

Legal and Regulatory Risk



What It Means

As a global energy company, our exposure to changes in the legal and regulatory landscape can come from various causes. We must comply with legal and regulatory requirements unique to each country where we operate, covering critical legal areas like international sanctions, anti-trust, anti-bribery, anti-corruption, anti-money laundering and data protection laws with extra-territorial effects.

We are also exposed to various claims, suits and legal proceedings involving shareholders, labour, intellectual property, tax and other matters.

Our large workforce may unintentionally or intentionally not comply with regulatory and compliance requirements, impacting the broader organisation. Climate change-related enforcement may also lead to additional legal and regulatory measures, increasing compliance costs and potential claims.

Impact on Value

- The inherent uncertainties in the litigation and dispute resolution process may have an adverse outcome and impact our business operations, financial condition and/or reputation.
- Rising concerns over climate change could lead to additional legal and regulatory measures, including higher compliance costs.

Impact on Capitals

Financial Capital:

Legal and regulatory breaches can result in financial penalties and reduce access to external financing.

Social and Relationship Capital:

Relationships with key stakeholders will be damaged due to loss of trust and credibility, should there be legal and regulatory breaches.

Human Capital:

Reputational damage to our position as a favourable employer due to legal and regulatory breaches.

Mitigation Strategies

1. Establish appropriate governance, compliance and legal frameworks, including the PETRONAS Code of Conduct and Business Ethics (CoBE) and the Legal Compliance Framework (LCF).
2. Conduct regular communications, awareness sessions and training programmes on critical legal areas and specific operational laws affecting the respective entities to enhance awareness and emphasise strict compliance with legal and regulatory requirements.
3. Regularly review and monitor compliance levels of the workforce and business, aligning to the risk appetite established for compliance with critical laws and anti-corruption measures. We emphasise strict compliance with legal and regulatory measures Groupwide.
4. Establish zero tolerance for non-compliance to legal and regulatory standards as a Risk Appetite, including acts of bribery and corruption.
5. Establish a pathway to NZCE 2050. The Group's approach to sustainability supports our efforts to reduce greenhouse gas emissions and manage other environmental, social and governance impact from our business operations.

Risk Movement

Legal and Regulatory Risk remains inherent in the organisation. Nonetheless, PETRONAS has established the Legal Compliance Controls via the Legal Compliance Framework, effectively mitigating legal and regulatory risk across PETRONAS Group. Legal Compliance Controls are reviewed regularly to ensure it remains up-to-date and relevant with the latest laws and regulations.

Link to:

Material Topics:



Stakeholders:



Capitals:



SDGs:

