

# STANDARDS OF BUSINESS CONDUCT



 **PETRON**  
Malaysia 2022 edition

Dear Fellow Employees,

We at Petron Malaysia adhere to our core values of customer focus, teamwork, innovation, commitment to excellence, safety and integrity to realize our company's vision and mission – To be the leading provider of total customer solutions in the oil sector and its allied businesses.

These values define us as an organization and set us apart from competition. We place a premium in the manner we conduct ourselves and every aspect of our operations to achieve our business objectives. Thus, we need to have a good understanding of these values and supporting policies so we can conduct ourselves with integrity and in a professional manner.

With this in mind, I encourage each of you to take time to read and understand our policies in this Standards of Business Conduct (“SBC”) booklet. The policies contained in this booklet will guide all of us as we conduct our daily business.

In case you have questions or are unsure of these policies, please make sure to discuss these with your superiors or fellow employees for clarification. We enjoin all managers and supervisors to discuss these guidelines so that we are all reading from the same page, so to speak, and ensure that we comply with these policies at all times.

I do hope that we are all in agreement and understand the importance of these policies as we grow our company in a profitable and sustainable manner. Our strong commitment to the highest ethical standards in everything we do is crucial to our success as we bring Petron Malaysia to greater heights!

The first version of SBC was issued in 2013. This latest version incorporating updates and new policies to meet with current laws, regulations and best practices in governance and sustainability, will come into effect on January 1, 2022.

Thank you for your support!

Ramon S. Ang  
Chairman

## GUIDING PRINCIPLES

Our vision is to be the leading provider of total customer solutions in the oil sector and allied businesses. To that end, we must continuously strive to delight our customers, achieve superior financial and operating results while simultaneously adhering to high ethical standards.

The following principles serve as a guide on our relationship with our stakeholders; namely our shareholders, customers, employees, and the communities where we operate:

- **Shareholders** - We are committed to enhancing the long-term value of the investment entrusted to us by our shareholders. By running the business profitably and responsibly, we expect our shareholders to be rewarded with superior returns. This commitment drives the management of our Company.
- **Customers** - Success depends on our ability to consistently satisfy ever changing customer preferences. We commit to be innovative and responsive, while offering high quality products and services at competitive prices.
- **Employees** - The exceptional quality of our workforce provides a valuable competitive edge. To build on this advantage, we will strive to hire and retain the most qualified people available and to maximize their opportunities for success through training and development. We are committed to maintaining a safe work environment. We will promote teamwork within and across functions enriched by diversity and characterized by open communication, trust, and fair treatment.
- **Communities** - We commit to be a good corporate citizen in all the places we operate worldwide. We will maintain high ethical standards, obey all applicable laws, rules, and regulations, and respect local and national cultures. Above all other objectives, we are dedicated to running safe and environmentally responsible operations.

The Company aspires to be at the leading edge of competition in every aspect of our business. That requires the Company's resources - financial, operational, technological, and human - to be employed wisely and evaluated regularly.

While we maintain flexibility to adapt to changing conditions, the nature of our business requires a focused, long term approach. We will consistently strive to improve efficiency and productivity through learning, sharing, and implementing best practices. We will be disciplined and selective in evaluating the range of capital investment opportunities available to us. We will seek to develop proprietary technologies that provide a competitive edge.

We aspire to achieve our goals by flawlessly executing our business plans and by adhering to these guiding principles and the foundation policies that follow.

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For the purpose of these Policies, any and all reference to the Company shall mean Petron Oil & Gas International Sdn Bhd, Petron Malaysia Refining & Marketing Bhd, Petron Fuel International Sdn Bhd and Petron Oil (M) Sdn Bhd either collectively or individually as applicable.

## **1.0 CUSTOMER RELATIONS POLICY**

The Company recognizes that customer satisfaction is of primary importance to its success. Mindful of its responsibility to the consumers it serves directly and the customers who resell its products, the Company strives to understand their requirements and concerns and to merit their business by responding effectively to their needs.

Specifically, the Company's policy is to:

- Meet customer needs under all reasonable circumstances;
- Furnish services that consistently meet responsible standards of performance, efficiency, and courtesy;
- Furnish accurate and sufficient information about its products and services, including details of guarantees and warranties, so that the customer can make informed purchasing decisions;
- Require truth in advertising and other communications.

In addition, where the Company's products reach the ultimate consumer through independent parties, such as service station dealers and distributors, the Company's policy is to actively encourage such parties to achieve standards comparable to those which have been established for the Company's own performance.

## **2.0 QUALITY POLICY**

The Company is committed to sustain business excellence and consistently improve shareholder value by providing:

- Products and services that delight and secure the loyalty of customers
- A working environment that reflects the quality way of life of our employees
- Continually improving the effectiveness of our quality systems

The quality standards should at least meet the required national and applicable international standards.

### **3.0 CORPORATE POLICY ON INTERNAL CONTROL**

The Company is committed to establish and maintain a system of Internal Control for the efficient and effective management of the Company's business operations, including its Subsidiaries and Affiliates, and improve the effectiveness of risk management, control and governance processes.

#### **Definition and Objectives of Internal Control**

Internal Control comprises any action taken by management, the Board and other parties to enhance risk management and good governance towards the attainment of Company objectives and of the business units. The primary objectives of Internal Control are to ensure:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operation;
- Safeguarding of assets;
- Compliance with policies, procedures, plans, contracts, laws and regulations;
- and
- Accomplishment of established objectives and operational goals and programs.

#### **Responsibility of Managers**

Every Manager (i.e. members of Management Committee and line/operating management, including personnel holding managerial and supervisory position) is responsible for ensuring compliance with all financial and operational controls in his area of responsibility and must implement internal control as part of the total system to achieve department and Company goals. Managers should conduct a regular evaluation of existing written policies and procedures to ensure that these are adequate, relevant and effective to the current operating environment and should be clearly conveyed to subordinates and staff, including affected stakeholders, on a timely manner. Moreover, Managers should give prompt and cooperative consideration to recommended improvement measures made by independent internal or external auditors or equivalent groups.

#### **4.0 DEALERS AND SUPPLIERS PARTNERSHIP POLICY**

The Company will deal openly and honestly with its customers, dealers, suppliers, contractors, financial institutions and joint venture participants.

The ability to effectively promote the integral elements of the Company's business principles and code of ethics in these relationships must be weighed as an important factor in the decision to pursue, enter into, or remain in such relationship.

Transactions with dealers, contractors, vendors and suppliers must be carried out on an arms-length basis. Conditions should exist for competitive, willing buyer and willing seller transactions. Competitive bidding should be used whenever required by the Contracts Manual. Decisions should be made on the basis of quality, price, availability and service. All dealers, contractors, vendors and suppliers should be dealt with fairly, honestly and openly. In addition, if any dealer, contractor, vendor or supplier or its or his representative is a former employee, family member or close personal friend, the Company representative should disclose the information to his supervisor and Conflict of Interest Committee.

Personal relationships are an inherent aspect of doing business. The development of personal relationships is both expected and desirable as it leads to relationships based on understanding and trust. Business decisions must not be influenced by anything other than what is in the best interest of the Company. It is important that all employees closely monitor the nature of relationships with dealers, contractors, vendors and suppliers to ensure that personal friendships do not develop that would result in decisions not in the Company's best interest.





## **5.0 SAFETY, SECURITY, HEALTH AND ENVIRONMENT POLICY**

The Company is fully committed to conduct our operations in a manner that preserves the environment and protects the safety, security and health of our colleagues, customers, suppliers, contractors and the public. The Company believes that safe, secure, healthy and environment-friendly operations are vital in ensuring continuity and the long-term sustainability of its business.

### **Consistent with this:**

- The Company is committed to complying with all government regulations to promote occupational safety, health and the preservation of the environment;
- The Company will implement appropriate operational control procedures, provide necessary resources and strong management support, and involve our stakeholders in related endeavors;
- The Company will develop innovative products and services while adhering to strict safety, health and environment standards;
- The Company will place a premium on safety and security at all its facilities; and
- The Company will provide a safe and healthy work environment to prevent work-related injury and ill health.

### **To ensure that the Company lives up to all these commitments:**

- The Company will continuously engage its stakeholders in promoting matters relating to safety, security, health and the environment; and
- The Company will set stringent goals and targets to achieve operational excellence.

## **6.0 CORPORATE CITIZENSHIP**

The Company is committed to be a good corporate citizen not only by complying with all relevant laws and regulations but also by actively assisting in the improvement of the quality of life of the people in the communities in which it operates with the objective of enhancing their quality of life.

The Company would also encourage volunteerism amongst its employees. An employee shall in the employee's private life be free to pursue an active role in civic affairs as long as they do not adversely affect the business or interest of the Company.

## **7.0 EQUAL EMPLOYMENT OPPORTUNITY POLICY**

It is the policy of the Company to provide equal employment opportunity in conformance with any applicable local laws, regulations and Malaysian Government policy (GOM Policy) in place from time to time to Malaysian nationals, regardless of gender, who are qualified to perform job requirements. The Company administers its personnel policies, programs, and practices in conformance with any such applicable laws, regulations and GOM Policy in all aspects of the employment relationship, including recruitment, hiring, work assignment, promotion, transfer, termination, wage and salary administration, and selection for training.

Managers and supervisors are responsible for implementing and administering this policy, for maintaining a work environment free from unlawful discrimination, and for promptly identifying and resolving any potential issues regarding equal employment opportunity.

In addition to providing equal employment opportunity as set above, it is also the Company's policy to undertake in conformance with applicable local laws, regulations and GOM Policy, special efforts to:

- Develop and support educational programs and recruiting sources and practices that facilitate employment of Malaysian nationals, regardless of gender;
- Develop and offer work arrangements that help to meet the needs of the diverse work force in balancing work and family obligations;
- Establish company training and development efforts, practices, and programs that support diversity in the work force and enhance the representation of Malaysian nationals, regardless of gender throughout the Company;
- Foster a work environment free from sexual, racial, or any other forms of harassment;
- Make reasonable accommodations that enable qualified disabled individuals to perform the essential functions of their jobs;
- Emphasize management responsibility in these matters at every level of the organization.

Individuals who believe they have observed or have been subjected to prohibited discrimination should immediately report the incident to their supervisor, higher management, or their designated Human Resources Department contact. Complaints will be investigated and handled as confidentially as possible.

Individuals will not be subjected to harassment, intimidation, discrimination or retaliation for exercising any of the rights protected by this policy.

## **8.0 ETHICS AND BUSINESS INTEGRITY POLICY**

The policy of the Company is to comply with all governmental laws, rules, and regulations applicable to its business.

The Company's Ethics policy does not stop there. Even where the law is permissive, the Company chooses the course of highest integrity. Local customs, traditions, and mores differ from place to place, and this must be recognized. But honesty is not subject to criticism in any culture. Shades of dishonesty simply invite demoralizing and reprehensible judgments. A well-founded reputation for scrupulous dealing is itself a priceless corporate asset.

The Company cares how results are obtained, not just that they are obtained. Directors, officers, and employees should deal fairly with each other and with the Company's suppliers, customers, competitors, and other third parties.

The Company expects compliance with its standard of integrity throughout the organization and will not tolerate employees who achieve results at the cost of violation of law or who deal unscrupulously. The Company's directors and officers support, and expect the Company's employees to support, any employee who passes up an opportunity or advantage that would sacrifice ethical standards.

It is the Company's policy that all transactions will be accurately reflected in its books and records. This, of course, means that falsification of books and records and the creation or maintenance of any off-the-record bank accounts are strictly prohibited. Employees are expected to record all transactions accurately in the Company's books and records, and to be honest and forthcoming with the Company's internal and independent auditors.

The Company expects candor from employees at all levels and adherence to its policies and internal controls. One harm which results when employees conceal information from higher management or the auditors is that other employees think they are being given a signal that the Company's policies and internal controls can be ignored when they are inconvenient. That can result in corruption and demoralization of an organization. The Company's system of management will not work without honesty, including honest bookkeeping, honest budget proposals, and honest economic evaluation of projects.

It is the Company's policy to make full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company files with government or regulatory bodies, and in other public communications. All employees are responsible for reporting material information known to them to higher management so that the information will be available to senior executives responsible for making disclosure decisions.

## **8.1 Conflicts of Interest & Directorship**

It is the policy of the Company that directors, officers and employees (hereafter termed employees) shall not engage in any business relationship or activity, which might detrimentally conflict with the interest of company. A conflict of interest, actual or potential, may arise where, directly or indirectly:

- an employee engages in a business relationship or activity with anyone who is party to a transaction with the Company,
- an employee is in a position to derive a personal benefit or a benefit to any of his relatives by making or influencing decisions relating to any transaction,
- an independent judgment of the company's best interest cannot be exercised, and
- an employee has close relative(s) employed by another oil company.

It is incumbent upon employees to make full disclosure of any interest which they, their immediate family or dependent member of their families, may have in the company. If they fail to make a disclosure as required and the management on its own accord becomes aware of an instance of conflict of interest that ought to have been disclosed, management would take a serious view of the matter and consider suitable disciplinary actions against them.

Any employee shall not, without the prior approval of their superior and General Manager, accept a position of responsibility (such as a consultant or director) with any other company, nor provide 'freelance' services to anyone.

## **8.2 Company Confidentiality**

Employees must maintain the confidentiality of information entrusted to them by the Company or its customers or business partners, except when disclosure is approved by a duly authorized officer of the Company or required by laws, regulations or legal proceedings. Employees should consult the Law Department if they believe they have or may have a legal obligation to disclose confidential information.

Confidential information includes all non-public business, financial, personnel or technical information, processes or systems, whether or not in electronic form, related to any portion of the Company's business operations that have been learned, generated or acquired during employment with the Company. The use of confidential or proprietary information or trade secrets that may be of use to competitors of the Company, or harmful to the Company or its customers or business partners, if disclosed are prohibited. Some examples of information which are considered confidential and proprietary include:

- Pricing
- Bid or quotation information
- Cost sheets
- Formulas and/or process information
- Design information
- Organizational plans, goals and strategies
- Profit information
- Asset information
- Wage and salary scales
- Personal information about employees, officers and directors
- Supply sources or supplier information
- Computer software programs

Employees should not solicit, receive or use any confidential or proprietary information or trade secrets belonging or relating to any supplier, vendor or contractor, consultant, former employee or other person or entity, except as may be lawfully received from the owner or an authorized third party.

No disclosure of any information that upon its release would be likely to affect an investor's decision to purchase, sell or otherwise transfer any stock of the Company and/or would be likely to affect the market price of Company stock should be made. Examples include periodic earnings prior to press release, projections of future earnings or losses, pending proposed mergers, acquisitions, tender offers, sale of assets, changes in operations, changes in dividend policy or declaration of a stock split.

Each employee should endeavor to deal fairly with the Company's suppliers, contactors, competitors and other employees. None should take unfair advantage of anyone through manipulation, concealment or abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practice.

### **8.3 Company Property**

Employees are responsible for the protection of all Company corporate information and intellectual property such as inventions, copyrights, patents, trademarks and technology. As the Company may secure license to use intellectual property from other companies, employees must also ensure that property of this nature is protected in accordance with the agreements giving the Company the right to use the property.

Equipment, tools and materials, supplies, employee time and other Company resources are to be used only for Company's legitimate business interest. Company property must not be borrowed, loaned or disposed of, except in accordance with the appropriate Company policies.

#### **i) Books and Records**

The Company shall prepare and maintain its accounts fairly, timely, accurately and reliably in accordance with the accounting and financial reporting standards which represent the generally accepted guidelines, principles, standards, laws and regulations in which the Company conducts its business affairs. Company books and records should be maintained in confidence, safeguarded from loss or destruction, and subject to internal/external control and audit procedures. All required information shall be accessible to company auditors and other authorized parties and government agencies.

There should be no willful omissions of any company transactions from the books and records, no advance income recognition and no hidden bank account and funds. Any willful material misrepresentation of and/or misinformation on the financial accounts and reports shall be regarded as violation of the Company Policy, apart from inviting civil or criminal action under the relevant laws.

Records should always be retained or destroyed in accordance with the Company's record retention policies. If an employee becomes aware of an imminent or ongoing investigation, audit or examination, that employee should retain all documents (including computer records) in his custody or control. The destruction or falsification of a document in order to impede a governmental investigation, internal or external audit or examination may lead to persecution for obstruction of justice.

#### **ii) Company Assets**

Company assets should not be misused but employed for the purpose of conducting the business for which they are duly authorized. These include tangible assets such as equipment or machinery, systems, facilities, materials, resources as well as intangible assets such as proprietary information, relationships with customers, dealers and suppliers etc. Company property (tangible or intangible) may be sold, loaned, used, given away or disposed of in accordance with the approvals manual. Company property must be safeguarded from loss, damage or theft. Abusing, destroying, damaging or defacing company property, tools, equipment or property of others is prohibited.

Company car service vehicles, computers and other equipment should be used with care and diligence as though they were the employees' own.

### **iii) Company Funds**

Funds should be spent for valid business purposes only, at prices representing the best value to the Company. Approval of payment should be obtained before funds are spent.

All monies coming into one's possession in trust for other persons or for the Company such as escrows, advance for expenses, payments for products and/or services, fee advances and other like items should be properly accounted for, remitted to Company as early as possible, and shall be administered in accordance with the required approvals authority.

### **iv) Company Products and Services**

Each employee has an obligation to strengthen and protect the Company's trademarks. Likewise, everyone is expected to patronize the use of Company products and services.

### **v) Public Company Disclosure**

Filings with, or submissions to, any relevant agency or any government institution must be accurate and timely and an employee or officer may be called upon to provide necessary information to ensure that the Company's public reports are complete, fair, and understandable.

## **8.4 Compliance with Laws**

All employees and officers should know, respect and comply with the letter and spirit of applicable laws, rules and regulations of places in which the Company conducts its business or those applicable to the Company.



## **9.0 ALCOHOL AND DRUG USE POLICY**

The Company is committed to a safe, healthy, and productive workplace for all employees. The Company recognizes that alcohol, drug, or other substance abuse by employees will impair their ability to perform properly and will have serious adverse effects on the safety, efficiency and productivity of other employees and the Company as a whole.

The misuse of legitimate drugs, or the use, possession, distribution or sale of illicit or un-prescribed controlled drugs on company business or premises, is strictly prohibited and is ground for termination. Use, distribution, or sale of alcoholic beverages on company premises is not allowed without prior approval of appropriate senior management. Being unfit for work because of use of drugs or alcohol is strictly prohibited and is ground for termination of employment. While this policy refers specifically to alcohol and drugs, it is intended to apply to inhalants and all other forms of substance abuse.

The Company recognizes alcohol or drug dependency as a treatable condition. Employees who suspect they have an alcohol or drug dependency are encouraged to seek advice and to follow appropriate treatment promptly before it results in job performance problems. Employee Health Advisory Program or medical professional staff will advise and assist in securing treatment. Those employees who follow approved treatment will receive disability benefits in accordance with the provisions of established benefit plans and medical insurance coverage consistent with existing plans.

No employee with alcohol or drug dependency will be terminated due to the request for help in overcoming that dependency or because of involvement in a rehabilitation effort. However, an employee who has had or is found to have a substance abuse problem will not be permitted to work in designated positions identified by management as being critical to the safety and well-being of employees, the public, or the Company.

Any employee returning from rehabilitation will be required to participate in a company-approved after-care program. If an employee violates provisions of the employee Alcohol and Drug Use policy, appropriate disciplinary action will be taken. Such action cannot be avoided by a request at that time for treatment or rehabilitation. If an employee suffering from alcohol or drug dependency refuses rehabilitation or fails to respond to treatment or fails to meet satisfactory standards of effective work performance, appropriate disciplinary action, up to and including termination, will be taken. This policy does not require and should not result in any special regulations, privileges, or exemptions from normal job performance requirements.

The Company may conduct unannounced searches for drugs and alcohol on Company owned or controlled property. The Company may also require employees to submit to medical evaluation or alcohol and drug testing where cause exists to suspect alcohol or drug use, including workplace incidents.

Unannounced periodic or random testing will be conducted when an employee meets any one of the following conditions: has had a substance abuse problem, or is working in a designated position identified by management, a position where testing is required by law, or a specified executive position. A positive test result or refusal to submit to a drug or alcohol test is grounds for disciplinary action, including termination.

Contractor, common carrier, and vendor personnel are also covered by first paragraph and the search provisions of fifth paragraph of this policy. Those who violate the policy will be removed from company premises and may be denied future entry.

In addition to the above policy, it is a requirement of the Company that all applicants accepting offers of regular employment must pass a drug test.

## **10.0 HARASSMENT IN THE WORKPLACE POLICY**

It is the policy of the Company to prohibit any form of harassment (including sexual harassment) in any company workplace. The objective of this policy is to provide a work environment that fosters mutual employee respect and working relationships free of harassment. The Company specifically prohibits any form of harassment by or toward employees, contractors, suppliers, or customers.

Under the Company's policy, harassment is any inappropriate conduct which has the purpose or effect of:

- creating an intimidating, hostile, or offensive work environment;
- unreasonably interfering with an individual's work performance; or
- affecting an individual's employment opportunity.

Harassment will not be tolerated. Forms of harassment include, but are not limited to, unwelcome verbal or physical advances and sexually, racially, or otherwise derogatory or discriminatory materials, statements, or remarks. All employees, including supervisors and managers, will be subject to disciplinary action up to and including termination for any act of harassment.

Individuals who believe they have been subjected to harassment should immediately report the incident to their supervisors, higher management, or their designated Human Resources Department contacts. All complaints will be promptly and thoroughly investigated.

Employees or supervisors who observe or become aware of harassment should immediately advise their supervisors, higher management, or their designated Human Resources Department contacts. No employee should assume that the Company is aware of a problem. All complaints and concerns should be brought to management's or the Human Resources Department's attention so that appropriate corrective steps can be taken.

No retaliation will be taken against any employee because he or she reports a problem concerning possible acts of harassment. Employees can raise concerns and make reports without fear of reprisal. Questions about what constitutes harassing behavior should be directed to the employee's supervisor or Human Resources Department contact.

### **Meaning of Sexual Harassment in the Workplace**

For the purpose of this Policy, sexual harassment means any unwanted conduct of a sexual nature having the effect of verbal, non-verbal, visual, psychological or physical harassment:

- that might, on reasonable grounds, be perceived by the recipient as placing a condition of a sexual nature on her/his employment; or
- that might, on reasonable grounds, be perceived by the recipient as an offence or humiliation, or a threat to his/her well-being, but has no direct link to her/his employment.

Sexual harassment may be divided into two categories, namely sexual coercion and sexual annoyance.

Sexual coercion is sexual harassment that results in some direct consequence to the victim's employment. An example of sexual harassment of this coercive kind is where a superior, who has the power over salary and promotion, attempts to coerce a subordinate to grant sexual favours. If the subordinate accedes to the superior's sexual solicitation, job benefits will follow. Conversely, if the subordinate refuses, job benefits are denied.

Sexual annoyance, the second type of sexual harassment, is sexually-related conduct that is offensive, hostile or intimidating to the recipient, but nonetheless has no direct link to any job benefit. However, the annoying conduct creates a bothersome working environment which the recipient has to tolerate in order to continue working. A sexual harassment by an employee against a co-employee falls into this category.

The recognizable hallmarks of sexual harassment are that they are unwelcome, taking the form of verbal and even physical, which include sexual innuendos, comments and remarks, suggestive, obscene or insulting sounds, implied sexual threats, leering, oogling, displaying offensive pictures, making obscene gestures etc,

## **11.0 ANTI-CORRUPTION POLICY**

### **11.1 Giving or Offering**

It is the policy of the Company that directors, officers, employees and third parties acting on its behalf are prohibited from offering or paying, directly or indirectly, any bribe to any employee, official, or agent of any government, commercial entity, or individual in connection with the business or activities of the Company. A bribe for purposes of this policy is any money, goods, services, or other thing of value offered or given with the intent to gain any improper advantage for the Company.

No director, officer, employee, or third party should assume that the Company's interest ever requires otherwise.

### **11.2 Receiving or Solicitation or Acceptance of Gifts/Entertainment**

The Company adopts the "*Policy on Solicitation or Acceptance of Gifts*" as attached herein. The said Policy issued by San Miguel Corporation is applicable to all companies within the San Miguel Corporation group.

## **12.0 WHISTLEBLOWING POLICY**

The Company is committed to the highest standard of fairness, transparency, accountability and ethics as embodied in the Standards of Business Conduct. In recognizing these values, the Company provides avenues for all employees to raise concerns and make appropriate suggestions regarding the business practices of the Company. Any suspected violations of the law as well as Company policies and/or internal controls may be raised at the earliest opportunity available. This policy however shall not be used to address personal grievances.

All disclosures must be channeled in accordance with the procedures provided under this policy.

- (i) All concerns relating to accounting, internal accounting controls, auditing matters or financial reporting matters will be referred to the General Counsel. The General Counsel will distribute all communications regarding accounting, internal accounting controls, auditing matters or financial reporting matters to the Internal Audit of the Company or the Audit Committee of the Board of Directors, as appropriate. Likewise, if it is unclear whether a communication involves accounting, internal accounting controls, auditing matters or financial reporting matters, it shall be directed to the Internal Audit of the Company, with a note to that effect. In each case and except as the Internal Audit of the Company or Audit Committee of the Board of Directors may otherwise request, the General Counsel shall provide original copies or records of all communications along with a summary of the communications. However, depending on the length and number of the communications received, the General Counsel may provide a summary of the communications along with the original copy or record of any communications deemed particularly important. The General Counsel will maintain a log of each communication received, the date such communication was distributed to the Internal Audit of the Company or Audit Committee of the Board of Directors and whether it was distributed in summary or original form.
- (ii) For concerns relating to accounting, internal accounting controls, auditing matters or financial reporting matters involving the General Counsel or suspected violations of the law or the Company's policies involving a director or executive officer, such concerns may be communicated to the General Manager, who shall likewise keep a log of each communication received. The General Manager (or officer designated by the General Manager) shall then forward such communications to the Internal Audit of the Company or Audit Committee of the Board of Directors, as appropriate.
- (iii) The General Counsel or General Manager, where appropriate, will determine whether any action or response is necessary, and they will take or direct such action as they deem appropriate. These determinations may be recorded based on the standard categories established, which may include: the communication is not a "complaint" or "concern", the communication is misdirected (such as communication involving employment dispute), no further action required as the communication can be analysed on its face, and further action required (with a record of the action taken and its outcome).

- (iv) For matters not concerning accounting, internal accounting control, auditing matters or financial reporting matters, it shall be addressed to and acted upon by the appropriate responsible supervisor or officer of the business units affected. In this connection, the supervisors have the responsibility to ensure that such concerns are properly acted upon. Should the employee be dissatisfied following review with the immediate supervisor, that employee is encouraged to request further reviews which may continue to a higher level of management appropriate to resolve the issue.

No one in the Company has the authority to make exceptions or waivers to the Company's policies. In cases of doubt, directors, officers and employees are expected to seek clarification and guidance. In those instances where the Company, after review, approves an activity or situation, the Company is not granting an exception or waiver but rather determining that there is no policy violation. Likewise, if the Company determines that there is or would be a policy violation, appropriate action will be taken.

All employees and other interested parties may communicate complaints, concerns and suggestions on an anonymous basis. All relevant parties responding to the employee's complaints, concerns and suggestions are expected to use appropriate discretion regarding anonymity and confidentiality, to the extent reasonably practicable.

A whistle-blower will be accorded with protection of confidentiality of identity, to the extent reasonably practicable. The Company does not tolerate retaliation in any form against a director, officer, employee or other third party, who, in good faith, raises a concern or reports any improper conduct committed or about to be committed within the Company, provided that the disclosure is made in good faith. Such protection will be accorded even if the investigation later reveals that the rules and procedures was mistakenly interpreted by the whistle-blower.

## **13.0 INFORMATION TECHNOLOGY POLICY**

Computer, networking and electronic mail facilities and services are offered by the Company in support of its thrust to provide better service to its customers.

Users must not browse, access, copy, or change Company and private files without authorization, or change public files without authorization. Users must not attempt to modify the computer systems or software in any unauthorized manner.

The use of invasive software, such as “worms” and “viruses” destructive to computer systems, is unethical and illegal. Copyrighted software must only be used in accordance with its license or purchase agreement. Users do not have the right to receive and/or use unauthorized copies of software or make unauthorized copies of software for themselves or others.

Sending rude, obscene or harassing material via any electronic means (e.g. electronic mail, bulletin boards, news groups, internet, text message) is forbidden. Also disallowed are random mailings, chain letters and general mailing of messages of commercial, religious or political nature. Messages of philanthropic content are allowed only if sanctioned by the Company.

Terminals, manuals, printed paper, and all other computer resources may not be used or removed from their intended locations, without authorized permission.

<p>The Company has also adopted (with necessary localization) the Information Security Management System (ISMS) policies and guidelines of San Miguel Corporation that is applicable to all companies within the San Miguel Corporation group. The said policy for purposes of the Company shall be referred to as Petron Malaysia’s ISMS Policy.</p>
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## **14.0 FAIR COMPETITION POLICY**

The Company seeks to compete fairly and ethically within the framework of applicable competition laws in all aspects of business. The Company will not prevent others from competing freely with it.

Employee and officers must abide by anti-trust and other laws intended to ensure and maintain competition in the market place and deal with prohibited trade practices.

Any director, officer, or employee who has knowledge of conduct in which he or she believes may violate any Competition Law or this Policy has an obligation, promptly after learning of such conduct, to bring the matter to the attention of his or her supervisor or Company's General Counsel.



## **15.0 POLITICAL ACTIVITIES POLICY**

It is the policy of the Company to refrain from making contributions to political candidates and political parties, except as permitted by applicable laws and authorized by the Board of Directors.

It is the Company's policy to communicate information and views on issues of public concern that have an important impact on the Company.

The Company considers that registering and voting, contributing financially to the party or candidate of one's choice, keeping informed on political matters, serving in civic bodies, and campaigning and office holding at local, state, and national levels are important rights and responsibilities of the citizens of a democracy.

Directors, officers, and employees engaging in political activities are expected to do so as private citizens and not as representatives of the Company. Personal, lawful, political contributions and decisions not to make contributions will not influence compensation, job security, or opportunities for advancement.

The Company does not make payments or other contributions to political parties, organizations, or their representatives or take part in partisan politics.

However, when dealing with the national and local governments, the Company has the right and responsibility, in the pursuit of its legitimate commercial objectives, to make its positions known on any matters that affect the Company, its employees, its customers, or its shareholders. The Company also has the right make its position known on matters affecting community, where it has a contribution to make.

Where employees may be free to participate in the political process, any involvement should be kept separate from or not affect their role and responsibilities as Company employees. They must ensure that statements made in their political activities are clearly delivered as personal opinion and not likely to be construed as the Company's position.

The Company honors the information requirements of the public and its stake holders. In all its public appearance with respect to public constituencies such as the media, financial community, employees, shareholders and government agencies, the Company shall be represented only by specifically authorized personnel. It will be the sole responsibility of these authorized representatives to disclose the information on the Company.

Parties which have business dealings with the Company but are not members of the Company such as consultants, agents, distributors, dealers, contractors, haulers, suppliers, etc. are not authorized to represent the Company, unless so authorized in writing by the Company.

## **16.0 ANTI-MONEY LAUNDERING, ANTI TERRORISM FINANCING AND PROCEEDS OF UNLAWFUL ACTIVITIES POLICY (Anti-Money Laundering Policy)**

The Company prohibits money laundering or any activity that facilitates money laundering, funding of terrorist activities as well as proceeds from unlawful activities as provided under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, by Bank Negara Malaysia and any guidelines issued by other relevant regulatory or supervisory authority.

All employees across the board in the Company are obligated to adhere to this policy in avoiding potential violation of any laws or regulations regarding money laundering, terrorism financing and proceeds of unlawful activities relevant to the Company. It is the Company's policy to undertake in conformance with applicable laws and regulations the following key measures:

- Adequate training and compliance programme to ensure understanding and strict compliance with any internal anti-money laundering policy, by all employees.
- Proper background checks in recruitment of employees particularly for employees in management positions and tasked with decision-making obligations.
- Employees involved in decision-making process concerning matters on financial transactions, development of new products and business practices (including new/pre-existing delivery mechanism and technologies) must be properly acquainted with the applicable laws and regulations relating to anti-money laundering and counter financing of terrorism.
- Perform risk assessment using a risk-based approach. Customer Due Diligence (CDD) measures taken to ascertain customer's identity and establish beneficiaries via documentary evidence prior to any business engagements to assess integrity of counterparties. The scope and extent of due diligence required will vary depending upon the circumstances and any reliance on third parties (if applicable) of each transaction.
- Maintain a sanctions database that is easily accessible by all employees (and where relevant, to any outsourced service provider), comprising of (but not limited to) Malaysian Home Ministry's, United States of America Treasury Department's and United Nations Security Council's list of sanctioned persons or organisations including sanctions on terrorism financing and proliferation financing for the purpose of screening of potential or existing customers and as part of CDD process.
- Information system that shall commensurate with the nature and scale of Petron's activities and money laundering and terrorism financing risk profile.
- Monitor counterparties performance and business practices to ensure ongoing compliance. Where at any point during the periodic review, "red flags" are raised, further investigation must be sufficiently addressed before continuing with the engagement.

- Suspicious behaviour by counterparties must be reported using proper channels by submitting Internal Suspicious Transaction Report to Law and where applicable, the Compliance Officer shall submit a Suspicious Transaction Report to Bank Negara's Financial Intelligence and Enforcement Department on a timely basis.
- Record keeping of all identification and transaction details obtained for customer identification as well as all documents in accordance with statutory requirements.
- Conduct of periodic review to follow all available accounting, record-keeping and financial reporting requirements applicable to payments in connection with other transactions and contracts.

The Company requires all employees to use good judgment and common sense in assessing the integrity and ethical business practices and have provided the above as a guideline.

## **17.0 ECONOMIC /ENVIRONMENTAL /SOCIAL AND GOVERNANCE (EESG) POLICY**

The Company has a responsibility to its stakeholders to grow its business in a sustainable manner through its strong commitment to economic, environmental, social and corporate governance, while protecting its profitability, market leadership, and operational efficiency.

The Company continuously enhance its performance and at the same time, creates a positive impact on society, the nation, and the world at large.

### **In line with this,**

The Company will conduct itself and its business operations in a manner consistent with applicable sustainable practices under these four main pillars:

- **Economic Sustainability**
  - Create long-term economic value to the Company and its shareholders
  
- **Environmental Sustainability**
  - Adhere to all applicable environmental legislation and Government regulations
  - Effectively manage the Company's environmental footprint in every aspect of its operations
  
- **Social Sustainability**
  - Contribute to addressing the economic and social needs of the community
  - Make a positive impact on the society through promoting safe, secure and healthy lifestyle
  - Nurture progressive cultural values in the community
  
- **Governance**
  - To ensure the highest standards of Corporate Governance and Risk Management practices are adhered to.
  - To ensure adherence by the Company to applicable laws and regulations in its daily operations

The Company has in place stringent standards to ensure business sustainability and governance while minimizing its environmental footprint. The Company will seek to engage its stakeholders in relation to EESG by reporting its progress in accordance with guidelines issued by the relevant regulatory authorities, as applicable.

## **Guidance on Policy 11 – Anti-Corruption Policy**

### **Business Entertainment, Gifts & Gratuities**

The purpose of business entertainment and gift in a commercial setting is to create goodwill and sound working relationships, not gain unfair advantage with customers, suppliers, dealers, contractors, vendors, etc.

It is generally prohibited to solicit or accept loans, preferential discounts, extended credits, gifts, gratuities, remuneration, commissions, valuable privileges, vacations or trips, entertainment, other treatment special or excessive/extravagant in nature from a person or organization that might influence, or appear to influence an employee or officer in the performance of his duties; to favor a dealer, contractor, supplier, vendor or competitor against the best interest of the Company.

Lending money to, or borrowing money from, any customer, dealers, contractor, vendor or supplier is strictly prohibited.

**Under no circumstances can a person connected to the Company either directly or indirectly accept or give gifts in any monetary form.**

However, the Company and its employees may accept and offer meals and entertainment where business is conducted, such as recreational sporting or theatrical events, that are of reasonable value considering the nature of the event and/or frequency of occasion; and advertising or promotional materials, such as pens, note pads, calendars, paper weights, and other items of nominal value and are of commemorative nature for special events.

Any gift or gratuity must have a clear business purpose. If employees are concerned about the nature of a gift or gratuity offered or requested, offer should be declined, and advice sought by the employee from any of his superiors.

There may be occasions where Petron, as a Company solicits certain items from other persons or organization in support of special company sponsored events. In these circumstances, solicitations may only be made if furtherance of the event and for no other reason. Moreover, all solicitations must be coordinated with the person or persons designated by the General Manager to be responsible for coordinating the special events.

An employee who is offered or receives an inappropriate gift must refuse or return it in a tactful and dignified manner, advising the giver of the Company's policy that prohibits acceptance of such gifts.

***San Miguel Corporation's Policy on Solicitation or Acceptance of Gifts* shall provide clarification on the application of Policy 11 and this Guidance to Policy 11. In the event of conflict or uncertainty, the said San Miguel Corporation Policy and terms therein shall be deemed as prevailing and applicable.**