



**HENGYUAN REFINING COMPANY BERHAD  
(3926-U)**

**DIRECTORS REMUNERATION POLICY**

**CONTROL PAGE**

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## **1. INTRODUCTION**

The objective of this Directors Remuneration Policy ("**Policy**") is to reflect Hengyuan Refining Company Berhad ("**Company**")'s business strategies and its objectives in promoting good corporate governance in accordance with the Malaysian Code of Corporate Governance 2017 ("**MCCG 2017**"), towards attracting and retaining experienced, qualified and high calibre members of the Company's Board of Directors ("**Board**") in line with the strategic objectives of the Company which rewards contribution to the long-term success of the Company.

## **2. DETERMINATION OF REMUNERATION**

- 2.1 The Company's Board Nominating and Remuneration Committee ("**BNRC**") sets and reviews periodically the remuneration of members of the Board in accordance with its terms of reference to ensure that the compensation packages 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.
- 2.2 The BNRC is guided by the following principles prior its endorsement and recommendation to the Board, the remuneration to be paid to the individual Directors:
- 2.2.1 the demands, complexities and performance as a whole of the Company;
  - 2.2.2 the level of responsibilities, the skills, expertise and experience required;
  - 2.2.2 that the remuneration is set at a competitive level for similar roles and responsibilities within current market practices by comparable companies; and
  - 2.2.3 that any such remuneration incentives do not conflict with the directors' obligations to bring objectivity and independent judgment to the Company.

### **3. REMUNERATION STRUCTURE FOR DIRECTORS**

- 3.1 The remuneration of non-executive directors consists of fixed annual fee for their contributions and fringe benefits which include travel and training allowances (*refer to Schedule 1 – Directors’ Remuneration Table (internal use only)*).
- 3.2 Where alternate directors are appointed, such alternate director shall be entitled to a fixed allowance for each meeting that he/she attended.
- 3.3 The Board may propose other benefits to form the remuneration of the directors, which shall be subject to the Company’s shareholders approval during its annual general meeting.

### **4. REMUNERATION PROCEDURES**

- 4.1 The BNRC is responsible to review and determine appropriate remuneration packages for directors.
- 4.2 BNRC shall periodically review and monitor this Policy, levels of remuneration, any changes to employee compensation and benefit arrangements applicable to directors and make appropriate recommendations to the Board to ensure consistency with the Company’s remuneration objectives.
- 4.3 If necessary, BNRC may at the Company’s expense, seek external consultants’ advice to carry out its duties.
- 4.4 It is the ultimate responsibility of the Board as a whole to decide the remuneration of the Directors. The Directors’ fees for non-executive directors would be submitted to the shareholders for approval during the Company’s annual general meeting. Directors who are shareholders of the Company will abstain from voting at the annual general meeting to approve their own remuneration.

### **5. DISCLOSURE**

- 5.1 The Board will make appropriate disclosures to the Company’s shareholders in its annual report of the key aspects of this Policy, including explaining any departure from any best practices and recommendations as set out by the MCCG 2017.