



PETRONAS

# PETRONAS Code of Conduct and Business Ethics

Country Supplement:  
**BRAZIL**

The PETRONAS Code of Conduct and Business Ethics Country Supplement: Brazil is a specific reference for use in Brazil. 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 without notice and without revision of the PETRONAS Code of Conduct and Business Ethics. Moreover, the provisions of the Code of Conduct and Business Ethics may be modified by PETRONAS to adapt them to local laws and conditions.

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# Country Supplement: **Brazil**

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## **A - Variations to the PETRONAS Code of Conduct and Business Ethics**

### **Part I: Core Values and Culture**

#### **1. Application**

**1.1** The PETRONAS Code of Conduct and Business Ethics (the “**Code**” or “**CoBE**”), the PETRONAS Code of Conduct and Business Ethics Country Supplement for Brazil (“**Country Supplement**”) and the PETRONAS Code of Conduct and Business Ethics Guide (“**CoBE Guide**”) are applicable to PETRONAS group companies in Brazil. 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** The CoBE, Country Supplement and CoBE Guide (collectively “**CoBE Documents**”) are applicable to those employed by PETRONAS in Brazil, as well as to every director (executive and non-executive) for those companies, third party contractors, sub-contractors, consultants, agents, representatives and other service providers performing work or services on behalf of PETRONAS (collectively “**Covered Person**” or “**Covered Persons**”) in Brazil.

Each Covered Person is expected to read, understand and become familiar with the CoBE (as supplemented by this Country Supplement) and, in particular, to comply with it in the relevant parts.

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**1.3** Part I paragraph 1.4 of the CoBE shall in Brazil be deleted and replaced with the following:

"The CoBE (as supplemented by this Country Supplement) is prepared in both English and Portuguese and may appear in other languages. In the event of any conflict, the Portuguese version will prevail."

**1.4** Part I paragraph 1.6 of the CoBE shall in Brazil be deleted and replaced with the following:

"If there is any conflict between the local law and the rule or policy set out in the CoBE (as supplemented by this Country Supplement), you should comply with the law. However, if there is any conflict between the local custom and the rule or policy set out in the CoBE (as supplemented by this Country Supplement), you are called upon to comply with the CoBE (as supplemented by this Country Supplement). If you perceive that a provision of the CoBE (as supplemented by this Country Supplement) conflicts with the law in your jurisdiction, you are advised to consult with your HoD, HR Department, the LCD, or your PETRONAS contact person (as the case may be) rather than disregard the Code (as supplemented by this Country Supplement) without consultation."

**1.5** Any employee who does not comply with the CoBE (as supplemented by this Country Supplement) is acting outside the scope of his or her employment or authority and will be subject to disciplinary action, up to and including dismissal with justified cause, subject to the requirements of applicable law.

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- 1.6** Covered Persons performing work or services for or on behalf of PETRONAS group companies will comply with the relevant parts of the CoBE Documents when performing such work or services. Failure by a contractor, sub-contractor, consultant, agent, representative or other service providers to comply with the principles and standards set out in the CoBE Documents may result in the termination of the Covered Person's relationship with PETRONAS and other adverse consequences.
- 1.7** The CoBE Documents neither constitute, nor should be construed to constitute, a contract of employment for a definite term or a guarantee of continued employment.
- 1.8** For the purposes of Part 1 paragraph 1.7 of the CoBE, PETRONAS reserves the right to modify, revise, cancel or waive the provisions of the CoBE Documents from time to time at PETRONAS' sole discretion. In the event of any amendments, you will be informed in good time.
- 1.9** In the event of a conflict between the CoBE (as supplemented by this Country Supplement) and your contract of employment, letter of appointment, statement of work or equivalent document, your contract of employment, letter of appointment, statement of work or equivalent document shall prevail.

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## 2. Definitions

- 2.1** Part I paragraph 3.4 of the CoBE shall in Brazil be deleted and replaced with the following:

“For the purposes of this Code (as supplemented by this Country Supplement), the term “employee” means any person who has entered into or works under a contract of employment with PETRONAS (whether express, implied, oral or in writing), that is governed by the Brazil’s Labour Law (CLT), including but not limited to executives, non-executives, secretaries, secondees and individuals on direct hire.”



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## Part II: Duties of Good Faith, Fidelity, Diligence and Integrity

### Part IIA: Conflict of Interest

#### 1. Involvement in Business Where You or Your Family/ Household Have a Direct or Indirect Interest

**1.1** Part IIA Section 2 of the CoBE shall in Brazil be deleted and replaced with the following:

**"2.1**

You are deemed to have a conflict of interest when you, the members of your family/household and your or their nominees and trustees, and any account or entity over which you or they have influence or control, promote the formation of any business, firm, corporation, or company and/or own, either directly or indirectly, shares or other forms of beneficial interest (hereinafter referred to as "Equity") including but not limited to:

- a) Privately held entities which derive any income or receive any payment from contractual or other business arrangements with PETRONAS;
- b) Privately held entities listed in PETRONAS' lists of registered contractors, even if the entities concerned do not derive any income or receive any payment from contractual or other business arrangements with PETRONAS; and/or
- c) Publicly held entities in which you or a member of your family/household holds an ownership interest and with respect to which you have the authority to make decisions in the course of your work at PETRONAS."

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## Part IIB: Fighting Corruption and Unethical Practices

### 1. Solicitation, Bribery and Corruption

**1.1** In addition to the general duties regarding fighting corruption and unethical practices as set out in Part IIB Section 6 of the CoBE, it is essential that all Covered Persons comply with Brazil's Anti-Corruption Act and the Administrative Improbity Act, as amended from time to time, as these laws impose administrative and civil sanctions on companies and legal entities. Brazil has strict laws prohibiting bribery of public officials.

**1.2** For the purposes of Part IIB Section 6 of the CoBE, the following shall apply to all Covered Persons in Brazil:

- a) You are prohibited from engaging a third party or legal entity to conceal or disguise their actual interests or the identity of the beneficiaries from the tortious acts;
- b) You are prohibited from funding, supporting, sponsoring, or otherwise subsidising the commission of any of the illicit acts as set out in the Brazilian Anti-Corruption Act;
- c) You are prohibited from frustrating or defrauding – by means of arrangement, concerted actions, or other measures – the competitive nature of government procurement procedures;
- d) You are prohibited from thwarting, impairing, or defrauding any public procurement activities;
- e) You are prohibited from excluding or seeking to exclude a bidder, by fraudulent actions or by offering any advantage of any kind;

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- f) You are prohibited from engaging in any fraudulent activities aimed at manipulating a public procurement process or its ensuing contractual agreements;
  - g) You are prohibited from establishing, in a fraudulent or irregular manner, a legal entity for the purpose of participating in public procurement or entering into administrative contracts;
  - h) You are prohibited from obtaining an undue advantage or benefit, in a fraudulent manner, from amendments to or extensions of contractual agreements executed with the public administration, without authorisation prescribed in law, in the public procurement notice, or in the corresponding contractual instruments; or
  - i) You are prohibited from manipulating or defrauding the original economic and financial conditions of contractual agreements executed with the public administration; and
  - j) You are prohibited from hampering investigations or inspections by government bodies, entities, or officials, or interfering with their activities, including at the level of regulatory agencies and inspection bodies of the national financial system.

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## **2. Public Officials**

- 2.1** In addition to the prohibitions as set out in Part IIB Section 12 of the CoBE when dealing with public officials, it is essential that all Covered Persons comply with Brazil's Anti-Corruption Act and the Administrative Improbability Act, as amended from time to time, as these laws impose administrative and civil sanctions on companies and legal entities. Brazil has strict laws prohibiting bribery of public officials.

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### **3. Money Laundering and Counterparty Due Diligence**

- 3.1** Part IIB paragraph 13.2 of the CoBE shall in Brazil be deleted and replaced with the following:

“In this part, “money laundering” is defined by Brazilian Anti-Money Laundering Laws as the act of concealing or disguising the true nature, origin, location, disposition, movement, or ownership of assets, goods, rights and valuables arising directly or indirectly from a criminal offence”.

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## **Part IIC: National and International Trade**

### **1. Antitrust/Competition Law**

- 1.1** In addition to the general duties regarding compliance with all applicable competition laws as set out in this Part IIC Section 14 of the CoBE, it is essential that all Covered Persons be aware of Brazilian Competition Act, as amended from time to time, and to ensure compliance.

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## Part IID: Assets of PETRONAS

### 1. Responsibility for Assets, Facilities, Resources and Records

- 1.1** Part IID paragraph 16.4 of the CoBE shall in Brazil be deleted and replaced with the following:

“Subject to applicable laws, PETRONAS is authorised to deduct from your salary the amount corresponding to the assets belonging to PETRONAS or which are under your responsibility, that have been damaged or made unusable by you, or any other amounts corresponding to damages or losses caused to PETRONAS, due to the irregular use, provided that you have acted negligently or with willful misconduct. Within the limits of applicable law, PETRONAS may at its discretion take action against you considered appropriate by PETRONAS, including reporting you to the public authorities.”

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## **Part IIF: Confidentiality Obligations/Intellectual Property/ Public Communications**

### **1. Confidentiality Obligations**

- 1.1** Part IIF paragraph 18.4 of the CoBE shall in Brazil be deleted and replaced with the following:

“PETRONAS may, at its sole discretion, request that you observe certain post-termination restrictive covenants. Any non-competition, non-solicitation and/or confidentiality obligations that are applicable to you, shall be expressly set out in your contract of employment, separation agreement or any other equivalent document.”



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## 2. Inventions and Computer Programmes

- 2.1** Part IIF paragraph 21.2 of the CoBE shall in Brazil be deleted and replaced with the following:

“Subject to the requirements of applicable law, the ownership of intellectual property created 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 in PETRONAS. Nevertheless, subject to the requirements of applicable law, PETRONAS may reward you as it may deem appropriate, in its discretion. Should any intellectual property rights do not originally belong to PETRONAS under existing laws, you irrevocably and definitely assign and transfer, and agree to perform any and all acts that may reasonably be necessary in order to assign and transfer to PETRONAS all intellectual property rights and to the extent assignable, according to the law, any and all moral rights that you may have in or with respect to any of the intellectual property. Nevertheless, subject to the requirements of applicable law, PETRONAS may reward you as it may deem appropriate, in its discretion.

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## Part IIG: Conduct Contrary to Duty to Serve Diligently

### 1. Outside Employment or Business Activities

- 1.1** Part IIG paragraph 27.3 of the CoBE shall in Brazil be deleted and replaced with the following:

“Any permission granted may be withdrawn at any time if such other employment or activity is of a competitive nature or is otherwise harmful for the legitimate interests of PETRONAS or is contrary to the fundamental ethical principles of PETRONAS. Failure to fulfill your employment responsibilities at PETRONAS may result in disciplinary action being taken against you. In such an event, PETRONAS will be deemed fully indemnified by you and will not be held liable for any repercussion arising from such decision to withdraw the permission so granted before.”

### 2. Public Service, Recreational, Sports, Union and Community Activities

- 2.1** Part IIG paragraph 28.2 of the CoBE shall in Brazil be deleted and replaced with the following:

“The general rule is that if a PETRONAS employee is invited to serve on local bodies, or as an appointed or elected club official (if applicable), the employee is required to obtain the approval from his or her HoD in consultation with HR Department immediately upon being so appointed or elected and must be able to balance the outside activities with his or her full-time PETRONAS employment. The employee must be able to discharge his or her dual responsibilities satisfactorily, both in respect of the time taken up by the outside activity and the nature of his or her full time duties. At all relevant times, the employee must ensure that his or her duties and obligations to PETRONAS, as well as the interests of PETRONAS are not compromised.”

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### 3. Political Activities

- 3.1** Part IIG paragraph 29.1 of the CoBE shall in Brazil be deleted and replaced by the following:

“PETRONAS does not support political parties or individual politicians and does not take part in political activities or party politics.

However, PETRONAS recognises that employees, in their capacity as citizens, may wish to involve themselves in legitimate political activities. While PETRONAS does not wish to discourage employees from doing so, in order that PETRONAS can avoid involvement or identification with any political party, employees are required to use their off-duty time, or annual leave entitlement, subject to prior approval of such leave application, for such matters and they are not to make any representations that their involvement is on behalf or with the support of PETRONAS.”

- 3.2** Part IIG paragraph 29.2 of the CoBE is not applicable in Brazil.

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## 4. Participation in Media

- 4.1** Part IIG paragraph 31.1 of the CoBE shall in Brazil be deleted and replaced with the following:

“An employee may participate in any form of advertisement or broadcasting whether in the newspapers, magazines, radio or television or any other media, provided that the employee does not reveal confidential information belonging to PETRONAS and/or these activities do not involve PETRONAS, whether directly or indirectly, and/or do not adversely affect the reputation of PETRONAS.”

- 4.2** Part IIG paragraph 31.2 of the CoBE shall in Brazil be deleted and replaced with the following:

“PETRONAS encourages employees to contribute literary or academic articles to any publications (for example newspapers, magazines or journals), provided that the employee does not reveal confidential information belonging to PETRONAS and/or these activities do not involve PETRONAS, whether directly or indirectly, and/or do not adversely affect the reputation of PETRONAS.”

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## Part III: Workplace Culture and Environment

### 1. Sexual Harassment

- 1.1** Part III paragraph 5.2 of the CoBE shall in Brazil be amended as follows:

“The act of sexual harassment, unsolicited and unwarranted sexual overtures and advances will be treated as acts of misconduct and may trigger termination of employment with cause.”

- 1.2** Part III paragraph 5.3 of the CoBE shall in Brazil be deleted and replaced with the following:

“For the purpose of this Section 5, sexual harassment is defined by the Brazilian Criminal Code as the use of one’s authority to coerce or solicit sexual favours from others. The Brazilian Criminal Code further defines the offence of “indecent assault” which constitutes sexual harassment, as the act of performing a lewd act against someone and without their consent for the purpose of gratifying one’s own or another’s sexual desire.

Depending on the circumstances, a situation of harassment may be deemed as a “moral harassment” includes hostile work environment harassment (without regard to sex), workplace bullying and intentional infliction of emotional distress.”

- 1.3** PETRONAS may take disciplinary action against any employee who have demonstrably sexually harassed others, including terminating his/her employment with cause.

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## 2. Substance Misuse (Drug and Alcohol Abuse)

- 2.1** Part III paragraph 8.2 of the CoBE shall in Brazil be deleted and replaced with the following:

“To ensure adherence to this policy, PETRONAS may conduct testing and searches for substances of misuse in accordance with its policies and subject to the requirements of applicable laws.

Any persons covered by this Code who are found to have unauthorised possession of any substance of misuse or who test positive for any substance of misuse are considered to have committed an act of misconduct which may render them liable for disciplinary action, including termination. Subject to local laws in the jurisdiction of operation, employees are required to consent to testing and searches conducted by any persons or laboratory authorised by PETRONAS by signing relevant documents issued by PETRONAS. Further, employees who undergo such testing must give consent to the release of the results to PETRONAS”.

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### 3. Workplace Bullying and Harassment

**3.1** Part III paragraph 10.5 of the CoBE shall in Brazil be amended as follows:

“The examples provided below illustrate instances of Workplace Bullying and Harassment and are considered as acts of misconduct. In the most severe cases, they may even be deemed criminal offences under the prevailing laws in Brazil:

- a) Verbal bullying: Slandering, ridiculing or maligning a person or his or her family; persistent name calling or using that person as a joke that is hurtful, demeaning, insulting or humiliating, abusive and offensive remarks.
- b) Physical bullying: Pushing, shoving, kicking, poking, tripping, assault or threat of physical assault, damage to a person’s work area or property.
- c) Gesture bullying: Non-verbal threatening gestures, glances or expressions that can convey threatening messages or hostility.
- d) Exclusion: Socially or physically excluding, isolating or disregarding a person in work-related activities.
- e) Cyber bullying.
- f) Ill-treating others: Using one’s position to ill-treat or abuse others.
- g) Defaming, humiliating or discrediting others.”

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## **4. Absence Without Leave Or Without Reasonable Cause**

- 4.1** 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.
- 4.2** Where the absence without leave and without reasonable excuse is for a period of thirty (30) calendar days, counting from the first day of absenteeism, should said employee not make contact or provide reasonable explanation thereto, the employee will be deemed as having abandoned his/her work and PETRONAS shall have the right to terminate the employment for cause, pursuant to Brazil's Labour Law (CLT)".
- 4.3** Where an employee is absent for more than fourteen (14) consecutive working days without reasonable excuse, as soon as possible thereafter a registered letter will be sent to the employee's last known address requiring him/her to return to work. Upon a lapse of seven (7) days after posting of the said registered letter, another one will be sent. If nothing is heard of him/her or no satisfactory explanation is given by him/her throughout the following ten (10) days after posting of the last letter, the said employee shall be deemed to have breached the employment relationship, and under said circumstances, PETRONAS shall have the right to terminate the employment contract with cause, subject to the requirements of applicable laws, which among other legal requisites are those published in a mainstream publication that deals with absenteeism. In addition, PETRONAS reserves the right to recover from the former employee concerned all sums due from the employee to PETRONAS.



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## Part IV: Discipline, Disciplinary Process And Sanctions

### 1. Disciplinary Process and Sanctions

**1.1** Part IV paragraph 1.3 of the CoBE shall in Brazil be deleted and replaced by the following:

“Subject to the requirements of applicable law, the following shall constitute acts of misconduct for which an employee may be liable for disciplinary action, including termination with cause, as provided under Brazil’s Labour Law (CLT):

- (i) dishonesty, wrongdoing or lack of self-control;
- (ii) direct or indirect competition with the employer or with its activities;
- (iii) criminal conviction, except where the sentence is suspended;
- (iv) dereliction of duties;
- (v) habitual intoxication on duty;
- (vi) breach of business secrecy;
- (vii) acts of indiscipline or insubordination;
- (viii) abandonment of work;
- (ix) habitual gambling;
- (x) acts during work that damage the reputation or honour of another person, or cause physical injury to another person, except in legitimate self-defence or the defence of someone else;
- (xi) acts at any time that damage the reputation or honour of the employer or an organisational superior, or cause physical injury to such a person, except in legitimate self-defence or the defence of someone else;
- (x) loss of the qualification necessary for the exercise of a profession, as a result of the willful conduct of the employee; and
- (xi) acts detrimental to national security duly proved.”

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- 1.2** Part IV paragraph 1.4 of the CoBE shall in Brazil be deleted and replaced by the following:

“The above list constitutes acts of misconduct that may trigger termination for cause as set out under Brazil’s Labour Law (CLT), subject to amendments from time-to-time. For the avoidance of doubt, the said list does not detract from the meaning of misconduct as set out in Section 1.2 of Part IV above.”

- 1.3** Part IV paragraph 1.5 of the CoBE shall in Brazil be deleted and replaced by the following:

“Subject to the requirements of applicable law, disciplinary action may be taken against an employee for misconduct or for non-compliance or for such non-compliance with such laws, regulations, rules and procedures.”

- 1.4** Where the circumstances warrant, PETRONAS may suspend an employee, for a period not exceeding thirty (30) calendar days, pending the investigation and/or inquiry into alleged acts of misconduct committed by the employee.

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

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## 2. Disciplinary Punishments

**2.1** Subject to the requirements of applicable laws, PETRONAS has an internal disciplinary process in place, which stipulates the types of infringement that has been committed, and the requisite punishment to be imposed against the employee after due inquiry, namely:

- i. verbal warnings;
- ii. written warnings;
- iii. suspension without pay for a period not more than thirty (30) calendar days;
- iv. dismissal (with just cause or fair dismissal).

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## **B - Conflicts**

In the event that any of the provisions in this Country Supplement and the CoBE shall be inconsistent, ambiguous and contradict with one another, the provisions of this Country Supplement shall prevail.

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