



# Human Rights

PETRONAS Chemicals Group Berhad (PCG)

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# Human Rights Commitment

We adhere to [PETRONAS Human Rights Commitment](#), which is in line with the UN's Guiding Principles on Business and Human Rights. It is applicable to own operations (employees, direct activities, products or services), contractors and any third party within our premises or performing work on behalf of PCG, in line with PETRONAS Contractors Code of Conduct on Human Rights.



## Human Rights Commitment

PETRONAS is committed to respecting internationally recognised human rights in areas of its operations, complying with its Code of Conduct and Business Ethics, and all relevant legal requirements.

# PETRONAS Contractor Code of Conduct on Human Rights (CoCHR)



## PETRONAS CONTRACTORS CODE OF CONDUCT ON HUMAN RIGHTS

In compliance with PETRONAS Human Rights Commitment, we seek to work with Contractors who share our values of integrity, committed to fighting bribery and corruption and contribute to sustainable development. PETRONAS requires our Contractors to:

- ❖ Respect internationally-recognised human rights, complying with PETRONAS' Code of Conduct and Business Ethics (CoBE) and all relevant legal requirements.
- ❖ Take reasonable steps to ensure policies and guidelines are in place to demonstrate its respect for human rights including those applicable to its employees and contract personnel providing services to PETRONAS. These policies and guidelines shall include labour rights, workplace health and safety, security, and conditions of employment. The contents of these policies and guidelines shall be made known to employees and contract personnel in languages they understand.
- ❖ Provide human rights awareness training to its employees and contract personnel and ensure all employees and contract personnel providing services to PETRONAS attend the training.
- ❖ Establish a grievance mechanism for their employees, contract personnel and any party involved in providing services to PETRONAS. This grievance mechanism shall be made known to them and in languages they understand.
- ❖ Provide timely feedback to PETRONAS regarding the contractor's human rights performance within the duration of the contract, as gathered through personnel engagements, questionnaires and other appropriate means as required.

As a minimum requirement, PETRONAS requires our Contractors to adhere to the following principles:

1. **Freedom of Labour**, by not engaging or employing people, under any circumstances, against their own free will or engaging in bonded labour/debt slavery.
2. **Prevention of Child Labour**, by not employing children below the legal minimum working age requirement of any country. Employees and contract personnel must be at least eighteen (18) years of age (unless otherwise determined by the local laws of the host country).

## CoCHR Principles:

Freedom of  
Labour

Prevention of  
Child Labour

Wages and  
Benefits

Working Hours

Establish  
Grievance  
Mechanism

Non-  
Discrimination

Freedom of  
Association

Humane  
Treatment

Foreign and  
Migrant Workers

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Prevention of Child Labour	By not employing children below the legal minimum working age requirement of any country. Employees and contract personnel must be at least eighteen (18) years of age (unless otherwise determined by the local laws of the host country).
Wages and Benefits	By complying with all applicable laws related to employee compensation, including minimum wage, overtime hours and legally mandated benefits.
Working Hours	By complying with local laws of the host country or agreements regarding working hours, overtime hours, and work during holidays.
Establish Grievance Mechanisms	Provide a means of grievance reporting and appropriate follow-up measures while ensuring that the identity of the complainant is protected
Non-Discrimination	By respecting diversity in the workplace and not engaging in any form of unlawful discrimination based on gender, race, ethnicity, skin colour, religion, nationality, sexual orientation, age, marital status, pregnancy, political affiliation, or disability in hiring and employment practices
Freedom of Association	By respecting the legal rights of employees to become members of a labour union or otherwise.
Humane Treatment	By respecting employee's rights and ensuring no harsh and inhumane treatment, including any form of mental or physical coercion, or verbal abuse of employees.
Foreign or Migrant Workers	Where if foreign or migrant employees are engaged, they are to be employed in full compliance with the labour and immigration laws of the host country. Prior to hiring, the basic terms of employment must be provided to employees in their native language or language in which they understand. Passports and other forms of personal identification must remain in the employee's possession at all times and are never to be withheld by Contractor or any third party in full compliance with the labour and immigration laws of the host country.

# PCG respect Human Rights throughout our operations in the three (3) pillars framework

## Policy

- PETRONAS Human Rights Commitment
- PETRONAS Contractors Code of Conduct on Human Rights

## Human Rights Due Diligence

- Human Rights Due Diligence tools to access Human Rights Risk

Guidelines	Description
Social Risk Assessment (SRA) Guideline	Provides a holistic view of social risks and issues across the project lifecycle. This includes mitigation plan for risks identified.
Human Rights Due Diligence Guideline	Formalise the assessment of Human Rights risks over the project lifecycle. This includes mitigation plan to address infringed Human Rights.
Indigenous Peoples Assessment Guideline	Guides projects and operations on assessing and managing to Indigenous People
Land Acquisitions & Involuntary Resettlement Guideline	Provides good practices for oversight and complementary actions over the land acquisition and resettlement lifecycle
Cultural Heritage Assessment Guideline	Guides projects and operations on assessing and managing impacts on cultural heritage

Note:

The SRA will enable PCG to identify if an HRDD exercise is necessary (for High and Very High risk in SRA)

## Access to Remedy

- Grievance Mechanism (required for all PCG assets and projects)

# Social Risk Assessment (SRA)

The identification and mitigation of social risks enables the company to manage both the positive, and adverse actual or potential impacts created through its business activities, including through relationships with partners and contractors.

A Social Risk Assessment (SRA) is an internal process used to achieve these objectives. SRA provides a holistic view of social risks and issues across the project lifecycle. This includes mitigation plan for risks identified.

The SRA is applicable to all projects which are likely to generate social impacts and human rights risk. The risk identification process includes area as below:

- Own operations
- New projects and activities
- Expansion or upgrade of an existing project
- Decommissioning or abandonment of existing facilities
- Merger & acquisition of businesses/facilities/equity in assets/Joint Venture (JV)/Joint Operating Company (JOC)
- Supply chain (contractors, suppliers)

# Social Risk Assessment Process

- Gather basic information as social baseline before site visit/interview session

## 1. Desktop assessment

## 2. Questionnaire, interview & visits

- Interviews with project/operations personnel to be conducted face-to-face, tele/videoconference or email.
- The identified personnel/groups such as own employee (SME for each focus area), local communities, third party contractors, migrant workers, right holders, vulnerable groups (e.g., women, children, indigenous people, disability)

## 3. Risk analysis

- Refer to the 5x5 Human Rights risk matrix
- Identify the worst-case scenarios for each risk variable's indicators.
- Assign a severity and likelihood rating and rate the risk.

## 4. Develop mitigation

- Appropriate interventions for the gross risk ratings should be designed to manage the risks assessed during the Human Rights Risk Assessment specified in Step 3.
- Social Performance Plan (SP Plan)

## 5. Presentation of findings

- The findings and proposed mitigations to be presented to the CEO/Head of the project or operations and the heads of the sections interviewed for the assessment

## 6. Implementation of mitigation

- Implementation of mitigations which have been prioritised to be conducted by the project/operations

## 7. Monitoring, reporting & evaluation

- Periodic monitoring of gap closure to be conducted by a focal appointed by the Project/Operations using the SP Plan.
- SRA to be conducted every 5 years, or as required.



# Scope of Social Risk Assessment (SRA)

The SRA focuses on the assessment of social risk variables under the Human Rights elements in accordance to PETRONAS Human Rights Commitment:

Elements	Focus Area
Working Condition	<ul style="list-style-type: none"><li>a. Forced labour</li><li>b. Child labour and young workers</li><li>c. Non-discrimination</li><li>d. Freedom of association/right to collective bargaining</li><li>e. Workplace/accommodation health and safety</li><li>f. Conditions of employment and work (equal remuneration, working hours, privacy rights)</li></ul>
Responsible Security	<ul style="list-style-type: none"><li>a. Conduct of third-party security</li><li>b. Human Rights training</li><li>c. Mechanism to report on security personnel</li></ul>
Community Well-being	<ul style="list-style-type: none"><li>a. Land management (right of way, compensation, access to natural resources)</li><li>b. Indigenous peoples</li><li>c. Cultural heritage</li><li>d. Community health and safety</li><li>e. In-migration</li><li>f. Grievance mechanism</li></ul>
Supply Chain management	<ul style="list-style-type: none"><li>a. Contractor/Supplier performance related to labour and working conditions, responsible security and community well-being</li><li>b. Corruption and bribery</li></ul>



# Human Rights Risk Matrix

Consequence		Severity	1	2	3	4	5
			Insignificant	Minor	Moderate	Major	Catastrophic
			Insignificant effect on human rights	Minor effect on human rights	Moderate effect on human rights	Major effect on human rights	Severe effect on human rights
Likelihood	E Almost Certain	Expected to occur; has occurred several times in the company	E1	E2	E3	E4	E5
	D Likely	Probably to occur; has occurred a few times in the company	D1	D2	D3	D4	D5
	C Possible	Might occur at some time; has occurred once in the company	C1	C2	C3	C4	C5
	B Unlikely	Could occur in the company; has occurred in the industry	B1	B2	B3	B4	B5
	A Remotely likely to happen	May occur only in exceptional circumstances; has never occurred in the industry	A1	A2	A3	A4	A5

VERY HIGH

HIGH

MEDIUM

LOW

# Human Rights Assessment

	Number of Sites	A. % of total assessed in last three years	B. % of total assessed (column A) where risks have been identified*	C. % of risk (column B) with mitigation actions taken	Issues (Low and Medium Risks)	Proactive Mitigations and Remediation
Own Operations (including Joint Ventures where the company has management control)	10	90%	0	100	<ul style="list-style-type: none"> <li>Community emergency response preparedness aspects to be enhanced in the ERP</li> <li>Supply Chain Management (Contractor's Management)</li> </ul>	<ul style="list-style-type: none"> <li>Involvement of nearby community in emergency response management</li> <li>Enhancement of implementation of CoCHR through communication and monitoring of compliance</li> </ul>
Contractors and Tier I Suppliers	63	63%	0	100	<ul style="list-style-type: none"> <li>Effective implementation of contractor grievance mechanisms (GM)</li> <li>Overall awareness trainings on human rights.</li> </ul>	<ul style="list-style-type: none"> <li>Develop GM procedure for employees, contractors and community.</li> <li>Conduct sharing session among employees, included CoCHR in new staff induction and contractor briefing</li> </ul>
Joint Ventures (including stakes above 10%)	5	40%	0	100	<ul style="list-style-type: none"> <li>Community emergency response preparedness</li> <li>Supply Chain Management (Contractor's Management)</li> <li>Stakeholder relations (mechanism to report/provide feedback)</li> </ul>	<ul style="list-style-type: none"> <li>Engage community and local community and local authority in ERP revision</li> <li>Incorporate Human Rights in supply chain system and process</li> <li>Strengthen grievance mechanism implementation</li> </ul>