

Positive Social Impact

Human Rights

Why Is It Important?

Respecting human rights is essential for our social license to operate. It is our responsibility to manage human rights risks and impacts arising from areas of our operations while contributing to society in a responsible, ethical and transparent manner.

PETRONAS is committed to respecting human rights in areas of our operations, complying with our Code of Conduct and Business Ethics (CoBE) and all relevant legal requirements.

Respecting human rights across our value chain, inclusive of employees, suppliers, contractors, partners and communities where we operate is very important to PETRONAS in upholding our duty as a business enterprise. Human rights is the foundation of sustainable development and creating positive social impact comes with proper management of social risks. Upholding human rights through fair and ethical practices is fundamental to our business. It creates a safe and secure operating environment that complies with laws and regulations and meets the expectations of our stakeholders. Respecting human rights is also essential to achieve our purpose in being a progressive energy and solutions partner, enriching lives for a sustainable future.

To support our Human Rights Commitment, we integrate controls throughout our systems and processes including risk management, procurement and supply chain, HSE, human resource management, business operations, legal and security. The following standards, policies and guidelines guide us:

Human rights tools applied in PETRONAS

List of external human rights tools applied in PETRONAS:

1. United Nations Guiding Principles (UNGPs) on Business and Human Rights
2. Fundamental Principles of the International Labour Organisation
3. UNGP Effectiveness criteria

List of internal human rights tools applied in PETRONAS:

Policies:

1. PETRONAS Human Rights Commitment
2. PETRONAS Code of Conduct and Business Ethics (CoBE)
3. PETRONAS Health, Safety and Environment Policy
4. PETRONAS Anti-Bribery and Corruption Policy and Guideline (ABC Manual)
5. PETRONAS Contractors Code of Conduct on Human Rights

Standards:

1. PETRONAS Technical Standard on Social Risk Assessment
2. PETRONAS Technical Standard on Grievance Mechanism
3. PETRONAS Security Management System

Guidelines:

1. PETRONAS Technical Guideline on Human Rights Due Diligence
2. PETRONAS Technical Guideline on Indigenous Peoples Assessment
3. PETRONAS Technical Guideline on Cultural Heritage Assessment
4. PETRONAS Technical Guideline on Land Acquisition and Involuntary Resettlement

As the industry evolves with the energy transition, respecting human rights has become even more critical to our business. It shows strong alignment to respecting the best interests of our rightsholders and interested parties.

What Is Our Approach?

Identifying exposure to potential human rights risks and impacts, mitigating and addressing them are important in our operations. Salient potential human rights issues material to PETRONAS are:

Labour and Working Conditions	Community Well-being	Supply Chain	Responsible Security
<ul style="list-style-type: none"> ➤ Forced and trafficked labour in contractors' and subcontractors' workforce. ➤ Child labour. ➤ Condition of employment and work. ➤ Discrimination in hiring and contractual terms. ➤ Freedom of association and collective bargaining. ➤ Workers' health and safety. ➤ Workers' camp conditions. 	<ul style="list-style-type: none"> ➤ Community health and safety. ➤ Access to natural resources for health, cultural needs and livelihood. ➤ Land acquisition and involuntary resettlement with/without economic displacement. ➤ Indigenous peoples. ➤ In-migration. 	<ul style="list-style-type: none"> ➤ Contractor/supplier performance related to labour and working conditions, community well-being and security. 	<ul style="list-style-type: none"> ➤ Use of force and conduct of third-party security. ➤ Provision of Human Rights training for staff and third-party security.

Our human rights approach is embraced and advanced by our leaders, with clear governance processes to ensure implementation and accountability. Our commitment is led from the top, our work in human rights is overseen by the PETRONAS Board and ELT.

The Board and ELT regularly discuss human rights as part of our approach to sustainability, reviewing issues with actual or potential impact, where a business-critical decision needs to be taken, or where substantial financial investment may be needed to address the impact.

Efforts to uphold human rights are integrated throughout our organisation and extend to our broader ecosystem, including suppliers, contractors, partners and the communities we serve.

Our Due Diligence

To minimise social risks and their impact on our employees, partners, contractors and communities, we have established technical standards and guidelines on due diligence that include assessments on indigenous peoples, cultural heritage, land acquisitions and involuntary settlement as well as grievance mechanism. Our Social Performance technical practitioners lead our due diligence programmes, identifying, mitigating, tracking, and monitoring potential human rights issues.

We also require human rights due diligence for potential mergers and acquisitions. As we transition to a low carbon future, we ensure our processes, tools, and practices remain updated and applicable in identifying how new energy infrastructure and developments impact human rights. We also share best practices with our supply chain partners to ensure the effective implementation of human rights due diligence.

Throughout 2022, there were no reported violations involving indigenous peoples' rights. There was also no activity on land acquisition and involuntary resettlement.

As part of our policy, we do not practice discrimination on any grounds. We continuously conducted reviews, strengthened policies and practices to ensure employees rights on equality and non-discrimination were upheld.

There were no complaints of discrimination received in 2022, based on our Industrial Relations data.

Access to Remedy

Grievance mechanisms create channels for dialogue, problem-solving and investigation and are applied to provide timely and fair remedies when needed. Workers and other rightsholders can raise complaints freely and with the expectation of obtaining effective and transparent resolutions. It also helps to identify country-specific solutions and actions to avoid recurrence.

Our grievance mechanism covers HSE, security, labour and working conditions, and supply chain concerns where we operate. We have designated personnel, community liaison officers and online complaint channels to manage grievances.

Additionally, PETRONAS contractors are required to establish a grievance mechanism for their workforce within our value chain. This mechanism shall be made known and communicated in relevant languages, providing a way to report grievances while ensuring that the identity of the person filing the grievance is protected. The grievance mechanism must adhere to the United Nation Guiding Principles (UNGPs) 'access to remedy' pillar.