

COMPLIANCE

In the Oil & Gas Sector

Trends & Challenges 2022



COMPLIANCE AGENDA – April 21st

01. STARTING POINT / BASELINE

02. TRENDS

03. CHALLENGES

A. STARTING POINT BASELINE

1. COMPLIANCE

ETHICS & COMPLIANCE SYSTEM

OBJECTIVE

- *Regulations*
- *Laws*
- *Legal Standards*
- *Rights & Duties*
- *By Laws*

SUBJECTIVE

- *Values*
- *Principles*
- *Aspirations*
- *Belief*
- *Best Practices*
- *Culture*

2. SCENARIO

**VERY
SPECIFIC**

+

**HIPER
REGULATED**

- Dynamism of markets and new trends.
- Regulators approach to a number of key issues.
- Companies exposed to different jurisdictions, consequently varied/different regulation.
- Profuse regulation.
- COVID.
- Politics.

Geopolitics
Supply Chain *Ransomware*
Sustainability
AML *Corruption & Bribery*
Accurate Books & Records
Free & Fair Trade
Sanctions **Culture** *Safe Workplace*
Human Rights *Third Parties* *Cybersecurity*
Diversity & Gender
Transparency **ESG**
Trade & Export Compliance

3.

THE AGENDA

← **DECISION MAKING PROCESS** →



B. TRENDS

1.

Data Privacy

- Extensive legislation to regulate Companies use of personal data (US, EU, even China).
- Patchwork of legal obligations will continue to grow in complexity, and costs.
- Not only refer to internal actors, but also include customers, contractors.
- Companies are asked to establish and maintain reasonable mechanisms and security measures for data protection.

**Management and boards of Companies that operate in multiple jurisdictions should pay particular attention to their compliance obligations with an eye on how these laws interact.*

2. Cybersecurity & Ransomware

- Corporate disclosures and internal controls of cyber incidents.
- Not only misstatements and omissions of cyber incidents but also failure to implement/institute reasonable controls/mechanisms to prevent them.

**Public Companies need to be very accurate about their disclosures and ensure that in the wake of a cyber incident they be able to demonstrate that they followed well established protocols, and timely disclosed materials.*

3.

Sanctions

- Formal, written compliance programs that include management commitment to sanctions compliance, risk assessment, internal controls, periodic testing and auditing and sanction related training.

Oil & Gas Companies should enhance their internal monitoring and compliance protocols for ESG targets and anticorruption.

4. ESG

- **Structural process changes.**
- **Investment in technology and tools to enable digital collaboration.**
- **Increased flexibility in meeting agendas.**
- **Establishment of Crisis Management Committees.**
- **New Crisis Management Processes and Procedures**

5.

COVID

TAKE AWAY

As a consequence of their relevance, new issues are becoming key issues and part of decision-making processes; This means Board & management must be acquainted and involved in such issues

Balance between what the Company must/can do and the regulator enforcement/compliance with regulator

Financial impact of complying/not complying

Responsibility of Board and Management: Duty of Care and Duty of Loyalty

Size/Specificities of a Company

Revision of policies and procedures to comply with regulation

C. CHALLENGES

ETHICS & COMPLIANCE SYSTEM



Limitation
Obstacle
Restriction

THE MYTH
LOOK & FEEL

Guiding concept/principle of the organization

#TOP

- *Search for Opportunities*
- *Set the Organization Strategy*
- *Create Value in Decision Marking*

WHAT? THE VISION

TWO SIDES OF SAME COIN

- ✓ *Objective/Subjective*
- ✓ *Inside/Outside; Internal/External; Employees/Third Parties.*
- ✓ *Voluntary/Mandatory*



ADD VALUE TO THE ORGANIZATION



HOW ? THE APPROACH

- ✓ Active (rather than reactive) approach.
- ✓ Plan ahead – Steps forward.
- ✓ Set up a general system of policies and procedures.
- ✓ Mechanisms for continuous monitoring for policies & procedures and regulators trends.
- ✓ Communication & Trainings.
- ✓ Know your “internal customer”: *who – how –when- where*.
- ✓ Interaction with Top Management and Operational & Business Areas.
- ✓ Identify Key Areas of Interaction (risk management – cybersecurity – HR- Internal Audit).
- ✓ Become a “*Strategic Partner*”.
- ✓ Set Area Goals aligned with the Organization Goals + Set individual goals of member of the team as part of Area Goals.
- ✓ *Follow Up + Scheduling*.

THANK YOU

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