PETRONAS

Resilience.
Leveraging Strengths.

PETRONAS CHEMICALS GROUP BERHAD I SUSTAINABILITY REPORT 2025

PETRONAS CHEMICALS GROUP BERHAD
SUSTAINABILITY REPORT 2025

Cover Rationale

Resilience. Leveraging Strengths.

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

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

Dear Stakeholders,

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

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28TH ANNUAL GENERAL MEETING

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

Date:
Wednesday, 22 April 2026

Time:
10.00 a.m.

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

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

Scan the QR code for the PCG Sustainability Report 2025 on the PCG corporate website.

BASIS OF THIS REPORT

BASIS OF THIS REPORT

PETRONAS Chemicals Group Berhad (PCG or the Group) publishes this Sustainability Report 2025 (SR) to communicate our approach, priorities and performance in managing material Environmental, Economic, Social and Governance (EESG) matters.

This report reflects our continued commitment to integrating sustainability considerations into business strategy, operational decision-making and long-term value creation.

The SR provides stakeholders with a holistic view of how PCG identifies, manages and responds to sustainability-related risks and opportunities across our operations and value chain. It complements the PCG Integrated Report 2025 (IR), which focuses on overall business performance, governance and value creation.

REPORTING SCOPE AND PERIOD

This report covers PCG's sustainability performance for the financial year from 1 January 2025 to 31 December 2025, unless otherwise stated.

The reporting scope includes PCG's principal operations and subsidiaries where PCG has operational control. Where relevant, disclosures extend to key aspects of the value chain, including business partners, suppliers and vendors as well as customers, particularly for climate, human rights, safety and environmental stewardship matters.

Comparative information for prior years is provided where available to support trend analysis and performance tracking.

REPORTING APPROACH

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

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

Malaysia-Specific Frameworks and Regulatory Guidance

- National Sustainability Reporting Framework (NSRF)
- Main Market Listing Requirements (MMLR) as issued by Bursa Malaysia
- Bursa Malaysia Sustainability Reporting Guide
- FTSE4Good Bursa Malaysia Index's Environmental, Social and Governance (ESG) Indicators

International Frameworks and Standards

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

CLIMATE-RELATED DISCLOSURES

Climate-related information is structured in alignment with globally recognised climate disclosure principles. Detailed climate governance, strategy, risk management and metrics are provided in the Sustainability Statement of the PCG IR with summary disclosures included in this report.

For further information on Climate-related disclosures, please refer to the Sustainability Statement section on pages 70 to 109 within the PCG Integrated Report 2025.

MATERIALITY AND REPORT STRUCTURE

PCG's sustainability disclosures are structured around material matters identified through our internal materiality assessment process. These material matters are organised under four pillars:

- Safeguarding the Environment
- Sustainable Value Creation
- Delivering Positive Social Impact
- Strengthening Ethics and Integrity

Within each material topic, disclosures follow a consistent structure:

- Why It Matters
- Our Approach
- Progress and Impact

This standardisation enhances clarity and comparability, aligns with stakeholder expectations, and minimises unnecessary duplication across reporting documents.

EXTERNAL ASSURANCE

Selected sustainability disclosures in this report have been subjected to independent limited assurance by an external assurance provider. The assurance process focuses on the reliability of reported data, underlying processes and alignment with applicable reporting standards.

Details of the assurance scope, methodology and conclusions are provided in the Independent Limited Assurance Statement included in this report on pages 68 to 69.

FEEDBACK

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

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

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements relating to PCG's sustainability strategies, plans and expectations. These statements are based on current assumptions, estimates and information available at the time of publication and are subject to risks and uncertainties that may cause actual outcomes to differ materially.

PCG undertakes no obligation to update these forward-looking statements except as required by applicable laws or regulations.

BOARD OVERSIGHT AND RESPONSIBILITY

The Board of Directors (Board) has overall responsibility for PCG's sustainability strategy, governance and disclosures. Sustainability-related matters are overseen through established Board and Management structures to ensure appropriate oversight, accountability and integration with business strategy.

This SR has been reviewed by the Management and relevant governance committees before being approved by the Board on 23 February 2026.

DATUK SAZALI HAMZAH
Chairman

MAZUIN ISMAIL
Managing Director/Chief Executive Officer

MATERIAL MATTERS

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

PCG AT A GLANCE

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

By anchoring its strategy on disciplined Operational and Commercial Excellence, PCG has built a broad geographical footprint that positions the Group as a leading integrated chemical producer in Southeast Asia. This foundation supports Growth Delivery Excellence, through which PCG is progressively strengthening its Specialty Chemicals (SC) portfolio with higher-value, differentiated solutions that enhance agility and resilience as global market demands evolve.

Innovation underpins this transition, enabling customer-focused solutions while creating value across products, people and communities. Guiding these efforts, sustainability is embedded in strategic decision-making, allowing PCG to balance EESG priorities, and reinforce long-term resilience through responsible practices and advanced technologies.

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

FIRST-PRONG

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

SECOND-PRONG

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

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

Our Vision
To be the preferred chemical company providing innovative customer solutions.

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

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

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

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

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

OUR EXPERTISE

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

OUR BUSINESS LANDSCAPE

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

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

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

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

OUR PRESENCE/SALES BY MARKET

Malaysia	Southeast Asia	Northeast Asia	Rest of the World
26%	31%	22%	23%

2025 PERFORMANCE SNAPSHOT

ENERGY

Renewable Energy (M1)
2.38 million GJ[1,2]
2024: 1.00 million GJ[1,2] | 2023: 0.48 million GJ[1,2]

Energy Consumed (M1)
167.37 million GJ[1,2,3]
2024: 104.55 million GJ[1,2] | 2023: 100.38 million GJ[1,2]

EMISSIONS

GHG Emissions (Market-Based) (M1)
7.85 million tCO_2e
2024: 7.93 million tCO_2e | 2023: 7.80 million tCO_2e

GHG Emissions Reduction from Projects and bundled Renewable Energy Certificates (RECs) (M1)
310,000 tCO_2e
2024: 329,000 tCO_2e[2] | 2023: 146,100 tCO_2e[2]

GHG Emissions Intensity (Market-Based) (M1)
0.73 tCO_2e/tonne
2024: 0.71 tCO_2e/tonne | 2023: 0.76 tCO_2e/tonne

SOCIAL

Lost Time Injury Frequency (LTIF) (M8)
0.43
2024: 0.16[4] | 2023: 0.09[4]

Diverse Nationalities Representation in Senior Leadership (M9)
18%
2024: 13% | 2023: 18%

Women in Senior Leadership (M9)
24%
2024: 24% | 2023: 31%

Social Impact Initiatives Reached (M10)
206,862 people
2024: 228,877 people | 2023: 171,715 people

WATER

Freshwater Withdrawal Intensity (M2)
5.27 m^3/tonne
2024: 5.42 m^3/tonne | 2023: 5.46 m^3/tonne

WASTE

Hazardous Waste 3R (M2)
88%[2]
2024: 93%[2] | 2023: 76%[2]

ECONOMIC

Production Volume (M4)
10,821 KMT
2024: 11,159 KMT | 2023: 10,375 KMT

Sales Volume (M4)
10,779 KMT[5]
2024: 10,367 KMT[5] | 2023: 9,610 KMT[5]

Plant Utilisation (PU) (M4)
88.2%[2]
2024: 91%[2] | 2023: 85%[2]

Order Fulfilment Reliability (OFR) (M3)
93%[5]
2024: 95%[5] | 2023: 95%[5]

Number of New Products (M3)
30
2024: 18 | 2023: 20

Phishing Test Fails (M7)
1.4%
2024: 1.5% | 2023: 1.7%

Local Vendors (M6)
86%
2024: 84% | 2023: 82%

1 *From FY2025, energy consumption is reported in GJ to align with IFRS and SASB requirements. Comparative MWh data have been converted. For further details, please refer to the Sustainability Statement on pages 70 to 109 within the PCG Integrated Report 2025*
2 *Data covers Commodities manufacturing sites with operational control*
3 *Data reflects a change in reporting boundary which is further detailed on page 23 of this report*
4 *Data covers Commodities manufacturing sites with operational control and BRB Group*
5 *Data includes volume from Pengerang Petrochemical Company and Pengerang Refining Company*

CHAIRMAN & MD/CEO JOINT STATEMENT

Navigating a Shifting Business Landscape

DATUK SAZALI HAMZAH
Chairman

MAZUIN ISMAIL
Managing Director/
Chief Executive Officer

The year 2025 unfolded against a backdrop of continued volatility in global markets, evolving regulatory conditions and rising stakeholder expectations. In response, we remained focused on strengthening PCG's resilience, competitiveness and long-term value creation through disciplined execution and clear strategic priorities.

Throughout the year, our priority was to protect the fundamentals of the business. We focused on operational reliability, cost discipline and continuity across our Commodities and Specialty Chemicals (SC) portfolios, ensuring the Group remained resilient amid fluctuating market conditions. These efforts supported stable operations across a geographically diverse asset base and enabled PCG to remain responsive to customer needs despite a challenging external environment.

At the same time, we continued to take measured steps to position PCG for longer-term transition. In 2025, operational optimisation initiatives delivered measurable improvements in energy efficiency and emissions performance. Selected sites also achieved zero Scope 1 and 2 emissions, demonstrating our commitment to progress through targeted actions.

SUSTAINABILITY AS A BUSINESS ENABLER

We continue to view sustainability as an enabler of long-term competitiveness, as opposed to a standalone ambition. Sustainability considerations were integrated into business planning, capital prioritisation and operational decision-making, supporting risk management, transition readiness and market relevance.

In practice, this meant strengthening emissions measurement and transparency, advancing site-level decarbonisation planning and embedding climate and environmental considerations into investment decisions. Internal carbon pricing continued to be applied in project evaluations to reflect carbon exposure and inform capital allocation choices. These measures help ensure that sustainability initiatives reinforce operational discipline and long-term value creation.

EXECUTING WITH DISCIPLINE WHILE PREPARING FOR TRANSITION

Management attention remained firmly on disciplined execution while steadily advancing portfolio positioning aligned with longer-term market and transition trends. Operational Excellence initiatives across manufacturing sites supported production reliability and cost efficiency, while targeted investments progressed in specialty and sustainability-aligned products.

Our approach recognises that resilience is built incrementally. Near-term efficiency gains strengthen the business today, while selective investments in innovation and lower-carbon solutions prepare PCG for future structural shifts. This balance remains central to how we manage trade-offs between immediate pressures and long-term ambition.

GOVERNANCE, ACCOUNTABILITY AND OVERSIGHT

Strong governance continues to underpin how PCG navigates complexity and change. The Board and Management maintained active oversight of strategy, sustainability and climate-related matters throughout the year, supported by clear accountability structures and established governance forums.

During 2025, the Board reviewed progress against emissions-reduction targets, climate-related risks and transition priorities, alongside broader operational and strategic considerations. These discussions ensure that sustainability and climate considerations are assessed in context, with transparency around risks, sequencing and trade-offs.

STRENGTHENING CLIMATE READINESS AND TRANSPARENCY

We enhanced our climate-related disclosures, marking an important step in strengthening the clarity, consistency and decision-usefulness of our climate-related reporting. The disclosure consolidates key information on governance, strategy, risk management and metrics, enhancing transparency for investors and other stakeholders.

While this represents a significant milestone, we recognise that sustainability and climate reporting maturity will continue to evolve. We remain committed to improving data quality, methodologies and internal capabilities over time, aligned with emerging reporting expectations and regulatory developments.

POSITIONING FOR THE NEXT PHASE OF THE JOURNEY

Looking ahead, we remain focused on strengthening foundations for our growth in line with PETRONAS' broader sustainability agenda. Our sustainability journey will continue to progress through disciplined execution, targeted investments and continuous improvement, supporting long-term value for shareholders, customers, employees and the communities in areas we operate.

This report sets out how we are advancing this journey, outlining our priorities, progress achieved and areas where further effort is required.

CHIEF SUSTAINABILITY OFFICER'S REVIEW

Steering the Transition with Discipline and Purpose

GRETCHEN GOVONI
Chief Sustainability Officer

The sustainability landscape in 2025 continued to evolve at pace, shaped by energy market volatility, uneven regulatory momentum and rising expectations from customers, investors and communities. For PCG, these conditions reinforced the importance of approaching sustainability with clarity, discipline and a long-term perspective.

Rather than responding to short-term signals, we remained focused on strengthening the foundations required for a resilient transition. Our efforts during the year were guided by a clear understanding that value creation in the chemicals sector will increasingly depend on operational efficiency, lower-carbon solutions, responsible supply chains and trust in execution.

This perspective allowed us to move forward steadily, prioritising actions that strengthen competitiveness today while preparing the business for future demands.

PROGRESS ACROSS CORE SUSTAINABILITY PRIORITIES

In 2025, PCG made meaningful progress across several core priorities by embedding sustainability considerations more deeply into operational and business decisions.

On climate and energy, our focus remained on initiatives with immediate operational impact. Energy efficiency, flaring reduction and process optimisation efforts delivered tangible emissions reductions while reinforcing cost discipline and asset reliability. These initiatives demonstrate how climate action, when integrated into day-to-day operations, can support both environmental outcomes and business performance.

We also continued to prepare for the renewable energy transition, particularly through available green electricity programmes in Malaysia. While renewable energy adoption remains subject to market availability and infrastructure readiness, these early actions establish an important platform for future decarbonisation efforts.

In parallel, progress toward water stewardship and waste management targets reflected a growing focus on operational resilience. Targeted water efficiency initiatives at water-stressed sites, together with ongoing waste reduction and recycling efforts, reduced resource intensity and improved environmental performance. The establishment of Resource Efficiency 2030 targets in 2025 further strengthened this trajectory, providing a clear framework to guide long-term water and waste optimisation across the Group. These measures also support community expectations around responsible resource use.

ADVANCING PORTFOLIO TRANSITION AND CUSTOMER VALUE

Sustainability continued to shape how we position our portfolio for long-term relevance and growth. In 2025, we advanced our focus on specialty and sustainability-enabled solutions, supported by clearer portfolio discipline and technology screening to prioritise pathways with the strongest environmental and commercial value.

Across our Pro-Environment portfolio, we expanded offerings such as Neptem™ emulsifiers for waterborne, low-Volatile Organic Compound (VOC) coatings, recognised with the Environmental Pioneer Award at the Asia Coatings Industry Awards 2025, as well as bio-based and circular solutions including Viscotech® Upcycled viscosity modifiers and Emfinity® esters. These solutions demonstrate how we are enabling lower-carbon, more resource-efficient applications while maintaining product performance and customer competitiveness.

At the same time, we strengthened the foundations for long-term feedstock transition under the Specialty Chemicals Raw Material Roadmap, conducting comprehensive feedstock quality assessments, portfolio-level reviews of circular economy initiatives and expanded technology screening to assess local feedstock compatibility and long-term deployment viability. Through product carbon footprint (PCF) methodologies applied to selected product lines and continued third-party certifications such as International Sustainability and Carbon Certification (ISCC) PLUS and ASTM 6866, we enhanced transparency and credibility for customers seeking verified low-carbon and circular content.

By aligning portfolio development with sustainability priorities, we are positioning PCG for growth in segments where demand fundamentals are strengthening, particularly in Specialty Chemicals (SC) portfolio, circular applications and lower-carbon solutions, while reinforcing resilience in an evolving regulatory and customer landscape.

EXTENDING RESPONSIBILITY ACROSS THE SUPPLY CHAIN

PCG also advanced our social sustainability agenda by strengthening human rights expectations across the supply chain. Following the adoption of the PETRONAS Supply Chain Human Rights Standard, clearer requirements were embedded for suppliers and contractors, marking a shift toward more structured implementation and accountability.

These expectations are now integrated earlier into procurement and contracting processes, supported by defined actions on monitoring, reporting, contractor compliance and supplier engagement. Together with ongoing Scope 3 emissions assessments and product carbon footprint initiatives, this reflects PCG's commitment to extending sustainability considerations across the value chain in support of long-term resilience and customer trust.

STRENGTHENING GOVERNANCE AND ORGANISATIONAL READINESS

Execution depends on strong governance and internal alignment, and 2025 marked a year of organisational strengthening. Sustainability oversight was enhanced through more structured governance arrangements, broader senior leadership involvement and dedicated cross-functional taskforces supporting implementation across climate, circular economy and reporting priorities.

These governance foundations were complemented by clearer organisational levers to support execution. The Sustainability Fund played a catalytic role in accelerating priority greenhouse gas (GHG) emissions reduction projects, while the adoption of PETRONAS' Commitment to Net Zero Carbon Emissions (NZCE) by 2050 reinforced strategic direction and alignment across the Group. Together, these mechanisms strengthened PCG's ability to translate ambition into disciplined, on-the-ground action.

At the same time, the adoption of the PETRONAS Position on Nature and Biodiversity provided clearer direction and governance for how PCG approaches nature-related risks and impacts, strengthening alignment between environmental stewardship, operational planning and longer-term transition objectives. Improvements in data quality, monitoring and internal reporting further supported more informed decision-making and increased readiness for evolving disclosure expectations, with a deliberate focus on building capability and consistency rather than accelerating disclosure for its own sake.

TURNING COMPLEXITY INTO OPPORTUNITY

The sustainability transition for a chemicals business is inherently complex and capital-intensive. In 2025, we progressed beyond incremental efficiency gains by advancing site-level decarbonisation planning, technical feasibility studies and structured investment assessments aligned with PCG's NZCE 2050 Roadmap. Selected operational initiatives delivered measurable emissions reductions, while preparatory work on low-carbon process optimisation and asset-level decarbonisation strengthened our readiness for deeper structural change.

We also expanded our use of forward-looking scenario analysis and carbon cost assumptions in investment evaluation, strengthening our ability to assess transition exposure under evolving regulatory and market conditions. This disciplined approach ensures that near-term actions remain economically sound while preserving flexibility to scale emerging technologies as infrastructure, policy clarity and cost trajectories improve.

Importantly, progress in 2025 reinforced that transition is not driven by aspiration alone. By aligning execution pace with technology readiness and capital discipline, we were able to progressively advance emissions reduction initiatives, strengthen operational resilience and position the portfolio for long-term competitiveness, without compromising safety or reliability.

LOOKING AHEAD WITH CONFIDENCE

PCG's sustainability priorities remain anchored in deepening the foundations already in place. Our focus in 2026 will be on scaling areas where readiness and value creation align, strengthening site-level decarbonisation planning and further embedding climate and nature considerations into capital allocation and investment decision-making.

As sustainability becomes increasingly intertwined with financial performance, risk management and customer trust, we recognise that the transition will not be linear and will require continued discipline and focus. We remain committed to progressing in a measured and transparent manner, grounded in operational excellence, responsible growth and long-term value creation.

OUR APPROACH TO SUSTAINABILITY

PCG's sustainability strategy is designed to support long-term business resilience while responding to evolving regulatory requirements, market expectations, and environmental and social risks. Sustainability is approached as an integral part of how we plan, invest and operate, ensuring that value creation remains aligned with responsible business practices as we progress through our transition journey.

Rather than operating as a standalone agenda, sustainability is embedded within PCG's broader business strategy. This enables us to manage risk more effectively, strengthen competitiveness, improve resource efficiency and identify opportunities arising from the global transition toward a lower-carbon economy.

Governance, Accountability and Strategic Integration

Strong governance underpins our sustainability approach. Oversight of sustainability and climate-related matters sits with the Board, supported by management-level structures that provide clear accountability across the organisation. Defined roles and responsibilities ensure sustainability considerations are embedded into decision-making processes, from strategic planning and capital allocation to operational execution.

Sustainability is integrated into PCG's business strategy to support operational continuity, financial resilience and long-term growth. This includes embedding sustainability considerations into investment evaluation, asset management and operational planning processes. Tools such as internal carbon pricing are applied to strengthen project feasibility assessments and ensure that long-term investments remain resilient under evolving regulatory and market conditions.

Managing Risk while Enabling Long-Term Value

PCG's sustainability strategy balances risk management, compliance and value creation. Sustainability-related risks and opportunities are assessed alongside broader enterprise risks, enabling a more holistic understanding of potential impacts on operations, supply chains and financial performance.

This integrated approach allows us to prioritise actions that strengthen resilience, support regulatory compliance and unlock opportunities through innovation, efficiency improvements and portfolio diversification. By embedding sustainability into core business processes, we position ourselves to respond to transition risks while meeting growing demand for lower-carbon, circular and sustainable solutions.

Alignment with Global Standards and Material Priorities

We continue to strengthen our sustainability approach by aligning with internationally recognised frameworks and standards. In 2025, further progress was made in enhancing alignment with IFRS S1 and IFRS S2, improving how sustainability and climate-related risks and opportunities are identified, assessed and disclosed. This has improved the clarity and decision-usefulness information provided for our stakeholders.

Our sustainability strategy is structured around four core pillars: Environmental, Economic, Social and Governance (EESG). These pillars are expressed through clearly defined material topics that guide priorities, actions and disclosures across the Group. This ensures consistency between strategic intent, risk management, performance tracking and stakeholder communication, while providing a clear framework for navigating trade-offs and aligning sustainability efforts with business outcomes.

For further details, please refer to the Sustainability Statement section on pages 70 to 109 within the PCG Integrated Report 2025.

OUR MATERIAL MATTERS

Environmental stewardship education through mangrove planting

Materiality and Strategic Focus

Materiality is central to how PCG identifies and prioritises the sustainability topics that shape our long-term resilience, value creation and strategic direction. By understanding which EESG issues matter most to our stakeholders and to PCG's continued growth, we ensure that our programmes, investments and disclosures remain focused, relevant and aligned with evolving expectations under leading sustainability frameworks.

Conducted annually, our materiality assessment exercise guides how we respond to emerging risks and opportunities across the chemicals sector, supporting stronger governance, sharper strategic integration and more transparent reporting. This enables PCG to channel resources toward issues that influence operational continuity, regulatory compliance, innovation priorities and our broader sustainability ambitions.

Materiality Assessment Process

Our materiality assessment is anchored in internal governance processes and management oversight, ensuring that the identification and prioritisation of sustainability topics are aligned with business strategy, risk management and value creation. The process is designed to systematically assess both internal and external developments that may influence PCG's long-term performance and resilience.

To support this process, we leverage a specialised analytics and insights platform to enhance visibility into regulatory developments, industry trends, stakeholder sentiment and peer disclosures. Insights from corporate reports, regulations and trusted media sources are used to complement internal analysis, helping management identify emerging risks, opportunities and shifts in stakeholder expectations across EESG dimensions.

Stakeholder perspectives remain central to this process, with inputs gathered through targeted engagement channels, including customer dialogues, supplier interactions, workforce feedback, investor considerations and regulatory insights.

These inputs inform the subsequent stages of PCG's materiality assessment, specifically prioritisation and validation, completing the four-phase approach below:

IDENTIFICATION
We reviewed sustainability trends, peer reports and disclosures, as well as developments in policies and reporting frameworks to identify sustainability material topics.

STAKEHOLDER ENGAGEMENT
We obtained feedback from various stakeholders to assess the significance of material topics to our business.

PRIORITISATION
We prioritised and ranked material topics based on stakeholder input, as well as discussions at the Management and Board levels.

VALIDATION
We submitted the materiality assessment outcome to the Sustainability and Risk Management Committee and the Board for validation and approval.

OUR MATERIAL MATTERS

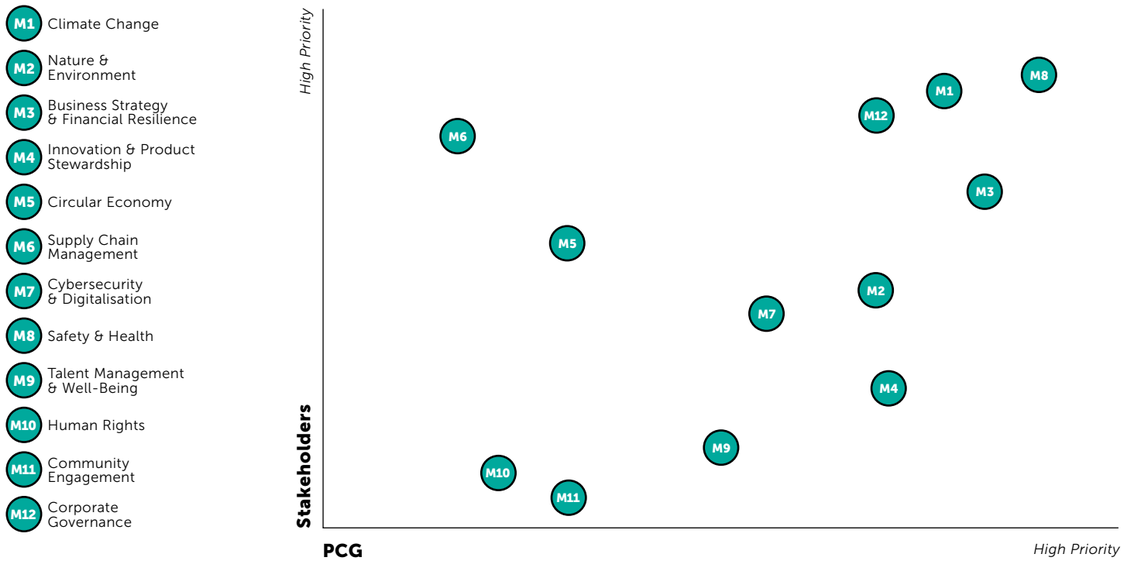
OUR MATERIAL MATTERS

2025 MATERIALITY ASSESSMENT REFRESH

We refreshed our materiality assessment to ensure continued alignment with evolving business priorities, regulatory developments and stakeholder expectations. The refresh strengthened the robustness of internal analysis while expanding the breadth and quality of external inputs through a targeted stakeholder survey.

Insights from stakeholder feedback were consolidated with internal assessments and external trend monitoring to provide a more balanced and comprehensive view of material risks and opportunities. The refreshed outcomes were subsequently reviewed and validated through established Board and Management-level governance processes.

Our materiality outcomes are as follows:



KEY SHIFTS IN MATERIAL TOPIC PRIORITISATION

In 2025, several external and internal factors contributed to changes in the prioritisation of certain material topics. The table below highlights notable shifts compared to 2024, along with the internal perspective for these changes.

Circular Economy	Cybersecurity & Digitalisation	Corporate Governance
▼ ***Decreased Priority***	▲ ***Increased Priority***	▲ ***Increased Priority***
The reduced emphasis reflects the increasing integration of circular economy practices into standard operating expectations, alongside practical constraints and systemic challenges in scaling circular solutions across the chemical value chain.	The upward shift reflects heightened stakeholder concern over data security, operational reliability and digital transformation risks, with greater importance placed on robust cybersecurity measures to safeguard business continuity and sensitive information.	The increased emphasis reflects stronger stakeholder and regulatory expectations for transparency, ethical conduct and accountability, supported by continued strengthening of Board oversight, compliance and sustainability governance.

These shifts reinforce PCG's commitment to maintaining a dynamic and responsive materiality framework, ensuring that sustainability priorities remain relevant in a rapidly changing regulatory, technological and operating environment.

SAFEGUARDING THE ENVIRONMENT

M1 CLIMATE CHANGE

Description

PCG's approach to improving energy efficiency, advancing renewable energy, reducing GHG emissions, promoting sustainable transport and green facilities and strengthening preparedness for climate-related disruptions across its global operations.

Impact to PCG

Reducing PCG's carbon footprint strengthens long-term competitiveness, mitigates climate-related financial risks and supports compliance with regulatory requirements across multiple jurisdictions.

Our Response

- **Advanced PCG's NZCE 2050 Roadmap**, supported by energy efficiency, flaring reduction and early renewable integration
- **Delivered tangible emissions reductions** through operational optimisation and asset decarbonisation efforts, achieving approximately 100 $ktCO_2e$ reduction in 2025 from energy efficiency, flare reduction and low-carbon processes initiatives
- **Continued the purchase of bundled RECs**, reducing market-based GHG emissions by 212 $ktCO_2e$
- **Enhanced the quality and scope of climate disclosures**, maintaining dual Scope 2 reporting and refining Scope 3 emissions coverage to focus on the most material categories
- **Embedded climate considerations into decision-making**, integrating climate risk assessments, internal carbon pricing and IFRS S1 and IFRS S2 readiness into investment and risk management processes

Alignment to UN SDGs

For further details, please refer to the Moving Towards a Low Carbon Future section on pages 19 to 23.

M2 NATURE & ENVIRONMENT

Description

The policies and practices on environmental management aimed at minimising and mitigating the negative impacts of operations on nature and ecosystems. This includes responsible resource use, pollution control and biodiversity conservation.

Impact to PCG

Minimising PCG's environmental footprint lowers operational risks, mitigates potential financial losses and regulatory penalties, prevents production disruptions and strengthens our long-term business resilience.

Our Response

- **Improved water stewardship at priority sites**, delivering approximately 88% of targeted freshwater withdrawal reduction at domestic water-stressed locations through optimisation projects and digital monitoring
- **Advanced waste circularity across operations**, achieving an 88% hazardous waste recycling rate and generating more than RM20 million in value through waste recovery and valorisation initiatives
- **Strengthened environmental compliance and performance monitoring**, including enhanced air emissions tracking, site-level controls and readiness for evolving regulatory requirements
- **Expanded circular resource-efficiency practices**, embedding the 5Rs framework across operations to reduce resource intensity, waste generation and environmental impact

Alignment to UN SDGs

For further details, please refer to the Managing Environmental Impacts and Natural Resources section on pages 24 to 28.

SUSTAINABLE VALUE CREATION

M3 BUSINESS STRATEGY & FINANCIAL RESILIENCE

Description

PCG's strategic approach to ensuring business continuity, long-term and sustainable value creation, and financial resilience. It encompasses considerations of shifting demographics, changing consumption patterns, market access, socio-economic risks, and responsible investing and financing, all of which influence the organisation's ability to adapt, remain competitive and deliver enduring stakeholder value.

Impact to PCG

Strengthening operational excellence, diversifying revenue streams and reinforcing financial resilience enable sustainable growth and position PCG to navigate market volatility, regulatory changes and evolving stakeholder expectations.

Our Response

- **Improved operational performance** across the Commodities portfolio, lifting plant reliability (94.9%) and overall equipment effectiveness (88.5%) through disciplined asset turnaround and logistics management
- **Delivered measurable transition outcomes** through specialty and low-carbon solutions, including first production of synthetic esters and the launch of Emfinity® Esters, Neptem™ emulsifiers and Viscotech® Upcycled products
- **Applied disciplined capital allocation** to support resilience and transition, integrating internal carbon pricing (ICP) into investment decisions and directing funding toward priority decarbonisation and growth initiatives
- **Achieved zero Scope 1 and 2 emissions** at the Echt site, demonstrating the effectiveness of early, site-level decarbonisation actions through renewable electricity adoption and electrification

Alignment to UN SDGs

For further details, please refer to the Resilient Growth through Disciplined Strategy section on pages 29 to 32.

M4 INNOVATION & PRODUCT STEWARDSHIP

Description

PCG's commitment to developing innovative and high-quality products, and services that are safe, transparent and aligned with evolving customer expectations. It includes responsible management of technologies, intellectual property and product lifecycles, while upholding consumer rights, and fostering trust through ethical and sustainable practices.

Impact to PCG

Delivering innovative, customer-centric and compliant products strengthens PCG's competitive advantage, supports customer loyalty, and reinforces long-term business resilience and brand reputation in a rapidly evolving market.

Our Response

- **Delivered 30 new specialty chemicals (SC) products in 2025**, reinforcing a strong innovation pipeline aligned with regulatory compliance, application performance and sustainability requirements
- **Advanced low-emissions solutions through product innovation**, including Neptem™ emulsifiers enabling waterborne alkyd coatings with reduced volatile organic compounds (VOCs) emissions, aligning with stricter environmental regulations without compromising performance
- **Expanded sustainability-aligned specialty portfolio**, including engineered synthetic esters for transformer fluids and low-carbon viscosity modifiers, addressing regulated infrastructure needs and supporting energy transition objectives
- **Strengthened responsible product stewardship and sourcing**, through lifecycle-based product design, ISCC PLUS-certified Pro-Environment solutions, verified product carbon footprints and enhanced regulatory transparency across key markets

Alignment to UN SDGs

For further details, please refer to the Stewarding Responsible Innovation and Product Solutions section on pages 33 to 37.

OUR MATERIAL MATTERS

M5 CIRCULAR ECONOMY

Description

PCG's approach to support the transition towards a circular economy model, creating opportunities for developing sustainable circular products, plastic waste management and responsible materials management.

Impact to PCG

Strengthening PCG's leadership in sustainable materials reduces waste-related costs, unlocks new revenue opportunities through circular products and enhanced resilience to tightening regulations and evolving market expectations.

Our Response

- **Expanded circular and Pro-Environment product offerings**, including Neptem™ emulsifiers, Viscotech® Upcycled and Emfinity® Esters, enabling lower-VOC, recycled-content and bio-based solutions that reduce lifecycle emissions while maintaining performance
- **Advanced plastics circularity readiness** through structured feedstock testing and technology screening, strengthening pathways for advanced recycling and scalable circular production
- **Embedded circular practices across operations**, strengthening waste segregation, recovery infrastructure and pellet-loss prevention through renewed Operation Clean Sweep® commitment
- **Scaled circular awareness and engagement**, reaching over 100,000 students across 102 schools via the PCG Be Green programme and delivering tangible recovery outcomes through community-based Clean-Up and Waste2Value initiatives

Alignment to UN SDGs

For further details, please refer to the Supporting the Transition to a Circular Economy section on pages 38 to 41.

M6 SUPPLY CHAIN MANAGEMENT

Description

Covers the policies and practices for procurement, supplier and contractor management, and materials handling to support a sustainable and resilient supply chain. It includes responsible sourcing, managing environmental impacts such as GHG emissions, addressing human rights and socio-economic risks, and considering geopolitical factors that may affect supply continuity.

Impact to PCG

Embedding sustainability into procurement decisions strengthens value-chain reliability, reduces operational risks and enhances supplier performance and supports business continuity, regulatory compliance and long-term competitiveness across PCG's operations.

Our Response

- **Strengthened supplier risk governance** through comprehensive Third Party Risk Management (TPRM) screening across suppliers, vendors and joint ventures, supported by enhanced due diligence, contract-level controls and mitigation actions
- **Embedded human rights and ethical sourcing requirements into procurement processes** under the PETRONAS Human Rights Policy, PETRONAS Code of Conduct and Business Ethics (CoBE), PETRONAS Anti-Bribery and Corruption Manual (ABC Manual), and PETRONAS Contractors' Code of Conduct on Human Rights (CoCHR), reinforcing labour, safety and integrity standards
- **Strengthened contractor engagement and safe operations** by delivering 12 FELT Leadership sessions for term and spot service providers, reinforcing safe and sustainable working practices throughout the logistics value chain
- **Supported broader supply chain resilience, and small and medium enterprise (SME) development** through vendor development programmes and ESG-focused engagement initiatives, enhancing supplier readiness, compliance and long-term competitiveness

Alignment to UN SDGs

For further details, please refer to the Responsible Sourcing and Supply Chain Resilience section on pages 42 to 43.

M7 CYBERSECURITY & DIGITALISATION

Description

The use of digital technologies to unlock new business models, improve operational efficiency and resilience, and protect data from cyber-attacks and breaches, while enabling value creation and strengthening stakeholder trust across global operations.

Impact to PCG

Robust digital infrastructure and cybersecurity standards support business continuity, regulatory compliance and long-term competitiveness while protecting PCG's reputation, minimising cyber risks and preventing financial losses.

Our Response

- **Maintained strong cyber resilience across operations**, with zero high or very high severity cyber incidents, zero business-critical system downtime and no substantiated breaches of customer data or privacy during the year
- **Strengthened governance and risk oversight** through the PETRONAS Enterprise Cyber Security Governance Framework (ECSGF) across IT and operational technology (OT) environments monitored via defined Key Performance Indicators (KPIs) integrated into the Corporate Risk Profile
- **Building a cyber-aware workforce**, achieving 99% employee pass rates in cybersecurity assessments, 92% completion of mandatory training modules and reducing phishing test failure rates to 1.4%, continuing a downward trend
- **Continued to enhance digital security and operational efficiency** through initiatives including Secure-by-Design architecture, cybersecurity risk assessments for new systems, cyber insurance coverage and the deployment of advanced digital tools

Alignment to UN SDGs

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

For further details, please refer to the Managing Cyber Risks and Digital Security section on pages 44 to 45.

DELIVERING POSITIVE SOCIAL IMPACT

M8 SAFETY & HEALTH

Description

Policies and practices that foster a culture of safety, compliance and continuous improvement to create as well as sustain a safe and healthy environment for employees and the broader public. This includes measures to address occupational risks, transportation safety, emergency preparedness and proactive hazard identification across all global operations.

Impact to PCG

Maintaining a safe and healthy workplace reduces regulatory, legal and reputational risks, improves morale and productivity, operational disruptions and minimises incident-related costs. A strong safety culture supports business continuity and stakeholder trust.

Our Response

- **Strengthened Generative Health, Safety and Environment (HSE) Culture and leadership accountability**, with 240 FELT Leadership engagements conducted by the MD/CEO and Heads of Plants, reinforcing frontline visibility, early intervention and shared ownership of safety across Operating Units (OPUs)
- **Enhanced process safety discipline and incident prevention**, through implementation of the 8 Golden Rules of Process Safety, supported by targeted communications, cross-learning sessions and Safety Pauses
- **Improved consistency and compliance** across operations via the refreshed HSE Framework and standardised assurance processes, including completion of Occupational Safety and Health Administration (OSHA) 2022 gap assessments
- **Digitalised safety management and assurance**, with continued rollout of ePTW+2.0 across manufacturing sites, delivering faster permit processing, improved documentation accuracy and enhanced oversight of high-risk activities

Alignment to UN SDGs

3 GOOD HEALTH AND WELL-BEING
8 DECENT WORK AND ECONOMIC GROWTH

For further details, please refer to the Safeguarding Health, Safety and Operational Integrity section on pages 46 to 49.

OUR MATERIAL MATTERS

M9 TALENT MANAGEMENT & WELL-BEING

Description

The policies and practices to create and retain a capable and high performing, diverse and inclusive workforce. This approach supports organisational agility, innovation and business continuity, while ensuring employees feel valued, empowered and equipped to thrive in a rapidly evolving industry.

Impact to PCG

Effective talent management & well-being enhance workforce productivity, strengthen organisational capability, reduce staffing issues and support long-term business success.

Our Response

- **Strengthened workforce effectiveness and leadership alignment** through completion of the business portfolio review, clarifying roles, decision rights and capability priorities
- **Built future-ready talent pipelines** via structured internship, graduate and technical programmes, supporting early-career development and workforce sustainability
- **Advanced leadership and capability development** through PETRONAS leadership programmes, competency-based assessments and targeted sustainability learning to support evolving business and transition needs
- **Enhanced employee well-being and engagement** through flexible work arrangements, preventive health initiatives, financial support for employees with special needs children, and structured wellness programmes under the Employee Wellness Roadmap

Alignment to UN SDGs

3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

For further details, please refer to the Developing Talent and Supporting Workforce Well-Being section on pages 50 to 52.

M10 HUMAN RIGHTS

Description

The policies and practices in managing and upholding fundamental human rights within the workplace, supply chain and community, including efforts to assess and address social as well as environmental impacts of projects.

Impact to PCG

Strong human rights practices reinforce PCG's reputation, protect employee morale and productivity, reduce regulatory, legal and operational risks across the value chain. They also support business continuity, build stakeholder trust and contribute to long-term value creation.

Our Response

- **Strengthened human rights compliance** across operations and supply chains, anchored in the PETRONAS Human Rights Policy and reinforced through mandatory CoCHR self-assessments, Know Your Counterparty (KYC) documentation and ongoing contractor monitoring under Licensing & Registration (L&R) process
- **Completed Social Risk Assessments (SRAs)** across all Malaysian operating sites, covering labour and working conditions, responsible security, community well-being, and supply chain management, with findings used to prioritise oversight and targeted mitigation
- **Maintained accessible grievance mechanisms with timely remediation**, ensuring all employee, contractor and community grievances were reviewed, investigated and resolved through structured procedures within defined timeframes
- **Advanced human rights awareness and capability**, delivering targeted training for employees, grievance handlers and contractors, including Malaysian statutory social security (PERKESO) sessions and dedicated human rights modules

Alignment to UN SDGs

8 DECENT WORK AND ECONOMIC GROWTH
16 PEACE, JUSTICE AND STRONG INSTITUTIONS

For further details, please refer to the Reinforcing Human Rights across Our Value Chain section on pages 53 to 55.

OUR MATERIAL MATTERS

M11 COMMUNITY ENGAGEMENT

Description

Stakeholder engagement and programmes conducted to deliver positive social impact to communities in areas we operate or interact with, including efforts that foster community development, support local economies, and encourage philanthropy and volunteering.

Impact to PCG

Community engagement strengthens PCG's social licence to operate, enhances brand trust and reputation, reduces regulatory, operational and reputational risks, and supports long-term business resilience.

Our Response

- **Scaled PCG Be Green, our flagship social impact programme**, reaching over 100,000 students across 102 schools nationwide through the PCG Be Green School Competition and PCG Be Green Outreach Programme under Service Learning Malaysia-University for Society (SULAM), strengthening environmental literacy and youth leadership
- **Advanced biodiversity conservation and ecosystem restoration outreach**, engaging more than 4,000 visitors at the ecocare Environmental Education Centre (EEC) since its 2024 reopening and delivering hands-on learning on biodiversity and conservation with schools and community partners
- **Enabled a 25% increase in income** at the Kampung Lebai Saman Community Centre, strengthening local economic resilience and community enterprise growth
- **Expanded community engagement initiatives,** supporting environmental clean-ups, reforestation and education programmes in Thailand, China and India, strengthening local resilience and environmental stewardship near operating sites

Alignment to UN SDGs

For further details, please refer to the Engaging Our Communities section on pages 56 to 61.

STRENGTHENING ETHICS & INTEGRITY

M12 CORPORATE GOVERNANCE

Description

Business policies and practices to ensure ethical, transparent and responsible governance, including oversight of corporate conduct, regulatory compliance and accountability in financial and non-financial matters.

Impact to PCG

Embedding strong governance protects stakeholder interests, strengthens market confidence, mitigates risks and drives long-term value creation while enabling the Board to oversee ESG integration, drive innovation and foster a culture of integrity and ethical conduct across the organisation.

Our Response

- **Strengthened Board-level oversight of sustainability**, risk and integrity, with 100% of operations assessed for corruption-related risks and governance matters embedded within PCG's Corporate Risk Profile and Risk Appetite
- **Maintained a zero-tolerance stance on bribery and corruption**, recording zero confirmed incidents of corruption, anti-competitive behaviour or regulatory breaches
- **Comprehensive governance and ethics training coverage**, with 100% of Board members and employees trained or informed on anti-corruption
- **Enhanced whistleblowing and integrity mechanisms**, strengthening transparency, escalation effectiveness and oversight visibility through improved workflows and structured reporting

Alignment to UN SDGs

For further details, please refer to the Upholding Strong Governance and Ethical Conduct section on pages 62 to 63.

MOVING TOWARDS A LOW-CARBON FUTURE

M1 CLIMATE CHANGE

WHY IT MATTERS

The global transition towards a lower-carbon economy is increasingly shaping the operating environment in which we conduct our business.

Physical climate impacts, evolving energy markets and changing regulatory and customer expectations are reshaping cost structures, asset reliability and long-term competitiveness. These pressures are particularly pronounced in energy- and resource-intensive industries such as chemicals.

For PCG, understanding and managing climate-related risks and opportunities is central to informed decision-making across operations, investments and supply chains. As markets progressively shift toward lower-carbon solutions, customers, investors and business partners are placing greater emphasis on emissions transparency, transition readiness and execution credibility.

Advancing towards a low-carbon future is therefore closely linked to our ability to sustain stable operations, protect asset value and remain competitive through periods of transition. While transition pathways continue to evolve, strengthening climate readiness supports long-term resilience, responsible value creation and confidence in PCG's transition journey.

OUR ACHIEVEMENTS

Zero Scope 1 and 2 emissions achieved at the Echt site through energy efficiency, renewable energy and electrification while the Waspik site continued to maintain zero emissions for the same scopes

Approximately 100 $ktCO_2e$ of GHG reduction achieved through energy efficiency improvements, flaring reduction and low carbon process measures

212 $ktCO_2e$ reduction of market-based GHG emissions achieved via purchased of bundled RECs

2 studies endorsed for Sustainability Fund utilisation to grow our NZCE projects pipeline

MOVING TOWARDS A LOW-CARBON FUTURE

MOVING TOWARDS A LOW-CARBON FUTURE

OUR APPROACH

Establishing Our Pathway Forward

We continue to strengthen the foundations of our climate transition by establishing a clear and structured pathway that guides our long-term direction. Our approach is anchored in the PCG NZCE 2050 Roadmap, providing a consistent framework for reducing emissions across our operations over time.

By formalising this pathway, we are able to take measured and practical steps that balance operational realities with evolving regulatory expectations and customer requirements. This approach allows us to maintain flexibility as technologies, market conditions and policy frameworks mature, while ensuring progress remains aligned with our long-term climate ambitions.

Strengthening Governance and Oversight

Oversight of climate-related matters is supported by the Board and the Board Sustainability Risk Committee (BSRC), ensuring that climate-related risks are identified, monitored and integrated into enterprise-wide decision-making. This governance structure provides clear accountability and enables informed guidance at the highest level.

Implementation is coordinated through the NZCE Taskforce, which supports consistent application of climate considerations across subsidiaries and business divisions. Together, these governance practices help PCG maintain alignment, transparency and accountability as we navigate our transition toward a lower-carbon future.

Improving Emissions Data and Measurement

To support more reliable and decision-useful climate reporting, we continue to strengthen our emissions measurement processes through structured reviews of boundaries, methodologies and data quality. This includes improving the granularity of Scope 1 and 2 emissions data, updating datasets and emission factors as well as increasing automation in calculations.

We strengthened our Scope 3 efforts by improving the quality of our emissions disclosures through more material reporting and by incorporating supplier-specific emission factors, where available. These enhancements improve data confidence and support PCG's readiness for progressively expanding disclosure requirements.

Assessing Climate Risks and Opportunities

We conduct periodic assessments to better understand climate-related risks and opportunities across our operations and value chain. These assessments identify transition risks associated with energy costs, carbon-related policies and customer preferences, as well as physical risks linked to extreme weather, site exposure and supply chain disruptions.

Insights from these assessments are incorporated into long-term planning and operational preparedness. PCG also reviews the positions of industry associations on climate policy to ensure alignment with our commitments and transition direction.

Integrating Climate Considerations Into Decision-Making

Climate considerations are increasingly being embedded into investment and business decision-making processes. The application of ICP supports the evaluation of long-term risks associated with future carbon costs, ensuring that major investments reflect potential financial exposures in the mid and long-term.

Transition considerations are also incorporated into planning cycles, enabling more resilient strategies that align with PCG's longer-term decarbonisation ambitions and support resilient portfolio development.

PROGRESS & IMPACT

Advancing the NZCE Roadmap with Clear Near- and Long-Term Milestones

In 2025, PCG progressed the structured implementation of our NZCE 2050 Roadmap, translating long-term ambition into clearer near- and long-term execution priorities. These included:

- **Strengthening Group-wide coordination of NZCE implementation** through the NZCE Taskforce, reinforcing alignment across businesses and subsidiaries
- **Prioritising value-accretive emissions reduction** via focused actions in flaring reduction, energy efficiency improvements and early-stage renewable integration
- **Operationalising the Sustainability Fund** to accelerate eligible NZCE initiatives, enabling structured prioritisation of decarbonisation opportunities across operating units
- **Continuing the procurement of bundled RECs**, reducing Scope 2 market-based emissions by 212 $ktCO_2e$
- **Sustaining the development of lower-carbon and circular products**, supporting customer decarbonisation needs and broader value chain transition

For further details, please refer to the Stewarding Responsible Innovation and Product Solutions section on pages 33 to 37.

BRICK BY BRICK: A STEP TOWARDS NZCE 2050

Award Recognition: Sustainable Plant of the Year
(Asian Downstream Summit 2025)

PETRONAS Chemicals Olefins (PC Olefins), PETRONAS Chemicals Glycols (PC Glycols) and PETRONAS Chemicals Derivatives (PC Derivatives), operate a high-energy intensity integrated manufacturing complex where asset integrity, process safety and emissions performance must be managed in parallel. Given the scale and complexity of its operations, decarbonisation efforts are embedded within core operating and maintenance practices rather than treated as standalone initiatives.

These site-level improvements were recognised with the Sustainable Plant of the Year award at the Asian Downstream Summit 2025. The recognition reflects the plant's disciplined execution of operational enhancements that support energy efficiency, emissions reduction and long-term asset resilience, while contributing meaningfully to PCG's NZCE 2050 Roadmap.

What challenge was the plant addressing?

The primary challenge at the plant centred on ageing furnace refractory systems that were increasingly constraining both operational reliability and energy performance. Deterioration of refractory integrity heightened the risk of heat loss, unplanned shutdowns, safety exposure and elevated fuel consumption, placing pressure on asset availability, operating discipline and emissions intensity.

Addressing these risks required an approach that went beyond reactive maintenance. Sustainability and operational performance were therefore treated as interdependent requirements, with the objective of protecting asset integrity, maintaining compliance and sustaining reliable production under tightening energy, safety and emissions expectations.

How was sustainability embedded into daily operations?

The plant adopted a disciplined, systems-driven approach centred on refractory lifecycle management and furnace operating integrity. This included enhanced inspection regimes, tighter operating controls and risk-based maintenance planning to address degradation proactively rather than reactively.

These practices were reinforced through:

- standardised operating procedures;
- closer coordination between operations, maintenance and inspection teams; and
- data-driven monitoring to detect early signs of wear, heat loss or insulation degradation

By embedding sustainability considerations into operating setpoints, inspection routines and maintenance decisions, the plant ensured that energy efficiency, safety and reliability were managed together, rather than as competing priorities.

How were efficiency, reliability and emissions balanced?

Balancing sustainability with operational performance required disciplined execution on the ground. Furnace operations were maintained within defined thermal and mechanical limits to optimise heat transfer without accelerating refractory wear. Energy efficiency targets were integrated into routine monitoring, while reliability was protected through condition-based inspections and early intervention.

This integrated approach reduced fuel consumption and emissions intensity without compromising production stability, allowing the plant to improve environmental performance while maintaining high availability and operational consistency.

What outcomes distinguished this plant?

Following the refractory revamp and strengthened operating discipline, the plant recorded:

- reduced heat loss and fuel intensity
- improved furnace availability
- fewer unplanned shutdowns

Equally important were the behavioural shifts observed, including proactive issue escalation, strong cross-functional ownership of asset health and consistent adherence to operating discipline, which collectively distinguished the plant from peers and reinforced a preventive approach to performance management.

Why does this matter for PCG's NZCE 2050 Roadmap?

The recognition demonstrates how PCG's NZCE 2050 Roadmap is advanced through disciplined site-level operating systems rather than standalone decarbonisation projects. At the plant, emissions performance improvements were delivered by strengthening asset lifecycle management, preventive maintenance and operating controls that directly influence energy efficiency and fuel intensity.

The outcomes reinforce PCG's approach of embedding climate considerations into day-to-day operations, where consistent execution, early intervention and cross-functional ownership reduce emissions intensity while protecting asset integrity and safety. This aligns our NZCE 2050 ambitions with how plants are operated, maintained and governed over their full lifecycle.

By showing that meaningful emissions reductions can be achieved through operational practices already integral to plant reliability, this case study provides a scalable model for supporting NZCE 2050 progress across PCG's manufacturing portfolio as climate, regulatory and stakeholder expectations continue to evolve.

MOVING TOWARDS A LOW-CARBON FUTURE

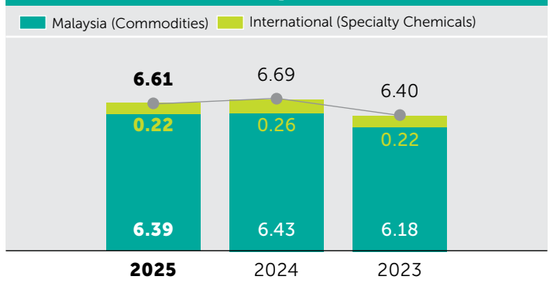
MOVING TOWARDS A LOW-CARBON FUTURE

Strengthening Carbon Emissions Measurement and Transparency

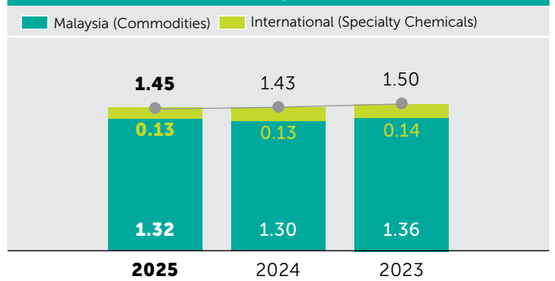
We continued to strengthen the quality and scope of our greenhouse gas emissions reporting to improve decision-usefulness and support transition planning. In 2025, we focused on the following areas:

- **Updated our GHG calculations** using the most recent climate science and electricity grid emissions data
- **Refined Scope 3 emissions disclosures** by focusing on the three categories assessed as most material to PCG's value chain, improving relevance and focus

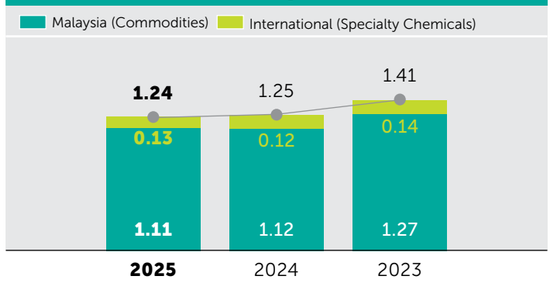
Scope 1 GHG emissions[1,6] *(mil tonne CO_2e)*



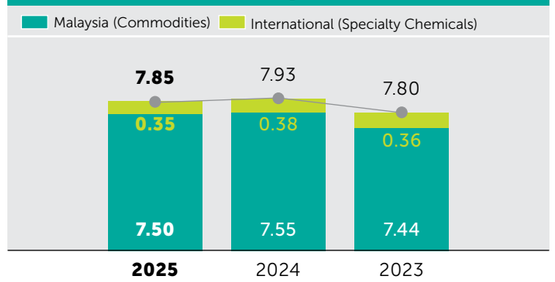
Scope 2 (location-based) GHG emissions[2,6] *(mil tonne CO_2e)*



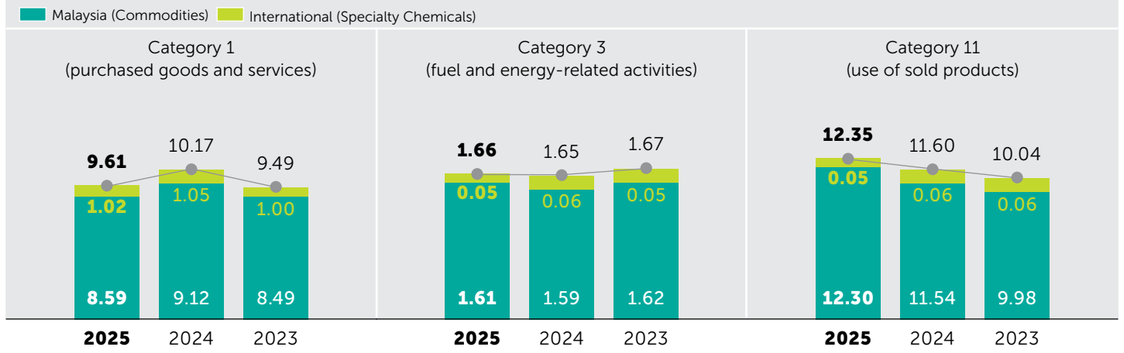
Scope 2 (market-based) GHG emissions[2,5,6] *(mil tonne CO_2e)*



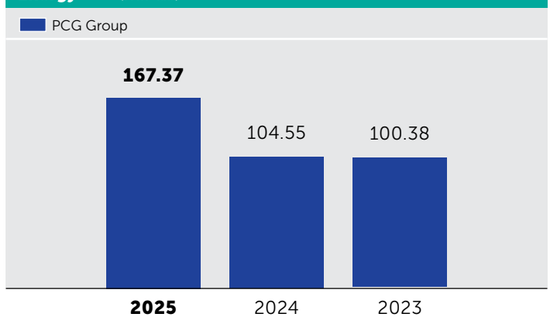
Total Scope 1 and Scope 2 (market-based) GHG emissions[1,2,6] *(mil tonne CO_2e)*



Scope 3 – Indirect GHG emissions[3,6] *(mil tonne CO_2e)*



Energy[4, 5, 6, 7] *(mil GJ)*



[1] *Direct emissions from sources owned or controlled by the Group, including fuel combustion, process emissions, flaring, venting and fugitive emissions*
[2] *Indirect emissions associated with purchased electricity and steam*
[3] *Indirect emissions arising across PCG's upstream and downstream value chain. Data covers Commodities manufacturing sites with operational control and Perstorp. Prior year emissions have been restated to reflect refined calculation methods and the use of supplier-specific emission factors where relevant*
[4] *Total energy consumption includes purchased fuel, electricity, and steam, and excludes feedstock for periods on and before 2024*
[5] *Detailed breakdown may not add up to the total due to rounding*
[6] *Basis of calculations is provided in the PCG Basis of Calculation within the PCG Sustainability Statement section within the PCG Integrated Report 2025.*
[7] *Increase in energy is due to expansion of boundary in 2025 to include internal generated energy for Commodities (82.25 million GJ) as well as the inclusion of Specialty Chemicals (6.59 million GJ)*

For further details, please refer to the Sustainability Statement section on pages 70 to 109 within the PCG Integrated Report 2025.

Driving Emissions Reductions through Focused Efforts

During the reporting year, PCG continued to deliver tangible emissions reductions through focused efforts while supporting production reliability and efficiency. The following outcomes were delivered:

- **Achieved a total emissions reduction of more than 310 $ktCO_2e$** in 2025 through decarbonisation initiatives across manufacturing sites
  - **Initiated various energy efficiency improvement measures** such as steam system and thermal efficiency improvements, boiler and fuel optimisation, rotating equipment and mechanical efficiency, process optimisation and loss reduction, as well as energy management initiatives. These efforts contributed approximately 75 $ktCO_2e$ emissions reduction. Notable projects included boiler tube replacement at PETRONAS Chemicals Methanol (PC Methanol), cracked gas compressor turbine rotor upgrades at PETRONAS Chemicals Ethylene (PC Ethylene) and PETRONAS Chemicals Polyethylene (PC Polyethylene) as well as optimisation of high-pressure steam generation at PETRONAS Chemicals MTBE (PC MTBE)
  - **Continued implementation of flaring reduction measures** at Malaysian operations, contributing to emissions reduction of approximately 10 $ktCO_2e$ alongside operational cost benefits. Notable projects included urea continuous flare natural gas substitution with nitrogen at PETRONAS Chemicals Fertiliser Sabah (PC Fertiliser Sabah) and MATRO membrane replacement at PC Ethylene and PC Polyethylene
  - **Phased out fossil peat and fuel oil** for steam generation at Perstorp site, delivering a Scope 1 emissions reduction of approximately 15 $ktCO_2e$
  - **Continued bundled RECs purchase**, reducing market-based GHG emissions by approximately 212 $ktCO_2e$
- Sustained momentum in asset and energy optimisation initiatives that support both emissions reduction and operational discipline

Progressing Climate Risk Management and Readiness

PCG continued to strengthen climate risk management capabilities to enhance resilience against physical and transition risks, and to support more forward-looking decision-making. Key developments during the year included:

- **Established IFRS S2-aligned climate disclosure readiness (first-time adoption)** within the PCG Integrated Report 2025 organised around governance, strategy, risk management as well as metrics and targets, applying permitted transition reliefs to support phased, robust implementation approach
- **Improved forward-looking climate risk insight and transparency** through scenario-informed assessment of physical and transition risks across defined time horizons, strengthening understanding of business resilience
- **Strengthened Board and Management oversight** of climate-related risks and opportunities, alongside improved internal capability to factor climate considerations into risk management and long-term planning

MANAGING ENVIRONMENTAL IMPACTS AND NATURAL RESOURCES

M2 NATURE & ENVIRONMENT

WHY IT MATTERS

Safeguarding natural resources is fundamental to PCG's ability to operate reliably, manage risk and deliver long-term value.

As a chemicals producer, our operations depend on secure access to water, raw materials and healthy ecosystems, particularly in resource-sensitive and water-stressed locations. Proactive and measurable environmental stewardship helps protect operational continuity while reinforcing responsible operations across the value chain.

Environmental risks such as water scarcity, pollution incidents and waste-related impacts can disrupt operations, affect surrounding communities and stakeholder confidence if not effectively managed. By strengthening material efficiency, advancing circular practices and reducing waste disposal to landfills, PCG mitigates these risks while improving cost efficiency, meeting customer expectations for lower-impact solutions and enhancing portfolio competitiveness as markets transition toward circularity and climate resilience.

At the same time, environmental compliance is increasingly linked to our licence to operate and long-term transition ambitions. Regulatory frameworks covering water management, waste, circular economy and biodiversity continue to evolve across key markets. Maintaining robust environmental standards, supported by clear performance targets and continuous improvement, strengthens regulatory readiness, minimises disruption risk and sustains stakeholder confidence over the long-term, while reinforcing alignment with PCG's NZCE 2050 Roadmap.

OUR ACHIEVEMENTS

88% hazardous waste recycling rate across domestic operations

More than RM20 million in value generated from hazardous waste recovery and utilisation through circular initiatives

2030 Targets for Resource Efficiency established for hazardous waste circularity (all domestic sites) and freshwater withdrawal reduction (domestic water-stressed sites)

660,000 m^3 of freshwater withdrawal reduced through domestic water recycling and wastewater recycling at Stenungsund site in Sweden

88% of absolute freshwater withdrawal reduction target achieved at domestic water-stressed sites

B score achieved for CDP Water Security 2025, improved from B- in the prior year

Prime Minister's Hibiscus Award received in recognition of outstanding environmental stewardship

OUR APPROACH

PCG's approach to environmental stewardship goes beyond regulatory compliance, positioning environmental management as a core enabler of operational excellence, resilience and long-term value creation. Guided by the PETRONAS HSE policy and the PETRONAS Technical Standard, our practices are implemented consistently across operating sites to manage environmental risks, strengthen performance and support responsible growth.

Strengthening Environmental Controls and Operational Visibility

We embed structured environmental management systems and digital monitoring tools across our operations to strengthen control, transparency and consistency in environmental performance. ISO 14001-certified systems, supported by real-time data tracking, enhance visibility over water withdrawal, emissions, waste flows and environmental risks across operating sites. This enables earlier identification of inefficiencies, supports timely intervention as well as strengthens compliance with regulatory and internal technical requirements.

Enhanced operational visibility also supports more informed decision-making across asset management and operational planning. By integrating environmental data into routine performance reviews, PCG is better positioned to anticipate emerging risks, optimise resource use as well as maintain continuity amid climate-related and ecological pressures. These systems form a critical foundation for improving environmental outcomes while supporting stable and reliable operations.

Advancing Circularity and Resource Efficiency

Our environmental strategy is guided by a circular mindset that prioritises waste minimisation, material recovery and value creation from by-products across the value chain. By reducing reliance on virgin resources and increasing recovery, reuse and recycling, PCG lowers its environmental footprint while strengthening alignment with evolving regulatory expectations and broader market requirements.

At the same time, advancing circularity supports operational efficiency and commercial resilience. The recovery and repurposing of materials help reduce disposal costs and unlock opportunities in bio-based, recycled and lower-impact products. This integrated approach reinforces our transition toward more resource-efficient operations, supports customer sustainability objectives and contributes to long-term value creation.

Focusing on Priority Environmental Areas

In advancing our environmental strategy, we focus on three priority areas that are most material to our operations, where effective management is critical to operational continuity, regulatory readiness and long-term environmental stewardship. These are:

Water and Wastewater Management

We prioritise efficient and responsible water use across our operations, recognising water as a shared resource critical to both PCG and surrounding communities. Our water management practices are guided by PETRONAS Technical Standards, local regulatory requirements and site-specific risk assessments, in line with industry best practices.

Particular focus is placed on water-stressed locations, where climate risks and local conditions may affect operational continuity. Investments in wastewater recycling, condensate recovery, wastewater treatment optimisation and digital monitoring strengthen water efficiency while reducing reliance on freshwater withdrawals. These measures support long-term water security, improve resilience against climate variability and reinforce PCG's commitment to disciplined water stewardship, as reflected in the improvement of our CDP Water Security score to B in 2025, up from B- in 2024.

Waste Management

Responsible waste management is central to PCG's commitment to resource efficiency and circularity. We apply PETRONAS Technical Standards across waste minimisation, segregation, safe handling and responsible disposal, guided by the 5Rs principle: Remove, Reduce, Reuse, Recycle and Recover.

Through targeted waste circularity initiatives, we aim to increase recycling rates and repurpose waste streams back into the value chain. Collaboration with external partners enables the recovery of valuable materials, conversion of waste into industrial inputs and reduction of landfill dependency, supporting a lower-waste, lower-carbon business model.

Biodiversity

PCG recognises biodiversity as a shared natural asset and is committed to managing potential impacts on ecosystems near our operating sites. Our approach is guided by the PETRONAS Position on Nature and Biodiversity, adopted in 2025, and supported by the Biodiversity and Ecosystem Services (BES) Management framework.

For new projects and developments in ecologically sensitive areas, Biodiversity Action Plans will be developed to guide mitigation and management measures. Existing sites assessed as higher risk under BES profiling will also be subjected to targeted mitigation and monitoring. Environmental Impact Assessments remain a key component of due diligence for new developments. Long-running conservation initiatives, including ecosystem restoration and environmental education programmes, complement these efforts and support broader alignment with national biodiversity priorities.

MANAGING ENVIRONMENTAL IMPACTS AND NATURAL RESOURCES

MANAGING ENVIRONMENTAL IMPACTS AND NATURAL RESOURCES

PROGRESS & IMPACT

Water Stewardship and Efficiency

Freshwater Withdrawal[1, 2] *(mil m³)*	Freshwater Withdrawal Intensity[1,2] *(m³/tonne)*	Proportion of Freshwater Withdrawal from Water-Stressed Areas[1,2,3]
57.0	**5.3**	**18%**
2024: 60.4 2023: 56.5	2024: 5.4 2023: 5.5	

Freshwater Consumption *(mil m³)*[1,2,3]	Freshwater Consumption Intensity *(m³/tonne)*[1,2,3]	Proportion of Freshwater Consumption from Water-Stressed Areas[1,2,3]
35.2	**3.2**	**27%**

Wastewater discharge[4]	2023	2024	2025
Chemical Oxygen Demand (COD) (tonne)			
Malaysia (Commodities)	219.4	168.0	**173.4[4]**

[1] Data covers Commodities manufacturing sites with operational control, as well as BRB and Perstorp sites
[2] Water withdrawal by source:
- *For Commodities: Fully sourced from municipality*
- *For Specialty Chemicals: Surface water from own extraction (90.6%), groundwater from own extraction (3.6%) and third-party sources (5.8%)*

[3] First year reporting in 2025, data will be enhanced in future cycles
[4] Data covers Commodities manufacturing sites only
- *For Specialty Chemicals:*
  - *COD is measured in the flow into the wastewater treatment plant*
  - *Wastewater treatment reduces the COD by over 90%*
  - *COD values are calculated through conversion from Total Organic Compound*
  - *For FY2025, the COD is 9.86 kilotonnes*

Delivering Progress Against Absolute Freshwater Reduction Targets

- **Continued progress in reducing freshwater withdrawal** at domestic water-stressed sites, guided by PCG's target to reduce freshwater withdrawal by 138,000 m³/month, by 2030 against the 2023 baseline
  - **Realised approximately 88%** of our absolute targeted freshwater withdrawal reduction through the implementation of targeted optimisation projects. These initiatives included process condensate recovery, condensate polisher regeneration and wastewater discharge timer adjustments, strengthening long-term water efficiency and operational resilience
- **Developed a 25% target to reduce freshwater withdrawal for SC** at high water-stressed sites by 2030 against the 2019 baseline

Site-Level Optimisation and Efficiency Measures

- **Implemented a series of optimisation and efficiency projects** under the Group's water management plan across key operating units, delivering the following estimated monthly freshwater savings:
  - **Process condensate recovery** at PC Methanol Plant 1: approximately 45,000 m³
  - **Steam line improvements** at PC Fertiliser Sabah: approximately 43,200 m³
  - **Enhanced wastewater recycling** at the Stenungsund site through reverse osmosis and ultrafiltration: approximately 33,000 m³
  - **Improvements to return water systems** at PETRONAS Chemicals Fertiliser Kedah (PC Fertiliser Kedah): approximately 500 m³

Data Accuracy, Monitoring and System Visibility

- **Completed water balance validations** for both PC Methanol plants, improving data accuracy, tracking and site-level water system visibility
- **Leveraged the CLARITY digital solution** to enable real-time monitoring and optimisation of water systems, supporting more resilient and efficient water management across operations

Wastewater Management and Compliance

- **Conducted a comprehensive wastewater situational assessment** of wastewater treatment plant performance for our Commodities assets, identifying operational gaps and enhancing enforcement, pollution prevention and compliance measures to improve discharge quality and prevent incidents

Strengthening Long-Term Water Resilience

- **Advanced climate adaptation planning** by assessing water availability in stressed locations using World Resources Institute Aqueduct data and conducting climate impact modelling for 2030 and 2050 scenarios
- **Conducted in-depth assessments** of alternative water sourcing options, including reclaimed sewage and seawater thermal desalination, to enhance long-term water security at water-stressed locations

Advancing Value Chain Engagements

- **Engaged with state water authorities** at domestic water-stressed sites to stay informed of ongoing infrastructure developments and assess potential implications for future water availability
- **Partnered with water vendors**, via PC Fertiliser Kedah and PETRONAS Chemicals Ammonia (PC Ammonia), to transition to non-phosphate cooling water treatment, improving cycles of concentration, reducing freshwater use and lowering wastewater discharge. Other operating units are currently assessing suitability through ongoing trials

Waste Circularity and Value Creation

Hazardous Waste Generation *(kilotonne)*	Hazardous Waste Final Disposal *(kilotonne)*	Hazardous Waste That Underwent 3R *(kilotonne)*	Hazardous Waste 3R Rate (%)[1]
87.8	**60.3**	**27.0**	**88**
2024: 108.3 2023: 80.6	2024: 66.3 2023: 54.7	2024: 41.6 2023: 24.2	2024: 93 2023: 76

[1] Data covers Commodities manufacturing sites with operational control

Strengthening Waste Circularity and Clear 2030 Targets

- **Advanced waste circularity** across domestic operations, in line with PCG's absolute target to sustain 77% hazardous waste circularity by 2030
- **Progressed waste circularity across SC operations,** aligned with a 30% absolute reduction in hazardous and non-hazardous waste directed to disposal by 2030, from a 2019 baseline.

Institutionalising Circular Waste Governance and Capability

- **Established the PCG Waste Circularity Taskforce** to drive proactive waste commercialisation, supported by contractor upskilling and enhanced audit processes
- **Increased the number of waste streams** directed to Reduce, Reuse, Recycle (3R) pathways by over fourfold, enabled through the Waste Circularity Taskforce, Waste Minimisation Taskforce and expanded recycler partnerships

Delivering Measurable Circularity Performance Outcomes

- **Improved hazardous waste circularity** across domestic operations, achieving an 88% hazardous waste recycling rate, supported by:
  - **Waste valorisation initiatives**, including recovery of precious metals, upgrading spent oils to higher-grade lubricants and repurposing waste streams for industrial use
  - **Waste-to-resource applications across multiple sectors**, including agriculture, cement, waste-to-energy, heavy machinery and textiles

Creating Economic Value From Waste Streams

- **Generated more than RM20 million** in value through the recovery and utilisation of hazardous waste streams

Scaling Circular Solutions Through Pilots and Site-Level Innovation

- **Successfully completed a pilot** at PC Fertiliser Kedah to repurpose wastewater sludge for cement co-processing, reducing landfill disposal
- **Planned expansion to other sites** in 2026 to increase sludge recovery volumes from wastewater treatment plant maintenance activities and to collaborate with additional co-processing facilities
- **Reduced waste volumes** through sludge de-centrifuge commissioning at the Stenungsund site

Advancing Future Circular Feedstock and Residual Stream Solutions

- **Progressed feasibility assessments** to repurpose fly ash currently sent to landfill at the Perstorp site as a secondary raw material for the cement industry, supporting resource substitution and landfill reduction
- **Advanced studies on the purification and recycling** of methanol-rich residual streams for reuse as raw material inputs at the Perstop site, strengthening internal circularity and feedstock efficiency
- **Initiated evaluations** at the Sayakha site in India to reduce residual volumes through evaporation, targeting lower waste generation and improved material recovery

MANAGING ENVIRONMENTAL IMPACTS AND NATURAL RESOURCES

Air Emissions Management

Nitrogen Oxides (NO_x) *(kilotonne)*	Sulphur Oxides (SO_x) *(kilotonne)*	Air emissions intensity *(tonne/kilotonne)*
35.9	**1.22**	**2.24**
2024: 24.8	2024: 0.17	2024: 2.24
2023: 22.0	2023: 0.17	2023: 2.14

[1]Strengthening Air Emissions Management and Regulatory Readiness

- **Maintained structured monitoring of key air pollutants** across Commodities manufacturing sites, including nitrogen oxides (NO_X) and sulphur oxides (SO_X), to ensure consistent emissions oversight and compliance assurance
- **Commissioned a continuous ammonia emissions monitoring system** at PC Olefins, PC Glycols and PC Derivatives, enabling real-time tracking, early detection and proactive environmental management
- **Advanced a portfolio of air emissions upgrade projects** at the Perstorp site to prepare for tighter regulatory requirements under the Industrial Emissions Directive and Best Available Techniques standards entering into force by end-2026
- **Strengthened VOC abatement performance** through the commissioning of new catalytic oxidisers at Castellanza and Perstorp sites, improving emissions control and long-term compliance resilience

Biodiversity Management

- **Completed an on-site BES Risk Assessment** validation at PC Methanol in collaboration with the Nature and Biodiversity Centre of Excellence, confirming effective mitigation measures and a revised Medium risk rating, reflecting robust operational controls
- **Strengthened collaboration with government agencies** and partners to support conservation and education initiatives

For further details on our conservation and education efforts, please refer to the Engaging Our Communities section on pages 56 to 61.

INDEPENDENT VALIDATION OF ENVIRONMENTAL PERFORMANCE

PCG's environmental performance in 2025 was independently recognised through the Prime Minister's Hibiscus Award, Malaysia's highest private-sector environmental accolade. PCG received the Exceptional Achievement Award, recognised for its outstanding environmental stewardship, robust management systems and sustained commitment to responsible environmental practices across operations.

The award was conferred on the following operating units:

- PETRONAS Chemicals LDPE and PETRONAS Chemicals Ammonia
- PETRONAS Chemicals Ethylene and PETRONAS Chemicals Polyethylene

Jointly organised by leading industry and non-profit organisations, including ENSEARCH, Federation of Malaysian Manufacturers and Malaysian International Chamber of Commerce and Industry and endorsed by the Ministry of Natural Resources and Environmental Sustainability, the award reflects external confidence in PCG's approach to environmental management, regulatory compliance and continuous improvement.

This recognition reinforces the outcomes achieved through PCG's focus on responsible resource use, waste circularity, water stewardship and environmental risk management which serves as an independent affirmation of the Group's progress in embedding environmental considerations into operational decision-making.

RESILIENT GROWTH THROUGH DISCIPLINED STRATEGY

M3 BUSINESS STRATEGY & FINANCIAL RESILIENCE

WHY IT MATTERS

PCG operates in a dynamic chemical industry shaped by the energy transition, evolving customer expectations and increasing scrutiny on sustainability performance.

These shifts are changing how value is created, capital is allocated and competitiveness is sustained across the sector.

In this environment, a resilient business strategy and strong financial foundations are essential to generate, protect and grow economic value, while positioning PCG to compete effectively in a lower-carbon and more regulated future. Financial discipline and strategic agility enable us to navigate market cycles, manage cost pressures and respond to regulatory, policy and transition-related developments without compromising operational stability.

At the same time, disciplined portfolio transformation supports a deliberate shift toward higher-value, specialty and lower-carbon businesses. This strengthens resilience against volatility, enhances long-term competitiveness and aligns our growth trajectory with PCG's NZCE 2050 Roadmap and evolving stakeholder expectations. For investors and other stakeholders, this reinforces confidence in PCG's ability to deliver stable performance, manage risk prudently and allocate capital responsibly, while building a future-ready portfolio anchored in sustainable value creation.

OUR ACHIEVEMENTS

94.9% plant reliability achieved across the Commodities portfolio, reflecting sustained operational discipline and asset performance optimisation

88.5% OEE recorded in 2025 supporting stable production output and cost competitiveness

Received regional recognition at the Asian Downstream Summit 2025 for Downstream Project of the Year and Sustainable Plant of the Year

OUR APPROACH

PCG's business strategy is anchored in strengthening financial resilience while positioning us for long-term value creation. This is delivered through a balanced focus on operational efficiency and growth delivery, enabling us to respond to market conditions, manage risk and pursue sustainable growth opportunities in a disciplined manner.

Efficiency-Driven Performance across Core Operations

Operational discipline remains central to PCG's strategy, particularly within the Commodities portfolio where scale, reliability and cost competitiveness are critical. We continue to focus on improving

RESILIENT GROWTH THROUGH DISCIPLINED STRATEGY

asset performance, optimising logistics and supply chain execution and coordinating turnaround and maintenance activities to maximise production output while managing cost pressures. These efforts support stable cash generation and strengthen our ability to navigate cyclical market conditions.

Building on this foundation, we continue to explore the application of technology-enabled energy optimisation and renewable energy integration. Together, these initiatives contribute to improved energy efficiency and emissions performance across manufacturing sites, reinforcing PCG's broader transition objectives while maintaining production reliability.

Alongside efficiency improvements, we continue to expand our portfolio into higher margin or value accretive products in the specialties business higher-value and more sustainability-aligned businesses. This transition aligns with PCG's two-pronged strategy. The first prong focuses on strengthening the core through efficiency-driven operational performance and cost competitiveness, enabling disciplined portfolio optimisation.

The second prong centres on selective diversification into SC, with targeted growth in key segments, including coatings, personal care, engineered fluids and advanced polymer solutions, supported by site optimisation and supply chain enhancements. These initiatives strengthen portfolio diversification, reduce exposure to commodity volatility and position us for growth in segments with stronger long-term demand fundamentals.

PCG is strategically prioritising sustainability-aligned solutions including circular economy applications, bio-based chemicals and lower-carbon products. This focus is reflected in the continued expansion of our sustainability-oriented product offerings, reinforcing our commitment to building a more resilient and future-ready portfolio.

Together, these efforts reinforce PCG's long-term transition strategy, strengthening portfolio resilience and accelerating the shift towards sustainable, higher-value solutions, while positioning the Group to capture emerging growth opportunities in a rapidly evolving market landscape.

Disciplined Capital Allocation and Investment Governance

Disciplined financial management underpins all strategic decisions at PCG. We balance operational requirements with investments in innovation, decarbonisation and portfolio expansion through structured capital allocation and robust project evaluation processes. Sustainability considerations are integrated alongside financial and operational factors to support informed decision-making and long-term value preservation.

To accelerate innovation and decarbonisation, PCG leverages two dedicated investment mechanisms. The Technology and Innovation Fund supports early-stage and feasibility initiatives aligned with strategic priorities, while the Sustainability Fund supports initiatives that contribute directly to emissions reduction and long-term transition objectives.

As part of executing our strategy, we actively evaluate trade-offs between financial viability, reputational considerations and long-term sustainability positioning. In challenging market conditions, investment and sequencing decisions are calibrated to protect value while preserving flexibility for future execution. These trade-offs are reviewed through established governance forums, with Management assessing options and the Board providing scrutiny to ensure decisions remain aligned with our long-term objectives, risk appetite and transition priorities.

PCG INVESTMENT MECHANISMS

Technology & Innovation (T&I) Fund

The T&I Fund supports eligible programmes that advance PCG's six strategic innovation pillars: Coating Solutions, Performance Chemicals, Materials, Care Solutions, Agriculture Solutions and Sustainable Chemical Solutions. It enables PCG to engage in technology and innovation initiatives on a continuous and progressive basis, clearly distinguishing these efforts from growth investments and business-as-usual activities.

Projects:

- **Alkoxylation Programme External Research and Development Collaboration:**
  Accelerated product development of safer, high-performance alkoxylates aligned to regulatory and customer needs
- **Product Trial of POE 160 for Direct-to-Chip (DTC) Rack Level Cooling Solution:**
  Established early mover edge in Dielectric Fluids for DTC Cooling and positions our SC business to capture up to 20% market share by 2031

Sustainability Fund

The Sustainability Fund supports NZCE-focused initiatives that contribute directly to PCG's decarbonisation objectives and long-term emissions reduction pathway. It is available to fund both capital expenditures (CapEx) and operating expenditures (OpEx) requirements associated with the implementation of NZCE-related projects and programmes, enabling disciplined execution of the Group's transition priorities.

Projects:

- **Multi-unit boiler optimisation at PC Ethylene:**
  Completed a multi-unit boiler optimisation study, identifying potential fuel gas savings by optimising the number of boilers operated concurrently, while maintaining operational reliability and flexibility
- **Ammonia abatement system at PC Fertiliser Kedah:**
  Initiated a feasibility study to minimise and recover vented ammonia with the potential to reduce natural gas consumption; the study is currently in the planning phase

RESILIENT GROWTH THROUGH DISCIPLINED STRATEGY

PROGRESS & IMPACT

In 2025, PCG focused on strengthening operational performance and advancing portfolio development across its businesses. Delivery was supported by disciplined governance and active Board and Management oversight, ensuring that decisions on project execution, resource allocation and operational priorities balanced timely delivery, prudent cost management and HSE best practices.

Commodities

- **Implemented commercial excellence initiatives** to improve sales netbacks, including reviews of logistics arrangements to enhance vessel utilisation and delivery efficiency
- **Strengthened reliability at Kertih Integrated Petrochemical Complex** following a strategic review of utilities risk, leveraging the Enhanced Reliability Taskforce in close collaboration with our utility partner to improve supply resilience
- **Continued operational optimisation** at Malaysian manufacturing sites, delivering emissions reductions through energy efficiency improvements, flare reduction initiatives and green electricity procurement
- **Received regional recognition** at the Asian Downstream Summit 2025 for Downstream Project of the Year (PC Ethylene) and Sustainable Plant of the Year (PC Olefins, PC Glycols and PC Derivatives), reflecting excellence in operational performance and sustainability execution

For further details on our emissions reduction, please refer to the Moving Towards a Low-Carbon Future section on pages 19 to 23.

Specialty Chemicals

- **Expanded the Engineered Fluids Solutions segment** following the upgrade of the Perstorp Amsterdam B.V. ester plant, with first production of new synthetic esters delivered to customers in July 2025
- **Strengthened specialty offerings** through sustainability-focused product launches including Emfinity® Esters, Neptem™ emulsifiers, Viscotech® Upcycled and the BRB Silanil® 533 ESO

Financial Resilience

- **Delivered cost reduction initiatives** across Commodities and SC portfolios, contributing to total cost savings of RM574 million through operational efficiency and value-chain improvements
- **Advanced organisational restructuring and workforce optimisation** to support a leaner and more agile operating model
- **Allocated strategic capital** through the Sustainability and T&I funds, supporting priority decarbonisation and innovation projects
- **Continued applying ICP** in project feasibility studies and Final Investment Decisions to evaluate trade-offs between financial returns, carbon exposure and long-term strategic resilience, ensuring capital is allocated in line with PCG's transition objectives

For further details on our sustainability-focused products, please refer to the Stewarding Responsible Innovation and Product Solutions section on pages 33 to 37.

BRB facility at Echt, the Netherlands

RESILIENT GROWTH THROUGH DISCIPLINED STRATEGY

RUN LONGER, PERFORM STRONGER: TURBINE EFFICIENCY REDEFINED

Award Recognition: Downstream Project of the Year
(Asian Downstream Summit 2025)

The Challenge: How Do We Protect Production Value Under Severe Operating Constraints?

PC Ethylene faced a critical operational constraint that limited plant run length and increased exposure to unplanned shutdowns, resulting in production losses and value leakage. The challenge was extending operating reliability in an environment where any unplanned outage translated directly into lost production days and foregone value.

Operating under tight turnaround windows and cost discipline, the plant required a solution that could enhance turbine performance without compromising safety, compliance or long-term asset integrity.

Disciplined Execution: How Was Value Delivered Under Pressure?

Given the operational and commercial stakes, disciplined execution became the defining success factor. The project was governed through strict planning, sequencing and control mechanisms to ensure delivery certainty across schedule, cost and technical performance.

Key risks were proactively managed through structured risk assessments under the Electronic Management of Change process, early technical engagement and robust contractor oversight. Trade-offs between cost, schedule and technical performance were assessed using a value-based decision framework aligned with PCG's capital discipline principles, ensuring that short-term compromises did not undermine reliability, safety or lifecycle value.

Integrated planning and real-time performance tracking enabled tight control over shutdown duration, resource availability and budget thresholds, reinforcing PCG's ability to execute complex interventions under pressure.

Measured Impact: What Changed as a Result?

The project delivered clear, quantifiable outcomes across operational, financial and environmental dimensions:

- **Extended plant operating run length** by at least six months, strengthening asset reliability and production continuity
- **Reduced steam consumption and boiler fuel gas use** by 7% and 14% respectively, translating into projected annual cost savings of RM7.1 million
- **Recorded 34% reduction** in boiler emissions, improving environmental performance while lowering operating costs

Together, these outcomes significantly enhanced asset value, operational resilience and sustainability performance.

Why It Matters?

This project was recognised as Downstream Project of the Year for its ability to deliver superior outcomes under constrained conditions through strong governance, technical judgement and cross-functional collaboration.

More importantly, it reflects PCG's broader approach to capital discipline and execution excellence, maximising value from every investment through rigorous planning, controlled delivery and accountability. By extending asset run length and protecting production continuity, the project demonstrates how disciplined execution underpins financial resilience, safeguards value and supports sustainable operations across the Commodities portfolio.

STEWARDING RESPONSIBLE INNOVATION AND PRODUCT SOLUTIONS

M4 INNOVATION & PRODUCT STEWARDSHIP

WHY IT MATTERS

Product stewardship supports PCG's continued ability to operate responsibly and remain competitive within the global chemicals market.

Strong execution across lifecycle assessment, materials governance and chemicals management ensures that products are developed, marketed and managed responsibly throughout their lifecycle. These practices support regulatory compliance, enable credible sustainability claims and provide customers with the transparency and assurance required to meet increasingly stringent due diligence and reporting expectations.

At the same time, the transition toward more sustainable raw materials is becoming a critical differentiator across value chains. Customers and regulators are placing greater emphasis on renewable, recycled and responsibly sourced feedstocks as part of broader climate and circular economy objectives. By strengthening our focus on sustainability-aligned feedstocks, PCG is reducing reliance on fossil-based inputs, managing long-term supply risks and positioning its portfolios to support customer decarbonisation and responsible sourcing commitments.

Innovation is the key enabler that connects stewardship and feedstock transition to long-term growth. As we shift toward higher-value specialty solutions, enhanced research and technology capabilities allow us to translate sustainability requirements into differentiated products that maintain performance, safety and reliability. Scaling innovation through dedicated Research and Technology (R&T) centres strengthens our ability to respond to evolving market needs, accelerate commercialisation and build future-ready portfolios aligned with sustainability and value creation.

OUR ACHIEVEMENTS

30 new specialty products launched in 2025, aligned with evolving customer and sustainability requirements

Up to 60% reduction in product carbon footprint through Viscotech® Upcycled

550 NIAS and PRIS screenings completed strengthening product safety and regulatory transparency

1,317 Safety Data Sheets issued or updated to ensure full GHS and country-specific compliance

Gold & Silver EcoVadis Ratings obtained by BRB and Perstorp respectively, recognising responsible environmental, social and procurement practices

Launched the PETRONAS Application Technology Centre in Shanghai, China, to accelerate customer co-creation, rapid testing and solution refinement across priority Asian markets

2025 Environmental Pioneer Award received Asian Coatings Industry Pioneer Award for Neptem™ emulsifiers, validating lower-VOC coating innovation

STEWARDING RESPONSIBLE INNOVATION AND PRODUCT SOLUTIONS

OUR APPROACH

Strengthening Product Stewardship and Product Lifecycle Governance

PCG's product stewardship approach ensures that products are developed, marketed and managed responsibly across their lifecycle, with due consideration for safety, regulatory compliance and environmental performance. This includes responsible raw material management to support long-term resource availability and reduce environmental and social risks across the value chain.

Product stewardship is reinforced through established governance mechanisms, including lifecycle assessments, product footprint verification and the management of chemicals of concern. Programmes such as PCG's Raw Material Information System, aligned with Responsible Care® principles and supported by collaboration with industry bodies, enable consistent risk management, transparency and compliance across our product portfolio.

To strengthen value-based selling and customer decision-making, PCG introduced a digital PCF calculator. This tool enables customers to make more informed decisions by providing quantified environmental and economic benefits of switching to Pro-Environment products.

Together, these measures embed sustainability considerations into product stewardship and product lifecycle governance, strengthening regulatory readiness, supporting customer sustainability expectations and reinforcing our commitment to responsible and compliant product development.

Embedding Sustainability into Product Design

PCG integrates sustainability considerations into product design by incorporating material selection, regulatory requirements and environmental performance factors early in the development process.

Guided by the Product Sustainable Design Guideline, new and enhanced products are assessed for environmental impact, material efficiency, safety and regulatory compliance. By integrating lifecycle considerations early in the design process, R&T teams are able to develop formulations that balance performance requirements with sustainability expectations.

Advancing More Sustainable Raw Materials and Circular Solutions

PCG continues to explore opportunities for the expansion of sustainable raw materials within its product portfolio, supporting circular and lower-carbon solutions.

Continuous investment in facilities, analytical tools and technical expertise strengthens testing capabilities, improves traceability, and enables more informed evaluation of product performance and safety. These capabilities support the development of solutions aligned with evolving market expectations for circularity, renewables and lower-carbon applications, while maintaining product integrity and performance.

This approach is guided by the Specialty Chemicals Raw Material Roadmap, which outlines the planned transition of raw material inputs from fossil-based to renewable and recycled sources over time.

For further details, please refer to the Supporting the Transition to a Circular Economy section on pages 38 to 41.

Ensuring More Responsible Sourcing and Sustainability-Aligned Feedstock Integrity

PCG manages raw materials through established stewardship and compliance processes that emphasise safety, regulatory requirements and material traceability. For selected feedstocks such as those used in fatty alcohols, we source Roundtable on Sustainable Palm Oil (RSPO) certified palm oil, aligning with globally recognised sustainability standards and promoting responsible palm-oil production practices.

Supplier requirements include traceability, certification and adherence to responsible sourcing practices, ensuring alignment with sustainability expectations across the value chain. This approach strengthens confidence in feedstock integrity while supporting customer due diligence and regulatory compliance requirements.

OUR ASPIRATION TO RESPONSIBLE SOURCING

RSPO Certified

Suppliers hold RSPO Supply Chain Certification (Segregated and Mass Balance), ensuring traceability and compliance with sustainability standards.

Zero Deforestation Commitment

Suppliers adhere to No Deforestation, No Peat, No Exploitation principles across all operations.

Integrated Sustainability Policy

Suppliers maintain a comprehensive approach covering environmental stewardship, social responsibility and governance aligned with international standards, including RSPO, Malaysian Sustainable Palm Oil and Indonesian Sustainable Palm Oil.

Traceability

Suppliers have full traceability of palm-based feedstock from plantation to finished product.

Renewable Source

Suppliers using fatty alcohols derived from palm oils, reducing reliance on fossil-based raw materials.

STEWARDING RESPONSIBLE INNOVATION AND PRODUCT SOLUTIONS

Scaling Innovation Capabilities to Enable Specialty and Sustainability-Driven Solutions

PCG continues to strengthen its global and regional R&T footprint to support innovation and enhance customer collaboration. In April 2025, we inaugurated the PETRONAS Application Technology Centre in Shanghai, China, enhancing PCG's capabilities to support growth in Asia through faster, more responsive technical support.

The hub combines formulation expertise with dedicated product and application development capabilities, enabling closer customer engagement and more agile problem-solving across a wide range of specialty applications.

In parallel, progress continues on a technology and innovation centre in Bangi, Malaysia, targeted for completion in 2026. The centre is intended to support regional and specialised testing, strengthening PCG's overall innovation infrastructure and supporting the expansion of specialty and sustainability-aligned solutions across priority markets.

PROGRESS & IMPACT

Sustainability-Driven Product Development

Innovation outcomes in 2025 focused on delivering commercially viable solutions that reduce environmental impact while meeting performance expectations.

- **Developed 30 new products** in 2025 to address evolving customer and market demand
- **Launched Viscotech® Upcycled**, the industry's first low-carbon viscosity modifier for automotive and industrial lubricants, reducing carbon footprint by up to 60% through the use of re-refined base oils
- **Launched Emfinity® Esters** in November 2025 as plant-based, biodegradable esters for personal care applications, that deliver high performance with enhanced sustainability attributes
- **Expanded the Perstorp Synthetic-EF portfolio** with three high-performance synthetic polyol esters designed for demanding lubricant applications, supporting improved thermal stability, enhanced operational safety and wider temperature performance
- **Launched Neptem™ emulsifiers** to advance low-VOC waterborne alkyd coatings, reducing emissions compared with solvent-borne technologies and earning the 2025 Environmental Pioneer Award at the Asian Coatings Industry Pioneer Award for enabling lower-emission coating solutions

Product Stewardship and Responsible Sourcing

Product stewardship efforts focused on strengthening supply chain assurance, regulatory compliance and hazard transparency.

Commodities

- **Completed SEDEX Members Ethical Trade Audit (SMETA) audits** and secured RSPO certifications for PC Derivatives, reinforcing responsible sourcing and meeting customer requirements
- **Conducted 550 Non-Intentionally Added Susbtances (NIAS) and Product Regulatory Information Sheet (PRIS) screenings** across Olefins, Glycols, Derivatives and Polymer products, strengthening hazard transparency and stakeholder confidence
- **Achieved full compliance with CLASS (Classification, Labelling and Safety Data Sheet of Hazardous Chemicals)** and country-specific Globally Harmonised System of Classification and Labelling of Chemicals (GHS) regulations. In 2025, 64 SDS were developed for new products while 1,253 SDS and labels were revised to accommodate changes
- **Completed 125 physico-chemical data gap closures**, ensuring accurate hazard information is captured before being disseminated to end-user and customers
- **Renewed and expanded ISCC PLUS certification scope** to include Trader and Storage activities, strengthening sustainability traceability for renewable materials
- **Completed third-party contractor, repackaging, warehouse and Dangerous Goods** assessments for five contractor sites enabling PCG to identify non-conformances related to HSE and process safety

Specialty Chemicals

- **Implemented a digital system** to streamline SDS management and hazard labelling across the portfolio
- **Strengthened product and value-chain stewardship practices**, with Perstorp obtaining a Gold EcoVadis rating and BRB achieving a Silver EcoVadis rating in 2025, reflecting independent recognition of responsible environmental, social, ethical and sustainable procurement practices

Customer Engagement and Co-Creation

Customer collaboration remained central to accelerating innovation adoption and stewardship practices. To this end, PCG's customer relationship management is designed to build trust and long-term partnerships by delivering seamless experiences, leveraging insights, and co-creating more sustainable solutions with customers.

- **Conducted 15 product stewardship engagement sessions**, including forums and technical presentations, to raise awareness on dangerous goods management and road transport safety
- **Strengthened co-creation capabilities**, enabling the development of specialty esters following the upgrade of the ester plant at Perstorp Amsterdam B.V., strengthening the Engineered Fluids segment
- **Launched the PETRONAS Application Technology Centre** in Shanghai, China, in April 2025 to support rapid testing, solution refinement and technical problem-solving for customers
- **Continued progress** on a technology and innovation centre in Bangi, Malaysia, which will support the co-creation capabilities of tailored and specific solutions with customers

STEWARDING RESPONSIBLE INNOVATION AND PRODUCT SOLUTIONS

Regulatory Compliance and Market Access

Regulatory readiness supported uninterrupted market access and commercial continuity.

- **Strengthened regulatory readiness and future market access** through active leadership in global and regional platforms such as European Chemical Industry Council (Cefic), Innovation and Chemical Industries in Sweden (IKEM) and the Industrial Biogas Commission, shaping policies that enable more sustainable feedstock access, advance circular and low-carbon solutions and support market mechanisms for eco-design and bio-based product development
- **Sustained market access in India** through the renewal of Bureau of Indian Standards certification for Ethylene Glycol and the successful registration of Polypropylene and Low-Density Polyethylene (LDPE), enabling continued trade without regulatory barriers
- **Prevented trade disruptions** through the timely renewal of 37 Chemical Weapons Convention export permits, ensuring compliance with national regulations governing the export and import of controlled substances
- **Implemented product stewardship and compliance management processes** to support product registration, certification and ongoing regulatory compliance across key jurisdictions, including Malaysia, India, Korea and the European Union (EU)
- **Maintained certified access to sustainable markets** through continued RSPO compliance supporting the sale of 9,035 MT of RSPO-related products

PETRONAS Application Technology Centre in Shanghai, China

STEWARDING RESPONSIBLE INNOVATION AND PRODUCT SOLUTIONS

REDUCING VOC EMISSIONS WITHOUT COMPROMISING PERFORMANCE

The Industry Challenge

Alkyd coatings (a common paint resin) remain widely used across architectural and industrial applications due to their durability, finish quality and application reliability. However, conventional alkyd systems rely on organic solvents, contributing to VOC emissions and increasing regulatory pressure across global markets.

As customers and regulators accelerate the shift toward lower-emission solutions, the coatings industry faces a practical challenge: transitioning to waterborne formulations while preserving the performance characteristics that end users expect from alkyd systems.

Neptem™ was developed to address this challenge by enabling a technically viable pathway from solvent-based to waterborne alkyd coatings.

What Neptem™ Enables

Neptem™ is an emulsifier designed specifically for alkyd resins. Its role is to allow oil-based alkyd systems to be dispersed and stabilised in water, enabling the formulation of waterborne coatings.

By supporting this dispersion, Neptem™ allows coating manufacturers to significantly reduce VOC emissions while retaining key performance attributes such as durability, gloss and film formation. This enables customers to improve environmental performance without redesigning their formulations or fundamentally changing production processes.

Making Waterborne Alkyds Work

Alkyd resins are inherently hydrophobic and do not naturally mix with water. Neptem™ overcomes this by stabilising the interface between the resin and the water phase.

Its molecular structure interacts with both components, allowing the alkyd to form a stable emulsion that remains consistent during storage, application and curing. Once applied, the coating forms a uniform film, delivering the functional performance of traditional alkyd systems in a waterborne format.

This approach embeds sustainability into formulation chemistry rather than relying on downstream controls.

Environmental and Regulatory Relevance

By enabling waterborne alkyd coatings, Neptem™ emulsifiers support meaningful reductions in VOC emissions, helping customers comply with tightening air-quality regulations across key markets.

The product reflects PCG's product stewardship approach, where sustainability considerations are integrated early in development. This includes supporting customers in managing regulatory risk, improving workplace exposure conditions and advancing responsible chemical use across the coatings value chain.

Industry Recognition

In 2025, Neptem™ received the Environmental Pioneer Award in the Asian Coatings Industry Pioneer Award recognising its contribution to advancing lower-emission coating technologies while maintaining technical performance.

This external recognition reinforces the role of applied chemistry in enabling practical, scalable sustainability outcomes.

Practical Chemistry Supporting Sustainability-Enabled Transition

Neptem™ demonstrates how targeted product solutions can support industry transition without disrupting performance or reliability. By enabling customers to adopt lower-VOC formulations through familiar alkyd chemistry, PCG helps bridge regulatory expectations, customer needs and environmental objectives.

SUPPORTING THE TRANSITION TO A CIRCULAR ECONOMY

M5 CIRCULAR ECONOMY

WHY IT MATTERS

The global transition toward more sustainable and circular economic models reflects a structural shift in how materials are designed, produced, used and recovered.

Across major markets, governments are strengthening policies that promote resource efficiency, waste prevention, recycling and lower-impact production, creating rising expectations for chemical producers to support more sustainable material flows across the value chain.

These shifts present both risk and opportunity, requiring companies to reassess feedstock choices, product design and operating models to remain competitive over the long-term. At the same time, customers, regulators and investors are placing greater emphasis on lifecycle impacts, responsible sourcing and verifiable sustainability performance as prerequisites for market access and long-term partnership.

For PCG, this transition is strategically significant. Reducing dependence on virgin fossil feedstocks, lowering lifecycle emissions and enabling circular, bio-based and low-carbon material solutions are becoming critical to supporting customer decarbonisation commitments and meeting emerging regulatory requirements. Evolving policy frameworks in the EU and other markets, including the Waste Framework Directive and the Packaging and Packaging Waste Regulation, alongside broader bioeconomy agendas such as Malaysia's National Biomass Action Plan, are further shaping demand, investment priorities and competitive positioning across the chemicals sector.

Together, these dynamics underscore the importance of sustainability-led portfolio positioning. Companies that can align their product offerings with circularity, bio-based and low-carbon expectations are better positioned to manage transition risks, capture new growth opportunities and sustain long-term value creation in an increasingly regulated and resource-constrained environment.

OUR ACHIEVEMENTS

Expanded Pro-Environment solutions to deliver lower-carbon, low-VOC and bio-based alternatives that support customer decarbonisation and circularity

Advanced the Specialty Chemicals Raw Materials Roadmap accelerating the shift toward renewable, recycled and CO_2-derived feedstocks to strengthen PCG's circular economy and decarbonisation pathway

Sustained Operation Clean Sweep® commitments across operations, reinforcing pellet-loss prevention and responsible plastics stewardship

Converted 800 kg of food waste into fertiliser, enhancing circular resource utilisation across operations

Maintained ISCC PLUS & ASTM 6866 certifications for selected Pro-Environment products, reinforcing the credibility of recycled and bio-based content claims

Established the Circular Economy Taskforce to strengthen governance, regulatory readiness and strategic oversight of PCG's circular economy transition

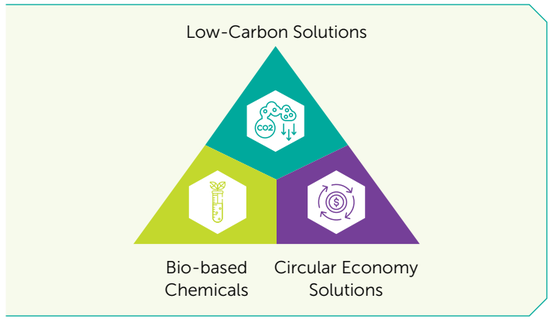
OUR APPROACH

Advancing the Specialty Chemicals Raw Materials Roadmap

The SC Roadmap provides a clear, long-term direction for shifting raw material inputs from fossil-based sources toward renewable, recycled and CO_2-derived alternatives. The roadmap sets defined transition targets across 2030 and 2035, supporting PCG's broader decarbonisation and circular economy ambitions by guiding material substitution, portfolio optimisation and investment prioritisation across regions and product segments.

Through this roadmap, PCG is progressively enabling products with reduced environmental impact by increasing the use of more sustainable feedstocks and improving energy efficiency. At the same time, it strengthens PCG's readiness to respond to tightening global circular economy policies, evolving customer content requirements and long-term market shifts toward lower-impact materials.

Anchoring Sustainability In PCG's Product Portfolio



PCG's sustainability-enabled portfolio anchors long-term value creation by guiding the transition toward lower-carbon, circular and bio-based materials across products and operating models. Structured around three core pillars: low-carbon solutions and CO_2 utilisation, circular economy solutions and bio-based chemicals, these pillars guide how PCG reduces reliance on fossil inputs, improves resource efficiency, and supports customers in meeting evolving sustainability and regulatory expectations.

By embedding sustainability considerations into portfolio planning and product prioritisation, particularly within SC, PCG positions material choice and lifecycle performance as strategic levers for growth, differentiation and long-term competitiveness.

Delivering Circularity through a Structured Circular Economy Model

PCG advances circular economy outcomes through a structured four-pillar model covering Infrastructure, Innovation, Education and Clean-Up. This model reflects an end-to-end approach to advancing circularity at scale, spanning operational readiness, technology development, capability building and behavioural change across the value chain.

Infrastructure initiatives focus on strengthening waste recovery systems, feedstock readiness and material quality, providing the operational foundation needed to support circular production. Building on this base, innovation efforts prioritise partnerships with technology providers to pursue recycling and recovery solutions.

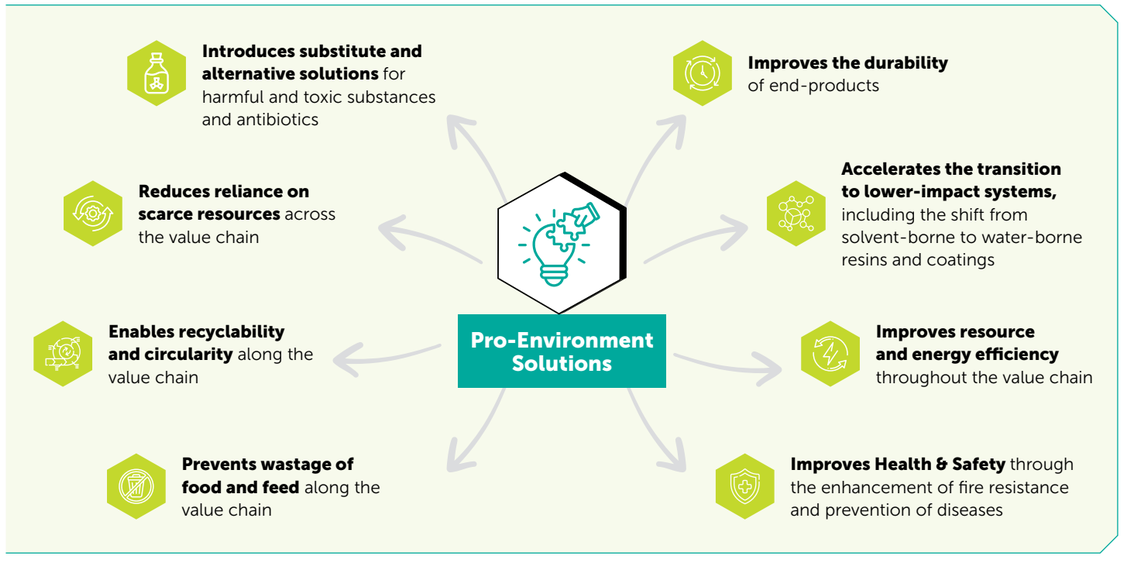
Education programmes build circular awareness across schools, communities, employees and customers, supporting behavioural change and informed adoption of circular practices. These efforts are reinforced by clean-up initiatives that promote responsible waste management, reduce environmental leakage and strengthen public trust and community participation in the circular transition.

Expanding Pro-Environment Solutions

Pro-Environment Solutions form a core component of PCG's product portfolio, designed to reduce environmental impact while maintaining performance, safety and reliability across customer applications. Developed using partly or fully renewable or recycled feedstocks, these solutions enable substitution of virgin fossil inputs while supporting improved durability, recyclability and resource efficiency.

Beyond feedstock transition, Pro-Environment Solutions are engineered to deliver practical value for customers, including extended product lifetimes, lower energy and resource intensity, improved compatibility with existing recycling systems and safer use across end applications. Supported by recognised certification and verification frameworks such as ISCC PLUS and ASTM 6866 C-14, these products strengthen transparency, reinforce trust in sustainability claims and enable credible market adoption across key segments.

SUPPORTING THE TRANSITION TO A CIRCULAR ECONOMY



PROGRESS & IMPACT

Advancing Plastics Circularity

In 2025, PCG translated its circular economy design principles into measurable progress by strengthening the foundations of a plastics circularity ecosystem.

- **Established the Circular Economy Taskforce** to review and refresh PCG's Circular Economy Strategy, incorporating emerging regulatory requirements, evolving customer needs, new technology pathways and strategic market opportunities
- **Conducted comprehensive feedstock quality testing** with PETRONAS, accredited laboratories and an international research university to assess material suitability and contaminants to support future circular production
- **Expanded technology screening** for advanced recycling solutions, assessing compatibility with local feedstock conditions, long-term deployment viability and integration potential to support future circular production pathways
- **Strengthened targeted stakeholder engagement** to enhance readiness for industry transition and and market uptake of circular materials, led by the Circular Economy Taskforce across policy, market and technology stakeholders:
  - **Participation in regulatory consultations** on Extended Producer Responsibility, eco-design and circular economy frameworks
  - **Engagement with customers** to assess demand and adoption readiness for recycled-derived materials
  - **Collaboration with technology providers** to explore circular solutions and partnership models

SUPPORTING THE TRANSITION TO A CIRCULAR ECONOMY

Circular Solutions

In 2025, PCG expanded its portfolio of renewable, recycled and lower-impact solutions designed to help customers reduce environmental footprints while meeting performance and regulatory requirements.

- **Neptem™ emulsifiers** supported the transition toward low-VOC, waterborne coating systems, contributing to reduced emissions in downstream applications
- **Viscotech® Upcycled** demonstrated the viability of re-refined base oils as alternatives to virgin fossil inputs, reducing PCF by up to 60% while maintaining high-performance viscosity modification for automotive and industrial lubricants
- **Emfinity® Esters** provided plant-derived, biodegradable alternatives for personal care applications, offering lower-carbon solutions compared to fossil-based equivalents

For further details on product innovation, sustainability design principles and customer applications, please refer to the Innovation & Product Stewardship section on pages 33 to 37.

Strengthening Circular Operations

PCG continued embedding circularity into operational practices by strengthening waste reduction, segregation and recovery across manufacturing sites.

- **Enhanced waste segregation infrastructure** across operating units, sustaining strong hazardous-waste performance
- **Collected and recycled waste through the Go Green Series** at PETRONAS Chemical Aromatics, including 5.9 tonnes of used cooking oil, 1.2 tonnes of e-waste, and 1.5 tonnes of pre-loved items, while recovering 0.73 tonnes of plastic waste from beaches in Terengganu, Malaysia for recycling
- **Converted 800 kg of recovered food waste into 80 kg of fertiliser**, reinforcing circular resource utilisation across PCG's operational footprint via the Waste2Value initiative
- **Renewed Operation Clean Sweep® membership** and strengthened pellet-loss prevention through improved containment measures and responsible handling practices across sites

For further details on our waste metrics and performance, please refer to the Managing Environmental Impacts and Natural Resources section on pages 24 to 28.

For further details on our community-based programmes, please refer to the Engaging Our Communities section on pages 56 to 61.

Reinforcing Credibility of Circular and Pro-Environment Products

To support confidence in circular and low-carbon offerings, PCG continued strengthening transparency and verification across its Pro-Environment portfolio.

- **Maintained third-party verification mechanisms**, including ISCC PLUS certification and ASTM 6866 where applicable, to support credible claims on renewable and recycled content
- **Continued application of PCF methodologies** to enhance visibility of carbon impacts across selected product lines

RESPONSIBLE SOURCING & SUPPLY CHAIN RESILIENCE

M6 SUPPLY CHAIN MANAGEMENT

WHY IT MATTERS

A resilient and responsible supply chain underpins PCG's ability to operate reliably, manage risk and deliver value in a complex and interconnected operating environment.

As a chemicals producer with extensive upstream and downstream linkages, PCG depends on secure access to materials, services and logistics partners that meet expectations on ethics, safety and environmental performance.

Embedding sustainability considerations into procurement decisions helps PCG reduce exposure to supply disruptions, compliance risks and reputational impacts. At the same time, it strengthens supplier capability, enhances transparency and supports broader socio-economic development, particularly through engagement with local vendors as well as SMEs.

By establishing clear standards and accountability across our supplier ecosystem, PCG builds a procurement ecosystem that is robust, adaptable and aligned to evolving regulatory and market requirements, reinforcing long-term business continuity and competitiveness.

OUR ACHIEVEMENTS

86% local vendor participation in 2025, supported by 74% local procurement spend across 6,138 vendors, reinforcing domestic value chains

Advanced supplier ESG capability through PSSP and 32 ESG engagement sessions with strategic partners

12 FELT Leadership sessions delivered to reinforce HSE, road safety and responsible logistics practices

OUR APPROACH

Establishing Clear Standards and Accountability

PCG manages its supply chain through a structured procurement governance framework anchored in the PETRONAS Procurement Standard, supported by established procedures and guidelines. These frameworks promote transparent sourcing, fair competition, and disciplined contract management, optimising value creation while upholding strong governance standards.

To uphold integrity, all suppliers are required to comply with PETRONAS' core ethical policies, including the PETRONAS CoBE and ABC Manual requirements. Concurrently, we strengthen human rights considerations through the PETRONAS Human Rights Policy, PETRONAS HSE Policy and the PETRONAS CoCHR, ensuring that labour and safety practices within our supply chain align with local and internationally recognised standards.

These expectations are embedded into contractual arrangements and reinforced through regular communication and engagement. To reinforce this stance, these policies are consistently communicated through multiple channels, including the PETRONAS website, contract General Terms and Conditions as well as contractor engagement sessions conducted in both English and Bahasa Malaysia, supporting clear understanding and consistent adoption across all parties.

Managing Risk Across the Supply Chain

Risk management is also embedded throughout our procurement processes. The PETRONAS TPRM programme enables us to identify and assess potential concerns through tools such as the KYC Self-Declaration Questionnaire, made applicable to all existing and potential suppliers across our value chain, online screening systems and the incorporation of PETRONAS' Compliance Clauses in contracts.

These clauses cover a wide spectrum of compliance areas, including ethics and anti-bribery, anti-money laundering, competition laws, personal data protection, sanctions, social issues and human rights requirements providing a safeguard against potential breaches that could impact operational continuity, corporate reputation, as well as financial and legal standing.

Strengthening Supplier Capability and Performance

Vendor selection and performance evaluation go beyond technical capability. We assess suppliers on their sustainability practices, including HSE standards, cybersecurity policies and adherence to regulatory requirements. To support this, we deliver comprehensive buyer training for internal stakeholders and Group Procurement employees to strengthen their role in advancing supplier ESG programmes and embedding social supply chain requirements into procurement practices.

Collaboration is central to our supply chain strategy. We work with suppliers, industry groups and business associations to strengthen sustainability competencies across the ecosystem. This includes structured capability-building efforts, continuous engagement on expectations, integration of sustainability criteria into procurement documents and the use of tools such as the EcoVadis sustainability framework to inform and elevate our approach to supply chain sustainability, helping us drive long-term improvement across our operations.

In the event of non-compliance, suppliers and vendors may be subjected to corrective measures or contractual consequences to safeguard operational reliability and ensure continued alignment with our sustainability and procurement standards.

PROGRESS & IMPACT

Strengthening Governance and Corporate Liability

- **Applied TPRM screening** across suppliers, vendors and joint venture partners to reinforce integrity and compliance
- **Identified and addressed supplier risk flags** through enhanced due diligence, mitigation actions and contract-level controls
- **Conducted compliance assessments** to strengthen transparency and reduce legal, financial and reputational exposure

Embedding Sustainability Across the Supply Chain

- **Supported supplier capability building** through the PETRONAS Supplier Support Programme (PSSP), addressing ESG maturity, disclosures and access to sustainable financing. Through the PSSP, we have enhanced supplier capability on general sustainability topics, with targeted focus areas including GHG emissions, integrity, HSE and human rights
- **Enabled vendor participation** in sustainability measurement and reporting through the Bursa Malaysia Centralised Sustainability Intelligence (CSI) Platform
- **Strengthened contractor engagement** by delivering 12 FELT Leadership sessions with both term and spot service providers, reinforcing safe and sustainable working practices throughout the logistics value chain, ensuring service partners operate responsibly and consistently with PCG's commitments to health and safety, environmental protection, and ethical business practices
  - The sessions focused on critical HSE and sustainability priorities, including fatigue management, road safety, community protection, product stewardship and anti-corruption

Supporting Local Vendor Development

- **Supported three local vendors** through the PETRONAS Vendor Development Programme, strengthening technical capability and operational readiness, while fostering SME development towards world-class standards
- **Delivered 32 ESG-focused engagement and capability-building sessions** in collaboration with Bursa Malaysia, UN Global Compact Network Malaysia & Brunei and Bank Negara Malaysia, equipping vendors with knowledge and tools to integrate sustainability practices and enhance overall supply chain competitiveness

MANAGING CYBER RISKS AND DIGITAL SECURITY

M7 CYBERSECURITY & DIGITALISATION

WHY IT MATTERS

Cybersecurity and digitalisation are essential to PCG's ability to operate safely, reliably and at scale in an increasingly connected environment.

As our operations span integrated IT and OT systems, protecting data, systems and critical assets is fundamental to business continuity and stakeholder trust.

Cyber risks continue to escalate globally, driven by increasingly sophisticated threat actors, rapid technological change and heightened geopolitical complexity. These risks are amplified by trends such as AI-enabled attacks, cloud and identity-based intrusions and the growing interdependence between digital systems and physical operations.

In this context, strong cybersecurity is not only a defensive requirement but an enabler of organisational resilience and sustainable performance. Digitalisation, when governed responsibly, also supports safer operations, better decision-making and long-term value creation across PCG's businesses.

OUR ACHIEVEMENTS

Zero substantiated complaints concerning breaches of customer privacy or loss of customer data

Zero cyber incidents classified as high or very high severity during the year

Zero business-critical system downtime attributable to cybersecurity incidents

99% of employees passed cybersecurity assessments

92% of employees completed mandatory cybersecurity modules

1.4% phishing test failure rate continuing a downward trend from prior years

MANAGING CYBER RISKS AND DIGITAL SECURITY

OUR APPROACH

PCG adopts a structured and governance-led approach to cybersecurity and digitalisation to ensure our operations remain secure, efficient and resilient as digital capabilities expand. Our strategy integrates strong cyber safeguards with focused digital investments, enabling data-driven decision-making, operational excellence and enterprise-wide value creation.

Upholding Cyber Governance and Protection

Our cybersecurity posture is anchored in the ECSGF, which applies consistently across both IT and OT environments. The framework aligns with ISO 27001, IEC 62443, the National Institute of Standards and Technology (NIST) Cybersecurity Framework and Malaysia's Cyber Security Act 2024, providing a structured and robust basis for managing cyber risks.

Cyber performance is monitored through defined KPIs, supported by regular reporting to Management and integration into the Corporate Risk Profile and Corporate Risk Appetite. This approach ensures sustained oversight, accountability, and resilience against evolving cyber threats.

Strengthening Cyber Risks and Workforce Readiness

To strengthen cyber resilience, PCG conducts regular Cyber Security Business Impact Assessments (CSBIA) and Cyber Security Business Risk Assessments (CSBRA) for new systems and digital initiatives. These are complemented by cyber insurance as an added safeguard. Workforce readiness remains a critical defence layer, reinforced through mandatory cybersecurity training, awareness programmes and ongoing phishing simulations.

Enabling Value-Driven Digitalisation

Digital investments are guided by the PETRONAS Digital Value Framework, ensuring technology initiatives deliver measurable value across financial, critical for operations, sustainability and innovation dimensions. This framework supports the disciplined adoption of advanced digital solutions such as analytics, automation and selected AI-assisted tools where relevant, enabling PCG to modernise operations while maintaining strong control standards.

PROGRESS & IMPACT

Enhancing Cyber Resilience across Operations

Focused governance and assurance measures strengthened protection of critical systems and reduced exposure to cyber risks.

- **Continued implementation of PETRONAS ESCGF** across IT and OT environments, aligned with international standards and regulatory requirements
- **Conducted CSBIA and CSBRA** for newly deployed systems and digital projects, enabling early identification of vulnerabilities and targeted mitigation
- **Maintained cyber insurance coverage** to enhance organisational preparedness against high-impact incidents
- **Monitored cyber performance** through a company-wide KPI dashboard covering training completion, phishing test results and annual assessments

Building A Cyber-Aware Workforce

Consistent training and testing strengthened employee readiness against evolving threats.

- **Achieved a 99% pass rate** in cybersecurity assessments among employees in 2025
- **Reduced phishing test failure rates to 1.4%**, from 1.5% in 2024, continuing a downward trend over the past three years
- **Reinforced good cyber hygiene practices** across the organisation through ongoing cybersecurity awareness programmes and refresher modules

Advancing Digitalisation for Safer and More Efficient Operations

Digital initiatives supported operational excellence while strengthening safety and reliability.

- **Integrated digital Job Hazard Analysis** into the Permit to Work process, enabling faster risk evaluation and more consistent application of safety controls
- **Achieved 100% completion** of Operational Excellence Result 2 (OER2) digital transformation by 2024, with 2025 focused on enterprise-wide adoption and utilisation
- **Continued deployment of the General Electric Asset Performance Management** and introduced the Reliability, Availability and Maintenance Boost Optimisation (RAMBO) initiative to accelerate value realisation through advanced analytics and optimisation
- **Enhanced turnaround execution and access control** through biometric facial recognition, improving workforce verification accuracy
- **Strengthened operational predictability** through private 5G connectivity, supporting faster data transmission, improved sensor-to-machine communication and reduced downtime
- **Scaled enterprise productivity** through the rollout of Microsoft Copilot, supporting more efficient workflows and reduced manual effort across functions
- **Expanded cloud infrastructure** on Microsoft Azure and Amazon Web Services (AWS) to improve scalability, system resilience and data accessibility, enabling AI-assisted analysis and predictive tools

Protecting Data and Customer Trust

Strong controls and monitoring safeguarded sensitive information and business-critical systems.

- **Recorded zero substantiated complaints** relating to breaches of customer privacy or losses of customer data
- **Reported zero cyber incidents** classified as high or very high severity during the year
- **Experienced zero business-critical system downtime** attributable to cybersecurity incidents

SAFEGUARDING HEALTH, SAFETY AND OPERATIONAL INTEGRITY

M8 SAFETY & HEALTH

WHY IT MATTERS

A strong safety and health culture is fundamental to PCG's ability to operate reliably, protect its people and uphold stakeholder trust.

As operations become more complex and interconnected, maintaining robust safety and health standards is essential to safeguarding employees, contractors and surrounding communities while supporting uninterrupted business performance.

Embedding disciplined HSE practices enables PCG to prevent incidents, reduce operational disruptions and mitigate any people, financial and reputational impacts associated with workplace injuries, process failures or environmental events. A proactive, learning-based approach, reinforced by accountability and predictive risk management, strengthens the organisation's ability to identify hazards early and intervene decisively.

OUR ACHIEVEMENTS

Zero fatalities recorded in 2025, reinforcing our commitment to safe operations at all our facilities

Zero Tier-1 process safety events in 2025, reduced from two in 2024, strengthening process safety discipline

240 HSE leadership engagements conducted by the MD/CEO and Heads of Plants, reinforcing leaders' visibility and accountability

PCG remains committed to its ambition of zero fatalities, zero major Loss of Primary Containment (LOPC) and zero major fires. This commitment reflects our aspiration to perform within the top quartile of global HSE benchmarks and is underpinned by strict adherence to regulatory requirements, PETRONAS Technical Standards and international best practices. Ultimately, prioritising safety and health strengthens long-term business resilience, enhances operational excellence and ensures that everyone at our facilities returns home safely.

OUR APPROACH

Developing Capability for Sustained Performance

PCG's approach to safety and health is anchored in developing the organisational capability required to sustain strong performance over the long-term, recognising that technical skill alone is insufficient and that sustained performance requires a deeper blend of awareness, behaviour and practical application.

PCG executes HSE programmes across operating units and escalates material HSE risks through the enterprise risk framework for review by the relevant management and Board committees, ensuring sustained challenge and direction at the appropriate level.

By reinforcing shared ownership of safety, maintaining disciplined adherence to regulatory and internal requirements and expanding the capability of our people and partners, PCG continues to raise the standard of HSE performance across all facilities. This integrated approach ensures that safety remains embedded in everyday work and positions PCG for sustained operational excellence in the years ahead.

Building a Generative HSE Culture

Safety and health remain central to PCG's licence to operate and long-term resilience. Guided by our "*Strive for ZERO, ZERO is Possible*" vision, we continue to cultivate a Generative HSE Culture where every employee and contractor plays an active role in identifying risks, reporting hazards and intervening before incidents occur. This shared accountability reinforces vigilance, learning and continuous improvement across all sites.

Strengthening HSE Governance and Policy Alignment

Across the year, PCG continued strengthening its HSE governance to ensure alignment with evolving regulatory requirements and international expectations. Building on earlier enhancements, we progressed the rollout of the updated PCG HSE Policy, which reinforces leadership accountability, strengthens compliance with Malaysian legislation including OSHA 1994 and integrates elements aligned with ISO 45001:2018. The policy places greater emphasis on employee and contractor engagement, supporting the maturation of our Generative HSE Culture.

For our Malaysian operations, PCG has established an HSE Committee at every operational site in accordance with regulatory requirements. Each committee comprises an equal number of management and employee representatives and convenes quarterly HSE Committee Meetings in line with the OSHA (Safety and Health Committee) Regulations 1996. These meetings provide a structured forum for management and employees to deliberate on workplace safety, health, environmental concerns and associated risks, ensuring that potential hazards are identified early and appropriate mitigation measures are implemented.

HSE performance is presented and reviewed quarterly at Board of Directors' meetings, ensuring sustained oversight of safety outcomes, emerging risks and performance trends. This ensures the Board maintains visibility over critical risk exposures and reinforce accountability at the highest level.

To ensure consistent application across operations, each Operating Unit maintains a comprehensive HSE Legal Register consolidating regulatory, technical and industry requirements. This register is continuously refined to incorporate new obligations, PETRONAS Technical Standards and insights from external benchmarking platforms such as FTSE4Good, Dow Jones Best-in-Class Indices and EcoVadis. This approach ensures readiness, transparency and accountability across diverse operating environments.

Integrated HSE Management System

PCG's HSE Management System (HSE MS) provides the foundation for how we operate safely and responsibly across all assets. Rather than functioning as a standalone protocol, the system is embedded into planning, operations and decision-making, ensuring that risk awareness and hazard control are part of routine work.

Aligned with ISO 45001:2018, the HSE MS integrates occupational safety, process safety and environmental protection within a single framework applicable to all employees, contractors and activities under operational control. Hazards associated with complex chemical processes are systematically identified, evaluated and managed through structured controls, safeguarding people and assets while maintaining continuity of supply.

The system undergoes continuous enhancement through lessons learned from incident reviews, insights from Hazard and Effect Management Process (HEMP) studies and requirements arising from Management of Change processes. These learnings are channelled into PCG's broader Operational Excellence Management System, linking safety performance improvements with asset integrity, reliability and operational efficiency.

Hazard Identification and Risk Management

Proactive hazard identification is a cornerstone of PCG's safety culture and a critical enabler of incident prevention. Structured and systematic risk assessment processes are applied across all routine operations, project planning and facility lifecycle activities as well as any new projects undertaken, with HEMP serving as the overarching framework to ensure risks are controlled to As Low as Reasonably Practicable (ALARP).

Key tools supporting this approach include Hazard Identification (HAZID), Process Hazard Analysis (PHA), Hazard and Operability Studies (HAZOP), Health Risk Assessments (HRA), Job Hazard Analysis (JHA) and Food and Water Safety Assessments. These methodologies are integrated within the Health, Safety, Security and Environment Integrated Risk Assessment (HIRA) platform, which standardises risk identification, evaluation and control across activities, facilities and processes.

The Unsafe Act Unsafe Condition (UAUC) digital system further empowers employees and contractors to report unsafe conditions and behaviours in real time. Supported by mobile-enabled reporting and predictive analytics, UAUC enables early intervention and reinforces a speak-up culture protected by Stop Work Authority provisions.

SAFEGUARDING HEALTH, SAFETY AND OPERATIONAL INTEGRITY

SAFEGUARDING HEALTH, SAFETY AND OPERATIONAL INTEGRITY

Incident Management and Learning

PCG adopts a structured and transparent approach to incident management guided by PETRONAS Technical Standards on Incident Management. Every incident, regardless of severity, is managed systematically through clear protocols for notification, investigation and corrective action, with the objective of extracting meaningful learnings and preventing recurrence.

Incident investigations apply the PETRONAS Categorisation of Incident Causes to identify immediate causes, preconditions and underlying systemic issues. Corrective actions are prioritised based on incident severity and supported by defined closure timelines and targeted risk-reduction measures, ensuring that lessons learned translate into tangible performance improvements across the organisation.

Employee and Contractor Participation

Active participation from employees and contractors is essential to sustaining a strong HSE culture. PCG encourages engagement through platforms such as HSE meetings, assurance activities, incident investigations and the Occupational Safety and Health Programme, ensuring that frontline insights and improvement ideas are consistently captured and acted upon.

Contractor accountability remains a key priority. Introduced in 2023, the PCG HSE Partnership Pledge continues to reinforce collective responsibility for safety from all our contractors. Through this pledge, contractors reaffirm their commitment to comply with PCG's HSE requirements and actively support a culture where safety is prioritised in every task.

PROGRESS & IMPACT

Safety & Health[1,2]

Total recordable case (TRC)	Tier-1 process safety event	Fatalities	Lost time injury (LTI)
28	0	0	11
2024: 15 2023: 6	2024: 2 2023: 1	2024: 1 2023: 0	2024: 4 2023: 2

Lost time injury frequency (Number of LTIs per million man-hours)	Total recordable case frequency (Number of TRCs per million man-hours)
0.43	1.08
2024: 0.16 2023: 0.09	2024: 0.60 2023: 0.24

Total recordable occupational illness frequency (Number of occupational illnesses per million man-hours worked by employees)

0.00

2024: 1.03
2023: 0.00

Note:

[1] *Data for 2025 is inclusive of both Perstorp Group and BRB Group*

[2] *Basis of calculations is provided in the PCG Basis of Calculation within the PCG Sustainability Statement*

Strengthening Generative HSE Behaviours

In 2025, PCG recorded 11 LTI incidents, where all incidents were investigated as per PETRONAS Incident Management process, applying root cause analysis and systemic reviews. Corrective actions included reinforcement of consequence management, strengthening safe system of work, and elevate personal safety awareness through identification of basic hazards and risks, to foster a safe work culture and environment.

Leadership Engagement and Frontline Visibility

- **Conducted 240 leadership HSE engagements** by the PCG MD/CEO and Heads of Plants across OPUs under the enhanced FELT Leadership Engagement Programme, reinforcing expectations and strengthening connections between leaders and frontline teams
- In response to major incidents and to reinforce learning across the organisation:
  - **Conducted company-wide Safety Pauses** to embed learnings from incidents and prevent recurrence, with six Safety Pause sessions held in 2025
  - **Delivered Focus Learning sessions** to targeted employee groups based on incidents at PCG operating units, strengthening cross-site learning and proactive risk prevention, with three Focus Learning sessions conducted in 2025

Contractor Integration Into Generative HSE Culture

- **Rolled out the PCG HSE Partnership Pledge** for the third consecutive year, with participation from eight Turnaround Main Mechanical and Maintenance Mechanical Static contractors, strengthening leadership commitment, providing safe spaces for contractors to raise challenges and reinforcing a generative HSE Culture across all work scopes
- **Monitored contractor HSE performance** against four leading KPIs, with 100% of contractors meeting all milestones, including Strive for ZERO engagements, FELT leadership sessions, formal grievance management systems and participation in the Contractor HSE Community of Practice, which conducted three sessions across Peninsular Malaysia and Borneo in 2025

Strengthening Awareness of the 8 Golden Rules of Process Safety

- **Issued targeted communication materials** highlighting critical process safety risks, with a focus on preventing LOPC and fire-related incidents
- **Reinforced ongoing process safety initiatives**, including the Bolted Flange Joint Integrity and Process Safety Observation (PSO) programmes, to promote consistent application of controls at site level
- **Embedded lessons learned from actual incidents** and explicitly linked them to the 8 Golden Rules of Process Safety, strengthening relevance, practical understanding and workforce awareness

Supporting Workforce Well-being

- **Expanded access to preventive care and wellness support**, including health screenings, General Practitioner (GP) access, Naluri digital coaching, fatigue management programmes, MESTIfit4Health and MIND-A-CARE mental health support
- **Increased employee engagement with the Employee Assistance Programme in 2025**, with consultations rising from 202 in 2024 to 255 in 2025, reflecting a 26% increase. Services were delivered across OPUs and included support from psychologists, physicians, fitness trainers, financial planners, executive coaches and dietitians

Embedding Consistency and Accountability across Operations

PCG continued strengthening HSE compliance by deepening the application of standardised practices, enhancing contractor accountability and embedding digital tools that improve consistency, transparency and operational discipline across all sites.

Digitalising Safety Compliance Through ePTW+2.0

- **Continued rollout of the Enterprise Permit to Work system (ePTW+2.0)** across manufacturing sites enabled enhanced digital oversight of high-risk work activities
- **As at 2025, eight OPUs** went live with the system in non-process areas and four OPUs in process areas, with full Group-wide implementation targeted for completion in 2026

Strengthening First Line Assurance and Regulatory Readiness

- **Upskilled HSE Performance and Assurance teams** to deliver more robust analyses, resulting in timely closures of critical findings raised through assurance reviews
- **Adopted the Operational Legal Areas Functional Checklist** via myASSURANCE, standardising Evaluation of Compliance processes across all sites
- **Completed a comprehensive OSHA 2022 Gap Assessment** across all OPUs, with remediation plans initiated where gaps were identified

Enhancing Health-related Compliance and Risk Assessments

- **Completed Hazard Risk Assessments**, including noise, chemical health and ergonomic assessments across all OPUs
- **Managed additional compliance areas** such as food and water safety, substance misuse, fatigue management and fitness to work, through updated internal frameworks aligned with PETRONAS Technical Standards
- **Strengthened medical emergency response preparedness**, with major drills conducted at PC Fertiliser Kedah (Exercise Tirai Emas) and PC Ethylene and PC Polyethylene (Exercise Ketam Bara IX) involving state authorities, receiving positive feedback from Ministry of Health

DEVELOPING TALENT AND SUPPORTING WORKFORCE WELL-BEING

M9 TALENT MANAGEMENT & WELL-BEING

WHY IT MATTERS

PCG's long-term success is built on the strength, capability and well-being of our people.

As the chemicals industry undergoes rapid transformation, an inclusive and future-ready workforce is essential to driving innovation, sustaining business continuity and supporting responsible growth. Ensuring that employees feel valued, heard and empowered reinforces a culture where ideas thrive and performance excels.

Strong talent management and well-being practices also enable greater organisational agility and productivity. By investing in leadership capability, continuous learning and meaningful engagement, PCG creates an environment where employees can contribute at their fullest potential while remaining resilient, motivated and prepared to grow alongside the Group's evolving ambitions.

OUR ACHIEVEMENTS

409 interns strengthened early-career talent pipelines across PCG's operations

118 GEES participants enhanced graduate capabilities through structured industry development

More than 1,400 employees engaged in annual PCG Townhall, reinforcing alignment and transparency

Conducted leadership-led Diversity & Inclusion (D&I) engagements across operating units, strengthening inclusive and responsible workplace culture

OUR APPROACH

Anchoring Talent Strategy to Business Priorities

PCG's approach to talent management is anchored in the PETRONAS Employee Value Proposition (EVP): Trust, Grow and Reward, which underpins how we attract, develop and retain our people. This is supported by the PETRONAS Learning and Development Framework, providing clear pathways for capability building, leadership development and continuous learning.

PCG's people and organisation efforts are guided by structured mechanisms that align workforce capabilities with business priorities. The business portfolio and organisational effectiveness review enables systematic assessments of workforce effectiveness and resourcing, while the organisation design framework clarifies roles, decision rights and accountability across the Group. Together, these mechanisms strengthen leadership capacity, sharpen organisational focus and inform targeted talent and capability strategies.

Building Capability and Leadership Depth

Capability development remains a core pillar of our people strategy. We invest in both technical mastery and leadership readiness to ensure our employees are equipped to navigate industry complexity and support long-term business performance.

Development efforts span technical training, leadership programmes and structured career pathways. These include graduate and internship pipelines, competency-based assessments, technical enrichment programmes and leadership development delivered through PETRONAS and external institutions. Sustainability-focused learning and professional certification programmes further support employees in building relevant skills aligned with PCG's evolving sustainability agenda.

This integrated approach strengthens succession planning, deepens technical expertise and supports the development of future leaders across the organisation as we navigate industry shifts.

Well-Being, Engagement and Inclusion

At PCG, we also recognise employee well-being and inclusion as essential enablers of performance and organisational resilience. Our Employee Wellness Roadmap provides a structured approach to supporting mental, physical and social well-being through preventive health initiatives, awareness programmes and access to professional support.

Through this, we provide flexible working arrangements, special leave provisions and workplace support facilities to help employees balance professional and personal responsibilities. Transition assistance programmes further support affected employees through career changes, reinforcing PCG's commitment to responsible people practices.

Similarly, diversity and inclusion are embedded through leadership engagement, targeted programmes and continuous dialogue across the organisation. These efforts aim to foster a respectful, inclusive workplace where employees feel empowered to contribute fully and safely.

Employee engagement is further supported through regular townhalls, open communication platforms and opportunities for participation in clubs, associations and professional networks, strengthening connection and collaboration across PCG.

PROGRESS & IMPACT

In 2025, PCG continued to invest in its people through initiatives that support well-being, strengthen engagement and build future-ready capabilities across the organisation.

Supporting Employee Well-Being across Life Stages

PCG prioritises employee well-being by offering flexible, inclusive and needs-based support that responds to different stages of employees' personal and professional lives. These include:

- **Flexible working arrangements**, such as FlexiWork options, Compressed Work Week and Flexible Working Hours
- **Special leave provisions**, including maternity and paternity leave, Leave Without Pay and compassionate leave
- **Preventive medical screening** entitlements for employees aged 30 and above to encourage proactive health management
- **Workplace support facilities**, including childcare, nursing rooms and recreational spaces, to support daily well-being and productivity
- **Targeted financial support** for employees with special needs children

Strengthening Employee Engagement and Organisational Connection

Employee engagement remains a key enabler of organisational alignment and performance at PCG. Key initiatives included:

- **Conducted annual PCG Townhall** led by the MD/CEO to share business performance and strategic direction, with open Questions and Answers (Q&As). In 2025, more than 1,400 employees participated through in-person and virtual channels.
- **Enabled access to information and services** through digital platforms such as myPETRONAS, HR & YOU and myLearningX

DEVELOPING TALENT AND SUPPORTING WORKFORCE WELL-BEING

Building a Future-Ready Talent Pipeline

PCG continued to strengthen workforce capability through structured talent development and organisational effectiveness initiatives. In 2025, key actions included:

- **Completed a comprehensive business portfolio and organisational effectiveness review** to strengthen workforce efficiency and ensure alignment with strategic business priorities
- **Conducted an enterprise-wide organisation design exercise** to clarify structures, decision rights and accountability
- Strengthened early-career talent pipelines, through the:
  - **PETRONAS Internship Programme**, offering real-world exposure to the chemicals industry practical skills development, benefiting 409 participants in 2025
  - **Graduate Employability Enhancement Scheme (GEES)**, a one-year experiential training programme designed to strengthen graduate capabilities, benefiting 118 participants in 2025
- **Ensured talent deployment and development** interventions remained aligned with evolving organisational needs

Developing Leadership and Technical Capabilities

In 2025, we continued to invest in leadership and technical development supported operational excellence and future resilience. Our efforts included:

- **Facilitated leadership development for 604 employees** through programmes delivered at the PETRONAS Leadership Centre
- **Delivered technical and competency-based development** through established platforms, including the PETRONAS Competency-Based Assessment System (PECAS+), Superior Managed Assessment (SMA) and Institut Teknologi Petroleum PETRONAS (INSTEP)
- **Strengthened sustainability capabilities** through professional certifications and targeted learning programmes, offering employees opportunities

Embedding Inclusion and Responsible Workplace Culture

Diversity and inclusion remain integral to PCG's people strategy and broader sustainability agenda.

- **Conducted leadership-led D&I** conversations, forums and open engagement sessions across operations
- **Delivered targeted training** covering human rights, conscious inclusion and inclusive leadership for managers and HR practitioners
- **Reinforced a culture** of respect, psychological safety and accountability aligned with PCG's broader sustainability agenda

REINFORCING HUMAN RIGHTS ACROSS OUR VALUE CHAIN

M10 HUMAN RIGHTS

WHY IT MATTERS

Human rights are fundamental to PCG and underpin how we operate across our workforce, supply chain and surrounding communities.

It shapes how people are treated at work, how risks are managed on site and how trust is built with partners and stakeholders across our value chain.

In an industry with complex operations and extensive contractor engagement, effective human rights management reduces exposure to operational disruption, regulatory non-compliance and reputational harm. It also supports workforce stability, safe working environments and consistent business continuity.

Protecting human rights strengthens PCG's resilience and long-term value creation by ensuring that growth is supported by responsible conduct, transparency and accountability across all areas of our business.

OUR ACHIEVEMENTS

100% grievances resolved within the year

Zero discrimination cases reported during the year under review

51% employees covered by collective bargaining agreements, supporting formal labour representation

91% union membership rate among eligible employees, reflecting strong workforce representation

More than 120 contractors engaged through PERKESO sharing sessions to strengthen social security and labour compliance awareness

REINFORCING HUMAN RIGHTS ACROSS OUR VALUE CHAIN

REINFORCING HUMAN RIGHTS ACROSS OUR VALUE CHAIN

OUR APPROACH

Policy Foundations and Standards

PCG's human rights approach is anchored in the PETRONAS Human Rights Policy and reflects our commitment to respecting internationally recognised human rights standards and complying with applicable laws in the countries where we operate.

Guided by the United Nations Guiding Principles on Business and Human Rights (UNGP BHR) and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises on Responsible Business Conduct, this framework sets clear expectations for ethical conduct, fair labour practices and the protection of individuals connected to our operations, including employees, contractors and supply chain partners.

Embedding Human Rights into Operations

Our approach is built on prevention and integration. Human rights considerations are embedded into operational decision-making, workforce management, contractor oversight and procurement activities. This ensures that potential risks are identified early and addressed in ways that support safe, respectful and compliant business practices across our value chain.

Human Rights Due Diligence

A central element of our approach is our due diligence process. SRAs are carried out to evaluate risks across labour and working conditions, responsible security, community well-being and supply chain management areas identified as PCG's salient human rights priorities. These assessments combine risk screening, impact analysis and continuous monitoring, allowing us to prioritise areas requiring enhanced oversight or targeted mitigation.

Governance and Accountability

Human rights responsibilities are integrated into daily operations across the organisation, supported by clear functional roles. Group Procurement manages supplier screening and contractual compliance, Human Resources Management oversees fair labour practices and grievance mechanisms for employees while Social Performance provides guidance, capacity building and consolidated reporting.

These roles are reinforced through the PETRONAS CoBE and the PETRONAS CoCHR, ensuring consistent expectations and accountability across employees, contractors and suppliers.

PROGRESS & IMPACT

Percentage of union members out of total support staff (%)	Percentage of total employees covered by collective bargaining agreements (%)
91	**51**
2024: 99.7 2023: 85	2024: 54 2023: 55

Strengthening Human Rights Due Diligence

We strengthened our ability to identify and manage human rights risks across operations and the supply chain.

- **Conducted SRA** to identify actual and potential social risks across labour and working conditions, responsible security, community well-being and supply chain management
- **Completed SRA** for all Malaysian Commodities operating sites in 2025, with reviews conducted based on risk or at least once every five years

Advancing Human Rights in the Supply Chain

- **Continued implementation of the enhanced PETRONAS CoCHR**, reinforcing expectations on labour standards and workplace conditions
- **Required all prospective vendors to complete a PETRONAS CoCHR self-assessment**, compliance attestation and KYC documentation as part of onboarding. Further on-site/physical supplier assessments will be conducted based on the self-assessment results
- **Implemented continuous PETRONAS CoCHR surveillance** for existing PETRONAS-registered or licensed vendors, ensuring ongoing adherence to the L&R process
- **Analysed assessment findings** to identify higher-risk areas and placed non-compliant contractors under further evaluation and follow-up actions

For further details on our supply chain practices, please refer to the Responsible Sourcing and Supply Chain Resilience section on pages 42 to 43.

Providing Accessible Grievance Mechanisms

We maintained accessible and trusted channels to raise concerns and ensure timely remediation.

- **Maintained grievance mechanisms** for employees, contractors and surrounding communities through multiple channels including Whistleblowing, Employee Grievance and HSE Grievance platforms
- **Required contractors to establish grievance mechanisms** aligned with the PETRONAS CoCHR
- **Ensured all grievances** were reviewed, investigated and resolved through structured procedures with appropriate remedies
- In 2025, **nine cases were received through established grievance channels**, comprising six community-related, two supply chain–related and one employee-related. All were investigated, three were substantiated, and all were resolved within the year
- **Zero discrimination** cases reported during the year under review

For further details on our governance practices, please refer to the Upholding Strong Governance and Ethical Conduct section on pages 62 to 63.

Building Capability Through Training and Awareness

We strengthened awareness and capability to support consistent human rights practices across the organisation and contractor base.

- **Supported and participated in Downstream-led PERKESO sharing sessions** on statutory social security requirements to more than 120 contractors, including PCG contractors and relevant internal stakeholders
- **Conducted three training sessions** over the course of the year for personnel responsible for grievance handling, covering processes, tools and reporting requirements
- **Achieved a 99% completion rate for employee online training related to human rights management**, covering key modules such as the PETRONAS CoBE, ABC Manual and Personal Data Protection and Privacy Compliance

Upholding Freedom of Association and Collective Bargaining

We continued to support employees' rights to representation and constructive labour relations.

- **Upheld employees' rights to freedom of association** and collective bargaining in line with Article 10 of the Federal Constitution of Malaysia
- **Provided clear guidance** under the PETRONAS CoBE to support ethical participation in union-related activities
- **Conducted regular engagement sessions** with PCG's unions, including Kesatuan Kakitangan Petroliam Nasional Berhad (KAPENAS) and Kesatuan Pekerja-Pekerja OPTIMAL Chemicals (M) Sdn. Bhd. (KEPKO), to address collective agreement matters and working conditions
- **Facilitated constructive dialogue** between unions and management to strengthen labour relations and uphold fair representation

ENGAGING OUR COMMUNITIES

M11 COMMUNITY ENGAGEMENT

WHY IT MATTERS

Strong and trusted relationships with the communities surrounding our operations are fundamental to PCG's long-term resilience and licence to operate.

As a major player in the chemicals industry, our activities are closely intertwined with local socio-economic conditions, environmental stewardship and community well-being. How we operate directly shapes community confidence, acceptance and long-term support.

For industries with a significant physical footprint, expectations around safety, environmental protection and responsible conduct continue to rise. Environmental impacts or safety incidents can affect community health and livelihoods, elevate regulatory scrutiny and disrupt operations. Proactive and meaningful engagement helps PCG understand evolving community needs, strengthen transparency and respond constructively to concerns.

By aligning community investments with environmental, educational and socio-economic priorities, we ensure that our initiatives contribute to shared prosperity and national development aspirations. Through programmes that promote education, environmental awareness and livelihood resilience, we help uplift capabilities and empower communities to thrive alongside our operations.

OUR ACHIEVEMENTS

More than 100,000 students engaged across 102 schools nationwide through PCG Be Green initiatives

More than 20,000 students reached via the expanded PCG Be Green Outreach Programme across seven states

25% increase in Community Centre income at Kampung Lebai Saman through structured upskilling and batik capacity expansion

More than 70,000 visitors welcomed at the Local Science Centre in Sweden, advancing early STEM and sustainability awareness

80 schools engaged through the *Alam Sekitar* biodiversity programme, strengthening conservation awareness and ecosystem rehabilitation education in Malaysia

More than 1,000 kg of recyclables collected in Thailand since October 2024, expanding student-led waste recovery beyond traditional materials

ENGAGING OUR COMMUNITIES

OUR APPROACH

PCG's community engagement approach is guided by the PETRONAS Social Impact Management (SIM) Framework, which provides a structured basis for assessing community needs, designing targeted programmes and delivering contributions responsibly and transparently.

Engagement begins with a systematic identification of community risks and opportunities, including assessments of socio-economic conditions, environmental sensitivities and concerns related to safety, livelihoods, or well-being. Insights gathered through engagement are reviewed by relevant internal functions and integrated into planning and operational decision-making, ensuring that community perspectives inform mitigation measures and programme design.

To manage potential social and reputational risks, PCG aligns its engagement practices with the PETRONAS Reputation Management Framework. This enables proactive communication, collaboration with local authorities and timely implementation of targeted initiatives that respond to community-specific needs.

PCG adopts a collaborative, partnership-based model that brings together local authorities, Non-Governmental Organisations (NGOs), educational institutions and community organisations. Engaging partners from the earliest stages helps ensure programmes remain relevant, responsive and aligned with local priorities, while supporting long-term trust and resilience.

Community programmes are structured around three focus pillars under PETRONAS' social impact priorities:

Environment (Planting Tomorrow)

We prioritise environmental initiatives that help communities adopt responsible practices and enhance their resilience to environmental challenges. This includes programmes that drive behavioural change, encourage recycling and upcycling, restore natural habitats and strengthen local environmental stewardship.

By working alongside schools, universities and environmental organisations, we help create a culture of sustainability that can be sustained across generations.

Community Well-being and Development (Uplifting Lives)

We focus strongly on initiatives that empower communities to improve their quality of life. This includes livelihood support, entrepreneurship opportunities, skills development programmes and community uplifting efforts that promote resilience and self-sufficiency.

Through volunteer initiatives, collaborative capacity-building and long-standing partnerships, we strive to help communities build the skills, confidence and resources needed for long-term socio-economic advancement.

Education (Powering Knowledge)

Education is a cornerstone of our engagement strategy. We support programmes that develop future talent, build knowledge and strengthen youth leadership in sustainability. These initiatives aim to enrich academic learning with hands-on experiences, allowing young people to understand environmental responsibility, innovation and community development through practical engagement.

Partnerships with academic institutions ensure that learning outcomes are both relevant and meaningful.

ENGAGING OUR COMMUNITIES

ENGAGING OUR COMMUNITIES

PROGRESS & IMPACT

PCG Be Green

Since its launch in 2013, PCG Be Green has stood as a flagship initiative championing circular economy practices in alignment with the New Plastics Economy (NPE) vision. It represents PETRONAS' commitment to its Planting Tomorrow pillar, empowering communities to embrace responsible plastic use, proper waste segregation and sustainable lifestyle choices that collectively reduce environmental impact.

To sustain this momentum, PCG Be Green is seamlessly integrated with the Plastic, Sustainability & You Education (PSYE) module, ensuring that awareness is translated into meaningful action. Through PSYE, we engage students nationwide with interactive learning sessions and hands-on recycling activities, fostering a deeper understanding of waste management and inspiring real behavioural change. This sustained and practical approach keeps PCG Be Green relevant, impactful and future-focused, building a generation that champions sustainability and responsible resource use.

Malaysia: Be Green School Competition

The PCG Be Green School Competition has become a notable platform for cultivating climate-conscious young leaders.

Beyond raising awareness, the programme plays a pivotal role in developing practical skills and nurturing innovation among students. Its evolution from traditional recycling activities to upcycling innovation and product commercialisation has enabled participants to explore how waste can be transformed into meaningful, marketable products.

This hands-on approach builds confidence, fosters creativity and encourages entrepreneurial thinking, empowering students to turn environmental challenges into real opportunities.

Key Achievements

- Reached more than 100,000 students across 102 schools in nine states nationwide
- Strengthened environmental awareness and creativity among youth, leading to the creation of student-designed upcycling products with commercial potential
- Encouraged practical climate action at the school level through structured recycling and innovation activities

Malaysia: Be Green Outreach Programme

The PCG Be Green Outreach Programme continued to scale meaningfully through our collaboration with Universiti Teknologi MARA (UiTM) under the SULAM experiential learning initiative.

A key strength of the programme lies in its youth-led delivery model. This year, UiTM students served as PSYE ambassadors across seven states, actively conducting awareness sessions, facilitating hands-on waste segregation activities and supporting school-based sustainability campaigns.

Their involvement not only enhanced programme reach but also encouraged greater peer-to-peer learning and community engagement.

Key Achievements

- Expanded the programme to 28 new schools and communities nationwide
- Reached over 20,000 school students, enhancing their understanding of waste segregation and environmental stewardship
- 1,200 UiTM students served as PSYE ambassadors supporting our outreach efforts

Thailand: Environmental Education Programme

PCG, through its collaboration with the TerraCycle Thai Foundation, continued to strengthen environmental education in Thailand by supporting student-led waste-sorting initiatives at Wat Ladprao School (WLS) and Wat Nimmanoradee School. Both schools have sustained the waste banks introduced in 2024, demonstrating growing awareness, better recycling habits and a strong commitment among students to responsible waste management.

Key Achievements

- Collected 1,025 kg of recyclables through the WLS programme since October 2024
- Expanded material recovery scope beyond brown corrugated cardboard, polyethylene terephthalate and milk cartons to include Polyvinyl Chloride (PVC), mixed plastics and shredded paper

China: Volunteer Clean-up Activity

At the Zibo site, PCG organised the "Tai Gong Lake Environmental Day", bringing together employees and their family members for a volunteer clean-up activity around the Tai Gong Lake community area. Participants collected litter, restored the public space and demonstrated PCG's commitment to environmental stewardship as well as positive community engagement.

Key Achievements

- Engaged 27 employees and family members in a Tai Gong Lake clean-up activity
- Improved the cleanliness and usability of a key community recreational area

India: Tree Planting Programme

In Bharuch, PCG, through Perstorp, initiated a reforestation programme in the village of Kothiya, approximately one kilometre from the Sayakha project site, under the Corporate Environment Responsibility (CER) initiative. The reforested area is expected to sequester carbon annually, contributing to PCG's broader regional emissions reduction efforts. PCG has committed to maintaining the site until 2026, including routine upkeep and replanting where required to support long-term ecosystem recovery.

This approach promotes shared responsibility and strengthens community ownership of the restored landscape, reinforcing both ecological and socio-economic resilience.

Key Achievements

- Planted 2,000 trees across one hectare in Kothiya village
- Engaged local community members in site upkeep and ongoing monitoring
- Supported local livelihood through the creation of income opportunities
- Strengthened biodiversity, green cover, and community well-being in areas surrounding the Sayakha site

ENGAGING OUR COMMUNITIES

ENGAGING OUR COMMUNITIES

Education

PCG's education initiatives focus on nurturing future-ready talent, strengthening STEM interest and promoting safe, responsible practices across our operating communities. Through partnerships with schools, universities and local institutions, we support hands-on learning, industry exposure and sustainability awareness to inspire the communities around us.

Malaysia: Safe Handling of Chemicals in Schools (SHOC4School)

We promote safe chemical handling in schools to create a secure and engaging learning environment while inspiring interest in science and the oil & gas industry. This initiative educates students on proper chemical safety practices, provides essential laboratory items to enhance hands-on learning and features safety demonstrations by experienced lab experts.

These demonstrations not only instil critical knowledge but also spark curiosity about chemicals and their applications, fostering a deeper understanding of science and encouraging responsible exploration of energy-related fields across schools within a close proximity to our operations.

Key Achievements

- More than 10,000 students engaged on safe chemical handling

Sweden: Fostering Early Interest in Science

In Stenungsund, Sweden, Perstorp continued supporting the local science centre, an educational collaboration with industry partners and the surrounding community. The centre offers interactive exhibits and hands-on activities designed to spark curiosity in chemistry and STEM fields among children and students. This initiative plays a key role in fostering early interest in science while strengthening community engagement in technical learning.

Key Achievements

- Welcomed more than 70,000 visitors in 2025
- Established impactful platforms and meeting spaces that promote sustainable development with a strong focus on chemistry

Sweden: Developing Future Industrial Talent

Perstorp continues to strengthen its long-standing commitment to developing future industrial talent through the Perstorp Technical High School, which the company has proudly operated since 1996 in its hometown of Perstorp, Sweden. Each year, over 80 students aged 16 to 18 are enrolled across key programmes in Technology, Industrial Technology and Electrical and Energy Systems, with the curricula designed in close alignment with real-world industrial applications.

Key Achievements

- Built a strong local talent pipeline aligned with Sweden's industrial and technological development needs
- Strengthened Perstorp's workforce continuity, transitioning graduates into roles across the organisation

Biodiversity

PCG's biodiversity initiatives focus on strengthening conservation awareness and fostering long-term environmental stewardship within our operating communities. Through structured education programmes, community partnerships and site-based conservation efforts, we aim to protect natural habitats, enhance ecological resilience and cultivate greater appreciation for biodiversity across areas where we operate.

Malaysia: Strengthening Environmental Awareness

The ecocare EEC continues to play a meaningful role in strengthening environmental awareness and nurturing the next generation of conservation stewards. Through programmes such as *Alam Sekitar*, the centre engaged students from 80 schools in hands-on learning that deepens understanding of biodiversity, conservation and ecosystem rehabilitation. Supported by the Malaysian Nature Society (MNS), the EEC has also delivered community-based activities that encourage long-term appreciation and care for Malaysia's natural heritage.

With its expanded programmes and refreshed educational content, the EEC has regained strong public interest following its refurbishment. Since its reopening in 2024, the centre has welcomed over 4,000 visitors, a significant increase compared with the post-pandemic years, when annual attendance fell to around 1,000, reflecting the impact of our renewed community outreach.

Community Well-Being and Development

PCG's community well-being initiatives focus on strengthening livelihoods, improving access to essential skills and supporting long-term socio-economic resilience. Through targeted partnerships with local organisations, PCG helps build capabilities, widen income opportunities and enhance the overall quality of life for vulnerable groups across its operating regions.

Malaysia: Upskilling Communities

Key Achievements

Kampung Lebai Saman, Kedah

- PCG continues to strengthen socio-economic development, supporting the community centre as a growing hub for skills development and income generation
- In 2025, PCG's ongoing support helped enhance the centre's operational capacity, enabling it to conduct more structured training, expand its batik production activities and improve the quality of programmes offered to local participants

- Increased participation, with 16 additional members joining the centre
- Grew total center income by 25% year-on-year

Program Pemulihan Komuniti (PPDK), Dungun

- PCG partnered with PPDK Dungun to strengthen economic opportunities for persons with disabilities (PwD)
- Trainees received sewing training and modern equipment to produce marketable items, enabling them to build skills, generate income and support the centre's long-term sustainability

- Equipped six PwD trainees with marketable vocational skills
- Expanded market access for PwD-made products through community-based channels

UPHOLDING STRONG GOVERNANCE AND ETHICAL CONDUCT

M12 CORPORATE GOVERNANCE

WHY IT MATTERS

Strong corporate governance underscores PCG's ability to operate responsibly, manage risk and create long-term value.

Clear oversight, disciplined decision-making and well-defined accountability help the organisation anticipate disruptions, respond to emerging risks and maintain operational integrity in a rapidly evolving business environment.

In a dynamic operating environment shaped by shifting regulatory expectations, heightened stakeholder scrutiny and growing geopolitical uncertainties, effective governance supports consistent performance and safeguards stakeholder confidence. By embedding ESG considerations into governance structures and organisational processes, PCG reinforces business resilience while ensuring strategic decisions remain grounded in long-term value creation.

Ultimately, PCG's governance framework enables the Board and Management to guide the organisation responsibly, uphold ethical conduct and support sustainable growth in line with market expectations and global best practices.

OUR ACHIEVEMENTS

100% of operations assessed for corruption-related risks

Zero confirmed corruption incidents during the reporting year

100% of Board members and employees trained on anti-corruption policies

OUR APPROACH

GOVERNANCE STRUCTURE AND OVERSIGHT

PCG upholds high standards of corporate governance in line with Bursa Malaysia's Main Market Listing Requirements, the Malaysian Code on Corporate Governance and the PETRONAS Integrity Compliance Framework. These requirements guide how governance principles are applied consistently across leadership levels and business operations.

Oversight of risk, sustainability and integrity matters is entrusted to the BSRC, supported by dedicated compliance functions. This structure ensures that material governance, ethics and integrity matters receive appropriate attention and are effectively integrated into business decision-making.

In line with this governance approach, elements of executive remuneration are directly linked to the achievement of defined sustainability and climate-related objectives, ensuring that leadership accountability extends to the delivery of PCG's sustainability commitments.

For further details, please refer to the Sustainability Statement section on pages 70 to 109 in the PCG Integrated Report 2025.

Ethics, Integrity and Conduct

PCG's governance framework is supported by clear policies including the PETRONAS CoBE and the ABC Manual. These provide practical guidance on conflicts of interest, gifts and hospitality, sponsorships, donations and interactions with external parties.

PCG adopts a zero-tolerance approach to bribery and corruption. This commitment is anchored in the T.R.U.S.T. Principles, which guide the implementation of risk-based controls, systematic monitoring, enforcement mechanisms and continuous improvement across the organisation.

- **T** Top-Level Commitment
- **R** Risk Assessment
- **U** Undertake Control Measures
- **S** Systematic Review, Monitoring and Enforcement
- **T** Training and Communication

Capability Building and Accountability

To reinforce ethical conduct, PCG complements policy requirements with mandatory training, integrity awareness campaigns and regular compliance communications for employees and suppliers. These efforts strengthen ethical decision-making, enhance awareness of governance responsibilities and support a culture of accountability across the Group.

PROGRESS & IMPACT

Strengthening the Governance Framework

Focused governance enhancements during the year strengthened oversight, transparency and accountability across the Group.

- **Implemented the PCG Anti-Bribery and Corruption Plan** for FY2025, incorporating targeted initiatives to reinforce integrity management across operations
- **Enhanced the whistleblowing reporting process** to improve workflow transparency, escalation effectiveness and oversight visibility
- **Embedded rigorous and structured reporting** of governance and integrity matters within PCG's Corporate Risk Profile and Corporate Risk Appetite

For further details, please refer to our policies, please refer to the Governance section of PCG's corporate website at https://www.petronas.com/pcg.

Building Capability and Competency

Targeted training programmes strengthened governance capability at Board, leadership and employee levels.

- **Completed rotational Critical Legal Areas (CLA) e-module training** for Directors across the five CLA, with progress tracked and monitored
- **Delivered enterprise-wide compliance training** on the ABC Manual

Commitment to Integrity and Ethical Conduct

Consistent communication and engagement reinforced PCG's zero-tolerance stance on bribery and corruption.

- **Ensured 100% of governance body members** were informed on anti-corruption policies and procedures
- **Informed 100% of employees on anti-corruption policies** through structured integrity engagement sessions
- **Conducted quarterly Integrity Programme engagement sessions** to reinforce ethical conduct and compliance expectations

Integrity Campaigns and Awareness

Ongoing campaigns and communications supported sustained awareness of governance and integrity obligations.

- **Disseminated targeted integrity communications** via email, intranet and corporate platforms
- **Conducted regular awareness initiatives** to reinforce understanding of anti-corruption requirements and ethical behaviour

BURSA MALAYSIA'S CSI PRESCRIBED TABLE

PETRONAS Chemicals Group Berhad
IFRS S2

Date & Time: 2026-03-04_15:42:08

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Footnote Sustainability Matter
GHG Emissions	Scope 1	Million tCO2e	6.61	No target set		
GHG Emissions	Scope 2 Location-based	Million tCO2e	1.45	No target set		
GHG Emissions	Scope 2 Market-based	Million tCO2e	1.24	No target set		
GHG Emissions	Scope 1 + 2 (location-based)	Million tCO2e	8.06	Net zero Scope 1 and Scope 2 emission by 2050 ambition		
GHG Emissions	Scope 1 + 2 (market-based)	Million tCO2e	7.85	Net zero Scope 1 and Scope 2 emission by 2050 ambition		
GHG Emissions	Scope 3 Category 1 (Purchased goods and services)	Million tCO2e	9.61	No target set		
GHG Emissions	Scope 3 Category 3 (Fuel- and Energy-Related Activities)	Million tCO2e	1.66	No target set		
GHG Emissions	Scope 3 Category 11 (Use of sold products)	Million tCO2e	12.35	No target set		
GHG Emissions	Scope 3 Total emissions	Million tCO2e	23.62	No target set		
Energy Management	Total energy consumed	Million GJ	167.37	No target set		
Energy Management	Energy purchased from grid	%	6.96	No target set		
Energy Management	Renewable energy	%	1.42	No target set		
Energy Management	Total self-generated energy	Million GJ	86.93	No target set		
Energy Management	Self-generated renewable energy	Million GJ	0.88	No target set		Added for compliance

BURSA MALAYSIA'S CSI PRESCRIBED TABLE

PETRONAS Chemicals Group Berhad
IFRS S2

Date & Time: 2026-03-04_15:42:08

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance	Footnote Sustainability Matter
Water Management	Freshwater withdrawn	'000 m3	57,000	128,000 m3/month reduction by 2030 for Commodities water-stressed sites		Revision of Target for clarity and revision of measurement unit from Million m3 to '000 m3 for consistency with unit used in Metrics and Targets.
Water Management	Freshwater consumed	'000 m3	35,200	No target set		Revision of measurement unit from Million m3 to '000 m3 for consistency with unit used in Metrics and Targets.
Water Management	Freshwater withdrawn in high water stress locations	%	18	No target set		
Water Management	Freshwater withdrawn in high water stress locations	'000 m3	10,200	No target set		
Water Management	Freshwater consumed in high water stress locations	%	27	No target set		Added for compliance
Transition Risk Metrics	Scope 1 emissions covered under emissions-limiting regulations (emissions basis)	%	3	No target set		Added for compliance

SUSTAINABILITY PERFORMANCE TABLE

SUSTAINABILITY PERFORMANCE TABLE

Topic	Metric	Unit	2023	2024	2025
Activity Metrics	Production volume	KMT	10,375	11,159	**10,821**
Activity Metrics	Sales volume	KMT	9,610	10,367	**10,779**
Transition Risk Metrics	Scope 1 emissions covered under emissions-limiting regulations (emissions basis)	Percentage (%)	-	-	**3**
GHG Emissions	Scope 1	Million tCO_2e	6.40	6.69	**6.61**
GHG Emissions	Scope 2 (location-based)	Million tCO_2e	1.50	1.43	**1.45**
GHG Emissions	Scope 2 (market-based)	Million tCO_2e	1.41	1.25	**1.24**
GHG Emissions	Scope 1 + 2 (location-based)	Million tCO_2e	7.90	8.12	**8.06**
GHG Emissions	Scope 1 + 2 (market-based)	Million tCO_2e	7.80	7.93	**7.85**
GHG Emissions	GHG Intensity - Scope 1 + 2 (market-based) over production volume	tCO_2e/tonne	0.76	0.71	**0.73**
GHG Emissions	Scope 3 - Category 1 (Purchased goods and services)	Million tCO_2e	9.49	10.17	**9.61**
GHG Emissions	Scope 3 - Category 3 (Fuel- and Energy-Related Activities)	Million tCO_2e	1.67	1.65	**1.66**
GHG Emissions	Scope 3 - Category 11 (Use of sold products)	Million tCO_2e	10.04	11.60	**12.35**
GHG Emissions	Scope 3 - Total emissions	Million tCO_2e	21.20	23.42	**23.62**
Energy Management	Total energy consumed	Million GJ	100.38	104.55	**167.37**
Energy Management	Energy purchased from grid	Percentage (%)	-	-	**6.96**
Energy Management	Renewable energy	Percentage (%)	-	-	**1.42**
Energy Management	Total Self-generated energy	Million GJ	-	-	**86.93**
Energy Management	Self-generated renewable energy	Million GJ	-	-	**0.88**
Water Management	Freshwater withdrawn	'000 m^3	56,500	60,400	**57,000**
Water Management	Freshwater consumed	'000 m^3	-	-	**35,200**
Water Management	Freshwater withdrawn in high water stress locations	%	-	-	**18**
Water Management	Freshwater withdrawn in high water stress locations	'000 m^3	10,500[1]	10,400[1]	**10,200**
Water Management	Freshwater consumed in high water stress locations	%	-	-	**27**
Water Management	Freshwater withdrawal intensity	m^3/tonne	5.47	5.42	**5.27**
Water Management	Freshwater consumption intensity	m^3/tonne	-	-	**3.27**
Wastewater Discharge	Chemical Oxygen Demand (COD)	tonne	227.8	180.9	**173.4**
Air Quality	Nitrogen Oxides (NOx)	Kilotonne	22.0	24.8	**35.9**

Topic	Metric	Unit	2023	2024	2025
Air Quality	Sulphur Oxides (SOx)	Kilotonne	0.16	0.17	**1.22**
Air Quality	Air Emissions Intensity	tonne/ kilotonne	2.46	2.57	**3.85**
Hazardous Waste Management	Hazardous waste generated	Kilotonne	80.6	108.0	**87.8**
Hazardous Waste Management	Hazardous waste recycled against generated[1]	%	76%	93%	**88%**
Hazardous Waste Management	Hazardous waste recycled against generated	Kilotonne	24.2	41.6	**27.0**
Hazardous Waste Management	Hazardous waste final disposal	Kilotonne	54.7	66.4	**60.3**
Workforce Health & Safety	Total recordable case (TRC) frequency	Number of cases	0.24	0.60	**1.08**
Workforce Health & Safety	TRC	Number of cases	6	15	**28**
Workforce Health & Safety	Lost Time Injury Frequency (LTIF)	Number of recordable cases per million man-hours	0.09	0.16	**0.43**
Workforce Health & Safety	LTI	Number of cases	2	4	**11**
Workforce Health & Safety	Fatality	Number of cases	0	1	**0**
Workforce Health & Safety	Total recordable occupational illness frequency (TROIF)	Number of occupational illnesses cases per million man-hours	0.00	1.03	**0.00**
Operational Safety, Emergency Preparedness & Response	Process Safety Incidents Count (PSIC) - Tier 1 Process Safety Event(s)	Number of cases	1	2	**0**
Supply Chain Management	Total vendor	Number	1,967	5,210	**6,138**
Supply Chain Management	Local vendor	%	82%	84%	**86%**
Supply Chain Management	Total local procurement spending	%	87%	67%	**74%**
Cybersecurity	Phishing test fail	%	1.7%	1.5%	**1.4%**
Talent Management & Well-being	Total employees	Number	6,465	6,728	**6,355**
Talent Management & Well-being	Employee turnover	%	1.3%	1.7%	**1.1%**
Talent Management & Well-being	Average hours per FTE of training and development	Hours/ person	52.0	52.0	**82.0**
Human Rights	Union members	% out of total support staff	85.0%	99.7%	**91.0%**
Human Rights	Union members	% out of total employees covered by collective bargaining agreements	55.0%	54.0%	**51.0%**
Community Engagement	Programme beneficiaries	Number of people	171,715	228,877	**206,862**

[1] *Data covers Commodities manufacturing sites with operational control*

INDEPENDENT LIMITED ASSURANCE REPORT

INDEPENDENT LIMITED ASSURANCE REPORT

THE BOARD OF DIRECTORS OF PETRONAS CHEMICALS GROUP BERHAD
Tower 1, PETRONAS Twin Towers, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia

Independent Practitioners' Limited Assurance Report on PETRONAS Chemicals Group Berhad's (the "Company") Selected Sustainability Indicators for the financial year ended 31 December 2025 presented in the Company's Integrated Report 2025 and Sustainability Report 2025

CONCLUSION

We have performed a limited assurance engagement on whether the Company's selected sustainability indicators ("Selected Sustainability Indicators") for the financial year ended 31 December 2025 listed below have been prepared in accordance with the Company's definition and calculation methodologies as set out in the Company's Sustainability Report 2025 ("Applicable Criteria").

No.	Selected Sustainability Indicators	Amount	Boundary
1	Total Scope 1 Greenhouse Gas ("GHG") Emissions	6.61 million tCO_2e	1. PETRONAS Chemicals Ammonia Sdn. Bhd. 2. PETRONAS Chemicals Aromatics Sdn. Bhd. 3. PETRONAS Chemicals Derivatives Sdn. Bhd. 4. PETRONAS Chemicals Fertiliser Kedah Sdn. Bhd. 5. PETRONAS Chemicals Glycols Sdn. Bhd. 6. PETRONAS Chemicals LDPE Sdn. Bhd. 7. PETRONAS Chemicals Methanol Sdn. Bhd. 8. PETRONAS Chemicals MTBE Sdn. Bhd. 9. PETRONAS Chemicals Olefins Sdn. Bhd. 10. PETRONAS Chemicals Polyethylene Sdn. Bhd. 11. PETRONAS Chemicals Ethylene Sdn. Bhd. 12. PETRONAS Chemicals Fertiliser Sabah Sdn. Bhd. 13. ASEAN Bintulu Fertilizer Sdn. Bhd. 14. Perstorp Holding AB and its subsidiaries 15. Da Vinci Group B.V and its subsidiaries
2	Total Scope 2 GHG Emissions (location-based)	1.45 million tCO_2e	
3	Total Scope 2 GHG Emissions (market-based)	1.24 million tCO_2e	
4	Total Energy Consumption (within the organisation)	167.37 million GJ	
5	Freshwater Withdrawal	57.0 million m^3	
6	Air Emissions, Nitrogen Oxides (NOx) Emissions	35.9 kilotonne	
7	Air Emissions, Sulphur Oxides (SOx) Emissions	1.22 kilotonne	
8	Wastewater Discharge, Chemical Oxygen Demand	173.4 tonne	1. PETRONAS Chemicals Ammonia Sdn. Bhd. 2. PETRONAS Chemicals Aromatics Sdn. Bhd. 3. PETRONAS Chemicals Derivatives Sdn. Bhd. 4. PETRONAS Chemicals Fertiliser Kedah Sdn. Bhd. 5. PETRONAS Chemicals Glycols Sdn. Bhd. 6. PETRONAS Chemicals LDPE Sdn. Bhd. 7. PETRONAS Chemicals Methanol Sdn. Bhd. 8. PETRONAS Chemicals MTBE Sdn. Bhd. 9. PETRONAS Chemicals Olefins Sdn. Bhd. 10. PETRONAS Chemicals Polyethylene Sdn. Bhd. 11. PETRONAS Chemicals Ethylene Sdn. Bhd. 12. PETRONAS Chemicals Fertiliser Sabah Sdn. Bhd. 13. ASEAN Bintulu Fertilizer Sdn. Bhd.
9	Tier 1 Process Safety Event(s) Occurred	0	1. The Company's subsidiaries in Malaysia 2. Perstorp Holding AB and its subsidiaries 3. Da Vinci Group B.V and its subsidiaries
10	Lost Time Frequency (LTIF) (Number of lost time injuries per million man-hours)	0.43	
11	Fatalities	0	

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Selected Sustainability Indicators for the financial year ended 31 December 2025 presented in the Company's Integrated Report 2025 and Sustainability Report 2025 are not prepared, in all material respects, in accordance with the Applicable Criteria. Our conclusion on the Selected Sustainability Indicators does not extend to any other information that accompanies or contains the Selected Sustainability Indicators and our report (hereafter referred to as "other information"). We have not performed any procedures with respect to the other information

BASIS FOR CONCLUSION

We conducted our engagement in accordance with Malaysian Approved Standard on Assurance Engagements ("ISAE") 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and, in respect of GHG emissions, ISAE 3410, Assurance Engagements on Greenhouse Gas Statements. Our responsibilities under these standards are further described in the Our Responsibilities section of our report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Our Quality Management and Independence

Our firm applies Malaysian Approved Standard on Quality Management, ISQM 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

RESTRICTION ON DISTRIBUTION AND USE OF OUR REPORT

Our report has been prepared for the Board of Directors of the Company (the "Directors") solely in accordance with the terms of our engagement letter.

Our report should not therefore be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than the Company for any purpose or in any context. Any party other than the Company who obtains access to our report or a copy and chooses to rely on our report (or any part of it) will do so at its own risk. To the fullest extent permitted by law, we will accept no responsibility or liability in respect of our report to any other party, other than the Company, for our work, for the assurance report we will issue, and for the conclusion we reach.

Without affecting, adding to or extending our duties and responsibilities to the Company or giving rise to any duty or responsibility being accepted or assumed by or imposed on us by any other party, we consent to the inclusion of this report in the Company's Integrated Report 2025 and Sustainability Report 2025, to assist the Directors in responding to their governance responsibilities by obtaining an independent limited assurance report on the Selected Sustainability Indicators.

Our conclusion is not modified in respect of this matter.

RESPONSIBILITIES FOR THE SELECTED SUSTAINABILITY INDICATORS

The management of the Company (the "Management") is responsible for:

(a) Designing, implementing and maintaining internal control relevant to the preparation of the Selected Sustainability Indicators such that they are free from material misstatement, whether due to fraud or error;
(b) Selecting or developing suitable criteria for preparing the Selected Sustainability Indicators and appropriately referring to or describing the criteria used, including who developed them, when not readily apparent from the engagement circumstances;
(c) Preparing and properly calculating the Selected Sustainability Indicators in accordance with the Applicable Criteria;
(d) Preventing and detecting fraud; and
(e) Selecting the content of the Selected Sustainability Indicators, including identifying and engaging with intended users to understand their information needs.

INHERENT LIMITATIONS

1. Due to the inherent limitations of any internal control structure, it is possible that material misstatement, whether due to fraud or error, may occur and not be detected in the Selected Sustainability Indicators.
2. GHG emissions quantification is unavoidably subject to significant inherent limitations, because of incomplete scientific knowledge used to determine emissions factors and limitations inherent in the nature of and methods used for determining emissions data. The selection by Management of different but acceptable emissions factors or measurement techniques could have resulted in materially different GHG emissions being reported.

OUR RESPONSIBILITIES

We are responsible for:

(a) Planning and performing the engagement to obtain limited assurance about whether the Selected Sustainability Indicators are free from material misstatement, whether due to fraud or error;
(b) Forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
(c) Reporting our conclusion to the Directors.

SUMMARY OF THE WORK WE PERFORMED AS THE BASIS FOR OUR CONCLUSION

We exercised professional judgement and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the Selected Sustainability Indicators that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the Selected Sustainability Indicators and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, we have performed the following procedures, amongst others:

(a) Enquired Management to gain an understanding of the processes established from which the Selected Sustainability Indicators are derived;
(b) Interviewed relevant staff responsible for preparing and presenting the Selected Sustainability Indicators in the Company's Integrated Report 2025 and Sustainability Report 2025;
(c) Compared the Selected Sustainability Indicators presented in the Company's Integrated Report 2025 and Sustainability Report 2025 to underlying sources on a sample basis; and
(d) Read the Selected Sustainability Indicators presented in the Company's Integrated Report 2025 and Sustainability Report 2025 to determine whether they are in line with our overall knowledge of, and experience with, the sustainability performance of the Company.

We have performed the following additional procedures for GHG emissions, amongst others:
(a) Enquired Management to gain an understanding on the determination of the Company's inventory boundary, the method of classifying emission sources, and the Management's key judgements in estimating emissions, including selection and application of methods, significant assumptions and data; and
(b) Tested accuracy of activity data, emission factors and global warming potential factors to relevant underlying sources on a sample basis.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

OTHER MATTERS

1. While we are engaged to provide assurance on the Selected Sustainability Indicators for the financial year ended 31 December 2025, these indicators do not represent the entire Scope 1 GHG emissions and Scope 2 GHG emissions and the Company's compliance with IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.
2. The Selected Sustainability Indicators for the earlier periods presented in the Company's Integrated Report 2025 and Sustainability Report 2025 were not subject to our limited assurance engagement and, accordingly, we do not express a conclusion, or provide any assurance on such information.

Our conclusion is not modified in respect of these matters.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya

Date: 23 February 2026

GLOSSARY OF TERMS, ABBREVIATIONS AND ACRONYMS

Abbreviation	Full Term/Definition
5R	Remove, Reduce, Reuse, Recycle and Recover
ABC Manual	Anti-Bribery and Corruption Manual
ALARP	As Low as Reasonably Practicable
BES	Biodiversity and Ecosystem Services
BSRC	Board Sustainability and Risk Committee
COD	Chemical Oxygen Demand
CLA	Critical Legal Area
CoBE	Code of Conduct and Business Ethics
CoCHR	Contractors' Code of Conduct on Human Rights
CSBIA	Cyber Security Business Impact Assessments
CSBRA	Cyber Security Business Risk Assessments
CSI	Centralised Sustainability Intelligence
D&I	Diversity & Inclusion
DTC	Direct-to-Chip
ECSGF	Enterprise Cyber Security Governance Framework
EEC	Environmental Education Centre
ESG	Environmental, Social and Governance
EESG	Environmental, Economic, Social and Governance
ePTW+2.0	Enterprise Permit to Work System Version 2.0
EU	European Union
FTSE4Good	FTSE4Good Bursa Malaysia Index
GHG	Greenhouse Gas
GHS	Globally Harmonised System of Classification and Labelling of Chemicals
GRI	Global Reporting Initiative
HEMP	Hazard and Effect Management Process
HSE	Health, Safety and Environment
HSE MS	HSE Management System
ICP	Internal Carbon Pricing
IFRS 1	International Financial Reporting Standard S1 – General Requirements for Disclosure of Sustainability-related Financial Information
IFRS 2	International Financial Reporting Standard S2 – Climate-related Disclosures
ISCC	International Sustainability and Carbon Certification

Abbreviation	Full Term/Definition
KPI	Key Performance Indicator
KYC	Know Your Counterparty
L&R	Licensing & Registration
LOPC	Loss of Primary Containment
LTI	Lost Time Injury
LTIF	Lost Time Injury Frequency
MD/CEO	Managing Director/Chief Executive Officer
NIAS	Non-Intentionally Added Susbtances
NO_x	Nitrogen Oxides
NZCE	Net Zero Carbon Emissions
OPU	Operating Unit
PC Derivatives	PETRONAS Chemicals Derivatives
PC Ethylene	PETRONAS Chemicals Ethylene
PC Fertiliser Kedah	PETRONAS Chemicals Fertiliser Kedah
PC Fertiliser Sabah	PETRONAS Chemicals Fertiliser Sabah
PC Polyethylene	PETRONAS Chemicals Polyethylene
PCF	Product Carbon Footprint
PRIS	Product Regulatory Information Sheet
PSSP	PETRONAS Supplier Support Programme
PSYE	Plastic, Sustainability & You Education
PwD	Persons with disabilities
REC	Renewable Energy Certificates
RSPO	Roundtable on Sustainable Palm Oil
SC	Specialty Chemicals
SRA	Social Risk Assessment
SULAM	Service Learning Malaysia-University for Society
SO_x	Sulphur Oxides
TPRM	Third Party Risk Management
UiTM	Universiti Teknologi MARA
UN SDGs	United Nations Sustainable Development Goals
VOC	Volatile Organic Compound

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PCG's Sustainability Report 2025 has been developed in line with our theme, **Resilience. Leveraging Strengths.** We considered the environmental impact of every decision, from responsible material selection to efficient production and purposeful design, to minimise our footprint while maintaining clarity and quality for stakeholders.

PETRONAS

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