

CORPORATE GOVERNANCE REPORT

STOCK CODE : 5183
COMPANY NAME : PETRONAS CHEMICALS GROUP BERHAD
FINANCIAL YEAR : December 31, 2023

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board of PETRONAS Chemicals Group Berhad ("PCG" or the "Company") is committed to high standards of corporate governance and strives to ensure that it is practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and raise the performance of the Group.</p> <p>The duties, powers and functions of the Board are governed by the Constitution of the Company, the Companies Act 2016 (CA 2016), the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities) and other regulatory guidelines and requirements that are in force.</p> <p>In discharging its duties and roles effectively, the Board is also guided by the Board Charter, which sets out the principles and guidelines that are to be applied by the Board, whilst the Board Committees are guided by its respective Terms of Reference (TOR). The Board Charter and the TOR for each Board Committee are available on the Company's corporate website at https://www.petronas.com/pcg/about-us/governance.</p> <p>The Board is entrusted with the responsibility to promote the success of the Group by directing and supervising the Group's affairs. To discharge the Board's stewardship responsibilities, the Board has assumed the following principal roles and responsibilities:</p> <ul style="list-style-type: none">• To review, approve and monitor the strategic business plans, goals and key policies proposed by the Management to ensure sustainability and optimisation of long-term returns.• To ensure that appropriate policies are in place, adopted effectively and are regularly reviewed.• To review and approve financial statements.

- To review and manage principal risks and adequacy of the Company's internal control systems including systems for compliance with applicable laws, regulations, rules, and guidelines.
- To ensure that there is an appropriate succession plan for members of the Board and the Senior Management in ensuring the appointment of the right leaders.
- To be accountable to its shareholders and stakeholders whom may be affected by the Company's decision such as employees, suppliers, customers, the local community and the state/country where the Company is operating.
- The Board (together with the Management) takes responsibility for the governance of sustainability in the Company, including setting the Company's sustainability strategies, priorities, and target.

The Board is collectively responsible in promoting the success of the Group in building an enduring and profitable business admired by customers and stakeholders whilst achieving strong returns for the valuable shareholders.

The Company has adopted the PETRONAS Code of Conduct and Business Ethics (PETRONAS CoBE) that seeks to ensure that the Company's/or Group's Directors, employees and third parties which perform works or services for the Company and/or Group will act ethically and remain above board at all times, and that their individual behaviour is in line with PETRONAS' Shared Values i.e., Loyalty, Professionalism, Integrity and Cohesiveness. PETRONAS CoBE also includes appropriate communication and feedback channels which facilitate whistleblowing.

The Board acknowledges the importance of the following:

- maintaining a sound system of internal control and a robust risk management practice for good corporate governance with the objective of safeguarding the shareholder's investment and the Group's assets. For this purpose, the Board has adopted a Risk Governance Framework and Risk Management Policy.
- the need to safeguard and minimise the impact to the environment in the course of achieving the Company's objectives. The Board's agenda reflects the commitment to economic support for longer term sustainability with a focus on the positive impact on the environment, community and society.
- the need for effective Investor Relations and Communications with shareholders and to provide them with all relevant information affecting the Company, which

	can be accessed at the Company's corporate website at www.petronaschemicals.com .	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	: Applied
Explanation on application of the practice	<p>The roles and responsibilities of the Chairman of the Board have been clearly specified in the Company Board Charter, which is available on the Company's corporate website at https://www.petronas.com/pcq/about-us/governance.</p> <p>The Chairman of the Board is a Non-Independent Non-Executive Director who is primarily responsible for the orderly conduct and function of the Board and ensures its effectiveness on all aspects of its roles.</p> <p>The Chairman of the Board shall also act as Chairman at general meetings.</p> <p>The role of the Chairman is summarised as follows:</p> <ul style="list-style-type: none">• Leading the Board in setting the values and ethical standards of the Company.• Chairing the Board meetings and stimulating debates on issues and encouraging positive contributions from each Director.• Consulting with the Company Secretary in setting the agenda for board meetings and ensuring that all relevant issues are on the meetings' agendas.• Maintaining a relationship of trust with and between the Managing Director/Chief Executive Officer (MD/CEO) and Non-Executive Directors.• Ensuring the provision of accurate, timely and clear information to Directors.• Ensuring effective communication with shareholders and relevant stakeholders.• Conducting evaluation of performance of Board Members, its Committees and individual Directors, including assessment of the independence of Independent Non-Executive Directors.

	<ul style="list-style-type: none"> • Ensuring that all Directors are properly briefed on issues arising at Board meetings and there is sufficient time allowed for discussion on complex or contentious issues and where appropriate, arranging for informal meetings beforehand to enable thorough preparations. • Allowing every Board resolution to be voted on and ensuring the will of the majority prevails. • Casting his votes in accordance with the prescribed PCG's Constitution. • Ensuring that all Board members, upon taking up their office, are fully briefed on the terms of their appointment, time commitment, duties and responsibilities, and the business of PCG. • Acting as liaison between the Board and Management, and between the Board and the MD/CEO.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>The distinct and separate roles and responsibilities of the Chairman and MD/CEO are provided in the Board Charter, which is available on the Company's corporate website at https://www.petronas.com/pcg/about-us/governance.</p> <p>The Board practices a clear demarcation of duties and responsibilities between the Chairman and MD/CEO to ensure a balance of power and authority in the Board. The positions of Chairman and MD/CEO are held by two different individuals. The Chairman of the Company is Datuk Ir. (Dr.) Abdul Rahim Hashim, who is a Non-Independent Non-Executive Director whilst the CEO of the Company who is also the Managing Director is Mazuin Ismail. Mazuin Ismail was appointed on 1 January 2024 in place of Ir. Mohd Yusri Mohamed Yusof due to Top Management mobility within PETRONAS.</p> <p>The Chairman is primarily responsible for the stewardship and smooth functioning of the Board, whilst the MD/CEO is responsible for the overall operations of the business, organisational effectiveness and the implementation of the Group's strategies and policies. Given the Company's synergetic business operational integration with Petroliaam Nasional Berhad (PETRONAS), it is in the best interest of the Company that the Chairman is a Non-Independent Non-Executive Director.</p> <p>The MD/CEO also manages the respective responsibilities of the divisions and departments in the Company, and he is assisted in the management of the business by the Senior Management. The Senior Management ensures that effective systems, controls and resources are in place to execute business strategies and decisions taken by the MD/CEO and/or the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>			
Application	:	Applied	
Explanation on application of the practice	:	<p>The Chairman of the Board, Datuk Ir. (Dr) Abdul Rahim Hashim, who is a Non-Independent Non-Executive Director, is neither a member of any of the Board Committees nor participate in any of the Board Committees' meetings.</p> <p>The Board Committees' TOR and Board Succession Planning Framework and selection criteria stipulate clearly that the Board Chairman shall not be appointed as a member of any Board Committees.</p> <p>The profile of Datuk Ir. (Dr) Abdul Rahim Hashim is available on page 72 of the PCG Integrated Report 2023 (PCG IR 2023) and the Company's corporate website at https://www.petronas.com/pcg/about-us/board-members.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is supported by two company secretaries, Azira Marini Ab Rahim and Mek Yam @ Mariam Hassan, who are qualified under Section 235 of the CA 2016. Their profiles are available on page 77 of the PCG Integrated Report 2023 (PCG IR 2023) and the Company's corporate website at https://www.petronas.com/pcg/about-us/board-members.</p> <p>Both act as advisors to the Board, particularly with regard to the corporate governance, Company's Constitution, policies and procedures and its compliance with regulatory requirements, codes, guidelines and legislations. Each Director is able to communicate directly with the Company Secretaries on all matters relating to the functioning of the Board.</p> <p>The Company Secretaries ensure that discussions and deliberations at the Board and Board Committee meetings are well documented and subsequently to ensure action items remain as matters arising in the minutes of meetings until they are resolved and completed.</p> <p>The Company Secretaries in keeping abreast with the evolving regulatory changes and developments in corporate governance and other relevant laws/regulations have attended various training during financial year 2023. The list of trainings attended by the Company Secretaries is available on page 89 of the PCG IR 2023.</p> <p>In this regard, both the Company Secretaries are qualified and competent in their roles. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in discharging their functions.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board meets at least quarterly with additional meetings convened as and when necessary. The Board, Board Committees and General meetings for the year under review were scheduled in advance to facilitate the Directors in planning ahead and incorporating the said meetings into their respective schedules.</p> <p>The Notice of the Board and Board Committees meetings are sent to the Directors via email at least seven days prior to the respective meeting. The agenda and Board papers encompassing comprehensive qualitative and quantitative information which include objectives, background, critical issues, implications, risks, strategic fit, recommendations and other pertinent information are circulated to the Directors to enable an informed decision making by the Board.</p> <p>The Board papers are circulated to all Directors not less than five business days prior to each Board meeting. This enables the Directors to have sufficient time to peruse the Board papers and seek clarifications or further details from the Management or the Company Secretary before each meeting. Any Director may request matters to be included in the agenda. While all decision papers must be included in the agenda of the meeting, urgent matters may be presented and tabled at meetings under the item "Any Other Business".</p> <p>Presentations and briefings by the Management and relevant external consultants, where applicable, are also held at Board meetings to advise the Board. In this regard, relevant information is furnished, and clarifications are given to assist the Board in making a decision. At the end of each presentation, the Management is required to back brief on the Board's decisions/recommendations and the appropriate actions to be taken. This is to manage any ambiguity and ensure understanding on matters. The Company Secretary will also follow up with the Management on status of actions taken with reference to the previous minutes of meetings for updating the Board. Action items would stay as matters arising in the minutes of meetings until resolved to be closed.</p>

	<p>Access to Board papers is carried out online through a collaborative software which allows the Directors to securely access, to read and review Board documents and collaborate with other Directors and the Company Secretary electronically.</p> <p>All proceedings of Board and Board Committees meetings are duly recorded in minutes of each meeting and the signed minutes of each meeting are properly kept by the Company Secretary. Minutes of the meetings are tabled for confirmation at the next meeting whilst the minutes of the Board Committees are presented to the Board for notation.</p>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company’s website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has a Board Charter and TOR for its Board Committees, which are reviewed and updated periodically to reflect relevant changes to the policies, procedures, and processes as well as amendments to rules and regulations to ensure the documents remain relevant and consistent with the applicable rules and regulations and recommended best practices.</p> <p>The Board Charter and the Board Committees’ TOR clearly identify:</p> <ul style="list-style-type: none"> • the respective roles and responsibilities of the board, board committees, individual directors, and management. • matters reserved for the board. <p>The Board Charter and the Committees’ TOR are accessible from the Company’s corporate website at https://www.petronas.com/pcg/about-us/governance.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The PCG Group adopts and practices PETRONAS CoBE. The CoBE, which is accessible to the public for reference on the Company's corporate website at https://www.petronas.com/pcg/about-us/governance, places significant importance in upholding the principle of discipline, good conduct, professionalism, loyalty, integrity and cohesiveness that are critical to the success and wellbeing of the Group.</p> <p>The CoBE detailed out policy statements on the standards of behaviour and ethical conduct expected of each individual to whom the CoBE applies. The Group also expects that contractors, sub-contractors, consultants, agents and representatives and others performing work or services for or on behalf of the Group to comply with the relevant parts of the CoBE when performing such work or services. The CoBE expressly prohibits improper solicitation, bribery, insider trading, money laundering and other corrupt activity not only by employees and directors but also by third parties performing work or services for or on behalf of companies in the PETRONAS Group.</p> <p>In compliance with the CoBE, the Company adopts the PETRONAS Anti-Bribery and Corruption (ABC) Manual which governs the prevention of corruption and unethical practices within the Group. The ABC Manual sets forth the policy statement and guidelines on how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>PCG Group has adopted the PETRONAS Whistleblowing Policy (WBP) which provides an avenue for the Group's employees and members of the public to disclose any improper conduct committed or about to be committed in accordance with the procedures as provided under the policy. The WBP is accessible to the public for reference on the Company's corporate website at https://www.petronas.com/pcg/about-us/governance.</p> <p>The WBP is designed to assure staff and members of the public that any disclosures made are secure and dealt with confidentially, where the Company's accessible whistleblowing channels are operated with the highest standards of integrity and accountability. The WBP provides clarity on the oversight and responsibilities of the whistleblowing process, the reporting process, protection to whistleblowers and the confidentiality afforded to whistleblowers globally.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company’s sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board together with Management takes responsibility for the governance of sustainability in the Company, including setting the Company’s sustainability strategies, priorities, and targets. Performance against these clearly set out targets are communicated to the Company’s internal and external stakeholders.</p> <p>In line with the recommendation of the MCCG, the Board takes into consideration the Company’s performance in managing material sustainability risks and opportunities when determining the appropriate level of remuneration for Directors and Senior Management.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied	
Explanation on application of the practice	:	<p>As a Group, the well-being of customers, employees, and other stakeholders as well as the environment is crucial to sustaining the Group’s long-term performance. The Board factors in these sustainability considerations and ensures that the Company’s strategies, priorities and targets are communicated to internal and external stakeholders. As such the Company incorporates Economic, Environment, Social and Governance (EESG) risks and opportunities into the business decisions given their heightened materiality in decision-making considerations of stakeholders. The Group considers the integration of EESG factors as a component of the Board’s fiduciary responsibility.</p> <p>The comprehensive description of PCG’s sustainability agenda is available in its standalone Sustainability Report which can be found on the PCG’s corporate website at www.petronas.com/pcg.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's sustainability agenda aims to improve its resilience to disruptions, adaptability to risks and opportunities as well as upholding recognised integrity standards through the pillars of EESG. The Company views sustainability as an ongoing and rewarding journey which the Company is committed to continuously engage in and undertake.</p> <p>The Board has delegated the oversight of sustainability to the Board Sustainability and Risk Committee (BSRC), who conducts quarterly reviews of the Group's sustainability performance. The Chairman of the BSRC would subsequently, update the Board on the Group's sustainability performance at the Board meeting.</p> <p>The Board Selection Criteria reflects the requirement for the Directors to keep abreast with the sustainability. The Directors are also required to attend at least one sustainability related training, yearly.</p> <p>During the year under review, the Directors have attended and participated in programmes, conferences and forums that covered the areas of sustainability.</p> <p>During the year under review, the Board had also considered/discussed among others, the following:</p> <ul style="list-style-type: none">(i) PETRONAS Sustainability Strategy(ii) PCG Sustainability Journey(iii) PCG NZCE 2050(iv) PCG Sustainability Narrative(v) Corporate Sustainability(vi) Pursuing Nature Action(vii) Social Impact

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board and the Senior Management have performed their respective roles in addressing material sustainability risks and opportunities.</p> <p>The Board was assessed via its annual Board Effectiveness Evaluation (BEE) for the assessment year 2023 on their performance in addressing Company’s material sustainability risks and opportunities.</p> <p>Whereas for the Senior Management team, it is embedded as part of their Key Performance Indicators which are reviewed annually.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Head of Sustainability (Strategy & Governance) has been identified as the designated person to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Group.</p> <p>The personnel also leads the Sustainable Development Working Committee (SDWC) in formulating sustainability strategy and monitor objectives and action plans on relevant key sustainability matters of the Company and to guide the Company in meeting the economic, environmental and social sustainability.</p>

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director’s performance and contribution to the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is supported by the Nomination and Remuneration Committee (NRC) to conduct annual reviews of the Board Succession Plan i.e., the composition, tenure, skills and experience matrix of the Board annually, in line with the Company’s Board Succession Planning Framework.</p> <p>The NRC assessed the performance of the Directors standing for re-election at the Company 26th Annual General Meeting (AGM) via the BEE 2023. Amongst others, the NRC assessed the Directors’ competencies, commitment, contribution, performance, independence, fit and properness and their ability to act in the best interest of the Company as a whole.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>The Board also acknowledges Practice 5.2 of MCCG, requiring a majority of independent directors in large companies. In absence of having majority independent directors, the Board employs the following measures to provide independent judgement and views during Board deliberations:</p> <ul style="list-style-type: none"> (i) The SID acts as a sounding board to the Chairman and serves as an intermediary for the INEDs when necessary. (ii) All Board Committees are chaired by INED. (iii) All Board Committees comprised solely of INEDs, except for the NRC. (iv) The BAC reviews all RPTs adhering to PCG's Guidelines and Procedures prior to Board meetings. During Board meetings, any Directors having an interest, shall abstain from deliberation and voting for all RPTs. This protocol is essential to maintain transparency and to safeguard the interests of minority shareholders. <p>None of the Company's INEDs have exceeded a tenure of more than nine (9) years on the Board, ensuring continual fresh perspectives.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Company does not have an alternative plan yet to meet the intended outcome	
Timeframe	:	Others	Not applicable

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - Step Up 5.4 adopted	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
Application	: Adopted
Explanation on adoption of the practice	: <p>In line with the exemplary practice as recommended by the MCCG, the Company has adopted a policy to limit the tenure of the INEDs at nine years with no avenue for further extension as an INED.</p> <p>The appointment of an INED is for a three-year term and renewable for another two terms subject to review and endorsement by the NRC. The renewal of the INED is contingent upon satisfactory result of the individual director's performance during the BEE.</p> <p>Currently, none of the INEDs have served the Board for more than nine years.</p>

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	:	Applied
Explanation on application of the practice	:	<p><u>Board</u></p> <p>The Company practices a formal and transparent procedure for the appointment of new directors. The nomination of Non-Independent Non-Executive Directors (NINEDs) to the Board is made by PETRONAS being the majority shareholder of the Company. The nomination of INEDs to the Board is made through the engagement of a professional recruitment firm or recommendation of the NRC or Board members.</p> <p>In its selection of suitable candidates, the NRC refers to the Board selection criteria. All nominees to the Board are first considered by the NRC, taking into consideration the mix of skills, competencies, experience, integrity, personal attributes, fit and properness and time commitment required to effectively fulfil his or her role as a director. Diversity in terms of age, gender and ethnicity is also considered during the selection process.</p> <p>None of the Board members of the Company is persons linked directly with the executive powers such as heads of state, heads of government and ministers and none of the Board members is an active politician. An active politician as defined in the MCCG is a person is considered politically active if he is a Member of Parliament, State Assemblyman or holds a position at the Supreme Council, or division level in a political party.</p> <p><u>Senior Management</u></p> <p>The Senior Management are employees of PETRONAS, who are seconded to the Company, based on their relevant skills and experience.</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied	
Explanation on application of the practice	:	<p>Pursuant to the NRC TOR, the NRC has the authority to obtain the services of professional recruitment firms to source for candidates for directorship or seek independent advice whenever necessary. There is a formal and transparent procedure for the selection, nomination and appointment of suitable candidates to the Board.</p> <p>During the year under review, the Company had engaged a professional recruitment firm to assist in sourcing for suitable and qualified candidates in accordance with the approved Board selection criteria and in line with the Company's strategic direction, for the appointment of INED following the retirement of Datuk Toh Ah Wah. The selection process was robust and objective where candidates were screened to ensure they possess the right character, experience, integrity, personal attributes, fit and properness and time to effectively discharge their role as a director. At this juncture, the current composition of the Board shall be maintained.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Applied
Explanation on application of the practice	:	<p>Through the BEE 2023, the NRC had assessed the Directors' eligibility for re-election and appointment by considering their competencies, commitment, contribution, and their ability to act in the best interest of the Company.</p> <p>The Board at its meeting held on 26 February 2024 endorsed the recommendation of the NRC for the following Directors to be considered for re-election pursuant to the following relevant Articles of PCG's Constitution at its forthcoming 26th AGM.</p> <p><u>Article 100</u></p> <p>(i) Mazuin Ismail</p> <p><u>Article 107</u></p> <p>(i) Warren William Wilder (ii) Dr. Zafar Abdulmajid Momin (iii) Datuk Sazali Hamzah</p> <p>They have also consented to be re-elected and have declared as follows:</p> <p>(a) No family relationship with any Director/Major Shareholder. (b) No conflict of interests or potential conflict of interest, including interest in any competing business with PCG or its subsidiaries. (c) No conviction of offences within the past 5 years other than traffic offences, if any. (d) Does not hold more than five directorships in listed issuers.</p> <p>The detail information of the above Directors' profiles and interests are available on pages 72 to 77 of the PCG IR 2023.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	<p>The NRC is chaired by Dr. Zafar Abdulmajid Momin, an Independent Non-Executive Director with effect from 12 June 2023 in place of Datuk Toh Ah Wah, who retired as a Director of the Company.</p> <p>The profile of Dr. Zafar Abdulmajid Momin is available on page 74 of the PCG IR 2023 and the Company's corporate website at https://www.petronas.com/pcg/about-us/board-members.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	As at 31 December 2023, the number of women directors on the Board is three, representing 37.5% of the total number of Directors of eight. The women composition on the Board is align with the MCCG's recommendation.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is committed to ensure that its composition not only reflects the diversity as recommended by the MCCG, as best as it can, it will also have the right mix of skills and balance to contribute to the achievement of the Company's goals.</p> <p>To ensure that there is a healthy talent pipeline, the Board Diversity Policy also includes policies on the participation of women in decision-making within the Company.</p> <p>The Board Diversity Policy is available on the Company's corporate website at https://www.petronas.com/pcg/about-us/governance</p> <p>The Company has adopted PETRONAS Diversity and Inclusion Statement ("D&I Statement") that focuses on the four key areas of gender, multinational, culture, and age and hence, the diversity of Senior Management is covered by the D&I Statement.</p> <p>In respect of Senior Management, as employees of the Company are seconded from PETRONAS, the diversity of Senior Management is based on adoption of PETRONAS Diversity and Inclusion Statement and implementation of D&I framework for PCG.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees, and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Company conducts its BEE exercise on an annual basis. BEE comprises a Board Evaluation, a Board Committee Evaluation and Directors’ Self and Peer Assessment (as well as assessment of the Chairman and MD/CEO). The assessment methodology and its outcome are also reported in the annual report.</p> <p>The Board engages an independent consultant at least every three years to facilitate objective and candid Board evaluations. The last assessment carried out by the independent consultant was in 2021.</p> <p>For FYE2023, the BEE was conducted internally and facilitated by the Company Secretary through an electronic platform. The results of the BEE were presented to the Board on 26 February 2024. The Board, through the NRC reviewed the outcome of the BEE 2023 and noted the findings and areas that require further improvements.</p> <p>The 2023 BEE indicated that the Board is committed to the highest standards of good governance and continues to be seen as an excellent Board with strong support from the Management. Key take-aways included the need to focus on Board composition, stakeholder engagement, succession planning, governance capability and sustainability by the Group.</p> <p>The 2023 BEE revealed that the current composition of the Board is well-balanced, high performing, effective and equipped with the relevant skills and areas of expertise to navigate PCG especially in its growth strategy and sustainability journey.</p>
Explanation for departure	:

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors, and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p><u>Directors' Remuneration Framework</u></p> <p>The Director's Remuneration Framework is accessible on the Company's corporate website at https://www.petronas.com/pcg/about-us/governance</p> <p><u>Senior Management Remuneration Framework</u></p> <p>Employees of the Company are seconded from PETRONAS. Their remuneration is aligned to the PETRONAS' Human Resources policies and strategies. The Board ensures that only selected personnel with strong leadership quality and vast experiences are appointed to Senior Management positions of the Company.</p> <p>Their remuneration is based on the prevailing PETRONAS' Remuneration Philosophy and Guiding Principles, which can be found on the Company's corporate website at https://www.petronas.com/pcg/about-us/governance</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The Board has a Nomination and Remuneration Committee which comprises a majority of INED. The duties and responsibilities of the NRC in relation to remuneration of the Board and senior management are clearly defined in its TOR, which is accessible on the Company's corporate website at https://www.petronas.com/pcg/about-us/governance
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has established a Directors' Remuneration Framework which sets out retainer fees, special fees, meeting allowances and benefits in-kind.</p> <p>The remuneration breakdown of individual directors which includes the fees, salary, bonus, benefits in-kind and other emoluments for the financial year ended 31 December 2023 is enumerated in Table 1 attached hereto.</p> <p>The Director's fees and meeting allowances for NINEDs, who are employees of PETRONAS, are paid directly to PETRONAS. The fees and allowances for NEDs will remain until further review by the Board and are subject to the approval of the shareholders of PCG. The Company also reimburses all expenses incurred by the Directors, where relevant, in the course of carrying out their duties as Directors.</p>

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Datuk Ir (Dr) Abdul Rahim Hashim	Non-Executive Non-Independent Director	288	52.5	0	0	6	0	346.5	288	52.5	0	0	6	0	346.5
2	Ir. Mohd Yusri Mohamed Yusof	Executive Director	0	0	0	0	0	0	1,915.98	0	0	0	0	0	0	1,915.98
3	Yeoh Siew Ming	Independent Director	144	115.5	0	0	6	0	265.5	144	115.5	0	0	6	0	265.5
4	Warren William Wilder	Independent Director	144	189	0	0	0	0	333	144	189	0	0	0	0	333
5	Dr Zafar Abdulmajid Momin	Independent Director	144	115.5	0	0	6	0	265.5	144	115.5	0	0	6	0	265.5
6	Datin Seri Sunita Mei-Lin Rajakumar	Independent Director	144	94.5	0	0	6	0	244.5	144	94.5	0	0	6	0	244.5
7	Datuk Sazali Hamzah	Non-Executive Non-Independent Director	144	49	0	0	0	0	193	144	49	0	0	0	0	193
8	Farehana Hanapiah	Non-Executive Non-Independent Director	144	70	0	0	0	0	214	144	70	0	0	0	0	214
3	Datuk Toh Ah Wah	Independent Director	65	52.5	0	0	6	0	123.3	65	52.5	0	0	6	0	123.3

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The components of the remuneration of Senior Management, which include their salary, bonus, benefits in-kind and other emoluments are subject to the Personal Data Protection Act (PDPA) 2010 and PETRONAS Group including its listed companies opt not to disclose the personal data of their Senior Management personnel to the public at large.</p> <p>Alternative Practice:</p> <p>As at 31 December 2023, the Company has identified its Top 5 Senior Management as follows, however, their remuneration will not be disclosed:</p> <ul style="list-style-type: none">(i) Ir. Mohd Yusri Mohamed Yusof (MD/CEO)(ii) Shakeel Ahmad Khan (Chief Commercial Officer)(iii) Mohd Azli Ishak (Chief Financial Officer)(iv) Zamri Japar (Chief Manufacturing Officer)(v) Ir. Yaacob Salim (Head of Strategic Planning and Ventures) <p>The Senior Management of the Company are seconded from PETRONAS where their remuneration package has been benchmarked with the industry and is in line with the industry practice. In addition, their annual increments and bonus pay-outs are based on performance.</p> <p>Ir. Mohd Yusri Mohamed Yusof, the MD/CEO of the Company is not entitled to receive directors' fee or meeting allowances. During the year, he was remunerated an amount of RM1,915,980 as MD/CEO of PCG.</p>

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure	:	The Company does not have an alternative plan to meet the intended outcome.	
Timeframe	:	Others	Not available

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.				
2	Input info here	Input info here	Choose an item.	Choose an item.				
3	Input info here	Input info here	Choose an item.	Choose an item.				
4	Input info here	Input info here	Choose an item.	Choose an item.				
5	Input info here	Input info here	Choose an item.	Choose an item.				

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here						
2	Input info here	Input info here						
3	Input info here	Input info here						
4	Input info here	Input info here						
5	Input info here	Input info here						

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Chairman of the Board Audit Committee (BAC) is Yeoh Siew Ming, a SINED and is not the Chairman of the Board. This ensures that the Board is able to objectively review the audit and risk findings and recommendations.</p> <p>The BAC TOR stipulates that the Chairman of the Board cannot be a member of the BAC.</p> <p>The profile of Yeoh Siew Ming is available on page 73 of the PCG IR 2023.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied
Explanation on application of the practice	:	<p>The BAC has a policy that requires a former partner of the external audit firm (and its affiliates) to observe a cooling-off period of three years before being appointed as a member of the BAC.</p> <p>The policy is stated in the BAC TOR and is available on the Company's corporate website at https://www.petronas.com/pcg/about-us/governance</p> <p>Currently, none of the BAC members are the former key audit partner of the Company's external auditor within the last three years.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied	
Explanation on application of the practice	:	<p>Under its TOR, the BAC is responsible for assessing the capabilities and independence of the external auditor and to make subsequent recommendations to the Board on the appointment, re-appointment or termination of the external auditor.</p> <p>In line with the adopted PETRONAS Framework on External Auditors, PCG conducts the annual assessment of external auditors on the performance, sustainability and independence of the external auditors. The result of the assessment was deliberated at the BAC meeting together with the updates on the auditors' litigation case and the non-assurance service provided by them to ensure there is no impairment on their independence.</p> <p>In addition, the BAC also met twice with the external auditors in the absence of the Management. The external auditors have also confirmed to the Board on their independence in writing by providing both audit and non-audit services up to the date of this report.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted												
Explanation on adoption of the practice	:	As at the date of this report, the BAC comprises solely of Independent Directors, as follows: <table border="1" data-bbox="539 770 1388 1151"><thead><tr><th>No.</th><th>Directors/ Designation</th><th>Membership</th></tr></thead><tbody><tr><td>1.</td><td>Yeoh Siew Ming SINED</td><td>Chairman</td></tr><tr><td>2.</td><td>Dr. Zafar Abdulmajid Momin INED</td><td>Member</td></tr><tr><td>3.</td><td>Datin Seri Sunita Mei-Lin Rajakumar INED</td><td>Member</td></tr></tbody></table>	No.	Directors/ Designation	Membership	1.	Yeoh Siew Ming SINED	Chairman	2.	Dr. Zafar Abdulmajid Momin INED	Member	3.	Datin Seri Sunita Mei-Lin Rajakumar INED	Member
No.	Directors/ Designation	Membership												
1.	Yeoh Siew Ming SINED	Chairman												
2.	Dr. Zafar Abdulmajid Momin INED	Member												
3.	Datin Seri Sunita Mei-Lin Rajakumar INED	Member												

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee’s findings and recommendations. The company’s financial statement is a reliable source of information.

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>BAC members possess a wide range of necessary skill as recommended by MCCG. The BAC member’s profile is disclosed in the PCG IR 2023 under Board Profiles Pages 73 to 75 for further information.</p> <p>BAC members acknowledged the need for continuous education trainings. For the year under review, all members of the BAC attended training on the developments in accounting and auditing standards, practices and rules to enhance their knowledge in order to efficiently discharge their duties.</p> <p>The list of training attended by the Directors of the Company is specified in the PCG IR 2023 under the Induction and Training Pages 96 to 99.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company’s objectives is mitigated and managed.

Practice 10.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has implemented a risk management and internal control systems to facilitate the seamless operation of the business. The objective is to manage risks and controls related to the company's business and financial affairs in an economical, efficient, and effective manner. This approach enables the company to prudently pursue business sustainability and growth opportunities while proactively mitigating risks that could lead to financial loss, reputational damage, or business failure.</p> <p>Further information on risk management and internal control are disclosed in the Statement of Risk Management and Internal Control (SORMIC) of PCG IR 2023 on pages 122 to 136.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	The key features of the Company's risk management and internal control framework, which cover their adequacy and effectiveness are disclosed under the SORMIC in the PCG IR 2023 on pages 122 to 136. In essence, PCG's Risk Management Framework adheres to the PETRONAS Resiliency Model, which focuses on the three areas namely Enterprise Risk Management, Crisis Management and Business Continuity Management in strengthening the current practices and placing greater emphasis on risk management implementation and business continuity practices.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted															
Explanation on adoption of the practice	:	<p>Board Sustainability and Risk Committee (BSRC) was established to assist the Board in providing oversight on risk management and sustainability. The role of the BSRC is to ensure the Company has in place sound and robust risk and sustainability management framework and such framework has been effectively implemented to enhance the Company's ability to achieve its strategic objectives.</p> <p>The members of BSRC are as follows:</p> <table border="1"><thead><tr><th>No.</th><th>Directors/Designation</th><th>Membership</th></tr></thead><tbody><tr><td>1.</td><td>Warren William Wilder INED</td><td>Chairman</td></tr><tr><td>2.</td><td>Yeoh Siew Ming INED</td><td>Member</td></tr><tr><td>3.</td><td>Dr. Zafar Abdulmajid Momin INED</td><td>Member</td></tr><tr><td>4.</td><td>Datin Seri Sunita Mei-Lin Rajakumar INED</td><td>Member</td></tr></tbody></table> <p>In carrying out its duties and responsibilities, the BSRC's authority is accorded through its TOR which is accessible on the Company's corporate website at https://www.petronas.com/pcg/about-us/governance</p> <p>The profile of the Chairman and Members of BSRC are available on pages 73 to 75 of the PCG IR 2023.</p>	No.	Directors/Designation	Membership	1.	Warren William Wilder INED	Chairman	2.	Yeoh Siew Ming INED	Member	3.	Dr. Zafar Abdulmajid Momin INED	Member	4.	Datin Seri Sunita Mei-Lin Rajakumar INED	Member
No.	Directors/Designation	Membership															
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2.	Yeoh Siew Ming INED	Member															
3.	Dr. Zafar Abdulmajid Momin INED	Member															
4.	Datin Seri Sunita Mei-Lin Rajakumar INED	Member															

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>The BAC is supported by an in-house internal audit, tasked with undertaking independent adding value and objective assurance and advisory activities aimed at adding value and enhancing the Group's operations. The IAD contributes to the Group's objectives by systematically and rigorously evaluating, designing, and improving the effectiveness of governance, risk management, and internal control processes.</p> <p>The Head of IAD reports functionally to the BAC and administratively to the MD/CEO of PCG to ensure impartiality and independence in execution of the role.</p> <p>The IAD operates within the framework of the Internal Audit Charter, that defines its responsibilities, authority, and scope of work within the Group. Aligned with the standards and principles of the Institute of Internal Auditors' International Professional Practices Framework (IPPF), the Charter guides the IAD's activities.</p> <p>Conducting audits according to established procedures, guidelines, and the COSO Internal Control Integrated Framework, the IAD employs a comprehensive, structured approach based on the five COSO components:</p> <ul style="list-style-type: none"> (i) Control Environment (ii) Risk Assessment (iii) Control Activities (iv) Information and Communication (v) Monitoring Activities <p>The internal audit functions and its effectiveness are disclosed in the PCG IR 2023 under SORMIC on pages 122 to 136 whilst the key activities of the internal audit function and audit competencies are set out in the BAC Report on pages 112 to 119.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	: Applied
Explanation on application of the practice	<p>Reporting functionally to the BAC and administratively to the MD/CEO, the Head of IAD, Dewi Izza Suhana Radin Amir, ensures impartiality and independence in fulfilling the role outlined in the BAC-approved Audit Charter. Dewi Izza Suhana Radin Amir is a Fellow Chartered Accountant of the Institute of Chartered Accountants in England and Wales (ICAEW) and holds a Bachelor of Arts in Accounting and Financial Management and Economics from the University of Sheffield, United Kingdom.</p> <p>The IAD has ample and adequate resources to execute its Approved Audit Plan. With a total of 18 internal auditors in the Group, each hailing from diverse backgrounds in accounting, finance, plant operations, and procurement, risk management and commercial, the IAD staff held various professional qualifications and certifications</p> <ul style="list-style-type: none"> (i) ICAEW/ACCA/MICPA: 4 (ii) Master's Degree: 3 (iii) Certified Internal Audit: 1 (iv) COSO Certification: 7 (v) ISC2: 2 (vi) Engineer's Certificate of Competency (Steam) DOSH: 2 (vii) Certified Environmental Professional in the Operation of (viii) Industrial Effluent Treatment System, DOE: 1 <p>Note:</p> <ul style="list-style-type: none"> (i) Institute of Chartered Accountants in England and Wales (ICAEW) (ii) Association of Chartered Certified Accountants (ACCA) (iii) Malaysian Institute of Certified Public Accountants (MICPA) (iv) International Information System Security Certification Consortium (ISC2) (v) Department of Occupational Safety and Health Malaysia – Ministry of Human Resource (DOSH) (vi) Department of Environment – Ministry of Environment and Water (DOE)

	<p>Conducting audits according to established procedures, guidelines, and the COSO Internal Control Integrated Framework, the IAD employs a comprehensive, structured approach based on the five COSO components:</p> <ul style="list-style-type: none"> (i) Control Environment (ii) Risk Assessment (iii) Control Activities (iv) Information and Communication (v) Monitoring Activities 	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the importance of conducting regular and effective dialogue with shareholders, potential investors as well as capital markets participants at large. The two-way communication with shareholders enables the Company to evaluate views and feedback that are incorporated into the Company's decision-making process. The investor relations programme conducted annually typically includes one-to-one or group meetings, plants or site visits, analysts' briefings, the AGM as well as participation in investor conferences and non-deal roadshows. In 2023, the Company's engagements were held via a combination of virtual and physical meetings, in response to new working norms and investor preferences. The availability of virtual meeting applications provides an economical alternative for interaction particularly with overseas-based analysts and investors, thus eliminating the need for expensive travel. During the year, the MD/CEO, Chief Financial Officer, and other members of the Senior Management met and engaged with existing and potential investors in forums organised by the Company's investor relations department.</p> <p>During the year under review, the MD/CEO, Chief Financial Officer, and other Senior Management hosted four Analyst Briefings for the Company's financial results. Participants were briefed on the operational, commercial, and financial performance. The Q&A session provided the participants opportunity to discuss details and developments of the Group's growth strategies, projects as well as sustainability efforts.</p> <p>The 25th AGM in 2023, marks the 4th year that PCG conducted the meeting virtually. Attended by 2,070 shareholders, we effectively applied the use of Remote Participation Voting (RPV) for shareholders' ease and convenience.</p> <p>The Company's corporate website, www.petronas.com/pcg is an excellent source of data and information for our stakeholders seeking to understand the corporate and business aspects of the Group. Annual reports, AGM notices and minutes, press releases, Bursa announcements, investor presentations and quarterly financial results etc. are made available thereon. This</p>

	<p>serves to promote accessibility of information to the Company's shareholders and all other stakeholders. Communication and feedback from investors are channelled through petronaschemicals_ir@petronas.com or</p> <p>Zaida Alia Shaari Head of Investor Relations Tel:03-2392 3699 Email: petronaschemicals_ir@petronas.com</p>	
Explanation for departure		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure		
Timeframe		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Applied	
Explanation on application of the practice	:	The Company has adopted full integrated reporting for its 2023 annual report based on a globally recognised framework.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	On 17 March 2023, the Company had dispatched the notice of its 25 th AGM to shareholders 31 days before the AGM, well in advance of the 21-day requirement under the CA 2016 and the MMLR of Bursa Securities. The additional time given to shareholders is to allow them to make the necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys. More importantly, it enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	<p>All Directors with the Company Secretary and the Key Management Committee together with external auditors were present at the 25th AGM of the Company. The AGM was held virtually through live streaming and online remote voting via RPV facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") TIH Online website at https://tjih.online.</p> <p>During the 25th AGM, the proceedings of the meeting included the presentation by the MD/CEO on the Group's overall financial performance and future plans of PCG. The Chair of the Board also shared with the shareholders the Company's response to the questions submit in advance by the Minority Shareholders Watch Group (MSWG).</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied
Explanation on application of the practice	:	<p>At the 25th AGM of the Company held on 18 April 2023, the meeting was conducted by leveraging on technology, holding the AGM virtually in its entirety via RPV facilities and the facilities were provided by Tricor via its TIIH Online website at https://tiih.online. Tricor was appointed as the Company's Poll Administrator.</p> <p>The AGM was conducted in accordance to the Company's Constitution, in line with Paragraph 8.29A of the MMLR of Bursa Securities, Section 327 of the CA 2016 and Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 18 April 2020, including any amendment that have been made from time to time.</p> <p>The Company had appointed Boardroom Corporate Services Sdn. Bhd. as the Independent Scrutineer to verify the poll results at the Company's 25th AGM.</p> <p>Boardroom Corporate Services Sdn. Bhd. as the appointed Scrutineers, upon verification of the poll results, announced the results for each resolution, which included votes in favour and against, upon which the Chairman of the Meeting declared whether the resolutions were carried. The poll results were also announced by the Company via Bursa LINK on the same day for the benefit of all shareholders. Minutes of the 25th AGM were also made available on the Company's corporate website.</p> <p>The virtual AGM was streamed on Tricor's website for shareholders to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the 25th AGM. Detailed procedures were provided to the shareholders in the Administrative Details of the AGM sent through email and by ordinary post; and the same were also</p>

	published in the Company's website. A total number of 2,070 shareholders and proxies logged in through the RPV.	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The 25th AGM of the Company held on 18 April 2023 was conducted by leveraging on technology, holding the AGM virtually via RPV facilities. The virtual AGM was streamed on Tricor's website for shareholders to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely.</p> <p>The Company received 26 pre-submitted questions and had addressed all 26 pre-submitted questions at the 25th AGM.</p> <p>The Board had endeavor to answer all live questions posed by the shareholders at the 25th AGM. The Company received 105 live questions from the shareholders and their representatives and had addressed the live questions during the Question-and-Answer session.</p> <p>The questions which were not answered at the AGM was responded within 3 working days by publishing them in the Company's corporate website at www.petronas.com/pcq under Investor Relations' page.</p> <p>The details of all the pre-submitted and live questions were posted on the Company's corporate website at www.petronas.com/pcq under Investor Relations.</p>
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	

Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<p><i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i></p>	
<p>Application</p>	<p>: Applied</p>
<p>Explanation on application of the practice</p>	<p>: The 25th AGM of the Company held on 18 April 2023 was conducted by leveraging on technology, holding the AGM virtually via RPV facilities. The virtual AGM was streamed on Tricor’s website for shareholders to attend, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely.</p> <p>The detailed procedures to participate the meeting remotely were provided to the shareholders in the Administrative Details of the AGM sent through email and by ordinary post and the same were also published in the Company’s website.</p> <p>At the 25th AGM, a total number of 2,070 shareholders and proxies logged in through the RPV to attend the AGM.</p> <p>The Chairman, MD/CEO, SINED, Chief Financial Officer and Company Secretary attended the 25th AGM physically at the Broadcast Venue whereas other Board members, Senior Management and Shareholders attended the 25th AGM virtually which was streamed on Tricor’s website.</p> <p>The Company Secretary read the questions posed by the shareholders and the Chairman and/or MD/CEO answered the questions accordingly.</p> <p>The 25th AGM proceeding was conducted smoothly with the RPV facilities.</p>
<p>Explanation for departure</p>	<p>: </p>

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The minutes of the 25 th AGM of the Company held on 18 April 2023 were circulated to the shareholders within 30 business days after the 25 th AGM of the Company. The minutes of the 25 th AGM of the Company are available on the Company's corporate website at www.petronas.com/pcg .
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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