

The RC discharges its responsibilities through its scheduled meetings during the year in accordance with its fixed agenda which covers the matters under the purview of the RC. The RC met eight times in 2022.

[For more information about the RC's attendance, please refer to page 280]

Key Matters in 2022

- The RC assisted the Board in deliberating the PETRONAS Group's Corporate Risk Profile and Risk Appetite on a quarterly basis. Additionally, revisions to the Corporate Risk Profile and Risk Appetite were recommended by the Committee and approved by the Board to align with the Group's business objectives and strategies as well as reflect the current exposures being managed.
- The RC played its oversight role in reviewing risks related to strategic and high impact business matters such as investment decisions for key projects during the year.
- The RC appraised the performances and activities of Group Integrity on a quarterly basis and was also updated on the progress of the Group's integrity and governance programmes.
- The RC reviewed the report and activities on the Company's Portfolio Commodity Hedging programmes on a quarterly basis.
- The RC reviewed and endorsed the revision to PETRONAS CoBE to strengthen PETRONAS' internal controls including having a comprehensive code of conduct which will act as one of the defences to corporate liability and to cater for the latest development in law and regulations as well as to keep up with global business and regulatory development.

Compliance

Tone from the Top

The compliance culture in PETRONAS is championed by the "tone from the top", driven by the principles of PETRONAS Cultural Beliefs and Shared Values. The continuous messaging from the PETRONAS Board of Directors and PETRONAS Executive Leadership Team sets the values for the expected conduct and ethics. It shapes the behaviour and attitude of PETRONAS employees at all levels of businesses and activities across the PETRONAS Group.

Operationalising Compliance from the Ground

As PETRONAS operates in multiple jurisdictions worldwide, the Compliance Management Operations (CMO) team is structured to ensure compliance with domestic and global requirements by establishing offices at the PETRONAS headquarters in Kuala Lumpur City Centre (KLCC), as well as regional offices in Asia Pacific, Europe, the Middle East and the Americas. The regional compliance management offices support PETRONAS' compliance position by implementing adequate and effective controls, conducting compliance programmes and activities, and developing localised content in line with local laws and requirements. They achieve this through a risk-based approach and constant engagement with the headquarters while also ensuring alignment with PETRONAS' compliance practices.

In ensuring compliance management operations are comprehensive and up-to-date, the Subject Matter Expert (SME) team would keep abreast with updated regulations, laws and enforcements guidance from all over the globe, as well as develop compliance policies, processes and procedures for PETRONAS businesses and activities. Additionally, the SME team would provide specialist legal advice, steer the strategic direction of PETRONAS business, and set up PETRONAS group positions.