

COUNTRY SUPPLEMENT:

IRAQ



PETRONAS

PETRONAS CODE OF CONDUCT AND BUSINESS ETHICS

The PETRONAS Code of Conduct and Business Ethics Country Supplement: Iraq is a specific reference for use in Iraq. It does not describe all applicable laws or PETRONAS policies, or give full details on any particular law or policy. It does not constitute legal advice. It does not constitute or create a contract of employment. PETRONAS reserves the right to modify, revise, cancel or waive any policy, procedure or condition, in accordance with the procedures established under Iraqi law. Moreover, the provisions of the Code may be modified by PETRONAS to adapt them to local laws and conditions, as permissible under Iraqi law.

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PART I: APPLICATION

1.1

The PETRONAS Code of Conduct and Business Ethics (the "CoBE") as supplemented by this Country Supplement for PETRONAS subsidiaries in Iraq, or any provision thereof shall form an integral part of your contract of employment. Unless otherwise expressly stated, this Country Supplement is intended to supplement and be read in conjunction with the CoBE and the CoBE Guide.

1.2

For the purposes of Part 1 paragraph 1.2 of the CoBE, the CoBE, the Country Supplement and CoBE Guide (collectively "**CoBE Documents**") are applicable to those employed by PETRONAS in Iraq, as well as PETRONAS' directors, third-party contractors, sub-contractors, consultants, agents, representatives and others performing work or services on behalf of PETRONAS in Iraq (collectively "**Covered Person**" or "**Covered Persons**").

1.3

Each Covered Person is expected to read, understand and become familiar with the CoBE Documents and, in particular, to comply with it in the relevant parts.

1.4

Any Covered Person who does not comply with the CoBE Documents is acting outside the scope of his or her employment or authority and will be subject to disciplinary action, up to and including termination. Covered Persons will comply with the CoBE Documents in the relevant parts when performing such work or services. Failure by a Covered Person to comply with the principles and standards set out in the CoBE Documents may result in the termination of the non-complying party's relationship with PETRONAS and other adverse consequences.

1.5

Part I paragraph 1.4 of the CoBE shall be deleted and be replaced by the following:

This Code is prepared in English and Arabic and may appear in other languages. In the event of a conflict of interpretation, the Arabic version will govern.

1.6

Deviating from the notice provided in the preface of the CoBE, in the foreword, and in Part I paragraph 1.7 of the CoBE shall be amended as follows:

In the event of any amendments or supplements to the CoBE Documents, you will be informed in good time. Any future amendments or supplements to the CoBE Documents will only be binding fifteen (15) days after we have published at the workplace or if you have acknowledged the relevant provisions in writing.

PART II: VARIATIONS TO THE PETRONAS CODE OF CONDUCT AND BUSINESS ETHICS

1. Solicitation, Bribery and Corruption

1.1

Part IIB Section 6 of the CoBE should be read in conjunction with the PETRONAS Anti-Bribery and Corruption Policy and Guidelines (**"PETRONAS ABC Manual"**).

2. Public Officials

2.1

In addition to the provisions set out in Part IIB Section 12 of the CoBE, you are also required to comply with the policies and procedures set out in the PETRONAS ABC Manual, subject to the requirements of applicable local laws.

2.2

Part IIB paragraph 12.8 of the CoBE shall be deleted and replaced by the following:

"For the purposes of this Code, the term "government official" includes any official, employee or worker who is entrusted with a public task in the service of the government or its official or semi-official agencies or agencies belonging to it or placed under its control. This includes the Prime Minister, his deputies and ministers and the members of representative, administrative and municipal councils. It also includes arbitrators, experts, creditors' agents (corporate representatives), official receivers, sequestrators, members of boards of directors, directors and employees of foundations, companies, corporations, organisations and institutions in which the government or any of its official or semi-official agencies has a financial interest in any capacity whatsoever. In general, he is any person who works in the public service either paid or unpaid, without limitation, candidates for public office, officials of any political party, and officials of state-owned enterprises other than PETRONAS."

3. Export And Import Controls, International Boycotts and Economic Sanctions Programme

3.1

Part IIC paragraph 15.3 of the CoBE shall be deleted and replaced by the following:

“You must not participate in or agree to boycott customers, suppliers or jurisdictions without proper authorisation from your Head of Department and in accordance with the applicable law. You should report any request to participate in an international boycott to your Head of Department, as some countries may require that such requests be reported by PETRONAS.

4. Inventions and Computer Programmes

4.1

Subject to the requirements of applicable law, the ownership of inventions, computer programmes or results of technological research made by you or to which you have contributed whilst working for PETRONAS or in the course of discharging your duties or employing PETRONAS resources, data and/or time, will be vested with PETRONAS. Nevertheless, subject to the requirements of applicable law, PETRONAS may reward you as it may deem appropriate, in its discretion.

PART III: CONDUCT TENDING TO JEOPARDISE DUTY OF GOOD FAITH AND FIDELITY

1. Serious Pecuniary Indebtedness

1.1

For the purpose of this Section, the term "serious pecuniary indebtedness" means the state of an employee's indebtedness which, having regard to the amount of debt incurred by him/her has actually caused financial hardship to him/her.

An employee will be deemed to be in serious pecuniary indebtedness where:-

- (a) he/she is a judgment debtor, for as long as the judgment sum remains unsettled; or
- (b) he/she is a bankrupt or an insolvent wage earner, for as long as he/she remains as a bankrupt or for as long as any judgment sum against him/her in favour of the Official Assignee remains unsatisfied, as the case may be.

1.2

Serious pecuniary indebtedness from whatever cause will be regarded as necessarily impairing the efficiency and effectiveness of an employee.

1.3

An employee will avoid habitual indebtedness unless he/she proves that such indebtedness or insolvency is the result of circumstances beyond his/her control and does not result from extravagances or dissipation.

1.4

Subject to the requirements of applicable law, an employee will be required to disclose the full extent of his/her serious pecuniary indebtedness to PETRONAS at the earliest opportunity when such indebtedness is known to him/her.

1.5

An employee who obtains an annulment of his/her bankruptcy may be treated as having fully restored his/her credit standing.

2. Borrowing Money

2.1

You may borrow from financial institutions licensed by the Central Bank of Iraq and insurance companies licensed by the Insurance Diwan or incur debt through acquiring goods by means of hire purchase agreements or other arrangements, provided that:

- (a) such financial institutions and insurance companies from which you borrow are not directly or indirectly subject to your official authority;
- (b) such borrowings do not lead to public scandal or be subject to construal that you have abused your position for our private advantage; or
- (c) the aggregate of your debts does not or is not likely to cause you serious pecuniary indebtedness as defined under Part III Section 1 above.

2.2

You may not borrow from any other person engaged in the business of money lending.

2.3

You must comply with the limitations on borrowing set out in the Code.

3. LIVING BEYOND OFFICIAL EMOLUMENTS AND LEGITIMATE PRIVATE MEANS

3.1

Where in the opinion of PETRONAS an employee is or appears to be:-

- (a) maintaining a standard of living which is beyond his/her official emoluments and other legitimate private means, if any; or
- (b) in control of or in possession of pecuniary resources or property, movable or immovable, the value of which is disproportionate to, or which could not reasonably be expected to have been acquired by the employee with his/her official emoluments and any legitimate private means.

Subject to the requirements of applicable law, PETRONAS may call upon the employee to explain in writing how he/she is able to maintain the said standard of living or how he/she acquired his/her pecuniary resources or property and also may be required to make declaration of his/her assets which may include assets belonging to his/her family/household. Such declarations as aforesaid should be made to your Human Resource Department.

3.2

Failure to make the asset declaration as required under Section 3.1 is viewed by PETRONAS as a lack of commitment on the part of the employee to uphold PETRONAS' policy on maintaining the highest standard of integrity, openness and transparency.

3.3

For the purpose of this Section, "assets" includes property of any description, whether movable or immovable, as may be prescribed by PETRONAS from time to time.

In respect of immovable property, assets include:-

- i. land, including land occupied under temporary occupation licence;
- ii. all types of residence such as houses, flats, apartments and condominiums; and
- iii. building, including a shop or portion of a shop, office space or stall.

In respect of movable property, assets include:-

- i. any form of cash wherever deposited or retained;
- ii. shares, stocks, debentures, bonds or other securities;
- iii. any form of trade, business or commercial licence permits; and
- iv. any other movable property, including all types of motor vehicles, jewellery, club memberships, household furniture and sports equipment.

PART IV: INFORMATION SECURITY

You must comply with the PETRONAS Information Security Policy in effect from time to time.

PART V: WORKPLACE CULTURE AND ENVIRONMENT

1. Absence Without Leave or Without Reasonable Cause

1.1

An employee who is absent will, at the earliest opportunity, inform the officer of PETRONAS to whom he/she reports of his/her absence and the cause for his/her absence.

1.2

Where the absence without leave and without reasonable excuse is for ten (10) consecutive working days or thirty (30) non-consecutive working days, the employee will be deemed to have breached his/her contract of service with PETRONAS.

1.3

Where an employee is absent for more than five (5) consecutive working days or twenty (20) non-consecutive working days without reasonable excuse, as soon as possible thereafter a notice will be published on the company notice board and a warning letter will be sent to the employee's last known address via registered mail requiring him/her to provide explanation for his/her absence. Upon a lapse of five (5) additional continuous days of absence or ten (10) additional non-consecutive days of absence after posting of the said warning letter, if nothing is heard of him/her or no satisfactory explanation is given by him/her, then the said employee is deemed to have broken his/her contract of service and in such circumstances PETRONAS will have the right to terminate his/her service. In addition, PETRONAS will be entitled to recover from the former employee concerned all sums due from the employee to PETRONAS. Additionally, the employee's contract may be terminated after notice of termination is given after 20 non-consecutive days of absence, subject to the disciplinary process, if he/she is absent from work for thirty (30) non-consecutive days in a year.

2. Dress Code

2.1

All employees should be neatly, appropriately and decently attired during office working hours. Provocative and improper attire is not allowed.

2.2

All employees are permitted to wear smart casual attire to work on Smart Casual Day which is applicable on every **Friday** (for employees working from Monday to Friday) or **Thursday** (for employees working from Sunday to Thursday) or any other day identified by PETRONAS.

2.3

You must at all times comply with PETRONAS policies and guidelines relating to Dress Code in effect from time to time.

2.4

Male Employees

- (a) All male employees must wear long sleeved shirts with the exception of Smart Casual Day, when short sleeved shirts are allowed. Shirts must be tucked in.
- (b) Male executives are no longer required to wear neck ties to work except when required to do so for official business meeting and/or functions.

- (c) Casual printed shirts, T-shirts, sweatpants, jeans, exercise pants, track bottom, all types of shorts, and any spandex or form fitting pants, such as cycling shorts, are not allowed.

- (d) Footwear must be appropriate and suitable. Slippers, flat sandals/ slip-ons, loafers, thongs, flip-flops, sport shoes, athletic shoes, sneakers, rubber boots or clogs are not allowed. Exemption is given for those with medical reasons.

2.5

Female Employees

- (a) Female employees will wear attire which is appropriate and suitable for an office working environment. The length of skirts must not be above the knee.

- (b) Female employees are allowed to wear office-appropriate pant suits. Jeans and shorts are not allowed.

- (c) Footwear must be appropriate and suitable. Slippers, flat sandals and sport shoes are not allowed. Exemption to wear flat sandals is given to pregnant employees and for those with medical reasons.

2.6

Uniformed Employees

All uniformed employees must wear their designated uniforms at all times.

2.7

Other Forms of Attire

Attire, other than those specified above, including the specified types of shoes, may be worn during office hours if it is a requirement of the job and said attire is approved by your Head of Department

2.8

Cross Dressing

Cross-dressing is not allowed.

2.9

Dress Code for Official Functions

Employees must be appropriately attired in accordance with the dress requirements for a particular function. In the absence of any specific requirement, the employee must follow the PETRONAS Dress Code.

2.10

Hair for Male Employees

Hair should be neat. The length should be above the collar.

2.11

For the Purpose of this Section:

“Cross-dressing” means when a male employee dresses or makes himself up as a female or when a female employee dresses or makes up herself as a male.

“Neat and appropriate attire” means decent, suitable, smart and professional attire.

“Provocative or Improper attire” means inappropriate and unsuitable office attire. This includes transparent or tight clothing, body hugging shirts/blouses/knitted blouses, low cut collar/necklines, bareback dresses, tight skirts/slacks/pants, high slit skirts/sarongs that reveal the thighs and short skirts.

PART VI: DISCIPLINARY PROCESS AND SANCTIONS

1. Disciplinary Process

1.1

Where the circumstances warrant, PETRONAS may suspend an employee on full pay pending the investigation and/or inquiry into alleged acts of misconduct committed by the employee.

1.2

If the investigations reveal concrete and cogent evidence in support of the alleged misconduct, PETRONAS may institute disciplinary action against the said employee.

1.3

Please refer to your Human Resource Department for the disciplinary policy, process and grievance procedures applicable to you, as amended from time to time.

2. Disciplinary Punishments

The Punishing Authority may after due inquiry impose any or a combination of the following punishments against the employee, at the conclusion of the disciplinary procedure:

- i. Warning, through written notice to the employee regarding the misconduct that the employee had committed, and warning the employee against breaching his/her duties in the future;
- ii. suspension with or without pay from work for a period of not more than three (3) days;
- iii. withhold the employee's increment as determined by the Punishing Authority for the year in which the misconduct was committed, for a period of not more than one hundred and eighty (180) days, subject to the employee being eligible to a salary increase as provided in the employment contract and the Labour Code;
- iv. non-payment of bonus or ex-gratia;
- v. downgrading or demoting the employee which may include a decrease in wages in accordance with the demotion, in accordance with the procedures established under Iraqi law;

- vi. termination/dismissal from work in accordance with the procedures established under Iraqi law.

3. Punishing Authority

For the purpose of this Part VI, "Punishing Authority" shall refer to the officer of PETRONAS who has been given the authority to mete out punishment against an employee as provided by the Human Resource Management Limits of Authority. In the event the Punishing Authority is considering dismissal as a form of punishment at the conclusion of the disciplinary procedure then a representative from the Ministry of Labour and Social Affairs shall be present.

4. Appeal Procedure

4.1

An employee who is aggrieved by the decision of a disciplinary action has the right to appeal in writing to the Committee for Termination of Service ("CTS") or the labour court within thirty (30) days from the date of service or posting of the letter communicating the decision of the Punishing Authority in cases of termination/dismissal from work. In all other instances, an employee has the right to appeal in writing to the labour court within fifteen (15) days.

4.2

The Appeal Authority is to consider the grounds of appeal set out in the letter of appeal and is required to conclude whether to dismiss the appeal or to allow the appeal by either:

- (a) reversing the finding of guilt; or
- (b) reducing the punishment.

4.3

The Appeal Authority shall consider the appeal on the basis of the written submissions by the aggrieved employee and also after considering the report of the Domestic Inquiry and the grounds for the decision as made by the panel of the Domestic Inquiry.

4.4

For the purpose of this Section, "Appeal Authority" shall refer to the officer of PETRONAS who has been given the authority to consider and decide on appeal as provided by the Human Resource Management Limits of Authority.

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