



# **HENGYUAN REFINING COMPANY BERHAD (HRC)**

## **ANTI-BRIBERY & CORRUPTION (ABC) AND ANTI-MONEY LAUNDERING (AML) MANUAL**

### **(Anti-Bribery Management Systems Manual)**

**Note: HRC's ABC Policy is approved by the Board of Directors**

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# ANTI-BRIBERY & CORRUPTION (ABC) AND ANTI-MONEY LAUNDERING (AML) MANUAL

**Document no.**  
HRCPD-ABMS




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## CONTROL PAGE

REVISION	ISSUE	DESCRIPTION OF AMENDMENT	REV/AMD DATE
0	A	Initial Release This Manual is to satisfy requirements of ISO37001	01 Feb 2019
1	A	Updated to close the gaps raised from stage 1 Audit	31 May 2019
2	A	Changes made due to: <ul style="list-style-type: none"> <li>Change of corporate reporting line due to de-establishment of DCEO position</li> <li>Change of Whistleblowing reporting channel</li> <li>Inclusion of AMLA ACT 2001</li> </ul>	18 Aug 2020
3	A	Changes made due to: <ul style="list-style-type: none"> <li>Integration of ABC &amp; AML Manual into HRC ABMS Manual to become a comprehensive HRCPD-ABMS Anti-Bribery &amp; Corruption (ABC) and Anti-Money Laundering (AML) Manual to serve as ABMS Manual for HRC</li> <li>Change of focal point and sponsor</li> <li>Deletion of DCEO position</li> <li>Change from CPO to CGRO, CE&amp;S Manager to Chief Commercial Officer and HR Manager to Head of Human Resource</li> <li>Addition of Office Automation (OA) in various existing processes</li> <li>Change from PIMS to iMax</li> </ul>	08 Dec 2020
4	A	Updated to close the gaps and recommendations from SIRIM Surveillance audit <ul style="list-style-type: none"> <li>Addition to applicable legislations and standards</li> <li>Changed from 'BRMC' to 'BOD via its BRMC'.</li> <li>Additional clause to 8.1 Contracting (IDD)</li> <li>Reflecting latest HR hiring procedure in 8.7 Recruitment</li> </ul>	09 Feb 2021
5	A	Changes made due to: <ul style="list-style-type: none"> <li>Change of new CEO as the document sponsor</li> <li>Add Financial Controller (FC) position</li> <li>Reflect current practices on Integrity Due Diligence</li> </ul>	31 Aug 2021
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## **PART A: REFINERY OVERVIEW**

### **1 INTRODUCTION TO COMPANY**

#### **1.1 Introduction to Hengyuan Refining Company Berhad (HRC)**

HRC is formerly known as Shell Refining Company (Federation of Malaya) Berhad which was formed in 1960. It is a public listed company with 49% public ownership. HRC operates the refinery, which is situated at Port Dickson, Negeri Sembilan. HRC operates with state-of-the-art technology and is the key supplier to various customers, be they local, regional as well international.

The main activity of HRC is crude oils and other feedstocks refining to produce a comprehensive range of petroleum products, including but not limited to:

- LPG
- Propylene
- Chemicals feedstock like naphtha
- Motor Gasoline
- Aviation Fuel
- Kerosene
- Gas oils
- Fuel oil components
- Sulphur

The components produced by various processing units serve as feedstock for other refining processes or are blended into finished saleable products. These finished products are stored in the designated storage tanks for:

1. Loading into road tankers and/or directly blended to sea tankers provided by the refinery customers.
2. Supplies LPG to an adjacent LPG bottling plant.
3. Transfer via a cross-country pipeline to tank installations at the Klang Valley Distribution Terminal (KVDT) / Kuala Lumpur International Airport (KLIA).
4. Delivers Gas oil, Fuel Oil and LPG via pipeline to neighbouring customers.
5. The surplus components or products are sold to local and overseas customers.

HRC also imports or exports both finished and unfinished products as and when necessary.

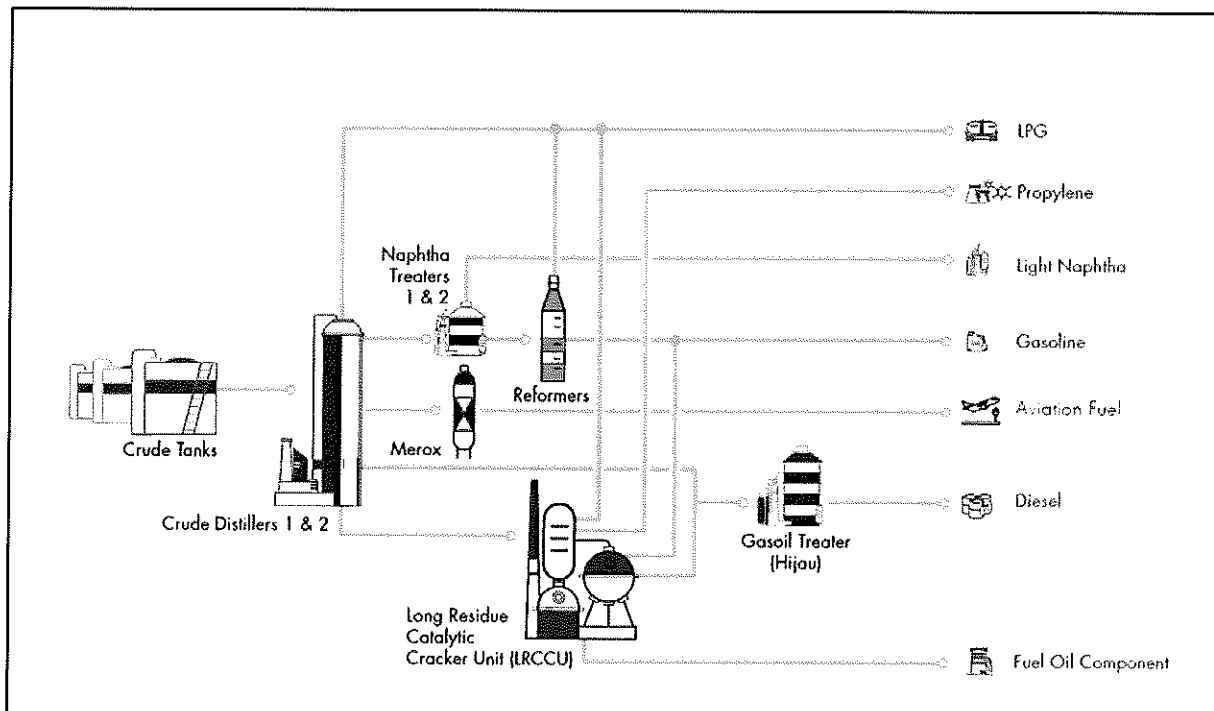
HRC acquires crude and feedstock from Shell's international associates, other Shell companies in East Malaysia and third-party suppliers. HRC's customers include Shell companies in Malaysia, Shell's international associates and third parties.



## 1.2 Our Assets

HRC has a licensed production capacity of 156,000 barrels per day and normally operates at approximately 125,000 bbl./day. The major operating units in the refinery consist of:

1. Two (2) crude distillers
2. One (1) residue catalytic cracker (LRCCU)
3. Two (2) naphtha treaters and a Merox plant
4. Two (2) reformers
5. One (1) gasoil treatment plant







## **PART B: ANTI-BRIBERY MANAGEMENT SYSTEMS (ABMS) MANUAL**

### **2 INTRODUCTION TO ANTI-BRIBERY & CORRUPTION AND ANTI-MONEY LAUNDERING MANUAL**

This Manual defines HRC requirements for staff and business associates to comply with laws that prohibit bribery, corruption and money laundering. It provides contact details and references for further information.

This Manual has been classified as Restricted. Full or partial re-production of this document outside HRC requires prior consent of the owner (Risk & Integrity Department).

This Manual builds on the Hengyuan General Business Principles (HGBP) and the Code of Conduct that set out HRC's commitment to comply with anti-bribery and corruption and anti-money laundering laws.

Compliance is ultimately the accountability of the Heads of Department who must ensure that individuals understand their responsibility to comply with the requirements of this Manual.

Reference to "HRC Legal" in this Manual means the usual HRC lawyer or Legal Department unless this Manual specifies that advice or approval is to be obtained from Risk & Integrity Department.

If there are any outstanding questions, Risk & Integrity Department must be consulted.

#### **2.1 Definition and Purpose**

Bribery and corruption and money-laundering are two different but related Ethics and Compliance subjects. Individually, they are subject to different laws and regulations, but these two subjects share many common risk areas which need to be managed consistently. This Manual describes the requirements to address both risk areas.

HRC is subject to national laws prohibiting bribery and corruption and money laundering. Bribery occurs when a payment, gift, favour or advantage is offered, made, sought or accepted to influence a business outcome. Serious penalties, including prison sentences, may be imposed upon those guilty of bribery. Bribery and corruption may involve Government Officials (GO), organisations or private individuals, and may occur directly or indirectly through third parties (including joint ventures or their participants). HRC prohibits the payment of all bribes, including facilitation payments.

**Money Laundering** is a term used to describe the process of hiding the criminal origins of money or property which are the proceeds of crime within legitimate business activities. It also describes the use of money of a legitimate origin that supports terrorism. Money laundering could be a consequence of almost any profit-generating crime.



HRC's Management must ensure that:

1. Staff understand their responsibilities to comply with applicable ABC and AML laws by following the requirements of this Manual.
2. Staff know how to report any suspicion, allegation or breach of this Manual's requirements (by HRC or any individual acting on behalf of HRC).
3. Staff understand that turning a blind eye to suspicions of bribery, corruption or money laundering can result in liability for HRC and for individuals; and
4. If there is any reason to believe that any activity is being engaged in with a corrupt purpose, even if it is technically permitted under this Manual, it must be reported and a Risk & Integrity Department or HRC Legal must be consulted before proceeding.

HRC must follow the AML requirements set out in this Manual and all additional AML policies and procedures to meet all regulatory requirements and guidance applying to the entity and its business activities.

Failure to act in accordance with applicable laws, the HGBP, the Code of Conduct or this Manual, may result in disciplinary action up to and including dismissal or contract termination. Failure to report such suspicions could result in criminal liability for both the individual and the organisation. Under no circumstances should an individual notify the subject of any suspicions or perform their own investigations.

## **2.2 Scope of the HRC ABMS**

The documentation for the ABMS of HRC is integrated within a documentation system called HRC Management System (HRC MS). The purpose of the HRC MS is to provide a structure, against which the main HRC business processes are established, documented, implemented and maintained.

This document has been established to serve as the ABMS Manual, an operating document based on the ABMS requirements (ISO 37001). In the following pages, references are made to the relevant sections, subsections of the HRC MS as well as the relevant procedures required to meet the requirements of the standard.

The implementation of this Manual is mandatory for all departments. The changes made in this Manual are affected through the document control and must be reviewed by CFO and final approval by the Chief Executive Officer.

### **Determining the scope of the ABMS**

HRC has established, documented, implemented and maintained the ABMS and is committed to continually improve its effectiveness.

HRC has determined the necessary business processes and their application throughout the organisation. The processes have been determined in the sequence and interaction defined in Part A.

The scope of HRC ABMS is "Processing of Crude Oils and Feedstock, the Blending, Storage and Supply of Petroleum Products and the Provision of Jetty and Marine Services".



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The boundaries and applicability of the ABMS are:

1. Hengyuan Refining Company Berhad,  
Batu 1, Jalan Pantai,  
71000 Port Dickson,  
Negeri Sembilan
2. Hengyuan Refining Company Berhad – KL Corporate Office,  
Unit 36.02, Level 36, Mercu 2,  
No.3, Jalan Bangsar,  
KL Eco City,  
59200 Kuala Lumpur

And

3. Hengyuan Refining Company Jetty Samudra,  
Batu 1, Jalan Seremban,  
71000 Port Dickson,  
Negeri Sembilan

HRC ABMS complies with all the ISO 37001 requirements.

Currently, HRC is involved in the processing of crude oil and supply of petroleum-based products. Finished products leave the refinery via ships, road tankers and a distribution pipeline to the designated customers, fulfilling the products and its technical specifications.

When determining the documented information on scope, we have considered:

1. The internal and external issues as listed in Section 5.1.
2. The requirement of relevant stakeholders as listed in Section 5.2.
3. The results of the bribery risk assessment as defined in Section 5.5.



### **3 REFERENCES**

The following documents, in whole or in part, are normatively referenced in this document, as applicable:

- Statutory and regulatory requirements
- Parent company
- ISO 37001 compendium of documents

**Refer to:**

- **HRC's Master list of External Documents.**



#### **4 TERMS AND DEFINITIONS**

ABMS	Anti-Bribery Management Systems
ABC	Anti-Bribery & Corruption
AML	Anti-Money Laundering
BOD	Board of Directors
BWC	Board Whistleblowing Committee
CEO	Chief Executive Officer
COC	Code of Conduct
COI	Conflict of Interest
CTR	Cash Threshold Report
LT	Leadership Team
G&H	Gift & Hospitality
GI	Government Intermediary(s)
GO	Government Official(s)
MHIL	Malaysia Hengyuan International Limited
HRC	Hengyuan Refining Company Berhad
HGBP	Hengyuan General Business Principle
HOD	Head of Department
IDD	Integrity Due Diligence
MACC	Malaysia Anti-Corruption Commission

All denominations referred in this Manual are in Ringgit Malaysia (RM). Any value transacted in other denomination should be converted to Ringgit Malaysia while complying with the Manual.

Immediate family members refer to biological or adopted parents, siblings, children, spouses and in-laws.

**Note: Applicable ABMS terms and definitions used in HRC shall refer to the terms and definitions stated in ISO 37001 standard as and when required.**



## **5 CONTEXT OF THE ORGANISATION**

### **5.1 Understanding HRC and Its Context**

HRC continues to review and analyse key aspects of its business as a top performing and admired refinery in Asia, together with its stakeholders to determine the strategic direction.

Our purpose and strategic direction from our LT and BOD is to reduce the risk of corruption and bribery. By implementing the ABMS, while compliance with the standard does not absolve a company from bribery related liabilities, but it does provide assurance and evidence in the event of an investigation that HRC has taken reasonable steps to prevent wrongdoing.

This requires an understanding of the relevant internal and external issues that are of concern to HRC and its interested parties.

The following business principles are used as a reference for determining the relevant internal and external issues that affect its ability to achieve the intended result(s) of HRC.

We have listed our internal and external issues as below considering above intention of implementing ABMS:

<b>Issues</b>	<b>Type of Issues</b>
Cash Payment	Internal/External
Gift	Internal/External
Fraud by own staff	Internal/External
Travel, hospitality and entertainment	Internal/External
Sponsorships and grants	Internal/External
Employment	Internal/External
Joint ventures	Internal/External
Acquisitions	Internal/External
Security	Internal/External
Corporate social responsibility	Internal/External
Intermediaries	Internal/External
Safety	Internal/External
Environment	Internal/External
Operational	Internal/External
Financial	Internal/External
Political donation	External
Customs	External
License and permit	External
Tax	External
Compliance obligations	External
Reputation	External

Such issues are monitored and updated when appropriate and are discussed during the quarterly BRMC meeting and annually as part of the system Management Review. The Risk & Integrity Department is the custodian of the site risk profile.





## **5.2 Compliance to Legal and Other Requirements**

HRC maintains a compilation of relevant ABC legislations and standards to ensure due diligence to government requirements. ABC legislation owners shall be responsible for ensuring that these are captured and disseminated to relevant parties.

The applicable legislations and standards are:

- Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018)
- Whistleblower Protection Act 2010
- Prime Minister's Directive No.1 of 2018, Series 1 No.1 of 2018: Enhancement of Governance, Integrity, and Anti-Corruption in the Administration Management of Malaysia
- MACC Guideline for the Management of Integrity & Governance Unit (2019)
- Companies Act 1965 & Companies Act 2016
- Securities Commission Act 1993
- Bursa Listing Requirement
- Foreign Corrupt Practices Act – DOJ US
- UK Bribery Act 2010
- Anti-Money Laundering, Anti-Terrorism Financing Act and Proceeds of Unlawful Activities Act 2001 ("AML Act")

## **5.3 Understanding the Needs and Expectations of Interested Parties**

HRC has determined stakeholders that are relevant to the ABMS. The applicable stakeholders as follows:

- Direct customers
- Regulators and government organisation
- Distributors, dealers or others involved in the supply chain in domestic and export market
- Suppliers and Contractors
- Staff
- LT and BOD
- Neighbours
- Transporter
- Media
- Shareholders

The requirements of these interested parties that are relevant to the ABMS are identified by various ways as follows:

- Customer satisfaction survey.
- Contract review of customer order to understand their requirements.
- Review of all applicable laws and updates and visit reports of government, inspectors at our premises for regular visits.
- Meeting with customers and distributors, dealers and other involved in our supply chain by commercial team.
- Inviting suppliers in supply meet as well as regular follow up by commercial and procurement staffs.
- Staff trainings, welfare activities.
- Meeting with neighbours.
- Not soliciting and offering bribe in any form of way.

Their requirements and information are reviewed and monitored by Head of Departments for their areas.



#### **5.4 ABMS and Its Processes**

HRC has established, implemented, maintained and is continually improving its ABMS, including the processes needed and their interactions, in accordance with the requirements of the International Standard as well as all applicable requirements (i.e., applicable statutory, regulatory and customer requirements).

HRC has defined various ABMS processes and the process approach for ABMS and their application throughout HRC. It includes:

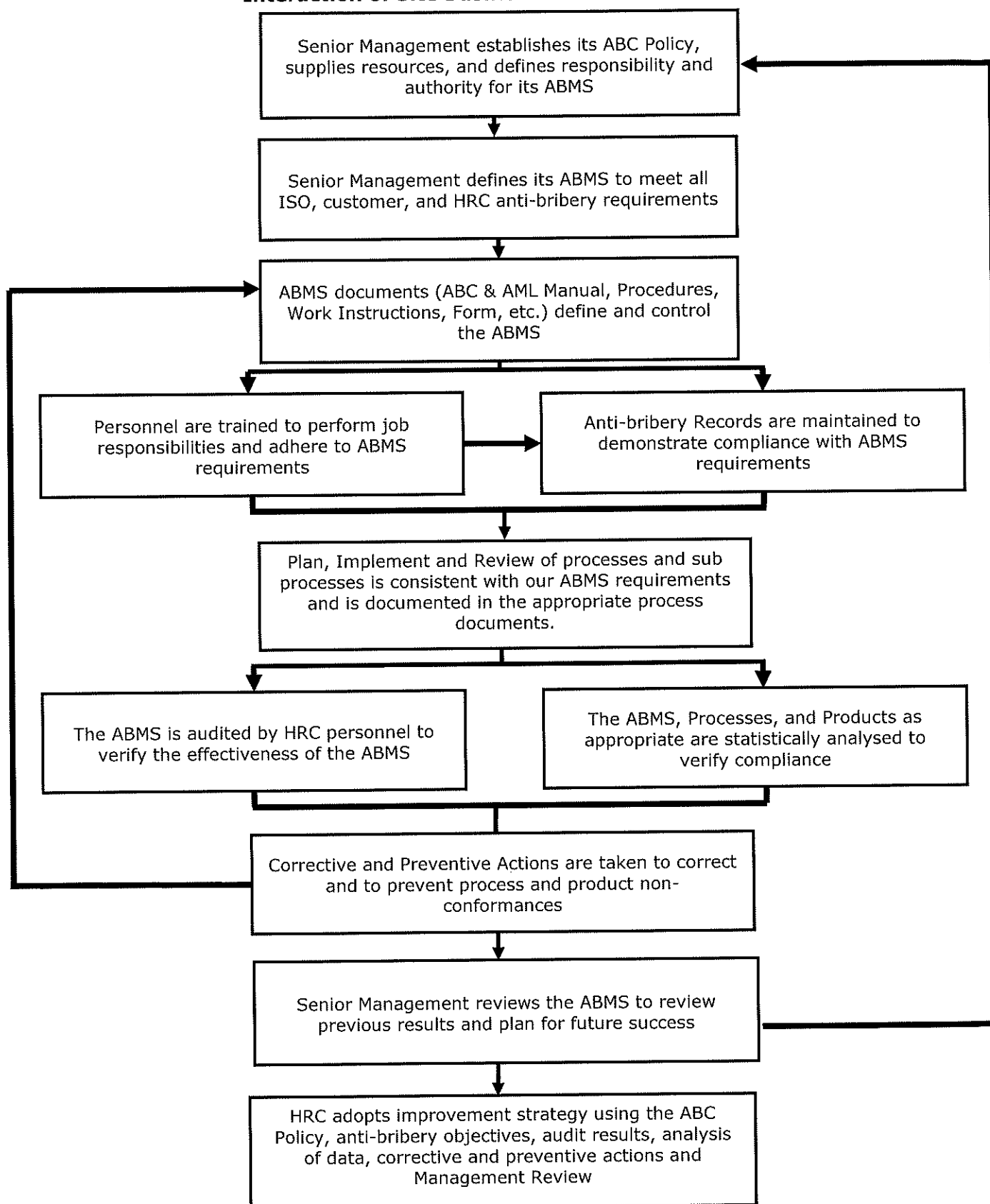
- Inputs required, and outputs expected from these processes.
- Sequence and interaction of these processes.
- Responsibilities and authorities for these processes.
- Risk as determined for the processes in accordance with the requirements of the ABMS.

Necessary resources are provided for these processes and job description are prepared to assign responsibility and authority.

**Interaction of Site Business Processes** is illustrated on the next page.



**Interaction of Site Business Processes**





## **5.5 Bribery Risk Assessment**

### **5.5.1 Internal and external issues**

We have considered the internal and external issues referred in Section 5.1. Based on that, we have identified bribery risks and opportunities and documented the information as listed below:

1. The bribery risk analysis profile is prepared for each risk with rating more than 'Low' with mitigation plans identified.
2. Minor business process bribery risks and opportunities are identified and documented as a process flow exhibit.

### **5.5.2 The risk process and profiles**

The risk process and profiles are identified and documented. The system identifies risks for multiple factors, including likely frequency of occurrence, severity and legal as well as customer concern. Accordingly, each risk is classified as 'Low', 'Medium' or 'High' as part of the planning. If any risk reaches a medium level, then actions are initiated as per the risk plan given in the risk profile.

### **5.5.3 Review by Risk & Integrity Department**

The bribery risk assessment is reviewed by the Risk & Integrity Department on a quarterly basis and discussed in the ABMS Management Review annually:

1. So those changes and new information can be properly assessed.
2. In the event of a significant change to the infrastructure or activities in HRC.

### **5.5.4 Maintenance of Risk Profiles**

Risk profiles are maintained and documented in HRC for the bribery risk assessment and reviewed quarterly to improve the ABMS.



## **6 LEADERSHIP**

### **6.1 Leadership and Commitment**

#### **6.1.1 Governing Body**

HRC has defined and documented a Governing Body, the Board of Directors (BOD) via its Board Risk Management Committee (BRMC), which demonstrate leadership and commitment with respect to the ABMS by:

1. Endorsing HRC's ABC Policy.
2. Ensuring that HRC's strategy and ABC Policy are aligned.
3. At planned intervals, receiving and reviewing information about the content and operation of HRC's ABMS.
4. Requiring adequate and appropriate resources needed for effective operation of the ABMS are allocated and assigned.
5. Exercising reasonable oversight over the implementation of HRC's ABMS by Senior Management and its effectiveness.

The Governing Body would conduct its review as and when required with minimum of one review per year.

#### **6.1.2 Leadership Team (LT)**

The LT demonstrates its leadership and commitment with respect to the ABMS, through the following behaviours and activities:

1. Being accountable for the effectiveness of the ABMS.
2. Establishes policy and objectives for the ABMS and ensure compatibility with the context and strategic direction of HRC.
3. Integrates the ABMS requirements into HRC's business processes.
4. Promotes the use of process approach and risk-based thinking.
5. Ensures resources needed for the ABMS are available.
6. Communicates the importance of effective ABMS and conform to the ABMS requirements.
7. Ensures the ABMS achieves its intended results.
8. Engages, directs and supports all relevant personnel to contribute to the effectiveness of the ABMS.
9. Promotes improvements.
10. Provides support to other leadership roles to demonstrate their leadership as it applies to their areas of responsibility.
11. Ensures that no personnel will suffer retaliation, discrimination or disciplinary action for report made in good faith or based on a reasonable belief of violation or suspected violation of HRC's ABC Policy, or for refusing to engage in bribery, even if such refusal can result in HRC losing business.
12. Reports to the Governing Body on the content and operation of the ABMS and of allegations of serious or systematic bribery at planned interval.



The HRC Leadership Team consists of:

1. Chief Executive Officer (CEO)
2. Chief Operations Officer (COO)
3. Chief Finance Officer (CFO)
4. Chief Government Relation Officer (CGRO)
5. Chief Commercial Officer (CCO)
6. Senior Manager Engineering
7. Senior Manager Technology
8. Manager Quality and HSSE
9. Contract & Procurement Manager and
10. Head of Human Resource

The general obligations of the HRC Leadership Team include:

1. Promoting effective implementation of ABMS.
2. Managing the external providers, the manufacturing inputs and the outputs, in accordance with the best refinery industry standards, being translated to HRC's performance scorecard.
3. Complying with all applicable legal and other requirements.

Specific obligations include:

1. Safe operations of the plant and maintain the integrity of the assets.
2. Being subject to overall MHIL's supervision and governance via the BOD.
3. Maintenance and repairs of the assets.
4. Any emergency operations.
5. Recordkeeping to fulfil compliance requirements as well as for future references as knowledge for the organisation.
6. Hiring, remuneration, and training of personnel and contractors.
7. Compliance with recommendations of external audits, e.g., within and outside of HRC.
8. Reports to the various stakeholders, i.e., MHIL, BOD, Statutory and Regulatory bodies, HRC Leadership Team and staff, contractors and/or suppliers as well as the surrounding communities located outside the site's perimeter wall.
9. Developing strategies for the future to assure the long term sustainable and profitable operation of the organisation.
10. Preparation of annual plans, programs and budgets.
11. Compliance with good business conduct principles as well as health and safety principles.
12. Management of hydrocarbon and material inventories.
13. Knowledge and advice on relevant compliance obligations, as applicable, i.e., statutory and regulatory requirements to ensure operational safety.
14. Outsourcing of processes and technical expertise, where required; and
15. Managing risk and related opportunities to ensure a profitable company and operational safety.





Additional objectives of this approach to managing HRC include:

1. Enhancement of the learning culture.
2. Receptacle for capturing refinery management best practices.
3. Basis for identifying competency gaps for staff.
4. Provides a basis for performance management.
5. Demonstration of the completeness of the overall business process.
6. Appreciation of HRC management's role to a wider audience, both internally and externally.
7. Have business process control in place to ensure that hazards and effects to health, safety, security and the environment are systematically identified, assessed, controlled and recovery measures are in place.
8. Define performance standards for managing, quality and HSSE, which are assessed and continuously improved by a program of performance monitoring, audit and review.
9. To ensure the safe and effective design, operations, inspection and maintenance of equipment.
10. Have processes in place, which will provide products or specification, on quantity and on time.
11. To have systems in place for the control of finances, cost and capital expenditure (CAPEX).

## **6.2 Policy**

### **6.2.1 Establishing the ABC Policy**

HRC has developed an ABC Policy which is reflecting the characteristics of the business, organisation, location and technology. It is appropriate for the purpose and context of the organisation and provides the framework to set objectives.

**Note: HRC's ABC Policy is approved by the BOD.**

### **6.2.2 Communicating the ABC Policy**

All new staff will be briefed on the ABC Policy during the onboarding session. The Risk & Integrity Department ensures that respective staff understand the ABC Policy and comply with the ABMS documented information. The policy also displayed at prime locations and available from the site intranet.

The ABC Policy is reviewed once in a year or as and when needed for continual of the effectiveness of the ABMS in the Management Review meeting.



# ANTI-BRIBERY & CORRUPTION (ABC) AND ANTI-MONEY LAUNDERING (AML) MANUAL

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## 6.3 Organisational Roles, Responsibilities and Authorities

### 6.3.1 Roles and responsibilities

Responsibilities and authorities are defined in the Job Description of each position. The interrelationship of all persons is shown in the organisation chart. Roles, responsibilities and authorities of the Leadership Team (LT) are as follows:

#### HRC Leadership Team and Decision Making

Activity	CEO	COO	CFO	Sr. Technology Manager	Sr. Engineering Manager	Head of HR	QHSSE Manager	CCO	CP Manager	Risk & Integrity Department	Chief Internal Auditor
<b>Performance Management System</b>											
• Strategy	A	R	R	R	R	R	R	R	R	I	I
• Business Plans	A	R	R	R	R	R	R	R	R	I	I
• KPI's / Targets	A	R	R	R	R	R	R	R	R	I	I
• Annual Action Plans	A	R	R	R	R	R	R	R	R	I	I
• Prioritisation / Resourcing / Phasing	A	R	R	R	R	R	R	R	R	I	I
• Risk Profiles	A	R	R	R	R	R	R	R	R	R	-
• Whistle Blower	I	-	-	-	-	-	-	-	-	I	R
• Investigation	A	I	I	I	I	I	I	I	I	I/R	R
<b>People</b>											
<b>Training</b>											
• Policy	A	-	-	-	-	R	-	-	-	-	-
• Process	-	-	-	-	-	R/A	-	-	-	C	-
• Budget	R	R	R	R	R	R/A	R	R	R	-	-
• Resource	R	R	R	R	R	R/A	R	R	R	-	-
<b>Recruitment</b>											
• Local Permanent Hire	R	R	R	R	R	R/A	R	R	R	R	R
• Expatriate	A	-	-	-	-	R	-	-	-	-	-
• Contract - Service	-	-	-	-	-	R/A	-	-	-	-	-
• Contract - Direct Hire for set temporary period	R	R	R	R	R	R/A	R	R	R	R	R
• Contract - Direct Hire For regular contract position	R	R	R	R	R	R/A	R	R	R	R	R
• Long Term Vision	A	R	R	R	R	R	R	R	R	R	R
• Change to current structure	R/A	R	R	R	R	R	R	R	R	R	R
• Career Development of high potential staff	R/A	R	R	R	R	R	R	R	R	R	R
• Staff moves to positions directly below LT	C	R/A	R/A	R/A	R/A	R/A	R/A	R/A	R/A	R/A	R/A

**Revision: 5**

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Activity	CEO	COO	CFO	Sr. Technology Manager	Sr. Engineering Manager	Head of HR	QHSSE Manager	CCO	CP Manager	Risk & Integrity Department	Chief Internal Auditor
• Process for filling job vacancies	R/A	R/A	R/A	R/A	R/A	R/A	R/A	R/A	R/A	R/A	R/A
<b>People</b>											
<i>Terms and Conditions</i>											
• Salary Admin. process (including merit)	-	-	-	-	-	R/A	-	-	-	-	-
• HR Manual	-	-	-	-	-	R/A	-	-	-	-	-
• Communication Strategy/Policy - Internal	A	R/A	R/A	R/A	R/A	R/A	R/A	R/A	R/A	R/A/C	I
• Communication Strategy/Policy - External	A	R	R	R	R	R	R	R	R	R	I
• Rewards to staff/celebrations >RM500	R/C	R	R	R	R	R	R	R	R	R	I
<b>Expenditure</b>											
• Capital Budget - Annual CAPEX budget amount process (see business plan process)	A	R	R	R	R/A	R	R	R	R	R	I
• Project review process - Acceptance criteria	R	R	R	R	A	R	R	R	R	R	I
• Project review process - Allocation and prioritisation	A	R	R	R	R/A	R	R	R	R	R	R
• Expense Budget - Annual budget setting	A	R	R	R	R	R	R	R	R	R	I
• Expense Budget - Review process (routine)	R/A	R/A	R/A	R/A	R/A	R/A	R/A	R/A	R/A	R/A	I
• Expense Budget - Extraordinary (unplanned) events >USD1M)	A	-	R	-	-	-	-	-	-	-	-
<b>Management System Approval</b>											
• Prioritisation	R/A	S	S	S	S	S	R/A	S	S	S	I
• Resource allocation	R/A	S	S	S	S	S	R/A	S	S	S	I
• Management reviews	A	R	R	R	R	R	R	R	R	R	I
• HRC MS	A	S	S	S	S	S	R	S	S	S	I
<b>Policy</b>											
• Approving corp. policies	A	R	R	R	R	R	R	R	R	R/C	I

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Responsible (R)	People who perform an activity / decision <ul style="list-style-type: none"><li>• The "doers"</li><li>• "R's" can be shared</li><li>• Can also be "Accountable" for the activity</li></ul>
Accountable (A)	The person who is ultimately accountable for an activity / decision <ul style="list-style-type: none"><li>• Only one "A" can be assigned to an activity or decision</li><li>• Can also be "Responsible" for the activity</li></ul>
Support (S)	The person who provides resources or play supporting role in the implementation
Consult (C)	People who must be consulted before a decision or action
Inform (I)	People who must be informed after a decision or action

Details are contained in the following:

1. HRC Organisation chart – details of each department head count.
2. HRC Manual of Authority (MOA) –this contains the description of approving authorities for various business transactions and delegation of authorities.
3. Specification on Roles and Responsibilities of Site Process Owners and Process Focal Points.

### 6.3.2 Anti-bribery & corruption compliance function

The BOD via its BRMC and LT have appointed the Risk & Integrity Department to whom authority and responsibility is given for:

1. Implementation of the ABMS throughout HRC.
2. Ensuring that the ABMS conforms to the requirements.
3. Providing advice and guidance to personnel on the ABMS and issues related to bribery.
4. Reporting to Senior Management and Governing Body on the performance of the ABMS and on opportunity for improvement and on the need for change or innovation.
5. Ensure integrity of the ABMS is maintained when changes to ABMS are planned and implemented.

The Risk & Integrity Department has direct and prompt access to the Governing Body and Senior Management for any issue or concern needs to be raised in relation to bribery or ABMS.

### 6.3.3 Delegated decision making

Authority and responsibility for all concerned persons are documented in their job description and communicated to them to facilitate an effective ABMS. It is communicated and understood by all, and Risk & Integrity Department ensures that person read his job description and aware of their roles, responsibility and authority in the organisation. Also copies of job description are given to the concerned persons.

HRC has established and maintained a decision-making process or set of controls in such a way that the decision process and the level of authority of the decision-maker are appropriate and free of actual or potential conflicts of interest.

The decision-making process is reviewed periodically as part of its role and responsibility for implementation of, and compliance with, the ABMS.



## **7 PLANNING**

HRC business planning process is an annual event through which the Business Plan is the output. The Business Plan is a document that will focus HRC's resources and strategies for the next year. It is through this document that the management of HRC will align the entire company towards common goals. The annual Business Plan is the short-term strategy to achieve the long-term objectives of the organisation.

The Business Plan is drawn up based on the following:

1. The needs/expectations of our stakeholders - determined through direct meetings, feedback from reports, market development, AGM, stakeholders' engagement etc.
2. The assumptions made by the Leadership Team based upon an analysis of the risks associated with the operation of the business and opportunities presented by the business environment.
3. The basic needs to operate safely and reliably and investment required to refresh the asset base or to keep it up to the latest standards of safety and integrity.

The Business Plan document contains specific outputs of the planning process which are the Action Plans with their Critical Success Factors, organisation, resources allocation in the form of operating and capital budgets, performance measures in the form of Key Performance Indicators (KPIs) and objectives for the planned period and targets for the following year.

**Refer to:**

- **HRC Business Plan.**
- **HRC Scorecard.**
- **RMS-RFW-P301 Business Planning Process.**

### **7.1 Actions to Address Risks and Opportunities**

Risks that could have a significant influence on achieving the company vision, mission and strategic objectives are systematically analysed and ranked with respect to their relative importance, in terms of impact and likelihood. The term "risks" is used for both downside and upside risks (risks and opportunities). Measures are already in place to control the risks, in the form of design features, management systems, competence requirements etc.

The risk profiling exercise is conducted quarterly to ensure the existing risk control measures continue to be adequate, should be reinforced or could possibly be relaxed. The Risk & Integrity Department is the sponsor of the workshop and is responsible for maintaining and reviewing HRC Risk Assessment profile.

The risk and opportunities review intends:

1. To ensure the ABMS can achieve its intended outcome.
2. To enhance desirable effects.
3. To prevent, or reduce, undesired effects relevant to the ABC Policy and objectives.
4. To achieve continual improvement.
5. To monitor and evaluate the effectiveness of these actions.

These risks and opportunities are presented and reviewed by the BOD via its BRMC during the quarterly review.

**Refer to:**

- **RMS-RFW-P110 Risks and Opportunities Procedure.**



## **7.2 Anti-Bribery Objectives and Planning to Achieve Them**

### **7.2.1 The anti-bribery objectives**

The objectives are prepared based on the ABC Policy, are specific, measurable, achievable, realistic and time-bound, and consider issues in Section 5.1, the requirements referred to in Section 5.2 and the bribery risk identified in Section 5.5.

Objectives of HRC ABMS are:

- i. to avoid any instances of bribery, corruption or receipt of monies derived from money laundering activities;
- ii. to ensure that ethical business practices are being adhered to and that the Company has put in place adequate controls to mitigate the risk of bribery and corruption.

### **7.2.2 The objective management plan**

The plan is prepared to achieve the anti-bribery objectives. The objective plan includes:

1. What will be done
2. Required resources
3. Responsibilities
4. Completion time
5. Results evaluation method
6. Who will impose sanctions or penalties





## **8 INTEGRITY DUE DILIGENCE**

### **8.1 Contracting**

Refer to **HRCPD-ABMS-002 Integrity Due Diligence (IDD) Procedure**.

### **8.2 Offering or Receiving Gift and Hospitality (G&H)**

Refer to **HRCPD-ABMS-001 Gift & Hospitality Procedure**.

### **8.3 Conflict of Interest (COI)**

COIs must be avoided and, where an actual, perceived or potential COI occurs, it must be recorded in the Record for line management action.

COIs happen in situations where two or more competing interests' conflict and impair an individual's ability to make objective decisions. Generally, a COI arises when personal interests in any way interfere with HRC's interests. COIs do not necessarily have to result in unethical or illegal acts. COIs can arise when staff take actions or have interests that may make it difficult to perform their HRC role objectively. It is important for staff to avoid COIs, including potential COIs that could create the perception that they may be improperly influenced in their decision-making.

It is not possible to list all situations or relationships which may create a COI or the appearance of one, so each situation must be evaluated. COIs can be damaging to staff or to HRC. In some situations, a COI that has been fully disclosed to HRC may be acceptable, assuming appropriate mitigations have been agreed and implemented.

Each department must ensure that:

1. Staff are aware of the need to declare any actual, perceived or potential COI to Risk & Integrity Department
2. Any actual, perceived or potential COI that cannot be resolved in that manner is escalated to the Risk & Integrity Department for advice.

### **8.4 Facilitation Payments**

Facilitation payments are bribes and must not be made. Where a facilitation payment has been requested, the Risk & Integrity Department or HRC Legal must be immediately informed of the request and actions taken.

A payment made in the good faith belief that life, health or safety may be in imminent danger is not a facilitation payment but must be reported as noted above and recorded in the accounts. Fees that are required by written law are not facilitation payments.

A facilitation payment is a minor payment to induce a Government Official to expedite or secure performance of a routine duty which that person is already obliged to perform and



where such payment would exceed what is properly due. Payment of fees to avoid hefty penalties or fines which an official receipt not given is a facilitation payment.

The urgent processing of a regular government-provided service, against rates published by the government, for which payment is made into a government administered account and for which an official receipt is given, is not a facilitation payment.

## **8.5 Funding Social Investment, Donations and Sponsorships**

Funding of social investments, donations and sponsorships must never improperly influence a business outcome.

Social investments, donations and sponsorships carry certain bribery and corruption risks, particularly in relation to the interaction with external parties. These risks must be identified through appropriate due diligence and mitigated when considering requests from third parties to ensure that funding never improperly influences a business outcome. Any approved social investments, donations or sponsorships must be contributed to an organisation and not to any individual. Funding where a Government Official (GO) is involved (and that is not exempted below) must follow required approval and Record retention processes.

Before offering or committing any funds, Initiator department must:

1. Ensure that the proposed recipient is a legitimate organisation, not an individual.
2. The event is budgeted.
3. Identify whether any GO and/or politician is involved (e.g., a GO and/or politician has requested the donation or sponsorship; a GO and/or politician is affiliated with the recipient of the donation or sponsorship).
4. If no GO is involved, the due diligence confirming this must be kept as a Record.
5. Ensure that any Red Flags raised in due diligence are resolved.

The social investment, donation and/or sponsorship (which is up to RM500k and within approved Business Plan allocation) must:

1. Be initiated by Corporate Public Affairs Department/ CGRO and;
2. Be supported by Risk & Integrity Department and;
3. Be supported by CFO and;
4. Be approved by CEO (up to RM500k) / Board (> RM500k) and;
5. Include ABC clauses should there is a formal contract or Corporate Undertakings established.
6. Keep all documentation relating to the funding as a Record and;
7. Not allow payment by cash and;
8. Address the payment to a legitimate organisation.

Refer to **HRC Manual of Authority (C-GB-002)**



## **8.6 Political Payments and Activities**

As stated in the HGBP, political payments or “in-kind contributions” must never be made by HRC with HRC funds. HRC must not take part in political parties.

Political payments that are classed as “in-kind contributions” such as the use of HRC facilities, resources, funds or premises for the purpose of political activities such as rallies, campaigns, elections or political speeches are not permitted. If such requests from governments, political parties, organisations or their representatives are made, the Chairman must be consulted.

HRC does not prohibit staff from participating in political activity outside of office hour. Staff is freely to contribute funds to any political party on their own goodwill and the amount contribute to a political party is not allowed to be reimbursed by HRC. Staff participating in any political activities outside of office hour are prohibited from wearing HRC uniform or related HRC identity. Staff that associate HRC to any political movement or activities without prior written approval from Chairman shall be considered a breach to Code of Conduct and dealt with under the Consequences Management Framework (CMF).

Vendor and business associate are also reminded not to associate HRC to any of the political contribution or activities without prior written approval from the Chairman or HRC CEO.

## **8.7 Recruitment**

Refer to **HRCPD-ABMS-002 Integrity Due Diligence (IDD) Procedure.**



## **9 MANAGING INCIDENTS AND REPORTING A CONCERN**

HRC has a duty to investigate all good faith allegations that a violation of the HRC Code of Conduct or the law has occurred. All allegations will be addressed confidentially, impartially and in a timely manner by the Risk & Integrity Department and/or HR. HRC are required to protect from retaliation anyone who makes any good faith allegation of a breach of the Code of Conduct.

If it is known or suspected that an engaged third party has made or will make a corrupt payment in connection with a HRC contract or if there is a suspicion of money laundering or a breach of this Manual's requirements (by HRC or any individual acting for HRC or a third party), it must be immediately reported to a Risk & Integrity Department. Alternatively, report can be lodged via Whistle Blowing channel available by HRC.

In either instance, failure to report could result in criminal liability for both the individual and HRC. Under no circumstances should an individual notify the subject of any suspicions or perform their own investigations as this may prejudice an investigation and could itself be a violation of AML laws.

### **9.1 Whistleblower Policy**

Any party who has concern with regards to any malpractices or breach of ABC Manual or Code of Conduct can lodge their concern via a dedicated whistle-blowing channel which will be evaluated and investigated independently. The whistle-blowing channel includes a dedicated email [whistleblower@hrc.com.my](mailto:whistleblower@hrc.com.my) or in writing to Chairman of Board Whistleblowing Committee (BWC).

Protection to whistleblower as well as the procedure and investigation can be found in the HRC Whistleblower Policy. A copy of the policy can be obtained from HRC internet.



## **10 TRAINING**

Staff in roles exposed to bribery and corruption and/or money laundering risk must complete appropriate HRC ABC and/or AML training. The type of ABC and/or AML training that staff must take will depend on the level of risk associated with their role. Based on the level of risk, staff may be nominated by their department to complete on-line or face-to-face training. The ABC face-to-face training may be delivered in person. Further tailored ABC Training is provided for staff in leadership positions.

Head of Department must:

1. Identify those roles determined to be "at risk" and nominate staff for ABC and/or AML training.
2. Ensure that staff who have been nominated complete the training by the training due date; and
3. Take appropriate action with those staff who have not completed the required training, including taking consequence management actions as agreed with HR.



## **11 KEY ROLES AND RESPONSIBILITIES**

### **11.1 Heads of Departments**

1. Determine the key legal and ethical compliance risks in their respective departments.
2. Assess and monitor the risks; communicate and report changes; and ensure relevant business plans, discussion and operations are considered.
3. Implement controls and communicate the requirements of the ABC and AML programmes.
4. Ensure compliance by their staff with the requirements of this Manual.

### **11.2 Departments Staff**

1. Support and monitor ABC and AML activities within their respective departments.
2. Work with the department to identify and assess the overall level of ABC and AML risk.
3. Work with their respective department to identify staff exposed to ABC and AML risk and assist in nominating identified staff for ABC and AML training.

### **11.3 Risk & Integrity Department and Legal Department**

1. Define the risks and legal and ethical requirements to mitigate ABC and AML risks and ensure they are incorporated into this Manual as appropriate.
2. Overseeing the design and implementation by the organization of the ABMS.
3. Providing advice and guidance to personnel on the ABMS and issues relating to bribery.
4. Ensuring that the ABMS conforms to the requirements of the ISO37001 Standard.
5. Support memoranda as required by this Manual.





## **12 RELATED RULES AND REGULATIONS APPLICABLE TO HRC**

HRC operations are governed by the following regulation:

- Malaysia Anti-Corruption Commission (MACC) Act 2009.
- Malaysia Anti-Corruption Commission (Amendment) Act 2018.
- Anti-Money Laundering, Anti-Terrorism Financing and Proceed from Unlawful Activities Act 2001.

HRC Anti-Bribery & Corruption Manual make references to the following regulation which HRC might be bound to comply:

- UK Bribery Act 2010.
- US Corrupt Foreign Practices Act 1977.



## **13 SUPPORT**

### **13.1 Resources – General**

HRC has identified resource requirements and has provided timely resources in terms of qualified personnel, infrastructure and automation system. The resources for the establishment, implementation and maintenance of ABMS as well as its effectiveness improvement are provided.

Adequacies of these resources are reviewed, for example during

- Management Review, and
- Internal Audit

Risk & Integrity Department consider the capabilities and constraints on, existing internal resources. In cases in house resources are limited then services of external providers are taken.

### **13.2 Environment for the Operation of Processes**

The environment for the operations of processes in HRC are identified and suitably controlled. This is guided by the:

- Legal requirements of the country,
- Related International Standards i.e.
  - ISO 9001 Quality Management System
  - ISO 14001 Environmental Management System
  - ISO 17025 Testing & Calibration Laboratory Accreditation
  - ISO 27001 Information Security Management System
  - ISO 37001 Anti-Bribery Management Systems
  - ISO 45001 Occupational Safety and Health Management System
- Specific customer requirements,
- Local site requirements, and
- HRC's work life balance practices.

In addition, HRC maintains an open and ongoing discussion with the relevant regulatory bodies.

**Refer to:**

- **HRCPD-IMS Integrated Management System Manual**

### **13.3 Competency**

#### **13.3.1 General**

The competency of personnel who are assigned responsibilities defined in the ABMS and whose work affects anti-bribery performance shall be provided with appropriate education, training, skills and experience.

Documented procedures are established and maintained for identifying training needs and providing training to all personnel whose activities affect anti-bribery performance. The Recruitment, Learning and Development Manager coordinates training, maintains the training records, and maintains the guide for assessing the training needs of staff and for evaluating the effectiveness of training.



Personnel performing tasks directly affecting anti-bribery performance are qualified based on appropriate education, training, or experience as required.

Individual Development Planning (IDP) is the process by which staff, with help from their supervisor, set development goals and a plan to achieve those goals. Competence gaps may be addressed by the classroom or independent training, on the job activities or specific assignments. Both short and long-term development should be included.

**Refer to:**

- **HRCPD-LNDMS Learning and Development Management System.**
- **Chief Internal Auditor's Job Description.**

The competency of the Chief Internal Auditor and investigation team is defined as part of their job description. This includes competency in term of education, knowledge, experience and integrity. Some of the value or requirement as follows:

- Adequate professional studies with degree and preferably professional paper such as CIA or CFE.
- At least 5 years working experience in internal audit and have sound investigation knowledge.
- Ability to maintain secrecy until the completion of the investigation.
- No conflict of interest within HRC.
- Do not have any criminal records.
- Able to conduct interviews, collecting evidence and conclude an investigation without any bias.
- Independent and objective in carry out their work.
- Underwent relevant training on conducting investigations.
- Understand the law and regulation of Malaysia.

The BOD via its BRMC has the discretion to outsource the investigation to a third party / professional forensic auditor if the in-house investigation team did not meet any of the competency required.

### **13.3.2 Employment process**

#### **13.3.2.1 Employment and induction training processes**

HRC has implemented employment and induction training processes such that:

1. Conditions of employment require personnel to comply with the ABC Policy and ABMS Manual and give HRC the right to discipline personnel in the event of non-compliance.
2. As part of the onboarding process, personnel receive a copy of, or are provided with access to, the ABC Policy and ABMS Manual within a reasonable period receive training in relation to that policy.
3. Establish a procedure which enables appropriate action against personnel who violate the ABC Policy or ABMS Manual.
4. Personnel will not suffer retaliation, discrimination or disciplinary action (e.g., by threats, isolation, demotion, preventing advancement, transfer, dismissal, bullying, victimization or other form of harassment) for:
  - i. refusing to participate in, or turning down, any activity in respect of which they have reasonably judged there to be a more than 'Low' risk of bribery that has not been mitigated by HRC, or
  - ii. concerns raised or reports made in good faith, or based on a reasonable belief, of attempted, actual or suspected bribery or violation of the ABC Policy or the ABMS Manual (except where the individual participated in the process).



### **13.3.2.2 Bribery Risk to all positions**

In relation to all positions which are exposed to more than a 'Low' bribery risk, as determined in the bribery risk assessment and to the anti-bribery compliance function (risk and integrity function), HRC has implemented procedures which provide that:

1. Due diligence is conducted on persons before they are employed, and on personnel before they are transferred or promoted by HRC, to ascertain as far as is reasonable that the individual is appropriate to be employed and that it is reasonable to believe that they will comply with the ABC Policy and ABMS Manual.
2. Performance bonuses, performance targets and other incentives are reviewed as and when required by compliance function and verify that there are reasonable safeguards in place to prevent them from encouraging bribery.
3. Risk & Integrity Department, Senior Management and the compliance function, file a declaration at reasonable intervals proportionate with the identified bribery risk, conforming their compliance with the ABC Policy and ABMS Manual.

### **13.4 Awareness**

HRC ensures that personnel (i.e., permanent, contract staff and external providers) performing work under HRC's control are aware of:

1. The ABC Policy
2. Relevant anti-bribery objectives
3. Their contribution to the effectiveness of the ABMS, including the benefits of improved performance.
4. The implications of not conforming with the ABMS requirements.

The items listed above are managed and communicated by the Risk & Integrity Department or Quality team, i.e., refresher training, new staff onboarding etc.

#### **Refer to:**

- **ESMS-HR-P010 Onboarding Procedure**
- **HRCPD-LNDMS Learning and Development Management System**

### **13.5 Communication**

HRC has determined the internal and external communications relevant to the ABMS. Communication is managed via various channels and medium by the respective functional units.

The Leadership Team (LT) meets monthly to review Quality & HSSE performance, asset holder performances, production, reliability, HR issues and other issues such including anti-bribery as and when required. Where necessary, actions are agreed and assigned.

Other means of communication include websites, EIs, staff huddles, news flashes on the HRC website, Office Automation and notice boards.

The ABC Policy is made available to all staff and business associates, be communicated directly to both personnel and business associates who pose more than a 'Low' risk of bribery. It is also published at prime locations and on the website through HRC's internal and external communication channels.



### **13.5.1 Key communication processes**

The prime objective of communication is to protect and enhance HRC's image and reputation amongst stakeholders in the long term. To favourably influence the various stakeholders towards positive perceptions of HRC so that we remain a preferred business partner/responsible corporate citizen.

### **13.5.2 Internal communication**

All HRC staff need to be informed about HRC – its objectives, aspiration and problems. Staff are interested in what happens within HRC. When fully briefed, they are excellent ambassadors for HRC in their community.

#### **Objectives:**

- To broaden awareness of HRC business objectives and staff activities.
- To boost staff morale and commitment and equip staff to become effective ambassadors for HRC.
- To encourage two-way communications amongst HRC staff.

#### **Strategy:**

- To improve and co-ordinate the various channels of staff information, with regard to timeliness, quality of publications and subject matter that will boost leadership.

#### **Action Plans:**

Quarterly staff communication sessions	<ul style="list-style-type: none"><li>• HSSE</li><li>• Margin highlights</li><li>• Finance</li><li>• Organisation/People changes</li><li>• CEO's Message</li></ul>
LT engagement sessions	<ul style="list-style-type: none"><li>• Feedback and dialogue sessions</li><li>• Improvement efforts lead by LT</li></ul>
Email, notice board and HRC web	<ul style="list-style-type: none"><li>• Ad-hoc. To keep staff posted on all relevant events / information</li><li>• PC Sign-On broadcasts</li></ul>
Staff-related events which require dissemination of information and set feedback from staff	<ul style="list-style-type: none"><li>• Sports club activities</li><li>• Social and charity events</li><li>• LT Turun-Padang</li><li>• Departmental Away Day, Team Building</li></ul>
Departmental meetings	<ul style="list-style-type: none"><li>• Operation Leadership Team, Engineering Leadership Team, etc.</li></ul>

### **13.5.3 External communication**

Communications on customer complaints shall be managed via the Whistle Blowing Policy and Investigation Procedure.

Anti-bribery related communications, including dialogues with the statutory and regulatory bodies as well as the public shall be managed by the Corporate Affairs Department.



### **13.6 Documented Information**

The ABC Manual, which has been established and maintained includes the scope of the ABMS, ABC Policy statement, anti-bribery objectives, exclusion clauses, conformity to the requirements of the latest revision of the ISO 37001 standard, references to the procedures, business process flow in a pictorial of the interaction of the processes and an organisation chart to define the various departments and responsibilities.

Control is exercised over the creation and amendment of all documentation and data pertaining to this quality management system.

Records that provide objective evidence of compliance with the relevant manuals, standing instructions and procedures, that is applicable to this ABMS. The Record shall remain legible, ready identifiable and retrievable.

**Refer to:**

- **RMS-RFW-P101 Document Control Procedure.**
- **RMS-RFW-P102 Record Control Procedure.**



## **14 OPERATION**

### **14.1 Operational Planning and Control**

Planning for sequence of processes and sub-processes are consistent with our ABMS requirements and documented in the appropriate process documents.

We plan, implement, review and control the processes as per details given below:

1. Organisational and functional level objectives are defined and monitored periodically to establish control of the processes.
2. Necessary resources are provided and ensured by HRC to implement control of the processes.
3. All the processes are controlled, and output documented information is generated as defined in process follow documented information. Evidence of all such documented information listed in the document master list and record registration list.

The Risk & Integrity Department and departmental heads control planned changes and review the consequences of unintended changes, taking action to mitigate any adverse effects, as necessary.

HRC has ensured that outsourced processes are controlled. Proper control is established at section and evaluation stage to ensure that they are committed to implement related anti-bribery actions as defined in our system Manual. Also, in our purchase document and contracts necessary care is taken by us to clearly communicate to them the necessary ABMS requirements.

The controls for outsourced process are done as per established system and as per controls identified by departmental heads.

### **14.2 Due Diligence by Work Process Owner**

HRC conducts due diligence on certain transactions, projects, activities, business associates, or an organisation's personnel for further evaluate the scope, scale and nature of the more than 'Low' bribery risks identified as part of the HRC's risk assessment.

Where HRC's bribery risk assessment has assessed a more than 'Low' bribery risk in relation to:

1. Specific categories of transactions, projects or activities.
2. Planned or on-going relationships with specific categories or business associates, or
3. Specific categories of personnel in certain positions.

HRC assesses the nature and extent of the bribery risk in relation to specific transactions, projects, activities, business associates and personnel falling within those categories.

Bribery risk assessments include all due diligence necessary to obtain sufficient information to assess the bribery risk.



### **14.3 Financial Controls**

HRC has implemented financial controls to manage financial transactions properly and to record these transactions accurately, completely and in a timely manner. This financial controls implemented by an organisation which reduce the bribery risk.

This control is done in HRC through:

1. Implementing a separation of duties, so that the same person cannot both initiate and approve a payment.
2. Implementing appropriate tiered levels of authority for payment approval (so that larger transactions require more Senior Management approval).
3. Verifying that the payee's appointment and work or services carried out have been approved by HRC's relevant approval mechanism.
4. Requiring at least two signatures in payment approvals.
5. Requiring the appropriate supporting documentation to be annexed to payment approvals.
6. There shall be no transaction with external party in the form of cash payment for amount of RM25,000 and above in a day as required by Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA) (CTR Circular dated 28 December 2018; effective 1 January 2019).
7. Requiring that payment categorizations and descriptions in the accounts are accurate and clear.
8. Conducting monthly reviews of significant financial transactions.
9. Conducting annual independent financial audits and changing, on a regular basis, the person or company that carries out the audit.

### **14.4 Nonfinancial Controls**

HRC has implemented non-financial controls to manage bribery risk with respect to such area as procurement, operational, commercial, human resources, legal, engineering, QHSSE and technological.

This control is done in HRC through:

1. Using approved contractors, sub-contractors, suppliers and consultants that have undergone pre-qualification process under which the likelihood of their participating in bribery is assessed.
2. Assessing:
  - i. The necessity and legitimacy of the services to be provided by a business associate (excluding clients or customers) to HRC.
  - ii. Whether the services were properly carried out.
  - iii. Whether any payments to be made to the business associate are reasonable and proportionate with regards to those services. This is particularly important to avoid the risk that the business associate uses part of the payment made to it by HRC to pay a bribe on behalf or for the benefit of HRC.
3. Awarding contracts only after a fair and transparent, and where possible, competitive tender process between at least three competitors has taken place.
4. Requiring at least two people to evaluate the tenders and approve the award of a contract.
5. Implementing a separation of duties, so that personnel who approved the placement of a contract are different from those requesting the placement of the contract and are from a different department of function from those who manage the contract or approve work done under contract.





6. Requiring the signatures of at least two persons on contracts, and on documents which change the terms of a contract, or which approve work undertaken or supplies provided under the contract.
7. Placing a higher level of management oversight on potentially high bribery risk transactions.
8. Protecting the integrity of tenders and other price-sensitive information by restricting access to appropriate people
9. Providing appropriate tools and templates to assist personnel (e.g., practical guidance, dos and don'ts, approval process, checklist, forms, IT workflow).

**Refer to:**

- **HRC Manual of Authority (MOA).**

## **14.5 Implementation of Anti-Bribery Controls by Controlled Organisations and by Business Associates**

### **14.5.1 ABC Policy**

We have implemented the ABC Policy which requires that all other organisations over which it has control either:

1. Implement our HRC's ABMS, or
2. Implement their own anti-bribery controls.

In each case only to the next extent that is reasonable and proportionate to the bribery risk faced by the controlled organisation, considering the bribery risk assessment conducted as per requirement.

### **14.5.2 Enforcement of ABC Policy**

In relation to business associates not controlled by HRC for which bribery risk assessment or due diligence has identified a more than 'Low' bribery risk, and where anti-bribery controls implemented by business associates would help mitigate the relevant bribery risk, we have implemented procedures as follows:

1. We have determined whether the business associate has in place anti-bribery controls which manage the relevant bribery risk.
2. Where a business associate does not have in place anti-bribery controls. Or it is not possible to verify whether it has them in place:
  - i. Where practicable, we have required the business associate to implement anti-bribery controls in relation to the relevant transaction, project, activity; or
  - ii. Where it is not practicable to require the business associate to implement anti-bribery controls, this shall be a factor considered in evaluating the bribery risk of the relationship with this business associates and the way in which we manage such risk.



## **14.6 Anti-Bribery Commitments**

For business associates which pose more than a 'Low' bribery risk, we have defined an ABC Policy which covers:

1. Whistle-blower committee to prevent bribery by, on-behalf of, or for the benefit of the business associate in connection with the relevant transaction, project, activity, or relationship.
2. HRC can terminate the relationship with the business associate in the event of bribery by, on-behalf of, or for the benefit of the business associate in connection with the relevant transaction, project, activity, or relationship.

Where it is not practicable to meet above requirements, this will be a factor considered in evaluating the bribery risk of the relationship with this business associate and the way in which we manage such risks.

## **14.7 Gift, Hospitality, Donations and Similar Benefits**

We have defined and implement a policy to prevent the offering, provision or acceptance of gifts, hospitality, donations and similar benefits where the offering, provision or acceptance is, or could reasonably be perceived as, bribery.

**Refer to:**

- **ABC Policy.**
- **HRCPD-ABMS-001 Gift & Hospitality Procedure.**

## **14.8 Managing Inadequacy of Anti-Bribery Controls**

Where the due diligence conducted on a specific transaction, project, activity or relationship with a business associate that the bribery risks cannot be managed by our existing anti-bribery controls, and we cannot or do not wish to implement additional or enhanced anti-bribery controls or take other appropriate steps to manage the relevant bribery risks, we shall:

1. In the case of an existing transaction, project, activity or relationship, take steps appropriate to the bribery risks and the nature of the transaction, project, activity or relationship to terminate, discontinue, suspend or withdraw from it as soon as practicable.
2. In the case of a proposed new transaction, project, activity or relationship, postpone or decline to continue with it.



## **14.9 Raising Concerns**

We have defined and implement a policy in HRC for raising concerns which includes:

1. Encourage and enable persons to report in good faith or on the basis of a reasonable belief attempted, suspected and actual bribery, or any violation of or weakness in the ABMS, to the anti-bribery compliance function or to appropriate personnel.
2. Except to the extent required to progress an investigation, require that HRC treats reports confidentially, to protect the integrity of the reporter and of others involved or referred in the report.
3. Allow anonymous reporting.
4. Prohibit retaliation and protect those making reports from retaliation, after they have in good faith, or on the basis, of a reasonable belief, raised or reported a concern about attempted, actual or suspected bribery or violation of the ABC Policy or the ABMS.
5. Enable personnel to receive advice from an appropriate person on what to do if faced with a concern or situation which could involve bribery.

HRC provides regular training to all staff to ensure that all personnel are aware of the reporting procedures and can use them and are aware of their rights and protections under procedures.

## **14.10 Investigating and Dealing with Bribery**

We have defined and implemented an investigation and dealing with bribery procedure in HRC which includes:

1. Require assessment and, where appropriate, investigation of any bribery, or violation of the ABC Policy or the ABMS, which is reported, detected or reasonably suspected.
2. Require appropriate action if the investigation reveals any bribery, or violation of the ABC Policy or the ABMS.
3. Empower and enable investigators.
4. Require co-operation in the investigation by the relevant personnel.
5. Require that the status and results of the investigation be reported to the anti-bribery compliance function and other compliance functions, as appropriate.
6. Require that the investigation be carried out confidentially and that the outputs of the investigation are confidential.

The investigation is carried out by, and reported to, personnel who are not part of the role or function being investigated in HRC. Also, HRC has appointed a system coordinator to conduct the investigation and report the results to personnel who are not part of the role or function being investigated.

### **Refer to:**

- **Whistle Blowing Policy.**
- **Consequence Management Framework (CMF).**



## **15 PERFORMANCE EVALUATION**

### **15.1 Monitoring, Measurement, Analysis and Evaluation**

The operational control plan is prepared and implemented to identify measurement and monitoring activities needed to assure conformity and achieve improvement. This includes parameters to be monitored and measured, methods, needs and use of applicable methodologies and when it is monitored and measured.

Risk & Integrity Department is responsible for monitoring the system. HRC has planned and implemented the monitoring, measurement, analysis and improvement processes needed to evaluate the effectiveness and efficiency of the ABMS and retain the documented information like objective monitoring sheet, Management Review and internal audits as evidence.

### **15.2 Internal Audit**

The audit plan is established yearly by the QHSSE Manager and approved by the Board Audit Committee. It aims:

- To determine conformance of the ABMS against the standards.
- To determine whether the ABMS has been properly implemented and maintained.
- To identify areas of potential improvement in the ABMS.

Internal audits are carried out by personnel independent of direct responsibility for the ABMS activity being audited.

Site Internal Assurance audits (i.e., Key Processes) also form part of the annual internal audit activities and are subjected to a planned schedule and carried out independent personnel to the processes being reviewed.

For ABMS, the responsibility for the audit planning, is delegated to the Quality Section.

**Refer to:**

- **RMS-RFW-P103 Internal Audit procedure.**

### **15.3 Management Review**

#### **15.3.1 By Leadership Team (LT)**

The Leadership Team (LT) reviews the ABMS at least once a year to ensure continuing suitability, adequacy and effectiveness of ABMS. The review shall evaluate the need for changes to HRC's ABMS, including ABC Policy and objectives.

The Management Review shall be planned and carried out taking into consideration:

1. The status of actions from previous management reviews.
2. Changes in external and internal issues that are relevant to the ABMS.
3. Information on the performance and effectiveness of the ABMS, including trends in:
  - i. Nonconformities and corrective actions
  - ii. Monitoring and measurement results
  - iii. Audit results
  - iv. Report of bribery



- v. Investigations
- vi. The nature and extent of the bribery risks faced by HRC
- 4. The effectiveness of actions taken to address bribery risks.
- 5. Opportunities for improvement.

### **15.3.2 Management Review outputs**

Based on Management Review process actions emerged for any of the items related to:

- 1. Improvement opportunities and any need for changes to the ABMS.
- 2. The above output is documented as evidence with action planned in the Management Review meeting. It is the responsibility of the Risk & Integrity Department to prepare the minutes of Management Review meeting covering details:
  - i. Discussion held.
  - ii. Action planned.
  - iii. Person responsible to complete planned actions.

### **15.4 Review by Anti-Bribery Compliance Function**

The anti-bribery compliance function is carried out on an annual basis during one of the risk management committee meetings, on an ad hoc basis, as appropriate, which includes results of investigations and audits to verify the ABMS is:

- 1. Adequate to effectively manage the bribery risks faced by HRC.
- 2. Being effectively implemented.

The anti-bribery compliance function report is reported to the Governing Body and Senior Management on the adequacy and implementation of the ABMS.

The BOD via its BRMC is the Governing Body for ABMS and meet quarterly to discuss on anti-bribery matter.



## **16 IMPROVEMENT**

### **16.1 General Requirements**

Continual improvement shall be achieved using the ABC Policy, anti-bribery objectives, audit results, analysis of data, corrective and preventive actions and Management Review.

### **16.2 Non-conformities and Corrective Action**

Corrective actions are concrete steps taken to eliminate the causes of non-conformities to prevent recurrence.

Observations and suggestions made during audits as well as near-miss incidents may require pre-emptive actions to prevent occurrence of a potential non-conformity.

Non-conformances are recorded and subjected to an immediate remedial measure. To prevent recurrence, the cause is identified, and suitable measures implemented. To affect continuous improvement, non-conformance records are analysed, and any trends evaluated for risk. Where the non-conformance is unacceptable, a team is set up to identify the root causes and to provide suitable preventive actions.

The Site Primary Lead Auditor is responsible to ensure all audit related actions are closed effectively.

**Refer to:**

- **RMS-RFW-P104 Non-Conformance, Corrective and Preventive Action.**
- **Whistleblowing Policy.**
- **Consequence Management Framework (CMF).**
- **Incident Management & Assurance Excellence (iMax) in Office Automation.**

### **16.3 Continual Improvement**

Continuous improvement is embedded in HRC business processes in which it will be reviewed at regular intervals through Management Review, process effectiveness review, health check studies etc.

Where appropriate, specific tactics will be derived to be pursued as a midterm/ long term effort in improving refinery performance. This may consist of a cross functional team consisting of HRC staff/ contractors.

Longer-term improvements are prioritized in annual HRC Business Plans.

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