



Emerging Risks

PETRONAS Chemicals Group Berhad (PCG)

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Emerging Risks

PCG continuously scans and monitors our operating and external environments to identify any emerging risks, for example US-China Trade War. These emerging risks are discussed at management and Board level. If the emerging risk poses a real threat, we will escalate it into our key risks and develop appropriate response and mitigation plans. Aside from Cyber Security and Corruption Risk, below are emerging risks that has been escalated in PCG Corporate Risk Profile.

	Emerging Risk 1	Emerging Risk 2
Name of the emerging risk	War-on-Plastics (Accelerated New Plastics Economy)	Strategic Investment (Technology disruption)
Category	Societal	Technology, Market
Description	Transition into Circular and Green Economy impacting demand of polymers business due to perception on plastic. Global awareness of plastic waste is increasingly shaping stakeholder expectations. Aggressive environmental push by policymakers and environmentalists against plastics may affect our business performance, reputation and long-term growth.	Change of world demographic – Current portfolios may be disrupted by non-climate related longer-term changes in end-markets and end-consumer behaviour. Growth projects and new business ventures carry risks such as low returns and loss of business opportunities. As we extend our value chain into specialty chemicals, these risks become more prominent.
Impact	<ol style="list-style-type: none"> 1. Shift in consumers' or customers' preferences due to increased awareness of sustainability 2. Diminishing interest from investors and other financiers 3. Reputational damage and loss of stakeholder trust 	<ol style="list-style-type: none"> 1. Diminishing financial capital and shareholder returns 2. Unable to obtain margins as planned 3. Missed business opportunities and loss of customers 4. Inability to realise our business strategy to grow in specialty chemicals
Mitigating actions	<ol style="list-style-type: none"> 1. Developed and executed communication plans with internal and external stakeholders 2. Delivered educational module on plastic and sustainability education for primary and secondary school in Malaysia 3. Established partnerships and collaborations for an effective sustainable waste recovery system 4. Collaborated with innovative technology solutions providers to address plastic pollution 5. Enhanced awareness environment care through Reduce, Reuse, Recycle (3R) and Corporate Social Responsibility activities 6. Effectively managed key stakeholders through circular economy initiatives 	<ol style="list-style-type: none"> 1. Ensured a sufficient pool of projects in the event the identified projects pursued become unfavourable 2. Conducted prioritisation of portfolio for effective delivery of targeted value 3. Monitored project execution, business and operation readiness for Final Investment Decision (FID) projects 4. Enhanced project execution and Merger & Acquisition process for improved pace without compromising quality and governance