

## **PETRONAS CHEMICALS GROUP BERHAD**

Company No.: 199801003704 (459830-K)  
(Incorporated in Malaysia)

The Minutes of the Twenty-Third (23<sup>rd</sup>) Annual General Meeting (“AGM”) of PETRONAS Chemicals Group Berhad (“the Company” or “PCG”) held fully virtual through livestreaming via a remote participation and voting facilities at the Broadcast Venue, Exhibition Hall 6C, Level 1, Kuala Lumpur Convention Centre, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia on Thursday, 22 April 2021 at 10.00 a.m.

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<b>Present at the Broadcast Venue</b>	<b>:</b> <b>Board of Directors</b> Datuk Md Arif bin Mahmood <i>(Chairman and Non-Independent Non-Executive Director)</i>  Datuk Sazali bin Hamzah <i>(Managing Director/Chief Executive Officer)</i>  Madam Yeoh Siew Ming <i>(Independent Non-Executive Director)</i>  <b>Company Secretary</b> Ms Hasnizaini binti Mohd Zain  <b>Chief Financial Officer</b> Mr Mohd Azli bin Ishak
<b>Directors Present (via Video Conferencing)</b>	<b>:</b> <b>Board of Directors</b> Datuk William Toh Ah Wah <i>(Senior Independent Non-Executive Director)</i>  Mr Warren William Wilder <i>(Independent Non-Executive Director)</i>  Dr Zafar Abdulmajid Momin <i>(Independent Non-Executive Director)</i>  Madam Freida binti Amat <i>(Non-Independent Non-Executive Director)</i>  Mr Noor Ilias bin Mohd Idris <i>(Non-Independent Non-Executive Director)</i>
<b>In Attendance (via Video Conferencing)</b>	<b>:</b> Mr Kang Shew Meng (Company Secretary) Mr Thong Foo Vung (Partner – KPMG PLT)

**Poll Administrator** : Representatives from Tricor Investor & Issuing House Services Sdn Bhd

**Scrutineers** : Representatives from BoardRoom Corporate Services Sdn Bhd

**Shareholders and proxies Attendance (participated through Remote Participation and Voting (“RPV”) Platform)**

The number of shareholders who participated via RPV platform at commencement of the meeting was 347, and the total number of shareholders who had at any point of time participated in the virtual meeting was 947 (refer list of attendance).

**By Invitation (via live streaming)**

As per the attendance list.

**1.0 NOTICE**

The notice convening the meeting and the conduct of a fully virtual AGM via the RPV application, together with the instructions in the Administrative Details dated 22 March 2021, was tabled and taken as read. The same was also published through the announcement to Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and the Company’s Corporate website respectively.

**2.0 QUORUM, SHAREHOLDERS AND PROXIES DETAILS**

Upon confirmation by the Company Secretary on the presence of the requisite quorum, the Chairman called the meeting to order.

The shareholders were informed that in compliance with the Main Market Listing Requirement of Bursa Malaysia, all the proposed resolutions of this AGM would be voted by poll. The shareholders were further informed that in this meeting, the poll would be by way of e-polling which was to be undertaken at the end of the meeting after the proposed resolutions of this meeting have been tabled.

The total number of shareholders and proxies present at this AGM was 347, which represented a total of 1,500,308,421 shares.

The Chairman informed the shareholders that he had been appointed by the shareholders as proxy representing 5,934,003,141 shares, which represented 74.18% of the total voting rights at this AGM.

The shareholders were also informed that all resolutions at this AGM would only require a simple majority vote.

### **3.0 PROCEDURES FOR MEETING/INTRODUCTION TO RPV**

The Company had appointed Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") as Poll Administrator to conduct the polling process, and Boardroom Corporate Services Sdn Bhd ("Boardroom") as Independent Scrutineers to verify the poll results.

The voting session commenced from the start of the meeting at 10.00 a.m. until the Chairman announced that the voting session was closed.

### **4.0 PRESENTATION**

Before the Chairman proceeded with the business of the meeting, the Chairman invited Datuk Sazali Hamzah, the Managing Director/Chief Executive Officer ("MD/CEO") of the Company to deliver his presentation on the performance of the Company for the financial year ended 31 December 2020.

Datuk Sazali thanked the shareholders for their attendance and shared his presentation that covered the highlights on the Company's performance in 2020, PCG's moving forward and the outlook for 2021.

After the said presentation, the Chairman thanked Datuk Sazali Hamzah for the presentation and proceeded with the business of the meeting.

The Chairman informed the shareholders that the Company received a list of questions from Minority Shareholder Watch Group ("MSWG") on 6 April 2021 and had responded to the MSWG on their queries ahead of this AGM. The Chairman also thanked MSWG for its invaluable contribution in helping to improve the Company's Corporate Governance reporting.

The Chairman then invited the Company Secretary, Ms. Hasnizaini Mohd Zain, to read out the questions from MSWG where Datuk Sazali Hamzah thereupon responded to the said questions accordingly. Those responses had also been published on the Company's Corporate website ahead of the AGM.

### **5.0 AGENDA ITEM NO. 1 AUDITED FINANCIAL STATEMENT AND REPORTS FOR THE YEAR ENDED 31 DECEMBER 2020**

The Audited Financial Statements and Reports of the Directors and Auditors for the year ended 31 December 2020 ("AFS") which had been circulated to all the members of the Company within the prescribed period were tabled to the meeting.

The Chairman explained that the AFS were for discussion only as it did not require shareholders' approval. Hence, it would not be put for voting.

He then declared that the AFS were received and noted.

**6.0 AGENDA ITEM NO. 2  
RE-ELECTION OF DIRECTORS PURSUANT TO ARTICLE 107 OF THE COMPANY'S  
CONSTITUTION**

The Chairman informed that at this AGM, three directors would be retiring in accordance with *Article 107 of the Company's Constitution*. They were Datuk Sazali Hamzah, Mr. Warren William Wilder and Dr. Zafar Abdulmajid Momin. He also informed that Datuk Sazali Hamzah, Mr. Warren William Wilder and Dr. Zafar Abdulmajid Momin had given their respective consents and offered themselves for re-election.

The Board had endorsed the Nomination and Remuneration Committee ("NRC")'s recommendation that these Directors who retire in accordance with *Article 107 of the Company's Constitution* were eligible to stand for re-election.

The Chairman then put forth the following resolutions for the shareholders' consideration:

**6.1 Ordinary Resolution 1 – Re-Election of Datuk Sazali Hamzah**

"THAT Datuk Sazali Hamzah retiring in accordance with *Article 107 of the Company's Constitution*, be and is hereby re-elected as a Director of the Company".

**6.2 Ordinary Resolution 2 – Re-Election of Mr. Warren William Wilder**

"THAT Mr. Warren William Wilder retiring in accordance with *Article 107 of the Company's Constitution*, be and is hereby re-elected as a Director of the Company".

**6.3 Ordinary Resolution 3 – Re-Election of Dr. Zafar Abdulmajid Momin**

"THAT Dr. Zafar Abdulmajid Momin retiring in accordance with *Article 107 of the Company's Constitution*, be and is hereby re-elected as a Director of the Company".

**7.0 AGENDA ITEM NO. 3  
TO APPROVE DIRECTORS' FEES AND ALLOWANCE, PAYABLE TO THE  
NON-EXECUTIVE DIRECTORS OF UP TO RM2,500,000 WITH EFFECT FROM  
23 APRIL 2021 UNTIL THE NEXT AGM OF THE COMPANY**

The Chairman proceeded with agenda item no.3 on the payment of Directors' fees and allowances to Non-Executive Directors ("NED") of up to RM2,500,000.00 with effect from 23 April 2021 until the next AGM of the Company.

The Directors' fees and allowances for the NED for the period from 23 April 2021 until the conclusion of the next AGM ("FYE2021/2022") were calculated based on the estimated number of scheduled Board and Board Committees meetings and on the assumption that all the NED would remain in office until the next AGM.

This resolution was to facilitate payment of the Directors' fees and allowances for the Financial Year Ended 2021/2022.

Datuk Chairman then put the following resolution to the shareholders for their consideration:

**"THAT** the payment of Directors' fees and allowance of up to RM2,500,000.00 with effect from 23 April 2021 until the next Annual General Meeting of the Company payable to Non-Executive Directors, be and is hereby **APPROVED"**.

**8.0 AGENDA ITEM NO. 4**  
**RE-APPOINTMENT OF KPMG PLT AS AUDITORS OF THE COMPANY FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021 AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION**

The Chairman informed the shareholders that the Board recommended to the shareholders for approval of the re-appointment of KPMG PLT as Auditors of the Company who would hold office until the conclusion of the next AGM, and to authorise the Directors to determine their remuneration.

The auditors, KPMG PLT, had expressed their willingness to continue office.

The Chairman then put the following resolution to the shareholders for their consideration.

**"THAT** KPMG PLT be and are hereby **RE-APPOINTED** as Auditors of the Company to hold office until the conclusion of the next annual general meeting and that the Directors be and are hereby authorised to determine their remuneration".

**9.0 AGENDA ITEM NO. 5**  
**ANY OTHER BUSINESS**

The last item on the agenda for this AGM was to transact any other business of which due notice shall have been received in accordance with the Companies Act 2016. The Company Secretary confirmed that the Company had not received any notices for transaction of any other business in this meeting.

**10.0 QUESTION AND ANSWER SESSION**

The shareholders were informed that the Company had also received questions prior to and during the AGM. The shareholders were earlier notified that due to time constraints, the questions received, and the responses would also be published in the Company's Corporate website after the conclusion of the AGM within three working days. The Chairman addressed the following pre-submitted and live questions received from the shareholder/proxies:

No.	Issues
<b>Gifts</b>	
1.	<p>In response to the query from several shareholders on whether the Company would be providing gift to shareholders who attended the meeting, the Chairman replied that shareholders participating in the AGM would be given RM50 SETEL top-up vouchers. The details would be emailed within 5 working days. These vouchers can be used at all PETRONAS' petrol stations.</p>
<b>Pre-AGM Questions</b>	
2.	<p>[Shareholder] queried if there would be any increase in dividend and its frequency i.e. quarterly dividend and if any bonus issue to be declared.</p> <p>The Chairman replied that for FY2020, PCG declared a dividend pay-out of 59% and will continue to pay dividend based on PCG Dividend Policy of around 50% Group Profit After Tax and Non-Controlling Interest (PATANCI). Currently, PCG pays dividend twice a year and has no plans to change the frequency.</p> <p>For now, the Company have no plans to declare any bonus issue and will continue to pay dividend based on PCG Dividend Policy.</p>
3.	<p>[Shareholder] queried on Company's annual budget in terms of percentage of total expenditure in pursuing the ESG agenda.</p> <p>The Chairman replied that in 2020, PCG spent more than RM20 million for its sustainability efforts and anticipates that the Company will spend cumulatively in the range of RM80 million by 2021. In line with the Company sustainability strategy, the Company will continue to focus on People, Planet and Profit.</p>
4.	<p>[Shareholder] enquired on the Da Vinci business update and its prospect for upcoming years.</p> <p>The Chairman replied that in FY2020, DVG achieved its highest Lubricant Additive Chemicals sales volume since inception. Despite COVID-19 pandemic, DVG EBITDA has improved 33% as compared to 2019. Approvals have been obtained for two (2) expansion projects i.e. a silicone blending plant in Gebeng, Pahang and a new facility for lubricant additives and chemicals in Echt, Netherlands. These facilities will utilise DVG's technology and know-how and currently under Engineering, Procurement and Construction phase. Once completed, the above projects will widen PCG access to high-growth markets, especially in South-East Asia to cater for personal care, F&amp;B and automotive segments. The above is expected to contribute growth in DVG's EBITDA by 15%.</p>

No.	Issues
5.	<p>[Shareholder] queried if PCG supplies any goods to US as he believed that the Company will enjoy a very good polymer margin spread at H1 2021 due to cold winter storm in the USA.</p> <p>The Chairman replied that the Company acknowledges the increase in polymer price due to US supply disruption. As a result, supply from Middle East shifts towards North America, leaving a vacuum in South East Asia and Asia Pacific. This situation provides PCG an opportunity to benefit from the upsurge in the polymer price in South East Asia and Asia Pacific.</p>
6.	<p>[Shareholder] queried on the impairment of BDO plant closure of RM232 million in Q4 2020. He would like to know on the estimated impairment of RAPID plant which due to delayed start up in FY2021.</p> <p>The Chairman replied that for FY2020, the Company had conducted an impairment assessment for Pengerang Petrochemical Company (RAPID project), based on the applicable accounting standard and latest market forecast, resulting in no impairment.</p>
7.	<p>[Shareholder] also queried on the Memorandum of Understanding that PETRONAS signed with Jera to develop clean ammonia. He would like to know whether development of clean ammonia will be one of new FID/projects.</p> <p>The Chairman replied that PETRONAS is leading the study on the integrated development of clean ammonia (i.e. green ammonia) from green hydrogen utilising renewable energy available within the country, but there is potential participation from PCG.</p>
<b>Live Questions</b>	
8.	<p>[Shareholder] queried on the Company's revenue and profit performance to reach at least pre-pandemic levels. He wanted to know what are the extra measures do the Company taking to realise it instead of just relying on the environment to improve.</p> <p>The Chairman replied that there are still uncertainties and challenges ahead as the ongoing COVID-19 pandemic makes it difficult to predict how the situation will evolve. However, PCG is cautious of the need to stay prudent, with disciplined cost management and optimisation being the top priority. PCG will continue to maintain strong financial position by balancing risk, growth and returns in all decisions. With a robust balance sheet, it allows PCG to stay on the growth trajectory. In the upcoming year, PCG expects to continue investing in growth projects for derivatives and specialty chemicals.</p>

No.	Issues
9.	<p>[Shareholder] queried on the oversupply and margin compression issues. He further queried on PCG's strategies to encounter the abovesaid issues.</p> <p>The Chairman replied that given PCG's diverse portfolio mix, strong customer relationship, reliability of supply, proximity to market and secured term contract, PCG will be able to navigate the impact of oversupply. The Company will continue to maintain their operational efficiency and cost-to-serve to cushion potential margin compression. In the long term, the addition of specialty chemicals in PCG product portfolio will make the Company more resilient against market changes.</p>
10.	<p>[Shareholders] enquired on the profit projection for the next 3 years and queried on the future earning of the Company.</p> <p>The Chairman replied that the Company do not provide specific profit guidance. However, PCG's results are expected to be primarily influenced by the global economic conditions affecting the chemicals supply-demand petrochemical product prices which have a high correlation to crude oil price, utilisation rate of production facilities and foreign exchange movement.</p> <p>For oil and chemicals industries, prices have shown improvements starting from Q4 2020. As of Q1 2021, market prices have recovered although its stability remains uncertain. Whilst PCG are optimistic of the future, PCG remain cautious of potential disruptions.</p>
11.	<p>[Shareholder] enquired if the Board will consider giving Bonus share.</p> <p>The Chairman replied that as explained in earlier response to the pre-submitted AGM questions, for now, PCG have no plans to declare any bonus issue and will continue to pay dividend based on PCG's Dividend Policy of around 50% Group Profit After Tax and Non-Controlling Interest (PATANCI).</p>
12.	<p>[Shareholder] queried on the plans when the Company faced a drop in profit in response to justify the requested directors' fees. He also queried on PCG's projected profit as to provide increased dividend and frequency of dividend.</p> <p>The Chairman replied that the directors' fees were last revised in 2018. The Company do not plan to review the fees as the Company believed they are fair and benchmarked against market.</p> <p>As explained in earlier response to Question 10 above, the Company do not provide specific profit guidance. The consideration for future dividend payout is subject to capital growth and operational requirements. Currently, PCG pays dividend based on Dividend Policy of around 50% PATANCI twice a year. PCG has no plans to change the dividend payout ratio and the frequency.</p>



No.	Issues
13.	<p>[Shareholder] queried on what are the steps to be taken by PCG to ensure that it is on the path of reducing carbon footprint and be an ESG-compliant company.</p> <p>The Chairman replied that PCG’s 3Ps (People, Planet and Profit) sustainability strategy focuses on 13 UN Sustainable Development Goals (SDGs). The Company have reduced more than 50,000 tonne of carbon dioxide equivalent (CO2e) emission which is half of the Company’s target towards reducing 100,000 tonne of CO2e emission by 2024. The Company are also conducting feasibility studies to convert CO2 into valuable products. PCG are confident that with these initiatives and will be able to reduce additional 50,000 tonne of CO2e emission by 2024.</p>
14.	<p>[Shareholder] queried on the Company CSR initiatives, whether mangrove planting is still relevant.</p> <p>The Chairman replied that PCG works closely with Malaysian Nature Society at ecoCare to ensure improved survival rate of the seedlings. PCG will continue to make sure that the number of mangrove trees are replanted as per plan to meet the Company’s objective of improved biodiversity healthiness in Kertih river.</p>
15.	<p>[Proxy] queried on how the business make sure that the steps they take are able to break down and recycle most of plastics other than just building recycling plants. She also would like to know further on type of plastics that can be processed and whether there are plans to process other types of plastics.</p> <p>The Chairman replied that the Company have made arrangement to secure the right quality of feedstock from local and regional plastic waste collector and supplier through PCG’s partner for the plastic waste to naphtha recycling plant investment.</p>
16.	<p>[Shareholder] queried on how the Company remains competitive with the rise of green energy.</p> <p>The Chairman replied that fossil fuel will still play a dominant role in the future energy mix as renewable or green energy alone will not be able to fulfill the global demand. PETRONAS has started to explore, research and invest in green energy such as solar, wind and hydrogen as an alternative energy source, with PCG’s participation. PCG believes that hydrocarbon-based petrochemicals business is still relevant and play a prominent role in the foreseeable future. Demand will continue to grow and PCG will remain competitive in view of its resource access, integrated facilities, latest technologies, well-established market and resides in the centre of the petrochemical growth region.</p>

No.	Issues
17.	<p>[Shareholder] queried on whether the conversion of waste plastic into naphtha project would be more economical compared to buying naphtha from the market.</p> <p>The Chairman replied that in line with global megatrends on sustainability, there is growing demand for green and circular products. Although the price of green or circular naphtha could be higher than conventional hydrocarbon, the petrochemical products produced from this naphtha could command market premium due to growing demand from major brand owners for sustainable products. The Company are currently in detailed engineering study for the chemicals recycling facility and will assess its economic viability before proceeding to the next phase. PCG's target is to make the conversion process equally competitive as compared to conventional method.</p>
18.	<p>[Shareholder] queried on the Company's biggest worries on factors that may affect the business.</p> <p>The Chairman replied that there are several key risk factors that are critical to PCG's business. Any disruptions caused by changes in these factors may potentially have impact to the business such as Health, Safety and Environment (HSE) risks that impact on people, asset, environment and reputation, risk of prolonged COVID-19 pandemic that could impact the achievement of business targets and Project delivery issues that impede the commercialisation or stabilisation of new plants that have impact on PCG value capture. For more information and its mitigation measures, the Chairman advised the shareholders to refer to page 81-88 of the Integrated Report 2020.</p>
19.	<p>[Shareholder] queried if the option of online AGM will only be offered to shareholders even after the pandemic.</p> <p>The Chairman replied that PCG will consider offering remote shareholders' participation in future general meetings and undertake a further review to determine the measures that can be taken to facilitate shareholders' participation while enhancing the quality of general meetings through the use of digital tools.</p>

The Company received a total of 68 live questions and 33 pre-submitted questions from the shareholders. The shareholders were further informed that the responses for the remaining questions would be published in the Company's website after the meeting.

## 11.0 REMOTE VOTING

The Chairman informed the shareholders that he had been appointed to act as proxy for several shareholders and shall vote in accordance with the instruction given.

The Chairman declared the commencement of voting session and adjourned the meeting at 11.23 a.m. for remote voting.

The poll results were handed over to the Scrutineers for validation.

## 12.0 ANNOUNCEMENT OF POLL RESULTS

The Chairman called the meeting to order at 11.43 a.m. for the declaration of poll results which have been verified by the Scrutineers, as follows:

Resolutions	Vote in Favour		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<b>Ordinary Resolution 1</b> To re-elect Datuk Sazali Hamzah who retire by rotation pursuant to <b>Article 107 of the Company's Constitution</b> .	7,428,056,391	99.8593	10,463,956	0.1407	Accepted
<b>Ordinary Resolution 2</b> To re-elect Warren William Wilder who retire by rotation pursuant to <b>Article 107 of the Company's Constitution</b> .	7,438,493,123	99.9997	24,720	0.0003	Accepted
<b>Ordinary Resolution 3</b> To re-elect Dr. Zafar Abdulmajid Momin who retire by rotation pursuant to <b>Article 107 of the Company's Constitution</b> .	7,434,287,450	99.9431	4,234,293	0.0569	Accepted

Resolutions	Vote in Favour		Vote Against		Results
	No. of Shares	%	No. of Shares	%	
<p><b>Ordinary Resolution 4</b></p> <p>To approve the Directors Fees and Allowances payable to the Non-Executive Director of up to an amount of RM2.5 million with effect from 23 April 2021 until the next Annual General Meeting of the Company.</p>	7,293,748,639	99.9977	171,073	0.0023	Accepted
<p><b>Ordinary Resolution 5</b></p> <p>To approve the re-appointment of KPMG PLT, as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Directors to fix their remuneration.</p>	7,436,180,318	99.9688	2,324,028	0.0312	Accepted

Based on the poll results, the Chairman then declared that all resolutions tabled at the AGM were carried.

### 13.0 END OF MEETING

On behalf of the Board of Directors and Management of the Company, the Chairman extended his appreciation to the shareholders who attended the AGM and for their continuous support to the Company.

There being no further business, the meeting ended at 12.00 p.m.

### CONFIRMED AS CORRECT MINUTES

**-SIGNED-**

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**DATUK MD. ARIF MAHMOOD**  
**CHAIRMAN**

*[This version is for the purpose of uploading to the Company's corporate website]*