

# CORPORATE GOVERNANCE OVERVIEW STATEMENT



## Dear Stakeholders,

This Corporate Governance Overview Statement for the financial year ended 31 December 2024 provides an overview of the Group's approach to corporate governance, highlighting the key areas of focus and activities undertaken by the Board during the year to support the delivery of sustainable long-term value for stakeholders.

In anticipation of a cautious global market outlook for FY2025, the Group remains focused on expediting new growth areas, preserving competitiveness and cost optimisation efforts as part of its strategy to enhance shareholder value, while maintaining its commitment to high standards of governance and fostering a culture of integrity throughout the organisation.

## AWARD-WINNING JOURNEY

### 2024 AUSTRALASIAN REPORTING AWARDS

- Governance Reporting Private Sector

### THE EDGE ESG AWARDS 2024

Silver Award

- Industrial Products and Services



## GOVERNANCE AND THE DELIVERY OF STRATEGY

Pages between 94 and 120 describe the Board and Board Committees key activities during the year.

In line with the Board's reserved matters, the Board considered and approved key strategic acquisitions and developments. When debating these transactions, the Board considered the sustainability aspects of the transactions or projects and the potential impacts on the Company's stakeholders including job creation in the local communities, how they fit within the Company's two-pronged strategy, and sustainable returns for investors in line with the Company's Sustainability Agenda.

Maintaining a robust corporate governance framework remains a key priority, ensuring the Company operate with the utmost integrity and accountability, in full consideration of its stakeholders' best interests.

Demonstrating this commitment, the Board:

- Embraced a zero-tolerance stance on bribery and corruption by signing the PCG Integrity Pledge
- Strengthened alignment with shared goals and objectives through a collaborative workshop with management on the core pillars of corporate governance
- Proactively shaped the Group's future through three Board Strategic Conversations focused on talent, branding, sustainability and growth for PCG

## SUSTAINABILITY

During the year under review, the Board received updates and engaged in discussions regarding several important matters relating to sustainability. This included the adoption of PETRONAS Human Rights Policy as well as a comprehensive overview of the sustainability agenda, encompassing goals, priorities, and targets.

Additionally, the Board reviewed ongoing sustainability programmes and discussed the resources required to support these initiatives effectively. There were deliberations on integrating sustainability considerations into key business decisions, ensuring that environmental and social factors were adequately addressed in strategic planning.

The Board also examined the Company's sustainability performance against established targets on a quarterly basis, emphasising the importance of monitoring progress and identifying areas for improvement.

## SUCCESSION PLAN

On 1 January 2025, Datuk Szali Hamzah was appointed as the Company's Chairman in place of Datuk Ir. (Dr.) Abdul Rahim Hashim. On the same day, Abang Yusuf Abang Puteh, was appointed as a Non-Independent Non-Executive Director (NINED) of the Company. The profile of Abang Yusuf Abang Puteh is disclosed in the Board of Directors' Profile on page 80.

The Board wishes to express its sincere gratitude and appreciation to Datuk Ir. (Dr.) Abdul Rahim Hashim for his invaluable services as Chairman of the Board and welcome Abang Yusuf Abang Puteh to the Board.

## SPECIALTY CHEMICALS ADVISORY PANEL

In light of the Company's growth aspiration in specialty chemicals, the Board had approved the establishment of Specialty Chemicals Advisory Panel to leverage their expertise on the market and growth strategies related to specialty chemicals.

## Principal A

Board Leadership and Effectiveness

Pages  
90 to 99

## Principal B

Effective Audit and Risk Management

Pages  
100 to 101

## Principal C

Integrity in Corporate Reporting and Relationship with Stakeholders

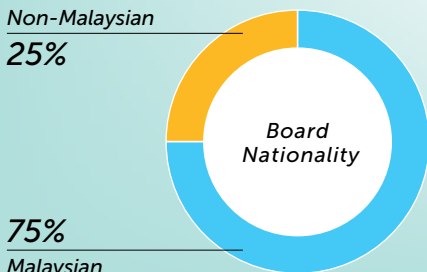
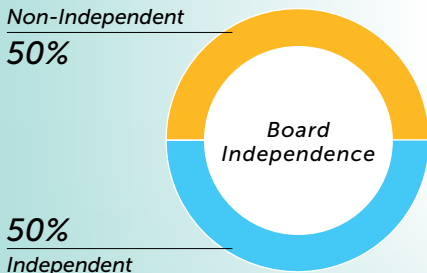
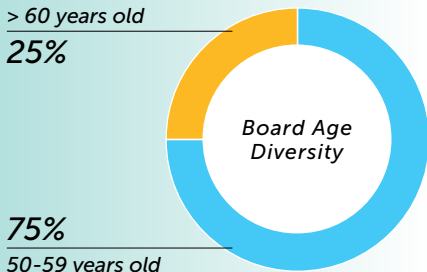
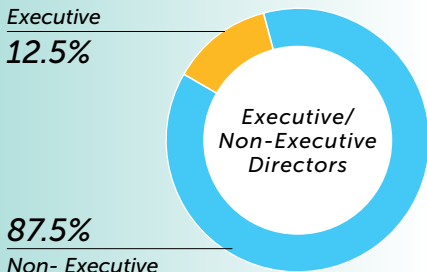
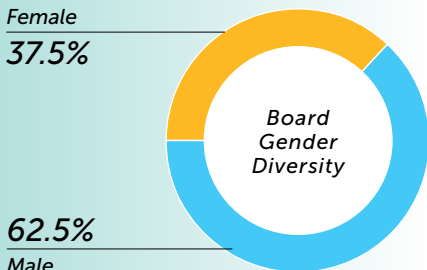
Pages  
102 to 107

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## BOARD AT A GLANCE

The Board remains vigilant of the evolving corporate governance landscape and is steadfast in its commitment to delivering effective leadership.

The Board is confident that it possesses the right blend of skills, experience, independence, and knowledge to drive forward its strategic growth agenda.



## Total Board and Board Committees Meeting Hours

# 113

**Datuk Sazali Hamzah**



**Mazuin Ismail**



**Yeoh Siew Ming**



**Warren William Wilder**



**Dr. Zafar Abdulmajid Momin**



**Datin Seri Sunita Mei-Lin Rajakumar**



**Farehana Hanapiah**



**Abang Yusuf Abang Puteh <sup>(1)</sup>**



### Industry Background:

- Oil and Gas
- Petrochemical

### International Experience:

- Global
- Regional

### Functional Experience:

- Engineering
- Logistics
- Legal/Regulatory
- Operations
- Commercial/Marketing
- Economics
- Finance
- Audit
- Risk Management
- Sustainability
- Corporate Strategy
- Technology
- Human Resource
- Project Management

<sup>(1)</sup> Appointed as Board Member w.e.f. 1 January 2025

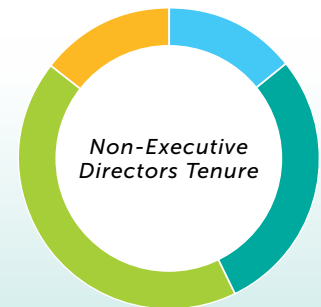
### Independent Non-Executive Directors (INED)

Yeoh Siew Ming	5 years 9 months
Warren William Wilder	6 years 8 months
Dr. Zafar Abdulmajid Momin	6 years 8 months
Datin Seri Sunita Mei-Lin Rajakumar	2 years 8 months

The tenure of an Independent Non-Executive Director is not more than 9 years.

### Non-Independent Non-Executive Directors (NINED)

Datuk Sazali Hamzah	10 years 9 months
Farehana Hanapiah	2 years 9 months
Abang Yusuf Abang Puteh	2 months



0-2 years	: 14.3%
2-5 years	: 28.6%
5-9 years	: 42.8%
>9 years	: 14.3%

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: Board Leadership and Effectiveness

### BOARD LEADERSHIP

The Group's long-term sustainable success is underpinned by a well-structured and strategically focused Board, dedicated to creating value for shareholders and contributing positively to a broad range of stakeholders. As of the date of this Statement, the Board comprises a Non-Independent Non-Executive Chairman, four INEDs, two NINEDs, and the Managing Director/ Chief Executive Officer (MD/CEO).

With the balanced Board composition reflecting a diverse range of skills, knowledge, and expertise, the Board is equipped to address the complexities of the Group's business environment. This diversity encourages rigorous debate and comprehensive analysis, enabling the Board to provide effective oversight of the Group's strategic direction and performance.

The core of the Board's role is the responsibility to guide and oversee the development and implementation of the Group's strategies. The Board actively reviews operational and financial performance against set objectives, ensuring robust risk management frameworks are in place and that the necessary financial and human capital resources are available to achieve the Group's strategic goals.

The Non-Executive Directors (NEDs) bring a wealth of expertise across business, financial, and international domains, forming a strong foundation that supports the Group's continued growth. To further enhance governance and independent oversight, the NEDs held a private session during the year without the presence of the MD/CEO or Management, providing an opportunity to discuss key matters that they may wish to raise.

Detailed profiles of the Directors, outlining their professional backgrounds and areas of expertise, are available on pages 76 to 80 of this report.

### BOARD MEETINGS

The governance of the Board is firmly rooted in a structured framework guided by the Company's Constitution, the Companies Act 2016 (CA 2016), the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Malaysia), and other prevailing regulatory guidelines and standards. The Board's principal responsibilities encompass strategic formulation, policy-making, monitoring and supervising the activities of executives, and providing clear accountability to stakeholders.

Key strategic matters are exclusively reserved for the Board's approval, reflecting its central role in steering the Group's direction. These include decisions on the Group's overall strategy and budget, material corporate transactions, capital expenditure authorisations beyond delegated authority limits, risk management, dividend declarations, appointment of new director, the sustainability agenda, and communications to shareholders. During the year, all matters requiring Board approval were unanimously endorsed, underlining the cohesive and robust governance structure. Directors' attendance at Board meetings averaged at 96%, reinforcing their commitment to effective oversight.

To facilitate efficient planning and execution, meeting dates for the Board and its Committees are pre-scheduled and communicated to Directors and Management at the start of the year. Agendas are prepared in collaboration with the Chairman and the MD/CEO, ensuring transparency and thorough preparation. Supporting materials are distributed at least five business days before each meeting, allowing ample time for Directors to review and informed deliberations. These materials are securely uploaded to a dedicated portal, accessible via tablet devices provided to Directors, ensuring confidentiality and ease of access.

While Board decisions are structured to allow for majority voting, the Board predominantly operates on a consensus basis. In the rare event of a tied vote, the Chairman holds a casting vote; however, this option was not exercised during the year under review, reflecting the strong alignment of perspectives among Board members.

Transparency and integrity underpin the Board's operations. Declaration of interest is embedded as a permanent agenda where Directors are required to declare any conflict of interest (COI), perceived or potential COI related to agenda items. Those with vested interests disclose the extent and nature of their involvement and abstain from participating in deliberations or voting on the relevant matters, ensuring impartiality in decision-making.

For a detailed overview of the matters within the Board's remit, stakeholders can refer to the Board Charter, which is available on the Company's corporate website at <https://www.petronas.com/pcg/about-us/governance>.

### DIVISION OF RESPONSIBILITIES BETWEEN THE BOARD AND MANAGEMENT

The Board operates through a balanced approach, combining its direct engagement with delegated responsibilities to its Committees to ensure effective governance. The responsibility for executing the Company's strategy and overseeing day-to-day operations is entrusted to the MD/CEO, supported by the senior leadership team. While operational duties are delegated, the Board retains ultimate accountability, providing oversight, offering strategic guidance, and ensuring that management remains aligned with the Company's objectives and governance principles.

### SUPPLY AND ACCESS TO INFORMATION

Directors have full and timely access to all necessary information to effectively fulfill their responsibilities. In line with the Board Charter, they may seek advice and support from the Company Secretaries, the MD/CEO, the Chief Financial Officer, senior management, or external advisers as needed. The Company Secretaries, working closely with the Chairman, ensure smooth communication within the Board and its Committees and between Management and NEDs.

To deepen their understanding of the Group's operations, Directors had the opportunities to visit operating plants and engaged with senior management and employees of the plants for additional explanations, briefings, or informal discussions on key business matters. They also have the option to seek independent professional advice, individually or collectively, with the associated costs covered by the Company.

The Company subscribes to an electronic platform for the secure and efficient delivery of Board documents and materials. This system ensures Directors have prompt access to high-quality information, facilitating well-informed discussions and effective decision-making.

### BOARD DIVERSITY, SKILLS AND EXPERIENCE

The adoption of the PETRONAS Diversity & Inclusion (D&I) statement, together with the Board's Diversity Policy, reflects a strong commitment to fostering meaningful diversity across the organisation. These frameworks provide baseline and long-term targets to guide the Group's initiatives, with a particular focus on areas such as gender representation and multinationalism. Recruitment and selection processes for new Board members are aligned with these principles, ensuring that diversity



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

considerations remain integral to decision-making.

To sustain and enhance diversity, the Board conducts regular reviews of succession plans, identifying key factors for recruitment and implementing inclusive sourcing practices to ensure a broad and diverse pool of candidates. Special emphasis is placed on gender diversity, with a clear commitment to include women in any director search. Additionally, the Board evaluates the mix of skills, age, experience, and expertise, enabling it to address any gaps effectively.

Currently, the Board includes three women directors, meeting the Board Diversity Policy's requirement of at least 30% female representation.

Details of the Board Diversity Policy are available on the Company's corporate website at <https://www.petronas.com/pcg/about-us/governance>.

## CONFLICT OF INTEREST

The Board through its Board Audit Committee (BAC), employs a rigorous and systematic process for the regular review and oversight of COI situations including perceived, potential and actual COIs that may arise within the Group and the Company. Each candidate for the role of a Director and each retiring Director who offers themselves for re-appointment should declare to the BAC whether they face any actual, perceived or potential COI by becoming, or continuing to be a Director. Directors with significant external commitments are required to disclose these obligations prior to their appointment and provide timely updates in the event of any changes. A comprehensive register of both actual and potential COI is maintained by the Company Secretary and undergoes an annual review by BAC to ensure it complies with the relevant regulatory requirements and internal policy.

In addition to this register, all Directors are required to declare their interests on a quarterly basis. These declarations are presented to the Board for notation, ensuring transparency and accountability. The Group operates under well-defined guideline and procedures for managing Related Party Transactions (RPTs), Recurrent Related Party Transactions (RRPTs), and COI situations. This guideline establish clear principles and processes for identifying, evaluating, and managing these transactions across the Group, ensuring full compliance with the MMLR and other applicable regulations.

## ROLES AND RESPONSIBILITIES

### Division of Responsibility

The roles of Chairman and MD/CEO are distinct and separate, ensuring a clear division of responsibilities and fostering balanced governance. Effective 1 January 2025, Datuk Szali Hamzah is the Chairman, while Mazuin Ismail remains as MD/CEO. This delineation of roles enhances accountability and supports independent decision-making across the Group's governance framework.

Guided by the Board Charter, well-defined guideline outline the respective responsibilities of the Chairman and MD/CEO. This structured approach ensures an equitable distribution of authority, promotes operational efficiency, and facilitates prompt and well-informed decision-making processes. By maintaining a clear and transparent hierarchy, the Group upholds its commitment to sound governance principles.

Further details regarding the specific responsibilities of the Chairman and MD/CEO can be accessed in the Board Charter, available on the Company's corporate website at <https://www.petronas.com/pcg/about-us/governance>.

### Chairman

Responsible for the orderly conduct and function of the Board.

### NINEDs

Provide in-depth knowledge and insight from PETRONAS' perspective.

### INEDs

Provide independent judgement and views.

### MD/CEO

Responsible for the overall operations of the business, organisational effectiveness and implementation of the Group's strategies and policies.

### Senior Independent Director (SID)

Yeoh Siew Ming, as the SID, acts as a vital conduit between the INEDs and the Chairman, particularly in addressing sensitive matters. She is available for confidential discussions with other NEDs who may have concerns that are not fully addressed by the Board as a whole, ensuring their perspectives are heard and considered. She also serves as a designated point of contact for shareholders, providing an alternative channel to raise their concerns or queries. Shareholders requiring her attention may contact her via email at [petchem.sid@petronas.com](mailto:petchem.sid@petronas.com).

Through her influence and active engagement, Yeoh Siew Ming effectively fulfils her responsibilities as SID of PCG, ensuring balanced dialogue and robust governance practices.

## QUALIFIED AND COMPETENT COMPANY SECRETARIES

Azira Marini Ab Rahim and Mek Yam @ Mariam Hassan serve as the Company Secretaries, fully qualified under Section 235 of the CA 2016. As governance professionals, they provide vital advisory services to the Board on a range of matters, in line with the Company's Constitution, governance policies, and procedural requirements. Their role extends to ensuring compliance with applicable regulations, codes, and legislation, reflecting their integral contribution to the Group's governance framework.

In addition to their advisory responsibilities, the Company Secretaries meticulously record discussions, decisions, and action items during Board and Board Committees meetings. These are tracked as matters arising within the meeting minutes, ensuring all follow-up actions are resolved in a timely manner.

Keeping abreast with regulatory developments and evolving corporate governance standards is a priority for the Company Secretaries. Through continuous professional development, they enhance their capabilities and ensure the Group's governance practices align with industry best practices. The trainings attended by the Company Secretaries during FY2024 are disclosed in the Corporate Governance Report 2024, which is available on the Company's corporate website at <https://www.petronas.com/pcg/media/reports>.

The Board is satisfied with the competence and performance of both Company Secretaries in fulfilling their roles effectively and providing support to the Board.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: Board Leadership and Effectiveness

### GOVERNANCE STRUCTURE

Oversight of the Group’s governance and strategic initiatives is carried out through three key Board Committees namely, Nomination and Remuneration Committee (NRC), BAC, and Board Sustainability and Risk Committee (BSRC). Each Board Committee operates under their specific Terms of Reference (TOR), which are publicly available at <https://www.petronas.com/pcg/about-us/governance>. Comprising solely NEDs, these Board Committees provide independent perspectives and ensure accountability across their respective areas of focus.

### BOARD

The Board, as a collective entity, bears the responsibility for ensuring effective oversight of the Company. This includes steering the Company’s strategic direction, defining objectives, formulating business plans, assessing viability, and establishing a governance structure conducive to achieve strategic growth and deliver sustainable shareholder value.

BOARD COMMITTEE			INTERNAL AUDIT DEPARTMENT (IAD)
<b>BAC</b>  The Committee oversees and assesses the Company’s financial and narrative reporting, internal controls, and risk management. This includes the evaluation of internal and external audit activities, along with finance, internal control, and compliance-related programmes.	No of Meeting: <b>8</b>	<b>Chairperson</b> Yeoh Siew Ming  <b>Members</b> Dr. Zafar Abdulmajid Momin Datin Seri Sunita Mei-Lin Rajakumar	
	Attendance: <b>100%</b>		
<b>BSRC</b>  The Committee is responsible for ensuring that the Group maintains effective frameworks for sustainability, integrity, and risk management. It provides oversight and guidance on the implementation, performance, and compliance of activities related to these areas.	No of Meeting: <b>4</b>	<b>Chairman</b> Warren William Wilder  <b>Members</b> Yeoh Siew Ming Dr. Zafar Abdulmajid Momin Datin Seri Sunita Mei-Lin Rajakumar	
	Attendance: <b>100%</b>		
<b>NRC</b>  The Committee ensures the Board comprises individuals with the necessary skills, knowledge and experience to effectively discharge its responsibilities and to oversee all aspects of succession planning, remuneration and performance of Directors and Senior Management.	No of Meeting: <b>5</b>	<b>Chairman</b> Dr. Zafar Abdulmajid Momin  <b>Members</b> Yeoh Siew Ming Farehana Hanapiah Warren William Wilder <sup>(1)</sup>	
	Attendance: <b>100%</b>		

<sup>(1)</sup> TOR is accessible to the public on the Company’s corporate website at <https://www.petronas.com/pcg/about-us/governance>

**MD/CEO** - Responsible for the overall operations of the business, organisational effectiveness and implementation of the Group’s strategies and policies.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

During Board meetings, the Chairman of each Board Committee provides updates on significant matters discussed at the Board Committee meetings which are scheduled before the Board meeting. Operational authority is delegated to the MD/CEO, supported by various committees including Management Committee, People Development Committee, Project Steering Committee, SRMC, Digital Steering Committee, and Tender Committee. Together, they ensure effective implementation of the Group's strategies and day-to-day operations. To further strengthen the governance framework, the IAD operates independently, reporting directly to the BAC.

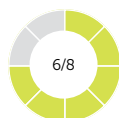
## Board Meeting Attendance for 2024

### Board of Directors

#### Datuk Sazali Hamzah<sup>(2)</sup>

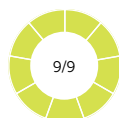
Chairman/  
Non-Independent Non-Executive Director

### Total Meetings Attended



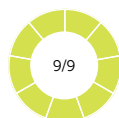
#### Mazuin Ismail

Managing Director/  
Chief Executive Officer



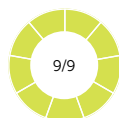
#### Yeoh Siew Ming

Senior Independent  
Non-Executive Director



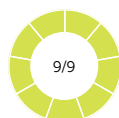
#### Warren William Wilder

Independent  
Non-Executive Director



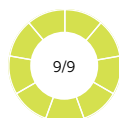
#### Dr. Zafar Abdulmajid Momin

Independent  
Non-Executive Director



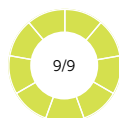
#### Datin Seri Sunita Mei-Lin Rajakumar

Independent  
Non-Executive Director



#### Farehana Hanapiah

Non-Independent  
Non-Executive Director



#### Abang Yusuf Abang Puteh<sup>(3)</sup>

Non-Independent  
Non-Executive Director



All Directors complied with the minimum attendance requirement, of not less than 50% of the Board meetings held during the financial year as stipulated in the MMLR.

# 96%

## Sustainability Governance

Sustainability governance within the Group is built on a foundation of accountability and transparency, ensuring that sustainability strategies are effectively implemented and monitored. The Board takes overall responsibility for the Group's sustainability practices, recognising the integration of sustainability risks and opportunities as a core fiduciary duty. The BSRC plays a critical role in overseeing sustainability commitments, goals, and opportunities.

At the operational level, the SRMC, led by the MD/CEO, provides guidance on managing risks and addressing sustainability issues that impact the business. During the year, the BSRC TOR was updated to enhance its oversight role, incorporating risk mitigation and opportunities into decision-making processes, as well as ensuring effective target-setting, monitoring, and controls.

To further strengthen its focus on sustainability, the Group restructured the Sustainable Development Working Committee, elevating it to the SDSC. Reporting directly to the SRMC, the SDSC is chaired by the Group's Chief Sustainability Officer (CSO) and operates under the direct oversight of the MD/CEO. This enhanced structure enables more effective steering and strategic oversight of sustainability risks and opportunities.

The SDSC has established three dedicated taskforces namely, Net Zero Carbon Emissions (NZCE), Reporting & Disclosure, and Circularity, to execute targeted sustainability initiatives aligned with the Group's broader objectives. These taskforces ensure that sustainability programmes are implemented with focus and precision, contributing to the Group's long-term strategic goals.

By implementing these governance enhancements, the Group remains committed to embedding sustainability into its operational and strategic decision-making processes, ensuring responsible business practices and foster sustainable growth.

<sup>(1)</sup> Appointed as NRC Member w.e.f 1 March 2024

<sup>(2)</sup> Appointed as Chairman w.e.f 1 January 2025

<sup>(3)</sup> Appointed as Board Member w.e.f 1 January 2025

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: Board Leadership and Effectiveness

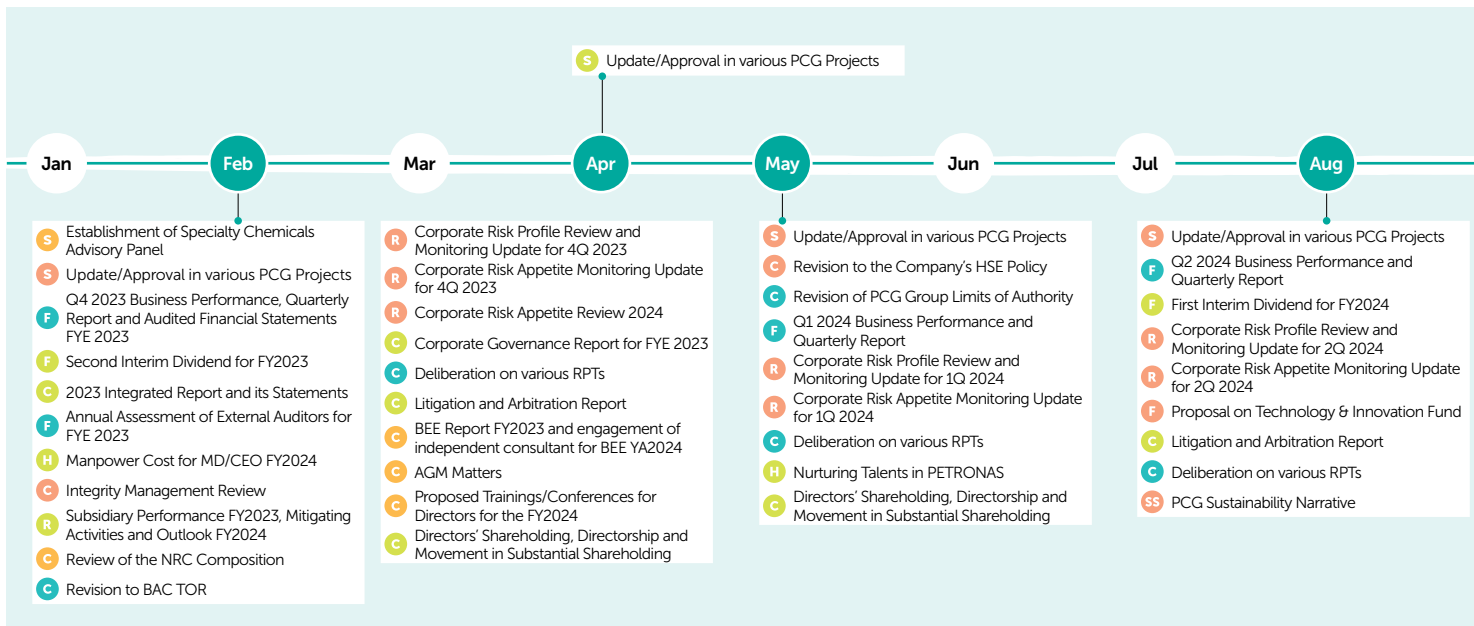
### FOCUS AREAS FOR THE BOARD DURING 2024

#### FY2024 BOARD AGENDA

● Months the Board met

#### Board and Board Committee

■ Board ■ NRC ■ BAC ■ BSRC



### S Strategy

The Board deliberated on strategic priorities across key focus areas:

#### CORE BUSINESS

The Group remains committed to its "Strive for ZERO, ZERO is Possible" initiative, targeting zero harm, zero incidents, and zero compromises. Efforts to enhance cyber resiliency were also a key consideration, alongside sustaining operational excellence through a focus on asset reliability and integrity. Additionally, the Group continues to prioritise the delivery of commercial excellence by maximising value through strategic initiatives.

#### NEW BUSINESS

The Board reviewed progress on achieving milestones for growth projects, with a particular emphasis on building a strong specialty chemicals business. These initiatives are complemented by the development of a sustainable product portfolio to align with the Group's broader sustainability objectives.

#### NZCE

Discussions centred on driving emissions reduction across operation assets via identified decarbonisation levers. These included reviewing the emissions profile of existing assets and the pipeline of emissions reduction projects and initiatives. To support this, the Group is prioritising decarbonisation projects that are value accretive, while working on expanding the current NZCE pipeline. In addition, the embedding of a NZCE mindset within the organisation remain a priority to support the realisation of PCG's 2030 emissions reduction goals and beyond.

#### TALENT MANAGEMENT

At PCG, the Talent Management strategy focuses on structured and targeted talent solutions that align with the Company's core business and growth ambitions. It is built on three key pillars:

- Fortifying the Foundation by strengthening technical competencies and leadership development,
- Advancing the Talent Engine by attracting, developing, and retaining talent to meet evolving business needs, and
- Elevating the Employee Value Proposition (EVP) by fostering a dynamic, inclusive work culture rooted in D&I and Sustainability. By executing a focused talent strategy that directly supports business priorities, ensuring a strong pipeline of skilled talent, driving operational excellence, commercial excellence, and long-term sustainable growth.

#### TECHNOLOGY AND DIGITAL

Digitalisation enables to increase operational efficiency, effectiveness, enhance business performance, enabling data-driven decision making and facilitating better collaboration.

With the standardised digital tools and effective utilisation of the systems, it is to facilitate better collaboration and to realise value digitalisation.

### GROWTH

The Board provided oversight on key growth initiatives across core business areas, including the execution progress of melamine plant in Gurun, Malaysia, Maleic Anhydride (MA) plant in Gebeng, Malaysia and the advanced chemicals recycling facility in Pengerang, Malaysia. These projects aim to meet regional and global demand, enhance supply chain resilience, and support sustainability efforts.

Key milestones achieved include:

**Pengerang Petrochemical Complex:** Achieved commercial operation in November 2024 with annual capacity of around 2.4 million TPA of petrochemical products.

**Specialty Ethoxylates and Polyether Polyols (Kertih):** Commercial operation began in May 2024, targeting demand in automotive foam and personal care products.

**Nitrile Butadiene Latex (Pengerang):** Commercial operations started in September 2024, with an annual capacity of 200,000 TPA, supporting the glove market.

**2-Ethylhexanoic Acid (Gebeng):** Commercial operation started in October 2024. This joint venture plant has doubled its capacity to 60,000 TPA and will address regional demand for synthetic lubricants and PVB plasticisers.

**Isononanol (INA):** This plant is in its commissioning stage and will gradually ramp up to full commercial operations in 2025. The INA facility will produce 250,000 TPA, used for the production of higher molecular weight plasticisers.

In specialty chemicals, the establishment of offices in Malaysia and Taiwan enhances regional reach, while acquiring full ownership of Perstorp's Zibo polyol facility strengthens market presence and customer proximity in Asia.

**Perstorp acquired OQ Chemicals Nederland B.V.:** This will advance Specialty Chemicals growth strategy and strengthen PCG presence in the Engineered Fluids segment.

### BOARD STRATEGIC CONVERSATION

During the year under review, the Board held three Strategic Conversation sessions to deliberate on key focus areas and align strategies:

#### Session 1: Specialty Chemicals 1+1

– Focused on advancing the Group's capabilities and growth in the specialty chemicals segment.

#### Session 2: PCG Portfolio Review and PCG Joint Venture Companies Portfolio Review

– Examined the performance and strategic alignment of the Group's portfolio, including joint venture companies.

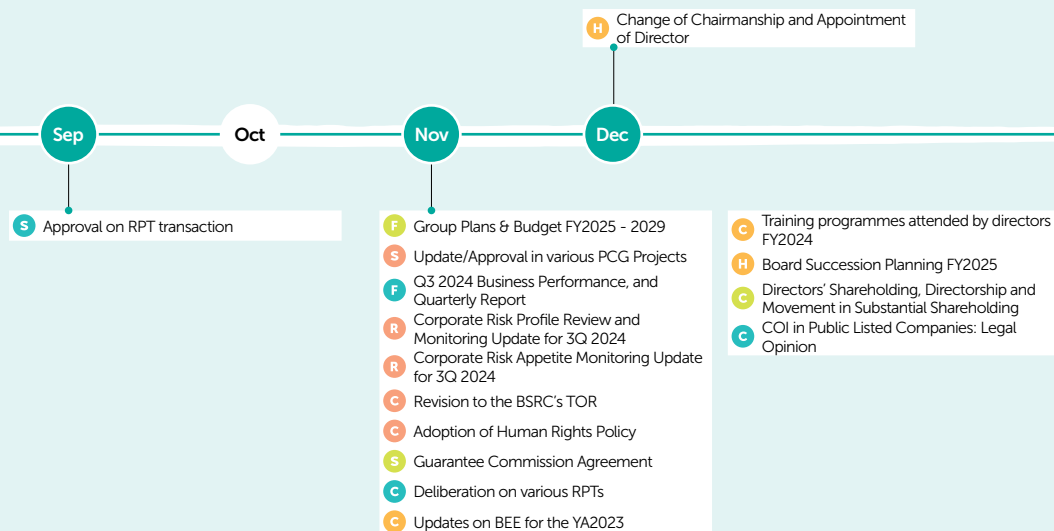
#### Session 3: Connecting the Dots to Deliver the Company's Sustainability Promise

– Explored initiatives and synergies to strengthen the Group's commitment to sustainability objectives.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Agenda & Areas of Focus

**F** Financial **R** Risk **SS** Sustainability **H** Human Capital Development **S** Strategy **C** Corporate Governance and Compliance



## BOARD FOCUS AREAS FOR FY2025

- Strengthen Core Business**
  - Sustain Operational Excellence: Asset reliability & integrity
  - Deliver Commercial Excellence: Value maximisation
- New Business**
  - Achieve milestone for growth projects
  - Build strong specialty chemicals business
  - Complement with sustainable product portfolio (bio-based and circular)
- NZCE**
  - Drive climate action
- Strive for ZERO and enhance cyber resiliency**
- Implement structured and focused talent solutioning to drive PCG's core and growth levers**
- Continue prudent spending and effective capital allocation**

## F Financial

### GROUP'S PERFORMANCE ON QUARTERLY BASIS

The Board received quarterly updates on the Group's performance related to the business plan targets, which is measured, monitored and evaluated against the approved Key Performance Indicators (KPIs). The MD/CEO and Key Management's KPIs, along with their performance outcomes, were presented to the Board for monitoring and evaluation. This process ensured that performance remained aligned with the approved KPI targets for the year with the aim to achieve the Group's strategic objectives and aspirations.

## SS Sustainability

### ADVANCING SUSTAINABILITY AGENDA

The Board addressed key priorities aligned with the Group's governance and strategic focus.

#### Sustainability Implementation

Discussions centred on the Group's comprehensive sustainability agenda, encompassing established goals, prioritised objectives, and measurable targets.

#### Performance Monitoring and Improvement

The Board through its BSRC reviewed the implementation of a framework for quarterly monitoring of sustainability performance against defined targets.

#### Human Rights Protection

The PETRONAS Human Rights Policy was adopted to further strengthen the Group's efforts in human rights management through a consistent and structured risk management approach.

## R Risk

### MANAGEMENT OF PRINCIPAL RISKS

Deliberations by the Board included the identification and approval of principal risks deemed to have a material impact on the achievement of the Group's business objectives. These risks, along with agreed mitigation strategies, are continuously monitored to manage their likelihood and potential impact. Regular updates on key risk indicators, which serve as early warnings for potential risk developments, are provided to the Board for review.

The complex and dynamic nature of the internal and external environment necessitates the identification of emerging risks and opportunities. The Board evaluates these developments to determine whether they warrant inclusion in the PCG Corporate Risk Profile as principal risks, ensuring that the Group's risk management remains comprehensive and responsive.

In alignment with the Company's defined risk appetite, the Board assesses new and ongoing business initiatives to ensure that risks undertaken are within acceptable limits. The risk appetite establishes critical operational boundaries, recognising that exceeding these limits could pose challenges to business sustainability.

Further, the Board closely examines risks associated with high-impact business matters, including Final Investment Decisions, project financing, and joint venture arrangements. These assessments provide a robust evaluation of the feasibility and commercial soundness of proposed projects and investments, reinforcing disciplined and informed decision-making.

## C Corporate Governance and Compliance

During the year, the Board reviewed its composition, diversity, tenure, retirement of Directors at the AGM, appointment of NINED including the COI assessment and the Board skills and experience matrix.

### IMPLEMENTATION AND MONITORING OF SUCCESSION PLANNING

The Board ensures that there is an appropriate succession plan for members of the Board and Senior Management.

For more information, please refer to Nomination and Remuneration Committee Report on pages 108 to 109.

### REVIEWED AND MONITORED THE PERFORMANCE OF RELATED PARTY VENDORS

The Board through its BAC reviewed the performance of the related party vendors in respect of the work or services performed during the period from 1 January 2024 until 31 December 2024, a total of 68 assessments were conducted.

Performances were evaluated based on the vendors' capability, responsiveness, reliability and HSE criteria.

### RPT AND RRPT

The Board through its BAC reviewed the RPT and RRPT within the PCG Group, in accordance with the PCG's Guideline and Procedures on RPT and COI Situations, to ensure all transactions are at arm's length and were carried out on normal commercial terms and not to the detriment of the minority shareholders. During the period from 1 January 2024 until 31 December 2024, there were 1 RPT contract, and 5 RRPT contracts entered into by the Company and its subsidiaries.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: Board Leadership and Effectiveness

### BOARD RE-ELECTION

In compliance with the Malaysian Code on Corporate Governance (MCCG), the MMLR, and Article 107 of the Company's Constitution, one-third of the incumbent Directors to retire by rotation at each Annual General Meeting (AGM) provided always that each director shall retire from office at least once in every three years. This process underscores the mandate that each Director vacates their position at least once within a three-year interval but remains eligible for re-election at the AGM. Subsequently, Directors retiring at the AGM continue to serve until the conclusion of the meeting, whether adjourned or not.

The NRC meticulously reviewed the Directors' rotation list to ensure alignment with governance and regulatory frameworks and made its recommendation to the Board. Directors due for re-election formally confirm their consent before deliberations at the Board meeting.

The NRC's evaluation of candidates for re-election includes an in-depth review of their competencies, commitment, contributions, and ability to act in the best interests of the Group. This assessment is supported by data from the Board Effectiveness Evaluation (BEE), fit and proper declarations, COI assessment and the demonstrated ability to act in the best interest of PCG.

In February 2025, the Board endorsed the NRC's recommendations for the re-election of the following Directors at the upcoming 27<sup>th</sup> AGM in accordance with the relevant provisions of the Company's Constitution.

#### Article 107 (Retirement by Rotation):

- Farehana Hanapiah

#### Article 100 (Casual Vacancy):

- Abang Yusuf Abang Puteh

Datin Seri Sunita Mei-Lin Rajakumar, who is due for retirement by rotation expressed her intention not to seek for re-election. Hence, she will retire from office upon the conclusion of the 27<sup>th</sup> AGM of the Company.

### Appointment of Non-Executive Directors

The process for Board appointments is conducted with feedback from the NRC after considering the assessment of COI by the BAC. The selection follows a merit-based approach aligned with the Group's corporate strategy and Fit and Proper Policy, with a focus on ensuring an appropriate mix of skills, personalities, and experience.

The NRC begins by preparing a detailed specification outlining the qualifications, expertise, and experience required for the role. External recruitment consultants may be engaged to identify and shortlist suitable candidates. The NRC then interviews shortlisted candidates to evaluate their suitability.

Following this evaluation, the NRC submits its recommendations to the Board for consideration and appointment to fill any existing vacancies.

### BOARD APPOINTMENT PROCESS BASED ON BOARD SUCCESSION PLANNING FRAMEWORK

- 1 Circumstances giving rise to the appointment of Directors
- 2 Deliberate selection criteria by combining competencies and attributes required
- 3 Search for candidates internally/externally
- 4 Assess and shortlist the potential candidates in consultation with the NRC
- 5 To perform background check
- 6 Interview candidates
- 7 Assess actual COI, perceived or potential COI of candidate including mitigation measures (if any) and fit and proper assessment for the potential candidate
- 8 NRC to endorse candidate for Board approval
- 9 Board Approval
- 10 Orientation/Induction
- 11 Continuous Training & Annual Performance Assessment

### Board Independence

The pivotal role of INEDs in ensuring effective corporate governance is firmly acknowledged by the Board. Directors, regardless of their independence, are entrusted with the responsibility to act in the Company's best interests and to contribute independent and objective judgment in all deliberations.

In line with the BEE process, the NRC and the Board undertook a comprehensive review of the independence of INEDs. This assessment confirmed that INEDs consistently provided independent, sound, and objective perspectives during Board discussions, with active engagement demonstrating their commitment to the Group's interests.

Yeoh Siew Ming serves as the SID, facilitating effective oversight and acting as a key intermediary when required. The Board currently comprises four INEDs, constituting 50% of its membership, in compliance with Paragraph 15.02 of the MMLR, which requires at least one-third of the Board to be independent. While the Board has not adopted the majority independent composition suggested by Practice 5.2 of the MCCG, measures have been established to ensure the presence of independent views in all deliberations:

- (1) The SID provides guidance to the Chairman and represents INEDs, fostering effective communication within the Board when necessary.
- (2) All Board Committees are chaired by INED.
- (3) Save for the NRC, all Board Committees are comprised of INEDs.
- (4) The BAC reviews all RPTs, COI, perceived or potential COI before Board deliberations, ensuring transparency. Directors with vested interests abstain from participation in discussions and voting on such matters.

To ensure alignment with governance best practices, none of the INEDs have served for more than nine years, in compliance with Practice 5.3 of the MCCG. The Board also undertakes annual independence declarations from INEDs to reinforce their ability to provide unbiased and effective oversight.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## BOARD EFFECTIVENESS EVALUATION 2024

To assess the performance of the Board, its Committees, and individual Directors, a BEE is conducted to identify strengths and areas requiring improvement. For the year of assessment (YA) 2024, an external independent consultant, facilitated the evaluation in compliance with Practice 6.1 of the MCCG, which recommends periodic engagement of independent experts at least once every 3 years. The last independent BEE was completed for YA2021.

The BEE for YA2024 process included a Board Assessment Questionnaire, Peer Reviews, and one-on-one interviews with Board Members, selected key Management Committee members, and the Company Secretary. To gain deeper insights into individual and collective dynamics, the evaluation also involved analysing Directors' behavioural traits and interpersonal dynamics.

BEE			
Evaluation Coverage	Board as a whole	Board Committees	Self and Peers (including assessment on Chairman and MD/CEO's performance)
Assessment Criteria (among others)	Review the Board practices, including: <ol style="list-style-type: none"> <li>1. Compliance with governance standards</li> <li>2. Structure, composition, governance processes</li> <li>3. Culture &amp; dynamics</li> <li>4. Relationship with executive leadership team</li> <li>5. Leadership by chairperson</li> <li>6. Contribution of Directors</li> </ol> Benchmark Board practices against international standards and peers	<ul style="list-style-type: none"> <li>• Effectiveness</li> <li>• Coverage of topics per the TOR</li> <li>• Organisation and composition</li> </ul>	<ul style="list-style-type: none"> <li>• Professionalism and independent judgement</li> <li>• Knowledge and skills</li> <li>• Contribution and participation</li> </ul>
Evaluation Mode	The Board through the NRC, review the findings of BEE and set the action plans	Circulation of e-Questionnaires	One-on-one interview session with the individual Directors, selected key management and Company Secretary  The self and peers findings are shared with the NRC Chairman and Board Chairman
Action Plans	Action plans are monitored by the Board to ensure they are addressed properly and updated to the NRC and Board accordingly		One-on-one session between the Board Chairman and the Directors

### Board's Effectiveness Review and Performance

The outcome of the BEE for YA2024 indicated that the Board's strategy aligns with PETRONAS Group, while protecting minority shareholders and ensuring thorough review processes through efficient Board Committees. The diverse expertise of Board members promotes healthy debates and effective decision-making. Areas for improvement include enhancing Board-management dynamics, acquiring additional skills for future strategies focused on specialty chemicals and merger and acquisition, and streamlining succession management for critical executive roles.

The overall results of the BEE for YA2024 were generally positive, whereby the Board expressed satisfaction with the performance of both the Board and its Committees. The assessment indicates that the Board and its Committees are effective and function well within established guidelines. Any identified areas for improvement will be addressed through the consultant's development suggestions.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: Board Leadership and Effectiveness

### Continuing Development And Training

All new Directors appointed to the Board are given a comprehensive onboarding programme led by members of the Management Committee and the Company Secretary. This programme provided an in-depth understanding of key aspects of the business, including among others, the Group's financial risk management processes, internal audit function, technology and innovation strategies, critical legal considerations and corporate governance framework. Directors are also briefed on the Group's on-going and prospective projects to enhance their understanding of the business and its operations. Abang Yusuf Abang Puteh, the newly appointed NINED had undergone comprehensive onboarding programmes which covered all aspects of the Group's business as well as law and governance including the duties and responsibilities of Directors, and the critical legal areas.

In addition, the Company leverages on the PETRONAS Board Excellence (PBE) programmes, a suite of Directors' development programme tailor-made to the requirements of Directors across PETRONAS Group and specifically designed to provide a structured development for directors through knowledge exchange, sharing of experiences and harnessing of skills for board effectiveness. The Company Directors' are offered to attend the PETRONAS Advance programmes modules under the PBE. The Advance programmes are made up of best practices for Board excellence and effective strategy and stakeholders' management. The Company's Directors also attended the quarterly PETRONAS Board Conversation Series that focuses on sustainability and economic, environment, social and governance (EESG) matters.

In line with Paragraph 15.08 of the MMLR, the Directors acknowledge the importance of continuous professional development. They have actively attended conferences, training programmes and seminars to keep themselves abreast of the industry developments, regulatory changes and statutory requirements. The Company Secretary reports on the status of the trainings attended by each Board member to the NRC and the Board twice a year. The trainings/seminars/conferences attended by the Directors during FY2024 are disclosed in the Corporate Governance Report 2024, which is available on the Company's corporate website at <https://www.petronas.com/pcg/media/reports>.

### Director's Indemnity

Throughout the reporting period, PCG ensured compliance with the CA 2016 by maintaining indemnification provisions for its Directors. These provisions safeguard Directors and Officers against liabilities arising from the performance of their duties while holding office, within the scope of the Directors' and Officers' Liability Insurance (D&O) policy secured by the Company.

Directors also have the option to obtain supplementary D&O insurance, offering coverage for liabilities not indemnified by the Company or for uninsured circumstances, subject to insurability. Premiums for such additional insurance are determined by the provider, with Directors free to decide whether to subscribe to this extended protection.

### Directors' Remuneration

The framework for Directors' fees has been designed to align with the Group's strategic objectives, ensuring the attraction, motivation, and retention of high-calibre talent. The structure complies with regulatory standards and reflects current market practices and trends, offering a balanced and competitive remuneration package.

To uphold transparency and maintain a formalised approach, the Board has implemented a comprehensive Directors' Remuneration Framework. This framework includes special fees, retainer fees, meeting allowances, and benefits in kind. In compliance with Section 230(1) of the CA 2016, a resolution seeking shareholder approval for Directors' fees, covering the period from the 26<sup>th</sup> AGM until the next AGM, was duly presented for endorsement.

	Director's Fee (per annum) (RM)	Attendance Fee		Fuel (per annum) (RM)
		BOD (RM)	Committee (RM)	
Chairman	288,000	3,500	3,500	6,000
NINEDs	144,000	3,500	3,500	6,000*
INEDs	144,000	3,500	3,500	6,000
NED - Special Skill	-	Special Fee = Up to 5 times of meeting attendance fee <sup>#</sup>		-

\* NINEDs who are employees of PETRONAS are not eligible for fuel allowance

<sup>#</sup> The special fee shall be paid to the NED with special experience or skills which are critical to the Company's business in considering the size and complexity of such business as and when determine by the Board

In February 2025, the Board had approved the revision to the Company's Directors' Remuneration Framework and the Directors' Remuneration Package for NEDs. Subsequently, the Board endorsed the recommendation to shareholders in respect of the increase of Directors' fees at the forthcoming 27<sup>th</sup> AGM.

Fees and meeting allowances for NINEDs who are employees of PETRONAS are remitted directly to PETRONAS. These fees and allowances for NEDs will remain in place until the Board conducts a subsequent review, subject to approval by PCG's shareholders. The Company also reimburses all reasonable expenses incurred by Directors in the performance of their duties.

During the year, Mazuin Ismail, being the MD/CEO of PCG, received remuneration amounting to RM2,086,440.00. As MD/CEO, he was not entitled to receive Directors' fees or meeting allowances during his tenure. Details of the Directors' remuneration including MD/CEO's remuneration are disclosed in the Corporate Governance Report 2024, which is available on the Company's corporate website at <https://www.petronas.com/pcg/media/reports>.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## Senior Management’s shareholdings

Save as disclosed below, none of the key Senior Management held shares in the Company during the financial year.

Name	Held by whom	Direct Interest				% of shareholdings
		Date of Appointment	Bought	Sold	Closing balance	
Bahrin Asmawi	Self	50,300	-	-	50,300	0.00
Ahmad Rizal Abdul Rahim	Self	500	-	-	500	0.00

## Senior Management’s Remuneration

The Group’s remuneration approach reflects its commitment to upholding best practices in compensation, retention, and rewards, ensuring the ability to attract and retain outstanding talent. Remuneration packages and incentives are subject to regular review, informed by comprehensive evaluations and market-related benchmarking surveys.

## PETRONAS REMUNERATION PHILOSOPHY AND GUIDING PRINCIPLES

### Philosophy

PETRONAS is committed to providing reward programmes that nurture a healthy and appreciative working environment in order to attract, retain and motivate talent to sustain a high-performance culture.

### Principles

#### Adaptable Rewards

We ensure that rewards are aligned with business goals, and adaptable to changes in business outlook and strategy.

#### Equitable Rewards

We ensure that rewards commensurate with accountabilities, competencies and performance of our talents.

#### Sustainable Rewards

We ensure that rewards are market-competitive and cater to diverse workforce needs while complying with relevant statutory requirements.

Senior Management consists of individuals seconded from PETRONAS, with their remuneration structured in accordance with industry benchmarks and market standards. The Board recognises a deviation from Practice 8.2 of the MCCG, which advocates for the named disclosure of remuneration components for the top five Senior Management personnel. The Company has opted not to disclose the components of the remuneration of its top 5 Senior Management as their salary, bonus, benefits in-kind and other emoluments are subject to the Personal Data Protection Act (PDPA) 2010.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE B: Effective Audit and Risk Management

### Financial Reporting

The financial reporting process and the preparation of financial statements are overseen by the Chief Financial Officer, with policies and procedures clearly stipulated in the Group Policies system. The BAC undertakes regular reviews, whereby reports from the finance team and external auditors, who are invited to attend BAC meetings, are scrutinised.

During these reviews, the BAC evaluates several aspects, including material accounting assumptions and estimates made by management, significant judgements or key audit matters raised by the external auditors, and compliance to relevant accounting standards and other regulatory reporting requirements, such as the MCCG, as well as the accounting policies and procedures applied.

### Internal Audit Function

The internal audit function serves as an essential pillar in delivering independent and objective assurance, advice, and insights into the Group's governance, risk management, and internal control systems. Its reviews encompass assessments of the adequacy and effectiveness of these frameworks, identification of underlying causes for issues, evaluation of their implications, and recommendations for sustainable corrective measures.

Responsibility for addressing and resolving audit findings lies with Management, and the BAC is regularly informed about the progress of the closure.

### Risk Management and Internal Controls

Responsibility for maintaining effective internal controls and a comprehensive risk management system lies with the Board, aligned with the Financial Reporting Council's Guidance on Risk Management, Internal Control, and Related Financial Business Reporting, as well as the MCCG. Management has developed a well-defined organisational structure, incorporating operating procedures, accountability frameworks, and delegated authority, all of which have been reviewed and endorsed by the Board.

On a quarterly basis, the Board evaluates the Group's risk profile, monitors mitigation efforts, and reviews its risk appetite to ensure alignment with strategic priorities. In addition, the Board ensures that all control systems, including those related to internal financial management, are designed to protect the Group's assets and investments.

A comprehensive overview of the Group's risk management framework and internal control processes is provided in the Statement on Risk Management and Internal Control (SORMIC), with further details accessible on pages 121 to 131 of this report.

## TRANSPARENT AND ACCOUNTABLE

### Code of Conduct and Business Ethics

The PETRONAS Code of Conduct and Business Ethics (CoBE) defines the Group's commitment to principles such as integrity, professionalism, loyalty, and unity—essential to its operations and success. Within the CoBE, detailed policy statements outline the standards of ethical behaviour expected from all individuals associated with the Group.

Compliance with relevant sections of the CoBE is extended to contractors, sub-contractors, consultants, agents, and representatives, as well as others performing work or services on behalf of the Group. It strictly prohibits any form of improper solicitation, bribery, or corrupt practices, ensuring these standards are upheld not only by employees and directors but also by third-party collaborators.

For further reference, the CoBE can be accessed publicly on the Company's corporate website at <https://www.petronas.com/pcg/about-us/governance>.

### Corporate Liability

Under the corporate liability provision, companies are held accountable for unlawful acts committed by employees for the Company's benefit unless they can demonstrate the existence of adequate procedures designed to prevent such misconduct. In alignment with its T.R.U.S.T. values and principles, the Company has established robust anti-bribery and corruption programmes and controls, guided by the Guidelines on Adequate Procedures issued by the Prime Minister's Department.

Throughout the year under review, communication efforts across the Group emphasised a clear "tone from the top," with PETRONAS senior management playing an active role in delivering key messages. This strategic approach to communication reinforced transparency and integrity through initiatives such as the "Leaders Speak Integrity" campaign, which engaged all PETRONAS employees, including those at PCG. These efforts highlighted the Group's dedication to implementing best practices and maintaining integrity in daily operations and business transactions.

### Anti-Bribery and Corruption Policy and Guidelines

Upholding a stringent zero-tolerance approach towards bribery and corruption, PCG relies on PETRONAS' Anti-Bribery and Corruption Policy and Guidelines, commonly known as the ABC Manual, as a comprehensive framework. This manual elucidates the foundational principles and provides explicit guidance to employees in addressing improper solicitation, bribery, and other corrupt activities that may arise during business operations. Crucially, the ABC Manual extends its reach to encompass all individuals associated with the Company, including employees, directors, contractors, sub-contractors, consultants, agents, representatives, and others.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

In the fiscal year ending 2024, significant steps were taken to uphold this commitment. All directors, Management Committee members and staffs in critical positions (including those newly appointed during the year under review) have signed the Integrity Pledge accordingly. Furthermore, all employees were mandated to submit asset declarations in the same fiscal year. Additionally, the ABC Manual remains intact, reinforcing PCG dedication to maintaining the highest standards of integrity and ethical conduct across its operations. The ABC Manual was adopted and remains effective during the year under review.

Following the ISO 37001:2016 Anti-Bribery Management Systems (ABMS) certification awarded by SIRIM to PCG in February 2024, PETRONAS Chemicals Marketing (Labuan) Ltd. has also successfully achieved the same certification in December 2024.

PCG has completed the follow-through action with a planned ABMS surveillance audit by SIRIM in January 2025. This is a tangible testament to PCG unwavering and continuous commitment to proactively manage and minimise risk on activities that are exposed to corruption or integrity, hence reinforces PCG pledge to conducting business ethically and transparently.

For more details on the ABC Manual, please refer to the Company's corporate website at <https://www.petronas.com/pcg/about-us/governance>

## Whistleblowing Policy

The PETRONAS Whistleblowing Policy establishes a secure and confidential mechanism for employees and the public to report any suspected improper conduct, adhering to clearly defined procedures. Designed to uphold the principles of integrity and accountability, the policy ensures that all disclosures are handled with care and discretion through accessible reporting channels.

Key elements of the policy include oversight responsibilities, detailed reporting processes, whistleblower protections, and assurances of global confidentiality. These measures reflect the Company's commitment to ethical governance, with the policy and its procedures publicly available on the corporate website at <https://www.petronas.com/pcg/about-us/governance>.

Reports of improper conduct can be submitted via email to [whistle@petronas.com](mailto:whistle@petronas.com).

## Trading on Insider Information

Each quarter, Directors, the Management Committee, and senior management within the PCG Group receive a Notice of Closed Period from the Company Secretary. This notice highlights the rules governing share trading, particularly during the "Closed Period" when individuals may have access to price-sensitive information concerning PCG. During the year under review, neither the Board nor Principal Officers conducted any trading activities within the Closed Period, a status routinely communicated to the Board for acknowledgment.

For transactions occurring outside the Closed Period, Directors and key senior management must notify the Company Secretary in writing within three market days after the transaction. The Company ensures immediate disclosure of these dealings to Bursa Malaysia, maintaining strict adherence to regulatory requirements.

## RPT and COI

The review and oversight of RPTs and RRPTs, are the responsibilities of the BAC. Ensuring full compliance with PCG's Guidelines and Procedures on RPT and COI Situations, the Company has implemented a robust framework to govern these activities effectively.

An enhanced process has been introduced to streamline approvals, monitoring, and reporting. This includes the RPT Assessment Checklist, which meticulously details each stage before transactions are endorsed by the BAC. Between 1 January 2024 and 31 December 2024, the Company and its subsidiaries entered into 1 RPT contract and 5 RRPT contracts.

The Group's approach in managing RPTs and RRPTs as well as COI situations can be found in the SORMIC and BAC Report.

## Selection of Vendors

The Group incorporates the PETRONAS tendering process and governing principles, as outlined in the PETRONAS Procurement Standard, to guide vendor selection. This approach focuses on bids that meet technical requirements and offer competitive commercial terms.

To uphold fairness and ensure compliance with established protocols, Tender Committees are tasked with deliberating tenders exceeding specific thresholds. Once endorsed by these committees, award recommendations proceed to the designated approving authority for final approval.

Key stages of the tendering process include:

- Tender Plan Approval
- Technical Evaluation
- Commercial Evaluation
- Award Recommendation

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**PRINCIPLE C: Integrity in Corporate Reporting and Relationship with Stakeholders****CUSTOMERS****COMMUNITIES****MEANINGFUL  
COMMUNICATION****SHAREHOLDERS****SUPPLIERS**

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**The Board is kept informed of key developments through updates from the MD/CEO, who manages interactions with significant customers, policymakers, and regulatory bodies.**

Insights into customer engagement and the external landscape are further reinforced by detailed reports and strategy presentations delivered by the MD/CEO and the management team. These discussions provide a holistic perspective on customer relationships and market dynamics.

**Effective long-term initiatives are driven by collaborations between employees, non-governmental organisations, and local government agencies. PCG's Social Impact programmes are carefully designed and executed to align with the Company's Sustainability Agenda.**

Community engagement efforts concentrate on Education, Community Well-being and Development, and Environmental stewardship. These priorities are directly aligned with the three pillars of the PETRONAS Social Impact Management Framework, ensuring a cohesive and focused approach to delivering meaningful impact.

**The Investor Relations team plays a pivotal role in maintaining regular engagement with shareholders and investors, facilitating sessions that offer direct access to management and, on occasion, the Board. This proactive approach ensures that shareholder inquiries and potential investor interests are addressed comprehensively.**

Weekly updates are provided on PCG's share movements, benchmarked against the Brent crude price, the FBM Kuala Lumpur Composite Index (FBM KLCI), and selected peers. These insights, along with detailed monthly and quarterly reviews covering share performance, top ten shareholders, and foreign shareholding trends, are included in management reports.

To keep the Board informed, the team provides regular updates on market sentiment and investor expectations, particularly around quarterly financial results announcements. Analysts' reports and market views are shared to ensure the Board has a comprehensive understanding of external perceptions. Shareholders are encouraged to share feedback or pose questions directly to the Board via email or dedicated Q&A channels during AGMs, with all input promptly communicated to the Board.

**The Group places significant emphasis on maintaining an optimal and transparent supply chain, recognising supplier relationships as an essential conduit for valuable insights to the Board.**

Close collaboration between site and purchasing teams and suppliers addresses key areas such as product stewardship, ethical sourcing, regulatory compliance, and operational improvements. These interactions are meticulously reported to the Board, providing a thorough understanding of supply chain dynamics. Additionally, the Board engages directly with operational and functional teams to ensure a comprehensive perspective on supply chain matters, reinforcing its oversight responsibilities.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE C: Integrity in Corporate Reporting and Relationship with Stakeholders

Maintaining open and consistent communication with investors is a priority for the Group, facilitated through a diverse range of activities coordinated by the Investor Relations Department. These include analyst briefings following quarterly results, site and company visits, non-deal roadshows, thematic webinars, and participation in key investment conferences.

While the MD/CEO and Chief Financial Officer primarily lead these engagements, Board members contribute when their expertise aligns with shareholder discussions. Quarterly analyst briefings, attended by senior management, cover a spectrum of topics such as operational updates, market performance and trends, growth strategies, and sustainability initiatives. To promote accessibility, recordings and transcripts of these sessions are uploaded to the corporate website within 5 working days.

Updates on investor relations activities are regularly shared with the Board via board papers, presentations, and email correspondence. Acting as a vital bridge, the investor relations team conveys market

sentiment, investor feedback, share price analysis, and suggestions for enhancing corporate disclosures. This information supports the Board and management in making well-informed decisions on the growth of the company that aligns with shareholder interests.

Beyond formalised events, the investor relations team engages in ongoing dialogue with stakeholders through meetings, phone calls, and written communication. The AGM remains a central platform for shareholder engagement, offering opportunities for questions and dialogue both prior to and during the meeting. This ensures an inclusive and interactive environment for all shareholders.

The Group's investor relations efforts extend beyond current shareholders to include prospective investors, analysts, and broader market participants. Regular interactions with regulatory and advocacy groups such as Bursa Malaysia, the Securities Commission, ESG rating and research agencies to ensure a well-rounded and proactive approach to market engagement.

### FY2024 Share Price Performance

- PCG share price opened the year at RM7.15 and ended 28% lower at RM5.17, reflecting challenging market conditions in the chemicals industry, weak recovery trends, on top of internal operational challenges faced.
- The first half of the year saw the share price traded range bound between RM6.31 and RM7.30, underpinned by a lackluster earnings outlook driven by a stagnant chemicals market.
- In the second half of 2024, the share price plummeted to a four-year low of RM4.54, fueled by expectations of PCG's first loss-making quarter since its listing. However, the share price quickly rebounded following the results announcement, as the market viewed the decline as an overreaction to anticipated forex losses.
- The average daily trading volume (ADTV) during the year was recorded at 3.9 million shares, lower than last year average of 4.5 million shares, indicating low investor interest. Foreign shareholding declined on a year-on-year basis, with the exception of long-term investors, who appeared to maintain their positions despite the downturn.



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## DIVIDEND

PCG's dividends are paid within 30 days upon the date of declaration. All shareholders are treated equally and paid within the prescribed timeline as follows:

### SECOND INTERIM DIVIDEND FY2023

Declaration Date: 26 February 2024  
Entitlement Date: 13 March 2024  
Payment Date: 26 March 2024

### FIRST INTERIM DIVIDEND FY2024

Declaration Date: 16 August 2024  
Entitlement Date: 2 September 2024  
Payment Date: 12 September 2024

# 533 Engagements

(FY2023: 412)

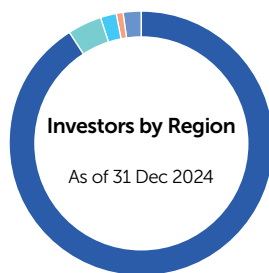
## CHANNELS

Annual General Meeting	Corporate Meetings
Quarterly Analyst Briefings	Emails and Telephone Calls
Conferences and Roadshows	Site Visits

## Ownership by non-Malaysians

As at Financial Year Ended 31 December	Foreign Shareholding (%)
2020	7.3
2021	9.4
2022	10.6
2023	8.2
2024	7.6

As at month end in FY2024	Foreign Shareholding (%)
Jan	8.1
Feb	8.1
Mar	7.9
Apr	7.7
May	7.8
Jun	7.6
Jul	7.7
Aug	7.8
Sep	7.9
Oct	7.8
Nov	7.8
Dec	7.6



- Malaysia: **91%**
- North America: **4%**
- United Kingdom: **2%**
- Asia (excluding Malaysia): **1%**
- Rest of the World (ROW): **2%**

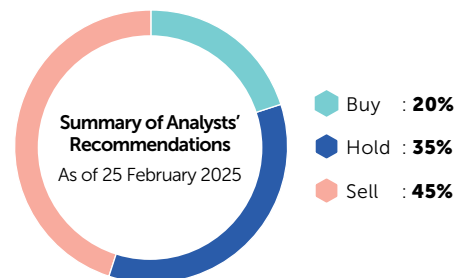


- Growth at a Reasonable Price: **36%**
- Growth: **33%**
- Index: **15%**
- Value: **6%**
- Others: **10%**

Source : Nasdaq Ir Insights

Foreign shareholding declined in FY2024 compared to the previous year in line with net foreign outflow recorded by Bursa Malaysia. Non-Malaysian institutional investors reallocated investments towards sectors with positive outlooks while their interest in PCG fell on expectations of declining earnings forecast as the chemicals downcycle was set to be prolonged.

## Analyst Coverage



Source : Bloomberg

No.	Research House
1.	Affin Hwang Investment Bank Berhad
2.	AmInvest Bank Berhad
3.	BIMB Securities Sdn. Bhd.
4.	CGS-CIMB Securities
5.	CLSA Securities (M) Sdn. Bhd.
6.	Citi Investment Bank
7.	Goldman Sachs Investment Banks
8.	Hong Leong Investments Bank Berhad
9.	JP Morgan Securities
10.	KAF Equities Sdn. Bhd.
11.	Kenanga Investment Bank Berhad
12.	MIDF Amanah Investment Bank Berhad
13.	Macquarie Securities
14.	Maybank Investment Banking Group
15.	Morgan Stanley Asia (Singapore) Pte.
16.	Nomura Securities Malaysia Sdn. Bhd.
17.	RHB Investment Bank
18.	TA Securities Holdings Berhad
19.	UBS Securities (Thailand) Ltd.
20.	UOB Kay Hian Securities (M) Sdn. Bhd.

## CONFERENCES ATTENDED

CGS- CIMB 16<sup>th</sup> Annual Virtual Corporate Day  
4 January 2024

Nomura ASEAN Conference 2024  
15 January 2024

Morgan Stanley Virtual Conference 2024  
16 May 2024

Nomura Investment Conference 2024  
4 June 2024

JP Morgan ASEAN Energy Forum  
11 July 2024

CIMB ESG Corporate Investor Day  
18 July 2024

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE C: Integrity in Corporate Reporting and Relationship with Stakeholders

### KEY CONCERNS

#### VALUE PROPOSITION (STRATEGY):

The company demonstrated its resilience and robust fundamentals, achieving commendable performance amid another year marked with challenges from prolonged low cycle in the chemicals industry, economic headwinds and geopolitical uncertainties. PCG remained committed to delivering its growth commitments with the Commercial Operation Date of the Pengerang Petrochemical Complex at the end of November this year, addressing its long-term strategy to strengthen its basic chemicals business. Molecules available from the naphtha-based chain will support PCG growth initiatives to expand and diversify its product portfolio. Combined with the synergies and technology available from the integration of the specialties segment, including the potential to go further downstream for more specialised and innovative products, PCG continues to drive its second-prong growth strategy of diversification and growth in specialty chemicals.

With successful implementation of its growth strategies, PCG is well on its way to realise its near-term target of 30% additional revenue from non-traditional business, with leadership by a highly experienced and diverse management team, focused to ensure long-term sustainable value creation. The company has a dividend policy of about 50% profit after tax and minority interest and has continuously surpassed the policy in its commitment to pay.

#### PERFORMANCE (OPERATIONAL/ COMMERCIAL/ FINANCIAL):

With continued focus on its operational excellence initiatives, the company overcame challenges faced during the year, including unplanned shutdown at a number of facilities due to supply chain and mechanical issues, while managing statutory turnaround and planned maintenance activities. Plant utilisation and reliability rate showed continued improvement, supporting the commercial excellence initiatives to ensure that PCG remains a reliable supplier to its customers. Commercial agility was key to PCG's ability to deliver, leveraging deep market knowledge to respond to changing customer needs and continue to create value amidst a volatile market.

During the year, global chemical prices were under pressure due to volatile energy prices and supply surplus, amid weak economic growth. Chemicals margins faced severe compression on high energy and feedstock cost while weak downstream demand negative impacted product prices including those in the specialties segment. The company's margins were severely affected by thinning product spreads from all segments, as well as foreign exchange movements. As such, it is imperative that PCG is able to optimise operational and commercial performance, with strict focus on cost optimisation while continuing to invest in strategic business growth that aligns with the company's sustainability objectives.

#### PROJECT DELIVERABLES (PROJECTS AND INVESTMENTS):

With continued commitment to growth in 2024, the company achieved Commercial Operation Date for the Specialty Ethoxylates and Polyether Polyols in Kertih, Malaysia, the 2-Ethylhexanoic Acid in Gebeng, Malaysia, the Nitrile Butadiene Latex plant as well as the Pengerang Petrochemical Complex in Pengerang, Malaysia. PCG's Isononanol (INA) plant in Pengerang has started its commissioning stage while the Melamine and MAn plants are both on track for RFSU in 2025.

In the Specialties segment growth continues with expansions and introduction of new products. Under Perstorp's growth plan, the ISCC PLUS certified Pentaerythritol plant in Bharuch, India, has undergone commissioning. At the end of the year Perstorp fully acquired shares in OQ Chemicals Nederland B.V. This acquisition expands Perstorp's capacity to manufacture synthetic esters, strengthening the Engineered Fluids segment. At the same time BRB continued to progress its personal care line with the introduction of Emfinity®, an innovative approach to cosmetic formulations.

PCG remains committed to ensure that growth projects are aligned with its long-term value creation for stakeholders. This led to the reassessment of the viability of the advanced recycling plant in Pengerang Johor, due to challenges in project execution.

#### MANAGING ESG:

PCG's approach to sustainability is structured around sustainability risks and opportunities covering three fundamental pillars. These pillars are central to shaping a sustainable future while supporting its operational and strategic objectives.

The Economic pillar focuses on ensuring business longevity through green initiatives and innovation, underpinned by the strategic thrusts of Operational Excellence, Commercial Excellence, and Growth Delivery Excellence. These thrusts enable the Company to drive efficiency, unlock value, and achieve sustainable growth.


Environmental stewardship remains at the heart of the Environmental pillar, where PCG addresses critical priorities such as climate change, emissions management, energy optimisation, water conservation, and biodiversity protection. By embedding resource efficiency into its operations, PCG is committed to reducing its environmental impact and fostering sustainable practices.

The Social pillar reflects the Company's dedication to engaging with employees and broader stakeholders. This includes promoting fair labour practices, investing in employee development, and delivering targeted Social Impact programmes to enhance community well-being and inclusivity.

Governance forms the foundation of the Company's sustainability efforts, with the Board of Directors providing oversight to ensure all initiatives align with ethical standards and regulatory compliance.

### EVENTS

#### INVESTOR RELATIONS CALENDAR

<b>JAN</b>	 <b>4 January</b> CGS- CIMB 16 <sup>th</sup> Annual Virtual Corporate Day
	 <b>15 January</b> Nomura ASEAN Conference 2024
	 <b>24 January</b> PCG Knowledge Sharing – Chemicals Outlook
<b>FEB</b>	 <b>26 February</b> Analyst Briefing for 4Q 2023
<b>MAC</b>	
<b>APR</b>	
<b>MAY</b>	 <b>16 May</b> Morgan Stanley Virtual Conference 2024
	 <b>29 May</b> Analyst Briefing for 1Q 2024
<b>JUN</b>	 <b>4 June</b> Nomura Investment Conference 2024
<b>JUL</b>	 <b>10 July</b> Institutional Investors Visit to PETRONAS Chemicals Fertiliser Sabah Sdn. Bhd.
	 <b>11 July</b> JP Morgan ASEAN Energy Forum
	 <b>15 July</b> Knowledge Sharing – Corporate Disclosure Workshop
	 <b>18 July</b> CIMB ESG Corporate Investor Day
	 <b>31 July</b> Knowledge Sharing – Chemicals Industry Outlook 2H 2024
<b>AUG</b>	 <b>16 August</b> Analyst Briefing for 2Q 2024
<b>SEP</b>	 <b>3 September</b> Knowledge Sharing – Specialty Chemicals
	 <b>4 September</b> Institutional Investors Visit to ASEAN Bintulu Fertilizer Sdn. Bhd.
	 <b>11 September</b> Retail Shareholders Visit to PETRONAS Twin Tower
	 <b>24 September</b> Retail Shareholders Visit to Pengerang Petrochemical Company Sdn. Bhd.
<b>OCT</b>	 <b>1 October</b> Institutional Investors Visit to PETRONAS Chemicals LDPE Sdn. Bhd. & PETRONAS Chemicals Ammonia Sdn. Bhd.
<b>NOV</b>	 <b>20 November</b> Analyst Briefing for 3Q 2024
<b>DEC</b>	

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## FINANCIAL CALENDAR

## 2024

- **26 February 2024**  
Announcement of the unaudited consolidated results for the fourth quarter ended 31 December 2023
- **13 March 2024**  
Date of entitlement of the second interim dividend for the financial year ended 31 December 2023
- **21 March 2024**  
Date of Notice of the 26<sup>th</sup> Annual General Meeting
- **22 March 2024**  
Date of issuance of FY2023 Integrated Report
- **26 March 2024**  
Date of payment of the second interim dividend for the financial year ended 31 December 2023
- **24 April 2024**  
26<sup>th</sup> Annual General Meeting
- **29 May 2024**  
Announcement of the unaudited consolidated results for the first quarter ended 31 March 2024
- **16 August 2024**  
Announcement of the unaudited consolidated results for the second quarter ended 30 June 2024
- **2 September 2024**  
Date of entitlement of the first interim dividend for the financial year ended 31 December 2024
- **12 September 2024**  
Date of payment of the first interim dividend for the financial year ended 31 December 2024
- **20 November 2024**  
Announcement of the unaudited consolidated results for the third quarter ended 30 September 2024

## 2025

- **21 February 2025**  
Announcement of the unaudited consolidated results for the fourth quarter ended 31 December 2024
- **11 March 2025**  
Date of entitlement of the second interim dividend for the financial year ended 31 December 2024
- **20 March 2025**  
Date of payment of the second interim dividend of the financial year ended 31 December 2024
- **21 March 2025**  
Date of Notice of the 27<sup>th</sup> Annual General Meeting
- **21 March 2025**  
Date of issuance of FY2024 Integrated Report
- **22 April 2025**  
27<sup>th</sup> Annual General Meeting

## CONDUCT OF ANNUAL GENERAL MEETING

The AGM serves as the primary platform for open dialogue and engagement with shareholders. The Company's 26<sup>th</sup> AGM was convened on 24 April 2024, with the Notice and Agenda distributed to shareholders on 22 March 2024, ensuring compliance with the required notice period. To enhance accessibility, the Notice and Agenda were published in both English and Bahasa Malaysia in local newspapers and were made available on the Company's corporate website at <https://www.petronas.com/pcg/investor-relations/annual-general-meeting>.

Shareholders were informed in advance of the conduct of the AGM via the Remote Participation and Voting application. Detailed instructions, including an Administrative Guide, were provided to ensure smooth participation. These details were also disseminated through announcements to Bursa Malaysia and prominently displayed on the Company's website.

The AGM facilitated meaningful interaction, enabling shareholders to engage directly with the Board and the MD/CEO. Chaired by the Chairman, the meeting ensured an inclusive and equitable platform for shareholders to exercise their rights, raise questions, and offer recommendations. The Chairman maintained a fair and transparent approach, allowing ample time for discussions and addressing shareholder concerns.

Minutes of the 26<sup>th</sup> AGM proceedings, capturing the discussions and resolutions, were prepared and made publicly available within 30 days of the meeting. Shareholders can access these minutes on the Company's website at <https://www.petronas.com/pcg/investor-relations/annual-general-meeting>.

## RELATIONSHIP WITH EXTERNAL AUDITORS

The Company, through the BAC, maintains a professional and transparent relationship with its external auditors, KPMG PLT. During the year under review, the BAC held two meetings with the external auditors to evaluate the scope and adequacy of the Group's audit plan, procedures, and findings. During these meetings, the external auditors presented matters that warrant the attention of the BAC and the Board.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Directors have provided assurance that the financial statements prepared for each financial year give a true and fair view of the state of affairs of the Group and the Company as at the end of financial year and of the results and cash flow of the Group and the Company for the financial year as required by the CA 2016. The Statement of Responsibility by Directors for the audited financial statements of the Group and the Company is as outlined on page 4 of the Financial Report.

**R** Details of the Group and the Company's financial statements was set out in the Financial Report.

## STATEMENT OF COMPLIANCE

The Board has deliberated, reviewed and approved this Statement and is satisfied that the Group has fulfilled its obligations under the relevant paragraphs of the MMLR, CA 2016, MCCG, CG Guide - 4<sup>th</sup> edition issued by Bursa Malaysia and other applicable laws and regulations throughout the financial year ended 31 December 2024. The Board considers that the Company has complied and applied 39 Practices and adopted 4 Step-Up Practices of MCCG for the year under review. Details of how the Company has applied the MCCG Principles and complied with its Practices are set out in the CG Report 2024. The explanation for the departures is further elaborated in the CG Report 2024, which is accessible through the Company's corporate website at <https://www.petronas.com/pcg/media/reports>.

## ADDITIONAL COMPLIANCE INFORMATION - MATERIAL CONTRACTS

No material contracts or loans involving the interests of Directors or major shareholders were entered into by the Company or its subsidiaries during the financial year ended 31 December 2024, nor were any such arrangements subsisting at the year-end. Exceptions, if any, are detailed in the Audited Financial Statements.

This statement has been approved by the Board of Directors on 21 February 2025.

**DATUK SAZALI HAMZAH**  
Chairman