

**PETCO TRADING (UK) LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024**

BUSINESS REVIEW (CONTINUED)

The Company continues to implement its core strategies in:

- monetising and optimising PETRONAS assets in West of Suez;
- expanding its marine fuels business;
- sourcing and optimisation of feedstock to PETRONAS refineries; and
- focusing on strategic sourcing and optimisation of LNG cargoes and Gas West of Suez.

The Company continued to achieve optimal value for PETRONAS's foreign equity crude, developing relationships with key players in the market in collaboration with PETRONAS's Upstream division. In particular, the Company actively collaborated with PETRONAS entities in Brazil and Argentina to seek potential trading and marketing opportunities in the coming years.

SECTION 172 OF THE COMPANIES ACT 2006

The Directors are required to act in a manner which complies with their duties as set out in the UK Companies Act 2006. The Directors must act in accordance with a set of general duties as detailed Section 172 of the Companies Act 2006 which is summarised as follows:

A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a. the likely consequences of any decision in the long term,
- b. the interests of the company's employees,
- c. the need to foster the company's business relationships with suppliers, customers and others,
- d. the impact of the company's operations on the community and the environment,
- e. the desirability of the company maintaining a reputation for high standards of business conduct, and the need to act fairly as between members of the company.'

The Directors have a duty to promote the success of the Company for the benefit of the stakeholders as a whole and have regard to the interests of the stakeholders in their decision making. The values of the Directors and the stewardship of the Company are aligned with those of the Petronas Group.

As outlined in the sections below for 'Principal Risks' of the Strategic Report, the Directors of the Company has put in place various risk management measures to protect the Company and those stakeholders who depend on it.

Principal decisions

We define principal decisions taken by the Board as those decisions in the financial year that are of a strategic nature and/or that are significant to any of our key stakeholder groups identified in section below for 'Engaging with Stakeholders' of the Strategic Report. Below we outline the principal decisions made by the Board. This explains how the Directors have engaged with, or in relation to, the different key stakeholder groups, and how stakeholder interests were considered over the course of decision-making:

- The Company's employees now operate on a hybrid working arrangement as standard.

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SECTION 172 OF THE COMPANIES ACT 2006 (CONTINUED)

The Directors consider that they have acted in accordance with their duties under Section 172 in the decisions taken during the year ended 31 December 2024. The level of information disclosed on the principal decisions above is consistent with the size and complexity of the business. We describe how stakeholders were considered during the decision-making process by summarising the relevant discussions. The relevance of each stakeholder group's interests may differ depending on the nature of decisions being considered. Board decisions will not necessarily result in a positive outcome for all our stakeholders, but by considering our purpose, values and business objectives, and having due regard for stakeholder relationships, the Board aims to ensure that its decisions promote the long-term success of the Company.

ENGAGING WITH STAKEHOLDERS

Effective and high-quality engagement with stakeholders is vital for the success of the Company. Therefore, the Company regularly engages with employees, customers, suppliers, shareholders, and other relevant stakeholders. Effective engagement with key stakeholders enables two-way dialogue, stakeholders are informed on a regular basis on Company's key activities and strategies which may potentially impact them, and Company obtains valuable information from key stakeholders which helps to shape Company's plans and strategies to ensure sustainability and future growth of the Company.

Senior leaders of the Company regularly participate in virtual meetings with clients, industry events and conferences. By carefully listening to the concerns of key stakeholders, the Company could successfully deliver bespoke solutions to its customers and improved the way it works with its customers, which serves as an invaluable differentiating factor in the competitive market.

Listening to the concerns of stakeholders, the Company rolled out digitalisation initiative in the year, which has significantly improved the efficiency of communication with various stakeholders.

FUTURE DEVELOPMENTS

The Company is committed to contributing a sustainable growth through directing its efforts in expanding and establishing a niche trading portfolio and trading for PETRONAS's requirements. By leveraging on its resources and human talent, the Company strives to deliver profitable business expansion.

PRINCIPAL RISKS

It is the Company's culture to uphold good corporate governance and institutionalise distinctive risk management capability to continuously enhance its operational excellence for sustainable business.

The Company's risk management system is governed by its ultimate holding company's centralised risk management control and framework. The risk management system dynamically monitors, and controls exposed risk faced by the Company. The risks are described as follows:

Commodity price risk

The Company faces the probability of financial loss due to the volatility of commodity prices for crude oil, petroleum products, fuel oil, LNG and gas as well as financial instruments.

Credit risk

The Company has exposure to financial loss from failure of counterparties to make payments for the crude oil, fuel oil and petroleum products, LNG and gas delivered.