




PETRONAS SANCTIONS AND EXPORT CONTROL GUIDELINES

VERSION 2022

INTERNAL USE


	PETRONAS SANCTIONS AND EXPORT CONTROL GUIDELINES	PTG-005-01-00
		August 2022
		Page 2 of 17

Document Classification

Document Security	
SECRET or RAHSIA	
CONFIDENTIAL or SULIT	
INTERNAL USE or UNTUK DALAMAN	X
OPEN or TERBUKA	

Document Structure	
Level 1: Policy/Commitment/Conduct & Ethics/Other Directive	
Level 2: Framework/Management System/Standard/Guidelines/Reference	X
Level 3: Manual/Procedure/ Work Instruction/Checklist/Template	
Level 4: Record/Data/Report/Drawing	

Revision History

Version	Name	Nature of Amendment/ Change	Signature of Approver
2016	PETRONAS Economic Sanctions and Export Control Policy & Guidelines	An update consistent with applicable laws and guidance from regulatory authorities	 Azizi B M Ali Chief Compliance Officer Legal Compliance Department Group Legal

Document Risk Assessment

Document Risk Assessment Sheet					
No.	Questionnaires	Yes	No	N/A	Remarks
1.	Does this document require other document change or revision? If yes, please list the affected document and action taken by the document owner.		X		



**PETRONAS SANCTIONS AND EXPORT CONTROL
GUIDELINES**

PTG-005-01-00

August 2022

Page 3 of 17

2.	Does this document require adjustment at users in term of resources and organisation design? If yes, please inform actions required and execution timeline.		X		
3.	Does this document require software and/or hardware change? If yes, please list action required and its execution timeline		X		
4.	Did you consult relevant stakeholders on this document during the document development and review? If yes, please list the relevant stakeholders.	X			Legal Compliance Department, Group Legal
5.	Does this document require briefing or training at users for effective implementation?	X			Training will be conducted to the respective Entities, if necessary.
6.	Is there any other note or action taken into consideration on this document including document changes?		X		

Document Signatories





Prepared By:	Reviewed By:	Approved By:
 Emma Fariza Kamil Legal Counsel Sanctions & Export Control Legal Compliance Department Group Legal	 Mohd Arif Abd Hamid Principal Sanctions & Export Control Legal Compliance Department Group Legal	 Azizi B M Ali Chief Compliance Officer Legal Compliance Department Group Legal

TABLE OF CONTENT

1.0	Introduction.....	5
2.0	Reference.....	6
3.0	Terms and Definitions.....	7
4.0	Guiding Principles.....	8
5.0	Roles & Responsibilities.....	10
6.0	Basic Checklist vis-a-vis Sanctions.....	11
7.0	Basic Checklist vis-a-vis Export Control.....	12
8.0	Violations of Sanctions and Export Control Laws.....	14
	APPENDIX 1: FLOW CHARTS AND ILLUSTRATIONS.....	16

	PETRONAS SANCTIONS AND EXPORT CONTROL GUIDELINES	PTG-005-01-00
		August 2022
		Page 5 of 17

1.0 INTRODUCTION

1.1 Objective

As a company with operations in various jurisdictions, PETRONAS is subject to various international sanctions and export control regulations. Being a global player, PETRONAS observes good business conduct and is committed to adhere to relevant sanctions and export control regulations wherever it operates, guided by the PETRONAS Code of Conduct and Business Ethics ("COBE").

PETRONAS Sanctions and Export Control Guidelines ("Guidelines") aims at putting forth:

- PETRONAS's position in adhering to the applicable sanctions and export control regulations, which is consistent with international norms and standards;
- principles and measures that PETRONAS adopts vis-à-vis sanctions and export control that include how PETRONAS identify, mitigate and manage sanctions risk in the jurisdiction where it operates;
- the guidance on the application of sanctions and export control as reflected in regulatory authorities; and
- the consequences of failing to comply with sanctions and export control regulations as a whole.


1.2 Scope

This Guidelines is applicable to Corporate Divisions, all Entities where PETRONAS has more than 50% (i.e. majority) direct or indirect shareholding/interest and/or operational control, and third parties performing work for or on behalf of PETRONAS across all jurisdictions in which it operates and will extend to any additional jurisdictions where PETRONAS commences operations. For Entities where PETRONAS is not a controlling stakeholder, you are encouraged to adopt this Guidelines, or adopt similar principles and standards. This Guidelines is not intended to provide exhaustive commentary on sanctions and export control laws. The laws and regulations in this area is complex and evolving. The application of such laws and regulations can vary significantly depending on the specific facts of a transaction or activity.

If you have questions regarding the laws applicable to your activities or whether a particular activity complies with applicable sanctions and export control laws, you should consult LCD (as defined below).

1.3 Using This Document

In this document, the recommendation for a course of action is made with varying degrees of emphasis. As a rule:

	PETRONAS SANCTIONS AND EXPORT CONTROL GUIDELINES	PTG-005-01-00
		August 2022
		Page 6 of 17

- “**Shall**” indicates a course of action with a required or mandatory for Entities/OPUs. The English language equivalent or interchangeable term of “shall” is “must”;
- “**Should**” indicates a preferred course of action; and
- “**May**” indicates a possible course of action.

1.4 Document Owner and Custodianship

This Guidelines is owned by LCD. It may be revised periodically by LCD to ensure compliance with current requirements of applicable sanctions and export control laws. As the owner, LCD also has the authority to interpret and apply this Guidelines.

1.5 Deviation and Exception

If you are unsure whether a provision under this Guidelines is applicable to a particular business activity, please consult LCD. Any deviation and exception of this Guidelines shall be in accordance with PETRONAS Governance Adoption and Deviation Management Guidelines.

1.6 Further Guidance

This Guidelines is not intended to provide exhaustive answers to all questions or inquiries in respect of sanctions and export control. This Guidelines intended to provide a general framework on PETRONAS’s position when dealing with sanctions and export control related issues. Where necessary, a Supplement to Guidelines may be introduced. Whilst the Supplement to Guidelines is by no means exhaustive, the purpose of the Supplement to Guidelines is to provide general understanding of the legal concepts and common issues that may arise vis-à-vis sanctions and export controls.

If you have any questions about this Guidelines or your responsibilities under this Guidelines, please contact LCD at legal.compliance@petronas.com.

2.0 REFERENCE

Reference is made to the following frameworks, standards, or publications. Unless specifically designated by date, the latest edition of each publication shall be used or referred, together with any supplementary/revision thereto:

2.1 PETRONAS Governance Documents

- (a) PETRONAS Code of Conduct and Business Ethics (“COBE”), 2022
- (b) PETRONAS Group Management Framework, 2022
- (c) PETRONAS Governance Management Guidelines, 2022
- (d) PETRONAS Governance Adoption and Deviation Management Guidelines, 2022
- (e) PETRONAS Sanctions Breach Protocol, 2021

2.2 Others

- (a) 'A Framework for OFAC Compliance Commitments' issued by the Office of Foreign Assets Control, 2018;
- (b) Export Compliance Guidelines, issued by the Bureau of Industry and Security, 2019.

3.0 TERMS AND DEFINITIONS

3.1 General Terms and Definitions

The following terms and definitions are consistent as defined in PETRONAS Group Management Framework:

Term	General Definition
Centre of Excellence	Division(s) at PETRONAS that provide services to PETRONAS Group through master service agreement or any other form of agreement.
Corporate Centre	Division(s) at PETRONAS that is (are) responsible to steer, steward, safeguard and cultivate PETRONAS Group activities.
Corporate Division	Division at PETRONAS, consisting of both Corporate Centre and Centre of Excellence.
Entities	Operating Units, Joint Ventures (incorporated or unincorporated), Trusts, within the PETRONAS Group.
Operating Units	Legal entities incorporated or registered under companies act. Includes wholly owned subsidiaries, partly owned subsidiaries and associates of PETRONAS.
PETRONAS	Petroliaam Nasional Berhad.
PETRONAS Group	Refers to PETRONAS and Operating Units.

3.2 Specific Terms and Definitions

Terminologies below are specific for PETRONAS Sanctions and Export Control Guidelines:

Term	General Definition
Employee	Refers to any person who is in the employment of PETRONAS Group including but not limited to executives, non-executives, secretaries, secondees and individuals on direct hire.
Group Legal	Refers to Group Legal of PETRONAS.

3.3 Abbreviations

Abbreviation	Description
KYC	Know Your Counterparty.
TPRM	Third Party Risk Management Programme.
LCF	Legal Compliance Framework.
LCF-CLA	LCF for Critical Legal Areas.
LCD	Legal Compliance Department of Group Legal.


4.0 GUIDING PRINCIPLES

The implementation of this Guidelines is guided by the following principles¹:

4.1 Senior Management Commitment to Compliance with Applicable Laws.

PETRONAS is committed, at the most senior levels, to adhere to applicable sanctions and export control laws consistent with international norms and standards in the jurisdictions where it operates. This includes providing sufficient resources to

NOTE(S): ¹ The guiding principles as set forth in this Guideline are based on "[A Framework for OFAC Compliance Commitments](#)" issued by the Office of Foreign Assets Control, USA and the [Export Compliance Guidelines](#) issued by the Bureau of Industry and Security.

	PETRONAS SANCTIONS AND EXPORT CONTROL GUIDELINES	PTG-005-01-00
		August 2022
		Page 9 of 17

help ensure compliance with such laws and regulations and effective implementation of this Guidelines.

4.2 Adherence to Compliance Processes and Procedures

4.2.1 PETRONAS has designed and implemented business rules, processes and procedures compliance with applicable sanctions and export control laws. Specific processes and procedures relevant to sanctions and export control compliance may include:

- (a) Legal Compliance Framework for Critical Legal Areas ("LCF-CLA");
- (b) Group Position with respect to sanctions and export control, applicable from time to time;
- (c) PETRONAS Sanctions Breach Protocol;
- (d) The Third-Party Risk Management ("TPRM");
- (e) Know Your Counterparty ("KYC") Questionnaire;
- (f) Legal Due Diligence Requisition List;
- (g) Model Compliance Clauses; and
- (h) Counterparty Screening.

4.2.2 Export authorizations

PETRONAS requires that any necessary licensing, permits or approvals must be obtained before export or reexporting any equipment, software, or technology. This requires understanding the export control jurisdiction and classification of the item being exported or reexported, the ultimate destination of the item, and the intended end-use and end-user of the item.

4.2.3 Counterparty screening


PETRONAS screens the counterparty before entering into business relationship to determine whether such counterparty are restricted parties.

4.2.4 Recordkeeping

PETRONAS maintains a records management standards and guidelines that outlines the requirements for record keeping, retaining and archiving of all export-related records for a minimum of seven years.

4.3 Risk assessment and Assurance

PETRONAS conducts periodic assessments of sanctions and export control compliance risks as a result of developments in applicable sanctions and export control laws and regulations and changing business activities. Such periodic risk assessments inform the efforts to strengthen the sanctions and export control segments of the Legal Compliance Framework ("LCF"). PETRONAS also conducts regular assurance of its sanctions and export control compliance processes, to evaluate the effectiveness of those processes and to check for inconsistencies between such processes and day-to-day operations. The results of such assurance inform the efforts to strengthen its sanctions and export control compliance

	PETRONAS SANCTIONS AND EXPORT CONTROL GUIDELINES	PTG-005-01-00
		August 2022
		Page 10 of 17

processes.

4.4 Communication and Training

PETRONAS regularly communicates this Guidelines and provides relevant training and awareness sessions to its Employee and third parties performing work or services for or on behalf of PETRONAS.

4.5 Potential Violations

All PETRONAS Employee have a responsibility to promptly report any issue or concern that may constitute a violation of this Guidelines to Group Legal. Group Legal will be responsible for investigating such reports, identifying and coordinating the implementation of corrective actions in response to any potential violations, including communicating with the relevant regulatory authorities in each applicable jurisdiction, as appropriate, regarding any potential violation or any sanctions and export control compliance issues.

4.6 Compliance Unit


This Guidelines is maintained and revised periodically by the Legal Compliance Department ("LCD") to ensure compliance with current requirements of applicable sanctions and export control regulations. LCD will continuously monitor this Guidelines and provide relevant training and awareness sessions to PETRONAS Employee. PETRONAS undertakes that LCD will constantly be abreast of and well equipped to handle inquiries and issues, internally or externally in respect of sanctions and export control regulations. Owing to the nature and complexity of sanctions and export control which are likely to involve other relevant internal stakeholders, LCD will be engaging and liaising with other Corporate Division in PETRONAS.

5.0 ROLES AND RESPONSIBILITIES

5.1 It is the role and responsibility of every PETRONAS Employee to:

- (a) read this Guidelines and understand their role in assisting PETRONAS to achieve its risk and compliance agenda;
- (b) comply with the principles set forth in this Guidelines;
- (c) attend all engagement and training sessions conducted by PETRONAS on sanctions and export control laws, this Guidelines and engage effectively in any risk assessment and assurance initiatives; and
- (d) report any concerns or potential violations of sanctions and export control laws, or any serious doubts or uncertainties, to Group Legal immediately.

5.2 For further information on the application of sanctions and export control in day-to-day operations, please contact LCD.

	PETRONAS SANCTIONS AND EXPORT CONTROL GUIDELINES	PTG-005-01-00
		August 2022
		Page 11 of 17


6.0 BASIC CHECKLIST VIS-À-VIS SANCTIONS

6.1 Awareness of the law

- 6.1.1 Sanctions laws and regulations are constantly changing and evolving, and different jurisdictions have different restrictions. The application of sanctions program to an entity will depend on various factors such as the nationality of the counterparty, the location of performance and the Operating Unit involved, the currency of the transactions, the nature of the activities, and the nationalities of suppliers and other third parties relevant to a transaction.
- 6.1.2 Note that PETRONAS operates in jurisdictions that have adopted their own sanctions laws, such as China, Australia, Canada, and Japan. PETRONAS Employee that work outside the United States, the European Union, the United Kingdom, and Malaysia, or who are involved in transactions outside these jurisdictions, should seek further guidance from Group Legal regarding the application of local sanctions laws and how the local sanctions law affect other applicable sanctions laws.
- 6.1.3 Further details of the application of a particular sanction regime may be obtained from the relevant authorities that administer and enforce the sanctions. When in doubt, please contact the respective Group Legal for any sanctions related questions.

6.2 Know your counterparty/screening

- 6.2.1 PETRONAS' TPRM tools requires PETRONAS Employee to conduct due diligence before engaging third parties. For any third-party transaction, you must conduct due diligence on all counterparties using KYC Questionnaire and screen such parties against restricted party lists before entering into the transaction. Using the counterparty information obtained via the KYC Questionnaire, you should perform counterparty screening using the available due diligence/screening software. All customers and vendors, including any partner in a joint venture or investment, must be screened against relevant restricted party lists at the time of onboarding, and rescreened periodically. You must consult Group Legal if your search indicates that a counterparty is listed on any restricted party lists. Please refer to **Appendix 1: Flow Chart and Illustration** for the process flow relating to due diligence screening.
- 6.2.2 As parties that are not on a relevant restricted party list may still be subject to sanctions if they are 50% or more owned or, in some cases, controlled by one or more sanctioned parties ("OFAC 50% Rule"), you should ensure that any known beneficial owners of each party to a transaction are screened against relevant restricted party lists. Please refer to **Appendix 1: Flow Chart and Illustration** to further understand the applicability of OFAC 50% Rule.

	PETRONAS SANCTIONS AND EXPORT CONTROL GUIDELINES	PTG-005-01-00
		August 2022
		Page 12 of 17

6.3 Obtain contractual assurances

When entering into contract, obtain contractual assurances relating to sanctions including –

- (a) parties to the transaction are not directly or indirectly linked or connected to sanctioned countries, entities or individuals, and that no sanctioned party has a direct or indirect interest in the transaction;
- (b) parties will observe sanctions laws when performing the contract; and
- (c) the transaction will not otherwise result in sanctions violations.

6.4 Operate with transparency

6.4.1 Do not take any action to conceal the real identity of any party to a transaction. Under no circumstances may an Employee or third-party performing work for or on behalf of PETRONAS conduct its business in a manner so as to avoid any sanctions obligations.


6.4.2 Similarly, PETRONAS and its Employee(s) and third-party performing work for or on behalf of PETRONAS are prohibited from advising customers on how transactions should be structured or presented to evade applicable sanctions. This includes, but is not limited to, advising customers and counterparties to amend their instructions to include details that may be false or misleading, or changing or removing or omitting information from a transaction that would otherwise lead to detection.

7.0 BASIC CHECKLIST VIS-À-VIS EXPORT CONTROL

7.1 Be aware of controlled goods

7.1.1 Only certain items are subject to export control. Most developed countries maintain a common list of “dual-use” controlled goods and technologies. In most cases, the original vendor would be able to provide information on whether particular items are subject to export controls, and the vendor may ask for assurances with regard to export controls when supplying an item. If you are involved in exporting goods or technologies, you should understand which items are typically controlled and be aware of the need to examine whether a license is required.

7.1.2 If you are unsure whether an item is subject to export control, you must consult Group Legal before proceeding. It is possible that you may require an authorization or license to export or re-export controlled items. If you are unsure whether a license or authorization is required, you must consult Group Legal before proceeding with the controlled item.

	PETRONAS SANCTIONS AND EXPORT CONTROL GUIDELINES	PTG-005-01-00
		August 2022
		Page 13 of 17

7.2 Identify which country's export controls apply


- 7.2.1 Typically, export control regulations include the country where the items or technology to be exported are located and the original country of origin – many goods that are controlled upon the original export remain controlled upon re-export from a third country. You should identify which country's export control that apply as it gets more complicated when the item is re-exported.
- 7.2.2 If you are unsure about which country's export control apply to an item, you must consult Group Legal before proceeding with the goods. In the event an exporter is engaged, you must ensure your exporter is aware of the applicable export control to your items.

7.3 Comply with relevant export control whenever exporting or re-exporting controlled items

- 7.3.1 Export control can apply broadly almost anywhere and everywhere. For example, export control may apply even when you are transferring controlled items or disclosing controlled information within PETRONAS.
- 7.3.2 Before shipping any potentially controlled equipment or technical data, including in particular high-technology or specialized items, you should understand the export control regime(s) that may apply. You should be familiar with controls applicable to transactions typical for your function, and you should consult Group Legal in unfamiliar transactions. You must conduct sufficient diligence to understand the ultimate end-user and end use of any item or technology proposed to be exported. Prohibited transactions conducted through intermediaries are still prohibited.

7.4 Know your counterparty/screening and red flag guidance

- 7.4.1 PETRONAS' TPRM tools requires all PETRONAS Employee to conduct due diligence before engaging third parties. For any third-party transaction, you must conduct due diligence on all counterparties using KYC Questionnaire and screen such parties against restricted party lists before entering into the transaction. Using the counterparty information obtained via the KYC Questionnaire, you should perform counterparty screening using the available due diligence/screening software. All customers and vendors, including any partner in a joint venture or investment, must be screened against relevant restricted party lists at the time of onboarding, and rescreened periodically. You must consult Group Legal if your search indicates that a counterparty is listed on any restricted party lists.
- 7.4.2 For export or reexport transactions, this includes verifying the identity of the parties to the transaction, and the ultimate destination, end user, and end use of the items you are exporting or reexporting. Enhanced due diligence may be required if the party is an affiliate of a restricted party.

	PETRONAS SANCTIONS AND EXPORT CONTROL GUIDELINES	PTG-005-01-00
		August 2022
		Page 14 of 17

7.4.3 In the course of conducting due diligence for an export or reexport transaction, you should be aware of any red flags that may indicate that the export or reexport may be diverted to an impermissible end use, end user, or destination. If you identify a red flag, then you must suspend the transaction and conduct further due diligence with respect to the red flag to confirm or clear the red flag. Examples of red flags may include (but are not limited to) the following:

- (a) the counterparty's name or address is similar to a name or address of an entity on a restricted party list;
- (b) the counterparty is reluctant to offer information about the end use of the item;
- (c) the item's capabilities do not fit the counterparty's line of business;
- (d) the counterparty is unfamiliar with the product's performance characteristics; and
- (e) delivery dates are vague, or deliveries are planned for unusual destinations.

7.4.4 When you are unsure about any red flags or if you are unable to clear any red flags after conducting further due diligence, you should consult Group Legal.

7.5 Obtain contractual assurances

When entering into contract, obtain contractual assurances relating to export control including –


- (a) parties to the transaction are not restricted parties; and
- (b) that the recipient of items will abide by all applicable export control laws.

8.0 VIOLATIONS OF SANCTIONS AND EXPORT CONTROL LAWS

8.1 Consequences

Violation of sanctions and export control laws can result in serious consequences including: -

- (a) expose PETRONAS and/or PETRONAS Group to civil and/or criminal fines. The financial ramifications for violations may be significant and should be taken seriously as sanctions and export control laws generally calculate damages per violation, and penalties can reach into the hundreds of thousands of U.S. dollars per violation;

	PETRONAS SANCTIONS AND EXPORT CONTROL GUIDELINES	PTG-005-01-00
		August 2022
		Page 15 of 17

- (b) expose PETRONAS and/or PETRONAS Group to loss of export privileges, which in turn could have a severe impact on PETRONAS' ability to operate around the world;
- (c) affect PETRONAS' and/or PETRONAS Group banking relationships and financing activities which may potentially jeopardize its ability to transact business;
- (d) serious legal and reputational consequences;
- (e) expose individual Employee to civil penalties and even imprisonment (in the case of willful / criminal conduct); and
- (f) cause other companies or third parties to be reluctant or unwilling to deal with PETRONAS and/or PETRONAS Group for fear of being penalized or otherwise exposed to compliance risks as a result of their dealing with PETRONAS and/or PETRONAS Group.

8.2 Investigation of violation

Any violations or potential violations of any provision of this Guidelines, in part or in whole, will be investigated by the Management of PETRONAS. Any behavior that results to the violation of sanctions and export control laws are against PETRONAS' policy and any Employee engaging in such activities or transactions should expect to face disciplinary action by PETRONAS. Action will be taken according to the nature, severity, and scope of the offense. In case of doubt, please contact Group Legal.

8.3 Reporting of Issues and Review

If at any time PETRONAS Employee have reason to believe that there may be or has been a significant risk of violation of applicable sanctions and export control laws, they must immediately halt all ongoing activity, if any, and report the matter to Group Legal². PETRONAS Employee should also discontinue all ongoing activity and notify Group Legal if they are unsure, for instance, whether sanctions may apply, or the movement of controlled goods complies with relevant export controls. All activities and transactions which may potentially violate the applicable sanctions and export control laws should be reviewed by Group Legal.

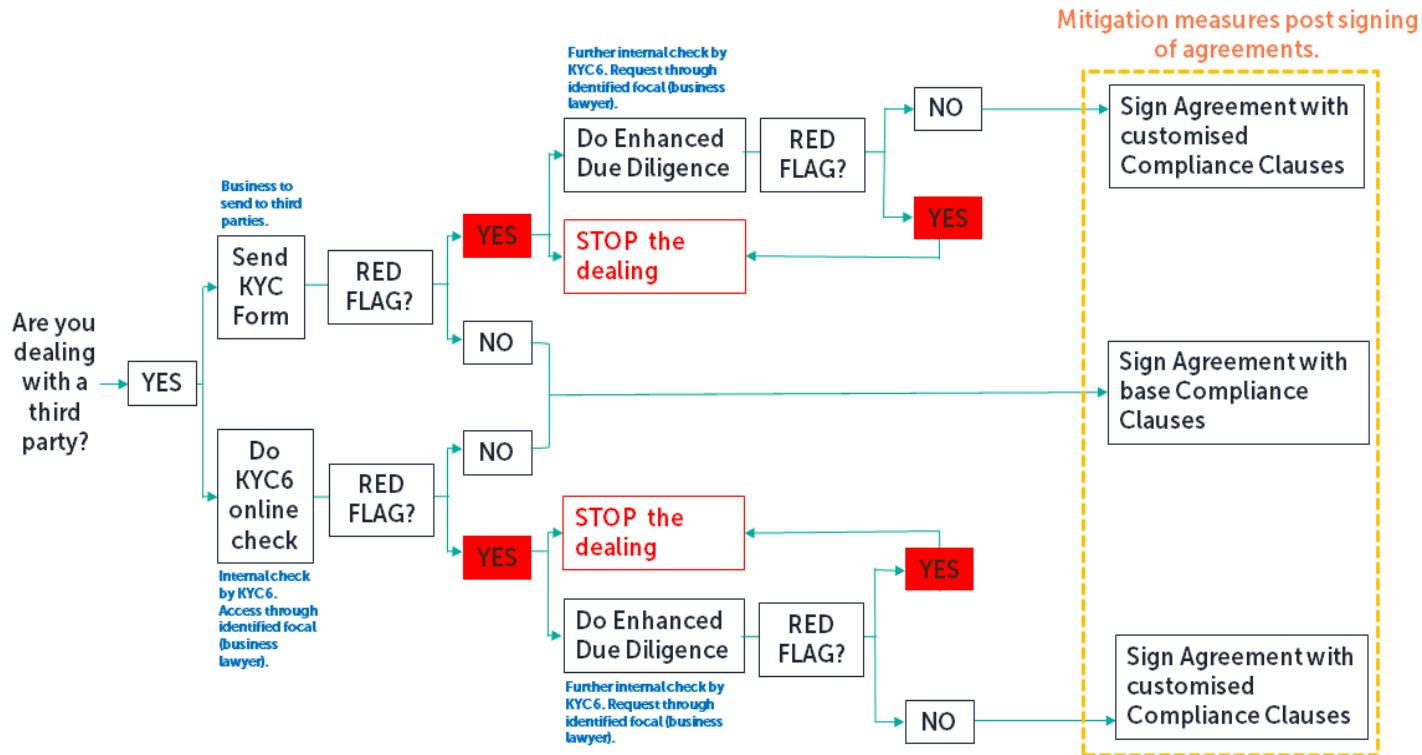
-THE REMAINING OF THIS PAGE IS INTENTIONALLY LEFT BLANK-

NOTE(S): ² Please refer to [PETRONAS Sanctions Breach Protocol](#) to further understand the processes involved when reporting or dealing with any violation or potential violation of sanctions.

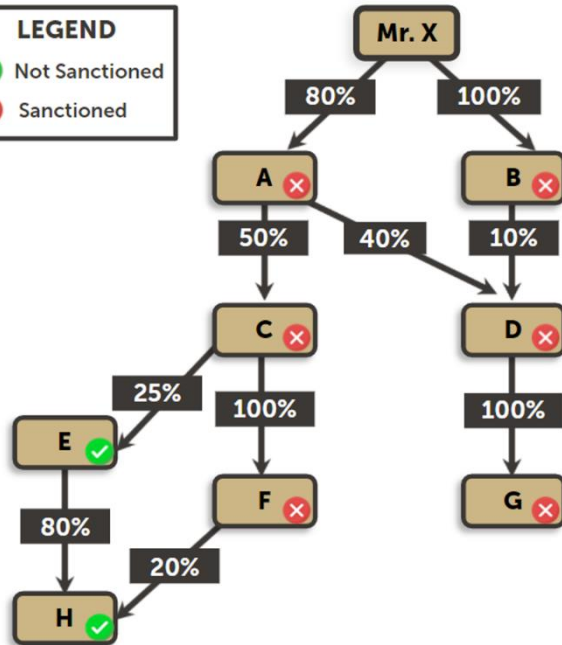
APPENDIX I: FLOW CHARTS AND ILLUSTRATIONS

Process Flow for Due Diligence Screening

WHAT IS THE PROCESS INVOLVED?



2. Illustration: OFAC 50% Rule



✘ Sanctioned

- **Company A is sanctioned** because Mr. X owns it directly by **more than 50%**
- **Company B is sanctioned** because Mr. X owns it directly by **more than 50%**
- **Company C is sanctioned** because Mr. X owns it indirectly through **Company A (which is a sanctioned company)** by **more than 50%**
- By virtue of the principle of aggregation, **Company D is sanctioned**, because it is in **aggregate 50%** owned by **Companies A and B (which are sanctioned companies)**
- **Company F is sanctioned** because Mr. X owns it indirectly through **Companies A and C (which are sanctioned companies)** by **more than 50%**
- **Company G is sanctioned** because it is **more than 50%** owned by **Company D (which is a sanctioned company)**

✔ Not Sanctioned

- **Company E is not sanctioned** because **Company C** holds **less than 50%** in Company E
- **Company H is not sanctioned** because:
 - ✔ Mr. X does not own any part of Company H through **Company E**
 - ✔ Mr. X also indirectly owns Company H (via **Company F**) by **less than 50%**

-END OF APPENDIX I-