

CORPORATE GOVERNANCE REPORT

STOCK CODE : 4324
COMPANY NAME : HENGYUAN REFINING COMPANY BERHAD
FINANCIAL YEAR : December 31, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The primary role of the Board of Directors ("Board") of Hengyuan Refining Company Berhad ("HRC" or "Company") is to represent, promote and protect the interests of the Company, including its various stakeholders.</p> <p>The Board is entrusted with the responsibility of steering the Company towards long-term success and monitoring the Company's performance to deliver sustainable value to its stakeholders using a framework of prudent and effective controls that enable risks to be assessed and managed.</p> <p>The Board is supported by the Board Audit Committee ("BAC"), Board Nominating and Remuneration Committee ("BNRC"), Board Risk Management Committee ("BRMC"), Board Projects Review Committee ("BPRC"), Board Tender Committee ("BTC") and Board Whistleblowing Committee ("BWC").</p> <p>To discharge their duties and roles effectively, the Board and Board Committees are guided by the Board Charter, the Terms of References ("TOR") of the respective Board Committees, applicable laws and regulations, the Company's General Business Principles, HRC's Code of Conduct and input from the management team ("Management") of the Company.</p> <p>Amongst others, the Board assumes the following principal responsibilities:</p> <p>(i) Together with senior management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour.</p> <p>The Company has a full set of governance controls, policies and procedures, including HRC's General Business Principles, Code of</p>

Conduct, Anti-Bribery and Corruption Policy, Anti-Bribery & Corruption and Anti-Money Laundering Manual, Manual of Authorities, a control framework and approval checks at various levels to instil good corporate governance practices within the Company.

The BAC and the BRMC assesses the adequacy of the internal controls and risk management framework to manage, amongst others, corporate governance compliance, while the BWC investigates complaints of improper conduct by any Board member or employee of the Company and reviews the effectiveness of the whistleblowing policy and procedures.

(ii) Reviewing and adopting a strategic plan for the Company

The Board recognises the importance of strategic plans to ensure the sustainability of the business and to achieve that, the Board continues to enhance the components in the Company's business plan and scorecard. This enables the Board to monitor and assess the Company's performance and to ultimately meet its business objectives.

On 26th November 2021, the Board reviewed the 2022 Strategic Framework and approved the Business Plan 2022 tabled by the Management, which sets out the Company's strategy to achieve both short-term and long-term value creation for the Company. The areas of focus included Health, Safety, Security & Environment ("HSSE") & Compliance, People & Leadership, Stakeholder Value, Operational Excellence and Future Focus.

(iii) Overseeing the conduct of Company's business

The Board oversees the Company's business and assesses the performance of the Management to determine whether the business is properly managed in accordance with the Company's objectives. This includes the Company's financial management and performance, operational excellence, control and accountability systems, corporate governance framework, risk management practices, compliance with laws and regulations (including HSSE compliance) and human capital management.

With the assistance of the various Board Committees, the Board reviews, challenges and deliberates on proposals tabled by the Management and discusses the Company's performance during Board and Board Committee meetings. These meetings are held in accordance with the frequency specified in the Board Charter and the TOR of the respective Board Committees, with additional meetings to be convened where necessary.

The performance and effectiveness of the Company is assessed and measured in a scorecard based on Key Performance Indicators ("KPIs") set for the Management.

(iv) Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures.

The Board understands that business decisions involve taking appropriate risks and sets the risk appetite for the Company. To ensure appropriate internal controls and mitigation measures are in place, the BAC and BRMC assist the Board to assess and anticipate potential risks to the Company and recommend appropriate actions to be taken to mitigate the risks.

The primary roles of the BAC involve bringing transparency, focus and independent judgement required in assisting the Board to fulfil its statutory and fiduciary duty in monitoring the Company's management of financial risk processes and accounting and financial reporting practices. The BAC also reviews the business process, accounting function, financial reporting and internal controls system of the Company to ensure proper internal controls are implemented, and enhances the independence of both the external and internal audit functions by providing direction to and oversight of these functions on behalf of the Board.

The primary roles of the BRMC include, amongst others, to ensure that comprehensive policies of risk management are set up to identify and measure the potential impact of the Company's key business risks, and to counter such threats and take advantage of opportunities arising from the identified risks. The BRMC, together with the Management, also sets out the risk management framework for the Company and recommends the same to the Board for approval.

(v) Succession planning

The BNRC assists the Board to oversee the nomination function to ensure that key members of senior management have the necessary skills and experience, and that orderly succession planning for directors and senior management is in place.

The BNRC evaluates and recommends to the Board the employment, promotion, discipline and termination of the key members of the senior management with the positions of Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO") and Head of Human Resource ("HR").

The Committee also reviews, on a regular basis, the leadership needs of the Company with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace. The BNRC ensures that an appropriate succession planning framework, talent management and human capital development program is in place for the senior management positions, taking into account the skills required and the challenges and opportunities faced by the Company. The succession plans are discussed in the quarterly BNRC meetings.

The BNRC recommends nominations to the Board and Board Committees based on objective criteria, merit and with due regard for diversity in of gender, nationality, age, culture, socio-economic background, skills, experience and independence. The Committee also oversees the annual assessment of the effectiveness of the Board, the Board Committees and individual directors, and evaluates the Board's composition to ensure that they are in line with the Company's requirements.

(vi) Overseeing the development and implementation of a stakeholder communications policy for the Company

The Company keeps stakeholders updated through communications published on its website, announcements made to Bursa Malaysia Securities Berhad ("Bursa Malaysia"), including general announcements and the Company's quarterly financial reports, annual report, sustainability report and circulars to shareholders, as well as virtual townhall meetings and employee information circulars, whenever required. Apart from that, the Company continues to engage in active communication with the communities near the Company's site in Port Dickson to foster close relationships and keep its neighbours informed on matters that may affect them.

(vii) Reviewing the adequacy and the integrity of the management information and internal control systems of the Company

The management information and internal control systems of the Company are governed by the Control Framework approved by the Board, which includes management processes on risk management, controls and assurances to support the Company's business objectives to achieve excellence in three (3) areas:

- (a) The effectiveness and efficiency of operations;
- (b) The reliability of internal and external reporting; and
- (c) Compliance with laws and regulations.

In addition to ensuring that there is a sound framework of reporting on internal controls and regulatory compliance, the Board is responsible to ensure the integrity of the Company's financial and non-financial reporting with the assistance of the BAC and the BRMC.

The Board is also supported by the Company's internal audit and risk and integrity functions to ensure that internal controls are properly managed.

In the Board Effectiveness Assessment conducted for the financial year ended 2021 ("BEA FY2021"), directors agreed that the Board has properly discharged its roles and responsibilities in the interests of the Company.

	The principal responsibilities of the Board are set out in the Board Charter and TOR for the Board Committees, all of which are published at www.hrc.com.my .	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>Mr. Wang YouDe continues to hold the position of Chairman of the Board ("Chairman"). In accordance with the Company's Board Charter, the Chairman is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board. Amongst others, the Chairman's duties include the following:</p> <ul style="list-style-type: none">(i) Managing Board meetings to ensure robust decision making by setting the agenda for each Board meeting together with senior management and the company secretary, ensuring the provision of accurate, complete, clear and timely information to the directors and that directors are properly briefed on issues arising at Board meetings; leading and acting as facilitator at Board meetings and discussions; and managing boardroom dynamics by promoting positive culture of openness and debate, encouraging active participation and allowing dissenting views to be freely expressed;(ii) Building a high-performance Board by providing leadership to enable the Board to perform its responsibilities effectively, leading the establishment of effective corporate governance systems and practices, arranging regular evaluation of the performance of the Board, its Board Committees and individual directors, ensuring a competency, behavioural and independent analysis assessment is conducted prior to any new appointments to the Board and ensuring that Board and senior management succession planning is considered on an ongoing basis;(iii) Managing Board and senior management interface by acting as conduit between the Board and senior management, developing a positive relationship with the CEO by acting as a confidant and advisor and facilitating the selection and appointment of successor to the CEO;(iv) Being the Company's public face by acting as the spokesperson for the Board, such as via the annual Chairman's address in the Company's annual report, and representing the Company during shareholders' meetings and on other occasions when actions are taken or statements are made in the name of the Company, both domestically or abroad; and

	<p>(v) Ensures that appropriate steps are taken to provide effective communication with stakeholders and that their views are fully communicated to the Board as a whole.</p> <p>The Chairman continues to earn trust from the members of the Board to carry out his responsibilities as Chairman of the Board. In the BEA FY2021, Board members strongly agreed that the Chairman demonstrates and commands effective leadership of the Board, oversees effective decision-making process and ensures that crucial alternatives are considered.</p> <p>The role of the Chairman can be found in Paragraph 5.2 of the Board Charter, available on the Company’s website at www.hrc.com.my .</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of Chairman and CEO are held by different individuals and there is clear separation of duties and responsibilities between them.</p> <p>The Board Charter of the Company provides that the positions of Chairman and CEO should be held by different individuals and the Chairman must be a non-executive member of the Board.</p> <p>The Chairman of the Board is Mr. Wang YouDe, who is a non-independent non-executive director of the Company. The roles of the Chairman can be found under Paragraph 5.2 of the Board Charter, available on the Company's website at www.hrc.com.my.</p> <p>The CEO of the Company is Mr. Gao Jin Liang, who is the principal executive officer primarily responsible for the operations of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
Application :	Departure
Explanation on application of the practice :	
Explanation for departure :	<p>The Chairman is a member of the Board Nominating and Remuneration Committee.</p> <p>The BNRC had, in its meeting on 26th August 2021, considered the composition of the Committee and resolved that it was important for the Chairman, who represents the major shareholder on the Board, to be part of the BNRC to ensure that interests are aligned in so far as high-level appointments, remuneration policies and human resources matters are concerned. The Committee also noted that the Chairman holds a non-executive position and that the BNRC comprised of two (2) other members who are independent non-executive directors, which would provide a check and balance to the objectivity of its decisions.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	: Applied
Explanation on application of the practice	<p>The Company Secretaries of the Company, Lim Hooi Mooi and Ong Wai Leng, are qualified to act as Company Secretary under the Companies Act 2016. Both are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").</p> <p>The Company Secretaries' responsibilities include the following:</p> <ul style="list-style-type: none">(i) Attending Board and Board Committees meetings and ensuring that the proceedings of meetings are recorded, and the minutes of meetings, which shall accurately reflect the deliberations and decisions made by the Board and Board Committees, including whether any director abstained from voting or deliberating on a particular manner, are circulated in a timely manner;(ii) Advising the Board and Board Committees on their role and responsibilities;(iii) Facilitating the orientation of new directors and assist in directors' training and development;(iv) Advising the Board on corporate disclosures and compliance with the Main Market Listing Requirements of Bursa Malaysia ("Listing Requirements") as well as company and securities regulations, including disclosure of interests in securities and of any conflict of interest in a transaction involving the Company;(v) Serving as a focal point for stakeholders' communication and engagement on stakeholders' expectations;(vi) Managing processes pertaining to the Company's annual general meeting; and(vii) Monitoring corporate governance development and advising and assisting the Board in applying governance practices to meet the Board's needs and stakeholders' expectations. <p>In the financial year ending 2021, the company secretaries had attended trainings relating to company secretarial practice, Listing</p>

	<p>Requirements of Bursa Malaysia, corporate governance updates and company law as part of their continuous professional development in order to complete the requisite CPE requirements pursuant to Section 241 of the Companies Act 2016.</p> <p>The roles and responsibilities of the Company Secretaries are specified in Paragraph 12 of the Board Charter, available on the Company's website at www.hrc.com.my.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>To effectively organise and ensure that directors allocate time for Board and Board Committee meetings, a corporate calendar containing dates of Board and Board Committee meetings and the annual general meeting ("AGM") of the Company is circulated in advance to directors on an annual basis.</p> <p>Pursuant to Board Charter and the TOR of the respective Board Committees, notices and agenda of meetings, which have been duly endorsed by the chairman, together with the relevant Board papers, are sent to directors at least five (5) working days prior to the Board and Board Committees meetings.</p> <p>The Board Charter and TOR of the respective Board Committees specifies that minutes of the meetings (in draft form) are to be circulated to the Board and respective Board Committee members within 10 working days of the meeting. Minutes (in final draft form) will be distributed to the Board and the respective Board Committees at least five (5) working days before the following meeting and shall be approved by the chairman of the meeting at which the proceedings were held or by the chairman of the next succeeding meeting.</p> <p>The meeting minutes captures the resolutions passed by the Board or Board Committees, justifications for the decisions, fundamental and key points of deliberations and any dissenting views or abstentions with reasons by directors. Suggestions for improvements and action items to be carried out by the Management are also included. The action items are recorded as Matters Arising and are carried forward to the next meeting until it is completed or the matter is closed.</p> <p>The Company uses an online collaborative software to facilitate the effective distribution of board meeting materials and allow Board members to easily access, review and comment on the Board papers securely.</p> <p>Based on the results of the BEA FY2021, Board members wish to see further improvements to the quality of the board papers, including a reduction in unnecessary length, and the timeliness of circulation of meeting minutes, so that effective board discussions and decision-making can be achieved.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board regularly reviews and evaluates the adequacy of its Board Charter, which is published on the Company's website at www.hrc.com.my, to ensure that there is clarity in the roles and responsibilities of the Board, its committees, individual directors, the relationship between the Board and Management, and issues reserved for the Board.</p> <p>On 27th August 2021, the Board Charter was amended to be consistent with updates to the TOR of the BAC, to include the BAC's responsibility to ensure that senior management establishes a framework for managing conflict of interest situations and related party transactions, and reviews and endorses the terms of related party transactions on behalf of the Board and in the best interests of the Company.</p> <p>The roles and responsibilities of the Board, the Chairman and individual directors are clearly stated in Paragraph 5 of the Board Charter.</p> <p>Paragraph 6 of the Board Charter specifies the matters reserved for the Board. They include:</p> <ul style="list-style-type: none">(i) Company's strategy, plans and budgets;(ii) Acquisitions and disposals and transactions exceeding the approved authority limits;(iii) Appointments and changes of CEO, CFO and Head of HR;(iv) Approvals of remuneration and benefit packages including annual bonus and salary increment for directors, CEO, CFO and Head of HR; and(v) Approvals and changes in the key policies, procedures and delegated authority limits of the Company.

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	: Applied
Explanation on application of the practice	<p>The Company's Code of Conduct provides information and guidelines for the Company to achieve its business principles and core values of "Honesty", "Integrity" and "Respect for People".</p> <p>The content of the Code of Conduct includes:</p> <ul style="list-style-type: none">i Individual responsibility and integrity;ii Unacceptable behaviour;iii Health, safety, security, environment and social performance;iv Harassment;v Anti-bribery and corruption;vi Conflicts of interest;vii Anti-money laundering;viii Breach of laws and regulations;ix Insider dealing; andx Use of IT and electronic communications, including managing the risk of data privacy, intellectual property, information and records management, disclosures and business communications. <p>The Code of Conduct is further supplemented by the Company's Gift & Hospitality Procedure, which sets out the procedures for accepting, receiving and declaring gifts from the Company's business partners.</p> <p>In addition to the Code of Conduct, the Company's Anti-Bribery & Corruption & Anti-Money Laundering Manual ("ABC & AML Manual") further strengthens the Company's requirements for its employees and business partners to comply with laws that prohibit bribery, corruption and money laundering.</p> <p>HRC is certified under ISO 37001:2016 Anti-Bribery Management Systems and continues to adhere to the standard's requirements in its day-to-day operations.</p>

	In accordance with Practice 3.1 of the Malaysian Code on Corporate Governance (“MCCG”) and paragraph 15.29(2)(a) of the Listing Requirements, the Code of Conduct and ABC & AML Manual are published on www.hrc.com.my .	
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company is committed to achieve the highest standards of integrity, openness and accountability in the conduct of its businesses and operations.</p> <p>The Company has established a Whistleblowing Policy to encourage and facilitate the disclosure of genuine and legitimate improper conduct raised by employees of HRC, employees of HRC's contractors, vendors, customers and members of the public at the earliest opportunity.</p> <p>The Board Whistleblowing Committee was set up as a Board sub-committee to carry out the following purposes:</p> <ul style="list-style-type: none">(i) 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;(ii) To develop the Company's Whistleblowing Policy and procedures and to implement them together with Management; and(iii) To periodically assess the adequacy and effectiveness of the Company's Whistleblowing Policy and procedures and to revise them as necessary. <p>The Board regularly reviews and updates the Company's Whistleblowing Policy. On 26th March 2021, the Board enhanced the Whistleblowing Policy to allow for disclosures of improper conduct in any language, for the benefit of whistleblowers. Responses by HRC would be made in English, which is the official business language of the Company.</p> <p>The Terms of Reference of the BWC and the Whistleblowing Policy are published on the Company's website at www.hrc.com.my.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

Application	:	Applied
Explanation on application of the practice	:	<p>Amongst the roles of the Board is to ensure that the Company adopts a strategic plan that supports both short-term and long-term value creation and includes strategies on economic, environmental, safety & health, social and governance considerations underpinning sustainability.</p> <p>The Board sits on top of the Company's sustainability governance structure and holds overall responsibility and oversight on all sustainability matters of the Company.</p> <p>The Management, led by the CEO, develops and recommends the strategy to ensure viability and long-term economic, environmental and social sustainability of the business to the Board, and provides leadership and oversees implementation of the sustainability strategy. The Management evaluates overall risks and opportunities of the Company in weekly and monthly management meetings based on reports received from the steering committees and the respective departments of the Company.</p> <p>In the BEA FY2021, directors strongly agreed that Board considered sustainability factors when exercising its duties, including in the development and implementation of company strategies, business plans, major plans of action and risk management. Directors also felt that sustainability matters are sufficiently reported in Board materials and discussed at Board and Board Committee meetings.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.2

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

Application	:	Applied	
Explanation on application of the practice	:	The Company’s sustainability governance, targets, performance and initiatives are set out in the annual Sustainability Report and is publicly available to all internal and external stakeholders on the Company’s website at www.hrc.com.my . The website also sets out the Company’s practices towards climate change, pollution and resources management, and water consumption and management.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board, who sits at the top of the Company’s sustainability governance structure, stays abreast of sustainability issues relevant to the Company by reviewing and approving sustainability strategies, targets, risks and opportunities, which are proposed and developed by the CEO and management team based on reports from steering committees of the Company.</p> <p>The steering committees, who are formed to cover areas such as Quality, Health, Safety, Security & Environment (“QHSSE”) and Technical, and the respective Company departments identify sustainability issues and KPIs, implement measures to improve sustainability performance and monitor sustainability management and performance.</p> <p>Risks arising from sustainability issues, such as emissions and waste management, QHSSE, product quality, fraud, bribery, and breach of code of conduct, succession planning and talent retention, and their mitigative actions, are identified and tracked in a risk register. Opportunities for sustainability improvement, such as “Go Green initiatives” to enhance the Company’s environmental and social responsibility, employee health improvement programmes and energy optimisation, are captured in an opportunities register. Both risk and opportunities registers are monitored by the Risk & Integrity Department, tracked quarterly and presented to the BRMC at its meetings.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

Application	:	Applied	
Explanation on application of the practice	:	<p>Following the amendments to the MCCG in 2021, the TOR of the BNRC was amended on 27th August 2021 to include the review of the Board’s performance in addressing the Company’s material sustainability risks and opportunities in the annual board effectiveness assessment. In the BEA FY2021, the Board felt that it had carried out its duties satisfactorily in this regard.</p> <p>The performance evaluation of senior management takes into account the Company’s scorecard and results, which includes material sustainability risks and opportunities in the areas of HSSE and compliance, operational excellence, financial performance and stakeholder value.</p> <p>The Company’s sustainability performance is reported in the Annual Sustainability Report, which is available on HRC’s website at www.hrc.com.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied
Explanation on application of the practice	:	<p>Pursuant to the TOR of the BNRC, the committee evaluates, reviews and recommends to the Board the appropriate size and composition of the Board, required mix of skills, experience and other qualities, to be in line with the Company's requirements, on an annual basis.</p> <p>The BNRC ensures that every director is subject to retirement at least once every three (3) years in accordance with Paragraph 7.26 of the Listing Requirements and the Company's Constitution. The Committee also recommends to the Board the candidates to be re-elected by shareholders as directors at the Company's AGM.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.2

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied
Explanation on application of the practice	:	<p>As at 31st December 2021, the Board consists of six (6) directors, two (2) Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors (“INEDS”).</p> <p>The INEDS make up more than half of the Board as recommended by the MCCG, and exceeds the minimum 1/3 independent directors requirement prescribed by the Listing Requirements.</p> <p>Through the BEA FY2021, the INEDS declared their independency in compliance with the definition of “independent director” in the Listing Requirements.</p> <p>Paragraph 3.1 of the Board Charter provides that at any one time, majority of the Board members shall be INEDS to ensure balance of power and authority within the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied
Explanation on application of the practice	:	<p>Paragraph 3.4 of the Board Charter provides that the tenure of an INED should not exceed a cumulative term of nine (9) years.</p> <p>On 27th August 2021, the Board amended the TOR of the BNRC to be in line with Practice 5.3 of the MCGG. The amended TOR removed the option for recommending the retainment of independent directors after a term of 12 years, and provided that where the Board intends to retain an independent director beyond nine (9) years, justification should be provided and shareholders' approval will need to be sought via a two-tier voting process.</p> <p>As at 31st December 2021, none of the Company's independent directors have served more than nine (9) years on the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.4 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
Application :	Not Adopted
Explanation on adoption of the practice :	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

Application	: Applied																										
Explanation on application of the practice	<p>The BNRC continues to assist the Board with screening and selection of potential candidates for the Board having regards to the following factors in accordance with its TOR and the Board Diversity Policy:</p> <ul style="list-style-type: none"> (i) Skills, knowledge, expertise and experience; (ii) Time commitment, character, professionalism and integrity; (iii) Ability to work cohesively with other members of the Board; (iv) Specialist knowledge or technical skills in line with the Company's strategy; (v) Diversity in age, gender and experience, culture, nationality and socio-economic background; and (vi) Number of directorships in companies outside HRC. <p>The BNRC also conducts screening and selection of key senior management candidates, such as the CEO, CFO and Head of HR based on merit and with due regard for diversity in skills, experience, age, cultural background and gender and tries to achieve gender diversity where possible.</p> <p>Further, the principle of Equal Opportunity in the Company's Code of Conduct provides that the Company must make employment decisions based on objective factors, such as merit, qualifications, performance and business considerations, and must not discriminate a candidate in any way based on race, colour, religion, age, gender, sexual orientation, gender identity, marital status, disability, ethnic origin or nationality.</p> <p>As at 31st December 2021, the Board comprised of the following:</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th rowspan="2">Number of Directors</th> <th colspan="4">Race/Ethnicity</th> <th colspan="2">Nationality</th> </tr> <tr> <th>Malay</th> <th>Chinese</th> <th>Indian</th> <th>Others</th> <th>Malaysian</th> <th>Foreigner</th> </tr> </thead> <tbody> <tr> <td></td> <td>2</td> <td>1</td> <td>1</td> <td>2</td> <td>4</td> <td>2</td> </tr> </tbody> </table> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr> <th></th> <th>Age Group</th> <th>Gender</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Number of Directors	Race/Ethnicity				Nationality		Malay	Chinese	Indian	Others	Malaysian	Foreigner		2	1	1	2	4	2		Age Group	Gender			
Number of Directors	Race/Ethnicity				Nationality																						
	Malay	Chinese	Indian	Others	Malaysian	Foreigner																					
	2	1	1	2	4	2																					
	Age Group	Gender																									

Number of Directors	50-59	60-69	Male	Female
	3	3	5	1

No.	Experience/ Skills	Percentage
1.	Corporate Governance	83%
2.	Regulatory Compliance / Legal	67%
3.	Internal Controls / Risk Management / Audit	67%
4.	Finance: Accounting/ Treasury/ Tax	67%
5.	Corporate Finance / Mergers & Acquisitions	67%
6.	Banking	58%
7.	Commercial, Economics and Scheduling	58%
8.	QHSSE	75%
9.	Strategy and Oil & Gas	58%
10.	Supply / Marketing / Sales	50%
11.	Contracting and Procurement	75%
12.	Project Management / Engineering	58%
13.	Human Resource & Development	50%
14.	Information Technology	33%

As at 31st December 2021, the members of senior management comprised of the following:

Number of Management members	Race/Ethnicity				Nationality	
	Malay	Chinese	Indian	Others	Malaysian	Foreigner
	2	3	-	3	5	3

Number of Management members	Age Group			Gender	
	30-39	40-49	50-59	Male	Female
	2	4	2	8	0

The Board Diversity Policy and the Company's Code of Conduct are published on the Company's website at www.hrc.com.my .

Explanation for departure :

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

Application	:	Applied
Explanation on application of the practice	:	<p>The BNRC considers and recommends candidates for directorship to the Board for appointment.</p> <p>Paragraph 4.1.2(e) of the BNRC's TOR provides that the BNRC may solicit and consider the views of existing Board members, Management, major shareholders, independent search firms and a variety of other independent sources to identify suitably qualified candidates for appointment as Directors and members of the respective Board Committees. If independent sources were not used, the BNRC shall make disclosure to that effect in the Company's annual report and provide an explanation as to why other sources were not used.</p> <p>In FY2021, no new directors were appointed to the Board.</p> <p>The Terms of Reference for the BNRC is published at the Company's website at www.hrc.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>On 26th March 2021, the Board approved the 62nd AGM notice containing the agendas of the re-election of directors Liang Kok Siang, Surinderdeep Singh Mohindar Singh and Loy Swee Im.</p> <p>Profiles of the directors seeking re-election were included in the FY2020 Annual Report issued together with the notice of meeting. The profiles included details of the directors' age, gender, working experience, any conflict of interest and directorship in other companies. The 62nd AGM Notice was issued to shareholders on 26th April 2021.</p> <p>As Practice 5.7 of the MCCG was introduced on 28th April 2021, the Company will include a statement in the 63rd AGM notice on whether it supports the appointment or reappointment of a director and the reasons why.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	To provide a statement in the AGM notice as to whether the Board supports the appointment or reappointment of a director and the reason why.	
Timeframe	:	Within one (1) year.	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.8

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied	
Explanation on application of the practice	:	The Chairman of BNRC is Mr. Surinderdeep Singh Mohindar Singh, an independent non-executive director of the Company.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.9

The board comprises at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board comprised of two (2) women directors out of a total of seven (7) directors, representing 29% of Board members, from 1 st January 2021 until the resignation of Loy See Im on 27 th November 2021.	
		As at 31 st December 2021, woman directors made up 17% of the Board. In accordance with the Board Diversity Policy, the Board recognises the importance of gender diversity and endeavours to improve the number of women directors on its Board to at least 30%. Gender diversity will be considered by the Board collectively with the other factors set out in the policy for future appointments.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	To achieve the composition of having 30% women directors on the Board.	
Timeframe	:	Within three (3) years.	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	On 26 th March 2021, the Board approved its Board Diversity Policy, which includes the consideration of gender diversity and a 30% target for women directors in the Board. The Board Diversity Policy is published at the Company's website at www.hrc.com.my and is described in the Corporate Governance section of the FY2020 Annual Report.	
		The Board will look into establishing a gender diversity policy for senior management. At present, the Company is guided by the Equal Opportunity principle entrenched in the Code of Conduct, which prohibits discrimination on gender, amongst others, in making employment decisions. The Code of Conduct is also published on the Company's website.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	To establish a gender diversity policy for senior management.	
Timeframe	:	Within one (1) year.	

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The BNRC organises the annual assessment of the effectiveness of the Board, each Board Committee and each individual director.</p> <p>The BEA FY2021 was conducted internally via peer and self reviews, with an expansion of the existing assessment questionnaire to cover review of sustainability performance, a holistic perspective and identify areas for improvement. As HRC is not a Large Company, the BNRC considers the internally facilitated assessment to be sufficient for the Company's needs.</p> <p>The BEA FY2021 included assessment of the effectiveness of the Board and Board Committees in relation to:</p> <ul style="list-style-type: none">i Composition and structure;ii Operations and interactions (including meetings, papers and communication between members); andiii Roles and responsibilities (including sustainability performance for the Board, strategy planning, human capital management and the Board's and Board Committee's relationship with the Management). <p>The key strengths identified by the directors are as follows:</p> <ul style="list-style-type: none">i Board members have diversity in knowledge and skills, which facilitates fruitful discussions towards decision-making;ii The Board has adapted remarkably well to virtual and hybrid meetings, including the Company's 62nd AGM on 25 May 2021, which were organised in view of Covid-19 pandemic restrictions, and there was no disruption to Board operations; andiii Directors constantly question and challenge the Management and are not afraid to voice out disagreements on key matters.

	<p>The weaknesses identified in the BEA FY2021 and the mitigative actions are:</p> <ul style="list-style-type: none"> i Board papers were too lengthy and directors did not have sufficient time to go through them before the meeting. Meeting minutes were also circulated late. To mitigate the weakness, the Management had been instructed to improve and optimise board papers and meeting minutes, and to circulate them to directors earlier in accordance with the planned timeline. ii The Board had not met the minimum 30% women directors target prescribed by the MCCG, and would strive to resolve the issue in its directorship appointments. iii More time needs to be given to strategy planning, especially with respect to the future beyond refined fuel, the Company’s long-term sustainability plan and transition to a low carbon economy. This has since been discussed and will continue to be explored at board meetings. <p>The BNRC is happy with the current composition of the Board. A Board Committee composition review is scheduled in the second quarter of 2022 to ensure balanced and effective deployment of Board members.</p> <p>Directors completed a self and peer assessment in the categories of: Contribution to interaction, quality of input, understanding of role, skill set, character, experience, integrity, competence and time commitment.</p> <p>The INEDS also declared their independency in compliance with the definition of “independent director” in the Listing Requirements.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>A Directors' Remuneration Policy for the Company is in place to ensure that the compensation packages for directors are reflective of the Company's demands, complexities and performance as a whole, as well as the skills and experience required, and in line with the strategic objectives of the Company which rewards contribution to the long-term success of the Company.</p> <p>The BNRC is guided by the following principles in its endorsement and recommendation of the remuneration to be paid to the individual directors, which is subject to approval by the Board:</p> <ul style="list-style-type: none">(i) The demand, complexities and performance as a whole of the Company;(ii) The level of responsibilities, skills, expertise and experience required;(iii) That the remuneration is set at a competitive level for similar roles and responsibilities within current market practices by comparable companies; and(iv) That any such remuneration incentives do not conflict with the directors' obligations to bring objectivity and independent judgment to the Company.

	<p>The remuneration to be paid to directors are tabled to the shareholders at the Company's AGM for approval.</p> <p>The Company is in the midst of finalising the senior management remuneration policy. Currently, the remuneration structure for the positions of CEO, CFO and Head of HR is overseen by the BNRC in accordance with its Terms of Reference, taking into account their recent remuneration history, the individual's merit, qualification, skills, competence and performance and rewarding their contribution to the Company having regard to their achievement of their performance targets and the Company's operating results.</p> <p>Both the Directors' Remuneration Policy and the BNRC Terms of Reference are published on the Company's website at www.hrc.com.my.</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	<p>To finalise the senior management remuneration policy and publish it on the Company's website.</p>
<p>Timeframe</p>	<p>:</p>	<p>Within two (2) years.</p>

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The BNRC consists of three (3) members and is made up of a majority of INEDS. The BNRC members are: Surinderdeep Singh Mohindar Singh (independent non-executive director), Wang, YouDe (non-independent non-executive director), and Fauziah Hisham (independent non-executive director).</p> <p>The BNRC assists the Board to establish, implement and review policies and procedures involving the remuneration of directors and for the positions of CEO, CFO and Head of HR. The Committee also ensures that a remuneration policy for expatriate employees of the Company is in place.</p> <p>The Terms of Reference of the BNRC is published on the Company's website at www.hrc.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	<p>Details of the remuneration breakdown of individual Directors, including fees, salary, bonus, benefits in-kind and other emoluments (received or to be received from the Company) for the financial year ended 31st December 2021 are set out below.</p> <p>Loy Swee Im resigned from the Board on 27th November 2021. Her remuneration was paid to Hengyuan International Sdn Bhd.</p> <p>The directors of the Company were insured against certain liabilities under a Directors' and Officers' liability insurance policy for which the Company paid an aggregate sum of RM65,000.</p>

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Wang, YouDe	Non-Executive Non-Independent Director	738	4	0	0	0	0	742	738	4	0	0	0	0	742
2	Wang, ZongQuan	Non-Executive Non-Independent Director	228	4	0	0	0	0	232	228	4	0	0	0	0	232
3	Alan Hamzah Sendut	Independent Director	264	6	0	0	0	0	270	264	6	0	0	0	0	270
4	Fauziah Hisham	Independent Director	186	4	0	0	0	0	190	186	4	0	0	0	0	190
5	Liang Kok Siang	Independent Director	234	4	0	0	0	0	238	234	4	0	0	0	0	238
6	Surinderdeep Singh Mohindar Singh	Independent Director	240	4	0	0	0	0	244	240	4	0	0	0	0	244
7	Loy Swee Im	Non-Executive Non-Independent Director	154	3	0	0	0	0	157	154	3	0	0	0	0	157
8	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	-	Choose an item.	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	After much consideration, the Board decided to depart from making disclosures of the top five senior management's remuneration on a named basis due to the continued competition in the oil and gas industry for good talent. Talent poaching risks remain and the Company would like to avoid targeted approaches to specific staff to ensure that its retention efforts are safeguarded.	
		The Board will consider the disclosure of the top five senior management's remuneration component on a named basis within three (3) years.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	To consider disclosing the top five (5) senior management's remuneration component on a named basis.	
Timeframe	:	Within three (3) years.	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-	-

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 8.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

No	Name	Position	Company ('000)					Total
			Salary	Allowance	Bonus	Benefits	Other emoluments	
1	-	-	-	-	-	-	-	-
2	-	-	-	-	-	-	-	-
3	-	-	-	-	-	-	-	-
4	-	-	-	-	-	-	-	-
5	-	-	-	-	-	-	-	-

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	<p>The positions of the Chairman of the Board and the Chair of the BAC are held by different individuals.</p> <p>The Chair of the BAC is Mr. Alan Hamzah Sendut, who is an independent non-executive director of the Company.</p> <p>The Chairman of the Board is Mr. Wang YouDe, who is not a member of the BAC.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.2

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied
Explanation on application of the practice	:	<p>In line with Practice 9.2 of the MCCG, paragraph 2.7 of the BAC's TOR was updated on 27th August 2021 to provide that a former key audit partner of the external auditor shall be subject to a minimum three (3) years cooling-off period before being appointed as a member of the BAC.</p> <p>At present, none of the Directors of the Board are or have been key audit partners of the external auditor of the Company.</p> <p>The Terms of Reference of the BAC is accessible on the Company's website at www.hrc.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

Application	:	Applied
Explanation on application of the practice	:	<p>Paragraph 4.3 of the BAC's Terms of Reference sets out the duties of the committee in dealing with external auditors. The BAC is responsible for:</p> <ul style="list-style-type: none">i recommending to the Board the appointment or re-appointment of the external auditor and the audit fee after reviewing their suitability, resources, competency and independence, and any resignation or dismissal of the external auditor and the reasons of such resignation or dismissal;ii Establishing policies and procedures to assess, on an annual basis, the suitability, objectivity and independence of the external auditor;iii Establishing policies and procedures for approving non-audit services that can be rendered by the external auditor and its affiliates; andiv Discussing, amongst others, the scope, audit strategy, evaluation of system of internal controls and effectiveness of the management information system, prior to commencement of the audit. <p>The external auditor is evaluated on an annual basis based on the Company's External Auditor Assessment Policy, which takes into consideration:</p> <ul style="list-style-type: none">(i) the competence, qualifications and resource capacity of the external auditor;(ii) quality of the audit delivery and the quality of people and service;(iii) the independence of the external auditor, the reasonableness of the fees paid and the nature and extent of the non-audit services provided to the Company; and

	<p>(iv) information contained in the external auditor's annual transparency report.</p> <p>The BAC also obtains written assurances from the external auditor that they have complied with the relevant ethical requirements regarding professional independence.</p> <p>To comply with Guidance 9.3 of the MCCG, the Board approved the Non-Audit Services Policy on 26th November 2021, which sets out the non-audit services that can be rendered by the external auditor and its affiliates, and the limitation of fees for such non-audit services, which have been endorsed by the BAC.</p>	
Explanation for departure :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure :		
Timeframe :		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.
The company's financial statement is a reliable source of information.

Practice 9.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted															
Explanation on adoption of the practice	:	The Company's Board Audit Committee comprises solely of four (4) INEDS as follows: <table border="1"><thead><tr><th></th><th>Name</th><th>Designation</th></tr></thead><tbody><tr><td>1.</td><td>Alan Hamzah Sendut (Chairman)</td><td>Independent Non-Executive Director</td></tr><tr><td>2.</td><td>Fauziah Hisham</td><td>Independent Non-Executive Director</td></tr><tr><td>3.</td><td>Liang Kok Siang</td><td>Independent Non-Executive Director</td></tr><tr><td>4.</td><td>Surinderdeep Singh Mohindar Singh</td><td>Independent Non-Executive Director</td></tr></tbody></table>		Name	Designation	1.	Alan Hamzah Sendut (Chairman)	Independent Non-Executive Director	2.	Fauziah Hisham	Independent Non-Executive Director	3.	Liang Kok Siang	Independent Non-Executive Director	4.	Surinderdeep Singh Mohindar Singh	Independent Non-Executive Director
	Name	Designation															
1.	Alan Hamzah Sendut (Chairman)	Independent Non-Executive Director															
2.	Fauziah Hisham	Independent Non-Executive Director															
3.	Liang Kok Siang	Independent Non-Executive Director															
4.	Surinderdeep Singh Mohindar Singh	Independent Non-Executive Director															

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>The BAC comprises four (4) members with a diverse mix of skills, knowledge, experience and perspectives in the areas of accounting, corporate finance, banking and international finance, oil and gas, strategy, corporate governance and regulatory compliance, which enables the BAC to discharge its duties.</p> <p>Mr. Alan Hamzah Sendut continues to chair the BAC in 2021. He is a Chartered Accountant of the Institute of Chartered Accountants in England and Wales (1986) and Malaysian Institute of Accountants (1987), and a Chartered Audit Committee Director of the Institute of Internal Auditors Malaysia (2018). Accordingly, the Company complies with Paragraph 15.09(1)(c)(i) of the Listing Requirements.</p> <p>The results of BEA FY2021 indicate that Board members are satisfied with the effectiveness of the BAC, the Committee has the right composition, and all directors are financially literate and able to understand matters under the purview of the BAC, including the financial reporting process.</p> <p>Paragraph 2.2 of the Terms of Reference of the BAC provides that committee members are expected to undertake continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules.</p> <p>The list of trainings attended by the members of the Board, including members of the BAC, can be found on page 149 of the 2021 Annual Report.</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board strives to maintain a sound internal control and risk management system to ensure smooth running of the business. It is the Company's aim to manage its risks and to control its business and financial affairs economically, efficiently and effectively, so as to be able to deliver profitable business opportunities in a disciplined way, to avoid or mitigate risks that can cause loss, reputational damage or business failure, and to enhance resilience to external events.</p> <p>The BAC assists and supports the Board by overseeing the suitability, objectivity and independence of the Company's external auditor and internal audit functions. The adequacy of the Company's Control Framework and effectiveness of the internal control system has been reviewed and endorsed by the BAC based on the assurance provided by the external and internal auditors. Audit issues and actions taken by Management to address the issues tabled by the auditors during 2021 were deliberated on during the BAC meetings.</p> <p>The BRMC provides oversight and direction on risk management matters to ensure prudent risk management over the Company's businesses and operations.</p> <p>The Committee's functions include ensuring that the Company's internal control and risk management framework are periodically evaluated for quality, integrity and effectiveness, a systematic and comprehensive evaluation of the key risk areas are conducted, and that controls are in place to mitigate and manage those risks. The implementation of risk controls is monitored and the results are presented to the BRMC during its meetings.</p> <p>Internal control and risk-related matters which warrant the attention of the Board are recommended by the Board Committees to the Board for its deliberation and approval.</p> <p>The characteristics of the Company's risk management and internal control function are described in the explanation on the application of Practice 10.2 below.</p>

Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company practises fit-for-purpose risk responses to enable the Company to provide reasonably sufficient, but not an absolute assurance, against material misstatements, fraud or loss. In addition, it allows the Company to operate and achieve its objectives, within a managed and acceptable risk profile. The fit-for-purpose risk responses are primarily intended to:</p> <ul style="list-style-type: none"> (i) Minimise the likelihood of a risk occurring by actively managing the sources of the risk and ensuring competent people are overseeing the risk on a regular basis; and (ii) Mitigate the impact of a risk should it arise, often through the application of some form of alert that the risk has materialised, followed by the initiation of a contingency or recovery plan to reduce the potential consequences and also future occurrences. <p>The Company adopts the best practices from ISO 31000:2018 (Risk Management) to manage the risks of its business and operations. The Company has an established and structured process for the identification, assessment, communication, monitoring as well as continual review of risks and effectiveness of risk mitigation strategies and controls.</p> <p>The Company's risk management is backed up by the implementation of three lines of defence that distinguishes the three groups which are involved in effective management of risk in the Company. The lines of defence are strengthened by the roles of the Risk & Integrity Executive and the Chief Internal Auditor. The Risk and Integrity Executive's primary functions are to ensure an adequate risk and control framework is in place, address all business integrity matters and promote an ethical culture within the Company.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 10.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The Company has established a Board Risk Management Committee and from 1st January 2021 to 25th May 2021, the BRMC comprised of Loy Swee Im (Non-Independent Non-Executive Director) (the Chair), Alan Hamzah Sendut (INED) and Liang Kok Siang (INED).</p> <p>From 25th May 2021 until the resignation of Loy Swee Im on 27th November 2021, the BRMC comprised of Loy Swee Im (Non-Independent Non-Executive Director), Wang, ZongQuan (Non-Independent Non-Executive Director) and Alan Hamzah Sendut (INED).</p> <p>From 27th November 2021 until 31st December 2021, the BRMC comprised of two (2) members, which are Wang, ZongQuan (Non-Independent Non-Executive Director) and Alan Hamzah Sendut (INED).</p> <p>As at 28th February 2022, the BRMC comprised of Wang, ZongQuan (Non-Independent Non-Executive Director) (the Chair), Alan Hamzah Sendut (INED) and Liang Kok Siang (INED), a majority of independent directors.</p>

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	: Applied
Explanation on application of the practice	<p>The BAC has the responsibility of ensuring that proper internal controls are implemented to enhance the independence of both the external and internal audit functions by providing direction and oversight of these functions on behalf of the Board.</p> <p>The Company’s internal audit function comprises the following:</p> <ul style="list-style-type: none"> (i) An independent internal audit department (“IAD”), which was established by the Board to further strengthen and better coordinate the existing assurance function within the Company. The IAD acts as an independent evaluating body to assist and provide assurance to the Board, the BAC and the Management. The IAD is headed by the Chief Internal Auditor (“CIA”) who reports functionally to the Chair of the BAC and administratively to the CEO. One (1) other Internal Auditor reports to the CIA. The Internal Auditors have sufficient mix of knowledge, skills and competencies to execute the audit plan. (ii) The Company’s site internal assurance team (“SIA”), which comprises of 31 trained and / or ISO certified site internal auditors from various departments in the Company. The SIA reviews the site internal assurance and process effectiveness of the Company and reports to the QHSSE Manager. <p>The internal audit charter of the IAD provides that the IAD will maintain its objectivity and independence, at all times, and will have no direct operational responsibility or authority over any of the activities audited. The CIA is also required to confirm the organisational independence of the IAD to the BAC and the Board annually.</p> <p>The BAC is responsible for reviewing the independence of the internal audit function and assessing the performance of the internal audit members and services provided by the internal audit function annually.</p>
Explanation for departure	:

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 11.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company's internal audit function comprises of:</p> <ul style="list-style-type: none"> (i) the IAD, headed by the CIA with one (1) internal auditor who reporting to her; and (ii) the SIA, which comprises of 31 trained and / or ISO certified site internal auditors from various departments in the Company and reporting to the QHSSE Manager. <p>The IAD is headed by Nur Izatul Fitri Hussein as CIA.</p> <p>The CIA is a Certified Internal Auditor, Certified Fraud Examiner and Chartered Accountant. She holds a Bachelor's Degree in Accountancy (Hons) from Universiti Utara Malaysia and a Certification in Risk Management Assurance from the Institute of Internal Auditors Inc. She is a member of Malaysian Institute of Accountants and a Chartered Member of The Institute of Internal Auditors Malaysia.</p> <p>The BAC and the Board have reviewed and are satisfied with the objectivity and independence of the IAD personnel.</p> <p>The IAD governs itself by adherence to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, International Standards for the Professional Practice of Internal Auditing and the Definition of Internal Auditing.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges the importance of effective communications to ensure that stakeholders are kept informed of the Company's objectives and strategic aims, performance and major developments affecting its business.</p> <p>The Company has a Corporate Affairs Department to ensure effective, transparent and regular communication between the Company and its stakeholders via channels including:</p> <ul style="list-style-type: none">(i) town hall meetings, which were held virtually in 2021 due to the movement control orders, social distancing standard operating procedures ("SOPs") and guidelines imposed by the authorities as a result of the Covid-19 pandemic;(ii) employee information circulars, which were sent by electronic mail;(iii) one-to-one engagement, regular visits and meetings especially to the neighbouring communities near the Company's refinery. In FY2021, physical engagements were only conducted where necessary and with proper adherence to Covid-19 social distancing SOPs. The Company utilised mobile messaging platforms to communicate with the community and provide advance notification of any planned operational activities that may affect them;(iv) engagement with local, state and federal government authorities to ensure compliance with laws and regulations applicable to the Company especially on financial, tax, governance, environment, health & safety, licensing and permits; and(v) transparent and up-to-date announcements through Bursa Malaysia, including the Company's financial reports, annual report, sustainability report and shareholder circulars. The announcements were also uploaded to the Company's website at www.hrc.com.my immediately after its release by Bursa Malaysia;

	<p>(vi) updates to the Company’s website, which contains useful information regarding the Company’s background, vision, mission, values and purpose, Board of Directors, the management team, investor relations, corporate governance policies and documents, sustainability efforts, announcements, minutes of general meeting and contact details, amongst others; and</p> <p>(vii) e-mails and telephone enquiries to the Corporate Affairs Department, whose contact details are published clearly on the Company’s website.</p> <p>Stakeholders who wish to report improper conduct are able to do so via e-mail or in writing to the Whistleblowing Committee in any language, in accordance with the Whistleblowing Policy published on HRC’s website.</p> <p>To reduce paper wastage and to leverage on the efficacy of electronic communication methods, the Company e-mailed a notification card to shareholders containing a link and QR code to download its 62nd AGM notice, proxy form, FY2020 Annual Report and circular to shareholders, as allowed by its Constitution. Hard copies of the notification card were sent to shareholders who had invalid or rejected e-mail addresses. Hard copies of the FY2020 Annual Report and circular to shareholders were posted to shareholders who requested for them within four (4) market days.</p> <p>Further details on stakeholder engagements and examples of the Company’s corporate social responsibility initiatives are set out in the 2021 Sustainability Report, which is accessible on the Company’s website at www.hrc.com.my.</p>
<p>Explanation for departure</p>	<p>:</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure</p>	<p>:</p>
<p>Timeframe</p>	<p>:</p>

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other’s objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Not applicable – Not a Large Company	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied
Explanation on application of the practice	:	<p>Paragraph 14.3 of the Board Charter and the Constitution of the Company provides that shareholders should be given all necessary information and notice of annual general meeting of the Company at least twenty-one (21) days before the meeting.</p> <p>The Company has been circulating its notice of AGM at least twenty-eight (28) days before the meeting. For the Company's 62nd AGM , the notice of meeting, together with the FY2020 Annual Report and circular to shareholders, was sent to shareholders and published on Bursa Malaysia on 26th April 2021, which was twenty-eight (28) days before the meeting held on 25th May 2021.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company regards general meetings as important platforms for dialogue amongst directors, the Management and shareholders, and aims to encourage active participation by the shareholders during such meetings.</p> <p>Paragraph 14.1 of the Board Charter provides that all directors and the Chairs of the respective Board Committees must attend general meetings to allow shareholders to raise questions and receive meaningful response to questions raised by them.</p> <p>During the Company's 62nd AGM held on 25th May 2021, all directors and Chairs of the respective Board Committees, the company secretary, external auditor, as well as senior management members, such as the CEO, CFO and Chief Commercial Officer, attended the virtual meeting which was held entirely through live streaming due to the movement control order restrictions, Covid-19 SOPs and social distancing guidelines imposed by the authorities.</p> <p>Shareholders were invited to submit questions through the remote participation and voting facilities online ("RPV") and the directors and senior management responded to questions and key matters raised by the shareholders in relation to the performance of the Company. The responses to questions that were not able to be answered due to time constraints were compiled and e-mailed to shareholders within 14 days after the meeting.</p> <p>The minutes of the 62nd AGM together with the key matters discussed are published on the Company's website at www.hrc.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

Application	:	Applied
Explanation on application of the practice	:	HRC leveraged on technology and conducted its 62 nd AGM virtually through live streaming on the TIIH Online platform provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor"). The platform includes RPV facilities. Shareholders were requested to register for the 62 nd AGM via the online platform and allowed access into the virtual AGM once their identity as an eligible shareholder was verified. Authenticated shareholders were able to participate, vote remotely and submit queries to the Chairperson of the meeting via the TIIH Online platform.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
Application	: Applied
Explanation on application of the practice	: <p>Due to the ongoing Covid-19 pandemic and in consideration of the Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia, the Company decided to hold its 62nd AGM virtually and did its best to provide meaningful and interactive engagement with shareholders via RPV facilities on the TIIH Online platform.</p> <p>The Chairman of the Board, Wang, YouDe, could not be present at the broadcast venue of the Company's 62nd virtual AGM due to Covid-19 travel restrictions. Alan Hamzah Sendut, an independent non-executive director, was nominated by the Board to chair the AGM as the alternate AGM chairperson.</p> <p>The AGM chairperson welcomed shareholders to the meeting and introduced the CEO and CFO of the Company, who were present at the broadcast venue, as well as senior management, the company secretary and external auditor who were attending the AGM via video conferencing.</p> <p>Shareholders were informed that they could pose questions via the TIIH Online platform by typing in the query box on the top right of their screens. This feature had been enabled at the start of the meeting. The Company had also allowed shareholders to submit their questions in relation to the AGM agendas via the TIIH Online platform prior to the meeting.</p> <p>The CEO gave a presentation to the shareholders entitled "Here to Stay, Here to Grow with Resilience & Respect", which covered market challenges, FY2020 highlights and HRC's plans, moving forward. The CEO's presentation slides were projected and shared simultaneously with shareholders via the online meeting platform.</p>

	<p>The agenda of the AGM was read out and directors who were seeking re-election presented themselves on video and waved to shareholders.</p> <p>The questions and answers (“Q&A”) session started with the CFO reading out the questions received from the Minority Shareholder Watch Group (“MSWG”) and the responses of the Company to them. The questions and responses to MSWG’s queries were also uploaded to the Company’s website at <i>www.hrc.com.my</i> after the AGM.</p> <p>The AGM Chairperson moderated the Q&A session and addressed questions received from shareholders, which were submitted through the TIIH Online platform prior to the AGM and the online query box during the AGM. Questions posed by shareholders were moderated to avoid repetition, projected to attendees of the AGM and read out by the AGM Chairperson. The questions were answered by the Chairman of the Board, the Chairperson of the AGM, the CFO and the CEO. Questions that were not able to be addressed at the AGM due to time constraints were answered and e-mailed to shareholders within 14 days. A summary of the Q&A session was attached to the 62nd AGM meeting minutes and uploaded to the Company’s website.</p>	
Explanation for departure		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure		
Timeframe		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
Application	: Applied
Explanation on application of the practice	: <p>The Company was confident and opted to use Tricor's TIIH Online platform to host its 62nd AGM virtually after successfully using the platform for the Company's 61st AGM, which was the first time the Company held a virtual general meeting, on 23 June 2020.</p> <p>The TIIH Online platform contained RPV facilities which allowed shareholders to register, be authenticated for participation, attend, pose questions to the Board during the AGM and vote for the meeting agendas remotely. The platform also allowed shareholders to submit questions prior to the AGM.</p> <p>To ensure a seamless virtual meeting experience for participants, the Company engaged a professional audio service provider to broadcast the 62nd AGM with high audio and visual quality from the broadcast venue. A full rehearsal was also held prior to the AGM to test the equipment and flow of the meeting.</p> <p>The 62nd AGM was hosted successfully via the TIIH Online platform and shareholders were able to participate, vote and pose questions via the platform.</p> <p>The Q&A session was moderated by the AGM Chairperson, who read out questions posed by shareholders and passed it to the relevant director or officer to answer the questions. The questions posed were also projected to AGM attendees. Questions that were not able to be answered due to time constraints were later responded to by the Company via e-mail within 14 days.</p>
Explanation for departure	:

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>	
Application	: Applied
Explanation on application of the practice	: The Company uploaded the meeting minutes of the 62 nd AGM, including the key matters discussed, to its website on 6 th July 2021, which was less than 30 business days after the AGM on 25 th May 2021.
Explanation for departure	:
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	:
Timeframe	:

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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