

CORPORATE GOVERNANCE REPORT

STOCK CODE : 4324
COMPANY NAME : HENGYUAN REFINING COMPANY BERHAD
FINANCIAL YEAR : December 31, 2023

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 create sustainable value to its stakeholders using a framework of prudent and effective controls that allow risks to be assessed and managed.</p> <p>To discharge their duties and roles effectively, the Board has delegated certain responsibilities to the Board Committees. 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"). Nonetheless, the ultimate responsibilities of the Board Committees' decisions and recommendations still lies with the Board.</p> <p>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 is principally responsible for:-</p> <ol style="list-style-type: none">Promoting good corporate governance culture within the Company which reinforces ethical, prudent and professional behaviour together with the senior management.

	<ul style="list-style-type: none"> ➤ The Company has a full set of governance controls, policies and procedures, including HRC’s General Business Principles, Code of Conduct, Anti-Bribery & Corruption and Anti-Money Laundering Manual, Whistleblowing Policy, Conflict of Interest Policy, Manual of Authorities, Directors’ Fit & Proper Policy, 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. <p>2. Reviewing and adopting a strategic plan for the Company</p> <ul style="list-style-type: none"> ➤ The Board recognises the importance of strategic plans to support both short-term and long-term value creation including strategies on economic, environmental, safety & health, social and governance considerations underpinning sustainability. 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 28th November 2023, the Board reviewed and approved the 2024 Business Plan comprising (i) Purpose, Vision, Mission, and Values; (ii) Business Strategy; (iii) Financial, Headcount and 2024 Scorecard presented by the Management, setting out the Company’s strategy to achieve both short-term and long-term value creation. Operational Excellence Framework was implemented in tandem with building capabilities, leadership support and program stewardship. The areas of focus included People, Personal and Process Safety, Asset Reliability, Major Projects and Environmental, Social and Governance (ESG). <p>3. Overseeing the conduct of Company’s business</p> <ul style="list-style-type: none"> ➤ 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, 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
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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 are assessed and measured in a scorecard based on Key Performance Indicators ("KPIs") set for the Management.

4. 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 in assessing and anticipating 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.

5. 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 director and senior management is in place.

	<ul style="list-style-type: none"> ➤ The BNRC evaluates and recommends to the Board the employment, promotion, discipline and termination of the key senior management with the positions of such as the Chief Executive Officer (CEO), Chief Financial Officer (CFO) or Financial Controller (in the absence of CFO) and Head of Human Resource (HR) or HR Manager (in the absence of Head of HR). ➤ The BNRC 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, management & development talent, and human capital development program are in place for senior management as well as employees, 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 to diversity of gender, nationality, age, culture, socio-economic background, skills, experience, fit and propre criteria, and their independence. The Committee also reviews the annual assessment of the effectiveness of the Board, the Board Committees, and individual directors, to ensure that the composition of the Board and Board Committees are able to discharge their duties effectively. <p>6. Overseeing the development and implementation of a stakeholder communications policy for the Company</p> <ul style="list-style-type: none"> ➤ 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. <p>7. Reviewing the adequacy and the integrity of the management information and internal control systems of the Company</p> <ul style="list-style-type: none"> ➤ 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
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	<p>Company’s business objectives to achieve excellence in three (3) areas:</p> <p>(a) The effectiveness and efficiency of operations; (b) The reliability of internal and external reporting; and (c) Compliance with laws and regulations.</p> <p>➤ 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.</p> <p>➤ The Board is also supported by the Company’s internal audit and risk and integrity functions to ensure that internal controls and risk management are properly managed.</p> <p>In the Board Effectiveness Assessment conducted for the financial year ended 2023 (“BEA FY2023”), directors agreed that the Board as a whole has properly discharged its roles and responsibilities in the best interests of the Company.</p> <p>The principal responsibilities of the Board and Board Committees are set out in the Board Charter and TOR for the respective Board Committees, all of which 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

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, the Non-Independent Non-Executive Director, continues to hold the position of Chairman of the Board ("Chairman") in FY2023. 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 directors receive accurate, complete, clear and timely information, ensuring that directors are properly briefed on matters arising at Board meetings, and managing boardroom dynamics. This entails fostering positive culture of openness and debate, encouraging active participation, and facilitating the expression of dissenting views.(ii) To cultivate a high-performance Board by providing leadership in enabling the Board carry out its responsibilities effectively, leading the establishment of effective corporate governance systems and practices, assesses yearly 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 and re-appointment. Ongoing consideration of succession planning for the Board and senior management is imperative to the Company's continued success;(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 providing support 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, 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 the Chairman of the Board. The role of the Chairman can be found in Paragraph 5.2 of the Board Charter, which is available on the Company's website at www.hrc.com.my.</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

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 Board Charter of the Company set out that the positions of Chairman and CEO in the Company should be held by different individuals and the Chairman must be a non-executive member of the Board.</p> <p>Mr. Wang, YouDe is the Non-Independent Non-Executive Chairman of the Board in the Company. The Chairman presides over meetings of Directors and is responsible for instilling good corporate governance practices, leadership and the effectiveness of the Board. The role of the Chairman is clearly stated in the Board Charter of the Company, which is available on the Company's website at www.hrc.com.my.</p> <p>Mr. Yin, Lujiang is the CEO of the Company, the principal executive officer primarily responsible for the operations of the Company and accountable to the Board for the authority delegated to him. He is not, and has never been, a Board member of the Company.</p> <p>The Chairman of the Company develops a positive relationship with the CEO, acting as a confidant and advisor to ensure effective implementation of corporate strategies and policies, execution of Board's recommendations, and adherence to the Company's values and standards.</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

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 BNRC had, in its meeting on 26th August 2021, considered the composition of the BNRC 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.</p> <p>The Chairman holds a non-executive position which will not compromise the objectivity of the Chairman and the Board when considering the observations and recommendations put forth by BNRC.</p> <p>The BNRC comprised of two (2) other members, who are independent non-executive directors, providing mechanism for checks and balances to ensure objectivity in decision-making. Nevertheless, the ultimate responsibility for decisions and recommendations made by the BNRC still lies with the entire Board.</p> <p>The TOR of the BNRC had clearly stated that each BNRC member is required to abstain from deliberations and voting in respect of any matter which may give rise to an actual or perceived conflict of interest situation.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure	: Not applicable given the explanation for departure above
Timeframe	: Others
	N/A

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, Ms. Chua Chia Kee and Ms. Ong Wai Leng, are qualified to act as Company Secretary pursuant to Section 235(2) of the Companies Act 2016. Both the Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA").</p> <p>The key responsibilities of the Company Secretaries were set out in the Board Charter which 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 roles and responsibilities;(iii) 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;(iv) Ensuring the presence of quorum at the meeting;(v) Serving as a focal point for stakeholders' communication and engagement on stakeholders' expectations;(vi) Ensuring the Board Committees' recommendations presented to the Board are supported by papers that explain the rationale for the Committees' recommendations.(vii) Managing processes pertaining to the Company's Annual General Meeting ("AGM"); and

	<p>(viii) Monitoring corporate governance development and advising and assisting the Board in applying governance practices to meet the Board's needs and stakeholders' expectations.</p> <p>In FY2023, the company secretaries had attended trainings relating to company secretarial practice, Listing 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 role of the company secretary is stated in Paragraph 12 of the Board Charter, which is available 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

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>A corporate calendar containing the dates of Board and Board Committees meetings and AGM of the Company is circulated in advance to directors on an annual basis to ensure effective organisation and enable directors to allocate time to attend Board and respective Board Committees meetings.</p> <p>The notices and agenda of meetings, which have been duly endorsed by the chairman, together with the relevant Board papers, are circulated to the Board and respective Board Committees at least five (5) working days prior to the Board and Board Committees meetings in accordance with the Board Charter and the TOR of the respective Board Committees.</p> <p>The minutes of the meetings were circulated to the Board and respective Board Committee members within ten (10) working days after the meeting, allowing members and Management to provide comments. Thereafter, the final draft Minutes were distributed to the Board and the respective Board Committees at least five (5) working days before the following meeting together with the Board papers. The chairman of the meeting at which the proceedings were held or the chairman of the next succeeding meeting will approve the finalised Minutes.</p> <p>The minutes of meeting document the resolutions passed by the Board or Board Committees, providing justifications for the decisions made, highlighting 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, to ensure the ongoing tasks and responsibilities are appropriately tracked and addressed.</p> <p>The Company uses an online collaborative software to facilitate the distribution of board meeting materials, enabling Board members to easily access, review and comment on the Board papers securely. The system, enables the Board and Board Committee members raise meeting-related questions and action items for follow-up by</p>

	<p>Management. This system enhances efficiency and communication, ensuring relevant matters are addressed promptly and effectively.</p> <p>All Board Committee meetings were conducted separately from the Board meeting to enable objective and independent discussion during the meeting. The BAC meetings were attended by all Independent Non-Executive Directors. To facilitate the respective Board Committees in assessing the risk, providing suggestions for improvement, and making recommendations to the Board, the Management were invited as and where required, to assist the Board Committees for explanations on issues relating to the meeting agenda. The Board may request for additional information or clarification from Management for timely decision making.</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

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 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>The Board Charter sets out, among others, the following:-</p> <ul style="list-style-type: none">• Purpose of Board Charter• Board Structure and Composition• Authorities and Matter Reserved to the Board• Roles and Responsibilities of the Board, Chairman of Board, Individual Directors and Board Committees• Board Procedures and Guidelines – Meetings, Board Review, Directors' Orientation, Continuous Education Training• Code of Conduct• Roles and Responsibilities of the Company Secretary• Stakeholders' Communication and General Meeting <p>The roles and responsibilities of the Board, the Chairman, Board Committees, and individual directors are clearly defined in the Board Charter. Paragraph 6 of the Board Charter set out matters reserved for the Board, comprising:-</p> <ul style="list-style-type: none">(i) Company's strategy issues and planning, as well as the 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.

	The Board Charter of HRC was reviewed periodically and is published on the Company's website 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

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 to support good judgement on laws and regulations, expectations and recommendation for the Company to achieve its business principles and core values of "Honesty", "Integrity" and "Respect for People". The code shall apply to every employee, contract staff, director and officer in the Company.</p> <p>The content of the Code of Conduct includes:-</p> <ul style="list-style-type: none">(i) Individual responsibilities and integrity;(ii) Human Rights and Equal Opportunity;(iii) Health, safety, security, environment and social performance;(iv) Harassment;(v) Insider dealing and Protection of Assets;(vi) Use of IT and electronic communications, including managing the risk of data privacy, intellectual property, information and records management, disclosures and business communications;(vii) Anti-bribery and corruption;(viii) Conflicts of interest;(ix) Gift & Hospitality Procedure;(x) Anti-money laundering; and(xi) Breach of laws and regulations. <p>The Code of Conduct is 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> <p>The Code of Conduct and ABC & AML Manual are published on the Company's website at www.hrc.com.my.</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 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>HRC is committed to achieve the highest standards of integrity, openness and accountability in the conduct of its businesses and operations. 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. Such improper conduct includes:-</p> <ul style="list-style-type: none"> • Financial malpractice or impropriety or fraud; • Serious non-professional or non-ethical behaviour; • Breach of Confidentiality; • Misuse of HRC funds or assets; • Criminal activity; • Attempts to conceal any of these above; and • Any other conduct which may cause loss to HRC, or otherwise be detrimental to the interests of its shareholders and the public. <p>Under the Whistleblowing Policy, whistleblowers will be accorded with protection of confidentiality of identity and internally will be protected against any adverse and detrimental actions for disclosing any improper conduct provided that the disclosure is made in good faith based on reasonable grounds.</p> <p>The Board Whistleblowing Committee (“BWC”), which is governed by its TOR, 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 receives quarterly updates on whistleblowing matters to ensure that any concerns raised are promptly and appropriately resolved. However, an update will be provided even if no whistleblowing reports have been received during the quarter.</p> <p>The Whistleblowing Policy has been enhanced to allow disclosures of improper conduct in any language, for the benefit of whistleblowers. However, HRC's responses would be made in English as the official business language.</p> <p>The Board, with the assistance of the BWC, regularly reviews and updates the Company's Whistleblowing Policy whenever is required. The TOR of the BWC and the Whistleblowing Policy are published on the Company's website at www.hrc.com.my.</p>
Explanation for departure	<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>	
Measure	<p>:</p>
Timeframe	<p>:</p>

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>The Board of HRC is responsible 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>Carbon footprint reduction remains the core enabler to a sustainable future and hence, HRC will focus on reducing CO2 emission from its production as the key strategic initiative. The Board has approved the Company's aspiration to achieve "Net Zero Carbon Emission by Year 2050" and the Company's establishment of the ESG framework. Two key elements have been incorporated into the strategies to achieve the Company's aspiration:-</p> <ul style="list-style-type: none">(i) Reduce emission through optimisation of energy consumption as well as usage of renewable/alternate clean energy; and(ii) Seek initiatives such as nature restoration projects to compensate for the emission.

	<p>In the BEA FY2023, directors agreed that sustainability factors have been taken into consideration when exercising its duties, including the development and implementation of strategies, business plans, major plans of action and risk management of the Company. Directors also agreed that the sustainability matters tabled by the Management for the year are adequately reported in the Board materials and discussed at Board or Board Committee meetings.</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 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	:	<p>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.</p> <p>The Company's sustainability practices towards climate change, pollution and resources management, and water consumption and management, were updated to the Company's website periodically to be access by the stakeholders.</p> <p>On 28th August 2023, the Board has reviewed and approved the HRC Sustainability & ESG Improvement Roadmap consisted of the following aspects:</p> <ul style="list-style-type: none">➤ Understanding the Key ESG Drivers in Malaysia➤ Key activities of reviewed : (i) the Gap Assessment & Improvement Roadmap; and (ii) HRC's Net Zero 2050 Roadmap➤ Proposed Sustainability Governance Structure➤ Proposed Sustainability Improvement Roadmap to embed ESG practices within HRC in phases, in particularly focus for the next five (5) years in setting foundation for ESG integration➤ HRC's sustainability efforts for the next six (6) months <p>The Company had also, on 28th August 2023, reviewed and approved the Sustainability Governance Structure, and Term of Reference of Sustainability Steering Committee.</p> <p>External stakeholders were informed by appropriate means such as engagements and company disclosures through announcements, general meetings, Company's Sustainability Statement, Annual Report and its corporate website.</p> <p>The Company's comprehensive details of the engagements, strategies, and targets as well the performance corresponding to these targets were as set out in the Company's Sustainability 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

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 Sustainability Working Group comprises representatives from each department, such as Financial & Management Accounting, Government Relations, Contracts & Procurement, Commercial, Economics & Scheduling, Operations, Corporate Affairs, Engineering, Quality, Health, Safety, Security & Environment (“QHSSE”) and Technology 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, which will be updated to the BRMC and Board quarterly.</p> <p>Opportunities for sustainability improvement to enhance the Company’s environmental and social responsibility, employee health improvement programmes and energy optimisation, are captured in 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> <p>Carbon footprint reduction remains the core driver of a sustainable future. Reducing CO2 emission in the production is the key strategic initiative that the Company will focus on, aiming to achieve “Net Zero Carbon Emission by 2050” through various emission reduction strategies.</p> <p>The following two (2) key elements have been incorporated into the strategies to achieve HRC’s Net Zero Goals:</p> <ul style="list-style-type: none">i. Reduce emission through optimisation of energy consumption as well as usage of renewable/alternate clean energy; and

	ii. Seek initiatives such as nature restoration projects to compensate for the emission.	
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 4.4

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>The TOR of the BNRC required 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 FY2023, the Board was satisfied that it had carried out its duties satisfactorily in regard of addressing material sustainability risks and opportunities.</p> <p>The performance evaluation of senior management considered to 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 2023 Sustainability Report, which is available in 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 4.5- 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	:	Adopted
Explanation on adoption of the practice	:	The Company's Sustainability Steering Committee, led by the CEO and co-chair by the CFO, are responsible to oversee the implementation of the Company's sustainability strategy to improve sustainability management and performance.

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>The BNRC of the Company 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. The BNRC is also responsible to review the period of service of non-executive directors, tenure of independent directors and the term of office of Board Committees members, including the Chair of the respective Board Committees.</p> <p>The Board of HRC had, on 18th November 2022, approved the revised Directors' Fit and Proper Policy for the appointment and re-election of Directors to facilitate the BNRC in efficiently discharging their responsibilities. The revised policy is published on the Company's website at www.hrc.com.my.</p> <p>In FY2023, the BNRC reviewed the current Board composition of HRC and recommended the new appointment of Ms. Li, XiaoXia (Ms. Li) as the Independent Non-Executive Director of HRC for the Board's consideration. The new appointment has taken into account the criteria set out in the TOR of the BNRC, the Board Diversity Policy, and the Directors' Fit and Proper Policy, requiring Ms. Li to complete a Fit and Proper Declaration Form for evaluation by the BNRC and the Board.</p> <p>On 8 December 2023, upon recommendation by the BNRC, the Board reviewed and approved the appointment of Ms Li as the Independent Non-Executive Director of HRC with immediate effect, after assessing her character, integrity, experience, competence, time commitment, and independence criteria as set out in Listing Requirements.</p> <p>The BNRC had, on 22nd February 2024, reviewed the results of the annual BEA 2023 to assess the current Board composition and to determine the effectiveness of the Board, Board Committees, and each individual Director.</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 directors who are eligible for re-election are required to complete the Director's Fit and Proper Declaration Form to enable the BNRC to assess the</p>

	<p>criteria and provide justifications for their re-election to the Board, which will then recommend to the shareholders' for approval at the AGM.</p> <p>On 29th March 2023, the Board approved the 64th AGM notice containing the agendas of the re-election of directors, namely Wang, ZongQuan, Fauziah Hisham and Tai Sook Yee. The statement of BNRC to support the re-election of the directors together with its justification were clearly stated in the explanatory notes of the resolutions in the Notice of 64th AGM, which was issued to shareholders on 21st April 2023.</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

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 2023, the Board of HRC has six (6) directors, consisting of two (2) Non-Independent Non-Executive Directors and four (4) Independent Non-Executive Directors (INEDs).</p> <p>HRC's Board composition, consists of 66.66% INEDs, complies with the Listing Requirements and adopts the Practice of the MCCG, wherein the INEDs constitute more than half of the Board, and surpassing the minimum requirement of 1/3 independent directors.</p> <p>To uphold corporate governance standards, Paragraph 3.1 of the Company's Board Charter stipulates that at any given time, the majority of Board members shall be INEDs to ensure a balance of power and authority within the Board.</p> <p>Through the BEA FY2023, the INEDs had declared their independency in compliance with the definition of "independent director" in the Listing Requirements.</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	:	Not applicable - Step Up 5.4 adopted	
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

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	:	Adopted															
Explanation on adoption of the practice	:	<p>The Company has adopted the practice set out in Paragraph 3.4 of the Company's Board Charter, which requires that the tenure of an INED should not exceed a cumulative term of nine (9) years.</p> <p>As at 31st December 2023, none of the Company's independent directors have served more than nine (9) years on the Board. The tenure of the independent directors is as follow:-</p> <table border="1"><thead><tr><th>Name</th><th>Date of Appointment</th><th>Tenure</th></tr></thead><tbody><tr><td>Alan Hamzah Sendut</td><td>25 May 2017</td><td>7 years</td></tr><tr><td>Surinderdeep Singh a/l Mohindar Singh</td><td>23 February 2019</td><td>5 years</td></tr><tr><td>Tai Sook Yee</td><td>1 November 2022</td><td>1 year</td></tr><tr><td>Li, XiaoXia</td><td>8 December 2023</td><td>< 1 year</td></tr></tbody></table>	Name	Date of Appointment	Tenure	Alan Hamzah Sendut	25 May 2017	7 years	Surinderdeep Singh a/l Mohindar Singh	23 February 2019	5 years	Tai Sook Yee	1 November 2022	1 year	Li, XiaoXia	8 December 2023	< 1 year
Name	Date of Appointment	Tenure															
Alan Hamzah Sendut	25 May 2017	7 years															
Surinderdeep Singh a/l Mohindar Singh	23 February 2019	5 years															
Tai Sook Yee	1 November 2022	1 year															
Li, XiaoXia	8 December 2023	< 1 year															

Intended Outcome

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

Practice 5.5

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, Board Diversity Policy and Directors' Fit and Proper 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 socioeconomic background;(vi) Number of directorships in companies outside HRC; and(vii) Criteria of independence set out in Listing Requirements for independent directors. <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 to diversity of skills, experience, age, cultural background and gender and tries to achieve gender diversity where possible.</p> <p>Furthermore, 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>In FY2023, the BNRC and the Board had interviewed Ms. Li Xiaoxia as a potential candidate for the appointment of Independent Non-Executive Director of HRC. Her profile, character, integrity, experience, competence, time commitment and criteria of independence were reviewed by the BNRC and the Board.</p>

	As at 31st December 2023, the Board comprised of the following:-						
	Race/Ethnicity				Nationality		
No. of Directors	Malay	Chinese	Indian	Others	Malaysian	Foreigner	
	1	1	1	3	3	3	
	Age Group			Gender			
No. of Directors	50-59	60-69	Male	Female			
	1	5	4	2			
	As at 31st December 2023, the members of senior management (“SM”) comprised of the following:-						
	Race/Ethnicity				Nationality		
No. of SM members	Malay	Chinese	Indian	Others	Malaysian	Foreigner	
	1	4	-	4	5	4	
	Age Group				Gender		
No. of SM members	30-39	40-49	50-59	60-69	Male	Female	
	2	1	4	2	8	1	
	The Board Diversity Policy, Directors’ Fit and Proper Policy and the Company’s Code of Conduct are periodically reviewed and published on the Company’s website 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

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. Paragraph 4.1.2(f) 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 FY2023, the BNRC has considered the resume of Ms. Li, XiaoXia and interviewed her on 30 November 2023, as a potential candidate for appointment as Independent Non-Executive Director of the Company. She has thirty-three (33) years of experience in areas relating to banking industry, led transformative initiatives in credit risk management, corporate finance, and investment banking, orchestrating significant capital injections, and achieving outstanding business growth and non-performing asset reorganization, consistently earning an excellent (BAA) assessment over three consecutive years, and would be a valuable addition to the Board.</p> <p>Ms. Li, XiaoXia fulfils the fit and proper criteria set out in the Directors' Fit and Proper Policy, as well as meets the independence criteria set out in Listing Requirements for an "independent director". She has no family relationship with any other Director and /or major shareholder of the Company. She did not hold any shares in HRC and has no conflict of interest in any business arrangement with the Company.</p> <p>The BNRC, after having reviewed the said resume and criteria, recommended the appointment of Ms Li as an Independent Non-Executive Director of HRC with effect from 8 December 2023 to the Board for consideration and approval.</p> <p>The TOR 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

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	:	Applied
Explanation on application of the practice	:	<p>On 29th March 2023, the Board approved the 64th AGM notice containing the agendas of the re-election of directors, namely Wang, ZongQuan, Fauziah Hisham and Tai Sook Yee.</p> <p>On 26th March 2024, the Board had approved the 65th AGM notice including the agendas of re-election of directors, namely Wang, YouDe, Surinderdeep Singh a/l Mohindar Singh and Li, XiaoXia.</p> <p>The profiles of the directors who are seeking for re-election were set out in the Statement Accompanying Notice of AGM including details of the directors' age, gender, working experience, any conflict of interest, family relationship, director's shareholdings, and directorship in other companies and statement of BNRC to support the re-election of the directors together with its justification were clearly stated in the respective Notice of 64th and 65th AGM.</p> <p>The Notice of 64th AGM was issued to the shareholders on 21st April 2023 whereas the Notice of the 65th AGM was issued on 26th April 2024 to ensure the shareholders have the information to make an informed decision on the re-election of directors.</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 5.8

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

Application	:	Applied
Explanation on application of the practice	:	<p>The BNRC of HRC consists of a majority of independent directors and is chaired by Mr. Surinderdeep Singh Mohindar Singh, an Independent Non-Executive Director.</p> <p>The BNRC composition is as follow:</p> <p><u>Chairman</u> Mr. Surinderdeep Singh Mohindar Singh (Independent Non-Executive Director)</p> <p><u>Members</u> Mr. Wang, YouDe (Non-Independent Non-Executive Director)</p> <p>Ms. Li, XiaoXia (Independent Non-Executive Director)</p> <p>The duties and responsibilities of the Chair of the BNRC are set out in the TOR of BNRC which is made available on the Company's website at www.hrc.com.my.</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

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	:	Applied	
Explanation on application of the practice	:	As at 31st December 2023, the Board of HRC comprises of two (2) women directors out of a total of six (6) directors, namely Ms. Tai Sook Yee and Ms. Li, XiaoXia, representing 33.33% of the Board members.	
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 5.10

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	:	The Company has adopted the Board Diversity Policy, which sets out the approach of the Company in achieving and maintaining the diversity in the Board including the consideration of gender diversity. The Board Diversity Policy can be viewed from the Company's website at www.hrc.com.my .	
		The Board recognised the added value of participation of women in positions of senior management and 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 race, colour, religion, age, gender, sexual orientation, gender identity, marital status, disability, ethnic origin or nationality, when making employment decisions. The Company strives to be objective and ensure no personal feelings, prejudices and preferences are influencing any employment-related decisions, and basing employment decisions solely on objective factors, including merit, qualifications, performance and business considerations. The Code of Conduct is accessible for reference on the Company's website at www.hrc.com.my .	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	Requires more time to establish a gender diversity policy for senior management in the oil and gas industry.	
Timeframe	:	Within 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 BEA to determine the effectiveness of the Board, each Board Committee, and each individual director.</p> <p>The BEA FY2023 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. The BNRC considers the internally facilitated assessment to be sufficient for the Company's needs.</p> <p>The TOR of BNRC set out that the annual assessment should include the following criteria:-</p> <ul style="list-style-type: none">• Will and ability to challenge critically and ask the right questions;• Character and integrity in dealing with potential conflict of interest situations;• Commitment to serve the Company with due diligence and integrity;• Confidence to stand up for a point of view;• Contribution and performance, caliber and personality; and• Review of the performance of the Board in addressing the Company's material sustainability risks and opportunities. <p>The BEA FY2023 included assessment of the effectiveness of the Board and Board Committees in relation to the following areas:-</p> <ul style="list-style-type: none">(i) Composition and structure;(ii) Operations and interactions (including meetings, papers and communication between members); and(iii) 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>Each individual directors had performed his/her self-assessment and peer assessment which covers the factors of: (i) Contribution to interaction; (ii) Quality of input; (iii) Understanding of role; (iv) Skill sets (v) Character, (vi) Experience, (vii) Integrity, (viii) Competence; (ix) Time Commitment; and (x) roles as a Board Member.</p> <p>The independent directors of HRC had also completed their self-assessment and declared their independency in compliance with the definition of “independent director” in the Listing Requirements.</p> <p>Based on the results of the BEA FY2023, the Board’s greatest strengths in FY2023 presented the Board’s ability to work as a whole to react to the challenges the Company are facing post-pandemic and able to leverage on individual director's expertise to offer constructive proposal/advice; board members are familiar with operations; cooperation is strong amongst us, there is an environment of trust; and cohesiveness and ability to discuss openly and disagree professionally. In the management of stakeholder's challenges, and steering company through challenging cashflow period in Q3/2023 is evidence of the board's strengths.</p> <p>The challenges identified in the BEA FY2023 were presented as follows:-</p> <ul style="list-style-type: none"> ➤ how to leverage on company's existing resources and maximize potentials to achieve good profitability post pandemic; ➤ operational volatility especially hedging risk, improving profitability and meeting ESG/COP28 requirements; ➤ how to enhance the stability of senior management in order to build up a solid footing with our general staff; and ➤ how to enhance the effectiveness of the hedge initiatives and practice. <p>The BNRC was satisfied with the performance of the Board and Board Committees. All Directors and Board Committees provided anonymous feedback on their peers’ performance and individual performance contribution to the Board and respective Board Committees. The results were collated and tabled to the BNRC on 22nd February 2024.</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

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	:	Applied
Explanation on application of the practice	:	<p>The Directors' Remuneration Policy was adopted by the Company to ensure that the remuneration 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 TOR of the BNRC clearly stated that each member of BNRC will abstain from the deliberation and voting on decision in respect of his/her remuneration. Nevertheless, the total remuneration to be paid to directors will be tabled to the shareholders at the Company's AGM for consideration and approval.</p> <p>Ms. Li, XiaoXia was appointed to the Board of HRC on 8th December 2023. Prior to her appointment, the BNRC had, on 8th December 2023, reviewed, endorsed and recommended to the Board for approval of her</p>

	<p>remuneration package in accordance with the Directors' Remuneration Policy adopted by HRC.</p> <p>Both Directors' Remuneration Policy and TOR of BNRC are made available on the Company's website at www.hrc.com.my.</p> <p>Currently the remuneration structure for the positions of CEO, CFO and Head of HR is overseen by the BNRC in accordance with its TOR. Nevertheless, the Company is guided by its internal remuneration framework and drawing external consultants' advice as necessary, to help determine that the compensation packages for senior management of the Company to ensure that the compensation offered are reflective of the Company's demands, complexities and performance as a whole as well as the skills and experience required, in line with the strategic objectives of the Company, and is set at a competitive level for similar roles and responsibilities within current market practices by comparable companies.</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 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 of the Company consists entirely of non-executive directors and a majority of independent directors, as follows:-</p> <table border="1"><thead><tr><th>Name</th><th>Designation</th></tr></thead><tbody><tr><td>Surinderdeep Singh a/l Mohindar Singh (Chair)</td><td>Independent and Non-Executive Director</td></tr><tr><td>Wang, YouDe</td><td>Non-Independent and Non-Executive Director</td></tr><tr><td>Li, XiaoXia</td><td>Independent and Non-Executive Director</td></tr></tbody></table> <p>The BNRC assists the Board to establish, review and recommend a formal and transparent remuneration policies and procedures for the directors and senior management positions of CEO, CFO and Head of HR. The BNRC also ensures that a remuneration policy for expatriate employees of the Company is in place.</p> <p>In order to ensure the review of remuneration package do not conflict with the directors' obligation to bring objectivity and independent judgment to the Company, each member of BNRC will abstain from the deliberation and voting on decision in respect of his/her own remuneration or in respect of any matter which may give rise to an actual or perceived conflict of interest situation.</p> <p>The roles and responsibilities of the BNRC are set out in its TOR, available for reference on the Company's website at www.hrc.com.my.</p>	Name	Designation	Surinderdeep Singh a/l Mohindar Singh (Chair)	Independent and Non-Executive Director	Wang, YouDe	Non-Independent and Non-Executive Director	Li, XiaoXia	Independent and Non-Executive Director
Name	Designation									
Surinderdeep Singh a/l Mohindar Singh (Chair)	Independent and Non-Executive Director									
Wang, YouDe	Non-Independent and Non-Executive Director									
Li, XiaoXia	Independent and Non-Executive Director									
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>The 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 2023 are set out below.</p> <p>Ms. Li, XiaoXia was appointed to the Board on 8th December 2023, whereas Puan Fauziah Hisham resigned from the Board on 8th December 2023.</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 RM 72,000.00.</p> <p><i>Explanatory Note to Ms. Li, XiaoXia's other emoluments: Other remuneration for Ms. Li, XiaoXia is RM232.26 for the financial year ended 31 December 2023.</i></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	0	0	0	0	4	742	0	0	0	0	0	0	0
2	Wang, ZongQuan	Non-Executive Non-Independent Director	258	0	0	0	0	4	262	0	0	0	0	0	0	0
3	Alan Hamzah Sendut	Independent Director	264	0	0	0	0	4	268	0	0	0	0	0	0	0
4	Fauziah Hisham (resigned on 8 th December 2023)	Independent Director	174	0	0	0	0	3	177	0	0	0	0	0	0	0
5	Surinderdeep Singh A/L Mohindar Singh	Independent Director	270	0	0	0	0	4	274	0	0	0	0	0	0	0
6	Tai Sook Yee	Independent Director	186	0	0	0	0	3	189	0	0	0	0	0	0	0
7	Li, XiaoXia (appointed on 8 th December 2023)	Independent Director	10	0	0	0	0	0	10	0	0	0	0	0	0	0
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

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 careful 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.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	To evaluate the talent market within the oil and gas industry and consider disclosing the top five (5) senior management's remuneration component on a named basis from time to time.	
Timeframe	:	Others	Due to confidentiality, the Board chooses not to adopt this Practice 8.2

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	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 8.3 - 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)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

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, whilst the Chairman of the Board is Mr. Wang, YouDe, who is a Non-Independent and Non-Executive Director. The Chairman of the Board is also not a member of the BAC.</p> <p>The Chair of the BAC acts as the key contact between the members of the BAC and the Board as well as senior management and the external auditors. The functions and duties of the BAC are set out in the TOR of BAC which can be viewed 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 9.2

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 MCGG, Paragraph 2.7 of the BAC's TOR clearly stated that a former partner of the external audit firm and/or the affiliate firm (including those providing advisory services, tax consulting, etc) of the Company shall be subject to a minimum of at least three (3) years cooling-off period before being appointed as a member of the BAC.</p> <p>At present, none of the members of the BAC are the former partner of Messrs PricewaterhouseCoopers PLT.</p> <p>The TOR 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 TOR sets out the duties of the committee in dealing with external auditors, as follows:-</p> <ul style="list-style-type: none">(i) recommend to the Board the appointment or re-appointment of the external auditor and to fix their fees (audit and non-audit) after reviewing their suitability, resources, competency and independence, and effectiveness of the external audit process(ii) any resignation or dismissal of the external auditor and the reasons of such resignation.(iii) establish policies and procedures to assess annually the suitability, objectivity and independence of the external auditor.(iv) establish policies and procedures for approving non-audit services that can be rendered by the external auditor and its affiliates.(v) discuss with the external auditor, amongst others, the nature and scope of audit plan, audit strategy and plan, the BAC's views and concern, evaluation of system of internal controls, effectiveness of the management information system, and the audit reports prior to commencement of the audit. <p>The external auditor is evaluated annually based on the Company's External Auditor Assessment Policy. The assessment has taken into consideration the following factors:</p> <ul style="list-style-type: none">(i) Competence, qualifications and resource capacity of the external auditor;(ii) Quality of the audit delivery and the quality of people and service;(iii) 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(iv) Information contained in the external auditor's annual transparency report. <p>The BAC also obtains written assurance from the external auditor that they have complied with the relevant ethical requirements regarding professional independence.</p>

	<p>The BAC is responsible to ensure that the non-audit services rendered by the external auditor has taken into account the nature and extent of the non-audit services and the appropriateness of the level of fees. In order to prevent situations where the external auditor unintentionally takes on management responsibilities while providing non-audit services, which could be a violation of the external auditors' independence obligations, the Board had adopted the Non-Audit Services Policy 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.</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

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	:	As at 31 st December 2023, the BAC comprises solely of the following three (3) Independent and Non-Executive Directors after Puan Fauziah Hisham's resignation on 8 December 2023:-								
		<table border="1"> <thead> <tr> <th>Name</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>Alan Hamzah Sendut (Chair)</td> <td>Independent and Non-Executive Director</td> </tr> <tr> <td>Surinderdeep Singh a/l Mohindar Singh</td> <td>Independent and Non-Executive Director</td> </tr> <tr> <td>Tai Sook Yee</td> <td>Independent and Non-Executive Director</td> </tr> </tbody> </table>	Name	Designation	Alan Hamzah Sendut (Chair)	Independent and Non-Executive Director	Surinderdeep Singh a/l Mohindar Singh	Independent and Non-Executive Director	Tai Sook Yee	Independent and Non-Executive Director
Name	Designation									
Alan Hamzah Sendut (Chair)	Independent and Non-Executive Director									
Surinderdeep Singh a/l Mohindar Singh	Independent and Non-Executive Director									
Tai Sook Yee	Independent and 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>With the resignation of Puan Fauziah Hisham, the BAC comprises solely three (3) Independent Non-Executive Director 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, risk management, corporate governance and regulatory compliance, which enables the BAC to discharge its duties efficiently.</p> <p>The BAC is chaired by Mr. Alan Hamzah Sendut, who is a Chartered Accountant of the Institute of Chartered Accountants in England and Wales (1986) and Malaysian Institute of Accountants (MIA) (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 FY2023 indicate that the BNRC and the Board are satisfied that the current composition of the BAC provides an appropriate size, diversity, mix of skills and qualifications, knowledge and experience to discharge their duties effectively, 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 TOR 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. During the year, the BAC members had participated in various trainings, seminars and any other relevant programme that could assist them to discharge their duties efficiently. The list of trainings attended by the members of the Board, including members of the BAC, are disclosed in the 2023 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 uphold a strong and sound internal control and risk management system to ensure smooth operation 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 manner, to avoid or mitigate risks that could result in loss, harm to reputation or business failure, and to enhance ability to withstand unexpected events.</p> <p>The BAC assists and supports the Board by monitoring the suitability, objectivity and independence of the Company's external auditor and internal audit functions. The efficiency and effectiveness of the Company's Control Framework and internal control system has been reviewed and endorsed by the BAC based on the assurance provided by the external and internal auditors. Audit issues tabled by the auditors and actions taken by Management to address the issues were deliberated during the BAC meetings.</p> <p>The BRMC oversees and provides guidance on risk management matters to ensure prudent risk management over the Company's businesses and operations. The Company has adopted a Risk Management policy to provide practical guidance for addressing the risk and opportunities and to carry out risk assessment.</p> <p>The BRMC also ensures 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 these risks. The implementation of risk controls is monitored, and the results are presented to the BRMC during its meetings quarterly.</p> <p>Internal control and risk-related matters which warrant the attention of the Board are recommended by the respective Board Committees to the Board for its deliberation and approval.</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 practices and requirements from ISO 31000, 9001, ISO 14001, ISO 45001 and ISO 37001 to manage the risks of its business and operations. The Company has adopted a Risk Management Policy which guided the Company with a 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> <p>The BRMC is responsible to periodically review, assess and evaluate the quality, integrity and effectiveness of the Company's internal control and risk management framework, including compliance with applicable laws, rules, corporate governance requirements and guidelines, to ensure that the internal control and risk management framework is</p>

	always maintained at an optimal level to identify, assess, monitor and manage the Company's key risks.	
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 10.3 - 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 BRMC which comprises a majority of independent directors. As at 31st December 2023, the BRMC comprises the following members:-</p> <table border="1"><thead><tr><th>Name</th><th>Designation</th></tr></thead><tbody><tr><td><u>Chairman</u> Wang, ZongQuan</td><td>Non-Independent Non-Executive Director</td></tr><tr><td><u>Members</u> Alan Hamzah Sendut Tai Sook Yee</td><td>Independent Non-Executive Director Independent Non-Executive Director</td></tr></tbody></table>	Name	Designation	<u>Chairman</u> Wang, ZongQuan	Non-Independent Non-Executive Director	<u>Members</u> Alan Hamzah Sendut Tai Sook Yee	Independent Non-Executive Director Independent Non-Executive Director
Name	Designation							
<u>Chairman</u> Wang, ZongQuan	Non-Independent Non-Executive Director							
<u>Members</u> Alan Hamzah Sendut Tai Sook Yee	Independent Non-Executive Director Independent Non-Executive Director							

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 to oversee the internal audit function of the Company and the implementation of internal controls framework to ensure operational effectiveness and adequate protection of the Company's assets from misappropriation.</p> <p>The Board had established an independent internal audit department ("IAD") 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 led by the Chief Internal Auditor ("CIA") who reports functionally to the Chair of the BAC and administratively to the CEO. There is one (1) Internal Auditor who reports to the CIA. The internal auditors have sufficient mix of knowledge, skills and competencies to execute the audit plan.</p> <p>The Company had also formed a site internal assurance team ("SIA"), which comprises of 24 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. All SIA internal audit reports are reviewed by the CIA before finalisation.</p> <p>The CIA will develop a suitable risk based internal audit plan for the following financial year for BAC review and approval before commencement of work. The CIA will present the findings from the IAD to the BAC and the BAC will review the major findings reported by the internal audit and follow up on Senior Management's implementation of the recommended actions.</p> <p>The BAC review and approve the appointment, replacement, or removal of the Company's CIA. The performance of the members and the services provided by the internal audit function were reviewed and assessed annually by the BAC.</p> <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>

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 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 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> <p>The Internal audit function of HRC comprises of the independent internal audit department (IAD) which is led by the Chief Internal Audit (CIA). The internal audit teams have sufficient mix of knowledge, skills and competencies to execute the audit plan.</p> <p>In FY2023, Mr. Aaric Soo Yuh Huei is the CIA of the Company. He is a Certified information System Audit (CISA) of Information System Audit and Controls Association (ISACA). He holds a Bachelor of Science (Computing) from Oxford Brookes University. He has more than 20 years of experience in auditing the oil & gas service providers and in the leisure & hospitality industry.</p> <p>The IAD is headed by the CIA who reports functionally to the Chair of the BAC and administratively to the CEO. There is one (1) Internal Auditor who reports to the CIA. The internal auditor has sufficient mix of knowledge, skills and competencies to execute the audit plan; and</p> <p>The IAD maintain its objectivity and independence while carrying out its duties and will have no direct operational responsibility or authority over any of the activities audited. The CIA has confirmed the organisational independence of the IAD to the BAC and the Board.</p> <p>The BAC and the Board have reviewed and are satisfied with the objectivity and independence of the IAD personnel. 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 :		
<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 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>Stakeholder engagement is critical to the Company to ensure the stakeholders' expectations and concerns are dealt with effectively. The Board acknowledges the importance of effective communications with stakeholders 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 ensure effective, transparent and regular communication between the Company and its stakeholders via various channels including:</p> <ul style="list-style-type: none">(i) Town hall meetings were held quarterly to ensure effective communication with employees such as to update on the Company business performance, employee relation matters and implementation of revised Company's policies to align with key amendments of the Employment Act 1955.(ii) Employee information circulars via electronic mail to all employees.(iii) Engagement with local, state and federal government authorities and Regulators to ensure compliance with laws and regulations applicable to the Company especially on financial, tax, governance, environment, health & safety, licensing and permits.(iv) Transparent and up-to-date announcements released through Bursa Malaysia to ensure that updates on material announcements such as material information, corporate exercise, financial reports, annual report, sustainability report and circulars to shareholders were released to shareholders and stakeholders.(v) The Company's website which contains useful information regarding the Company's background, vision, mission, values and purpose, the Board, management team, investor relations, corporate governance policies and documents, sustainability efforts, announcements, minutes of general meeting and contact details.(vi) E-mails and telephone enquiries to the Corporate Affairs Department, whose contact details are published clearly on the Company's website at www.hrc.com.my.

	<p>Through the various engagement channels with stakeholders, the Company can gather feedback to identify and prioritise what is the important areas that impact or have potential impact to the Company's business operation.</p> <p>In addition, Stakeholders can report improper conduct via e-mail or in writing to the Whistleblowing Committee in any language, in accordance with the Whistleblowing Policy, which is accessible on the Company'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 64th AGM notice, proxy form, FY2022 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 FY2022 Annual Report and circular to shareholders were posted to shareholders who requested for them within three (3) market days.</p> <p>Further details on stakeholder engagement and the Company's corporate social responsibility initiatives are set out in the 2023 Sustainability Report, which 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 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	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company has provided as much information as possible to its stakeholders in its quarterly financial reports, annual report, sustainability report, announcements through Bursa Malaysia Securities Berhad, circular to shareholders and press release to ensure stakeholders are well informed of the Company's performance and facilitate decision making for investors, despite HRC has not adopted the integrated reporting. Many of the integrated reporting elements have been included.	
		Please provide an alternative practice and explain how the alternative practice meets the intended outcome.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	The Board will review and adopt integrated reporting at appropriate timeframe	
Timeframe	:	Others	N/A

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>The Company ensures that the notice of AGM is circulated at least twenty-eight (28) days before the meeting. The Board Charter and the Constitution of the Company provides that shareholders should be given all necessary information and notice of AGM of the Company at least twenty-one (21) days before the meeting.</p> <p>The Notice of 64th AGM, together with the 2022 Annual Report and circular to shareholders, was issued on 21st April 2023, which was thirty-two (32) days before the meeting held on 24th May 2023.</p> <p>The Board ensure that sufficient notice and time were provided to the shareholders to consider resolutions that will be discussed and decided during the AGM.</p> <p>The Notice of 64th AGM was circulated together with the Statement Accompanying Notice of AGM as required under to Paragraph 8.27(2) of the Listing Requirements as well as the explanatory notes to the proposed resolutions along with any background information and reports or recommendations that are relevant to enable the shareholders to consider the resolutions to be tabled at the AGM in order to make informed decision when exercising voting rights.</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. 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>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, had attended the Company's 64th AGM held on 24th May 2023.</p> <p>Shareholders were invited to submit questions electronically through the remote participation and voting facilities online ("RPV") as guided in the Administrative Guide circulated together with the 2022 Annual Report. 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 after the meeting.</p> <p>The minutes of the 64th AGM, the key matters discussed and the Company's responses to MSWG's questions are published on the Company's website at www.hrc.com.my, within one month from the date of the Company's 64th 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

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	:	<p>The 64th AGM of the Company was conducted virtually through live streaming and online remote voting via Remote Participation and Voting (“RPV”) facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd’s (“TIIH”) Online website at https://tiih.online. The Company continues to leverage technology to ensure the 64th AGM supports meaningful engagement between the Board, Senior Management and Shareholders.</p> <p>The shareholders were able to attend, participate, post question and vote remotely at the AGM via the RPV facilities. The Administrative Guide was circulated to the shareholders detailing the registration of attendance, posting of questions prior to the AGM, appointment of proxies and corporate representatives, and e-voting of resolutions.</p> <p>On 24th May 2023 during the 63rd AGM, the shareholders and proxies were briefed on the use of the Query Box facility to submit query real time during the meeting and the RPV facilities for remote voting process.</p> <p>Tricor Malaysia has implemented an IT policy and Information Security policy, endpoint controls, data classification for cyber hygiene practices of the staff. In addition, TIIH Online is hosted in a secure cloud platform and the data centre is certified by ISO27001.</p> <p>The Board recognises the advantages of RPV facilities which enable more accurate and transparent voting results and shorten turnaround time for declaration of voting results.</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 13.4

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>The Company held its 64th AGM virtually through live streaming and ensure meaningful and interactive engagement with shareholders via RPV facilities on the TIIH Online website.</p> <p>The Chairman of the Board, Wang, YouDe welcomed shareholders to the meeting and introduced the board members, CEO and CFO of the Company, who were present at the broadcast venue, as well as the remaining board members, senior management, company secretary and external auditor who were attending the AGM via video conferencing. In order for the AGM to proceed seamlessly, the Chairman nominated Mr Alan Hamzah Sendut to chair the Meeting on his behalf.</p> <p>Shareholders were allowed to submit questions to the Board prior to the AGM via TIIH Online website at https://tiih.online. During the AGM, the shareholders can 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.</p> <p>The CEO assisted by the CFO gave a presentation to the shareholders entitled "Powering Progress", which covered market environment, 2022 Company Highlights, 2022 Financial highlights, Corporate Governance, and Moving Forward into 2023. The CEO's presentation slides were projected and shared simultaneously with shareholders via the online meeting platform.</p> <p>Mr Alan, the Chairperson, ensured that all questions raised pre-AGM and during the AGM for the Company's financial and non-financial, and the strategic plan were answered during AGM. 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</p>

	<p>and responses to MSWG’s queries were also uploaded to the Company’s website at www.hrc.com.my after the AGM.</p> <p>The 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 CEO and CFO of the Company.</p> <p>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 64th AGM meeting minutes and uploaded to the Company’s website at www.hrc.com.my.</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.

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.

Application	:	Applied
Explanation on application of the practice	:	<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>The 64th AGM was broadcasted in high visual and audio quality from the broadcast venue by a professional audio service provider to ensure the attendees could have a flawless virtual meeting experience. A full rehearsal was done prior to the AGM to the test the equipment and flow of the meeting.</p> <p>The RPV facilities in the TIIH Online platform enabled the 64th AGM hosted successfully. The shareholders were able to participate, vote and pose questions remotely via the platform.</p> <p>The Q&A session was moderated by the AGM Chairperson by ensuring the questions posed by shareholders were passed to the relevant director or officer to answer the questions. The questions posed were also projected to the attendees. Questions that were not able to be answered due to time constraints were later responded to by the Company via e-mail to the shareholders within 14 days.</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 13.6

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 64 th AGM, including the key matters discussed and the Company's responses to the questions raised by MSWG and shareholders, to its website on 6 th July 2023, which was less than 30 business days after the AGM held on 24 th May 2023. The meeting minutes of the 64 th AGM are available in the Company's website 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	:

**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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