

# RISKS OVERVIEW

As a globally integrated chemicals company, PCG faces various dynamic challenges, including market volatility, supply chain disruptions, geopolitical issues, technological advancements and evolving regulatory changes, particularly concerning sustainability standards. Internally, plant reliability and operational complexities further compound these pressures. These challenges present both risks and opportunities. Our robust risk management framework, encompassing Enterprise Risk Management (ERM), Crisis Management (CM) and Business Continuity Management (BCM), helps us manage risks effectively. Successfully navigating both the current and coming year will require enhanced agility, innovation and commitment to good governance, positioning the company for sustained growth and long-term success.

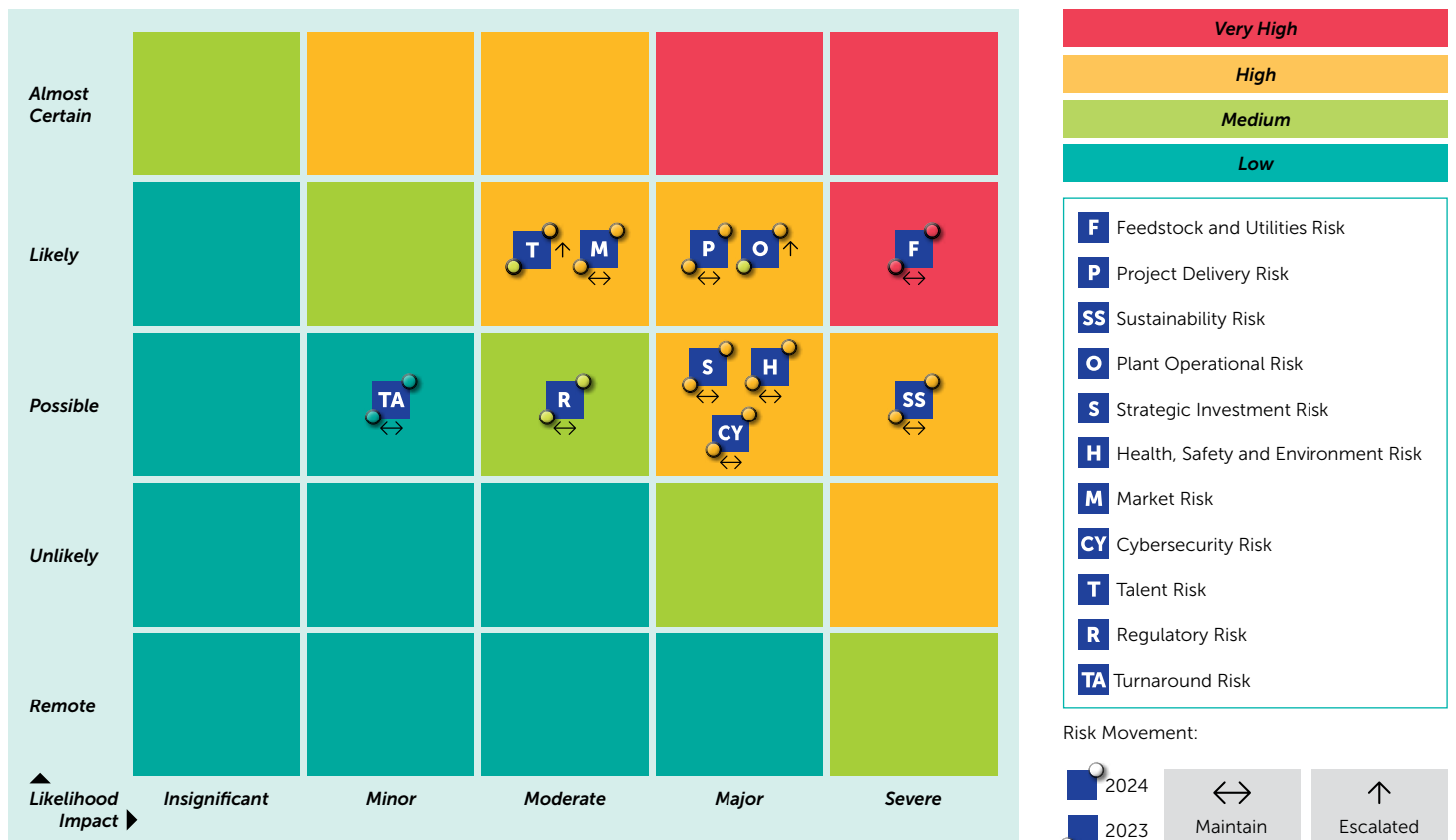
**R** Details of our risk management frameworks, oversight structure and risk profile process can be referred on pages 121 to 131, under the Statement on Risk Management and Internal Control (SORMIC).

## PRINCIPAL RISKS 2024

The principal risks are continuously reviewed and aligned with our business strategies and material matters, ensuring value is delivered prudently and sustainably, supported by strong governance practices.

During the year, the PCG Board approved the escalation of Plant Operational Risk and Talent Risk from Medium to High Risk. The escalation of Plant Operational Risk is primarily due to several factors, including equipment reliability issues and disruptions to feedstock and utilities, leading to plant slowdowns and shutdowns. This exposure has significantly impacted production volume, thereby affecting PCG's financial performance. As for Talent Risk, the escalation of the risk was to provide focus on addressing challenges in hiring, developing and retaining critical talents and capabilities required for achieving PCG's business objectives.

We have reviewed and enhanced our approach for Sustainability Risk to include Climate Change, Circular Economy, Nature & Environment and Human Rights, aligning with PCG's material matters. Additionally, we have enhanced and strengthened mitigation plans to address changes in market and business dynamics, ensuring the sustainability and resilience of PCG's future operations. The tables below provide an overview of these principal risks, their potential impacts, corresponding mitigation strategies and the associated opportunities.



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**F Feedstock and Utilities Risk**

**Description:**  
Our production plants depend on a consistent supply of feedstock and utilities to operate efficiently. Unreliable feedstock supply, coupled with rising costs for feedstock and utilities, can jeopardise the sustainability of PCG's operations.

**Risk Movement:** Maintain

The risk is rated as very high due to our operations' dependence on the reliability and cost of feedstock and utilities. Therefore, PCG focuses all efforts and resources to ensure the effective implementation of mitigation strategies, allowing us to manage the risks efficiently and ensure the continuity of our operations and business.

**Impact to PCG:**

- i. Higher feedstock and utilities cost reducing PCG's profitability
- ii. Unplanned and prolonged shutdown of PCG plants
- iii. Lower production volumes and an inability to fulfil contractual obligations to customers.
- iv. Deterioration of public perception impacting PCG's value as a public listed company

**Key Mitigation Strategies:**

- i. Renew feedstock and utilities contracts to ensure supply reliability and competitive pricing
- ii. Focus on interventions to enhance feedstock and utilities supply availability and reliability
- iii. Implement Enterprise Optimisation (EO) analysis to support value-driven decision-making
- iv. Participate in feedstock and product planning integration and coordination platforms
- v. Monitor project execution to improve the efficiency of feedstock and utilities consumption
- vi. Implement action items from Root Cause Failure Analysis (RCFA) based on previous incidents with utility providers

**Opportunities:**

- Build strong partnerships and strategic collaboration with feedstock and utilities suppliers in addressing challenges for reliable feedstock and utility supplies.
- Explore energy efficiency and practices to lower consumption and cost optimisation

**Strategic Thrusts**  **Material Matters**  **Key Capitals**  **Key Stakeholder Groups** 

**P Project Delivery Risk**

**Description:**  
Project delivery challenges, including the inability to effectively manage issues arising from internal and external factors throughout the project lifecycle, can hinder the construction, operation, commercialisation and stabilisation of new plants, ultimately impacting our value capture.

**Risk Movement:** Maintain

The successful delivery of growth and sustainability projects are crucial for PCG to achieve its objectives and maintain sustainable operations. While the risk remains high, our robust mitigation strategies, which include adherence to PETRONAS Project Management Standards and focused responses to business challenges, ensure effective project delivery.

**Impact to PCG:**

- i. Missed business opportunity and inability to implement commercial activities as per plan
- ii. Lower returns to shareholders and investors
- iii. Reputational damage due to poor project delivery and not realising the project return

**Key Mitigation Strategies:**

- i. Implement a robust selection process for contractors to perform awarded contracts
- ii. Closely monitor project execution, including contractors' performance and operational readiness
- iii. Introduce contract provisions to address unexpected price escalations due to external factors and regulatory requirements
- iv. Reassess sourcing strategy upon contract awards in response to external challenges e.g., war, calamity
- v. Establish interfacing coordination platforms as early as possible at both the sponsor/management and working levels

**Opportunities:**

- Enhance project delivery excellence while managing market volatility, supply chain disruptions and leveraging lessons learned from past projects
- Propagate project delivery signpost to encapsulate more refined schedule and cost deviation levers to enable effective project progress monitoring and earlier intervention

**Strategic Thrusts**  **Material Matters**  **Key Capitals**  **Key Stakeholder Groups** 

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## SS Sustainability Risk

### Description:

Inability to effectively manage heightened sustainability material matters and expectation including transitioning PCG to a climate-resilient company, leading to higher cost of operation, loss of competitive edge, asset damages and tarnished reputation affecting business sustainability.

### Risk Movement:

**Maintain**

Continued heightened expectations from investors, customers and regulators have increased scrutiny on PCG to demonstrate tangible emission reductions and improvements in other sustainability areas. Throughout the year, we have remained committed to implementing sustainability efforts, including greenhouse gas reduction projects, to meet our short-term targets. Additionally, we have strengthened our internal governance processes and capabilities to pursue our sustainability efforts and targets.

### Impact to PCG:

- i. Higher operational costs due to the development of costly low-carbon technology and increased cost of borrowing
- ii. Asset damage due to physical risks such as extreme weather and flooding
- iii. Exposure to litigation, penalties and fines
- iv. Loss of market share due to shifts in customer preferences
- v. Diminishing interest from investors and other financiers
- vi. Reputational damage and loss of stakeholder trust

### Key Mitigation Strategies:

#### i. Climate Change

- Sustain the implementation of greenhouse gas (GHG) reduction opportunities and enhance renewable energy use
- Continue applying Internal Carbon Pricing to growth projects and expand the low-carbon emissions portfolio
- Undertake physical risk site validation and develop adaptation strategies
- Monitor climate transition developments, including policy changes, incentives, competitor shifts and customer demand for low-carbon products
- Enhance climate-related disclosure and reporting in line with IFRS S2 standards

#### ii. Circular Economy

- Review and implement strategy and approach to drive the shift toward a circular portfolio and address Extended Producer Responsibility (EPR) expectations
- Continuously evaluate cost-effective recycling technologies that reduce costs and provide flexibility in feedstock
- Screen and assess the viability of renewable feedstock for the PCG polymer mix
- Innovate to create products that promote circularity and recyclability, such as mono-material polymers
- Monitor circular plastics development, including policy changes, incentives, competitor shifts and customer demand

#### iii. Nature & Environment

- Reduce freshwater withdrawal in water-stressed areas through efficient water management and feasible technology solutions
- Improve water and waste stewardship by implementing best practices across PCG
- Sustain compliance with established regulations and control frameworks to ensure chemical safety and environmental protection
- Maintain and improve facilities to preserve and enhance process and equipment integrity
- Review and implement Biodiversity and Ecosystem Service Risk Assessment (BESRA) across PCG operations

#### iv. Human Rights

- Drive internal improvement, including roadmap development, target setting, process enhancement, governance, talent development and capability building
- Increase human rights awareness and capability development for staff, suppliers and contractors
- Adopt and implement Supply Chain Human Rights programmes and practices e.g., supplier code of conduct, due diligence, reporting
- Enhance grievance mechanism management and tracking of human rights performance
- Conduct Social Risk Assessments for all operation sites

### Opportunities:

- Accelerate the transition towards a sustainable and climate-resilient organisation by fortifying sustainability governance, strategies and implementation
- Embrace innovative solutions to minimise environmental impact and optimise resource efficiency
- Align and enhance sustainability reporting to effectively demonstrate progress and accountability

**R** For more information on how PCG manages Sustainability Risk, refer to pages 26 to 27 of the Sustainability Report 2024.

### Strategic Thrusts



### Material Matters



### Key Capitals



### Key Stakeholder Groups



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**Plant Operational Risk**

**Description:**  
Our highly integrated operations expose our plants to an array of risks, as the plants are highly dependent on each other. The effective planning and execution of operational and maintenance activities are crucial for maintaining the value chain's integrity. A failure in one or more plants can trigger a cascading effect, impacting the entire value chain.

**Risk Movement:** Escalated

The risk continues to evolve and remains uncertain, having escalated to a high level due to ongoing disruptions caused by reliability and operational issues. We managed this risk through the implementation of our operational, maintenance, and reliability strategies, supported by a comprehensive business continuity and recovery plan.

**Impact to PCG:**

- i. Loss of production volume
- ii. Increase in maintenance costs, reducing PCG's profitability
- iii. Inability to meet customers' demands
- iv. Reputational damage and loss of stakeholder trust

**Key Mitigation Strategies:**

- i. Implement operation management, asset life studies, management of equipment issues and plant reliability threat programmes to optimise asset reliability and equipment performance
- ii. Conduct regular maintenance and inspection programmes to minimise the risk of equipment failure and unplanned shutdowns
- iii. Activate the Business Recovery Plan (BRP) and Business Continuity Plan (BCP) for cases of prolonged interruption

**Opportunities:**

- Bolster resilience and business continuity by streamlining processes, enhance reliability and optimise costs, while also driving innovation

**Strategic Thrusts** **Material Matters** **Key Capitals** **Key Stakeholder Groups**

**Strategic Investment Risk**

**Description:**  
Growth projects and new business ventures carry risks such as low returns and loss of business opportunities. As we extend our value chain into specialty chemicals, these risks become more prominent.

**Risk Movement:** Maintain

The risk remains classified as high, reflecting its significant implications for PCG's growth and future business viability. Our mitigation strategies and tailored approaches are specifically designed to address the challenges posed by the dynamic business environment, ensuring the success of PCG's strategic investments that align with our long-term goals and market conditions.

**Impact to PCG:**

- i. Diminishing financial capital and shareholder returns
- ii. Inability to obtain margins as planned
- iii. Missed business opportunities and loss of customers
- iv. Inability to realise our business strategy to grow in specialty chemicals

**Key Mitigation Strategies:**

- i. **Extend Value Chain**
  - Continuous scanning of robust project and technology pool through:
    - Expanding growth with existing partnerships or replicating technology acquired from mergers and acquisitions (M&A)
    - Evaluating business model that provides best integrated value chain
    - Executing project implementation in line with project management systems and plans for business and operational readiness (B&OR)
- ii. **Build Specialty Platform**
  - Perform due diligence and implement a robust post-acquisition and integration planning process
- iii. **Create Opportunity For Growth**
  - Continuing collaboration with PETRONAS Ventures and PETRONAS Research Sdn. Bhd. (PRSB) for R&D related projects
  - Robust opportunity screening assessment of Venture Capital start-up and Strategic Fit Assessment

**Opportunities:**

- Strengthen our strategies and competitive advantage to ensure long-term success
- Expanding specialty chemicals and commodity business by exploring new markets, diversifying product applications, pursuing strategic mergers and acquisitions, investing in cutting-edge technologies and fostering a culture of innovation

**Strategic Thrusts** **Material Matters** **Key Capitals** **Key Stakeholder Groups**

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## H Health, Safety and Environment Risk

**Description:**  
Exposure to Health, Safety and Environment (HSE) incidents is an inherent risk in chemical manufacturing. Major HSE breaches in our plants can have significant consequences for our people, environment, assets and business reputation, with the most severe impacts stemming from process safety incidents like chemical spills and fires.

**Risk Movement:** Maintain

HSE Risk remains an inherent part of our business and continues to be classified as high risk. However, we manage this risk through ongoing improvements in our efforts, processes and approaches aimed at mitigating major incidents and ensuring compliance with legal requirements.

### Impact to PCG:

- i. Physical harm to employees, contractors and/or nearby communities
- ii. Pollution and environmental degradation surrounding operations
- iii. Asset damage that leads to plant slowdown or shutdown
- iv. Litigation and stop-work orders by regulatory bodies
- v. High recovery costs from injuries and accidents
- vi. Impact on PCG's reputation as a public listed company

### Key Mitigation Strategies:

- i. Implement and follow through on HSE strategies and programmes to achieve ZERO major HSE cases and process safety incidents, leveraging the "Strive for ZERO: ZERO is Possible" (SFZZIP) framework
- ii. Strengthen the implementation of focused learning programmes, emphasising compliance with procedures, standards and requirements
- iii. Prioritise the prevention of fire and loss of primary containment (LOPC) incidents through focused interventions and the Brilliant at Basic commitment to excellence in fundamental safety practices and principles
- iv. Strengthen Contractor's HSE Management by enhancing competency and accountability
- v. Implement structured monitoring and reporting on HSE performance
- vi. Implement the Product Stewardship programme to ensure the safe use transport, and disposal of products throughout their lifecycle

### Opportunities:

- Strengthen health, safety and environment practices by enhancing capability, fostering a strong culture, and ensuring compliance, while maintaining agility in adapting to new or changing regulatory requirements
- Advocacy of rigorous HSE practices including plant and facilities in new business territories vis-à-vis specialty chemicals

**R** For more information, refer to Safety and Health from pages 64 to 69 in the Sustainability Report 2024.

<b>Strategic Thrusts</b>	<b>Material Matters</b>	<b>Key Capitals</b>	<b>Key Stakeholder Groups</b>

## M Market Risk

**Description:**  
Adverse market conditions leading to thinning margin, posing challenges to business sustainability.

**Risk Movement:** Maintain

The slowdown and slow recovery of economic activities, coupled with escalating geopolitical tensions, have created uncertainties in the value chain and impacted the supply and demand for our products. These factors are expected to continue evolving, and any significant events will directly affect our business. As the risk remains high, we will continue to manage it and closely monitor Key Risk Indicators (KRIs) for early intervention.

### Impact to PCG:

- i. Loss of market share, demand and customer
- ii. Potential plant slowdown/shutdown due to high inventory or negative margin
- iii. Business portfolio rationalisation leads to business divestment
- iv. Reduction in margin due to high operating cost
- v. Lower shareholders return due to poor financial performance

### Key Mitigation Strategies:

- i. Maximise netback through optimised geographical sales mix, sales channels mix and sales contract mix
- ii. Add value by enhancing product development, co-creating innovative solutions and providing technical support
- iii. Improve the value proposition for local distribution in overseas subsidiaries
- iv. Optimise cost to serve by increasing co-loadings and expanding tankage capacity to enhance responsiveness to customers
- v. Review cost position and build competitiveness through product diversification
- vi. Expand the specialties portfolio through continuous innovation, organic growth and strategic acquisitions

### Opportunities:

- Reevaluate PCG's competitive position and explore potential partnerships, acquisitions and diversify products applications to expand market reach
- To enhance competitiveness and resilience through proven ability to navigate uncertain markets

<b>Strategic Thrusts</b>	<b>Material Matters</b>	<b>Key Capitals</b>	<b>Key Stakeholder Groups</b>

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**CY Cybersecurity Risk**

**Description:**  
Increased reliance on digitalisation and the vulnerability of Operational Technology (OT) environment has significantly elevated exposure to cybersecurity threats. A major infrastructure failure or cyber breach could result in substantial business losses, reputational damage and missed opportunities.

**Risk Movement:** Maintain

The risk is ever evolving and remains uncertain, mirroring the dynamic nature of our operating landscape. In response to the growing sophistication of technological threats, we are consistently enhancing our ICT management, cyber resilience and information security. We mitigate this risk through vigilant and innovative application of our controls and defense mechanisms, adopting the latest technology and leveraging AI-based solutions to stay ahead of emerging threats and innovations.

## Impact to PCG:

- i. Breaches in stakeholders' information/data
- ii. Loss of critical business data
- iii. Business disruption from critical system shutdowns
- iv. Reputational damage and loss of stakeholder trust

## Key Mitigation Strategies:

- i. Strengthen cyber resilience through the deployment of:
  - A new data leakage protection tool
  - Continuous monitoring of the cyber security programme to detect alerts, threats, vulnerabilities and attacks
- ii. Implement Privileged Access Management (PAM) to ensure only authorised access to the system
- iii. Reinforce cyber defense through the Enterprise-wide Incident Response Procedure (IRP), Security Operations Centre (SOC), Vulnerability Management, Data Leakage Protection, Forward Proxy and Network Access Control (NAC)
- iv. Deploy Real-Time OT (RTOT) and OT Asset Management (OTAM) across all PCG facilities
- v. Structure change management, learning and awareness programmes, including the Human Firewall campaign, periodic testing/assessments and engagement through digital platforms such as myLearningX

## Opportunities:

- Spearhead digitalisation initiatives in operational and commercial excellence
- Enhance control and management of cybersecurity governance and compliance to safeguard business operations

**R** For more information, refer to Cybersecurity and Digitalisation from pages 60 to 63 in the Sustainability Report 2024.

<b>Strategic Thrusts</b> 	<b>Material Matters</b> 	<b>Key Capitals</b> 	<b>Key Stakeholder Groups</b> 
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**T Talent Risk**

**Description:**  
Inadequate pool of right talents, and succession planning for critical and niche positions can hinder knowledge transfer and internal capability development, potentially jeopardising PCG's growth agenda.

**Risk Movement:** Escalated

Talent Risk has escalated to a high risk. Despite this increase, our risk indicators remain stable amidst the challenges in acquiring, retaining and developing talents, particularly in areas critical to our core and new business ventures. Addressing these challenges requires dedicated efforts, including enhancing our appeal to prospective talent, improving talent retention and developing capabilities which are essential for driving our business transition and strategies.

## Impact to PCG:

- i. Business disruption due to lower productivity, morale and higher turnover
- ii. Inability to transition "know-how" into PCG talent
- iii. Unrealised business opportunities
- iv. Value leakages due to negligence/ineffective decision-making

## Key Mitigation Strategies:

- i. Promote a working culture that supports creativity, innovation and overall employee morale through open communication, autonomy and recognition
- ii. Facilitate strategic conversations to actively model and reinforce the Employee Value Proposition (EVP) through visible actions that enhance the employee experience, attracting and retaining talent
- iii. Implement capability development programmes and knowledge transfer initiatives, encompassing both functional and leadership qualities, to equip talent with the skills and knowledge needed to drive business growth

## Opportunities:

- Champion diversity, equity and inclusion to attract and retain top talent, while investing in upskilling and reskilling initiatives
- Foster the development of future-ready talents equipped with agile, innovative mindsets to drive organisational success

**R** For more information, refer to Talent Management and Well-Being from pages 70 to 75 in the Sustainability Report 2024.

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## R Regulatory Risk

**Description:**  
Breach of five critical legal areas – Sanction, Competition, Ethics and Integrity, Export Control, Data Privacy – resulting in reputation damage and significant financial loss.

**Risk Movement:** Maintain

Regulatory Risk remains inherent to our business but is managed effectively through executing and monitoring the Legal Compliance Framework and Integrity Management System. Furthermore, we consistently review the relevant legal compliance controls to ensure adherence to current laws and regulations.

### Impact to PCG:





- i. Non-compliance costs arising from penalties, summons and/or imprisonment
- ii. Legal action from affected stakeholders
- iii. Reputational damage and loss of stakeholder trust
- iv. Reduced profit and loss of business or market share

### Key Mitigation Strategies:

- i. Implement the PETRONAS Legal Compliance Framework
- ii. Strengthen Anti-Bribery and Integrity practices through ISO 37001:2016 Anti-Bribery Management System (ABMS) certification by SIRIM
- iii. Implement Guidelines on Adequate Procedures based on T.R.U.S.T. principles for Corporate Liability
- iv. Adhere to PETRONAS' Human Rights Commitment, aligned with the United Nations' Guiding Principles on Business and Human Rights
- v. Conduct periodic engagements with local authorities, service providers and customers on legal and regulatory updates
- vi. Update the legal register to reflect new regulatory requirements
- vii. Ensure regular communication on business activities to maintain continuous compliance
- viii. Drive proactive interventions through assurance programmes and compliance monitoring to uphold legal, regulatory and anti-corruption commitments

### Opportunities:

- Enhance controls to ensure compliance and promote ethical business practices
- Effective management of regulatory risks by proactively identifying potential risks and adapting to regulatory changes, fostering a more sustainable business environment

<b>Strategic Thrusts</b> 	<b>Material Matters</b> 	<b>Key Capitals</b> 	<b>Key Stakeholder Groups</b> 
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## TA Plant Turnaround Risk

**Description:**  
Ineffective execution of plant turnarounds (TA) leads to HSE, schedule, cost and quality issues, affecting plant operations as well as the overall integrated product value chain and delivery to customers.

**Risk Movement:** Maintain

The TA Risk, associated with the operational and strategic changes necessary to enhance our business performance, remains at a low risk. This stability can be attributed to a few key factors such as effective TA planning, execution and monitoring as well as robust risk management strategies in place that were developed to address potential TA challenges.

### Impact to PCG:





- i. HSE incidents including Lost Time Injury (LTI) and process safety
- ii. Inability to meet customers' demands
- iii. Loss of production volume
- iv. Increase in turnaround costs
- v. Reputational damage and loss of stakeholder trust

### Key Mitigation Strategies:

- i. Review TA scoping and equipment criticality to optimise manpower and resource allocation
- ii. Execute TA intervention strategies, develop contingency plans and expedite material delivery
- iii. Intensify and conduct compliance monitoring on TA governance requirements
- iv. Recruit experienced manpower to ensure effective TA execution
- v. Implement the HSE standardisation programme, supported by alternative technologies to minimise HSE exposure and enhance work quality

### Opportunities:

- Boost PCG's operational efficiency by implementing optimised TA planning and efficient resource allocation, extending asset reliability and preventing unexpected shutdowns

<b>Strategic Thrusts</b> 	<b>Material Matters</b> 	<b>Key Capitals</b> 	<b>Key Stakeholder Groups</b> 
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# RISKS OVERVIEW

## EMERGING RISKS

**PCG proactively identifies emerging risks and develops strategies to mitigate adverse effects or capitalise on potential opportunities. The Board and management team diligently evaluate and monitor these emerging risks, along with corresponding signposts and mitigation strategies. This approach fosters strategic discussions between the Board and management, enabling early responses, agile decision-making, and proactive measures to anticipate, adapt to, and mitigate emerging risks, thereby protecting value, safeguarding the business, and ensuring long-term sustainability.**

### ENVIRONMENTAL

**Disorderly low carbon and circular economy transitions.**

The risk associated with decarbonisation presents challenges for PCG arising from a misalignment between stakeholders' expectations and actual implementation, spanning policies and investment affordability. The challenge also includes inadequacies in the Malaysian ecosystem for decarbonisation, economic viability and technological maturity.

#### IMPACTS:

- i. Failure to keep up with industry decarbonisation trends
- ii. Loss of trust from stakeholders and investors
- iii. Competing funds for decarbonisation vs new investments
- iv. High cost in doing business

#### SIGNPOST:

- i. Policies imposed by countries and international organisations
- ii. Financial incentives from private financial institutions on sustainability and green projects
- iii. Stakeholders' expectation on return from sustainability investment

#### RESPONSES:

- i. Establish a low-carbon growth strategy with allocation of funding
- ii. Conduct carbon footprint assessment for PCG current and new products including M&A
- iii. Drive readiness for transition including processes, governance and capability
- iv. Advocacy and continuous collaboration with regulators and stakeholders
- v. Continuous internal engagement to communicate PCG's sustainability progress and compliance

#### OPPORTUNITY:

Develop long-term bio-feed opportunities, acquiring strategic assets with broader market for sustainable feedstock and products including potential collaboration with key stakeholders to drive PCG's sustainability journey.

### TECHNOLOGICAL

**Inability to capitalise on the unprecedented growth in Generative AI (GAI) technologies amidst our digitalisation journey resulting in opportunity cost.**

PCG faces the risk of failing to harness the growth in GAI technologies resulting in missed opportunities. Embracing digitalisation is pivotal for enhancing business competitiveness and efficiency. Deeper integration of AI with IT, OT and Industrial Internet of Things (IIoT) can bring value, it also concurrently raises cybersecurity concerns with regards to the integrity of company and personal data.

#### IMPACTS:

- i. More sophisticated cyber security attacks and social media scams
- ii. Sensitive information leakage and exposure to Personal Data Protection Act (PDPA) and Intellectual Property breaches
- iii. Business disruption arising from cyber attack

#### SIGNPOST:

- i. AI quarterly report
- ii. PETRONAS and PCG compliance to requirements for AI

#### RESPONSES:

- i. Implement stringent measures and strengthen data leakage protection controls
- ii. Develop integrated digital platforms to support end-to-end supply chains as part of our customer-centric initiatives
- iii. Raise awareness and implement best practices in AI usage
- iv. Monitor cyber security controls for data privacy

#### OPPORTUNITY:

Enhancement of process efficiency in plant operations and commercial excellence leading to increased value creation, elevating customer experiences, mitigate safety risks and ensure adherence to regulatory requirements. This will not only strengthen PCG's competitive position but also contribute to a more sustainable and resilient business.

### GEOPOLITICAL

**Constant global geopolitics uncertainty may pose challenges to PCG's business sustainability.**

The constant uncertainty in global geopolitics poses significant challenges to PCG's business sustainability, impacting both profitability and operational continuity. This uncertainty manifests through factors such as commodity price volatility, alterations in energy prices and trade flows, softened demand for petrochemical products and a surge in business costs.

#### IMPACTS:

- i. High cost in doing business due to price volatility in commodities and raw materials
- ii. Market access restrictions from trade sanctions or protectionist policies
- iii. Operational and supply chain disruptions

#### SIGNPOST:

- i. Election results and policy directions of newly formed governments
- ii. Social activist movements
- iii. The state of domestic politics and interstate-federal affairs

#### RESPONSES:

- i. Cost optimisation efforts across energy, production, procurement, logistics arrangements and prioritisation of planning and delivery for key market
- ii. Rigorous monitoring of macroeconomic indicators
- iii. Revisit business strategy and explore opportunity to gain higher commercial value

#### OPPORTUNITY:

Increase market share in Southeast Asia and Asia Pacific by leveraging on PCG's strategic location and diversified products offering within commodity and specialty portfolios. This strategic approach will not only attract increased investment from major corporations in this region but also stimulate greater demand for PCG products.