



PETRONAS

Resilience. **Leveraging Strengths.**

PETRONAS CHEMICALS GROUP BERHAD | INTEGRATED REPORT 2025



Cover Rationale

Resilience.
Leveraging
Strengths.

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

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

Dear Stakeholders,

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

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28TH | ANNUAL
GENERAL
MEETING

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

Date:
Wednesday, 22 April 2026

Time:
10.00 a.m.



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



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



Scan the QR code for the PCG Reporting Suite 2025 on the PCG corporate website.



PETRONAS Chemicals Fertiliser Sabah

BASIS OF THIS REPORT

INTEGRATED REPORTING APPROACH

As a top 30 company listed on the Bursa Malaysia Main Market, PETRONAS Chemicals Group Berhad (PCG or the Group) is committed to transparent and high-quality disclosures. Our Integrated Report (IR) adopts a clear and balanced approach by connecting financial performance with sustainability matters, strategic priorities and key risks and opportunities. This provides stakeholders with a concise and coherent understanding of how PCG creates value and sustains long-term resilience.

Guided by the principles of connectivity, materiality and forward-looking insight, the report reflects strong governance oversight and a commitment to stakeholder inclusivity. Our disclosures are designed to be relevant, comparable and responsive to stakeholder priorities across the short-, medium- and long-term.

OUR REPORTING BOUNDARIES

The IR covers the reporting period of 1 January 2025 to 31 December 2025, unless otherwise stated. Information presented relates to the risks, opportunities and outcomes of activities in the Group, comprising our subsidiaries, joint operations, associates and joint ventures.

Financial Reporting Boundary
Covers our operating subsidiaries, joint operations, associates and joint ventures.

Non-Financial Reporting Boundary
Covers our operating subsidiaries, joint operations, associates and joint ventures where we have management responsibility. Plant utilisation data is applicable only in our commodity-based business contexts.

STRATEGY

Our strategy outlines the key priorities and trade-offs that guide decision-making and long-term value creation. It sets the foundation for how the Group allocates resources, manages risks and positions itself for sustained performance.

For further details, please refer to the Overview of PCG section on pages 6 to 9 of this report.

BUSINESS MODEL

Our business model shows how we turn inputs into outcomes that create value for stakeholders, aligning with our strategy and adapting to changing markets and sustainability needs.

For further details, please refer to the Value Creation Model section on pages 110 to 113 of this report.

EXTERNAL ENVIRONMENT

Our strategy and business model reflect changes in regulations, global economics, technology and sustainability. By analysing these factors, we stay resilient and responsive to our stakeholder's priorities.

For further details, please refer to the Operating Environment and Outlook section on pages 17 to 19 of this report.

STAKEHOLDER INTERESTS

Our strategic decisions and operations are shaped by stakeholder expectations, which include regulatory, economic and sustainability factors. By considering these perspectives, we set priorities and ensure that our actions consistently reflect stakeholder interests.

For further details, please refer to the Stakeholder Engagement section on pages 114 to 117 of this report.

BOARD INVOLVEMENT

The Integrated Reporting process is supported by early and active Board engagements. The Nomination and Remuneration Committee (NRC), Board Audit Committee (BAC) and Board Sustainability and Risk Committee (BSRC) provide oversight, strategic guidance and governance assurance to ensure the report reflects the Group's objectives and high standards of accountability.

For further details, please refer to the Corporate Governance Overview Statement and the NRC, BAC and BSRC reports on pages 128 to 160 of this report.

TIME HORIZONS

SHORT-TERM (BY 2026)	MEDIUM-TERM (BY 2030)	LONG-TERM (BY 2050)
Centred on annual business planning and execution, this horizon focuses on delivering near-term operational and financial targets while managing immediate regulatory, cost and market changes. It addresses short-term impacts on competitiveness, margins, supply chains and customer dynamics arising from evolving policy and market conditions.	Aligned with PCG's forecast rolling plan, this horizon integrates capital allocation, portfolio optimisation and operational strategy to support sustainable earnings and growth. It considers market transitions, demand shifts and cost structures, with priorities on efficiency, reliability, portfolio resilience and expansion of higher-value segments.	Anchored to PCG's long-term strategic ambitions and PETRONAS Commitment to Net Zero Carbon Emissions (NZCE) by 2050, this horizon addresses structural shifts across energy, chemicals and end markets. It supports system-level planning for infrastructure, technology, policy and customer evolution, ensuring long-term business viability, competitiveness and leadership through disciplined transformation.

BASIS OF THIS REPORT

INTEGRATED REPORTING PROCESS



MATERIALITY

The information in the report focuses on issues that are most material to our business operations and stakeholders. Our approach to identifying material topics, obtaining stakeholder feedback, prioritising as well as ranking material topics and validating the materiality assessment involves a comprehensive four-phase materiality process.

ALIGNMENT WITH UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

At PCG, we take pride in managing environmental impact, promoting safe and inclusive workplaces as well as delivering innovative chemical solutions that enable more sustainable industries and communities. This alignment with the United Nations Sustainable Development Goals (SDGs) reinforces PCG's long-term strategy of creating shared value while contributing to Malaysia's broader sustainability ambitions.

We have prioritised 13 of the 17 SDGs where we believe we have the greatest ability to deliver meaningful impact through our business.

For further details on our contribution to the 13 selected SDGs, please refer to the PCG corporate website at <https://www.petronas.com/pcg/>

BASIS OF THIS REPORT

OUR REPORTING SUITE

PCG's reporting suite provides clear insight into our strategic priorities, performance and business direction, while addressing the material risks that influence our operations and long-term growth. Through consistent, well-structured and accountable disclosures, we demonstrate our commitment to accountability, resilience and sustainable value creation.

IR

Integrated Report 2025 (IR)

The objective of the IR is to provide our stakeholders with a thorough and balanced assessment of both financial and non-financial performance. Through this report, stakeholders will gain a better understanding of our business operations, sustainability initiatives, performance metrics, governance, risk management and prospects.

In demonstrating our commitment to transparency while reinforcing stakeholder trust, this report provides a comprehensive overview of our Corporate Governance Overview Statement, Nomination & Remuneration Committee Report, Board Audit Committee Report, Board Sustainability & Risk Committee Report and the Statement of Risk Management and Internal Control.

Guided by:

- International Integrated Reporting Framework (IIRF) as issued by the Value Reporting Foundation (VRF)
- Malaysian Code on Corporate Governance (MCCG)
- Main Market Listing Requirements (MMLR) as issued by Bursa Malaysia
- Companies Act 2016 (CA 2016)
- MFRS Accounting Standards as issued by the Malaysian Standards Board
- IFRS Accounting Standards as issued by the International Accounting Standards Board
- Corporate Governance Guide - 4th Edition as issued by Bursa Malaysia

SR

Sustainability Report 2025 (SR)

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

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

Guided by:

- Malaysia-Specific Frameworks and Regulatory Guidance
- National Sustainability Reporting Framework (NSRF)
 - MMLR as issued by Bursa Malaysia
 - Bursa Malaysia Sustainability Reporting Guide
 - FTSE4Good Bursa Malaysia Index's Environmental, Social and Governance (ESG) Indicators

International Frameworks and Standards

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

FR

Financial Report 2025 (FR)

The FR includes the Directors' Report, Audited Financial Statements and Independent Auditors' Report. It offers comprehensive financial information to our shareholders, investors, analysts and other relevant parties.

Guided by:

- MMLR as issued by Bursa Malaysia
- CA 2016
- MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board
- IFRS Accounting Standards as issued by the International Accounting Standards Board

INDEPENDENT COMBINED ASSURANCE STATEMENT

Assurance for this report is provided by our Board and supported by independent assurance from KPMG for non-financial information.

An independent limited assurance was performed by KPMG on selected sustainability indicators for the financial year ended 31 December 2025 as listed below:

1. Total Scope 1 GHG Emissions
2. Total Scope 2 GHG Emissions (location-based)
3. Total Scope 2 GHG Emissions (market-based)
4. Total Energy Consumption
5. Wastewater Discharge, Chemical Oxygen Demand
6. Freshwater Withdrawal
7. Air Emissions, Nitrogen Oxides (NO_x) Emissions
8. Air Emissions, Sulphur Oxides (SO_x) Emissions
9. Tier 1 Process Safety Event
10. Fatalities
11. Lost Time Injury Frequency

Details of the assurance scope, methodology and conclusions are provided in the Independent Limited Assurance Statement included in this report on pages 185 to 186.

FEEDBACK

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

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

FORWARD-LOOKING STATEMENTS

This report includes several forward-looking statements relating to future performance. These projections and forecasts are grounded in present assumptions and conditions, which are subject to change and therefore carry some uncertainties. Numerous factors might lead to actual outcomes that may vary from those expressed or implied in these forward-looking statements.

BOARD RESPONSIBILITY STATEMENT

The Board acknowledges its responsibility in upholding the integrity of this Integrated Report. The Board believes that this report addresses all the issues that are material to the Group's ability to create value and fairly reflects PCG's integrated performance. This report has been prepared with reference to the IFRS Foundation International <IR> Framework and received the Board's approval on 23 February 2026.

DATUK SAZALI HAMZAH

Chairman

MAZUIN ISMAIL

Managing Director/Chief Executive Officer

BASIS OF THIS REPORT

NAVIGATION ICONS

KEY CAPITALS

- | | |
|--|--|
| N Natural
PCG's direct and indirect impact on the environment. | I Intellectual
PCG's laboratories, new operational rollouts, products and proprietary chemicals. |
| M Manufactured
PCG's plants, properties, equipment and manufacturing sites across Malaysia, Southeast Asia, Northeast Asia and the rest of the world. | SR Social and Relationship
External stakeholders such as suppliers, the community and the media. |
| H Human
PCG's employees' contribution to operations. | F Financial
Financial performance throughout all its operations in Asia Pacific (APAC), Americas and Europe, the Middle East and Africa (EMEA). |

STRATEGIC THRUSTS

- | |
|---|
| OE Operational Excellence
Strengthens plant performance by enhancing safety, reliability and efficiency across our operations. |
| CE Commercial Excellence
Boosts value by focusing on customer-centric growth, expanding market reach, optimising netbacks and innovating product solutions. |
| GE Growth Delivery Excellence
Advances sustainable growth by strengthening both our Commodities and SC portfolios, ensuring it remains enhanced and value-accretive. |

KEY STAKEHOLDER GROUPS

- | | | | | | | | |
|---------------------|---------------------|-------------------------------|-----------------------------|---|-----------------------------------|-----------------------|-----------------|
| S1 Employees | S2 Customers | S3 Suppliers & Vendors | S4 Business Partners | S5 Shareholders & Investment Community | S6 Government & Regulators | S7 Communities | S8 Media |
|---------------------|---------------------|-------------------------------|-----------------------------|---|-----------------------------------|-----------------------|-----------------|

PRINCIPAL RISKS

- | | | | | |
|--|---------------------------------|------------------------------------|-----------------------------|-------------------------------|
| H Health, Safety and Environment Risk | P Project Execution Risk | S Strategic Investment Risk | C Cybersecurity Risk | SS Sustainability Risk |
| T Talent Risk | O Operational Risk | Ta Plant Turnaround Risk | M Market Risk | R Regulatory Risk |

MATERIAL MATTERS

- | | |
|---|--|
| M1 Climate Change | PCG's approach to improving energy efficiency, advancing renewable energy, reducing GHG emissions, promoting sustainable transport and green facilities and strengthening preparedness for climate-related disruptions across its global operations. |
| M2 Nature & Environment | Policies and practices on environmental management aimed at minimising and mitigating the negative impacts of operations on nature and ecosystems. This includes responsible resource use, pollution control and biodiversity conservation. |
| M3 Business Strategy & Financial Resilience | PCG's strategic approach to ensuring business continuity, long-term and sustainable value creation, and financial resilience. It encompasses considerations of shifting demographics, changing consumption patterns, market access, socio-economic risks, and responsible investing and financing, all of which influence the organisation's ability to adapt, remain competitive, and deliver enduring stakeholder value. |
| M4 Innovation & Product Stewardship | PCG's commitment to developing innovative and high-quality products and services that are safe, transparent, and aligned with evolving customer expectations. It includes responsible management of technologies, intellectual property, and product lifecycles, while upholding consumer rights, and fostering trust through ethical and sustainable practices. |
| M5 Circular Economy | PCG's approach to support the transition towards a circular economy model, creating opportunities for developing sustainable circular products, plastic waste management, and responsible materials management. |
| M6 Supply Chain Management | Covers the policies and practices for procurement, supplier and contractor management, and materials handling to support a sustainable and resilient supply chain. It includes responsible sourcing, managing environmental impacts such as socio-economic risks, and considering geopolitical factors that may affect supply continuity. |
| M7 Cybersecurity & Digitalisation | The use of digital technologies to unlock new business models, improve operational efficiency and resilience and protect data from cyber-attacks and breaches, while enabling value creation and strengthening stakeholder trust across global operations. |
| M8 Safety & Health | Policies and practices that foster a culture of safety, compliance and continuous improvement to create as well as sustain a safe and healthy environment for employees and the broader public. This includes measures to address occupational risks, transportation safety, emergency preparedness and proactive hazard identification across all global operations. |
| M9 Talent Management & Well-Being | The policies and practices to create and retain a capable and high performing, diverse and inclusive workforce. This approach supports organisational agility, innovation and business continuity, while ensuring employees feel valued, empowered and equipped to thrive in a rapidly evolving industry. |
| M10 Human Rights | The policies and practices in managing and upholding fundamental human rights within the workplace, supply chain, and community, including efforts to assess and address social and environmental impacts of projects. |
| M11 Community Engagement | Stakeholder engagement and programmes conducted to deliver positive social impact to communities in areas we operate or interact with, including efforts to assess and address social as well as environmental impacts of projects. |
| M12 Corporate Governance | Business policies and practices to ensure ethical, transparent and responsible governance, including oversight of corporate conduct, regulatory compliance, and accountability in financial and non-financial matters. |

PCG AT A GLANCE

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

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

FIRST-PRONG

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

Our broad geographical footprint, supported by disciplined Operational Excellence and Commercial Excellence, has established PCG as one of Southeast Asia's prominent integrated chemical producers. Anchored on Growth Delivery Excellence, we continue to strengthen our position in the SC sector, enhancing our portfolio with differentiated, higher-value solutions. This strategic shift enables greater agility, resilience and the capacity to respond to evolving global market demands.

Innovation is integral to our foundational operating model. We prioritise the development of chemical solutions that meet the evolving needs of customers and proactively address emerging industry demands. We are committed to generating value through our products, talent development, connecting with local communities and making meaningful contributions to society as a whole.

Looking ahead, sustainability will remain a central consideration in PCG's strategic decision-making. The Group is committed to striking a balance between EESG priorities with long-term operational resilience, while incorporating advanced technologies and responsible practices to support a just and sustainable transition.

SECOND-PRONG

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

OUR EXPERTISE

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

PCG AT A GLANCE



Our Purpose

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



Our Vision

To be the preferred chemical company providing innovative customer solutions.



Our Shared Values

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



Loyalty

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



Integrity

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



Professionalism

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



Cohesiveness

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

PERFORMANCE HIGHLIGHTS

Market Capitalisation

As at 31 December 2025

RM29,040 million

Production Capacity

10.8 million TPA

Total Assets Base

RM57,690 million

Constituent of FTSE4Good Bursa Malaysia Index for **12 consecutive years**

PCG AT A GLANCE

BUSINESS ACHIEVEMENTS

FIRST-PRONG

Sustained Plant Utilisation

Achieved Plant Utilisation (PU) rate of 86.9% for Olefins & Derivatives (O&D) and 89.0% for Fertilisers & Methanol (F&M), demonstrating our sustained operational reliability despite setback from unplanned shutdown.

Established New Strategic Sourcing

Collaborations with regional producers for the supply of urea, ammonia, NPK fertiliser, polymer coated urea, methanol, benzene, butadiene & propylene.

Increased Sales Volume

We recorded an increase in total sales volume of 4%, reaching 10,779 KMT.

SECOND-PRONG

Perstorp Amsterdam: First Commercial Delivery Completed

In 2025, PCG upgraded the Perstorp Amsterdam B.V. ester plant, expanding its synthetic ester capabilities to support thermal management and other advanced applications. The plant marked its first commercial delivery in July 2025 and have since shipped 33 tonnes of specialty esters to customers.

Expanded Specialty Product Offering

Introduced 30 new SC products.

Strengthened Global Presence

Inaugurated the PETRONAS Application Technology Centre in Shanghai, China.

SUSTAINABILITY-RELATED INITIATIVES

Sites Achieved Zero Scope 1 and 2 Emissions

Following the transition to renewable energy, the Echt site in the Netherlands achieved net zero emissions across Scope 1 and 2 in 2025, while the Waspik site, also in the Netherlands, continued to maintain zero emissions for the same scopes.

OUR FOUNDATIONS SHAPING VALUE CREATION

Our Portfolios

Commodities

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

Specialty Chemicals

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

Key Product Segments

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

Key End Applications

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

Headline Key Performance Indicators

- Production Volume
- Sales Volume
- Plant Utilisation

OUR KEY DIFFERENTIATORS

ENVIRONMENTAL

Commitment to Low-Carbon and Sustainable Operations

- PCG is committed to reducing its environmental footprint through targeted decarbonisation initiatives, energy efficiency enhancements and the integration of cleaner technologies across operations
- Our long-term ambition to achieve NZCE by 2050 guides investment decisions and operational improvements

Circularity and Responsible Resource Use

- We continue to advance circular solutions, waste reduction programmes and sustainable feedstock initiatives
- Efficient water, energy and raw material management supports responsible use of natural resources and reduces our impact on ecosystems

Environmental Stewardship and Compliance

- PCG upholds rigorous environmental governance standards, ensuring compliance with global best practices and regulatory requirements
- Our proactive environmental monitoring, risk mitigation and biodiversity considerations demonstrate our commitment to responsible and sustainable growth

SOCIAL

Strong Safety Culture and Workforce Well-being

- Safety is integral to PCG's culture, supported by comprehensive programmes that promote a safe and healthy working environment. We prioritise employee well-being, ensuring our teams operate confidently and sustainably across all sites

Talent Development and Future-Ready Workforce

- Our people strategy focuses on capability building, leadership development and nurturing a diverse, inclusive and empowered workforce
- This is demonstrated through the seven global laboratories, targeted training, digital upskilling and technical competency programmes that support competitiveness and future-readiness

Community Engagement and Creating Positive Impact

- PCG contributes to local communities through education, environmental awareness and skills development for socio-economic growth
- Our outreach focuses on effective engagement and impact that meets stakeholder expectations

ECONOMIC

Global Reach and Market Leadership

- Our global reach and diversified product portfolio enable us to meet evolving customer needs across key industries and geographies
- Our established market position is supported by long-standing customer relationships that reinforces our role as a trusted industry leader, with some partnerships spanning almost 40 years

Financial Strength and Growth Potential

- Resilient financial performance, delivering RM27.5 billion in revenue and RM1.9 billion in Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) for 2025
- Disciplined asset growth and targeted portfolio expansion, particularly in derivatives and SC
- Continued commitment to sustainable investments, enabling returns while preserving financial capacity for future growth
- A consistent and competitive dividend policy, reflecting a continued focus on long-term shareholder value

Operational Excellence

- Operational excellence remains a core driver of our economic performance
- Our world-class Health, Safety and Environment (HSE) standards underpin safe, reliable and efficient operations across all manufacturing facilities
- High PU in Malaysian operations and disciplined asset management enable us to maximise productivity, enhance cost efficiency and support continuous, high-quality supply to global customers

GOVERNANCE

Strong Corporate Governance Framework

- Continued presence in the FTSE4Good Bursa Malaysia Index highlights ongoing leadership in sustainable practices
- Achieved multiple awards in 2025, including Australasian Reporting Awards (ARA) 2025, ASEAN Corporate Governance Conference & Awards (ASEAN CGCA) 2025 and National Corporate Governance & Sustainability Awards (NACGSA) 2025, further illustrating PCG's dedication to achieving excellence

Ethical Business Conduct and Compliance

- PCG enforces strong corporate governance through transparent, accountable practices and effective oversight
- We ensure ethical conduct with comprehensive policies and controls
- Our strict anti-corruption programmes enforce compliance and enhance stakeholder trust

Risk Management and Strategic Oversight

- PCG's enterprise risk management combines strategic, operational, financial and sustainability risks into a unified framework
- This comprehensive approach strengthens business resilience, promotes long-term value and helps the Group respond quickly to new challenges

OUR PRESENCE/SALES BY MARKET

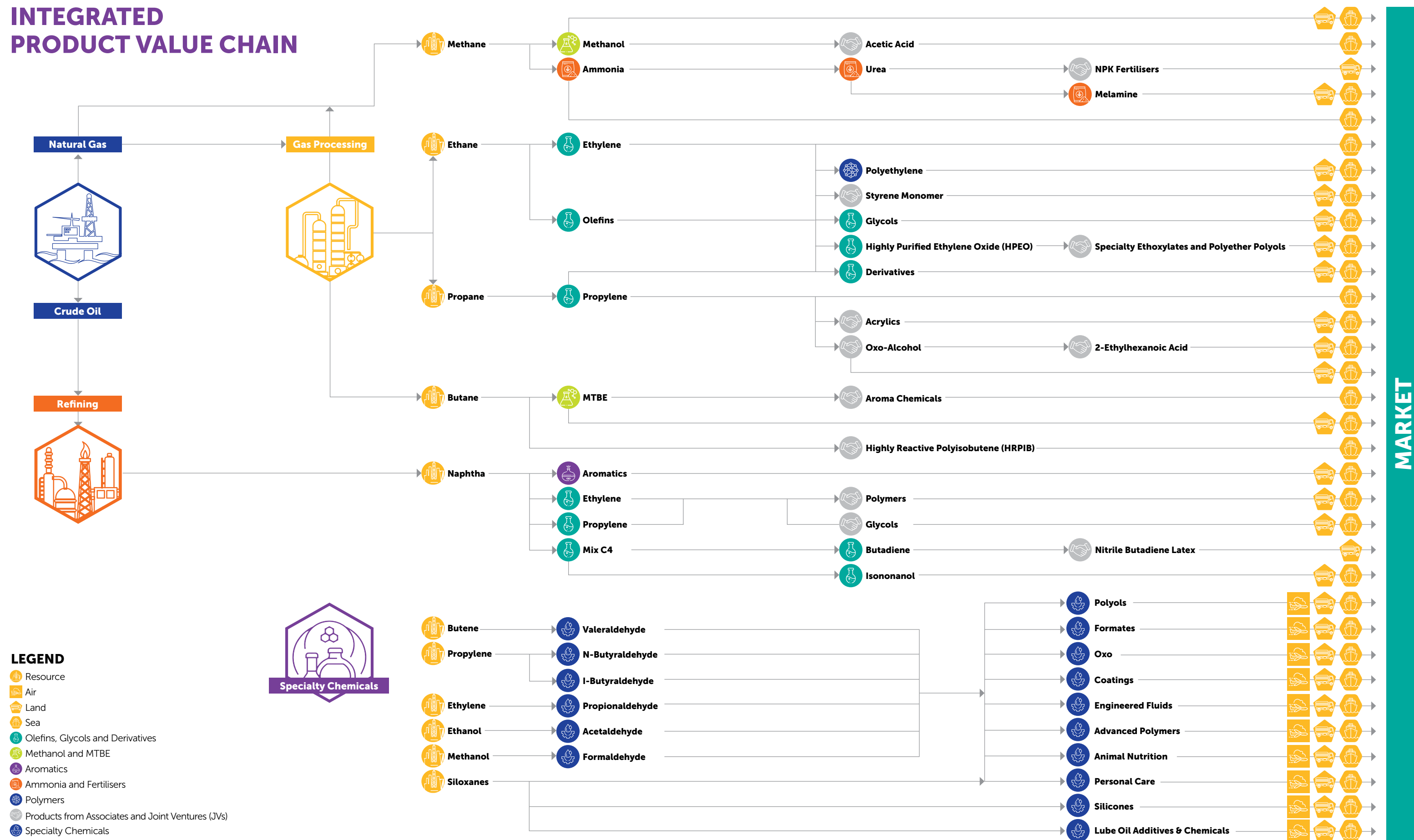
Malaysia
26%

Southeast Asia
31%

Northeast Asia
22%

Rest of the World
23%

INTEGRATED PRODUCT VALUE CHAIN



CHAIRMAN & MD/CEO

Driving Resilience,
Strengthening
Competitiveness
and Advancing
Sustainable Growth

Dear Stakeholders,

In 2025, PCG demonstrated robust operational resilience in a challenging environment, reinforcing its competitiveness and agility while advancing its long-term portfolio transformation towards higher-value segments and sustainable value creation. As anticipated, the year brought significant external pressures that tested our ability to navigate volatility across markets and supply chains.

CHALLENGING OPERATING ENVIRONMENT

The global chemicals industry continued to face intense headwinds, including persistent overcapacity, subdued demand and heightened geopolitical uncertainties. Macroeconomic conditions remained fragile, with uneven Gross Domestic Product (GDP) growth and muted Purchasing Managers' Index (PMI) across key markets, reflecting weak industrial activities and cautious customer sentiment. Ongoing trade and tariff uncertainties further disrupted global trade flows, while imbalances in supply and demand, particularly within the Commodities portfolio, exerted sustained pressure on pricing and margins. PCG also continued to be exposed to foreign exchange volatility, which influenced earnings throughout the year.

OPERATIONAL DISRUPTIONS AND FINANCIAL PERFORMANCE

Operationally, the Group navigated a complex mix of external and internal challenges that required operational realignment to sustain plant performance and delivery. Externally, unforeseen disruptions such as the utilities interruption at the Kertih Integrated Petrochemical Complex (KIPC) in January 2025 and feedstock interruptions linked to the Putra Heights incident in April 2025 placed additional pressures on production stability and supply reliability. Despite these challenges, PCG sustained high plant utilisation and reliability, reflecting the resilience of its operations and its ability to maximise value across the integrated portfolio through enterprise optimisation efforts. Internally, we undertook an intensive schedule of planned maintenance and turnaround activities across several facilities, requiring tight coordination of resources and timelines. Following a comprehensive full-year operational and risk review, PCG decided to defer the KIPC turnaround to Q2 2026. This decision prioritises effective turnaround management and reduces operational risks, while enabling more thorough planning and readiness to ensure the safety of our employees and contractors, supporting long-term asset reliability and value preservation.

DATUK SAZALI HAMZAH
Chairman



MAZUIN ISMAIL
Managing Director/Chief Executive Officer

CHAIRMAN & MD/CEO

In the Asia Pacific region, a surge in new capacity intensified competition, particularly within the Commodities portfolio, while demand recovery across key end-use sectors such as construction, automotive and consumer goods remained uneven. Elevated logistics costs and interest rate further weighed on operating economics and investment decisions.

These events had a pronounced impact on the Group's financial performance. For the year under review, PCG recorded revenue of RM27.5 billion, while posting a loss of RM2.1 billion. Earnings Before Interest, Taxation, Depreciation and Amortisation (EBITDA) declined from RM3.5 billion to RM1.9 billion, reflecting the combined effects of weaker market pricing, demand softness and higher fixed cost absorption due to plant outages. Notwithstanding these conditions, the Group maintained tight cost controls, prioritised operational reliability and safeguarded liquidity, ensuring the resilience of its balance sheet amid a volatile operating landscape.

In line with this disciplined approach, the Board exercised prudent judgement in balancing near-term financial pressures with long-term shareholder interests. A total dividend of 7 sen per share, amounting to RM560 million, was declared for the year, underscoring the Board's confidence in the Group's financial position and cash flow management. This decision reflects PCG's continued commitment to responsible capital stewardship, financial sustainability and the delivery of consistent shareholder returns, even in a year characterised by exceptional operational and market challenges.

CHAIRMAN & MD/CEO

STRENGTHENING OUR STRATEGIC PILLARS

PCG's strategic direction is anchored by three core pillars, Operational Excellence, Commercial Excellence and Growth Delivery Excellence, which collectively underpin the Group's resilience, competitiveness and ability to deliver sustainable value across market cycles. During the year, PCG refined its portfolio structure to sharpen focus across core and specialty businesses, enabling clearer accountability, more effective capital allocation and stronger execution across operating units. These pillars reflect the organisational discipline required to manage volatility, optimise portfolio performance and execute with consistency, even under challenging operating conditions.

Operational Excellence remains central to PCG's ability to sustain performance amid significant operational and market disruptions.

As part of our ongoing portfolio optimisation, we regularly review asset performance and strategic fit. This ensures the portfolio remains aligned with our long-term value creation objectives and capital discipline, particularly in a challenging market environment.

Through disciplined execution and proactive operational planning, the Group achieved an overall plant utilisation rate of 88%, reflecting strong asset reliability and coordination across operating plants despite elevated shutdown levels during the year, including a commercial shutdown at PETRONAS Chemicals Aromatics (PC Aromatics) to minimise losses amid weak margins, and the permanent shutdown of a satellite site in Nol, Sweden, as part of portfolio optimisation. In parallel, the Group strengthened its focus on value creation and cost optimisation initiatives across the business, delivering an improvement of over RM570 million in EBITDA for the year.

Targeted measures were implemented to minimise production gaps, including maximising output across identified operating units and optimising maintenance schedules. These initiatives generated approximately 625 kilometric tonnes (KMT) of production, helping to offset losses arising from external disruptions.

Commercial Excellence enhances PCG's competitiveness by strengthening market intelligence, strategic sourcing and portfolio optimisation in a challenging pricing environment.

These capabilities enabled the Group to respond decisively to shifting regional demand dynamics and supported a 4% increase in total sales volume, despite subdued market conditions.

Product reallocation strategies were executed to optimise netbacks and protect margins. Aromatics volumes were redirected to higher-value Northeast Asian markets, improving realised pricing compared to deliveries into Southeast Asia. In addition, urea volumes were tactically shifted to India, Japan and Chile to mitigate delays in the Southeast Asian planting season.

Growth Delivery Excellence guides the disciplined execution of PCG's portfolio development initiatives, ensuring strategic investments and capability expansions are delivered with clarity, rigour and a focus on long-term value creation.

Following the acquisition of OQ Chemicals Nederland B.V., now operating as Perstorp Amsterdam B.V., PCG upgraded the ester plant to strengthen its capabilities in synthetic esters. These products support thermal management and other advanced applications, reinforcing the Engineered Fluids segment as a key growth platform within our Specialty Chemicals (SC) portfolio. The plant was successfully transitioned to operations and achieved early commercial traction with its first customer delivery. This milestone expands PCG's presence in higher-value specialties and strengthens portfolio diversification through disciplined project delivery and targeted growth initiatives.



For further details, please refer to the Strategic Pillars section on pages 32 to 37.

KEY PORTFOLIOS

Commodities

The Commodities portfolio remains the backbone of PCG's integrated value chain, anchoring our competitiveness through scale, reliability and market reach. In 2025, the portfolio continued to demonstrate resilience despite industry-wide margin pressures and supply-demand imbalances, especially in the Olefins & Derivatives (O&D) segment. Strengthened operating discipline across our assets helped stabilise production amid external disruptions and feedstock variability, ensuring consistent supply to customers across the region. In response to prolonged margin compression, PCG implemented enterprise-wide optimisation initiatives to maximise value across the integrated portfolio, including temporary commercial shutdowns or production slowdowns at selected facilities.

Commercial agility supported performance by leveraging market intelligence and customer engagement to optimise product placement into higher-value markets. Strategic sourcing delivered additional margin capture for Commodities, while tactical reallocation of methanol to Northeast Asia and targeted optimisation across urea and polymers helped improve overall netbacks.

These achievements reflect PCG's focused execution, disciplined operation and agility in responding to evolving market conditions, strengthening our resilience as industry challenges intensify.



For further details, please refer to the Commodities section on pages 51 to 57.

Specialty Chemicals

The SC portfolio strengthens PCG's reach through higher-value, customer-focused solutions which enhances margin resilience and reduces exposure to commodity cycles. The integration of Perstorp and BRB enabled the Group to streamline operations into three focused business units, Specialties, Intermediates and Silicones, with the Specialties business encompassing focused segments including Coatings, Personal Care, Engineered Fluids and Advanced Polymer solutions. This structure improves customer access, sharpens resource allocation and enables more effective execution across targeted end markets.

In 2025, the business portfolio navigated economic uncertainty and soft demand through disciplined operational and commercial execution. In response, efficiency measures through procurement initiatives, process improvements and internal restructuring were undertaken based on a holistic business portfolio review, collectively enhancing cost competitiveness. SC capabilities were further strengthened through capacity additions at the Amsterdam site and a series of product launches, including Viscotech® Upcycled that leverages re-refined base oils to significantly reduce lifecycle carbon footprint, and the Emfinity® Esters, a new range of plant-based, biodegradable emollients for personal care applications. While several offerings remain in the market validation phase, continued technical engagement with customers is supporting qualification progress and future commercialisation opportunities.

Commercially, sales effectiveness was enhanced through the rollout of unified customer relationship management (CRM) systems and expanded digital engagement, improving portfolio visibility and customer responsiveness.

Innovation and sustainability continue to support differentiation across the SC portfolio. The establishment of the PETRONAS Application Technology Centre in Shanghai, China, in April 2025 strengthens collaboration and product validation in Asia, supporting faster response to customer requirements in a key growth market. In parallel, the initial phase of an advanced technology pilot programme in artificial intelligence (AI)

and machine learning is being deployed to enhance development and operational efficiency. Sustainable product development efforts, including low-Volatile Organic Compounds (VOC) waterborne systems and bio-based alternatives, address evolving customer requirements, while progress at sites such as Waspik and Echt in the Netherlands, supports longer-term operational decarbonisation objectives.

Through disciplined execution, targeted investment and customer-centric delivery, this portfolio continues to build scalable capabilities that support a more balanced and resilient business profile beyond commodity market cycles.



For further details, please refer to the Specialty Chemicals section on pages 58 to 65.

EMBEDDING SUSTAINABILITY INTO BUSINESS EXECUTION

Sustainability remains integral to PCG's long-term competitiveness and value creation. Our approach balances ambition with practicality, acknowledging the different levels of ecosystem maturity and commercial realities across markets.

During the year, we continued improving energy efficiency, optimising processes, and reducing flaring across our operations. We expanded our renewable energy use through bundled Renewable Energy Certificates (RECs), while continuing advanced technical studies in other decarbonisation pathways. These disciplined efforts enable us to focus on high-impact opportunities that match our asset readiness and deliver sound economic value.

We also assessed circularity pathways, prioritising scalable and commercially-viable solutions that minimise waste, optimise feedstock usage, and support customers to achieve their sustainability commitments. Our Board, through the Sustainability and Risk Committee, maintains oversight to ensure all initiatives are driven by strong governance and remain aligned with our decarbonisation ambition and PETRONAS Commitment to Net Zero Carbon Emissions by 2050.



For further details on PCG's sustainability efforts, please refer to the PCG Sustainability Report 2025.

STRENGTHENING OVERSIGHT, INTEGRITY AND RISK MANAGEMENT

We strengthened our governance structures, ensuring enhanced oversight, accountability and transparency throughout our organisation. We also established the Specialty Chemicals Advisory Panel comprising several industry experts, to deepen strategic insights driving the growth of our SC portfolio.

We reinforced integrity and risk management systems through strengthened controls, enhanced whistleblowing mechanisms and robust supply chain governance. Across our procurement, logistics and commercial functions, improved visibility of potential disruptions and disciplined execution helped safeguard operational continuity and support long-term business resilience.

These enhancements reflect our continued commitment to upholding strong governance principles and high standards of performance across PCG. We are laying the foundations to ensure we remain a trusted partner for all our stakeholders.

LOOKING AHEAD

The operating environment is expected to remain challenging in the near to medium term, as the global chemicals industry continues to face persistent oversupply, moderated demand growth and sustained margin compression. Heightened geopolitical uncertainties are likely to persist, contributing to slower industrial activity and cautious consumption patterns.



Inauguration of the PETRONAS Application Technology Centre in Shanghai, China

At the same time, sustainability requirements are tightening across regulatory, investor and customer dimensions, while customer needs continue to shift toward specialised, higher-performance and lower-carbon solutions. PCG will also continue to enhance its portfolio with a focus on asset optimisation, cost competitiveness and operational efficiency. Our core business will remain a priority, underpinned by safe and reliable operations, disciplined capital allocation, and sustained operational efficiency to protect margins and cash flow through the cycle.

Growth will be anchored in the expansion of SC and differentiated downstream derivatives, supported by selective investments in innovation, capability development and strategic partnerships. Innovation-led growth will be accelerated through deeper customer collaboration and co-creation of customised, more sustainable solutions, enabled by strengthened infrastructure, including a new technology and innovation centre in Bangi, Malaysia, expected to be completed in 2026, alongside the PETRONAS Application Technology Centre in Shanghai, China, and the Ittervoort hub in the Netherlands. In parallel, selective investments in circular economy and bio-based solutions will position the Group to capture opportunities in the emerging low-carbon economy, reinforcing a more diversified and resilient portfolio over time.

APPRECIATION

We wish to extend our heartfelt appreciation to all our shareholders, customers, partners and employees for your unwavering trust and support. Your commitment and collaboration have played a vital role in strengthening PCG's resilience and advancing our strategic priorities throughout this transformative period for the industry.

We would also like to express our sincere gratitude to the Board of Directors for their invaluable guidance, counsel and support. Our deepest thanks to Datin Seri Sunita Mei-Lin Rajakumar and Warren William Wilder; their significant contributions have left a meaningful legacy within PCG. At the same time, we are pleased to welcome Luciano Tarcisio Poli to the Board and look forward to gaining his insights, expertise and leadership as we continue to pursue the Group's growth and long-term success.

Together, we remain committed to building a stronger, more sustainable and future-ready PCG, dedicated to delivering long-term value for all stakeholders.

DATUK SAZALI HAMZAH

Chairman

MAZUIN ISMAIL

Managing Director/Chief Executive Officer

STRATEGIC REVIEW BY MD/CEO

2025 tested the resilience and adaptability of the global chemicals industry, as volatile market conditions, geopolitical uncertainties and sustained margin pressures underscored the need for agility, disciplined execution and strategic foresight. Against this backdrop, PCG remained focused on creating sustainable value for stakeholders while strengthening the foundations for long-term growth.

The operating environment was shaped by persistent oversupply across key chemical chains, shifting trade flows and evolving customer expectations. These conditions reinforced the need to sharpen PCG's competitive positioning and organisational clarity. In response, we intensified our focus on operational and commercial excellence, disciplined cost management and portfolio optimisation, while continuing to build capabilities in higher-value segments to support more resilient earnings.

During the year, PCG undertook a strategic restructuring to better align the organisation with its long-term objectives and a structurally shifting industry. Effective November 2025, the business was reorganised into two portfolios, Commodities and SC, to improve efficiency, clarify accountability and enhance decision-

making. This structure strengthens the performance and market leadership of the Commodities portfolio, while accelerating the expansion of SC to capture new growth opportunities and enhance overall business resilience.

These strategic actions were guided by PCG's ongoing assessment of its Material Matters and principal risks, which inform how the organisation prioritises resources and manages uncertainty. Safety & Health, Business Strategy & Financial Resilience, Climate Change, Corporate Governance and Nature & Environment remain integral to our risk management practice and are embedded into strategic planning and decision-making, ensuring alignment with long-term sustainability, stakeholder expectations and an evolving operating environment.

This section provides an integrated view of:



OPERATING ENVIRONMENT & OUTLOOK

In 2025, the industry continued to face commodity oversupply, margin pressures and rising sustainability expectations. Conditions were mixed across Asia Pacific (APAC) and remained challenging in the Americas and Europe. In parallel, opportunities are building in SC and low-carbon solutions as demand shifts toward more sustainable products.



MATERIAL MATTERS

Our strategy is anchored on key material matters including Safety & Health, Business Strategy & Financial Resilience, Climate Change, Corporate Governance and Nature & Environment, which guide investment priorities, risk management and growth decisions to support long-term resilience.



RISKS OVERVIEW

Market volatility, regulatory changes, technology disruption and talent dynamics remain as key risks. We mitigate these through strong governance, robust scenario planning and embedding risk considerations into strategic decisions.



STRATEGIC REVIEW

We execute a two-pronged strategy to strengthen our core business and accelerate SC growth, underpinned by Operational, Commercial and Growth Delivery Excellence. Looking ahead, we will continue to deepen customer partnerships, deliver innovative solutions and generate sustainable shareholder returns while strengthening PCG's resilience.

STRATEGIC REVIEW BY MD/CEO



OPERATING ENVIRONMENT AND OUTLOOK

Macroeconomic trends and broader market forces, including shifts in economic cycles, geopolitical developments, as well as evolving customer and consumer preferences, continue to shape PCG's business landscape.

These developments influence what becomes material to PCG and our stakeholders, guiding how we prioritise the issues that matter most and strengthening our approach to identifying and managing risks amid changing market dynamics. In light of this, PCG continued to stay guided by our two-pronged strategy, continuously strengthening our operational and commercial excellence in our core business while accelerating growth in the SC portfolio, aligned with stakeholder expectations and long-term value creation.

Trends Shaping Our Industry

Operating in a challenging landscape, PCG continues to prioritise cost discipline, supply chain resilience and portfolio optimisation to sustain performance amid subdued demand and volatile market conditions. Persistent capacity oversupply, coupled with moderated demand growth, continues to exert pressure on margins and is expected to keep the operating landscape challenging in the near to medium term. While market conditions remain uncertain, PCG remains focused on strengthening its competitive positioning and operational resilience to navigate ongoing headwinds and respond effectively as industry fundamentals evolve.

Internally, PCG continues to respond to these conditions by strengthening operational efficiency, disciplined resource management and workforce capabilities, recognising their direct influence on performance alongside external dynamics.

MACROECONOMIC UNCERTAINTIES

PCG'S STRATEGIC THRUSTS



IMPACT ON VALUE CREATION

- The combination of different factors such as higher feedstock costs, lower chemical prices and elevated energy costs has significantly impacted profit margins
- Customers face price sensitivities where inflationary pressures and economic downturns are eroding consumer purchasing power. Global trade patterns, feedstock supply and capacity growth are reshaping supply, demand and pricing dynamics
- Deglobalisation has a negative impact on nations striving for energy and supply security

PCG'S RESPONSES

- Optimised production and prioritised higher-netback products while maintaining market presence
- Ensured stable and reliable Commodities production supported by improved logistics efficiency, netback optimisation and maintenance alignment with market conditions
- Sustained growth through customer-centric innovation in SC and co-creation of solutions across our focus segments, Coatings, Engineered Fluids, Personal Care and Advanced Polymer solutions
- Reinforced cost optimisation, prudent cash management and operational excellence to preserve margins and strengthen resilience

OUTLOOK

- Global GDP growth moderated to about 3.0–3.2% in 2025, down from 3.3% in 2024, as restrictive financial conditions, trade barriers and geopolitical tensions weighed on growth and investor confidence. Growth in 2026 is expected to remain modest amid ongoing macroeconomic and geopolitical uncertainties
- Inflationary pressures are expected to remain uneven across regions, driven primarily by tariff-related cost impacts, commodity price volatility and energy market fluctuations, contributing to cost pressures across the chemicals value chain
- Geopolitical developments driving shifts in supply chains and trade flows will continue to exert significant influence

STRATEGIC REVIEW BY MD/CEO

HEIGHTENED SUSTAINABILITY EXPECTATIONS

PCG'S STRATEGIC THRUSTS

OE

CE

GE

IMPACT ON VALUE CREATION

- Growing expectations for transparency and accountability in environmental performance are prompting stakeholders to push companies toward decarbonising operations, adopting renewable feedstocks and advancing circular economy initiatives. This transition is reshaping business models, reinforcing the licence to operate and creating new opportunities for differentiation and collaboration across markets
- Consumer preferences have evolved over time, with sustainability increasingly shaping purchasing decisions, influencing product demand and development toward more responsible and conscious consumption

PCG'S RESPONSES

- Advanced our sustainability agenda across operations and growth by improving energy efficiency, optimising feedstock and progressing our decarbonisation roadmap through low-carbon investments, strengthening competitiveness, resilience, and alignment with customer and regulatory expectations
- Embedded sustainability across our three strategic thrusts, strengthening Operational Excellence through efficiency and digital optimisation, advancing Commercial Excellence through sustainable product expansion and Environment, Economic, Social and Governance (EESG)-led customer engagements, and delivering Growth Delivery Excellence through strategic investments and partnerships in low-carbon, bio-based and enabling technologies
- Expanded our SC portfolio through greater use of bio-based, recycled and CO₂-based raw materials, growing low-carbon offerings across personal care, coatings, advanced polymers and engineered fluids to support circularity and customer goals

OUTLOOK

As sustainability increasingly shapes competitiveness in the chemicals industry, stakeholders are prioritising environmentally responsible practices, accelerating the shift toward sustainable feedstocks, low-carbon solutions and circular economy models. Rising regulatory expectations and demand for traceable, low-emission products are reshaping supply chains, capital allocation and industry partnerships.

TECHNOLOGICAL ADVANCEMENTS

PCG'S STRATEGIC THRUSTS

OE

IMPACT ON VALUE CREATION

- Digitalisation, automation and innovation are transforming industries by enhancing operational efficiency, accelerating product development and driving the need for workforce upskilling to keep pace with technological advancements
- Technological progress such as the development of data centres fuels new product development opportunities

PCG'S RESPONSES

- Advanced the first phase of Artificial Intelligence/Machine Learning (AI/ML) pilot programme using machine learning platforms to expedite the development of coating solution formulations
- Continuous improvement of Synmerse™ DC, a synthetic immersion cooling fluid designed to keep computer systems from overheating, to support the growing demand for data centres
- Continued to embrace digitalisation initiatives that integrate systems across operations and businesses

OUTLOOK

The rapid adoption of digital technologies and AI is reshaping business competitiveness, driving growth in data centres and increasing demand for energy-efficient, sustainable cooling solutions. At the same time, the accelerating shift towards green mobility, particularly electric vehicles and low-carbon transportation systems, is transforming material demand and creating new opportunities for advanced, more sustainable chemical solutions.

STRATEGIC REVIEW BY MD/CEO

Our Global Operating Environment

REGION: ASIA PACIFIC	
OVERVIEW	OUR APPROACH
- APAC delivered mixed results in 2025 amid uneven end-market recovery, with gradual improvement in construction and steady transportation demand in China and India, while China's consumer goods demand remained soft, particularly in personal and homecare - China's "anti-involution" policy to curb excess capacity and disorderly pricing continued to reshape competitive dynamics across chemical value chains - Malaysia's Chemical Industry Roadmap 2030 outlines longer-term growth ambitions, targeting an increase in the sector's gross value add contribution from 3.4% to 4.5% and adding around RM40 billion in economic value by 2030	Commodities - Expanded our regional market by establishing PC Marketing (Vietnam) Company Limited to maximise local distribution and domestic growth Specialty Chemicals - Expanded our Silicones applications in India's construction sector and strengthened application development capabilities - Grew our APAC SC portfolio with targeted solutions, including polyurethane dispersion (PUD) dispersants for water-based resins and cooling fluids for data centre applications

REGION: AMERICAS	
OVERVIEW	OUR APPROACH
- Economic conditions in the Americas remained challenging in 2025, with elevated interest rates, tariffs and cost inflation constraining construction activity and pressuring automotive and transportation sectors - Despite these headwinds, consumer markets showed relative resilience, particularly in household and personal care products. In addition, seasonal demand patterns, especially in agricultural and fertiliser-related applications, continued to create periodic opportunities across selected markets	Commodities - Expanded our Americas footprint through urea exports to selected markets including Chile, Guatemala, Mexico and Peru, supporting regional agricultural demand Specialty Chemicals - Accelerated growth in high-value applications by leveraging our diversified SC portfolio and innovation, supported by strategic customer partnerships to strengthen distribution and market reach

REGION: EMEA (EUROPE, THE MIDDLE EAST AND AFRICA)	
OVERVIEW	OUR APPROACH
- Europe end markets adjusted in 2025, with construction stabilising at lower levels while transportation and automotive remained cautious. Consumer goods growth moderated, and seasonal maintenance cycles continued to influence near-term demand - Expansion in the Middle East continued despite oversupply, as Saudi Arabia and the United Arab Emirates advanced major projects and acquisitions while Qatar progressed investments to leverage low-cost feedstocks. This created periodic demand opportunities linked to project and infrastructure cycles - Petrochemical products in Africa remained important in addressing energy challenges, supporting industrialisation and urbanisation, and improving agricultural efficiency, with seasonal agricultural demand providing additional pockets of opportunity	Commodities - Expanded our regional footprint by increasing market access in Türkiye and Egypt, strengthening PCG's export reach Specialty Chemicals - Strengthened our European market position through strategic partnerships and optimised product and pricing strategies to sustain market share - Continued to drive growth in our silicones business in the Middle East, particularly in High Voltage Insulator Coatings, supported by sustained infrastructure development

STRATEGIC REVIEW BY MD/CEO

STRATEGIC REVIEW BY MD/CEO

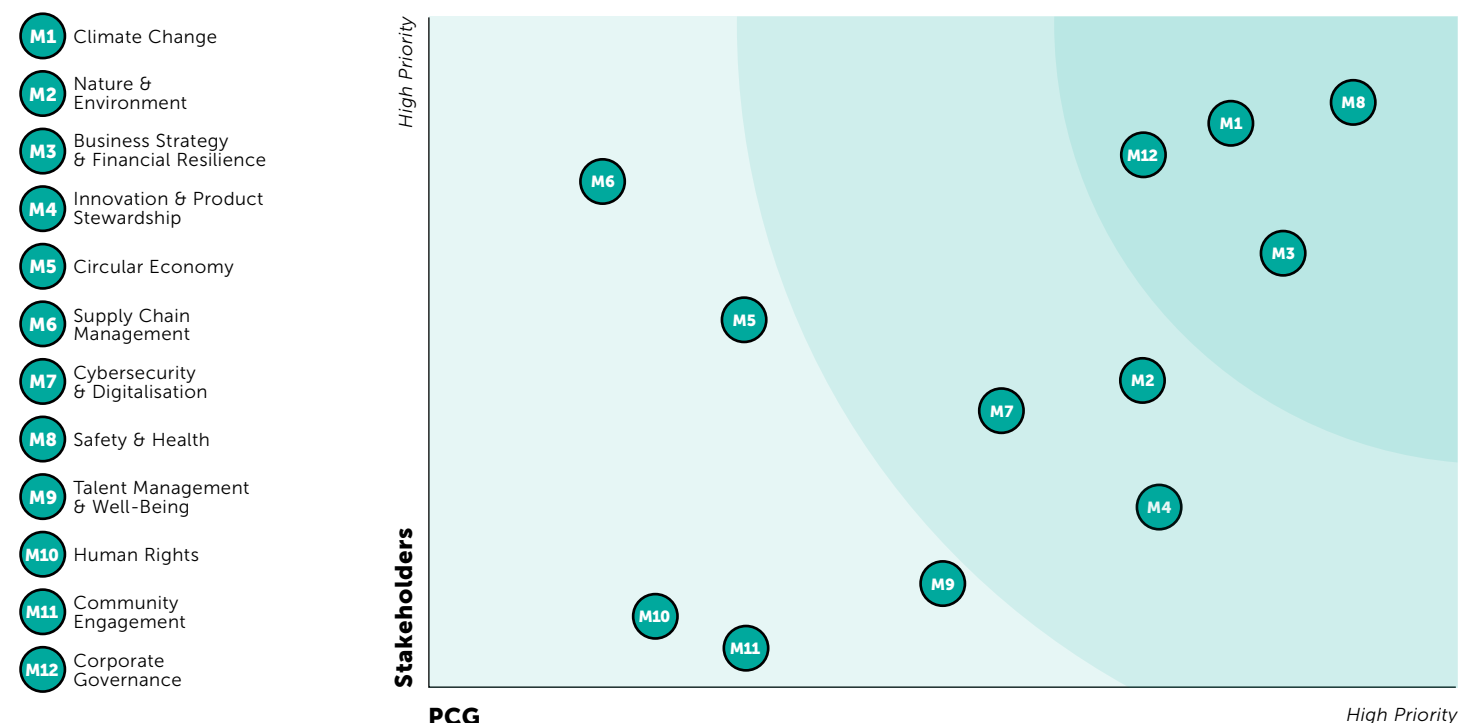
MATERIAL MATTERS

PCG's materiality assessment is embedded in governance and management oversight, aligning business strategy, risk management and long-term value creation.

PCG supports this process with structured analysis of regulatory developments, industry trends, peer practices and stakeholder sentiment to identify emerging risks, opportunities and evolving EESG expectations. Stakeholder insights from ongoing engagement with customers, suppliers, employees, investors and regulators are combined with internal perspectives to guide strategic priorities. PCG also applies a structured, four-phase materiality process to strengthen performance management and ensure consistent, transparent disclosure in this IR.



In 2025, we refreshed our materiality exercise to ensure continued alignment with evolving business priorities, regulatory developments and stakeholder expectations. The results of the materiality assessment are as follows:



The shifts in topic prioritisation reflect evolving regulatory expectations, increased stakeholder focus on governance and digital resilience, and practical considerations in scaling sustainability initiatives, demonstrating PCG's responsive materiality assessment.



For further details on material matter movements, underlying rationale, assessment methodology and topic-specific considerations, please refer to pages 11 to 18 of the PCG Sustainability Report 2025.

MATERIAL TOPICS SUMMARY

PCG's top five material matters reflect the issues most critical to stakeholder trust, operational resilience and long-term value creation.

Safety & Health remains PCG's foremost priority, underpinning our licence to operate and commitment to protecting employees, contractors and communities. A strong safety culture supports reliable operations, workforce productivity and disciplined risk management. Business Strategy & Financial Resilience ensures the Group remains agile amid market volatility and margin pressures, sustaining long-term value through prudent capital allocation, cost discipline and portfolio optimisation. Climate Change continues to shape expectations from customers, investors and regulators as the industry faces growing pressure to reduce emissions and transition towards a lower-carbon economy. PCG's focus on energy efficiency and lower-impact solutions strengthens compliance and competitiveness while supporting innovation in specialty and advanced materials. Corporate Governance reinforces transparency, ethical conduct and effective oversight, while Nature & Environment remains integral to responsible operations through resource efficiency, waste management and environmental stewardship that enhance resilience and long-term business value.

Together with disciplined financial management and strategic portfolio optimisation, these material matters guide how PCG navigates market cycles, allocates capital and pursues growth opportunities, strengthening resilience and positioning the business to deliver sustainable, long-term value.



For further details on PCG's material matters, including the materiality assessment process, policies, management approach and detailed disclosures, please refer to pages 11 to 18 of the PCG Sustainability Report 2025.

STRATEGIC REVIEW BY MD/CEO



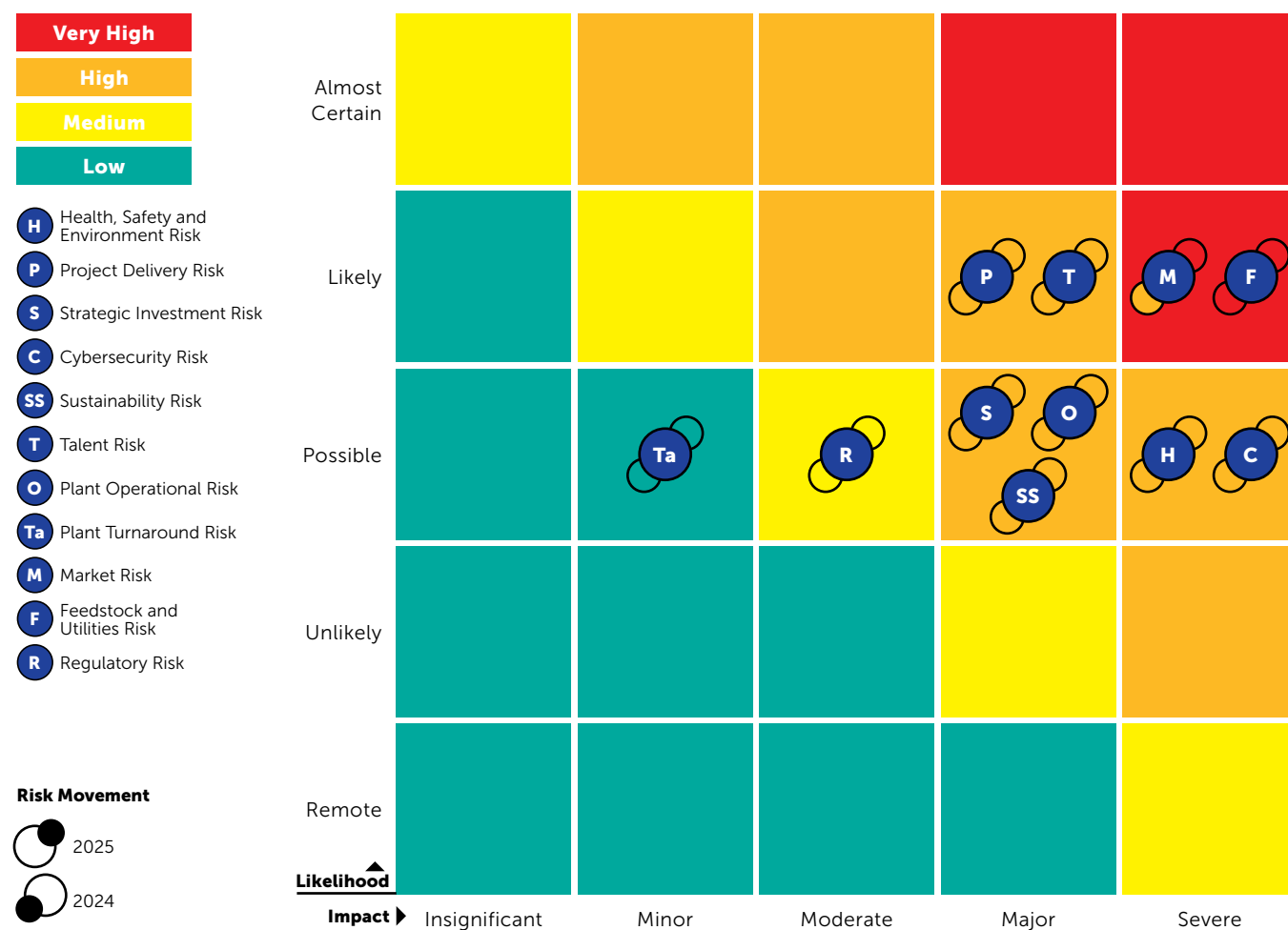
RISKS OVERVIEW

2025 marked a pivotal period for PCG, as the Group navigated significant challenges such as global overcapacity, policy uncertainty amplifying geopolitical volatility, and tightening sustainability-related regulations.

At PCG, we maintain full transparency in disclosing these risks while proactively shaping them into avenues for sustainable growth. Material matters in our reporting are closely linked to our 11 principal risks, highlighting where business strategies intersect with potential impacts. Through robust governance reviews, we align and prioritise these risks based on the impact they have on stakeholders, enabling proactive mitigation and value protection.

Principal Risks 2025

In 2025, PCG continued to enhance our management of all 11 principal risks by strengthening mitigation efforts and updating Key Risk Indicators (KRIs). Sustainability remains a key risk within our Corporate Risk Profile, encompassing Climate Change, Nature & Environment, Circular Economy and Human Rights. Relevant indicators, including greenhouse gas (GHG) emissions and targets, are monitored quarterly and reported to management and the Board. Additionally, sustainability and climate risks are integrated into oversight and reporting in accordance with IFRS S1 and S2.



STRATEGIC REVIEW BY MD/CEO

Strategic Risk

S STRATEGIC INVESTMENT RISK

Description

Growth initiatives and new business undertakings can potentially result in low returns and missed market opportunities. These risks are increasingly significant as we continue to expand our value chain into SC.

Risk Movement: MAINTAIN

Risk Movement: The risk remains high given its potential impact on PCG's growth and long-term viability. Our mitigation measures are designed to address a dynamic operating environment and support the successful execution of strategic investments aligned with our long-term objectives.

IMPACT TO PCG

- Lowered financial capital and shareholder returns
- Unable to meet planned margins can result in loss of business opportunities and customers
- Inability to achieve growth in SC

Key Mitigation Strategies

- Drive sustainable growth for PCG by ensuring a robust, high-quality project funnel
- Deliver on SC promise through strategic risk insights and proactive commercial support, for example:
 - i. Robust project contracting and sourcing strategy evaluation
 - ii. Gap closure for capability via specific development programme
 - iii. Accelerate Route-to-Market (RTM) through strategic regional partnerships and interim development partners
- Deliver end-to-end project execution excellence addressing capability, culture and compliance matters

OPPORTUNITY

- Strengthen long-term competitive advantage by expanding Commodities and SC businesses through market growth, product diversification, strategic acquisitions, technology investment and innovation

Strategic Thrusts:

OE CE GE

Material Matters

M1 M2 M3 M4 M5 M8

Key Stakeholder Groups: S1 S3 S4 S5

Key Capitals: N H M I SR F

M MARKET RISK

IMPACT TO PCG

Description

Adverse market environments have resulted in narrowing margins, which pose risks to long-term business viability. Persistent oversupply and volatile demand further intensify pressures on profitability and market positioning.

Risk Movement: INCREASE

The petrochemical market continues to face heightened uncertainty driven by a slower-than-expected global economic recovery and escalating geopolitical tensions, which are impacting demand growth and product spreads. These external pressures are expected to persist in the near to medium term. We will maintain disciplined risk management and closely monitor KRIs to enable timely intervention.

- Lowered profitability and reduced shareholder returns due to strong competition and high operating cost
- Loss of market share and reduced customer demand
- Possibilities of plant slowdown or shutdown due to high inventory or negative margins
- Business portfolio rationalisation leads to business divestment

Key Mitigation Strategies

- Maximise netbacks by prioritising the right markets through optimised sales strategies, channel management and contract structures
- Increase customer value through innovation, tailored solutions and strong technical support
- Expand our global footprint by strengthening local distribution networks
- Drive cost efficiency by refining cost-to-serve models, scaling co-loading, improving storage capacity and broadening product diversification

OPPORTUNITIES

- Leverage PCG's competitive position to pursue partnerships, acquisitions and diversified product applications
- Enhance agility through a proven ability to navigate uncertain market conditions

Strategic Thrusts:

OE CE GE

Material Matters

M3 M4 M6 M10 Key S

Stakeholder Groups: S2 S3 S4 S5 Key C

capitals: **N H I S R E**

STRATEGIC REVIEW BY MD/CEO

P PROJECT DELIVERY RISK

Description
When managing the delivery of projects, issues can arise from internal and external factors throughout the project lifecycle. These factors can hinder construction, operation, commercialisation and reliability of new plants.

Risk Movement: **MAINTAIN**
Project delivery is critical to achieving PCG's objectives and sustaining operations, supported by robust mitigation measures including adherence to PETRONAS Project Management Standards and targeted actions to address evolving business challenges.

IMPACT TO PCG

- Missed opportunities and slower commercial execution, leading to project delays and unrealised growth
- Reduced shareholder and investor returns due to underperformance and delayed value realisation
- Adverse impact on suppliers through weaker demand visibility, disrupted sourcing plans and strained long-term partnerships due to misaligned management
- Reputational damage due to poor project delivery and failure to deliver expected returns

Key Mitigation Strategies

- Enhance the project delivery ecosystem by optimising end-to-end project execution while ensuring robust contractor performance management and operational readiness
- Implement a rigorous contractor selection process for all awarded contracts
- Build in safeguards for price escalations and adjust sourcing strategies post-award when disruptions arise
- Align risk assessments across project phases and reinforce governance through assurance and audits

OPPORTUNITIES

- Apply lessons from past projects to strengthen delivery excellence amid market volatility and supply disruptions
- Enhance project delivery signposts with clearer schedules and cost triggers to improve monitoring and enable earlier intervention

Strategic Thrusts: **GE** Material Matters: **M3 M6 M7 M8 M9 M11** Key Stakeholder Groups: **S2 S3 S5** Key Capitals: **N H M I SR F**

Operational Risk

F FEEDSTOCK & UTILITIES RISK

Description
PCG's plants rely on stable feedstock and utility supply, and any disruptions or cost increases can compromise operational performance and continuity.

Risk Movement: **MAINTAIN**
Despite no change in its risk rating, this remains a very high risk given PCG's strong dependence on reliable and cost-effective feedstock and utilities, and we continue to prioritise mitigation measures to secure stable supply.

IMPACT TO PCG

- Increased feedstock and utilities cost reduce PCG's profitability
- Unplanned/prolonged shutdown of PCG plants can ensue
- Lower production volumes result in an inability to fulfil contractual obligations
- Reputational decline affecting PCG's value as a public listed company

Key Mitigation Strategies

- Review and optimise feedstock and utilities contracts to strengthen supply reliability and pricing competitiveness
- Improve feedstock and utilities availability through targeted interventions, including closure of Root Cause Failure Analysis action items
- Apply Enterprise Optimisation analysis to support value-based decisions and improve consumption efficiency

OPPORTUNITY

- Strengthening collaborations and partnerships with feedstock and utilities suppliers allows us to address challenges more effectively

Strategic Thrusts: **OE CE** Material Matters: **M3 M4 M6 M10** Key Stakeholder Groups: **S2 S3 S4 S5** Key Capitals: **N H M I SR F**

STRATEGIC REVIEW BY MD/CEO

O PLANT OPERATIONAL RISK

Description
Given the deeply integrated nature of our operations, it is vital to plan and carry out operational and maintenance activities meticulously. Incidents at one or more plants risks widespread disruption throughout the entire value chain.

Risk Movement: **MAINTAIN**
Plant operational risk remains dynamic due to ongoing reliability and operational disruptions. We mitigate this through continuous operational, maintenance and reliability strategies, supported by comprehensive business continuity and recovery plans.

IMPACT TO PCG

- Reduced production volumes can constrain sales, lowering revenue and profitability
- Increased maintenance costs, reducing PCG's profitability
- Inability to meet customers' demands
- Loss of reputation damage and stakeholder trust

Key Mitigation Strategies

- Implement asset operation and equipment reliability programmes such as Plant Reliability Threat and Asset Life Study to address issues and optimise equipment performance reliability
- Conduct regular maintenance and inspection programmes to minimise equipment failure and unplanned shutdowns
- Activate Business Recovery Plan and Business Continuity Plan for cases of prolonged interruption

OPPORTUNITIES

- Enhance value chain performance through value optimisation and digitalisation to deliver operational excellence
- Streamline processes, minimise downtimes, reduce costs and drive innovation through resilience and business continuity

Strategic Thrusts: **OE CE** Material Matters: **M3 M4 M6 M7 M8 M9 M10 M11** Key Stakeholder Groups: **S1 S2 S3 S4 S5 S6** Key Capitals: **N H M I SR F**

Ta PLANT TURNAROUND RISK

Description
Unproductive plant turnarounds (TA) can result in Health, Safety and Environment (HSE), scheduling, cost and quality issues that affect plant operations. This also affects our overall integrated product value chain and customer delivery.

Risk Movement: **MAINTAIN**
Despite operational and strategic shifts, this risk remains low due to robust TA planning, execution and monitoring, supported by strong risk management controls.

IMPACT TO PCG

- Unplanned outages or HSE incidents reducing asset availability and output
- Higher TA costs from stricter safety requirements, expanded scope and inflation
- Failure to meet customer demand, impacting reputation and stakeholder confidence
- HSE incidents resulting in Lost Time Injury (LTI) and process safety impacts

Key Mitigation Strategies

- Optimise TA scope and resourcing through equipment criticality reviews and improved manpower planning
- Strengthen execution and start-up readiness with structured interventions, contingency plans and digital monitoring
- Reduce schedule and compliance risk by tackling material lead times, tightening TA governance and strengthening regulator or contractor engagements
- Reinforce HSE culture and contractor's performance through standardised practices, development programmes and digital surveillance

OPPORTUNITIES

- Strengthen PCG's operational efficiency by implementing optimised turnaround planning and efficient resource allocation, extending asset reliability and preventing unexpected shutdowns
- Enhance turnaround execution through stronger contractor collaboration and workforce capability development will ensure safe, timely and cost-effective completion

Strategic Thrusts: **OE CE** Material Matters: **M1 M2 M3 M4 M5 M8** Key Stakeholder Groups: **S1 S2 S3 S4 S5** Key Capitals: **N H M I SR F**

STRATEGIC REVIEW BY MD/CEO

Reputational Risk

SS SUSTAINABILITY RISK

Description

Intensifying sustainability requirements, regulatory demands and evolving stakeholder expectations present growing challenges for PCG. These pressures can lead to higher operating costs, increased compliance complexity and heightened reputational risk.

Risk Movement: MAINTAIN

The risk remains high due to intensifying regulatory requirements and growing stakeholder expectations for clear sustainability targets and transparent disclosure. PCG is addressing this through targeted initiatives, including GHG reduction projects, physical climate risk assessments across our operations and strengthened governance structures to enhance accountability and support the delivery of our sustainability commitments.

IMPACT TO PCG

- Increased operational costs arising from the development of costly low-carbon technology and increased cost of borrowing
- Physical risks in PCG's operations (such as extreme weather and flooding) can result in the damage of assets, and exposure to litigation, penalties and fines
- Loss of market share from shifting customer preferences and declining investor interest
- Reputational damage and erosion of stakeholder trust

Key Mitigation Strategies

Climate Change

- Advance GHG mitigation initiatives while increasing adoption of renewable energy sources
- Implement Internal Carbon Pricing for growth projects and broaden the low-carbon emissions portfolio
- Conduct physical risk assessments at sites and develop adaptation measures
- Track climate transition trends such as policy shifts, incentives, competitor dynamics and customer preferences for low-carbon solutions while enhancing climate-related disclosures and reporting in alignment with IFRS S2 requirements

Circular Economy

- Evaluate and deploy strategies to transition to a circular portfolio while meeting Extended Producer Responsibility requirements
- Assess cost-efficient recycling technologies that lower expenses and enhance feedstock flexibility
- Evaluate the feasibility of renewable feedstocks for integration into PCG's polymer blend
- Develop innovative circular products like mono-material polymers while tracking policy updates, incentives, competitor actions and customer preferences in plastics advancements

Nature & Environment

- Minimise freshwater usage in water-stressed regions through optimised water management and viable technological interventions
- Improve water and waste stewardship throughout PCG operations
- Uphold adherence to regulatory standards and control mechanisms to safeguard chemical safety and environmental integrity

Human Rights

- Strengthen 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
- Strengthen grievance mechanism management and tracking of human rights indicator performance
- Conduct Social Risk Assessments for all operation sites related to potential human rights impacts on communities, partners and stakeholders resulting from business activities

OPPORTUNITIES

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

Strategic Thrusts: OE CE Material Matters: M1 M2 M3 M4 M5 M8 M10 M11 Key Stakeholder Groups: S1 S2 S3 S4 S5 S6 Key Capitals: N H M I SR F

STRATEGIC REVIEW BY MD/CEO

R REGULATORY RISK

Description

We continue to monitor compliance across five critical legal areas: Sanctions, Competition, Ethics and Integrity, Export Control and Data Privacy. Any breach in these areas can tarnish our reputation and lead to significant financial losses.

Risk Movement: MAINTAIN

We manage this risk effectively through the execution and monitoring of our Legal Compliance Framework and Integrity Management System, as well as consistently ensuring that we adhere to current laws and regulations.

IMPACT TO PCG

- Non-compliance costs arising from penalties, summons and/or imprisonment
- Legal action from stakeholders results in loss of reputation and trust
- Lowered profit and loss of business or market share

Key Mitigation Strategies

- Implement and comply with PETRONAS Legal Compliance Framework
- Strengthen anti-bribery and integrity practices via ISO 37001: 2016 Anti Bribery Management System (ABMS) certification by SIRIM
- Periodic engagements with local authorities, service providers and customers to keep abreast on laws and regulations
- Drive proactive interventions through audit and assurance programmes, including compliance monitoring to uphold legal, regulatory and anti-corruption commitments

OPPORTUNITIES

- Strengthening controls will ensure compliance and promote ethical business practices
- Managing regulatory risks by identifying potential risks and adapting to regulatory changes will result in a more sustainable business environment

Strategic Thrusts: OE CE GE

Material Matters: M1 M2 M3 M4 M6 M7 M8 M10

Key Stakeholder Groups: S1 S4 S5 S6

Key Capitals: N H M I SR F

Compliance Risk

H HEALTH, SAFETY AND ENVIRONMENT RISK

Description

HSE risks can stem from process safety incidents like chemical spills and fires. This may translate to adverse impacts for our people, environment, assets and business reputation.

Risk Movement: MAINTAIN

HSE risks are inherent to the nature of our operations. PCG manages these risks through continuous improvements in governance, processes and operational controls, with a strong focus on preventing major incidents and ensuring full compliance with applicable legal and regulatory requirements.

IMPACT TO PCG

- Asset damage that leads to plant slowdown or shutdown, negatively impacting productivity levels
- Pollution and environmental impacts surrounding operations
- Higher injury and accident recovery costs affecting employees
- Litigation and stop-work orders by regulatory bodies
- Impact on PCG's reputation as a public listed company

Key Mitigation Strategies

- Reinforce the "Strive for ZERO, ZERO is Possible" framework to eliminate major HSE and process safety incidents
- Enforce zero tolerance for safety breaches through consistent behavioural interventions and balanced consequences
- Strengthen targeted learning programmes to improve compliance with procedures, standards and requirements
- Implement focused interventions to strengthen fundamentals and prevent fire and Loss of Primary Containment (LOPC) incidents
- Enhance contractors' HSE management through stronger competency, accountability and performance monitoring

OPPORTUNITY

- Enhanced HSE practices strengthen PCG's operational capabilities, fosters a healthy working culture and ensures compliance while maintaining flexibility in the face of new or changing regulatory requirements

Strategic Thrusts: OE CE

Material Matters: M1 M2 M3 M4 M5 M6 M7 M8 M10 M11

Key Stakeholder Groups: S1 S3 S4 S6 S7

Key Capitals: N H M I SR F



For further details on our mitigation strategies, please refer to the PCG Sustainability Report 2025.



For further details, please refer to the Safety & Health section on pages 46 to 49 of the PCG Sustainability Report 2025.

STRATEGIC REVIEW BY MD/CEO

T TALENT RISK

Description
Inadequacy of skilled talents, ineffective retention measures, and gaps in succession planning for critical roles and niche positions will negatively affect PCG's long-term growth as a company.

Risk Movement: MAINTAIN
Despite ongoing talent challenges, our risk indicators remain stable, including in critical roles supporting both core and new businesses. We will continue to attract, retain and develop talent to support our strategic transition.

IMPACT TO PCG

- Lowered operational efficiency due to reduced productivity, morale and higher turnover
- Loss of critical expertise and capabilities across PCG
- Missed strategic and growth opportunities
- Weaker oversight and decision-making impacting operations

Key Mitigation Strategies

- Strengthen PCG's working culture that supports creativity, innovation and overall employee morale through open communication, autonomy and recognition
- Lead strategic dialogues that actively shape and demonstrate the Employee Value Proposition by delivering visible initiatives that enhance employee engagement and retention
- Build capabilities through targeted training and knowledge-sharing to grow functional and leadership strengths

OPPORTUNITIES

- Strengthen attraction and retention of top talent through continuous promotion of diversity, equity and inclusion, alongside targeted upskilling and reskilling to future-ready the workforce
- Develop future-ready talent with agile and innovative mindsets to drive long-term organisational success

Strategic Thrusts: OE CE GE
 Material Matters: M3 M7 M8 M10
 Key Stakeholder Groups: S1 S2 S3 S4 S5 S6
 Key Capitals: F M I

C CYBERSECURITY RISK

Description
Greater reliance on digitalisation increases the vulnerability of Operational Technology (OT), heightening cybersecurity risk that could disrupt operations and damage reputation.

Risk Movement: MAINTAIN
We are consistently enhancing our Information and Communications Technology management, cyber resilience and information security. Through innovative applications of our controls and defence mechanisms, we adopt the latest technologies and leverage AI-based solutions to stay ahead of emerging threats and innovations.

IMPACT TO PCG

- Breach in stakeholders' information/data can result in damage of reputation and stakeholder trust
- Loss of critical business data can result in disruptions from system shutdowns

Key Mitigation Strategies

- Strengthen cyber resilience through targeted tools (e.g. data leakage protection), continuous programme monitoring, as well as ongoing change management and awareness initiatives
- Conduct Cyber Security Business Risk Assessments on critical systems, revalidate controls, and embed secure-by-design requirements for new Information Technology (IT) and digital solutions
- Fortify cyber defence through enterprise-wide Incident Response Procedures, Security Operations Centre, Vulnerability Management, Data Leakage Prevention, Forward Proxy, and Network Access Control
- Deploy Real-Time OT and OT Asset Management across all PCG facilities

OPPORTUNITIES

- Lead digitalisation initiatives in operational and commercial excellence
- Strengthen cybersecurity governance and compliance to safeguard business operations

Strategic Thrusts: OE CE GE
 Material Matters: M3 M8 M9 M10 M11
 Key Stakeholder Groups: S1 S5 S6 S7
 Key Capitals: F M I



For further details, please refer to the Cybersecurity & Digitalisation section on pages 44 to 45 of the PCG Sustainability Report 2025.

STRATEGIC REVIEW BY MD/CEO

Emerging Risks

PCG proactively identifies emerging risks and develops targeted mitigation strategies to minimise adverse impacts and unlock new growth opportunities. The Board and Management team systematically evaluate and monitor these risks, along with corresponding signposts and mitigation plans. This allows for strategic risk discussions, enabling timely responses, agile decision-making and proactive actions to anticipate and manage emerging risks. At the same time, PCG aligns customer-driven opportunities with its strategic priorities to stay ahead of market changes.

GEOECONOMIC

Fragmented petrochemical trade flows amid rising geoeconomic risks

Ongoing uncertainty in global geopolitics remains a significant challenge to PCG's business sustainability, fuelled by changing trade agreements, rising international tensions and shifting alliances. This results in geoeconomic impacts that alter energy markets and trade dynamics. Within Malaysia, policies affecting the petrochemical industry add further complexity when it comes to shaping demand trends and investment decisions.

Impacts

- Surplus in commodity and intermediate chemicals is compounded by intense competition
- Changes or introductions of new regulations and policies, such as sustainability requirements, may impact businesses
- Feedstock and utilities availability can be affected by supply disruption
- Feedstock price volatility, driven by constrained supply, rising competition and sustainability factors, serves as a push for PCG to secure long-term offtake agreements to mitigate potential cost spikes

Signposts

- Developments from major geopolitical dialogues, including leaders' summits and international peace talks
- Announcements on oil production adjustments by Organisation of the Petroelum Exporting Countries (OPEC)/non-OPEC and related policy developments in the United States of America
- Increased inflows of Chinese products into Southeast Asia (SEA) and Europe, informing delivery planning to key markets and triggering strategic reviews of overseas subsidiaries
- Identification of new products and applications to diversify market presence through differentiated performance and sustainability propositions
- Opportunities to localise production in strategic markets through tolling arrangements or joint ventures for SC

Responses

- Continuously review business strategy and growth plans to capture higher-value opportunities, including market diversification based on best netbacks and optimisation of sales channels (e.g. end-users versus distributors)
- Strengthen understanding of the operating environment to enable earlier identification and management of market risks
- Implement prudent delivery planning to key markets, primarily China and SEA, while closely monitoring China's increasing market presence in SEA and Europe to inform strategic reviews of overseas subsidiaries' operations

Opportunities

- Capitalise on continued investment and manufacturing expansion in SEA, creating growth opportunities for PCG through strategic proximity
- Unlock synergies between PETRONAS Chemicals Marketing (Labuan) Ltd. and SC, including product-swapping arrangements, to expand market share and optimise revenue in selected destinations
- Invest in new technologies and product development to deliver more customised customer solutions

STRATEGIC REVIEW BY MD/CEO

STRATEGIC REVIEW BY MD/CEO

ENVIRONMENTAL

Disorderly low carbon and circular economy transitions

The contrast between our current position and our long-term aspirations is an emerging issue. Decarbonisation challenges stem from the disparity between the speed of transition and stakeholder expectations, encompassing policy frameworks and investment affordability. These challenges are further compounded by constraints within Malaysia's decarbonisation ecosystem, including issues of economic viability and technological readiness.

Impacts

- Negative effect on profitability and viability of new investments due to increased cost of doing business
- Reputational loss and potential litigation due to greenwashing/green-hushing
- Losing market share to competitors that have effectively subscribed to sustainable policies

Signposts

- Policies and regulations introduced by countries and international bodies (e.g. United Nations, International Maritime Organisation)
- Key outcomes and follow-up actions arising from Conference of the Parties discussions
- Decarbonisation initiatives and progress disclosures by major chemical industry players
- Availability of financial incentives and funding appetite from private financial institutions for sustainability and green projects

Responses

- Implement a low-carbon growth strategy with allocation of funding
- Assess market and customer willingness to pay for existing and new products, including through potential Mergers & Acquisitions (M&A) pursuits
- Advocate and collaborate with regulators and key stakeholders to monitor evolving regulations and drive positive change
- Drive internal readiness for the climate transition across processes, governance, data/systems, talent and prowess through awareness programmes
- Communicate sustainability progress clearly and responsibly to mitigate greenwashing risks

Opportunities

- Broader market prospects for sustainability products and strengthened cross-sector innovation e.g., bio-based products
- Potential for deeper stakeholder collaboration, in shaping Malaysia's sustainability roadmap
- Acquisition of strategic assets or stakes in reputable producers of sustainable feedstocks

TECHNOLOGY

Disruptive digital transformation and uneven adoption of emerging sustainable and green technologies, creating new governance, operational and competitive risks.

Technological advancement offers significant opportunities for PCG, but also introduces new risks. The rapid evolution of AI, combined with gaps in global and national regulatory frameworks, increases the potential for unethical use and data governance challenges. At the same time, delaying the adoption of sustainable technologies may erode PCG's competitive edge and relevance in a market that increasingly values innovation and environmental responsibility. Together, these dynamics underscore the need for a balanced and forward-looking strategy that manages risk while enabling growth and long-term sustainability.

Impacts

- Inadequate governance of AI systems may expose PCG to cybersecurity breaches, data misuse and regulatory non-compliance
- Significant investment in green technologies, if poorly selected or executed, may lead to stranded assets or suboptimal returns
- Misuse of AI or failure to deliver credible sustainability outcomes may erode stakeholder trust and weaken PCG's social license to operate
- Lagging adoption of AI-enabled and green technologies may result in higher costs, lower efficiency and reduced market relevance

Signposts

- Insights from credible and authoritative research and market intelligence sources (e.g. Gartner, OPIS Chemical Market Analytics)
- Emergence and adoption of prominent technologies from leading global technology players (e.g. OpenAI, NVIDIA, Google, Perplexity)
- Industry outlooks and commentary from established publications and data providers (e.g. S&P Global, Forbes)
- Developments in government policies, rules and regulations affecting technology adoption and deployment

Responses

- Align with PETRONAS' AI governance, adoption and utilisation directives
- Enhance awareness through learning on digital platform to promote best practices and vigilance in data disclosure
- Monitor green technology progress among peer chemical players to better assess viability, success factors and cost exposure
- Identify opportunities to optimise digital spend and scale AI adoption

Opportunities

- Scale digitalisation and AI-enabled innovation to support product development, predictive maintenance and energy optimisation, enhancing efficiency, supporting circularity and strengthening long-term operational resilience
- Foster strategic partnerships with reputable sustainability-focused suppliers, including renewable energy producers and bio-based feedstock providers, to mitigate risks and accelerate the adoption of innovative, low-carbon technologies

STRATEGIC REVIEW BY MD/CEO



STRATEGIC REVIEW

To navigate a dynamic and competitive industry, PCG's Two-Pronged Strategy underpins the Group's resilience, adaptability and long-term growth. The strategy is designed to sustain strength in basic petrochemicals through disciplined operational and commercial execution, while selectively diversifying into derivatives, SC and innovative solutions to enhance portfolio resilience and future readiness.

This approach extends PCG's value proposition beyond traditional petrochemicals, positioning the Group to capture higher-value opportunities and respond to evolving customer and market needs. Execution is driven through three interrelated strategic thrusts, Operational Excellence, Commercial Excellence and Growth Delivery Excellence, which collectively strengthen plant performance, enhance customer-centric value creation, as well as advance sustainable, value-accretive growth across both Commodities and SC portfolios. These thrusts are further reinforced by PCG's Sustainability Agenda, integrating environmental, economic and social priorities underpinned by strong governance to support disciplined execution and long-term value creation.



OPERATIONAL EXCELLENCE

Our Operational Excellence initiatives aim to build a resilient, safe and sustainable operating foundation, anchored on HSE excellence, asset reliability, digital transformation, efficient TA and disciplined cost efficiency.

PERFORMANCE HIGHLIGHTS

Production Volume 10,821 KMT	Plant Utilisation 88.2%	Improved operational efficiency through streamlined processes and organisational integration	Value creation and cost optimisation initiatives, including procurement and operational efficiency gains of RM574 million
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At PCG, we recognise that safeguarding our people and operations requires proactive and sustained action. Guided by this, we continue to implement structured initiatives aimed at strengthening accountability, enhancing risk awareness, and building a more vigilant safety culture. At the same time, reliable performance remained a key priority, with Plant Utilisation (PU) reaching 88.2% in 2025, supported by proactive maintenance, continuous improvement, as well as close collaboration with partners and internal teams to sustain feedstock and utilities availability, strengthening business continuity and stakeholder confidence.

HEALTH, SAFETY AND ENVIRONMENT EXCELLENCE

Progress of Key Initiatives:

Safety and sustainability remained key priorities in 2025. The Group maintained strong safety performance with no fatalities or major incidents, progressed emissions reduction efforts, reinforced employee well-being through global Care Week initiatives, and strengthened consistency in HSE reporting across PCG.

Challenges:

While overall safety performance remained within industry norms, incidents during routine operations highlighted the need for stronger preventive behaviours and heightened day-to-day risk awareness.

Mitigation/Responses:

PCG strengthened its safety culture through immediate corrective actions, expanded deployment of safety pause initiatives and enhanced leadership engagement, reinforcing accountability and proactive risk management across the organisation.

RELIABLE PLANT PERFORMANCE

Progress of Key Initiatives:

Plant reliability improved year-on-year, particularly at ASEAN Bintulu Fertilizer (ABF) and PETRONAS Chemicals MTBE (PC MTBE), supported by higher utilisation and stronger operational discipline following targeted maintenance and TA interventions.

Challenges:

A reliability incident at PETRONAS Chemicals Ethylene (PC Ethylene) highlighted underlying equipment vulnerabilities and reinforced the importance of strengthening asset integrity and operational safeguards.

Mitigation/Responses:

PCG reinforced reliability management through more structured performance discussions, tighter maintenance discipline and systematic root-cause reviews, embedding consistent reliability practices across operations to prevent recurrence and strengthen long-term performance.

STRATEGIC REVIEW BY MD/CEO

RELIABLE FEEDSTOCK AND UTILITIES SUPPLY

Progress of Key Initiatives:

PCG maintained momentum under the Enhanced Reliability Taskforce, remaining on track against key milestones while safeguarding fertiliser supply continuity through close collaboration with stakeholders during the Putra Heights incident.

Challenges:

Utilities and feedstock disruptions affected several production sites, creating operational pressure across parts of the integrated value chain.

Mitigation/Responses:

PCG strengthened coordination through the Enhanced Reliability Taskforce and worked closely with Upstream partners to optimise nomination strategies, mitigating supply curtailment risks and supporting operational stability.

TURNAROUND EXCELLENCE

Progress of Key Initiatives:

TA activities at PETRONAS Chemicals Fertiliser Sabah (PC Fertiliser Sabah) and PC Aromatics were completed as planned, reflecting improved execution discipline.

Challenges:

Coordinating manpower and equipment across multiple facilities increases the risk of resource constraints, scheduling pressures and cost escalation.

Mitigation/Responses:

PCG strengthened the TA governance and execution, with closer contractor engagement improving efficiency, reliability and delivery against budget and timelines.

DIGITALISATION JOURNEY

Progress of Key Initiatives:

Asset Performance Management remains a key focus, with the Reliability, Availability and Maintenance Boost Optimisation (RAMBO) initiative introduced at PC Ethylene and PETRONAS Chemicals Polyethylene (PC Polyethylene) to drive targeted reliability improvements and operational performance.

Challenges:

Low plant utilisation may limit the full benefits of asset optimisation initiatives.

Mitigation/Responses:

PCG extended the RAMBO approach to additional facilities, supported by broader use of digital tools to strengthen reliability, enhance operational excellence and unlock further value.

OUTLOOK

In 2026, production volume is expected to exceed 10,000 KMT on the back of improved reliability, despite planned TAs and intermittent shutdowns across several sites. To safeguard reliability and regulatory compliance, PCG will execute a series of TAs and pitstops, including the deferred KIPC TA and scheduled activities at PETRONAS Chemicals Methanol (PC Methanol) (Plant 2), ABF and PETRONAS Chemicals Fertiliser Kedah (PC Fertiliser Kedah), alongside a PC Fertiliser Sabah shutdown linked to an upstream integrated shutdown, resulting in the highest weighted average shutdown level on record. These activities remain essential for catalyst replacement, equipment renewal and compliance with Occupational Safety and Health (Plant Requiring Certificate of Fitness) Regulations 2024 and the PETRONAS Self Regulation Implementation Framework.

PCG remains focused on reliability, safety and sustainability, supported by proactive TA rectifications, tighter cost discipline and disciplined maintenance spend reviews to optimise performance, costs and operational flexibility across the value chain.

STRATEGIC REVIEW BY MD/CEO

CE

COMMERCIAL EXCELLENCE

Commercial excellence reflects PCG's focus on deeper customer engagement, stronger portfolio value and advancing digital capabilities to address customer needs and growing demand for sustainable solutions.

PERFORMANCE HIGHLIGHTS

Total Sales Volume	Order Fulfilment Reliability (OFR)	Customer Feedback	Net Promoter Score (NPS)	68 Number of new specialty customers acquired
10,779 KMT	93%	5.0 sigma	+65	

These efforts are underpinned by a strong commitment to safety and integrity, including the safe handling of chemicals through stringent standards that safeguard product quality and minimise operational risks. Together, responsive market engagement, innovative solutions, as well as consistent delivery of quality and reliability strengthen PCG's reputation and foster long-term customer confidence across all interactions.

SALES PERFORMANCE

Progress of Key Initiatives:

Achieved 7,500 KMT in system sales and recorded 919 KMT of externally sourced products through strategic sourcing, alongside expanded regional market presence via strategic collaborations.

Challenges:

Unplanned shutdowns from internal reliability issues and external disruptions constrained sales volume, while soft demand, new capacity additions, tight vessel availability and heightened competition, particularly from cost-competitive producers from China, continued to pressure market conditions and customer retention.

Mitigation/Responses:

PCG strengthened strategic sourcing and portfolio optimisation while maintaining pricing discipline, deepened customer collaboration through co-creation, reinforced logistics and distribution capabilities, and improved efficiency through streamlined sales processes, tighter receivables management and procurement-led cost savings.

PROMOTE SAFE HANDLING OF CHEMICALS

Progress of Key Initiatives:

PCG strengthened responsible operations through 15 Product Stewardship engagements with regulators and authorities, achieved EcoVadis Silver (BRB) and Gold (Perstorp) ratings, and reinforced sustainable sourcing via the Roundtable on Sustainable Palm Oil (RSPO) Trader Certificate and renewed International Sustainability & Carbon Certification (ISCC) PLUS certification with expanded scope.

Challenges:

Assessing engagement effectiveness, managing diverse stakeholder expectations, closing sustainable procurement gaps, maintaining compliance amid evolving RSPO and ISCC requirements, and limited disclosure of non-public data affecting Environmental, Social and Governance (ESG) ratings.

Mitigation/Responses:

Enhanced regulatory engagement through structured stakeholder mapping, escalation protocols and compliance reviews, alongside targeted training and certification-readiness programmes to strengthen internal capability and sustain compliance.

STRATEGIC REVIEW BY MD/CEO

SUSTAIN LAND TRANSPORT SAFETY

Progress of Key Initiatives:

PCG strengthened third-party HSE governance through structured assurance for tollers, targeted leadership engagement with transport and tankage providers, and comprehensive guidelines and interactive sessions for Ex Works (EXW) transporters to reinforce duty of care and regulatory alignment.

Challenges:

Coordinating multiple HSE initiatives across diverse stakeholders, keeping pace with evolving regulatory requirements, and sustaining long-term stakeholder engagement amid competing operational priorities.

Mitigation/Responses:

Implemented a structured HSE and Assurance Annual Masterplan with clearer timelines and accountability, reinforced stakeholder understanding through practical engagement beyond compliance, and strengthened leadership advocacy to embed consistent safety ownership across the value chain.

ADDRESS CUSTOMER PAIN POINTS & OPTIMISE VALUE

Progress of Key Initiatives:

PCG strengthened its innovation pipeline through the introduction of 30 new products and the delivery of 253 technical solutions to support customer growth. The launch of the PETRONAS Application Technology Centre in Shanghai, China further enhanced customer access and enabled faster, more responsive technical support.

Challenges:

Customer adoption cycles remain extended in price-sensitive markets, while geopolitical and cost volatility affect demand visibility. At the same time, expectations continue to rise for sustainable, compliant solutions without compromising quality and supply reliability.

Mitigation/Responses:

Deepened customer engagement through targeted outreach, co-creation and technical support, accelerated customer-centric and pro-environment innovations, and strengthened operational and supply chain resilience to support customers amid market uncertainty.

DIGITALISATION JOURNEY

Progress of Key Initiatives:

PCG established digital system readiness for its new overseas subsidiary, PC Marketing (Vietnam) Company Limited, implemented SAP ECC6 and supported digital tools to enable efficient operations and strengthen marketing and sales capabilities. Initial machine learning pilots were also completed to accelerate coating formulation development.

Challenges:

Integrating multiple systems and ensuring accurate data migration, alongside onboarding and familiarising new users in Vietnam with the digital platforms.

Mitigation/Responses:

Ensured system readiness through rigorous testing from System Integration Testing to Business Validation Testing, complemented by structured change management, including group and one-to-one training, system support clinics, gamification and incentives.

OUTLOOK

At PCG, our commercial focus is directed toward strengthening volume growth through diversified and reliable supply channels, with strategic sourcing and trading playing an increasingly important role within the Commodities portfolio. We aim to maintain a balanced contribution from both portfolios while sustaining broad market coverage and strong operational discipline across diverse business models. Continued emphasis on strategic sourcing supports supply reliability for customers, including backfilling system production during both planned and unplanned maintenance. In parallel, PCG will continue to unlock new revenue streams by scaling beyond system volumes through third-party physical trading, supported by strategic collaborations and emerging market opportunities. PCG will also further strengthen customer-centric engagement and innovation capabilities to capture new opportunities, leveraging enhanced collaboration through regional hubs and tailored solutions to support sustainable growth, deepen customer relationships and enhance the competitiveness of its SC offerings.

STRATEGIC REVIEW BY MD/CEO

STRATEGIC REVIEW BY MD/CEO

GE

GROWTH DELIVERY EXCELLENCE

PCG's Growth Delivery Excellence continues to gain momentum across both Commodities and SC, supported by the commercialisation of key investments and expansion into high-demand markets.



Our Commodities portfolio has sustained a resilient performance through operational efficiencies and strategic sourcing, ensuring reliable supply and effective market demand. Meanwhile, our SC portfolio is growing in key regions such as APAC, the Americas and Europe, supported by focused sustainability efforts and customer-centric innovation.

PROGRESS OF KEY INITIATIVES

Achieved key growth milestones in the Commodities portfolio, with new downstream capacities and value-added capabilities in APAC

Expanded the SC portfolio through the scale-up of synthetic esters for transformer fluids following the acquisition of Perstorp Amsterdam B.V., enhancing the Engineered Fluids segment and access to higher-margin thermal management applications

Strengthened innovation and customer collaboration with the launch of the PETRONAS Application Technology Centre in Shanghai, China in April 2025 and continued progress on our technology and innovation centre in Bangi, Malaysia, targeted for completion in 2026

Introduced new specialty products, including Neptem™ emulsifiers for more sustainable coatings, Viscotech® Upcycled viscosity modifiers using re-refined base oils to support circularity, and expanded Emfinity® plant-based esters for personal care applications

MARKET

Challenges:

- Market conditions remained challenging, with oversupply, soft demand and continued margin pressure
- Elevated interest rates, inflation and geopolitical uncertainty further weighed on recovery across key end markets

Mitigation/Responses:

- Promoted operational discipline and efficiency throughout its operations
- Acquired new markets through customised solutions and co-created products that are aligned with customer needs
- Emphasised safety, risk management, governance and reliability in order to sustain performance amid a volatile environment

STRATEGIC INVESTMENTS

Challenges:

- Expansion into new ventures and growth projects carries execution risk, including underperformance and missed opportunities
- If not managed well, these risks could dilute returns, erode margins and shareholder value, and lead to lost customers

Mitigation/Responses:

- Evaluated integrated value chain models to improve operational efficiency
- Explored emerging technologies to upgrade molecules and unlock new feedstocks, aligned to near- and long-term priorities
- Accelerated specialty growth through portfolio realignment, guided by returns, viability and risk assessments
- Advanced research and technology projects with PETRONAS Capital Ventures, BRB and Perstorp, using clear criteria to improve success rates and capture new opportunities

PROJECT FEASIBILITY

Challenges:

- Hyperinflation, cost escalation, price volatility and climate-related pressures can undermine project feasibility

Mitigation/Responses:

- Strengthened project economics through rigorous evaluation and forecasting
- Leveraged business intelligence to benchmark performance against market standards and peers
- Partnered with strategic players and technology providers to enhance competitiveness
- Embedded sustainability from feasibility through to commercialisation

SUSTAINABILITY

Challenges:

- As expectations for sustainable products rise, customer readiness remains uneven, creating challenges in balancing compliance, innovation and cost competitiveness with actual demand, potentially impacting performance, reputation and long-term growth

Mitigation/Responses:

- Adopted a pragmatic approach to sustainability, meeting evolving requirements while capturing emerging opportunities
- Embedded sustainability and feasibility considerations across all growth projects
- Integrated a robust carbon abatement plan into all Final Investment Decision packages
- Partnered with leading technology providers to accelerate the development of a sustainable, innovative portfolio
- Leveraged advanced digital and analytical tools to track and report sustainability performance
- Strengthened customer engagement by clearly articulating the value of sustainable solutions

BUSINESS PARTNERS' PRIORITIES

Challenges:

- Our business partners face disruptions and challenges that impact how investment portfolios are managed and prioritised

Mitigation/Responses:

- Strengthened our value chain through close collaboration with business partners
- Secured alternative partners to sustain investments when required
- Expanded our SC portfolio through continuous innovation and strategic growth initiatives

INNOVATION

Challenges:

- While venturing into new technologies enhances PCG's portfolio and operations, it may necessitate an extended innovation period for business and technology validation which is also accompanied by a high uncertainty of success

Mitigation/Responses:

- Applied a standardised approach to identify and validate high-potential opportunities before developing solutions
- Collaborated with research centres and universities to incubate and validate our innovations
- Completed initial machine learning pilots to expedite the development of formulations for coating solutions
- Inaugurated the PETRONAS Application Technology Centre in Shanghai, China

OUTLOOK

PCG targets Ready for Start-Up (RFSU) for the Maleic Anhydride (MA) plant in 2026, while progressing growth projects across the pipeline and advancing SC expansion through organic and inorganic initiatives. Construction of the technology and innovation centre in Bangi remains on track and is expected to be completed by mid-2026.

Additionally, sustainability-driven growth will continue to be prioritised through low-carbon, circular economy and bio-based solutions, supported by the Technology & Innovation and Sustainability Funds. PCG will also continue to evaluate value-accretive opportunities and monitor market signposts to ensure alignment with strategic growth and sustainability objectives.

FINANCIAL REVIEW BY CFO



MOHD AZLI ISHAK
Chief Financial Officer

Dear Stakeholders,

2025 was a challenging year for PCG, with weaker pricing and spreads across most segments materially impacting earnings. We responded with disciplined cost management, prudent balance sheet and a continued focus on competitiveness to preserve resilience through the downcycle.

The year was shaped by a difficult operating environment for the global chemicals industry, marked by persistent overcapacity, subdued demand, and heightened trade and geopolitical uncertainty. Competitive intensity increased sharply, particularly within Asia Pacific (APAC), driven by significant capacity additions, while tariff-related disruptions further affected market access and pricing dynamics. PCG also faced foreign exchange volatility, which weighed on earnings.

Against this backdrop, the Group recorded revenue of RM27.5 billion, a decline of RM3.2 billion or 10%, largely due to lower product prices and the strengthening of Ringgit Malaysia against the US Dollar. Earnings Before

Interest, Taxation, Depreciation and Amortisation (EBITDA) declined by RM1.6 billion, or 46%, reflecting weaker product spreads and lower contribution from a joint operation entity, further impacted by unrealised foreign exchange losses on the revaluation of payables.

In line with this performance, the Group reported a loss after tax (LAT) of RM2.1 billion, compared to a profit after tax (PAT) of RM1.3 billion in the same period last year. The variance was primarily attributable to a combination of asset impairment at Perstorp, and lower remeasurement gain linked to the timing of trade payable payments as well as foreign exchange loss on the revaluation of a shareholder loan to a joint operation entity.

Despite these headwinds, we remained focused on protecting fundamentals and strengthening operational resilience. PCG delivered RM574 million in value creation and cost optimisation, supported by focused cost discipline and performance interventions, while maintaining strong liquidity to support operational stability. The Group continues to maintain a robust balance sheet, anchored by a strong equity base and prudent leverage. As at 31 December 2025, Group gearing stood at 9.3%, reflecting continued financial discipline and financial flexibility through the cycle.

Looking ahead, we remain anchored to four financial priorities, through which we track our key achievements, focused on strengthening resilience while enabling sustainable growth through disciplined capital allocation and strategic portfolio repositioning, strengthening core business performance, accelerating growth and portfolio shift as well as advancing sustainability and future-ready investments.

FINANCIAL REVIEW BY CFO

KEY ACHIEVEMENTS

Value Optimisation and Prudent Cost Discipline Our capability to sustain our position as an industry leader by continuing to take proactive measures that preserve value and optimise cost
ACTIONS - Maintained strong financial discipline and prudent cost controls, driven by initiatives in the three core pillars of Operational Excellence, Commercial Excellence and Growth Delivery Excellence, alongside effective project management and execution - Managed stakeholders effectively through contract negotiations, leading to enhanced contract value
RESULTS Achieved RM574 million in value creation and cost optimisation through robust cost discipline and optimisation initiatives
Strengthened Risk Management and Governance Our effective risk management has always been a pillar of good governance and integral in ensuring business continuity
ACTIONS - Reinforced PCG's integrity posture by maintaining ISO 37001 Anti-Bribery Management System (ABMS) certification and strengthened integrity controls to mitigate corruption risks - Enhanced organisational capabilities through structured integrity, compliance and sustainability programmes - Operationalised PCG's risk appetite and profiles with strengthened mitigations and key risk indicators, while encouraging joint ventures (JVs) and associate companies to adopt structured risk management practices - Reviewed and realigned decision-making structures to support PCG's reorganised operating model and strengthen governance effectiveness - Enhanced PCG's IR2025 disclosures, guided by reporting requirements and guidelines (i.e. MCCG, MMLR, GRI, IFRS and MFRS)
RESULTS - Distinguished PCG as the first to successfully implement PETRONAS Integrity Management System (PIMS) and maintain ISO 37001:2016 ABMS certification - Strengthened PCG risk management governance, practices and compliance, including JVs and associate companies - Revamped Limits of Authority (LOA) framework to strengthen accountability and accelerate decision-making under PCG's new organisational structure, promoting process efficiency and business agility - Earned industry recognition, including the Australasian Reporting Awards (ARA) and the Overall Excellence Award at the National Annual Corporate Governance & Sustainability (NACGSA) 2025 Awards, reinforcing PCG's governance commitments
Effective Working Capital and Liquidity Management Our working capital management initiatives focuses mainly on effective trade inventory, trade receivables and payables management as well as maintaining liquidity
ACTIONS - Strengthened efficient inventory management through strategic planning, proactive monitoring and the Bottom-Up Stock Target, ensuring optimal stock levels and supply continuity - Closely monitored and managed receivables to enhance collection discipline and support healthy working capital - Improved oversight of payable deadlines and optimised payment process to ensure timely settlement, safeguarding creditor relationships - Developed daily cash flow forecasts, ensuring disciplined cash management
RESULTS - Balanced timely product monetisation with supply availability to meet customer requirements - Maintained relatively low trade receivable ageing to ensure healthy cash flow
Advancing Sustainability and Future-Ready Investments Our ability to secure financing amidst uncertainties is a testament to financial institutions' confidence in PCG's financial strength
ACTIONS Maintained low financial leverage while prioritising Economic, Environmental, Social, and Governance (EESG) to meet evolving financing market expectations and strengthen our value proposition to stakeholders
RESULTS - Secured financing facilities and executed strategic loan restructurings for a subsidiary and a JV - Developed a funding strategy for Perstorp Group, completed debt restructuring for Perstorp US portfolio and divested Idemitsu Styrene Monomer Sdn. Bhd. - Advanced IFRS S1 and S2 implementation to accelerate readiness for full adoption by 2027 - Maintained a Sustainability Fund to support sustainability initiatives - Completed economic evaluations and risk assessments for Extended Value Chain and sustainability projects

FINANCIAL REVIEW BY CFO

BALANCE SHEET
HIGHLIGHTS

Total Assets
RM57,690 mil
(2024: RM59,591 million)

Total assets decreased by RM1.9 billion (3%) mainly due to lower property, plant and equipment following the strengthening of Ringgit Malaysia against US Dollar and impairment of assets at Perstorp.

Total Equity
RM37,380 mil
(2024: RM39,979 million)

Attributable to lower reserves and loss generated during the year, as well as payment of the 2nd interim dividend for financial year 2024 and the 1st interim dividend for financial year 2025.

Cash Position
RM9,621 mil

Reflecting strong liquidity to support operational needs and growth initiatives.

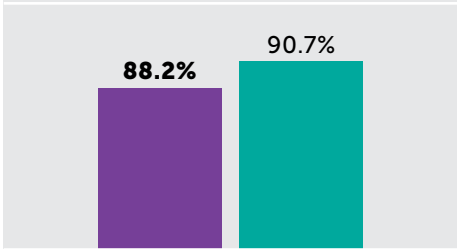
Dividend Payout
RM560 mil
for 1st interim (2024:RM1,040 million).

Gearing Ratio
9.3%
Gearing remained low, underscoring the Group's continued financial discipline and balance sheet resilience.

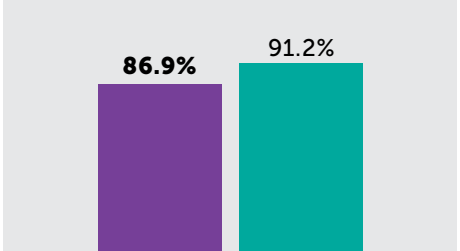
SEGMENTAL PERFORMANCE RESULTS

Operational and Commercial Performance

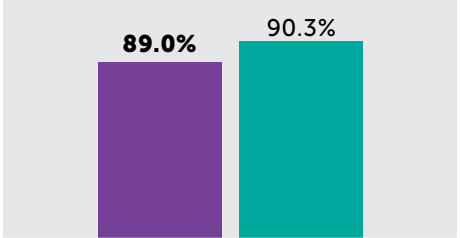
Plant Utilisation Rate	
2025	2024



Group: Declined mainly due to utilities and feedstock disruption and higher maintenance activities during the year.



O&D: Declined primarily driven by utilities supply disruption in Kertih in January 2025 as well as higher plant repair and maintenance activities.

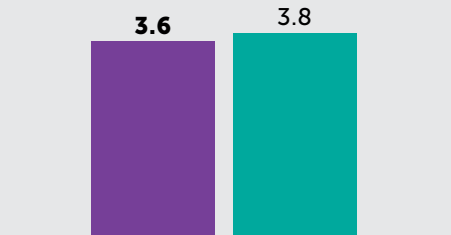


F&M: Declined mainly due to feedstock supply disruption at PETRONAS Chemicals Fertiliser Kedah (PC Fertiliser Kedah) in April 2025, higher statutory turnaround (TA) and plant maintenance activities during the period.

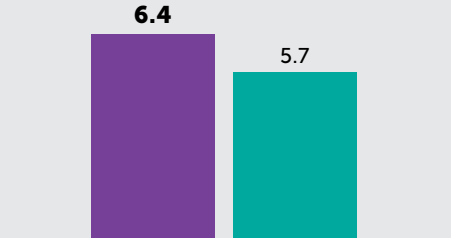
Sales Volume (Mil TPA)	
2025	2024



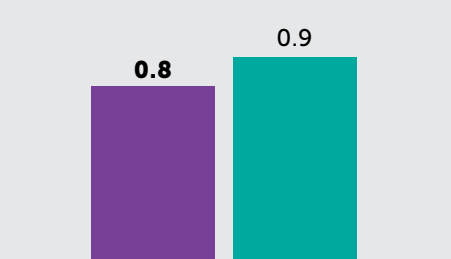
Group: Increased mainly supported by stronger contribution from Fertilisers & Methanol (F&M), partially offset by lower volume in Olefins & Derivatives (O&D) and Specialty Chemicals (SC).



O&D: Decreased in line with lower plant utilisation (PU) rate and production volumes during the period amidst over capacities and bearish market.



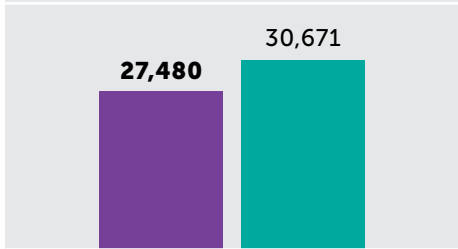
F&M: Higher as a result of strategic sourcing efforts to ensure resilience during planned and unplanned shutdowns.



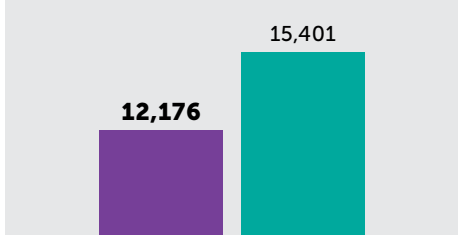
SC: Declined amid intensified competition from APAC producers.

Financial Performance

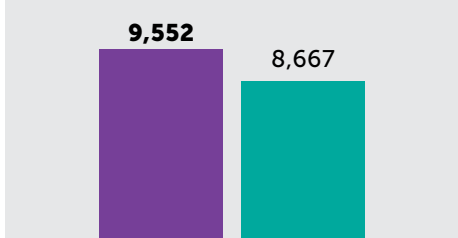
Revenue (RM Mil)	
2025	2024



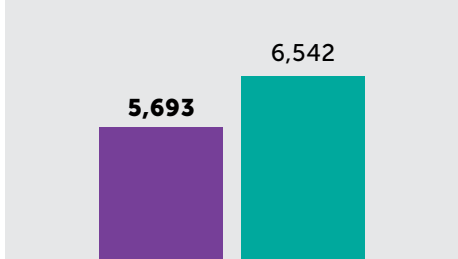
Group: Declined due to strengthening of Ringgit Malaysia against the US Dollar, lower revenue contribution from a joint operation entity and SC portfolio as well as lower product prices.



O&D: Declined primarily driven by lower product prices and sales volume, as well as Ringgit Malaysia appreciation against the US Dollar.

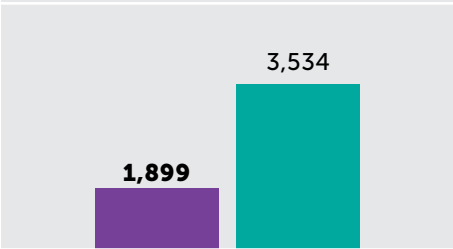


F&M: Increased mainly due to higher product prices and sales volume, partially offset by the strengthening of Ringgit Malaysia against the US Dollar.

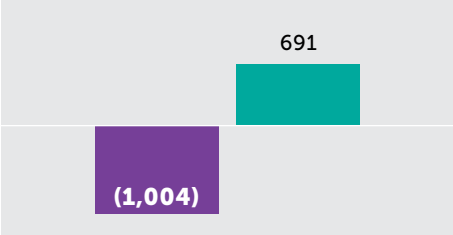


SC: Declined mainly due to lower sales volume and prices.

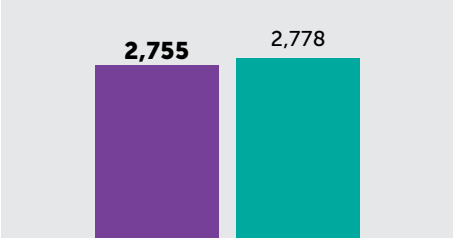
EBITDA (RM Mil)	
2025	2024



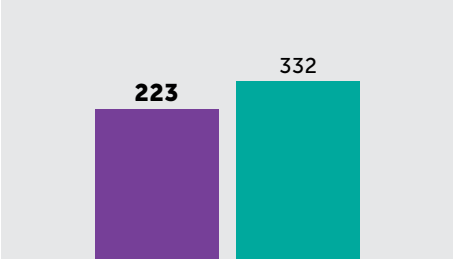
Group: Declined mainly due to weaker product spreads across most segments, partially offset by continued cost optimisation and value creation initiatives.



O&D: Declined mainly due to lower sales volume and weaker product spreads.

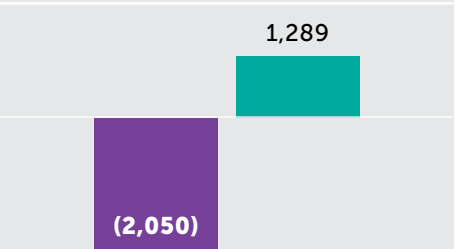


F&M: Comparable following stable plant performance despite setbacks following the Putra Heights incident in April 2025.

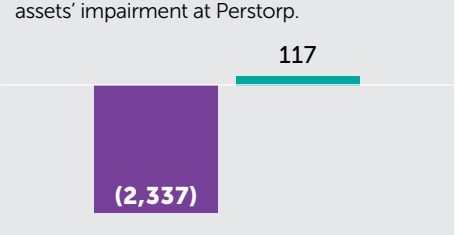


SC: Declined as margins across product segments weakened due to pricing pressure and subdued demand.

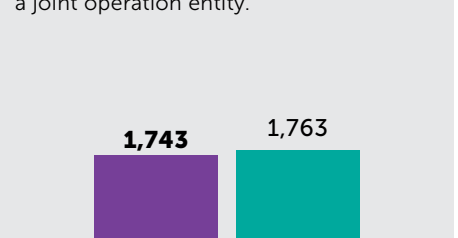
Profit/(Loss) After Tax (RM Mil)	
2025	2024



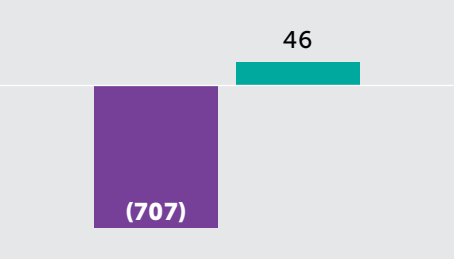
Group: Loss After Tax as compared to Profit After Tax due to lower EBITDA, lower remeasurement gains from adjustments to the timing of trade payables at a joint operation entity, unfavourable foreign, exchange and assets' impairment at Perstorp.



O&D: The segment recorded a loss mainly due to lower EBITDA, unfavourable foreign exchange and lower remeasurement gain from adjustments to the timing of trade payables payments at a joint operation entity.



F&M: Comparable in line with EBITDA.



SC: The segment recorded a loss mainly due to lower EBITDA, assets' impairment at Perstorp, and unfavourable net foreign exchange impact.

FINANCIAL REVIEW BY CFO

RETURNS TO SHAREHOLDERS

PCG remains committed to delivering sustainable returns to shareholders while maintaining the financial capacity to navigate volatility and fund long-term growth. In 2025, our priority was to preserve balance sheet resilience through disciplined capital allocation, strong liquidity stewardship and prudent leverage, ensuring the Group remains well-positioned to sustain operations, protect competitiveness and invest selectively in strategic priorities through the cycle.

ENHANCED FINANCIAL GOVERNANCE AND COMPLIANCE

Effective November 2025, the LOA framework was revamped to support PCG’s new organisational structure, strengthening accountability while enabling faster and more empowered decision-making. The updated LOA introduces clearer decision rights and expanded approval domains aligned to evolving business needs, improving agility while maintaining robust governance and control discipline.

To further strengthen the Group’s risk management framework, we enhanced the PCG Corporate Risk Profile (CRP) review process through continuous evaluation of mitigation effectiveness and the prioritisation of strategic risks for Board-level focus. In addition, the Integrity Management Section was established under the Risk Management Department in February 2025 to reinforce integrity, compliance and consistency of governance practices across the Group.

SUSTAINABILITY

We recognise that sustainability decisions must be directly linked to value creation. As such, sustainability is embedded into capital allocation, risk management and strategic planning to support long-term resilience and regulatory readiness.

In 2025, PCG established a Sustainability Fund with an annual RM50 million contribution starting FY2025 to support sustainability initiatives. PCG reaffirmed our commitment to meeting the National Sustainability Reporting Framework (NSRF) requirements and has begun developing a structured approach aligned with the phased implementation timeline for Group 1 entities. We have made significant progress on the implementation of IFRS S1 and IFRS S2, including the establishment of financial quantification methodologies under IFRS S2 across short-, medium- and long-term horizons, supported by enhanced disclosures on carbon pricing assumptions referencing the International Energy Agency (IEA) World Energy Outlook (WEO). In parallel, PCG initiated gap assessments against the European Union (EU) Corporate Sustainability Reporting Directive (CSRD) and Corporate Sustainability Due Diligence Directive (CSDDD), considering emerging developments such as the Omnibus directive.

From a financial planning and investment perspective, we incorporated carbon pricing considerations into impairment valuation sensitivity assessments and continued monitoring sustainability-related expenditures. Operationally, we maintained our Green Electricity Tariff (GET) subscription to support market-based Scope 2 emissions reductions and continued advancing decarbonisation and circular economy initiatives.

OUTLOOK

The outlook for 2026 remains challenging as the global chemicals sector continues to face economic uncertainty, price volatility and evolving market dynamics. Ongoing overcapacity and cautious downstream demand are expected to keep pricing and spreads under pressure. In this environment, PCG will remain focused on operational reliability, disciplined commercial execution and rigorous cost optimisation to strengthen resilience through the cycle.

Commodities

The Group anticipates olefins and derivatives outlook to remain challenging, amid continued oversupply from capacity expansions in China, rising geoeconomic uncertainties and subdued demand conditions. Robust agricultural demand in India and Australia continues to underpin fertiliser consumption, while methanol supply remains constrained by scheduled TA in Southeast Asia (SEA).

Specialty Chemicals

The outlook for the SC portfolio remains cautious, reflecting softer demand conditions across key end markets, particularly construction and automotive. Consumer-related applications continue to demonstrate relative resilience and are expected to record modest growth, partially offsetting the broader market headwinds.

STRATEGIC FOCUS FOR 2026

Our financial priorities remain focused on building resilience while enabling sustainable growth through disciplined capital allocation and strategic portfolio repositioning, based on the following focus areas:

Strengthen Core Business Performance

Enhance operational and commercial excellence to maintain competitiveness in the Commodities portfolio, while continuing strict cost optimisation and prudent capital spending to protect margins and cash flow.

Accelerate Growth and Portfolio Shift

Drive SC expansion and innovation to increase the contribution of high-value products, while investing in sustainable solutions and exploring strategic partnerships and acquisitions to broaden capabilities.

Sustainability and Future-Ready Investments

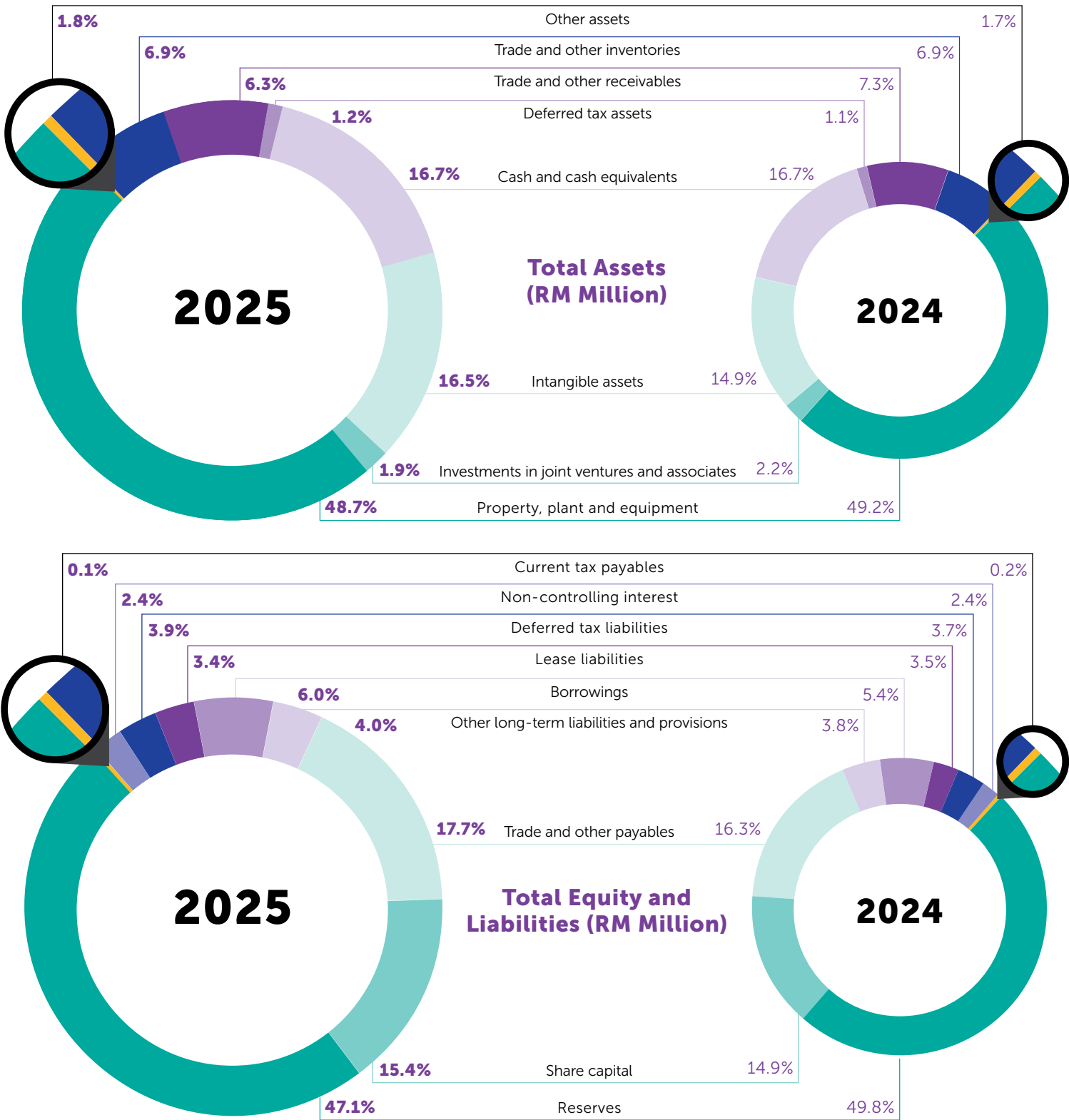
Allocate resources to decarbonisation projects and circular economy initiatives under our net zero roadmap, and integrate EESG principles into investment decisions to ensure long-term value creation and regulatory readiness.

MOHD AZLI ISHAK
Chief Financial Officer

FINANCIAL REVIEW

SIMPLIFIED GROUP STATEMENT OF FINANCIAL POSITION

As at 31 December 2025



FINANCIAL REVIEW

ANALYSIS OF FINANCIAL POSITION

As at 31 December 2025

Maintained a resilient financial position with robust cash balance of RM9.6 billion.

Total assets as at 31 December 2025 decreased by RM1.9 billion at RM57.7 billion was mainly contributed by:

- Lower property, plant and equipment value mainly contributed by the strengthening of Ringgit Malaysia against the US Dollar and impairment of assets
- Decrease in trade and other receivables by RM0.7 billion in line with lower revenue
- Decrease in investment in associates and JVs by RM0.2 billion mainly due to higher share of loss contribution from associates and JVs during the year

Partially offset by:

- Increase in intangible assets by RM0.6 billion mainly due to the strengthening of Ringgit Malaysia against the Swedish Krona

Net assets attributable to shareholders of the company decreased by RM2.5 billion mainly due to lower reserves attributable to loss generated during the year and payment of 2nd interim dividend for financial year 2024 and 1st interim dividend for financial year 2025.

Total liabilities increased by RM0.7 billion, mainly attributed to an increase in trade and other payables arising from operational costs at a joint operation entity.

RM Mil	31 December 2025	31 December 2024	Variance
ASSETS			
Property, plant and equipment	28,106	29,338	(1,232)
Investments in associate and joint ventures	1,114	1,339	(225)
Intangible assets	9,492	8,898	594
Long term receivables	902	951	(49)
Retirement benefits	20	23	(3)
Deferred tax assets	704	632	72
TOTAL NON-CURRENT ASSETS	40,338	41,181	(843)
Trade and other inventories	3,993	4,086	(93)
Trade and other receivables	3,655	4,356	(701)
Tax recoverable	83	37	46
Cash and cash equivalents	9,621	9,931	(310)
TOTAL CURRENT ASSETS	17,352	18,410	(1,058)
TOTAL ASSETS	57,690	59,591	(1,901)
EQUITY			
Share capital	8,871	8,871	-
Reserves	27,144	29,686	(2,542)
TOTAL EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY	36,015	38,557	(2,542)
Non-controlling interests	1,365	1,422	(57)
TOTAL EQUITY	37,380	39,979	(2,599)
LIABILITIES			
Borrowings	2,004	2,419	(415)
Lease liabilities	1,692	1,874	(182)
Provisions	350	303	47
Retirement benefits	172	175	(3)
Deferred tax liabilities	2,253	2,198	55
Other long term liabilities	1,785	1,801	(16)
TOTAL NON-CURRENT LIABILITIES	8,256	8,770	(514)
Trade and other payables	10,222	9,705	517
Borrowings	1,460	795	665
Lease liabilities	293	224	69
Taxation	79	118	(39)
TOTAL CURRENT LIABILITIES	12,054	10,842	1,212
TOTAL LIABILITIES	20,310	19,612	698
TOTAL EQUITY AND LIABILITIES	57,690	59,591	(1,901)
Net assets per share attributable to shareholders of the Company (RM)	4.50	4.82	(0.32)

ANALYSIS OF CONSOLIDATED
STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

PCG's revenue declined by RM3.2 billion to RM27.5 billion compared to RM30.7 billion in 2024, attributable to weak demand following strong market competition from China and soft product prices.

The cost of revenue reduced by RM1.4 billion contributed by lower feedstock volume in line with production volume.

Lower gross profit was recorded in line with narrower spreads resulting from lower product prices.

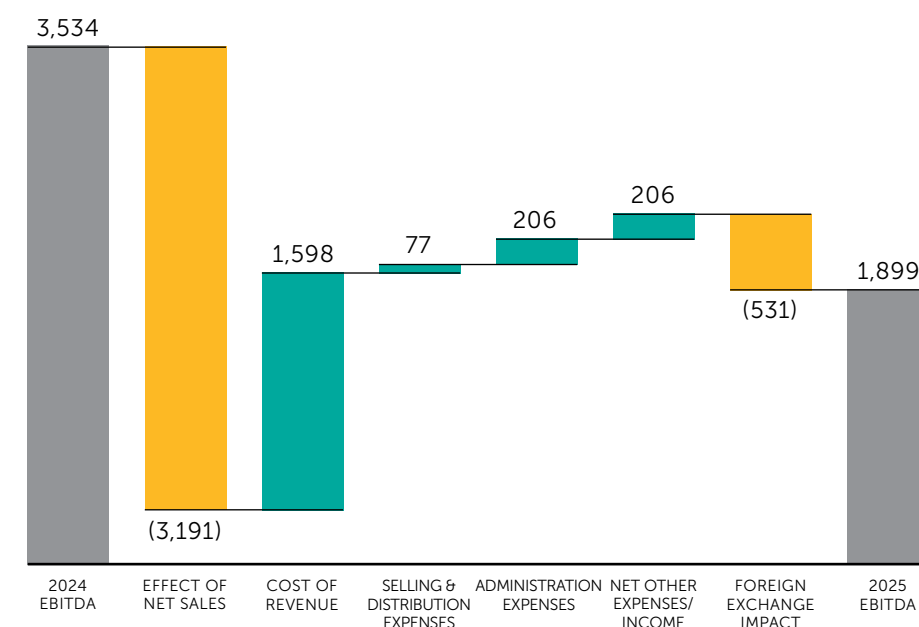
Operating loss dropped by RM3.4 billion primarily driven by losses from a joint operation entity, unfavourable foreign exchange, impairment of assets as well as lower remeasurement gains on trade payables due to the timing of payments.

Higher share of losses from equity-accounted associates and JVs increased, primarily due to lower sales volumes and higher operating costs.

PCG recorded loss before tax and LAT of RM1.9 billion and RM2.1 billion respectively.

RM Mil	For the year ended		
	31 December 2025	31 December 2024	Variance
Revenue	27,480	30,671	(3,191)
Cost of revenue	(24,552)	(25,965)	1,413
Gross profit	2,928	4,706	(1,778)
Selling and distribution expenses	(2,077)	(2,144)	67
Administration expenses	(1,330)	(1,526)	196
Other expenses	(1,649)	(199)	(1,450)
Other income	756	1,220	(464)
Operating (loss)/profit	(1,372)	2,057	(3,429)
Financing costs	(346)	(260)	(86)
Share of loss after tax of equity-accounted associates and joint ventures	(174)	(107)	(67)
(Loss)/Profit before taxation	(1,892)	1,690	(3,582)
Tax expense	(158)	(401)	243
(LOSS)/PROFIT FOR THE YEAR	(2,050)	1,289	(3,339)
(Loss)/Profit attributable to:			
Shareholders of the Company	(2,142)	1,175	(3,317)
Non-controlling interests	92	114	(22)
(LOSS)/PROFIT FOR THE YEAR	(2,050)	1,289	(3,339)
EBITDA	1,899	3,534	(1,635)
EBITDA Margin (%)	7%	12%	
GP Margin (%)	11%	15%	

EBITDA Movement from 2024 to 2025 (RM Million)



FINANCIAL REVIEW

ANALYSIS ON CASH FLOWS

For the year ended 31 December 2025

PCG maintained a solid cash flow, with cash and cash equivalents standing at RM9.6 billion.

Net cash generated from operating activities decreased by RM1.5 billion, largely due to lower profit generated during the year.

Net cash used in investing activities reduced by RM0.1 billion, primarily attributed to lower capital expenditure incurred.

Net cash used in financing activities declined by RM0.8 billion, mainly due to lower dividend paid to shareholders of the Group.

Free cash flow
RM0.7 billion

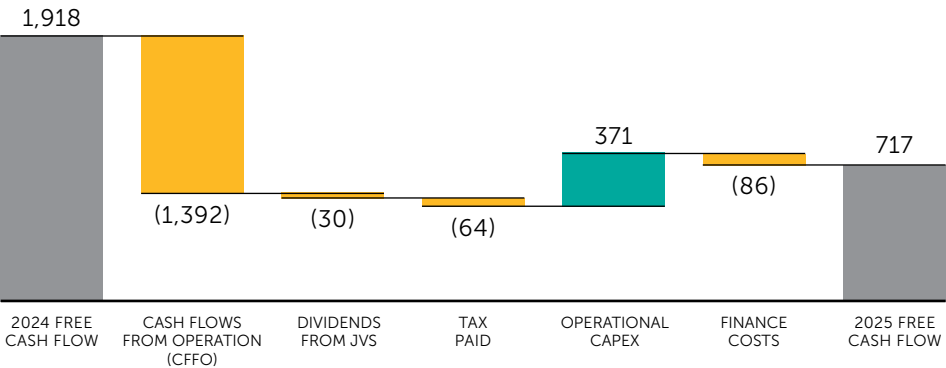
2024: RM1.9 billion

Dividends paid
RM0.5 billion

2024: RM1.2 billion

RM Mil	31 December 2025	31 December 2024	Variance
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before taxation	(1,892)	1,690	(3,582)
Adjustments for non-cash items	4,137	1,832	2,305
Changes in working capital	878	993	(115)
Cash generated from operations	3,123	4,515	(1,392)
Interest income received	391	414	(23)
Taxation paid	(367)	(303)	(64)
Net cash generated from operating activities	3,147	4,626	(1,479)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net acquisition of a subsidiary and non-controlling interest	-	(87)	87
Net purchase of property, plant and equipment	(2,082)	(2,452)	371
Investment in associates and JVs	(104)	128	(232)
Dividends received from JVs	42	72	(30)
Others	(243)	(156)	(88)
Net cash used in investing activities	(2,387)	(2,495)	108
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	(483)	(1,234)	751
Drawdown of borrowings	7,716	4,465	3,251
Repayment of borrowings	(7,473)	(4,252)	(3,221)
Payment of lease liabilities	(256)	(245)	(11)
Net cash used in financing activities	(496)	(1,266)	770
Net cash flows from operating, investing and financing activities	264	865	(601)
Effect of foreign currency translation differences	(73)	(28)	(45)
Net increase in cash and cash equivalents	191	837	(646)
Net foreign exchange differences on cash held	(496)	(179)	(317)
Cash and cash equivalents at beginning of the year	9,926	9,268	658
Cash and cash equivalents at end of the year	9,621	9,926	(305)
Cash and cash equivalents			
Cash and bank balances	9,621	9,931	(310)
Bank overdrafts	-	(5)	5
Cash and cash equivalents at end of the year	9,621	9,926	(305)

Free Cash Flow Movement (RM Million)



FINANCIAL REVIEW

GROUP QUARTERLY PERFORMANCE

RM Mil	Year 2025	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Revenue	27,480	6,600	6,787	6,437	7,656
Operating (loss)/profit	(1,372)	(496)	(146)	(933)	203
(Loss)/Profit before taxation	(1,892)	(635)	(296)	(1,048)	87
(Loss)/Profit for the quarter/year	(2,050)	(730)	(291)	(1,047)	18
Profit attributable to shareholders of the Company	(2,142)	(754)	(289)	(1,081)	(18)
Earnings per share (sen)	(27)	(9)	(4)	(14)	(0)
Dividends per share (sen)	7	4	-	3	-

RM Mil	Year 2024	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Revenue	30,671	7,458	7,986	7,728	7,499
Operating profit/(loss)	2,057	740	(566)	1,036	847
Profit/(Loss) before taxation	1,690	602	(657)	940	805
Profit/(Loss) for the quarter/year	1,289	539	(762)	809	703
Profit attributable to shareholders of the Company	1,175	519	(789)	777	668
Earnings per share (sen)	15	6	(10)	10	8
Dividends per share (sen)	13	3	-	10	-

KEY INTEREST BEARING ASSETS AND LIABILITIES

	2025			2024		
	As at 31 December 2025 (RM Mil)	Effective Interest Rate (%)	Interest Income/ Expenses (RM Mil)	As at 31 December 2024 (RM Mil)	Effective Interest Rate (%)	Interest Income/ Expenses (RM Mil)
Interest earning assets:						
Cash and bank balances	1,180	-	104	1,304	-	30
Fund investment	8,441	3.77	310	8,627	4.16	384
Interest bearing liabilities:						
Borrowings	3,464	3.65	141	3,214	4.59	159
Lease liabilities	1,985	6.57	130	2,098	7.72	162
Other long-term liabilities	838	5.23	90	760	5.49	78

FINANCIAL REVIEW

FINANCIAL REVIEW

FIVE-YEAR GROUP FINANCIAL SUMMARY

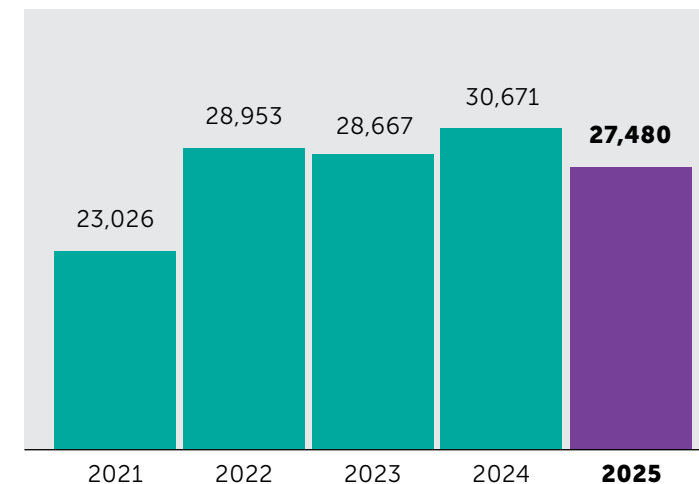
RM Mil	2025	2024	2023	2022	2021*
Consolidated Statement of Income					
Revenue	27,480	30,671	28,667	28,953	23,026
By segment:					
Olefins and Derivatives	12,176	15,401	13,732	12,929	12,465
Fertilisers and Methanol	9,552	8,667	8,501	12,850	9,341
Specialty Chemicals	5,693	6,542	6,385	3,125	-
Others	59	61	49	49	1,220
Cost of revenue	(24,552)	(25,965)	(23,882)	(20,277)	(14,447)
Gross profit	2,928	4,706	4,785	8,676	8,579
Selling and distribution expenses	(2,077)	(2,144)	(1,906)	(1,436)	(1,091)
Administration expenses	(1,330)	(1,526)	(1,394)	(1,157)	(839)
Other expenses	(1,649)	(199)	(40)	(166)	(60)
Other income	756	1,220	711	717	422
Operating (loss)/profit	(1,372)	2,057	2,156	6,634	7,011
Financing cost	(346)	(260)	(139)	(66)	(29)
Share of (loss)/profit after tax of equity-accounted associates and joint ventures	(174)	(107)	93	165	729
(Loss)/Profit before taxation	(1,892)	1,690	2,110	6,733	7,711
Tax expense	(158)	(401)	(360)	(406)	(391)
(Loss)/Profit for the year	(2,050)	1,289	1,750	6,327	7,320
(Loss)/Profit attributable to shareholders of the Company	(2,142)	1,175	1,696	6,322	7,346
Consolidated statement of financial position					
Property, plant and equipment	28,106	29,338	29,437	27,213	22,041
Cash and cash equivalents	9,621	9,931	9,268	8,888	16,390
Total assets	57,690	59,591	60,206	55,430	46,454
Borrowings	3,464	3,214	2,973	2,718	2,388
Total liabilities	20,310	19,612	18,132	15,697	11,068
Share capital	8,871	8,871	8,871	8,871	8,871
Reserves	27,144	29,686	31,544	30,207	25,980
Total equity attributable to the shareholders of the Company	36,015	38,557	40,415	39,078	34,851
Non-controlling interests	1,365	1,422	1,659	655	535
Total equity	37,380	39,979	42,074	39,733	35,386
Financial ratios (%)					
PAT margin	(7.5)	4.2	6.1	21.9	31.8
Return on equity	(5.7)	2.9	4.0	15.9	20.8
Return on assets	(3.6)	2.2	2.9	11.4	15.8
Cost over revenue	101.7	96.6	94.8	79.0	71.1
Dividend payout ratio	(11.2)	88.5	61.3	51.9	61.0
Gearing ratio	9.3	8.0	7.1	6.8	6.7
Share information					
(Loss)/Earnings per share (sen)	(27)	15	21	79	92
Dividend per share (sen)	3	13	13	41	56
Net asset per share (RM)	4.50	4.82	5.05	4.88	4.36
Closing share price (RM)	3.63	5.17	7.16	8.60	8.92
Number of ordinary shares (million)	8,000	8,000	8,000	8,000	8,000
Market capitalisation (RM million)	29,040	41,360	57,280	68,800	71,360

* Certain financial information and its corresponding financial ratios have been restated in line with amendments to MFRS 116 Property, Plant and Equipment.

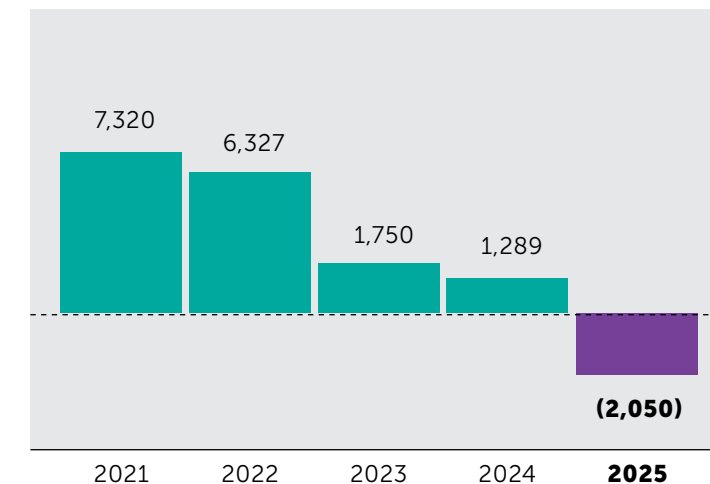
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

Profitability

Revenue (RM Mil)



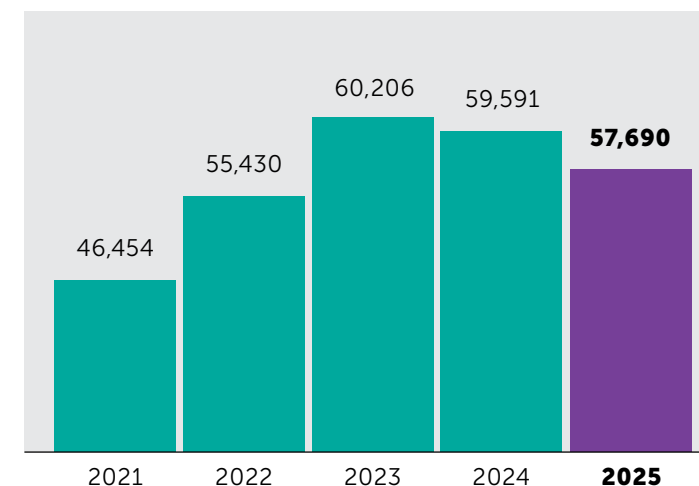
Profit/(Loss) After Tax (RM Mil)



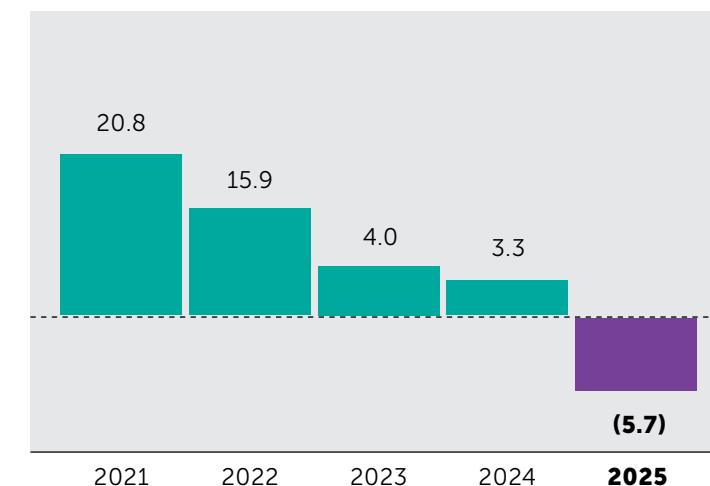
- 2021 showed significant improvement as product prices improved driven by global economic recovery and net share of profits from JVs and associates leading to the record-breaking profit generated
- Profit for 2022 decreased due to compressed margin and lower share of profits from JVs and associates following lower margins and sales volume
- Profit for 2023 declined further due to margin compression
- Profit for 2024 dropped due to lower product spreads and higher plant operations costs, depreciation and finance cost from a joint operation entity, partially offset by higher sales volume and income arising from adjustment of timing of trade payables from a joint operation entity
- Loss was reported for 2025 as compared to profit in 2024 attributable to lower spread, higher contribution from a joint operation entity, unfavourable foreign exchange, lower remeasurement gains following timing of trade payables payment and assets' impairment at Perstorp

Financial Position

Total Assets (RM Mil)



Return on Equity (%)



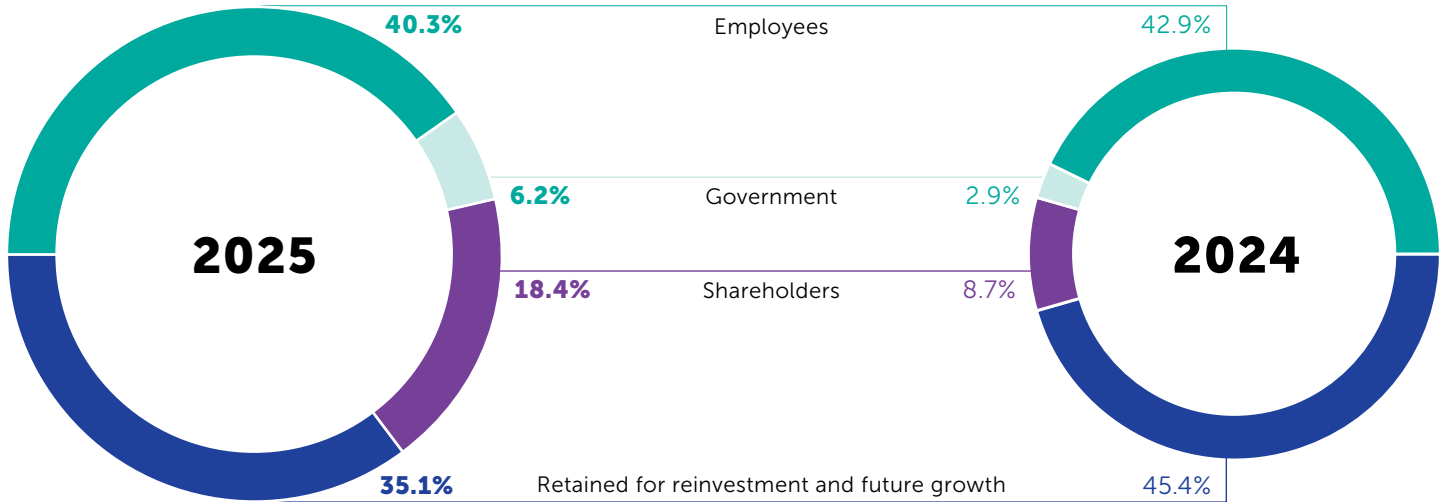
- The Group maintained strong financial position in 2021 mainly driven by higher cash and cash equivalents in line with higher profits generated, property, plant and equipment as well as investment in associates and JVs
- Total assets in 2022 increased following the acquisition of Perstorp Group
- Total assets in 2023 grew mainly from the capital investment in the petrochemicals projects within Pengerang Integrated Complex and Perstorp Group
- Total assets in 2024 were comparable at RM60.0 billion
- Total assets in 2025 decreased by RM1.9 billion mainly due to lower property, plant and equipment asset value and trade receivables in line with lower revenue

FINANCIAL REVIEW

STATEMENT ON VALUE ADDED

RM Mil	2025	2024
Revenue	27,480	30,671
Purchase of goods and services	(23,107)	(24,721)
Value added by the companies	4,373	5,950
Net other income	(893)	1,021
Financing costs	(346)	(260)
Share of loss after tax of equity-accounted associates and joint ventures	(174)	(107)
Value added available for distribution	2,960	6,604

RM Mil	2025	2024
DISTRIBUTION		
<i>Distributed to:</i>		
To employees		
Employees' costs	2,369	2,626
To government		
Taxation	158	401
To shareholders		
Dividends	480	1,200
Non-controlling interest	3	34
Retained for reinvestment and future growth		
Depreciation and amortisation	2,495	2,288
Net (reduction)/increase in retained profits	(2,534)	55
Value Distribution	2,971	6,604



SEGMENTAL REVIEW

COMMODITIES



OVERVIEW

In 2025, PCG navigated a combination of external pressures and internal operational challenges that tested resilience and operational agility across the Commodities portfolio, encompassing the O&D and F&M segments.

PCG’s strategic focus on Operational Excellence and Commercial Excellence remained central in our efforts to deliver value. Our proactive approach in optimising plant maintenance, getting closer to our customers and expanding strategic sourcing has helped protect our market position.

In terms of our operational and commercial initiatives, our HSE efforts have played an important role in sustaining safe and reliable operations. We recorded zero fatality, zero major fire and zero major loss of primary containment (LOPC) during the year.

CHALLENGES & MITIGATION

For PCG, the year began with a utility supply disruption at a supplier’s site in January, impacting operations at the Kertih Integrated Petrochemical Complex (KIPC). While recovery was underway, an incident at Putra Heights in April caused further disruptions, affecting multiple entities including PC Fertiliser Kedah. These challenges demanded rapid crisis management and close stakeholder engagements to mitigate the impact.

SEGMENTAL REVIEW

In response to these challenges, PCG strengthened reliability at KIPC through the Enhanced Reliability Taskforce, formed through close collaboration with our utility partner, focusing on utilities supply improvement. Plant maintenance and TA schedules were optimised to maximise production and enhance plant reliability, supported by TA deferments. Following the Putra Heights incident, PCG successfully secured gas supply for PETRONAS Chemicals Fertiliser Sabah (PC Fertiliser Sabah) after receiving a curtailment notice in April, maintaining uninterrupted production, addressing the fertiliser shortage from PC Fertiliser Kedah, and upholding customer commitments.

In addition to external challenges, PCG faced significant internal issues when a quench tower shell leak at PETRONAS Chemicals Ethylene (PC Ethylene) in April caused an unplanned shutdown, disrupting production and downstream plants. Swift mitigation and a controlled shutdown enabled full rectification while minimising operational risk. To prevent recurrence, PCG mandated a comprehensive design review and validation of damage mechanisms. As a key lesson learned, similar preventive measures and integrity reviews were extended to PETRONAS Chemicals Olefins (PC Olefins), with further reinforcement planned during TA of PC Olefins in 2026 to strengthen corrosion management. Meanwhile, PETRONAS Chemicals Methanol (PC Methanol) strengthened their asset reliability through catalyst skimming activities, ensuring stable operations and supporting overall portfolio resilience.

PERFORMANCE HIGHLIGHTS & ACHIEVEMENTS

Our plant reliability and overall equipment effectiveness (OEE) rates improved compared with 2024, reflecting the effectiveness of our asset reliability management across facilities. Another highlight for PCG was recording significant reliability improvements at ASEAN Bintulu Fertilizer (ABF) and PETRONAS Chemicals MTBE (PC MTBE).

From a commercial perspective, PCG continues to deepen customer engagement and enhance portfolio value. PCG achieved a 5% increase in total sales volume over 2024, reaching a significant milestone of 919 KMT of externally-sourced products. Our strategic efforts continue to strengthen our regional presence, particularly in the methanol segment, where we have delivered strong results.

We prioritised customers and suppliers by backfilling system production during both planned and unplanned plant maintenance. We also intensified strategic sourcing initiatives through new trading arrangements for products such as butadiene, benzene, propylene and Technical Grade Urea (TGU) by leveraging our extensive network and strong relationships with co-producers and suppliers.

To optimise freight costs and improve asset utilisation, we expanded the time charter (TC) sublet initiative. By subletting time-chartered vessels to third parties, PCG was able to generate additional revenue streams while maintaining coverage for internal cargo needs. The main shipment route extends from China to the straits of Malacca and Singapore, covering multiple products including methanol, heavy aromatics, caustic soda, MTBE, acetic acid, methyl acetate, motor gasoline and toluene.

We also expanded our regional footprint by establishing PC Marketing (Vietnam) Company Limited to maximise local distribution and domestic growth, strengthening our foothold in one of SEA's fastest-growing markets, further fortifying our presence and reach in the region.

In parallel, we continued to perform strongly in established export markets. Since 1991, we have lifted a total of 3,320 KMT of granular urea under one of our largest strategic term arrangements in Japan and we are on track to reach the 4,000 KMT milestone by 2028.

On Growth Delivery Excellence, we achieved commercial operations and project milestones in 2025, expanding our downstream product portfolio to better serve regional customers and strengthen our position in the APAC market. We also continued to advance other development-stage projects, with additional capacities reaching Ready for Start-Up (RFSU) and new outputs expected to enter target markets by 2026.

Through innovative pricing and diversified shipping strategies, we executed our first propylene delivery to Egypt, capturing an emerging market opportunity and strengthening our global presence. We continue to engage closely with customers and enhance our value proposition by installing tankages in key markets such as China, Thailand and Indonesia to counter competition and support growth.

SEGMENTAL REVIEW

STRATEGIC PILLARS AND KPIs

OE

OPERATIONAL EXCELLENCE

KPIs

Production Volume: 10,036 KMT

Plant Utilisation: 88.2%

SUMMARY OF INITIATIVES/RESULTS

- Produced 10,036 KMT despite significant disruptions by multiple feedstock and utilities supply interruptions
- Plant reliability and overall equipment effectiveness for 2025 improved compared to 2024
- ABF improved reliability from 78.9% in 2024 to 96.2% in 2025 after addressing failures in granulator fan, syngas compressor and process gas cooler during TA
- PC MTBE improved reliability from 86.6% in 2024 to 92.2% in 2025 by resolving issues with Heat Combined Feed Exchanger and Gas Generator Compressor
- Reliability at KIPC was strengthened following a strategic review of utilities risk, leveraging the previously established Enhanced Reliability Taskforce in close collaboration with our utility partner to improve supply resilience

CE

COMMERCIAL EXCELLENCE

KPIs

Total Sales Volume: 9,935 KMT

Customer Feedback: 5.0 sigma

OFR: 93%

Net Promoter Score (NPS): +65

SUMMARY OF INITIATIVES/RESULTS

- Total Sales Volume recorded a 5% year-on-year increase compared to 2024
- Intensified strategic sourcing initiatives with regional producers for products such as methanol, butadiene, benzene and propylene, TGU and Prilled Urea
- Extended term arrangements for ammonia TC
- Intensified TC subletting initiatives to optimise freight costs and improve asset utilisation
- Supported market expansion with the establishment of a new overseas subsidiaries, PC Marketing (Vietnam) Company Limited
- Deepened customer engagement by addressing customer pain points and delivering 253 customised technical solutions, alongside two innovative solutions
- Successfully expanded market reach with first-time deliveries of propylene to Egypt and urea to Türkiye

GE

GROWTH DELIVERY EXCELLENCE

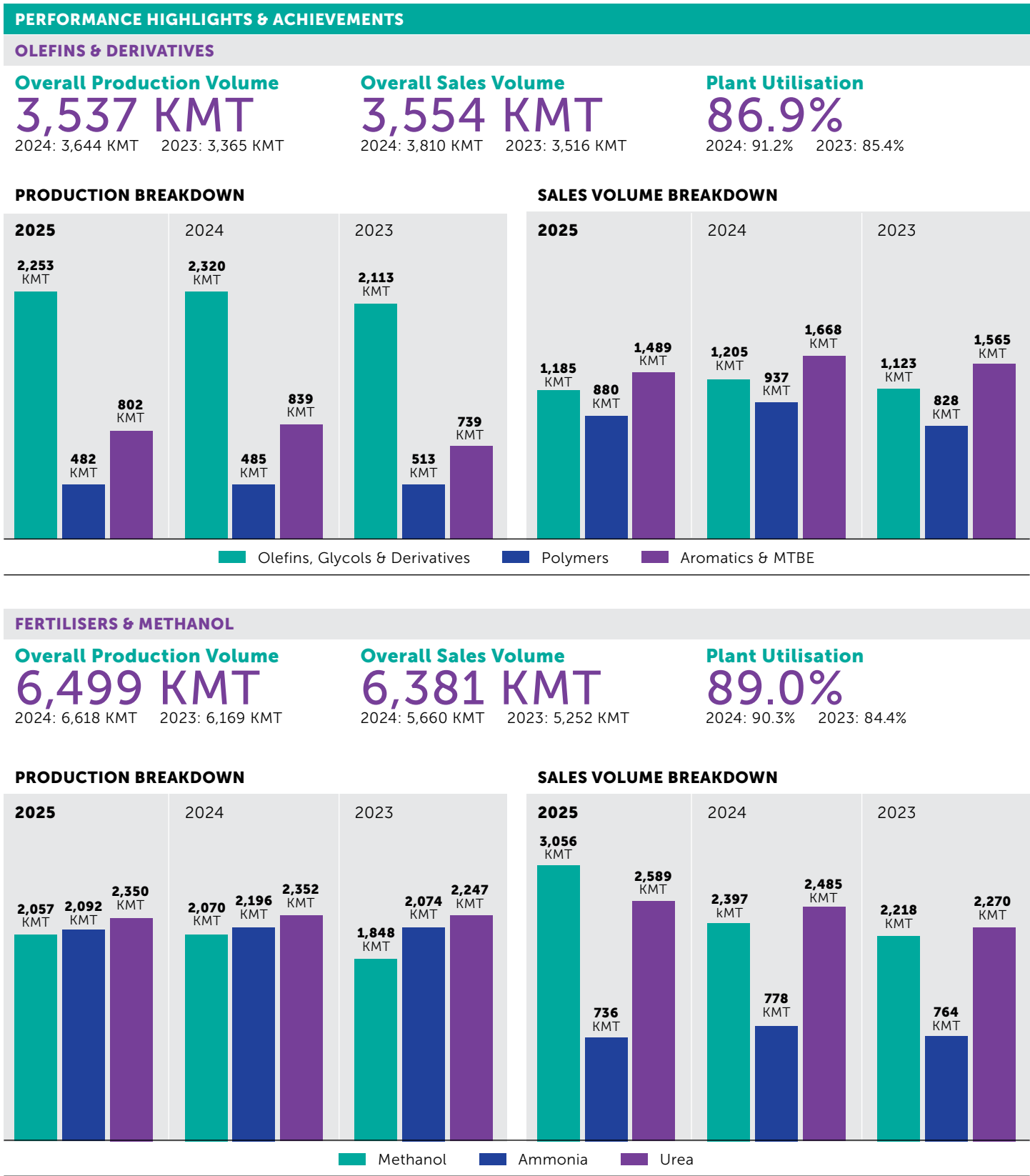
KPIs

Downstream Expansion, Growth and Maleic Anhydride Progress

SUMMARY OF INITIATIVES/RESULTS

- Achieved commercial operations for a new downstream facility in 2025, strengthening regional growth in value-added segments
- MAn project targeted for RFSU in 2026

SEGMENTAL REVIEW



Olefins, Glycols & Derivatives

Polymers

Aromatics & MTBE

FERTILISERS & METHANOL

Overall Production Volume

6,499 KMT

2024: 6,618 KMT 2023: 6,169 KMT

Overall Sales Volume

6,381 KMT

2024: 5,660 KMT 2023: 5,252 KMT

Plant Utilisation

89.0%

2024: 90.3% 2023: 84.4%

PRODUCTION BREAKDOWN

SALES VOLUME BREAKDOWN

2025

2024

2023

2,057 KMT

2,070 KMT

1,848 KMT

2,092 KMT

2,196 KMT

2,074 KMT

2,350 KMT

2,352 KMT

2,247 KMT

2025

2024

2023

3,056 KMT

2,397 KMT

2,218 KMT

736 KMT

778 KMT

764 KMT

2,589 KMT

2,485 KMT

2,270 KMT

Methanol

Ammonia

Urea

SEGMENTAL REVIEW

The Commodities portfolio operates in a highly dynamic and complex environment, where market conditions, supply-demand fluctuations, regulatory changes and geopolitical factors continuously influence performance. The following information provides a concise summary of the key risks and opportunities identified within this portfolio, along with the strategic actions implemented to mitigate risks and capitalise on growth prospects.

HEALTH, SAFETY AND ENVIRONMENT RISK

Exposure to unsafe working environments poses potential injury or fatality risks to our employees and contractors.

OPPORTUNITY

Lead the implementation of HSE excellence programmes across all levels, including contractors, to maintain a safe working environment

ACTIONS TAKEN

- Enforced the Balance of Consequences through immediate local actions to strengthen accountability and compliance
- Rolled out the TAKE 2 campaign to reinforce situational awareness and risk assessment before work execution
- Strengthened Safety Leadership engagement with frontline teams to drive behavioural safety at worksites
- Enhanced early detection and response to LOPC through gas detection, site surveillance and emergency response
- Issued clear guidelines and conducted engagements with EXW transporters to reinforce duty of care and regulatory alignment

RESULTS

Recorded zero fatality, major fire and major LOPC

Recorded a total of three (3) Lost Time Injuries (LTIs) during TA activities and normal operations

PLANT OPERATIONAL RISK

Unreliable and inconsistent production impacts sales volume and revenue growth.

OPPORTUNITIES

- Strengthen technical collaboration internally and externally to improve response and mitigate plant reliability challenges based on best practices and latest technology
- Deliver Operational Excellence by optimising digital tools utilisation in managing plant reliability issues and improving plant efficiency

ACTIONS TAKEN

- Established Structured Reliability Conversation to embed reliability with performance measurements into daily plant meetings, weekly Plant Leadership Team meetings and monthly Reliability and Integrity Management Steering Committee meetings
- Established and continue to strengthen an expert network of technical specialists across PCG to manage disciplines, share knowledge and collaboratively develop solutions
- Integrated discipline compliance and effectiveness of Maintain Facilities Work Process

RESULTS

Addressed majority of plant threats during TA and shutdown activities

Implemented Plant Safe Smooth Shutdown and Start-up Strategy to enhance practice of start-up programme

SEGMENTAL REVIEW

FEEDSTOCK & UTILITIES RISK

Unreliable feedstock, utilities and chemicals supply which may disrupt plant operation.

OPPORTUNITY

- Effectively collaborate with feedstock, utilities and chemicals suppliers

ACTIONS TAKEN

- Strengthened engagement with suppliers via weekly Ethylene Chain Planning & Inventory Updates, monthly Gas Operations & Delivery Committee meetings and biannual meetings with PETRONAS Gas Berhad, in maximising feedstock availability through collaboration between PCG and feedstock suppliers up to upstream facilities
- Sustained close collaboration with local agencies to ensure uninterrupted water supply to our facilities

RESULTS

Optimised upstream feedstock nomination strategies, following utilities and feedstock disruptions during the year, to manage curtailment risks affecting Sabah and Labuan facilities, prioritising gas supply to sustain urea production during critical demand periods and ensure continuity of fertiliser supply to Malaysia’s agriculture sector

Despite ongoing ethane reliability challenges, PCG continues to secure sufficient feedstock supply, averaging at 142 MT/hr

MARKET RISK

Mismanagement of customer relationships may result in loss of customer loyalty and subsequently, tarnish the Group’s reputation.

OPPORTUNITIES

- Strengthen customer loyalty and repeat purchases through reliable and timely product delivery
- Deepen customer engagement to better understand product expectations and evolving needs
- Collaborate closely with customers to gain insights into current market dynamics and demand trends
- Expand the customer base and access new markets through the development of innovative products

ACTIONS TAKEN

- Collaborated on product co-creation opportunities to solve customers’ pain points
- Delivered customer-centric value propositions to better meet customers’ needs
- Optimised sales portfolio mix and maintained high pricing excellence against market benchmark to maximise value
- Maintained competitive logistics cost through cost-to-serve optimisation initiatives

RESULTS

Continued to achieve high sales volume despite challenges amid market volatility and slow demand

Achieved 5.0 sigma on customer feedback, as per industry standard

Achieved a NPS of +65, maintained as per 2024

CONTRIBUTION TO SUSTAINABILITY

PCG strengthened its sustainability commitments through internationally recognised certifications, reinforcing alignment with global standards and regulatory expectations.

- Achieved International Sustainability & Carbon Certification (ISCC) PLUS certification, a voluntary international scheme that ensures product traceability and responsible sourcing while validating the sustainability attributes of alternative feedstocks across certified supply chains
- Obtained Roundtable on Sustainable Palm Oil (RSPO) Trader Certification, a globally recognised standard that promotes sustainable palm oil sourcing and strengthens environmental protection, social responsibility and ethical practices across the palm oil supply chain

SEGMENTAL REVIEW



OUTLOOK

Looking ahead, PCG will undertake a series of strategic TA and pitstops to ensure operational reliability and regulatory compliance. These activities are driven by turnarounds at KIPC, PC Methanol (Plant 2), ABF and PC Fertiliser Kedah, along with the PC Fertliser Sabah shutdown resulting from the upstream integrated shutdown. Through disciplined planning and coordination, we are well prepared to manage these turnarounds effectively throughout 2026.

In terms of commercial excellence, we aim to develop a volume commercialisation for Maleic Anhydride (MAN) aligned with our Route-to-Market (RTM) strategy that has been in place ahead of plant operationalisation. To capture high netbacks while maintaining robust market coverage and operational agility across different business models, we also emphasise a balanced portfolio mix. Additionally, we will continue to ensure supply reliability to customers by backfilling system production during planned and unplanned plant maintenance.

To capture value from strategic collaborations and emerging opportunities, we look to expand into new revenue streams by scaling beyond system volume through third-party physical trading. This enables us to leverage on our opportunities by expanding our offerings with products beyond our portfolio.

Given the dynamic and competitive market environment, our operations will be optimised based on market demand. We will also focus on further improving plant efficiency while maintaining safe and reliable operations.

SEGMENTAL REVIEW

SPECIALTY CHEMICALS



OVERVIEW

Encompassing Perstorp and BRB, the SC Division offers niche solutions aligned with future industry trends. PCG continued its transformation by integrating both businesses into a cohesive operating model and focusing on four key segments: Coatings, Personal Care, Engineered Fluids and Advanced Polymer solutions, while strengthening our Silicones and Intermediates business units.

This strategy positions us closer to customers and enables targeted, value-adding solutions that support our ambition to become a global leader in SC. Despite a challenging market environment marked by soft demand, margin pressures and volatility, PCG remained resilient through disciplined cost management, asset optimisation and stronger commercial excellence to support long-term growth.

To enhance long-term value creation, PCG consolidated and integrated the division's capabilities, unlocking efficiencies, reducing costs and accelerating the delivery of innovative solutions. We established three business units, namely Specialties, Intermediates and Silicones, to adopt a more customer-centric approach. This positions us closer to end users and enables a more responsive approach to evolving market dynamics. The new structure allows faster identification of growth opportunities, more effective resource allocation and the delivery of tailored solutions that meet customer needs.

The Specialties business unit provides high value and differentiated chemical solutions for advanced applications in automotive, construction, and consumer goods. Its focus on innovation and customised products positions it as a key growth engine, enabling PCG to capture niche markets and deliver stronger margins.

The Intermediates business unit supplies essential chemical building blocks for plastics, coatings and adhesives, supporting both industrial and consumer sectors and reinforcing PCG's strong presence in the global chemical value chain.

The Silicones business unit develops versatile and durable silicone-based materials that play important roles in automotive, construction, electronics and healthcare industries, meeting a wide range of customer requirements.

SEGMENTAL REVIEW

Innovation remains central to our growth strategy, demonstrated by the opening of the PETRONAS Application Technology Centre in Shanghai, China. This regional hub enhances formulation development, strengthens customer collaboration and increases agility in responding to evolving market needs across Asia.

In line with our sustainability commitments, our Waspik site in the Netherlands continued to achieve zero Scope 1 and 2 emissions since 2024, while the Echt site, also in the Netherlands, reported zero Scope 1 and 2 emissions in 2025 following the transition to renewable energy. These achievements reflect our sustained progress in reducing our environmental footprint and raising sustainability standards across our operations.

As we advance these strategic initiatives, our commitment to sustainability, innovation and customer-centric solutions remains strong. Prioritising key customers and tailoring service delivery continue to be essential in providing differentiated value, strengthening loyalty and enhancing PCG's competitive advantage.

CHALLENGES & MITIGATION

Throughout 2025, SC navigated challenges from China's market oversupply, global economic uncertainty, geopolitical tensions and supply chain disruptions, which weighed on chemical demand and key downstream sectors. We also faced a slower ramp-up in our specialties business as many products remained in market validation, and continued aligning production and procurement with demand patterns to reinforce resilience. Operationally, we strengthened cost management, improved supply chain efficiency, optimised our asset footprint and enhanced production reliability to protect margins.

We advanced our commercial excellence agenda by unifying teams on a common Customer Relationship Management (CRM) platform, enabling full visibility of customer pipelines, improved cross-selling and more disciplined opportunity management. Enhanced digital marketing increased qualified leads through integrated web and content channels, supported by cost-to-lead analytics that improved campaign effectiveness. We also introduced a digital Product Carbon Footprint (PCF) calculator to strengthen value-selling by quantifying environmental and economic benefits for customers. These efforts, together with refined pricing strategies and enhanced customer segmentation, strengthened margin recovery and improved our ability to deliver targeted solutions.

Our new segment-driven operating model further improved customer access and responsiveness, enabling more effective identification of growth opportunities and deeper customer engagement despite softer demand cycles.

PERFORMANCE HIGHLIGHTS & ACHIEVEMENTS

We are currently undertaking our first pilot using AI/ML platforms to accelerate the development of formulations for coatings, demonstrating the power of advanced technologies in formulation.

New products launched in 2025
30

Sales Volume
844 KMT

Inaugurated the PETRONAS Application Technology Centre in Shanghai, China, strengthening regional technical support and customer engagement

Upgraded the Amsterdam ester plant post-acquisition, achieving first commercial delivery in July 2025

Won the Environmental Pioneer Award for Neptem™ emulsifiers, recognising low-VOC waterborne alkyd innovation

Launched Viscotech® Upcycled, cutting lifecycle carbon footprint by about 60% through re-refined base oils

Introduced Emfinity® Esters, expanding plant-based and biodegradable personal care solutions

SEGMENTAL REVIEW

STRATEGIC PILLARS AND KPIs	
OE	OPERATIONAL EXCELLENCE
	KPIs
	HSE: Achieved zero fatality, major LOPC and major fire
	Cybersecurity: Zero High and Very High Severity incidents recorded
CE	Cost Optimisation: RM136 million
	SUMMARY OF INITIATIVES/RESULTS
	- Strengthened safety culture through the inaugural division-wide implementation of Health, Safety and Care Week, with trainings and talks related to safety and culture - Continued to provide targeted HSE support via asset integrity programmes at SC plants to promote responsible production based on HSE and compliance assessments - Rolled out upgraded cybersecurity training modules and refresher courses to all employees
GE	COMMERCIAL EXCELLENCE
	KPIs
	Sales Volume: 844 KMT
	New Customers: 68
	SUMMARY OF INITIATIVES/RESULTS
	- Sales Volume in 2025 reduced by 6% compared to 2024 - Introduced a unified digitalised marketing sales funnel for both BRB and Perstorp sales teams that enables analytics-driven decision making to increase sales opportunities
	GROWTH DELIVERY EXCELLENCE
	KPIs
	Expanded synthetic ester transformer fluid product range by leveraging Perstorp's agile scaling capability
	Expansion of innovative capabilities: Shanghai lab launch
	Number of new products launched: 30
	SUMMARY OF INITIATIVES/RESULTS
	- Broadened Engineered Fluids segment and enabled entry into high-margin markets like thermal management solutions, aligning with growing demand for sustainable, high-performance fluids - Inaugurated the PETRONAS Application Technology Centre in Shanghai, China, to support growth in the region while being closer to customers - The technology and innovation centre in Bangi, Malaysia is expected to be completed in 2026 and will complement our existing centres in Europe and India, supporting the co-creation of tailored and specific solutions with customers - Neptem™ emulsifiers, a breakthrough solution enabling waterborne alkyd technology for more sustainable coatings - Viscotech® Upcycled, industry's first low carbon footprint viscosity modifiers for automotive and industrial lubricants, supporting sustainable mobility and performance - Emfinity® Esters launch, innovative plant-based, biodegradable and natural esters designed for personal care applications, delivering performance with sustainability, reducing reliance on fossil-based feedstocks - Ramped up production at Perstorp's Pentaerythritol and Calcium Formate plant in Bharuch, India to meet Asia's growing demand

SEGMENTAL REVIEW

SPECIALTIES BUSINESS UNIT
COATING SOLUTIONS
Coating Solutions delivers sustainable building blocks and advanced additives for resin makers and formulators that support diverse applications, including alkyd paints, Ultraviolet/Electron Beam resins, PUD, intumescent coatings and silicone resins as well as additives.
HIGHLIGHT
Introduced the Neptem™ series of alkyd emulsifiers, which enable low-VOC waterborne alkyds. These reduce solvent use and fossil fuel dependency, supporting the transition to greener, high-performance coating systems. Additionally, this innovation strengthens our position in PUD and UV resins, enhances collaborations with our silicone business, and advances sustainable technologies in waterborne solutions
ENGINEERED FLUIDS SOLUTIONS
Engineered Fluids Solutions produces high-quality synthetic base stocks and finished fluids for specialised lubricants and thermal management applications, supporting safer, more efficient and more sustainable operations across diverse industries including metalworking, environmentally acceptable lubricants, food-grade lubricants, data centres, electric mobility and green energy.
Within this segment, Lube Oil Additives & Chemicals (LAC) improves the performance of lubricants and fuels, by enhancing efficiency of vehicles and machinery in all temperatures, while extending service life and reducing fuel consumption.
HIGHLIGHTS
- Expanded synthetic ester capabilities by producing a new range of esters following the acquisition of the Amsterdam ester plant, marking Perstorp's first step in growing its synthetic ester business for specialty fluids. A new portfolio of saturated synthetic polyol esters was also launched, including Perstorp Synthetic-EF 5, Synthetic-EF 15 and Synthetic-EF 22 - Introduced POE3685X, a polyol ester lubricant that enables formulators to develop application-specific lubricants with reliable performance under demanding conditions - Launched Viscotech® Upcycled viscosity modifiers (6640LR, 6540LR, 6073LR), formulated using high-quality re-refined base oils to deliver a 60% reduction in carbon footprint, supporting circular economy goals in the lubricants industry - Released the Viscotech® 4- and 5-series, advanced styrenic viscosity modifiers designed for next-generation multigrade engine oils, enabling manufacturers to meet tightening performance requirements
ADVANCED POLYMER SOLUTIONS
Focused and innovative chemistry in co-polyesters and polymer additives have enabled our customers, formulators, compounders and converters to develop plastic solutions that meet the demands for increased safety, more sustainable and stronger alignment with circular economy principles.
HIGHLIGHT
Increased awareness and credibility across the entire food packaging value chain through partnerships and co-promotional activities with machinery producers and labelling manufacturers to enable circular solutions
PERSONAL CARE SOLUTIONS
Focused on delivering science-backed solutions that enhance consumers' daily routines for a more wholesome emotional well-being. With a portfolio spanning skincare, haircare and colour cosmetics, this segment drives growth through advanced R&D innovation with nature-derived ingredients that address evolving consumer expectations around wellness, efficacy and sustainability.
HIGHLIGHTS
- During in-cosmetics Global in March 2025, we launched Emfinity CGSA 200 B and SG elastomer gels (SG 270, SG 532, SG 534). These gels deliver premium sensorial benefits, which include improved spreadability, silky feel and soft-focus effects for skincare, healthcare and cosmetics - In November 2025 at in-cosmetics Asia in Bangkok, Thailand, we showcased our portfolio expansion with eight new Emfinity® Ester grades (PG-3DIS, GSC, CP, EHP, PTIS, GTIS, IL, DNPG) offering light textures, enhanced slip and conditioning, as well as more sustainable, biodegradable options for modern personal care formulations

SEGMENTAL REVIEW

INTERMEDIATES BUSINESS UNIT	
• Polyols A critical intermediate in the manufacturing of resins, coatings, adhesives, lubricants and polyurethanes • Oxo Mainly used as building blocks in the production of plasticisers, engineered fluids, resins and coatings, surfactants, animal nutrition and fuel additives	• Formates Versatile intermediates, including sodium, potassium and calcium formates, used in de-icing, drilling fluids, leather tanning, tile adhesives, plant nutrition and feed preservation • Animal Nutrition Solutions that support gut health and performance while keeping feed nutritious and safe from enterobacteria, mycotoxins, moulds and yeasts
HIGHLIGHTS • In 2025, Oxo reinforced its disciplined approach to portfolio optimisation and capital efficiency, ensuring sharper strategic focus and stronger returns on invested capital. This commitment led to the permanent closure of the 35kt Phthalic Anhydride facility in Nol, Sweden, as part of the ongoing rationalisation of production assets • Relunched ProSid™ Pellet Pro, a trusted solution for feed moisture management, with full control and stewardship under Perstorp. This reflects PCG’s renewed commitment to advancing innovation in moisture management and milling optimisation	

SILICONES BUSINESS UNIT
Covering markets such as personal care, construction, coating & inks, plastic & rubber composites and food & beverages
HIGHLIGHT • Launched new portfolio BRB SW-459 and re-launched Silicone Spray Adjuvants SW-431. SW-356 and SW-739, low-viscosity silicone polyether copolymers specially engineered to improve the wetting, spreading and penetration performance of agricultural spray solutions

RISKS & OPPORTUNITIES

SC forms an integral part of PCG’s broader portfolio, requiring consistent oversight to ensure optimal performance amid evolving market conditions and customer needs.

HEALTH, SAFETY AND ENVIRONMENT RISK
HSE incidents in chemical manufacturing, in particular process safety breaches such as major spills and fires, pose severe threats to people or the environment.
OPPORTUNITY • Continuously strengthen HSE programmes at all levels to ensure preparedness and resilience
ACTIONS TAKEN • Implemented additional tools, policies and systems to strengthen risk identification, assessment and monitoring • Conducted audits and assessments to ensure compliance with corporate HSE standards and governance requirements • Advanced the HSE roadmap based on audit outcomes, safety performance trends and stakeholder feedback • Delivered targeted support to strengthen safety culture and reduce operational risks
RESULTS Recorded zero fatality, major fire and major LOPC Recorded a total of eight (8) LTIs during turnaround activities and normal operations While no catastrophic events occurred a continued, continuous focus on HSE remains critical to minimise potential adverse impacts on people and the environment

SEGMENTAL REVIEW

MARKET RISK
• Change in customer demand or behaviour • Geopolitical tensions and prolonged high inflation driving economic slowdown • Increased competitors’ supply from China to Europe
OPPORTUNITIES • Strong engagement with customers enables a better understanding of product performance and formulation requirements • Collaborations with customers provide enhanced insights evolving market and application needs • Strong sales pipeline development across strategic segments • Growing interest from new customers in recently launched products within strategic business areas • Europe’s Packaging and Packaging Waste Regulation (PPWR) and clarified mass balance definitions are increasing demand for sustainable product solutions
ACTIONS TAKEN • Participated in exhibitions, hosted seminars/webinars and launched new products to keep up with dynamic market demand • Proactively addressed market recovery while capturing strong growth for specialties • Digitalised the sales pipeline and lead generation via website and social media channels • Strengthened the value proposition of product offerings to attract new customers • Rebranded selected products to align with the PPWR requirements and reinforced sustainability messaging across key stakeholders throughout the value chain
RESULTS Launched 30 new products across coatings, personal care, engineered fluids applications Gained 68 new customers
TALENT RISK
Inability to attract and retain key personnel, insufficient manning for business sustainability and growth projects.
OPPORTUNITY • Develop Talent Management intervention to mitigate retention challenges
ACTION TAKEN • Implemented an accelerated recruitment plan to hire key talents in support of business needs
RESULT Achieved operationalisation of the PETRONAS Application Technology Centre in Shanghai, China through recruitment of experienced SC talents

SEGMENTAL REVIEW

OPERATIONAL RISK
- Energy and raw material prices remain at high levels with big competitive gap between EMEA and APAC, affecting margin contribution - Supply chain/logistics disruption contributed by external factors, e.g. geopolitical tensions, sanctions
OPPORTUNITY
Effectively collaborate with feedstock, utilities and chemicals suppliers
ACTION TAKEN
Executed site-specific continuous improvement programmes to optimise costs, raw material usage and yields, alongside strengthened supplier partnerships through collaborative performance initiatives
RESULTS
Achieved RM136 million cost savings in key areas such as direct variable, freight and raw materials costs
Secured supply continuity through flexible supplier agreements, enabling better terms as performance improved
REGULATORY RISK
Dynamic and more stringent requirements and/or enforcement in laws and regulations related to specialty products and its market.
OPPORTUNITY
Continuously develop and embed best-practice compliance frameworks, supported by regular training for all employees to ensure compliance with laws and regulations in the locations where we operate
ACTIONS TAKEN
- Implemented mandatory e-learning modules and training programmes to raise awareness and knowledge of the PETRONAS Code of Conduct and Business Ethics (CoBE) to align with PETRONAS' standard - Maintained active engagement with relevant regulatory councils and industry committees across its global footprint, while continuously monitoring regulatory developments across all operating sites to ensure timely readiness and effective response to evolving requirements
RESULT
Improved compliance practices in response to evolving regulatory requirements, with focused attention on critical legal areas
INNOVATION RISK
- New product development may not lead to commercially viable offerings - Rapid technological change may render existing products or platforms obsolete - Customer acceptance and market demand for new offerings remain uncertain
OPPORTUNITIES
- Successful product launches can expand addressable markets, strengthen competitive positioning, and generate new revenue streams - Adoption of emerging technologies can enable new business models, improve operational efficiency, and open access to untapped customer segments
ACTIONS TAKEN
- Implemented a stage-gate review process with defined milestones, diversified the innovation portfolio and established strategic partnerships to share development costs and risks - Allocated capital to next-generation platform development, initiated customer transition programmes and made strategic acquisitions to accelerate capability building - Conducted extensive market research and customer testing, implemented phased rollouts, formed distribution partnerships and refined offerings based on customer feedback
RESULTS
Advanced key initiatives through development phases, strengthening the product pipeline and positioning offerings for market entry within planned timeframes
Unlocked innovative infrastructure, resulting in the development of 30 new products and improved customer retention
Established a continuous customer feedback loop to drive ongoing product enhancements and better meet evolving customer requirements

SEGMENTAL REVIEW

CONTRIBUTION TO SUSTAINABILITY
PCG continues to advance its sustainability agenda by embedding environmental responsibility into day-to-day operations across its business segments. Perstorp Waspik and BRB Echt, two SC sites, achieved zero greenhouse gas (GHG) emissions, representing key milestones in advancing low-carbon footprint production.
The Waspik site, which specialises in Animal Nutrition solutions, maintained zero Scope 1 and 2 emissions since 2024. Similarly, the Echt plant, focused on LAC solutions, eliminated its Scope 1 and 2 emissions in 2025 by transitioning to renewable energy sources. Complementing these operational achievements, we introduced a digital PCF calculator that helps customers quantify the environmental and economic benefits of lower carbon alternatives, strengthening transparent, data-driven sustainability choices.
OUTLOOK
The SC market outlook remains challenging for 2026, with continued volatility, soft demand in key regions and intensified global competition expected to influence industry performance. End markets such as construction and consumer goods are projected to recover gradually, while the automotive sector is expected to experience steadier growth driven by electrification and lightweighting trends.
Against this backdrop, PCG will continue strengthening competitiveness through innovation, operational excellence and targeted expansion in higher-growth specialty segments. A key priority will be deepening cross-synergies across our focused segments by combining complementary technologies and shared application expertise to deliver more integrated and differentiated solutions. We will also reinforce customer relationships while expanding our strategic customer base to remain relevant and capture emerging opportunities across priority end markets.



Perstorp Waspik B.V., Waspik, the Netherlands

SUSTAINABILITY REVIEW

SUSTAINABILITY & VALUE CREATION

Sustainability is integral to PCG's ability to deliver resilient performance, protect long-term value and remain competitive in a rapidly evolving environment.

As a global chemicals group with a significant manufacturing footprint, our sustainability priorities are embedded in how we manage risk, allocate capital, innovate responsibly and operate with discipline across the value chain.

In 2025, PCG continued to systematically integrate sustainability considerations into business strategy, operational planning and investment decision-making. This includes strengthening climate readiness, accelerating the transition toward lower-carbon and circular products, enhancing supply chain and human rights practices as well as reinforcing safety, governance and digital resilience across operations.

PCG's sustainability focus areas reflect the Group's material EESG matters, which are discussed in detail in the Value Creation section of this IR. This Sustainability Review provides a concise overview of progress made in 2025, supported by clear signposting to the SR where detailed disclosures, methodologies and performance data are presented.

SUSTAINABILITY AT A GLANCE

PCG made measurable progress in 2025 across its priority sustainability focus areas, underpinning long-term business resilience, operational reliability and stakeholder confidence.



For further details on performance indicators and programme level outcomes, please refer to the PCG Sustainability Report 2025.



SUSTAINABILITY REVIEW

CLIMATE & TRANSITION READINESS

Climate change remains one of the most material considerations shaping PCG's long-term resilience, competitiveness and access to markets and capital.

As a chemicals producer operating across multiple geographies, PCG is exposed to both transition risks arising from evolving climate policies, carbon pricing and customer expectations, as well as physical risks linked to extreme weather events and changing operating conditions.

In response, PCG continues to advance its transition journey in alignment with the PETRONAS Commitment to NZCE by 2050 and PETRONAS' Energy Transition Strategy. Climate considerations are increasingly embedded into business planning, investment evaluation and operational decision-making to ensure portfolio resilience across a range of future scenarios. This includes applying internal carbon considerations as well as options to low-carbon pathways.

Recognising the growing importance of transparent, decision-useful climate-related disclosures, PCG continues to strengthen its reporting in line with evolving global sustainability standards. The Sustainability Statement on pages 70 to 109 provides a structured overview of the Group's climate-related governance, strategy, risk management and metrics, demonstrating how climate considerations are integrated into value creation and long-term business resilience.



For further details on PETRONAS' Energy Transition Strategy which guides the Group's climate and low-carbon approach, please refer to website at <https://www.petronas.com/sustainability/delivering-net-zero>.

SUSTAINABILITY REVIEW



During the year, PCG strengthened the foundations of its climate readiness by improving the quality, consistency and transparency of GHG data across operations. Reporting boundaries, methodologies and data governance processes were reviewed and enhanced to provide a more accurate tracking of progress over time, supporting informed decision-making. These efforts support greater confidence in PCG's climate disclosures and transition planning.

PCG also continues to assess climate-related risks and opportunities across its operations and value chain. Periodic assessments help identify potential transition and physical risks, inform mitigation actions and guide longer-term strategic priorities. At the same time, climate considerations are shaping portfolio evolution, including the expansion of lower-carbon, circular and energy-efficient solutions that support customer decarbonisation efforts.

Governance and oversight of climate-related matters remain firmly embedded within PCG's enterprise risk management framework, with Board and management-level oversight ensuring accountability and alignment with business strategy. Together, these efforts reflect PCG's ongoing transition toward a more resilient, lower-carbon business model, while maintaining operational reliability and value creation.



For further information on climate governance, strategy, risk management and metrics, please refer to the Sustainability Statement section on pages 70 to 109 of this report.

ENABLING RESILIENCE ACROSS THE VALUE CHAIN

Responsible Value Chains

PCG recognises that responsible value chain management is fundamental to sustaining long-term business performance, regulatory readiness and customer trust. As expectations around product responsibility, human rights and environmental performance continue to rise globally, PCG has continued strengthening how sustainability considerations are embedded across procurement, product development and supplier engagement.

In 2025, PCG advanced responsible product stewardship and circular economy practices across both Commodities and SC. This included the development and expansion of lower-carbon, bio-based and circular product solutions, as well as continued improvements in waste recovery, materials efficiency and lifecycle considerations. These efforts support customers' sustainability objectives while reinforcing PCG's market positioning in higher-value and future-ready segments.

PCG has also taken a significant step forward in strengthening supply chain expectations, particularly in relation to human rights. Following the adoption of the PETRONAS Supply Chain Human Rights Standard, enhanced requirements were integrated into procurement and contractor management processes, supported by supplier engagement, monitoring and compliance mechanisms. This reflects PCG's commitment to managing social and environmental risks beyond its direct operations and across the broader value chain.



For further information on Innovation & Product Stewardship, Circular Economy, Supply Chain Management and Human Rights, please refer to pages 33 to 37, 38 to 41, 42 to 43 and 53 to 55 respectively, of the PCG Sustainability Report 2025.

People, Safety and Digital Resilience

Our people remain central to our ability to operate safely, reliably and competitively. In 2025, the Group continued to reinforce a strong safety culture, build workforce capability and support employee well-being across its diverse operational footprint.

Underpinning our safety commitment is our Generative HSE Culture, where we continue to focus on zero fatalities and zero major incidents. Proactive risk identification, leadership engagement, contractor integration and structured assurance processes supported consistent application of safety standards across operations.

In parallel, PCG strengthened digital resilience as an enabler of operational continuity and risk management. Ongoing investments in cybersecurity controls, workforce awareness and governance across Information Technology (IT) and Operational Technology (OT) environments helped safeguard critical systems and data while supporting digitalisation initiatives across manufacturing and business processes.

PCG also continued investing in talent development, well-being and community engagement, recognising that a capable, engaged and resilient workforce contributes directly to long-term organisational performance and social licence to operate.



For further details on PCG's Cybersecurity & Digitalisation, Safety & Health, Talent Management & Well-being and Community Engagement, please refer to pages 44 to 45, 46 to 49, 50 to 52 and 56 to 61 respectively, of the PCG Sustainability Report 2025.

Governance and Oversight

Strong governance underpins PCG's approach to sustainability, risk management and ethical conduct. Oversight of sustainability-related matters is embedded within the Group's broader governance framework, with clear roles and responsibilities at Board and Management levels.

The Board and relevant committees continued to oversee key sustainability risks and opportunities, including climate readiness, operational safety, integrity and regulatory compliance. Management-level committees and functional governance structures supported effective implementation, monitoring and assurance across the organisation.

PCG maintained a strong focus on ethics and integrity, supported by established policies, training and compliance mechanisms. Continuous assurance processes, internal controls and transparent reporting help reinforce accountability and sustain stakeholder confidence.



For further details on governance and ethics-related disclosures, please refer to the Corporate Governance section on pages 62 to 63 of the PCG Sustainability Report 2025.

SUSTAINABILITY REVIEW

WHERE TO FIND
MORE INFORMATION

This Sustainability Review should be read together with the following:



PCG Sustainability Report 2025 for detailed policies, programmes, performance data and case studies

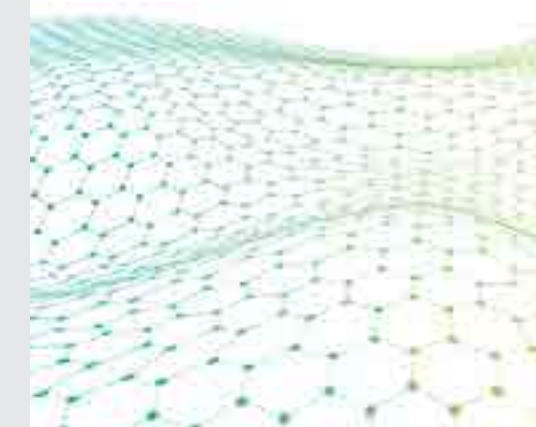


Sustainability Statement section of this Integrated Report for sustainability and climate governance, strategy, risk management as well as metrics and targets



Value Creation section of this Integrated Report for material matters and value creation narrative

Together, these disclosures provide a complete and integrated view of how sustainability supports PCG's long-term resilience and value creation.



SUSTAINABILITY REVIEW

SUSTAINABILITY REVIEW

SUSTAINABILITY STATEMENT

BASIS OF PREPARATION AND PRESENTATION

This Sustainability Statement (Statement) constitutes PCG’s climate-related disclosures that have been prepared in accordance with the IFRS Sustainability Disclosure Standards, as adopted under the Bursa Malaysia Main Market Listing Requirements.

This Statement has been prepared to comply with the National Sustainability Reporting Framework (NSRF) requirements for listed issuers, including the application of International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards; IFRS S2 Climate-related Disclosures (IFRS S2). It is intended to be disclosed with the Group’s Audited Financial Statements and should be read in conjunction with PCG’s Sustainability Report 2025 (SR).

This Statement is designed to enhance transparency, comparability and decision-usefulness of climate-related financial information for investors and other stakeholders. Where relevant, disclosures have been prepared taking into consideration applicable local regulatory requirements and governance frameworks under PETRONAS.

This Statement complements the consolidated financial statements by providing context to climate-related factors that may reasonably be expected to affect PCG’s financial position, financial performance and future cash flows.

First-Time Adoption of IFRS Sustainability Disclosure Standards and Transition Reliefs

The 2025 reporting year represents the first annual reporting period in which PCG applies the IFRS Sustainability Disclosure Standards, specifically IFRS S2. In preparing these disclosures, PCG has applied the additional transitional reliefs (ATRs) as provided by the Main Market Listing Requirements for issuers listed on the Main Market of Bursa Malaysia to support a phased and robust implementation.

PCG has applied the following transition reliefs and ATRs, where applicable:

- Comparative information is not required for new metrics that have not been previously disclosed in prior reporting periods
- Permitted to disclose information only on climate-related risks and opportunities (in accordance with IFRS S2 Climate-related Disclosures) and consequently apply the requirements of IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information only insofar as they relate to the disclosure of information on climate-related risks and opportunities for two (2) years
- Only selected material Scope 3 categories are disclosed where data quality, availability and methodology robustness are assessed to be sufficiently mature to support quantitative reporting

The use of transition reliefs does not affect PCG’s commitment to transparency or the ongoing enhancement of climate-related disclosures. Where applicable, the proportionality mechanisms of the standards were also adopted, allowing companies to use reasonably available information without incurring undue cost or effort and to apply an approach compatible with their skills, capabilities and resources.

Regulatory and Framework Alignment

PCG’s climate-related disclosures are developed in compliance with applicable regulatory requirements for listed issuers and to align with recognised sustainability reporting frameworks relevant to the Group’s operations.

National Sustainability Reporting Framework (NSRF)

The Statement supports PCG’s alignment with the NSRF, particularly in relation to climate-related disclosures. The structure and content is designed to provide clear visibility of how climate considerations are embedded across governance, strategy, risk management, metrics and targets, consistent with NSRF expectations.

Detailed climate-related disclosures are presented in this Statement to complement the high-level sustainability narrative and performance highlights disclosed in PCG’s SR. This Statement forms part of PCG’s broader sustainability reporting suite and is intended to support consistency and comparability of disclosures under the NSRF.

In preparing these climate-related disclosures, PCG has considered the applicability of relevant disclosure topics and metrics set out in the Sustainability Accounting Standards Board (SASB) Standards for the chemicals industry. SASB-related disclosures are presented in the relevant sections of this Statement, with cross-references applied for quantitative metrics disclosed elsewhere.

Relationship with Other PCG Reports

This Statement should be read together with PCG’s SR 2025. The documents are designed to be complementary and collectively address PCG’s sustainability and climate-related reporting obligations under the NSRF. Information on:

- Strategic context, sustainability priorities and progress updates are summarised in the SR 2025
- Material sustainability considerations, value creation impacts and financial connectivity are presented within this Statement
- Detailed climate-related processes, data methodologies, metrics and assumptions are consolidated within this Statement to support technical transparency and regulatory alignment

Structure of this Statement

Consistent with IFRS S2, this Statement is organised around the four core pillars:

- Governance, for oversight, accountability and management structures
- Strategy, for climate-related risks and opportunities, and their financial implications
- Risk Management, for processes in identifying, assessing and managing risks
- Metrics and Targets, for performance indicators, emissions data and transition objectives

This structure supports comparability, traceability and alignment with regulatory expectations, while avoiding duplication of narrative content presented in other PCG reports.

Together, these documents provide a cohesive and proportionate set of climate-related disclosures that balance accessibility for general stakeholders with the depth required by regulators, investors and assurance providers.

External Assurance

Selected sustainability indicators (SSI) for the financial year ended 31 December 2025 listed below have been subjected to independent limited assurance by an external assurance provider on whether the SSI have been prepared in accordance with PCG Basis of Calculation as set out in Appendix 1:

- Scope 1 Greenhouse Gas (GHG) Emissions
- Scope 2 GHG Emissions (location-based)
- Scope 2 GHG Emissions (market-based)
- Total Energy Consumption (within the organisation)
- Freshwater Withdrawal

The boundary of the limited assurance for the above indicators covers PETRONAS Chemicals Ammonia Sdn. Bhd., PETRONAS Chemicals Aromatics Sdn. Bhd., PETRONAS Chemicals Derivatives Sdn. Bhd., PETRONAS Chemicals Fertiliser Kedah Sdn. Bhd., PETRONAS Chemicals Glycols Sdn. Bhd., PETRONAS Chemicals LDPE Sdn. Bhd., PETRONAS Chemicals Methanol Sdn. Bhd., PETRONAS Chemicals MTBE Sdn. Bhd., PETRONAS Chemicals Olefins Sdn. Bhd., PETRONAS Chemicals Polyethylene Sdn. Bhd., PETRONAS Chemicals Ethylene Sdn. Bhd., PETRONAS Chemicals Fertiliser Sabah Sdn. Bhd., ASEAN Bintulu Fertilizer Sdn. Bhd., Perstorp Holding AB and its subsidiaries and Da Vinci Group B.V and its subsidiaries.

Conclusion by the external assurance provider

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Selected Sustainability Indicators for the financial year ended 31 December 2025 presented are not prepared, in all material respects, in accordance with the PCG’s definition and calculation methodologies.

The PCG’s definition and calculation methodologies are set out in this Sustainability Statement.

The Independent Limited Assurance Report which will be included in the PCG Sustainability Report 2025, to be published at a later date.



SUSTAINABILITY REVIEW

REPORTING BOUNDARY

This Statement is prepared for PETRONAS Chemicals Group Berhad and its subsidiaries, with connectivity to the Group's consolidated financial statements. For the purposes of this Statement, the reporting boundary reflects entities and arrangements within PCG's operational control for climate reporting, and is applied consistently across governance, strategy, risk management, metrics and targets, unless otherwise stated. This approach supports coherent, comparable and decision-useful disclosures while reflecting the current scope of PCG's sustainability reporting systems and processes.

Organisational Boundary

The organisational boundary includes PETRONAS Chemicals Group Berhad and its subsidiaries over which the Group has operational control during the reporting period.

While the Group's consolidated financial statements are prepared in accordance with applicable financial reporting standards, the organisational boundary applied for this Statement differs slightly from the financial consolidation boundary. Specifically, Pengerang Petrochemical Company Sdn. Bhd., included within the Group's financial consolidation scope, is excluded from this Statement due to the application of a defined sustainability reporting boundary, taking into account joint-venture structure considerations.

Where relevant, disclosures distinguish between domestic and international operations to reflect differences in operating contexts, regulatory environments and exposure to climate-related risks and opportunities.

Operational Boundary for GHG Emissions

GHG emissions are measured using an operational control approach in accordance with the Greenhouse Gas Protocol.

GHG emissions disclosures include:

- Scope 1 emissions: Direct emissions from sources owned or controlled by PCG, including fuel combustion and process-related emissions
- Scope 2 emissions: Indirect emissions from the generation of purchased electricity, steam and other energy sources, reported using both location-based and market-based methodologies
- Scope 3 emissions: Other indirect emissions across the value chain. For the current reporting cycle, Scope 3 disclosures focus on selected categories in line with applicable reliefs and data maturity, with further expansion planned as data maturity improves

The operational boundary reflects information available through PCG's current systems, processes and governance structures, and will continue to be refined over time to support enhanced disclosure depth and accuracy.

Boundary Considerations and Limitations

In preparing these disclosures, PCG has applied professional judgement in determining the scope, depth and level of detail of information included, taking into account data availability, system readiness and reporting maturity. Certain climate-related disclosures, including elements of Scope 3 emissions and financial effects of climate-related risks and opportunities, remain subject to ongoing enhancement as methodologies, data quality and internal capabilities continue to evolve.

Where applicable, transition reliefs under IFRS Sustainability Disclosure Standards have been applied and are disclosed in Basis of Preparation and Presentation.

SUSTAINABILITY REVIEW

JUDGEMENTS AND MEASUREMENT UNCERTAINTIES

Key Judgements Applied

Within this Statement, PCG applies judgement in determining material topics, selecting appropriate methodologies and presenting and climate-related financial information. These judgements are applied in accordance with the IFRS Sustainability Disclosure Standards and are based on reasonable and supportable information available at the reporting date.

Key areas requiring judgement include:

- **Materiality Process**

Management applied significant judgement to identify the climate-related risks and opportunities that could reasonably be expected to affect the PCG's prospects, as well as the material information related to those risks and opportunities. The process followed by the PCG in making the assessment of what information could reasonably impact the PCG's financial prospects and influence decisions of primary users is set out in the Climate-Related Risks and Opportunities chapter of this Statement.

- **Calculation Methods for GHG Emissions**

Judgement is exercised in selecting appropriate GHG accounting methodologies, emission factors and data sources. This includes the use of estimates where direct measurement is not available. Methodologies are applied consistently and are aligned with the Greenhouse Gas Protocol and relevant PETRONAS Technical Standards.

- **Climate-Related Risks and Opportunities Assessment**

Judgement is applied in identifying and assessing climate-related risks and opportunities, including:

- Selection of climate scenarios and time horizons
- Interpretation of model outputs
- Assessment of the relevance, likelihood and severity of physical and transition risks
- Identification of potential climate-related opportunities

Measurement Uncertainties

Measurement uncertainty arises from the inherent limitations in data availability, modelling assumptions and forward-looking estimates used in climate-related disclosures. PCG seeks to reduce uncertainty through the application of standardised methodologies, internal controls and ongoing data quality improvements.

Key sources of measurement uncertainty include:

- **Physical and Transition Risk-Related Financial Effects**

Assessment of anticipated financial effects from physical and transition climate risks involves uncertainty due to:

- Forward-looking nature of climate scenarios
- Policy and regulatory developments
- Technology readiness
- Market responses

These factors may affect the magnitude and timing of potential impacts on asset values, operating costs, capital expenditure and cash flows.

- **GHG-Related Metrics**

Uncertainty in GHG metrics may arise from:

- Estimation techniques where direct measurement is not feasible
- Variability in emission factors
- Metering accuracy
- Data completeness across facilities

An uncertainty assessment of Scope 1 and Scope 2 GHG emissions was conducted as part of a broader enhancement initiative, applying a robust and defensible approach aligned with internationally recognised standards.

SUSTAINABILITY REVIEW

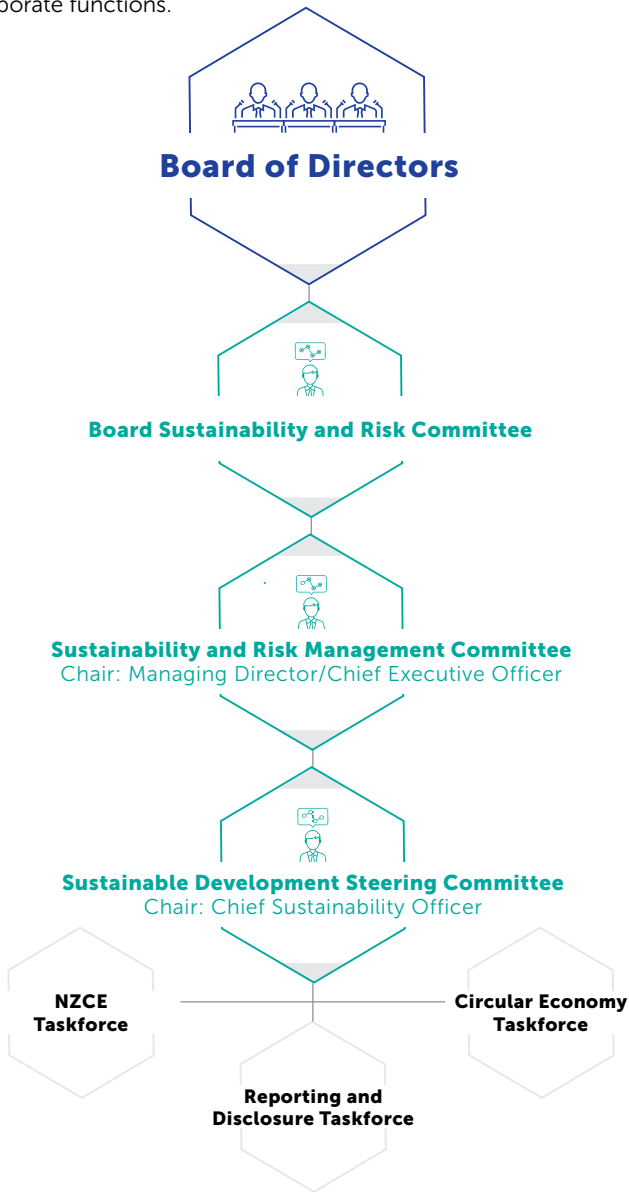
SUSTAINABILITY AND CLIMATE GOVERNANCE

Oversight and Role of The Governance Body on Sustainability and Climate Matters

PCG's sustainability and climate governance framework is designed to promote disciplined, transparent and strategically informed decision-making across the Group. Governance structures are established to ensure that sustainability and climate-related considerations are embedded in corporate strategy, capital allocation, enterprise risk management and operational planning.

The Board of Directors (the Board) retains ultimate oversight and accountability for sustainability and climate-related matters. The Board, together with Management, provides direction, oversight and challenge to ensure that strategic priorities, transition ambitions and risk management approaches remain aligned with the Group's long-term resilience and value creation objectives. Sustainability oversight is integrated within existing governance structures and is not treated as a standalone compliance function.

Through clearly defined roles and reporting lines, PCG's governance model supports effective escalation, monitoring and execution of sustainability and climate initiatives across operating segments and corporate functions.



Roles and Responsibilities

Board of Directors

- Provides top-level leadership and direction, embedding sustainability and climate considerations into PCG's strategic priorities, values and decision-making
- Reviews, steers and approves PCG's sustainability targets, priorities and strategy, including through Board Strategic Conversations
- Oversees implementation and resource allocation, ensuring the Sustainability Agenda is executed through annual business plans and budgets

Board Sustainability and Risk Committee

- Oversees sustainability and climate-related risks and opportunities, including the review and endorsement of the Corporate Risk Profile (CRP), target setting, major project considerations and progress on PCG's Net Zero Carbon Emissions (NZCE) 2050 Roadmap
- Reviews quarterly performance and endorses key disclosures, including the SR and assurance of selected non-financial indicators

Sustainability and Risk Management Committee

- The MD/CEO leads sustainability-related decisions, supported by the Sustainability and Risk Management Committee (SRMC), which brings together Management Committee members across key divisions
- Reviews risks and opportunities at enterprise and portfolio levels, endorses sustainability and monitors performance quarterly, providing intervention where required
- Oversees PCG's NZCE 2050 Roadmap implementation and climate-related responsibilities, including cascading GHG targets to operating units and integrating carbon assessments and pricing into investment decisions
- Enhances the CRP, improving coverage of sustainability-related risks and alignment with material matters and emerging IFRS S1 and S2 expectations

Sustainable Development Steering Committee

- Provides strategic direction by shaping PCG's sustainability strategy, determining material topics, setting objectives and action and aligning enterprise priorities to support long-term value creation and transition ambitions
- Convenes quarterly to review progress, recommend performance and corrective actions and steer task forces as well as enterprise-wide sustainability initiatives to ensure effective execution across the business

NZCE Taskforce

Drives execution of PCG's NZCE 2050 Roadmap, expanding the decarbonisation pipeline, implementing renewable strategies and managing emissions from growth

Reporting and Disclosure Taskforce

Defines the reporting strategy and roadmap, prioritises sustainability disclosures, monitors emerging requirements and ensures the integrity and accuracy of sustainability and climate-related disclosures through coordinated reporting processes

Circular Economy Taskforce

Leads the implementation of PCG's resource efficiency and circular economy approach, driving the transition toward optimised resource use, circular products and solutions and operational practices

Key Board Oversight in 2025

In line with IFRS Sustainability Disclosure Standards, the Board maintained active oversight of sustainability and climate-related matters during the reporting year, ensuring that strategic positions, transition commitments and risk management approaches remained aligned with PCG's long-term resilience and decarbonisation ambitions. The matters summarised below reflect formal Board deliberations and approvals undertaken throughout the year.

In 2025, the Board reviewed and approved key sustainability positions to guide PCG's long-term strategy and operational priorities. These included the adoption of the PETRONAS Position on Nature and Biodiversity directive, strengthening the Group's approach to managing nature-related risks and impacts, as well as the approval of PCG's Resource Efficiency position to reinforce alignment with circular economy principles and environmental stewardship objectives. Collectively, these decisions provide clearer strategic direction and governance oversight for sustainability matters across the Group. The Board also exercised active oversight of PCG's climate transition agenda, including the adoption of the PETRONAS commitment to NZCE by 2050. The Board Sustainability and Risk Committee (BSRC) reviewed PCG's climate risk status and management approach, assessed progress against emissions reduction targets and evaluated additional measures to support execution. These deliberations demonstrate disciplined oversight, performance monitoring and accountability in advancing PCG's climate-related objectives.

For more information on our Key Board Decisions, please refer to the Corporate Governance Overview Statement of the PCG Integrated Report 2025.

Trade-offs and Strategic Judgement

In overseeing sustainability risks and opportunities, the Board and management committees routinely consider trade-offs between financial viability, operational continuity, stakeholder expectations and long-term value resilience.

For climate-specific matters, trade-offs are assessed in the context of decarbonisation sequencing, renewable energy adoption, electrification, carbon pricing exposure and asset-level decarbonisation options. Management evaluates short-term investment requirements against longer-term risk mitigation, including potential future carbon liabilities, regulatory exposure and competitiveness considerations.

These deliberations are conducted through periodic Board Strategic Conversations on Sustainability and embedded within the BSRC, ensuring that sustainability and climate-related trade-offs are considered within strategic planning, capital allocation and enterprise risk management processes.

Impact of Sustainability on Remuneration Policies

Sustainability and climate-related performance considerations are integrated into executive and senior management evaluation and remuneration frameworks to reinforce accountability and alignment with long-term objectives.

Integration of Sustainability and Climate KPIs

The MD/CEO and Senior Management are assigned sustainability and climate-related Key Performance Indicators (KPIs) aligned with strategic objectives and annual performance priorities. These KPIs are cascaded across the organisation to strengthen consistency and execution discipline.

Sustainability and climate-related performance targets incorporated into performance assessments include:

- Annual GHG emissions performance
- Overall Environmental, Social and Governance (ESG) performance indicators

Linkage to Variable Remuneration

Performance against sustainability and climate-related KPIs is incorporated into management performance evaluations and directly linked to variable remuneration outcomes. Sustainability and climate-related performance indicators account for an average of 5% of overall performance evaluation, with higher weightings applied to selected members of management, reflecting the nature of their roles and responsibilities in driving delivery of strategic sustainability initiatives, aligned with longer-term goals.

This remuneration linkage reinforces accountability for sustainability execution, supports alignment between strategic ambition and operational delivery.

Skills and Capabilities

Effective oversight of sustainability and climate-related matters requires appropriate skills, experience and access to relevant expertise at both Board and management levels. PCG's governance approach recognises that sustainability oversight is not solely structural, but capability-driven.

The Board Effectiveness Evaluation includes sustainability and climate-related governance as a standalone assessment area, ensuring that the Board's oversight, skills and capabilities in managing sustainability and climate-related risks and opportunities are regularly reviewed.

Board Skills and Experience

The Board collectively possesses experience across industry operations, capital allocation, risk management, regulatory compliance and sustainability and climate-related matters relevant to PCG's business model and transition context. In line with good governance practices, the Board periodically reviews its composition and capability profile to ensure alignment with emerging sustainability and climate-related risks and opportunities. Capability building and training on sustainability and climate related topics are identified and managed via the Board Remuneration Committee.

A Board skills matrix is presented to provide transparency on competencies across areas including:

- Industry background (Oil & Gas, Petrochemical)
- International and regional experience
- Functional expertise (engineering, operations, finance, risk management, strategy, sustainability, technology, human resources and project management)

Management Capabilities

At Management level, sustainability oversight is supported by structured governance arrangements and cross-functional expertise spanning operations, risk management, finance, technology and strategy. Dedicated sustainability and climate functions coordinate implementation of transition initiatives, emissions management, scenario analysis and disclosure processes.

Capability development is reinforced through:

- Technical training and certification programmes
- Cross-functional sustainability taskforces
- Ongoing strengthening of internal governance and reporting capabilities

This model ensures that oversight is supported by operational expertise and that sustainability and climate-related matters are managed with appropriate technical depth.

SUSTAINABILITY REVIEW

CLIMATE-RELATED RISKS AND OPPORTUNITIES

PCG Business Model and Strategic Context

PCG operates as an integrated chemicals group spanning Commodities and Specialty Chemicals (SC) portfolios supported by manufacturing assets, logistics infrastructure and downstream customer relationships across multiple geographies. Value creation is underpinned by reliable access to energy and feedstocks, capital-intensive manufacturing processes, efficient operations and the ability to serve customers in regulated and increasingly sustainability-driven markets.

PCG’s portfolio comprises two complementary segments with distinct market dynamics and sustainability considerations. The Commodities portfolio is characterised by large-scale, energy- and feedstock-intensive production, where competitiveness is closely linked to operational efficiency, cost discipline and carbon intensity management. The SC portfolio focuses on higher-value, application-driven solutions, where differentiation is supported by innovation, customer collaboration and the ability to develop sustainability-enabled products aligned with evolving regulatory and end-market expectations. Together, these portfolios shape PCG’s exposure to sustainability and climate-related drivers and inform portfolio strategy and capital allocation priorities.

PCG’s value chain is exposed to sustainability and climate-related factors across upstream inputs, on-site operations, logistics networks and downstream product use. Energy availability and pricing, carbon regulation, physical climate hazards and customer decarbonisation expectations influence operating costs, asset performance, investment decisions and portfolio competitiveness. Accordingly, sustainability and climate-related risks and opportunities are integrated into capital allocation, strategic planning and portfolio positioning across short-, medium- and long-term horizons.

This business model context provides the foundation for assessing how climate-related risks and opportunities may affect PCG’s strategy, resilience and long-term value creation.

For more information on our business model and operations, refer to the Segmental Review of the PCG Integrated Report 2025.

Strategic Planning Time Horizons

PCG considers what the impact of climate might be over time horizons that align with our business planning cycles and long-term transformation pathway. Each horizon reflects a distinct set of risks, opportunities and strategic responses that help us navigate a rapidly evolving climate landscape.

SHORT-TERM (BY 2026)	MEDIUM-TERM (BY 2030)	LONG-TERM (BY 2050)
Aligned with the Group’s annual planning and budgeting cycles, the short-term horizon addresses climate-related risks and opportunities with near-term operational, commercial and cost impacts. This includes regulatory and carbon policy developments, and their implications for competitiveness, supply chains and operating costs.	Aligned with the Group’s rolling business plans and strategic investment cycles, the medium-term horizon considers climate-related risks and opportunities that may affect capital allocation, asset performance and strategic positioning. This horizon incorporates planned decarbonisation initiatives, as well as evolving market, technology and carbon pricing dynamics.	Aligned with PETRONAS NZCE 2050, the long-term horizon assesses climate-related risks and opportunities that may impact the long-term resilience and viability of the business model. Considerations include structural shifts in energy and chemical markets, large-scale adoption of low-carbon technologies, and evolving policy, regulatory and infrastructure requirements.

SUSTAINABILITY REVIEW

Materiality under IFRS Sustainability Disclosure Standards

PCG applies the concept of material information consistent with IFRS Sustainability Disclosure Standards. Information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence decisions of primary users of general-purpose financial reports. Accordingly, PCG assesses materiality based on whether sustainability- and climate-related risks and opportunities could reasonably be expected to affect the PCG’s prospects over the short-, medium- or long-term.

For transition risks and opportunities, PCG identifies a broad set of climate transition drivers across policy and regulation, technology, markets and reputation, informed by scenario-based analysis.

For physical climate risks and opportunities, PCG conducts forward-looking, asset-level assessments of relevant climate hazards using defined scenarios and time horizons.

Only climate-related risks and opportunities that could reasonably be expected to affect PCG’s cash flows, access to financing or cost of capital that is expected to affect PCG’s prospects are disclosed in this report. PCG assessed these risks and opportunities based on their likelihood of occurrence and magnitude of financial impact, should the event occur.

For risks and opportunities that relate to uncertain future events or those that cannot be determined quantitatively, a range of possible outcomes was considered, and likelihood ratings were assigned accordingly. Where similar events have occurred previously, a higher likelihood was assigned to the possibility of recurrence. The assessment results were mapped on a risk and opportunity matrix, and items with relatively higher likelihood and/or financial impact were prioritised for disclosure.

Climate Strategy

PCG’s climate strategy is guided by PCG’s NZCE 2050 Roadmap approved in 2021 and supports the PETRONAS commitment to NZCE by 2050. A key component of PCG’s climate strategy is the climate transition pathway, reflecting management’s current assessment of how PCG may progress its decarbonisation ambitions while strengthening long-term portfolio resilience in a carbon-constrained economy. It outlines potential actions, sequencing considerations, investment priorities and key dependencies to support delivery of PCG’s NZCE 2050 ambition. The approach emphasises value-accretive and preventive measures aimed at reducing overall transition costs while maintaining long-term competitiveness.

Climate Transition Path

Plan Scope and Boundaries

PCG’s climate transition path applies to PCG’s operations measured under an operational control approach for GHG reporting and is aligned with the reporting boundaries used in this Statement. The planning is developed within the strategic time horizons described above and reflects the management’s current assessment of potential actions, investment considerations and governance arrangements across the short-, medium- and long-term. The transition plan remains subject to ongoing refinement and governance review.

Baseline

PCG uses 2019 as the base year for tracking progress against its Scope 1 and Scope 2 decarbonisation targets, providing a consistent reference point for evaluating emissions reductions over time. The baseline was recalculated following the acquisition of Perstorp in 2022 and emissions restatements in 2024 arising from improved calculation methodologies that exceeded the Group’s 5% comparability threshold.

PCG’s baseline emissions for Scope 1 and Scope 2 were 8.24 million tonnes of carbon dioxide equivalent (tCO₂e). These revised baseline values apply to PCG’s consolidated operations measured using an operational control approach, consistent with the Group’s GHG reporting boundary.

Targets

PCG has set an absolute gross GHG emissions reduction target in line with its NZCE 2050 Roadmap. The target covers total Scope 1 and Scope 2 emissions, reflecting a commitment to reducing operational emissions. Progress toward PETRONAS commitment to NZCE by 2050 is tracked against a 2019 baseline. Interim targets are not included in this reporting cycle.

Decarbonisation Levers

PCG’s climate transition pathway is guided by the decarbonisation lever hierarchy set out in the PCG NZCE 2050 Roadmap. The levers are sequenced to prioritise emissions reductions delivered through operational actions and energy choices before progressing to more capital-intensive asset decarbonisation solutions, with carbon offsets considered only for residual emissions that cannot be eliminated through feasible gross reductions. This sequencing reflects differences in technical readiness, feasibility and enabling conditions across assets and geographies and supports a measured, disciplined transition pathway.

SUSTAINABILITY REVIEW

Preventive measures are embedded into routine investment, replacement and design decisions. These include the preferential adoption of higher-efficiency equipment, electrification as the default option for asset replacement where feasible and engineering choices informed by forward-looking transition and temperature assumptions. In parallel, PCG seeks to capture co-benefits beyond emissions reduction, including water intensity improvements from electrification and opportunities for heat integration and operational synergies with neighbouring facilities. Quantified emissions contributions by lever are being refined and not disclosed in this reporting cycle; disclosures will be enhanced as transition planning and data maturity increase.

PCG's NZCE 2050 Roadmap Decarbonisation Levers				
Growth	Operational Optimisation			
Baseline (2019) Emissions		Switching to Renewables	Asset Decarbonisation	Carbon Offset
	- Flare reduction - Energy efficiency	- On-site solar power - Renewable energy purchase - Electrification	- Carbon Capture, Utilisation and Storage (CCUS) - Low-carbon processes	Carbon removal via nature-based solutions
Lever 1: Operational Optimisation				
PCG prioritises near-term emissions reductions through operational optimisation, focusing on flare and vent reduction and energy efficiency improvements largely within operational control. Measures include improved operating practices to minimise flaring of hydrocarbon off-gases, efficiency upgrades to motors and steam turbines and optimisation of fired equipment. These initiatives have been implemented and expanded across selected sites and continue to provide foundational emissions reductions while supporting safe and reliable operations.				
Lever 2: Switching to Renewables				
Transition planning includes switching to lower-carbon electricity through renewable electricity procurement and, where feasible, on-site solar generation. Electrification is pursued as an enabling measure for energy-intensive systems where technically and commercially viable, reducing reliance on fossil-based energy and increasing the potential to utilise lower-carbon electricity over time. Progress to date has been concentrated at selected sites, with further opportunities assessed on a case-by-case basis.				
Lever 3: Asset Decarbonisation				
PCG evaluates asset-level decarbonisation options such as CCUS and low-carbon process pathways to address emissions that cannot be reduced through operational optimisation or renewable switching alone. These options are progressed through staged feasibility assessments, reflecting dependencies on technology readiness, carbon transport and storage infrastructure, policy support and cost trajectories. Recent work includes catalyst improvements, post-combustion CCUS feasibility studies and hydrogen firing assessments.				
Lever 4: Carbon Offsets				
Consistent with PCG's stated approach, carbon offsets are recognised in principle but are not positioned as a primary decarbonisation lever. Should offsets be utilised in the future, they would be applied only to address residual emissions that cannot be abated through feasible gross reductions and would be subject to governance oversight and defined quality criteria.				

SUSTAINABILITY REVIEW

Portfolio Review and Balancing

Beyond asset-level levers, PCG's transition pathway considers portfolio review and balancing to manage emissions exposure and strengthen long-term resilience. This includes ongoing assessment of portfolio composition, growth and optimisation to balance emissions intensity, market demand, competitiveness and value creation. Considerations include a gradual shift toward lower-carbon and circular offerings, including sustainability-linked products and circular solutions where market readiness and certification pathways support scalable delivery. Portfolio considerations may influence investment prioritisation, asset optimisation, growth sequencing and product mix decisions and are evaluated alongside operational and technological abatement options.

Progress Monitoring

Progress is monitored primarily through trends in Scope 1 and Scope 2 GHG emissions, relative to the 2019 baseline, to assess advancement toward our long-term targets. Oversight is provided through established sustainability and climate governance structures, with quantitative emissions data and methodologies disclosed in the Metrics and Targets section.

Capital Allocation and Execution Controls

PCG's climate transition path is expected to be supported over time through a combination of capital and operating expenditure for emissions reduction and resilience measures, together with execution controls that integrate carbon considerations into investment decision-making. At the current stage of transition planning maturity, PCG does not disclose a consolidated transition CapEx or OpEx envelope by time horizon, as detailed cost profiling and consistent classification across mitigation, adaptation and enabling investments remain under development through internal governance, project readiness assessments and financial planning processes. This reflects a proportional approach to disclosure, taking into account data availability, investment approval timelines and the evolving nature of transition planning.

To address this, PCG is strengthening internal processes to improve the completeness and consistency of transition-related investment information. This includes enhanced tagging and classification of climate-related expenditure and closer linkage between transition planning assumptions and financial planning outputs, supporting more decision-useful disclosures over time.

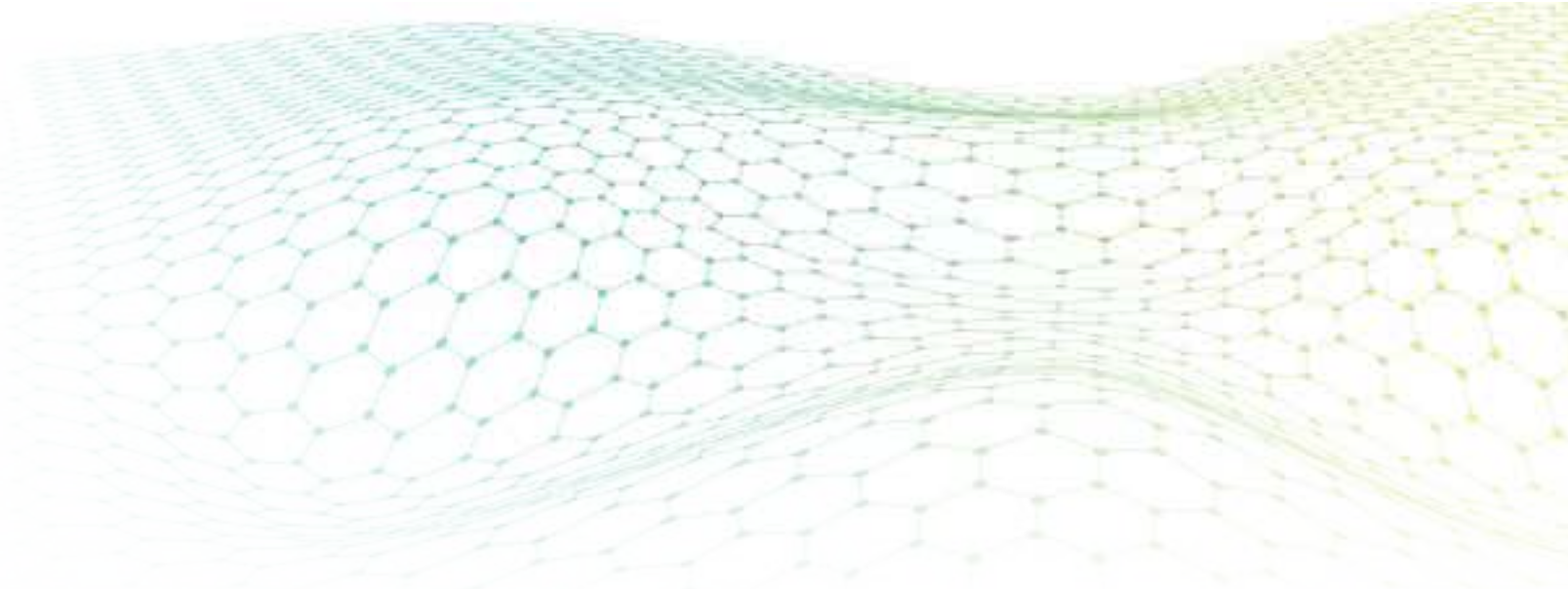
Internal Carbon Pricing (ICP) as an Execution Control

PCG actively monitors transition risks and responds through disciplined capital allocation and scenario-based stress testing. ICP is applied in investment evaluations to assess resilience and guide capital deployment, while balancing emissions reduction and financial sustainability. Carbon pricing is applied at levels aligned with prevailing or emerging pricing regimes across our operating jurisdictions.

Dependencies, Assumptions and Uncertainties

PCG's climate transition pathway is subject to external dependencies and uncertainties, including developments in carbon pricing, renewable electricity availability and cost, the maturity of enabling infrastructure for CCUS and hydrogen and the readiness of circular and bio-based feedstock ecosystems and certification pathways. These factors may influence the timing and sequencing of decarbonisation actions across planning horizons.

These uncertainties are managed through scenario-informed planning and periodic governance review. PCG prioritises short-term actions that are operationally feasible while preparing for longer-term options as enabling conditions evolve. Where conditions diverge from current assumptions, sequencing may be adjusted through established planning and investment evaluation processes, while maintaining focus on economically resilient and operationally achievable actions.



SUSTAINABILITY REVIEW

Climate-Related Risks and Opportunities Shaping Our Strategy

PCG continues to refine its assessment of climate-related risks and opportunities to ensure our strategy remains aligned with advancing climate science, shifting energy projections and evolving climate frameworks that account for the latest policy developments, market expectation and decarbonisation pathways. Insights from these assessments continue to shape our climate response, informing our resilience planning, investment decisions and NZCE 2050 priorities.

Physical Risks

PCG has identified the following physical climate risks as material to its manufacturing assets, logistics networks and workforce safety across operating regions:

Extreme Heat (Heat wave and Heat stress)

Increased frequency and severity of high-temperature events affecting workforce safety, cooling demand and equipment performance at heat-intensive operations

Flooding (Fluvial and Pluvial)

Risk of site inundation from increased rainfall intensity and river discharge, including fluvial (riverine) and pluvial (surface-water) flooding, affecting asset integrity, production continuity and on-site logistics

Drought (Water Availability Risk)

Prolonged rainfall deficits and drying conditions may reduce freshwater availability for operations, constraining water-dependent processes such as cooling, steam generation and utilities, and increasing operating costs over time

Transition Risks and Opportunities

PCG has identified the following transition-related factors as particularly relevant to its strategic and portfolio considerations:

Carbon Pricing and Regulatory Tightening

Increased exposure to carbon taxes, emissions trading schemes and climate-related regulatory requirements

Energy and Feedstock Transition Dynamics

Volatility in energy markets and competition for alternative and lower-carbon feedstocks affecting cost structures and supply security

Technology Transition in Chemicals Manufacturing

Capital-intensive shift toward lower and near-zero-emissions production technologies requiring alignment with asset lifecycles and technology readiness

Chemicals as Enablers of the Low-Carbon Economy

Demand for chemicals that support low-carbon energy systems and sustainability-aligned applications, creating portfolio growth opportunities

These transition considerations shape PCG's approach to portfolio evolution, investment prioritisation and the pacing of decarbonisation efforts under PCG's NZCE 2050 Roadmap.

Physical Risks

Physical climate risks represent an important source of potential disruption to PCG's capital-intensive manufacturing assets, integrated logistics infrastructure and geographically diversified operations. These risks arise from acute events (e.g. extreme rainfall and storms) and chronic shifts (e.g. rising temperatures, altered precipitation patterns and increasing water stress). Physical risk assessments are conducted using forward-looking climate scenarios aligned with internationally recognised climate science.

PCG's assessment covers 32 major assets across its global footprint, including Commodities and SC manufacturing sites and key logistics infrastructure. Eight climate-related hazards are evaluated across short-, medium- and long-term horizons to assess potential impacts on asset performance, operational continuity, workforce health and safety and supply chain reliability. Shared Socio-economic Pathways (SSP) 2-4.5 is applied as the baseline scenario for physical risk assessment, providing a pragmatic reference point for strategic planning.

Hazards are prioritised for disclosure based on their expected significance to enterprise value and concentration of exposure across the asset base. Extreme heat and heat stress have emerged as the most pervasive and intensifying risks, increasing cooling demand, elevating workforce health and safety considerations and potentially affecting equipment reliability. Drought and water stress are projected to intensify at selected locations, while fluvial and pluvial flooding remain site-specific but structurally relevant for certain manufacturing and logistics assets.

Storm surge exposure is elevated at a limited number of coastal locations and managed through site-level controls. Windstorm and wildfire risks are currently assessed as low across the portfolio and are monitored as climate projections evolve.

SUSTAINABILITY REVIEW

Summary of The Physical Risks and Associated Impacts

EXTREME HEAT (HEAT WAVE AND HEAT)

Time Horizon: ☒ Short-term ☒ Medium-term ☒ Long-term

Category

Acute or Chronic

Impacted Areas

- Upstream
- Operations (Commodities)
- Logistics/Supply Chain

Impact Description

Extreme heat combines periods of abnormally high temperatures and the resulting heat-stress impacts on people and operations. Increasing frequency and intensity of extreme heat can reduce operational efficiency, affect asset reliability and compromise health and safety performance, with potential knock-on effects across the supply chain.

Impact on Operations and Workforce

- Operational efficiency and reliability:** Extreme heat increases cooling and energy demand, can strain Heating, Ventilation and Air Conditioning (HVAC) and control room environments and may accelerate deterioration of heat-sensitive equipment, leading to higher operating costs and unplanned maintenance
- Process safety and asset performance:** In severe conditions, elevated temperatures may exceed thermal tolerances during heat-intensive operations or constrained maintenance windows, increasing process-safety and reliability risks
- Workforce health and productivity:** Extreme heat raises the risk of heat-related illness for outdoor and high-exertion work and can limit safe working hours during peak heat, affecting work scheduling and turnaround execution if not actively managed

Impact on value chain

- Extreme heat may disrupt upstream operations through reduced workforce capacity at supplier sites and may strain logistics networks through infrastructure overheating or transport delays, affecting inbound deliveries and outbound shipment reliability

Evolution of Risk

Extreme heat exposure increases across time horizons, shifting from a monitored near-term occupational and operating risk at selected locations to a more structurally relevant hazard by mid-century under higher-warming pathways. Maintaining safe operations increasingly depends on the progressive strengthening of heat-management controls and operational planning at exposed sites.

Direct Adaptation Measures (Operations)

PCG manages heat-stress risk through Guidelines on Safe Work Practices in Heat, including task rotation, adjusted work-rest cycles, hydration protocols and modified work schedules during peak heat periods. These controls safeguard workforce well-being, reduce heat-related incidents and support safe operational continuity during elevated temperature conditions.

PCG also monitors heat-risk indicators and maintains workforce training, Personal Protective Equipment (PPE) and on-site monitoring tools to sustain safe working conditions and enable timely operational response during periods of extreme heat.

Indirect and Planning Measures (Operations and Value Chain)

PCG considers extreme heat impacts in operational planning, including the scheduling and sequencing of heat-sensitive activities where feasible, to minimise disruption during peak temperature periods.

PCG also engages relevant service providers and logistics partners to support readiness and continuity across the value chain during extreme heat conditions, recognising that extreme heat can affect external workforce capacity and logistics reliability.

In addition, PCG continues to review the adequacy of asset-level cooling and environmental control systems as part of operational planning and longer-term preparedness.

Current and Anticipated Financial Effects

2025 Effects

No material impact in 2025.

2026 Outlook

PCG does not expect any material adjustments in 2026.

Anticipated financial effects

Short-term: Heat waves currently result in minimal financial impact. Slight increases in operating costs may arise from higher cooling and ventilation needs and the implementation of heat-stress safety measures. No material productivity loss or revenue impact has been observed, as Safe Work Practices in Heat effectively protect workforce health and maintain operational continuity. All costs are manageable within existing operational budgets.

Medium-term: Increasing frequency of heat waves is expected to gradually raise operating costs, mainly from higher energy use and enhanced heat-stress controls. Selective capital investments in cooling systems and heat-resilient equipment may be required for assets moving into elevated risk categories. Productivity impacts during peak heat periods and value-chain disruptions may increase costs, but impacts remain manageable and localised.

Long-term: With heat wave exposure affecting more assets by 2050, structural cost escalation is expected. Sustained increases in energy demand, more extensive asset upgrades and higher maintenance costs may impact operating margins. Greater workforce constraints and asset reliability risks could drive higher CapEx, insurance and lifecycle costs. Heat stress becomes a material long-term financial risk influencing asset design and capital allocation decisions.

SUSTAINABILITY REVIEW

FLOODING (FLUVIAL AND PLUVIAL)		
Time Horizon: ☒ Short-term ☒ Medium-term ☒ Long-term		
Category Acute or Chronic	Impacted Areas - Upstream - Operations (Commodities) - Logistics/Supply Chain	Impact Description Shifting rainfall patterns and intensifying storm systems increase the likelihood of both fluvial (riverine) and pluvial (surface-water) flooding across several regions where PCG operates. Flood events can disrupt site access and utilities, damage equipment and infrastructure and increase safety and environmental exposure risks. Flooding may also create knock-on disruption to logistics and customer deliveries where transport routes are affected.
Impact on Operations and Workforce Operational efficiency and reliability: Flooding can restrict site access, impair utilities and damage equipment and infrastructure, potentially disrupting operations and increasing unplanned maintenance and repair requirements Cost and protection requirements: Repeated or more severe flood events may increase operating costs through higher maintenance needs, potential insurance cost pressure and the need for flood-protection investments (e.g., drainage and flood-proofing) Safety and environmental exposure: If containment systems are compromised, flooding can elevate the risk of chemical exposure, affecting workforce safety, emergency response conditions and surrounding communities		
Impact on value chain Flooding can obstruct roads and transport routes, delaying inbound feedstock deliveries and outbound product shipments, affecting delivery schedules and supply reliability to customers		
Evolution of Risk Flood risk remains location-specific across time horizons. Riverine flooding tends to remain broadly stable in relative terms, while surface water flooding becomes more pronounced at a subset of locations over time as rainfall intensity increases, reinforcing the importance of drainage capacity, preparedness and business continuity planning.	Direct Adaptation Measures (Operations) PCG strengthens flood preparedness through enhanced early-warning capability (including collaboration with the Malaysian Meteorological Department) and site-level response activation (e.g. via the Flood Operation Committee and East Coast Natural Disaster Operation Committee.) These measures are intended to safeguard personnel and support timely operational response to maintain plant operability during flood events.	Indirect and Planning Measures (Operations and Value Chain) PCG incorporates flood disruption considerations into operational and business continuity planning, including scenario-based preparedness for site access constraints, utilities disruption and logistics interruptions. These measures support the continued operation of affected plants and help maintain the timely delivery of products to customers during flood events. Where access routes are disrupted, PCG coordinates logistics rerouting, alternative transport arrangements and inventory planning to preserve supply continuity across the value chain. In parallel, PCG continues to evaluate longer-term flood mitigation enhancements, such as drainage upgrades and equipment flood-proofing, alongside ongoing monitoring, drills and readiness reviews, with any related CapEx and OpEx disclosed separately where applicable.
Current and Anticipated Financial Effects		
2025 Effects No material impact in 2025.	2026 Outlook PCG does not expect any material adjustments in 2026.	
Anticipated financial effects Short-term: Near-term financial and revenue impacts remain limited. Minor flooding may increase maintenance, inspection and emergency response costs, but existing mitigation prevents material asset damage or production outages. Revenue loss is negligible, as production continuity and customer deliveries are maintained through inventory buffers and logistics rerouting. Any shipment delays are short-lived and do not result in order cancellations. Overall impacts are absorbed within normal operating expenditure without affecting annual revenue. Medium-term: Revenue may be temporarily affected by short production stoppages, delayed shipments or reduced delivery reliability during severe flood events. While volumes are largely recoverable, timing mismatches could lead to deferred sales, higher penalties or reduced spot-market opportunities, particularly for commodity-based products during periods of strong demand. Long-term: Persistent exposure may increase depreciation, retrofit spending and insurance costs, while recurrent disruptions can reduce effective capacity utilisation. Revenue impacts may arise from constrained production, reduced delivery reliability and weakened customer confidence in high-risk locations. Over time, flood exposure may influence market allocation, growth potential and long-term portfolio decisions unless mitigated by resilience investments or asset repositioning.		

SUSTAINABILITY REVIEW

DROUGHT (WATER AVAILABILITY RISK)		
Time Horizon: ☒ Short-term ☒ Medium-term ☒ Long-term		
Category Acute or Chronic	Impacted Areas - Upstream - Operations (Commodities and SC) - Downstream (Customers)	Impact Description Drought refers to prolonged rainfall deficits and longer-term drying conditions that can reduce freshwater availability for operations. Increasing frequency and severity of drought conditions can constrain water-dependent processes such as cooling, steam generation and utilities, increase operating costs and reduce operational flexibility over time. Broader water-stress outcomes influenced by non-climate factors are addressed through site-level water stewardship and operational planning.
Impact on Operations and Workforce Operational continuity and cost: Reduced water availability during prolonged dry conditions can constrain water-dependent operations (e.g., cooling and steam generation), potentially interrupting production processes and turnaround activities and increasing costs associated with water procurement, treatment and supplemental supply arrangements Process reliability and compliance: Water availability constraints can increase sensitivity of utilities performance and require tighter operational control to maintain process stability and compliance requirements (including water-quality and discharge considerations where relevant) Workforce health and hygiene: Reduced water availability can affect sanitation and hygiene standards and elevate health risks for personnel, particularly when dry conditions coincide with hot periods that increase heat-related illness sensitivity		
Impact on value chain - Water constraints may weaken upstream continuity and logistics reliability where suppliers and service providers are water-dependent (e.g., feedstock preparation and pre-treatment quality) - Drought conditions can also affect downstream handling and processing where water availability and quality influence delivery timelines and the consistency of chemical outputs		
Evolution of Risk Drought exposure remains location-specific in the near term but intensifies over time for a subset of assets, particularly under higher-warming pathways. By mid-century, water availability risk can become structurally relevant for water-dependent operations at exposed locations, increasing the need for sustained water efficiency, recycling and contingency sourcing measures.	Direct Adaptation Measures (Operations) PCG manages drought-related water availability risk through operational water stewardship measures, including water efficiency and withdrawal reduction initiatives at higher exposure sites, guided by water management targets for water-stressed regions. To strengthen decision-making, PCG has conducted forward-looking freshwater availability assessments to identify locations that may face increasing constraints and to prioritise site-level actions. In addition to efficiency measures (e.g., process optimisation, enhanced recycling and operational monitoring), PCG has taken targeted action at selected water-stressed locations by evaluating opportunities to reduce reliance on a single freshwater source especially during prolonged dry conditions. These measures are implemented as part of site-level operational risk management and are complemented by ongoing monitoring to track water use performance and emerging supply constraints.	Indirect and Planning Measures (Operations and Value Chain) PCG considers drought and water availability risks in operational and longer-term planning, including assessing site-level exposure in water-stressed regions and aligning preparedness actions with established water management targets. Where relevant, this includes evaluating opportunities to strengthen water security through alternative sources, contingency arrangements or collaboration with local authorities. These planning measures are complemented by ongoing monitoring, testing and continuous-improvement initiatives under PCG's resource efficiency agenda.
Current and Anticipated Financial Effects		
2025 Effects No material impact in 2025.	2026 Outlook PCG does not expect any material adjustments in 2026.	
Anticipated financial effects Short-term: Drought risk is expected to result in limited financial impact, mainly through incremental operating costs such as higher freshwater pricing, temporary alternative water sourcing and increased monitoring expenditure. Production disruptions are unlikely, as existing water efficiency measures and contingency planning remain effective. Any additional costs are expected to be absorbed within current operating budgets, with no material impact on revenue, asset integrity or cash flows in the near term. Medium-term: Persistent water stress may lead to sustained increases in operating expenditure and targeted capital investments for water recycling, efficiency enhancements and alternative supply systems. Intermittent value chain disruption could increase logistics costs and affect product consistency. While revenue impacts are expected to remain indirect, operating margins may face pressure at high-risk sites as water availability becomes a structural input cost. Long-term: Structural drought risk affecting a larger share of assets may drive higher lifecycle operating and capital costs, including major retrofits to cooling, steam and process systems. Prolonged water scarcity could constrain production flexibility, affect long-term competitiveness and elevate asset-maintenance costs. In extreme cases, asset value erosion or strategic portfolio adjustments may be required where secure freshwater access becomes economically or physically constrained.		

SUSTAINABILITY REVIEW

Transition Risks and Opportunities

Macroeconomic conditions continue to influence the pace, cost and complexity of the transition across the chemicals sector. Inflationary pressures and energy market volatility have elevated operating costs, while divergent global feedstock dynamics, including the availability of lower-cost U.S. ethane, have reshaped competitive positioning for ethane-capable producers in Asia.

These developments highlight the close linkage between managing transition risks, maintaining cost competitiveness and securing reliable access to lower-carbon energy and feedstocks as governments expand climate-related regulations and industrial policies.

For the current reporting cycle, PCG’s assessment of transition risks and opportunities is primarily anchored in the International Energy Agency (IEA) World Energy Outlook (WEO) 2023. Although the WEO 2025 edition was released late in the reporting year, PCG has retained the WEO 2023 pathways to preserve methodological consistency and year-on-year comparability. Where relevant, updated WEO 2024 carbon price assumptions have been applied, without altering the underlying transition pathways. PCG plans to review and recalibrate its transition pathways and model assumptions in 2026 following further internal validation.

PCG screened ten transition drivers consistent with global transition taxonomies; four were assessed as material for disclosure in 2025 based on likelihood, magnitude, concentration of exposure and relevance to PCG’s business model across Olefins & Derivatives (O&D), Fertilisers & Methanol (F&M) and SC. The remaining drivers were retained for monitoring and will be revisited as policy and market conditions evolve.

PCG’s analysis continues to compare outcomes under the Stated Policies Scenario (STEPS), reflecting currently implemented climate and energy policies and the Announced Pledges Scenario (APS), which assumes more ambitious global commitments aligned with long-term decarbonisation trajectories. To ensure regional relevance, Southeast Asia assumptions were applied for O&D and F&M, while EU-specific projections informed the assessment for PCG’s international SC businesses.

Key Transition Risks and Opportunities

Rising carbon-pricing exposure remains one of the most significant transition pressures for PCG. As more countries expand or tighten carbon-pricing policies, compliance costs are expected to increase, manageable through 2030 under current conditions, but intensifying toward 2050 as more jurisdictions adopt mandatory pricing and strengthen emission benchmarks (e.g. reduction in European Union (EU) Emissions Trading System (ETS) free allowances).

At the same time, the global move toward near-zero-carbon technologies such as CCUS, green hydrogen and electrification introduce long-term cost and timing risks. These technologies require substantial capital investment and depend heavily on the availability of supporting infrastructure, including carbon transport and storage, renewable power supply and hydrogen networks. Variations in technology readiness and infrastructure maturity across regions may affect the pace and sequencing of PCG’s decarbonisation roadmap, particularly within energy- and process-intensive value chains.

In parallel, transition dynamics are opening markets for SC and Pro-Environment portfolios, where customers seek lower-carbon, circular and sustainability-certified solutions. Government incentives, corporate procurement standards and value-chain transparency are strengthening demand for such materials, supporting PCG’s innovation pipeline and customer co-development approaches.

PCG’s 2025 review integrates internal insights with external scenario data to provide a consolidated view of how climate, policy, technology and economic shifts could affect the business over time. These insights inform prioritisation of response measures such as ICP in investment cases, selective electrification and capital planning across time horizons. A summary of the four material transition risks and opportunities, associated impacts and PCG’s response measures is presented in the following section.

SUSTAINABILITY REVIEW

Summary of the Transition Risk and Opportunity and Associated Impacts

MANDATORY CARBON PRICING		
Time Horizon: ☐ Short-term ☒ Medium-term ☒ Long-term		
Category Acute or Chronic	Impacted Areas - Suppliers - Operations (Commodities and SC) - Customers	Impact Description Across PCG’s operating footprint, multiple jurisdictions are moving toward mandatory carbon pricing. In Malaysia, the government has announced a carbon tax from 2026 (initially iron, steel and energy), with further sectoral expansion being studied in line with Nationally Determined Contributions (NDCs). These steps could bring forward cost pressure on Malaysian operations by 2030. Fertilisers are a plausible later-phase candidate, given EU Carbon Border Adjustment Mechanism (CBAM) coverage, but not yet formally prioritised. The EU is phasing out free carbon allowances, ending by 2030 for non-leakage sectors and by 2034 for CBAM-covered sectors, resulting in steadily rising compliance costs for EU-based operations. At the same time, China is expanding its ETS to additional industrial sectors, with chemicals anticipated to be included as coverage widens toward 2027. India is rolling out its national carbon market, with trading expected to begin in the second half of 2026.
Impact on Operations and Workforce - Increased operating and compliance costs across China, Europe and, over time, Malaysia as carbon pricing expands, free allowances are progressively phased out and sector coverage widens, increasing cost pressure on energy- and emissions-intensive assets toward 2030 and beyond - Greater capital and operational planning complexity, as assets must factor carbon prices into production planning, investment prioritisation, fuel choices and decarbonisation timelines to maintain competitiveness and margin resilience		
Impact on value chain - Higher cost pass-through and margin pressure across upstream and downstream value chains, particularly for products exported into carbon-regulated markets (e.g. EU CBAM), affecting pricing, customer demand and product competitiveness - Increased reliance on transparent, verifiable emissions data from suppliers and logistics partners, as carbon costs increasingly depend on product-level and embedded emissions, elevating the importance of supply chain engagement and data quality		
Developing Business Strategy and Financial Resilience to Carbon Pricing Risk PCG is strengthening its climate governance framework to ensure carbon pricing is systematically integrated into strategic, financial and operational decision-making. This includes applying ICP into capital allocation, financial planning and asset-level investment decisions. Concurrently, PCG is accelerating decarbonisation investments across its asset base, prioritising operational efficiency, energy optimisation and emissions-reduction initiatives that support long-term resilience, regulatory compliance and value creation. To maintain market competitiveness PCG is also enhancing supply chain emissions data and improving product-level emissions transparency as well as pursuing the development of lower-carbon product offerings aligned with customer demand and regulatory requirements.		
Current and Anticipated Financial Effects		
2025 Effects No material impact in 2025.		2026 Outlook PCG does not expect any material adjustments in 2026.
Anticipated financial effects To assess these impacts, PCG used projected carbon price trajectories from the IEA WEO 2024 under the STEPS and APS scenarios.		
Short-term: PCG anticipates minimal impact following majority of the operations are not subject to carbon pricing mechanisms across jurisdictions.		
Medium- and long-term: Our preliminary assessment indicates that mandatory carbon pricing could materially affect profitability from 2030 onward, driven by rising operating costs for high-emission assets. This impact becomes progressively more significant toward 2050, consistent with anticipated carbon price escalation as countries strengthen regulatory cost mechanisms to meet national climate targets.		

SUSTAINABILITY REVIEW

NEAR ZERO CARBON EMISSION TECHNOLOGIES FOR CHEMICALS PRODUCTION		
Time Horizon: ☐ Short-term ☒ Medium-term ☒ Long-term		
Category Technology	Impacted Areas Operations (Commodities and SC)	Impact Description The IEA identifies CCUS and electrolytic hydrogen as the two most critical decarbonisation levers for the global chemical sector. While both technologies offer significant long-term potential to reduce process emissions, they remain early-stage and commercially limited, particularly in Southeast Asia where enabling policies, regulatory clarity and supporting infrastructure are still emerging. For PCG, the planned deployment of CCUS solutions and electrolytic hydrogen adoption will be essential components of our NZCE pathway. However, the scale-up of these technologies is expected to come with substantial time, cost and supply chain requirements, ranging from high capital expenditure and renewable electricity demand to transport and storage infrastructure constraints. As these technologies evolve, PCG faces an escalating transition risk toward 2050, driven by uncertainties in technology readiness, investment cycles and regional ecosystem development. Continued monitoring of policy incentives, cross-sector partnerships and technology maturity will therefore be critical as PCG prepares for wider adoption in the coming decades.
Impact on Operations and Workforce - Higher CapEx and integration complexity as CCUS and electrolytic hydrogen require major plant modifications, additional utilities and new operating procedures, potentially increasing downtime risk and extending project lead times toward 2050 - Greater exposure to energy and infrastructure constraints, including large renewable electricity demand (for electrolytic hydrogen) and limited regional carbon transport and storage readiness (for CCUS), which could raise operating costs and delay scale-up		
Impact on value chain New dependencies on external ecosystems and partners, such as renewable power suppliers, hydrogen producers, carbon transport networks, storage operators and technology licensors, creating timing and performance risk if any part of the chain lags		
Response Since introducing PCG's NZCE 2050 Roadmap in 2021, we have advanced key decarbonisation actions such as flare reduction, energy-efficiency measures and increased renewable energy sourcing. CCUS and electrolytic hydrogen are critical long-term enablers of deep decarbonisation but are still subject to technology maturity, infrastructure availability and cost uncertainty. To address these, PCG is undertaking structured feasibility studies across select assets to assess the technical, economic and operational viability of CCUS deployment and hydrogen-related pathways, including hydrogen firing and substitution in energy-intensive processes. The outcomes of these feasibility assessments are integrated into its long-term capital planning and investment sequencing to balance decarbonisation ambition with financial discipline. As CCUS and hydrogen technologies continue to evolve, PCG will actively monitor policy developments, incentive mechanisms, cross-sector partnerships and advances in technology maturity to inform future adoption decisions.		
Current and Anticipated Financial Effects		
2025 Effects No material impact in 2025.		2026 Outlook PCG does not expect any material adjustments in 2026.
Anticipated financial effects Medium- to long-term: CCUS and electrolytic hydrogen are expected to have a greater financial impact on PCG as these technologies move from early deployment to becoming part of core operations. Capital expenditure will increase and remain high due to investments in new equipment, plant modifications, large-scale deployment and ongoing upgrades, resulting in long-term commitments and higher execution risk. Operating costs are also expected to remain elevated because of higher electricity use, carbon capture, transport and storage costs and exposure to renewable energy price volatility, although costs may decline as technologies mature. PCG's increasing reliance on external infrastructure and partners further adds to financial risk, as delays or underperformance could affect asset utilisation and investment returns.		

SUSTAINABILITY REVIEW

TIGHTENING OF HYDROCARBON SUPPLY & RISING COMPETITION FOR ALTERNATIVE FEEDSTOCKS		
Time Horizon: ☐ Short-term ☒ Medium-term ☒ Long-term		
Category Market	Impacted Areas Suppliers	Impact Description According to the IEA WEO 2025 and supporting Environmental Impact Assessment (EIA) analysis, global oil demand for combustion uses is expected to peak before the end of the decade as electrification, efficiency gains and fuel substitution accelerate across transport and power generation. While overall oil demand is projected to plateau and gradually decline, petrochemicals are expected to become the primary source of incremental oil demand growth from the mid-2020s onward. This structural shift reshapes hydrocarbon and feedstock markets rather than eliminating supply. Growth in natural gas liquids, particularly ethane and Liquefied Petroleum Gas (LPG) from U.S. shale and Middle East gas developments, is expected to support petrochemical demand. At the same time, competition for advantaged feedstocks and exposure to price volatility may intensify, influencing feedstock selection, asset competitiveness and long-term portfolio positioning. For chemical producers, managing this transition risk is less about absolute supply constraints and more about securing reliable, cost-competitive and lower-carbon feedstocks amid changing global energy and refining dynamics.
Response To prepare for these shifts, PCG is advancing its exploration of bio-based feedstock pathways, including sustainably sourced vegetable oils, agricultural residues, bio-methanol and bio-naphtha. In evaluating these options, PCG considers criteria such as lifecycle carbon intensity, land-use implications, feedstock reliability, certification requirements (e.g., ISCC PLUS) and long-term cost competitiveness.		
Current and Anticipated Financial Effects		
2025 Effects No material impact in 2025.		2026 Outlook PCG does not expect any material adjustments in 2026.
Anticipated financial effects Short-term: Near-term oil demand peak is not expected to affect PCG's chemicals earnings, but rising feedstock price volatility heightens the need for strict cost, integration and working capital discipline. Medium- to long-term: Despite higher upfront costs and short-term financial uncertainty, transitioning to bio-based feedstocks can deliver long-term value by reducing regulatory and carbon-pricing exposure, strengthening PCG's market positioning and reinforcing long-term financial resilience.		
SUSTAINABILITY-LINKED CHEMICAL PRODUCTS AND SOLUTION CHEMICALS		
Time Horizon: ☐ Short-term ☒ Medium-term ☒ Long-term		
Category Market	Impacted Areas - Suppliers - PCG Commodities - PCG SC - Customers	Impact Description Global decarbonisation policies, Scope 3 commitments and technology shifts are accelerating demand for products that lower lifecycle emissions and improve energy efficiency across end-markets. Sustainability-advantaged and high-efficiency chemistries, including low-impact feedstock alternatives, bio-based pathways, circular material options and advanced performance formulations, are positioned to gain share over the medium- to longer-term as policy frameworks, customer specifications and procurement standards increasingly prioritise product carbon footprint, resource efficiency and durability. In parallel, chemicals that enable low-carbon energy systems are scaling rapidly: - Thermal management fluids for high-density data centres - Specialty polymers and additives for Electric Vehicles (EVs) and renewables - Cleaner energy carriers such as methanol and ammonia for marine fuels and industrial use Collectively, these trends are expanding market opportunities for PCG, with the potential value of this driver expected to grow significantly toward 2050.
Current and Anticipated Financial Effects		
2025 Effects No material impact in 2025.		2026 Outlook PCG does not expect any material adjustments in 2026.
Anticipated financial effects Medium- to long-term: - Global decarbonisation policies, Scope 3 commitments and technological shifts are driving stronger demand for lower-carbon and more energy-efficient chemical products. For PCG, these trends support higher-quality revenue and more resilient margins, as sustainability-advantaged and high-performance products continue to gain market share - At the same time, the rapid growth of chemicals that enable low-carbon energy systems such as materials used in data centres, EVs, renewable energy and cleaner fuels creates new long-term growth opportunities. The financial value of these markets is expected to increase significantly toward 2050		

SUSTAINABILITY REVIEW

Assessing Strategic Resilience Through Climate Scenarios

To strengthen strategic resilience, PCG conducts climate-related risk and opportunity assessments that consider a range of transition and physical climate factors over different time horizons. These assessments support an understanding of how climate pathways, policy developments and market shifts could affect the Group’s operating environment and strategic positioning.

Scenario-based insights are used to test the robustness of PCG’s strategy under varying assumptions related to carbon pricing, energy costs, technology adoption and customer transition trajectories. This enables management to identify potential pressure points, evaluate strategic flexibility and assess whether current plans remain aligned with a transitioning low-carbon economy.

Scenario analysis and resilience conclusions reflect locations within the reporting boundary of this Statement, unless otherwise stated.

Scenario Framework

PCG evaluates climate risks using a scenario framework anchored in globally recognised pathways. This scenario-based approach provides a structured foundation for identifying and evaluating climate-related risks and opportunities relevant to PCG’s operations and value chain.

Specifically, physical risks are assessed using the IPCC’s SSPs, which model how different warming trajectories may affect our assets, surrounding communities and long-term operational continuity.

Baseline Scenario: SSP2-4.5 (Middle of the Road)

We have selected SSP2-4.5 as our baseline for physical risk assessment. This scenario reflects a trajectory where global emissions hover near current levels before declining mid-century, leading to an estimated temperature increase of 2.7°C by 2100. This pathway is chosen as our central planning benchmark because it represents a moderate progression of climate impacts. It provides a standardised reference for evaluating both chronic shifts (such as rising mean temperatures and humidity) and acute hazards (such as increased frequency of extreme precipitation and storm events) against our current asset design specifications and operational tolerances.

Low-Warming Reference: SSP1-2.6 (Sustainability)

SSP1-2.6 is selected as our lower-bound physical reference, representing a world where warming is limited to below 2°C. We include this scenario to identify the residual, “locked-in” physical risks that persist even under aggressive global mitigation. Its selection allows PCG to establish the minimum threshold of inevitable climate impacts, such as early-stage sea level rise, that all our facilities must be prepared to navigate regardless of future emissions trajectories.

Physical Stress Test: SSP5-8.5 (Fossil-Fueled Development)

SSP5-8.5 is utilised as our “high-warming” stress test, representing a conservative upper-bound case where temperatures could rise by 4.4°C or more. This scenario is selected not as a prediction, but as a rigorous tool for identifying potential “breaking points” in industrial infrastructure. By modelling this extreme pathway, we can surface the most severe plausible physical hazards, such as extreme monsoon intensity and critical heat thresholds, to better understand the theoretical limits of our current safety and containment frameworks.

To assess our strategic resilience, PCG utilises a multi-scenario transition framework anchored in the IEA WEO 2023, complemented by WEO 2024 carbon price trajectories. Together, these sources provide a high-quality, diverse range of plausible futures to test our business model:

- Stated Policies Scenario (STEPS - 2.4°C): Selected as our ‘central planning’ benchmark, it reflects current global policy settings. This enables us to evaluate the impact of near-term regulatory tightening on our cost structures and regional energy prices
- Announced Pledges Scenario (APS - 1.7°C): Selected as our ‘high-ambition’ reference, it aligns with the Paris Agreement goal to hold warming to well below 2°C. This scenario is critical for stress-testing our resilience against accelerated carbon pricing and the rapid scaling of low-carbon chemical technologies

These pathways incorporate, all reasonable and supportable information, including IEA-projected carbon prices, technology learning curves and global petrochemical demand shifts, into our scenario analysis. This methodology ensures that PCG’s strategic boundaries are tested against both current market trajectories and ambitious climate targets.

While our core transition risk assessment for this reporting period is based on the WEO 2023 framework, we acknowledge the publication of the IEA WEO 2025 in late 2025. Preliminary analysis of the WEO 2025 indicates a shift in the global energy landscape, specifically the reintroduction of the Current Policies Scenario (CPS) and a more cautious outlook for clean energy momentum in key markets. We have designated 2026 as a pivotal year to recalibrate our quantitative scenario models against these updated pathways.

Physical Risk Resilience

Scenario-Based Physical Risk Outlook

This scenario analysis provides a forward-looking, qualitative view of how physical climate hazards may evolve across PCG’s asset base under different warming pathways. Using IPCC-aligned scenarios (SSP1-2.6, SSP2-4.5 and SSP5-8.5), PCG assesses asset-level exposure to physical climate hazards using qualitative risk classifications to enable consistent comparison across hazards, scenarios and time horizons.

Across all scenarios, heat-related hazards, specifically heat stress and heat waves, emerge as the most significant and progressively intensifying physical risks, shifting from lower risk bands at nearer time horizons toward higher risk classifications under mid- and higher-warming pathways. This reflects the pervasive and structural nature of rising temperatures across PCG’s operating regions.

Drought and water-availability risks also intensify under higher-warming scenarios, with exposure moving into elevated risk bands for a broader subset of assets over time, particularly toward mid-century. In contrast, flood-related risks (fluvial and pluvial) remain relatively stable across scenarios, continuing to affect a limited set of locations within low to moderate risk bands.

Storm surge exposure remains concentrated and unchanged across scenarios, reflecting location-specific conditions rather than a portfolio-wide escalation in risk, while windstorm and wildfire hazards remain within minimal or low risk bands across the assessed asset base. Overall, the scenario analysis indicates that future physical risk exposure is increasingly driven by chronic heat and water-related hazards, which become the dominant determinants of portfolio-level physical risk under higher-warming pathways.

Climate Resilience Assessment – Asset-Level Insights

PCG assesses physical climate resilience through asset-level, scenario-based analysis across SSP1-2.6, SSP2-4.5 and SSP5-8.5 to evaluate operational continuity over short-, medium- and long-term horizons. The 2025 assessment, conducted in the second half of the year, combines desktop hazard screening with phased on-site validation to refine asset-specific exposure and control effectiveness.

Key limitations and uncertainties considered include:

- Model and data uncertainty inherent in forward-looking climate projections and hazard classifications, including scenario uncertainty over longer horizons
- Site-specific factors (e.g., local drainage, elevation, utilities configuration and external infrastructure dependencies) that may not be fully captured in portfolio-level screening and are progressively addressed through on-site validation
- The potential for compound events (e.g., heat coinciding with water constraints) to amplify operational impacts beyond single-hazard assessments
- Uncertainty in future availability and cost of insurance and external response capacity for highly exposed locations

SHORT-TERM RESILIENCE (BY 2026)	MEDIUM-TERM RESILIENCE (BY 2030)	LONG-TERM RESILIENCE AND SEVERE-SCENARIO TESTING (BY 2050)
PCG assesses that the portfolio demonstrates high inherent resilience to acute physical hazards in the short-term, supported by existing operational controls and emergency preparedness arrangements. Flood-related hazards are generally location-specific and remain within lower risk bands at most assets. Localised coastal hazards, where present, are managed through site-level controls and business continuity arrangements. Windstorm and wildfire hazards remain within minimal or low risk bands and are not assessed to threaten Group-wide operational continuity in the near term. Heat-related hazards begin to emerge as the primary near-term concern at selected locations, managed through established occupational health controls, work practice adjustments and operational scheduling. Overall, no short-term physical hazard is assessed to threaten the Group’s business continuity.	By 2030, heat-related hazards are assessed to be the most widespread and operationally relevant physical risks under baseline and higher-warming pathways, with a subset of assets transitioning into higher risk bands. Without progressive adaptation, heat exposure may constrain outdoor maintenance and turnaround activities, increase cooling and utilities demand, elevate workforce safety risk and accelerate wear on heat-sensitive systems. Drought also becomes more pronounced at a subset of locations, increasing sensitivity to water availability and reliability for water-dependent processes. PCG assesses that operational resilience through 2030 remains achievable, provided that heat-management controls are reviewed and strengthened where required and that water efficiency, recycling and contingency sourcing measures are implemented or enhanced at exposed sites.	Under higher-warming pathways, physical risks become increasingly structural rather than episodic for a subset of assets. Persistent extreme heat can place sustained pressure on cooling systems, utilities reliability and workforce safety, while prolonged dry conditions can increase water availability constraints for process-critical functions. Localised coastal hazards may remain elevated at specific locations due to site conditions and external infrastructure dependence. Consistent with IFRS S2, PCG’s long-term resilience conclusion is explicitly conditional: with timely and targeted adaptation investments, PCG assesses that its major manufacturing assets remain operationally viable through 2050, including under severe physical-risk pathways. Without such progressive adaptation, selected assets could face recurring disruption, higher unplanned downtime, increased operating costs and reduced operational flexibility. While no individual physical hazard is assessed to threaten the viability of PCG’s overall business model, asset-level resilience increasingly depends on proactive capital allocation and targeted engineering upgrades.

In summary, based on scenario-based analysis across multiple time horizons, the portfolio indicates resilience to physical climate risks in the short-term across assessed scenarios. Resilience through 2030 and 2050 remains achievable but increasingly depends on timely implementation of targeted adaptation measures, particularly for heat- and water-related hazards under higher-warming pathways.

SUSTAINABILITY REVIEW

Transition Risk Resilience

PCG assesses climate resilience through a structured evaluation of physical and transition risks and opportunities, grounded in internationally recognised climate scenarios and informed by market, policy and technology developments across the geographies in which the Group operates. Building on the comprehensive analysis undertaken in the first half of 2024, PCG evaluated its resilience under short-, medium- and long-term horizons using the IEA WEO 2023 STEPS and APS. These scenarios reflect plausible policy trajectories for Malaysia, China, Southeast Asian and European regions most relevant to PCG’s portfolio.

The analysis incorporated reasonable and supportable information available at the time, with future uncertainties related to carbon pricing mechanisms, technology readiness, feedstock availability and policy convergence explicitly considered. Internal exposure ratings and external scenario deltas were integrated to identify material transition drivers and opportunities across the regions we operate in.

Scope and Method

The resilience assessment covered PCG’s operated assets in Malaysia, China, India, Sweden and the Netherlands, evaluating the implications of climate-related factors for operations, cost structure, demand, feedstock availability, capital requirements and long-term competitiveness. The analysis considered:

- Policy and legal changes (e.g., carbon pricing, ETS, CBAM)
- Technology shifts (e.g., CCUS, hydrogen, electrification, energy efficiency)
- Market shifts (e.g., bio-based chemicals, circular solutions, customer decarbonisation needs)
- Reputation and financing drivers (e.g., green finance taxonomies and investor expectations)

Key Assumptions and Uncertainties

Assumptions reflect the pace of NDC implementation under APS; the maturing of low-carbon technologies; evolving bio-feedstock markets; and the progressive tightening of emissions-related policies. Uncertainty remains around:

- Timing and stringency of Malaysia’s carbon-pricing mechanism
- Availability and price of renewable electricity for large-scale electrification
- Regional deployment of CCUS infrastructure and hydrogen supply chains
- Feedstock competition for bio-based and circular materials
- Long-term customer procurement shifts, especially in the EU

These uncertainties influence potential exposure across each segment and horizon.

Resilience Across Time Horizons

SHORT-TERM (BY 2026): RESILIENT	MEDIUM-TERM (BY 2030): SELECTIVELY EXPOSED BUT STRATEGICALLY POSITIONED	LONG-TERM (BY 2050): CONDITIONAL RESILIENCE REQUIRING CONTINUED EXECUTION
PCG remains resilient in the near-term, with transition risk exposure assessed as limited. Carbon-pricing impacts are manageable, technology requirements remain modest and feedstock availability continues to support stable operations. Existing actions, such as energy efficiency, flaring reduction, renewable procurement and early Scope 2 reductions at SC sites, reinforce operational resilience. At the same time, PCG is already benefiting from transition-linked opportunities through its expanding SC portfolio, which includes waterborne alkyd emulsifiers (Neptem™), plant-based esters (Emfinity®), upcycled viscosity modifiers (Viscotech® Upcycled) and synthetic polyol esters for energy-efficient lubricants.	Under APS, carbon pricing and technology readiness begin to exert greater pressure on O&D and F&M cost structures. However, PCG’s resilience in 2030 is strengthened by: • Continuing energy-efficiency and electrification measures • Progressive renewable energy adoption • A maturing ICP mechanism incorporated into investment decisions • An increasingly diversified SC portfolio that benefits from tighter global environmental regulations and growing customer demand for lower-carbon, renewable and circular materials • Strengthened governance, including the NZCE Taskforce and enhanced emissions data systems PCG’s SC Raw Material Transition Roadmap supports resilience by shifting toward renewable, recycled and lower-carbon feedstocks, aligned with emerging EU circular economy policies.	Over the long-term, outcomes are shaped by the effective sequencing of low-carbon technology adoption, evolving feedstock strategies and continued portfolio transformation. Resilience is increasingly influenced by how effectively PCG manages the following transition risks while capturing long-term opportunities. Transition Risks: • Carbon pricing exposure, particularly for energy-intensive O&D and F&M value chains as carbon costs escalate toward mid-century • Near-zero-emissions technologies (e.g. CCUS, e-crackers and green hydrogen), which are capital-intensive and dependent on the availability of external infrastructure and policy support • Hydrocarbon tightening and feedstock competition, potentially requiring earlier diversification, partnerships and alternative sourcing strategies Transition Opportunities: • SC growth, driven by demand for materials enabling renewable energy expansion, EV performance, industrial electrification and circular systems • Expansion of the Pro-Environment portfolio, supported by ISCC PLUS certification to meet increasingly stringent product-carbon requirements • Innovation-enabled market access, supported by targeted R&D investments, the PETRONAS Application Technology Centre (PATC) in Shanghai, China, and digital PCF tools supporting customer co-development

SUSTAINABILITY REVIEW

Across the assessed scenarios, the analysis indicates that the Group remains resilient in the short- to medium-term under both STEPS and APS, with limited exposure through 2026 and manageable exposure through 2030. Over the longer-term, resilience remains achievable but is increasingly contingent on disciplined execution of PCG’s strategic pathways.

This includes the effective sequencing of decarbonisation levers in line with asset lifecycles and technology readiness, strengthening energy and feedstock security amid tightening markets, and scaling innovation in sustainable, circular and low-carbon solutions. Continued integration of climate considerations into strategy, risk management and capital allocation processes, together with proactive engagement with evolving regulatory frameworks and customer requirements, will remain critical in sustaining competitiveness and managing transition exposure through 2050.

PCG will continue to refine its climate resilience assessment as data availability, scenario guidance and regulatory expectations evolve, including progressive enhancements to quantitative analysis of segment-level sensitivities and financial impacts.

RISK MANAGEMENT

Climate Risk Management

As climate change continues to reshape global systems, PCG adopts a holistic and forward-looking approach to managing climate-related risks and opportunities. These risks are assessed through a structured scenario analysis process that integrates internal risk expertise, global climate models and financial impact assessment, ensuring climate considerations remain embedded in our strategic planning and long-term business resilience.

1. Defining relevant climate scenarios and risk drivers

We begin by identifying a range of plausible climate scenarios and determining the physical and transition risk drivers most relevant to our operations, including understanding how shifts in policy, markets, technologies and climate patterns may influence our business over time.

Key data sources for PCG include:

Physical risk

- IPCC CMIP6 (SSP Scenarios): Used for future climate modelling
- Swiss Re Global Flood/Storm Surge Zones: Applied for location-level hazard intensity
- Copernicus/Satellite Imagery: Used for real-time and historical weather pattern monitoring
- Official National Hazard Maps: Referenced for regulatory alignment and hydrological validation

Transition risk

- IEA WEO 2023: Transition pathways and energy demand assumptions
- IEA WEO 2024: Updated carbon-price trajectories applied across STEPS and APS scenarios
- IEA Net Zero Roadmap (2023 update)
- S&P Global Commodity Insights
- Policy and regulatory development (EU ETS/EU CBAM/National carbon pricing)
- PCG internal data and insights

2. Conducting qualitative and quantitative climate analysis

We establish a Base Case scenario to evaluate climate-related risks and opportunities within our planning horizons. This assessment evaluates the likelihood and potential impacts of climate drivers on our business and operations.

- Physical risks are assessed using Swiss Re’s CatNet® and Sustainability Compass platforms to map our global asset base against high-resolution hazard layers. This enables us to assign Climate Risk Scores based on IPCC AR6 scenarios, ensuring our risk prioritisation is grounded in industry-leading catastrophe modelling and forward-looking climate science
- Transition risks and opportunities are assessed using a structured five-step methodology aligned with IFRS S2. Transition drivers are identified through regulatory assessments, sectoral literature and internal disclosures. Each driver is assessed for likelihood and impact to develop internal exposure ratings, which are then combined with external scenario insights that is supported by third-party proprietary assessment tools, expert judgement and PCG business data. This integrated approach produces risk and opportunity heatmaps for PCG’s business segments, enabling prioritisation of material risks and early visibility of commercially relevant opportunities

Qualitative scenario analysis is performed using external datasets from credible global institutions such as the IPCC and IEA, providing well-established climate and energy models that outline multiple pathways for global climate and economic transition.

We then conduct financial modelling for selected drivers that may have a potentially material impact on PCG. Intervention from the MD/CEO and/ or the Board of Directors is required where the anticipated risk impact results in an adverse effect of 8% or more on the profit or loss position. This ensures that material climate-related risks and opportunities are prioritised for strategic action.

SUSTAINABILITY REVIEW

3. Developing strategic response measures

Strategic response measures are designed to enhance our resilience to climate-related risks and position PCG to capture emerging opportunities. PCG transforms climate data into actionable response measures through operational and portfolio optimisation assessments, capital allocation towards operational efficiency and decarbonisation measures as well as climate adaptation measures. Carbon considerations are also integrated into decision-making and investments in climate-aligned technologies.

To ensure that response measures are proportionate and targeted, PCG’s physical climate risk management combines portfolio-level screening with phased on-site validation. Desktop-based hazard modelling provides an initial view of potential exposure across the asset base, following which selected sites undergo on-site validation to refine asset-specific exposure, sensitivity and the effectiveness of existing controls. This approach enables PCG to distinguish gross hazard indications from asset-level risk and to prioritise mitigation and resilience actions where they are most needed.

Insights from these assessments also support the identification and capture of sustainability-related opportunities, including projected demand for low-carbon, circular and renewable-based products. Priority opportunities are escalated to management as part of portfolio shaping, product-development governance and growth-project appraisal processes to strengthen PCG’s long-term competitiveness in carbon-regulated and sustainability-driven markets.

4. Continuous monitoring and review

PCG integrates climate-related risks and opportunities into its Enterprise Risk Management (ERM) framework by incorporating the outputs of physical- and transition-risk assessments into the CRP. While climate risks are identified and assessed using specialised methodologies, including physical hazard modelling and transition scenario analysis, their management, prioritisation and oversight follow PCG’s standard ERM processes.

Climate risks are assigned to risk owners with defined mitigations, monitored for control effectiveness by the Risk Management Department (RMD) and reviewed through the SRMC. Progress, emerging exposures and alignment with PCG’s risk appetite are reported quarterly to the BSRC.

As part of ongoing monitoring, PCG reviews site-specific exposure for localised hazards, such as a storm surge and will reassess Group-level materiality if exposure expands, projected severity increases, or operating conditions including infrastructure dependence, insurance availability or logistics criticality, materially change.

Any risk with an anticipated adverse impact of 8% or more on the profit or loss position will be escalated to the MD/CEO and/or the Board of Directors for intervention and decision-making. This integrated approach ensures that climate-related risks and opportunities are managed consistently across the organisation and embedded into planning, investment screening and enterprise-level risk governance.

The scope of assessment covered all PCG assets within the reporting boundary including the following areas:

9 COUNTRIES	3 SCENARIOS	3 TIME HORIZONS	8 CLIMATE HAZARDS
- Asia: Malaysia, China, India, Singapore - Europe: Germany, Sweden, the Netherlands - North America: Canada, the USA	- SSP1-2.6 – Low emissions - SSP2-4.5 – Base scenario - SSP5-8.5 – High emissions	- Short-term (baseline) - Medium-term (2030) - Long-term (2050)	- Heat Wave - Heat Stress - Extreme Rainfall Flooding (Pluvial flooding) - River Flooding (Fluvial flooding) - Storm Surge (sea level rise) - Drought - Wind Storms - Wildfires

Changes From Prior Year

Compared to FY2024, PCG enhanced its physical climate risk assessment methodology by transitioning to Swiss Re’s climate hazard platform, which was integrated into asset-criticality rankings to improve the consistency and granularity of physical risk scoring.

There were no material changes to PCG’s transition-risk assumptions, methodologies or conclusions in FY2025 compared to FY2024. Existing transition pathways continued to be applied based on reasonable and supportable information available at the reporting date, with reassessment planned for FY2026.

SUSTAINABILITY REVIEW

METRICS AND TARGETS

This chapter presents the Group’s climate-related metrics and targets in accordance with IFRS S2. Broader sustainability-related metrics and targets that are not climate-specific are disclosed within PCG’s SR 2025 and IR 2025, where relevant.

In accordance with the IFRS S2, PCG presents a comprehensive suite of climate-related metrics and targets that demonstrate our commitment to operational excellence, value creation and long-term climate resilience. These disclosures enable stakeholders to assess PCG’s performance in managing climate-related risks and opportunities, while tracking decarbonisation pathway progress against PETRONAS commitment to NZCE by 2050. Unless otherwise stated, metrics and targets in this supplement reflect the reporting boundary described in Reporting Boundary.

Basis of Operational Activity and Output

Production volumes by portfolio:

- Commodities: 10.0 million tonnes
- Specialty Chemicals: 0.8 million tonnes

Overview of Climate-Related Metrics

PCG discloses climate-related metrics to provide stakeholders with a clear view of the Group’s GHG emissions profile and performance in managing climate-related risks and opportunities. The metrics presented in this section have been prepared in accordance with IFRS S2 and internationally recognised methodologies, including the Greenhouse Gas Protocol.

GHG Emissions Metrics

Scope 1 and Scope 2 Emissions

FY2025 Scope 1 and 2 GHG emissions reflect PCG’s global manufacturing and chemical production footprint. Emissions are reported on an absolute gross basis, with Scope 2 disclosed using both location- and market-based methodologies to reflect physical energy consumption as well as the impact of contractual instruments.

Table 1: Scope 1 and 2 GHG Emissions

GHG Emissions (mil tCO ₂ e)	2023	2024	2025
Scope 1	6.40	6.69	6.61
Malaysia (Commodities)	6.18	6.43	6.39
International (Specialty Chemicals)	0.22	0.26	0.22
Other investees within the organisational boundaries	Nil	Nil	Nil
Scope 2 – location-based	1.50	1.43	1.45
Malaysia (Commodities)	1.36	1.30	1.32
International (Specialty Chemicals)	0.14	0.13	0.13
Other investees within the organisational boundaries	Nil	Nil	Nil
Scope 2 – market-based	1.41	1.25	1.24
Malaysia (Commodities)	1.27	1.12	1.11
International (Specialty Chemicals)	0.14	0.12	0.13
Other investees within the organisational boundaries	Nil	Nil	Nil
Total Scope 1 and Scope 2 (location-based)	7.90	8.12	8.06
Malaysia (Commodities)	7.54	7.73	7.71
International (Specialty Chemicals)	0.36	0.39	0.35
Other investees within the organisational boundaries	Nil	Nil	Nil
Total Scope 1 and Scope 2 (market-based)	7.80	7.93	7.85
Malaysia (Commodities)	7.44	7.55	7.50
International (Specialty Chemicals)	0.36	0.38	0.35
Other investees within the organisational boundaries	Nil	Nil	Nil
Emissions intensity (market-based) (tCO₂e/tonne production)	0.76	0.71	0.73
Malaysia (Commodities)	0.79	0.74	0.75
International (Specialty Chemicals)	0.45	0.42	0.44

Notes:

- Scope 1 – Direct emissions from sources owned or controlled by the Group, including fuel combustion, process emissions, flaring, venting and fugitive emissions
- Scope 2 – Indirect emissions associated with purchased electricity and steam, presented on both a location-based and market-based basis
- Emissions are measured in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) and PETRONAS Technical Standards 18.72.05 – Greenhouse Gas Emissions Management

Year-on-year changes in operational emissions were driven by a combination of non-structural operational and reliability-related factors, alongside structural emissions reductions achieved through targeted decarbonisation initiatives. During the reporting period, the procurement of bundled green electricity under the Green Electricity Tariff (GET) for selected sites in Peninsular Malaysia contributed to a reduction in market-based Scope 2 emissions.

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Scope 3 Emissions

Scope 3 GHG emissions represent indirect emissions arising across PCG’s upstream and downstream value chain. PCG discloses Scope 3 emissions for categories where data quality, availability and methodological robustness are assessed to be sufficiently mature to support quantitative reporting.

Table 2: Scope 3 GHG Emissions by Category

Scope 3 Categories ¹ (mil tCO ₂ e)	2023	2024	2025
Category 1 – Purchased Goods and Services²	9.49	10.17	9.61
Malaysia (Commodities)	8.49	9.12	8.59
International (Specialty Chemicals)	1.00	1.05	1.02
Category 3 – Fuel- and Energy-related Activities	1.67	1.65	1.66
Malaysia (Commodities)	1.62	1.59	1.61
International (Specialty Chemicals)	0.05	0.06	0.05
Category 11 – Use of Sold Products²	10.04	11.60	12.35
Malaysia (Commodities)	9.98	11.54	12.30
International (Specialty Chemicals)	0.06	0.06	0.05
Total Scope 3 GHG emissions	21.20	23.42	23.62

Notes:

- ¹ Data covers commodity manufacturing sites with operational control and Perstorp Group only
- ² Prior-year emissions have been restated to reflect refined calculation methods and the use of supplier-specific emission factors where relevant

Disclosed Scope 3 emissions are estimated using a combination of calculation method, including activity-based data, financial and operational information, supplier-specific emission factors where available and recognised secondary data sources. PCG continues to enhance Scope 3 inventory through improved data inputs and structured supplier engagements, with the objective of strengthening the quality, consistency and transparency of value chain emissions disclosures over time.

Methodology, Boundaries And Key Assumptions

PCG measures and reports GHG emissions to support transparent, consistent and comparable climate-related disclosures across reporting periods. Emissions are calculated using internationally recognised standards and internally governed procedures, with methodologies, data sources, assumptions and boundaries applied consistently across the Group.

Standards and Guidance

GHG emissions are prepared in accordance with Greenhouse Gas Protocol, supported by PETRONAS Technical Standards and relevant international guidance, including ISO 14064-1, as well as IPCC AR6 Global Warming Potential (GWP) values and IPCC AR5 GWP values for our Commodities and SC portfolios, respectively.

Organisational Boundary

GHG emissions are consolidated using an operational control approach, reflecting assets and activities over which PCG has the authority to implement operational and environmental management practices. All PCG-operated manufacturing assets are, therefore, included within Scope 1, Scope 2 and Scope 3 inventories. Joint ventures, joint operation and associates are excluded.

Measurement Approach and Data Governance

Emissions are calculated using a combination of direct measurement and estimation techniques, depending on data availability and source characteristics. Activity data is compiled monthly, validated by site-level HSE or environmental personnel and consolidated at Group-level for annual reporting.

Table 3: Summary of GHG Emissions Methodology by Scope

Scope	Emission Sources Covered	Primary Data Sources	Calculation Approach & Key Assumptions
Scope 1	Stationary combustion, flaring, venting, fugitive emissions and mobile sources	Metered data, process monitoring systems, fuel purchase records, operational logs	Emissions calculated using activity data multiplied by applicable emission factors as well as IPCC AR6 and AR5 GWP values for our Commodities and SC portfolios, respectively. Direct measurement is prioritised; estimates are used where data gaps exist, with higher uncertainty for fugitive emissions.
Scope 2 (location-based)	Purchased electricity, steam, heating and cooling	Utility invoices, meters, supplier data	Electricity and thermal energy consumption multiplied by relevant grid or supplier-specific emission factors. Intercompany energy transfers are excluded to avoid double counting.
Scope 2 (market-based)	Contracted electricity and renewable energy instruments	Utility bills, contracts, bundled Renewable Energy Certificates (RECs)	Supplier-specific emission factors applied. Electricity backed by eligible RECs is reported at zero emissions. Residual mix or grid-average factors are used where residual mix data is unavailable.
Scope 3 – Category 1	Purchased goods and services	General ledger, supplier data	Emissions estimated using a hybrid of spend-based, volume-based and supplier-specific emission factors, prioritising supplier data for high impact purchases such as feedstocks.
Scope 3 – Category 3	Fuel- and energy-related activities (not in Scope 1 & 2)	Internal energy data, purchase invoices	Emissions are estimated using well-to-tank emission factors for purchased fuel and electricity, with electricity emissions adjusted for transmission and distribution losses, and applying recognised secondary emission factors where supplier-specific data is unavailable.
Scope 3 – Category 11	Use of sold products	Sales volume data	Emissions calculated based on Greenhouse Gas Protocol use-phase boundaries for products that emit GHGs during use.

Notes:

- Scope 1 emissions include all significant Greenhouse Gases (Carbon Dioxide (CO₂), Methane (CH₄), Nitrous Oxide (N₂O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs), Sulphur Hexafluoride (SF₆) and Nitrogen Trifluoride (NF₃) and are reported in tonnes of CO₂ equivalent (tCO₂e) using IPCC AR6 GWP values for our Commodities Business and AR5 GWP is used for our Specialty Chemicals Business
- Scope 2 emissions are reported on both a location-based and market-based basis, reflecting physical electricity supply and contractual instruments respectively
- Scope 3 emissions are disclosed for categories assessed as most material to PCG’s value chain. Categories undergoing further validation are excluded until data quality and methodological robustness are sufficient
- Estimation uncertainty varies by source and is highest for fugitive emissions and value-chain categories reliant on secondary data
- Additional methodological detail, including calculation approaches, emission factor libraries and data controls, is provided in the Appendix 1: PCG Basis of Calculation

During the reporting period, PCG strengthened its GHG accounting to improve accuracy and alignment with current standards, including:

- Global Warming Potential (GWP): Transition from IPCC AR4 to IPCC AR6 GWP values for tCO₂e conversion for our Commodities Business
- Scope 2 emission factors: Updated grid emission factors for Malaysia and refined supplier-specific emission factors for sites supplied by central utilities
- Scope 3 emission factors: Use of supplier-specific emission factors where available, replacing secondary lifecycle data

SUSTAINABILITY REVIEW

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Climate-Related Risks And Opportunities – Metrics

PCG monitors climate-related transition risks, physical risks and opportunities using quantitative and qualitative indicators that support the assessment of exposure and inform management decision-making. The metrics presented in this section are designed to illustrate the scale, distribution and concentration of climate-related exposures across the Group’s operated asset base and selected value chain activities, consistent with the objectives of IFRS S2.

Transition Risk Metrics

PCG assesses exposure to climate-related transition risks using proxy metrics that indicate the extent to which its operated emissions footprint is subject to carbon pricing mechanisms across jurisdictions. These proxies provide decision-useful insight into carbon-cost exposure and regulatory transition risk, while PCG continues to enhance data availability and methodologies required for more granular, asset-level vulnerability assessment in future reporting periods.

Table 4: Transition risk exposure – global Scope 1 emissions, percentage covered under emissions-limiting regulations

Transition Risk Metrics	FY2025
Percentage of Scope 1 emissions covered under emissions-limiting regulations (emissions basis)	3

Notes:

- Carbon pricing jurisdictions include jurisdictions with an emissions trading scheme, carbon tax, or comparable mandatory carbon pricing mechanism in force during the reporting period and/or jurisdictions where a legislated mewwchanism has confirmed implementation parameters
- “Operated sites/assets” refers to PCG-operated manufacturing sites and facilities within the Group’s operational control boundary
- These proxy metrics are intended to indicate transition-risk exposure and do not represent a comprehensive asset-level vulnerability scoring model. PCG will progressively enhance transition risk quantification over future reporting periods, applying the ISSB proportionality mechanisms and using all reasonable and supportable information available at the reporting date without undue cost or effort
- Carbon pricing jurisdictions applicable for PCG falls under EU ETS

Based on these proxy indicators, transition-risk exposure is expected to evolve over the medium-term as carbon pricing coverage expands and carbon prices increase. Exposure is generally higher for emissions-intensive segments, particularly O&D and F&M, reflecting greater sensitivity to carbon pricing and technology readiness constraints. SC, which is comparatively less emissions-intensive, is expected to exhibit lower relative exposure.

Physical Risk Metrics

PCG evaluates exposure to key physical climate hazards across its operated manufacturing footprint using forward-looking indicators. The metrics presented reflect relative exposure by hazard type and geography for the 2030 time horizon, with a focus on flooding (fluvial and pluvial), heat stress/heat waves and drought/water stress. Exposure to windstorm and wildfire hazards is currently assessed to be low across the Group’s footprint and is therefore not considered a primary driver of physical climate risk at this stage.

To support comparability and reduce reliance on point estimates, physical risk exposure is presented using qualitative exposure bands. These bands reflect relative differences in exposure across geographies and hazards and are intended to support risk prioritisation, site-level resilience planning and resource allocation. Exposure bands reflect modelled hazard exposure and do not yet fully incorporate site-specific control effectiveness; validation is being phased to refine asset-level resilience insights.

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Table 5: Physical Climate Risk Exposure

Climate Hazards	2030			
	Malaysia	APAC <i>(excluding Malaysia)</i>	Europe	North America
	20 assets	3 assets	7 assets	2 assets
Heat Stress	●	●	●	●
Heat Wave	●	●	●	●
Fluvial Flood	●	●	●	●
Pluvial Flood	●	●	●	●
Drought	●	●	●	●
Storm Surge	●	●	●	●
Windstorm	●	●	●	●
Wildfires	●	●	●	●

● Very High ● High ● Moderate ● Low ● Minimal

Note:

- Physical climate risk concentration is monitored using climate risk modelling outputs, including the proportion of operated assets assessed as being exposed to ‘High’ or ‘Very High’ risk under selected scenarios
- PCG will progressively enhance physical risk quantification over future reporting periods, applying the ISSB proportionality mechanisms and using all reasonable and supportable information available at the reporting date without undue cost or effort

Climate-related Opportunity Metrics

PCG monitors climate-related opportunities associated with the transition to a lower-carbon economy, with a particular focus on opportunities linked to its product portfolio, SC growth and customer decarbonisation needs.

For the reporting period, climate-related opportunity metrics are disclosed on a qualitative basis, reflecting the current stage of development of internal opportunity classification and data readiness. Quantitative disclosure will be progressively enhanced in future reporting periods, in line with improvements in internal tracking and information availability and where data can be obtained without undue cost or effort.

Capital Deployment Metrics

PCG tracks capital deployment toward climate-related initiatives through internal investment categorisation aligned with its decarbonisation and resilience objectives. This includes investments focused on operational efficiency, emissions reduction and asset resilience, such as facility retrofits, process optimisation and energy efficiency improvements.

PCG will utilise internal and/or external funding sources to support any required capital expenditure, financing, or investment deployment. For the current period, such capital expenditure, financing, and investment activities have been assessed as immaterial to PCG. Accordingly, PCG has not provided quantitative information across the time horizon, applying proportionality and relying on information available without incurring undue cost or effort. Quantitative disclosures will be progressively enhanced in future reporting periods as internal tracking and classification processes continue to mature.

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Industry-Based And Cross-Industry Metrics

This section presents selected cross-industry and industry-based metrics that support an understanding of PCG’s climate-related risks and opportunities and provide contextual information for the GHG emissions and targets disclosed elsewhere in this Statement. Metrics are presented consistently across reporting periods where data is available and are intended to be decision-useful, comparable and aligned with IFRS S2 requirements.

Energy Metrics

PCG monitors energy consumption and energy mix as key drivers of operational emissions and exposure to climate-related transition risks. The energy metrics presented summarise total energy consumption, energy consumption by source and type, grid electricity consumption and renewable electricity consumption by category for the reporting period.

These metrics support assessment of PCG’s progress in improving energy efficiency, reducing emissions intensity and strengthening readiness for the transition to lower-carbon energy systems.

Table 6: Energy Consumption and Energy Mix

Energy Metrics	2025
Total energy consumption (mil GJ)	167.37
Energy consumption by source/type (mil GJ)	
Natural gas	56.24
Purchased electricity (national grid and PETRONAS energy generator operating units)	11.64
Purchased steam/heating/cooling	19.80
Other fuels / energy	-
Internal generated energy	86.93
Exported energy	(7.25)
Renewable energy consumption (by category) (mil GJ)	
Bundled green electricity/tariff programme	1.57
On-site renewable energy	0.81

- Notes:
- Accounting of internal generation at selected Specialty Chemicals sites may include natural gas due to different accounting methodology, however this represents less than 10% of total internal energy generation
 - Detailed breakdown may not add up to the total due to rounding

Freshwater Metrics

PCG monitors freshwater withdrawal and water-related exposure indicators, including exposure in water-stressed areas, recognising the potential implications of freshwater availability for operational continuity, asset resilience and long-term risk management. Freshwater metrics are presented for the reporting period and comparative periods to support trend analysis and prioritisation of water stewardship actions.

Table 7: Freshwater withdrawal and water stress indicators

Water Metrics	2023	2024	2025
Total freshwater withdrawal ('000 m³)	56,500	60,400	57,000
Total freshwater consumption ('000 m³)			35,200
Freshwater withdrawal in water-stressed areas ('000 m³)	10,500*	10,400*	10,200
Total freshwater withdrawn in high/extremely high baseline water-stressed locations (%)			18
Total freshwater consumed in high/extremely high baseline water-stressed locations (%)			27

- Notes:
- "Water-stressed areas" are defined using PCG's internal criteria and/or recognised external water-stress screening references, applied consistently across reporting periods
 - Further detail on definitions, boundary and data sources is provided in the Basis of Calculation
 - Covers Commodities manufacturing sites only

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Internal Carbon Pricing

PCG applies an internal carbon price to assess resilience and guide capital deployment, while balancing emissions reduction and financial sustainability details on the carbon price range, application and governance are disclosed in the Strategy section of this Statement to avoid duplication.

Remuneration Linkage to Climate-related Objectives

Climate-related performance considerations, including progress against emissions reduction objectives, are incorporated into performance evaluation and governance arrangements for senior management. Further information, including the extent of remuneration linkage where applicable, is disclosed in the Governance section of this Statement.

Alignment with Industry-based Guidance

The metrics disclosed in this section are aligned with IFRS S2 cross-industry and industry-based guidance and are consistent with PCG’s SASB-related disclosures presented in Appendix 2 of this Statement. This approach supports comparability with peers while avoiding duplication of detailed industry-specific tables.

Climate-Related Targets

PCG has set climate-related targets to support its transition and long-term decarbonisation ambition aligned with PCG’s NZCE 2050 Roadmap. This section explains the scope of these targets and how progress is tracked during the reporting period.

GHG Emissions Reduction Targets

PCG’s climate-related target is an absolute reduction in Scope 1 and Scope 2 GHG emissions, measured against a 2019 baseline and applied across operations under PCG’s operational control. This target supports PCG’s ambition to achieve net zero Scope 1 and Scope 2 emissions by 2050 and focuses on real reductions in operational emissions.

Interim targets are not included in the current reporting cycle. Progress toward the NZCE 2050 ambition is tracked through absolute Scope 1 and Scope 2 emissions performance against the 2019 baseline, as disclosed in this section.

Target Review

Climate-related targets are reviewed regularly to ensure they remain relevant and aligned with changes in operations, regulations, and climate-related risks and opportunities. No changes were made to the GHG emissions reduction target during the reporting period, and interim targets are not included in this reporting cycle.

Monitoring and Performance Against Targets

Progress against the GHG emissions reduction target is monitored using absolute Scope 1 and Scope 2 emissions (tCO₂e) and percentage reduction relative to the 2019 baseline.

Table 8: Performance against GHG emissions reduction target

Performance Metrics	2019	2023	2024	2025
Scope 1 and market-based Scope 2 emissions (mil tCO ₂ e)	8.24	7.80	7.93	7.85
Percentage reduction from 2019 baseline (%)	-	5	4	5

Progress against the 2019 baseline reflects the combined effects of:

- Cumulative structural emissions reductions delivered through implemented emissions reduction initiatives
- Non-structural operational and reliability-related factors, such as plant turnarounds, unplanned outages and higher flaring in certain periods

Since 2019, PCG has delivered cumulative emissions reductions from decarbonisation initiatives of approximately 600 ktCO₂e (~7%), including around 212 ktCO₂e attributable to market-based Scope 2 measures (e.g., renewable electricity instruments). In a given reporting year, operational variability may partially offset or mask these structural improvements in absolute reported emissions.

Further details on decarbonisation initiatives and transition actions are provided in the Climate Transition Path section on page 77.

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PCG BASIS OF CALCULATION

Assurance Status: Limited Assurance

Total Scope 1 GHG Emissions

Definition	Scope 1 GHG emissions refer to direct GHG emissions from sources owned or controlled by PCG, including stationary combustion, flaring, venting, fugitive emissions and mobile sources. Emissions are quantified for all significant greenhouse gases (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃) and reported as tonnes of CO₂ equivalent (tCO₂e) using IPCC AR6 Global Warming Potential (GWP) values for our Commodities portfolio and IPCC AR5 GWP values for our SC business.
Reporting period	1 January 2025 – 31 December 2025
Scope	All PCG-operated assets where PCG has operational control, including manufacturing plants and utilities. Joint ventures, joint operation and associates are excluded. Emissions from both stationary and mobile sources (e.g., combustion, process, flaring, venting, fugitive and company-owned vehicles) are included where relevant.
Data consolidation process	Scope 1 emissions data are collected from metered sources, process monitoring systems, and operational records at each facility. Data are compiled monthly, validated by site HSE/environmental personnel, and consolidated at PCG-level for annual reporting. Direct measurement and estimation methods are adopted as they provide the most reliable representation of emissions from sources under PCG's operational control, including combustion, flaring, venting, and fugitive emissions.
Formula	- Stationary combustion: Fuel combustion volume x gas composition x GWP - Flare: Flaring volume x gas composition x flaring destruction efficiency x GWP - Vent: Vented gas volume x gas composition x GWP - Mobile transportation: Fuel usage volume x emission factor x GWP - Fugitive emissions (Facility-level approach): Production volume x emission factor x GWP
Unit	Tonnes of carbon dioxide equivalent (tCO ₂ e), monthly and summed for annual reporting
Source	- PTS 18.72.05 Greenhouse Gas Emissions Management - PTS 18.06.04 HSSE Performance Monitoring & Reporting - Greenhouse Gas Protocol - IPCC AR6 GWP values (for Commodities) & IPCC AR5 GWP values (for SC) - ISO 14064-1 2018-12 Greenhouse gases — Part 1: Specification with guidance at the organisational level for quantification and reporting of greenhouse gas emissions and removals - Compendium of Greenhouse Gas Emissions Methodologies for the Natural Gas and Oil Industry, issued by the API in Nov 2021 (Compendium) - Petroleum Industry Guidelines for Reporting Greenhouse Gas Emissions by IPIECA, 2nd Edition, 2011
Assumption/ Limitation	PCG refers to the PETRONAS Technical Standards (PTS 18.72.05), which currently reference the API Compendium (2021) for industry best practices and the IPCC Sixth Assessment Report for our Commodities portfolio for globally accepted scientific data, ensuring consistency, credibility, and alignment with international standards. Minor sources below 5,000 tCO₂e/year or 0.1% of annual emissions may be excluded if justified and documented. Data quality depends on accurate metering, billing, and record keeping. Estimates may be used where actual data is unavailable, with methodology documented.

Total Scope 2 GHG Emissions (location-based)

Definition	Scope 2 GHG emissions (location-based) refer to indirect GHG emissions resulting from the consumption of purchased electricity, steam, heating, or cooling at PCG-operated facilities. The location-based method quantifies emissions using average grid or supplier emission factors for the geographic area where energy is consumed.
Reporting period	1 January 2025 – 31 December 2025
Scope	All PCG-operated assets where PCG has operational control, including manufacturing plants and utilities. Joint ventures, joint operation and associates are excluded. Scope 2 emissions from all relevant sources (purchased electricity, steam, heating, cooling) are included where applicable.
Data consolidation process	Scope 2 energy consumption data are collected from metered sources and utility bills at each facility. Data are compiled monthly, validated by site HSE/environmental personnel, and consolidated at PCG-level for annual reporting. Calculations are based on actual electricity consumption multiplied by appropriate emission factors. Sites connected to the national grid use the national grid emission factor, while sites supplied by PETRONAS centralised utilities facilities use supplier-specific emission factors. This approach ensures accuracy and reflects the actual source of purchased electricity. Intercompany energy transfers are excluded from PCG-level totals to avoid double counting. Only imported energy from third-party providers or PETRONAS energy generator operating units is consolidated.
Formula	Indirect energy: Purchased energy (electricity, steam, heating or cooling) x emission factor of the purchased energy. Refer to approved local emission factors for operations and supplier-specific factors where available.
Unit	Tonnes of carbon dioxide equivalent (tCO ₂ e), monthly and summed for annual reporting
Source	- PTS 18.72.05 Greenhouse Gas Emissions Management - PTS 18.06.04 HSSE Performance Monitoring & Reporting - Greenhouse Gas Protocol - IPCC AR6 GWP values (for Commodities portfolio) & IPCC AR5 GWP values (for SC portfolio) - ISO 14064-1 2018-12 Greenhouse gases — Part 1: Specification with guidance at the organisational level for quantification and reporting of greenhouse gas emissions and removals
Assumption/ Limitation	Only purchased energy from third-party providers and PETRONAS energy generator operating units are included; intercompany transfers are excluded at PCG-level. Scope 2 emission factors are sourced from the Energy Commission for grid-connected sites and from PETRONAS centralised utilities for supplier-specific data, ensuring alignment with national benchmarks and internal operational data. Minor sources below 5,000 tCO₂e/year or 0.1% of annual emissions may be excluded if justified and documented. Data quality depends on accurate metering, billing, and record keeping. Estimates may be used where actual data is unavailable, with methodology documented.

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Total Scope 2 GHG Emissions (market-based)

Definition	Scope 2 GHG emissions (market-based) refer to indirect GHG emissions resulting from the consumption of purchased electricity, steam, heating, or cooling at facilities which PCG has purposefully chosen, calculated using emission factors associated with specific contractual instruments (e.g., renewable energy certificates, supplier-specific emission factors, or residual mix factors) as per Greenhouse Gas Protocol and PCG procedures.
Reporting period	1 January 2025 – 31 December 2025
Scope	All PCG-operated assets where PCG has operational control, including manufacturing plants and utilities. Joint ventures, joint operation and associates are excluded. Scope 2 emissions from all relevant sources (purchased electricity, steam, heating, cooling) are included where applicable.
Data consolidation process	Scope 2 energy consumption data are collected from metered sources and utility bills at each facility. Data are compiled monthly, validated by site HSE/environmental personnel and consolidated at PCG-level for annual reporting. Intercompany energy transfers are excluded from PCG-level totals to avoid double counting. Only imported energy from third-party providers is consolidated. Contractual instruments (e.g., RECs, supplier agreements) are documented and tracked for market-based reporting.
Formula	- Scope 2 GHG Emissions (market-based, tCO₂e) = $\sum(\text{Electricity Consumed (kWh)} \times \text{Supplier-specific Emission Factor (tCO}_2\text{e/kWh)}) + \sum(\text{Electricity Consumed (kWh)} \times \text{Residual Mix Emission Factor*})$ - For electricity covered by valid RECs: Emissions = Electricity Consumed (kWh) × 0 - For other purchased energy (e.g., steam, heating, cooling): GHG Emissions (tCO₂e) = $\sum(\text{Energy Consumed} \times \text{Supplier Emission Factor})$ Refer to approved emission factors and contractual documentation for each energy source.
Unit	Tonnes of carbon dioxide equivalent (tCO ₂ e), monthly and summed for annual reporting
Source	- PTS 18.72.05 Greenhouse Gas Emissions Management - PTS 18.06.04 HSSE Performance Monitoring & Reporting - Greenhouse Gas Protocol - IPCC AR6 GWP values (for Commodities) & IPCC AR5 GWP values (for SC) - ISO 14064-1 2018-12 Greenhouse gases — Part 1: Specification with guidance at the organisational level for quantification and reporting of GHG emissions and removals
Assumption/ Limitation	Only purchased energy from third-party providers is included; intercompany transfers are excluded at PCG-level. Scope 2 emission factors are sourced from the Energy Commission for grid-connected sites and from PETRONAS centralised utilities for supplier-specific data, ensuring alignment with national benchmarks and internal operational data. Valid RECs must meet Scope 2 Quality Criteria and be matched to the reporting period and location. Minor sources below 5,000 tCO₂e/year or 0.1% of annual emissions may be excluded if justified and documented. Data quality depends on accurate metering, billing, and record keeping. Estimates may be used where actual data is unavailable, with methodology documented.

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Total Energy Consumption

Definition	Total Energy Consumption refers to amount of energy used for cooling, heating and combustion in the process to produce product. Energy source can be either from renewable or non-renewable sources. Total Energy Consumption includes fuel use for heating and generation of steam and electricity. Internal generated energy such as fuel, steam and electricity from process and consumed shall be included in total energy consumption. Energy exported to external facilities is subtracted to reflect actual consumption.
Reporting period	1 January 2025 – 31 December 2025
Scope	All PCG-operated assets where PCG has operational control, including manufacturing plants and utilities. Joint ventures, joint operation and associates are excluded.
Data consolidation process	Energy consumption data are collected from metered sources, operational records, and utility bills at each facility. Data are compiled monthly, validated by site personnel, and consolidated at PCG Group level for annual reporting. Internal generation and energy exported are tracked to ensure accurate aggregation and avoid double counting.
Formula	Total Energy Consumption (GJ) = Consumed Energy (GJ) – Exported Energy (GJ) Where: - Consumed Energy includes fuel, steam, electricity - Exported Energy includes steam, steam condensate, fuel, electricity exported to external parties Conversions: - Electricity: "GJ"="kWh"×0.0036 - Steam: "GJ"="Steam Flow (kg)"×"Steam Enthalpy (kJ/kg)"/10⁶ - Fuel: "GJ"="Fuel Flow (kg)"×"LHV (kJ/kg)"/10⁶
Unit	Gigajoules (GJ), monthly and summed for annual reporting. Other units (e.g., kWh, tonnes, MMBtu) may be used at site level for monitoring consistencies but converted to GJ for group reporting.
Source	- PTS 16.10.07 Energy and Loss Management System 3.0 - PTG 16.10.08 Energy Performance Metrics - PTS 18.72.05 Greenhouse Gas (GHG) Emissions Management - GRI 302: Energy 2016 - Sustainability reporting guidance for the oil and gas industry, IPIECA Module 3: Climate Change and Energy
Assumption/ Limitation	Energy boundary is consistent with GHG reporting boundary. Internal generation and exported energy are tracked to avoid double counting. Conversion factors and calculation methods are sourced from approved PETRONAS/PCG references. Data quality depends on accurate metering, monitoring, and record keeping. Estimates may be used where actual data is unavailable, with methodology documented.

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Nature & Environment: Freshwater Withdrawal

Definition	Freshwater withdrawal refers to the total volume of water drawn from all sources (surface water, groundwater, municipal supply, rainwater harvesting, purchased water) into PCG-operated facilities for any use, excluding recycled and reused water streams. Freshwater is defined as water with total dissolved solids (TDS) less than 2,000 mg/L, in line with PETRONAS and IPIECA guidance.
Reporting period	1 January 2025 – 31 December 2025
Scope	All PCG-operated assets where PCG has operational control, including manufacturing plants and utilities. Joint ventures, joint operation and associates are excluded. Freshwater withdrawal from all relevant sources is included where applicable.
Data consolidation process	Freshwater withdrawal data are collected from metered sources at each facility. Data are compiled and validated by site HSE/environmental personnel monthly, and consolidated at PCG level for annual reporting in the Sustainability Report. Exports to other OPU's are excluded from the total.
Formula	Total Freshwater Withdrawal (m ³) = Volume of (surface water + groundwater + municipal supply + rainwater harvesting + purchased water) – Volume of exported water streams
Unit	Cubic metres (m ³), monthly and summed for annual reporting
Source	• PTS 18.90.01 Water Management • PTS 18.06.04 HSSE Performance Monitoring & Reporting • IPIECA Water Management Framework • GRI 303: Water and Effluents (2018)
Assumption/ Limitation	Metered data are used where available; where metering is not feasible, estimates are based on design values or operational records. Exports to other OPU's are excluded. Data quality depends on proper metering, calibration, and record keeping. Estimates may vary due to operational changes, process modifications, or regulatory updates. Minor sources below the minimum threshold (<1% of total withdrawal) may be excluded.

Assurance Status: No External Assurance

Scope 3 GHG Emissions: Category 1 – Purchased Goods and Services

Definition	Scope 3 emissions are 'Other' types of indirect emissions that are NOT accounted under Scope 1 or Scope 2 GHG emissions. Category 1 – Extraction, production, and transportation of goods and services purchased or acquired by the reporting company in the reporting year, not otherwise included in Categories 2 - 8.
Reporting period	1 January 2025 – 31 December 2025
Scope	All PCG-operated entities where PCG has operational control. Joint ventures, joint operation and associates are excluded.
Data consolidation process	Data are collected from general ledger and supplier records.
Formula	Total Category 1 emissions are calculated as the sum of emissions estimated using the volume based and spend based approaches. • Volume-based: Emissions (CO₂e) = Quantity purchased x Emission factor (kg CO₂e/unit); • Spend-based: Emissions (CO₂e) = Spend x Emission factor (kg CO₂e/currency unit)
Unit	Tonnes of carbon dioxide equivalent (tCO ₂ e)
Source	• PTS 18.72.05 Greenhouse Gas Emissions Management • Greenhouse Gas Protocol
Assumption/ Limitation	Where supplier specific emission factors are unavailable, secondary emission factors from recognised lifecycle databases (e.g. Ecoinvent) are applied, in line with Greenhouse Gas Protocol guidance, specific emission factors are unavailable, secondary emission factors from recognised lifecycle databases.

SUSTAINABILITY REVIEW

Scope 3 GHG Emissions: Category 3 – Fuel and Energy Related Activities (not included in Scope 1 & 2)

Definition	Scope 3 emissions are 'Other' types of indirect emissions that are NOT accounted under Scope 1 or Scope 2 GHG emissions. Category 3 – Emissions related to the production of fuels and energy purchased and consumed by PCG that are not already included in Scope 1 or Scope 2.
Reporting period	1 January 2025 – 31 December 2025
Scope	All PCG-operated entities where PCG has operational control. Joint ventures, joint operation and associates are excluded.
Data consolidation process	Data are collected from internal energy data and purchase invoices.
Formula	Total Category 3 emissions are calculated as the sum of emissions from fuel purchased and electricity purchased • Emissions from fuel purchased (CO₂e) = Quantity of fuel purchased x Well-to-tank emission factor • Emissions from electricity purchased (CO₂e) = Quantity of electricity purchased x (Well-to-tank emission factor + Transmission & distribution losses adjustment emission factor)
Unit	Tonnes of carbon dioxide equivalent (tCO ₂ e)
Source	• PTS 18.72.05 Greenhouse Gas Emissions Management • Greenhouse Gas Protocol
Assumption/ Limitation	Where supplier specific emission factors are unavailable, secondary emission factors from recognised lifecycle databases (e.g. DEFRA) are applied, in line with Greenhouse Gas Protocol guidance, specific emission factors are unavailable, secondary emission factors from recognised lifecycle databases.

Scope 3 GHG Emissions: Category 11 – Use of sold products

Definition	Scope 3 emissions are 'Other' types of indirect emissions that are NOT accounted under Scope 1 or Scope 2 GHG emissions. Category 11 – Use of sold products refers to emissions from end use of goods and services sold by the reporting company in the reporting year.
Reporting period	1 January 2025 – 31 December 2025
Scope	All PCG-operated entities where PCG has operational control. Joint ventures, joint operation and associates are excluded.
Data consolidation process	Data is collected from sales volume data.
Formula	Emissions (CO ₂ e) = Quantity of product sold x Use-phase emission factor
Unit	Tonnes of carbon dioxide equivalent (tCO ₂ e)
Source	• PTS 18.72.05 Greenhouse Gas Emissions Management • Greenhouse Gas Protocol
Assumption/ Limitation	Emissions are calculated based on products that are used by our customers as final products, in line with Greenhouse Gas Protocol guidance.

SUSTAINABILITY REVIEW

SASB-RELATED DISCLOSURES

SASB Industry-Based Climate-Related Disclosures (Chemicals)

Purpose and Relationship to IFRS S2

This appendix presents selected disclosures informed by the Sustainability Accounting Standards Board (SASB) Standards for the Chemicals industry. These disclosures are intended to complement the IFRS S2 climate-related disclosures in the main body of this Statement by providing industry-specific, investor-relevant metrics.

To avoid duplication, this appendix cross-references quantitative metrics disclosed under IFRS S2 rather than reproducing full tables. Where SASB specifies metric presentation that is not explicitly shown under IFRS S2 (for example, certain percentage-based disclosures or self-generation fields), PCG provides a concise FY2025 SASB-format summary. In all other cases, relevant IFRS S2 disclosures are referenced.

IFRS S2 - SASB Cross-Reference Overview

Table 1: IFRS S2 and SASB cross-reference (Chemicals)

SASB topic	SASB metric code	IFRS S2 location
Greenhouse Gas Emissions	RT-CH-110a.1, 110a.2	• Metrics & Targets: GHG Emissions Metrics
		• Strategy and Transition Readiness: Climate Transition Path
Energy Management	RT-CH-130a.1	• Metrics & Targets: Energy Metrics
Water Management	RT-CH-140a.1, 140a.3	• Metrics & Targets: Freshwater Metrics
		• Strategy and Transition Readiness: Physical Risk Resilience
		• Risk Management: Climate Risk Management
Product Design for Use-phase Efficiency	RT-CH-410a.1	• Strategy and Transition Readiness: Climate-Related Risks and Opportunities Shaping Our Strategy

Greenhouse Gas Emissions

Table 2: SASB GHG Metrics Summary

GHG Metrics	FY2025
Scope 1 emissions (MtCO ₂ e)	6.61
Scope 2 emissions – location-based (MtCO ₂ e)	1.45
Scope 2 emissions – market-based (MtCO ₂ e)	1.24
Total Scope 1 + Scope 2 (location-based)	8.06
Total Scope 1 + Scope 2 (market-based)	7.85
% of Scope 1 emissions covered under emissions-limiting regulations (emissions basis)	3.00

Notes:

- Calculation basis (RT-CH-110a.1): The percentage covered under emissions-limiting regulations is calculated on an emissions basis, defined as: (Scope 1 emissions occurring in jurisdictions subject to emissions-limiting regulations ÷ total Scope 1 emissions) × 100
- Emissions-limiting regulations include applicable emissions trading schemes, carbon taxes or legally binding emissions limits in force during the reporting period

Discussion of Long- and Short-Term Strategy or Plan to Manage Scope 1 Emissions, Emissions Reduction Targets and Performance

PCG manages Scope 1 emissions through a combination of operational efficiency initiatives, flaring and venting reduction measures, energy optimisation efforts and longer-term decarbonisation planning. Emissions management is embedded within enterprise risk management, capital allocation processes and performance monitoring, as described in the IFRS S2 Strategy and Targets disclosures.

For additional information refer to the Climate Transition Path on page 77 and the Metrics and Targets section on page 93.

SUSTAINABILITY REVIEW

Energy Management

Table 3: SASB Energy Metrics Summary

Energy Metrics	2025
Total energy consumed (mil GJ)	167.37
Percentage of energy consumed supplied from grid electricity (%)	6.96
Percentage of energy consumed that was renewable energy (%)	1.42
Total self-generated energy (mil GJ)	86.93
Self-generated renewable energy (mil GJ)	0.88

Notes:

- Electricity measured in kilowatt hours (kWh) is converted to gigajoules (GJ) using a conversion factor of 0.0036 GJ/kWh
- Energy source categories and conversion factors are applied consistently across reporting periods. Further detail on definitions and data sources is provided in the Basis of Calculation

Boundary and Methodology

Energy consumption includes energy directly consumed during the reporting period from purchased fuels, purchased electricity and purchased steam, heating or cooling, as well as any self-generated energy where applicable. Conversion factors, such as the conversion of kilowatt-hours to gigajoules and fuel energy assumptions are applied consistently across reporting periods. Supporting methodological details are referenced in the Basis of Calculation.

Energy Efficiency

PCG's energy management approach focuses on operational efficiency and reliability improvements that support both cost discipline and emissions intensity reduction. Key measures include process and utilities optimisation, reduction of energy losses and targeted upgrades to improve the efficiency of energy-intensive equipment. Aggregate energy savings achieved through these initiatives are not currently quantified on a consolidated basis for SASB reporting, as applicable.

Water Management

Table 4: SASB Water Metrics Summary

Water Metrics	FY2025
Total water withdrawn ('000 m ³)	57,000
Total water consumed ('000 m ³)	35,200
Total water withdrawn in High/Extremely High Baseline Water Stress locations (%)	18
Total water consumed in High/Extremely High Baseline Water Stress locations (%)	27

Notes:

- Detailed breakdowns may not total precisely due to rounding
- Water withdrawal by source:
 - For Commodities: 100% sourced from municipal supply
 - SC: Surface water (own extraction) 90.6%, groundwater (own extraction) 3.6%, third-party water 5.8%
- Freshwater withdrawal refers to the total volume of water drawn from all sources (surface water, groundwater, municipal supply, rainwater harvesting and purchased water) into PCG-operated facilities for any use, excluding recycled and reused water streams
- Freshwater is defined as water with total dissolved solids (TDS) less than 2,000 mg/L, consistent with PETRONAS and IPIECA guidance
- Water consumption refers to the portion of freshwater withdrawn that is not returned to the same catchment from which it was sourced over the reporting period. This includes water that:
 - Evaporates or is lost during withdrawal, processing, cooling or discharge
 - Is incorporated into products, by-products or waste streams
 - Is consumed by humans or equipment during operations
 - Becomes polluted or degraded to the point that it cannot be reused or returned
- Water consumption is calculated as:
 - Water Consumption = Freshwater Withdrawn – Freshwater Returned
 - Where freshwater returned is measured via metered wastewater discharge. Where metering is not available, consumption may be estimated through engineering calculations, such as pump stroke formulas, reverse osmosis system parameters or other site-validated methods
- Water-stress metrics reflect baseline water stress conditions (including demand, supply, infrastructure and regulation) and may differ from IFRS S2 physical risk assessment, which are based on forward-looking drought scenarios. Regardless of the classification approach, PCG applies consistent mitigation measures including efficiency improvements, recycling/reuse, targeted monitoring and regulatory engagement, to strengthen long-term water security and operational resilience

SUSTAINABILITY REVIEW

Water Risk and Management Approach

PCG’s operations depend on reliable water supply for cooling, steam generation and process requirements. Several facilities operate in water-stressed regions, where climate variability, infrastructure constraints and evolving regulatory standards heighten water-related risks. These risks include potential withdrawal disruptions, increased treatment requirements and more stringent compliance expectations from regulators and surrounding communities.

To manage these risks, PCG applies a structured water stewardship approach guided by PETRONAS Technical Standards, local regulatory requirements and site-specific risk assessments. Water-stressed locations receive particular focus, supported by WRI Aqueduct assessments and 2030 and 2050 climate impact modelling, enabling proactive planning for future supply availability. PCG also engages with state water authorities to monitor infrastructure developments and assess potential implications for water security.

PCG has established freshwater-reduction targets to strengthen long-term water resilience. At domestic water-stressed sites, PCG is progressing toward its absolute target to reduce freshwater withdrawal by 138,000 m³/month by 2030, equivalent to a ~14% reduction against the 2023 baseline. In 2025, approximately 88% of this target was achieved through optimisation measures such as process condensate recovery, condensate polisher regeneration and wastewater discharge timer adjustments. Similarly, SC operating sites have also set a target to reduce freshwater withdrawal by 25% by 2030 at high water-stressed sites, relative to its 2019 baseline.

Site-level optimisation projects further support water efficiency and operational reliability. These include process condensate recovery at PC Methanol Plant 1 (~45,000 m³/month reduction), return-water system optimisation at PC Fertiliser Kedah (~500 m³/month reduction), steam-line improvements at PC Fertiliser Sabah (~43,200 m³/month reduction) and enhanced wastewater recycling at the Stenungsund site (~33,000 m³/month freshwater savings). In parallel, PCG is conducting feasibility studies on alternative water sources, including reclaimed sewage water and seawater thermal desalination, to assess their suitability for strengthening water security at domestic water-stressed sites.

To improve performance visibility, PCG completed water balance validations for both PC Methanol plants and continues deploying the CLARITY digital solution for real-time monitoring and optimisation of site-level water systems. Engagement with process vendors has also been strengthened to improve treatment reliability and compliance. This includes PC Fertiliser Kedah and PC Ammonia’s transition to non-phosphate cooling water treatment, enabling higher cycles of concentration and reducing freshwater and wastewater volumes, with other OPU’s conducting trials to assess the feasibility of similar improvements.

Water- and wastewater-related risks include securing and maintaining discharge permits, meeting stringent effluent standards, controlling discharge temperature and managing potential regulatory or community-related liabilities. To address these risks, PCG conducted a comprehensive wastewater situational assessment of Wastewater Treatment Plant (WWTP) performance in 2025, identifying operational gaps and strengthening internal controls, pollution-prevention measures and compliance practices to improve discharge quality and reduce the likelihood of incidents. These actions support robust operational controls and help maintain compliance across PCG’s facilities.

SUSTAINABILITY REVIEW

Process and Equipment Innovations that Reduce Water Demand

PCG implements process and equipment innovations to reduce operational water demand across its facilities. These include heat-integration and energy-efficiency improvements that lower heating and steam requirements, which in turn reduce cooling demand and associated freshwater consumption. By addressing water use at the process-design and utilities level, these measures support sustained reductions in water intensity, reinforcing operational efficiency.

Lifecycle Trade-offs

PCG recognises that certain water-saving measures involve lifecycle trade-offs that must be actively managed. For example, advanced treatment technologies such as reverse osmosis and ultrafiltration can reduce freshwater withdrawal but may increase electricity consumption. Similarly, higher cycles of concentration and enhanced condensate recovery can reduce freshwater intake and wastewater volumes, but may require incremental chemical dosing or additional maintenance.

To manage these trade-offs, PCG continues to explore complementary solutions such as heat-integration and energy-efficiency improvements, alongside the adoption of non-phosphate treatment systems, to progressively reduce lifecycle impacts while maintaining water efficiency and operational reliability.

Additional qualitative context on PCG’s water stewardship practices will be provided in the PCG Sustainability Report 2025.

Product Design for Use-phase Efficiency

Table 5: SASB Product Design for Use-phase Efficiency

SASB accounting metric	PCG FY2025
Revenue from products designed for use-phase resource efficiency	Not disclosed for the reporting period

Notes (Rationale for non-disclosure):
PCG develops products and solutions that may enable customers to reduce emissions, energy use or resource intensity during product application or use. However, revenue attributable specifically to products designed for use-phase resource efficiency is not currently tracked on an aggregate basis using a consistent internal classification methodology and is therefore not disclosed for the reporting period. PCG continues to enhance internal classification and data readiness to support potential future disclosure.

Climate-related product opportunities are managed through PCG’s innovation and product stewardship processes, which embed regulatory, safety and environmental considerations across product development and lifecycle management. These processes support PCG’s transition toward higher-value specialty solutions and sustained market relevance, while remaining aligned with customer performance needs and evolving regulatory expectations.

Additional qualitative context on these processes will be provided in the PCG Sustainability Report 2025.

Use of this Appendix

This appendix is intended to support transparency and comparability for users familiar with SASB Standards, while avoiding duplication of disclosures provided under IFRS S2. Quantitative metrics presented here should be read together with the relevant IFRS S2 sections referenced above to obtain full context on governance, strategy, risk management and targets.

VALUE CREATION MODEL

Our Value Creation Model sets out how PCG delivers sustainable financial and non-financial value for stakeholders across the value chain. Grounded in our material matters and principal risks, the model demonstrates how we deploy our six capitals to manage uncertainties, strengthen resilience and support disciplined decision-making. This is underpinned by our two-pronged strategy to sustain leadership in basic petrochemicals while expanding into higher-value SC, positioning the Group to capture growth opportunities and create long-term value.

OUR CAPITALS

INPUTS

Reliable, competitively priced feedstock underpins our operations, with a diversified gas supply supporting production continuity and plant reliability.

Natural gas: **48,983 KMT**

Energy consumed: **167.37 million GJ**

Freshwater withdrawal: **57 million m³**

Our operational footprint, which mainly spans across APAC, North America and Europe, strengthens our ability to serve customers with greater speed and reliability.

Operates 21 manufacturing sites, supported by subsidiaries and representative offices, in 27 countries worldwide

Driven by a diverse and capable workforce, we continue to prepare our people for the future by empowering them to innovate and adapt as the industry evolves.

Total number of employees: 6,355

RM27.9 million invested in employee training and development

Average training days per employee: 17

Prioritising Research and Development (R&D) and innovation allows us to anticipate market shifts and improve our products based on customer needs.

7 laboratories

8 patented applications

9 proprietary chemicals

Working closely with our stakeholders and communities are important to ensure our products and partnerships achieve maximum impact.

Consists of **6,138 suppliers and vendors**

Financial discipline remains critical amid market volatility, providing the strength to pursue opportunities and manage uncertainty with confidence.

Shareholders' equity is **RM38.6 billion**

RM9.3 billion in cash and cash equivalents

RM1.9 billion in free cash flow

N NATURAL

M MANUFACTURED

H HUMAN

I INTELLECTUAL

SR SOCIAL & RELATIONSHIP

F FINANCIAL

**ENABLE OUR
BUSINESS TO
CREATE**

**BUSINESS
ACTIVITIES**

COMMODITIES

**BUSINESS
PORTFOLIO**

**SPECIALTY
CHEMICALS**

**SUSTAINABILITY
AT THE CORE**

FIRST-PRONG
Sustain strength in
basic petrochemicals
through Operational
Excellence & Commercial
Excellence in Maximising
Cash Generation from
existing business

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

**TWO-
PRONGED
STRATEGY**

**STRATEGIC
THRUSTS**

**OPERATIONAL
EXCELLENCE**

OE

**COMMERCIAL
EXCELLENCE**

CE

**GROWTH
DELIVERY
EXCELLENCE**

GE

OPERATING ENVIRONMENT



For further details, please refer to the Operating Environment and Outlook section from pages 17 to 19 as well as the Segmental Review from pages 51 to 65 of this report.

PRINCIPAL RISKS



For further details, please refer to the Risk Overview section on pages 22 to 31 of this report.

For further details, please refer to the Strategic Review section on pages 16 to 37 of this report.



For further details, please refer to the Material Matters section on pages 20 to 21 of this report.

VALUE CREATION MODEL

VALUE FOR STAKEHOLDERS

OUTPUTS

PRODUCTION & SALES

86.9% O&D
89.0% F&M
plant
utilisation*

10,821
KMT
production
volume

10,779
KMT
sales volume

* Commodities only

INNOVATION & TECHNOLOGY

30
new
products

2
co-created
solutions

253
technical
solutions

1
lab launched
in Shanghai,
China

MATERIAL MATTERS

M1 Climate Change

M2 Nature & Environment

M3 Business Strategy
& Financial Resilience

M4 Innovation &
Product Stewardship

M5 Circular Economy

M6 Supply Chain
Management

M7 Cybersecurity
& Digitalisation

M8 Safety & Health

M9 Talent Management
& Well-Being

M10 Human Rights

M11 Community
Engagement

M12 Corporate
Governance

VALUE CREATION MODEL

VALUE FOR STAKEHOLDERS

OUTCOMES	STAKEHOLDER GROUPS AFFECTED
N NATURAL 7.85 million tCO₂e total GHG emissions, reflecting a year-on-year reduction 87.8 KMT hazardous waste generated, down approximately 19% year-on-year through improved recovery and disposal practices - Continued monitoring and conservation initiatives, leading to the consumption of 35.2 million m³ of water	S1 S6 S7
M MANUFACTURED Increased sales volume by approximately 4% year-on-year, reflecting stronger production coordination and asset optimisation Achieved 93% order fulfilment reliability, reinforcing supply chain resilience and customer confidence Sustained plant reliability and operational performance despite higher shutdown activities and a challenging market environment	S1 S3 S4
H HUMAN Recorded zero fatalities and 11 LTIs, underscoring continued efforts to strengthen safety culture and operational discipline Continued investment in workforce capability development through structured technical and leadership training programmes - Strengthened safety competencies through targeted training, contributing to zero fatalities, zero major LOPC and zero major fire incidents	S1 S2 S3 S4 S5 S6 S7
I INTELLECTUAL - The Neptem™ emulsifier portfolio received the Environmental Pioneer Award, recognising innovation in more sustainable solutions Led 29 thought leadership engagements, strengthening industry presence and knowledge exchange - Conducted 15 Product Stewardship sessions reinforcing responsible product management and stakeholder engagement Expanded our customer base with 68 new customers, reflecting effective innovation and market engagement	S2 S3 S4 S6
SR SOCIAL & RELATIONSHIP Recorded 74% local procurement spending, supporting domestic economic and supplier development Reached more than 200,000 community members through outreach and development programmes - Sustained brand presence with media mileage of RM10.6 million	S2 S3 S4 S5 S6 S7 S8
F FINANCIAL Recorded an EBITDA decrease of 46% year-on-year, reflecting margin compression and softer market conditions Paid a 7 sen per share dividend for 2025 in line with our commitment to shareholder value	S1 S2 S3 S4 S5 S6 S7 S8

FINANCIAL
VALUE CREATED

Operations

- RM574 million in value creation and cost optimisation**
- Revenue of RM27.5 billion**
- EBITDA of RM1.9 billion**
- LAT of RM2.1 billion**

Shareholders

Dividend payout of **RM560 million**

Community

Over **RM400,000** contributed to the community

NON-FINANCIAL
VALUE CREATED

PRODUCTION & SALES

Steady asset performance and routine maintenance ensure consistent output and bolster PCG's role in regional and global supply chains. This reliability strengthens customer confidence and underpins long-term market competitiveness.



INNOVATION & TECHNOLOGY

Through customised solutions and a growing portfolio of innovative products and tailored solutions, PCG fortifies customer relationships and access to emerging segments.



ENVIRONMENTAL FOOTPRINT

PCG is committed to responsible resource use, emissions management, climate progress and actions towards Malaysia's net zero ambitions. By continuously improving environmental performance, PCG contributes to a more sustainable future while strengthening operational resilience.

VALUE CREATION MODEL

CAPITAL TRADE-OFFS AND MOVEMENTS

N - Our business impacts natural capital through our use of non-renewable resources, as well as emissions and waste from our operations. To minimise these impacts, we leverage our financial, manufactured, human and intellectual capitals - Across its operations, PCG accelerated GHG reduction programmes and maintained zero emissions for the Waspik site as well as achieved zero emissions across Scope 1 and Scope 2 for the Echt site. Our investment in these initiatives, provide long-term benefits by reducing environmental effects and keeping PCG on track towards our NZCE aspirations - PCG's expansion into lower carbon portfolios such as Viscotech® Upcycled and Emfinity® Esters have helped strengthen our sustainability solutions' market position while balancing short-term costs with long-term resilience	M ▲ H ● I ▲ SR ▲ F ▼
M - PCG achieved plant utilisation rates of 86.9% for O&D and 89.0% for F&M. Over the course of the year, PCG also launched reliability programmes, energy optimisation and CO₂ reduction initiatives - The completion of a strategic international acquisition and the commissioning of new downstream capacities involved significant financial and natural capital trade-offs, but strengthened long-term revenue streams and portfolio competitiveness, with short-term capital allocation to enhance asset performance expected to create sustained value over time across financial, natural, human and social & relationship capitals	N ▲ H ● I ▲ SR ▲ F ▼
H Investments in workforce upskilling, safety, and digital adoption incurred short-term costs but delivered lasting benefits and impacts. This includes building adaptability, retaining skilled talent, and driving efficiency and innovation across operations that enhances organisational resilience and operational efficiency	N ▲ M ▲ I ▲ SR ▲ F ▼
I - PCG's expansion into R&D facilities and labs have helped deliver customer-centric solutions with financial and human capital trade-offs - While resource-intensive, reliance on subject matter experts risk knowledge loss and erosion of intellectual capital due to staff turnover	N ▲ M ▲ H ▲ SR ▲ F ▼
SR - By channeling our skills and expertise into social impact initiatives, we empower communities and address key societal challenges. These efforts not only build deeper relationships but also boost our agility in responding to community priorities, securing long-term trust and collaboration - Through co-creation projects, joint product development and digital platforms for real-time feedback, PCG strengthened customer engagement initiatives. Despite substantial resource commitments, these initiatives deepened relationships, improved responsiveness and drove long-term loyalty and financial performance through sustained revenue, premium pricing and stronger market positioning - Additionally, these efforts enabled PCG to secure high-value contracts, redirected volumes to higher-margin markets and leveraged growth opportunities in specialty and sustainable solutions	N ▲ M ● H ▲ I ▲ F ▼
F Investment in the PCG's intellectual, human, manufactured and natural capitals is the short-term financial trade-off to build organisational resilience, retain skilled talent and drive for sustainable long-term growth	N ▲ M ▲ H ▲ I ▲ SR ▲

▲ Value Creation

● Value Preservation

▼ Value Erosion

STAKEHOLDER ENGAGEMENT

Maintaining strong, trusted relationships with our stakeholders is essential in an industry built on interdependence and long-term partnerships. Through open engagement and meaningful collaboration, we strengthen mutual confidence, manage shared risks and opportunities, and deliver tangible outcomes that support collective growth and sustainable value creation.

EMPLOYEES

Our employees' expertise and dedication are fundamental to driving innovation, sustainability and operational excellence. Their collaborative spirit and commitment to continuous improvement have been instrumental in achieving our strategic objectives and delivering sustainable growth.

WHY WE ENGAGE

To strengthen capabilities, sustain morale and safety performance and build a future-ready workforce aligned with business and sustainability priorities.



6,355
Employees

ENGAGEMENT PLATFORM & FREQUENCY

Townhall

Talent development programmes

Leadership training sessions

Organisational Culture Survey

Staff engagement and appreciation initiatives

Knowledge-sharing forums

HSE campaigns

Employee Recognition and Long-Service Awards

Wellness events

KEY CONCERNS RAISED

• Mental health and well-being

• HSE

• Diversity and Inclusion (D&I)

• Work-life balance

• Human rights

• Cybersecurity

RISKS

• Reduced engagement or capability gaps, impacting productivity and operational reliability

• Lower retention, affecting succession readiness

• Weaker safety culture, increasing incident risk

OUR STRATEGIC RESPONSE THROUGH OPPORTUNITIES

Value created for stakeholders

• Sustained employee well-being through mental health and flexible work programmes

• Strengthened D&I with Board-level tracking and leadership empowerment initiatives

• Expanded career development and mentorship opportunities

• Recognised long-service contributions with 497 employee awards in 2025

• Enhanced engagement and safety culture across the workplace

Value created for PCG

• Stronger workforce readiness to support operational and growth priorities

• Improved employee retention and engagement, sustaining organisational performance

• Reinforced leadership pipeline through structured development

• Stronger safety culture supporting reliability and resilience

RELATIONSHIP WITH VALUE CREATION MODEL

Key Capitals:

H I SR

Material Matters:

M8 M9 M10 M11

Principal Risks:

T H R

CUSTOMERS

At PCG, earning and sustaining the confidence and loyalty of our customers are essential. We are dedicated to meeting their evolving needs by delivering innovative products and solutions, which play a key role in achieving our long-term sustainable growth.

WHY WE ENGAGE

Customers are the heart of our operations. Therefore, listening to their needs and staying at the forefront of consumer trends are important to strengthen and sustain customer loyalty.



2,667
Customers

ENGAGEMENT PLATFORM & FREQUENCY

Meetings with customers

Customer satisfaction surveys (CSS)

Feedback management system

Customer engagement programmes

Product Stewardship workshops

KEY CONCERNS RAISED

• Product quality

• Product delivery

• Sustainable products

• Product pricing and credit terms

• Supply reliability

RISKS

• Supply disruption or quality issues, leading to reduced confidence or loss of market share

• Pricing volatility, affecting customer relationships

• Inability to meet sustainability-linked requirements, impacting competitiveness

OUR STRATEGIC RESPONSE THROUGH OPPORTUNITIES

Value created for stakeholders

• Resolved 17 customer complaints, maintaining a strong Customer Feedback performance score

• Delivered differentiated value propositions tailored to each customer segment

• Ensured consistent product quality through robust quality management, specification controls and customer testing

• Created 30 new products, two co-created innovative solutions and 253 technical solutions to support customer business growth

• Engaged customers through 15 Product Stewardship sessions and technical talks on safe handling and value maximisation

• Achieved 93% order fulfilment reliability, including bridging supply shortages through strategic sourcing

Value created for PCG

• Strengthened customer confidence and retention through reliability and service performance

• Enhanced market positioning through solutions-driven engagement and stewardship

• Built a more resilient demand base through deeper understanding of customer priorities

• Expanded opportunities to grow higher-value specialty and sustainable product portfolios

RELATIONSHIP WITH VALUE CREATION MODEL

Key Capitals:

SR M I F

Material Matters:

M1 M3 M4 M5

Principal Risks:

M O Ta SS

Frequency of Engagement

Annually

Quarterly

Monthly

Weekly

As Required

Bi-Annually

Alternate Month

Bi-Monthly

Daily

On Request

STAKEHOLDER ENGAGEMENT

SUPPLIERS & VENDORS

In supporting operational continuity, we cultivate strong relationships with suppliers and vendors, underpinned by sound governance practices that strengthen the value chain and support long-term growth.

WHY WE ENGAGE

To create value across our products and operations, we actively engage suppliers and vendors that enable the delivery of high-quality materials and services. These partnerships are critical to maintaining competitiveness and resilience in a dynamic and challenging market.



6,138
Suppliers & Vendors

ENGAGEMENT PLATFORM & FREQUENCY

Performance evaluations

Operational communications

Regular meetings

Forums

Site visits

KEY CONCERNS RAISED

• HSE

• Human rights

• Ethical business practices

• Sustainability in the supply chain

RISKS

• Supplier disruption, affecting production continuity

• Third-party non-compliance, exposing PCG to governance and regulatory compliance risks

• Quality issues, increasing cost or operational risk

OUR STRATEGIC RESPONSE THROUGH OPPORTUNITIES

Value created for stakeholders

• Strengthened supplier safety through enforcement of HSE standards, achieving a zero Serious Vehicle Accident Rate and zero fatalities

• Supported 1,022 vendors through the PETRONAS Supplier Support Programme to accelerate sustainability adoption

• Embedded EESG requirements into procurement practices to promote responsible supply chain standards

• Maintained a reliable supply chain while providing robust grievance mechanisms to safeguard supplier and vendor interests

Value created for PCG

• Sustained supply continuity and vendor reliability to support operational resilience

• Strengthened governance and compliance across third-party relationships

• Improved value optimisation through competitive sourcing and performance monitoring

• Reduced integrity and operational risks through comprehensive frameworks, procedures and guidelines for suppliers and vendors

RELATIONSHIP WITH VALUE CREATION MODEL

Key Capitals:

M SR I

Material Matters:

M6 M8 M10 M11

Principal Risks:

F R SS H

BUSINESS PARTNERS

Strategic partnerships and JVs are formed with other industry players to exchange ideas and expertise, as well as further expand our business. These collaborations enable us to leverage complementary strengths, drive innovation and access new markets.

WHY WE ENGAGE

Through an ecosystem of joint operations, associates and JVs, our business partnerships provide beneficial support to supplement business growth.



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Business Partners

ENGAGEMENT PLATFORM & FREQUENCY

Periodic meetings

Operational communications

Strategic dialogues

Conferences and forums

KEY CONCERNS RAISED

• Governance, internal controls and compliance

• Streamlining the implementation of sustainability initiatives and tracking of GHG emissions from associates and JVs

• Reliability of PCG's feedstock supply

RISKS

• Underperformance or weak governance at partner entities, affecting returns

• Misalignment on risk appetite and sustainability priorities, impacting value creation

• Operational issues, impacting reputation and continuity

OUR STRATEGIC RESPONSE THROUGH OPPORTUNITIES

Value created for stakeholders

• Ensured good governance across JV operations

• Enabled business development opportunities through innovative solutions and collaborative partnerships

• Improved value chain efficiency through integrated operations with JV partners

• Optimised shared value through efficient feedstock, optimal utilities allocation and cost-sharing initiatives

Value created for PCG

• Protected investment value through disciplined oversight and performance monitoring

• Enhanced capability to manage shared operational and governance risks

• Strengthened partnership execution discipline, supporting business continuity and growth outcomes

• Improved visibility on issues and early interventions through structured reporting and assurance

RELATIONSHIP WITH VALUE CREATION MODEL

Key Capitals:

M SR F

Material Matters:

M1 M3 M5 M12

Principal Risks:

S O SS R

Frequency of Engagement

Annually

Quarterly

Monthly

Weekly

As Required

Bi-Annually

Alternate Month

Bi-Monthly

Daily

On Request

STAKEHOLDER ENGAGEMENT

SHAREHOLDERS & INVESTMENT COMMUNITY

We regularly engage with our shareholders and investors to provide them with the timely insights and updates necessary for making informed and equitable investment choices.

WHY WE ENGAGE

Shareholders' financial capital allows PCG to deliver business growth while progressing its sustainability agenda. In turn, we remain focused on transparent communication and timely updates on our strategic direction and performance.

ENGAGEMENT PLATFORM & FREQUENCY

One-to-one meetings

Financial result briefings

Investment conferences and roadshows

General meetings

Plant and office visits

Knowledge sharing webinars

Email correspondence and phone calls

KEY CONCERNS RAISED

Sustainable value creation

PCG's operational, commercial and financial performance

Growth projects progress and deliverables

Sustainability and EESG matters

Corporate governance

RISKS

• Volatile investor sentiment, impacting market perception

• Misalignment of expectations, affecting confidence

• Weaker disclosures, impacting credibility

OUR STRATEGIC RESPONSE THROUGH OPPORTUNITIES

Value created for stakeholders

Delivered shareholder returns through dividend payments while investing in growth initiatives for long-term value creation

Maintained transparent, timely disclosures and accessible information to support informed decision-making by existing and prospective shareholders

Enabled direct engagement with senior leadership and Board representatives through calls, briefings, roadshows and conferences

Channelled investor expectations and feedback into Board and Management deliberations

Value created for PCG

Strengthened market confidence through consistent investor engagement and disciplined disclosure practices

Enhanced investor understanding of strategy, performance priorities and risk management

Improved responsiveness to evolving market expectations and concerns

Reinforced corporate credibility and governance positioning

RELATIONSHIP WITH VALUE CREATION MODEL

Key Capitals: SR F

Material Matters: M1 M4 M5 M10 M12

Principal Risks: M S R SS

31,862
Shareholders

STAKEHOLDER ENGAGEMENT

COMMUNITIES

As a socially responsible company, we place strong emphasis on community development, and are committed to delivering positive outcomes for communities impacted by our operations.

WHY WE ENGAGE

Given that our operations may have direct and indirect impacts on communities, proactive engagement is essential to understand community concerns, address expectations and build long-term public trust.

ENGAGEMENT PLATFORM & FREQUENCY

Social impact programmes

Briefings and engagement

Community support

KEY CONCERNS RAISED

Safety of plant operations

Quality of air and water emissions

Jobs and other income-generating opportunities

RISKS

• Community dissatisfaction, affecting reputation and the operating environment

• Social concerns, escalating into disruptions

• Insufficient visibility of impacts, weakening trust

OUR STRATEGIC RESPONSE THROUGH OPPORTUNITIES

Value created for stakeholders

Generated socio-economic opportunities for surrounding and marginalised communities, reaching more than 200,000 beneficiaries globally

Maintained safe operating environments through strong HSE controls and continuous air and water quality monitoring

Delivered social impact programmes in collaboration with local communities and NGOs

Conducted regular engagements and awareness initiatives on health, safety and environmental protection

Value created for PCG

Strengthened trust and social licence to operate through sustained community partnerships

Reduced social and reputational risk through proactive engagements

Improved alignment of social investments with sustainability priorities and measurable impact

RELATIONSHIP WITH VALUE CREATION MODEL

Key Capitals: N H SR

Material Matters: M2 M8 M10 M11

Principal Risks: SS H R

More than 200,000
people impacted

GOVERNMENT & REGULATORS

We collaborate closely with relevant authorities to address challenges and navigate the growing complexities of the regulatory environment, ensuring consistent and continuous compliance.

WHY WE ENGAGE

To effectively manage our operations within legal frameworks and stay abreast of emerging and changing regulations, it is important for us to forge strong relationships with the government and regulators.

ENGAGEMENT PLATFORM & FREQUENCY

Regular reporting to relevant agencies

Meetings with state agencies

Meetings with federal agencies

Engagements with district/community leaders

Festive engagements

KEY CONCERNS RAISED

Regulatory compliance

Economic impact

Safety and environmental management

Human rights

Sustainability and EESG matters

RISKS

• Regulatory non-compliance, affecting approvals or operations

• Policy shifts, impacting business conditions

• Enforcement action, affecting reputation and continuity

OUR STRATEGIC RESPONSE THROUGH OPPORTUNITIES

Value created for stakeholders

Strengthened collaboration with Federal and State regulators to support safe, reliable plant operations and regulatory alignment

Ensured commercial facilities operate with appropriate safeguards, monitoring technologies and compliance controls

Maintained transparent, scheduled engagements and timely submission of mandatory regulatory reports

Aligned sustainability priorities with government expectations to support national decarbonisation and transition goals

Value created for PCG

Sustained licence to operate and regulatory confidence through disciplined compliance practices

Reduced operational disruption risk through proactive engagement and structured reporting

Reinforced governance credibility to support long-term business resilience

RELATIONSHIP WITH VALUE CREATION MODEL

Key Capitals: M SR F

Material Matters: M1 M2 M8 M10

Principal Risks: R SS H

177
Engagements

MEDIA

Our media partners play a vital role in delivering accurate and reliable information, keeping stakeholders, such as the public and investors, well informed. Their role is crucial in safeguarding our business against misinformation and misconceptions, reputation, and fostering transparency and public trust.

WHY WE ENGAGE

As a critical communication link between our business and stakeholders, the media plays an important role in disseminating accurate information about our business and shaping brand perception.

ENGAGEMENT PLATFORM & FREQUENCY

Press releases

Media engagements

Interviews

KEY CONCERNS RAISED

Company reputation

Business performance

Environmental management and sustainability efforts

New innovation and technology

Development and progress of key projects

RISKS

• Misinformation or negative coverage, affecting reputation and stakeholder confidence

• Delayed or insufficient clarification, allowing issues to escalate

OUR STRATEGIC RESPONSE THROUGH OPPORTUNITIES

Value created for stakeholders

Maintained open and transparent communication with media partners

Supported audience engagement through timely sharing of accurate company updates

Ensured consistent access to verified and up-to-date information

Value created for PCG

Strengthened reputation management through targeted and proactive media engagements

Improved stakeholder confidence through transparent and responsive communications

Reduced reputational risk through timely clarification of issues

RELATIONSHIP WITH VALUE CREATION MODEL

Key Capitals: I SR

Material Matters: M1 M2 M4 M10

Principal Risks: SS R C

RM10.6 million
Media Mileage

Frequency of Engagement

Annually

Bi-Annually

Quarterly

Alternate Month

Monthly

Bi-Monthly

Weekly

Daily

As Required

On Request

Frequency of Engagement

Annually

Bi-Annually

Quarterly

Alternate Month

Monthly

Bi-Monthly

Weekly

Daily

As Required

On Request