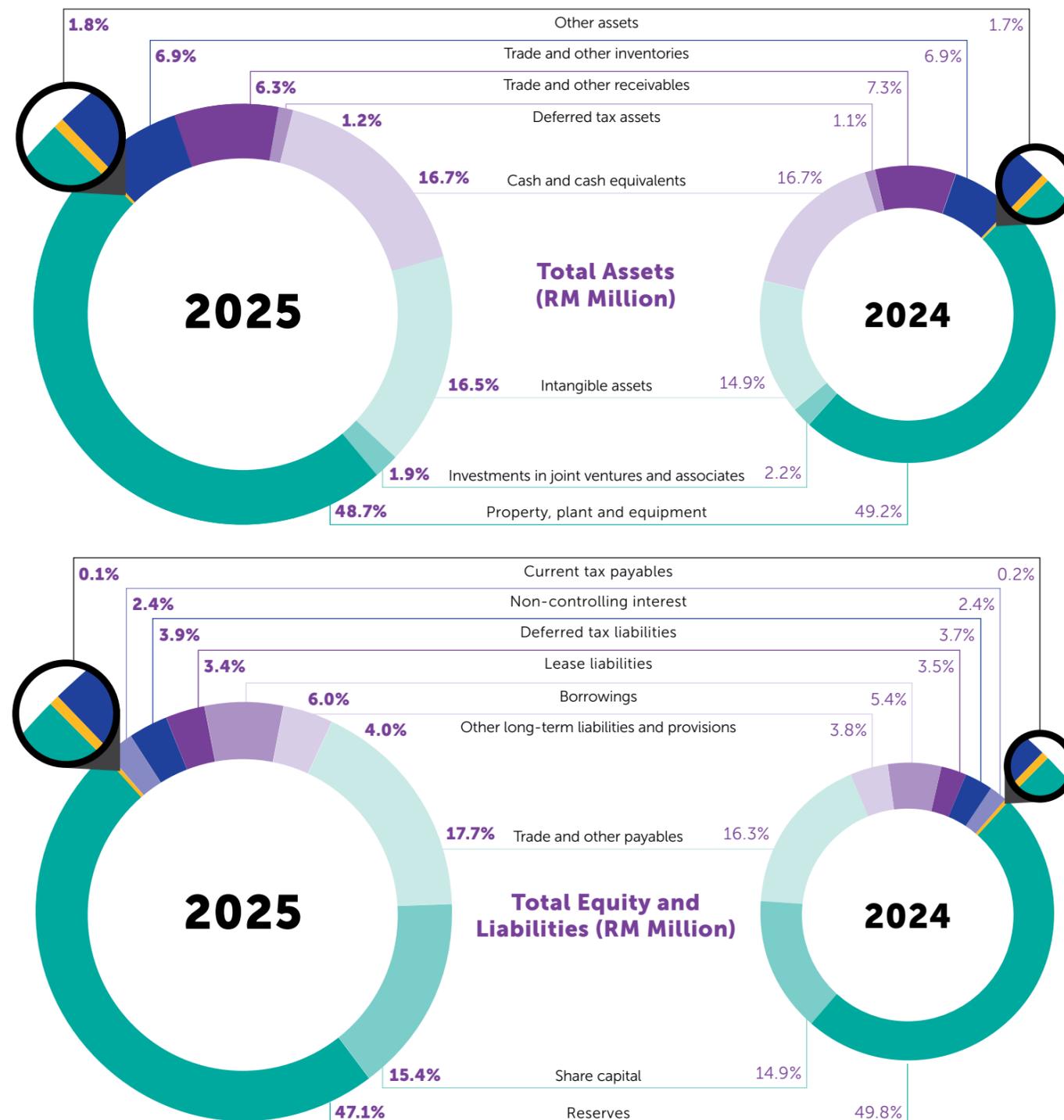
Allocate resources to decarbonisation projects and circular economy initiatives under our net zero roadmap, and integrate EESG principles into investment decisions to ensure long-term value creation and regulatory readiness.

MOHD AZLI ISHAK
Chief Financial Officer

FINANCIAL REVIEW

SIMPLIFIED GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2025



FINANCIAL REVIEW

ANALYSIS OF FINANCIAL POSITION

As at 31 December 2025

Maintained a resilient financial position with robust cash balance of RM9.6 billion.

Total assets as at 31 December 2025 decreased by RM1.9 billion to RM57.7 billion was mainly contributed by:

- Lower property, plant and equipment value mainly contributed by the strengthening of Ringgit Malaysia against the US Dollar and impairment of assets
- Decrease in trade and other receivables by RM0.7 billion in line with lower revenue
- Decrease in investment in associates and JVs by RM0.2 billion mainly due to higher share of loss contribution from associates and JVs during the year

Partially offset by:

- Increase in intangible assets by RM0.6 billion mainly due to the strengthening of Ringgit Malaysia against the Swedish Krona

Net assets attributable to shareholders of the company decreased by RM2.5 billion mainly due to lower reserves attributable to loss generated during the year and payment of 2nd interim dividend for financial year 2024 and 1st interim dividend for financial year 2025.

Total liabilities increased by RM0.7 billion, mainly attributed to an increase in trade and other payables arising from operational costs at a joint operation entity.

RM Mil	31 December 2025	31 December 2024	Variance
ASSETS			
Property, plant and equipment	28,106	29,338	(1,232)
Investments in associate and joint ventures	1,114	1,339	(225)
Intangible assets	9,492	8,898	594
Long term receivables	902	951	(49)
Retirement benefits	20	23	(3)
Deferred tax assets	704	632	72
TOTAL NON-CURRENT ASSETS	40,338	41,181	(843)
Trade and other inventories	3,993	4,086	(93)
Trade and other receivables	3,655	4,356	(701)
Tax recoverable	83	37	46
Cash and cash equivalents	9,621	9,931	(310)
TOTAL CURRENT ASSETS	17,352	18,410	(1,058)
TOTAL ASSETS	57,690	59,591	(1,901)
EQUITY			
Share capital	8,871	8,871	-
Reserves	27,144	29,686	(2,542)
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	36,015	38,557	(2,542)
Non-controlling interests	1,365	1,422	(57)
TOTAL EQUITY	37,380	39,979	(2,599)
LIABILITIES			
Borrowings	2,004	2,419	(415)
Lease liabilities	1,692	1,874	(182)
Provisions	350	303	47
Retirement benefits	172	175	(3)
Deferred tax liabilities	2,253	2,198	55
Other long term liabilities	1,785	1,801	(16)
TOTAL NON-CURRENT LIABILITIES	8,256	8,770	(514)
Trade and other payables	10,222	9,705	517
Borrowings	1,460	795	665
Lease liabilities	293	224	69
Taxation	79	118	(39)
TOTAL CURRENT LIABILITIES	12,054	10,842	1,212
TOTAL LIABILITIES	20,310	19,612	698
TOTAL EQUITY AND LIABILITIES	57,690	59,591	(1,901)
Net assets per share attributable to shareholders of the Company (RM)	4.50	4.82	(0.32)

ANALYSIS OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

PCG's revenue declined by RM3.2 billion to RM27.5 billion compared to RM30.7 billion in 2024, attributable to weak demand following strong market competition from China and soft product prices.

The cost of revenue reduced by RM1.4 billion contributed by lower feedstock volume in line with production volume.

Lower gross profit was recorded in line with narrower spreads resulting from lower product prices.

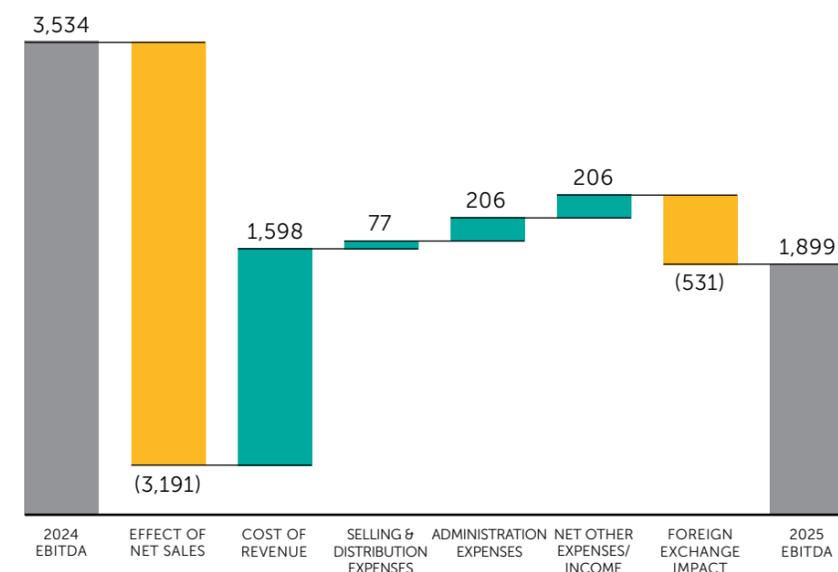
Operating loss dropped by RM3.4 billion primarily driven by losses from a joint operation entity, unfavourable foreign exchange, impairment of assets as well as lower remeasurement gains on trade payables due to the timing of payments.

Higher share of losses from equity-accounted associates and JVs increased, primarily due to lower sales volumes and higher operating costs.

PCG recorded loss before tax and LAT of RM1.9 billion and RM2.1 billion respectively.

RM Mil	For the year ended		
	31 December 2025	31 December 2024	Variance
Revenue	27,480	30,671	(3,191)
Cost of revenue	(24,552)	(25,965)	1,413
Gross profit	2,928	4,706	(1,778)
Selling and distribution expenses	(2,077)	(2,144)	67
Administration expenses	(1,330)	(1,526)	196
Other expenses	(1,649)	(199)	(1,450)
Other income	756	1,220	(464)
Operating (loss)/profit	(1,372)	2,057	(3,429)
Financing costs	(346)	(260)	(86)
Share of loss after tax of equity-accounted associates and joint ventures	(174)	(107)	(67)
(Loss)/Profit before taxation	(1,892)	1,690	(3,582)
Tax expense	(158)	(401)	243
(LOSS)/PROFIT FOR THE YEAR	(2,050)	1,289	(3,339)
(Loss)/Profit attributable to:			
Shareholders of the Company	(2,142)	1,175	(3,317)
Non-controlling interests	92	114	(22)
(LOSS)/PROFIT FOR THE YEAR	(2,050)	1,289	(3,339)
EBITDA	1,899	3,534	(1,635)
EBITDA Margin (%)	7%	12%	
GP Margin (%)	11%	15%	

EBITDA Movement from 2024 to 2025 (RM Million)



FINANCIAL REVIEW

ANALYSIS ON CASH FLOWS

For the year ended 31 December 2025

PCG maintained a solid cash flow, with cash and cash equivalents standing at RM9.6 billion.

Net cash generated from operating activities decreased by RM1.5 billion, largely due to lower profit generated during the year.

Net cash used in investing activities reduced by RM0.1 billion, primarily attributed to lower capital expenditure incurred.

Net cash used in financing activities declined by RM0.8 billion, mainly due to lower dividend paid to shareholders of the Group.

Free cash flow
RM0.7 billion

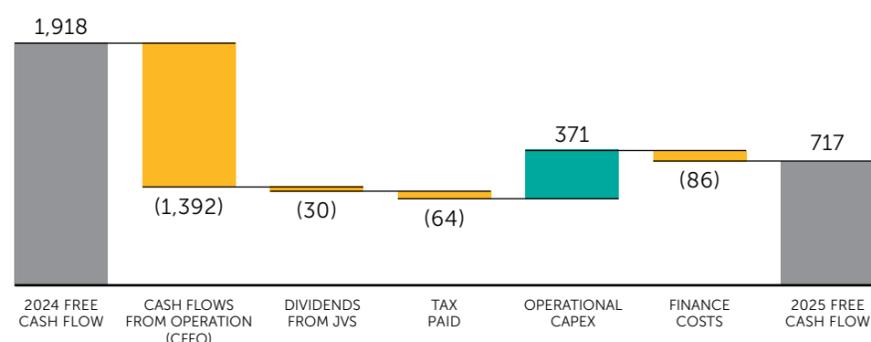
2024: RM1.9 billion

Dividends paid
RM0.5 billion

2024: RM1.2 billion

RM Mil	31 December 2025	31 December 2024	Variance
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before taxation	(1,892)	1,690	(3,582)
Adjustments for non-cash items	4,137	1,832	2,305
Changes in working capital	878	993	(115)
Cash generated from operations	3,123	4,515	(1,392)
Interest income received	391	414	(23)
Taxation paid	(367)	(303)	(64)
Net cash generated from operating activities	3,147	4,626	(1,479)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net acquisition of a subsidiary and non-controlling interest	-	(87)	87
Net purchase of property, plant and equipment	(2,082)	(2,452)	371
Investment in associates and JVs	(104)	128	(232)
Dividends received from JVs	42	72	(30)
Others	(243)	(156)	(88)
Net cash used in investing activities	(2,387)	(2,495)	108
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(483)	(1,234)	751
Drawdown of borrowings	7,716	4,465	3,251
Repayment of borrowings	(7,473)	(4,252)	(3,221)
Payment of lease liabilities	(256)	(245)	(11)
Net cash used in financing activities	(496)	(1,266)	770
Net cash flows from operating, investing and financing activities	264	865	(601)
Effect of foreign currency translation differences	(73)	(28)	(45)
Net increase in cash and cash equivalents	191	837	(646)
Net foreign exchange differences on cash held	(496)	(179)	(317)
Cash and cash equivalents at beginning of the year	9,926	9,268	658
Cash and cash equivalents at end of the year	9,621	9,926	(305)
Cash and cash equivalents			
Cash and bank balances	9,621	9,931	(310)
Bank overdrafts	-	(5)	5
Cash and cash equivalents at end of the year	9,621	9,926	(305)

Free Cash Flow Movement (RM Million)



FINANCIAL REVIEW

GROUP QUARTERLY PERFORMANCE

RM Mil	Year 2025	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Revenue	27,480	6,600	6,787	6,437	7,656
Operating (loss)/profit	(1,372)	(496)	(146)	(933)	203
(Loss)/Profit before taxation	(1,892)	(635)	(296)	(1,048)	87
(Loss)/Profit for the quarter/year	(2,050)	(730)	(291)	(1,047)	18
Profit attributable to shareholders of the Company	(2,142)	(754)	(289)	(1,081)	(18)
Earnings per share (sen)	(27)	(9)	(4)	(14)	(0)
Dividends per share (sen)	7	4	-	3	-

RM Mil	Year 2024	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Revenue	30,671	7,458	7,986	7,728	7,499
Operating profit/(loss)	2,057	740	(566)	1,036	847
Profit/(Loss) before taxation	1,690	602	(657)	940	805
Profit/(Loss) for the quarter/year	1,289	539	(762)	809	703
Profit attributable to shareholders of the Company	1,175	519	(789)	777	668
Earnings per share (sen)	15	6	(10)	10	8
Dividends per share (sen)	13	3	-	10	-

KEY INTEREST BEARING ASSETS AND LIABILITIES

	2025			2024		
	As at 31 December 2025 (RM Mil)	Effective Interest Rate (%)	Interest Income/ Expenses (RM Mil)	As at 31 December 2024 (RM Mil)	Effective Interest Rate (%)	Interest Income/ Expenses (RM Mil)
Interest earning assets:						
Cash and bank balances	1,180	-	104	1,304	-	30
Fund investment	8,441	3.77	310	8,627	4.16	384
Interest bearing liabilities:						
Borrowings	3,464	3.65	141	3,214	4.59	159
Lease liabilities	1,985	6.57	130	2,098	7.72	162
Other long-term liabilities	838	5.23	90	760	5.49	78

FINANCIAL REVIEW

FIVE-YEAR GROUP FINANCIAL SUMMARY

RM Mil	2025	2024	2023	2022	2021*
Consolidated Statement of Income					
Revenue	27,480	30,671	28,667	28,953	23,026
By segment:					
Olefins and Derivatives	12,176	15,401	13,732	12,929	12,465
Fertilisers and Methanol	9,552	8,667	8,501	12,850	9,341
Specialty Chemicals	5,693	6,542	6,385	3,125	-
Others	59	61	49	49	1,220
Cost of revenue	(24,552)	(25,965)	(23,882)	(20,277)	(14,447)
Gross profit	2,928	4,706	4,785	8,676	8,579
Selling and distribution expenses	(2,077)	(2,144)	(1,906)	(1,436)	(1,091)
Administration expenses	(1,330)	(1,526)	(1,394)	(1,157)	(839)
Other expenses	(1,649)	(199)	(40)	(166)	(60)
Other income	756	1,220	711	717	422
Operating (loss)/profit	(1,372)	2,057	2,156	6,634	7,011
Financing cost	(346)	(260)	(139)	(66)	(29)
Share of (loss)/profit after tax of equity-accounted associates and joint ventures	(174)	(107)	93	165	729
(Loss)/Profit before taxation	(1,892)	1,690	2,110	6,733	7,711
Tax expense	(158)	(401)	(360)	(406)	(391)
(Loss)/Profit for the year	(2,050)	1,289	1,750	6,327	7,320
(Loss)/Profit attributable to shareholders of the Company	(2,142)	1,175	1,696	6,322	7,346
Consolidated statement of financial position					
Property, plant and equipment	28,106	29,338	29,437	27,213	22,041
Cash and cash equivalents	9,621	9,931	9,268	8,888	16,390
Total assets	57,690	59,591	60,206	55,430	46,454
Borrowings	3,464	3,214	2,973	2,718	2,388
Total liabilities	20,310	19,612	18,132	15,697	11,068
Share capital	8,871	8,871	8,871	8,871	8,871
Reserves	27,144	29,686	31,544	30,207	25,980
Total equity attributable to the shareholders of the Company	36,015	38,557	40,415	39,078	34,851
Non-controlling interests	1,365	1,422	1,659	655	535
Total equity	37,380	39,979	42,074	39,733	35,386
Financial ratios (%)					
PAT margin	(7.5)	4.2	6.1	21.9	31.8
Return on equity	(5.7)	2.9	4.0	15.9	20.8
Return on assets	(3.6)	2.2	2.9	11.4	15.8
Cost over revenue	101.7	96.6	94.8	79.0	71.1
Dividend payout ratio	(11.2)	88.5	61.3	51.9	61.0
Gearing ratio	9.3	8.0	7.1	6.8	6.7
Share information					
(Loss)/Earnings per share (sen)	(27)	15	21	79	92
Dividend per share (sen)	3	13	13	41	56
Net asset per share (RM)	4.50	4.82	5.05	4.88	4.36
Closing share price (RM)	3.63	5.17	7.16	8.60	8.92
Number of ordinary shares (million)	8,000	8,000	8,000	8,000	8,000
Market capitalisation (RM million)	29,040	41,360	57,280	68,800	71,360

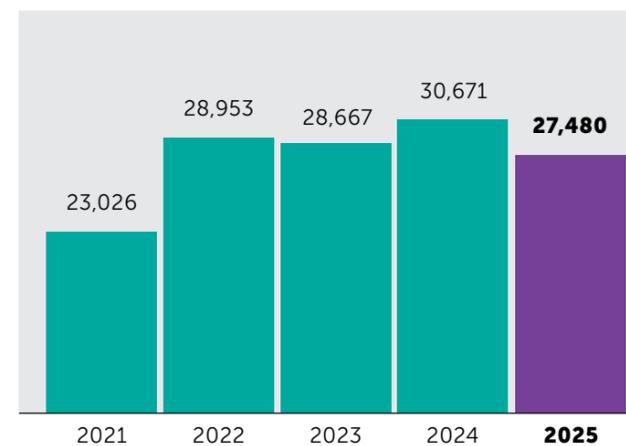
* Certain financial information and its corresponding financial ratios have been restated in line with amendments to MFRS 116 Property, Plant and Equipment.

FINANCIAL REVIEW

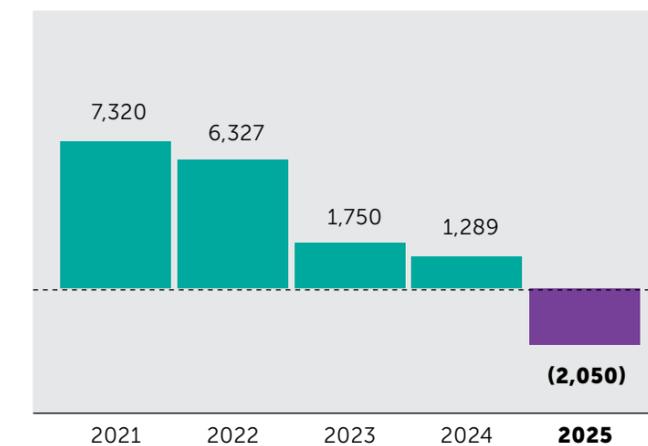
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

Profitability

Revenue (RM Mil)



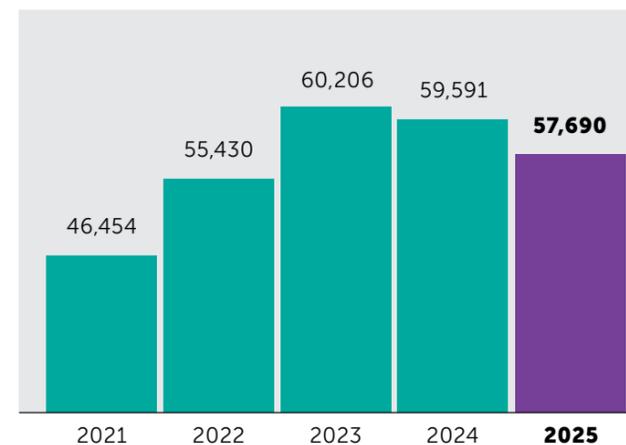
Profit/(Loss) After Tax (RM Mil)



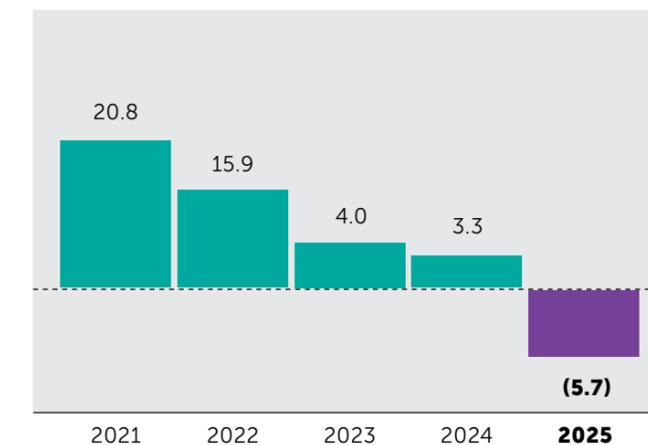
- 2021 showed significant improvement as product prices improved driven by global economic recovery and net share of profits from JVs and associates leading to the record-breaking profit generated
- Profit for 2022 decreased due to compressed margin and lower share of profits from JVs and associates following lower margins and sales volume
- Profit for 2023 declined further due to margin compression
- Profit for 2024 dropped due to lower product spreads and higher plant operations costs, depreciation and finance cost from a joint operation entity, partially offset by higher sales volume and income arising from adjustment of timing of trade payables from a joint operation entity
- Loss was reported for 2025 as compared to profit in 2024 attributable to lower spread, higher contribution from a joint operation entity, unfavourable foreign exchange, lower remeasurement gains following timing of trade payables payment and assets' impairment at Perstorp

Financial Position

Total Assets (RM Mil)



Return on Equity (%)



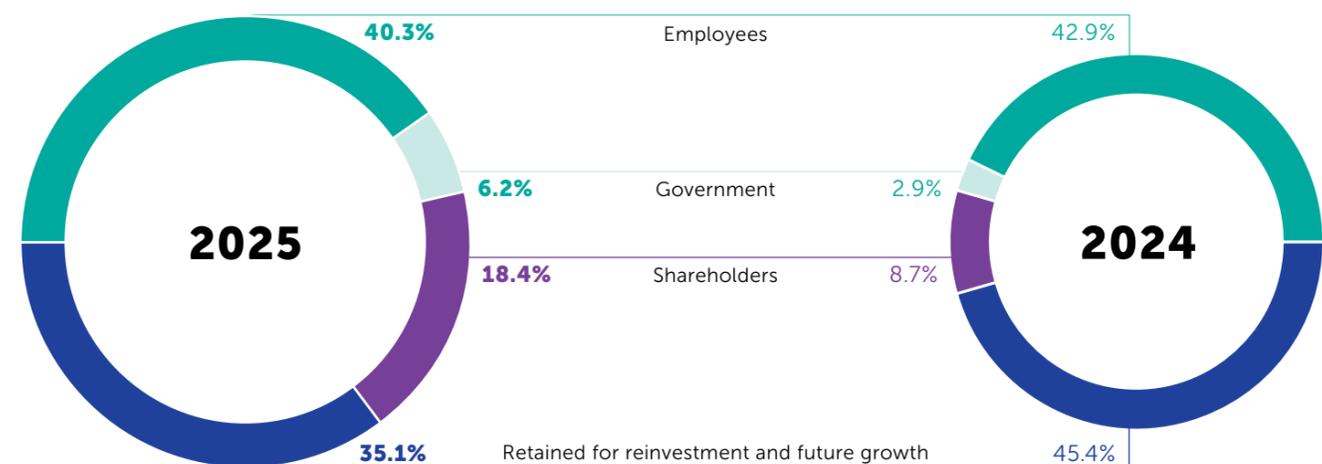
- The Group maintained strong financial position in 2021 mainly driven by higher cash and cash equivalents in line with higher profits generated, property, plant and equipment as well as investment in associates and JVs
- Total assets in 2022 increased following the acquisition of Perstorp Group
- Total assets in 2023 grew mainly from the capital investment in the petrochemicals projects within Pengerang Integrated Complex and Perstorp Group
- Total assets in 2024 were comparable at RM60.0 billion
- Total assets in 2025 decreased by RM1.9 billion mainly due to lower property, plant and equipment asset value and trade receivables in line with lower revenue

FINANCIAL REVIEW

STATEMENT ON VALUE ADDED

RM Mil	2025	2024
Revenue	27,480	30,671
Purchase of goods and services	(23,107)	(24,721)
Value added by the companies	4,373	5,950
Net other income	(893)	1,021
Financing costs	(346)	(260)
Share of loss after tax of equity-accounted associates and joint ventures	(174)	(107)
Value added available for distribution	2,960	6,604

RM Mil	2025	2024
DISTRIBUTION		
<i>Distributed to:</i>		
To employees		
Employees' costs	2,369	2,626
To government		
Taxation	158	401
To shareholders		
Dividends	480	1,200
Non-controlling interest	3	34
Retained for reinvestment and future growth		
Depreciation and amortisation	2,495	2,288
Net (reduction)/increase in retained profits	(2,534)	55
Value Distribution	2,971	6,604



SEGMENTAL REVIEW

COMMODITIES



OVERVIEW

In 2025, PCG navigated a combination of external pressures and internal operational challenges that tested resilience and operational agility across the Commodities portfolio, encompassing the O&D and F&M segments.

PCG's strategic focus on Operational Excellence and Commercial Excellence remained central in our efforts to deliver value. Our proactive approach in optimising plant maintenance, getting closer to our customers and expanding strategic sourcing has helped protect our market position.

In terms of our operational and commercial initiatives, our HSE efforts have played an important role in sustaining safe and reliable operations. We recorded zero fatality, zero major fire and zero major loss of primary containment (LOPC) during the year.

CHALLENGES & MITIGATION

For PCG, the year began with a utility supply disruption at a supplier's site in January, impacting operations at the Kertih Integrated Petrochemical Complex (KIPC). While recovery was underway, an incident at Putra Heights in April caused further disruptions, affecting multiple entities including PC Fertiliser Kedah. These challenges demanded rapid crisis management and close stakeholder engagements to mitigate the impact.

SEGMENTAL REVIEW

In response to these challenges, PCG strengthened reliability at KIPC through the Enhanced Reliability Taskforce, formed through close collaboration with our utility partner, focusing on utilities supply improvement. Plant maintenance and TA schedules were optimised to maximise production and enhance plant reliability, supported by TA deferrals. Following the Putra Heights incident, PCG successfully secured gas supply for PETRONAS Chemicals Fertiliser Sabah (PC Fertiliser Sabah) after receiving a curtailment notice in April, maintaining uninterrupted production, addressing the fertiliser shortage from PC Fertiliser Kedah, and upholding customer commitments.

In addition to external challenges, PCG faced significant internal issues when a quench tower shell leak at PETRONAS Chemicals Ethylene (PC Ethylene) in April caused an unplanned shutdown, disrupting production and downstream plants. Swift mitigation and a controlled shutdown enabled full rectification while minimising operational risk. To prevent recurrence, PCG mandated a comprehensive design review and validation of damage mechanisms. As a key lesson learned, similar preventive measures and integrity reviews were extended to PETRONAS Chemicals Olefins (PC Olefins), with further reinforcement planned during TA of PC Olefins in 2026 to strengthen corrosion management. Meanwhile, PETRONAS Chemicals Methanol (PC Methanol) strengthened their asset reliability through catalyst skimming activities, ensuring stable operations and supporting overall portfolio resilience.

PERFORMANCE HIGHLIGHTS & ACHIEVEMENTS

Our plant reliability and overall equipment effectiveness (OEE) rates improved compared with 2024, reflecting the effectiveness of our asset reliability management across facilities. Another highlight for PCG was recording significant reliability improvements at ASEAN Bintulu Fertilizer (ABF) and PETRONAS Chemicals MTBE (PC MTBE).

From a commercial perspective, PCG continues to deepen customer engagement and enhance portfolio value. PCG achieved a 5% increase in total sales volume over 2024, reaching a significant milestone of 919 KMT of externally-sourced products. Our strategic efforts continue to strengthen our regional presence, particularly in the methanol segment, where we have delivered strong results.

We prioritised customers and suppliers by backfilling system production during both planned and unplanned plant maintenance. We also intensified strategic sourcing initiatives through new trading arrangements for products such as butadiene, benzene, propylene and Technical Grade Urea (TGU) by leveraging our extensive network and strong relationships with co-producers and suppliers.

To optimise freight costs and improve asset utilisation, we expanded the time charter (TC) sublet initiative. By subletting time-chartered vessels to third parties, PCG was able to generate additional revenue streams while maintaining coverage for internal cargo needs. The main shipment route extends from China to the straits of Malacca and Singapore, covering multiple products including methanol, heavy aromatics, caustic soda, MTBE, acetic acid, methyl acetate, motor gasoline and toluene.

We also expanded our regional footprint by establishing PC Marketing (Vietnam) Company Limited to maximise local distribution and domestic growth, strengthening our foothold in one of SEA's fastest-growing markets, further fortifying our presence and reach in the region.

In parallel, we continued to perform strongly in established export markets. Since 1991, we have lifted a total of 3,320 KMT of granular urea under one of our largest strategic term arrangements in Japan and we are on track to reach the 4,000 KMT milestone by 2028.

On Growth Delivery Excellence, we achieved commercial operations and project milestones in 2025, expanding our downstream product portfolio to better serve regional customers and strengthen our position in the APAC market. We also continued to advance other development-stage projects, with additional capacities reaching Ready for Start-Up (RFSU) and new outputs expected to enter target markets by 2026.

Through innovative pricing and diversified shipping strategies, we executed our first propylene delivery to Egypt, capturing an emerging market opportunity and strengthening our global presence. We continue to engage closely with customers and enhance our value proposition by installing tankages in key markets such as China, Thailand and Indonesia to counter competition and support growth.

SEGMENTAL REVIEW

STRATEGIC PILLARS AND KPIs

OE

OPERATIONAL EXCELLENCE

KPIs

Production Volume: 10,036 KMT

Plant Utilisation: 88.2%

SUMMARY OF INITIATIVES/RESULTS

- Produced 10,036 KMT despite significant disruptions by multiple feedstock and utilities supply interruptions
- Plant reliability and overall equipment effectiveness for 2025 improved compared to 2024
- ABF improved reliability from 78.9% in 2024 to 96.2% in 2025 after addressing failures in granulator fan, syngas compressor and process gas cooler during TA
- PC MTBE improved reliability from 86.6% in 2024 to 92.2% in 2025 by resolving issues with Heat Combined Feed Exchanger and Gas Generator Compressor
- Reliability at KIPC was strengthened following a strategic review of utilities risk, leveraging the previously established Enhanced Reliability Taskforce in close collaboration with our utility partner to improve supply resilience

CE

COMMERCIAL EXCELLENCE

KPIs

Total Sales Volume: 9,935 KMT

Customer Feedback: 5.0 sigma

OFR: 93%

Net Promoter Score (NPS): +65

SUMMARY OF INITIATIVES/RESULTS

- Total Sales Volume recorded a 5% year-on-year increase compared to 2024
- Intensified strategic sourcing initiatives with regional producers for products such as methanol, butadiene, benzene and propylene, TGU and Prilled Urea
- Extended term arrangements for ammonia TC
- Intensified TC subletting initiatives to optimise freight costs and improve asset utilisation
- Supported market expansion with the establishment of a new overseas subsidiaries, PC Marketing (Vietnam) Company Limited
- Deepened customer engagement by addressing customer pain points and delivering 253 customised technical solutions, alongside two innovative solutions
- Successfully expanded market reach with first-time deliveries of propylene to Egypt and urea to Türkiye

GE

GROWTH DELIVERY EXCELLENCE

KPIs

Downstream Expansion, Growth and Maleic Anhydride Progress

SUMMARY OF INITIATIVES/RESULTS

- Achieved commercial operations for a new downstream facility in 2025, strengthening regional growth in value-added segments
- MAn project targeted for RFSU in 2026

SEGMENTAL REVIEW

SEGMENTAL REVIEW

PERFORMANCE HIGHLIGHTS & ACHIEVEMENTS

OLEFINS & DERIVATIVES

Overall Production Volume

3,537 KMT

2024: 3,644 KMT 2023: 3,365 KMT

Overall Sales Volume

3,554 KMT

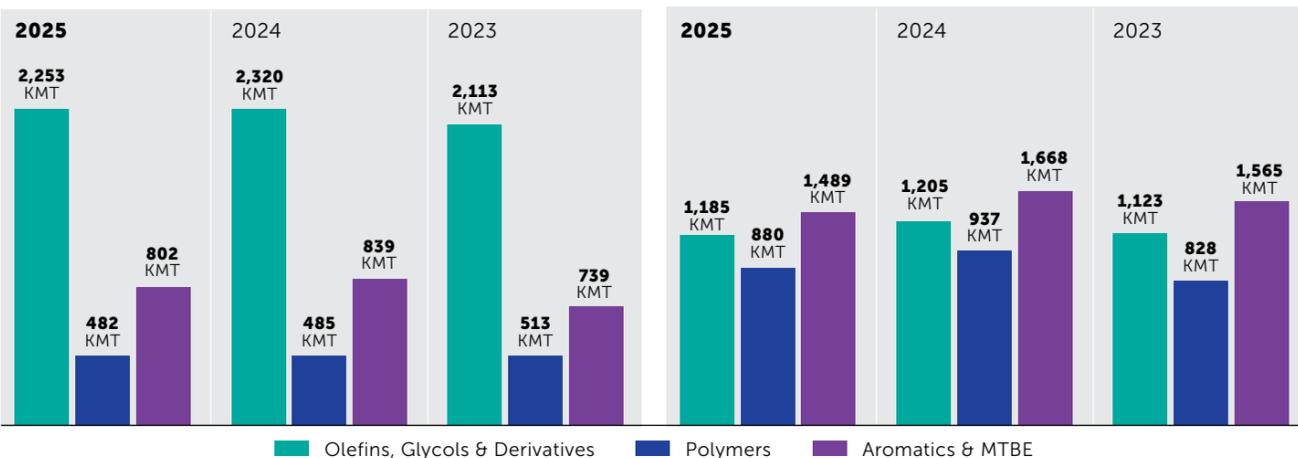
2024: 3,810 KMT 2023: 3,516 KMT

Plant Utilisation

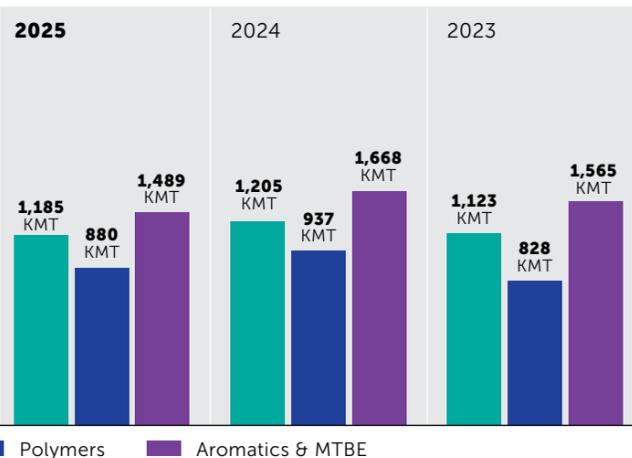
86.9%

2024: 91.2% 2023: 85.4%

PRODUCTION BREAKDOWN



SALES VOLUME BREAKDOWN



FERTILISERS & METHANOL

Overall Production Volume

6,499 KMT

2024: 6,618 KMT 2023: 6,169 KMT

Overall Sales Volume

6,381 KMT

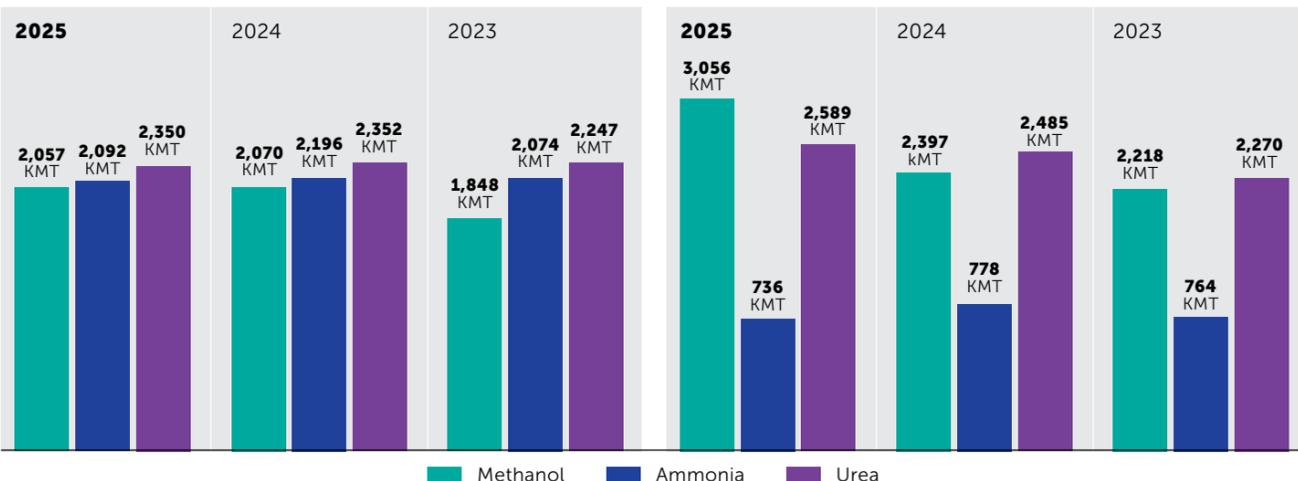
2024: 5,660 KMT 2023: 5,252 KMT

Plant Utilisation

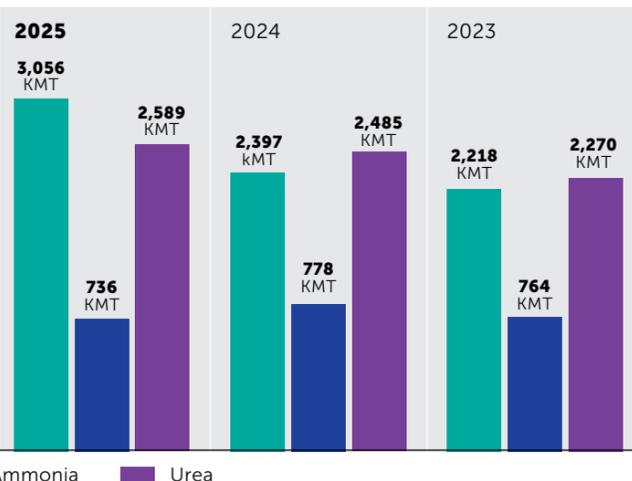
89.0%

2024: 90.3% 2023: 84.4%

PRODUCTION BREAKDOWN



SALES VOLUME BREAKDOWN



The Commodities portfolio operates in a highly dynamic and complex environment, where market conditions, supply-demand fluctuations, regulatory changes and geopolitical factors continuously influence performance. The following information provides a concise summary of the key risks and opportunities identified within this portfolio, along with the strategic actions implemented to mitigate risks and capitalise on growth prospects.

HEALTH, SAFETY AND ENVIRONMENT RISK

Exposure to unsafe working environments poses potential injury or fatality risks to our employees and contractors.

OPPORTUNITY

- Lead the implementation of HSE excellence programmes across all levels, including contractors, to maintain a safe working environment

ACTIONS TAKEN

- Enforced the Balance of Consequences through immediate local actions to strengthen accountability and compliance
- Rolled out the TAKE 2 campaign to reinforce situational awareness and risk assessment before work execution
- Strengthened Safety Leadership engagement with frontline teams to drive behavioural safety at worksites
- Enhanced early detection and response to LOPC through gas detection, site surveillance and emergency response
- Issued clear guidelines and conducted engagements with EXW transporters to reinforce duty of care and regulatory alignment

RESULTS

Recorded zero fatality, major fire and major LOPC

Recorded a total of three (3) Lost Time Injuries (LTIs) during TA activities and normal operations

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 technology
- Deliver Operational Excellence by optimising digital tools utilisation in managing plant reliability issues and improving plant efficiency

ACTIONS TAKEN

- Established Structured Reliability Conversation to embed reliability with performance measurements into daily plant meetings, weekly Plant Leadership Team meetings and monthly Reliability and Integrity Management Steering Committee meetings
- Established and continue to strengthen an expert network of technical specialists across PCG to manage disciplines, share knowledge and collaboratively develop solutions
- Integrated discipline compliance and effectiveness of Maintain Facilities Work Process

RESULTS

Addressed majority of plant threats during TA and shutdown activities

Implemented Plant Safe Smooth Shutdown and Start-up Strategy to enhance practice of start-up programme

SEGMENTAL REVIEW

FEEDSTOCK & UTILITIES RISK

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

OPPORTUNITY

- Effectively collaborate with feedstock, utilities and chemicals suppliers

ACTIONS TAKEN

- Strengthened engagement with suppliers via weekly Ethylene Chain Planning & Inventory Updates, monthly Gas Operations & Delivery Committee meetings and biannual meetings with PETRONAS Gas Berhad, in maximising feedstock availability through collaboration between PCG and feedstock suppliers up to upstream facilities
- Sustained close collaboration with local agencies to ensure uninterrupted water supply to our facilities

RESULTS

Optimised upstream feedstock nomination strategies, following utilities and feedstock disruptions during the year, to manage curtailment risks affecting Sabah and Labuan facilities, prioritising gas supply to sustain urea production during critical demand periods and ensure continuity of fertiliser supply to Malaysia's agriculture sector

Despite ongoing ethane reliability challenges, PCG continues to secure sufficient feedstock supply, averaging at 142 MT/hr

MARKET RISK

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

OPPORTUNITIES

- Strengthen customer loyalty and repeat purchases through reliable and timely product delivery
- Deepen customer engagement to better understand product expectations and evolving needs
- Collaborate closely with customers to gain insights into current market dynamics and demand trends
- Expand the customer base and access new markets through the development of innovative products

ACTIONS TAKEN

- Collaborated on product co-creation opportunities to solve customers' pain points
- Delivered customer-centric value propositions to better meet customers' needs
- Optimised sales portfolio mix and maintained high pricing excellence against market benchmark to maximise value
- Maintained competitive logistics cost through cost-to-serve optimisation initiatives

RESULTS

Continued to achieve high sales volume despite challenges amid market volatility and slow demand

Achieved 5.0 sigma on customer feedback, as per industry standard

Achieved a NPS of +65, maintained as per 2024

CONTRIBUTION TO SUSTAINABILITY

PCG strengthened its sustainability commitments through internationally recognised certifications, reinforcing alignment with global standards and regulatory expectations.

- Achieved International Sustainability & Carbon Certification (ISCC) PLUS certification, a voluntary international scheme that ensures product traceability and responsible sourcing while validating the sustainability attributes of alternative feedstocks across certified supply chains
- Obtained Roundtable on Sustainable Palm Oil (RSPO) Trader Certification, a globally recognised standard that promotes sustainable palm oil sourcing and strengthens environmental protection, social responsibility and ethical practices across the palm oil supply chain

SEGMENTAL REVIEW



OUTLOOK

Looking ahead, PCG will undertake a series of strategic TA and pitstops to ensure operational reliability and regulatory compliance. These activities are driven by turnarounds at KIPC, PC Methanol (Plant 2), ABF and PC Fertiliser Kedah, along with the PC Fertiliser Sabah shutdown resulting from the upstream integrated shutdown. Through disciplined planning and coordination, we are well prepared to manage these turnarounds effectively throughout 2026.

In terms of commercial excellence, we aim to develop a volume commercialisation for Maleic Anhydride (MAN) aligned with our Route-to-Market (RTM) strategy that has been in place ahead of plant operationalisation. To capture high netbacks while maintaining robust market coverage and operational agility across different business models, we also emphasise a balanced portfolio mix. Additionally, we will continue to ensure supply reliability to customers by backfilling system production during planned and unplanned plant maintenance.

To capture value from strategic collaborations and emerging opportunities, we look to expand into new revenue streams by scaling beyond system volume through third-party physical trading. This enables us to leverage on our opportunities by expanding our offerings with products beyond our portfolio.

Given the dynamic and competitive market environment, our operations will be optimised based on market demand. We will also focus on further improving plant efficiency while maintaining safe and reliable operations.

SEGMENTAL REVIEW

SPECIALTY CHEMICALS



OVERVIEW

Encompassing Perstorp and BRB, the SC Division offers niche solutions aligned with future industry trends. PCG continued its transformation by integrating both businesses into a cohesive operating model and focusing on four key segments: Coatings, Personal Care, Engineered Fluids and Advanced Polymer solutions, while strengthening our Silicones and Intermediates business units.

This strategy positions us closer to customers and enables targeted, value-adding solutions that support our ambition to become a global leader in SC. Despite a challenging market environment marked by soft demand, margin pressures and volatility, PCG remained resilient through disciplined cost management, asset optimisation and stronger commercial excellence to support long-term growth.

To enhance long-term value creation, PCG consolidated and integrated the division's capabilities, unlocking efficiencies, reducing costs and accelerating the delivery of innovative solutions. We established three business units, namely Specialties, Intermediates and Silicones, to adopt a more customer-centric approach. This positions us closer to end users and enables a more responsive approach to evolving market dynamics. The new structure allows faster identification of growth opportunities, more effective resource allocation and the delivery of tailored solutions that meet customer needs.

The Specialties business unit provides high value and differentiated chemical solutions for advanced applications in automotive, construction, and consumer goods. Its focus on innovation and customised products positions it as a key growth engine, enabling PCG to capture niche markets and deliver stronger margins.

The Intermediates business unit supplies essential chemical building blocks for plastics, coatings and adhesives, supporting both industrial and consumer sectors and reinforcing PCG's strong presence in the global chemical value chain.

The Silicones business unit develops versatile and durable silicone-based materials that play important roles in automotive, construction, electronics and healthcare industries, meeting a wide range of customer requirements.

Innovation remains central to our growth strategy, demonstrated by the opening of the PETRONAS Application Technology Centre in Shanghai, China. This regional hub enhances formulation development, strengthens customer collaboration and increases agility in responding to evolving market needs across Asia.

In line with our sustainability commitments, our Waspik site in the Netherlands continued to achieve zero Scope 1 and 2 emissions since 2024, while the Echt site, also in the Netherlands, reported zero Scope 1 and 2 emissions in 2025 following the transition to renewable energy. These achievements reflect our sustained progress in reducing our environmental footprint and raising sustainability standards across our operations.

As we advance these strategic initiatives, our commitment to sustainability, innovation and customer-centric solutions remains strong. Prioritising key customers and tailoring service delivery continue to be essential in providing differentiated value, strengthening loyalty and enhancing PCG's competitive advantage.

CHALLENGES & MITIGATION

Throughout 2025, SC navigated challenges from China's market oversupply, global economic uncertainty, geopolitical tensions and supply chain disruptions, which weighed on chemical demand and key downstream sectors. We also faced a slower ramp-up in our specialties business as many products remained in market validation, and continued aligning production and procurement with demand patterns to reinforce resilience. Operationally, we strengthened cost management, improved supply chain efficiency, optimised our asset footprint and enhanced production reliability to protect margins.

We advanced our commercial excellence agenda by unifying teams on a common Customer Relationship Management (CRM) platform, enabling full visibility of customer pipelines, improved cross-selling and more disciplined opportunity management. Enhanced digital marketing increased qualified leads through integrated web and content channels, supported by cost-to-lead analytics that improved campaign effectiveness. We also introduced a digital Product Carbon Footprint (PCF) calculator to strengthen value-selling by quantifying environmental and economic benefits for customers. These efforts, together with refined pricing strategies and enhanced customer segmentation, strengthened margin recovery and improved our ability to deliver targeted solutions.

Our new segment-driven operating model further improved customer access and responsiveness, enabling more effective identification of growth opportunities and deeper customer engagement despite softer demand cycles.

SEGMENTAL REVIEW

PERFORMANCE HIGHLIGHTS & ACHIEVEMENTS

We are currently undertaking our first pilot using AI/ML platforms to accelerate the development of formulations for coatings, demonstrating the power of advanced technologies in formulation.

New products launched in 2025

30

Sales Volume

844 KMT

Inaugurated the PETRONAS Application Technology Centre in Shanghai, China, strengthening regional technical support and customer engagement

Upgraded the Amsterdam ester plant post-acquisition, achieving first commercial delivery in July 2025

Won the Environmental Pioneer Award for Neptem™ emulsifiers, recognising low-VOC waterborne alkyd innovation

Launched Viscotech® Upcycled, cutting lifecycle carbon footprint by about 60% through re-refined base oils

Introduced Emfinity® Esters, expanding plant-based and biodegradable personal care solutions

SEGMENTAL REVIEW

SEGMENTAL REVIEW

STRATEGIC PILLARS AND KPIs

OE OPERATIONAL EXCELLENCE

KPIs	HSE: Achieved zero fatality, major LOPC and major fire
	Cybersecurity: Zero High and Very High Severity incidents recorded
	Cost Optimisation: RM136 million

SUMMARY OF INITIATIVES/RESULTS

- Strengthened safety culture through the inaugural division-wide implementation of Health, Safety and Care Week, with trainings and talks related to safety and culture
- Continued to provide targeted HSE support via asset integrity programmes at SC plants to promote responsible production based on HSE and compliance assessments
- Rolled out upgraded cybersecurity training modules and refresher courses to all employees

CE COMMERCIAL EXCELLENCE

KPIs	Sales Volume: 844 KMT	New Customers: 68
-------------	------------------------------	--------------------------

SUMMARY OF INITIATIVES/RESULTS

- Sales Volume in 2025 reduced by 6% compared to 2024
- Introduced a unified digitalised marketing sales funnel for both BRB and Perstorp sales teams that enables analytics-driven decision making to increase sales opportunities

GE GROWTH DELIVERY EXCELLENCE

KPIs	Expanded synthetic ester transformer fluid product range by leveraging Perstorp's agile scaling capability
	Expansion of innovative capabilities: Shanghai lab launch
	Number of new products launched: 30

SUMMARY OF INITIATIVES/RESULTS

- Broadened Engineered Fluids segment and enabled entry into high-margin markets like thermal management solutions, aligning with growing demand for sustainable, high-performance fluids
- Inaugurated the PETRONAS Application Technology Centre in Shanghai, China, to support growth in the region while being closer to customers
- The technology and innovation centre in Bangi, Malaysia is expected to be completed in 2026 and will complement our existing centres in Europe and India, supporting the co-creation of tailored and specific solutions with customers
- Neptem™ emulsifiers, a breakthrough solution enabling waterborne alkyd technology for more sustainable coatings
- Viscotech® Upcycled, industry's first low carbon footprint viscosity modifiers for automotive and industrial lubricants, supporting sustainable mobility and performance
- Emfinity® Esters launch, innovative plant-based, biodegradable and natural esters designed for personal care applications, delivering performance with sustainability, reducing reliance on fossil-based feedstocks
- Ramped up production at Perstorp's Pentaerythritol and Calcium Formate plant in Bharuch, India to meet Asia's growing demand

SPECIALTIES BUSINESS UNIT

COATING SOLUTIONS

Coating Solutions delivers sustainable building blocks and advanced additives for resin makers and formulators that support diverse applications, including alkyd paints, Ultraviolet/Electron Beam resins, PUD, intumescent coatings and silicone resins as well as additives.

HIGHLIGHT

- Introduced the Neptem™ series of alkyd emulsifiers, which enable low-VOC waterborne alkyds. These reduce solvent use and fossil fuel dependency, supporting the transition to greener, high-performance coating systems. Additionally, this innovation strengthens our position in PUD and UV resins, enhances collaborations with our silicone business, and advances sustainable technologies in waterborne solutions

ENGINEERED FLUIDS SOLUTIONS

Engineered Fluids Solutions produces high-quality synthetic base stocks and finished fluids for specialised lubricants and thermal management applications, supporting safer, more efficient and more sustainable operations across diverse industries including metalworking, environmentally acceptable lubricants, food-grade lubricants, data centres, electric mobility and green energy.

Within this segment, Lube Oil Additives & Chemicals (LAC) improves the performance of lubricants and fuels, by enhancing efficiency of vehicles and machinery in all temperatures, while extending service life and reducing fuel consumption.

HIGHLIGHTS

- Expanded synthetic ester capabilities by producing a new range of esters following the acquisition of the Amsterdam ester plant, marking Perstorp's first step in growing its synthetic ester business for specialty fluids. A new portfolio of saturated synthetic polyol esters was also launched, including Perstorp Synthetic-EF 5, Synthetic-EF 15 and Synthetic-EF 22
- Introduced POE3685X, a polyol ester lubricant that enables formulators to develop application-specific lubricants with reliable performance under demanding conditions
- Launched Viscotech® Upcycled viscosity modifiers (6640LR, 6540LR, 6073LR), formulated using high-quality re-refined base oils to deliver a 60% reduction in carbon footprint, supporting circular economy goals in the lubricants industry
- Released the Viscotech® 4- and 5-series, advanced styrenic viscosity modifiers designed for next-generation multigrade engine oils, enabling manufacturers to meet tightening performance requirements

ADVANCED POLYMER SOLUTIONS

Focused and innovative chemistry in co-polyesters and polymer additives have enabled our customers, formulators, compounders and converters to develop plastic solutions that meet the demands for increased safety, more sustainable and stronger alignment with circular economy principles.

HIGHLIGHT

- Increased awareness and credibility across the entire food packaging value chain through partnerships and co-promotional activities with machinery producers and labelling manufacturers to enable circular solutions

PERSONAL CARE SOLUTIONS

Focused on delivering science-backed solutions that enhance consumers' daily routines for a more wholesome emotional well-being. With a portfolio spanning skincare, haircare and colour cosmetics, this segment drives growth through advanced R&D innovation with nature-derived ingredients that address evolving consumer expectations around wellness, efficacy and sustainability.

HIGHLIGHTS

- During in-cosmetics Global in March 2025, we launched Emfinity CGSA 200 B and SG elastomer gels (SG 270, SG 532, SG 534). These gels deliver premium sensorial benefits, which include improved spreadability, silky feel and soft-focus effects for skincare, healthcare and cosmetics
- In November 2025 at in-cosmetics Asia in Bangkok, Thailand, we showcased our portfolio expansion with eight new Emfinity® Ester grades (PG-3DIS, GSC, CP, EHP, PTIS, GTIS, IL, DNPG) offering light textures, enhanced slip and conditioning, as well as more sustainable, biodegradable options for modern personal care formulations

SEGMENTAL REVIEW

SEGMENTAL REVIEW

INTERMEDIATES BUSINESS UNIT

- **Polyols**

A critical intermediate in the manufacturing of resins, coatings, adhesives, lubricants and polyurethanes

- **Oxo**

Mainly used as building blocks in the production of plasticisers, engineered fluids, resins and coatings, surfactants, animal nutrition and fuel additives

- **Formates**

Versatile intermediates, including sodium, potassium and calcium formates, used in de-icing, drilling fluids, leather tanning, tile adhesives, plant nutrition and feed preservation

- **Animal Nutrition**

Solutions that support gut health and performance while keeping feed nutritious and safe from enterobacteria, mycotoxins, moulds and yeasts

HIGHLIGHTS

- In 2025, Oxo reinforced its disciplined approach to portfolio optimisation and capital efficiency, ensuring sharper strategic focus and stronger returns on invested capital. This commitment led to the permanent closure of the 35kt Phthalic Anhydride facility in Nol, Sweden, as part of the ongoing rationalisation of production assets
- Relaunched ProSid™ Pellet Pro, a trusted solution for feed moisture management, with full control and stewardship under Perstorp. This reflects PCG's renewed commitment to advancing innovation in moisture management and milling optimisation

SILICONES BUSINESS UNIT

Covering markets such as personal care, construction, coating & inks, plastic & rubber composites and food & beverages

HIGHLIGHT

- Launched new portfolio BRB SW-459 and re-launched Silicone Spray Adjuvants SW-431, SW-356 and SW-739, low-viscosity silicone polyether copolymers specially engineered to improve the wetting, spreading and penetration performance of agricultural spray solutions

RISKS & OPPORTUNITIES

SC forms an integral part of PCG's broader portfolio, requiring consistent oversight to ensure optimal performance amid evolving market conditions and customer needs.

HEALTH, SAFETY AND ENVIRONMENT RISK

HSE incidents in chemical manufacturing, in particular process safety breaches such as major spills and fires, pose severe threats to people or the environment.

OPPORTUNITY

- Continuously strengthen HSE programmes at all levels to ensure preparedness and resilience

ACTIONS TAKEN

- Implemented additional tools, policies and systems to strengthen risk identification, assessment and monitoring
- Conducted audits and assessments to ensure compliance with corporate HSE standards and governance requirements
- Advanced the HSE roadmap based on audit outcomes, safety performance trends and stakeholder feedback
- Delivered targeted support to strengthen safety culture and reduce operational risks

RESULTS

Recorded zero fatality, major fire and major LOPC

Recorded a total of eight (8) LTIs during turnaround activities and normal operations

While no catastrophic events occurred a continued, continuous focus on HSE remains critical to minimise potential adverse impacts on people and the environment

MARKET RISK

- Change in customer demand or behaviour
- Geopolitical tensions and prolonged high inflation driving economic slowdown
- Increased competitors' supply from China to Europe

OPPORTUNITIES

- Strong engagement with customers enables a better understanding of product performance and formulation requirements
- Collaborations with customers provide enhanced insights evolving market and application needs
- Strong sales pipeline development across strategic segments
- Growing interest from new customers in recently launched products within strategic business areas
- Europe's Packaging and Packaging Waste Regulation (PPWR) and clarified mass balance definitions are increasing demand for sustainable product solutions

ACTIONS TAKEN

- Participated in exhibitions, hosted seminars/webinars and launched new products to keep up with dynamic market demand
- Proactively addressed market recovery while capturing strong growth for specialties
- Digitalised the sales pipeline and lead generation via website and social media channels
- Strengthened the value proposition of product offerings to attract new customers
- Rebranded selected products to align with the PPWR requirements and reinforced sustainability messaging across key stakeholders throughout the value chain

RESULTS

Launched 30 new products across coatings, personal care, engineered fluids applications

Gained 68 new customers

TALENT RISK

Inability to attract and retain key personnel, insufficient manning for business sustainability and growth projects.

OPPORTUNITY

- Develop Talent Management intervention to mitigate retention challenges

ACTION TAKEN

- Implemented an accelerated recruitment plan to hire key talents in support of business needs

RESULT

Achieved operationalisation of the PETRONAS Application Technology Centre in Shanghai, China through recruitment of experienced SC talents

SEGMENTAL REVIEW

OPERATIONAL RISK

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

OPPORTUNITY

- Effectively collaborate with feedstock, utilities and chemicals suppliers

ACTION TAKEN

- Executed site-specific continuous improvement programmes to optimise costs, raw material usage and yields, alongside strengthened supplier partnerships through collaborative performance initiatives

RESULTS

Achieved RM136 million cost savings in key areas such as direct variable, freight and raw materials costs

Secured supply continuity through flexible supplier agreements, enabling better terms as performance improved

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 embed best-practice compliance frameworks, supported by regular training for all employees to ensure compliance with laws and regulations in the locations where we operate

ACTIONS TAKEN

- Implemented mandatory e-learning modules and training programmes to raise awareness and knowledge of the PETRONAS Code of Conduct and Business Ethics (CoBE) to align with PETRONAS' standard
- Maintained active engagement with relevant regulatory councils and industry committees across its global footprint, while continuously monitoring regulatory developments across all operating sites to ensure timely readiness and effective response to evolving requirements

RESULT

Improved compliance practices in response to evolving regulatory requirements, with focused attention on critical legal areas

INNOVATION RISK

- New product development may not lead to commercially viable offerings
- Rapid technological change may render existing products or platforms obsolete
- Customer acceptance and market demand for new offerings remain uncertain

OPPORTUNITIES

- Successful product launches can expand addressable markets, strengthen competitive positioning, and generate new revenue streams
- Adoption of emerging technologies can enable new business models, improve operational efficiency, and open access to untapped customer segments

ACTIONS TAKEN

- Implemented a stage-gate review process with defined milestones, diversified the innovation portfolio and established strategic partnerships to share development costs and risks
- Allocated capital to next-generation platform development, initiated customer transition programmes and made strategic acquisitions to accelerate capability building
- Conducted extensive market research and customer testing, implemented phased rollouts, formed distribution partnerships and refined offerings based on customer feedback

RESULTS

Advanced key initiatives through development phases, strengthening the product pipeline and positioning offerings for market entry within planned timeframes

Unlocked innovative infrastructure, resulting in the development of 30 new products and improved customer retention

Established a continuous customer feedback loop to drive ongoing product enhancements and better meet evolving customer requirements

SEGMENTAL REVIEW

CONTRIBUTION TO SUSTAINABILITY

PCG continues to advance its sustainability agenda by embedding environmental responsibility into day-to-day operations across its business segments. Perstorp Waspik and BRB Echt, two SC sites, achieved zero greenhouse gas (GHG) emissions, representing key milestones in advancing low-carbon footprint production.

The Waspik site, which specialises in Animal Nutrition solutions, maintained zero Scope 1 and 2 emissions since 2024. Similarly, the Echt plant, focused on LAC solutions, eliminated its Scope 1 and 2 emissions in 2025 by transitioning to renewable energy sources. Complementing these operational achievements, we introduced a digital PCF calculator that helps customers quantify the environmental and economic benefits of lower carbon alternatives, strengthening transparent, data-driven sustainability choices.

OUTLOOK

The SC market outlook remains challenging for 2026, with continued volatility, soft demand in key regions and intensified global competition expected to influence industry performance. End markets such as construction and consumer goods are projected to recover gradually, while the automotive sector is expected to experience steadier growth driven by electrification and lightweighting trends.

Against this backdrop, PCG will continue strengthening competitiveness through innovation, operational excellence and targeted expansion in higher-growth specialty segments. A key priority will be deepening cross-synergies across our focused segments by combining complementary technologies and shared application expertise to deliver more integrated and differentiated solutions. We will also reinforce customer relationships while expanding our strategic customer base to remain relevant and capture emerging opportunities across priority end markets.



Perstorp Waspik B.V., Waspik, the Netherlands

SUSTAINABILITY REVIEW

SUSTAINABILITY & VALUE CREATION

Sustainability is integral to PCG's ability to deliver resilient performance, protect long-term value and remain competitive in a rapidly evolving environment.

As a global chemicals group with a significant manufacturing footprint, our sustainability priorities are embedded in how we manage risk, allocate capital, innovate responsibly and operate with discipline across the value chain.

In 2025, PCG continued to systematically integrate sustainability considerations into business strategy, operational planning and investment decision-making. This includes strengthening climate readiness, accelerating the transition toward lower-carbon and circular products, enhancing supply chain and human rights practices as well as reinforcing safety, governance and digital resilience across operations.

PCG's sustainability focus areas reflect the Group's material EESG matters, which are discussed in detail in the Value Creation section of this IR. This Sustainability Review provides a concise overview of progress made in 2025, supported by clear signposting to the SR where detailed disclosures, methodologies and performance data are presented.

SUSTAINABILITY AT A GLANCE

PCG made measurable progress in 2025 across its priority sustainability focus areas, underpinning long-term business resilience, operational reliability and stakeholder confidence.



For further details on performance indicators and programme level outcomes, please refer to the PCG Sustainability Report 2025.

CLIMATE AND ENERGY

Advanced the PCG's NZCE 2050 Roadmap with focus on Scope 1 and 2 reductions

Achieved approximately 100 ktCO₂e emissions reduction through energy efficiency and operational improvements

Reduced Scope 2 emissions through bundled RECs

Introduced our Sustainability Statement, strengthening clarity, consistency and decision-usefulness of our climate-related reporting

Refined Scope 3 disclosures to three material value-chain categories



PRODUCTS, CIRCULARITY AND RESOURCE EFFICIENCY

Established 2030 Targets for Resource Efficiency, setting clear long-term ambitions for hazardous waste circularity and freshwater withdrawal reduction

Achieved **88%** hazardous waste 3R rate, exceeding the 2030 target of 77%

Expanded lower-carbon and circular SC solutions

Generated more than **RM20million** from hazardous waste recovery and utilisation across multiple sites via waste-to-resource initiatives



WATER AND ENVIRONMENTAL STEWARDSHIP

Achieved **260,000 m³** freshwater reduction through targeted projects in Commodities

Reduced **400,000m³** of freshwater withdrawal through water and waste water recycling at the Stenungsund site



PEOPLE, SAFETY AND DIGITAL RESILIENCE

100% of PCG HSE Partnership Programme contractors met required HSE milestones

ZERO high or very high severity cyber incidents recorded

Broadened cybersecurity training coverage to include a wider group of employees and contractors



SUSTAINABILITY REVIEW

CLIMATE & TRANSITION READINESS

Climate change remains one of the most material considerations shaping PCG's long-term resilience, competitiveness and access to markets and capital.

As a chemicals producer operating across multiple geographies, PCG is exposed to both transition risks arising from evolving climate policies, carbon pricing and customer expectations, as well as physical risks linked to extreme weather events and changing operating conditions.

In response, PCG continues to advance its transition journey in alignment with the PETRONAS Commitment to NZCE by 2050 and PETRONAS' Energy Transition Strategy. Climate considerations are increasingly embedded into business planning, investment evaluation and operational decision-making to ensure portfolio resilience across a range of future scenarios. This includes applying internal carbon considerations as well as options to low-carbon pathways.

Recognising the growing importance of transparent, decision-useful climate-related disclosures, PCG continues to strengthen its reporting in line with evolving global sustainability standards. The Sustainability Statement on pages 70 to 109 provides a structured overview of the Group's climate-related governance, strategy, risk management and metrics, demonstrating how climate considerations are integrated into value creation and long-term business resilience.



For further details on PETRONAS' Energy Transition Strategy which guides the Group's climate and low-carbon approach, please refer to website at <https://www.petronas.com/sustainability/delivering-net-zero>.

SUSTAINABILITY REVIEW



During the year, PCG strengthened the foundations of its climate readiness by improving the quality, consistency and transparency of GHG data across operations. Reporting boundaries, methodologies and data governance processes were reviewed and enhanced to provide a more accurate tracking of progress over time, supporting informed decision-making. These efforts support greater confidence in PCG's climate disclosures and transition planning.

PCG also continues to assess climate-related risks and opportunities across its operations and value chain. Periodic assessments help identify potential transition and physical risks, inform mitigation actions and guide longer-term strategic priorities. At the same time, climate considerations are shaping portfolio evolution, including the expansion of lower-carbon, circular and energy-efficient solutions that support customer decarbonisation efforts.

Governance and oversight of climate-related matters remain firmly embedded within PCG's enterprise risk management framework, with Board and management-level oversight ensuring accountability and alignment with business strategy. Together, these efforts reflect PCG's ongoing transition toward a more resilient, lower-carbon business model, while maintaining operational reliability and value creation.

ENABLING RESILIENCE ACROSS THE VALUE CHAIN

Responsible Value Chains

PCG recognises that responsible value chain management is fundamental to sustaining long-term business performance, regulatory readiness and customer trust. As expectations around product responsibility, human rights and environmental performance continue to rise globally, PCG has continued strengthening how sustainability considerations are embedded across procurement, product development and supplier engagement.

In 2025, PCG advanced responsible product stewardship and circular economy practices across both Commodities and SC. This included the development and expansion of lower-carbon, bio-based and circular product solutions, as well as continued improvements in waste recovery, materials efficiency and lifecycle considerations. These efforts support customers' sustainability objectives while reinforcing PCG's market positioning in higher-value and future-ready segments.

PCG has also taken a significant step forward in strengthening supply chain expectations, particularly in relation to human rights. Following the adoption of the PETRONAS Supply Chain Human Rights Standard, enhanced requirements were integrated into procurement and contractor management processes, supported by supplier engagement, monitoring and compliance mechanisms. This reflects PCG's commitment to managing social and environmental risks beyond its direct operations and across the broader value chain.

 For further information on Innovation & Product Stewardship, Circular Economy, Supply Chain Management and Human Rights, please refer to pages 33 to 37, 38 to 41, 42 to 43 and 53 to 55 respectively, of the PCG Sustainability Report 2025.

People, Safety and Digital Resilience

Our people remain central to our ability to operate safely, reliably and competitively. In 2025, the Group continued to reinforce a strong safety culture, build workforce capability and support employee well-being across its diverse operational footprint.

Underpinning our safety commitment is our Generative HSE Culture, where we continue to focus on zero fatalities and zero major incidents. Proactive risk identification, leadership engagement, contractor integration and structured assurance processes supported consistent application of safety standards across operations.

In parallel, PCG strengthened digital resilience as an enabler of operational continuity and risk management. Ongoing investments in cybersecurity controls, workforce awareness and governance across Information Technology (IT) and Operational Technology (OT) environments helped safeguard critical systems and data while supporting digitalisation initiatives across manufacturing and business processes.

PCG also continued investing in talent development, well-being and community engagement, recognising that a capable, engaged and resilient workforce contributes directly to long-term organisational performance and social licence to operate.

 For further details on PCG's Cybersecurity & Digitalisation, Safety & Health, Talent Management & Well-being and Community Engagement, please refer to pages 44 to 45, 46 to 49, 50 to 52 and 56 to 61 respectively, of the PCG Sustainability Report 2025.

Governance and Oversight

Strong governance underpins PCG's approach to sustainability, risk management and ethical conduct. Oversight of sustainability-related matters is embedded within the Group's broader governance framework, with clear roles and responsibilities at Board and Management levels.

The Board and relevant committees continued to oversee key sustainability risks and opportunities, including climate readiness, operational safety, integrity and regulatory compliance. Management-level committees and functional governance structures supported effective implementation, monitoring and assurance across the organisation.

PCG maintained a strong focus on ethics and integrity, supported by established policies, training and compliance mechanisms. Continuous assurance processes, internal controls and transparent reporting help reinforce accountability and sustain stakeholder confidence.

 For further details on governance and ethics-related disclosures, please refer to the Corporate Governance section on pages 62 to 63 of the PCG Sustainability Report 2025.

SUSTAINABILITY REVIEW

WHERE TO FIND
MORE INFORMATION

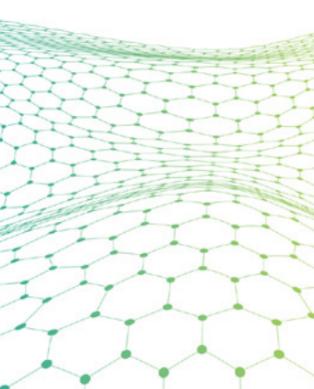
This Sustainability Review should be read together with the following:

 **PCG Sustainability Report 2025** for detailed policies, programmes, performance data and case studies

 **Sustainability Statement section of this Integrated Report** for sustainability and climate governance, strategy, risk management as well as metrics and targets

 **Value Creation section of this Integrated Report** for material matters and value creation narrative

Together, these disclosures provide a complete and integrated view of how sustainability supports PCG's long-term resilience and value creation.



SUSTAINABILITY REVIEW

SUSTAINABILITY REVIEW

SUSTAINABILITY STATEMENT

BASIS OF PREPARATION AND PRESENTATION

This Sustainability Statement (Statement) constitutes PCG's climate-related disclosures that have been prepared in accordance with the IFRS Sustainability Disclosure Standards, as adopted under the Bursa Malaysia Main Market Listing Requirements.

This Statement has been prepared to comply with the National Sustainability Reporting Framework (NSRF) requirements for listed issuers, including the application of International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards; IFRS S2 Climate-related Disclosures (IFRS S2). It is intended to be disclosed with the Group's Audited Financial Statements and should be read in conjunction with PCG's Sustainability Report 2025 (SR).

This Statement is designed to enhance transparency, comparability and decision-usefulness of climate-related financial information for investors and other stakeholders. Where relevant, disclosures have been prepared taking into consideration applicable local regulatory requirements and governance frameworks under PETRONAS.

This Statement complements the consolidated financial statements by providing context to climate-related factors that may reasonably be expected to affect PCG's financial position, financial performance and future cash flows.

First-Time Adoption of IFRS Sustainability Disclosure Standards and Transition Reliefs

The 2025 reporting year represents the first annual reporting period in which PCG applies the IFRS Sustainability Disclosure Standards, specifically IFRS S2. In preparing these disclosures, PCG has applied the additional transitional reliefs (ATRs) as provided by the Main Market Listing Requirements for issuers listed on the Main Market of Bursa Malaysia to support a phased and robust implementation.

PCG has applied the following transition reliefs and ATRs, where applicable:

- Comparative information is not required for new metrics that have not been previously disclosed in prior reporting periods
- Permitted to disclose information only on climate-related risks and opportunities (in accordance with IFRS S2 Climate-related Disclosures) and consequently apply the requirements of IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information only insofar as they relate to the disclosure of information on climate-related risks and opportunities for two (2) years
- Only selected material Scope 3 categories are disclosed where data quality, availability and methodology robustness are assessed to be sufficiently mature to support quantitative reporting

The use of transition reliefs does not affect PCG's commitment to transparency or the ongoing enhancement of climate-related disclosures. Where applicable, the proportionality mechanisms of the standards were also adopted, allowing companies to use reasonably available information without incurring undue cost or effort and to apply an approach compatible with their skills, capabilities and resources.

Regulatory and Framework Alignment

PCG's climate-related disclosures are developed in compliance with applicable regulatory requirements for listed issuers and to align with recognised sustainability reporting frameworks relevant to the Group's operations.

National Sustainability Reporting Framework (NSRF)

The Statement supports PCG's alignment with the NSRF, particularly in relation to climate-related disclosures. The structure and content is designed to provide clear visibility of how climate considerations are embedded across governance, strategy, risk management, metrics and targets, consistent with NSRF expectations.

Detailed climate-related disclosures are presented in this Statement to complement the high-level sustainability narrative and performance highlights disclosed in PCG's SR. This Statement forms part of PCG's broader sustainability reporting suite and is intended to support consistency and comparability of disclosures under the NSRF.

In preparing these climate-related disclosures, PCG has considered the applicability of relevant disclosure topics and metrics set out in the Sustainability Accounting Standards Board (SASB) Standards for the chemicals industry. SASB-related disclosures are presented in the relevant sections of this Statement, with cross-references applied for quantitative metrics disclosed elsewhere.

Relationship with Other PCG Reports

This Statement should be read together with PCG's SR 2025. The documents are designed to be complementary and collectively address PCG's sustainability and climate-related reporting obligations under the NSRF. Information on:

- Strategic context, sustainability priorities and progress updates are summarised in the SR 2025
- Material sustainability considerations, value creation impacts and financial connectivity are presented within this Statement
- Detailed climate-related processes, data methodologies, metrics and assumptions are consolidated within this Statement to support technical transparency and regulatory alignment

Structure of this Statement

Consistent with IFRS S2, this Statement is organised around the four core pillars:

- Governance, for oversight, accountability and management structures
- Strategy, for climate-related risks and opportunities, and their financial implications
- Risk Management, for processes in identifying, assessing and managing risks
- Metrics and Targets, for performance indicators, emissions data and transition objectives

This structure supports comparability, traceability and alignment with regulatory expectations, while avoiding duplication of narrative content presented in other PCG reports.

Together, these documents provide a cohesive and proportionate set of climate-related disclosures that balance accessibility for general stakeholders with the depth required by regulators, investors and assurance providers.

External Assurance

Selected sustainability indicators (SSI) for the financial year ended 31 December 2025 listed below have been subjected to independent limited assurance by an external assurance provider on whether the SSI have been prepared in accordance with PCG Basis of Calculation as set out in Appendix 1:

- Scope 1 Greenhouse Gas (GHG) Emissions
- Scope 2 GHG Emissions (location-based)
- Scope 2 GHG Emissions (market-based)
- Total Energy Consumption (within the organisation)
- Freshwater Withdrawal

The boundary of the limited assurance for the above indicators covers PETRONAS Chemicals Ammonia Sdn. Bhd., PETRONAS Chemicals Aromatics Sdn. Bhd., PETRONAS Chemicals Derivatives Sdn. Bhd., PETRONAS Chemicals Fertiliser Kedah Sdn. Bhd., PETRONAS Chemicals Glycols Sdn. Bhd., PETRONAS Chemicals LDPE Sdn. Bhd., PETRONAS Chemicals Methanol Sdn. Bhd., PETRONAS Chemicals MTBE Sdn. Bhd., PETRONAS Chemicals Olefins Sdn. Bhd., PETRONAS Chemicals Polyethylene Sdn. Bhd., PETRONAS Chemicals Ethylene Sdn. Bhd., PETRONAS Chemicals Fertiliser Sabah Sdn. Bhd., ASEAN Bintulu Fertilizer Sdn. Bhd., Perstorp Holding AB and its subsidiaries and Da Vinci Group B.V and its subsidiaries.

Conclusion by the external assurance provider

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Selected Sustainability Indicators for the financial year ended 31 December 2025 presented are not prepared, in all material respects, in accordance with the PCG's definition and calculation methodologies.

The PCG's definition and calculation methodologies are set out in this Sustainability Statement.

The Independent Limited Assurance Report which will be included in the PCG Sustainability Report 2025, to be published at a later date.

SUSTAINABILITY REVIEW

REPORTING BOUNDARY

This Statement is prepared for PETRONAS Chemicals Group Berhad and its subsidiaries, with connectivity to the Group's consolidated financial statements. For the purposes of this Statement, the reporting boundary reflects entities and arrangements within PCG's operational control for climate reporting, and is applied consistently across governance, strategy, risk management, metrics and targets, unless otherwise stated. This approach supports coherent, comparable and decision-useful disclosures while reflecting the current scope of PCG's sustainability reporting systems and processes.

Organisational Boundary

The organisational boundary includes PETRONAS Chemicals Group Berhad and its subsidiaries over which the Group has operational control during the reporting period.

While the Group's consolidated financial statements are prepared in accordance with applicable financial reporting standards, the organisational boundary applied for this Statement differs slightly from the financial consolidation boundary. Specifically, Pengerang Petrochemical Company Sdn. Bhd., included within the Group's financial consolidation scope, is excluded from this Statement due to the application of a defined sustainability reporting boundary, taking into account joint-venture structure considerations.

Where relevant, disclosures distinguish between domestic and international operations to reflect differences in operating contexts, regulatory environments and exposure to climate-related risks and opportunities.

Operational Boundary for GHG Emissions

GHG emissions are measured using an operational control approach in accordance with the Greenhouse Gas Protocol.

GHG emissions disclosures include:

- Scope 1 emissions: Direct emissions from sources owned or controlled by PCG, including fuel combustion and process-related emissions
- Scope 2 emissions: Indirect emissions from the generation of purchased electricity, steam and other energy sources, reported using both location-based and market-based methodologies
- Scope 3 emissions: Other indirect emissions across the value chain. For the current reporting cycle, Scope 3 disclosures focus on selected categories in line with applicable reliefs and data maturity, with further expansion planned as data maturity improves

The operational boundary reflects information available through PCG's current systems, processes and governance structures, and will continue to be refined over time to support enhanced disclosure depth and accuracy.

Boundary Considerations and Limitations

In preparing these disclosures, PCG has applied professional judgement in determining the scope, depth and level of detail of information included, taking into account data availability, system readiness and reporting maturity. Certain climate-related disclosures, including elements of Scope 3 emissions and financial effects of climate-related risks and opportunities, remain subject to ongoing enhancement as methodologies, data quality and internal capabilities continue to evolve.

Where applicable, transition reliefs under IFRS Sustainability Disclosure Standards have been applied and are disclosed in Basis of Preparation and Presentation.

JUDGEMENTS AND MEASUREMENT UNCERTAINTIES

Key Judgements Applied

Within this Statement, PCG applies judgement in determining material topics, selecting appropriate methodologies and presenting and climate-related financial information. These judgements are applied in accordance with the IFRS Sustainability Disclosure Standards and are based on reasonable and supportable information available at the reporting date.

Key areas requiring judgement include:

- **Materiality Process**

Management applied significant judgement to identify the climate-related risks and opportunities that could reasonably be expected to affect the PCG's prospects, as well as the material information related to those risks and opportunities. The process followed by the PCG in making the assessment of what information could reasonably impact the PCG's financial prospects and influence decisions of primary users is set out in the Climate-Related Risks and Opportunities chapter of this Statement.

- **Calculation Methods for GHG Emissions**

Judgement is exercised in selecting appropriate GHG accounting methodologies, emission factors and data sources. This includes the use of estimates where direct measurement is not available. Methodologies are applied consistently and are aligned with the Greenhouse Gas Protocol and relevant PETRONAS Technical Standards.

- **Climate-Related Risks and Opportunities Assessment**

Judgement is applied in identifying and assessing climate-related risks and opportunities, including:

- Selection of climate scenarios and time horizons
- Interpretation of model outputs
- Assessment of the relevance, likelihood and severity of physical and transition risks
- Identification of potential climate-related opportunities

Measurement Uncertainties

Measurement uncertainty arises from the inherent limitations in data availability, modelling assumptions and forward-looking estimates used in climate-related disclosures. PCG seeks to reduce uncertainty through the application of standardised methodologies, internal controls and ongoing data quality improvements.

Key sources of measurement uncertainty include:

- **Physical and Transition Risk-Related Financial Effects**

Assessment of anticipated financial effects from physical and transition climate risks involves uncertainty due to:

- Forward-looking nature of climate scenarios
- Policy and regulatory developments
- Technology readiness
- Market responses

These factors may affect the magnitude and timing of potential impacts on asset values, operating costs, capital expenditure and cash flows.

- **GHG-Related Metrics**

Uncertainty in GHG metrics may arise from:

- Estimation techniques where direct measurement is not feasible
- Variability in emission factors
- Metering accuracy
- Data completeness across facilities

An uncertainty assessment of Scope 1 and Scope 2 GHG emissions was conducted as part of a broader enhancement initiative, applying a robust and defensible approach aligned with internationally recognised standards.

SUSTAINABILITY REVIEW

SUSTAINABILITY REVIEW

SUSTAINABILITY AND CLIMATE GOVERNANCE

Oversight and Role of The Governance Body on Sustainability and Climate Matters

PCG's sustainability and climate governance framework is designed to promote disciplined, transparent and strategically informed decision-making across the Group. Governance structures are established to ensure that sustainability and climate-related considerations are embedded in corporate strategy, capital allocation, enterprise risk management and operational planning.

The Board of Directors (the Board) retains ultimate oversight and accountability for sustainability and climate-related matters. The Board, together with Management, provides direction, oversight and challenge to ensure that strategic priorities, transition ambitions and risk management approaches remain aligned with the Group's long-term resilience and value creation objectives. Sustainability oversight is integrated within existing governance structures and is not treated as a standalone compliance function.

Through clearly defined roles and reporting lines, PCG's governance model supports effective escalation, monitoring and execution of sustainability and climate initiatives across operating segments and corporate functions.

**Roles and Responsibilities****Board of Directors**

- Provides top-level leadership and direction, embedding sustainability and climate considerations into PCG's strategic priorities, values and decision-making
- Reviews, steers and approves PCG's sustainability targets, priorities and strategy, including through Board Strategic Conversations
- Oversees implementation and resource allocation, ensuring the Sustainability Agenda is executed through annual business plans and budgets

Board Sustainability and Risk Committee

- Oversees sustainability and climate-related risks and opportunities, including the review and endorsement of the Corporate Risk Profile (CRP), target setting, major project considerations and progress on PCG's Net Zero Carbon Emissions (NZCE) 2050 Roadmap
- Reviews quarterly performance and endorses key disclosures, including the SR and assurance of selected non-financial indicators

Sustainability and Risk Management Committee

- The MD/CEO leads sustainability-related decisions, supported by the Sustainability and Risk Management Committee (SRMC), which brings together Management Committee members across key divisions
- Reviews risks and opportunities at enterprise and portfolio levels, endorses sustainability and monitors performance quarterly, providing intervention where required
- Oversees PCG's NZCE 2050 Roadmap implementation and climate-related responsibilities, including cascading GHG targets to operating units and integrating carbon assessments and pricing into investment decisions
- Enhances the CRP, improving coverage of sustainability-related risks and alignment with material matters and emerging IFRS S1 and S2 expectations

Sustainable Development Steering Committee

- Provides strategic direction by shaping PCG's sustainability strategy, determining material topics, setting objectives and action and aligning enterprise priorities to support long-term value creation and transition ambitions
- Convenes quarterly to review progress, recommend performance and corrective actions and steer task forces as well as enterprise-wide sustainability initiatives to ensure effective execution across the business

NZCE Taskforce

Drives execution of PCG's NZCE 2050 Roadmap, expanding the decarbonisation pipeline, implementing renewable strategies and managing emissions from growth

Reporting and Disclosure Taskforce

Defines the reporting strategy and roadmap, prioritises sustainability disclosures, monitors emerging requirements and ensures the integrity and accuracy of sustainability and climate-related disclosures through coordinated reporting processes

Circular Economy Taskforce

Leads the implementation of PCG's resource efficiency and circular economy approach, driving the transition toward optimised resource use, circular products and solutions and operational practices

Key Board Oversight in 2025

In line with IFRS Sustainability Disclosure Standards, the Board maintained active oversight of sustainability and climate-related matters during the reporting year, ensuring that strategic positions, transition commitments and risk management approaches remained aligned with PCG's long-term resilience and decarbonisation ambitions. The matters summarised below reflect formal Board deliberations and approvals undertaken throughout the year.

In 2025, the Board reviewed and approved key sustainability positions to guide PCG's long-term strategy and operational priorities. These included the adoption of the PETRONAS Position on Nature and Biodiversity directive, strengthening the Group's approach to managing nature-related risks and impacts, as well as the approval of PCG's Resource Efficiency position to reinforce alignment with circular economy principles and environmental stewardship objectives. Collectively, these decisions provide clearer strategic direction and governance oversight for sustainability matters across the Group. The Board also exercised active oversight of PCG's climate transition agenda, including the adoption of the PETRONAS commitment to NZCE by 2050. The Board Sustainability and Risk Committee (BSRC) reviewed PCG's climate risk status and management approach, assessed progress against emissions reduction targets and evaluated additional measures to support execution. These deliberations demonstrate disciplined oversight, performance monitoring and accountability in advancing PCG's climate-related objectives.

For more information on our Key Board Decisions, please refer to the Corporate Governance Overview Statement of the PCG Integrated Report 2025.

Trade-offs and Strategic Judgement

In overseeing sustainability risks and opportunities, the Board and management committees routinely consider trade-offs between financial viability, operational continuity, stakeholder expectations and long-term value resilience.

For climate-specific matters, trade-offs are assessed in the context of decarbonisation sequencing, renewable energy adoption, electrification, carbon pricing exposure and asset-level decarbonisation options. Management evaluates short-term investment requirements against longer-term risk mitigation, including potential future carbon liabilities, regulatory exposure and competitiveness considerations.

These deliberations are conducted through periodic Board Strategic Conversations on Sustainability and embedded within the BSRC, ensuring that sustainability and climate-related trade-offs are considered within strategic planning, capital allocation and enterprise risk management processes.

Impact of Sustainability on Remuneration Policies

Sustainability and climate-related performance considerations are integrated into executive and senior management evaluation and remuneration frameworks to reinforce accountability and alignment with long-term objectives.

Integration of Sustainability and Climate KPIs

The MD/CEO and Senior Management are assigned sustainability and climate-related Key Performance Indicators (KPIs) aligned with strategic objectives and annual performance priorities. These KPIs are cascaded across the organisation to strengthen consistency and execution discipline.

Sustainability and climate-related performance targets incorporated into performance assessments include:

- Annual GHG emissions performance
- Overall Environmental, Social and Governance (ESG) performance indicators

SUSTAINABILITY REVIEW

Linkage to Variable Remuneration

Performance against sustainability and climate-related KPIs is incorporated into management performance evaluations and directly linked to variable remuneration outcomes. Sustainability and climate-related performance indicators account for an average of 5% of overall performance evaluation, with higher weightings applied to selected members of management, reflecting the nature of their roles and responsibilities in driving delivery of strategic sustainability initiatives, aligned with longer-term goals.

This remuneration linkage reinforces accountability for sustainability execution, supports alignment between strategic ambition and operational delivery.

Skills and Capabilities

Effective oversight of sustainability and climate-related matters requires appropriate skills, experience and access to relevant expertise at both Board and management levels. PCG's governance approach recognises that sustainability oversight is not solely structural, but capability-driven.

The Board Effectiveness Evaluation includes sustainability and climate-related governance as a standalone assessment area, ensuring that the Board's oversight, skills and capabilities in managing sustainability and climate-related risks and opportunities are regularly reviewed.

Board Skills and Experience

The Board collectively possesses experience across industry operations, capital allocation, risk management, regulatory compliance and sustainability and climate-related matters relevant to PCG's business model and transition context. In line with good governance practices, the Board periodically reviews its composition and capability profile to ensure alignment with emerging sustainability and climate-related risks and opportunities. Capability building and training on sustainability and climate related topics are identified and managed via the Board Remuneration Committee.

A Board skills matrix is presented to provide transparency on competencies across areas including:

- Industry background (Oil & Gas, Petrochemical)
- International and regional experience
- Functional expertise (engineering, operations, finance, risk management, strategy, sustainability, technology, human resources and project management)

Management Capabilities

At Management level, sustainability oversight is supported by structured governance arrangements and cross-functional expertise spanning operations, risk management, finance, technology and strategy. Dedicated sustainability and climate functions coordinate implementation of transition initiatives, emissions management, scenario analysis and disclosure processes.

Capability development is reinforced through:

- Technical training and certification programmes
- Cross-functional sustainability taskforces
- Ongoing strengthening of internal governance and reporting capabilities

This model ensures that oversight is supported by operational expertise and that sustainability and climate-related matters are managed with appropriate technical depth.

SUSTAINABILITY REVIEW

CLIMATE-RELATED RISKS AND OPPORTUNITIES

PCG Business Model and Strategic Context

PCG operates as an integrated chemicals group spanning Commodities and Specialty Chemicals (SC) portfolios supported by manufacturing assets, logistics infrastructure and downstream customer relationships across multiple geographies. Value creation is underpinned by reliable access to energy and feedstocks, capital-intensive manufacturing processes, efficient operations and the ability to serve customers in regulated and increasingly sustainability-driven markets.

PCG's portfolio comprises two complementary segments with distinct market dynamics and sustainability considerations. The Commodities portfolio is characterised by large-scale, energy- and feedstock-intensive production, where competitiveness is closely linked to operational efficiency, cost discipline and carbon intensity management. The SC portfolio focuses on higher-value, application-driven solutions, where differentiation is supported by innovation, customer collaboration and the ability to develop sustainability-enabled products aligned with evolving regulatory and end-market expectations. Together, these portfolios shape PCG's exposure to sustainability and climate-related drivers and inform portfolio strategy and capital allocation priorities.

PCG's value chain is exposed to sustainability and climate-related factors across upstream inputs, on-site operations, logistics networks and downstream product use. Energy availability and pricing, carbon regulation, physical climate hazards and customer decarbonisation expectations influence operating costs, asset performance, investment decisions and portfolio competitiveness. Accordingly, sustainability and climate-related risks and opportunities are integrated into capital allocation, strategic planning and portfolio positioning across short-, medium- and long-term horizons.

This business model context provides the foundation for assessing how climate-related risks and opportunities may affect PCG's strategy, resilience and long-term value creation.

For more information on our business model and operations, refer to the Segmental Review of the PCG Integrated Report 2025.

Strategic Planning Time Horizons

PCG considers what the impact of climate might be over time horizons that align with our business planning cycles and long-term transformation pathway. Each horizon reflects a distinct set of risks, opportunities and strategic responses that help us navigate a rapidly evolving climate landscape.

SHORT-TERM (BY 2026)

Aligned with the Group's annual planning and budgeting cycles, the short-term horizon addresses climate-related risks and opportunities with near-term operational, commercial and cost impacts.

This includes regulatory and carbon policy developments, and their implications for competitiveness, supply chains and operating costs.

MEDIUM-TERM (BY 2030)

Aligned with the Group's rolling business plans and strategic investment cycles, the medium-term horizon considers climate-related risks and opportunities that may affect capital allocation, asset performance and strategic positioning.

This horizon incorporates planned decarbonisation initiatives, as well as evolving market, technology and carbon pricing dynamics.

LONG-TERM (BY 2050)

Aligned with PETRONAS NZCE 2050, the long-term horizon assesses climate-related risks and opportunities that may impact the long-term resilience and viability of the business model.

Considerations include structural shifts in energy and chemical markets, large-scale adoption of low-carbon technologies, and evolving policy, regulatory and infrastructure requirements.

SUSTAINABILITY REVIEW

Materiality under IFRS Sustainability Disclosure Standards

PCG applies the concept of material information consistent with IFRS Sustainability Disclosure Standards. Information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence decisions of primary users of general-purpose financial reports. Accordingly, PCG assesses materiality based on whether sustainability- and climate-related risks and opportunities could reasonably be expected to affect the PCG's prospects over the short-, medium- or long-term.

For transition risks and opportunities, PCG identifies a broad set of climate transition drivers across policy and regulation, technology, markets and reputation, informed by scenario-based analysis.

For physical climate risks and opportunities, PCG conducts forward-looking, asset-level assessments of relevant climate hazards using defined scenarios and time horizons.

Only climate-related risks and opportunities that could reasonably be expected to affect PCG's cash flows, access to financing or cost of capital that is expected to affect PCG's prospects are disclosed in this report. PCG assessed these risks and opportunities based on their likelihood of occurrence and magnitude of financial impact, should the event occur.

For risks and opportunities that relate to uncertain future events or those that cannot be determined quantitatively, a range of possible outcomes was considered, and likelihood ratings were assigned accordingly. Where similar events have occurred previously, a higher likelihood was assigned to the possibility of recurrence. The assessment results were mapped on a risk and opportunity matrix, and items with relatively higher likelihood and/or financial impact were prioritised for disclosure.

Climate Strategy

PCG's climate strategy is guided by PCG's NZCE 2050 Roadmap approved in 2021 and supports the PETRONAS commitment to NZCE by 2050. A key component of PCG's climate strategy is the climate transition pathway, reflecting management's current assessment of how PCG may progress its decarbonisation ambitions while strengthening long-term portfolio resilience in a carbon-constrained economy. It outlines potential actions, sequencing considerations, investment priorities and key dependencies to support delivery of PCG's NZCE 2050 ambition. The approach emphasises value-accretive and preventive measures aimed at reducing overall transition costs while maintaining long-term competitiveness.

Climate Transition Path

Plan Scope and Boundaries

PCG's climate transition path applies to PCG's operations measured under an operational control approach for GHG reporting and is aligned with the reporting boundaries used in this Statement. The planning is developed within the strategic time horizons described above and reflects the management's current assessment of potential actions, investment considerations and governance arrangements across the short-, medium- and long-term. The transition plan remains subject to ongoing refinement and governance review.

Baseline

PCG uses 2019 as the base year for tracking progress against its Scope 1 and Scope 2 decarbonisation targets, providing a consistent reference point for evaluating emissions reductions over time. The baseline was recalculated following the acquisition of Perstorp in 2022 and emissions restatements in 2024 arising from improved calculation methodologies that exceeded the Group's 5% comparability threshold.

PCG's baseline emissions for Scope 1 and Scope 2 were 8.24 million tonnes of carbon dioxide equivalent (tCO₂e). These revised baseline values apply to PCG's consolidated operations measured using an operational control approach, consistent with the Group's GHG reporting boundary.

Targets

PCG has set an absolute gross GHG emissions reduction target in line with its NZCE 2050 Roadmap. The target covers total Scope 1 and Scope 2 emissions, reflecting a commitment to reducing operational emissions. Progress toward PETRONAS commitment to NZCE by 2050 is tracked against a 2019 baseline. Interim targets are not included in this reporting cycle.

Decarbonisation Levers

PCG's climate transition pathway is guided by the decarbonisation lever hierarchy set out in the PCG NZCE 2050 Roadmap. The levers are sequenced to prioritise emissions reductions delivered through operational actions and energy choices before progressing to more capital-intensive asset decarbonisation solutions, with carbon offsets considered only for residual emissions that cannot be eliminated through feasible gross reductions. This sequencing reflects differences in technical readiness, feasibility and enabling conditions across assets and geographies and supports a measured, disciplined transition pathway.

SUSTAINABILITY REVIEW

Preventive measures are embedded into routine investment, replacement and design decisions. These include the preferential adoption of higher-efficiency equipment, electrification as the default option for asset replacement where feasible and engineering choices informed by forward-looking transition and temperature assumptions. In parallel, PCG seeks to capture co-benefits beyond emissions reduction, including water intensity improvements from electrification and opportunities for heat integration and operational synergies with neighbouring facilities. Quantified emissions contributions by lever are being refined and not disclosed in this reporting cycle; disclosures will be enhanced as transition planning and data maturity increase.

PCG's NZCE 2050 Roadmap Decarbonisation Levers

Growth	Operational Optimisation	Switching to Renewables	Asset Decarbonisation	Carbon Offset
	Baseline (2019) Emissions			
	<ul style="list-style-type: none"> Flare reduction Energy efficiency 	<ul style="list-style-type: none"> On-site solar power Renewable energy purchase Electrification 	<ul style="list-style-type: none"> Carbon Capture, Utilisation and Storage (CCUS) Low-carbon processes 	<ul style="list-style-type: none"> Carbon removal via nature-based solutions
Level 1: Operational Optimisation				
<p>PCG prioritises near-term emissions reductions through operational optimisation, focusing on flare and vent reduction and energy efficiency improvements largely within operational control. Measures include improved operating practices to minimise flaring of hydrocarbon off-gases, efficiency upgrades to motors and steam turbines and optimisation of fired equipment. These initiatives have been implemented and expanded across selected sites and continue to provide foundational emissions reductions while supporting safe and reliable operations.</p>				
Level 2: Switching to Renewables				
<p>Transition planning includes switching to lower-carbon electricity through renewable electricity procurement and, where feasible, on-site solar generation. Electrification is pursued as an enabling measure for energy-intensive systems where technically and commercially viable, reducing reliance on fossil-based energy and increasing the potential to utilise lower-carbon electricity over time. Progress to date has been concentrated at selected sites, with further opportunities assessed on a case-by-case basis.</p>				
Level 3: Asset Decarbonisation				
<p>PCG evaluates asset-level decarbonisation options such as CCUS and low-carbon process pathways to address emissions that cannot be reduced through operational optimisation or renewable switching alone. These options are progressed through staged feasibility assessments, reflecting dependencies on technology readiness, carbon transport and storage infrastructure, policy support and cost trajectories. Recent work includes catalyst improvements, post-combustion CCUS feasibility studies and hydrogen firing assessments.</p>				
Level 4: Carbon Offsets				
<p>Consistent with PCG's stated approach, carbon offsets are recognised in principle but are not positioned as a primary decarbonisation lever. Should offsets be utilised in the future, they would be applied only to address residual emissions that cannot be abated through feasible gross reductions and would be subject to governance oversight and defined quality criteria.</p>				

SUSTAINABILITY REVIEW

Portfolio Review and Balancing

Beyond asset-level levers, PCG's transition pathway considers portfolio review and balancing to manage emissions exposure and strengthen long-term resilience. This includes ongoing assessment of portfolio composition, growth and optimisation to balance emissions intensity, market demand, competitiveness and value creation. Considerations include a gradual shift toward lower-carbon and circular offerings, including sustainability-linked products and circular solutions where market readiness and certification pathways support scalable delivery. Portfolio considerations may influence investment prioritisation, asset optimisation, growth sequencing and product mix decisions and are evaluated alongside operational and technological abatement options.

Progress Monitoring

Progress is monitored primarily through trends in Scope 1 and Scope 2 GHG emissions, relative to the 2019 baseline, to assess advancement toward our long-term targets. Oversight is provided through established sustainability and climate governance structures, with quantitative emissions data and methodologies disclosed in the Metrics and Targets section.

Capital Allocation and Execution Controls

PCG's climate transition path is expected to be supported over time through a combination of capital and operating expenditure for emissions reduction and resilience measures, together with execution controls that integrate carbon considerations into investment decision-making. At the current stage of transition planning maturity, PCG does not disclose a consolidated transition CapEx or OpEx envelope by time horizon, as detailed cost profiling and consistent classification across mitigation, adaptation and enabling investments remain under development through internal governance, project readiness assessments and financial planning processes. This reflects a proportional approach to disclosure, taking into account data availability, investment approval timelines and the evolving nature of transition planning.

To address this, PCG is strengthening internal processes to improve the completeness and consistency of transition-related investment information. This includes enhanced tagging and classification of climate-related expenditure and closer linkage between transition planning assumptions and financial planning outputs, supporting more decision-useful disclosures over time.

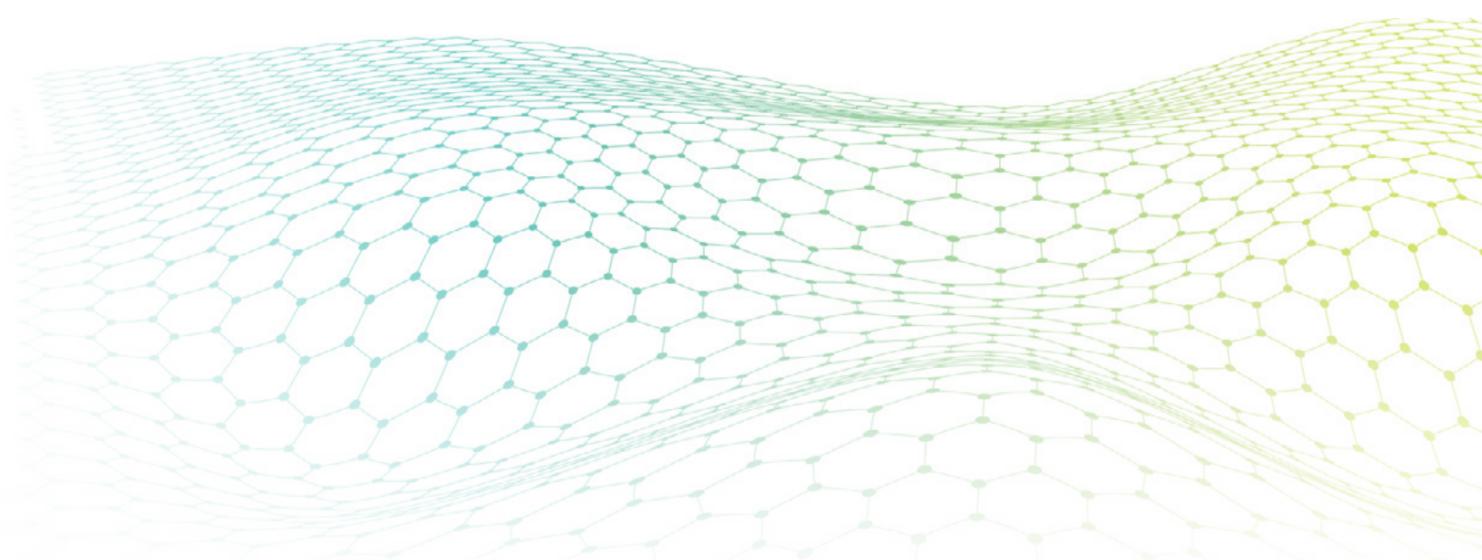
Internal Carbon Pricing (ICP) as an Execution Control

PCG actively monitors transition risks and responds through disciplined capital allocation and scenario-based stress testing. ICP is applied in investment evaluations to assess resilience and guide capital deployment, while balancing emissions reduction and financial sustainability. Carbon pricing is applied at levels aligned with prevailing or emerging pricing regimes across our operating jurisdictions.

Dependencies, Assumptions and Uncertainties

PCG's climate transition pathway is subject to external dependencies and uncertainties, including developments in carbon pricing, renewable electricity availability and cost, the maturity of enabling infrastructure for CCUS and hydrogen and the readiness of circular and bio-based feedstock ecosystems and certification pathways. These factors may influence the timing and sequencing of decarbonisation actions across planning horizons.

These uncertainties are managed through scenario-informed planning and periodic governance review. PCG prioritises short-term actions that are operationally feasible while preparing for longer-term options as enabling conditions evolve. Where conditions diverge from current assumptions, sequencing may be adjusted through established planning and investment evaluation processes, while maintaining focus on economically resilient and operationally achievable actions.



SUSTAINABILITY REVIEW

Climate-Related Risks and Opportunities Shaping Our Strategy

PCG continues to refine its assessment of climate-related risks and opportunities to ensure our strategy remains aligned with advancing climate science, shifting energy projections and evolving climate frameworks that account for the latest policy developments, market expectation and decarbonisation pathways. Insights from these assessments continue to shape our climate response, informing our resilience planning, investment decisions and NZCE 2050 priorities.

Physical Risks

PCG has identified the following physical climate risks as material to its manufacturing assets, logistics networks and workforce safety across operating regions:

Extreme Heat (Heat wave and Heat stress)

Increased frequency and severity of high-temperature events affecting workforce safety, cooling demand and equipment performance at heat-intensive operations

Flooding (Fluvial and Pluvial)

Risk of site inundation from increased rainfall intensity and river discharge, including fluvial (riverine) and pluvial (surface-water) flooding, affecting asset integrity, production continuity and on-site logistics

Drought (Water Availability Risk)

Prolonged rainfall deficits and drying conditions may reduce freshwater availability for operations, constraining water-dependent processes such as cooling, steam generation and utilities, and increasing operating costs over time

Transition Risks and Opportunities

PCG has identified the following transition-related factors as particularly relevant to its strategic and portfolio considerations:

Carbon Pricing and Regulatory Tightening

Increased exposure to carbon taxes, emissions trading schemes and climate-related regulatory requirements

Energy and Feedstock Transition Dynamics

Volatility in energy markets and competition for alternative and lower-carbon feedstocks affecting cost structures and supply security

Technology Transition in Chemicals Manufacturing

Capital-intensive shift toward lower and near-zero-emissions production technologies requiring alignment with asset lifecycles and technology readiness

Chemicals as Enablers of the Low-Carbon Economy

Demand for chemicals that support low-carbon energy systems and sustainability-aligned applications, creating portfolio growth opportunities

These transition considerations shape PCG's approach to portfolio evolution, investment prioritisation and the pacing of decarbonisation efforts under PCG's NZCE 2050 Roadmap.

Physical Risks

Physical climate risks represent an important source of potential disruption to PCG's capital-intensive manufacturing assets, integrated logistics infrastructure and geographically diversified operations. These risks arise from acute events (e.g. extreme rainfall and storms) and chronic shifts (e.g. rising temperatures, altered precipitation patterns and increasing water stress). Physical risk assessments are conducted using forward-looking climate scenarios aligned with internationally recognised climate science.

PCG's assessment covers 32 major assets across its global footprint, including Commodities and SC manufacturing sites and key logistics infrastructure. Eight climate-related hazards are evaluated across short-, medium- and long-term horizons to assess potential impacts on asset performance, operational continuity, workforce health and safety and supply chain reliability. Shared Socio-economic Pathways (SSP) 2-4.5 is applied as the baseline scenario for physical risk assessment, providing a pragmatic reference point for strategic planning.

Hazards are prioritised for disclosure based on their expected significance to enterprise value and concentration of exposure across the asset base. Extreme heat and heat stress have emerged as the most pervasive and intensifying risks, increasing cooling demand, elevating workforce health and safety considerations and potentially affecting equipment reliability. Drought and water stress are projected to intensify at selected locations, while fluvial and pluvial flooding remain site-specific but structurally relevant for certain manufacturing and logistics assets.

Storm surge exposure is elevated at a limited number of coastal locations and managed through site-level controls. Windstorm and wildfire risks are currently assessed as low across the portfolio and are monitored as climate projections evolve.

SUSTAINABILITY REVIEW

Summary of The Physical Risks and Associated Impacts

EXTREME HEAT (HEAT WAVE AND HEAT)

Time Horizon: Short-term Medium-term Long-term

Category	Impacted Areas	Impact Description
Acute or Chronic	<ul style="list-style-type: none"> Upstream Operations (Commodities) Logistics/Supply Chain 	Extreme heat combines periods of abnormally high temperatures and the resulting heat-stress impacts on people and operations. Increasing frequency and intensity of extreme heat can reduce operational efficiency, affect asset reliability and compromise health and safety performance, with potential knock-on effects across the supply chain.

Impact on Operations and Workforce

- Operational efficiency and reliability:** Extreme heat increases cooling and energy demand, can strain Heating, Ventilation and Air Conditioning (HVAC) and control room environments and may accelerate deterioration of heat-sensitive equipment, leading to higher operating costs and unplanned maintenance
- Process safety and asset performance:** In severe conditions, elevated temperatures may exceed thermal tolerances during heat-intensive operations or constrained maintenance windows, increasing process-safety and reliability risks
- Workforce health and productivity:** Extreme heat raises the risk of heat-related illness for outdoor and high-exertion work and can limit safe working hours during peak heat, affecting work scheduling and turnaround execution if not actively managed

Impact on value chain

- Extreme heat may disrupt upstream operations through reduced workforce capacity at supplier sites and may strain logistics networks through infrastructure overheating or transport delays, affecting inbound deliveries and outbound shipment reliability

Evolution of Risk

Extreme heat exposure increases across time horizons, shifting from a monitored near-term occupational and operating risk at selected locations to a more structurally relevant hazard by mid-century under higher-warming pathways. Maintaining safe operations increasingly depends on the progressive strengthening of heat-management controls and operational planning at exposed sites.

Direct Adaptation Measures (Operations)

PCG manages heat-stress risk through Guidelines on Safe Work Practices in Heat, including task rotation, adjusted work-rest cycles, hydration protocols and modified work schedules during peak heat periods. These controls safeguard workforce well-being, reduce heat-related incidents and support safe operational continuity during elevated temperature conditions.

PCG also monitors heat-risk indicators and maintains workforce training, Personal Protective Equipment (PPE) and on-site monitoring tools to sustain safe working conditions and enable timely operational response during periods of extreme heat.

Indirect and Planning Measures (Operations and Value Chain)

PCG considers extreme heat impacts in operational planning, including the scheduling and sequencing of heat-sensitive activities where feasible, to minimise disruption during peak temperature periods.

PCG also engages relevant service providers and logistics partners to support readiness and continuity across the value chain during extreme heat conditions, recognising that extreme heat can affect external workforce capacity and logistics reliability.

In addition, PCG continues to review the adequacy of asset-level cooling and environmental control systems as part of operational planning and longer-term preparedness.

Current and Anticipated Financial Effects

2025 Effects

No material impact in 2025.

2026 Outlook

PCG does not expect any material adjustments in 2026.

Anticipated financial effects

Short-term: Heat waves currently result in minimal financial impact. Slight increases in operating costs may arise from higher cooling and ventilation needs and the implementation of heat-stress safety measures. No material productivity loss or revenue impact has been observed, as Safe Work Practices in Heat effectively protect workforce health and maintain operational continuity. All costs are manageable within existing operational budgets.

Medium-term: Increasing frequency of heat waves is expected to gradually raise operating costs, mainly from higher energy use and enhanced heat-stress controls. Selective capital investments in cooling systems and heat-resilient equipment may be required for assets moving into elevated risk categories. Productivity impacts during peak heat periods and value-chain disruptions may increase costs, but impacts remain manageable and localised.

Long-term: With heat wave exposure affecting more assets by 2050, structural cost escalation is expected. Sustained increases in energy demand, more extensive asset upgrades and higher maintenance costs may impact operating margins. Greater workforce constraints and asset reliability risks could drive higher CapEx, insurance and lifecycle costs. Heat stress becomes a material long-term financial risk influencing asset design and capital allocation decisions.

SUSTAINABILITY REVIEW

FLOODING (FLUVIAL AND PLUVIAL)		
Time Horizon: <input checked="" type="checkbox"/> Short-term <input checked="" type="checkbox"/> Medium-term <input checked="" type="checkbox"/> Long-term		
Category Acute or Chronic	Impacted Areas <ul style="list-style-type: none"> Upstream Operations (Commodities) Logistics/Supply Chain 	Impact Description Shifting rainfall patterns and intensifying storm systems increase the likelihood of both fluvial (riverine) and pluvial (surface-water) flooding across several regions where PCG operates. Flood events can disrupt site access and utilities, damage equipment and infrastructure and increase safety and environmental exposure risks. Flooding may also create knock-on disruption to logistics and customer deliveries where transport routes are affected.
Impact on Operations and Workforce		
<ul style="list-style-type: none"> Operational efficiency and reliability: Flooding can restrict site access, impair utilities and damage equipment and infrastructure, potentially disrupting operations and increasing unplanned maintenance and repair requirements Cost and protection requirements: Repeated or more severe flood events may increase operating costs through higher maintenance needs, potential insurance cost pressure and the need for flood-protection investments (e.g., drainage and flood-proofing) Safety and environmental exposure: If containment systems are compromised, flooding can elevate the risk of chemical exposure, affecting workforce safety, emergency response conditions and surrounding communities 		
Impact on value chain		
<ul style="list-style-type: none"> Flooding can obstruct roads and transport routes, delaying inbound feedstock deliveries and outbound product shipments, affecting delivery schedules and supply reliability to customers 		
Evolution of Risk Flood risk remains location-specific across time horizons. Riverine flooding tends to remain broadly stable in relative terms, while surface water flooding becomes more pronounced at a subset of locations over time as rainfall intensity increases, reinforcing the importance of drainage capacity, preparedness and business continuity planning.	Direct Adaptation Measures (Operations) PCG strengthens flood preparedness through enhanced early-warning capability (including collaboration with the Malaysian Meteorological Department) and site-level response activation (e.g. via the Flood Operation Committee and East Coast Natural Disaster Operation Committee.) These measures are intended to safeguard personnel and support timely operational response to maintain plant operability during flood events.	Indirect and Planning Measures (Operations and Value Chain) PCG incorporates flood disruption considerations into operational and business continuity planning, including scenario-based preparedness for site access constraints, utilities disruption and logistics interruptions. These measures support the continued operation of affected plants and help maintain the timely delivery of products to customers during flood events. Where access routes are disrupted, PCG coordinates logistics rerouting, alternative transport arrangements and inventory planning to preserve supply continuity across the value chain. In parallel, PCG continues to evaluate longer-term flood mitigation enhancements, such as drainage upgrades and equipment flood-proofing, alongside ongoing monitoring, drills and readiness reviews, with any related CapEx and OpEx disclosed separately where applicable.
Current and Anticipated Financial Effects		
2025 Effects No material impact in 2025.	2026 Outlook PCG does not expect any material adjustments in 2026.	
Anticipated financial effects		
Short-term: Near-term financial and revenue impacts remain limited. Minor flooding may increase maintenance, inspection and emergency response costs, but existing mitigation prevents material asset damage or production outages. Revenue loss is negligible, as production continuity and customer deliveries are maintained through inventory buffers and logistics rerouting. Any shipment delays are short-lived and do not result in order cancellations. Overall impacts are absorbed within normal operating expenditure without affecting annual revenue.		
Medium-term: Revenue may be temporarily affected by short production stoppages, delayed shipments or reduced delivery reliability during severe flood events. While volumes are largely recoverable, timing mismatches could lead to deferred sales, higher penalties or reduced spot-market opportunities, particularly for commodity-based products during periods of strong demand.		
Long-term: Persistent exposure may increase depreciation, retrofit spending and insurance costs, while recurrent disruptions can reduce effective capacity utilisation. Revenue impacts may arise from constrained production, reduced delivery reliability and weakened customer confidence in high-risk locations. Over time, flood exposure may influence market allocation, growth potential and long-term portfolio decisions unless mitigated by resilience investments or asset repositioning.		

SUSTAINABILITY REVIEW

DROUGHT (WATER AVAILABILITY RISK)		
Time Horizon: <input checked="" type="checkbox"/> Short-term <input checked="" type="checkbox"/> Medium-term <input checked="" type="checkbox"/> Long-term		
Category Acute or Chronic	Impacted Areas <ul style="list-style-type: none"> Upstream Operations (Commodities and SC) Downstream (Customers) 	Impact Description Drought refers to prolonged rainfall deficits and longer-term drying conditions that can reduce freshwater availability for operations. Increasing frequency and severity of drought conditions can constrain water-dependent processes such as cooling, steam generation and utilities, increase operating costs and reduce operational flexibility over time. Broader water-stress outcomes influenced by non-climate factors are addressed through site-level water stewardship and operational planning.
Impact on Operations and Workforce		
<ul style="list-style-type: none"> Operational continuity and cost: Reduced water availability during prolonged dry conditions can constrain water-dependent operations (e.g., cooling and steam generation), potentially interrupting production processes and turnaround activities and increasing costs associated with water procurement, treatment and supplemental supply arrangements Process reliability and compliance: Water availability constraints can increase sensitivity of utilities performance and require tighter operational control to maintain process stability and compliance requirements (including water-quality and discharge considerations where relevant) Workforce health and hygiene: Reduced water availability can affect sanitation and hygiene standards and elevate health risks for personnel, particularly when dry conditions coincide with hot periods that increase heat-related illness sensitivity 		
Impact on value chain		
<ul style="list-style-type: none"> Water constraints may weaken upstream continuity and logistics reliability where suppliers and service providers are water-dependent (e.g., feedstock preparation and pre-treatment quality) Drought conditions can also affect downstream handling and processing where water availability and quality influence delivery timelines and the consistency of chemical outputs 		
Evolution of Risk Drought exposure remains location-specific in the near term but intensifies over time for a subset of assets, particularly under higher-warming pathways. By mid-century, water availability risk can become structurally relevant for water-dependent operations at exposed locations, increasing the need for sustained water efficiency, recycling and contingency sourcing measures.	Direct Adaptation Measures (Operations) PCG manages drought-related water availability risk through operational water stewardship measures, including water efficiency and withdrawal reduction initiatives at higher exposure sites, guided by water management targets for water-stressed regions. To strengthen decision-making, PCG has conducted forward-looking freshwater availability assessments to identify locations that may face increasing constraints and to prioritise site-level actions. In addition to efficiency measures (e.g., process optimisation, enhanced recycling and operational monitoring), PCG has taken targeted action at selected water-stressed locations by evaluating opportunities to reduce reliance on a single freshwater source especially during prolonged dry conditions. These measures are implemented as part of site-level operational risk management and are complemented by ongoing monitoring to track water use performance and emerging supply constraints.	Indirect and Planning Measures (Operations and Value Chain) PCG considers drought and water availability risks in operational and longer-term planning, including assessing site-level exposure in water-stressed regions and aligning preparedness actions with established water management targets. Where relevant, this includes evaluating opportunities to strengthen water security through alternative sources, contingency arrangements or collaboration with local authorities. These planning measures are complemented by ongoing monitoring, testing and continuous-improvement initiatives under PCG's resource efficiency agenda.
Current and Anticipated Financial Effects		
2025 Effects No material impact in 2025.	2026 Outlook PCG does not expect any material adjustments in 2026.	
Anticipated financial effects		
Short-term: Drought risk is expected to result in limited financial impact, mainly through incremental operating costs such as higher freshwater pricing, temporary alternative water sourcing and increased monitoring expenditure. Production disruptions are unlikely, as existing water efficiency measures and contingency planning remain effective. Any additional costs are expected to be absorbed within current operating budgets, with no material impact on revenue, asset integrity or cash flows in the near term.		
Medium-term: Persistent water stress may lead to sustained increases in operating expenditure and targeted capital investments for water recycling, efficiency enhancements and alternative supply systems. Intermittent value chain disruption could increase logistics costs and affect product consistency. While revenue impacts are expected to remain indirect, operating margins may face pressure at high-risk sites as water availability becomes a structural input cost.		
Long-term: Structural drought risk affecting a larger share of assets may drive higher lifecycle operating and capital costs, including major retrofits to cooling, steam and process systems. Prolonged water scarcity could constrain production flexibility, affect long-term competitiveness and elevate asset-maintenance costs. In extreme cases, asset value erosion or strategic portfolio adjustments may be required where secure freshwater access becomes economically or physically constrained.		

SUSTAINABILITY REVIEW

Transition Risks and Opportunities

Macroeconomic conditions continue to influence the pace, cost and complexity of the transition across the chemicals sector. Inflationary pressures and energy market volatility have elevated operating costs, while divergent global feedstock dynamics, including the availability of lower-cost U.S. ethane, have reshaped competitive positioning for ethane-capable producers in Asia.

These developments highlight the close linkage between managing transition risks, maintaining cost competitiveness and securing reliable access to lower-carbon energy and feedstocks as governments expand climate-related regulations and industrial policies.

For the current reporting cycle, PCG's assessment of transition risks and opportunities is primarily anchored in the International Energy Agency (IEA) World Energy Outlook (WEO) 2023. Although the WEO 2025 edition was released late in the reporting year, PCG has retained the WEO 2023 pathways to preserve methodological consistency and year-on-year comparability. Where relevant, updated WEO 2024 carbon price assumptions have been applied, without altering the underlying transition pathways. PCG plans to review and recalibrate its transition pathways and model assumptions in 2026 following further internal validation.

PCG screened ten transition drivers consistent with global transition taxonomies; four were assessed as material for disclosure in 2025 based on likelihood, magnitude, concentration of exposure and relevance to PCG's business model across Olefins & Derivatives (O&D), Fertilisers & Methanol (F&M) and SC. The remaining drivers were retained for monitoring and will be revisited as policy and market conditions evolve.

PCG's analysis continues to compare outcomes under the Stated Policies Scenario (STEPS), reflecting currently implemented climate and energy policies and the Announced Pledges Scenario (APS), which assumes more ambitious global commitments aligned with long-term decarbonisation trajectories. To ensure regional relevance, Southeast Asia assumptions were applied for O&D and F&M, while EU-specific projections informed the assessment for PCG's international SC businesses.

Key Transition Risks and Opportunities

Rising carbon-pricing exposure remains one of the most significant transition pressures for PCG. As more countries expand or tighten carbon-pricing policies, compliance costs are expected to increase, manageable through 2030 under current conditions, but intensifying toward 2050 as more jurisdictions adopt mandatory pricing and strengthen emission benchmarks (e.g. reduction in European Union (EU) Emissions Trading System (ETS) free allowances).

At the same time, the global move toward near-zero-carbon technologies such as CCUS, green hydrogen and electrification introduce long-term cost and timing risks. These technologies require substantial capital investment and depend heavily on the availability of supporting infrastructure, including carbon transport and storage, renewable power supply and hydrogen networks. Variations in technology readiness and infrastructure maturity across regions may affect the pace and sequencing of PCG's decarbonisation roadmap, particularly within energy- and process-intensive value chains.

In parallel, transition dynamics are opening markets for SC and Pro-Environment portfolios, where customers seek lower-carbon, circular and sustainability-certified solutions. Government incentives, corporate procurement standards and value-chain transparency are strengthening demand for such materials, supporting PCG's innovation pipeline and customer co-development approaches.

PCG's 2025 review integrates internal insights with external scenario data to provide a consolidated view of how climate, policy, technology and economic shifts could affect the business over time. These insights inform prioritisation of response measures such as ICP in investment cases, selective electrification and capital planning across time horizons. A summary of the four material transition risks and opportunities, associated impacts and PCG's response measures is presented in the following section.

SUSTAINABILITY REVIEW

Summary of the Transition Risk and Opportunity and Associated Impacts

MANDATORY CARBON PRICING

Time Horizon: Short-term Medium-term Long-term

Category	Impacted Areas	Impact Description
Acute or Chronic	<ul style="list-style-type: none"> Suppliers Operations (Commodities and SC) Customers 	<p>Across PCG's operating footprint, multiple jurisdictions are moving toward mandatory carbon pricing.</p> <p>In Malaysia, the government has announced a carbon tax from 2026 (initially iron, steel and energy), with further sectoral expansion being studied in line with Nationally Determined Contributions (NDCs). These steps could bring forward cost pressure on Malaysian operations by 2030. Fertilisers are a plausible later-phase candidate, given EU Carbon Border Adjustment Mechanism (CBAM) coverage, but not yet formally prioritised.</p> <p>The EU is phasing out free carbon allowances, ending by 2030 for non-leakage sectors and by 2034 for CBAM-covered sectors, resulting in steadily rising compliance costs for EU-based operations. At the same time, China is expanding its ETS to additional industrial sectors, with chemicals anticipated to be included as coverage widens toward 2027. India is rolling out its national carbon market, with trading expected to begin in the second half of 2026.</p>

Impact on Operations and Workforce

- Increased operating and compliance costs across China, Europe and, over time, Malaysia as carbon pricing expands, free allowances are progressively phased out and sector coverage widens, increasing cost pressure on energy- and emissions-intensive assets toward 2030 and beyond
- Greater capital and operational planning complexity, as assets must factor carbon prices into production planning, investment prioritisation, fuel choices and decarbonisation timelines to maintain competitiveness and margin resilience

Impact on value chain

- Higher cost pass-through and margin pressure across upstream and downstream value chains, particularly for products exported into carbon-regulated markets (e.g. EU CBAM), affecting pricing, customer demand and product competitiveness
- Increased reliance on transparent, verifiable emissions data from suppliers and logistics partners, as carbon costs increasingly depend on product-level and embedded emissions, elevating the importance of supply chain engagement and data quality

Developing Business Strategy and Financial Resilience to Carbon Pricing Risk

PCG is strengthening its climate governance framework to ensure carbon pricing is systematically integrated into strategic, financial and operational decision-making. This includes applying ICP into capital allocation, financial planning and asset-level investment decisions.

Concurrently, PCG is accelerating decarbonisation investments across its asset base, prioritising operational efficiency, energy optimisation and emissions-reduction initiatives that support long-term resilience, regulatory compliance and value creation.

To maintain market competitiveness PCG is also enhancing supply chain emissions data and improving product-level emissions transparency as well as pursuing the development of lower-carbon product offerings aligned with customer demand and regulatory requirements.

Current and Anticipated Financial Effects

2025 Effects

No material impact in 2025.

2026 Outlook

PCG does not expect any material adjustments in 2026.

Anticipated financial effects

To assess these impacts, PCG used projected carbon price trajectories from the IEA WEO 2024 under the STEPS and APS scenarios.

Short-term: PCG anticipates minimal impact following majority of the operations are not subject to carbon pricing mechanisms across jurisdictions.

Medium- and long-term: Our preliminary assessment indicates that mandatory carbon pricing could materially affect profitability from 2030 onward, driven by rising operating costs for high-emission assets. This impact becomes progressively more significant toward 2050, consistent with anticipated carbon price escalation as countries strengthen regulatory cost mechanisms to meet national climate targets.

SUSTAINABILITY REVIEW

NEAR ZERO CARBON EMISSION TECHNOLOGIES FOR CHEMICALS PRODUCTION

Time Horizon: Short-term Medium-term Long-term

Category	Impacted Areas	Impact Description
Technology	<ul style="list-style-type: none"> Operations (Commodities and SC) 	<p>The IEA identifies CCUS and electrolytic hydrogen as the two most critical decarbonisation levers for the global chemical sector. While both technologies offer significant long-term potential to reduce process emissions, they remain early-stage and commercially limited, particularly in Southeast Asia where enabling policies, regulatory clarity and supporting infrastructure are still emerging.</p> <p>For PCG, the planned deployment of CCUS solutions and electrolytic hydrogen adoption will be essential components of our NZCE pathway.</p> <p>However, the scale-up of these technologies is expected to come with substantial time, cost and supply chain requirements, ranging from high capital expenditure and renewable electricity demand to transport and storage infrastructure constraints.</p> <p>As these technologies evolve, PCG faces an escalating transition risk toward 2050, driven by uncertainties in technology readiness, investment cycles and regional ecosystem development. Continued monitoring of policy incentives, cross-sector partnerships and technology maturity will therefore be critical as PCG prepares for wider adoption in the coming decades.</p>

Impact on Operations and Workforce

- Higher CapEx and integration complexity as CCUS and electrolytic hydrogen require major plant modifications, additional utilities and new operating procedures, potentially increasing downtime risk and extending project lead times toward 2050
- Greater exposure to energy and infrastructure constraints, including large renewable electricity demand (for electrolytic hydrogen) and limited regional carbon transport and storage readiness (for CCUS), which could raise operating costs and delay scale-up

Impact on value chain

- New dependencies on external ecosystems and partners, such as renewable power suppliers, hydrogen producers, carbon transport networks, storage operators and technology licensors, creating timing and performance risk if any part of the chain lags

Response

Since introducing PCG's NZCE 2050 Roadmap in 2021, we have advanced key decarbonisation actions such as flare reduction, energy-efficiency measures and increased renewable energy sourcing.

CCUS and electrolytic hydrogen are critical long-term enablers of deep decarbonisation but are still subject to technology maturity, infrastructure availability and cost uncertainty.

To address these, PCG is undertaking structured feasibility studies across select assets to assess the technical, economic and operational viability of CCUS deployment and hydrogen-related pathways, including hydrogen firing and substitution in energy-intensive processes.

The outcomes of these feasibility assessments are integrated into its long-term capital planning and investment sequencing to balance decarbonisation ambition with financial discipline.

As CCUS and hydrogen technologies continue to evolve, PCG will actively monitor policy developments, incentive mechanisms, cross-sector partnerships and advances in technology maturity to inform future adoption decisions.

Current and Anticipated Financial Effects**2025 Effects**

No material impact in 2025.

2026 Outlook

PCG does not expect any material adjustments in 2026.

Anticipated financial effects

Medium- to long-term: CCUS and electrolytic hydrogen are expected to have a greater financial impact on PCG as these technologies move from early deployment to becoming part of core operations. Capital expenditure will increase and remain high due to investments in new equipment, plant modifications, large-scale deployment and ongoing upgrades, resulting in long-term commitments and higher execution risk. Operating costs are also expected to remain elevated because of higher electricity use, carbon capture, transport and storage costs and exposure to renewable energy price volatility, although costs may decline as technologies mature. PCG's increasing reliance on external infrastructure and partners further adds to financial risk, as delays or underperformance could affect asset utilisation and investment returns.

SUSTAINABILITY REVIEW

TIGHTENING OF HYDROCARBON SUPPLY & RISING COMPETITION FOR ALTERNATIVE FEEDSTOCKS

Time Horizon: Short-term Medium-term Long-term

Category	Impacted Areas	Impact Description
Market	<ul style="list-style-type: none"> Suppliers 	<p>According to the IEA WEO 2025 and supporting Environmental Impact Assessment (EIA) analysis, global oil demand for combustion uses is expected to peak before the end of the decade as electrification, efficiency gains and fuel substitution accelerate across transport and power generation. While overall oil demand is projected to plateau and gradually decline, petrochemicals are expected to become the primary source of incremental oil demand growth from the mid-2020s onward.</p> <p>This structural shift reshapes hydrocarbon and feedstock markets rather than eliminating supply. Growth in natural gas liquids, particularly ethane and Liquefied Petroleum Gas (LPG) from U.S. shale and Middle East gas developments, is expected to support petrochemical demand. At the same time, competition for advantaged feedstocks and exposure to price volatility may intensify, influencing feedstock selection, asset competitiveness and long-term portfolio positioning. For chemical producers, managing this transition risk is less about absolute supply constraints and more about securing reliable, cost-competitive and lower-carbon feedstocks amid changing global energy and refining dynamics.</p>

Response

To prepare for these shifts, PCG is advancing its exploration of bio-based feedstock pathways, including sustainably sourced vegetable oils, agricultural residues, bio-methanol and bio-naphtha. In evaluating these options, PCG considers criteria such as lifecycle carbon intensity, land-use implications, feedstock reliability, certification requirements (e.g., ISCC PLUS) and long-term cost competitiveness.

Current and Anticipated Financial Effects**2025 Effects**

No material impact in 2025.

2026 Outlook

PCG does not expect any material adjustments in 2026.

Anticipated financial effects

Short-term: Near-term oil demand peak is not expected to affect PCG's chemicals earnings, but rising feedstock price volatility heightens the need for strict cost, integration and working capital discipline.

Medium- to long-term: Despite higher upfront costs and short-term financial uncertainty, transitioning to bio-based feedstocks can deliver long-term value by reducing regulatory and carbon-pricing exposure, strengthening PCG's market positioning and reinforcing long-term financial resilience.

SUSTAINABILITY-LINKED CHEMICAL PRODUCTS AND SOLUTION CHEMICALS

Time Horizon: Short-term Medium-term Long-term

Category	Impacted Areas	Impact Description
Market	<ul style="list-style-type: none"> Suppliers PCG Commodities PCG SC Customers 	<p>Global decarbonisation policies, Scope 3 commitments and technology shifts are accelerating demand for products that lower lifecycle emissions and improve energy efficiency across end-markets. Sustainability-advantaged and high-efficiency chemistries, including low-impact feedstock alternatives, bio-based pathways, circular material options and advanced performance formulations, are positioned to gain share over the medium- to longer-term as policy frameworks, customer specifications and procurement standards increasingly prioritise product carbon footprint, resource efficiency and durability.</p> <p>In parallel, chemicals that enable low-carbon energy systems are scaling rapidly:</p> <ul style="list-style-type: none"> Thermal management fluids for high-density data centres Specialty polymers and additives for Electric Vehicles (EVs) and renewables Cleaner energy carriers such as methanol and ammonia for marine fuels and industrial use <p>Collectively, these trends are expanding market opportunities for PCG, with the potential value of this driver expected to grow significantly toward 2050.</p>

Current and Anticipated Financial Effects**2025 Effects**

No material impact in 2025.

2026 Outlook

PCG does not expect any material adjustments in 2026.

Anticipated financial effects**Medium- to long-term:**

- Global decarbonisation policies, Scope 3 commitments and technological shifts are driving stronger demand for lower-carbon and more energy-efficient chemical products. For PCG, these trends support higher-quality revenue and more resilient margins, as sustainability-advantaged and high-performance products continue to gain market share
- At the same time, the rapid growth of chemicals that enable low-carbon energy systems such as materials used in data centres, EVs, renewable energy and cleaner fuels creates new long-term growth opportunities. The financial value of these markets is expected to increase significantly toward 2050

SUSTAINABILITY REVIEW

Assessing Strategic Resilience Through Climate Scenarios

To strengthen strategic resilience, PCG conducts climate-related risk and opportunity assessments that consider a range of transition and physical climate factors over different time horizons. These assessments support an understanding of how climate pathways, policy developments and market shifts could affect the Group's operating environment and strategic positioning.

Scenario-based insights are used to test the robustness of PCG's strategy under varying assumptions related to carbon pricing, energy costs, technology adoption and customer transition trajectories. This enables management to identify potential pressure points, evaluate strategic flexibility and assess whether current plans remain aligned with a transitioning low-carbon economy.

Scenario analysis and resilience conclusions reflect locations within the reporting boundary of this Statement, unless otherwise stated.

Scenario Framework

PCG evaluates climate risks using a scenario framework anchored in globally recognised pathways. This scenario-based approach provides a structured foundation for identifying and evaluating climate-related risks and opportunities relevant to PCG's operations and value chain.

Specifically, physical risks are assessed using the IPCC's SSPs, which model how different warming trajectories may affect our assets, surrounding communities and long-term operational continuity.

Baseline Scenario: SSP2-4.5 (Middle of the Road)

We have selected SSP2-4.5 as our baseline for physical risk assessment. This scenario reflects a trajectory where global emissions hover near current levels before declining mid-century, leading to an estimated temperature increase of 2.7°C by 2100. This pathway is chosen as our central planning benchmark because it represents a moderate progression of climate impacts. It provides a standardised reference for evaluating both chronic shifts (such as rising mean temperatures and humidity) and acute hazards (such as increased frequency of extreme precipitation and storm events) against our current asset design specifications and operational tolerances.

Low-Warming Reference: SSP1-2.6 (Sustainability)

SSP1-2.6 is selected as our lower-bound physical reference, representing a world where warming is limited to below 2°C. We include this scenario to identify the residual, "locked-in" physical risks that persist even under aggressive global mitigation. Its selection allows PCG to establish the minimum threshold of inevitable climate impacts, such as early-stage sea level rise, that all our facilities must be prepared to navigate regardless of future emissions trajectories.

Physical Stress Test: SSP5-8.5 (Fossil-Fueled Development)

SSP5-8.5 is utilised as our "high-warming" stress test, representing a conservative upper-bound case where temperatures could rise by 4.4°C or more. This scenario is selected not as a prediction, but as a rigorous tool for identifying potential "breaking points" in industrial infrastructure. By modelling this extreme pathway, we can surface the most severe plausible physical hazards, such as extreme monsoon intensity and critical heat thresholds, to better understand the theoretical limits of our current safety and containment frameworks.

To assess our strategic resilience, PCG utilises a multi-scenario transition framework anchored in the IEA WEO 2023, complemented by WEO 2024 carbon price trajectories. Together, these sources provide a high-quality, diverse range of plausible futures to test our business model:

- **Stated Policies Scenario (STEPS - 2.4°C):** Selected as our 'central planning' benchmark, it reflects current global policy settings. This enables us to evaluate the impact of near-term regulatory tightening on our cost structures and regional energy prices
- **Announced Pledges Scenario (APS - 1.7°C):** Selected as our 'high-ambition' reference, it aligns with the Paris Agreement goal to hold warming to well below 2°C. This scenario is critical for stress-testing our resilience against accelerated carbon pricing and the rapid scaling of low-carbon chemical technologies

These pathways incorporate, all reasonable and supportable information, including IEA-projected carbon prices, technology learning curves and global petrochemical demand shifts, into our scenario analysis. This methodology ensures that PCG's strategic boundaries are tested against both current market trajectories and ambitious climate targets.

While our core transition risk assessment for this reporting period is based on the WEO 2023 framework, we acknowledge the publication of the IEA WEO 2025 in late 2025. Preliminary analysis of the WEO 2025 indicates a shift in the global energy landscape, specifically the reintroduction of the Current Policies Scenario (CPS) and a more cautious outlook for clean energy momentum in key markets. We have designated 2026 as a pivotal year to recalibrate our quantitative scenario models against these updated pathways.

Physical Risk Resilience**Scenario-Based Physical Risk Outlook**

This scenario analysis provides a forward-looking, qualitative view of how physical climate hazards may evolve across PCG's asset base under different warming pathways. Using IPCC-aligned scenarios (SSP1-2.6, SSP2-4.5 and SSP5-8.5), PCG assesses asset-level exposure to physical climate hazards using qualitative risk classifications to enable consistent comparison across hazards, scenarios and time horizons.

Across all scenarios, heat-related hazards, specifically heat stress and heat waves, emerge as the most significant and progressively intensifying physical risks, shifting from lower risk bands at nearer time horizons toward higher risk classifications under mid- and higher-warming pathways. This reflects the pervasive and structural nature of rising temperatures across PCG's operating regions.

Drought and water-availability risks also intensify under higher-warming scenarios, with exposure moving into elevated risk bands for a broader subset of assets over time, particularly toward mid-century. In contrast, flood-related risks (fluvial and pluvial) remain relatively stable across scenarios, continuing to affect a limited set of locations within low to moderate risk bands.

Storm surge exposure remains concentrated and unchanged across scenarios, reflecting location-specific conditions rather than a portfolio-wide escalation in risk, while windstorm and wildfire hazards remain within minimal or low risk bands across the assessed asset base. Overall, the scenario analysis indicates that future physical risk exposure is increasingly driven by chronic heat and water-related hazards, which become the dominant determinants of portfolio-level physical risk under higher-warming pathways.

Climate Resilience Assessment – Asset-Level Insights

PCG assesses physical climate resilience through asset-level, scenario-based analysis across SSP1-2.6, SSP2-4.5 and SSP5-8.5 to evaluate operational continuity over short-, medium- and long-term horizons. The 2025 assessment, conducted in the second half of the year, combines desktop hazard screening with phased on-site validation to refine asset-specific exposure and control effectiveness.

Key limitations and uncertainties considered include:

- Model and data uncertainty inherent in forward-looking climate projections and hazard classifications, including scenario uncertainty over longer horizons
- Site-specific factors (e.g., local drainage, elevation, utilities configuration and external infrastructure dependencies) that may not be fully captured in portfolio-level screening and are progressively addressed through on-site validation
- The potential for compound events (e.g., heat coinciding with water constraints) to amplify operational impacts beyond single-hazard assessments
- Uncertainty in future availability and cost of insurance and external response capacity for highly exposed locations

**SHORT-TERM RESILIENCE
(BY 2026)**

PCG assesses that the portfolio demonstrates high inherent resilience to acute physical hazards in the short-term, supported by existing operational controls and emergency preparedness arrangements. Flood-related hazards are generally location-specific and remain within lower risk bands at most assets. Localised coastal hazards, where present, are managed through site-level controls and business continuity arrangements. Windstorm and wildfire hazards remain within minimal or low risk bands and are not assessed to threaten Group-wide operational continuity in the near term. Heat-related hazards begin to emerge as the primary near-term concern at selected locations, managed through established occupational health controls, work practice adjustments and operational scheduling. Overall, no short-term physical hazard is assessed to threaten the Group's business continuity.

**MEDIUM-TERM RESILIENCE
(BY 2030)**

By 2030, heat-related hazards are assessed to be the most widespread and operationally relevant physical risks under baseline and higher-warming pathways, with a subset of assets transitioning into higher risk bands. Without progressive adaptation, heat exposure may constrain outdoor maintenance and turnaround activities, increase cooling and utilities demand, elevate workforce safety risk and accelerate wear on heat-sensitive systems. Drought also becomes more pronounced at a subset of locations, increasing sensitivity to water availability and reliability for water-dependent processes.

PCG assesses that operational resilience through 2030 remains achievable, provided that heat-management controls are reviewed and strengthened where required and that water efficiency, recycling and contingency sourcing measures are implemented or enhanced at exposed sites.

**LONG-TERM RESILIENCE AND
SEVERE-SCENARIO TESTING (BY 2050)**

Under higher-warming pathways, physical risks become increasingly structural rather than episodic for a subset of assets. Persistent extreme heat can place sustained pressure on cooling systems, utilities reliability and workforce safety, while prolonged dry conditions can increase water availability constraints for process-critical functions. Localised coastal hazards may remain elevated at specific locations due to site conditions and external infrastructure dependence.

Consistent with IFRS S2, PCG's long-term resilience conclusion is explicitly conditional: with timely and targeted adaptation investments, PCG assesses that its major manufacturing assets remain operationally viable through 2050, including under severe physical-risk pathways. Without such progressive adaptation, selected assets could face recurring disruption, higher unplanned downtime, increased operating costs and reduced operational flexibility. While no individual physical hazard is assessed to threaten the viability of PCG's overall business model, asset-level resilience increasingly depends on proactive capital allocation and targeted engineering upgrades.

In summary, based on scenario-based analysis across multiple time horizons, the portfolio indicates resilience to physical climate risks in the short-term across assessed scenarios. Resilience through 2030 and 2050 remains achievable but increasingly depends on timely implementation of targeted adaptation measures, particularly for heat- and water-related hazards under higher-warming pathways.

SUSTAINABILITY REVIEW

Transition Risk Resilience

PCG assesses climate resilience through a structured evaluation of physical and transition risks and opportunities, grounded in internationally recognised climate scenarios and informed by market, policy and technology developments across the geographies in which the Group operates. Building on the comprehensive analysis undertaken in the first half of 2024, PCG evaluated its resilience under short-, medium- and long-term horizons using the IEA WEO 2023 STEPS and APS. These scenarios reflect plausible policy trajectories for Malaysia, China, Southeast Asian and European regions most relevant to PCG's portfolio.

The analysis incorporated reasonable and supportable information available at the time, with future uncertainties related to carbon pricing mechanisms, technology readiness, feedstock availability and policy convergence explicitly considered. Internal exposure ratings and external scenario deltas were integrated to identify material transition drivers and opportunities across the regions we operate in.

Scope and Method

The resilience assessment covered PCG's operated assets in Malaysia, China, India, Sweden and the Netherlands, evaluating the implications of climate-related factors for operations, cost structure, demand, feedstock availability, capital requirements and long-term competitiveness. The analysis considered:

- Policy and legal changes (e.g., carbon pricing, ETS, CBAM)
- Technology shifts (e.g., CCUS, hydrogen, electrification, energy efficiency)
- Market shifts (e.g., bio-based chemicals, circular solutions, customer decarbonisation needs)
- Reputation and financing drivers (e.g., green finance taxonomies and investor expectations)

Key Assumptions and Uncertainties

Assumptions reflect the pace of NDC implementation under APS; the maturing of low-carbon technologies; evolving bio-feedstock markets; and the progressive tightening of emissions-related policies. Uncertainty remains around:

- Timing and stringency of Malaysia's carbon-pricing mechanism
- Availability and price of renewable electricity for large-scale electrification
- Regional deployment of CCUS infrastructure and hydrogen supply chains
- Feedstock competition for bio-based and circular materials
- Long-term customer procurement shifts, especially in the EU

These uncertainties influence potential exposure across each segment and horizon.

Resilience Across Time Horizons

SHORT-TERM (BY 2026):
RESILIENT

PCG remains resilient in the near-term, with transition risk exposure assessed as limited. Carbon-pricing impacts are manageable, technology requirements remain modest and feedstock availability continues to support stable operations. Existing actions, such as energy efficiency, flaring reduction, renewable procurement and early Scope 2 reductions at SC sites, reinforce operational resilience.

At the same time, PCG is already benefiting from transition-linked opportunities through its expanding SC portfolio, which includes waterborne alkyd emulsifiers (Neptem™), plant-based esters (Emfinity®), upcycled viscosity modifiers (Viscotech® Upcycled) and synthetic polyol esters for energy-efficient lubricants.

MEDIUM-TERM (BY 2030):
SELECTIVELY EXPOSED BUT
STRATEGICALLY POSITIONED

Under APS, carbon pricing and technology readiness begin to exert greater pressure on O&D and F&M cost structures. However, PCG's resilience in 2030 is strengthened by:

- Continuing energy-efficiency and electrification measures
- Progressive renewable energy adoption
- A maturing ICP mechanism incorporated into investment decisions
- An increasingly diversified SC portfolio that benefits from tighter global environmental regulations and growing customer demand for lower-carbon, renewable and circular materials
- Strengthened governance, including the NZCE Taskforce and enhanced emissions data systems

PCG's SC Raw Material Transition Roadmap supports resilience by shifting toward renewable, recycled and lower-carbon feedstocks, aligned with emerging EU circular economy policies.

LONG-TERM (BY 2050):
CONDITIONAL RESILIENCE
REQUIRING CONTINUED EXECUTION

Over the long-term, outcomes are shaped by the effective sequencing of low-carbon technology adoption, evolving feedstock strategies and continued portfolio transformation. Resilience is increasingly influenced by how effectively PCG manages the following transition risks while capturing long-term opportunities.

Transition Risks:

- Carbon pricing exposure, particularly for energy-intensive O&D and F&M value chains as carbon costs escalate toward mid-century
- Near-zero-emissions technologies (e.g. CCUS, e-crackers and green hydrogen), which are capital-intensive and dependent on the availability of external infrastructure and policy support
- Hydrocarbon tightening and feedstock competition, potentially requiring earlier diversification, partnerships and alternative sourcing strategies

Transition Opportunities:

- SC growth, driven by demand for materials enabling renewable energy expansion, EV performance, industrial electrification and circular systems
- Expansion of the Pro-Environment portfolio, supported by ISCC PLUS certification to meet increasingly stringent product-carbon requirements
- Innovation-enabled market access, supported by targeted R&D investments, the PETRONAS Application Technology Centre (PATC) in Shanghai, China, and digital PCF tools supporting customer co-development

Across the assessed scenarios, the analysis indicates that the Group remains resilient in the short- to medium-term under both STEPS and APS, with limited exposure through 2026 and manageable exposure through 2030. Over the longer-term, resilience remains achievable but is increasingly contingent on disciplined execution of PCG's strategic pathways.

This includes the effective sequencing of decarbonisation levers in line with asset lifecycles and technology readiness, strengthening energy and feedstock security amid tightening markets, and scaling innovation in sustainable, circular and low-carbon solutions. Continued integration of climate considerations into strategy, risk management and capital allocation processes, together with proactive engagement with evolving regulatory frameworks and customer requirements, will remain critical in sustaining competitiveness and managing transition exposure through 2050.

PCG will continue to refine its climate resilience assessment as data availability, scenario guidance and regulatory expectations evolve, including progressive enhancements to quantitative analysis of segment-level sensitivities and financial impacts.

RISK MANAGEMENT

Climate Risk Management

As climate change continues to reshape global systems, PCG adopts a holistic and forward-looking approach to managing climate-related risks and opportunities. These risks are assessed through a structured scenario analysis process that integrates internal risk expertise, global climate models and financial impact assessment, ensuring climate considerations remain embedded in our strategic planning and long-term business resilience.

1. Defining relevant climate scenarios and risk drivers

We begin by identifying a range of plausible climate scenarios and determining the physical and transition risk drivers most relevant to our operations, including understanding how shifts in policy, markets, technologies and climate patterns may influence our business over time.

Key data sources for PCG include:

Physical risk

- IPCC CMIP6 (SSP Scenarios): Used for future climate modelling
- Swiss Re Global Flood/Surge Zones: Applied for location-level hazard intensity
- Copernicus/Satellite Imagery: Used for real-time and historical weather pattern monitoring
- Official National Hazard Maps: Referenced for regulatory alignment and hydrological validation

Transition risk

- IEA WEO 2023: Transition pathways and energy demand assumptions
- IEA WEO 2024: Updated carbon-price trajectories applied across STEPS and APS scenarios
- IEA Net Zero Roadmap (2023 update)
- S&P Global Commodity Insights
- Policy and regulatory development (EU ETS/EU CBAM/National carbon pricing)
- PCG internal data and insights

2. Conducting qualitative and quantitative climate analysis

We establish a Base Case scenario to evaluate climate-related risks and opportunities within our planning horizons. This assessment evaluates the likelihood and potential impacts of climate drivers on our business and operations.

- Physical risks are assessed using Swiss Re's CatNet® and Sustainability Compass platforms to map our global asset base against high-resolution hazard layers. This enables us to assign Climate Risk Scores based on IPCC AR6 scenarios, ensuring our risk prioritisation is grounded in industry-leading catastrophe modelling and forward-looking climate science
- Transition risks and opportunities are assessed using a structured five-step methodology aligned with IFRS S2. Transition drivers are identified through regulatory assessments, sectoral literature and internal disclosures. Each driver is assessed for likelihood and impact to develop internal exposure ratings, which are then combined with external scenario insights that is supported by third-party proprietary assessment tools, expert judgement and PCG business data. This integrated approach produces risk and opportunity heatmaps for PCG's business segments, enabling prioritisation of material risks and early visibility of commercially relevant opportunities

Qualitative scenario analysis is performed using external datasets from credible global institutions such as the IPCC and IEA, providing well-established climate and energy models that outline multiple pathways for global climate and economic transition.

We then conduct financial modelling for selected drivers that may have a potentially material impact on PCG. Intervention from the MD/CEO and/or the Board of Directors is required where the anticipated risk impact results in an adverse effect of 8% or more on the profit or loss position. This ensures that material climate-related risks and opportunities are prioritised for strategic action.

SUSTAINABILITY REVIEW

SUSTAINABILITY REVIEW

3. Developing strategic response measures

Strategic response measures are designed to enhance our resilience to climate-related risks and position PCG to capture emerging opportunities. PCG transforms climate data into actionable response measures through operational and portfolio optimisation assessments, capital allocation towards operational efficiency and decarbonisation measures as well as climate adaptation measures. Carbon considerations are also integrated into decision-making and investments in climate-aligned technologies.

To ensure that response measures are proportionate and targeted, PCG's physical climate risk management combines portfolio-level screening with phased on-site validation. Desktop-based hazard modelling provides an initial view of potential exposure across the asset base, following which selected sites undergo on-site validation to refine asset-specific exposure, sensitivity and the effectiveness of existing controls. This approach enables PCG to distinguish gross hazard indications from asset-level risk and to prioritise mitigation and resilience actions where they are most needed.

Insights from these assessments also support the identification and capture of sustainability-related opportunities, including projected demand for low-carbon, circular and renewable-based products. Priority opportunities are escalated to management as part of portfolio shaping, product-development governance and growth-project appraisal processes to strengthen PCG's long-term competitiveness in carbon-regulated and sustainability-driven markets.

4. Continuous monitoring and review

PCG integrates climate-related risks and opportunities into its Enterprise Risk Management (ERM) framework by incorporating the outputs of physical- and transition-risk assessments into the CRP. While climate risks are identified and assessed using specialised methodologies, including physical hazard modelling and transition scenario analysis, their management, prioritisation and oversight follow PCG's standard ERM processes.

Climate risks are assigned to risk owners with defined mitigations, monitored for control effectiveness by the Risk Management Department (RMD) and reviewed through the SRMC. Progress, emerging exposures and alignment with PCG's risk appetite are reported quarterly to the BSRC.

As part of ongoing monitoring, PCG reviews site-specific exposure for localised hazards, such as a storm surge and will reassess Group-level materiality if exposure expands, projected severity increases, or operating conditions including infrastructure dependence, insurance availability or logistics criticality, materially change.

Any risk with an anticipated adverse impact of 8% or more on the profit or loss position will be escalated to the MD/CEO and/or the Board of Directors for intervention and decision-making. This integrated approach ensures that climate-related risks and opportunities are managed consistently across the organisation and embedded into planning, investment screening and enterprise-level risk governance.

The scope of assessment covered all PCG assets within the reporting boundary including the following areas:

9 COUNTRIES

- Asia: Malaysia, China, India, Singapore
- Europe: Germany, Sweden, the Netherlands
- North America: Canada, the USA

3 SCENARIOS

- SSP1-2.6 – Low emissions
- SSP2-4.5 – Base scenario
- SSP5-8.5 – High emissions

3 TIME HORIZONS

- Short-term (baseline)
- Medium-term (2030)
- Long-term (2050)

8 CLIMATE HAZARDS

- Heat Wave
- Heat Stress
- Extreme Rainfall Flooding (Pluvial flooding)
- River Flooding (Fluvial flooding)
- Storm Surge (sea level rise)
- Drought
- Wind Storms
- Wildfires

Changes From Prior Year

Compared to FY2024, PCG enhanced its physical climate risk assessment methodology by transitioning to Swiss Re's climate hazard platform, which was integrated into asset-criticality rankings to improve the consistency and granularity of physical risk scoring.

There were no material changes to PCG's transition-risk assumptions, methodologies or conclusions in FY2025 compared to FY2024. Existing transition pathways continued to be applied based on reasonable and supportable information available at the reporting date, with reassessment planned for FY2026.

METRICS AND TARGETS

This chapter presents the Group's climate-related metrics and targets in accordance with IFRS S2. Broader sustainability-related metrics and targets that are not climate-specific are disclosed within PCG's SR 2025 and IR 2025, where relevant.

In accordance with the IFRS S2, PCG presents a comprehensive suite of climate-related metrics and targets that demonstrate our commitment to operational excellence, value creation and long-term climate resilience. These disclosures enable stakeholders to assess PCG's performance in managing climate-related risks and opportunities, while tracking decarbonisation pathway progress against PETRONAS commitment to NZCE by 2050. Unless otherwise stated, metrics and targets in this supplement reflect the reporting boundary described in Reporting Boundary.

GHG Emissions Metrics**Scope 1 and Scope 2 Emissions**

FY2025 Scope 1 and 2 GHG emissions reflect PCG's global manufacturing and chemical production footprint. Emissions are reported on an absolute gross basis, with Scope 2 disclosed using both location- and market-based methodologies to reflect physical energy consumption as well as the impact of contractual instruments.

Table 1: Scope 1 and 2 GHG Emissions

GHG Emissions (mil tCO ₂ e)	2023	2024	2025
Scope 1	6.40	6.69	6.61
Malaysia (Commodities)	6.18	6.43	6.39
International (Specialty Chemicals)	0.22	0.26	0.22
Other investees within the organisational boundaries	Nil	Nil	Nil
Scope 2 – location-based	1.50	1.43	1.45
Malaysia (Commodities)	1.36	1.30	1.32
International (Specialty Chemicals)	0.14	0.13	0.13
Other investees within the organisational boundaries	Nil	Nil	Nil
Scope 2 – market-based	1.41	1.25	1.24
Malaysia (Commodities)	1.27	1.12	1.11
International (Specialty Chemicals)	0.14	0.12	0.13
Other investees within the organisational boundaries	Nil	Nil	Nil
Total Scope 1 and Scope 2 (location-based)	7.90	8.12	8.06
Malaysia (Commodities)	7.54	7.73	7.71
International (Specialty Chemicals)	0.36	0.39	0.35
Other investees within the organisational boundaries	Nil	Nil	Nil
Total Scope 1 and Scope 2 (market-based)	7.80	7.93	7.85
Malaysia (Commodities)	7.44	7.55	7.50
International (Specialty Chemicals)	0.36	0.38	0.35
Other investees within the organisational boundaries	Nil	Nil	Nil
Emissions intensity (market-based) (tCO₂e/tonne production)	0.76	0.71	0.73
Malaysia (Commodities)	0.79	0.74	0.75
International (Specialty Chemicals)	0.45	0.42	0.44

Notes:

- Scope 1 – Direct emissions from sources owned or controlled by the Group, including fuel combustion, process emissions, flaring, venting and fugitive emissions
- Scope 2 – Indirect emissions associated with purchased electricity and steam, presented on both a location-based and market-based basis
- Emissions are measured in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and PETRONAS Technical Standards 18.72.05 – Greenhouse Gas Emissions Management

Year-on-year changes in operational emissions were driven by a combination of non-structural operational and reliability-related factors, alongside structural emissions reductions achieved through targeted decarbonisation initiatives. During the reporting period, the procurement of bundled green electricity under the Green Electricity Tariff (GET) for selected sites in Peninsular Malaysia contributed to a reduction in market-based Scope 2 emissions.

SUSTAINABILITY REVIEW

SUSTAINABILITY REVIEW

Scope 3 Emissions

Scope 3 GHG emissions represent indirect emissions arising across PCG's upstream and downstream value chain. PCG discloses Scope 3 emissions for categories where data quality, availability and methodological robustness are assessed to be sufficiently mature to support quantitative reporting.

Table 2: Scope 3 GHG Emissions by Category

Scope 3 Categories ¹ (mil tCO ₂ e)	2023	2024	2025
Category 1 – Purchased Goods and Services²	9.49	10.17	9.61
Malaysia (Commodities)	8.49	9.12	8.59
International (Specialty Chemicals)	1.00	1.05	1.02
Category 3 – Fuel- and Energy-related Activities	1.67	1.65	1.66
Malaysia (Commodities)	1.62	1.59	1.61
International (Specialty Chemicals)	0.05	0.06	0.05
Category 11 – Use of Sold Products²	10.04	11.60	12.35
Malaysia (Commodities)	9.98	11.54	12.30
International (Specialty Chemicals)	0.06	0.06	0.05
Total Scope 3 GHG emissions	21.20	23.42	23.62

Notes:

¹ Data covers commodity manufacturing sites with operational control and Perstorp Group only

² Prior-year emissions have been restated to reflect refined calculation methods and the use of supplier-specific emission factors where relevant

Disclosed Scope 3 emissions are estimated using a combination of calculation method, including activity-based data, financial and operational information, supplier-specific emission factors where available and recognised secondary data sources. PCG continues to enhance Scope 3 inventory through improved data inputs and structured supplier engagements, with the objective of strengthening the quality, consistency and transparency of value chain emissions disclosures over time.

Methodology, Boundaries And Key Assumptions

PCG measures and reports GHG emissions to support transparent, consistent and comparable climate-related disclosures across reporting periods. Emissions are calculated using internationally recognised standards and internally governed procedures, with methodologies, data sources, assumptions and boundaries applied consistently across the Group.

Standards and Guidance

GHG emissions are prepared in accordance with Greenhouse Gas Protocol, supported by PETRONAS Technical Standards and relevant international guidance, including ISO 14064-1, as well as IPCC AR6 Global Warming Potential (GWP) values and IPCC AR5 GWP values for our Commodities and SC portfolios, respectively.

Organisational Boundary

GHG emissions are consolidated using an operational control approach, reflecting assets and activities over which PCG has the authority to implement operational and environmental management practices. All PCG-operated manufacturing assets are, therefore, included within Scope 1, Scope 2 and Scope 3 inventories. Joint ventures, joint operation and associates are excluded.

Measurement Approach and Data Governance

Emissions are calculated using a combination of direct measurement and estimation techniques, depending on data availability and source characteristics. Activity data is compiled monthly, validated by site-level HSE or environmental personnel and consolidated at Group-level for annual reporting.

Table 3: Summary of GHG Emissions Methodology by Scope

Scope	Emission Sources Covered	Primary Data Sources	Calculation Approach & Key Assumptions
Scope 1	Stationary combustion, flaring, venting, fugitive emissions and mobile sources	Metered data, process monitoring systems, fuel purchase records, operational logs	Emissions calculated using activity data multiplied by applicable emission factors as well as IPCC AR6 and AR5 GWP values for our Commodities and SC portfolios, respectively. Direct measurement is prioritised; estimates are used where data gaps exist, with higher uncertainty for fugitive emissions.
Scope 2 (location-based)	Purchased electricity, steam, heating and cooling	Utility invoices, meters, supplier data	Electricity and thermal energy consumption multiplied by relevant grid or supplier-specific emission factors. Intercompany energy transfers are excluded to avoid double counting.
Scope 2 (market-based)	Contracted electricity and renewable energy instruments	Utility bills, contracts, bundled Renewable Energy Certificates (RECs)	Supplier-specific emission factors applied. Electricity backed by eligible RECs is reported at zero emissions. Residual mix or grid-average factors are used where residual mix data is unavailable.
Scope 3 – Category 1	Purchased goods and services	General ledger, supplier data	Emissions estimated using a hybrid of spend-based, volume-based and supplier-specific emission factors, prioritising supplier data for high impact purchases such as feedstocks.
Scope 3 – Category 3	Fuel- and energy-related activities (not in Scope 1 & 2)	Internal energy data, purchase invoices	Emissions are estimated using well-to-tank emission factors for purchased fuel and electricity, with electricity emissions adjusted for transmission and distribution losses, and applying recognised secondary emission factors where supplier-specific data is unavailable.
Scope 3 – Category 11	Use of sold products	Sales volume data	Emissions calculated based on Greenhouse Gas Protocol use-phase boundaries for products that emit GHGs during use.

Notes:

- Scope 1 emissions include all significant Greenhouse Gases (Carbon Dioxide (CO₂), Methane (CH₄), Nitrous Oxide (N₂O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), Sulphur Hexafluoride (SF₆) and Nitrogen Trifluoride (NF₃)) and are reported in tonnes of CO₂ equivalent (tCO₂e) using IPCC AR6 GWP values for our Commodities Business and AR5 GWP is used for our Specialty Chemicals Business
- Scope 2 emissions are reported on both a location-based and market-based basis, reflecting physical electricity supply and contractual instruments respectively
- Scope 3 emissions are disclosed for categories assessed as most material to PCG's value chain. Categories undergoing further validation are excluded until data quality and methodological robustness are sufficient
- Estimation uncertainty varies by source and is highest for fugitive emissions and value-chain categories reliant on secondary data
- Additional methodological detail, including calculation approaches, emission factor libraries and data controls, is provided in the Appendix 1: PCG Basis of Calculation

During the reporting period, PCG strengthened its GHG accounting to improve accuracy and alignment with current standards, including:

- Global Warming Potential (GWP): Transition from IPCC AR4 to IPCC AR6 GWP values for tCO₂e conversion for our Commodities Business
- Scope 2 emission factors: Updated grid emission factors for Malaysia and refined supplier-specific emission factors for sites supplied by central utilities
- Scope 3 emission factors: Use of supplier-specific emission factors where available, replacing secondary lifecycle data

SUSTAINABILITY REVIEW

Climate-Related Risks And Opportunities – Metrics

PCG monitors climate-related transition risks, physical risks and opportunities using quantitative and qualitative indicators that support the assessment of exposure and inform management decision-making. The metrics presented in this section are designed to illustrate the scale, distribution and concentration of climate-related exposures across the Group's operated asset base and selected value chain activities, consistent with the objectives of IFRS S2.

Transition Risk Metrics

PCG assesses exposure to climate-related transition risks using proxy metrics that indicate the extent to which its operated emissions footprint is subject to carbon pricing mechanisms across jurisdictions. These proxies provide decision-useful insight into carbon-cost exposure and regulatory transition risk, while PCG continues to enhance data availability and methodologies required for more granular, asset-level vulnerability assessment in future reporting periods.

Table 4: Transition risk exposure – global Scope 1 emissions, percentage covered under emissions-limiting regulations

Transition Risk Metrics	FY2025
Percentage of Scope 1 emissions covered under emissions-limiting regulations (emissions basis)	3

Notes:

- Carbon pricing jurisdictions include jurisdictions with an emissions trading scheme, carbon tax, or comparable mandatory carbon pricing mechanism in force during the reporting period and/or jurisdictions where a legislated mechanism has confirmed implementation parameters
- "Operated sites/assets" refers to PCG-operated manufacturing sites and facilities within the Group's operational control boundary
- These proxy metrics are intended to indicate transition-risk exposure and do not represent a comprehensive asset-level vulnerability scoring model. PCG will progressively enhance transition risk quantification over future reporting periods, applying the ISSB proportionality mechanisms and using all reasonable and supportable information available at the reporting date without undue cost or effort
- Carbon pricing jurisdictions applicable for PCG falls under EU ETS

Based on these proxy indicators, transition-risk exposure is expected to evolve over the medium-term as carbon pricing coverage expands and carbon prices increase. Exposure is generally higher for emissions-intensive segments, particularly O&D and F&M, reflecting greater sensitivity to carbon pricing and technology readiness constraints. SC, which is comparatively less emissions-intensive, is expected to exhibit lower relative exposure.

Physical Risk Metrics

PCG evaluates exposure to key physical climate hazards across its operated manufacturing footprint using forward-looking indicators. The metrics presented reflect relative exposure by hazard type and geography for the 2030 time horizon, with a focus on flooding (fluvial and pluvial), heat stress/heat waves and drought/water stress. Exposure to windstorm and wildfire hazards is currently assessed to be low across the Group's footprint and is therefore not considered a primary driver of physical climate risk at this stage.

To support comparability and reduce reliance on point estimates, physical risk exposure is presented using qualitative exposure bands. These bands reflect relative differences in exposure across geographies and hazards and are intended to support risk prioritisation, site-level resilience planning and resource allocation. Exposure bands reflect modelled hazard exposure and do not yet fully incorporate site-specific control effectiveness; validation is being phased to refine asset-level resilience insights.

SUSTAINABILITY REVIEW

Table 5: Physical Climate Risk Exposure

Climate Hazards	2030			
	Malaysia	APAC (excluding Malaysia)	Europe	North America
	20 assets	3 assets	7 assets	2 assets
Heat Stress	●	●	●	●
Heat Wave	●	●	●	●
Fluvial Flood	●	●	●	●
Pluvial Flood	●	●	●	●
Drought	●	●	●	●
Storm Surge	●	●	●	●
Windstorm	●	●	●	●
Wildfires	●	●	●	●

● Very High ● High ● Moderate ● Low ● Minimal

Note:

- Physical climate risk concentration is monitored using climate risk modelling outputs, including the proportion of operated assets assessed as being exposed to 'High' or 'Very High' risk under selected scenarios
- PCG will progressively enhance physical risk quantification over future reporting periods, applying the ISSB proportionality mechanisms and using all reasonable and supportable information available at the reporting date without undue cost or effort

Climate-related Opportunity Metrics

PCG monitors climate-related opportunities associated with the transition to a lower-carbon economy, with a particular focus on opportunities linked to its product portfolio, SC growth and customer decarbonisation needs.

For the reporting period, climate-related opportunity metrics are disclosed on a qualitative basis, reflecting the current stage of development of internal opportunity classification and data readiness. Quantitative disclosure will be progressively enhanced in future reporting periods, in line with improvements in internal tracking and information availability and where data can be obtained without undue cost or effort.

Capital Deployment Metrics

PCG tracks capital deployment toward climate-related initiatives through internal investment categorisation aligned with its decarbonisation and resilience objectives. This includes investments focused on operational efficiency, emissions reduction and asset resilience, such as facility retrofits, process optimisation and energy efficiency improvements.

PCG will utilise internal and/or external funding sources to support any required capital expenditure, financing, or investment deployment. For the current period, such capital expenditure, financing, and investment activities have been assessed as immaterial to PCG. Accordingly, PCG has not provided quantitative information across the time horizon, applying proportionality and relying on information available without incurring undue cost or effort. Quantitative disclosures will be progressively enhanced in future reporting periods as internal tracking and classification processes continue to mature.

SUSTAINABILITY REVIEW

Industry-Based And Cross-Industry Metrics

This section presents selected cross-industry and industry-based metrics that support an understanding of PCG's climate-related risks and opportunities and provide contextual information for the GHG emissions and targets disclosed elsewhere in this Statement. Metrics are presented consistently across reporting periods where data is available and are intended to be decision-useful, comparable and aligned with IFRS S2 requirements.

Energy Metrics

PCG monitors energy consumption and energy mix as key drivers of operational emissions and exposure to climate-related transition risks. The energy metrics presented summarise total energy consumption, energy consumption by source and type, grid electricity consumption and renewable electricity consumption by category for the reporting period.

These metrics support assessment of PCG's progress in improving energy efficiency, reducing emissions intensity and strengthening readiness for the transition to lower-carbon energy systems.

Table 6: Energy Consumption and Energy Mix

Energy Metrics	2025
Total energy consumption (mil GJ)	167.37
Energy consumption by source/type (mil GJ)	
Natural gas	56.24
Purchased electricity (national grid and PETRONAS energy generator operating units)	11.64
Purchased steam/heating/cooling	19.80
Other fuels / energy	-
Internal generated energy	86.93
Exported energy	(7.25)
Renewable energy consumption (by category) (mil GJ)	
Bundled green electricity/tariff programme	1.57
On-site renewable energy	0.81

Notes:

- Accounting of internal generation at selected Specialty Chemicals sites may include natural gas due to different accounting methodology, however this represents less than 10% of total internal energy generation
- Detailed breakdown may not add up to the total due to rounding

Freshwater Metrics

PCG monitors freshwater withdrawal and water-related exposure indicators, including exposure in water-stressed areas, recognising the potential implications of freshwater availability for operational continuity, asset resilience and long-term risk management. Freshwater metrics are presented for the reporting period and comparative periods to support trend analysis and prioritisation of water stewardship actions.

Table 7: Freshwater withdrawal and water stress indicators

Water Metrics	2023	2024	2025
Total freshwater withdrawal ('000 m ³)	56,500	60,400	57,000
Total freshwater consumption ('000 m ³)			35,200
Freshwater withdrawal in water-stressed areas ('000 m ³)	10,500*	10,400*	10,200
Total freshwater withdrawn in high/extremely high baseline water-stressed locations (%)			18
Total freshwater consumed in high/extremely high baseline water-stressed locations (%)			27

Notes:

- "Water-stressed areas" are defined using PCG's internal criteria and/or recognised external water-stress screening references, applied consistently across reporting periods
- Further detail on definitions, boundary and data sources is provided in the Basis of Calculation
- * Covers Commodities manufacturing sites only

SUSTAINABILITY REVIEW

Internal Carbon Pricing

PCG applies an internal carbon price to assess resilience and guide capital deployment, while balancing emissions reduction and financial sustainability details on the carbon price range, application and governance are disclosed in the Strategy section of this Statement to avoid duplication.

Remuneration Linkage to Climate-related Objectives

Climate-related performance considerations, including progress against emissions reduction objectives, are incorporated into performance evaluation and governance arrangements for senior management. Further information, including the extent of remuneration linkage where applicable, is disclosed in the Governance section of this Statement.

Alignment with Industry-based Guidance

The metrics disclosed in this section are aligned with IFRS S2 cross-industry and industry-based guidance and are consistent with PCG's SASB-related disclosures presented in Appendix 2 of this Statement. This approach supports comparability with peers while avoiding duplication of detailed industry-specific tables.

Climate-Related Targets

PCG has set climate-related targets to support its transition and long-term decarbonisation ambition aligned with PCG's NZCE 2050 Roadmap. This section explains the scope of these targets and how progress is tracked during the reporting period.

GHG Emissions Reduction Targets

PCG's climate-related target is an absolute reduction in Scope 1 and Scope 2 GHG emissions, measured against a 2019 baseline and applied across operations under PCG's operational control. This target supports PCG's ambition to achieve net zero Scope 1 and Scope 2 emissions by 2050 and focuses on real reductions in operational emissions.

Interim targets are not included in the current reporting cycle. Progress toward the NZCE 2050 ambition is tracked through absolute Scope 1 and Scope 2 emissions performance against the 2019 baseline, as disclosed in this section.

Target Review

Climate-related targets are reviewed regularly to ensure they remain relevant and aligned with changes in operations, regulations, and climate-related risks and opportunities. No changes were made to the GHG emissions reduction target during the reporting period, and interim targets are not included in this reporting cycle.

Monitoring and Performance Against Targets

Progress against the GHG emissions reduction target is monitored using absolute Scope 1 and Scope 2 emissions (tCO₂e) and percentage reduction relative to the 2019 baseline.

Table 8: Performance against GHG emissions reduction target

Performance Metrics	2019	2023	2024	2025
Scope 1 and market-based Scope 2 emissions (mil tCO ₂ e)	8.24	7.80	7.93	7.85
Percentage reduction from 2019 baseline (%)	-	5	4	5

Progress against the 2019 baseline reflects the combined effects of:

- Cumulative structural emissions reductions delivered through implemented emissions reduction initiatives
- Non-structural operational and reliability-related factors, such as plant turnarounds, unplanned outages and higher flaring in certain periods

Since 2019, PCG has delivered cumulative emissions reductions from decarbonisation initiatives of approximately 600 ktCO₂e (~7%), including around 212 ktCO₂e attributable to market-based Scope 2 measures (e.g., renewable electricity instruments). In a given reporting year, operational variability may partially offset or mask these structural improvements in absolute reported emissions.

Further details on decarbonisation initiatives and transition actions are provided in the Climate Transition Path section on page 77.

SUSTAINABILITY REVIEW

SUSTAINABILITY REVIEW

PCG BASIS OF CALCULATION

Assurance Status: Limited Assurance

Total Scope 1 GHG Emissions

Definition	Scope 1 GHG emissions refer to direct GHG emissions from sources owned or controlled by PCG, including stationary combustion, flaring, venting, fugitive emissions and mobile sources. Emissions are quantified for all significant greenhouse gases (CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃) and reported as tonnes of CO ₂ equivalent (tCO ₂ e) using IPCC AR6 Global Warming Potential (GWP) values for our Commodities portfolio and IPCC AR5 GWP values for our SC business.
Reporting period	1 January 2025 – 31 December 2025
Scope	All PCG-operated assets where PCG has operational control, including manufacturing plants and utilities. Joint ventures, joint operation and associates are excluded. Emissions from both stationary and mobile sources (e.g., combustion, process, flaring, venting, fugitive and company-owned vehicles) are included where relevant.
Data consolidation process	Scope 1 emissions data are collected from metered sources, process monitoring systems, and operational records at each facility. Data are compiled monthly, validated by site HSE/environmental personnel, and consolidated at PCG-level for annual reporting. Direct measurement and estimation methods are adopted as they provide the most reliable representation of emissions from sources under PCG's operational control, including combustion, flaring, venting, and fugitive emissions.
Formula	<ul style="list-style-type: none"> Stationary combustion: Fuel combustion volume x gas composition x GWP Flare: Flaring volume x gas composition x flaring destruction efficiency x GWP Vent: Vented gas volume x gas composition x GWP Mobile transportation: Fuel usage volume x emission factor x GWP Fugitive emissions (Facility-level approach): Production volume x emission factor x GWP
Unit	Tonnes of carbon dioxide equivalent (tCO ₂ e), monthly and summed for annual reporting
Source	<ul style="list-style-type: none"> PTS 18.72.05 Greenhouse Gas Emissions Management PTS 18.06.04 HSSE Performance Monitoring & Reporting Greenhouse Gas Protocol IPCC AR6 GWP values (for Commodities) & IPCC AR5 GWP values (for SC) ISO 14064-1 2018-12 Greenhouse gases – Part 1: Specification with guidance at the organisational level for quantification and reporting of greenhouse gas emissions and removals Compendium of Greenhouse Gas Emissions Methodologies for the Natural Gas and Oil Industry, issued by the API in Nov 2021 (Compendium) Petroleum Industry Guidelines for Reporting Greenhouse Gas Emissions by IPIECA, 2nd Edition, 2011
Assumption/Limitation	PCG refers to the PETRONAS Technical Standards (PTS 18.72.05), which currently reference the API Compendium (2021) for industry best practices and the IPCC Sixth Assessment Report for our Commodities portfolio for globally accepted scientific data, ensuring consistency, credibility, and alignment with international standards. Minor sources below 5,000 tCO ₂ e/year or 0.1% of annual emissions may be excluded if justified and documented. Data quality depends on accurate metering, billing, and record keeping. Estimates may be used where actual data is unavailable, with methodology documented.

Total Scope 2 GHG Emissions (location-based)

Definition	Scope 2 GHG emissions (location-based) refer to indirect GHG emissions resulting from the consumption of purchased electricity, steam, heating, or cooling at PCG-operated facilities. The location-based method quantifies emissions using average grid or supplier emission factors for the geographic area where energy is consumed.
Reporting period	1 January 2025 – 31 December 2025
Scope	All PCG-operated assets where PCG has operational control, including manufacturing plants and utilities. Joint ventures, joint operation and associates are excluded. Scope 2 emissions from all relevant sources (purchased electricity, steam, heating, cooling) are included where applicable.
Data consolidation process	Scope 2 energy consumption data are collected from metered sources and utility bills at each facility. Data are compiled monthly, validated by site HSE/environmental personnel, and consolidated at PCG-level for annual reporting. Calculations are based on actual electricity consumption multiplied by appropriate emission factors. Sites connected to the national grid use the national grid emission factor, while sites supplied by PETRONAS centralised utilities facilities use supplier-specific emission factors. This approach ensures accuracy and reflects the actual source of purchased electricity. Intercompany energy transfers are excluded from PCG-level totals to avoid double counting. Only imported energy from third-party providers or PETRONAS energy generator operating units is consolidated.
Formula	Indirect energy: Purchased energy (electricity, steam, heating or cooling) x emission factor of the purchased energy. Refer to approved local emission factors for operations and supplier-specific factors where available.
Unit	Tonnes of carbon dioxide equivalent (tCO ₂ e), monthly and summed for annual reporting
Source	<ul style="list-style-type: none"> PTS 18.72.05 Greenhouse Gas Emissions Management PTS 18.06.04 HSSE Performance Monitoring & Reporting Greenhouse Gas Protocol IPCC AR6 GWP values (for Commodities portfolio) & IPCC AR5 GWP values (for SC portfolio) ISO 14064-1 2018-12 Greenhouse gases – Part 1: Specification with guidance at the organisational level for quantification and reporting of greenhouse gas emissions and removals
Assumption/Limitation	Only purchased energy from third-party providers and PETRONAS energy generator operating units are included; intercompany transfers are excluded at PCG-level. Scope 2 emission factors are sourced from the Energy Commission for grid-connected sites and from PETRONAS centralised utilities for supplier-specific data, ensuring alignment with national benchmarks and internal operational data. Minor sources below 5,000 tCO ₂ e/year or 0.1% of annual emissions may be excluded if justified and documented. Data quality depends on accurate metering, billing, and record keeping. Estimates may be used where actual data is unavailable, with methodology documented.

SUSTAINABILITY REVIEW

SUSTAINABILITY REVIEW

Total Scope 2 GHG Emissions (market-based)

Definition	Scope 2 GHG emissions (market-based) refer to indirect GHG emissions resulting from the consumption of purchased electricity, steam, heating, or cooling at facilities which PCG has purposefully chosen, calculated using emission factors associated with specific contractual instruments (e.g., renewable energy certificates, supplier-specific emission factors, or residual mix factors) as per Greenhouse Gas Protocol and PCG procedures.
Reporting period	1 January 2025 – 31 December 2025
Scope	All PCG-operated assets where PCG has operational control, including manufacturing plants and utilities. Joint ventures, joint operation and associates are excluded. Scope 2 emissions from all relevant sources (purchased electricity, steam, heating, cooling) are included where applicable.
Data consolidation process	Scope 2 energy consumption data are collected from metered sources and utility bills at each facility. Data are compiled monthly, validated by site HSE/environmental personnel and consolidated at PCG-level for annual reporting. Intercompany energy transfers are excluded from PCG-level totals to avoid double counting. Only imported energy from third-party providers is consolidated. Contractual instruments (e.g., RECs, supplier agreements) are documented and tracked for market-based reporting.
Formula	<ul style="list-style-type: none"> Scope 2 GHG Emissions (market-based, tCO₂e) = $\sum(\text{Electricity Consumed (kWh)} \times \text{Supplier-specific Emission Factor (tCO}_2\text{e/kWh)}) + \sum(\text{Electricity Consumed (kWh)} \times \text{Residual Mix Emission Factor}^*)$ For electricity covered by valid RECs: Emissions = Electricity Consumed (kWh) × 0 For other purchased energy (e.g., steam, heating, cooling): GHG Emissions (tCO₂e) = $\sum(\text{Energy Consumed} \times \text{Supplier Emission Factor})$ <p>Refer to approved emission factors and contractual documentation for each energy source.</p>
Unit	Tonnes of carbon dioxide equivalent (tCO ₂ e), monthly and summed for annual reporting
Source	<ul style="list-style-type: none"> PTS 18.72.05 Greenhouse Gas Emissions Management PTS 18.06.04 HSSE Performance Monitoring & Reporting Greenhouse Gas Protocol IPCC AR6 GWP values (for Commodities) & IPCC AR5 GWP values (for SC) ISO 14064-1 2018-12 Greenhouse gases – Part 1: Specification with guidance at the organisational level for quantification and reporting of GHG emissions and removals
Assumption/Limitation	<p>Only purchased energy from third-party providers is included; intercompany transfers are excluded at PCG-level.</p> <p>Scope 2 emission factors are sourced from the Energy Commission for grid-connected sites and from PETRONAS centralised utilities for supplier-specific data, ensuring alignment with national benchmarks and internal operational data.</p> <p>Valid RECs must meet Scope 2 Quality Criteria and be matched to the reporting period and location.</p> <p>Minor sources below 5,000 tCO₂e/year or 0.1% of annual emissions may be excluded if justified and documented.</p> <p>Data quality depends on accurate metering, billing, and record keeping. Estimates may be used where actual data is unavailable, with methodology documented.</p>

Total Energy Consumption

Definition	<p>Total Energy Consumption refers to amount of energy used for cooling, heating and combustion in the process to produce product. Energy source can be either from renewable or non-renewable sources.</p> <p>Total Energy Consumption includes fuel use for heating and generation of steam and electricity.</p> <p>Internal generated energy such as fuel, steam and electricity from process and consumed shall be included in total energy consumption.</p> <p>Energy exported to external facilities is subtracted to reflect actual consumption.</p>
Reporting period	1 January 2025 – 31 December 2025
Scope	All PCG-operated assets where PCG has operational control, including manufacturing plants and utilities. Joint ventures, joint operation and associates are excluded.
Data consolidation process	Energy consumption data are collected from metered sources, operational records, and utility bills at each facility. Data are compiled monthly, validated by site personnel, and consolidated at PCG Group level for annual reporting. Internal generation and energy exported are tracked to ensure accurate aggregation and avoid double counting.
Formula	<p>Total Energy Consumption (GJ) = Consumed Energy (GJ) – Exported Energy (GJ)</p> <p>Where:</p> <ul style="list-style-type: none"> Consumed Energy includes fuel, steam, electricity Exported Energy includes steam, steam condensate, fuel, electricity exported to external parties <p>Conversions:</p> <ul style="list-style-type: none"> Electricity: "GJ"="kWh"×0.0036 Steam: "GJ"="Steam Flow (kg)"×"Steam Enthalpy (kJ/kg)"/10⁶ Fuel: "GJ"="Fuel Flow (kg)"×"LHV (kJ/kg)"/10⁶
Unit	Gigajoules (GJ), monthly and summed for annual reporting. Other units (e.g., kWh, tonnes, MMBtu) may be used at site level for monitoring consistencies but converted to GJ for group reporting.
Source	<ul style="list-style-type: none"> PTS 16.10.07 Energy and Loss Management System 3.0 PTG 16.10.08 Energy Performance Metrics PTS 18.72.05 Greenhouse Gas (GHG) Emissions Management GRI 302: Energy 2016 Sustainability reporting guidance for the oil and gas industry, IPIECA Module 3: Climate Change and Energy
Assumption/Limitation	<p>Energy boundary is consistent with GHG reporting boundary. Internal generation and exported energy are tracked to avoid double counting. Conversion factors and calculation methods are sourced from approved PETRONAS/PCG references.</p> <p>Data quality depends on accurate metering, monitoring, and record keeping. Estimates may be used where actual data is unavailable, with methodology documented.</p>

SUSTAINABILITY REVIEW

Nature & Environment: Freshwater Withdrawal

Definition	Freshwater withdrawal refers to the total volume of water drawn from all sources (surface water, groundwater, municipal supply, rainwater harvesting, purchased water) into PCG-operated facilities for any use, excluding recycled and reused water streams. Freshwater is defined as water with total dissolved solids (TDS) less than 2,000 mg/L, in line with PETRONAS and IPIECA guidance.
Reporting period	1 January 2025 – 31 December 2025
Scope	All PCG-operated assets where PCG has operational control, including manufacturing plants and utilities. Joint ventures, joint operation and associates are excluded. Freshwater withdrawal from all relevant sources is included where applicable.
Data consolidation process	Freshwater withdrawal data are collected from metered sources at each facility. Data are compiled and validated by site HSE/environmental personnel monthly, and consolidated at PCG level for annual reporting in the Sustainability Report. Exports to other OPU are excluded from the total.
Formula	Total Freshwater Withdrawal (m ³) = Volume of (surface water + groundwater + municipal supply + rainwater harvesting + purchased water) – Volume of exported water streams
Unit	Cubic metres (m ³), monthly and summed for annual reporting
Source	<ul style="list-style-type: none"> • PTS 18.90.01 Water Management • PTS 18.06.04 HSSE Performance Monitoring & Reporting • IPIECA Water Management Framework • GRI 303: Water and Effluents (2018)
Assumption/Limitation	Metered data are used where available; where metering is not feasible, estimates are based on design values or operational records. Exports to other OPU are excluded. Data quality depends on proper metering, calibration, and record keeping. Estimates may vary due to operational changes, process modifications, or regulatory updates. Minor sources below the minimum threshold (<1% of total withdrawal) may be excluded.

Assurance Status: No External Assurance

Scope 3 GHG Emissions: Category 1 – Purchased Goods and Services

Definition	Scope 3 emissions are 'Other' types of indirect emissions that are NOT accounted under Scope 1 or Scope 2 GHG emissions. Category 1 – Extraction, production, and transportation of goods and services purchased or acquired by the reporting company in the reporting year, not otherwise included in Categories 2 - 8.
Reporting period	1 January 2025 – 31 December 2025
Scope	All PCG-operated entities where PCG has operational control. Joint ventures, joint operation and associates are excluded.
Data consolidation process	Data are collected from general ledger and supplier records.
Formula	Total Category 1 emissions are calculated as the sum of emissions estimated using the volume based and spend based approaches. <ul style="list-style-type: none"> • Volume-based: Emissions (CO₂e) = Quantity purchased × Emission factor (kg CO₂e/unit); • Spend-based: Emissions (CO₂e) = Spend × Emission factor (kg CO₂e/currency unit)
Unit	Tonnes of carbon dioxide equivalent (tCO ₂ e)
Source	<ul style="list-style-type: none"> • PTS 18.72.05 Greenhouse Gas Emissions Management • Greenhouse Gas Protocol
Assumption/Limitation	Where supplier specific emission factors are unavailable, secondary emission factors from recognised lifecycle databases (e.g. Ecoinvent) are applied, in line with Greenhouse Gas Protocol guidance, specific emission factors are unavailable, secondary emission factors from recognised lifecycle databases.

SUSTAINABILITY REVIEW

Scope 3 GHG Emissions: Category 3 – Fuel and Energy Related Activities (not included in Scope 1 & 2)

Definition	Scope 3 emissions are 'Other' types of indirect emissions that are NOT accounted under Scope 1 or Scope 2 GHG emissions. Category 3 – Emissions related to the production of fuels and energy purchased and consumed by PCG that are not already included in Scope 1 or Scope 2.
Reporting period	1 January 2025 – 31 December 2025
Scope	All PCG-operated entities where PCG has operational control. Joint ventures, joint operation and associates are excluded.
Data consolidation process	Data are collected from internal energy data and purchase invoices.
Formula	Total Category 3 emissions are calculated as the sum of emissions from fuel purchased and electricity purchased <ul style="list-style-type: none"> • Emissions from fuel purchased (CO₂e) = Quantity of fuel purchased × Well-to-tank emission factor • Emissions from electricity purchased (CO₂e) = Quantity of electricity purchased × (Well-to-tank emission factor + Transmission & distribution losses adjustment emission factor)
Unit	Tonnes of carbon dioxide equivalent (tCO ₂ e)
Source	<ul style="list-style-type: none"> • PTS 18.72.05 Greenhouse Gas Emissions Management • Greenhouse Gas Protocol
Assumption/Limitation	Where supplier specific emission factors are unavailable, secondary emission factors from recognised lifecycle databases (e.g. DEFRA) are applied, in line with Greenhouse Gas Protocol guidance, specific emission factors are unavailable, secondary emission factors from recognised lifecycle databases.

Scope 3 GHG Emissions: Category 11 – Use of sold products

Definition	Scope 3 emissions are 'Other' types of indirect emissions that are NOT accounted under Scope 1 or Scope 2 GHG emissions. Category 11 – Use of sold products refers to emissions from end use of goods and services sold by the reporting company in the reporting year.
Reporting period	1 January 2025 – 31 December 2025
Scope	All PCG-operated entities where PCG has operational control. Joint ventures, joint operation and associates are excluded.
Data consolidation process	Data is collected from sales volume data.
Formula	Emissions (CO ₂ e) = Quantity of product sold × Use-phase emission factor
Unit	Tonnes of carbon dioxide equivalent (tCO ₂ e)
Source	<ul style="list-style-type: none"> • PTS 18.72.05 Greenhouse Gas Emissions Management • Greenhouse Gas Protocol
Assumption/Limitation	Emissions are calculated based on products that are used by our customers as final products, in line with Greenhouse Gas Protocol guidance.

SUSTAINABILITY REVIEW

SUSTAINABILITY REVIEW

SASB-RELATED DISCLOSURES

SASB Industry-Based Climate-Related Disclosures (Chemicals)

Purpose and Relationship to IFRS S2

This appendix presents selected disclosures informed by the Sustainability Accounting Standards Board (SASB) Standards for the Chemicals industry. These disclosures are intended to complement the IFRS S2 climate-related disclosures in the main body of this Statement by providing industry-specific, investor-relevant metrics.

To avoid duplication, this appendix cross-references quantitative metrics disclosed under IFRS S2 rather than reproducing full tables. Where SASB specifies metric presentation that is not explicitly shown under IFRS S2 (for example, certain percentage-based disclosures or self-generation fields), PCG provides a concise FY2025 SASB-format summary. In all other cases, relevant IFRS S2 disclosures are referenced.

IFRS S2 - SASB Cross-Reference Overview

Table 1: IFRS S2 and SASB cross-reference (Chemicals)

SASB topic	SASB metric code	IFRS S2 location
Greenhouse Gas Emissions	RT-CH-110a.1, 110a.2	• Metrics & Targets: GHG Emissions Metrics
		• Strategy and Transition Readiness: Climate Transition Path
Energy Management	RT-CH-130a.1	• Metrics & Targets: Energy Metrics
Water Management	RT-CH-140a.1, 140a.3	• Metrics & Targets: Freshwater Metrics
		• Strategy and Transition Readiness: Physical Risk Resilience
		• Risk Management: Climate Risk Management
Product Design for Use-phase Efficiency	RT-CH-410a.1	• Strategy and Transition Readiness: Climate-Related Risks and Opportunities Shaping Our Strategy

Greenhouse Gas Emissions

Table 2: SASB GHG Metrics Summary

GHG Metrics	FY2025
Scope 1 emissions (MtCO ₂ e)	6.61
Scope 2 emissions – location-based (MtCO ₂ e)	1.45
Scope 2 emissions – market-based (MtCO ₂ e)	1.24
Total Scope 1 + Scope 2 (location-based)	8.06
Total Scope 1 + Scope 2 (market-based)	7.85
% of Scope 1 emissions covered under emissions-limiting regulations (emissions basis)	3.00

Notes:

- Calculation basis (RT-CH-110a.1): The percentage covered under emissions-limiting regulations is calculated on an emissions basis, defined as: $(\text{Scope 1 emissions occurring in jurisdictions subject to emissions-limiting regulations} \div \text{total Scope 1 emissions}) \times 100$
- Emissions-limiting regulations include applicable emissions trading schemes, carbon taxes or legally binding emissions limits in force during the reporting period

Discussion of Long- and Short-Term Strategy or Plan to Manage Scope 1 Emissions, Emissions Reduction Targets and Performance

PCG manages Scope 1 emissions through a combination of operational efficiency initiatives, flaring and venting reduction measures, energy optimisation efforts and longer-term decarbonisation planning. Emissions management is embedded within enterprise risk management, capital allocation processes and performance monitoring, as described in the IFRS S2 Strategy and Targets disclosures.

For additional information refer to the Climate Transition Path on page 77 and the Metrics and Targets section on page 93.

Energy Management

Table 3: SASB Energy Metrics Summary

Energy Metrics	2025
Total energy consumed (mil GJ)	167.37
Percentage of energy consumed supplied from grid electricity (%)	6.96
Percentage of energy consumed that was renewable energy (%)	1.42
Total self-generated energy (mil GJ)	86.93
Self-generated renewable energy (mil GJ)	0.88

Notes:

- Electricity measured in kilowatt hours (kWh) is converted to gigajoules (GJ) using a conversion factor of 0.0036 GJ/kWh
- Energy source categories and conversion factors are applied consistently across reporting periods. Further detail on definitions and data sources is provided in the Basis of Calculation

Boundary and Methodology

Energy consumption includes energy directly consumed during the reporting period from purchased fuels, purchased electricity and purchased steam, heating or cooling, as well as any self-generated energy where applicable. Conversion factors, such as the conversion of kilowatt-hours to gigajoules and fuel energy assumptions are applied consistently across reporting periods. Supporting methodological details are referenced in the Basis of Calculation.

Energy Efficiency

PCG's energy management approach focuses on operational efficiency and reliability improvements that support both cost discipline and emissions intensity reduction. Key measures include process and utilities optimisation, reduction of energy losses and targeted upgrades to improve the efficiency of energy-intensive equipment. Aggregate energy savings achieved through these initiatives are not currently quantified on a consolidated basis for SASB reporting, as applicable.

Water Management

Table 4: SASB Water Metrics Summary

Water Metrics	FY2025
Total water withdrawn ('000 m ³)	57,000
Total water consumed ('000 m ³)	35,200
Total water withdrawn in High/Extremely High Baseline Water Stress locations (%)	18
Total water consumed in High/Extremely High Baseline Water Stress locations (%)	27

Notes:

- Detailed breakdowns may not total precisely due to rounding
- Water withdrawal by source:
 - For Commodities: 100% sourced from municipal supply
 - SC: Surface water (own extraction) 90.6%, groundwater (own extraction) 3.6%, third-party water 5.8%
- Freshwater withdrawal refers to the total volume of water drawn from all sources (surface water, groundwater, municipal supply, rainwater harvesting and purchased water) into PCG-operated facilities for any use, excluding recycled and reused water streams
- Freshwater is defined as water with total dissolved solids (TDS) less than 2,000 mg/L, consistent with PETRONAS and IPIECA guidance
- Water consumption refers to the portion of freshwater withdrawn that is not returned to the same catchment from which it was sourced over the reporting period. This includes water that:
 - Evaporates or is lost during withdrawal, processing, cooling or discharge
 - Is incorporated into products, by-products or waste streams
 - Is consumed by humans or equipment during operations
 - Becomes polluted or degraded to the point that it cannot be reused or returned
- Water consumption is calculated as:
 - Water Consumption = Freshwater Withdrawn – Freshwater Returned
 - Where freshwater returned is measured via metered wastewater discharge. Where metering is not available, consumption may be estimated through engineering calculations, such as pump stroke formulas, reverse osmosis system parameters or other site-validated methods
- Water-stress metrics reflect baseline water stress conditions (including demand, supply, infrastructure and regulation) and may differ from IFRS S2 physical risk assessment, which are based on forward-looking drought scenarios. Regardless of the classification approach, PCG applies consistent mitigation measures including efficiency improvements, recycling/reuse, targeted monitoring and regulatory engagement, to strengthen long-term water security and operational resilience

SUSTAINABILITY REVIEW

Water Risk and Management Approach

PCG's operations depend on reliable water supply for cooling, steam generation and process requirements. Several facilities operate in water-stressed regions, where climate variability, infrastructure constraints and evolving regulatory standards heighten water-related risks. These risks include potential withdrawal disruptions, increased treatment requirements and more stringent compliance expectations from regulators and surrounding communities.

To manage these risks, PCG applies a structured water stewardship approach guided by PETRONAS Technical Standards, local regulatory requirements and site-specific risk assessments. Water-stressed locations receive particular focus, supported by WRI Aqueduct assessments and 2030 and 2050 climate impact modelling, enabling proactive planning for future supply availability. PCG also engages with state water authorities to monitor infrastructure developments and assess potential implications for water security.

PCG has established freshwater-reduction targets to strengthen long-term water resilience. At domestic water-stressed sites, PCG is progressing toward its absolute target to reduce freshwater withdrawal by 138,000 m³/month by 2030, equivalent to a ~14% reduction against the 2023 baseline. In 2025, approximately 88% of this target was achieved through optimisation measures such as process condensate recovery, condensate polisher regeneration and wastewater discharge timer adjustments. Similarly, SC operating sites have also set a target to reduce freshwater withdrawal by 25% by 2030 at high water-stressed sites, relative to its 2019 baseline.

Site-level optimisation projects further support water efficiency and operational reliability. These include process condensate recovery at PC Methanol Plant 1 (~45,000 m³/month reduction), return-water system optimisation at PC Fertiliser Kedah (~500 m³/month reduction), steam-line improvements at PC Fertiliser Sabah (~43,200 m³/month reduction) and enhanced wastewater recycling at the Stenungsund site (~33,000 m³/month freshwater savings). In parallel, PCG is conducting feasibility studies on alternative water sources, including reclaimed sewage water and seawater thermal desalination, to assess their suitability for strengthening water security at domestic water-stressed sites.

To improve performance visibility, PCG completed water balance validations for both PC Methanol plants and continues deploying the CLARITY digital solution for real-time monitoring and optimisation of site-level water systems. Engagement with process vendors has also been strengthened to improve treatment reliability and compliance. This includes PC Fertiliser Kedah and PC Ammonia's transition to non-phosphate cooling water treatment, enabling higher cycles of concentration and reducing freshwater and wastewater volumes, with other OPUs conducting trials to assess the feasibility of similar improvements.

Water- and wastewater-related risks include securing and maintaining discharge permits, meeting stringent effluent standards, controlling discharge temperature and managing potential regulatory or community-related liabilities. To address these risks, PCG conducted a comprehensive wastewater situational assessment of Wastewater Treatment Plant (WWTP) performance in 2025, identifying operational gaps and strengthening internal controls, pollution-prevention measures and compliance practices to improve discharge quality and reduce the likelihood of incidents. These actions support robust operational controls and help maintain compliance across PCG's facilities.

SUSTAINABILITY REVIEW

Process and Equipment Innovations that Reduce Water Demand

PCG implements process and equipment innovations to reduce operational water demand across its facilities. These include heat-integration and energy-efficiency improvements that lower heating and steam requirements, which in turn reduce cooling demand and associated freshwater consumption. By addressing water use at the process-design and utilities level, these measures support sustained reductions in water intensity, reinforcing operational efficiency.

Lifecycle Trade-offs

PCG recognises that certain water-saving measures involve lifecycle trade-offs that must be actively managed. For example, advanced treatment technologies such as reverse osmosis and ultrafiltration can reduce freshwater withdrawal but may increase electricity consumption. Similarly, higher cycles of concentration and enhanced condensate recovery can reduce freshwater intake and wastewater volumes, but may require incremental chemical dosing or additional maintenance.

To manage these trade-offs, PCG continues to explore complementary solutions such as heat-integration and energy-efficiency improvements, alongside the adoption of non-phosphate treatment systems, to progressively reduce lifecycle impacts while maintaining water efficiency and operational reliability.

Additional qualitative context on PCG's water stewardship practices will be provided in the PCG Sustainability Report 2025.

Product Design for Use-phase Efficiency

Table 5: SASB Product Design for Use-phase Efficiency

SASB accounting metric	PCG FY2025
Revenue from products designed for use-phase resource efficiency	Not disclosed for the reporting period

Notes (Rationale for non-disclosure):

PCG develops products and solutions that may enable customers to reduce emissions, energy use or resource intensity during product application or use. However, revenue attributable specifically to products designed for use-phase resource efficiency is not currently tracked on an aggregate basis using a consistent internal classification methodology and is therefore not disclosed for the reporting period. PCG continues to enhance internal classification and data readiness to support potential future disclosure.

Climate-related product opportunities are managed through PCG's innovation and product stewardship processes, which embed regulatory, safety and environmental considerations across product development and lifecycle management. These processes support PCG's transition toward higher-value specialty solutions and sustained market relevance, while remaining aligned with customer performance needs and evolving regulatory expectations.

Additional qualitative context on these processes will be provided in the PCG Sustainability Report 2025.

Use of this Appendix

This appendix is intended to support transparency and comparability for users familiar with SASB Standards, while avoiding duplication of disclosures provided under IFRS S2. Quantitative metrics presented here should be read together with the relevant IFRS S2 sections referenced above to obtain full context on governance, strategy, risk management and targets.

VALUE CREATION MODEL

Our Value Creation Model sets out how PCG delivers sustainable financial and non-financial value for stakeholders across the value chain. Grounded in our material matters and principal risks, the model demonstrates how we deploy our six capitals to manage uncertainties, strengthen resilience and support disciplined decision-making. This is underpinned by our two-pronged strategy to sustain leadership in basic petrochemicals while expanding into higher-value SC, positioning the Group to capture growth opportunities and create long-term value.

OUR CAPITALS

INPUTS

Reliable, competitively priced feedstock underpins our operations, with a diversified gas supply supporting production continuity and plant reliability.

Natural gas: **48,983 KMT**

Energy consumed: **167.37 million GJ**

Freshwater withdrawal: **57 million m³**

Our operational footprint, which mainly spans across APAC, North America and Europe, strengthens our ability to serve customers with greater speed and reliability.

Operates 21 manufacturing sites, supported by subsidiaries and representative offices, in 27 countries worldwide

Driven by a diverse and capable workforce, we continue to prepare our people for the future by empowering them to innovate and adapt as the industry evolves.

Total number of employees: 6,355

RM27.9 million invested in employee training and development

Average training days per employee: 17

Prioritising Research and Development (R&D) and innovation allows us to anticipate market shifts and improve our products based on customer needs.

7 laboratories

8 patented applications

9 proprietary chemicals

Working closely with our stakeholders and communities are important to ensure our products and partnerships achieve maximum impact.

Consists of **6,138 suppliers and vendors**

Financial discipline remains critical amid market volatility, providing the strength to pursue opportunities and manage uncertainty with confidence.

Shareholders' equity is **RM38.6 billion**

RM9.3 billion in cash and cash equivalents

RM1.9 billion in free cash flow

N NATURAL

M MANUFACTURED

H HUMAN

I INTELLECTUAL

SR SOCIAL & RELATIONSHIP

F FINANCIAL

ENABLE OUR BUSINESS TO CREATE

BUSINESS ACTIVITIES

COMMODITIES

BUSINESS PORTFOLIO

SPECIALTY CHEMICALS

SUSTAINABILITY AT THE CORE

FIRST-PRONG
Sustain strength in basic petrochemicals through Operational Excellence & Commercial Excellence in Maximising Cash Generation from existing business

SECOND-PRONG
Selectively diversify into derivatives, Specialty Chemicals and solutions through Growth Delivery Excellence via Expanding Core & Stepping-out opportunities

TWO-PRONGED STRATEGY

STRATEGIC THRUSTS

OPERATIONAL EXCELLENCE

OE

COMMERCIAL EXCELLENCE

CE

GROWTH DELIVERY EXCELLENCE

GE

OPERATING ENVIRONMENT

For further details, please refer to the Operating Environment and Outlook section from pages 17 to 19 as well as the Segmental Review from pages 51 to 65 of this report.

PRINCIPAL RISKS

For further details, please refer to the Risk Overview section on pages 22 to 31 of this report.

For further details, please refer to the Strategic Review section on pages 16 to 37 of this report.

For further details, please refer to the Material Matters section on pages 20 to 21 of this report.

VALUE CREATION MODEL

VALUE FOR STAKEHOLDERS

OUTPUTS

PRODUCTION & SALES

86.9% O&D
89.0% F&M
plant utilisation*

10,821
KMT
production volume

10,779
KMT
sales volume

* Commodities only

INNOVATION & TECHNOLOGY

30
new products

2
co-created solutions

253
technical solutions

1
lab launched in Shanghai, China

MATERIAL MATTERS

M1 Climate Change

M2 Nature & Environment

M3 Business Strategy & Financial Resilience

M4 Innovation & Product Stewardship

M5 Circular Economy

M6 Supply Chain Management

M7 Cybersecurity & Digitalisation

M8 Safety & Health

M9 Talent Management & Well-Being

M10 Human Rights

M11 Community Engagement

M12 Corporate Governance

VALUE CREATION MODEL

VALUE FOR STAKEHOLDERS

OUTCOMES	STAKEHOLDER GROUPS AFFECTED
N NATURAL <ul style="list-style-type: none"> 7.85 million tCO₂e total GHG emissions, reflecting a year-on-year reduction 87.8 KMT hazardous waste generated, down approximately 19% year-on-year through improved recovery and disposal practices Continued monitoring and conservation initiatives, leading to the consumption of 35.2 million m³ of water 	S1 S6 S7
M MANUFACTURED <ul style="list-style-type: none"> Increased sales volume by approximately 4% year-on-year, reflecting stronger production coordination and asset optimisation Achieved 93% order fulfilment reliability, reinforcing supply chain resilience and customer confidence Sustained plant reliability and operational performance despite higher shutdown activities and a challenging market environment 	S1 S3 S4
H HUMAN <ul style="list-style-type: none"> Recorded zero fatalities and 11 LTIs, underscoring continued efforts to strengthen safety culture and operational discipline Continued investment in workforce capability development through structured technical and leadership training programmes Strengthened safety competencies through targeted training, contributing to zero fatalities, zero major LOPC and zero major fire incidents 	S1 S2 S3 S4 S5 S6 S7
I INTELLECTUAL <ul style="list-style-type: none"> The Neptem™ emulsifier portfolio received the Environmental Pioneer Award, recognising innovation in more sustainable solutions Led 29 thought leadership engagements, strengthening industry presence and knowledge exchange Conducted 15 Product Stewardship sessions reinforcing responsible product management and stakeholder engagement Expanded our customer base with 68 new customers, reflecting effective innovation and market engagement 	S2 S3 S4 S6
SR SOCIAL & RELATIONSHIP <ul style="list-style-type: none"> Recorded 74% local procurement spending, supporting domestic economic and supplier development Reached more than 200,000 community members through outreach and development programmes Sustained brand presence with media mileage of RM10.6 million 	S2 S3 S4 S5 S6 S7 S8
F FINANCIAL <ul style="list-style-type: none"> Recorded an EBITDA decrease of 46% year-on-year, reflecting margin compression and softer market conditions Paid a 7 sen per share dividend for 2025 in line with our commitment to shareholder value 	S1 S2 S3 S4 S5 S6 S7 S8

FINANCIAL VALUE CREATED

- Operations**
- RM574 million in value creation and cost optimisation
 - Revenue of RM27.5 billion
 - EBITDA of RM1.9 billion
 - LAT of RM2.1 billion

- Shareholders**
- Dividend payout of RM560 million

- Community**
- Over RM400,000 contributed to the community

NON-FINANCIAL VALUE CREATED

PRODUCTION & SALES
Steady asset performance and routine maintenance ensure consistent output and bolster PCG's role in regional and global supply chains. This reliability strengthens customer confidence and underpins long-term market competitiveness.

INNOVATION & TECHNOLOGY
Through customised solutions and a growing portfolio of innovative products and tailored solutions, PCG fortifies customer relationships and access to emerging segments.

ENVIRONMENTAL FOOTPRINT
PCG is committed to responsible resource use, emissions management, climate progress and actions towards Malaysia's net zero ambitions. By continuously improving environmental performance, PCG contributes to a more sustainable future while strengthening operational resilience.

CAPITAL TRADE-OFFS AND MOVEMENTS

N <ul style="list-style-type: none"> Our business impacts natural capital through our use of non-renewable resources, as well as emissions and waste from our operations. To minimise these impacts, we leverage our financial, manufactured, human and intellectual capitals Across its operations, PCG accelerated GHG reduction programmes and maintained zero emissions for the Waspik site as well as achieved zero emissions across Scope 1 and Scope 2 for the Echt site. Our investment in these initiatives, provide long-term benefits by reducing environmental effects and keeping PCG on track towards our NZCE aspirations PCG's expansion into lower carbon portfolios such as Viscotech® Upcycled and Emfinity® Esters have helped strengthen our sustainability solutions' market position while balancing short-term costs with long-term resilience 	M ▲ H ● I ▲ SR ▲ F ▼
M <ul style="list-style-type: none"> PCG achieved plant utilisation rates of 86.9% for O&D and 89.0% for F&M. Over the course of the year, PCG also launched reliability programmes, energy optimisation and CO₂ reduction initiatives The completion of a strategic international acquisition and the commissioning of new downstream capacities involved significant financial and natural capital trade-offs, but strengthened long-term revenue streams and portfolio competitiveness, with short-term capital allocation to enhance asset performance expected to create sustained value over time across financial, natural, human and social & relationship capitals 	N ▲ H ● I ▲ SR ▲ F ▼
H <ul style="list-style-type: none"> Investments in workforce upskilling, safety, and digital adoption incurred short-term costs but delivered lasting benefits and impacts. This includes building adaptability, retaining skilled talent, and driving efficiency and innovation across operations that enhances organisational resilience and operational efficiency 	N ▲ M ▲ I ▲ SR ▲ F ▼
I <ul style="list-style-type: none"> PCG's expansion into R&D facilities and labs have helped deliver customer-centric solutions with financial and human capital trade-offs While resource-intensive, reliance on subject matter experts risk knowledge loss and erosion of intellectual capital due to staff turnover 	N ▲ M ▲ H ▲ SR ▲ F ▼
SR <ul style="list-style-type: none"> By channeling our skills and expertise into social impact initiatives, we empower communities and address key societal challenges. These efforts not only build deeper relationships but also boost our agility in responding to community priorities, securing long-term trust and collaboration Through co-creation projects, joint product development and digital platforms for real-time feedback, PCG strengthened customer engagement initiatives. Despite substantial resource commitments, these initiatives deepened relationships, improved responsiveness and drove long-term loyalty and financial performance through sustained revenue, premium pricing and stronger market positioning Additionally, these efforts enabled PCG to secure high-value contracts, redirected volumes to higher-margin markets and leveraged growth opportunities in specialty and sustainable solutions 	N ▲ M ● H ▲ I ▲ F ▼
F <ul style="list-style-type: none"> Investment in the PCG's intellectual, human, manufactured and natural capitals is the short-term financial trade-off to build organisational resilience, retain skilled talent and drive for sustainable long-term growth 	N ▲ M ▲ H ▲ I ▲ SR ▲

▲ Value Creation ● Value Preservation ▼ Value Erosion

VALUE CREATION MODEL

STAKEHOLDER ENGAGEMENT

Maintaining strong, trusted relationships with our stakeholders is essential in an industry built on interdependence and long-term partnerships. Through open engagement and meaningful collaboration, we strengthen mutual confidence, manage shared risks and opportunities, and deliver tangible outcomes that support collective growth and sustainable value creation.

EMPLOYEES

Our employees' expertise and dedication are fundamental to driving innovation, sustainability and operational excellence. Their collaborative spirit and commitment to continuous improvement have been instrumental in achieving our strategic objectives and delivering sustainable growth.

WHY WE ENGAGE

To strengthen capabilities, sustain morale and safety performance and build a future-ready workforce aligned with business and sustainability priorities.



ENGAGEMENT PLATFORM & FREQUENCY

- Townhall
- Talent development programmes
- Leadership training sessions
- Organisational Culture Survey
- Staff engagement and appreciation initiatives
- Knowledge-sharing forums
- HSE campaigns
- Employee Recognition and Long-Service Awards
- Wellness events

KEY CONCERNS RAISED

- Mental health and well-being
- HSE
- Diversity and Inclusion (D&I)
- Work-life balance
- Human rights
- Cybersecurity

RISKS

- Reduced engagement or capability gaps, impacting productivity and operational reliability
- Lower retention, affecting succession readiness
- Weaker safety culture, increasing incident risk

OUR STRATEGIC RESPONSE THROUGH OPPORTUNITIES

Value created for stakeholders

- Sustained employee well-being through mental health and flexible work programmes
- Strengthened D&I with Board-level tracking and leadership empowerment initiatives
- Expanded career development and mentorship opportunities
- Recognised long-service contributions with 497 employee awards in 2025
- Enhanced engagement and safety culture across the workplace

Value created for PCG

- Stronger workforce readiness to support operational and growth priorities
- Improved employee retention and engagement, sustaining organisational performance
- Reinforced leadership pipeline through structured development
- Stronger safety culture supporting reliability and resilience

RELATIONSHIP WITH VALUE CREATION MODEL

Key Capitals: **H I SR** Material Matters: **M8 M9 M10 M11** Principal Risks: **T H R**

CUSTOMERS

At PCG, earning and sustaining the confidence and loyalty of our customers are essential. We are dedicated to meeting their evolving needs by delivering innovative products and solutions, which play a key role in achieving our long-term sustainable growth.

WHY WE ENGAGE

Customers are the heart of our operations. Therefore, listening to their needs and staying at the forefront of consumer trends are important to strengthen and sustain customer loyalty.



ENGAGEMENT PLATFORM & FREQUENCY

- Meetings with customers
- Customer satisfaction surveys (CSS)
- Feedback management system
- Customer engagement programmes
- Product Stewardship workshops

KEY CONCERNS RAISED

- Product quality
- Product delivery
- Sustainable products
- Product pricing and credit terms
- Supply reliability

RISKS

- Supply disruption or quality issues, leading to reduced confidence or loss of market share
- Pricing volatility, affecting customer relationships
- Inability to meet sustainability-linked requirements, impacting competitiveness

OUR STRATEGIC RESPONSE THROUGH OPPORTUNITIES

Value created for stakeholders

- Resolved 17 customer complaints, maintaining a strong Customer Feedback performance score
- Delivered differentiated value propositions tailored to each customer segment
- Ensured consistent product quality through robust quality management, specification controls and customer testing
- Created 30 new products, two co-created innovative solutions and 253 technical solutions to support customer business growth
- Engaged customers through 15 Product Stewardship sessions and technical talks on safe handling and value maximisation
- Achieved 93% order fulfilment reliability, including bridging supply shortages through strategic sourcing

Value created for PCG

- Strengthened customer confidence and retention through reliability and service performance
- Enhanced market positioning through solutions-driven engagement and stewardship
- Built a more resilient demand base through deeper understanding of customer priorities
- Expanded opportunities to grow higher-value specialty and sustainable product portfolios

RELATIONSHIP WITH VALUE CREATION MODEL

Key Capitals: **SR M I F** Material Matters: **M1 M3 M4 M5** Principal Risks: **M O Ta SS**

Frequency of Engagement

- Annually
- Bi-Annually
- Quarterly
- Alternate Month
- Monthly
- Bi-Monthly
- Weekly
- Daily
- As Required
- On Request

STAKEHOLDER ENGAGEMENT

SUPPLIERS & VENDORS

In supporting operational continuity, we cultivate strong relationships with suppliers and vendors, underpinned by sound governance practices that strengthen the value chain and support long-term growth.

WHY WE ENGAGE

To create value across our products and operations, we actively engage suppliers and vendors that enable the delivery of high-quality materials and services. These partnerships are critical to maintaining competitiveness and resilience in a dynamic and challenging market.



ENGAGEMENT PLATFORM & FREQUENCY

- Performance evaluations
- Operational communications
- Regular meetings
- Forums
- Site visits

KEY CONCERNS RAISED

- HSE
- Human rights
- Ethical business practices
- Sustainability in the supply chain

RISKS

- Supplier disruption, affecting production continuity
- Third-party non-compliance, exposing PCG to governance and regulatory compliance risks
- Quality issues, increasing cost or operational risk

OUR STRATEGIC RESPONSE THROUGH OPPORTUNITIES

Value created for stakeholders

- Strengthened supplier safety through enforcement of HSE standards, achieving a zero Serious Vehicle Accident Rate and zero fatalities
- Supported 1,022 vendors through the PETRONAS Supplier Support Programme to accelerate sustainability adoption
- Embedded EESG requirements into procurement practices to promote responsible supply chain standards
- Maintained a reliable supply chain while providing robust grievance mechanisms to safeguard supplier and vendor interests

Value created for PCG

- Sustained supply continuity and vendor reliability to support operational resilience
- Strengthened governance and compliance across third-party relationships
- Improved value optimisation through competitive sourcing and performance monitoring
- Reduced integrity and operational risks through comprehensive frameworks, procedures and guidelines for suppliers and vendors

RELATIONSHIP WITH VALUE CREATION MODEL

Key Capitals: **M SR I** Material Matters: **M6 M8 M10 M11** Principal Risks: **F R SS H**

BUSINESS PARTNERS

Strategic partnerships and JVs are formed with other industry players to exchange ideas and expertise, as well as further expand our business. These collaborations enable us to leverage complementary strengths, drive innovation and access new markets.

WHY WE ENGAGE

Through an ecosystem of joint operations, associates and JVs, our business partnerships provide beneficial support to supplement business growth.



ENGAGEMENT PLATFORM & FREQUENCY

- Periodic meetings
- Operational communications
- Strategic dialogues
- Conferences and forums

KEY CONCERNS RAISED

- Governance, internal controls and compliance
- Streamlining the implementation of sustainability initiatives and tracking of GHG emissions from associates and JVs
- Reliability of PCG's feedstock supply

RISKS

- Underperformance or weak governance at partner entities, affecting returns
- Misalignment on risk appetite and sustainability priorities, impacting value creation
- Operational issues, impacting reputation and continuity

OUR STRATEGIC RESPONSE THROUGH OPPORTUNITIES

Value created for stakeholders

- Ensured good governance across JV operations
- Enabled business development opportunities through innovative solutions and collaborative partnerships
- Improved value chain efficiency through integrated operations with JV partners
- Optimised shared value through efficient feedstock, optimal utilities allocation and cost-sharing initiatives

Value created for PCG

- Protected investment value through disciplined oversight and performance monitoring
- Enhanced capability to manage shared operational and governance risks
- Strengthened partnership execution discipline, supporting business continuity and growth outcomes
- Improved visibility on issues and early interventions through structured reporting and assurance

RELATIONSHIP WITH VALUE CREATION MODEL

Key Capitals: **M SR F** Material Matters: **M1 M3 M5 M12** Principal Risks: **S O SS R**

Frequency of Engagement

- Annually
- Bi-Annually
- Quarterly
- Alternate Month
- Monthly
- Bi-Monthly
- Weekly
- Daily
- As Required
- On Request

STAKEHOLDER ENGAGEMENT

SHAREHOLDERS & INVESTMENT COMMUNITY

We regularly engage with our shareholders and investors to provide them with the timely insights and updates necessary for making informed and equitable investment choices.

WHY WE ENGAGE

Shareholders' financial capital allows PCG to deliver business growth while progressing its sustainability agenda. In turn, we remain focused on transparent communication and timely updates on our strategic direction and performance.



31,862 Shareholders

ENGAGEMENT PLATFORM & FREQUENCY

- One-to-one meetings
- Financial result briefings
- Investment conferences and roadshows
- General meetings
- Plant and office visits
- Knowledge sharing webinars
- Email correspondence and phone calls

KEY CONCERNS RAISED

- Sustainable value creation
- PCG's operational, commercial and financial performance
- Growth projects progress and deliverables
- Sustainability and EESG matters
- Corporate governance

RISKS

- Volatile investor sentiment, impacting market perception
- Misalignment of expectations, affecting confidence
- Weaker disclosures, impacting credibility

OUR STRATEGIC RESPONSE THROUGH OPPORTUNITIES

Value created for stakeholders

- Delivered shareholder returns through dividend payments while investing in growth initiatives for long-term value creation
- Maintained transparent, timely disclosures and accessible information to support informed decision-making by existing and prospective shareholders
- Enabled direct engagement with senior leadership and Board representatives through calls, briefings, roadshows and conferences
- Channelled investor expectations and feedback into Board and Management deliberations

Value created for PCG

- Strengthened market confidence through consistent investor engagement and disciplined disclosure practices
- Enhanced investor understanding of strategy, performance priorities and risk management
- Improved responsiveness to evolving market expectations and concerns
- Reinforced corporate credibility and governance positioning

RELATIONSHIP WITH VALUE CREATION MODEL

Key Capitals: **SR** **F** Material Matters: **M1** **M4** **M5** **M10** **M12** Principal Risks: **M** **S** **R** **SS**

GOVERNMENT & REGULATORS

We collaborate closely with relevant authorities to address challenges and navigate the growing complexities of the regulatory environment, ensuring consistent and continuous compliance.

WHY WE ENGAGE

To effectively manage our operations within legal frameworks and stay abreast of emerging and changing regulations, it is important for us to forge strong relationships with the government and regulators.



177 Engagements

ENGAGEMENT PLATFORM & FREQUENCY

- Regular reporting to relevant agencies
- Meetings with state agencies
- Meetings with federal agencies
- Engagements with district/community leaders
- Festive engagements

KEY CONCERNS RAISED

- Regulatory compliance
- Economic impact
- Safety and environmental management
- Human rights
- Sustainability and EESG matters

RISKS

- Regulatory non-compliance, affecting approvals or operations
- Policy shifts, impacting business conditions
- Enforcement action, affecting reputation and continuity

OUR STRATEGIC RESPONSE THROUGH OPPORTUNITIES

Value created for stakeholders

- Strengthened collaboration with Federal and State regulators to support safe, reliable plant operations and regulatory alignment
- Ensured commercial facilities operate with appropriate safeguards, monitoring technologies and compliance controls
- Maintained transparent, scheduled engagements and timely submission of mandatory regulatory reports
- Aligned sustainability priorities with government expectations to support national decarbonisation and transition goals

Value created for PCG

- Sustained licence to operate and regulatory confidence through disciplined compliance practices
- Reduced operational disruption risk through proactive engagement and structured reporting
- Reinforced governance credibility to support long-term business resilience

RELATIONSHIP WITH VALUE CREATION MODEL

Key Capitals: **M** **SR** **F** Material Matters: **M1** **M2** **M8** **M10** Principal Risks: **R** **SS** **H**

Frequency of Engagement

- Annually
- Quarterly
- Monthly
- Weekly
- As Required
- Bi-Annually
- Alternate Month
- Bi-Monthly
- Daily
- On Request

STAKEHOLDER ENGAGEMENT

COMMUNITIES

As a socially responsible company, we place strong emphasis on community development, and are committed to delivering positive outcomes for communities impacted by our operations.

WHY WE ENGAGE

Given that our operations may have direct and indirect impacts on communities, proactive engagement is essential to understand community concerns, address expectations and build long-term public trust.



More than 200,000 people impacted

ENGAGEMENT PLATFORM & FREQUENCY

- Social impact programmes
- Briefings and engagement
- Community support

KEY CONCERNS RAISED

- Safety of plant operations
- Quality of air and water emissions
- Jobs and other income-generating opportunities

RISKS

- Community dissatisfaction, affecting reputation and the operating environment
- Social concerns, escalating into disruptions
- Insufficient visibility of impacts, weakening trust

OUR STRATEGIC RESPONSE THROUGH OPPORTUNITIES

Value created for stakeholders

- Generated socio-economic opportunities for surrounding and marginalised communities, reaching more than 200,000 beneficiaries globally
- Maintained safe operating environments through strong HSE controls and continuous air and water quality monitoring
- Delivered social impact programmes in collaboration with local communities and NGOs
- Conducted regular engagements and awareness initiatives on health, safety and environmental protection

Value created for PCG

- Strengthened trust and social licence to operate through sustained community partnerships
- Reduced social and reputational risk through proactive engagements
- Improved alignment of social investments with sustainability priorities and measurable impact

RELATIONSHIP WITH VALUE CREATION MODEL

Key Capitals: **N** **H** **SR** Material Matters: **M2** **M8** **M10** **M11** Principal Risks: **SS** **H** **R**

MEDIA

Our media partners play a vital role in delivering accurate and reliable information, keeping stakeholders, such as the public and investors, well informed. Their role is crucial in safeguarding our business against misinformation and misconceptions, reputation, and fostering transparency and public trust.

WHY WE ENGAGE

As a critical communication link between our business and stakeholders, the media plays an important role in disseminating accurate information about our business and shaping brand perception.



RM10.6 million Media Mileage

ENGAGEMENT PLATFORM & FREQUENCY

- Press releases
- Media engagements
- Interviews

KEY CONCERNS RAISED

- Company reputation
- Business performance
- Environmental management and sustainability efforts
- New innovation and technology
- Development and progress of key projects

RISKS

- Misinformation or negative coverage, affecting reputation and stakeholder confidence
- Delayed or insufficient clarification, allowing issues to escalate

OUR STRATEGIC RESPONSE THROUGH OPPORTUNITIES

Value created for stakeholders

- Maintained open and transparent communication with media partners
- Supported audience engagement through timely sharing of accurate company updates
- Ensured consistent access to verified and up-to-date information

Value created for PCG

- Strengthened reputation management through targeted and proactive media engagements
- Improved stakeholder confidence through transparent and responsive communications
- Reduced reputational risk through timely clarification of issues

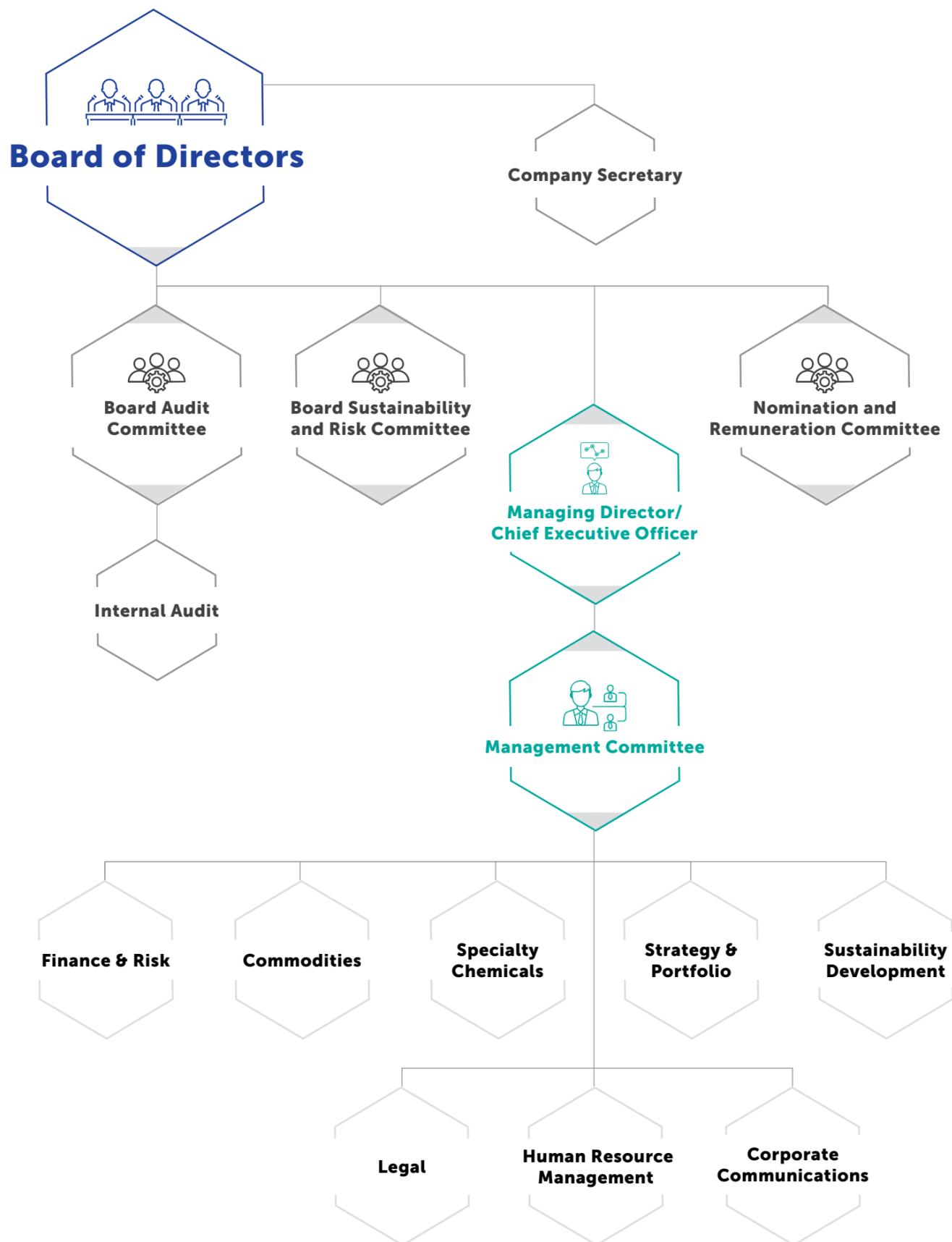
RELATIONSHIP WITH VALUE CREATION MODEL

Key Capitals: **I** **SR** Material Matters: **M1** **M2** **M4** **M10** Principal Risks: **SS** **R** **C**

Frequency of Engagement

- Annually
- Quarterly
- Monthly
- Weekly
- As Required
- Bi-Annually
- Alternate Month
- Bi-Monthly
- Daily
- On Request

ORGANISATIONAL STRUCTURE



CORPORATE INFORMATION

As At 27 February 2026

BOARD OF DIRECTORS

DATUK SAZALI HAMZAH

Chairman/Non-Independent Non-Executive Director

LUCIANO TARCISIO POLI

Independent Non-Executive Director

MAZUIN ISMAIL

Managing Director/Chief Executive Officer (MD/CEO)

FAREHANA HANAPIAH

Non-Independent Non-Executive Director

YEOH SIEW MING

Senior Independent Non-Executive Director

ABANG YUSUF ABANG PUTEH

Non-Independent Non-Executive Director

DR. ZAFAR ABDULMAJID MOMIN

Independent Non-Executive Director

SENIOR INDEPENDENT DIRECTOR

Yeoh Siew Ming
Email: petchem.sid@petronas.com

NOMINATION AND REMUNERATION COMMITTEE

Dr. Zafar Abdulmajid Momin (Chairman)
Yeoh Siew Ming
Farehana Hanapiah

BOARD AUDIT COMMITTEE

Yeoh Siew Ming (Chairperson)
Dr. Zafar Abdulmajid Momin
Luciano Tarcisio Poli
Farehana Hanapiah

BOARD SUSTAINABILITY AND RISK COMMITTEE

Luciano Tarcisio Poli (Chairman)
Yeoh Siew Ming
Dr. Zafar Abdulmajid Momin

COMPANY SECRETARIES

Cik Azizahwati Ishak
(MAICSA 7060684)
(SSM Practising Certificate No. 202008002944)

Hazleena Hamzah
(LS0010278)
(SSM Practising Certificate No. 201908001643)

REGISTERED OFFICE

Tower 1, PETRONAS Twin Towers
Kuala Lumpur City Centre
50088 Kuala Lumpur, Malaysia
Tel: +603 2051 5000

BUSINESS ADDRESS

Tower 1, PETRONAS Twin Towers
Kuala Lumpur City Centre
50088 Kuala Lumpur, Malaysia
Tel: +603 2051 5000

STOCK EXCHANGE LISTING

Listed on Main Market of Bursa Malaysia
Securities Berhad since 26 November 2010
Stock Name: PCHEM
Stock Code: 5183
Sector: Industrial Products & Services

REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor, Malaysia
Tel: +603 7890 4700
Fax: +603 7890 4670
Email: bsr.helpdesk@boardroomlimited.com

AUDITORS

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants
10th Floor, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya, Selangor, Malaysia
Tel: +603 7721 3388
Fax: +603 7721 3399
Website: <https://home.kpmg/my/en/home.html>

INVESTOR RELATIONS

Safarah Zeba M Salim
Senior Manager, Investor Relations
Level 45, Tower 1, PETRONAS Twin Towers
Kuala Lumpur City Centre
50088 Kuala Lumpur, Malaysia
Tel: +603 2392 3699
Email: petronaschemicals_ir@petronas.com

BANKING SERVICES PROVIDER

PETRONAS Integrated Financial Shared
Service Centre (IFSSC)

WEBSITE

www.petronas.com/pcg



Scan the QR code for the Corporate Directory on the PCG corporate website.

BOARD OF DIRECTORS



DATUK SAZALI HAMZAH
Chairman/Non-Independent Non-Executive Director

Board Skills Matrix

OG PT RE EN LO OP CM RM

Number of Meetings Attended: 6/6

Nationality :  Age : 59 Gender : 

Date of Appointment : 8 May 2014

Length of Service : 11 years and 9 months

Academic/Professional Qualification :

- Chartered Fellow of the Institute of Chemical Engineers (IChemE)
- Advanced Management Program, the Wharton School, University of Pennsylvania, United States of America (USA)
- Senior Management Programme, London Business School, London, United Kingdom (UK)
- Bachelor of Chemical Engineering, Lamar University, USA

Present Directorships :

Listed entities:

- PETRONAS Chemicals Group Berhad (PCG)
- PETRONAS Dagangan Berhad (PDB)

Other public company:

- Nil

Present Appointments :

- Chairman of PCG
- Executive Vice President and Chief Executive Officer, Downstream, PETRONAS
- Member of Executive Leadership Team, PETRONAS
- Non-Independent Non-Executive Director, PDB
- Member of Board Sustainability and Risk Committee, PDB
- Chairman/Director of various companies within PETRONAS Group

Past Experiences :

- Senior Vice President and MD/CEO of PCG
- Board member of Institution of Chemical Engineers United Kingdom, Malaysian Branch
- MD/CEO of Malaysia Refining Company Sdn. Bhd.
- MD/CEO of PETRONAS Technical Sdn. Bhd.
- MD/CEO of PETRONAS Penapisan (Melaka) Sdn. Bhd.
- Senior General Manager of Group Technology Solutions, PETRONAS
- Head of Project Management and Delivery, PETRONAS
- Various senior management positions through roles in the refinery and petrochemical business within PETRONAS

BOARD OF DIRECTORS



MAZUIN ISMAIL
*Managing Director/
Chief Executive Officer*

Board Skills Matrix

OG PT GL RE AU RM
EN OP SUS CS CM
TEC HR PM EC

Number of Meetings Attended: 6/6

Nationality :  Age : 57 Gender : 

Date of Appointment : 1 January 2024

Length of Service : 2 years 2 months

Academic/Professional Qualification :

- Master of Business Administration (Advance), University of Adelaide, Australia
- Bachelor of Science (Civil and Structural Engineering), University of Bradford, UK

Present Directorships :

Listed entities:

- PETRONAS Chemicals Group Berhad (PCG)

Other public company:

- Nil

Present Appointments :

- Managing Director/Chief Executive Officer, PCG
- Director of various companies within PETRONAS Group

Past Experiences :

- Senior Vice President of Corporate Strategy, PETRONAS
- Senior Vice President of Project Delivery and Technology, PETRONAS
- Vice President of Technical Global, PETRONAS
- Chairman, PETRONAS Digital Sdn. Bhd.
- Chairman, Petroleum Research Fund
- Chairman, International Conference and Exhibition Professionals (iCEP)
- Director, Malaysian Industry – Government Group for High Technology (MIGHT)
- Various directorships in PETRONAS



YEOH SIEW MING
*Senior Independent
Non-Executive Director*

Board Skills Matrix

RE OP CM FN
AU RM CS

Number of Meetings Attended: 6/6

Nationality :  Age : 58 Gender : 

Date of Appointment : 15 May 2019

Length of Service : 6 years and 9 months

Academic/Professional Qualification :

- Fellow Member of Association of Chartered Certified Accountants
- Member of the Malaysian Institute of Accountants
- Member of Malaysian Institute of Certified Public Accountants

Present Directorships :

Listed entities:

- PETRONAS Chemicals Group Berhad (PCG)

Other public company:

- Nil

Present Appointments :

- Chairperson of Board Audit Committee, PCG
- Member of Nomination and Remuneration Committee, PCG
- Member of Board Sustainability and Risk Committee, PCG
- Training Faculty of Deloitte University Asia Pacific
- Member of Sunway College Academic and Industry Advisory Board

Past Experiences :

- Partner of Deloitte South East Asia
- License liquidator for voluntary and court appointed liquidations and conflict resolutions
- Served in the following committees in Deloitte South East Asia:
 - Partners' Admission Committee
 - Board Nomination Committee
 - Compensation Committee for South East Asia CEO and Chairman of the Board
 - Operational Excellence Committee
- Facilitator of Unleash Global Innovation Lab for United Nation's Sustainable Development Goals
- Council Member of Malaysian Institute of Certified Public Accountants
- Held various management positions throughout her career with Deloitte

	Industry Background	International Experience	Functional Experience							
Board Skills Matrix	OG Oil and Gas	SC Specialty Chemicals	GL Global	EN Engineering	LR Legal/Regulatory	CM Commercial/Marketing	FN Finance	RM Risk Management	CS Corporate Strategy	HR Human Resource
	PT Petrochemical		RE Regional	LO Logistics	OP Operations	EC Economics	AU Audit	SUS Sustainability	TEC Technology	PM Project Management

BOARD OF DIRECTORS



**DR. ZAFAR
ABDULMAJID
MOMIN**
*Independent
Non-Executive Director*

Board Skills Matrix



Number of Meetings Attended: **6/6**

Nationality :  Age : **67** Gender : 

Date of Appointment : 1 July 2018

Length of Service : 7 years and 8 months

Academic/Professional Qualification :

- Doctorate of Philosophy in Business (General Management), Singapore Management University, Singapore
- Master of Business Administration, Kellogg School of Management, Northwestern University, Chicago, USA
- Master of Science in Mechanical Engineering, Purdue University, USA
- Bachelor of Mechanical Engineering, College of Engineering, Pune University, India

Present Directorships :

- Listed entities:**
- PETRONAS Chemicals Group Berhad (PCG)
- Other public company:**
- Nil

Present Appointments :

- Chairman of Nomination and Remuneration Committee, PCG
- Member of Board Audit Committee, PCG
- Member of Board Sustainability and Risk Committee, PCG
- Director, Ezal Healthcare Pte. Ltd.
- Adjunct Professor, Department of Strategy & Policy, NUS Business School, National University of Singapore
- School Advisory Committee, Opera Estate Primary School, Singapore
- Non-Executive Director, Governance and Directorship Institute (GDIInstitute Ltd)

Past Experiences :

- Independent Non-Executive Director, Mapletree Logistics Trust (Singapore)
- Board Director, Center for Non-Profit Leadership (Singapore)
- Partner and Managing Director, The Boston Consulting Group (Singapore, Dubai); Head of Asia Pacific Industrial Goods Practice, Pioneering Partner of Dubai/Abu Dhabi Offices
- Partner & Managing Director, Kearney (Singapore); Head of Asia Pacific Automotive Practice
- Senior Partner & MD of L.E.K Consulting (Singapore); Head of Southeast Asia
- Executive Vice President, Alghanim Industries (Kuwait); CXO and board director roles across functions and business units
- Various general management positions at United Technologies Corporation, Otis Asia Pacific Operations (Singapore)
- Various technical management positions at General Motors (USA)
- Adjunct Associate Professor, Nanyang Business School, Nanyang Technological University, Singapore
- Adjunct Associate Professor, Malaysia Institute for Supply Chain Innovation (MIT/MISI Initiative), Malaysia



**LUCIANO
TARCISIO POLI**
*Independent
Non-Executive
Director*

Board Skills Matrix



Number of Meetings Attended: **2/2**

Nationality :  Age : **63** Gender : 

Date of Appointment : 1 November 2025

Length of Service : 4 months

Academic/Professional Qualification :

- Master of Business Administration (MBA), City University, Zurich, Switzerland
- IMD Senior Management and Board of Director, International Institute of Management Development, Lausanne, Switzerland

Present Directorships :

- Listed entities:**
- PETRONAS Chemicals Group Berhad (PCG)
- Other public company:**
- Nil

Present Appointments :

- Chairman of Board Sustainability and Risk Committee, PCG
- Member of Board Audit Committee, PCG

Past Experiences :

- Non-Executive Experience:**
- Non-Executive Director (NED), EQUATE Petrochemical Company
 - NED, The Kuwait Olefins Company
 - NED, The Kuwait Styrene Company
 - Chairman of the Supervisory Board, Dow Benelux Region
 - Chairman of the Board, Dow Akxa and Board Member and Chairman of the Finance-Audit Committee
- Executive Experience:**
- Area President Middle East, Africa Turkey (MEAF), Dow Chemicals Company
 - Area Chief Financial Officer (CFO)/Finance Director Europe and MEAF, Dow Chemicals Company, Switzerland
 - CFO, Sadara Chemical Company, Saudi Arabia
 - Area CFO/Finance Director Europe, India, Middle East, Africa (IMEAF), Dow Chemicals Company, Switzerland
 - Area CFO/Finance Director Asia Pacific, Dow Chemicals Company, China
 - Regional Finance Director MEAF, Dow Chemicals Company Europe, Switzerland
 - Finance Director & Treasurer Iberica Region, Dow Chemicals Company, Spain
 - Finance Director Southern Africa, Dow Chemicals Company, South Africa
 - Treasury Risk Manager & Area Credit Supervisor, Dow Chemicals Company, Switzerland
 - Treasurer & Accounts Receivables Supervisor, Aluisse-Lonza, Australia & Switzerland
 - Controller, Franz Carl Weber AG, Switzerland

BOARD OF DIRECTORS



**FAREHANA
HANAPIAH**
*Non-Independent
Non-Executive Director*

Board Skills Matrix



Number of Meetings Attended: **6/6**

Nationality :  Age : **57** Gender : 

Date of Appointment : 1 June 2022

Length of Service : 3 years 9 months

Academic/Professional Qualification :

- Bachelor of Commerce and Administration (Accounting), Victoria University of Wellington, New Zealand
- Advanced Management Program, Harvard Business School, USA

Present Directorships :

- Listed entities:**
- PETRONAS Chemicals Group Berhad (PCG)
- Other public company:**
- Nil

Present Appointments :

- Member of Nomination and Remuneration Committee, PCG
- Member of Board Audit Committee, PCG
- Director of various companies within PETRONAS Group

Past Experiences :

- Advisor, PETRONAS
- Senior Vice President, Group Human Resource Management, PETRONAS
- General Manager of Corporate Planning
- Head of Commercial and Joint Venture Development for PETRONAS' megaproject RAPID
- Chief Executive Officer of PETRONAS Leadership Centre
- Head of Human Capital Expertise
- Head of Human Capital Strategy



**ABANG YUSUF
ABANG PUTEH**
*Non-Independent
Non-Executive Director*

Board Skills Matrix



Number of Meetings Attended: **6/6**

Nationality :  Age : **51** Gender : 

Date of Appointment : 1 January 2025

Length of Service : 1 year and 2 months

Academic/Professional Qualification :

- Bachelor's Degree in Chemical Engineering, Universiti Kebangsaan Malaysia
- Advanced Management Program, Harvard Business School, USA

Present Directorships :

- Listed entities:**
- PETRONAS Chemicals Group Berhad (PCG)
- Other public company:**
- Nil

Present Appointments :

- Senior Vice President of LNG Assets, Gas and Maritime Business, PETRONAS
- Director of various companies within PETRONAS Group

Past Experiences :

- Vice President of LNG Assets, PETRONAS
- Head of Plant Development for Pacific NorthWest LNG
- Chief Executive Officer, PETRONAS Floating Liquefied Natural Gas (PFLNG) Satu

Industry Background

International Experience

Functional Experience

Board Skills Matrix

 Oil and Gas
 Petrochemical

 Specialty Chemicals

 Global
 Regional

 Engineering
 Logistics

 Legal/Regulatory
 Operations

 Commercial/Marketing
 Economics

 Finance
 Audit

 Risk Management
 Sustainability

 Corporate Strategy
 Technology

 Human Resource
 Project Management

COMPANY SECRETARIES



CIK AZIZAHWATI ISHAK

Company Secretary

Nationality : Age : 52 Gender :

Academic/Professional Qualification :

- Chartered Company Secretary by the Institute of Chartered Secretaries and Administrators (ICSA), UK
- Fellow Member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)

Description of Roles :

- They have been appointed as the Company Secretary of PCG effective 1 January 2026, to act as an advisor to the Board, particularly with regard to corporate governance and compliance with regulatory requirements
- Responsible for provision of secretarial and governance advisory services to PCG and its Group of companies and ensuring the interests and reputation of PCG are protected



HAZLEENA HAMZAH

Company Secretary

Nationality : Age : 52 Gender :

Academic/Professional Qualification :

- Bachelor of Laws (Honours), University of Bristol, UK
- Degree of an Utter Barrister, Lincoln's Inn, UK
- Master of Business Administration, Middlesex University, UK
- Licensed Company Secretary by Companies Commission of Malaysia

ADDITIONAL INFORMATION OF THE BOARD OF DIRECTORS:

- Family Relationship** : None of the Directors has any family relationship with any Director and/or major shareholder of PCG
- Conviction for Offences** : None of the Directors has any conviction for offences, other than traffic offences, if any, for the past five years
- Public Sanction or Penalty** : None of the Directors has any sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2025
- Directorship Appointment** : None of the Directors has more than five directorships in listed issuers
- Conflict of Interests** : Save as disclosed below, none of the Directors have any conflict of interest or potential conflict of interest, including interest in any competing business, with PCG or its subsidiaries:
 - Petroleum Nasional Berhad (PETRONAS) is a major shareholder of PCG. Due to the nature of business of PCG, transactions* and potential transactions with other entities within the PETRONAS Group of which situations of conflict of interest could arise for the following Directors in their various capacities:
 - Datuk Sazali Hamzah and Abang Yusuf Abang Puteh, as employees of PETRONAS as stated in their respective profiles under "Present Appointments".
 - Mazuin Ismail is an employee of PETRONAS and has been seconded to PCG as the MD/CEO. He is also a Director of various companies within PETRONAS Group.
 - Farehana Hanapiah is a Director of various companies within PETRONAS Group.

* Related Party Transactions as disclosed in Note 32 of the Audited Financial Statements for the year ended 31 December 2025

MANAGEMENT COMMITTEE



1 MAZUIN ISMAIL
Managing Director/
Chief Executive Officer

Nationality : Age : 57 Gender : Date of Appointment : 1 January 2024

Description of Roles

- Responsible for the overall operational, commercial, financial and sustainable management of PCG and its subsidiaries
- Sits on the Board of PCG and several PETRONAS companies

Qualifications

- Master of Business Administration (Advance), University of Adelaide, Australia
- Bachelor of Science in Civil & Structural Engineering, University of Bradford, England, UK

Experience Matrix

With over 35 years of experience within PETRONAS, he has held senior leadership roles across engineering, operations, project delivery and commercial management, underpinned by a strong focus on governance, risk management and capital discipline.

He currently serves as Senior Vice President and Managing Director/Chief Executive Officer of PCG and is a member of the PETRONAS Downstream Executive Leadership Team, where he provides strategic leadership to strengthen operational integrity, ESG integration, sustainable value creation and long-term stakeholder confidence.

MANAGEMENT COMMITTEE

2 MOHD AZLI ISHAK
Chief Financial OfficerNationality :  Age : **47** Gender :  Date of Appointment : 1 January 2021**Description of Roles**

- Responsible for all financial and fiscal matters of PCG and its subsidiaries, including risk management, supply chain management, investor relations and information systems, providing financial stewardship, capital discipline and strategic oversight to support sustainable growth and long-term value creation
- Serves on the boards of several PETRONAS companies

Qualifications

- Member of the Malaysian Institute of Accountants
- Fellow of the Chartered Accountants Australia and New Zealand
- Business Sustainability Management programme, Institute for Sustainability Leadership, University of Cambridge, UK

- Business Immersion and Leadership Development program, Stanford University Graduate School of Business, USA
- Bachelor of Commerce in Accounting and Finance, Monash University, Melbourne, Australia

Experience Matrix

An accomplished finance and strategy leader with over 20 years of experience, he has held senior roles across financial due diligence, project financing, mergers and acquisitions, joint venture management and venture investments within the PETRONAS Group. He played a key role in PCG's 2010 initial public offering, later led the PETRONAS Group's Mergers & Acquisitions function and oversaw PETRONAS Ventures, which manages a USD350 million corporate venture capital fund.

3 AHMAD RIZAL ABDUL RAHIM
Chief Executive Officer
(Commodities)Nationality :  Age : **53** Gender :  Date of Appointment : 1 November 2025**Description of Roles**

- Drive the strategic direction, financial performance and sustainable growth of the Commodities portfolio
- Ensure safe, reliable and compliant operations across all Commodities assets
- Oversee disciplined delivery of projects and ventures to create long-term enterprise value
- Serves on the boards of several PETRONAS companies

Qualifications

- Master of Engineering in Chemicals Process Engineering and Fuel Technology, University of Sheffield, UK

Experience Matrix

With nearly 30 years of experience at PETRONAS, he brings extensive leadership across project engineering, technical, operational and manufacturing functions within the Downstream business, including international assignments and stewardship of business excellence and technology portfolios.

4 FLAVIO KLIGER
Chief Executive Officer
(Specialty Chemicals)Nationality :  Age : **53** Gender :  Date of Appointment : 16 January 2026**Description of Roles**

- Drive the strategic direction, financial performance and sustainable growth of the Specialty Chemicals portfolio
- Lead portfolio expansion through disciplined M&A and innovation to strengthen competitiveness and long-term value creation
- Ensure effective delivery of projects and engineering initiatives to support growth for Specialty Chemicals

Qualifications

- Bachelor's in Economics, University of São Paulo, Brazil
- Master of Business Administration (MBA), Northwood University, USA

Experience Matrix

With over 30 years of experience at Lubrizol and Dow Chemical, he brings deep expertise in the Specialty Chemicals industry, and a strong track record in driving growth, fostering innovation, and delivering operational excellence across diverse global businesses.

Throughout his career, he has consistently delivered volume growth, margin expansion and strong operational discipline. He brings proven expertise in business turnaround and growth, mergers and acquisition, market expansion, commercial excellence and global operations, driving value-accretive outcomes.

5 KENNY LIM HOCK SOON
Head of Strategy & PortfolioNationality :  Age : **43** Gender :  Date of Appointment : 1 November 2025**Description of Roles**

- Responsible for PCG's overall strategic planning, portfolio management and optimisation, supporting enterprise alignment, capital prioritisation and long-term value creation

Qualifications

- Bachelor's in Electrical & Computer Engineering, Cornell University, USA
- Master of Business Administration (MBA), Harvard Business School, USA

Experience Matrix

With over 20 years of experience at PETRONAS, he has held leadership roles spanning asset management, corporate strategy, product ownership, and business development at both Group and business levels.

MANAGEMENT COMMITTEE

6 GRETCHEN GOVONI
Chief Sustainability OfficerNationality :  Age : **63** Gender :  Date of Appointment : 4 June 2024**Description of Roles**

- Responsible for PCG's overall sustainability agenda, strategies and plans, strengthening governance, operational integration and long-term value creation across the Group

Qualifications

- Bachelor of Science (BS), Chemical Engineering, University of Wisconsin, USA

Experience Matrix

A seasoned sustainability leader with over 25 years of global experience, she has held senior roles spanning compliance, environmental stewardship, water programmes, sustainability strategy and climate leadership, including positions at Ashland, GE, SABIC and Takeda Pharmaceuticals.

7 NUR NADIA MOHD NORDIN
Head of LegalNationality :  Age : **52** Gender :  Date of Appointment : 1 July 2022**Description of Roles**

- Responsible for PCG's legal affairs, providing strategic legal oversight, strengthening governance frameworks and supporting sustainable business growth
- Serves on the Boards of several PETRONAS companies

Qualifications

- Admitted as Advocate & Solicitor of the High Court of Malaya
- Bachelor of Laws, University of Kent, UK

Experience Matrix

An accomplished legal leader with nearly 25 years in the PETRONAS Group, she brings deep institutional knowledge across petrochemicals, downstream marketing, gas and LNG, corporate services and complex projects. Her experience spans senior leadership roles in legal advisory, M&A, joint ventures, governance and company secretarial matters, supporting listed and non-listed entities, with a strong track record in leading teams and enabling business value creation.

8 ADI SURIA ISHAK
Chief Human Resource OfficerNationality :  Age : **44** Gender :  Date of Appointment : 1 February 2024**Description of Roles**

- Responsible for PCG's talent and workforce strategy, leading solutions for organisational HR matters and delivering integrated HR initiatives that strengthen capability and support sustainable growth

Qualifications

- Bachelor in Software Engineering, University of Melbourne, Australia

Experience Matrix

An experienced HR and enterprise leader with over 20 years at PETRONAS, with expertise in Human Resources, Talent Management, Remuneration, International HR, and Strategic Advisory. He has held various leadership roles across corporate, upstream, and downstream businesses, including international and regional assignments. His experience spans enterprise-wide people strategy, organisational development, workforce and portfolio planning.

9 NORFAILA HASSAN
Head of Corporate
CommunicationsNationality :  Age : **53** Gender :  Date of Appointment : 1 February 2020**Description of Roles**

- Responsible for PCG's corporate and product branding, stakeholder and media engagement, communications, reputation management and administrative functions, supporting organisational growth and long-term value creation

Qualifications

- Bachelor of Mass Communication (Advertising), Institut Teknologi MARA, Malaysia

Experience Matrix

She brings over 20 years of experience in strategic communications, advertising, brand management and architecture for retail, lubricants and chemical products brands and trademark protection. Having held diverse roles within PETRONAS downstream, her expertise lies in driving integrated communications to support business performance, protect brand equity and ensuring message consistency enterprise-wide.

Notes:

None of the Management Committee members have any family relationship with any director and/or major shareholder of PCG, nor any conflict of interest (COI) with the Group including any interest in any competing business with PCG or its subsidiaries. They have not been convicted for any offence within the past five years, other than traffic offences, if any, nor had any public sanctions or penalty imposed by any regulatory body during the financial year.



CORPORATE GOVERNANCE OVERVIEW STATEMENT



AWARD-WINNING JOURNEY

In 2025, PCG continuously strengthened its commitment to governance excellence, earning prestigious recognition at national and regional platforms. These achievements reflect the robustness and resilience of our governance practices and reaffirm our dedication to principled leadership, transparent disclosure and sustainable long-term value creation.



AUSTRALASIAN REPORTING AWARDS (ARA) 2025

Special Award for Governance Reporting – Winner

Recognising PCG's leadership in delivering clear, comprehensive and credible governance disclosures



ASEAN CORPORATE GOVERNANCE CONFERENCE & AWARDS (ASEAN CGCA) 2025

ASEAN Top 50 Public-Listed Companies

Recognition of PCG's strong governance practices aligned with regional best practices



NATIONAL CORPORATE GOVERNANCE & SUSTAINABILITY AWARDS (NACGSA) 2025

Overall Excellence Award – Top 20

Highlighting PCG's holistic approach to governance and sustainability at the national level

DEAR STAKEHOLDERS,

This Corporate Governance Overview Statement outlines the Group's governance approach for the financial year ended 31 December 2025, emphasising the Board's key focus in driving effective oversight and sustainable long-term value creation. Throughout the year, the Board remained steadfast in reinforcing accountability, strengthening governance practices and ensuring alignment of strategy with risk management and stakeholder interests.

Amid global uncertainties and a cautious market outlook, the Group focused on disciplined execution, cost and capital efficiency, and selective growth opportunities to safeguard competitiveness and resilience. These priorities were underpinned by high standards of governance, ethical conduct and a strong culture of integrity across the organisation. As we move forward, we remain committed to continuously strengthening governance standards, embracing innovation and delivering enduring value for our stakeholders.

GOVERNANCE AND THE DELIVERY OF STRATEGY

During the year, the Board continued to strengthen governance oversight by reinforcing integrity, risk and control frameworks. A comprehensive review of annual conflict of interest declarations was undertaken, covering perceived, potential and actual conflicts involving Directors and key senior management, including newly appointed Independent Non-Executive Director (INED). These matters were reviewed and deliberated by the Board Audit Committee (BAC), ensuring transparency, independence and sound decision-making.

In parallel, the whistleblowing reporting process was enhanced to establish a more robust and transparent workflow. Improvements to escalation mechanisms and oversight visibility ensure that concerns are addressed promptly and consistently, reinforcing accountability across the organisation.

The Board also reviewed and approved several key governance instruments to support effective risk management and regulatory compliance. These included:

- Updates to the BAC Terms of Reference to strengthen oversight responsibilities and ensure continued relevance to evolving governance and regulatory expectations
- Revisions to the PCG Group Limits of Authority (LOA)
- Approval of the PCG Anti-Bribery and Corruption Plan for FY2025 following the endorsement by the Board Sustainability and Risk Committee (BSRC)
- Adoption of the PETRONAS Security Policy to strengthen the management of security risks and safeguard people, assets, information and operations

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Throughout the year, the Board exercised active oversight in navigating market volatility, adapting to evolving regulatory requirements and addressing strategic execution challenges, including portfolio diversification and sustainability goals. This was supported by close engagement with Management, disciplined decision-making and a continued focus on open dialogue, constructive challenge and collective accountability, allowing the Board to steer PCG with clarity, integrity and resilience.

SUSTAINABILITY

With increasing investor scrutiny and evolving regulatory expectations on decarbonisation and responsible business practices, sustainability has become both a governance and strategic priority for the Board and PCG. The Board recognises that effective sustainability oversight is essential for long-term resilience, risk management and value creation, and remains actively engaged in shaping the Group's sustainability direction.

During the year, the Board played a pivotal role in governing and steering sustainability initiatives, and engaged in substantive discussions on key developments, such as the adoption of the PETRONAS Position on Nature and Biodiversity, as well as the PETRONAS Commitment to Net Zero Carbon Emissions (NZCE) by 2050. These discussions were supported by a comprehensive review of PCG's sustainability agenda, encompassing strategic priorities, targets and implementation focus areas.

The Board also reviewed the progress of ongoing sustainability programmes and assessed the adequacy of resources to ensure effective execution. Sustainability considerations were deliberately integrated into strategic planning and decision-making processes, ensuring that environmental and social factors were embedded in business strategies.

To maintain accountability and momentum, the Board monitored sustainability performance against established targets on a quarterly basis. This regular review process enabled timely identification of progress, emerging risks and areas requiring further attention, reinforcing continuous improvement and alignment with PCG's long-term sustainability objectives.

SUCCESSION PLANNING

The Board, through its Nomination and Remuneration Committee (NRC), reviews annually its succession plan to ensure leadership continuity, a balanced mix of skills and effective leadership across the Board and its Committees. On 1 November 2025, Luciano Tarcisio Poli was appointed as an INED as part of the Board's succession planning of Warren William Wilder's resignation, effective 1 January 2026. In light of the critical nature of Warren William Wilder's responsibilities, including his role as BSRC Chairman, this early appointment mitigated key person risk and enabled a structured and effective handover of the BSRC chairmanship to Luciano Tarcisio Poli, ensuring continuity and stability in governance leadership.

Enhancing Board composition and diversity remains a critical focus area for the Board. Following the retirement of Datin Seri Sunita Mei-Lin Rajakumar at the Company's 27th Annual General Meeting on 22 April 2025, the NRC endeavours the search for suitable candidates to strengthen gender diversity.

The Board extends its appreciation to Datin Seri Sunita Mei-Lin Rajakumar and Warren William Wilder for their invaluable contributions during their tenure as INEDs and warmly welcomes Luciano Tarcisio Poli. The Board looks forward to Luciano Tarcisio Poli's insights in strengthening oversight and governance in areas critical to the Group's long-term sustainability and risk management.

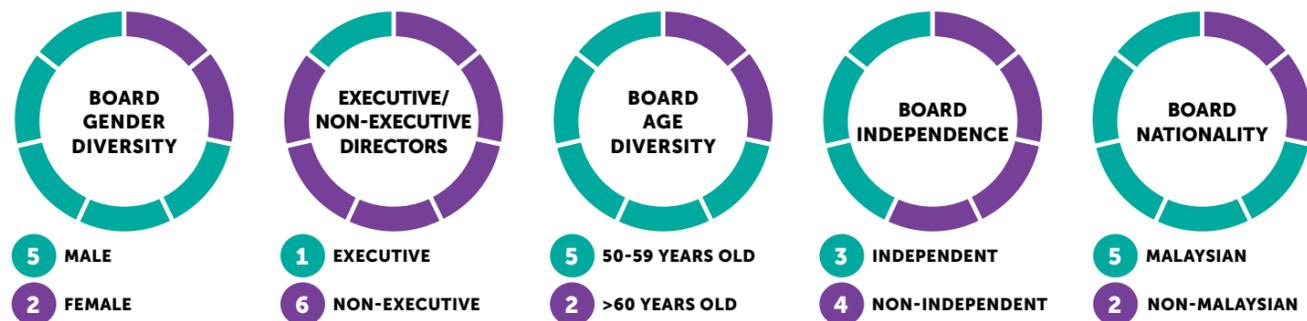


For further details on the Board's succession planning framework, appointments and renewal process, please refer to page 139 of this report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD AT A GLANCE

Amid an evolving corporate governance landscape, the Board remains vigilant and committed to providing effective leadership. The Board is confident that its collective mix of skills, experience, independence and industry knowledge, positions it well to advance the Group's strategic priorities and long-term growth agenda.



INDEPENDENT NON-EXECUTIVE DIRECTORS

— Yeoh Siew Ming	6 years 9 months
— Dr. Zafar Abdulmajid Momin	7 years 8 months
— Luciano Tarcisio Poli	4 months

NON-INDEPENDENT NON-EXECUTIVE DIRECTORS

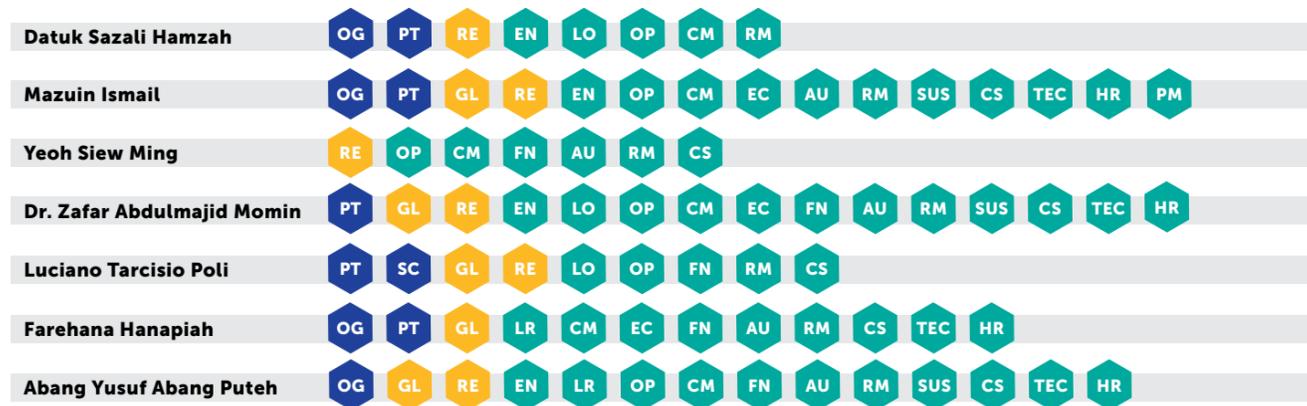
— Datuk Sazali Hamzah	11 years 9 months
— Farehana Hanapiah	3 years 9 months
— Abang Yusuf Abang Puteh	1 year 2 months

NON-EXECUTIVE DIRECTORS' TENURE



REQUIRED COMPETENCIES AND SKILLS AND/OR EXPERIENCE

Total Board and Board Committees Meeting Hours **113**



Industry Background	International Experience	Functional Experience
OG Oil and Gas	GL Global	EN Engineering
PT Petrochemical	RE Regional	LO Logistics
SC Specialty Chemicals		LR Legal/Regulatory
		OP Operations
		CM Commercial/Marketing
		EC Economics
		FN Finance
		AU Audit
		RM Risk Management
		SUS Sustainability
		CS Corporate Strategy
		TEC Technology
		HR Human Resource
		PM Project Management

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD LEADERSHIP

The Board comprises individuals with diverse skills, experience and perspectives, as well as industry knowledge, enabling effective oversight, strategic guidance and constructive challenge. As of the date of this Statement, the Board comprises a Non-Independent Non-Executive Chairman, the Managing Director/Chief Executive Officer (MD/CEO), three INEDs and two Non-Independent Non-Executive Directors (NINEDs).

During the year, the Board exercised oversight across a broad range of matters, including monitoring operational and financial performance against approved objectives, overseeing the effectiveness of risk management, internal control and integrity frameworks, ensuring the adequacy of financial and human capital resources, and guiding succession planning and leadership continuity. Collectively, these oversight activities support disciplined strategy execution, sound governance and the sustainable long-term interests of the Group.

Notwithstanding that Non-Independent Directors currently constitute a majority of the Board, the Board is satisfied that it continues to exercise independent judgement in the conduct of its affairs. This is supported by the strong presence and active participation of Independent Directors, the Board Committees led by and comprised entirely or predominantly of Independent Directors, robust practices that mitigate conflict of interest (COI) situations, and a Board culture that promotes open dialogue, objective challenge, and informed decision-making.

During the year, several strategic proposals were submitted to the BSRC for its review and consideration. Following thorough evaluation and deliberation, the Committee provided its recommendations to the Board, including instances where certain proposals were not accepted. The Board accepted these recommendations, reflecting the Committee's strong independent judgement and robust governance practices, even with a majority of Non-Independent Directors.

During the year, the Non-Executive Directors also convened private sessions without the presence of the MD/CEO or Management, providing an additional forum for open and independent discussion.

The Board manages the affairs of the Group according to its Company's Constitution, the Companies Act 2016 (CA 2016), the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia) and other applicable regulatory requirements. These responsibilities are further articulated in the Board Charter, which serves as a key reference document outlining the roles of the Board, the Chairman, the MD/CEO, the Non-Executive Directors and the Senior Independent Director (SID).

Further details on the Directors' backgrounds and experience are provided in the Board of Directors' Profile from pages 120 to 123 of this report.

BOARD MEETINGS

The Board recognises that consistent attendance and active participation are essential to effective governance and decision-making.

All Directors demonstrated strong commitment to their roles, with full attendance throughout the year, as disclosed on page 95 of this Report.

Effective oversight is supported by disciplined and well-structured meeting practices. The Board and its Committees' meeting schedules are established in advance to enable forward planning, while agendas are prepared in collaboration with the Chairman and the MD/CEO

to ensure focus and clarity. Comprehensive materials are circulated ahead of each meeting and made available through a secure digital platform, enabling Directors to prepare thoroughly and engage in informed deliberations.

Decision-making is characterised by collective judgement and constructive engagement. While formal voting mechanisms are in place, including the Chairman's casting vote in the event of a tie, the Board primarily reaches decisions through consensus. This approach, combined with a strong emphasis on transparency, is reinforced through standing declarations of interest at each meeting. Directors are required to disclose any actual, potential or perceived conflicts and abstain from related deliberations and decisions, ensuring integrity and impartiality in governance outcomes. During the year, matters tabled for approval were endorsed unanimously, reflecting strong alignment and effective governance.

For further details on matters reserved for the Board and its governance practices, please refer to the Board Charter which is available on the Governance section of PCG's corporate website at <https://www.petronas.com/pcg>.

DIVISION OF RESPONSIBILITIES BETWEEN THE BOARD AND MANAGEMENT

The execution of the Group's strategy and day-to-day operations is entrusted to the MD/CEO, supported by the senior leadership team. While operational responsibilities are delegated, the Board retains ultimate accountability, providing strategic direction, monitoring performance and assuring that management actions remain aligned with the Group's objectives and governance principles.

SUPPLY AND ACCESS TO INFORMATION

Directors are provided with timely and comprehensive access to information essential for effective oversight and decision-making. In line with the Board Charter, Directors may seek advice and input from the Company Secretaries, the MD/CEO, the Chief Financial Officer (CFO), senior management or external advisers as needed. The Company Secretaries working closely with the Chairman, play a pivotal role in facilitating clear communication across the Board and its Committees, and in supporting effective engagement between the Non-Executive Directors and the Management.

Board effectiveness is further enhanced through direct exposure to the Group's operations. Directors participate in site visits and engage with leadership teams and employees of operating plants to gain deeper operational insight and context. Independent professional advice may also be obtained, individually or collectively, at the Group's expense where appropriate. Information delivery is further supported by a secure digital platform that ensures efficient access to board papers and materials, facilitating informed deliberations and sound governance outcomes.

BOARD DIVERSITY, SKILLS AND EXPERIENCE

Diversity and inclusion remain integral to the Board's approach to effective governance. The adoption of the PETRONAS Diversity & Inclusion (D&I) Statement, together with the Board's Diversity Policy, underscores a clear commitment to fostering meaningful diversity across the organisation. These frameworks establish both baseline expectations and longer-term targets, guiding initiatives with a particular focus on gender representation and multinational perspectives. Diversity considerations are embedded within the Board appointment and succession processes to ensure balanced and inclusive decision-making.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

To sustain progress, succession planning is reviewed regularly, with recruitment criteria designed to promote a broad mix of skills, experience, age and backgrounds. Inclusive sourcing practices are applied to ensure access to a diverse candidate pool, with a firm commitment to consider women candidates in all director searches.

With the recent changes in Board composition, the Board, through the NRC, endeavours to source and identify suitably qualified women candidates for appointment. The Board continues to strive toward achieving at least 30% women director on the Board following the retirement of Datin Seri Sunita Mei-Lin Rajakumar in 2025.

 Further details on the Board Diversity Policy are available on the Governance section of PCG's corporate website at <https://www.petronas.com/pcg>.

CONFLICT OF INTEREST

Oversight of COI is managed through a structured and disciplined process administered by the BAC. The BAC regularly reviews actual, potential and perceived conflicts at both Group and Company levels, ensuring transparency and compliance with regulatory and internal requirements. As part of this process, all existing Directors, retiring Directors seeking re-appointment and Director candidates, are required to disclose any conflicts prior to appointment or continuation in office. Directors with significant external commitments must also declare these obligations and provide timely updates should circumstances change.

The Group maintains a register of actual and potential COI which is administered by the Company Secretary. In addition, Directors are required to declare their interests on a quarterly basis, with disclosures tabled to the Board for notation. The management of conflicts is further supported by PCG's Guideline and Procedures on Related Party Transactions (RPTs) and COI Situations (Guideline). This Guideline establishes consistent processes for identification, evaluation and approval, ensuring compliance with the MMLR of Bursa Malaysia and other applicable regulations.

ROLES AND RESPONSIBILITIES

In fulfilling its stewardship role, the Board retains authority over key strategic and governance matters critical to the Group's long-term direction and accountability. These include oversight of:

- The Group's overall strategy, performance and budget
- Approval of financial statements, material corporate transactions and capital expenditure beyond delegated authority limits
- Appointments of Directors
- Dividend declarations
- Risk management and the adequacy of internal control systems
- Sustainability agenda and communications with shareholders

This clear delineation of responsibilities ensures effective oversight, disciplined decision-making and alignment with stakeholder interests.

 The roles and responsibilities of the Board are defined in the Board Charter, which is available on the Governance section of PCG's corporate website at <https://www.petronas.com/pcg>.

Chairman
Responsible for the orderly conduct and function of the Board

NINEDs
Provide in-depth knowledge and insight from PETRONAS' perspective

INEDs
Provide independent judgement and views

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

SID
As SID, Yeoh Siew Ming acts as an important conduit between the INEDs and the Chairman, particularly on sensitive or complex matters. She is available for confidential discussions with INEDs where concerns may not have been fully addressed through normal Board channels, ensuring that independent views are appropriately considered.

She also acts as a designated point of contact for shareholders, providing an alternative channel for raising concerns or queries. Shareholders may contact her via email at petchem.sid@petronas.com.

Through active engagement and independent judgement, Yeoh Siew Ming plays a key role in promoting balanced dialogue and strengthening the Board's governance effectiveness.

QUALIFIED AND COMPETENT COMPANY SECRETARIES

Cik Azizahwati Ishak and Hazleena Hamzah were appointed as Company Secretaries of PCG effective 1 January 2026. Both of them are qualified under Section 235 of the CA 2016. In their capacity as governance professionals, they provide independent advice and support to the Board on matters relating to the Company's Constitution, governance policies, regulatory requirements and Board procedures, ensuring that governance practices remain robust and compliant.

The Company Secretaries also play a critical role in supporting effective Board and its Committees' operations by accurately documenting deliberations, decisions and action items, and monitoring the timely resolution of matters arising. In addition, they remain abreast of regulatory developments and evolving governance standards through continuous professional development, enabling the Board to remain aligned with best practices. The Board is satisfied with the competence and performance of the Company Secretaries in effectively discharging their responsibilities and supporting the Board's governance framework.

 For further details on trainings attended by the Company Secretaries, please refer to the PCG Corporate Governance Report 2025, available on the Investor Relations section of PCG's corporate website at <https://www.petronas.com/pcg>.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

GOVERNANCE STRUCTURE

Oversight of the Group's governance, strategy and risk management is supported by the NRC, BAC and BSRC. Each Board Committee operates under clearly defined Terms of Reference (TOR), which are publicly available on PCG's corporate website. Comprising of solely Non-Executive Directors, these Board Committees provide independent oversight, focused expertise and an additional layer of accountability across their respective areas of responsibility.

BOARD The Board is responsible for providing effective oversight of the Group, including setting strategic direction, defining objectives, approving business plans and assessing long-term viability. In fulfilling this role, the Board establishes a governance framework that supports disciplined execution, sustainable growth and the delivery of long-term shareholder value.

BOARD COMMITTEES

BAC The Committee provides oversight of the Group's financial and narrative reporting, internal control and risk management, including the review of internal and external audit activities, as well as monitoring finance, internal control and compliance-related programmes.	No of Meetings: 7	Attendance: 100%
--	------------------------------------	-----------------------------------

Chairperson: **Yeoh Siew Ming** Members: **Dr. Zafar Abdulmajid Momin, Farehana Hanapiah⁽¹⁾, Luciano Tarcisio Poli⁽²⁾ and Datin Seri Sunita Mei-Lin Rajakumar⁽³⁾**

BSRC The Committee is responsible for overseeing the effectiveness of the Group's sustainability, integrity and risk management frameworks, and for providing guidance on their implementation, performance and compliance across the organisation.	No of Meetings: 6	Attendance: 100%
--	------------------------------------	-----------------------------------

Chairman: **Luciano Tarcisio Poli⁽²⁾** Members: **Yeoh Siew Ming, Dr. Zafar Abdulmajid Momin, Datin Seri Sunita Mei-Lin Rajakumar⁽³⁾ and Warren William Wilder⁽⁴⁾**

NRC The Committee ensures that the Board comprises individuals with the appropriate skills, experience and expertise, and oversees succession planning, remuneration and performance management for Directors and Senior Management.	No of Meetings: 9	Attendance: 94.4%
---	------------------------------------	------------------------------------

Chairman: **Dr. Zafar Abdulmajid Momin** Members: **Yeoh Siew Ming, Farehana Hanapiah and Warren William Wilder⁽⁴⁾**

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	Management Committee	People Development Committee	Project Steering Committee	Sustainability and Risk Management Committee (SRMC)	Digital Steering Committee	Tender Committee
	Working Group		Business Leadership Team	Commodities Leadership Team	Specialty Chemicals Leadership Team	Sustainable Development Steering Committee (SDSC)

(1) Appointed on 9 May 2025
(2) Appointed as BAC and BSRC Member on 1 November 2025 and redesignated as BSRC Chairman effective 1 January 2026
(3) Retired on 22 April 2025
(4) Resigned on 1 January 2026

Matters deliberated at the Board Committee level are regularly escalated to the Board through updates provided by the respective Committee Chairmen, enabling informed and timely consideration at Board meetings. Execution of the Group's strategy and management of day-to-day operations are entrusted to the MD/CEO, supported by a structured network of Management Committees. Together, these forums ensure coordinated execution, effective operational control and alignment with strategic priorities. Independent assurance over governance and controls is provided by the IAD, which reports directly to the BAC.

Internal Audit Department (IAD)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

SUSTAINABILITY GOVERNANCE

Sustainability oversight is integrated within the Group's overall governance architecture, with clear accountability spanning the Board, management and operational levels. Ultimate responsibility rests with the Board, which prioritises sustainability-related risks and opportunities as integral to long-term value creation and fiduciary oversight. The BSRC supports this role by providing focused oversight of sustainability priorities, commitments and performance, ensuring these considerations remain embedded in Board deliberations.

At the management level, coordination of sustainability and enterprise risks continues through the SRMC, chaired by the MD/CEO. The SRMC serves as the principal forum for translating Board direction into business actions, integrating sustainability considerations into strategic planning and operational decision-making. Enhancements previously made to the BSRC's TOR remain in effect and continue to strengthen the linkage between sustainability oversight, risk mitigation and opportunity evaluation.

Building on the governance structure established in prior years, the SDSC continued to operate as the Group's central execution platform for sustainability initiatives in 2025. Chaired by the Chief Sustainability Officer (CSO) and reporting to the SRMC under the oversight of the MD/CEO, the SDSC provides enterprise-wide coordination, ensuring consistency in implementation, monitoring and accountability. During the year, this working group endorsed the utilisation of the Sustainability Fund for identified projects and deliberated on resource efficiency targets and related policy adoptions, which were subsequently escalated to the SRMC for consideration and endorsement.

Execution momentum is further sustained through three dedicated taskforces: NZCE, Reporting and Disclosure, and Circularity. These taskforces continued to drive initiatives during the year, supporting disciplined delivery and alignment with the Group's broader sustainability objectives. Together, this established governance structure reinforces the integration of sustainability into decision-making, strengthens accountability across the organisation and supports responsible, long-term growth.

For further details on governance and ethics-related disclosures, please refer to the Corporate Governance section on pages 62 to 63 of the PCG Sustainability Report 2025.

BOARD MEETING ATTENDANCE FOR 2025

All Directors met the minimum attendance requirement of at least 50% of Board meetings during the financial year, in accordance with MMLR of Bursa Malaysia.

100%

Agenda and Areas of Focus



TOTAL MEETINGS ATTENDED

DATUK SAZALI HAMZAH
Chairman/Non-Independent Non-Executive Director



MAZUIN ISMAIL
Managing Director/ Chief Executive Officer



YEOH SIEW MING
Senior Independent Non-Executive Director



DR. ZAFAR ABDULMAJID MOMIN
Independent Non-Executive Director



LUCIANO TARCISIO POLI⁽¹⁾
Independent Non-Executive Director



FAREHANA HANAPIAH
Non-Independent Non-Executive Director



ABANG YUSUF ABANG PUTEH
Non-Independent Non-Executive Director



DATIN SERI SUNITA MEI-LIN RAJAKUMAR⁽²⁾
Independent Non-Executive Director

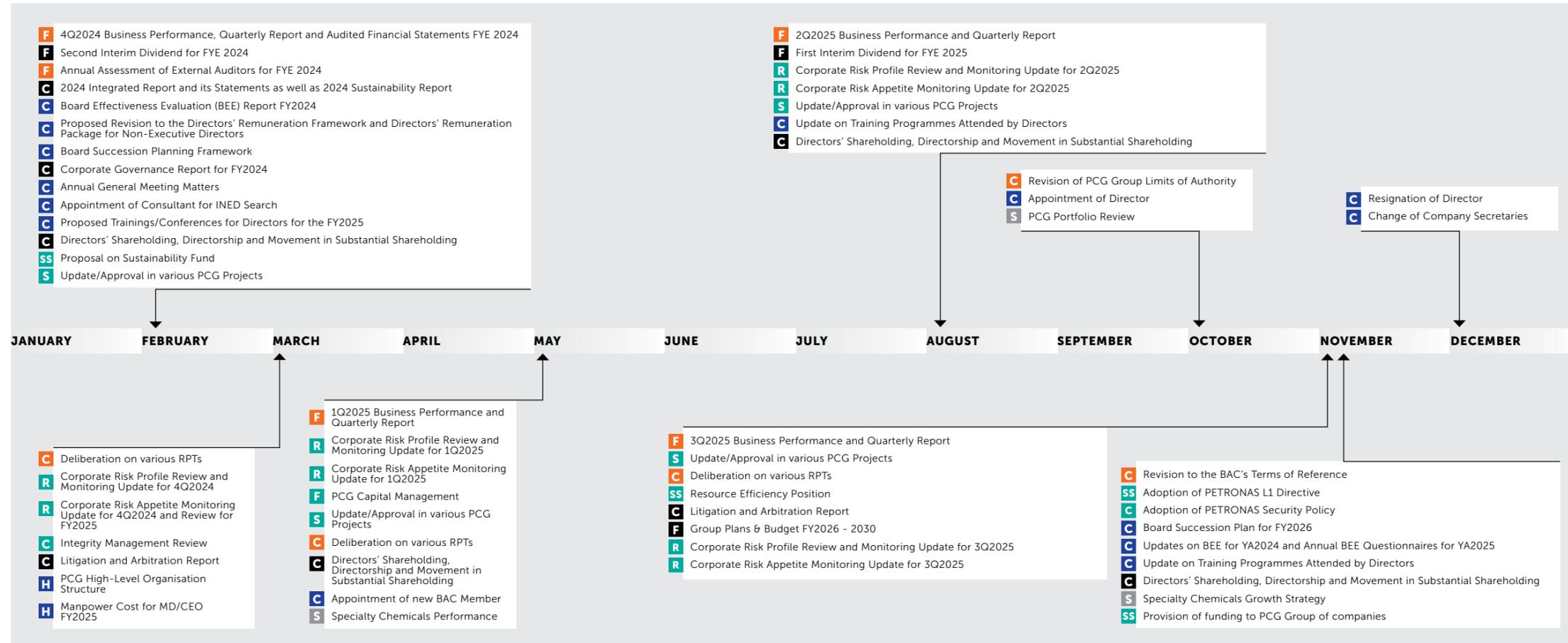


WARREN WILLIAM WILDER⁽³⁾
Independent Non-Executive Director



(1) Appointed on 1 November 2025
(2) Retired on 22 April 2025
(3) Resigned on 1 January 2026

FOCUS AREAS FOR THE BOARD IN 2025



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Key focus areas deliberated by the Board during FY2025 are as follows:

STRATEGY

Reviewed and approved PCG's comprehensive five-year business plan and long-term strategic options, incorporating market outlooks and trend-based projections, with a focus on the following key areas:

Core Business

The Group remains firmly committed to its "Strive for ZERO, ZERO is Possible" initiative, reinforcing a culture of zero harm, zero incidents and zero compromise across operations. This commitment is supported by the continued strengthening of the Health, Safety and Environment (HSE) management system, enhanced cyber resilience, and disciplined governance of asset reliability and integrity to safeguard operational continuity. Coordinated turnaround and maintenance activities across the value chain further support operational excellence and production efficiency.

At the same time, the Group continues to drive commercial and organisational excellence through value-focused initiatives. These include intensified strategic sourcing, targeted market expansion through a new overseas subsidiary, and ongoing organisational restructuring and optimisation to enable a leaner, more agile operating model. Extensive cost optimisation efforts across sites, logistics and supply chains, together with disciplined capital allocation and regular evaluation of segment performance, remain central to delivering near-term improvements while supporting sustainable long-term value creation.

New Business and Growth

The Board provided oversight on the Group's progress in advancing new business and growth initiatives, with emphasis on disciplined execution across both portfolios and the continued development of higher-value and sustainable offerings to support long-term competitiveness.

Commodities

Within the Commodities portfolio, several key milestones were achieved with the expansion into new downstream capacities, positioning the Group to better serve regional demand. In parallel, market expansion was supported through the establishment of PC Marketing (Vietnam) Company Limited, enhancing local distribution capabilities and enabling greater participation in domestic growth opportunities.

Specialty Chemicals (SC)

In 2025, PCG upgraded the Perstorp Amsterdam B.V. ester plant, expanding its synthetic ester capabilities to support thermal management and other advanced applications. The plant marked its first commercial delivery in July 2025 and has since shipped 33 tonnes of specialty esters to customers. Innovation and customer collaboration were further strengthened with the launch of the PETRONAS Application Technology Centre in Shanghai, China, complementing existing facilities in Europe and India. During the year, BRB and Perstorp introduced 30 new products, expanding low-carbon and bio-based solutions across coatings, lubricant additives, chemicals and personal care segments.

NZCE

Board deliberations during the year centred on accelerating emissions reduction across operating assets through clearly defined decarbonisation levers. Emissions profiles and the pipeline of reduction initiatives were reviewed, with priority given to value-accretive projects and measures such as the use of bundled Renewable Energy Certificates (RECs), alongside efforts to expand the NZCE project pipeline. In parallel, embedding an NZCE aspiration across the organisation remained a key focus to support longer-term climate objectives.

Talent Management

PCG's talent management strategy focuses on ensuring the organisation has the capabilities required to support its operational, commercial, growth and sustainability priorities. Emphasis is placed on workforce readiness and competence, alongside the execution of a compelling employee value proposition to attract, develop and retain talent aligned with evolving business needs.

The strategy is centred on three key focus areas:

- **Fortifying the Foundation** – Strengthening technical capabilities and leadership skills through continuous capability development to support business execution.
- **Advancing the Talent Engine** – Attracting, developing and retaining talent to meet current and future organisational requirements.
- **Elevating the Employee Value Proposition (EVP)** – Fostering an inclusive, dynamic and sustainable work environment that enhances engagement, productivity and diversity.

Together, these focus areas underpin operational and commercial excellence and support PCG's long-term sustainable growth.

Technology and Digital

Technology and digital capabilities continue to support more efficient operations, stronger performance and informed decision-making across the Group. Consistent use of common digital platforms enhances connectivity and collaboration, enabling value to be captured from digital initiatives. Cybersecurity and digital resilience

are overseen at the Board level through the BSRC, supplemented by regular reviews of Cyber Security Business Impact Assessments (CSBIA) and Cyber Security Business Risk Assessments (CSBRA) to ensure technology risks are appropriately managed.

Board Strategic Conversation

During the year, the Board convened two Strategic Conversation sessions to strengthen strategic alignment and provide focused oversight on priority areas shaping the Group's long-term direction:

Session 1: SC Performance

Reviewed the performance of the SC portfolio and identified opportunities to deepen integration and unlock synergies across the value chain, with the aim of maximising value creation and strengthening execution.

Session 2: PCG Portfolio Review and SC Growth Strategy

Assessed the robustness of the Group's portfolio amid prevailing market conditions and potential scenarios, with focused discussions on accelerating SC higher-margin growth, sustainable solutions and disciplined strategic execution.

FINANCIAL**Group's Quarterly Performance**

The Board was provided with quarterly updates on the Group's performance in relation to the approved business plan targets, which were measured and evaluated against the established Key Performance Indicators (KPIs). The KPIs of the MD/CEO and Key Management, together with their corresponding performance results, were also presented to the Board for oversight and assessment. This structured review process ensured that organisational performance remained aligned with the approved KPI targets for the year and supported the attainment of the Group's strategic objectives and aspirations.

SUSTAINABILITY**Advancing Our Sustainability Agenda**

During the year, the Board focused on advancing sustainability priorities integral to the Group's governance framework and strategic direction.

Sustainability Implementation

Deliberations during the year focused on the Group's comprehensive sustainability agenda, encompassing established goals, prioritised objectives and resource efficiency targets.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Performance Monitoring and Improvements

Through the BSRC, the Board reviewed the implementation of a structured framework for quarterly monitoring of sustainability performance, enabling ongoing oversight and continuous improvement against defined targets.

Environmental Protection and Climate Action

The adoption of the PETRONAS Position on Nature and Biodiversity and the PETRONAS Commitment to NZCE by 2050 strengthened the Group's approach to ecosystem protection and climate action in its operating sites, supported by a consistent and structured risk-based framework.

Climate Risk Management

The Board reviewed PCG's approach to assessing and mitigating climate-related risks, providing oversight to ensure that actions taken enhance climate resilience across business strategies and operational activities.

RISK**Management of Principal Risks**

During the year, the Board reviewed and approved the Group's Corporate Risk Profile (CRP) that could materially affect the achievement of business objectives. These risks, together with corresponding mitigation strategies, are subject to ongoing monitoring to manage both their likelihood and potential impact. The Board receives regular updates on the Group's CRP, including key risk indicators which serve as early warning signals to support timely and informed oversight.

Given the dynamic nature of the operating environment, the Board also considers emerging risks and opportunities arising from internal and external developments. Such developments are evaluated to determine their relevance and, where appropriate, incorporated into the Group's CRP to ensure that risk management remains comprehensive and responsive.

In exercising its oversight, the Board assesses new and ongoing business initiatives against the Group's defined risk appetite, ensuring that risk exposure remains within acceptable thresholds. This provides clear operational boundaries and safeguards business sustainability. Particular attention is given to risks associated with high-impact matters, including final investment decisions, project financing and joint venture arrangements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

CORPORATE GOVERNANCE AND COMPLIANCE

During the year, the Board conducted a structured review of its composition, diversity and tenure, Board Succession Planning Framework, revision to the Directors' Remuneration Framework and Directors' Remuneration Package for Non-Executive Directors, retirement of Directors at Annual General Meeting (AGM) and appointment of INED including COI assessment to ensure continued effectiveness and alignment with evolving governance expectations.

Succession planning for the Board and Senior Management remained a priority, with focus on maintaining leadership continuity and organisational resilience. Further details on succession planning are set out in the NRC Report.

Through the BAC, the Board continued to exercise oversight of related party arrangements. This included an annual assessment of actual, potential and perceived COI involving Directors and Key Management, together with corresponding mitigation measures, monitoring the performance of 64 related party vendors, assessed against capability, reliability, responsiveness, operational performance and health, safety and environment criteria.

The Board also reviewed RPTs and Recurrent Related Party Transactions (RRPTs) in accordance with PCG's Guideline, ensuring that all transactions were conducted at arm's length and on normal commercial terms. For the financial year ended 31 December 2025, a total of 11 RRPT contracts were entered into by the Group and its subsidiaries.

FOCUS AREAS FOR 2026

Core Business

- Deliver HSE excellence under the "ZERO is Possible" commitment
- Strengthen operational and commercial execution through enhanced asset reliability, integrity and value maximisation

New Business

- Progress and deliver growth projects
- Accelerate the expansion of the SC portfolio
- Complement growth with sustainable product offerings, including bio-based and circular solutions

NZCE

- Accelerate decarbonisation by minimising flaring and venting
- Improve energy efficiency and increase renewable energy sourcing
- Expand and mature the NZCE project pipeline

Enabling Foundations

Delivery of the Group's 2026 priorities is supported by a strong enabling foundation encompassing EESG considerations, alongside technology, innovation, cost discipline and people development:

- Advance climate and nature action while delivering positive social outcomes
- Unlock value through innovative and customer-centric solutions
- Maintain prudent spending and disciplined capital allocation
- Implement structured talent solutions to support core operations and growth initiatives

Board Succession Planning

- Succession planning remains an important governance priority of the Board. Following the retirement of Datin Seri Sunita Mei-Lin Rajakumar at the Company's 27th AGM, the Board, through the NRC, endeavours to source and identify suitably qualified women candidates for appointment
- The search for a suitable candidate with global experience to succeed Dr. Zafar Abdulmajid Momin, who is currently serving his final three-year term ending 30 June 2027, commenced early in March 2025, given the critical nature of his role as Board Committee Chairman and to ensure a smooth transition

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RE-ELECTION

In accordance with the Malaysian Code on Corporate Governance (MCCG), the MMLR of Bursa Malaysia and Article 107 of the Company's Constitution, one-third of the Directors retire by rotation at each AGM, with each Director required to retire at least once every three years. Directors retiring by rotation remain eligible for re-election and continue to hold office until the conclusion of the AGM.

All proposed retirements and re-elections are subject to a structured evaluation by the NRC prior to recommendation to the Board. The NRC assesses each Director's competencies, commitment, contributions and ability to act in the best interests of the Group, supported by inputs from the BEE, fit and proper declarations, COI assessments and overall governance considerations. Directors standing for re-election formally confirm their consent before Board deliberations.

In February 2026, the Board endorsed the NRC's recommendations for the re-election of the following Directors at the forthcoming 28th AGM, in accordance with the relevant provisions of the Company's Constitution:

Article 100 (Casual Vacancy)
Luciano Tarcisio Poli

Article 107 (Retirement by Rotation)
Yeoh Siew Ming
Mazuin Ismail

This structured process ensures compliance with regulatory requirements while supporting Board renewal, continuity and effective governance oversight.

BOARD SUCCESSION PLANNING AND APPOINTMENT

Board succession planning is a critical component of PCG's governance framework, ensuring leadership continuity, board effectiveness and long-term value creation. The Board, supported by the NRC, undertakes an annual review of succession planning in accordance with the Board Succession Planning Framework, taking into account regulatory requirements, strategic priorities, board composition, diversity and future capability needs.

Appointments of Non-Executive Directors follow a structured, merit-based process led by the NRC, with oversight of COI considerations by the BAC. This process is guided by the Board Succession Planning Framework and Directors' Fit and Proper Policy, and is designed to achieve an appropriate balance of skills, experience, independence and diversity on the Board. Where appropriate, external search firms are engaged to identify and assess candidates against defined criteria. Prior to recommendation, the BAC reviews disclosures of interest and proposed mitigation measures for any actual, potential or perceived COI.

KEY FINDINGS FROM FY2026 BOARD SUCCESSION PLANNING REVIEW

Regulatory compliance with transparent disclosure

The Board composition complies with the MMLR, with at least one-third of Directors serving as INEDs.

Independence tenure well within limits

None of the INEDs has reached the nine-year tenure threshold.

Gender diversity strengthening in progress

Following the retirement of Datin Seri Sunita Mei-Lin Rajakumar, women Board representation decreased from 37.5% to 28.57%. The Board, through the NRC, endeavours to source and identify suitably qualified women candidates for appointment.

Succession for critical roles

Succession planning for Dr. Zafar Abdulmajid Momin, who will be concluding his final term on 30 June 2027, commenced early in March 2025, given the critical nature of his role as Board Committee Chairman and to ensure a smooth transition. Luciano Tarcisio Poli was appointed as INED on 1 November 2025 and subsequently, appointed as member of BSRC and BAC. On 1 January 2026, he was redesignated as Chairman of BSRC, succeeding Warren William Wilder, who resigned as INED effective 1 January 2026.

Board capability remains fit for purpose

The annual review confirmed that the Board's skills and experience matrix continues to align with the approved Board selection criteria.

In line with the Board's succession planning for FY2025, the search for both global and local INED candidates commenced in March 2025. Following evaluation and interviews, the NRC recommended Luciano Tarcisio Poli for appointment, having assessed that his experience and competencies align with PCG's strategic direction and suitability of the role. Taking into account the NRC's recommendation and the BAC's COI assessment, the Board approved his appointment as an INED with effect from 1 November 2025. During the year, Datin Seri Sunita Mei-Lin Rajakumar retired as an INED upon the conclusion of the Company's 27th AGM.



For further details on the Board appointment process and succession planning framework, please refer to the Board Charter, available on the Governance section of PCG's corporate website at <https://www.petronas.com/pcg>.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

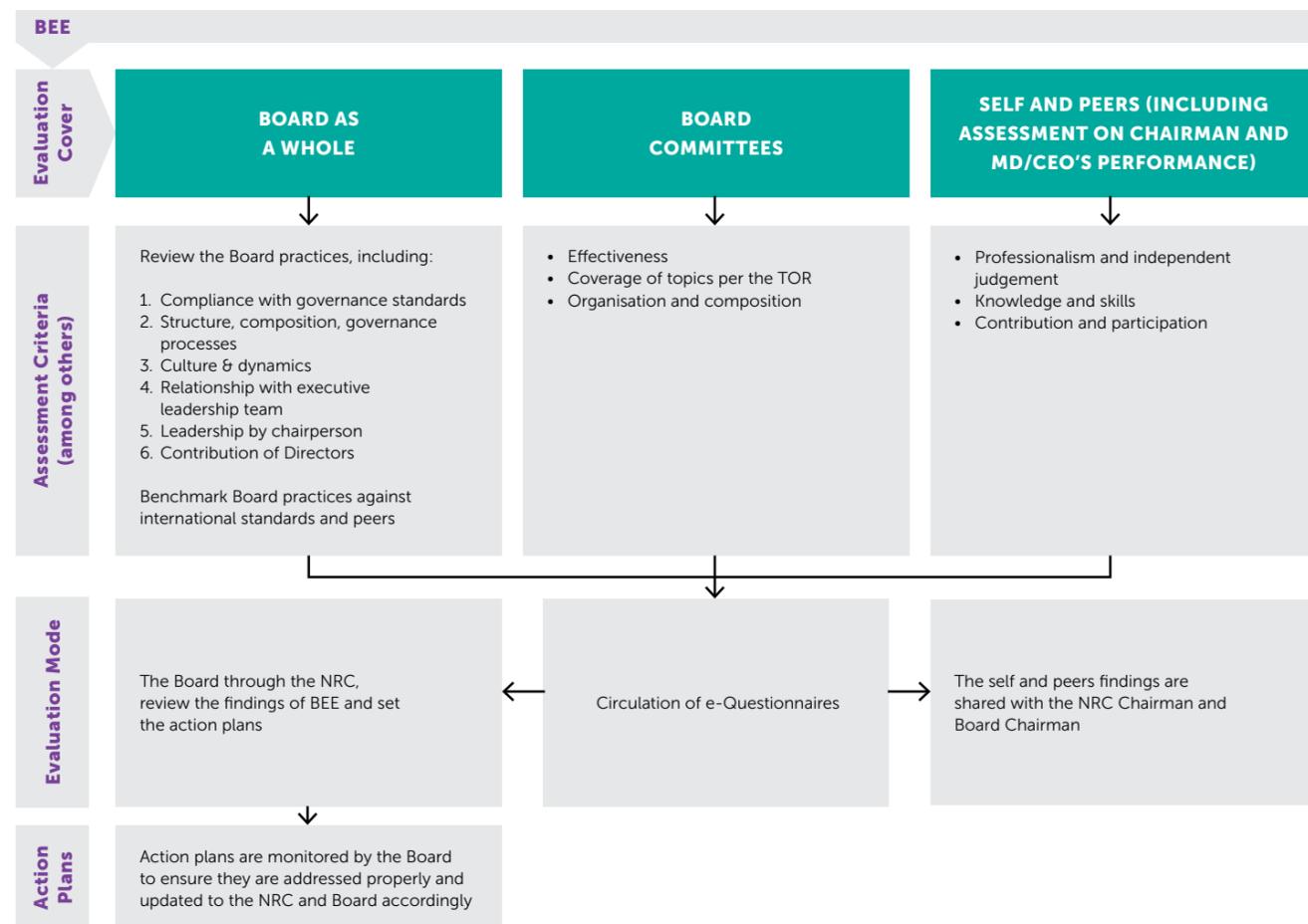
PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD EFFECTIVENESS EVALUATION

BEE is conducted annually to assess the performance of the Board, its Committees and individual Directors. For the year of assessment in 2025, the evaluation was carried out internally via an online platform, with the aim of strengthening governance effectiveness and Board performance in the best interests of the Group.

Based on the findings, the Board reaffirmed that PCG continues to be led by an effective and committed Board, supported by a capable Chairman, engaged Committees and Management. In line with Practice 6.1 of the MCCG, an external independent consultant is engaged at least once every three years, with the most recent independent BEE conducted in FY2024.



CONTINUING DEVELOPMENT AND TRAINING

Director capability and effectiveness are supported through structured induction and ongoing development. Newly-appointed Directors undergo a comprehensive onboarding programme led by the Management Committee and Company Secretary, providing insight into PCG's business model, governance framework, strategic priorities and risk landscape. The programme covers financial and risk management, internal audit, legal and regulatory obligations, technology and innovation, as well as key ongoing and planned projects. During the year, Luciano Tarsicio Poli completed this onboarding programme following his appointment as an INED.

Beyond induction, Directors participate in continuous development initiatives to remain current on governance, regulatory and industry developments. This includes participation in PETRONAS Board Excellence programmes, comprising PETRONAS Advance modules and the quarterly PETRONAS Board Conversation Series, which focus on board effectiveness, strategy, sustainability and EESG matters. In line with Paragraph 15.08 of the MMLR,

Directors also attend relevant external conferences, seminars and training programmes. Attendance is tracked by the Company Secretary and reported to the NRC and the Board twice yearly, with details of training undertaken disclosed in the Corporate Governance Report available on PCG's website.

Directors' Indemnity

In accordance with the CA 2016, the Group has put in place appropriate indemnification arrangements to protect Directors and Officers against personal liability arising from the execution of their duties, subject to the coverage provided under the Directors' and Officers' Liability Insurance policy maintained by PCG. Where additional protection is required, Directors may elect to obtain supplementary insurance for liabilities outside the scope of the Group's indemnity or uninsured events, with the decision and related premium costs borne individually.

Directors' Remuneration

The Directors' remuneration framework is designed to support the Group's strategic objectives by attracting, motivating and retaining high-calibre leadership, while remaining aligned with regulatory requirements and prevailing market practices. A formal Directors' Remuneration Framework governs the structure and quantum of fees, incorporating retainer fees, meeting allowances, special fees and benefits in kind, and provides a transparent basis for remuneration decisions.

In February 2025, the Board approved revisions to the Directors' Remuneration Framework and the remuneration package for Non-Executive Directors. Shareholders subsequently approved the revised Directors' fees at the Company's 27th AGM held in April 2025. Under the approved structure, Directors' fees for the Non-Executive Chairman increased from RM288,000 to RM360,000 per annum, while fees for each Non-Executive Director increased from RM144,000 to RM240,000 per annum. The revision follows the Framework's provision for periodic review once every three years.

Fees and meeting allowances for NINEDs who are PETRONAS employees are remitted to PETRONAS, while Directors are reimbursed for reasonable expenses incurred. During the year, the MD/CEO, Mazuin Ismail, received remuneration of RM2,146,528 and remains not entitled for Directors' fees or meeting allowances.

 For further details on Directors' remuneration, please refer to the PCG Corporate Governance Report 2025, available on the Investor Relations section of PCG's corporate website at <https://www.petronas.com/pcg>.

Senior Management's Remuneration

The Group's remuneration framework is structured to remain competitive and aligned with market benchmarks, supporting the attraction and retention of high-calibre leadership. Senior Management comprises individuals seconded from PETRONAS, with remuneration determined in accordance with prevailing industry practices. The Board notes a departure from Practice 8.2 of the MCCG, which recommends named disclosure of remuneration for the top five Senior Management personnel; such disclosure is not provided as the remuneration components are subject to the Personal Data Protection Act 2010.

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.

Senior Management's Shareholdings

Save as disclosed below, none of the key senior management held shares in the Group during the financial year.

Name	Held by Whom	Date of Appointment	Direct Interest			% of Shareholdings
			Bought	Sold	Closing Balance	
Ahmad Rizal Abdul Rahim	Self	500	-	-	500	0.00

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

FINANCIAL REPORTING

The Chief Financial Officer oversees the Group's financial reporting and the preparation of financial statements, guided by established policies and procedures set out in the Group Policies framework. In parallel, the BAC conducts regular reviews, during which reports presented by the finance team and the external auditors are scrutinised.

In the course of these reviews, the BAC evaluates several key matters including material accounting assumptions and estimates made by management, significant judgements and key audit matters highlighted by the external auditors and compliance to applicable accounting standards, regulatory reporting requirements, including the MCCG, as well as accounting policies and procedures applied.

INTERNAL AUDIT FUNCTION

The internal audit function provides independent and objective assurance on the effectiveness of the Group's governance, risk management and internal control systems. Its review focuses on control adequacy, root-cause analysis and sustainable improvement recommendations. Management is accountable for addressing audit findings, with progress on remediation actions monitored and reported regularly to the BAC.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board holds overall responsibility for maintaining effective internal controls and a robust risk management framework, in alignment with the Financial Reporting Council's Guidance on Risk Management, Internal Control and Related Financial Business Reporting, as well as the MCCG. Management supports this oversight through a structured organisational framework comprising clearly defined operating procedures, accountability mechanisms and delegated authorities, all of which are reviewed and endorsed by the Board.

Risk oversight is exercised through quarterly reviews of the Group's CRP, mitigation actions and risk appetite to ensure continued alignment with strategic priorities. The Board also ensures that internal control systems, including financial controls, are appropriately designed to safeguard the Group's assets and investments.



For further details on the Group's risk management and internal control framework, please refer to the Statement on Risk Management and Internal Control (SORMIC) on pages 161 to 169 of this report.

TRANSPARENCY AND ACCOUNTABILITY

Code of Conduct and Business Ethics

Ethical conduct across PCG is guided by the PETRONAS Code of Conduct and Business Ethics (CoBE), which articulates the values and behavioural standards expected in all business dealings. The Code applies not only to Directors and employees, but also to contractors, consultants, agents and other third parties engaged by the Group, underscoring a firm stance against bribery, corruption and improper practices throughout the value chain.



For further details on the PETRONAS CoBE, please refer to the Governance section of PCG's corporate website at <https://www.petronas.com/pcg>.

Corporate Liability

In line with corporate liability requirements, the Group has put in place robust anti-bribery and corruption controls designed to prevent misconduct and demonstrate the existence of adequate procedures, consistent with the Guidelines issued by the Prime Minister's Department. Anchored in PETRONAS' T.R.U.S.T. values, these measures are reinforced through strong leadership messaging and sustained communication across the Group. During the year, integrity-focused initiatives, including senior leadership-led engagements such as the Leaders Speak Integrity campaign, reinforced ethical conduct, accountability and transparency across daily operations and business interactions.

Anti-Bribery and Corruption Policy and Guidelines

PCG maintains a strict zero-tolerance approach to bribery and corruption, guided by PETRONAS' Anti-Bribery and Corruption Manual (ABC Manual). The ABC Manual sets out clear principles and practical guidance to prevent improper solicitation, bribery and corrupt practices, and applies to all Directors, employees and third parties acting on behalf of the Group.

This commitment is reinforced through Integrity Pledges signed by Directors, Management Committee members and employees in critical positions, as well as annual asset declarations by employees. PCG continues to strengthen its anti-bribery management framework following the ISO 37001:2016 Anti-Bribery Management Systems certification obtained by PCG in February 2024 and PETRONAS Chemicals Marketing (Labuan) Ltd. in December 2024, with a surveillance audit conducted by SIRIM in January 2025 affirming ongoing compliance and ethical business practices.



For further details, please refer to the ABC Manual, available on the Governance section of PCG's corporate website at <https://www.petronas.com/pcg>.

Whistleblowing Policy

The PETRONAS Whistleblowing Policy provides a confidential and accessible platform for employees and external parties to report suspected misconduct in accordance with established procedures. The policy is designed to safeguard integrity and accountability through clearly defined reporting channels, whistleblower protection measures and structured oversight to ensure disclosures are handled securely and with discretion.



The policy and its supporting procedures are publicly available on the Governance section of PCG's website at <https://www.petronas.com/pcg>, and reports may be submitted via email to whistle@petronas.com.

Trading on Insider Information

To safeguard compliance with securities trading regulations, the Company Secretary issues a quarterly Notice of Closed Period to Directors, the Management Committee and senior management, outlining restrictions on share dealings when price-sensitive information may be accessible. During the reporting period, no trading activities were undertaken by the Board or Principal Officers during the Closed Period, and this status was formally reported to the Board.

For dealings conducted outside the Closed Period, Directors and key senior management are required to notify the Company Secretary in writing within three market days, with immediate disclosure made to Bursa Malaysia in accordance with regulatory requirements. No share trading activities were recorded during the year, either within or outside the Closed Period.

Related Party Transactions and Conflicts of Interest

Oversight of RPTs, RRPTs and COI Situations is undertaken by the BAC in accordance with PCG's Guideline which are reviewed and updated periodically. A structured framework, supported by enhanced assessment, approval and monitoring processes, ensures that all transactions are conducted at arm's length and on normal commercial terms. During FY2025, the BAC reviewed a total of 11 RRPTs entered into by the Group and its subsidiaries.

The Group's overall approach to managing RPTs, RRPTs and COI Situations is further described in the SORMIC and BAC Report.

Selection of Vendors

Vendor selection is guided by the PETRONAS Procurement Standard, which provides a structured framework to ensure transparency, fairness, and competitiveness through the evaluation of both technical compliance and commercial attractiveness. Procurement activities exceeding the specific thresholds are overseen by the respective Tender Committees, with endorsed recommendations proceedings to the relevant approving authority for final decision, ensuring governance and adherence to established procurement procedures across the tendering process, which include the following 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

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND RELATIONSHIP WITH STAKEHOLDERS

CUSTOMERS

The Board receives regular updates from the MD/CEO on key external developments, including engagement with major customers, policymakers and regulators.

These updates are complemented by management reports and strategic briefings, providing the Board with a comprehensive view of customer relationships, market conditions and emerging external dynamics.



COMMUNITIES

PCG delivers its social impact initiatives through partnerships with employees, non-governmental organisations and local authorities, ensuring programmes are aligned with the Group's Sustainability Agenda and designed for long-term impact.

Community engagement efforts focus on education, community well-being and development, and environmental stewardship, aligned with the pillars of the PETRONAS Social Impact Management Framework to ensure a focused and cohesive approach to delivering meaningful outcomes.



SHAREHOLDERS

The Investor Relations team maintains regular and structured engagements with shareholders and investors, facilitating access to Management and, where appropriate, the Board to address inquiries and investment interests.

Ongoing monitoring of PCG's share performance is provided through weekly updates benchmarked against key market indicators and peers, complemented by monthly and quarterly reports covering share trends, major shareholders and foreign shareholding movements.

The Board is kept informed through regular updates on investor sentiment, market expectations and analysts' perspectives, particularly in connection with quarterly financial results. Shareholders are also encouraged to provide feedback and raise questions directly with the Board through dedicated channels, including during AGMs, with all inputs promptly communicated to ensure informed oversight and engagement.

SUPPLIERS

The Group prioritises a transparent and resilient supply chain, recognising supplier engagement as a key source of operational insight for effective Board oversight.

Collaboration between site teams, procurement functions and suppliers focuses on areas such as product stewardship, ethical sourcing, regulatory compliance and continuous improvement, with key developments regularly escalated to the Board. In addition, the Board engages directly with operational and functional teams to deepen its understanding of supply chain risks, performance and emerging issues. This integrated approach strengthens governance oversight and supports informed decision-making across the value chain.

STAKEHOLDER ENGAGEMENT

In 2025, we continued to prioritise open, consistent and timely engagement with shareholders and the wider investment community through a structured investor relations programme. Engagement platforms included quarterly results briefings, site and company visits, thematic webinars and participation in key investment conferences. These sessions were primarily led by the MD/CEO and CFO, supported by senior management and, where relevant, Board members whose expertise aligned with shareholder discussions.

To strengthen transparency and accessibility, recordings and transcripts of quarterly briefings were uploaded to our corporate website within five working days. Beyond formal engagements, the Investor Relations team maintained continuous dialogue through meetings, calls and written communications, and actively relayed market sentiment, investor feedback and disclosure expectations to the Board and Management to support decision-making and alignment with shareholder interests. PCG's share price performance in 2025 reflected the combined effects of external market conditions, sector sentiment and the Group's operating challenges during the year.

FY2025 SHARE PRICE PERFORMANCE

	1Q2025	2Q2025	3Q2025	4Q2025
High:	RM4.99	RM3.90	RM4.82	RM4.30
Low:	RM3.60	RM2.80	RM3.19	RM2.92
Close:	RM3.62	RM3.49	RM4.23	RM3.63



- PCG's share price opened FY2025 at RM4.86 and closed 25% lower at RM3.63, reflecting softer investor sentiment amid a prolonged industry downturn, uneven economic recovery and operational challenges that weighed on earnings
- The sharpest decline occurred in the first half of 2025, with the share price sliding from a first quarter high of RM4.99 to a second quarter low of RM2.80, mirroring broad-based weakness across the chemicals sector amid subdued recovery prospects and rising global trade tensions
- Sentiment improved in the third quarter of 2025, as the share price rebounded to close at RM4.23 (from RM3.49 in the second quarter), supported mainly by net buying from local institutional investors while foreign investors remained cautious
- The recovery was not sustained into the fourth quarter of 2025, with the share price ending the year at RM3.63 despite a stronger broader market, as confidence in a near-term chemicals sector turnaround remained limited
- Foreign shareholding declined on a year-on-year basis, although long-term investors largely maintained their positions, indicating continued selectivity amid ongoing geoeconomic uncertainty

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND RELATIONSHIP WITH STAKEHOLDERS

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND RELATIONSHIP WITH STAKEHOLDERS

DIVIDEND

PCG's 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 FY2024

Declaration Date: 21 February
Entitlement Date: 11 March
Payment Date: 20 March

FIRST INTERIM DIVIDEND FY2025

Declaration Date: 13 August
Entitlement Date: 27 August
Payment Date: 10 September

361 Engagements in FY2025
(FY2024: 533)

Channels:

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

KEY CONCERNS

Value Proposition (Strategy):

PCG remains steadfast in safeguarding business continuity and resilience amid challenging market conditions and heightened geopolitical uncertainties. The global chemicals industry landscape during the year continued to be characterised by persistent overcapacity and subdued demand. Macroeconomic indicators remained fragile, as uneven GDP growth and muted PMI readings across key markets reflected soft industrial activity and cautious customer sentiment. Trade and tariff uncertainties further disrupted global trade flows, while supply-demand imbalances, particularly in commodity chemicals, continued to pressure pricing and margins. Being a predominantly export-oriented company, PCG remained exposed to foreign exchange volatility, which affected revenue realisation and cost structures.

In the Asia Pacific (APAC) region, a wave of new capacity additions intensified competitive pressures, especially within segments under Commodities. Demand recovery across key end-use sectors remained uneven, while elevated logistics costs and a prolonged high interest rate environment continued to weigh on market and investment decisions.

PCG remains committed to upholding operational, commercial and growth excellence, underpinned by disciplined cost management, in delivering our commitments. PCG continues to execute initiatives aimed at enhancing operational resilience, further develop specialty and sustainable solutions, and position PCG to capture new growth opportunities. Together with strategic capital allocation, these initiatives support progress towards the company's long-term target.

Performance (Operational/Commercial/Financial)

PCG began the year managing a utilities supply disruption at the Kertih Integrated Petrochemical Complex (KIPC), followed by the Putra Heights incident which impacted gas supply to PETRONAS Chemicals Fertiliser Kedah (PC Fertiliser Kedah). These external disruptions required swift crisis response, close coordination with partners and agile adjustments to stabilise operations, secure feedstock continuity and protect customer deliveries. Operational efficiency was reinforced following a strategic review of the annual turnaround management, which led to the deferment of the KIPC turnaround to reduce operational risk and maintain alignment with production commitments and business priorities.

Despite these disruptions, PCG sustained operational stability through focused execution of operational excellence initiatives underpinned by strong HSE culture. These efforts strengthened reliability across key assets and supported PCG's ability to navigate a volatile operating environment while remaining focused on long-term value creation.

Commercial excellence initiatives focused on being close to the ground to understand customer needs, combined with agile decision-making, reinforced PCG's competitive position while maintaining a strong focus on reliability and delivery performance.

In 2025, global chemical prices continued to face pressure amid uneven demand recovery, volatile energy markets and persistent supply surpluses across key value chains. Margins remained compressed as product spreads tightened, weighed down by weak downstream consumption and soft pricing in several segments, within the Commodities and Specialty Chemicals portfolio. Additionally, foreign exchange volatility weighed on profitability, underscoring the need for disciplined cost management.

Nonetheless, PCG continued to invest in value-accretive, and sustainability-aligned growth initiatives reinforcing its shift toward higher-value products and solutions to strengthen earnings resilience.

Project Deliverables (Projects and Investments)

PCG continued to advance its growth agenda with the achievement of several key milestones, including expansion into new downstream capacities, while additional facilities remain on track for commissioning in 2026.

Continuing its commitment to growth, PCG advanced the growth of the Specialty Chemicals portfolio, with the upgrade of Perstorp Amsterdam B.V. The facility underwent an upgrade of its ester plant, to produce specialty esters, strengthening the product offerings from the Engineered Fluids segment, while BRB expanded its personal care offerings, adding 12 new products to its Emfinity® range.

In parallel, PCG established PC Marketing (Vietnam) Company Limited, strengthening its local distribution capabilities and enabling greater participation in domestic growth opportunities, further expanding PCG's reach, forging closer relationships with customers.

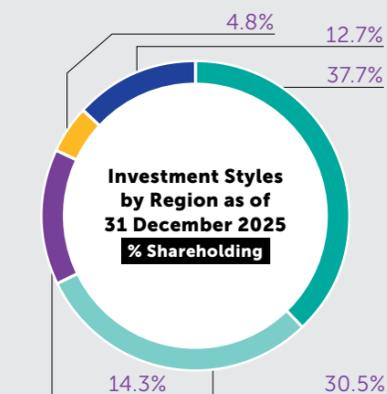
OWNERSHIP BY NON-MALAYSIAN

As at Financial Year Ended 31 December	Foreign Shareholding (%)
2021	9.4
2022	10.6
2023	8.2
2024	7.6
2025	6.2

As at Month End in FY2025	Foreign Shareholding (%)
January	7.5
February	7.7
March	7.7
April	7.6
May	7.2
June	7.0
July	6.9
August	6.8
September	6.6
October	6.5
November	6.4
December	6.2



Legend: Malaysia (Teal), Asia (exc Malaysia) (Yellow), North America (Light Blue), United Kingdom (Purple), ROTW (Dark Blue)

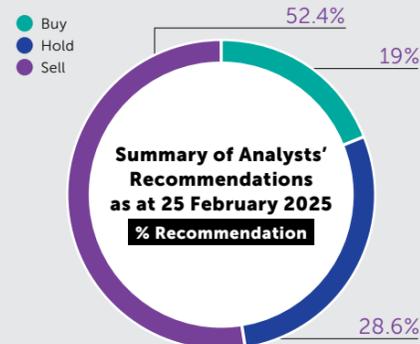


Legend: Growth Reasonable Price (GARP) (Teal), Growth (Light Blue), Value (Yellow), Index (Purple)

Source: Boardroom Registrars Sdn. Bhd.

Source: Nasdaq IR Insights

ANALYST COVERAGE



Source: Bloomberg

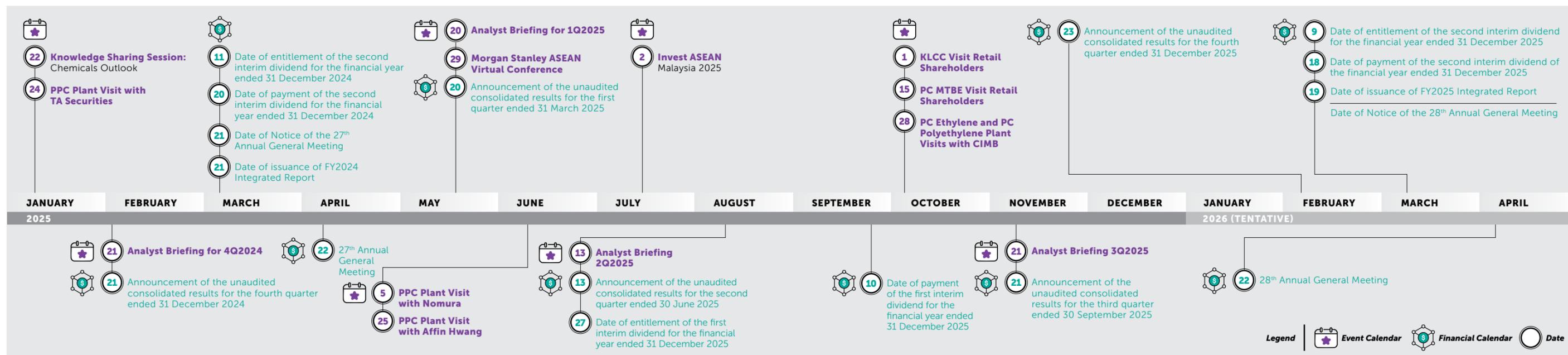
No	Research House
1.	Affin Hwang Investment Bank Berhad
2.	AmInvest Bank Berhad
3.	BIMB Securities Sdn. Bhd.
4.	CIMB Securities Sdn. Bhd.
5.	CGS International Securities Singapore
6.	CLSA Investment Bank
7.	Citi Investment Bank
8.	Goldman Sachs Investment Bank
9.	Hong Leong Investment Bank Berhad
10.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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND RELATIONSHIP WITH STAKEHOLDERS

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND RELATIONSHIP WITH STAKEHOLDERS

**Managing EESG**

PCG's sustainability approach is designed to systematically manage sustainability-related risks and opportunities in a way that reinforces long-term resilience, competitiveness and value creation. Rather than operating in isolation, sustainability considerations are integrated into how the Group plans, operates and makes strategic decisions across the business.

The Economic pillar strengthens PCG's business resilience and readiness for industry shifts by advancing sustainable product solutions, innovation through disciplined execution across operations, commercial functions and growth delivery. These initiatives improve efficiency and margins, enabling sustainable growth over the long term.

The Environmental pillar advances PCG's commitment to climate action and responsible resource use, with focus on emissions, energy, water and biodiversity protection. Embedding these priorities in operations and investments will support PCG's aim to reduce environmental footprint and strengthen future readiness.

Through the Social pillar, PCG is dedicated to creating positive outcomes for its workforce and the communities in which it operates. This includes upholding fair labour practices, strengthening employee capability and engagement, as well as delivering targeted social impact initiatives that contribute to community development, well-being and inclusion.

Governance provides the structural foundation through which PCG's business is conducted. Through clear roles, defined responsibilities and disciplined decision-making, governance mechanisms ensure that sustainability considerations are integrated into strategic planning, risk oversight and performance management. Board-level oversight ensures that sustainability strategies are aligned with ethical conduct, regulatory expectations and sound risk management, providing clear accountability and reinforcing sustainability as a core element of PCG's long-term business strategy.

CONDUCT OF ANNUAL GENERAL MEETING

The AGM remains PCG's key forum for transparent and constructive engagement with shareholders. In 2025, the AGM was conducted physically for the first time since the COVID-19 pandemic, reflecting the Group's commitment to meaningful, in-person dialogue. The AGM was held on 22 April 2025 and well attended by 2,063 shareholders, providing a robust platform for the exercise of shareholder rights and active participation.

The Notice and Agenda, issued on 21 March 2025, were published in both English and Bahasa Malaysia in local newspapers and made accessible on PCG's corporate website, ensuring timely and equitable access to information. Chaired by the Chairman, the AGM facilitated open discussion with the Board and Management, allowing shareholders to raise questions, seek clarification and share feedback in a fair and orderly manner. In line with best practices, the minutes of the AGM were published within 30 days of the meeting and are available on PCG's website, reinforcing transparency and accountability.

The minutes of the 27th AGM proceedings can be accessed on the Investor Relations section of PCG's website at <https://www.petronas.com/pcg>.

RELATIONSHIP WITH EXTERNAL AUDITORS

The BAC maintains an independent, professional and transparent relationship with the Group's external auditors, KPMG PLT, to safeguard the integrity of PCG's reporting. During the year, the BAC engaged regularly with the external auditors to review the audit scope, approach and key findings, ensuring compliance with Malaysian Financial Reporting Standards (MFRS), IFRS and Bursa Malaysia requirements. These discussions covered financial statements, internal controls and risk management processes, with matters requiring Board attention escalated accordingly.

STATEMENT OF DIRECTORS' RESPONSIBILITY

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 Group and the Company as at the end of financial year and of the results and cash flow of the Group and the Company for the financial year as required by the CA 2016. The Statement of Responsibility by Directors for the audited financial statements of the Group and the Company is as outlined on page 4 of the Financial Report.

For further details of the Group and the Company's financial statements, please refer to the PCG Financial Report 2025.

STATEMENT OF COMPLIANCE

The Board has reviewed, deliberated and approved this Statement and is satisfied that the Group has met its obligations under the MMLR, the CA 2016, the MCCG, the Corporate Governance Guide (4th Edition) issued by Bursa Malaysia, and other applicable laws and regulations for the financial year under review. The Group has applied 37 Practices and adopted 3 Step-Up Practices under the MCCG. Details on the application of the MCCG Principles, together with explanations for any departures, are set out in the Corporate Governance Report, which is available on the PCG's corporate website at <https://www.petronas.com/pcg>.

ADDITIONAL COMPLIANCE INFORMATION - MATERIAL CONTRACTS

No material contracts or loans involving the interests of Directors or major shareholders were entered into by the Company or its subsidiaries during the financial year ended 31 December 2025, nor were any such arrangements subsisting at year-end. Any exceptions, where applicable, are disclosed in the Audited Financial Statements.

This statement was reviewed and approved by the Board of Directors on 23 February 2026.

DATUK SAZALI HAMZAH
Chairman

NOMINATION AND REMUNERATION COMMITTEE REPORT



As a Committee, we continuously review the Board's structure, size and composition to ensure it maintains the optimal balance of skills, experience, independence and diversity to support the Group's strategic objectives. Looking ahead, our focus remains on robust succession planning, maintaining a dynamic mix of capabilities, and ensuring the Board continues to evolve in line with PCG's strategic priorities and operating environment.

DR. ZAFAR ABDULMAJID MOMIN

Chairman, Nomination and Remuneration Committee

Chairman	Meeting Attendance
Dr. Zafar Abdulmajid Momin <i>Independent Non-Executive Director</i>	9/9 (100%)
Members	Meeting Attendance
Yeoh Siew Ming <i>Senior Independent Non-Executive Director</i>	9/9 (100%)
Farehana Hanapiah <i>Non-Independent Non-Executive Director</i>	8/9 (89%)
Warren William Wilder <i>Independent Non-Executive Director</i> <small>(Resigned as NRC Member effective 1 January 2026)</small>	8/9 (89%)



For further details on the roles, composition and Terms of Reference of the Nomination and Remuneration Committee, please refer to the Governance section of PCG's corporate website at <https://www.petronas.com/pcg>.

FUNCTIONS OF THE NRC AND RELATED ACTIVITIES IN 2025

Board Succession Plan

The Nomination and Remuneration Committee (NRC) plays a pivotal role in executing its mandate through robust Director succession planning, and stewarding a Board composition with optimal balance of skills, experience and diversity. During FY2025, the NRC, together with the Board undertook a comprehensive review of the Board's composition, diversity profile, tenure of Independent Non-Executive Directors (INEDs), the Board skills and experience matrix, and proposals for the retirement and re-election of Directors, affirming the Board's continued alignment with regulatory requirements and the Group's strategic priorities.

As at the date of this Report, the Board comprised seven members, with INEDs representing 42.86% of the Board's composition, with the resignation of Warren William Wilder effective 1 January 2026. While the current composition remains in compliance with the Main Market Listing Requirements (MMLR), this departs from Practice 5.2 of the Malaysian Code on Corporate Governance (MCCG), which recommends a majority of INEDs for large companies. At present, all the INEDs are within the nine-year tenure threshold, supporting effective independence and oversight.

Following the retirement of Datin Seri Sunita Mei-Lin Rajakumar at the Company's 27th Annual General Meeting (AGM), female representation on the Board stood at 28.57%. While this level remains in compliance with the MMLR, it falls short of the MCCG's recommendation of at least 30% women directors. Accordingly, the Board, through the NRC, endeavours to source and identify suitably qualified women candidates for appointment.

Consistent with the Board's succession planning priorities, a formal search for potential director candidates was initiated in March 2025 through the engagement of an external consultant. This led to the appointment of Luciano Tarcisio Poli as an INED, effective 1 November 2025. His appointment was evaluated in accordance with the Directors' Fit and Proper Policy, based on three key criteria:

- Character and Integrity
- Experience and Competence
- Time and Commitment

He was also subject to review by the Board Audit Committee regarding his disclosures of interest and proposed mitigation measures of any potential conflict of interest (COI). The Board is satisfied that his appointment satisfies PCG's strategic growth and will add value to the current Board's composition.

MD/CEO and Senior Management Succession Plan

During 2025 and as part of its mandate to ensure leadership continuity, the NRC conducted a focused review of succession planning for key senior leadership roles, namely the Managing Director/Chief Executive Officer (MD/CEO), Chief Executive Officers for Commodities and Specialty Chemicals (SC) and the Chief Financial Officer (CFO). This review was conducted in tandem with PCG's updated organisational structure, implemented on 1 November 2025, to ensure succession plans for newly created and realigned roles were refreshed to reflect revised responsibilities, success profiles and strategic priorities.

Leadership development remains anchored on the PETRONAS Top Talent Management platform, which provides a structured yet differentiated pathway for building future leaders. Through a combination of targeted executive development interventions, including board exposure, executive coaching, advanced leadership programmes at leading international institutions and specialised development tracks for enterprise and techno-commercial leadership, the programme supports the systematic strengthening of PCG's leadership bench.

To reinforce succession effectiveness, the NRC actively monitors the progress of identified successors against their individual development plans, ensuring timely capability building and sustained readiness. Collectively, these initiatives underpin PCG's commitment to cultivating a resilient and future-oriented leadership pipeline capable of supporting strategic transformation and long-term value creation.

Directors' Re-Election and Re-Appointment

As part of the Board's annual refresh and continuity process, the NRC reviewed and endorsed the Directors' rotation list for 2025 and recommended to the Board for approval. Directors identified for retirement were required to confirm their willingness to stand for re-election prior to Board deliberations, ensuring orderly succession and transparent decision-making.

Pursuant to the Company's Constitution, the Board may appoint Directors to fill casual vacancies or, where necessary, to expand the Board's composition. Any Director appointed under these provisions is required to stand for re-election at the next AGM, providing shareholders with the opportunity to affirm the appointment.

The Constitution further mandates that one-third of the Board shall retire by rotation at each AGM. Accordingly, the following Directors are due to retire at the forthcoming 28th AGM in accordance with Articles 100 and 107 of the Company's Constitution and being eligible, offer themselves for re-election:

Article 100 (Casual Vacancy)

Luciano Tarcisio Poli

Article 107 (Retirement by Rotation)

Yeoh Siew Ming

Mazuin Ismail

In assessing the suitability of Directors standing for re-election, the NRC undertook a structured evaluation covering their competencies, overall performance, contributions, commitment and independence. This assessment incorporates findings from the Board Effectiveness Evaluation (BEE), fit and proper declarations, and COI reviews conducted by the Board Audit Committee, ensuring that recommendations remained aligned with the best interests of PCG and its shareholders. The BEE 2025 assessment does not apply to Luciano Tarcisio Poli, as the review period was from 1 January 2025 to 31 December 2025.

MD/CEO and Senior Management Performance Appraisal

During the year, the NRC reviewed and deliberated on the 2024 and 2025 performance outcomes of the MD/CEO and key members of Senior Management, alongside proposed enhancements to the FY2025 performance scorecard. The review encompassed the CEO for Commodities, Senior General Manager for Commercial, CFO, Chief Operating Officer for Specialty Chemicals, Chief Human Resource Officer and Head of Legal.

These deliberations focused on strengthening performance alignment with PCG's strategic priorities, refining accountability measures, and identifying targeted improvement areas to support delivery in FY2025. Through this process, the NRC ensured that performance expectations for senior leadership remain robust, forward-looking, and closely linked to the Group's strategic and operational objectives.

NRC Effectiveness Review and Performance

Following the completion of the BEE, the NRC reviewed and affirmed the feedback and development recommendations provided by the external independent consultant, which were subsequently deliberated by the Board on 21 February 2025. The NRC also noted Management's responsive actions to the identified development areas.

For YA2025, the BEE was conducted internally using enhanced questionnaires aligned with MCCG best practices, with a strengthened emphasis on Board oversight and the integration of sustainability considerations in the strategy and operations of companies. The

questionnaires were distributed to Directors in December 2025. The NRC reviewed the outcomes and reported its findings to the Board in February 2026. The Board is satisfied with the continued effectiveness of the NRC in supporting robust governance and Board performance.



For further details on the full scope of the assessment and the outcomes, please refer to the Board Effectiveness Evaluation on page 140 of this report.

SUMMARY OF NRC'S KEY ACTIVITIES IN 2025:

- 1 Reviewed the performance of the MD/CEO and key senior management for FY2024 and FY2025.
- 2 Reviewed the performance of the Company Secretary for FY2024 and FY2025.
- 3 Reviewed the proposed performance scorecards of key senior management for FY2025.
- 4 Reviewed PCG High-Level Organisational Structure and the competency requirements for potential leaders within the structure.
- 5 Assisted Management in the recruitment of the CEO, Specialty Chemicals business.
- 6 Reviewed the manpower cost for PCG MD/CEO for FY2025.
- 7 Reviewed the evaluation of the effectiveness of the Board as a whole, the Board Committees, and the contribution of each individual Director for FY2024.
- 8 Reviewed actions undertaken by the Group to address agreed improvement areas arising from the iBEE YA2024.
- 9 Reviewed the NRC Report for inclusion in the 2024 Integrated Report.
- 10 Reviewed and enhanced the Board Succession Planning Framework.
- 11 Reviewed the remuneration framework for Non-Executive Directors.
- 12 Reviewed Directors' training requirements, including proposed training and development programmes, and monitored Directors' participation in required training during the year.
- 13 Reviewed the appointment of a consultant to source potential candidates for INED positions.
- 14 Received and reviewed the annual update on succession planning for key senior management positions.
- 15 Reviewed the Board Succession Plan for FY2026.
- 16 Reviewed and endorsed the appointment of a new Director.

NRC Priority Areas in FY2026

In addition to matters within NRC's purview, the following have been identified as focus areas for 2026:

1. Oversee the development of human capital needs as PCG's business continues to evolve.
2. Review Board composition to ensure adequate capacity, diversity and expertise to effectively discharge its responsibilities.
3. Enhance director training and development, with focus on digitalisation, AI and sustainability on petrochemical industry.

Dr. Zafar Abdulmajid Momin

Chairman, Nomination and Remuneration Committee

BOARD AUDIT COMMITTEE REPORT



The Committee exercised oversight over the quality and robustness of the Group's financial and key non-financial information, with attention to the effectiveness of internal controls, related party transactions and potential conflicts of interest. In doing so, the Committee also considered associated disclosures and announcements to ensure they were prepared with clarity, consistency and appropriate assurance.

YEOH SIEW MING
Chairperson

Chairperson	Meeting Attendance
Yeoh Siew Ming Senior Independent Non-Executive Director	7/7 (100%)
Members	Meeting Attendance
Dr. Zafar Abdulmajid Momin Independent Non-Executive Director	7/7 (100%)
Farehana Hanapiah Non-Independent Non-Executive Director (Appointed as BAC Member effective 9 May 2025)	5/5 (100%)
Luciano Tarcisio Poli Independent Non-Executive Director (Appointed as BAC Member effective 1 November 2025)	1/1 (100%)
Datin Seri Sunita Mei-Lin Rajakumar Independent Non-Executive Director (Ceased as BAC Member effective 22 April 2025)	2/2 (100%)



For further details on the roles, composition and Terms of Reference of the Board Audit Committee, please refer to the Governance section of PCG's corporate website at <https://www.petronas.com/pcg>.

HOW THE COMMITTEE OPERATES

During the year, the Board Audit Committee (BAC) convened seven meetings, with the Company Secretary serving as the BAC Secretary. To support effective oversight, the BAC invited the Managing Director/Chief Executive Officer (MD/CEO), Chief Financial Officer (CFO) and Chief Audit Executive (CAE) to attend meetings to provide explanations, views and clarifications on matters under review, as appropriate.

The CAE presented internal audit reports, highlighting audit findings, emerging risk themes and the progress of remedial actions. Where necessary, Management was engaged to provide responses and accountability for agreed follow-up actions. The external auditors engaged with the BAC on key audit considerations, including areas of judgement, audit scope and outcomes arising from the statutory audit of the Group. In addition, the BAC conducted two private sessions with the external auditors, without the presence of the Management on 14 February 2025 and 6 August 2025, reinforcing the Committee's focus on auditor independence and candid dialogue.

Key deliberations during the year encompassed quarterly and annual financial reporting, assessment of financial performance, review of internal controls, oversight of Related Party Transactions (RPTs), Recurrent Related Party Transactions (RRPTs), Conflict of Interest (COI) Situations and the monitoring of audit issue resolutions. Meeting materials were distributed at least five business days via a secure digital platform to enable thorough preparation. Matters deliberated, together with the BAC's conclusions and recommendations, were formally reported to the Board to support informed decision-making and approval of financial statements, audit-related matters and governance enhancements.

CONTINUOUS TRAINING

To support effective oversight and sound judgement, BAC members undertook continuous professional development throughout the year. In accordance with Practice 9.5 of the MCGG, all BAC members, save for Luciano Tarcisio Poli, who was appointed as a member of the BAC on 1 November 2025, participated in at least one relevant training programme covering developments in accounting and auditing standards, including updates on the Global Internal Audit Standards (GIAS), ensuring the Committee remains fully aligned with evolving regulatory and professional expectations.

SUMMARY OF BAC'S 2025 ACTIVITIES

Financial Reporting

- Reviewed the quarterly financial results prior to announcement to Bursa Malaysia and recommended the same for the Board's approval, after being satisfied that the results were prepared in compliance with the Malaysian Financial Reporting Standards (MFRS) issued by the Malaysian Accounting Standards Board (MASB), the Main Market Listing Requirements (MMLR), and other applicable regulatory requirements.
- Reviewed the Group's and the Company's annual and quarterly management accounts to assess financial performance, key variances, and underlying business drivers.
- Reviewed the audited financial statements of the Group and the Company prior to submission to the Board for consideration and approval, after satisfying itself that, *inter alia*, the audited financial statements were prepared in accordance with the provisions of the Companies Act 2016 (CA 2016) and the MFRS issued by the MASB.
- Reviewed specific key areas affecting the Group's and the Company's financial results and endorsed Management's recommendations. Key areas deliberated included the following:
 - Impairment indicators of non-current assets, including property, plant and equipment and intangible assets, and the related impairment testing:
 - Review of internal and external factors that may give rise to indicators of impairment.
 - Where impairment indicators existed, review and deliberation of Management's impairment assessments,

including key assumptions applied and the robustness of controls in place, such as segregation of duties, consultation with subject matter experts, and appropriate management sign-off in determining recoverable amounts. For FY2025, this included the review of Management's impairment assessments for:

- Pengerang Petrochemical Company's property, plant and equipment
 - Perstorp Group's property, plant and equipment
 - Perstorp Group's goodwill and intangible assets with indefinite useful life
 - BRB Group's goodwill
 - PETRONAS Chemicals Aromatics Sdn. Bhd.'s property, plant and equipment
 - PETRONAS Chemicals MTBE Sdn. Bhd.'s property, plant and equipment
- Carrying values of inventories, including any write-downs or write-offs recognised during the year.
 - Review of the Audit Planning Memorandum for the financial year 2025.
 - Updates on revised and new MFRS pronouncements effective for financial years 2025 to 2027 and their potential implications on the Group's financial reporting.
 - Revision of the PCG Group Limits of Authority (LOA).
 - Annual assessment of the External Auditors for the financial year ended 31 December 2024.
 - Review of audit fees for the financial years 2026 to 2028.
 - Provision of non-audit services by KPMG PLT, including assessment of independence safeguards.
- E. The BAC reviewed and deliberated on the above key matters and was satisfied with the actions taken by Management in addressing issues raised by the external auditors. The BAC also noted that Management maintained regular engagements with the external auditors throughout the audit process to identify and address any significant control deficiencies on a timely basis.

Internal Control

- Reviewed the effectiveness of the Group's system of internal controls, taking into consideration the findings from both internal and external audit reports.

Corporate Governance

- Reviewed the Corporate Governance Overview Statement and the BAC Report for inclusion in the 2024 Integrated Report.
- Approved the appointment of the Group's CAE, ensuring the role's independence, competence and alignment with the Group's governance and assurance requirements.
- Reviewed revisions to the PCG Group's LOA, to ensure continued clarity of delegated powers, accountability and alignment with organisational and regulatory requirements.
- Reviewed and endorsed proposed updates to the BAC's Terms of Reference, to strengthen oversight responsibilities and ensure continued relevance to evolving governance and regulatory expectations.

Internal Audit

- Reviewed and approved quarterly updates to the FY2025 Annual Audit Plan, ensuring audit activities remained aligned with emerging risks, evolving business strategies and risk priorities.
- Reviewed and approved the risk-based FY2025 Annual Audit Plan and budget, ensuring comprehensive audit coverage, appropriate resourcing and the necessary competencies to execute the internal audit function effectively.
- Reviewed and deliberated internal audit reports, including opinions on the adequacy and effectiveness of the Group's governance, risk management and internal control systems, root-cause analysis

BOARD AUDIT COMMITTEE REPORT

of findings, implications and Management's proposed corrective actions. The Committee also provided guidance to strengthen oversight and reinforce Management accountability.

- Monitored the implementation of agreed corrective actions on audit findings on a quarterly basis, including reviewing and approving Management's justifications for extensions to rectification timelines where appropriate.
- Reviewed the performance of the Internal Audit function for FY2025, assessing its independence, objectivity and effectiveness in providing assurance, and approved the IAD Key Performance Indicators for FY2025.
- Reviewed the IAD Quality Assurance and Improvement Programme (QAIP), to ensure continued conformance with professional standards and best practices.
- Held private quarterly sessions between the BAC Chairperson and the Head and senior members of Internal Audit, covering audit outcomes, selected audit scopes, resource adequacy, capability requirements and related matters.
- Reviewed the Group's new Assurance Operating Model and revised Internal Audit structure, to enhance the effectiveness and strategic alignment of assurance activities.
- Reviewed and approved updates to the PCG Internal Audit Charter, ensuring continued relevance, clarity of mandate and alignment with regulatory and governance expectations.

RPT and Conflict of Interest

- Reviewed all RPTs and RRPTs prior to execution, in accordance with PCG's Guideline and Procedures on RPTs/RRPTs and COI Situations, and affirmed that such transactions were conducted in the best interests of the Company and not detrimental to minority shareholders.
- Reviewed and deliberated quarterly RPTs/RRPTs reports, ensuring continuous oversight, maintain transparency and uphold regulatory compliance.
- Reviewed and assessed the performance of RPTs/RRPTs vendors for FY2024, based on established evaluation criteria.
- Reviewed the annual declarations and register of interests relating to COIs for Directors and key senior management for FY2024 including those Directors who are subject for retirement at the FY2025 AGM.
- Reviewed COI disclosures and proposed mitigation measures in relation to the appointment of a new Director for input to be considered by the NRC.

External Audit

- Reviewed and discussed with the external auditors on audit strategy and scope for the statutory audit of the Group and the Company's financial statements for the financial year ended 31 December 2025.
- Reviewed the results of the statutory audit and the audit report with the external auditors prior to submission to the Board.
- Reviewed and endorsed the proposed statutory audit fees, taking into consideration the scope of work and audit requirements.
- Reviewed the nature and extent of non-audit services provided by the external auditors, with particular emphasis on safeguarding auditor independence and objectivity. In this regard, the BAC noted the external auditors' confirmation of their independence throughout the financial year.
- Noted the engagement of the external auditors for permitted non-audit services during the year, with total audit and non-audit fees disclosed on the following page of this report.

BOARD AUDIT COMMITTEE REPORT

	2025		2024	
	Group RM'000	Company RM'000	Group RM'000	Company RM'000
KPMG PLT				
Audit Fees				
Statutory Audit	2,032	582	1,996	615
Non-audit Fees				
Half-yearly Limited Review	214	214	207	207
Professional services for Anti-Money Laundering/Counter-Financing of Terrorism by PETRONAS Chemicals Marketing (Labuan) Limited	178	-	4	-
Audit of non-financial information for Integrated Report	130	130	-	-
Review of the Quarterly Consolidated Results Report for announcement to Bursa Malaysia	36	36	34	34
Review of Statement on Risk Management and Internal Control	29	29	29	29
Subtotal Non-audit Fees	587	409	274	270
OVERSEAS AFFILIATE OF KPMG PLT				
Audit Fees				
Statutory Audit	679	-	409	-
Non-audit Fees				
Sustainability Reporting for Perstorp Group	261	-	468	-
Tax services for BRB Group	32	-	51	-
Subtotal Non-audit Fees	293	-	519	-
OTHER AUDITORS				
Audit Fees				
Statutory Audit	9,243	-	8,819	-
Non-audit Fees				
Accounting services	6,512	-	4,049	-
Tax services	5,333	35	6,527	-
Review of Transfer Pricing documentation	969	29	2,781	-
Half-yearly Limited Review	550	-	284	23
Goodwill impairment assessment for Perstorp Group	312	-	386	-
Audit of non-financial information for Integrated Report	-	-	200	200
Subtotal Non-audit Fees	13,676	64	14,227	223
Total Statutory Audit Fees	11,954	582	11,224	615
Total Non-audit Fees	14,556	473	15,020	493
% of Non-audit Fees over Statutory Audit Fees	>100%	81%	>100%	80%
% of Non-audit Fees over Statutory Audit Fees by KPMG PLT	29%	70%	14%	44%

EXTERNAL AUDIT

A structured framework is in place to preserve the objectivity and independence of the Company's external auditors. This includes a mandatory rotation of the Audit Engagement Partner after a maximum tenure of seven years, followed by a five-year cooling-off period prior to any re-appointment, in line with the requirements of the Malaysian Institute of Accountants (MIA).

Additional safeguards include an Independent Partner Review and a formal written declaration submitted to the BAC, confirming adherence to all relevant professional and regulatory standards throughout the audit engagement.

In discharging its oversight responsibilities, the BAC also conducted an annual evaluation of the external auditors' performance, suitability and independence, based on four defined assessment criteria:

Quality of engagement team and services

Adequacy of resources

Quality of communication and interaction

Independence, objectivity and professional scepticism

ANNUAL REPORTING

As part of its governance responsibilities, the BAC reviewed and endorsed its report for the financial year ended 31 December 2025, in compliance with all applicable regulatory requirement and guidelines.

INTERNAL AUDIT FUNCTION

The BAC is supported by PCG Internal Audit (PCG IA), which operates under the Assurance Operating Model introduced by PETRONAS Group Internal Audit. This model enables a more coordinated and integrated delivery of independent assurance and advisory services across the Group, strengthening oversight of governance, risk management and internal control while supporting PCG's evolving business priorities.

To safeguard independence and objectivity, PCG IA reports functionally to the BAC and administratively to PETRONAS Group Internal Audit, as set out in the BAC-approved Internal Audit Charter. PCG IA is led by Juliika Ishak, who is certified in the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control - Integrated Framework (ICIF) and is a member of the Institute of Internal Auditors Malaysia (IIAM). She holds a Bachelor of Science in Management Science from the University of Warwick, United Kingdom, and brings extensive experience in internal audit and assurance.

PCG IA discharges its responsibilities in accordance with the Internal Audit Charter, which defines its mandate, authority and scope of work. The Charter is aligned with the Institute of Internal Auditors' Global Internal Audit Standards (GIAS). In November 2025, the BAC approved updates to the Charter to reflect the adoption of GIAS and the implementation of the new operating model, ensuring that the internal audit function remains fit-for-purpose in a changing risk environment.

BOARD AUDIT COMMITTEE REPORT

Audit engagements are performed using established methodologies, procedures and the COSOICIF, which provides a structured basis for assessing the design and effectiveness of controls across the Group, covering:

- Control Environment
- Risk Assessment
- Control Activities
- Information and Communication
- Monitoring Activities

Independence is reinforced through annual declarations by all internal auditors confirming the absence of relationships or interests that could compromise objectivity. Where a potential conflict arises, auditors are required to promptly disclose the matter to the CAE and refrain from involvement in the relevant audit engagement.

PCG IA adopts a risk-based internal audit approach to ensure the Annual Audit Plan is focused on the Group's principal risks and areas of strategic importance. The plan is developed through a structured assessment process that considers business strategies, risk profiles, control maturity and stakeholder input, including feedback from the BAC, Senior Management, operating units, joint venture partners, external auditors and the internal audit community.

To remain responsive, PCG IA continually reviews emerging risks and areas requiring assurance. Any proposed changes to the Annual Audit Plan are submitted to the BAC for approval. During the year, audits were carried out in accordance with the approved plan, and findings, observations and recommendations were reported to the BAC. The audit engagements conducted in 2025 are as follows:

1. Audit on PETRONAS Chemicals Marketing (Labuan) Ltd.: Commercial Excellence
2. Audit on Turnaround Centralised Services and Turnaround Management (Part 1 – Planning & Preparation)
3. Audit on HSE Culture at PCG Manufacturing OPUs
4. Audit on Perstorp (Americas)
5. Audit on BRB (APAC)
6. Audit on Kytari Sdn. Bhd.
7. Audit on Perstorp (India)
8. Audit on PETRONAS Sensitive Information Management
9. Shareholder's Audit on Malaysian NPK Fertiliser Sdn. Bhd.
10. Special Review on PCMKI's Forwarding Services and Inland Distribution Contracts

The internal audit function continues to enhance audit quality and efficiency through the application of data analytics and advanced audit tools. The use of technologies such as Robotic Process Automation and Artificial Intelligence (Copilot) enables broader coverage, deeper analyses and more effective identification of control weaknesses across the Group.

Audit reports presented to the BAC provided clear conclusions on the adequacy and effectiveness of governance, risk management and internal control processes. Reports also set out root causes, implications and recommended corrective actions. Management remains accountable for remediation, with progress tracked monthly and independently validated by PCG IA prior to quarterly reporting to the BAC.

BOARD AUDIT COMMITTEE REPORT

The Quality Assurance and Improvement Programme (QAIP) remains integral to maintaining high audit standards. The programme incorporates ongoing and periodic assessments across all audit activities, focusing on consistency, effectiveness and continuous improvement. QAIP outcomes and follow-up actions are regularly communicated to the BAC.

PCG IA is sufficiently resourced to deliver its approved audit plan, supported by a team of 14 internal auditors with a broad range of professional qualifications:

ACCA / MICPA 4	Master's Degree 4
Certified Internal Auditor 3	COSO Certificate 8
ISC2 1	ABMS Certification 1
IASSC & CSSC Six Sigma Certification (Green Belt) 3	

Note:

- Association of Chartered Certified Accountants (ACCA)
- Malaysian Institute of Certified Public Accountants (MICPA)
- Committee of Sponsoring Organizations of the Treadway Commission (COSO)
- International Information System Security Certification Consortium (ISC2)
- Anti-Bribery Management System (ABMS) Internal Assessor Certification by Standards and Industrial Research Institute of Malaysia (SIRIM)
- International Association for Six Sigma Certification (IASSC)
- Council for Six Sigma Certification (CSSC)

During the year, PCG IA worked closely with subject matter experts from across the PETRONAS Group in areas such as project delivery, cybersecurity, and health, safety and environment (HSE). The function also conducted a shareholder's audit for a joint-venture entity, supporting effective governance and assurance across partnerships.

Ongoing capability development remains a key focus in ensuring the effectiveness of the internal audit function. During the year, internal auditors participated in targeted training programmes delivered by both internal specialists and external accredited providers, complemented by structured on-the-job learning. Annual individual competency assessments were conducted in alignment with the Institute of Internal Auditors' competency framework and PETRONAS' capability development programme.

Total expenditure incurred by the Group's internal audit function for the financial year 2025 amounted to RM5.14 million.

RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST SITUATIONS

During the year under review, the BAC exercised oversight over all RPTs, RRPTs and COI matters across the Group. This oversight was carried out in accordance with PCG's established Guidelines and Procedures on RPTs and COI Situations (Guideline), which set out clear governance standards for managing such transactions across the Group aligned with the MMLR and applicable regulatory obligations.

Based on its reviews, the BAC is of the view that the existing framework enables consistent and disciplined monitoring of RPTs and RRPTs, providing assurance that transactions are undertaken on arm's length terms, reflect sound commercial rationale, while protecting minority shareholders. The Committee continues to assess the effectiveness of the framework and supports enhancements proposed by Management to ensure ongoing relevance amid changing business conditions.

In discharging its responsibilities under the BAC Terms of Reference, the Committee also scrutinises all actual, potential and perceived COI situations involving Directors and key management personnel. This includes evaluating the nature of such interests, reviewing mitigation measures, and ensuring appropriate safeguards are in place to preserve integrity, objectivity and accountability in decision-making across the Group.



For further details on the BAC's roles and responsibilities, including its oversight of RPTs and COI matters, please refer to the BAC TOR, available on the Governance section of PCG's corporate website at <https://www.petronas.com/pcg>.

Review of Conflict of Interest

In line with the PCG's Guideline, clear parameters are in place to identify circumstances that may give rise to a COI. These include situations where a Director:

1. Holds an interest in a business that competes or is likely to compete, either directly or indirectly, with the business of the Group;
2. Has no competing business interest but receives commissions or fees arising from consultancy or advisory services provided to a counterparty transacting with the Group;
3. Is involved in or has an interest in business transactions concerning goods or services with the Group, either directly or indirectly; or
4. Provides or receives financial assistance from the Group.

During the year, the BAC reviewed COI situations arising from the appointment of a new INED, Luciano Tarcisio Poli, and agreed on appropriate mitigation measures to address any actual, potential or perceived conflicts.

The BAC also reviewed the annual declarations of interest submitted by the Board of Directors and key senior management in February 2026. No actual or potential conflicts relating to personal direct or indirect interests in competing businesses were identified during the financial year.

Where applicable, the BAC concurred that disclosed transactions were undertaken in the ordinary course of business and on normal commercial terms, with mitigation measures deemed adequate. These reviews were conducted in accordance with the MMLR, Section 221 of the Companies Act 2016, and the Company's internal governance framework, reinforcing PCG's commitment to transparency and sound governance.

Related Party Transactions

Operating within the PETRONAS Group's fully integrated value chain, PCG undertakes a range of inter-group transactions that are fundamental to sustaining its business activities, including the procurement of key raw materials. Recognising this structural integration, PCG has been granted a waiver under Paragraph 10.09 of the MMLR from Bursa Malaysia, exempting the requirement for shareholders' approval for specified transactions involving certain goods, services and facilities within the PETRONAS Group's integrated operations. This waiver enhances operational efficiency and enables seamless operational execution.

During the financial year, the BAC maintained regular oversight of all RPTs and RRPTs. Based on its reviews, the BAC concluded that these transactions were executed on a commercial basis, aligned with market norms, and conducted on terms that were fair and reasonable, without detriment to the Group, the Company and its minority shareholders. Ongoing quarterly reporting ensured transparency and oversight of these transactions.

Transaction Parties	Nature of transactions	For Year Ended 31 December 2025 RM'000
PCG Group and PETRONAS and its subsidiaries (PETRONAS Group)	INTEGRATED OPERATIONS OF OUR GROUP	
	i. Supply of fuel and feedstock (such as ethane, propane, butane, dry gas, naphtha, natural gas) by PETRONAS Group	7,626,479
	ii. Supply of utilities, electricity and water by PETRONAS Group	410,061
	iii. Upgrading and pipeline works on the Labuan Gas Terminal by PETRONAS Chemicals Methanol Sdn. Bhd.	Nil
	iv. Grant to PETRONAS Group for the right of usage of facilities and passage of Commodities to facilitate the receipt and distribution of petrochemicals and related products	11,668
	v. Provision of operating and maintenance services by PETRONAS Group	9,942
	vi. Purchase of marine diesel oil from PETRONAS Group	1,055
	SERVICES RENDERED WITHIN THE PETRONAS GROUP	
	vii. Provision of vessel screening services by PETRONAS Maritime Services Sdn. Bhd.	897
	viii. Provision of freight, transportation and warehousing services by MISC Berhad and its subsidiaries (MISC Group)	Nil
	OTHERS	
	ix. Sales of petrochemical products and other related products to PETRONAS Group	1,247,145
x. Supply of products from Pengerang Refining Company Sdn. Bhd. (PRC) to PCG	1,160,702	
xi. Supply of products by PCG to PRC	Nil	
xii. Terminal Usage Agreements between PCG Group with Pengerang Terminals (Two) Sdn. Bhd.	Nil	
Total		10,467,949

BAC EFFECTIVENESS REVIEW AND PERFORMANCE

The Board concurred that the BAC exercised effective and comprehensive oversight of financial and audit matters, as evidenced by the Board Effectiveness Evaluation conducted during the year. This oversight enhanced the Board's decision-making for the Group and the Company. The Board is satisfied that the BAC discharged its functions, duties and responsibilities in accordance with its Terms of Reference. Details of the evaluation and its outcomes are disclosed on page 140.

REPORTING TO THE EXCHANGE

For the year under review, the BAC concluded that the Company complied with the MMLR and, accordingly, no reporting to Bursa Malaysia was required under Paragraph 15.16 of the MMLR.

Yeoh Siew Ming

Chairperson, Board Audit Committee

BOARD SUSTAINABILITY AND RISK COMMITTEE REPORT



The Committee's role centres on providing disciplined governance oversight across the Group's material business considerations, including strategic priorities, sustainability commitments, and the management of risk and integrity. This oversight is guided by a clear focus on meeting regulatory and compliance expectations.

LUCIANO TARCISIO POLI

Chairman

Chairman	Meeting Attendance
Luciano Tarcisio Poli Independent Non-Executive Director (Appointed as BSRC Member on 1 November 2025 and redesignated as Chairman effective 1 January 2026)	2/2 (100%)
Members	Meeting Attendance
Yeoh Siew Ming Senior Independent Non-Executive Director	6/6 (100%)
Dr. Zafar Abdulmajid Momin Independent Non-Executive Director	6/6 (100%)
Warren William Wilder Independent Non-Executive Director (Resigned as BSRC Member effective 1 January 2026)	6/6 (100%)
Datin Seri Sunita Mei-Lin Rajakumar Independent Non-Executive Director (Ceased as BSRC Member effective 22 April 2025)	1/1 (100%)

For further details on the roles, composition and Terms of Reference of the Board Sustainability and Risk Committee, please refer to the Governance section of PCG's corporate website at <https://www.petronas.com/pcg>.

HOW THE COMMITTEE OPERATES

During the year under review, the Board Sustainability and Risk Committee (BSRC) guided by its approved Terms of Reference, discharged its mandate through six meetings, with the Company Secretary serving as the BSRC Secretary. While the Committee engaged closely with Management, including the Managing Director/Chief Executive Officer (MD/CEO), Chief Financial Officer (CFO), Chief Sustainability Officer (CSO), and Head of the Risk Management Department (RMD), to foster robust deliberation and informed decision-making on matters within its remit.

The Committee exercised active oversight of sustainability and risk-related priorities throughout the year. Regular updates were tabled on the programme of the Group's Sustainability Agenda, alongside comprehensive reporting on enterprise risk management, covering risk trends, monitoring activities, and changes to the Group's Corporate Risk Profile (CRP). For Board's proposals with significant strategic or sustainability implication, the BSRC reviewed and considered comprehensive risk assessment, including Management's evaluation of carbon emission and other key sustainability metrics.

Meeting materials were distributed via a secure digital platform at least five business days before each meeting to facilitate structured and effective deliberations. Proceedings were formally documented, with minutes reviewed and endorsed at subsequent meetings before being tabled for Board's notation, reinforcing disciplined governance, transparency, and accountability in the Committee's oversight processes.

Summary of BSRC's Key Activities in 2025:

- 1 Reviewed PCG's quarterly sustainability performance.
- 2 Endorsed the PCG Sustainability Report 2024.
- 3 Reviewed quarterly updates on the Group's CRP monitoring.
- 4 Reviewed quarterly updates on Corporate Risk Appetite monitoring.
- 5 Reviewed the FY2024 Crisis Management and Business Continuity Management update.
- 6 Reviewed strategic and high-impact business matters, including growth and sustainability projects, project financing, and joint venture arrangements.
- 7 Reviewed quarterly integrity management status updates.
- 8 Reviewed misconduct cases within the PCG Group and its joint venture companies.
- 9 Endorsed the establishment of the Sustainability Fund.
- 10 Reviewed assumptions on capital structure and market risk premium used in the computation of the Weighted Average Cost of Capital.
- 11 Reviewed PCG's capital management options.
- 12 Reviewed progress on the closure of cybersecurity gaps across joint venture and associate entities.
- 13 Reviewed climate physical risk assessments and mitigation measures across PCG's operating assets.
- 14 Endorsed PCG's Resource Efficiency Position.
- 15 Reviewed the Perstorp Process Safety overview.

GOVERNANCE

In 2025, the BSRC continued to operate under its enhanced Terms of Reference (TOR), which were approved by the Board to strengthen oversight across sustainability, risk management and integrity. These enhancements reinforced the BSRC's expanded mandate to oversee integrity-related matters, sustainability and climate-related risks and opportunities, as well as independent assurance and external disclosures, supporting more integrated and forward-looking governance.

BOARD SUSTAINABILITY AND RISK COMMITTEE REPORT

During the year under review, the BSRC focused on embedding these enhanced responsibilities into its oversight activities. This included reviewing the BSRC Report and the SORMIC for inclusion in the 2024 Integrated Report, ensuring alignment with regulatory requirements and reporting expectations. The Committee also endorsed the adoption of the PETRONAS Security Policy, strengthening the Group's governance framework for managing security-related risks and safeguarding people, assets and operations.

SUSTAINABILITY

During FY2025, the Committee exercised active oversight of PCG's sustainability agenda, with regular deliberations centred on performance trends, risk exposures and strategic priorities. Quarterly updates provided visibility on key sustainability indicators, including the progress of sustainability-related projects, greenhouse gas (GHG) emissions and reduction initiatives, air emissions, freshwater withdrawal, wastewater discharge, hazardous waste management, social impact programmes, human rights practices and talent development. These reviews enabled the Committee to monitor execution, identify emerging risks and ensure continued alignment with PCG's sustainability objectives.

The Committee also reviewed and endorsed the PCG Sustainability Report 2024, which reflects strengthened reporting rigour and transparency. Enhancements included an improved Basis of Reporting, closer alignment with IFRS S1 and S2 requirements, updated outcomes from the Group's materiality assessment review, and clearer articulation of progress and achievements across the Group's 12 material topics. In addition, the Committee endorsed PCG's Resource Efficiency Position, including reduction targets for freshwater withdrawal and hazardous waste for commodity operation, supporting operational resilience while managing long-term environmental and reputational risks.

EMERGING RISKS

The Group maintains a forward-looking process to identify and assess emerging risks and opportunities that could affect the achievement of its strategic objectives. This assessment spans both internal and external dimensions, including environmental transitions, geopolitical developments, socio-economic shifts and technological change. Risks identified through this process are evaluated for their relevance and materiality before being considered for inclusion in the Group's CRP, ensuring timely and structured management responses.

In line with the principles set out in the SORMIC, the BSRC continued to exercise active oversight of emerging risks during FY2025. In August 2025, the BSRC reviewed and endorsed a refined set of emerging risks and opportunities, which was then approved by the Board. This approach introduces a clearer risk-reward perspective, recognising that certain emerging developments present both potential threats and strategic opportunities that could materially influence the Group's future direction.

The emerging risks and foresights considered in FY2025 include:

Goeconomic Risk: Global Trade Fragmentation

Increasing goeconomic uncertainty affecting petrochemical trade flows, influenced by evolving trade agreements, geopolitical flashpoints, alliance formations and shifts in major economies.

Environmental Risk: Low-Carbon and Circular Economy Transition

Risks arising from an uneven or disorderly transition, including the gap between current operating realities and long-term decarbonisation ambitions, requiring careful pacing and strategic alignment.

Technological Risk: Digitalisation and Artificial Intelligence

Heightened exposure to the irresponsible use of AI, increasing regulatory scrutiny, data governance challenges, and the need to decisively position the Group in the adoption of green technologies amid accelerating innovation cycles.

Social Foresight: Evolving Customer Demand and Market Shifts

Changing customer demand patterns shaping future opportunities in focus segments such as coatings, personal care, engineered fluids and advanced polymers, reinforcing the need to anticipate market evolution rather than react to it.

By integrating these emerging risks and foresights into its deliberations, the BSRC reinforces a proactive and adaptive risk management approach. This enables the Group to strengthen resilience, capture strategic opportunities where appropriate, and safeguard long-term business sustainability in an increasingly complex operating environment.

In support of PETRONAS Group's sustainability ambitions, the Committee endorsed the adoption of key PETRONAS Level 1 Directives, namely the Position on Nature and Biodiversity and the Commitment to NZCE by 2050. These frameworks provide strategic direction for managing nature-related risks, advancing emissions reduction efforts and supporting investments in lower-carbon opportunities. During the year, the Committee also noted updates on PCG's climate risk landscape and management approach, ensuring climate considerations remain integrated into risk oversight and strategic decision-making.

CORPORATE RISK PROFILE

As part of its ongoing oversight of enterprise risk management, the Group's CRP was comprehensively reviewed during FY2025 and subsequently endorsed for Board approval. Building on this foundation, the BSRC conducted quarterly assessments to evaluate the adequacy and effectiveness of risk mitigation measures and key risk indicators. As part of this process, the Committee endorsed 11 principal risks for Board consideration, of which nine were assessed as critical risks requiring heightened oversight and sustained management attention.

Key decisions during the year included refining the scope and articulation of risks to provide clearer differentiation between the Commodities and SC portfolios. This refinement enhanced risk ownership clarity and enabled more targeted mitigation strategies aligned to the distinct operating and market dynamics of each portfolio. Collectively, these enhancements strengthened the focus, relevance and effectiveness of the Group's risk management approach, supporting more informed decision-making and resilience in an increasingly complex operating environment.

BOARD SUSTAINABILITY AND RISK COMMITTEE REPORT

CORPORATE RISK APPETITE

Risk management across the Group is guided by clearly defined risk appetite statements, tolerances and thresholds covering Operational, Financial, Reputational and Compliance areas, providing a structured basis for aligning risk-taking with the Group's strategic priorities. During the year, the BSRC endorsed the revised Plant Utilisation (PU) threshold while maintaining risk thresholds for Financial, Reputation and Compliance in alignment with the approved Plans & Budget for FY2025.

The BSRC conducts quarterly monitoring to assess adherence to these thresholds, enabling timely identification of breaches and corrective actions where required. This disciplined approach supports effective oversight, reinforces accountability and ensures that risk exposures remain aligned with the Group's strategic objectives.

HIGH-IMPACT BUSINESS MATTERS

In 2025, the BSRC's deliberations placed emphasis on the risk implications of the Group's most material business decisions. The Committee examined proposals with significant strategic, financial and sustainability dimensions, including growth investments, funding structures and joint venture arrangements, to ensure that potential risks were well understood and appropriately managed within the Group's risk appetite and long-term strategic direction.

During the year, the BSRC considered 12 major business proposals. Key proposals reviewed included:

Asset-Backed Chemicals Trading

The proposed adoption of a trading business model, targeted for implementation from 2026

Portfolio rationalisation

The divestment of PCG's 30% equity interest in Idemitsu Styrene Monomer (Malaysia) Sdn. Bhd. to Idemitsu Kosan Corporation

These proposals, together with selected SC initiatives, were assessed with a balanced consideration of value creation opportunities and associated risks.

CRISIS AND BUSINESS CONTINUITY IMPLEMENTATION

The Committee assessed PCG's end-to-end risk management framework, with a focus on Enterprise Risk Management, Crisis Management and Business Continuity Management, to ensure a coordinated and effective approach to anticipating, managing and responding to risks that could impact the Group's operations and strategic objectives.

INTEGRITY

Integrity governance within PCG continues to be anchored by the PETRONAS Integrity Governance Unit (IGU), operating under PETRONAS Group Integrity. The PETRONAS Group Chief Integrity Officer (CIO),

who also serves as the Company's CIO, continued to provide oversight during the year. The IGU remains focused on cultivating a strong ethical culture across the Group, with its mandate centred on prevention and management of corruption, abuse of power and misconduct through four core functions: detection and verification, integrity strengthening, complaint management and governance.

Throughout FY2025, the BSRC received regular quarterly updates from the CIO on integrity management matters, enabling ongoing oversight of integrity risks, key developments and mitigation actions across the Group.

Integrity and governance initiatives continued to be rolled out, emphasising targeted integrity engagements, sustained leadership-driven messaging and coordinated implementation with Integrity Focals, Group Integrity, Group Legal and Group Human Resource Management. PCG also continued to embed the PETRONAS Integrity Management System (PIMS) as the overarching framework to institutionalise ethical standards and integrity practices across its operations.

MISCONDUCT CASES

In 2025, the BSRC continued to discharge its Board-approved mandate to oversee Integrity Management across the Group, providing governance oversight on the implementation and ongoing compliance with integrity management practices. As part of this role, the BSRC reviewed misconduct case updates during the year to ensure appropriate controls, transparency and accountability in the management of integrity-related matters.

ANNUAL REPORTING

As part of its oversight responsibilities, the BSRC reviewed the BSRC Report and the SORMIC for the financial year ended 31 December 2025. The BSRC was satisfied that both were prepared in accordance with the disclosure requirements and guidance prescribed under the MMLR of Bursa Malaysia.

BSRC EFFECTIVENESS REVIEW AND PERFORMANCE

During the year under review, the Board assessed the performance of the BSRC through the annual Board Effectiveness Evaluation. The Board is satisfied that the BSRC performed its duties and responsibilities effectively and provided constructive input to support the Board's deliberations on strategic matters and proposals with significant business impact. The BSRC operated in accordance with its Terms of Reference. Further details of the evaluation and its outcomes are set out on page 140.

Luciano Tarcisio Poli

Chairman, Board Sustainability and Risk Committee

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Effective oversight of risk management and internal control is a core responsibility of the Board, underpinning the Group's ability to operate sustainably and protect long-term stakeholder value. In meeting the disclosure requirements under Paragraph 15.26(b) of Bursa Malaysia's Main Market Listing Requirements (MMLR), this Statement outlines the Group's risk management and internal control systems applied throughout the reporting period. In addition, the Malaysian Code on Corporate Governance (MCCG) requires the Board to maintain and review effective internal controls to protect shareholder investments and Group's assets. These arrangements are designed to support disciplined governance, strengthen operational resilience and ensure the integrity of the Group's activities, in line with the interest of stakeholders.

BOARD ACCOUNTABILITY

The Board retains overall responsibility for the oversight and ongoing review of the Group's risk management and internal control systems. These systems are designed to safeguard shareholder value, protect the Group's assets and underpin sustainable long-term performance. A structured and disciplined process is applied to identify, assess and monitor principal risks, ensuring that risk management is aligned with the Group's strategic direction. However, internal control systems have inherent limitations and are designed to manage risks rather than provide absolute assurance against material misstatement.

MANAGEMENT RESPONSIBILITY

Management is responsible for the implementation of the Group's risk management and internal control systems, including the development of relevant policies and their integration across the organisation. This encompasses regular quarterly assessments of the Group's risk profile, the implementation of appropriate mitigation actions, and the effective deployment of resources. Clear accountability is embedded throughout the organisation to ensure risk management practices remain robust, responsive and fit for purpose.

RISK GOVERNANCE AND OVERSIGHT

The Group's risk oversight structure ensures clear accountability and effective risk management through defined roles and responsibilities:

RISK OVERSIGHT STRUCTURE

Board of Directors

Responsible for the overall effective oversight of PCG Group's risk management to safeguard PCG's assets, reputation and deliver sustainable shareholders' value

Board Committee Level

Board Sustainability and Risk Committee (BSRC)

- Responsible for guidance and oversight on Sustainability, Risk Management and Integrity Management
- Review and endorse the Group's risk profile and risk appetite
- Review the Group's Integrity Management and anti-corruption plan, implementation and effectiveness
- Review the Group's sustainability agenda, commitment, strategy and goals, risks as well as opportunities
- Deliberate risk assessment for high-impact business matters

Management Level

Sustainability and Risk Management Committee (SRMC)

- Responsible for ensuring the adequacy and effectiveness of sustainability, risk management and integrity management systems and its implementation
- Deliberate and recommend sustainability and risk performances to be reported and escalated to the BSRC and Board

Operational Level

Commodities

Responsible to oversee risk management for Commodities

Specialty Chemicals

Responsible to oversee risk management for Specialty Chemicals

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk governance within the Group is anchored at Board level, with oversight exercised jointly by the Board and the BSRC. Together, they provide strategic direction for risk management and reinforce clear expectations for accountability, discipline and consistency across the organisation.

Day-to-day governance and coordination of risk matters are carried out through the SRMC, chaired by the Managing Director/Chief Executive Officer (MD/CEO). Reporting to the BSRC and the Board, the SRMC reviews the Group's risk profile and appetite, oversees sustainability, integrity management, and monitors crisis management and business continuity readiness. Where necessary, the SRMC recommends targeted actions to address gaps, emerging risks or areas requiring heightened attention.

Execution of the Group's risk management framework is driven by the Risk Management Department (RMD). Led by the Head of RMD, the department develops and implements risk policy, frameworks and guidelines, while providing regular updates to the SRMC to support informed oversight. The team draws on multidisciplinary expertise spanning finance, engineering, sustainability, supply chain and IT, supported by relevant professional certifications and capability assessments under the PETRONAS Risk Capability Framework. This breadth of capability enables a holistic and integrated approach to managing risk across the Group.

 For further details on the key activities of the Board and the BSRC, please refer to the Corporate Governance Overview Statement on pages 128 to 149 and the BSRC Report on pages 158 to 160 of this report.

These governance layers are collectively supported by the Three Lines of Defence Model, which clearly delineates responsibilities between management, risk oversight functions and independent assurance, ensuring risks are identified, managed and monitored in a structured and coordinated manner throughout the organisation.

THREE LINES OF DEFENCE	
First Line of Defence	Business Line (Risk Owner) Own and manage risks directly within respective areas. Conduct self-assessment and corrective action
Second Line of Defence	Risk Management and Respective SMEs From Risk Focus Areas Implement and review risk management and internal control systems for reporting to the Management and the Board as well as attest on compliance with internal controls
Third Line of Defence	Internal and External Audit Provide independent and objective assurance on the overall adequacy, integrity and effectiveness of risk management and internal control systems

RISK POLICY

The PCG Risk Policy establishes a structured and disciplined approach to risk management by embedding risk-based decision-making into strategic planning and day-to-day operations. It supports the protection and creation of long-term value within defined risk boundaries, strengthens organisational resilience, and reinforces clear ownership and accountability. Underpinned by a shared understanding that risk management is a collective responsibility, the Policy promotes a risk-aware culture across the Group, enabling balanced and informed decisions through a holistic view of risk exposures in pursuit of PCG's business objectives.

PCG Group Is Committed To Become A Risk Resilient Organisation

PCG Group shall continuously strive to implement:

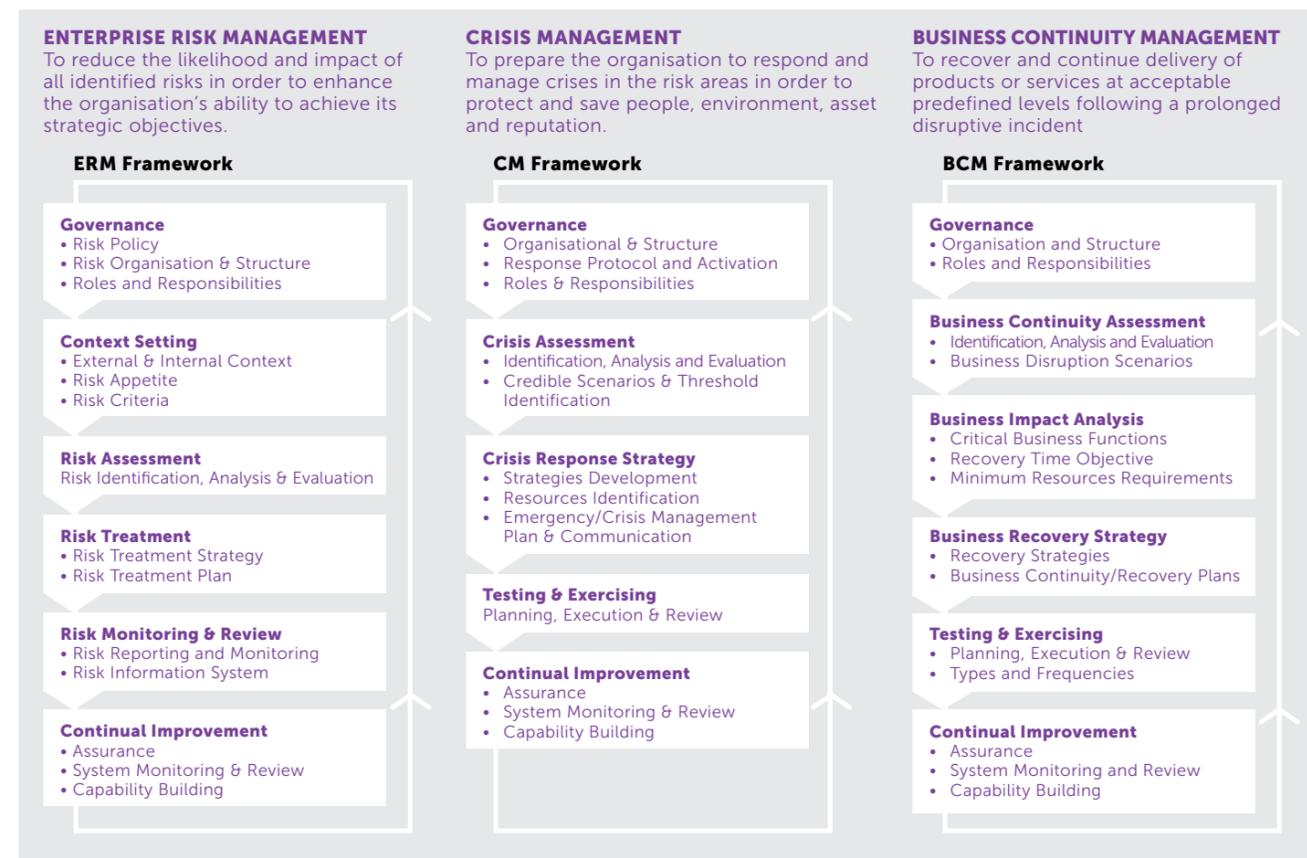
- Risk Management best practices to protect and create value within the set boundaries
- Risk-based decision-making, supported by a balanced and holistic view of risk exposures to achieve business objectives

Managing risk is everyone's responsibility

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

PCG RESILIENCY MODEL

PCG's risk management framework is anchored on the PETRONAS Resiliency Model (PRM), which integrates Enterprise Risk Management (ERM), Crisis Management (CM), and Business Continuity Management (BCM). Together, these three pillars provide a cohesive structure for identifying and managing risks, responding effectively to crises, and sustaining business operations across the Group, as illustrated in the diagram below.



PCG continues to strengthen these practices through established frameworks and comprehensive guidelines, reinforcing its commitment to building a risk-resilient organisation.

ENTERPRISE RISK MANAGEMENT

PCG's ERM Framework, supported by clearly articulated guidelines, is designed in alignment with the core principles of ISO 31000:2018. It provides a structured and consistent methodology for the systematic identification, assessment, mitigation, monitoring, and review of risks that could impact the achievement of the Group's business objectives and performance targets.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK APPETITE

PCG's Risk Appetite defines the amount and types of risks the Group is willing to accept in pursuing its strategic and business objectives. It is established and implemented through three guiding principles: Development, Implementation and Monitoring and Review.

PCG's Risk Appetite is developed to align with the Group's business strategies, with four key risk appetite focus areas identified for close monitoring and control. PCG has refined its operational risk appetite by updating the Plant Utilisation (PU) threshold while maintaining risk thresholds for Financial, Reputation and Compliance in alignment with the approved Plans & Budget for FY2025:

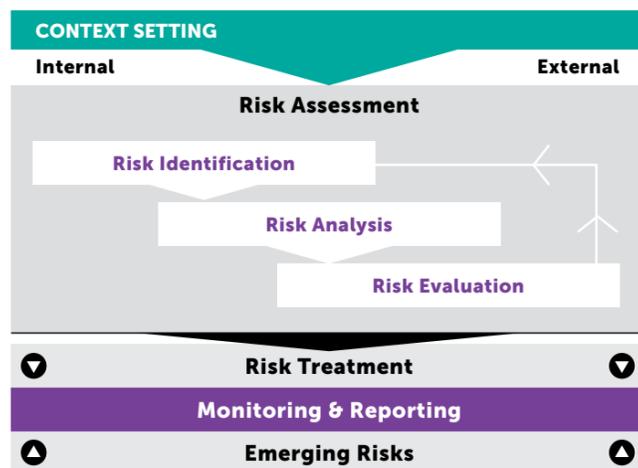
OPERATIONAL	
HSE	Zero tolerance to fatality, major fire and major LOPC
Operational Excellence	PU shall be within agreed stipulated threshold
Project Delivery	Project schedule and cost for capital project shall not exceed the agreed stipulated threshold
ICT & Cybersecurity	Number of major system disruptions affecting critical systems that cannot be resolved within the specified timeframe
FINANCIAL	
Capital	Maintain Minimum Cash Balance as per approved target
Liquidity	Ensure Maximum Indebtedness Level stays within the approved limit
Profitability	Achieve the approved profitability target
Credit Rating	Maintain the minimum standalone credit rating as targeted
REPUTATION	
No negative mentions that impact business	
Number of social media negative mentions shall not exceed the agreed stipulated tolerance guideline	
COMPLIANCE	
Zero breach to all laws and regulations governing the conduct of business	

The Risk Appetite monitoring and reporting are conducted on a quarterly basis, and any breach of threshold is promptly escalated to Management and the Board to trigger deliberation for specific action or decision.

CORPORATE RISK PROFILE (CRP)

The Group's CRP is established in line with the ERM Process Guideline and is subject to quarterly review to ensure continued relevance in a rapidly evolving operating environment. The Group's CRP is informed by a broad range of internal and external inputs, including key business focus areas, materiality assessments, climate and sustainability risks, emerging risk assessments, industry developments, audit findings and feedback from Management and stakeholders.

Our structured approach to risk profiling is outlined below:



Oversight of the Group's CRP, together with Key Risk Indicators (KRIs) and mitigation actions, is carried out through quarterly deliberations at the SRMC, BSRC and Board levels. Each principal risk is assigned to a designated risk owner responsible for implementing controls, tracking KRIs and executing mitigation plans, with relevant risk information cascaded to line management to ensure consistent awareness and accountability.

We maintain continuous surveillance of both internal operations and the external landscape to identify new and emerging risks including environmental, economic, social and governance (EESG) consideration. Where such risks are assessed to have material implications, they are formally incorporated into the Group's CRP for structured monitoring and management. In 2025, PCG strengthened management of all 11 principal risks by enhancing mitigation strategies and KRIs, while identifying emerging risks in Geoeconomic, Environmental and Technology.



For further details on PCG's principal and emerging risks, please refer to the Risk Overview section within this report on pages 22 to 31.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

To support the implementation of risk management at the operational level, PCG adopts a structured risk assessment methodologies and tools to systematically identify, assess, and mitigate operational risks in line with regulatory requirements and industry best practices.

Our key approaches include:

- Corruption Risk Assessment**
 Ensures a systematic process to identify, assess, and mitigate risks related to bribery and corruption within the Group, in compliance with the Prime Minister's Department Guidelines on Adequate Procedures
- Project Risk Assessment (PRA)**
 Systematically addresses risks associated with projects in line with the requirements of the PETRONAS Project Management System (PPMS)
- Contractor Risk Assessment (CoRA)**
 Evaluates critical risks related to contractor performance during the procurement process, prior to contractor selection
- Counterparty Risk Assessment**
 Focuses on credit and performance risks, in alignment with PCG's Financial Policy and PETRONAS Credit Guidelines. Each counterparty is assigned credit ratings to facilitate informed business decision-making
- Supplier Risk Assessment**
 Evaluates risks related to supplier performance, with each supplier assigned risk ratings to support business decision-making
- Environmental Impact Assessment (EIA)**
 Evaluates the potential environmental impacts of PCG projects or developments and ensures compliance with regulatory requirements through the development of mitigation plans
- Carbon Footprint Assessment (CFA)**
 Identifies and assesses GHG emissions from PCG's existing manufacturing facilities and future growth projects. This process provides recommendations and identifies opportunities for reducing PCG's carbon footprint

RISK IN DECISION-MAKING

A risk assessment is mandatory for all Board decision papers to ensure that Directors are fully informed of the risks involved, the level of risk to accept, and the adequacy of proposed mitigation measures. As the Group's strategic complexity increases, robust risk assessments have become increasingly critical in supporting strategic planning, evaluating business opportunities and overseeing project execution to safeguard value and returns.

All decision papers are reviewed and deliberated by the BSRC, with a specific focus on the key risks and proposed mitigations, prior to submission to the Board for approval. The implementation status of approved mitigation measures is subsequently monitored and reported to the SRMC to ensure timely execution and effective risk management.

- Climate Risk Assessment**
 Identifies and evaluates climate-related risks, including physical risks (e.g. extreme weather events and rising sea levels) and transition risks (e.g. policy changes and market shifts). This process quantifies financial impacts, provides strategic recommendations, and identifies opportunities to enhance resilience and adapt to a low-carbon economy
- Water Risk Assessment**
 Identifies and evaluates water-related risks that may impact our business, including risks from freshwater dependency and wastewater discharge. This process prioritises assets, identifies risks, and develops targeted action plans to mitigate impacts and ensure business continuity
- PETRONAS HSE Management System (HSE MS)**
 Manages health, safety, and environment (HSE) risks to ensure operations comply with regulatory requirements and adhere to industry best practices
- Turnaround Risk Assessment (TaRA)**
 Identifies, evaluates and mitigates risks associated with turnaround (TA) activities, ensuring seamless TA execution
- Social Risk Assessment**
 Identifies, assesses, and mitigates any existing or potential human rights impacts on communities, partners, and stakeholders resulting from business activities

CRISIS MANAGEMENT

Given the inherent risks associated with its operations, PCG has established a Crisis Management Framework (CMF) to enable structured, timely, and effective responses to incidents of varying severity. This is supported by a Crisis Management Plan (CMP) that clearly defines the roles and responsibilities of the Crisis Management Team (CMT). The CMP applies a three-tiered response model aligned to crisis severity, with the objective of safeguarding People, Environment, Assets and Reputation (PEAR). It is regularly tested through simulations and exercises to evaluate response readiness, coordination, decision-making effectiveness and the robustness of the Group's recovery strategies.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BUSINESS CONTINUITY MANAGEMENT

PCG has established a Business Continuity Management (BCM) Framework to provide a structured and disciplined approach to managing prolonged disruptions and strengthening operational resilience. This framework is supported by Business Continuity Plans (BCPs) for Product Supply and PETRONAS Twin Towers, which address scenarios such as supply interruptions, workplace inaccessibility, critical ICT failures and the prolonged absence of key personnel. In addition, Business Recovery Plans (BRPs) have been established for the Group's plants and facilities to enable the timely restoration of assets and operations following a crisis or incident.

During the year, PCG undertook a comprehensive review of the BCPs and BRPs to ensure they remain current, relevant and effective in mitigating potential business disruptions. Testing and exercises were conducted, as required, to validate the readiness of PCG and its Management team, as well as the robustness of the Group's business continuity and recovery arrangements.

CONTINUAL IMPROVEMENT UNDER RISK MANAGEMENT FRAMEWORK

PCG continues to strengthen its risk management practices by fostering a strong risk-aware culture through ongoing communication initiatives that promote accountability, resilience and informed decision-making across the organisation. In parallel, we also implemented our Risk Assurance Programme and provided updates to the SRMC on key observations and recommendations, reinforcing transparency, oversight and continuous improvement.

Sustainability and EESG considerations are embedded within PCG's ERM framework, where they are evaluated and incorporated into the PCG's CRP. This integrated approach promotes consistent risk identification, assessment and mitigation across the Group, with oversight provided by the SRMC and BSRC to ensure accountability and alignment with strategic priorities.

In 2025, PCG continued strengthening its alignment with evolving global sustainability and climate reporting expectations, including IFRS S1 and S2 as well as Malaysia's National Sustainability Reporting Framework (NSRF). Advancing these frameworks enhances transparency, reinforces governance discipline and positions the Group for full adoption by FY2027.



For further details on initiatives under the Risk Management Framework, please refer to the Sustainability Strategy section on page 10 of the PCG Sustainability Report 2025.

INTERNAL CONTROLS

Responsibility for developing and operating the Group's governance, risk management and internal control systems rests with Management, which is accountable to the Board for ensuring their ongoing effectiveness. Oversight is exercised by the Board, supported by the Board Audit Committee (BAC), through regular evaluation of how these systems are implemented and whether they continue to support the Group's objectives.

To underpin a consistent and robust control environment, the Group is guided by the 17 principles of the COSOICIF. This framework serves as a reference point for structuring, assessing and enhancing internal controls across the organisation, providing clarity and discipline in how controls are designed and applied, as shown below:

Control Environment

Sets the tone for internal control through ethical values, independent Board oversight, clear structures and responsibilities, workforce competence, and accountability.

Risk Assessment

Defines objectives clearly and identifies, analyses, and evaluates risks, including fraud risks and significant changes that may impact internal controls.

Control Activities

Implements policies, procedures, and technology-enabled controls to mitigate risks and ensure management directives are carried out.

Monitoring Activities

Assesses the effectiveness of internal controls through ongoing and periodic evaluations, with timely communication and remediation of deficiencies.

Information and Communication

Ensures relevant and reliable information is generated and communicated internally and externally to support effective internal control.

Governance, risk management and internal control across joint operations, associates and joint ventures are administered through their respective governance frameworks. The Group protects its interests through Board representation and PCG secondees embedded within these entities, supported by periodic reviews of management accounts and the conduct of joint shareholders' audits to ensure effective oversight.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT

PCG Internal Audit (PCG IA) maintains impartiality, objectivity and integrity to provide independent assurance and advisory services to strengthen the Group's governance, risk management and internal control processes. The BAC oversees PCG IA's planned and ongoing activities, including audit priorities, scope, resources, capability, quality assurance and improvement programme, reinforcing its independence and alignment with strategic and professional standards.

Reporting Structure:

PCG IA reports functionally to the BAC and administratively to the PETRONAS Group Chief Audit Executive, ensuring independence while maintaining Group-wide alignment.

Internal Audit Charter:

PCG IA operates under a BAC-approved Internal Audit Charter that defines its mandate and is aligned with the Global Internal Audit Standards (GIAS) issued by the Institute of Internal Auditors, effective 9 January 2025.

Audit Framework:

PCG IA applies the COSO internal control framework to support robust evaluations of internal controls, enterprise risk management and governance practices.

Audit activities and engagements are carried out in accordance with a BAC-approved, risk-based Annual Audit Plan that reflects business strategies, key and emerging risks, and stakeholder inputs. Findings and recommendations are reported to the BAC, including opinions on the adequacy and effectiveness of governance, risk management and internal controls. Reports highlight root causes, implications and recommended corrective actions with progress tracked and reviewed on a quarterly basis.



For further details on internal audit activities and competencies, please refer to the BAC Report on pages 152 to 157 of this report.

OTHER KEY ELEMENTS OF INTERNAL CONTROL SYSTEMS**1. Organisation Structure and Management Committee**

PCG has established an organisational structure designed to support its business and operational needs, with clearly defined lines of accountability, responsibility and authority. This structure enables effective strategy execution and efficient day-to-day management. The Management Committee supports the MD/CEO in an advisory role, contributing to the delivery of our vision, strategies, and objectives. In addition, dedicated functional committees operate across PCG to provide oversight, coordinate activities, and ensure consistent alignment with organisational goals.

2. Group Policies

A comprehensive suite of PCG policies underpins the governance of daily operations, covering areas such as HSE, plant operations, human resource management and related party transactions. The Group also adheres to the PCG Financial Policy, which provides a structured framework for financial management and embeds financial risk management principles. This policy supports the systematic identification and management of financial risks while promoting prudent capital management practices across the Group.

3. Whistleblowing Policy

PCG has adopted the PETRONAS Whistleblowing Policy to provide secure and formal channels for employees and members of the public to report any instances of improper conduct. The Policy ensures confidentiality and protection against retaliation for disclosures made in good faith, even where subsequent investigations do not substantiate the concerns raised. The whistleblowing process is overseen by the PETRONAS Whistleblowing Committee to ensure appropriate handling and compliance with established procedures. The Policy and related procedures are publicly available on the Governance section of PCG's corporate website at <https://www.petronas.com/pcg>.

4. Limits of Authority

A clearly defined Limits of Authority (LOA), governs decision-making across the Group, including matters reserved for the Board, to promote accountability, consistency and effective control. The LOA is reviewed every five years or as required to reflect organisational and business changes. During the year, the LOA was updated to align with PCG's revised organisational structure effective 1 November 2025, introducing new decision-making areas to enhance clarity, support empowerment and improve operational efficiency.

5. Anti-Bribery Management Systems

PCG maintains a zero-tolerance approach to bribery and corruption, guided by the PETRONAS Code of Conduct and Business Ethics, Anti-Bribery and Corruption Manual, and PCG Integrity Management System. These manual and guidelines are supported by regular integrity awareness programmes to further embedding a culture of ethical conduct. 20 PCG staff who attended the Certified Integrity Officer (CeIO) programme have been certified, with four attaining Exemplar Global certification. PCG achieved ISO 37001:2016 Anti-Bribery Management System certification in February 2024, followed by PETRONAS Chemicals Marketing (Labuan) Ltd. in December 2024, with a surveillance audit conducted by SIRIM in January 2025 affirming ongoing compliance and ethical business practices.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

6. Operating Procedures and Guidelines

PCG has established comprehensive operating procedures and guidelines to govern its business and operational activities, covering areas such as business planning, financial management, capital expenditure, HSE, plant operations, procurement, marketing and sales, human resources, innovation and information systems. These procedures provide a consistent framework for day-to-day decision-making and are reviewed periodically to ensure continued relevance, effectiveness and alignment with evolving business, regulatory and operational requirements.

7. Business Plan and Budget

PCG undertakes an annual budgeting and forecasting process that integrates five-year strategic planning and the setting of key performance indicators to measure performance across the organisation. Operating and capital expenditure plans are reviewed and approved by the Board prior to each financial year, with performance monitored monthly by Management and reported quarterly to the Board. Strategic directions and priorities are continuously assessed to ensure responsiveness to evolving market conditions, business developments and associated risks.

8. Information and Communications Technology

PCG continues to enhance its digital capabilities through the adoption of digital intelligence technologies, leveraging analytics, Artificial Intelligence (AI), Internet of Things (IoT) and private 5G connectivity to improve operational efficiency and support data-driven decision-making. Cyber risks are managed in accordance with the PETRONAS Enterprise Cyber Security Governance Framework, complemented by employee awareness programmes to address social engineering and emerging digital threats, thereby strengthening data protection, system resilience and organisational cyber readiness.

9. Management System

PCG has implemented the Operational Excellence Management System (OEMS) an integrated management systems covering documentation, people and self-assurance. OEMS is structured through a four-level document hierarchy encompassing policies, requirements, procedures and records, providing clarity, consistency and accessibility across the organisation. Clearly defined roles and responsibilities support effective implementation, while a bottom-up self-assurance approach empowers personnel to conduct self-checks and escalate issues appropriately. The system is reinforced through an annual Plan-Do-Check-Act cycle, including a Management System Review, to drive continuous improvement, prevent unplanned events, deliver consistent and reliable outcomes across operations.

10. Integrated Assurance

PCG adopts the PETRONAS Assurance Framework to provide a structured and consistent approach to assurance across the organisation, supporting effective risk management and compliance with applicable standards and regulatory requirements. An assurance programme is in place to assess the adequacy and effectiveness of internal controls, providing Management and the Board with meaningful insights to support informed decision-making and continuous improvement. Each PCG subsidiary operates its own assurance function as the First Line Assurance, responsible for managing risks, performing self-assessments and delivering advisory and value-added services to strengthen operational discipline and governance.

11. Financial Reporting Control

PCG has implemented a Financial Reporting Control (FRC) assurance process aligned with the PETRONAS Assurance Framework to support the accuracy, integrity and reliability of financial reporting. Operating as a first line of assurance, the FRC adopts a self-assessment approach to evaluate the adequacy and effectiveness of key internal controls across the organisation. Key process owners are accountable for defining the scope of assessment, appointing assessors, evaluating the functional checklist and finalising assurance outcomes, with activities administered through an integrated assurance system platform to confirm compliance within their respective areas of responsibility.

12. Procurement Governance

PCG adopts the PETRONAS tendering process and governing principles set out in the PETRONAS Procurement Standard for procurement activities exceeding the prescribed tender thresholds. This framework promotes consistency, transparency and strong governance, with supplier selection guided by a best-value approach that balances technical acceptability and commercial competitiveness. Tender Committees are established to oversee evaluations in accordance with approved procedures, endorsing award recommendations for approval by the designated Approving Authority as defined under the LOA.

13. Employee Performance Management

PCG adopts the PETRONAS Group's Employee Performance Management system, that aligns organisational objectives with individual performance to cultivate a high-performance culture. The system assesses performance objectively against clearly defined business and individual KPIs, supported by ongoing behavioural feedback based on goals set, providing employees with timely guidance. Continuous performance conversations between employees and line managers underpin the process, enabling regular feedback, addressing challenges and supporting development throughout the year, while performance differentiation ensures contributions are recognised and rewarded fairly.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RELATED PARTY TRANSACTIONS (RPTS)/RECURRENT RELATED PARTY TRANSACTIONS (RRPTS) AND CONFLICT OF INTEREST SITUATIONS (COI)

PCG has established a comprehensive Policy on RPTS, RRPTS, COI Situations (the Policy) and Guideline and Procedures for RPTS and COI Situations (the Guideline). These instruments are designed to embed consistency, discipline and awareness across the organisation in dealing with transactions and relationships that may give rise to perceived or actual conflicts.

Together, the Policy and Guideline provide the governance architecture to ensure that all RPTS and RRPTS are undertaken in a manner that is transparent, properly reviewed and aligned with regulatory expectations. They reinforce PCG's adherence to the Bursa Malaysia MMLR and other applicable legal obligations, while ensuring that the interests of minority shareholders are appropriately safeguarded.

Operationally, the Guideline establishes clear controls to ensure that related party dealings are conducted on terms comparable to those offered to third parties and in line with normal commercial practices. Each transaction is subjected to a formal assessment process supported by a RPT Assessment Checklist, with inputs from the Corporate Secretarial, Governance, Finance and Legal functions. Transactions are reviewed and approved by the relevant approving authorities in accordance with the MMLR.

The Guideline further prescribes end-to-end controls covering the identification, evaluation, approval, monitoring and reporting of RPTS, RRPTS and COI Situations. Key elements include:

- All sourcing and sales of PCG products, general merchandise and shared facilities are based on market-negotiated pricing terms and conditions or pricing formulas, ensuring they are no more favourable to related parties than those offered to third parties.
- A database is maintained to record the RPTS/RRPTS entered into by PCG.
- Directors or related parties with an interest in a transaction must abstain from any deliberation or decision-making at the Board or subsidiary Board level.
- COI declaration at key decision-making platforms.
- All RPTS are reviewed by the BAC in adherence to PCG's Guidelines and Procedures before being approved by either the Board or shareholders. Quarterly reports on RPTS and RRPTS are provided to the BAC.
- Annually, all Directors and related parties of PCG are required to submit written declarations on existing or potential relationships and COI Situations, and to promptly disclose any new RPT or COI Situations as soon as it becomes known to them

The Guideline also articulates situations where COI may arise, including circumstances where a Director:

- has an interest in a business that competes directly or indirectly with PCG's operations;
- receives commissions or fees for consultancy or advisory services from a counterparty transacting with PCG;
- is involved in, or has an interest in, transactions for goods or services with PCG, either directly or indirectly; or
- provides or receives financial assistance from PCG.

As part of strengthened governance oversight, the BAC continues to play an expanded role in reviewing and addressing COI matters involving Directors and key senior management of the Group and its subsidiaries. This includes evaluating proposed mitigation measures to manage or eliminate conflicts where identified. For the year under review, no actual or potential COI arising from personal direct or indirect interest in competing business were reported.

MANAGEMENT'S ACCOUNTABILITY

Management is accountable to the Board for implementing processes to identify, evaluate, monitor, and report risks that support effective risk management and internal control across the Group. The MD/CEO and CFO have provided assurance to the Board that these frameworks remain sound and effective in addressing material risks. This assurance reflects Management's commitment and responsibility to ensure that governance, risk management and internal control practices remain aligned with the Group's strategic direction and business objectives.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control in accordance with Audit and Assurance Practice Guide 3 (AAPG 3) issued by the Malaysian Institute of Accountants, for inclusion in the Group's Integrated Report for the year ended 31 December 2025. Based on their review, the auditors reported to the Board that nothing has come to their attention to indicate that the Statement, in all material respects:

- has not been prepared in accordance with the disclosure requirements set out in Section 7 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Companies ("SORMIC Guide 2025"); or
- is factually inaccurate.

In line with AAPG 3, the auditors' review does not extend to evaluating the completeness of risk management and internal controls, nor to expressing an opinion on the adequacy or effectiveness of the Group's risk management and internal control systems, or on the remediation of any internal control matters disclosed.

CONCLUSION

For the financial year under review and up to the date of approval of this Statement, the Board is satisfied that the Group's risk management and internal control systems remain sound and provide reasonable assurance for effective oversight. The Board and Management will continue to strengthen these systems to ensure their continued adequacy and effectiveness in a dynamic operating environment.

This Statement is issued pursuant to a resolution of the Board dated 23 February 2026.

TOP 10 PROPERTIES OF PCG GROUP

No.	Name of registered owner/ Beneficial owner	Acquisition date	Existing use	Land area (sq metre unless otherwise stated)	Age of Plant & Building (Years)	NBV as at 31/12/2025 (RM '000)
1	Pengerang Petrochemical Company Sdn Bhd Lot 53B, 64B Loji Penapisan Minyak dan Petrokimia (Rapid) Mukim Pengerang 81600 Pengerang, Johor, Malaysia	30.11.2024	Plant for production of LLDPE, HDPE, PP and EOEG	90.9995 acres	1	7,794,309
	Pengerang Petrochemical Company Sdn Bhd ROU - Solid Product Warehouse (PRPC UF)	30.11.2024	Bagging and storage facilities for LLDPE, HDPE and PP		5	
	Pengerang Petrochemical Company Sdn Bhd ROU - Terminal Usage (PT2SB)	30.11.2024	Storage facilities for feedstock and EOEG Products		7	
2	PETRONAS Chemicals Methanol Sdn Bhd No. 205350607, Kg. Ranche-Ranche, Wilayah Persekutuan Labuan Leasehold for 99 years, expiring on 31 December 2082	31.8.2004	Industrial land - Plant for production of methanol	14 hectares	21	1,114,202
	PETRONAS Chemicals Methanol Sdn Bhd Pajakan Negeri No. Hakmilik 11911, Lot 31770, Kg. Ranche-Ranche, Wilayah Persekutuan Labuan Leasehold for 99 years, expiring 1 Aug 2106	02.08.2007	Industrial land - Land for Plant 2 jetty	19,679	18	
	PETRONAS Chemicals Methanol Sdn Bhd Pajakan Negeri No. Hakmilik 11903, Lot 31772, Kg. Ranche-Ranche, Wilayah Persekutuan Labuan Leasehold for 99 years, expiring 14 Apr 2107	15.04.2008	Industrial land - Land for Plant 2 sea water outtake	483	17	
	PETRONAS Chemicals Methanol Sdn Bhd Pajakan Negeri No. Hakmilik 11904, Lot 31771, Kg. Ranche-Ranche, Wilayah Persekutuan Labuan Leasehold for 99 years, expiring 14 Apr 2107*	15.04.2008	Industrial land - Land for Plant 2 sea water intake	1,195	17	
	PETRONAS Chemicals Methanol Sdn Bhd Pajakan Negeri No. Hakmilik 10336, Lot 12275, Kg. Ranche-Ranche, Wilayah Persekutuan Labuan Leasehold for 30 years, expiring 28 Oct 2039*	29.10.2009	Industrial land - Land for Plant 2 inner berth jetty	12,357	16	
	PETRONAS Chemicals Methanol Sdn Bhd No. 206291590, Kg. Ranche-Ranche, Wilayah Persekutuan Labuan Leasehold for 51 years, expiring on 30 December 2043	01.06.1992	Industrial land - Plant for production of methanol and administration office	48 acres	33	
	PETRONAS Chemicals Methanol Sdn Bhd Pajakan Negeri No. Hakmilik 1192, Lot 205351793, Kg. Ranche-Ranche, Wilayah Persekutuan Labuan Leasehold for 99 years, expiring 31 Dec 2092*	01.01.1994	Industrial land - Land for Plant 1 jetty	3,031	31	
	PETRONAS Chemicals Methanol Sdn Bhd Pajakan Negeri No. Hakmilik 2971, Lot 10859, Kg. Ranche-Ranche, Wilayah Persekutuan Labuan Leasehold for 99 years, expiring 15 Sept 2103	06.09.2004	Industrial land - Additional land for Plant 1 jetty	1,050	21	
	Perstorp Oxo AB Sanden 216-220, 444 95 Ödsmål, Sweden Stenungsund Sanden 6:5	30.06.1993	Production site (land, buildings)	571,136	32	
	Perstorp Oxo AB Stenungsund Sanden 5:10	30.06.1999	Production site (land, buildings)	790,879	26	
3	Perstorp Oxo AB Ale Nol 31:1	30.06.2000	Production site (land, buildings)	18,071	25	693,988
	Perstorp Oxo AB Stenungsund Ödsmåls Prästgård 1:10	30.06.2012	Production site (land, buildings)	44,918	13	
	Perstorp Oxo AB Ale Nol 2:442	30.06.2000	Production site (land, buildings)	6,568	25	
	Perstorp Specialty Chemicals AB Industriparken, 284 80 Perstorp	30.06.2001	Production site (Machinery and Other Technical work & Equipment, Tools and Installations and RoU)	25,900	24	
4	PETRONAS Chemicals MTBE Sdn Bhd H.S.(D) 9688 P.T. No. 4538, Mukim Sungai Karang, Kuantan, Pahang Leasehold for 66 years, expiring on 14 July 2058	17.11.1992	Industrial land - Plant for production of MTBE	36 hectares	33	437,054
	PETRONAS Chemicals MTBE Sdn Bhd H.S.(D) 34911, No. P.T. 15128, Mukim Sungai Karang, Kuantan, Pahang Leasehold for 99 years, expiring on 8 January 2100	09.01.2001	Industrial land - Propane dehydrogenation plant	34 acres	24	
	PETRONAS Chemicals MTBE Sdn Bhd H.S.(D) 34912, No. P.T. 15129, Mukim Sungai Karang, Kuantan, Pahang Leasehold for 99 years, expiring on 8 January 2100	09.01.2001	Emergency response building	15 acres	24	
	PETRONAS Chemicals MTBE Sdn Bhd H.S.(D) 34912, No. P.T. 15129, Mukim Sungai Karang, Kuantan, Pahang Leasehold for 99 years, expiring on 8 January 2100	09.01.2001	Emergency response building	15 acres	24	
	PETRONAS Chemicals MTBE Sdn Bhd Jalan Gebeng 2/1, Kawasan Perindustrian Gebeng, 26080, Kuantan, Pahang Darul Makmur Leasehold for 30 years, expiring on 30 June 2053	30.06.2023	Industrial land - Basil	2,5526 hectares	3	
	Perstorp Industries India Private Ltd Plot T-49 to T-54 in Sayakha Industrial Estate Sayakha, 391140 Bharuch, India	2018	Production site (land, buildings)	114,852	1	
	ASEAN Bintulu Fertilizer Sdn Bhd No.323, Lot 35, Block 20, Kemena land District, Bintulu, Sarawak Leasehold for 99 years, expiring on 19 February 2083	01.04.1983	Mixed zone/town land - Plant for production of urea and ammonia	38 hectares	41	
	ASEAN Bintulu Fertilizer Sdn Bhd No.321, Lot 2233-2239, Block 26, Kemena land District, Bintulu, Sarawak Leasehold for 60 years, expiring on 8 May 2046	08.02.2005	Mixed zone/town land - Dwelling house	8298	19	
	Kertih Port Sdn Bhd Pajakan Negeri No. Hakmilik 4695, No. Lot 7120, Mukim Kertih, Kemaman, Terengganu Leasehold for 60 years, expiring on 5 March 2060	02.08.2000	Industrial land - Operations of Kertih Port (Jetty and marine related facilities)	43,100	24	
	Kertih Port Sdn Bhd Pajakan Negeri No. Hakmilik 4696, No. Lot 7121, Mukim Kertih, Kemaman, Terengganu Leasehold for 60 years, expiring on 5 March 2060	02.08.2000	Industrial land - Gas and oil pipelines (Reclamation area land & Coastal Strip Land)	41,400	24	
8	Kertih Port Sdn Bhd Pajakan Negeri No. Hakmilik 6280, No. Lot 8077 Mukim Kertih, Kemaman, Terengganu Leasehold for 51 years, expiring on 16 June 2052	31.03.1993	Industrial land - Administration complex and other related facilities	58,570	31	278,597
	PETRONAS Chemicals Fertiliser Sabah Sdn Bhd PL196290767 Sipitang Oil and Gas Industrial Park, 89850 Sipitang, Sabah Property useful life is 25 years, expiring on 31 December 2040	01.01.2014	Industrial land - Plant for production of urea and ammonia	504.6 hectares	11	
9	PETRONAS Chemicals Derivatives Sdn Bhd, PETRONAS Chemicals Olefins Sdn Bhd, PETRONAS Chemicals Glycols Sdn Bhd (each a 1/3 part owner) H.S.(D) 3385, PT No. 10535, Mukim Kertih, Kemaman, Terengganu Leasehold for 60 years, expiring on 29 August 2060	30.08.2000	Industrial land - TNB sub-station	3,886	25	242,355

TOP 10 PROPERTIES OF PCG GROUP

No.	Name of registered owner/ Beneficial owner	Acquisition date	Existing use	Land area (sq metre unless otherwise stated)	Age of Plant & Building (Years)	NBV as at 31/12/2025 (RM '000)
1	Pengerang Petrochemical Company Sdn Bhd Lot 53B, 64B Loji Penapisan Minyak dan Petrokimia (Rapid) Mukim Pengerang 81600 Pengerang, Johor, Malaysia	30.11.2024	Plant for production of LLDPE, HDPE, PP and EOEG	90.9995 acres	1	7,794,309
	Pengerang Petrochemical Company Sdn Bhd ROU - Solid Product Warehouse (PRPC UF)	30.11.2024	Bagging and storage facilities for LLDPE, HDPE and PP		5	
	Pengerang Petrochemical Company Sdn Bhd ROU - Terminal Usage (PT2SB)	30.11.2024	Storage facilities for feedstock and EOEG Products		7	
2	PETRONAS Chemicals Methanol Sdn Bhd No. 205350607, Kg. Ranche-Ranche, Wilayah Persekutuan Labuan Leasehold for 99 years, expiring on 31 December 2082	31.8.2004	Industrial land - Plant for production of methanol	14 hectares	21	1,114,202
	PETRONAS Chemicals Methanol Sdn Bhd Pajakan Negeri No. Hakmilik 11911, Lot 31770, Kg. Ranche-Ranche, Wilayah Persekutuan Labuan Leasehold for 99 years, expiring 1 Aug 2106	02.08.2007	Industrial land - Land for Plant 2 jetty	19,679	18	
	PETRONAS Chemicals Methanol Sdn Bhd Pajakan Negeri No. Hakmilik 11903, Lot 31772, Kg. Ranche-Ranche, Wilayah Persekutuan Labuan Leasehold for 99 years, expiring 14 Apr 2107	15.04.2008	Industrial land - Land for Plant 2 sea water outtake	483	17	
	PETRONAS Chemicals Methanol Sdn Bhd Pajakan Negeri No. Hakmilik 11904, Lot 31771, Kg. Ranche-Ranche, Wilayah Persekutuan Labuan Leasehold for 99 years, expiring 14 Apr 2107*	15.04.2008	Industrial land - Land for Plant 2 sea water intake	1,195	17	
	PETRONAS Chemicals Methanol Sdn Bhd Pajakan Negeri No. Hakmilik 10336, Lot 12275, Kg. Ranche-Ranche, Wilayah Persekutuan Labuan Leasehold for 30 years, expiring 28 Oct 2039*	29.10.2009	Industrial land - Land for Plant 2 inner berth jetty	12,357	16	
	PETRONAS Chemicals Methanol Sdn Bhd No. 206291590, Kg. Ranche-Ranche, Wilayah Persekutuan Labuan Leasehold for 51 years, expiring on 30 December 2043	01.06.1992	Industrial land - Plant for production of methanol and administration office	48 acres	33	
	PETRONAS Chemicals Methanol Sdn Bhd Pajakan Negeri No. Hakmilik 1192, Lot 205351793, Kg. Ranche-Ranche, Wilayah Persekutuan Labuan Leasehold for 99 years, expiring 31 Dec 2092*	01.01.1994	Industrial land - Land for Plant 1 jetty	3,031	31	
	PETRONAS Chemicals Methanol Sdn Bhd Pajakan Negeri No. Hakmilik 2971, Lot 10859, Kg. Ranche-Ranche, Wilayah Persekutuan Labuan Leasehold for 99 years, expiring 15 Sept 2103	06.09.2004	Industrial land - Additional land for Plant 1 jetty	1,050	21	
	Perstorp Oxo AB Sanden 216-220, 444 95 Ödsmål, Sweden Stenungsund Sanden 6:5	30.06.1993	Production site (land, buildings)	571,136	32	
	Perstorp Oxo AB Stenungsund Sanden 5:10	30.06.1999	Production site (land, buildings)	790,879	26	
3	Perstorp Oxo AB Ale Nol 31:1	30.06.2000	Production site (land, buildings)	18,071	25	693,988
	Perstorp Oxo AB Stenungsund Ödsmåls Prästgård 1:10	30.06.2012	Production site (land, buildings)	44,918	13	
	Perstorp Oxo AB Ale Nol 2:442	30.06.2000	Production site (land, buildings)	6,568	25	
	Perstorp Specialty Chemicals AB Industriparken, 284 80 Perstorp	30.06.2001	Production site (Machinery and Other Technical work & Equipment, Tools and Installations and RoU)	25,900	24	
4	PETRONAS Chemicals MTBE Sdn Bhd H.S.(D) 9688 P.T. No. 4538, Mukim Sungai Karang, Kuantan, Pahang Leasehold for 66 years, expiring on 14 July 2058	17.11.1992	Industrial land - Plant for production of MTBE	36 hectares	33	437,054
	PETRONAS Chemicals MTBE Sdn Bhd H.S.(D) 34911, No. P.T. 15128, Mukim Sungai Karang, Kuantan, Pahang Leasehold for 99 years, expiring on 8 January 2100	09.01.2001	Industrial land - Propane dehydrogenation plant	34 acres	24	
	PETRONAS Chemicals MTBE Sdn Bhd H.S.(D) 34912, No. P.T. 15129, Mukim Sungai Karang, Kuantan, Pahang Leasehold for 99 years, expiring on 8 January 2100	09.01.2001	Emergency response building	15 acres	24	
	PETRONAS Chemicals MTBE Sdn Bhd H.S.(D) 34912, No. P.T. 15129, Mukim Sungai Karang, Kuantan, Pahang Leasehold for 99 years, expiring on 8 January 2100	09.01.2001	Emergency response building	15 acres	24	
	PETRONAS Chemicals MTBE Sdn Bhd Jalan Gebeng 2/1, Kawasan Perindustrian Gebeng, 26080, Kuantan, Pahang Darul Makmur Leasehold for 30 years, expiring on 30 June 2053	30.06.2023	Industrial land - Basil	2,5526 hectares	3	
	Perstorp Industries India Private Ltd Plot T-49 to T-54 in Sayakha Industrial Estate Sayakha, 391140 Bharuch, India	2018	Production site (land, buildings)	114,852	1	
	ASEAN Bintulu Fertilizer Sdn Bhd No.323, Lot 35, Block 20, Kemena land District, Bintulu, Sarawak Leasehold for 99 years, expiring on 19 February 2083	01.04.1983	Mixed zone/town land - Plant for production of urea and ammonia	38 hectares	41	
	ASEAN Bintulu Fertilizer Sdn Bhd No.321, Lot 2233-2239, Block 26, Kemena land District, Bintulu, Sarawak Leasehold for 60 years, expiring on 8 May 2046	08.02.2005	Mixed zone/town land - Dwelling house	8298	19	
	Kertih Port Sdn Bhd Pajakan Negeri No. Hakmilik 4695, No. Lot 7120, Mukim Kertih, Kemaman, Terengganu Leasehold for 60 years, expiring on 5 March 2060	02.08.2000	Industrial land - Operations of Kertih Port (Jetty and marine related facilities)	43,100	24	
	Kertih Port Sdn Bhd Pajakan Negeri No. Hakmilik 4696, No. Lot 7121, Mukim Kertih, Kemaman, Terengganu Leasehold for 60 years, expiring on 5 March 2060	02.08.2000	Industrial land - Gas and oil pipelines (Reclamation area land & Coastal Strip Land)	41,400	24	
8	Kertih Port Sdn Bhd Pajakan Negeri No. Hakmilik 6280, No. Lot 8077 Mukim Kertih, Kemaman, Terengganu Leasehold for 51 years, expiring on 16 June 2052	31.03.1993	Industrial land - Administration complex and other related facilities	58,570	31	278,597
	PETRONAS Chemicals Fertiliser Sabah Sdn Bhd PL196290767 Sipitang Oil and Gas Industrial Park, 89850 Sipitang, Sabah Property useful life is 25 years, expiring on 31 December 2040	01.01.2014	Industrial land - Plant for production of urea and ammonia	504.6 hectares	11	
9	PETRONAS Chemicals Derivatives Sdn Bhd, PETRONAS Chemicals Olefins Sdn Bhd, PETRONAS Chemicals Glycols Sdn Bhd (each a 1/3 part owner) H.S.(D) 3385, PT No. 10535, Mukim Kertih, Kemaman, Terengganu Leasehold for 60 years, expiring on 29 August 2060	30.08.2000	Industrial land - TNB sub-station	3,886	25	242,355

ANALYSIS OF SHAREHOLDINGS

As At 27 February 2026

Share Capital : RM800,000,000 comprising 8,000,000,000 ordinary shares
Class of Shares : Ordinary shares
Voting Rights : One Vote Per Ordinary Share (on a poll)

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings
Less than 100	2,611	8.10	12,464	0.00
100 – 1,000	10,630	32.99	7,252,506	0.09
1,001 – 10,000	14,938	46.36	61,271,093	0.77
10,001 – 100,000	3,351	10.40	92,114,302	1.15
100,001 to less than 5% of issued shares	689	2.14	2,048,124,597	25.60
5% and above of issued shares	2	0.01	5,791,225,038	72.39
Total	32,221	100.00	8,000,000,000	100.00

CLASSIFICATION OF SHAREHOLDERS

Category	No. of Shareholders		% of Shareholders		No. of Shares		% of Total Shareholdings	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
1. Individuals	23,118	215	71.75	0.67	133,759,733	2,438,083	1.67	0.03
2. Body Corporate								
a. Banks/Finance Companies	42	3	0.13	0.01	852,140,667	1,313,200	10.65	0.02
b. Investment Trusts/Foundation/Charities	7	0	0.02	0.00	331,000	0	0.00	0.00
c. Other types of companies	278	2	0.86	0.01	28,267,101	165,000	0.35	0.00
3. Government Agencies/Institutions	3	0	0.01	0.00	1,600,000	0	0.02	0.00
4. Nominees	7,777	775	24.14	2.41	6,473,812,164	506,173,051	80.92	6.33
5. Others	1	0	0.00	0.00	1	0	0.00	0.00
Total	31,226	995	96.91	3.09	7,489,910,666	510,089,334	93.62	6.38

LIST OF SUBSTANTIAL SHAREHOLDERS

No.	Name	No. of Shares		% of Shareholdings	
		Direct	Indirect	Direct	Indirect
1.	Petrolia Nasional Berhad	5,148,000,000	-	64.35	-
2.	Employees Provident Fund Board	643,225,038	-	8.04	-

ANALYSIS OF SHAREHOLDINGS

As At 27 February 2026

LIST OF DIRECTORS' SHAREHOLDINGS

No.	Name	No. of Shares		% of Shareholdings	
		Direct	Deemed Interest	Direct	Deemed Interest
1.	Datuk Sazali Hamzah	-	8,000	-	0.00
2.	Mazuin Ismail	-	-	-	-
3.	Yeoh Siew Ming	-	-	-	-
4.	Dr Zafar Abdulmajid Momin	-	-	-	-
5.	Luciano Tarcisio Poli	-	-	-	-
6.	Farehana Hanapiah	6,000	-	0.00	-
7.	Abang Yusuf Abang Puteh	-	-	-	-

LIST OF MANAGEMENT'S SHAREHOLDINGS

No.	Name	No. of Shares		% of Shareholdings	
		Direct	Deemed Interest	Direct	Deemed Interest
1.	Mazuin Ismail	-	-	-	-
2.	Mohd Azli Ishak	-	-	-	-
3.	Ahmad Rizal Abdul Rahim	500	-	0.00	-
4.	Flavio Kliger	-	-	-	-
5.	Kenny Lim Hock Soon	15,000	-	0.00	-
6.	Gretchen Govoni	-	-	-	-
7.	Nur Nadia Mohd Nordin	4,000	-	0.00	-
8.	Adi Suria Ishak	4,000	-	0.00	-
9.	Norfaila Hassan	-	-	-	-

LIST OF 30 LARGEST SHAREHOLDERS

No.	Name	Holdings	%
1.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD <i>Exempt AN for Petrolia Nasional Berhad</i>	5,148,000,000	64.35
2.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>Employees Provident Fund Board</i>	643,225,038	8.04
3.	AMANAHRAYA TRUSTEES BERHAD <i>Amanah Saham Bumiputera</i>	314,708,300	3.93
4.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>Employees Provident Fund Board (Islamic)</i>	282,312,570	3.53
5.	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	263,185,357	3.29
6.	LEMBAGA TABUNG HAJI	100,538,800	1.26
7.	HSBC NOMINEES (ASING) SDN BHD <i>JPMCB NA for Vanguard Total International Stock Index Fund</i>	40,476,158	0.51
8.	HSBC NOMINEES (ASING) SDN BHD <i>JPMCB NA for Vanguard Emerging Markets Stock Index Fund</i>	37,690,112	0.47
9.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>Exempt AN for AIA Bhd.</i>	34,074,800	0.43

ANALYSIS OF SHAREHOLDINGS

As At 27 February 2026

LIST OF 30 LARGEST SHAREHOLDERS

No.	Name	Holdings	%
10.	PERMODALAN NASIONAL BERHAD	33,546,600	0.42
11.	CITIGROUP NOMINEES (ASING) SDN BHD <i>CBNY For Ishares Core MSCI Emerging Markets ETF</i>	27,284,600	0.34
12.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>Employees Provident Fund Board (AHAM AM)</i>	25,919,500	0.32
13.	AMANAHRAYA TRUSTEES BERHAD <i>Amanah Saham Malaysia 3</i>	24,877,800	0.31
14.	AMANAHRAYA TRUSTEES BERHAD <i>Amanah Saham Malaysia 2 - Wawasan</i>	22,998,400	0.29
15.	HSBC NOMINEES (ASING) SDN BHD <i>JPMCB NA for Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II</i>	20,300,300	0.25
16.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>Urusharta Jamaah Sdn. Bhd. (2)</i>	19,372,800	0.24
17.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD <i>Deutsche Trustees Malaysia Berhad for Hong Leong Value Fund</i>	18,113,800	0.23
18.	HSBC NOMINEES (ASING) SDN BHD <i>HSBC-FS G for People's Bank of China (SICL Asia EM)</i>	18,080,000	0.23
19.	AMANAHRAYA TRUSTEES BERHAD <i>Amanah Saham Bumiputera 3 - Didik</i>	16,902,700	0.21
20.	CARTABAN NOMINEES (TEMPATAN) SDN BHD <i>Prudential Assurance Malaysia Berhad for Prulink Strategic Fund</i>	16,264,900	0.20
21.	AMANAHRAYA TRUSTEES BERHAD <i>Amanah Saham Malaysia</i>	16,006,500	0.20
22.	AMANAHRAYA TRUSTEES BERHAD <i>Amanah Saham Bumiputera 2</i>	15,217,900	0.19
23.	CARTABAN NOMINEES (ASING) SDN BHD <i>BBH and Co Boston for Fidelity SAI Emerging Markets Value Index Fund (FSST)</i>	12,474,300	0.16
24.	CARTABAN NOMINEES (TEMPATAN) SDN BHD <i>PBTB for Takafulink Dana Ekuiti</i>	11,920,100	0.15
25.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>Employees Provident Fund Board (Nomura)</i>	11,823,600	0.15
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>Etiqa Family Takaful Berhad (Family)</i>	11,595,300	0.14
27.	HSBC NOMINEES (ASING) SDN BHD <i>JPMCB NA for Blackrock Institutional Trust Company, N.A. Investment Funds for Employee Benefit Trusts</i>	11,229,272	0.14
28.	PERTUBUHAN KESELAMATAN SOSIAL	10,942,710	0.14
29.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD <i>SSBT Fund ZV86 for State Street Global Advisors Trust Company Investment Funds for Tax Exempt Retirement Plans</i>	10,611,100	0.13
30.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD <i>Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)</i>	10,564,900	0.13
		7,230,258,217	90.38

NOTICE OF 28TH ANNUAL GENERAL MEETING

PETRONAS CHEMICALS GROUP BERHAD

COMPANY NO: 199801003704 (459830-K)
(INCORPORATED IN MALAYSIA)

NOTICE IS HEREBY GIVEN THAT the 28th Annual General Meeting ("AGM") of PETRONAS Chemicals Group Berhad ("the Company") will be held at the Exhibition Hall 1, Ground Floor, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia ("Meeting Venue") and will be broadcasted live from the Meeting Venue on Wednesday, 22 April 2026 at 10.00 a.m. to transact the following businesses:

ORDINARY BUSINESS

- To receive the Audited Financial Statements for the financial year ended 31 December 2025 together with the Reports of the Directors and Auditors thereon.
Please refer to Explanatory Note A
- To re-elect the following Directors who retire by rotation pursuant to Article 107 of the Company's Constitution and being eligible, offer themselves for re-election:
 - Yeoh Siew Ming **(Resolution 1)**
 - Mazuin Ismail **(Resolution 2)***Please refer to Explanatory Note B*
- To re-elect Luciano Tarcisio Poli who retires pursuant to Article 100 of the Company's Constitution and being eligible, offers himself for re-election.
Please refer to Explanatory Note B **(Resolution 3)**
- To approve the Directors' fees and allowances payable to the Non-Executive Directors of up to an amount of RM3 million with effect from 23 April 2026 until the next AGM of the Company.
Please refer to Explanatory Note C **(Resolution 4)**
- To approve the re-appointment of KPMG PLT, as Auditors of the Company for the financial year ending 31 December 2026 and to authorise the Directors to fix their remuneration.
Please refer to Explanatory Note D **(Resolution 5)**
- To transact any other business of which due notice shall have been received.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend and vote at the forthcoming 28th AGM, the Company will be requesting the Record of Depositors as at 15 April 2026 from Bursa Malaysia Depository Sdn Bhd in accordance with Section 34(1) of the Securities Industry (Central Depositories) Act 1991. Only a depositor whose name appears on the Record of Depositors as at 15 April 2026 shall be entitled to attend, participate, speak and vote at the meeting as well as for appointment of proxy(ies) to attend, participate, speak and vote on his/her stead.

By Order of the Board

Cik Azizahwati Ishak ((MAICSA 7060684) SSM Practising Certificate No. 202008002944)**Hazleena Hamzah** ((LS0010278) SSM Practising Certificate No. 201908001643)

Company Secretaries

Kuala Lumpur
19 March 2026

NOTICE OF 28TH ANNUAL GENERAL MEETINGNOTICE OF 28TH ANNUAL GENERAL MEETING

NOTES:

1. Hybrid 28th AGM

- 1.1 The 28th AGM of the Company will be held on a hybrid mode whereby Member(s), proxy(ies), corporate representative(s) or attorney(s) will have an option, either:
- to attend physically in person at the Meeting Venue ("Physical Attendance"); or
 - to attend virtually using the Remote Participation and Electronic Voting (RPEV) facilities which are available on the Boardroom Smart Investor Portal ("BSIP") platform at <http://investor.boardroomlimited.com> to be provided by Boardroom Share Registrars Sdn. Bhd. ("Boardroom"), the appointed Poll Administrator for this AGM ("Virtual Attendance").

Please refer to the Administrative Guide for the full guide to Physical Attendance and Virtual Attendance at the 28th AGM of the Company.

2. Proxy and/or Authorised Representatives

- 2.1 A member who is entitled to attend, participate, speak and vote in this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
- 2.2 A member of the Company who is entitled to participate at the meeting may appoint not more than two proxies to participate on his/her behalf provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.
- 2.3 Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities accounts.
- 2.4 Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for the multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
- 2.5 Where a member or the authorised nominee appoints two proxies, or where an Exempt Authorised Nominee appoints two or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- 2.6 The proxy form(s) and/or documents relating to the appointment of a proxy shall be deposited or submitted in the following manner not less than 48 hours before the time appointed for holding the AGM or adjourned general meeting in accordance with the Company's Constitution:
- In hard copy form:
 - Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
 - By email to bsr.proxy@boardroomlimited.com
- OR
- By electronic means
- The proxy form can be electronically lodged with Boardroom through Boardroom Smart Investor Portal (BSIP) at <https://investor.boardroomlimited.com>. Kindly refer to the Administrative Guide for the AGM on the procedures for electronic lodgement of proxy form via BSIP.

- 2.7 Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
- 2.8 Last date and time for lodging the proxy form is on **Monday, 20 April 2026 at 10.00 a.m.**
- 2.9 Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with Boardroom at the address stated under item (2.6)(a)(i) not less than 48 hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- 2.10 For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative with Boardroom at the address stated under item (2.6)(a)(i). The certificate of appointment of authorised representative should be executed in the following manner:
- If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by at least two authorised officers, of whom one shall be a director; or any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
- 2.11 By submitting the duly executed Proxy Form, the member and his/her proxy(ies) consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of the 28th AGM or any adjournment thereof.

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia) all resolutions set out in the Notice of 28th AGM will be put to vote on a poll.

EXPLANATORY NOTES

Note A

Audited Financial Statements for the Financial Year Ended 31 December 2025

The audited financial statements are laid before the shareholders pursuant to the provision of Section 340(1) of the Companies Act, 2016 ("CA 2016") for discussion only. The audited financial statements do not require shareholders' approval and hence, will not be put forward for voting.

Note B

Resolutions 1, 2 and 3: Re-election of Directors who retire in accordance with Article 107 and Article 100 of the Company's Constitution

Article 107 of the Company's Constitution provides that one-third of the Directors of the Company for the time being shall retire by rotation at an AGM of the Company provided always that all Directors, shall retire from office once at least in each three years but shall be eligible for re-election at the AGM. A Director retiring at a meeting shall retain office until the close of the meeting. Whilst Article 100 of the Constitution stipulates that the Board shall have the power to appoint additional Directors either to fill a casual vacancy or as an addition to the existing Board, and that any Director so appointed shall hold office until the conclusion of the next AGM and shall be eligible for re-election.

1. Re-election of Directors who retire in accordance with Article 107 of the Company's Constitution:

Ordinary Resolution 1
Yeoh Siew Ming

Ordinary Resolution 2
Mazuin Ismail

2. Re-election of Director who retires in accordance with Article 100 of the Company's Constitution:

Ordinary Resolution 3
Luciano Tarcisio Poli

The abovenamed Directors have indicated their willingness to be re-elected at the 28th AGM of the Company. They have also completed their respective fit and proper declarations and have met the requisite criteria in terms of character and integrity, experience and competence, and time and commitment.

When assessing Yeoh Siew Ming and Mazuin Ismail for re-election, the Nomination and Remuneration Committee (NRC) evaluates their eligibility based on a comprehensive review of their competencies, commitment, contributions and overall performance. This assessment incorporates findings from the Board Effectiveness Evaluation, the fit and proper declaration, and an evaluation of their ability to act in the best interests of the Company as well as the assessment of conflict of interest by the Board Audit Committee (BAC).

The NRC assessed the eligibility of Luciano Tarcisio Poli based on the provisions of the Company's Directors' Fit and Proper Policy and was satisfied that Luciano Tarcisio Poli fulfilled the criteria set under the Directors' Fit and Proper Policy. In addition, the BAC, reviewed and assessed the disclosure of interest made by Luciano Tarcisio Poli and agreed on the proposed mitigations for any potential conflict of interest that may arise in light of the disclosures made by Luciano Tarcisio Poli.

Premised on the above, the Board endorsed the NRC's recommendation to seek shareholders' approval for the re-election of the retiring Directors at the Company's 28th AGM under Ordinary Resolutions 1, 2 and 3.

The details and profiles of the Directors who are standing for re-election at the 28th AGM are provided in the Board of Directors' Profile on pages 121 to 122 of the Company's Integrated Report 2025.

Note C

Resolution 4: Non-Executive Directors' Fees and Allowances

Pursuant to Section 230(1) of the CA 2016, the fees of the Directors, and any benefits payable to the Directors including any compensation for loss of employment of a director or former director of a public company or a listed company and its subsidiaries, shall be approved at a general meeting.

The fees and allowances structure of the Non-Executive Directors (NEDs) of the Company are as follows:

- Monthly fixed fees for duties as Director/Chairman;
- Meeting allowance for each Board/Board Committee attended; and
- Fuel allowance.

The Directors' fees and meeting allowances for NEDs who are also employees of Petroliaam Nasional Berhad (PETRONAS) are paid directly to PETRONAS. The shareholders at the last AGM held on 22 April 2025 approved the Directors' fees and allowances of up to an amount of RM3 million for the period from 23 April 2025 until the next AGM of the Company. The actual Directors' fees and other benefits paid to the NEDs for the said period was RM2,216,000.

The Directors' fees and allowances for the NEDs for the period from 23 April 2026 until the next AGM of the Company (Mandate Period) are estimated not to exceed RM3 million. The calculation is based on the estimated number of scheduled Board and Board Committees' meetings and the assumption that additional NEDs may be appointed during the Mandate Period. This resolution is to facilitate payment of the Directors' fees and allowances for the Mandate Period.

The Board will seek shareholders' approval at the next AGM in the event the Directors' fees and allowances proposed are insufficient.

Details of the fees paid to the NEDs for the financial year ended 31 December 2025 are published in the Corporate Governance Report on the Company's corporate website at www.petronas.com/pcg.

Note D

Resolution 5: Re-appointment of Auditors

The BAC had carried out an assessment on the performance, suitability and independence of the external auditors based on the following four key areas, and will continue to do so on an annual basis:

- quality of engagement team and services;
- adequacy of resources;
- quality of communication and interaction; and
- independence, objectivity and professional scepticism.

The BAC also took into account the openness in communication and interaction with the lead audit engagement partner and engagement team through discussions at the private meetings, which demonstrated their independence, objectivity and professionalism.

The BAC was satisfied with the suitability of KPMG PLT based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the PCG Group. The BAC was also satisfied in its review that the provisions of non-audit services by KPMG PLT to the PCG Group for the financial year ended 2025 did not in any way impair their objectivity and independence as External Auditors of PCG Group.

KPMG PLT has also met the criteria prescribed by Paragraph 15.21 of the MMLR of Bursa Malaysia.

The Board at its meeting held on 23 February 2026 recommended the reappointment of KPMG PLT as External Auditors of the Company for the financial year ending 31 December 2026 for approval of the shareholders under Resolution 5.

Abstention from Voting

- Pursuant to Resolutions 1, 2 and 3, the retiring Directors had abstained from deliberation and decision on their respective re-election at the Board meeting.
- Any NED of the Company who is a shareholder of the Company will abstain from voting on Resolution 4 concerning remunerations of the NEDs at the 28th AGM.

Other Information

The Company has engaged independent scrutineers to count, audit and validate the votes for each proposal presented to shareholders.

ADMINISTRATIVE GUIDE

ADMINISTRATIVE GUIDE

FOR THE 28th ANNUAL GENERAL MEETING (28th AGM) OF PETRONAS CHEMICALS GROUP BERHAD (THE COMPANY)

HYBRID 28TH AGM

Date	: Wednesday, 22 April 2026
Time	: 10.00 a.m.
Meeting Venue	: Exhibition Hall 1, Ground Floor Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia
Online Platform	: https://investor.boardroomlimited.com with Remote Participation and Electronic Voting Facilities provided by Boardroom Share Registrars Sdn. Bhd. ("Boardroom")

The 28th AGM of the Company will be conducted on a hybrid mode in accordance with paragraph 8.27A of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Malaysia") and in line with Principle C of the Malaysian Code on Corporate Governance ("MCCG") whereby listed issuers are encouraged to leverage technology in conducting general meetings to facilitate greater shareholders' participation and enhance the proceedings of general meetings.

Shareholders shall have the option to attend the 28th AGM to exercise his/her right to attend, participate and vote at the meeting either:

- Physically in person at the Meeting Venue ("Physical Attendance"); or
- Virtually through live streaming and online remote voting via the Remote Participation and Electronic Voting ("RPEV") facilities at <https://investor.boardroomlimited.com> ("Virtual Attendance").

The Meeting Venue is in Malaysia where the Chairman of the meeting will be physically present in accordance with Section 327(2) of the Companies Act 2016.

ENTITLEMENT TO PARTICIPATE AND VOTE

For the purpose of determining a member who shall be entitled to attend and vote at the 28th AGM, the Company will be requesting the Record of Depositors as at 15 April 2026 from Bursa Malaysia Depository Sdn Bhd in accordance with Section 34(1) of the Securities Industry (Central Depositories) Act 1991. Only depositors whose name appears on the Record of Depositors as at 15 April 2026 shall be entitled to attend, participate, speak and vote at the meeting or appoint proxy(ies) to attend, participate, speak and vote on his/her stead.

If you wish to participate at the 28th AGM, you must not submit any Proxy Form. Otherwise, you will not be permitted to attend the meeting alongside with proxy/proxies appointed by your goodself.

REGISTRATION

Physical Attendance

- All Member(s), proxy(ies), corporate representative(s) or attorney(s) who wish to attend and participate at the 28th AGM physically are required to register for the meeting at the Meeting Venue.
- Registration will start at **8:00 a.m. on Wednesday, 22 April 2026** at the Meeting Venue and will close upon the announcement by the Chairman of the meeting.
- Please produce your original MyKad/Identification Card or Passport (for foreigners) during registration. Only original MyKad/Identification Card or Passport will be accepted for the purpose of identity verification. Please ensure that you collect your MyKad/Identification Card or passport thereafter.
- No person will be allowed to register on behalf of another person, even with the original MyKad/Identification Card or Passport of that other person.
- Upon verification and registration:
 - your attendance will be recorded, and an identification wristband will be provided at the registration counter. No person will be allowed to enter the Meeting Venue without the wristband. There will be no replacement of the wristband in the event of loss or misplacement;
 - a special QR code will be generated for shareholders to scan and access to the e-polling system using own smartphone/tablet; and
 - if you are attending the AGM as a shareholder as well as a proxy, you will be registered once and will only be given one identification wristband.
- The registration counters will handle verification of shareholdings and registration to attend the 28th AGM only. Kindly vacate the area once registration is completed.
- Help desk support is available for any other enquiries/assistance/revocation of proxy's appointment.

Virtual Attendance

- All Member(s), proxy(ies), corporate representative(s) or attorney(s) who wish to attend and participate at the 28th AGM virtually are required to login to the Boardroom Smart Investor Portal ("BSIP") at <https://investor.boardroomlimited.com> to register for virtual participation at the 28th AGM.
- Kindly refer to the following steps to register for virtual attendance:

PROCEDURES	ACTIONS
Before the day of the AGM	
Step (1) First-Time Registration with BSIP for Individual and Corporate Shareholder <i>If you have already signed up with BSIP, you are not required to register again. You may proceed to Step (2) - Submit Request for Remote Participation</i>	a) Access the website https://investor.boardroomlimited.com b) Click 'Register' to sign up as a user c) Select 'Account Type' to 'Sign Up As Shareholder' or 'Sign Up As Corporate Holder' d) Complete registration and upload compulsory documents such as softcopy of MyKad (front and back) or passport and authorisation letter (template available on the BSIP) for Corporate Shareholder e) Enter a valid mobile number and email address f) You will receive an email from BSIP for email address verification. Click 'Verify Email Address' in the email received to continue with the registration g) Once your email address is verified, you will be re-directed to BSIP for verification of mobile number. Click 'Request OTP Code' and an OTP code will be sent to the registered mobile number. You will need to enter the OTP Code and click 'Enter' to complete the process h) Once your mobile number is verified, registration of your new BSIP account will be pending for final verification. Your registration will be verified and approved within one business day and an email notification will be provided
Step (2) Submit request for remote participation and submission of proxy form <i>You must be a registered BSIP user. Otherwise, please refer to Step (1)</i>	The RPEV facilities will open for registration from Thursday, 19 March 2026 until such time before the voting session ends at the 28 th AGM on Wednesday, 22 April 2026 ("Registration Deadline"). The instrument appointing a proxy must be received latest by Monday, 20 April 2026 at 10.00 a.m. ("Proxy Lodgement Deadline") For Individual and Corporate Shareholders a) Login to https://investor.boardroomlimited.com b) Click 'Meeting Event(s)' and select the list of companies – 'PETRONAS CHEMICALS GROUP BERHAD 28th ANNUAL GENERAL MEETING' and click 'Enter' c) To attend the AGM remotely <ul style="list-style-type: none"> Click 'Register for RPEV' Read and accept the General Terms and Conditions and enter your CDS account no. to submit your request d) To appoint proxy <ul style="list-style-type: none"> Click 'Submit eProxy Form' For Corporate Shareholder, select the company you would like to represent (if more than one) Read and accept the General Terms and Conditions and enter your CDS account no. Thereafter, insert your proxy details and voting instructions. If you wish your proxy(ies) to act upon his/her discretion, please indicate 'Discretionary' For Authorised Nominees and Exempt Authorised Nominees a) Login to https://investor.boardroomlimited.com b) Click 'Meeting Event(s)' and select the list of companies – 'PETRONAS CHEMICALS GROUP BERHAD 28th ANNUAL GENERAL MEETING' and click 'Enter'. c) Click 'Submit eProxy Form' . d) Select the company you would like to represent (if more than one). e) Proceed to download the file format for 'Submission of Proxy Form' . f) Prepare the file for appointment of proxy(ies) by inserting the required data. g) Proceed to upload the duly completed Proxy Appointment file. h) Review and confirm your proxy(ies) appointment(s) and click 'Submit' . i) Download or print the eProxy form as acknowledgement. For Corporate Shareholders, Authorised Nominees/ Exempt Authorised Nominees and Attorneys, you may also write to bsr.proxy@boardroomlimited.com and provide name of the shareholder, CDS account no. and the Certificate of Appointment of Corporate Representative or Proxy Form (as the case may be). A copy of MyKad or passport and a valid email address are required.
Step (3) Verification and email notification	For Individual Shareholders, Corporate Shareholders, Authorised Nominees/Exempt Authorised Nominees and Attorneys a) An email notification will be sent by Boardroom to notify that your request for remote participation has been received for system verification. b) Upon verification against the Record of Depositors as at 15 April 2026, you will receive an email from Boardroom notifying you either your request for remote participation at the 28 th AGM has been approved or rejected.

ADMINISTRATIVE GUIDE

ADMINISTRATIVE GUIDE

PROCEDURES	ACTIONS
On the day of the AGM	
Login	a) Login to https://investor.boardroomlimited.com with your registered email address and password. b) Meeting platform will be made available at any time from 9.00 a.m. i.e. one hour before the commencement of the 28 th AGM at 10.00 a.m. on Wednesday, 22 April 2026. c) Click into 'Meeting Event(s)' and go to ' PETRONAS CHEMICALS GROUP BERHAD 28TH ANNUAL GENERAL MEETING ' and then click ' Join Live Meeting ' to join the proceedings of the 28 th AGM remotely.
Participate	a) Please follow the user guides in BSIP to view the live webcast, submit questions and vote. b) To view the live webcast, select the broadcast icon  c) To ask a question during the 28 th AGM, select the messaging icon  d) Type your question in the chat box and click the send button to submit.
Online Voting	a) Once voting has commenced, the polling icon  will appear with the resolutions and voting choices until such time that the Chairman declares an end to the voting session. b) To vote, select your voting preference from the options provided. A confirmation message will appear to indicate that your vote has been received. c) To change your vote, re-select your voting preference. d) If you wish to cancel your vote, please press 'Cancel'.
End	Upon declaration by the Chairman of the closure of the 28 th AGM, the live webcast will end.

APPOINTMENT OR REVOCATION OF PROXY OR ATTORNEY

Appointment of Proxy or Attorney

The proxy form(s) and/or documents relating to the appointment of a proxy or attorney shall be deposited or submitted in the following manner not less than 48 hours before the time appointed for holding the AGM or adjourned general meeting in accordance with the Company's Constitution:

- (a) In hardcopy form
Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

OR

- (b) By electronic means
Members who wish to submit their Proxy Form electronically via BSIP at <https://investor.boardroomlimited.com> or via email to bsr.proxy@boardroomlimited.com.

Kindly refer to the Procedures for electronic lodgement of Proxy Form under item 3(ii)(b)(Step 2) above for submission via BSIP.

Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.

Revocation of Proxy or Attorney

If a shareholder has submitted his/her proxy form prior to the 28th AGM and subsequently decides to appoint another person or wishes to participate in the 28th AGM by himself/herself, please revoke the appointment of proxy/proxies at least 48 hours before the 28th AGM. Please find below the step for revocation on eProxy form or physical proxy form:

eProxy Form	Physical Proxy Form
<ul style="list-style-type: none"> Go to "Meeting Event" and select "PETRONAS CHEMICALS GROUP BERHAD 28th ANNUAL GENERAL MEETING" from the list of companies and click "Enter". Go to "PROXY" and click on "Submit Another eProxy Form". Go to "Submitted eProxy Form List" and click "View" for the eProxy form. Click "Cancel/Revoke" at the bottom of the eProxy form. Click "Proceed" to confirm. 	<ul style="list-style-type: none"> Please write in to bsr.proxy@boardroomlimited.com to revoke the appointment of proxy/proxies.

Upon revocation, proxy/proxies appointed earlier will not be allowed to participate at the 28th AGM. In such event, shareholders should advise their proxy/proxies accordingly.

CORPORATE REPRESENTATIVE

For a corporate shareholder who has appointed a representative, please deposit the **ORIGINAL** Certificate of Appointment at the Poll Administrator's office, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia at any time before the time appointed for holding the 28th AGM or to the registration staff on the day of the AGM.

POLL VOTING

- The voting at the 28th AGM will be conducted on a poll pursuant to Paragraph 8.29A(1) of the MMLR of Bursa Malaysia. The Company has appointed Boardroom as the Poll Administrator to conduct the poll by way of electronic voting (e-Voting). An Independent Scrutineer will be appointed to verify the poll results.
- The e-Voting session will commence from the start of the meeting at 10.00 a.m. on Wednesday, 22 April 2026 until such time when the Chairman announces the end of the voting session. For Physical Attendance, please vote using your smartphone/tablet with the special QR code, which will be generated during registration. As such, all shareholders and proxies attending the 28th AGM are advised to bring their own personal devices in order to vote.
- For Virtual Attendance, please refer to voting procedures on page 180 of this Integrated Report.
- The resolutions proposed at the 28th AGM and the results of the voting will be announced at the 28th AGM and subsequently via an announcement made by the Company through Bursa Malaysia at www.bursamalaysia.com.

SUBMISSION OF QUESTIONS FOR THE 28TH AGM

Prior to the AGM

Members and proxies may submit questions before the 28th AGM to the Chairman or the Board of Directors via BSIP at <https://investor.boardroomlimited.com> using the same user ID and password provided by Boardroom **no later than Monday, 20 April 2026 at 10:00 a.m.** To submit your questions, please Click "**Submit Question**" after selecting "**PETRONAS CHEMICALS GROUP BERHAD 28TH ANNUAL GENERAL MEETING**" from "**Meeting Event**".

Alternatively, you may also send your questions for the 28th AGM to Investor Relations at petronaschemicals_ir@petronas.com

During the AGM

Physical Attendance	Virtual Attendance
<ul style="list-style-type: none"> Members and proxies will be able to ask questions in person at the Meeting Venue. 	<ul style="list-style-type: none"> During the 28th AGM live streaming, Members may also pose questions via real time submission of typed texts by selecting messaging during live. The Messaging window facility will be opened concurrently with the Meeting Platform at 9.00 a.m. on Wednesday, 22 April 2026 (i.e. one hour before the 28th AGM). <p>The Chairman or the Board of Directors will endeavour to address all questions received in relation to the AGM.</p>

INTEGRATED REPORT

- The Integrated Report together with the Financial Report and Sustainability Report are available on the Company's corporate website at <https://www.petronas.com/pcg> and Bursa Malaysia's website at www.bursamalaysia.com under Company's Announcements.
- You may request for a printed copy of the Integrated Report at <https://investor.boardroomlimited.com> by selecting "Request for Annual Report" under the "Investor Services".
- Kindly consider the environment before you decide to request for the printed copy of the Integrated Report. The environmental concerns like global warming, deforestation, climate change and many more affect every human, animal and nation on this planet.
- Please note that no printed copy of the Integrated Report will be provided at the Meeting Venue.

ENQUIRY

For enquiries and administrative details relating to the 28th AGM, please contact Boardroom during office hours from Monday to Friday 8.30 a.m. to 5.30 p.m., details as follows:

Tel No. : +603 – 7890 4700
 Fax No. : +603 – 7890 4670
 Email : bsr.helpdesk@boardroomlimited.com

OTHER INFORMATION

- Parking is available at Kuala Lumpur Convention Centre (basement parking) based on first-come, first-served basis.
- No recording or photography of the 28th AGM proceedings is allowed without the prior written permission of the Company.
- Upon registration, with the food redemption coupon, please proceed to collect your refreshment in the refreshment hall at Exhibition Hall 1, Ground Floor, Kuala Lumpur Convention Centre.

PERSONAL DATA POLICY

By registering for the meeting and/or submitting the instrument appointing a proxy(ies) and/or representative(s), the member of the Company has consented to the use of such data by the Company (or its agents) for the following purposes:

- for registration;
- communicating with shareholders and proxy holders who participate at the AGM for redemption of door gift;
- responding to shareholders' and proxy holders' enquiries;
- for internal record keeping;
- sending promotional materials, advertisement for marketing purposes;
- publication of your personal information in any minutes, website, newsletter, brochure or any other materials which may be published internally or externally;
- for processing and administration by the Company (or its agents); and
- complying with any laws, listing rules, regulations and/or guidelines.

The member agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

BURSA MALAYSIA'S CSI PRESCRIBED TABLE

PETRONAS Chemicals Group Berhad
IFRS S2

Date & Time: 2026-03-04_15:42:08

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Footnote Sustainability Matter
GHG Emissions	Scope 1	Million tCO2e	6.61	No target set	External (Limited)	
GHG Emissions	Scope 2 Location-based	Million tCO2e	1.45	No target set	External (Limited)	
GHG Emissions	Scope 2 Market-based	Million tCO2e	1.24	No target set	External (Limited)	
GHG Emissions	Scope 1 + 2 (location-based)	Million tCO2e	8.06	Net zero Scope 1 and Scope 2 emission by 2050 ambition	No assurance	
GHG Emissions	Scope 1 + 2 (market-based)	Million tCO2e	785	Net zero Scope 1 and Scope 2 emission by 2050 ambition	No assurance	
GHG Emissions	Scope 3 Category 1 (Purchased goods and services)	Million tCO2e	9.61	No target set	No assurance	
GHG Emissions	Scope 3 Category 3 (Fuel- and Energy-Related Activities)	Million tCO2e	1.66	No target set	No assurance	
GHG Emissions	Scope 3 Category 11 (Use of sold products)	Million tCO2e	12.35	No target set	No assurance	
GHG Emissions	Scope 3 Total emissions	Million tCO2e	23.62	No target set	No assurance	
Energy Management	Total energy consumed	Million GJ	16737	No target set	External (Limited)	
Energy Management	Energy purchased from grid	%	6.96	No target set	No assurance	
Energy Management	Renewable energy	%	1.42	No target set	No assurance	
Energy Management	Total self-generated energy	Million GJ	86.93	No target set	No assurance	
Energy Management	Self-generated renewable energy	Million GJ	0.88	No target set	No assurance	Added for compliance

This report was generated on the Bursa Malaysia CSI Platform on 2026-03-04_15:42:08

Page 1 of 2

BURSA MALAYSIA'S CSI PRESCRIBED TABLE

PETRONAS Chemicals Group Berhad
IFRS S2

Date & Time: 2026-03-04_15:42:08

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Footnote Sustainability Matter
Water Management	Freshwater withdrawn	'000 m3	57000	128,000 m3/month reduction by 2030 for Commodities water-stressed sites	External (Limited)	Revision of Target for clarity and revision of measurement unit from Million m3 to '000 m3 for consistency with unit used in Metrics and Targets.
Water Management	Freshwater consumed	'000 m3	35,200	No target set	No assurance	Revision of measurement unit from Million m3 to '000 m3 for consistency with unit used in Metrics and Targets.
Water Management	Freshwater withdrawn in high water stress locations	%	18	No target set	No assurance	
Water Management	Freshwater withdrawn in high water stress locations	'000 m3	10,200	No target set	No assurance	
Water Management	Freshwater consumed in high water stress locations	%	27	No target set	No assurance	Added for compliance
Transition Risk Metrics	Scope 1 emissions covered under emissions-limiting regulations (emissions basis)	%	3	No target set	No assurance	Added for compliance

This report was generated on the Bursa Malaysia CSI Platform on 2026-03-04_15:42:08

Page 2 of 2

SUSTAINABILITY PERFORMANCE TABLE

Topic	Metric	Unit	2023	2024	2025
Transition Risk Metrics	Scope 1 emissions covered under emissions-limiting regulations (emissions basis)	Percentage (%)	-	-	3
GHG Emissions	Scope 1	Million tCO ₂ e	6.40	6.69	6.61
GHG Emissions	Scope 2 (location-based)	Million tCO ₂ e	1.50	1.43	1.45
GHG Emissions	Scope 2 (market-based)	Million tCO ₂ e	1.41	1.25	1.24
GHG Emissions	Scope 1 + 2 (location-based)	Million tCO ₂ e	7.90	8.12	8.06
GHG Emissions	Scope 1 + 2 (market-based)	Million tCO ₂ e	7.80	7.93	7.85
GHG Emissions	Scope 3 - Category 1 (Purchased goods and services)	Million tCO ₂ e	9.49	10.17	9.61
GHG Emissions	Scope 3 - Category 3 (Fuel- and Energy-Related Activities)	Million tCO ₂ e	1.67	1.65	1.66
GHG Emissions	Scope 3 - Category 11 (Use of sold products)	Million tCO ₂ e	10.04	11.60	12.35
GHG Emissions	Scope 3 - Total emissions	Million tCO ₂ e	21.20	23.42	23.62
Energy Management	Total energy consumed	Million GJ	100.38	104.55	167.37
Energy Management	Energy purchased from grid	Percentage (%)	-	-	6.96
Energy Management	Renewable energy	Percentage (%)	-	-	1.42
Energy Management	Total Self-generated energy	Million GJ	-	-	86.93
Energy Management	Self-generated renewable energy	Million GJ	-	-	0.88
Water Management	Freshwater withdrawn	'000 m ³	56,500	60,400	57,000
Water Management	Freshwater consumed	'000 m ³	-	-	35,200
Water Management	Freshwater withdrawn in high water stress locations	%	-	-	18
Water Management	Freshwater withdrawn in high water stress locations	'000 m ³	10,500 ¹	10,400 ¹	10,200
Water Management	Freshwater consumed in high water stress locations	%	-	-	27
Water Management	Freshwater withdrawal intensity	m ³ /tonne	5.47	5.42	5.27
Water Management	Freshwater consumption intensity	m ³ /tonne	-	-	3.27

¹ Data covers commodity manufacturing sites with operational control

INDEPENDENT LIMITED ASSURANCE REPORT

THE BOARD OF DIRECTORS OF PETRONAS CHEMICALS GROUP BERHAD

Tower 1, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia

Independent Practitioners' Limited Assurance Report on PETRONAS Chemicals Group Berhad's (the "Company") Selected Sustainability Indicators for the financial year ended 31 December 2025 presented in the Company's Integrated Report 2025 and Sustainability Report 2025

CONCLUSION

We have performed a limited assurance engagement on whether the Company's selected sustainability indicators for the financial year ended 31 December 2025 listed below ("Selected Sustainability Indicators") have been prepared in accordance with the Company's definition and calculation methodologies as set out in the Company's Sustainability Report 2025 ("Applicable Criteria").

No.	Selected Sustainability Indicators	Amount	Boundary
1	Total Scope 1 Greenhouse Gas ("GHG") Emissions	6.61 million tCO ₂ e	1. PETRONAS Chemicals Ammonia Sdn. Bhd.
2	Total Scope 2 GHG Emissions (location-based)	1.45 million tCO ₂ e	2. PETRONAS Chemicals Aromatics Sdn. Bhd. 3. PETRONAS Chemicals Derivatives Sdn. Bhd.
3	Total Scope 2 GHG Emissions (market-based)	1.24 million tCO ₂ e	4. PETRONAS Chemicals Fertiliser Kedah Sdn. Bhd. 5. PETRONAS Chemicals Glycols Sdn. Bhd.
4	Total Energy Consumption (within the organisation)	167.37 million GJ	6. PETRONAS Chemicals LDPE Sdn. Bhd. 7. PETRONAS Chemicals Methanol Sdn. Bhd.
5	Freshwater Withdrawal	57.0 million m ³	8. PETRONAS Chemicals MTBE Sdn. Bhd.
6	Air Emissions, Nitrogen Oxides (NOx) Emissions	35.9 kilotonne	9. PETRONAS Chemicals Olefins Sdn. Bhd.
7	Air Emissions, Sulphur Oxides (SOx) Emissions	1.22 kilotonne	10. PETRONAS Chemicals Polyethylene Sdn. Bhd. 11. PETRONAS Chemicals Ethylene Sdn. Bhd. 12. PETRONAS Chemicals Fertiliser Sabah Sdn. Bhd. 13. ASEAN Bintulu Fertilizer Sdn. Bhd. 14. Perstorp Holding AB and its subsidiaries 15. Da Vinci Group B.V and its subsidiaries
8	Wastewater Discharge, Chemical Oxygen Demand	173.4 tonne	1. PETRONAS Chemicals Ammonia Sdn. Bhd. 2. PETRONAS Chemicals Aromatics Sdn. Bhd. 3. PETRONAS Chemicals Derivatives Sdn. Bhd. 4. PETRONAS Chemicals Fertiliser Kedah Sdn. Bhd. 5. PETRONAS Chemicals Glycols Sdn. Bhd. 6. PETRONAS Chemicals LDPE Sdn. Bhd. 7. PETRONAS Chemicals Methanol Sdn. Bhd. 8. PETRONAS Chemicals MTBE Sdn. Bhd. 9. PETRONAS Chemicals Olefins Sdn. Bhd. 10. PETRONAS Chemicals Polyethylene Sdn. Bhd. 11. PETRONAS Chemicals Ethylene Sdn. Bhd. 12. PETRONAS Chemicals Fertiliser Sabah Sdn. Bhd. 13. ASEAN Bintulu Fertilizer Sdn. Bhd.
9	Tier 1 Process Safety Event(s) Occurred	0	1. The Company's subsidiaries in Malaysia
10	Lost Time Frequency (LTIF) (Number of lost time injuries per million man-hours)	0.43	2. Perstorp Holding AB and its subsidiaries 3. Da Vinci Group B.V and its subsidiaries
11	Fatalities	0	

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Selected Sustainability Indicators for the financial year ended 31 December 2025 presented in the Company's Integrated Report 2025 and Sustainability Report 2025 are not prepared, in all material respects, in accordance with the Applicable Criteria. Our conclusion on the Selected Sustainability Indicators does not extend to any other information that accompanies or contains the Selected Sustainability Indicators and our report (hereafter referred to as "other information"). We have not performed any procedures with respect to the other information.

BASIS FOR CONCLUSION

We conducted our engagement in accordance with Malaysian Approved Standard on Assurance Engagements ("ISAE") 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and, in respect of GHG emissions, ISAE 3410, Assurance Engagements on Greenhouse Gas Statements. Our responsibilities under these standards are further described in the our responsibilities section of our report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our Quality Management and Independence

Our firm applies Malaysian Approved Standard on Quality Management, ISQM 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

INDEPENDENT LIMITED ASSURANCE REPORT

RESTRICTION ON DISTRIBUTION AND USE OF OUR REPORT

Our report has been prepared for the Board of Directors of the Company (the "Directors") solely in accordance with the terms of our engagement letter.

Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company for any purpose or in any context. Any party other than the Company who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, we will accept no responsibility or liability in respect of our report to any other party, other than the Company, for our work, for the assurance report we will issue, and for the conclusion we reach.

Without affecting, adding to or extending our duties and responsibilities to the Company or giving rise to any duty or responsibility being accepted or assumed by or imposed on us by any other party, we consent to the inclusion of this report in the Company's Integrated Report 2025 and Sustainability Report 2025, to assist the Directors in responding to their governance responsibilities by obtaining an independent limited assurance report on the Selected Sustainability Indicators.

Our conclusion is not modified in respect of this matter.

RESPONSIBILITIES FOR THE SELECTED SUSTAINABILITY INDICATORS

The management of the Company (the "Management") is responsible for:

- Designing, implementing and maintaining internal control relevant to the preparation of the Selected Sustainability Indicators such that they are free from material misstatement, whether due to fraud or error;
- Selecting or developing suitable criteria for preparing the Selected Sustainability Indicators and appropriately referring to or describing the criteria used, including who developed them, when not readily apparent from the engagement circumstances;
- Preparing and properly calculating the Selected Sustainability Indicators in accordance with the Applicable Criteria;
- Preventing and detecting fraud; and
- Selecting the content of the Selected Sustainability Indicators, including identifying and engaging with intended users to understand their information needs.

INHERENT LIMITATIONS

- Due to the inherent limitations of any internal control structure, it is possible that material misstatement, whether due to fraud or error, may occur and not be detected in the Selected Sustainability Indicators.
- GHG emissions quantification is unavoidably subject to significant inherent limitations, because of incomplete scientific knowledge used to determine emissions factors and limitations inherent in the nature of and methods used for determining emissions data. The selection by Management of different but acceptable emissions factors or measurement techniques could have resulted in materially different GHG emissions being reported.

OUR RESPONSIBILITIES

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the Selected Sustainability Indicators are free from material misstatement, whether due to fraud or error;
- Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- Reporting our conclusion to the Directors.

SUMMARY OF THE WORK WE PERFORMED AS THE BASIS FOR OUR CONCLUSION

We exercised professional judgement and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the Selected Sustainability Indicators that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the Selected Sustainability Indicators and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, we have performed the following procedures, amongst others:

- Enquired Management to gain an understanding of the processes established from which the Selected Sustainability Indicators are derived;
- Interviewed relevant staff responsible for preparing and presenting the Selected Sustainability Indicators in the Company's Integrated Report 2025 and Sustainability Report 2025;
- Compared the Selected Sustainability Indicators presented in the Company's Integrated Report 2025 and Sustainability Report 2025 to underlying sources on a sample basis; and
- Read the Selected Sustainability Indicators presented in the Company's Integrated Report 2025 and Sustainability Report 2025 to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Company.

We have performed the following additional procedures for GHG emissions, amongst others:

- Enquired Management to gain an understanding on the determination of the Company's inventory boundary, the method of classifying emission sources, and the Management's key judgements in estimating emissions, including selection and application of methods, significant assumptions and data; and
- Tested accuracy of activity data, emission factors and global warming potential factors to relevant underlying sources on a sample basis.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

OTHER MATTERS

- While we are engaged to provide assurance on the Selected Sustainability Indicators for the financial year ended 31 December 2025, these indicators do not represent the entire Scope 1 GHG emissions and Scope 2 GHG emissions and the Company's compliance with IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.
- The Selected Sustainability Indicators for the earlier periods presented in the Company's Integrated Report 2025 and Sustainability Report 2025 were not subject to our limited assurance engagement and, accordingly, we do not express a conclusion, or provide any assurance on such information.

Our conclusion is not modified in respect of this matter.

KPMG PLT

(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya

Date: 23 February 2026

ADDITIONAL COMPLIANCE INFORMATION

STATUS OF CORPORATE PROPOSALS

There were no new corporate proposals during the financial year.

DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

Pursuant to Paragraph 9.25A of the MAIN Market Listing Requirements, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

(a) Group Total Income and Total Assets

	Remarks	Group	
		2025 (RM)	2024 (RM)
Total Income			
Revenue		27,479,778,217	30,671,374,415
Other income		300,635,441	210,829,237
Interest/Finance income		455,488,919	1,008,990,083
Share of loss of associates		(186,731,166)	(109,408,698)
Share of profit of ventures		12,273,299	2,095,435
Total		28,061,444,710	31,783,880,473
Total Assets		57,689,730,358	59,590,626,801

(b) Business Activities

	Remarks	Group	
		2025 (RM)	2024 (RM)
Shariah Non-Compliant Activities			
Interest income	Conventional	330,822,772	351,076,141
Total		330,822,772	351,076,141

(c) Component of Financial Position

(i) Cash Component

	Remarks	Group	
		2025 (RM)	2024 (RM)
Islamic Account / Instruments			
Cash at bank	Cash with PETRONAS IFSSC*	1,283,421,496	1,733,867,824
Cash and bank balances (exclude cash in hand)		10,255,919	26,315,899
Total Cash		1,293,677,415	1,760,183,723

	Remarks	Group	
		2025 (RM)	2024 (RM)
Conventional Account / Instruments			
Cash at bank	Cash with PETRONAS IFSSC*	7,157,702,271	6,893,173,685
Cash and bank balances (exclude cash in hand)		1,169,723,658	1,277,634,939
Other cash equivalents (please specify in the remarks column)	Cash in Hand	47,653	50,563
Total Cash		8,327,473,583	8,170,859,187

* Integrated Financial Shared Services Centre (IFSSC)

ADDITIONAL COMPLIANCE INFORMATION

(ii) Debt Component

Islamic Financing	Remarks	Group	
		2025 (RM)	2024 (RM)
Current		N/A	N/A
Non-Current		N/A	N/A
Total Financing		N/A	N/A

Conventional Borrowing	Remarks	Group	
		2025 (RM)	2024 (RM)
Current			
Term loans	Secured	101,261,218	134,326,353
Term loans	Unsecured	12,939,532	155,527,166
Revolving credit and loans	Unsecured	1,345,969,513	499,153,458
Bank overdrafts	Unsecured	-	5,472,397
Non-Current			
Term loans	Secured	1,174,394,064	1,396,013,451
Term loans	Unsecured	829,468,999	740,298,234
Revolving credit and loans	Unsecured	-	283,041,080
Total Debt		3,464,033,326	3,213,832,139

GLOSSARY OF TERMS, ABBREVIATIONS AND ACRONYMS

Abbreviation	Full Term/Definition	Abbreviation	Full Term/Definition
ABC Manual	Anti-Bribery and Corruption Manual	EXW	Ex Works
ABF	ASEAN Bintulu Fertilizer	F&M	Fertilisers & Methanol
ABMS	Anti-Bribery Management System	FR	Financial Report
ADTV	Average Daily Trading Volume	FRC	Financial Reporting Control
AGM	Annual General Meeting	GAI	Generative Artificial Intelligence
AI	Artificial Intelligence	GDP	Gross Domestic Product
AI/ML	Artificial Intelligence/Machine Learning	GET	Green Electricity Tariff
APAC	Asia Pacific	GHG	Greenhouse Gas
APS	Announced Pledges Scenario	GIAS	Global Internal Audit Standards
BAC	Board Audit Committee	GRI	Global Reporting Initiative
BCM	Business Continuity Management	GWP	Global Warming Potential
BCP	Business Continuity Plan	HSE	Health, Safety and Environment
BEE	Board Effectiveness Evaluation	HSE MS	HSE Management System
BRP	Business Recovery Plan	IA	Internal Audit
BSRC	Board Sustainability and Risk Committee	IAD	Internal Audit Department
CA 2016	Companies Act 2016	ICP	Internal Carbon Pricing
CAE	Chief Audit Executive	IEA	International Energy Agency
CBAM	Carbon Border Adjustment Mechanism	IERP	Institute of Enterprise Risk Practitioners
CCUS	Carbon Capture, Utilisation and Storage	IFRS	International Financial Reporting Standards
CeIO	Certified Integrity Officer	IFSSC	Integrated Financial Shared Service Centre
CFFO	Cash Flow from Operations	IGU	Integrity Governance Unit
CM	Crisis Management	IIRF	International Integrated Reporting Framework
CMF	Crisis Management Framework	INED	Independent Non-Executive Director
CMP	Crisis Management Plan	IPPF	International Professional Practices Framework
CMT	Crisis Management Team	IR	Integrated Report
CoBE	Code of Conduct and Business Ethics	IRWC	Integrated Reporting Working Committee
COD	Commercial Operation Date	ISCC	International Sustainability & Carbon Certification
COI	Conflict of Interest	JV	Joint Venture
COSO	Committee of Sponsoring Organizations of The Treadway Commission	KIPC	Kertih Integrated Petrochemical Complex
CRM	Customer Relationship Management	KMT	Kilometric tonne
CRP	Corporate Risk Profile	KPI	Key Performance Indicator
CSI	Centralised Sustainability Intelligence	KRI	Key Risk Indicator
CSS	Customer Satisfaction Survey	LAC	Lube Oil Additives & Chemicals
D&I	Diversity and Inclusion	LAT	Loss After Tax
EBITDA	Earnings Before Interest, Taxation, Depreciation and Amortisation	LCA	Life Cycle Assessment
EESG	Environmental, Economic, Social and Governance	LGPC	LG PETRONAS Chemicals Malaysia Sdn. Bhd.
EIA	Environmental Impact Assessment	LNG	Liquefied Natural Gas
EMEA	Europe, the Middle East, and Africa	LOA	Limits of Authority
ETS	Emissions Trading System	LOPC	Loss of Primary Containment
EO	Enterprise Optimisation	LTI	Lost Time Injury
ERM	Enterprise Risk Management	LTIF	Lost Time Injury Frequency
EVP	Employee Value Proposition	M&A	Merger & Acquisition
		MA_n	Maleic Anhydride
		MASB	Malaysian Accounting Standards Board

GLOSSARY OF TERMS, ABBREVIATIONS AND ACRONYMS

Abbreviation	Full Term/Definition
MCCG	Malaysian Code on Corporate Governance
MD/CEO	Managing Director/Chief Executive Officer
MFRS	Malaysian Financial Reporting Standards
MIA	Malaysian Institute of Accountants
MMLR	Main Market Listing Requirements
NDC	Nationally Determined Contribution
NINED	Non-Independent Non-Executive Director
NOx	Nitrogen Oxides
NPS	Net Promoter Score
NRC	Nomination and Remuneration Committee
NSRF	National Sustainability Reporting Framework
NZCE	Net Zero Carbon Emissions
O&D	Olefins & Derivatives
OEE	Overall Equipment Effectiveness
OEMS	Operational Excellence Management Systems
OFR	Order Fulfilment Reliability
OPUs	Operating Units
OS	Overseas Subsidiary
OT	Operational Technology
PAT	Profit After Tax
PATC	PETRONAS Application Technology Centre
PBE	PETRONAS Board Excellence
PC Aromatic	PETRONAS Chemicals Aromatics
PC Derivatives	PETRONAS Chemicals Derivatives
PC Ethylene	PETRONAS Chemicals Ethylene
PC Fertiliser Kedah	PETRONAS Chemicals Fertiliser Kedah
PC Fertiliser Sabah	PETRONAS Chemicals Fertiliser Sabah
PC Glycols	PETRONAS Chemicals Glycols
PC Methanol	PETRONAS Chemicals Methanol
PC MTBE	PETRONAS Chemicals MTBE
PC Olefins	PETRONAS Chemicals Olefins
PC Polyethylene	PETRONAS Chemicals Polyethylene
PCF	Product Carbon Footprint
PCG	PETRONAS Chemicals Group Berhad
PCML	PETRONAS Chemicals Marketing (Labuan) Ltd.
PDB	PETRONAS Dagangan Berhad
PGB	PETRONAS Gas Berhad
PIMS	PETRONAS Integrity Management System
PMI	Purchasing Managers' Index
PPC	Pengerang Petrochemical Company Sdn. Bhd.
PPWR	Packaging and Packaging Waste Regulation
PR	Plant Reliability

Abbreviation	Full Term/Definition
PRA	Project Risk Assessment
PU	Plant Utilisation
PUD	Polyurethane Dispersion
QAIP	Quality Assurance and Improvement Programme
R&D	Research & Development
RAMBO	Reliability, Availability and Maintenance Boost Optimisation
RECs	Renewable Energy Certificates
RFSU	Ready For Start-Up
RM	Ringgit Malaysia
RMD	Risk Management Department
RPT	Related Party Transaction
RRPT	Recurrent Related Party Transaction
RSPO	Roundtable on Sustainable Palm Oil
RTM	Route-to-Market
SC	Specialty Chemicals
SDGs	Sustainable Development Goals
SDSC	Sustainable Development Steering Committee
SEA	Southeast Asia
SID	Senior Independent Director
SIT	System Integration Testing
SME	Subject Matter Expert
SOx	Sulphur Oxides
SPV	Strategic Planning and Ventures
SR	Sustainability Report
SRMC	Sustainability and Risk Management Committee
SSI	Selected Sustainability Indicator
SSP	Shared Socio-economic Pathway
STEPS	Stated Policies Scenarios
SVAR	Serious Vehicle Accident Rate
T.R.U.S.T.	Top level commitment, Risk assessment, Undertake control measures, Systematic review, monitoring and enforcement and Training & communication
TA	Turnaround
TC	Time Charter
TGU	Technical Grade Urea
TOR	Terms of Reference
TPA	Tonne per annum
VOC	Volatile Organic Compounds
WEO	World Economic Outlook
YA	Year of Assessment

PROXY FORM

PETRONAS CHEMICALS GROUP BERHAD
COMPANY NO: 199801003704 (459830-K)
(INCORPORATED IN MALAYSIA)
FOR THE 28TH ANNUAL GENERAL MEETING



PETRONAS

Number of Ordinary Shares Held

CDS Account Number

I/We _____ NRIC/Passport No./Company No.: _____
(Full Name In Block Letters)

of _____ Telephone No.: _____
(Full Address)

Email address: _____ being a member of PETRONAS Chemicals Group Berhad (the Company)

hereby appoint:

Full Name (in Block Letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%

Address _____

Telephone No. _____ Email address _____

and/or (delete as appropriate)

Full Name (in Block Letters)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%

Address _____

Telephone No. _____ Email address _____

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 28th Annual General Meeting of the Company will be held at the Exhibition Hall 1, Ground Floor, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia ("Meeting Venue") and will be broadcasted live from the Meeting Venue on Wednesday, 22 April 2026 at 10.00 a.m. and at any adjournment thereof and vote as indicated below:

Resolution	Ordinary Business	For	Against
1	Re-election of Yeoh Siew Ming as a Director of the Company		
2	Re-election of Mazuin Ismail as a Director of the Company		
3	Re-election of Luciano Tarcisio Poli as a Director of the Company		
4	Directors' fees and allowances payable to the Non-Executive Directors of up to an amount of RM3 million with effect from 23 April 2026 until the next AGM of the Company		
5	Re-appointment of KPMG PLT as Auditors of the Company		

Note: Please refer to the Notice of 28th Annual General Meeting for full details of the proposed Resolutions.

(Please indicate with an "X" in the spaces provided whether you wish your vote to be cast for or against the Resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit).

Dated this _____ day of _____

Signature/Common Seal of Shareholder(s)

Note:

- The 28th AGM of the Company will be held on a hybrid mode whereby Member(s), proxy(ies), corporate representative(s) or attorney(s) will have an option, either:
 - to attend physically in person at the Meeting Venue ("Physical Attendance"), or
 - to attend virtually using the Remote Participation and Electronic Voting (RPEV) facilities which are available on the Boardroom Smart Investor Portal ("BSIP") platform at <http://investor.boardroomlimited.com> to be provided by Boardroom Share Registrars Sdn. Bhd. ("Boardroom"), the appointed Poll Administrator for this AGM ("Virtual Attendance").Please refer to the Administrative Guide for the full guide to Physical Attendance and Virtual Attendance at the 28th AGM of the Company.
- A member who is entitled to attend, participate, speak and vote in this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
- A member of the Company who is entitled to participate at the meeting may appoint not more than two proxies to participate on his/her behalf provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. There shall be no restriction as to the qualification of the proxy.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities accounts.
- Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for the multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
- Where a member or the authorised nominee appoints two proxies, or where an Exempt Authorised Nominee appoints two or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- The proxy form(s) and/or documents relating to the appointment of a proxy shall be deposited or submitted in the following manner not less than 48 hours before the time appointed for holding the AGM or adjourned general meeting in accordance with the Company's Constitution:
 - In hard copy form:
 - Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul EhsanOR
 - By electronic means
The proxy form can be electronically lodged with Boardroom through Boardroom Smart Investor Portal (BSIP) at <https://investor.boardroomlimited.com> or by sending it via email to bsr.proxy@boardroomlimited.com. Kindly refer to the Administrative Guide for the AGM on the procedures for electronic lodgement of proxy form via BSIP.
- Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
- Last date and time for lodging the proxy form is on Monday, 20 April 2026 at 10.00 a.m.
- Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with Boardroom at the address stated under item (7)(a)(i) not less than 48 hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative with Boardroom at the address stated under item (7)(a)(i). The certificate of appointment of authorised representative should be executed in the following manner:
 - If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by at least two authorised officers, of whom one shall be a director, or any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
- By submitting the duly executed Proxy Form, the member and his/ her proxy(ies) consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of the 28th AGM or any adjournment thereof.

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia) all resolutions set out in the Notice of 28th AGM will be put to vote on a poll.

Please fold here



Boardroom Share Registrars Sdn. Bhd.

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Please fold here



PCG's Integrated Report 2025 has been developed in line with our theme, **Resilience. Leveraging Strengths.** We considered the environmental impact of every decision, from responsible material selection to efficient production and purposeful design, to minimise our footprint while maintaining clarity and quality for stakeholders.



PETRONAS

**PETRONAS Chemicals Group Berhad
Tower 1, PETRONAS Twin Towers
Kuala Lumpur City Centre
50088, Kuala Lumpur, Malaysia**

Tel : +603 2051 5000

