

What is Social Risk Assessment?

PETRONAS recognizes the importance of Social Risk Assessment for the purpose of identification and mitigation of social risks, especially human rights risks, to manage both the positive, and adverse actual or potential impacts created through its business activities, including through relationships with partners and contractors.

In the wider context of sustainability, managing social risks will enable PETRONAS to achieve a Just Transition which is defined as "A socially fair transition to a lower carbon economy, maximizing benefits of climate action; minimizing employee & community impacts". Achieving Just Transition requires management of risks to the business and impacts to affected stakeholders.

Social Risk Assessment is applicable to all projects, facilities and businesses where PETRONAS has operational control and/or major equity share :

- New capital projects and operations that have not established social baseline
- Modification or expansion of existing PETRONAS facilities
- Decommissioning or abandonment of existing facilities
- Acquisition of businesses/facilities/equity in assets/Joint Venture *(JV)/Joint Operating Company (JOC)



Human Rights Elements Applicable in the Business Context

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

2020	PCG	2021	PCG	2022	PCG	RMT	PLI	2023	PCG	RMT	PLI	2024 (onwards)	PCG	PLI
PC FK	ABF MTBE PCEPE	ABF MTBE PCEPE	PETCO PPTS (including PCARO)	MLBP PL Shandong PLBP India	PCMSB (on-going)	MRCBS	Villastellone, PL Italy (on-going) Naples, PL Italy (on-going) AREXONS (on-going)	PCG International	PL Belgium PL Spain PL Brazil					

Supply Chain Risks and Impact are a Key Focus on New and Emerging Laws

	Mandatory Human Rights Due Diligence on Supply Chains in the EU <ul style="list-style-type: none"> National laws on Due Diligence in European countries such as Germany, Norway, The Netherlands (Bill for Responsible and Sustainable International Business Conduct).
	Modern Slavery Law in Australia
	<ul style="list-style-type: none"> China anti-saction law China's Human Rights Action Plan
	Modern Slavery Law in Canada
	US, Australia ban on goods with forced labour issues
	Modern Slavery Law in UK

Activities related to SRA

- Development of Downstream OEMS Social Risk Assessment L2 Document
- Data migration of SRA to HSSE Integrated Risk Assessment (HIRA) platform
- Close out of action item by DBE & PCG on the following:
 - PETRONAS Contractors' Code of Conduct on Human Rights (CoCHR) awareness briefing to contractors and contract owners
 - Conduct CoCHR compliance assessment on high-risk contractors
- Grievance Mechanism Effectiveness Evaluation