



**PETRONAS**

# **PETRONAS ISO37001:2016 ANTI-BRIBERY MANAGEMENT SYSTEM JOURNEY**

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GROUP INTEGRITY  
PETRONAS**

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# ABOUT PETRONAS

- PETRONAS: National Oil & Gas Company – wholly owned by the Government of Malaysia.
- Founded in 17 August 1974. Ranked among Fortune Global 500's largest corporations in the world. The most profitable corporation in Asia.

A PROGRESSIVE ENERGY AND SOLUTIONS PARTNER,  
ENRICHING LIVES FOR A SUSTAINABLE FUTURE

**PURPOSE  
STATEMENT**

**Loyalty** | Loyal to corporation.

**Integrity** | Honest and upright.

**Professionalism** | Strive for excellence.

**Cohesiveness** | United, trust and respect for each other.

**SHARED  
VALUES**

# PETRONAS COMMITMENT TO INTEGRITY

## CORPORATE INTEGRITY PLEDGE

PETRONAS signed the Malaysian Corporate Integrity Pledge ("CIP") on 31 January 2012

## APPOINTMENT OF PETRONAS CHIEF INTEGRITY OFFICER

To develop appropriate integrity programmes and strategies for PETRONAS

## CODE OF CONDUCT AND BUSINESS ETHICS

PETRONAS enhanced its existing Code of Conduct and adopted the Code of Conduct and Business Ethics ("CoBE") on 1 April 2012

## ABC MANUAL

The PETRONAS Anti-Bribery and Corruption Policy & Guidelines ("ABC Manual") came into effect on 1 December 2013.

## PETRONAS INTEGRITY COMPLIANCE FRAMEWORK ("PICF")

PETRONAS developed the PICF based on the six key principles advocated by the UK's Ministry of Justice

## ZERO TOLERANCE ON BRIBERY AND CORRUPTION

PETRONAS has adopted a zero tolerance policy against bribery and corruption.

# PETRONAS COMMITMENT TO HIGH GOVERNANCE STANDARD

## Zero Tolerance Against Corruption and Bribery

### PETRONAS' PLEDGE ON MALAYSIAN CORPORATE INTEGRITY PLEDGE

**Malaysian Co**

Recognising that:

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For and on beh  
**PETROLIAM  
(PETRONAS)**

Name: DAT  
Designation:

Witnessed by:


Name: FARIDAH HARRIS HAMID  
HEAD (LEGAL)  
FINANCE & CORPORATE SECRETARIAT  
LEGAL DIVISION

**“**

*“I believe that it should be intrinsically understood by the entire organisation that we are in a position of trust. Our purpose revolves around the amanah to uphold the highest standards of integrity and corporate governance in our systems, processes and business dealings. This is why our previous leaders have placed integrity and professionalism at the very heart of our Shared Values.”*

**”**

Wan Zul, 6 July 2017



PETRONAS' Top Management  
Commitment – **'Ikrar Bebas Rasuah'**

# GROUP INTEGRITY AT A GLANCE

## Roles and Responsibilities



### EDUCATE.

- **Awareness Programmes** for Employees and Third Parties
- **Strategic Communication Series**

### PREVENT.

- Elevating **PETRONAS Integrity Culture**
- PETRONAS Integrity Key Result Areas (**PIKRA**)
- **Corruption Prevention** in Multiparty Negotiation in RAPID Tendering
- Advisory and Review (**Investigation**)

### ENHANCE.

- Monitoring the **PICF** Implementation Integrity Compliance
- **Risk Assessment** and Risk Prevention Strategy Workshop
- **Perception Surveys** Employees Third Parties

### Corporate Integrity Vision Statement

PETRONAS will strive to **attain highest reputation** for fairness transparency and **zero tolerance to corruption**, that will serve as a model to **spearhead efficiency and effectiveness** in the Corporate Society local and international by 2020.

### CIO Milestone

**June 2012 - 2015**

Establishment and enhancement of Policy and Procedures.

Building Awareness among the employees and external stakeholders

**2016-2017**

Implementation and Assurance of Integrity Program in daily operations within PETRONAS Group of Companies.

**2018-2020**

Sustainable **Zero Tolerance to Bribery and Corruption culture** to attain highest reputation and serve as a model to spearhead efficiency and effectiveness in the Corporate Society.





# PETRONAS Key Integrity Milestone

**1989**

The late Tun Azizan Zainul Abidin, launched PETRONAS Shared Values (CLIP) including INTEGRITY on 11 Nov. 1989



**2010**

Collaborate with IIM to form Tun Azizan Zainul Abidin Integrity Circles (TAZAIC)

**2011**

Governance structures put in place

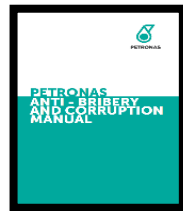


**2012**

- PETRONAS signed Corporate Integrity Pledge on 31 Dec - NGP and WBP
- PETRONAS signed MoU with MACC and established CIO Office in 2012
- CoBE Enhancement on Anti-Bribery and Corruption element

**2013**

The Anti-Bribery and Corruption (ABC) Manual was published to give guideline to PETRONAS' staff in dealing with integrity dilemma.



**2017**

- Anti-Bribery Management System Certification ISO 37001 : 2016
- Corruption-free Pledge

# **IMPORTANCE OF COMPLIANCE TO INTEGRITY FOR PETRONAS**





# PETRONAS operates in high risk territories thus requires comprehensive and structured approach to combat corruption

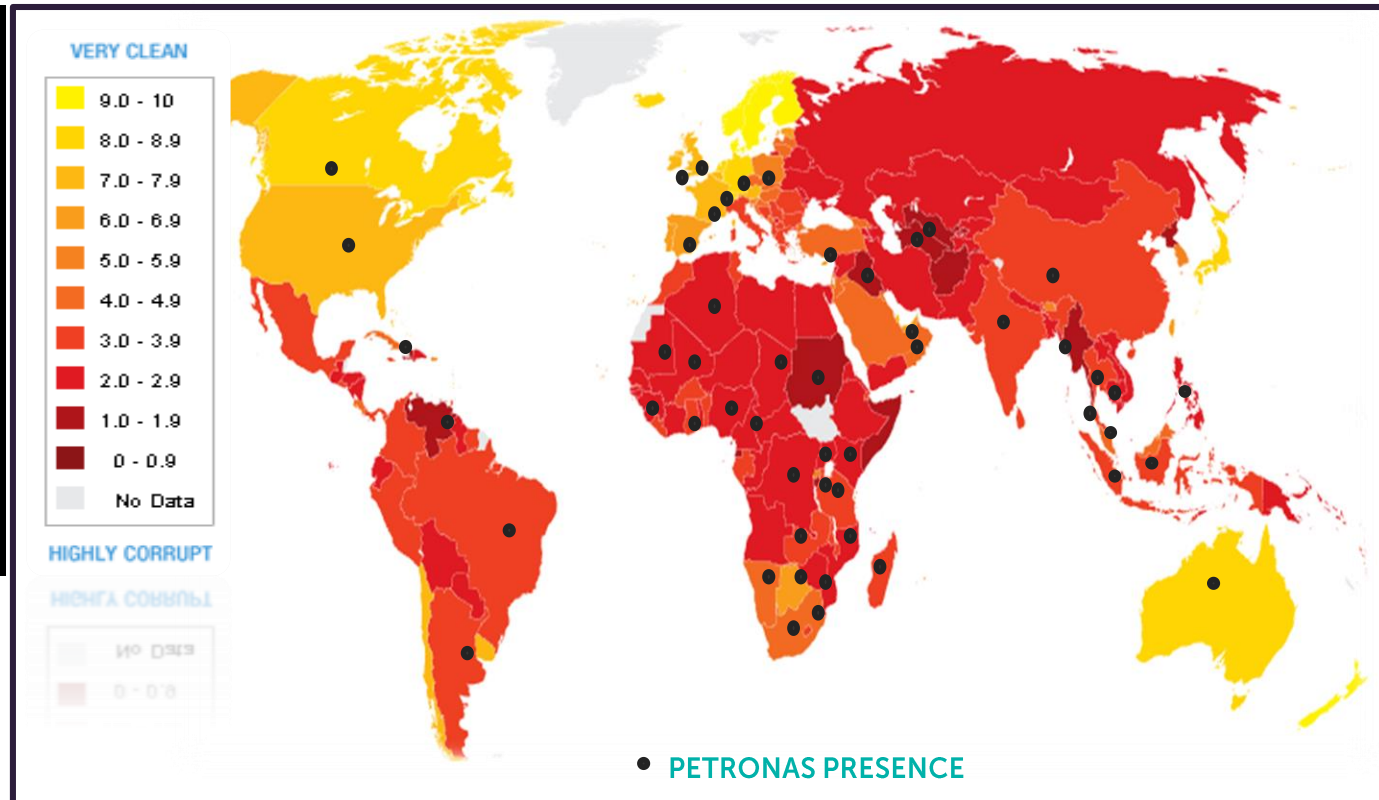
## Petronas Operates in High Risk Territories



### CORRUPTION PERCEPTIONS INDEX 2017

The perceived levels of public sector corruption in 180 countries/territories around the world.

*"It has been estimated that the cost of corruption equals more than 5% of global GDP (US \$2.6 trillion), with over US \$1 trillion paid in bribes each year."*



# CORRUPTION PERCEPTIONS INDEX



**2017**

**Score**

**Rank**

**47**

**62**

**2018**

**Score**

**Rank**

**47**

**61**

# INTEGRITY RISKS AND THREATS FOR PETRONAS

## Corruption may impose significant threats to PETRONAS



The main risks of corruption that threat PETRONAS' business operation

## THE **IMPACT** OF CORRUPTION IN **PETRONAS**

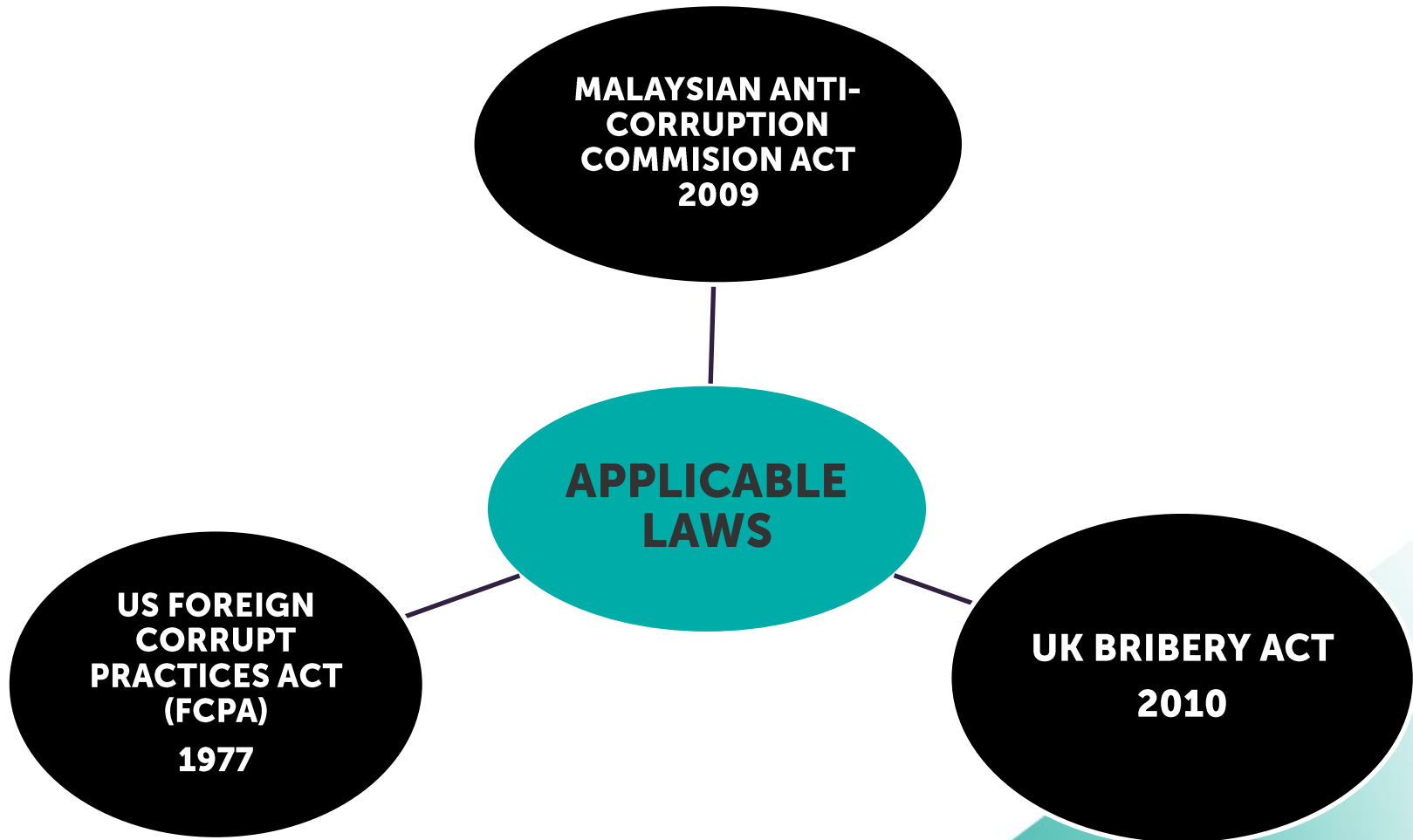




**PETRONAS**

# **APPLICABLE LAWS**

# APPLICABLE LAWS



# Malaysian Anti-Corruption Commission Act 2009 ("MACC Act 2009")

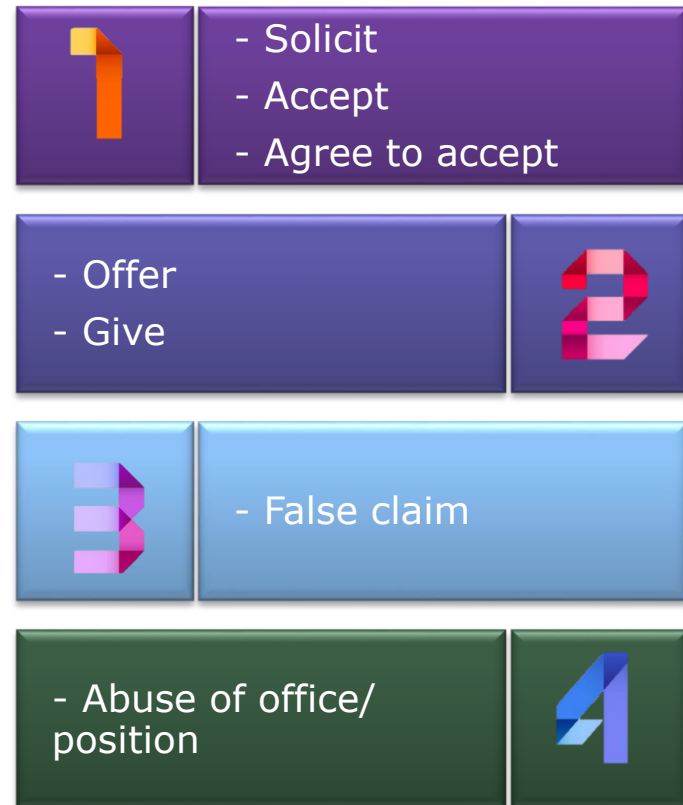


Came into force on **1 January 2009** was aimed as a catalyst to improve corruption prevention in Malaysia.



## Corruption offence **criteria**

- ✓ Receiving/ giving of gratification (bribe)
- ✓ As a reward/ inducement/ favor
- ✓ Influence decision making
- ✓ Involving in official dealings



# Penalty under MACC Act 2009



Imprisonment  
maximum  
**20 years**

**Or / And**

Fine of not less than **5 times the value** of the gratification

Or

**Minimum RM10,000**  
(whichever is the higher)



# CORPORATE LIABILITY – MACC AMENDMENT BILL



To **hold companies accountable** for their employees/ individuals associated with their Commercial Organizations: Directors, Partners, Employees, Contractors (A person who performs services for or on behalf of the commercial organization)



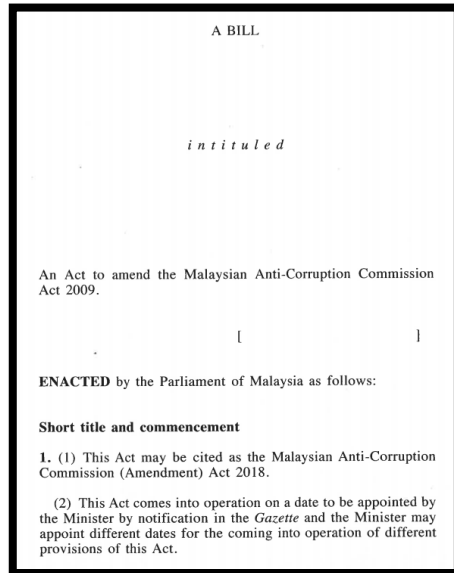
- Presented in Parliament on 26 March 2018
- Passed 4 May 2018
- Gazetted and came into effect **1 October 2018**
- Grace period of 2 years is given from 1 October 2018 for corporate to develop defense mechanism



**The penalties for this corporate offence are high. Upon conviction, it exposes the commercial organization, and the directors, officers and management to:**

- A maximum fine of **10 times** the sum of gratification involved or **RM1 million** whichever is higher;
- A maximum **jail term of 20 years** or
- **Both** penalties of the fine and jail term

# Implementation & Penalty



- Presented in Parliament on 26 March 2018
- Gazetted and came into effect 4 May 2018
- Grace period of 2 years is given until **1 June 2020** for corporate to develop defense mechanism



Imprisonment  
maximum  
**20 years**

**Or / And**

Fine of not less than **10 times the value** of the gratification

Or

**Minimum RM1,000,000**  
(whichever is the higher)

# DEVELOPMENT OF INTERNATIONAL EFFORT IN COMBATING BRIBERY

| UK Bribery Act  | US FCPA  |
|---|--|
| Applicable to anyone in UK, persons with close connection to UK, any commercial organization carries business or part of business in UK which bribery occurs in or outside UK. It <b>has implications for companies with virtually any ties to the U.K.</b> | Applicable to anyone in US, company organized under US law or having its principal place of business in the US or anyone acting on the company's behalf. |
| The company and the <b>management (particularly the CEO and BOD) hold liability</b> for corrupt practice incidence in the company.  |  |
| " <b>Adequate procedures</b> " is the only potential defense available against failing to prevent bribery.  | Consideration of <b>compliance programs</b> at prosecution and sentencing stages.  |
| UK Bribery Act (UKBA 2010) and the US Foreign Corrupt Practices Act (FCPA), are developed with extensive interpretation of " <b>parental liability</b> ".   |  |

# ANTI-CORRUPTION PRINCIPLES

## UK BRIBERY ACT

**PROPORTIONATE PROCEDURES**

**TOP LEADERSHIP COMMITMENT**

**RISK ASSESSMENT**

**DUE DILIGENCE**

**COMMUNICATION AND  
TRAININGS**

**MONITORING AND REVIEW OF  
PROCEDURES**

## FOREIGN CORRUPT PRACTICE ACT

**PROPORTIONATE PROCEDURES**

**RISK ASSESSMENT**

**TOP LEADERSHIP COMMITMENT**

**COMMUNICATION AND  
TRAININGS**

**STRUCTURED AND  
COMPREHENSIVE REPORTING  
CHANNEL**

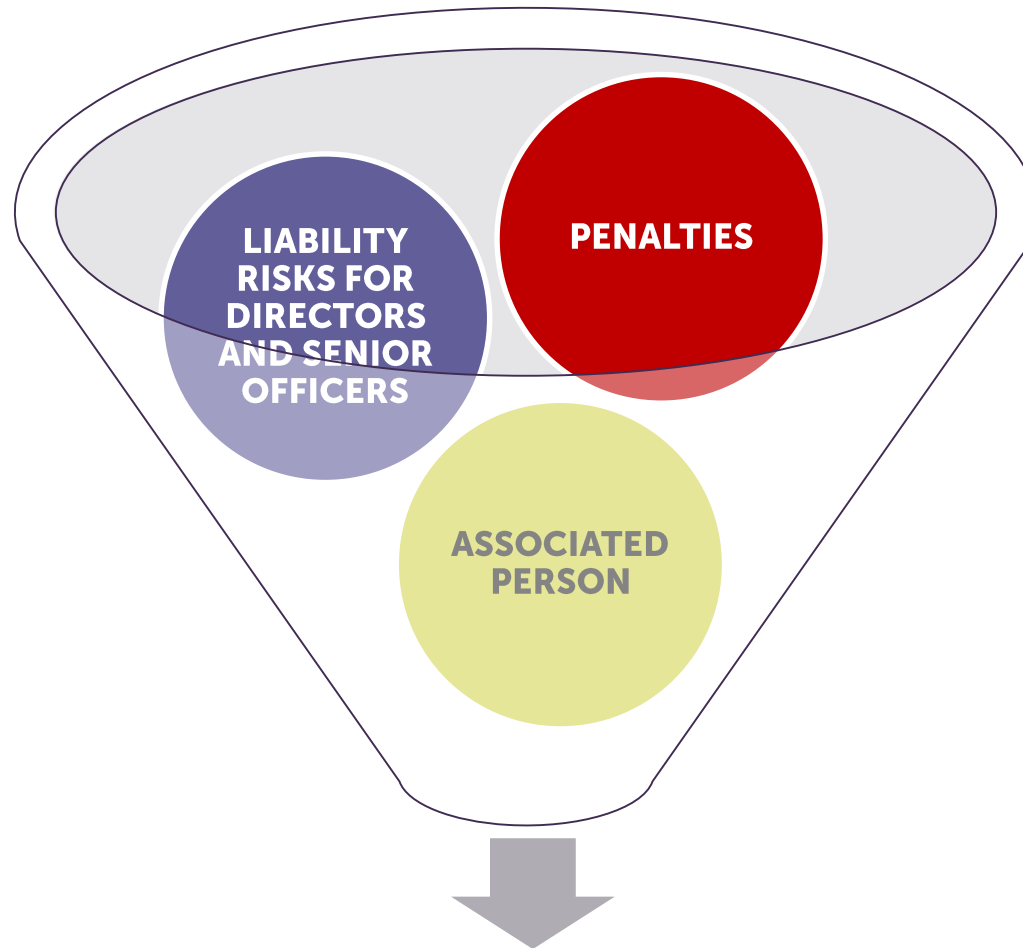
**APPROPRIATE DISCIPLINARY  
MECHANISM**

**ACCOUNTING AND INTERNAL  
CONTROLS**

**CORPORATE PROCEDURES FOR  
THIRD PARTIES**

**MONITORING AND REVIEW OF  
PROCEDURES**

# IMPACT OF THE NEW PROVISION AND GLOBAL LAWS ON ANTI CORRUPTION



**ANTI-BRIBERY MANAGEMENT SYSTEM  
GUIDELINES ON ADEQUATE PROCEDURES**



**PETRONAS**

# **PETRONAS ANTI-BRIBERY MANAGEMENT SYSTEM**

ISO 37001:2016  
CERTIFICATE NUMBER #0005  
CERTIFIED ON 6<sup>TH</sup> NOVEMBER 2017

# ISO 37001: 2016 ANTI-BRIBERY MANAGEMENT SYSTEM CERTIFICATION

## SCOPE OF CERTIFICATION:

Anti-Bribery Management System  
for Corporate Services covering

- Integrity & Compliance processes
- Procurement
- Registration of Suppliers
- Investment
- Project Management
- Corporate Hospitality Management

For PETRONAS Holding Company



### CERTIFICATE



SIRIM QAS International hereby certifies that

**PETROLIAM NASIONAL BERHAD**  
TOWER 1, PETRONAS TWIN TOWERS  
KUALA LUMPUR CITY CENTRE  
50088 KUALA LUMPUR  
WILAYAH PERSEKUTUAN  
MALAYSIA

has implemented a Anti-Bribery Management Systems complying with

**ISO 37001 : 2016**  
**MS ISO 37001 : 2016**  
**ANTI-BRIBERY MANAGEMENT SYSTEMS - Requirements with Guidance for use**

Scope of Certification

**ANTI-BRIBERY MANAGEMENT SYSTEM FOR CORPORATE SERVICES OF PETRONAS COVERING INTEGRITY & COMPLIANCE PROCESSES, PROCUREMENT, REGISTRATION OF SUPPLIERS, INVESTMENT, PROJECT MANAGEMENT AND CORPORATE HOSPITALITY MANAGEMENT FOR PETRONAS HOLDING COMPANY.**

 Issue date : 06 November 2017  
Validity period : 06 November 2017 - 05 November 2020  
Certification No. : ABMS 00105

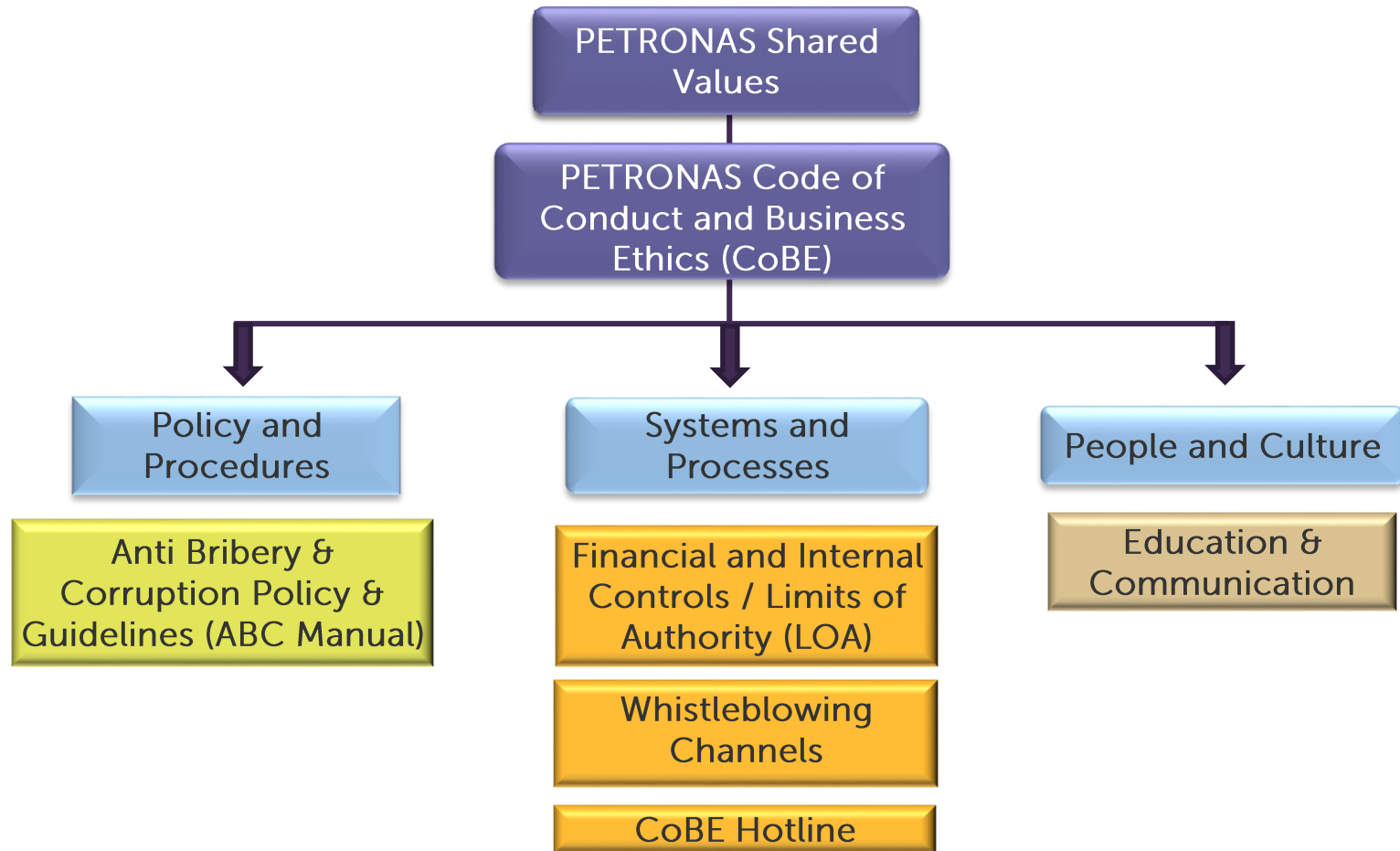
  
**Mohd Azanuddin Salleh**  
Managing Director  
SIRIM QAS International Sdn. Bhd.

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Tel : 603-5544 6464  
Fax : 603-5544 6707  
<http://www.sirim-qas.com.my>  
<http://www.sirim-qas.com.my>

This certificate is granted subject to the terms and conditions as stated in the Certification Agreement.



# The Board Governance And Risk Committee Had Endorsed The PICF On 26th November 2012



GUIDED BY THE SIX KEY PRINCIPLES OF "ADEQUATE PROCEDURES"

# PETRONAS ANTI BRIBERY MANAGEMENT FRAMEWORK

## LEADERSHIP & COMMITMENT

SHARED  
VALUES

PCB

COBE

ABC  
MANUAL

**CIO & GROUP  
INTEGRITY  
(ANTI-BRIBERY  
COMPLIANCE  
FUNCTION)**

**PRESIDENT/GCEO  
(TOP  
MANAGEMENT)**

**BGRC  
(GOVERNING  
BODY)**

**PLAN**

- PETRONAS INTEGRITY & COMPLIANCE FRAMEWORK
- POLICY & PROCEDURES
- PREVENTION INITIATIVES (ITB, GTC, DEED OF INTEGRITY)
- CONTRACTORS' ACKNOWLEDGEMENT OF ABC, SAP PORTAL
- BRIBERY RISK ASSESSMENT
- CORPORATE RISK PROFILE

**DO**

- DUE DILIGENCE
- (EMPLOYMENT & CONTRACTOR SCREENING (PDRM, MACC WEBSITE), MONEY LAUNDERING (BNM WEBSITE))
- FINANCIAL & NON-FINANCIAL CONTROL
- RAISING CONCERNS (WHISTLEBLOWING PROCESS)
- GIFT REGISTER
- INTEGRITY TRAINING & AWARENESS

**CHECK**

- ISO37001:2016 ABMS
- MANAGEMENT REVIEW
- EXTERNAL & INTERNAL AUDITS
- INTEGRITY SURVEY
- PETRONAS INTEGRITY KEY RESULTS AREA (PIKRA)

**ACT**

- NON CONFORMITY CORRECTIVE ACTIONS
- CONTINUAL IMPROVEMENT
- ENHANCEMENT INITIATIVES

**PROPORTIONATE  
PROCEDURES**

**RISK  
ASSESSMENT**

**DUE  
DILIGENCE**

**TRAINING &  
COMMUNICATION**

**MONITORING &  
REVIEW**

**THE MINISTRY OF JUSTICE'S GUIDANCE TO THE UK BRIBERY ACT 2010 –THE SIX KEY PRINCIPLES TO ENSURE “ADEQUATE PROCEDURES & GUIDELINES ON ADEQUATE PROCEDURES (PURSUANT TO SUBSECTION (5) OF SECTION 17A UNDER THE MALAYSIAN ANTI-CORRUPTION COMMISSION ACT 2009**



# 6 Principles Of “Adequate Procedures” Applications For PETRONAS

## Manifestation of Principles

### Proportionate Procedures

Code of Business Conduct (CoBE), Anti Bribery & Corruption Manual (ABC) , ISO37001:2016 Anti Bribery Management System (ABMS), Financial & Internal Control & Limit of Authority

### Top Leadership Commitment

PETRONAS Corporate Integrity Pledge (CIP), Corruption-free Pledge by PETRONAS Executive Leadership Team (ELT) and PETRONAS Board Governance Risk Committee (BGRC), Group Internal Audit, Board Audit Committee (BAC) Chief Integrity Officer (CIO) ,Group Integrity, PETRONAS Shared Value & PETRONAS Cultural Belief (PCB)

### Risk Assessment

Corruption Risk Management (CRM) and CRP Legal & Compliance –Risk Appetite :Zero Tolerance to Bribery & Corruption

### Due Diligence

Due diligence assurance review (internal and vendors) and investigations e.g. recruitment process, SAP

### Communication and Training

On going staffs and vendors trainings and communication sessions e.g. PIPE on- boarding, Corporate Integrity Advocacy Program (CIAP) & PETRONAS Vendors Integrity Program (PVIP)

### Monitoring and Review

PICF monitoring via PETRONAS Integrity Awareness Committee (PIAC) Reporting to PETRONAS Board of Governance & Risk Committee (BGRC), Whistleblowing Channel

# ISO 37001: BRIBERY RISK ASSESSMENT

**PETRONAS established bribery risk assessment system and processes through CRM to identify** issues with respect to bribery, abuse of power, falsification of documents, conflict of interest, money laundering and leakage of information regularly .The methodology of CRM is by identifying scheme, cause vs impact. Most risk identified are categorized as '**medium**' and '**high**' derived from key business activities which include; **Exploration and Production, Gas and Power, Downstream business, Logistic and Maritime and Procurement.** For the scope of ABMS, PICF was developed from CRM to address structured action plan .The CRM's notable features and advantages are:

## **Support top management strategic needs:**

- Adopt a top-down approach
- Focuses on strategic and significant corruption risks
- Focuses on areas of greatest importance and value

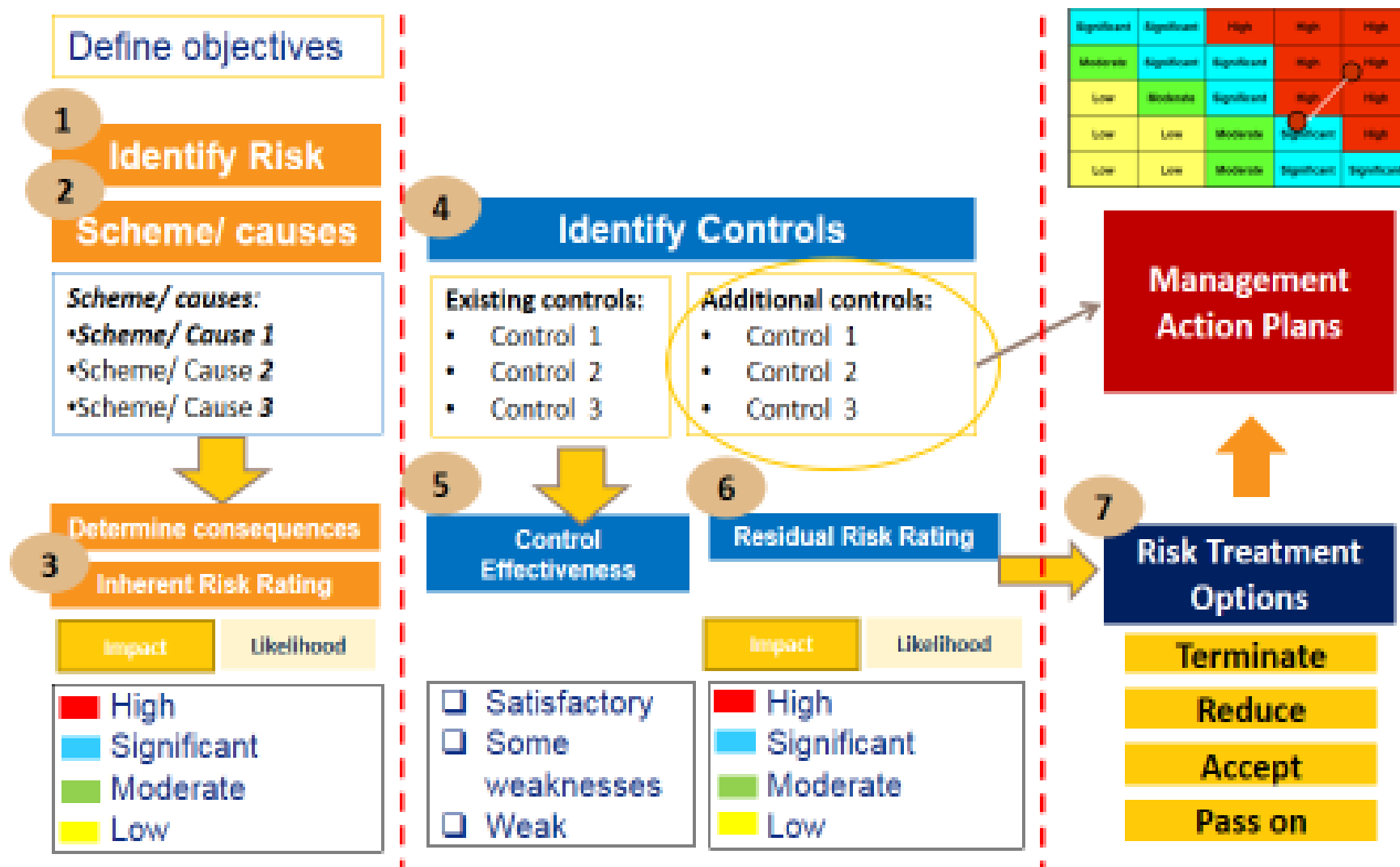
## **Practical approach and buy-in:**

- Involves "client" participation
- Draws on governance guidance

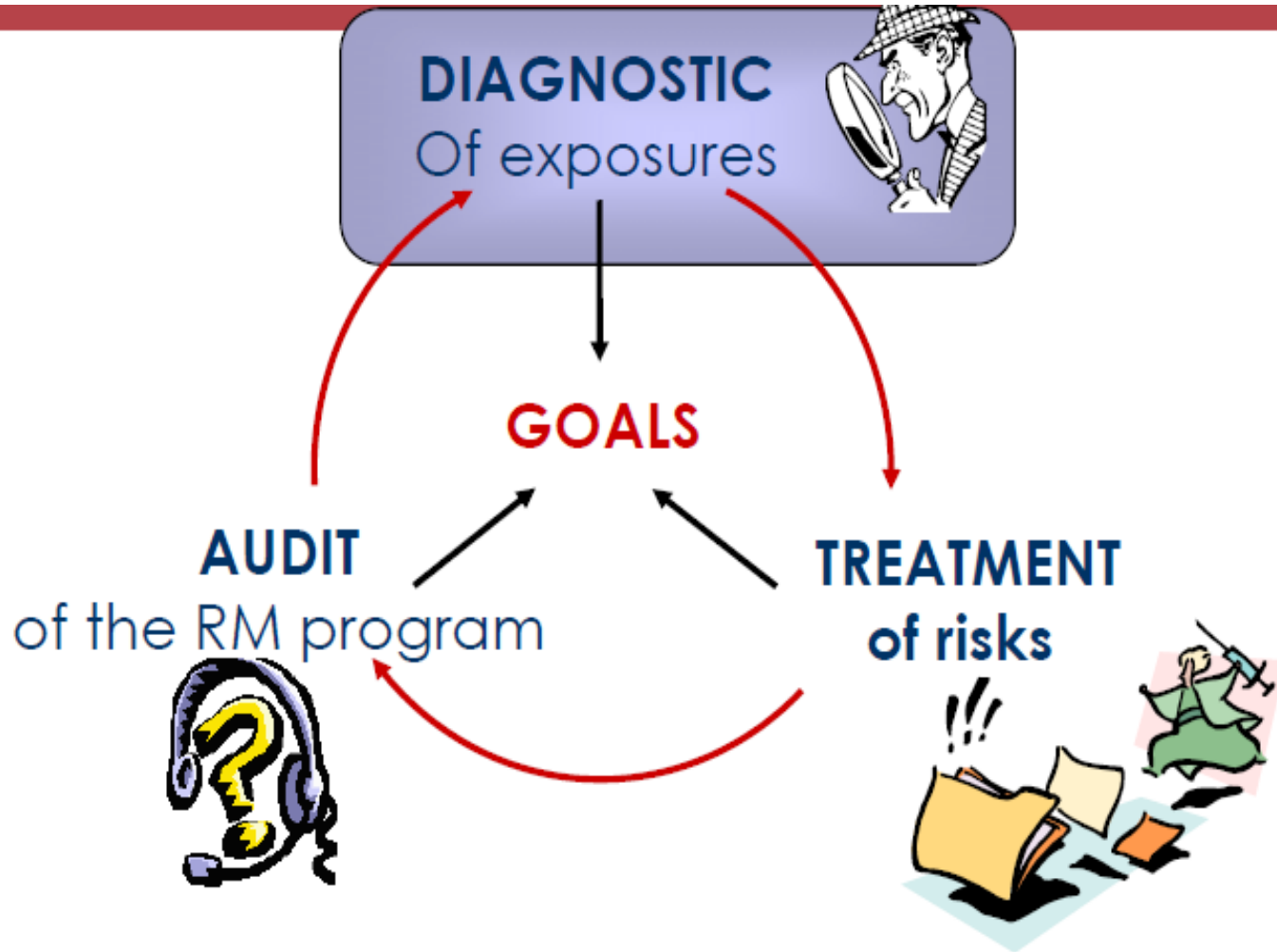
## **Adopt a more practical risk measurement approach:**

- Impact and likelihood measurement to rank corruption risks
- Developed based on international risk management principles and standards

# Corruption risk assessment process



# Managing INTEGRITY AND COMPLIANCE RISK



# STEPS IN ASSESSING CORRUPTION RISK

## Select Department

- Conduct analysis on Historical Integrity/ Corrupt GI,GIA,GRM,GP *BUs/OPUs/HCU*s ,

## Department Activities

- List all department activities

## Activities' Output

- List the output/ deliverables of each activities.

## Identify Problems and Impact

- List the problems that arise with regards to corruption.
- Impact is either Criminal or Governance and compromises either quality or time
- Persons included (internal employees, business partners, external stakeholders)

## Develop the Programme

- Design a comprehensive and balanced integrity programme that corresponds to the risks identified during the assessment process.
- Establish programme ownership and oversight.



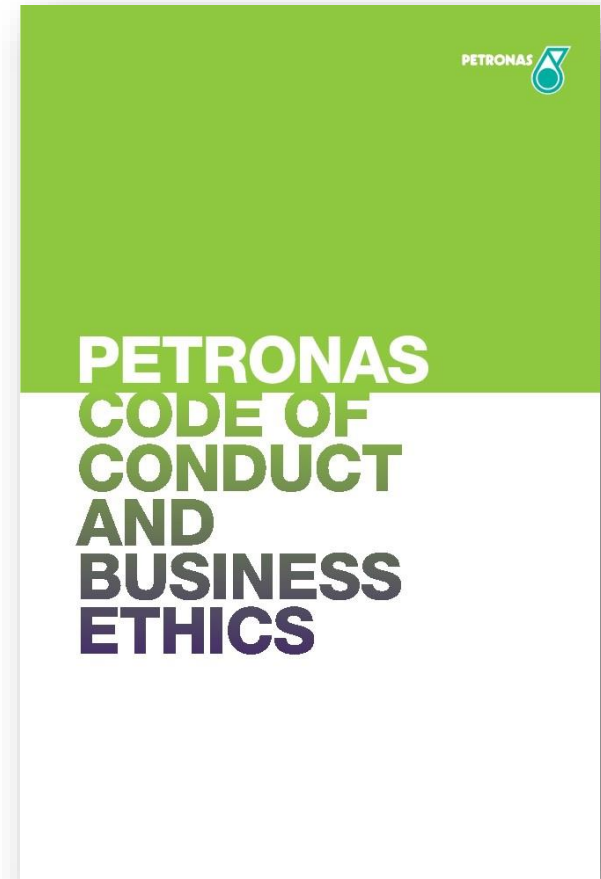


**PETRONAS**

# **PETRONAS ANTI-BRIBERY POLICY**

# PETRONAS Code of Conduct & Business Ethics ("CoBE")

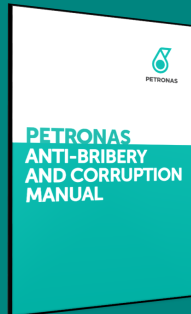
- Officially launched on 1st April 2012
- Objective: To ensure good corporate governance compliance and to instill ethical conduct on every PETRONAS employee domestically and worldwide.
- The CoBE is applicable to every employee and director (executive and non-executive) of PETRONAS Group Companies worldwide.
- PETRONAS expect that contractors, sub-contractors, consultants, agents and other third parties associated with the PETRONAS Group to comply with it in the relevant parts.



# HIGHLIGHTS OF CoBE

## **I. Anti-Bribery & Corruption Manual**

- **PETRONAS has a zero tolerance policy against all forms of bribery and corruption.**



## **II. PETRONAS "No Gift Policy"**

- **PETRONAS implemented the "No Gift Policy" on 1st April 2012.**



## **III. CSR Activities, Sponsorships and Donations:**

- **LEGITIMACY**
- **DUE DILIGENCE**
- **RED FLAGS**
- **ACCOUNTING BOOKS AND RECORDS;**
- **NOT to be used as cover up for BRIBERY**


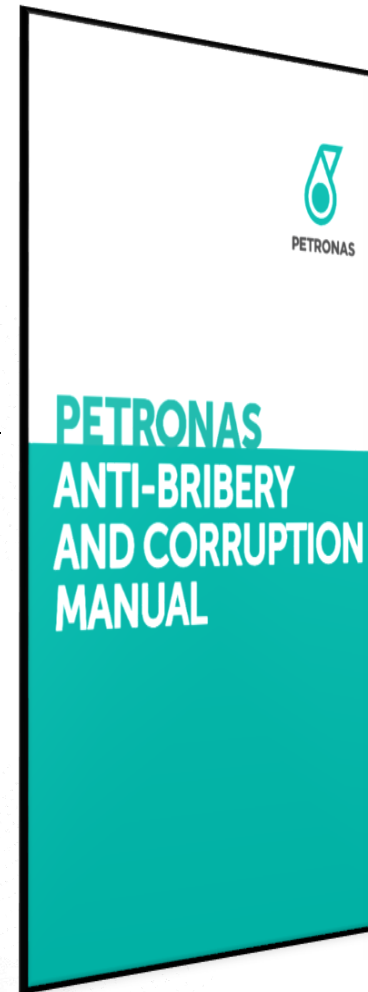
# The PETRONAS ABC Manual

## ABC Manual – To be Read Together with CoBE

Effective: 1<sup>st</sup> December 2013.

### Key Notes:

- **“Tone from the Top”** i.e. PETRONAS Zero Tolerance policy against all forms of bribery and corruption
- Policy statement and guidelines on how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business
- Applied globally across all jurisdictions wherever PETRONAS has operations
- **Each PETRONAS employee is bound by the ABC Manual**



PETRONAS

**PETRONAS**  
**ANTI-BRIBERY AND CORRUPTION MANUAL**  
**RECEIPT AND ACKNOWLEDGEMENT**

I, \_\_\_\_\_  
(Staff No: \_\_\_\_\_)

hereby confirm receipt of a copy of  
the PETRONAS Anti-Bribery and Corruption Manual  
which I acknowledge I am required to read and follow.

Signature : \_\_\_\_\_ Date : \_\_\_\_\_

# The PETRONAS ABC Manual

## Overview of the Manual

**PART 1:  
APPLICATION &  
DEFINITIONS**

**PART 2:  
GIFT,  
ENTERTAINMENT  
AND CORPORATE  
HOSPITALITY**

**PART 3:  
DEALING WITH  
PUBLIC OFFICIALS**

**PART 4:  
CORPORATE  
SOCIAL  
RESPONSIBILITY,  
SPONSORSHIPS &  
DONATIONS**

**PART 5: POLITICAL  
CONTRIBUTIONS**

**PART 6:  
FACILITATION  
PAYMENT**

**PART 7:  
MONEY  
LAUNDERING**

**PART 8:  
DEALING WITH  
3<sup>RD</sup> PARTIES**

**PART 9:  
RECRUITMENT OF  
EMPLOYEES**

**PART 10:  
PETRONAS  
WHISTLEBLOWING  
POLICY**

# ESSENTIAL ELEMENTS FOR SUCCESSFUL ABMS

- 1 ■ **Top Management Commitment**
- 2 ■ **Bribery risk assessment**
- 3 ■ **Anti-bribery culture**
- 4 ■ **Implementations of effective controls and monitoring**
- 5 ■ **Effective internal audits**
- 6 ■ **Effective investigation and corrective action process**

Internal

Open









**PETRONAS**



Thank you

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