



HENGYUAN REFINING COMPANY BERHAD (3926-U)

BOARD WHISTLEBLOWING COMMITTEE TERMS OF REFERENCE

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1. PURPOSE

1.1 The Board Whistleblowing Committee (“BWC”) of Hengyuan Refining Company Berhad (the “Company”) is established as a sub-committee of its Board of Directors (“Board”) with the following primary objectives:

1.1.1 To review, investigate and resolve complaints of improper conduct of any member of the Board or any employee of the Company that is submitted to the BWC through the Company’s whistleblowing channel.

1.1.2 To develop the Company’s whistleblowing policy and procedures and to implement them together with the management of the Company.

1.1.3 To periodically assess the adequacy and effectiveness of the Company’s whistleblowing policy and procedures and to revise them as necessary.

1.2 “Improper Conduct” includes but is not limited to any unethical behaviour, malpractice, impropriety that includes:

- (i) Financial malpractice or impropriety or fraud;
- (ii) Serious non-professional or non-ethical behaviour;
- (iii) Breach of confidentiality;
- (iv) Misuse of Company’s funds or assets;
- (v) Conflicts of interest;
- (vi) Sexual harassment;
- (vii) Criminal activity;
- (viii) Attempts to conceal any of the above; and
- (ix) Any other conduct which may cause loss to the Company, or otherwise be detrimental to the interests of its shareholders and the public

The above list is not exhaustive and includes any act or omissions, which if proven, will constitute an act of misconduct under the Company’s Code of Conduct, General Business Principles, Anti Bribery & Corruption and Anti-Money Laundering Manual, sexual harassment policy, contract of employment, contract of service or any criminal offence under the relevant laws and regulations in force.

2. COMPOSITION AND APPOINTMENT

- 2.1 The BWC members shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members, a majority of whom shall be Independent Directors.
- 2.2 No alternate Director shall be appointed as a member of the BWC.
- 2.3 The Chair of the BWC shall be a Non-Executive Director appointed by the Board.
- 2.4 The BWC members may relinquish their membership in the BWC with prior written notice to the Secretary. In the event of any vacancy arising in the BWC resulting in the number of members of the BWC falling below three (3), the vacancy shall be filled as soon as possible, but not later than three (3) months from the date the vacancy arose.

3. AUTHORITY

- 3.1 The BWC is authorised by the Board and at the expense of the Company to perform the following:
 - 3.1.1 Secure the resources in order to perform its duties as set out in this Terms of Reference.
 - 3.1.2 Have direct communication channels with and full and unrestricted access to information pertaining to the Company, its directors and management including without limitation, its information, records, reports, properties and personnel and all employees are directed to cooperate with any request made by the BWC.
 - 3.1.3 Instruct the management to perform duties as necessary to support the BWC in discharging its functions and duties.
 - 3.1.4 Engage or otherwise obtain external legal or other independent professional advice as necessary at the expense of the Company with prior consent of the Board, to perform its duties.

3.1.5 Undertake any investigations on improper conduct as directed by the Board or on its own initiative (with the approval of the Board), and to direct or authorise any employee or officer of the Company to assist in such investigations.

3.2 The BWC is not authorised to implement its recommendations on behalf of the Board but shall make recommendations to the Board on whistleblowing governance matters for the Board's consideration and implementation.

4. FUNCTIONS AND DUTIES

The main functions and duties of the BWC shall include but are not limited to the following:

4.1 Receive, process, investigate and determine the legitimacy of the complaints of improper conduct submitted to the BWC, which may include:

4.1.1 Appointing an investigation team of selected officers of the Company to investigate the complaints.

4.1.2 Reviewing the findings of the investigation team and recommending the appropriate course of action to the Board for approval.

4.2 Conduct investigations of improper conduct on its own (with the approval of the Board) or as directed by the Board.

4.3 Deal or liaise with the enforcement agency exercising its powers and functions of investigation and recommendation under the Whistleblower Protection Act 2010.

4.4 Report to the Board and provide oversight, direction and counsel with regard to the Company's whistleblowing governance, which may include:

4.4.1 Formulating the Company's whistleblowing policy, and procedures and recommending such policy for the Board's approval.

4.4.2 Periodically reviewing, assessing and evaluating the quality, integrity and effectiveness of the Company's whistleblowing policy, including compliance with applicable laws, rules and guidelines for whistleblowing and whistleblower protection, and includes but is not limited to the Whistleblower Protection Act 2010.

- 4.5 Perform such other functions as directed by the Board to be necessary for effective whistleblowing governance.
- 4.6 Ensure the confidentiality of all information that comes into the possession of the BWC from complaints, investigations, discussions and determinations while performing its functions and duties under this Terms of Reference. The BWC is allowed to disclose all necessary information where the matter requires the approval or recommendation of the Board.

5. MEETINGS

5.1 Frequency

5.1.1 The BWC shall meet as considered necessary by the Chair of the BWC.

5.1.2 Management may be requested to attend the meetings of the BWC to provide reports and input. Members of management or employees may attend the meetings by invitation of the BWC.

5.2 Notice and Agenda

5.2.1 The Secretary shall issue and circulate the notice of the BWC meetings confirming the venue, time and date at least two (2) working days before each meeting or earlier (if agreed upon by all BWC members) to the BWC members and all those who are required to attend the meeting.

5.2.2 The agenda for each BWC meeting including relevant documents and information requested by the BWC shall be circulated at least two (2) working days before each meeting or earlier (if agreed upon by all BWC members) to the BWC members and all those who are required to attend the meeting.

5.2.3 The Chair may also invite members of management and other persons to participate in this process, if necessary.

5.3 Quorum

5.3.1 The quorum for a meeting of the BWC shall be two (2) members, with the majority of members present being Independent Directors. In the absence of

the Chair, the members present shall elect a Chair from amongst them to chair the meeting.

5.4 Meeting Mode

5.4.1 A meeting of the BWC shall normally be conducted face-to-face to enable effective discussion; however, meetings may also be conducted via telephone conferencing, video conferencing or other appropriate means as determined by the BWC.

5.4.2 The BWC may from time to time and if deemed appropriate, consider and approve and/or recommend relevant matters via a circular resolution in writing, in lieu of formally convening a meeting. The circular resolution shall be as valid and effectual as if it has been passed by a meeting of the BWC duly convened. Approval of BWC obtained by an BWC Circular Resolution must be signed or approved by all BWC members subject to 5.5.2.

5.5 Voting

5.5.1 All resolutions of the BWC shall be adopted by a simple majority vote, each member having one vote. In case of equality of votes, the Chair of the BWC shall have a second or casting vote.

5.5.2 A BWC member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.

5.6 Meeting Minutes

5.6.1 The minutes of the meeting shall faithfully record the deliberations and decisions of the BWC. The minutes shall include compiled instructions as Matters Arising for discussion at each meeting to ensure proper follow through.

5.6.2 Minutes (in draft form) shall be circulated for comments within 10 working days of the meeting. Minutes (in final draft form) shall be distributed to BWC members at least 5 working days before the following meeting and shall be approved by the Chair of the meeting at which the proceedings are held or by the Chair of the next succeeding meeting.

5.6.3 Copies of minutes of each meeting shall be distributed to all members of the Board. The BWC, through its Chair, shall update the Board on the activities undertaken by the BWC at each Board meetings.

5.7 Secretary

5.7.1 The Secretary to BWC shall be a the person appointed by the BWC.

5.7.2 The Secretary shall organise and provide assistance at BWC meetings and have the following key responsibilities:

- (i) ensure meetings are arranged and held accordingly;
- (ii) assist the Chair in planning the BWC's activities;
- (iii) draw up meeting agendas in consultation with the BWC Chair and maintain the minutes and draft its scheduled activities for the financial year;
- (iv) ensure structured communication channels between the Board and the BWC;
- (v) ensure collation and distribution of information required by the BWC;
- (vi) ensure proceedings of meetings are recorded and the minutes circulated in a timely manner, and reviewed by the BWC before disseminating them to the Board; and
- (vii) ensure BWC recommendations presented to the Board are supported by papers that explain the rationale for the BWC's recommendations.

6. CONFLICTED MEMBERS

6.1 Where the complaint of improper conduct relates to one or more members of the BWC ("Conflicted Member(s)"), subject to article 6.2 below, the Chair of the BWC shall invite any non-conflicted member(s) of the Board to act as ad-hoc member(s) of the BWC and to attend meetings, deliberate and vote on matters involving Conflicted Members where the quorum is insufficient or where he/she deems necessary.

6.2 Where the complaint of improper conduct relates to the Chair of the BWC, the remaining non-conflicted member(s) of the BWC shall nominate, subject to the approval of non-conflicted members of the Board and with preference given to independent directors:

- (i) a non-conflicted BWC member; or

- (ii) where there is no non-conflicted BWC member available, a non-conflicted member of the Board,

to act as the ad-hoc Chair of the BWC to hold meetings, deliberate and vote on matters involving the complaint on the Chair.

- 6.3 Where the complaint involves all members of the BWC, the non-conflicted members of the Board shall elect amongst themselves, with preference given to independent directors, one (1) member to be the ad-hoc Chair of the BWC to hold meetings, deliberate and vote on matters involving the Conflicted Members.
- 6.4 The ad-hoc Chair of the BWC elected in accordance with this Terms of Reference shall invite any non-conflicted member(s) of the Board to attend meetings, deliberate and vote on matters involving the Conflicted Member(s) where the quorum for such BWC meeting is insufficient or where he/she deems necessary.
- 6.5 Conflicted Members shall, at all times, be excluded from involvement in the process of investigation, discussion and deliberation of the improper conduct and shall not receive any information or updates on the matter.

7. ANNUAL PERFORMANCE ASSESSMENT

- 7.1 The BWC shall perform a self-assessment annually to assess its effectiveness in carrying out the duties as set out in these Terms of Reference and report the results to the Board.
- 7.2 The Board shall review the composition, performance and effectiveness of the BWC and each of its members annually to ensure that the BWC has the right composition, and sufficient, recent and relevant skills and expertise to effectively fulfil their roles.
- 7.3 All such assessments shall be properly documented.

8. REVIEW OF THE TERMS OF REFERENCE

- 8.1 The BWC shall recommend any changes to its terms of reference in such manner as the BWC deems appropriate to the Board for approval and where necessary obtain the assistance of the senior management or the Company's external advisors. The terms of reference shall be assessed, reviewed and updated where necessary especially

when there are changes in any regulatory requirements. It should also be reviewed and updated when there are changes to the direction or strategies of the Company that may affect the BWC's role.