

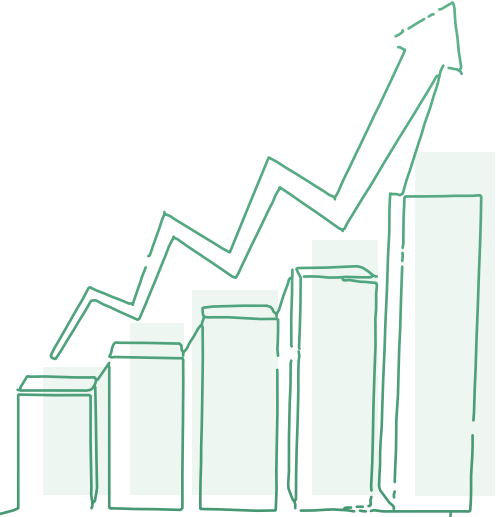


**Hengyuan Refining Company Berhad**  
Registration No. 196001000259 (3926-U)

# Embracing Integration, Driving Resilience

SUSTAINABILITY REPORT

# 2024





# Inside This Report



## Embracing Integration, Driving Resilience

Dynamic line graphics symbolise the seamless integration and resilience that define the company's operations. The flowing lines not only represent the core activities of refining and processing crude oil, maintaining refinery operations and supplying refined products, but also illustrate the important connections between the company, its stakeholders and the community. Each line shows how integration drives efficiency, while the fluid design reflects the company's unwavering commitment to driving resilience in the delivery of critical products and services. This visual narrative emphasises a holistic approach to fostering business synergies and strengthening stakeholder relationships, while ensuring steady progress and reliability.

Building on this foundation, we are proud to introduce our new logo, a bold representation of our evolving identity and unwavering commitment to growth.

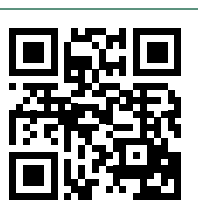
Previous logo



New logo



Please refer to our FY2024 Integrated Annual Report for more information about the logo change.



**The Sustainability Report  
2024 is available online at  
[www.hrc.com.my](http://www.hrc.com.my)**

Scan here to view our  
Sustainability Report online

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# About This Report

Hengyuan Refining Company Berhad's (HRC or the Company) Sustainability Report for the financial year ended 31 December 2024 (SR2024) represents HRC's 8<sup>th</sup> annual publication of HRC's commitments, initiatives, performance and progress towards sustainable value creation. It provides a comprehensive account on the management of economic, environmental, social and governance (ESG or EESG) matters of importance to the Company and our stakeholders as identified through our latest materiality assessment.

## SCOPE & BOUNDARY

This report covers HRC's refining operations in Port Dickson, Negeri Sembilan, for the period from 1 January 2024 to 31 December 2024 (FY2024). Where applicable, historical data is presented to provide a comparative perspective. Excluded from this report are business activities over which HRC has limited operational control, such as outsourced logistics operations. However, efforts are ongoing to enhance data collection in these areas for future disclosures.

## REPORTING STANDARDS & FRAMEWORKS

SR2024 has been prepared in accordance with Bursa Malaysia Securities Berhad's (Bursa Malaysia) Main Market Listing Requirements (Listing Requirements). Other reporting standards, frameworks and guidelines referenced include:

 <p>Bursa Malaysia Sustainability Reporting Guide (3<sup>rd</sup> Edition)</p> <p><b>IN ACCORDANCE</b></p>	 <p>Global Reporting Initiative (GRI) 2021 (Core Option)</p> <p><b>WITH REFERENCE</b></p>	 <p>FTSE4Good Bursa Malaysia (F4GBM) Index</p> <p><b>WITH REFERENCE</b></p>	 <p>United Nations Sustainable Development Goals (UNSDGs)</p> <p><b>IN ALIGNMENT</b></p>
 <p>Task Force on Climate-related Financial Disclosures (TCFD)</p> <p><b>IN ALIGNMENT</b></p>	 <p>International Sustainability Standards Boards (ISSB) Standards</p> <p><b>WITH REFERENCE</b></p>	 <p>Integrated Reporting Framework</p> <p><b>IN ALIGNMENT</b></p>	 <p>Sustainability Accounting Standards Board's (SASB) Standards</p> <p><b>WITH REFERENCE</b></p>

This Sustainability Report should be read in conjunction with HRC's Integrated Annual Report (IAR) 2024, which provides additional insights into our financial and operational performance. Determination of content for disclosure in the SR2024 adheres to GRI principles, and a GRI content index is disclosed on pages 84 to 93.



# About This Report



## DATA INTEGRITY & ASSURANCE

HRC is committed to ensuring the accuracy, reliability, and transparency of our sustainability disclosures. For SR2024, the data on GHG emissions for Scope 1 and Scope 2 have been reviewed by HRC's Internal Audit (IA) function, with oversight from the Board Audit Committee.

Details on the scope and findings of the internal assurance processes can be found in the Assurance Statement at the end of this report.

## LIMITATIONS & FUTURE ENHANCEMENTS

While this report strives for completeness, some data limitations exist, particularly the broader supply chain impacts. HRC remains committed to enhancing data collection processes and addressing reporting gaps in alignment with industry best practices.

## FEEDBACK & FURTHER INFORMATION

HRC values stakeholder engagement and welcomes feedback on this report. For enquiries or suggestions, please contact:



Email: [hrcpd-corporate-affairs@hrc.com.my](mailto:hrcpd-corporate-affairs@hrc.com.my)



Website: [www.hrc.com.my](http://www.hrc.com.my)



# About HRC

## Our Vision

To be a leading global energy and petrochemical company, pioneering sustainable solutions.

HRC Corporate Office in Port Dickson



## Our Mission

We are committed to safeguard our operational integrity, be bold in our innovations, leverage the strength of our people, and to maximise stakeholder value.



# About HRC



HRC’s corporate philosophy is driven by its Vision and Mission and is supported by its chosen organisational ICARE values, which are aimed to continuously develop a conducive working culture centred on professionalism, passion, merit and commitment towards sustaining high-performance.

Culture is viewed as the pathway towards effective implementation of business strategies, in driving innovative thinking, in supporting effective talent management and ultimately, realising the Vision and Mission, and enabling value creation.



## Our Core Values



### INTEGRITY



- Honesty
- Ethical
- Openness
- Transparent
- Speak up
- Speak the truth
- Hold to higher standards
- Walk the talk



### COLLABORATION



- Teamwork
- Creating lasting partnerships
- Nurturing
- Making things happen together



### ACCOUNTABILITY



- Doing the right thing the right way
- “I take responsibility for my actions”
- “No passing on of responsibility, the buck stops with me”
- Going the extra mile
- Leadership at all levels



### RESPECT



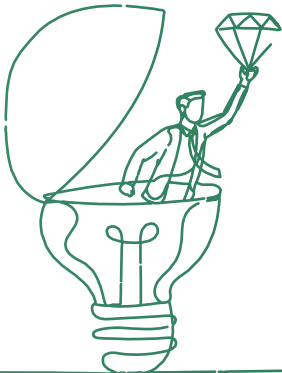
- Care for each other
- Respect our stakeholders
- Diversity, Equity & Inclusion
- Treat others as you want to be treated



### ENTREPRENEURIAL



- Treat this as my own business by having an entrepreneurial mindset
- Proactive and nimble to take on new opportunities
- Courage to step outside the comfort zone
- Challenge status quo for better efficiencies
- Passionate
- Energetic



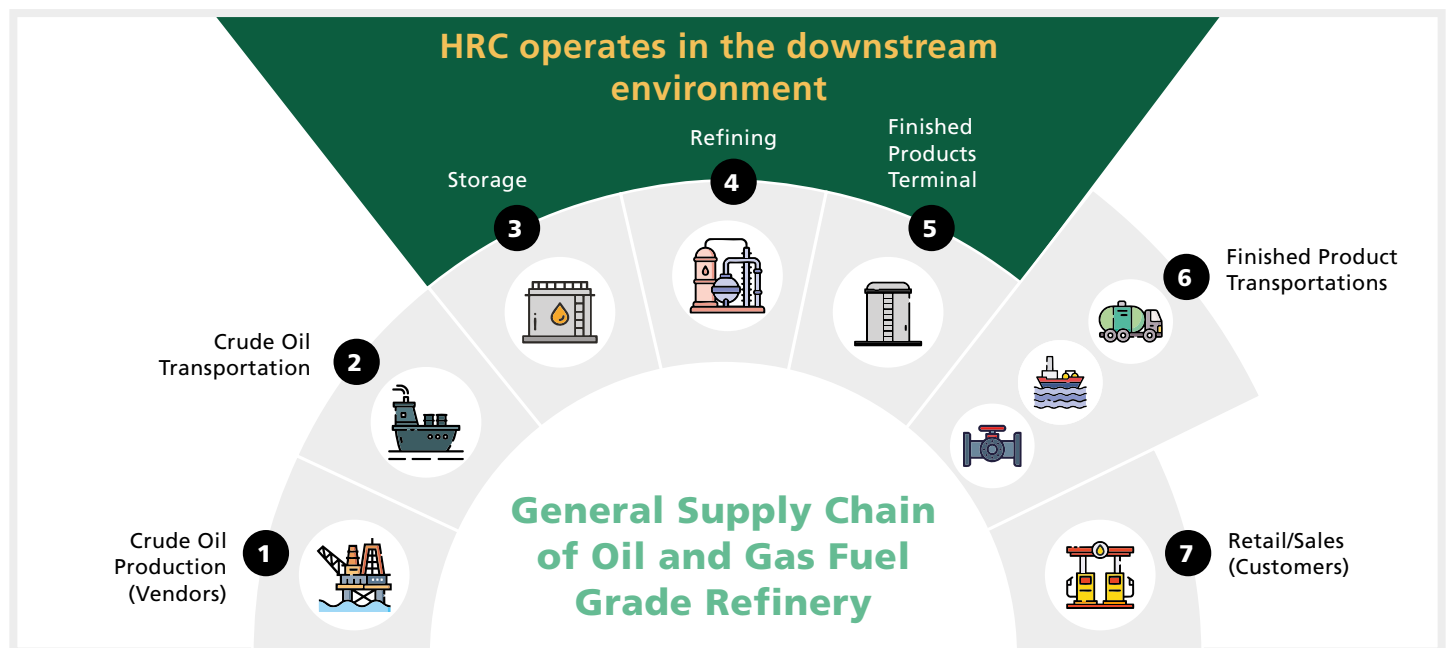


# About HRC

## WHO WE ARE

HRC is a downstream petroleum refiner and a public-listed company on the Main Market of Bursa Malaysia. The refinery was established in 1960 and it was the first integrated refinery complex with Long Residue Catalytic Cracking (LRCC) capabilities in Malaysia. Since the takeover in 2016, HRC continues to play a pivotal role in supporting Malaysia's energy sector by refining crude oil into high-quality petroleum products.

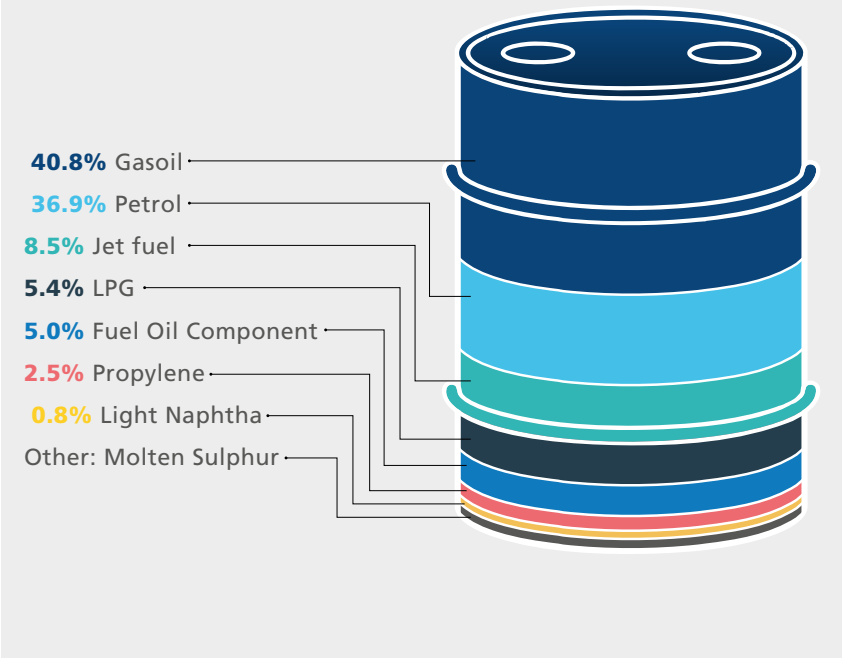
HRC is 51% owned by Shandong Hengyuan Petrochemical Company Limited (SHPC) through Malaysia Hengyuan International Limited. This partnership provides technical expertise, operational support, and strategic procurement capabilities, strengthening HRC's competitiveness in the refining sector.





# About HRC

**Product Yield FY2024**



## WHAT WE DO

HRC operates a state-of-the-art refinery in Port Dickson, Negeri Sembilan, with a licensed capacity to deliver up to 156,000 barrels of petroleum products per day. The refinery processes crude oil sourced both locally and internationally, producing a wide range of refined petroleum products, including:

- Liquefied Petroleum Gas (LPG)
- Petrol, Gasoil, and jet fuel
- Fuel oil components
- Chemical feedstocks such as light naphtha and propylene

HRC's refinery is equipped with advanced processing units, including two crude distillers, a long residue catalytic cracker unit (LRCCU), naphtha treaters, a kerosene Merox unit, hydro-processing units, a Hydrogen Manufacturing Unit (HMU), and a sulphur recovery unit. The refinery also includes a Euro 4 Mogas (E4M) unit for petrol production and Euro 5 Gas Oil (E5G) refining, ensuring compliance with evolving fuel quality and environmental standards.

## HOW WE OPERATE

HRC's supply chain and distribution network ensures the efficient delivery of refined petroleum products to customers in Malaysia and across Southeast Asia.

- Primary Market: 80% of HRC's refined products are sold domestically, supporting Malaysia's energy demands.
- Export Market: The remaining 20% of production, including propylene, surplus petrol, jet fuel, and diesel, is exported to customers across Southeast Asia.

HRC's distribution network includes:

- A multi-product pipeline to Klang Valley and KLIA for seamless fuel delivery.
- Truck loading gantry facilities catering to customers in West Malaysia.
- Maritime shipments via jetty supplying regional markets and East Malaysia.

With operational excellence, sustainability-driven refining, and continuous innovation, HRC remains committed to delivering high-quality petroleum products while driving industry growth and long-term energy security.



# Corporate Information

## BOARD OF DIRECTORS

**Wang, YouDe**  
Chairman  
Non-Independent Non-Executive Director

**Surinderdeep Singh Mohindar Singh**  
Independent Non-Executive Director

**Tai Sook Yee**  
Independent Non-Executive Director

**Li, XiaoXia**  
Independent Non-Executive Director

**Peter Ho Kok Wai**  
Independent Non-Executive Director  
(Appointed on 3 March 2025)

**Wang, ZongQuan**  
Non-Independent Non-Executive Director  
(Retired on 28 November 2024)

**Alan Hamzah Sendut**  
Independent Non-Executive Director  
(Retired on 31 December 2024)

### BOARD AUDIT COMMITTEE

**Peter Ho Kok Wai** (Chair)  
(Appointed on 3 March 2025)  
**Surinderdeep Singh Mohindar Singh**  
**Tai Sook Yee**  
**Alan Hamzah Sendut** (Chair)  
(Retired on 31 December 2024)

### BOARD NOMINATING AND REMUNERATION COMMITTEE

**Surinderdeep Singh Mohindar Singh** (Chair)  
**Wang, YouDe**  
**Li, XiaoXia**

### BOARD RISK MANAGEMENT COMMITTEE

**Li, XiaoXia** (Chair)  
**Tai Sook Yee**  
**Peter Ho Kok Wai**  
(Appointed on 3 March 2025)  
**Wang, ZongQuan** (Chair)  
(Retired on 28 November 2024)  
**Alan Hamzah Sendut**  
(Retired on 31 December 2024)

### BOARD PROJECTS REVIEW COMMITTEE

**Li, XiaoXia** (Chair)  
**Wang, YouDe**  
**Surinderdeep Singh Mohindar Singh**

### BOARD TENDER COMMITTEE

**Wang, YouDe** (Chair)  
**Wang ZongQuan**  
(Retired on 28 November 2024)  
**Alan Hamzah Sendut**  
(Retired on 31 December 2024)

### BOARD WHISTLEBLOWING COMMITTEE

**Surinderdeep Singh Mohindar Singh** (Chair)  
**Wang, YouDe**  
**Alan Hamzah Sendut**  
(Retired on 31 December 2024)

### SECRETARIES

**Tan Siew Hong**  
SSM PC No. 201908001915  
MAICSA 7066226  
**Tan Ai Ning**  
SSM PC No. 202008000067  
MAICSA 7015852

### AUDITORS

**KPMG PLT**  
Level 10, KPMG Tower  
8, First Avenue  
Bandar Utama  
47800 Petaling Jaya  
Tel: 03 - 7721 3388  
Fax: 03 - 7721 3395

### SHARE REGISTRAR & AGM HELPDESK

**Boardroom Share Registrars Sdn Bhd**  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor  
Tel: 03 -7890 4700 (Helpdesk)  
Fax: 03 -7890 4670  
Email: bsr.helpdesk@boardroomlimited.com

### STOCK EXCHANGE LISTING

**Main Board of**  
**Bursa Malaysia Securities Berhad**  
Stock Name: HENGYUAN  
Stock Code: 4324  
Sector: Energy  
Sub Sector: Oil & Gas Producers

### REGISTERED OFFICE

12<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Professor Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor  
Tel: 03 -7890 4800  
Fax: 03 -7890 4650  
Email: info.my@boardroomlimited.com

### BUSINESS OFFICE ADDRESS

Batu 1, Jalan Pantai  
71000 Port Dickson  
Negeri Sembilan  
Tel: +606-641 2000

### CORPORATE OFFICE ADDRESS

Level 9, Menara Allianz Sentral  
(NU Tower 1)  
Kuala Lumpur Sentral  
No 203, Jalan Tun Sambanthan  
50470 Kuala Lumpur  
Tel: +603-2780 1060



# Value Creation Model

Our Vision is to be a leading global energy and petrochemical company, pioneering sustainable solutions.

## 1 CAPITAL INPUTS

### Financial

All financial resources deployed for the execution of business model. Includes cash and bank balances, borrowings, retained earnings, shareholders' equity and investments. Financial outputs typically comprise revenues, earnings, sales and dividends.

- Retained earnings: **RM986.8 million**
- Bank balances: **RM679.1 million**
- Borrowings: **RM1.4 billion**
- Total Assets: **RM3.8 billion**
- Total Equity: **RM1.2 billion**
- Trade Receivables: **RM446.7 million**

### Manufactured

All plant, machinery, assets and equipment deployed notably the refining plant towards generating refined products.

- Crude oil refining plant with licensed capacity of up to **156,000 barrels/day**
- Equipped with 2 crude distillers, LRCCU, HMU, hydro-processing, EAM and ESG units
- Multi-product pipeline to Klang Valley & KLIA
- Single buoy mooring system
- Jetty with **3 berths**

### Intellectual

Comprising business strategies, proprietary systems and processes, internal methodologies and know-how and technology. Also includes the competences, capabilities and experience of the Board and Senior Management.

- Technical expertise provided through **51%** ownership by Shandong Hengyuan Petrochemical Company Limited (SHPC)
- ISO based and industry best practice systems including proprietary methodologies and intervention strategies
- 13 tactics implemented under Business Improvement Plan (BIP)
- Implementation of structured reliability and performance monitoring systems (e.g. SCONE culture, RMF) supporting operational excellence

### Human

The talent pool of employees who work across the business. This includes their skills, competences, professional capabilities as well as employee morale and satisfaction.

- 1.79 million** manhours worked
- ICARE culture promoting integrity, collaboration, accountability, respect, and entrepreneurial mindset
- Targeted leadership and technical training programmes
- Continued support for SWAN (Site Women Action Network) to promote gender empowerment
- 2 townhall sessions and 3 Employee Engagement activities

### Social

Comprising stakeholders' perceptions of HRC's operations, especially from community and regulatory stakeholders. Given HRC's business model comprising refinery operations, social capital is material to the Company's ability to operate.

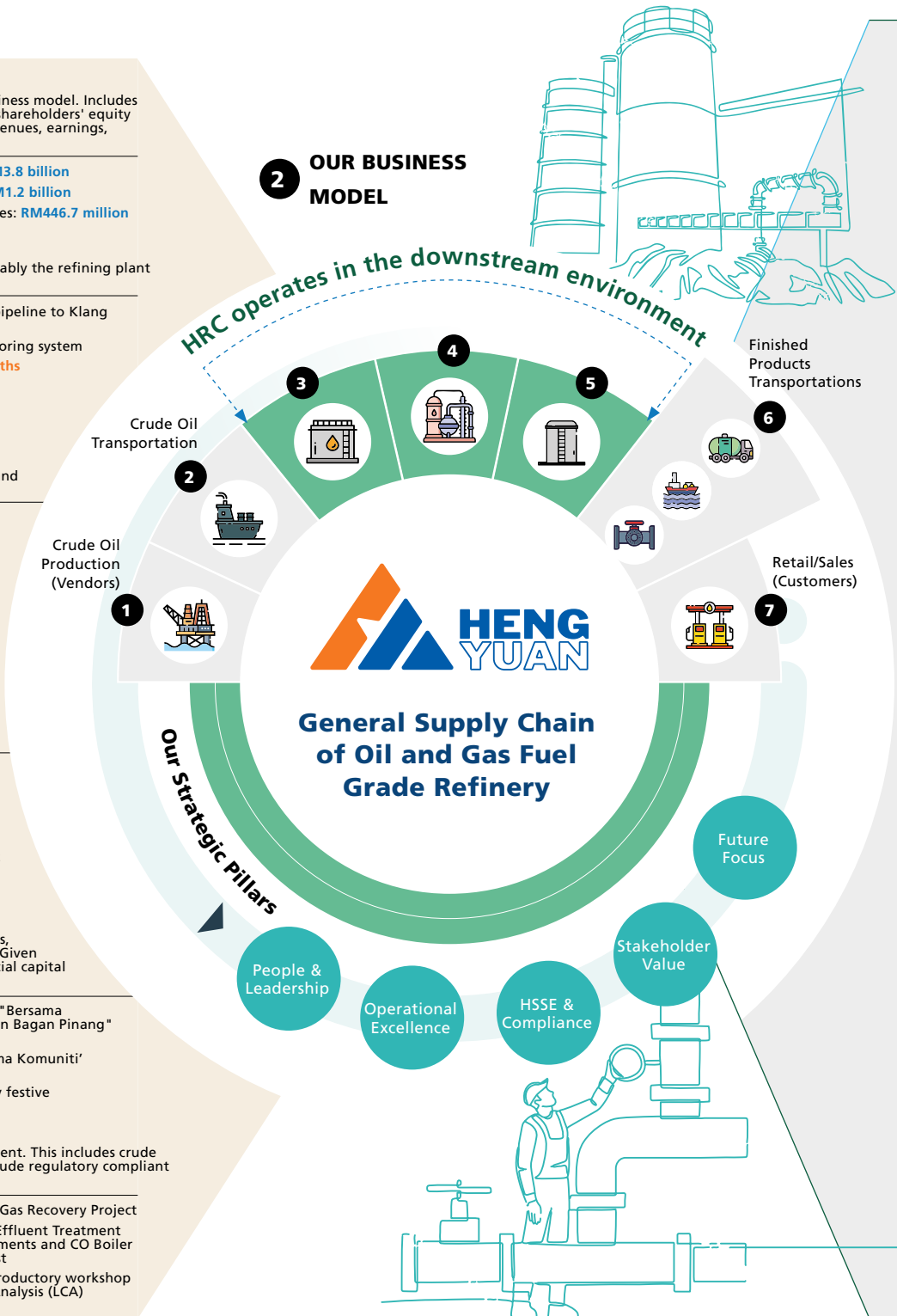
- "No LOPC, No Fire" campaign
- Goal Zero (GZ) Walk programme
- Tier 3 Exercise Merbok VIII emergency preparedness drill
- Mutual Aid Agreement Signing Ceremony with Petron Malaysia
- myUNJAM 2024 "Bersama Komuniti Nelayan Bagan Pinang" programme
- Two 'Hari Bersama Komuniti' programmes
- Local community festive celebrations

### Natural

All physical resources sourced from the natural environment. This includes crude oil, energy, water, land and other resources. Outputs include regulatory compliant effluents and emissions as well as noise levels.

- 2,640 megalitres** of water consumption
- 194,853 tonnes** of energy consumption
- Compliance with ISO 14001:2015 Environmental Management System
- Initiated Flare Gas Recovery Project
- Implemented Effluent Treatment Plant enhancements and CO Boiler Efficiency Boost
- Conducted introductory workshop on Life Cycle Analysis (LCA)

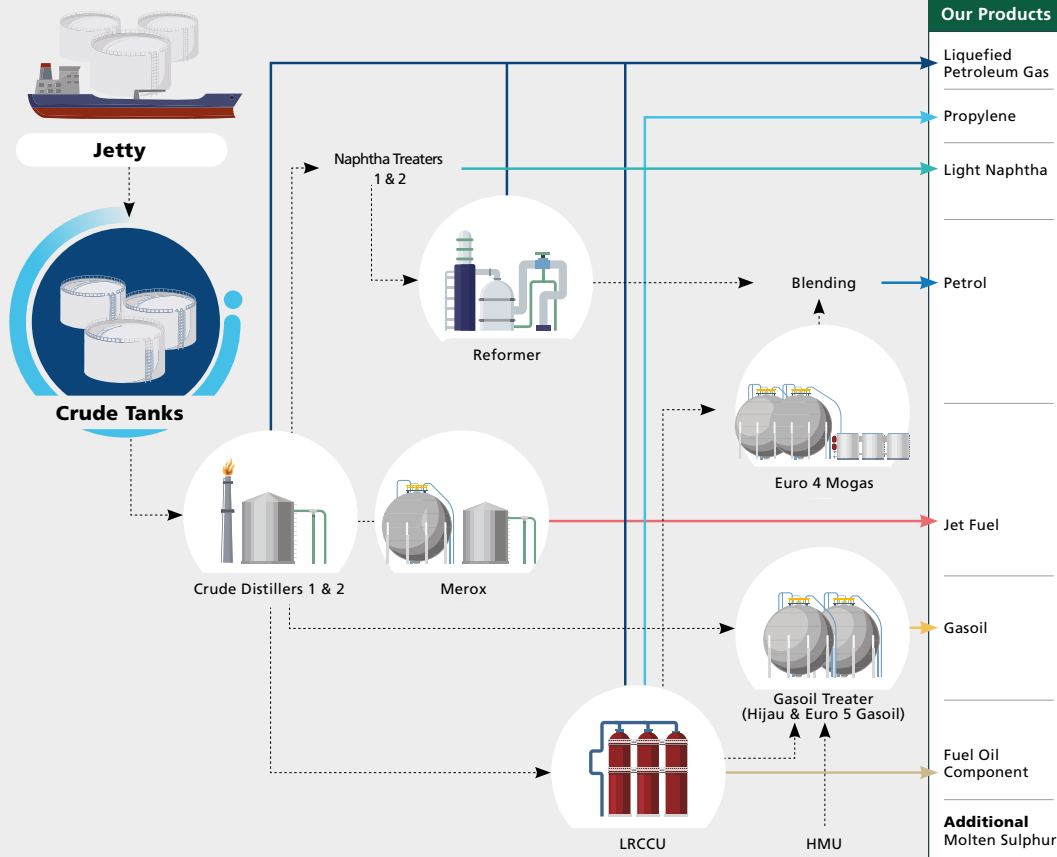
## 2 OUR BUSINESS MODEL





# Value Creation Model

## Through Our Operational Process



## 3 OUTPUTS AND OUTCOMES

### Financial

- Revenue: **17.2 billion**
- 11.8% revenue growth
- Gross profit: **RM196.7 million**
- Retained earnings: **RM986.8 million**
- Cash and cash equivalents as at end of 2024: **RM670.3 million**
- Trade Receivables: **RM446.7 million**
- Total Equity and Liabilities: **RM3.8 billion**
- Fulfilled all repayment commitments

### Manufactured

- Produced **36.8 million** barrels of refined products
- Unplanned downtime (UPDT) of **7.4%**
- Successfully reduced sulphur content to enable upgrade to E5M
- Achieved approx. **24,000m³** per year in Gasoil savings at **10ppm** sulphur level
- Reduced cost of production of refined products through improved quality and faster time to market
- Monitored wastages, including oil loss and product quality giveaway, to identify potential mitigation measures

### Intellectual

- Zero non-conformities in surveillance audits for ISO 37001, ISO 45001, and ISO 27001 in FY2024
- Zero product quality incidents with Implementation of IPMS at ISO 17025 accredited laboratory operations
- ISMS (ISO27001:2013) SIRIM recertification audit
- Improved procurement strategies
- Expected annual margin improvement of approximately USD 7 million starting in 2025 from BIP

### Human

- 407-strong workforce of which 81% are permanent staff
- 9,606 training hours delivered, averaging 28.34 per employee
- 100% completion rate for anti-corruption training and annual integrity declarations
- Zero substantiated human rights violations
- Improved employee satisfaction and morale
- 72 long service employees rewarded

### Social

- RM186 million in new customer sales
- Term agreement for sale of propylene to PTT International Trading
- One API Tier 1 Process Safety event and Zero API Tier 2 incidents and recorded
- Zero fatalities and zero loss time incident (LTI)
- Inclusion of over 40 new suppliers
- Revenue diversification and reduced dependence on a single customer
- Improved productivity and stakeholder confidence in refining operations with continued community goodwill
- Achieved an internal customer satisfaction score of 4.5 and an external customer satisfaction score of 4.7 (overall score: 5)

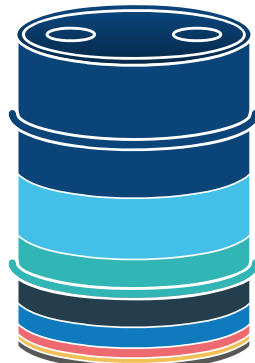
### Natural

- 8.2% reduction in GHG intensity despite 5.7% increase in absolute Scope 1 & 2 emissions
- Energy Intensity Index of 114
- 80% reduction in hazardous sludge
- 2,220 kg of e-waste collected and diverted from landfills
- Boiler efficiency improved by 3.5%, generating 270 tonnes of steam per day without needing extra fuel
- Expansion of Scope 3 emissions to include more types/aspects by adopting the spend based or analysis methods for a more comprehensive and accurate emissions profile

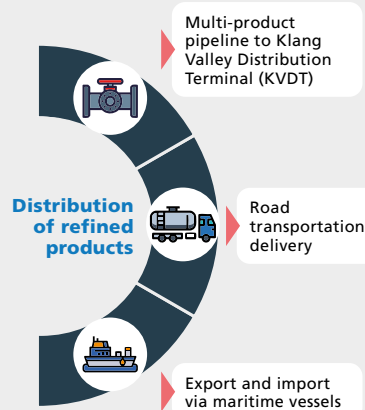
## We Produce The Following

### Product Yield FY2024

- 40.8% Gasoil
- 36.9% Petrol
- 8.5% Jet fuel
- 5.4% LPG
- 5.0% Fuel Oil Component
- 2.5% Propylene
- 0.8% Light Naphtha
- Other: Molten Sulphur



## We Supply Refined Products Via





# Message from Our Board

The Board of Directors is pleased to present HRC's 8<sup>th</sup> Annual Sustainability Report, demonstrating our continued commitment to responsible business practices, environmental stewardship, and long-term value creation. As an energy industry player, we recognise our role in balancing operational resilience with environmental responsibility, while driving sustainable value for our stakeholders.



Sustainability remains a core tenet of our business strategy, ensuring that we operate in a manner that is ethical, transparent, and forward-looking. Our approach is anchored in five strategic pillars – People & Leadership, Operational Excellence, Health, Safety, Security, and Environment (HSSE) & Compliance, Stakeholder Value, and Future Focus – which collectively guide our ESG agenda and decision-making. This year, we took significant steps forward in reinforcing our sustainability governance, refining our operational strategies, and strengthening engagement with our stakeholders. At the same time, we are mindful of the need to maintain strong economic fundamentals to ensure we have robust resources, capabilities and agility to drive our sustainability agenda forward.

This year, we took significant steps forward in reinforcing our sustainability governance, refining our operational strategies, and strengthening engagement with our stakeholders.



# Message from Our Board

## RESILIENCE AMIDST CHALLENGES

Against a backdrop of persistent market volatility and evolving energy dynamics, HRC demonstrated improved financial performance in FY2024, despite navigating operational disruptions, unfavourable market conditions, and legacy hedging positions. Revenue increased 11.7% year-on-year to RM17.2 billion, marking a turnaround from a gross loss of RM143.9 million in FY2023 to a gross profit of RM196.7 million in FY2024.

Operationally, we remained focused on asset reliability and efficiency. Following the Turnaround (TA) in 2023, routine performance diagnostics detected emerging issues within critical equipment, including the catalytic cooler. Recognising the importance of proactive intervention, HRC undertook a targeted pitstop maintenance exercise in December 2024 to conduct necessary inspections and scheduled maintenance on key refinery units. This pre-emptive measure was aimed at mitigating potential operational risks and ensuring sustained plant efficiency.

As a result of these interventions, unplanned downtime (UPDT) stood at 7.4% in FY2024, compared to 0.68% in the previous year. This increase was primarily attributed to several significant equipment issues, including heat exchanger and catalytic cooler leaks identified in March, as well as

economiser tube leaks in the carbon monoxide (CO) boiler during June and July. However, all necessary mitigation and corrective actions were swiftly implemented, ensuring minimal disruption to overall operations. Despite these challenges, HRC successfully maintained operational availability at 92.1%, reflecting our continued commitment to production reliability. Furthermore, HRC is also very stringent in controlling the unplanned downtime. For instance, a planned pitstop that was not included in the business plan will be classified as unplanned downtime.

## ADVANCING DECARBONISATION & OPERATIONAL EFFICIENCY

In line with our commitment to decarbonisation and energy efficiency, HRC initiated the Flare Gas Recovery Unit (FGRU) project, marking a major step forward in reducing hydrocarbon gas emissions and enhancing refinery efficiency. By capturing and repurposing valuable gases that would otherwise be flared, the FGRU contributes to both cost savings and emissions reduction, reinforcing our long-term environmental sustainability strategy. Other vital projects include the Air Separation Unit (ASU) that is targeted for completion in 2026, as well as the upgrade of the Euro 4 Mogas (E4M) plant to Euro 5 Mogas (E5M) to meet regulatory requirements

that is expected to be implemented in September 2025. This initiative aligns with industry best practices and regulatory expectations, further embedding energy efficiency into our operations.

Beyond this, our Energy Masterplan continues to provide a structured roadmap for reducing emissions and lowering carbon intensity. While absolute Scope 1 and 2 emissions increased by 5.7% in FY2024, we achieved an 8.2% reduction in GHG intensity, reflecting our ability to enhance operational efficiency while minimising environmental impact.

We also made significant strides in water conservation and waste management, successfully reducing raw water consumption from 2.8 million m<sup>3</sup> to 2.6 million m<sup>3</sup>, highlighting the effectiveness of our conservation measures. Moreover, strategic enhancements to our Effluent Treatment Plant (ETP) resulted in an 80% reduction in hazardous sludge generation, reinforcing our commitment to circular economy principles.

Furthering our role in sustainable resource management, we expanded our e-waste recycling initiative, ensuring responsible disposal practices that align with HRC's broader sustainability commitments.



HRC employees upholding safety protocols and operational standards at the jetty



# Message from Our Board

## PRIORITISING HEALTH, SAFETY AND EMERGENCY PREPAREDNESS

At HRC, ensuring the safety and well-being of our employees and communities is a non-negotiable priority. We continued to strengthen our process safety culture, achieving zero API Tier 2 incidents and only one API Tier 1 Process Safety Event (PSE) in accordance with API 754. Following a comprehensive root cause analysis, key learnings were documented in iMax, HRC's digital tracking system, ensuring continuous improvement in operational discipline and risk mitigation. Additionally, we launched "NO LOPC, NO FIRE", a dedicated process safety campaign aimed at enhancing awareness and preventing fire risks associated with Loss of Primary Containment (LOPC).

HRC also strengthened its emergency preparedness through Tier 3 Exercise Merbok VIII, which tested our ability to manage complex emergency scenarios, including fires, hazardous material (HAZMAT) incidents, and medical emergencies. This exercise involved 425 personnel and was conducted in alignment with HRC's Emergency Response Plan (ERP) and National Security Council Directive No. 20 (MKN 20).

To further reinforce our safety commitments, HRC formalised a Mutual Aid Agreement with Petron Malaysia Refining and Marketing Berhad, ensuring stronger collaboration in emergency response and preparedness.

## DEEPENING EMPLOYEE AND COMMUNITY ENGAGEMENT

Beyond its operations, HRC continues to invest in the development of a resilient workforce and a well-informed, engaged community. In FY2024, the Company delivered over 9,600 training hours encompassing technical skills, leadership capabilities, and sustainability competencies, with a growing emphasis on ESG-related modules. Our Site Women Action Network (SWAN) remained an active platform in advancing gender inclusion and employee mentoring.

As part of its broader social stewardship responsibilities, HRC also intensified its engagement efforts with fence-line communities located near the refinery. The "Hari Bersama Komuniti" programmes held in FY2024 served not only as platforms for community dialogue and transparency but also as formal fulfilment of the Information to Public (ITP) obligations under the Control of Industrial Major Accident Hazards (CIMA) Regulations 1996. These sessions enabled open communication on safety protocols, emissions management, and emergency preparedness, enhancing public awareness and trust.

In parallel, HRC maintained direct and structured engagement with local stakeholders, including elected representatives, community leaders, and government regulators. These interactions were supported by a systematic stakeholder feedback mechanism, including clear escalation protocols and sentiment monitoring across multiple channels. This approach enabled early identification and resolution of concerns, particularly in relation to operational impacts such as flaring, noise, or odour.

Together, these efforts demonstrate HRC's commitment to inclusive, proactive community engagement that reinforces its social license to operate, mitigates reputational and regulatory risk, and contributes to a stable operating environment in Port Dickson. They also reflect an increasingly mature stakeholder strategy that integrates compliance, transparency, and long-term partnership.

HRC's commitment to community engagement extends beyond its immediate fence-line, with broader outreach programmes that integrate social impact with environmental sustainability. One such initiative is the MyUnjam 2024 programme, which demonstrates our continued commitment to marine conservation and socio-economic uplift in coastal communities.

Delivered in partnership with the Department of Fisheries Malaysia, the initiative supports the Bagan Pinang fishing community through ecosystem restoration efforts and the promotion of sustainable fishing practices. Beyond environmental impact, HRC has provided local fishermen with targeted training, tools, and resource access to enhance their long-term economic resilience. By integrating conservation outcomes with community well-being, MyUnjam 2024 reflects HRC's holistic approach to sustainability — one that aligns environmental stewardship with social value creation.

## GOOD GOVERNANCE FOR THE ROAD AHEAD

As HRC charts its sustainability journey forward, governance remains the cornerstone of our ESG management approach. In FY2024, we took proactive steps to enhance governance structures and reporting transparency, aligning with global best practices, regulatory requirements, and evolving ESG disclosure expectations. Notably, we have begun integrating International Financial Reporting Standards (IFRS) S1 and S2 into our reporting framework, preparing for compliance with the National Sustainability Reporting Framework (NSRF). Concurrently, we have adopted Integrated Reporting (IR) principles into our Annual Report, reinforcing our commitment to holistic and transparent disclosure — a practice we will gradually strengthen in the coming years.

To further fortify sustainability governance and risk oversight, we introduced the HRC Sustainability Policy in FY2024, providing a structured approach to managing ESG matters. Additionally, we strengthened our Whistleblowing Policy and introduced a Dawn Raid Policy, reaffirming our zero-tolerance stance on corruption and commitment to ethical business conduct. With these governance enhancements in place, we are pleased to report that HRC achieved zero incidences of corruption and major non-compliances with environmental and social regulations in FY2024.

Our focus going forward will continue to centre on prioritising regulatory adherence, strengthening sustainability and climate risk management, and upholding our commitments to all our stakeholders, who have been with us every step of the way.

The Board extends its sincere appreciation to our employees, stakeholders, and partners for their continued support. Together, we will continue to uphold the highest standards of sustainability, integrity, and business excellence as we navigate the future.



# 2024 Sustainability Highlights

## Planned Pitstop

maintenance exercise was successfully executed in December 2024



## 92.1% Operational Availability in 2024

Total production volume of **36.8 million bbl**



## Flare Gas Recovery Unit (FGRU) Project initiated

To capture and repurpose hydrocarbon gases, reducing emissions and enhancing operational efficiency



## ISO 37001:2016

Anti-Bribery Management System (ABMS) Certification Maintained

Successfully passed a surveillance audit with zero non-conformities



## ISO 45001:2018

Integrated Management System (IMS).

Completed ISO recertification audit with ZERO non-conformance



ISO 27001:2013 Information Security Management System (ISMS).

Completed ISO recertification audit with ZERO non-conformance



## GHG Intensity Improved by 8.2%

Despite a **5.7%** increase in absolute Scope 1 & 2 emissions



Achieved **RM17.2 billion** in Revenue



**2,220 kg** of electronic waste was collected and diverted from landfills



## 100% employee participation

in annual integrity declarations & anti-corruption training (for new employees)



## 9,606 hours of training

across leadership, technical skills, and sustainability-focused modules



## Supporting Women's Empowerment

through The Site Woman Action Network (SWAN)



## MyUnjam Initiative

Partnered with the Department of Fisheries Malaysia to support local fishermen in Bagan Pinang



## Sustainability Policy

formalised in 2024



Conducted multiple engagement sessions with local communities on HRC's safety protocols and operations





# Our Approach to Sustainability

Sustainability at HRC is guided by the fundamental principle of responsible and ethical business conduct while delivering long-term value to stakeholders. This commitment underpins our approach to managing material sustainability matters, ensuring that sustainability considerations are embedded within our decision-making and operations.

As a key player in the energy sector, HRC operates in a rapidly evolving landscape, where climate action, energy transition, and regulatory developments are redefining industry expectations. The urgency for energy transition is underscored by the first global stocktake, which assesses global progress towards the Paris Agreement goals. The findings indicate that the world is not on track to limit global warming to 1.5°C, and the window for decisive action is rapidly narrowing. In response, governments and industries worldwide are intensifying efforts to reduce greenhouse gas (GHG) emissions and accelerate the shift towards low-carbon energy systems.

HRC acknowledges this urgency and is committed to supporting Malaysia's nationally determined contribution (NDC) under the Paris Agreement, which aims to reduce economy-wide carbon intensity by 45% by 2030 compared to 2005 levels. This commitment is further reinforced through our alignment with the National Energy Transition Roadmap (NETR), which outlines Malaysia's strategic pathway towards a low-carbon and sustainable energy future. In line with these national aspirations, we have developed and are executing a decarbonisation and carbon management strategy, which includes energy efficiency measures, emissions reduction initiatives, and longer-term considerations for integrating cleaner energy solutions within our operations.

While addressing climate imperatives is a priority, sustainability at HRC extends beyond emissions reduction. We take a holistic approach, ensuring that sustainability principles are embedded across all aspects of our business. This integration is reflected in our five strategic pillars, which

form the foundation of our approach to value creation and business resilience:

## 1. People & Leadership



Developing talent and fostering a culture of accountability, diversity, and ethical conduct.

## 2. Operational Excellence



Ensuring efficiency, innovation, and best-in-class practices to drive long-term resilient performance.

## 3. HSSE & Compliance



Upholding the highest standards of HSSE, in compliance with regulatory and industry benchmarks.

## 4. Stakeholder Value



Strengthening relationships with stakeholders by responding to evolving expectations and delivering shared value.

## 5. Future Focus



Anticipating industry trends and positioning HRC for long-term sustainability, including our approach to energy transition and climate resilience.

These strategic pillars ensure that sustainability is not only embedded into risk management and operational practices but also aligned with broader industry trends, regulatory requirements, and stakeholder expectations.



# Our Approach to Sustainability

## SUSTAINABILITY ROADMAP

To drive impactful sustainability outcomes, HRC has established a Sustainability & ESG Roadmap, aimed at enhancing governance, execution, and long-term impact.

	Short-term 2H FY2023 - FY2025	Medium-term FY2026 - FY2030	Long-term >FY2031
Focus	<ul style="list-style-type: none"> <li>To align with Bursa Malaysia Main Market Listing Requirements (MMLR) for FY2023 to FY2025, as well as Task Force on Climate-Related Financial Disclosures (TCFD) recommendations.</li> </ul>	<ul style="list-style-type: none"> <li>To align with MMLR's requirement in accordance to TCFD disclosures by FY2027.</li> <li>To deploy activities that will enable HRC to achieve its interim target by 2030 for its progressive decarbonisation journey by 2050.</li> </ul>	<ul style="list-style-type: none"> <li>To deploy activities that will help improve HRC's sustainability performance in the long-term and be on track with its progressive decarbonisation efforts by 2050.</li> </ul>
Key Action Points	<ul style="list-style-type: none"> <li>Adopt TCFD-aligned disclosures in reporting by FY2025.</li> <li>Scope 3 GHG emissions data collection for employee commuting and business travel by FY2024.</li> </ul>	<ul style="list-style-type: none"> <li>Ensure alignment in accordance to TCFD disclosures in reporting by FY2027.</li> </ul>	<ul style="list-style-type: none"> <li>Review sustainability strategy on a periodic basis to ensure its relevance to HRC's business.</li> <li>Continue to monitor the impact of ESG on financial and non-financial performance, e.g. reporting on the return on investment.</li> </ul>

This roadmap is periodically reviewed to ensure alignment with business priorities, industry developments, and regulatory requirements, reinforcing our commitment to sustainability as a core business imperative.

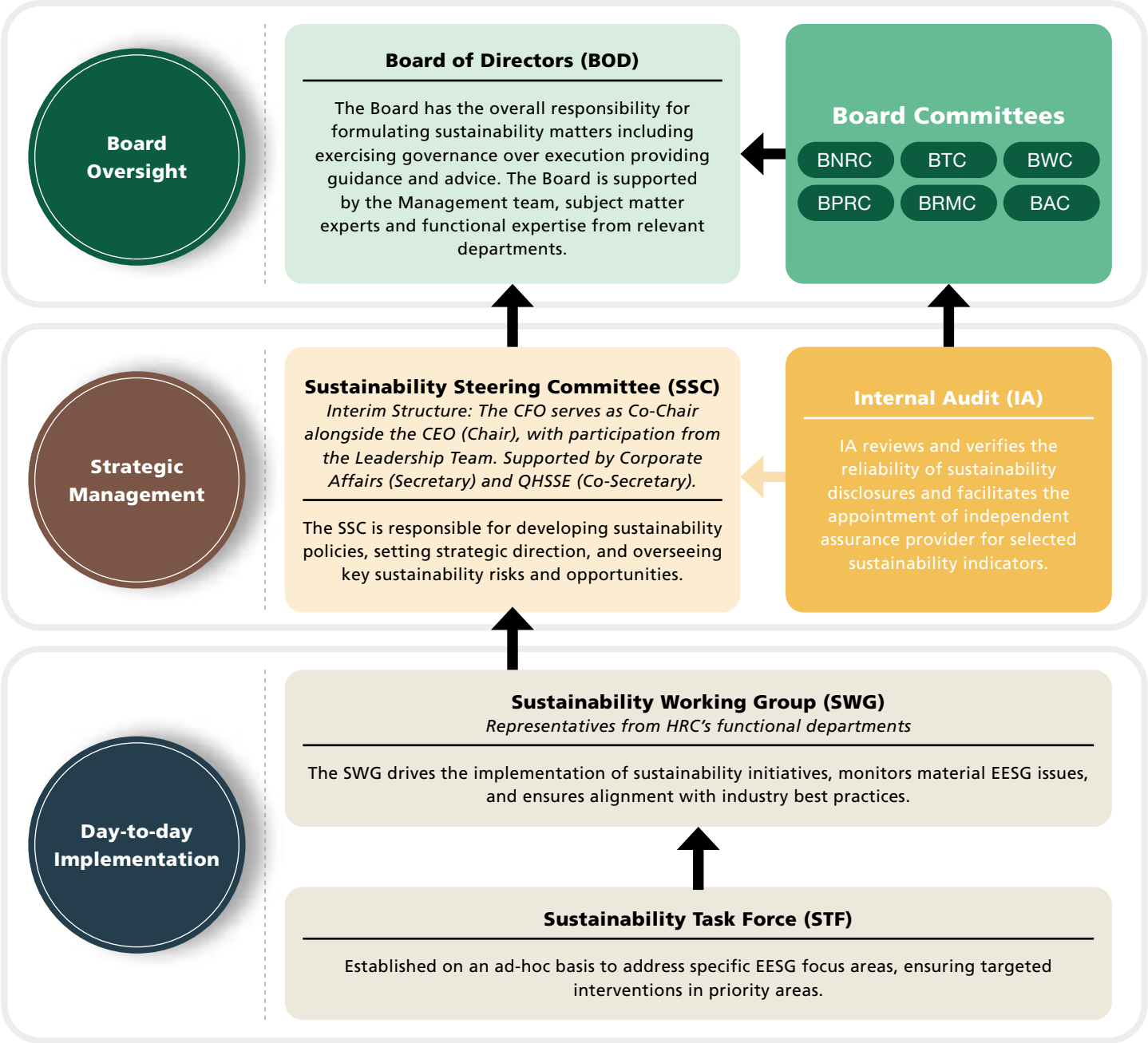
## SUSTAINABILITY GOVERNANCE & OVERSIGHT

Sustainability is integrated into HRC's corporate governance framework, ensuring clear oversight, accountability, and execution at multiple levels. The governance structure is designed to set the strategic direction from the top, ensuring that sustainability policies, commitments, and initiatives are cascaded down through the organisation for effective implementation. At the same time, progress, challenges, and key developments are reported back up the chain, enabling data-driven decision-making and continuous improvement at the highest levels.



# Our Approach to Sustainability

The reporting structure, roles, responsibilities, and composition of HRC’s sustainability governance structure are set out below.





# Our Approach to Sustainability

## Board and Management Responsibility on ESG & Climate Change

The Board of Directors and Management recognise the critical role of ESG and climate-related risks and opportunities in shaping HRC's long-term business resilience, financial performance, and stakeholder trust. These factors influence cash flows, operational continuity, regulatory compliance, and access to capital, particularly as investors and financial institutions increasingly integrate ESG considerations into their investment and lending decisions.

To maintain strategic oversight and informed decision-making, the Board and Management actively engage in ESG training and briefings to stay abreast of evolving sustainability trends, regulatory developments, and best practices. ESG and climate-related risks are factored into business planning, strategy formulation, and resource allocation, ensuring that sustainability considerations are embedded into corporate decision-making.

As part of the commitment to accountability, our Board Effectiveness Assessment also evaluates the Board's ability to address sustainability and climate-related risks and opportunities, reinforcing the Company's focus on ESG-driven decision-making and strategic execution.

## Sustainability Governance Policies

HRC's sustainability governance framework is supported by a comprehensive suite of policies, charters, and codes that formalise the Company's commitment to responsible business practices. The following key policies and governance instruments form the foundation of HRC's sustainability governance framework:



These governance instruments provide clear guidance on ethical conduct, accountability, and risk management, ensuring that sustainability principles are embedded into decision-making at all levels. They undergo periodic reviews, with refinements made as necessary to strengthen HRC's sustainability governance. Additional policies may also be introduced to address emerging ESG risks, regulatory developments, and stakeholder expectations.

Notably, in FY2024, we strengthened our governance framework by introducing the new Sustainability Policy. Furthermore, the existing Whistleblowing Policy was updated to ensure our continued effectiveness and alignment with best practices in promoting ethical conduct and transparency within the organisation.



# Stakeholder Engagement



HRC recognises that proactive and transparent engagement with stakeholders is fundamental to long-term business resilience and sustainability. Meaningful stakeholder interactions provide valuable insights, enable alignment with evolving expectations, and strengthen trust-based relationships.

By maintaining open channels of communication, HRC ensures that stakeholders' concerns, interests, and expectations are understood, evaluated, and addressed in a way that supports both business sustainability and shared value creation.

Stakeholder engagements serve as an essential mechanism for informed decision-making, ensuring that HRC's sustainability strategies, policies, and initiatives are shaped by broad-based input from key stakeholder groups. The feedback gathered enables us to respond effectively to emerging risks, regulatory changes, and market dynamics while reinforcing accountability and transparency in our approach.






HRC's stakeholder engagement framework is structured to facilitate consistent, targeted, and impactful interactions. Various formal and informal engagement methods are employed, including town halls, surveys, strategic dialogues, public consultations, and industry collaborations. These engagements are designed to ensure that all voices – internal and external – are considered in shaping our sustainability priorities.

The table below outlines HRC's key stakeholder groups, engagement channels, and key areas of concern, along with our responses to the issues raised.

Key Stakeholders	How We Engage	Frequency	Areas of Concern	How We Respond
 <b>Employees</b> <i>(Full-time and direct contract workers)</i>	<ul style="list-style-type: none"> <li>Town Hall (virtual)</li> <li>Employee information</li> <li>Intranet</li> <li>Career development discussions</li> <li>Events and campaigns</li> <li>Training (virtual &amp; face to face, where applicable)</li> <li>Team meetings</li> <li>Informal meetings</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly</li> <li>On-going</li> <li>On-going</li> <li>Annually</li> <li>On-going</li> <li>On-going</li> <li>On-going &amp; as required</li> <li>On-going &amp; as required</li> </ul>	<ul style="list-style-type: none"> <li>Remuneration and benefits</li> <li>Career progression and opportunities</li> <li>Training and development</li> <li>Safe and conducive workplace</li> <li>Business performance updates</li> </ul>	<ul style="list-style-type: none"> <li>Perform survey of remuneration and benefits for benchmarking against market</li> <li>Employee engagement activities</li> <li>Training and development programmes</li> <li>People Programme updates</li> <li>Direct response by Management team to employees' queries and concerns</li> </ul>
 <b>Trade Union</b>	<ul style="list-style-type: none"> <li>Meetings</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly &amp; as required</li> </ul>	<ul style="list-style-type: none"> <li>Rights and interests of union members are protected</li> <li>Concerns of workers are addressed promptly</li> </ul>	<ul style="list-style-type: none"> <li>Build and sustain collaborative relationship</li> <li>Obtain feedback on concerns and provide updates on current issues</li> <li>Collective Bargaining Agreement</li> </ul>



# Stakeholder Engagement

Key Stakeholders	How We Engage	Frequency	Areas of Concern	How We Respond
 <b>Customers</b>	<ul style="list-style-type: none"> <li>Survey</li> <li>Email communication</li> <li>Supply &amp; delivery meetings</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>As required</li> <li>Quarterly &amp; as required</li> </ul>	<ul style="list-style-type: none"> <li>Quality of products and services</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction survey</li> <li>Offer high quality products and services</li> <li>Maintain ISO standards and certifications</li> </ul>
 <b>Suppliers</b> <i>(eg. Vendors, logistics partners, business partners, service providers)</i>	<ul style="list-style-type: none"> <li>Vendor registration</li> <li>Bid/Tender process</li> <li>Meetings</li> <li>Audits</li> <li>Supply and delivery meetings</li> </ul>	<ul style="list-style-type: none"> <li>On-going</li> <li>On-going</li> <li>As required</li> <li>Annually</li> <li>As required</li> </ul>	<ul style="list-style-type: none"> <li>Pricing and scope of deliverables</li> <li>Diversified pool of vendors to ensure competitive pricing</li> <li>Quality, reliability and timeliness of supplies and services</li> </ul>	<ul style="list-style-type: none"> <li>Set clear expectations to maintain high standards for delivery of products or services to the Company</li> <li>Vendor assessment and due diligence</li> </ul>
 <b>Shareholders and Investors</b> <i>(eg. Institutional investors, analysts and major shareholder)</i>	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Annual Report</li> <li>Sustainability Report</li> <li>Announcements</li> <li>Corporate Governance Report and Corporate Governance policies</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Annually</li> <li>Annually</li> <li>As required</li> <li>Annually &amp; as required</li> </ul>	<ul style="list-style-type: none"> <li>Economic performance</li> <li>Sustainability commitments and performance</li> <li>Governance and compliance</li> <li>Return on investment</li> </ul>	<ul style="list-style-type: none"> <li>Disseminate and provide timely and material information on the Company's activities and financial performance to facilitate decision-making by investors</li> <li>Ensure return on investment</li> <li>Quarterly results and announcements</li> </ul>
 <b>Local Community</b>	<ul style="list-style-type: none"> <li>Community programmes</li> <li>CIMAH "Information to Public" (ITP) sessions</li> <li>Public notifications and briefings</li> <li>Sentiment monitoring</li> <li>Direct outreach &amp; complaint channels</li> </ul>	<ul style="list-style-type: none"> <li>On-going and as required</li> </ul>	<ul style="list-style-type: none"> <li>Noise, odour, flaring, and emissions</li> <li>Safety and emergency preparedness</li> <li>Community support</li> </ul>	<ul style="list-style-type: none"> <li>Timely response through HRC's Public Complaints Framework</li> <li>Transparent disclosure during ITP sessions</li> <li>Targeted community investment programmes</li> <li>Escalation protocols for early issue resolution</li> <li>Ongoing dialogue to foster trust and good neighbour relations</li> </ul>
 <b>Regulators</b> <i>(eg. Bursa, Ministry of Domestic Trade, Ministry of International Trade, among others)</i>	<ul style="list-style-type: none"> <li>Periodic compliance reviews and consultations</li> <li>Scheduled site inspections and audits</li> <li>CIMAH, environmental and safety reporting</li> <li>Participation in technical dialogues and industry forums</li> <li>Ongoing engagement with regulatory authorities (eg. DOE, DOSH, etc)</li> </ul>	<ul style="list-style-type: none"> <li>Regular and as required</li> </ul>	<ul style="list-style-type: none"> <li>Local development alignment</li> <li>CSR collaborations</li> <li>Licensing, fuel supply, and trade-related matters</li> </ul>	<ul style="list-style-type: none"> <li>Proactive regulatory engagement and full cooperation during site visits</li> <li>Timely follow-up on findings and improvement actions</li> <li>Structured ESG disclosures and reporting aligned with Bursa's Listing Requirements</li> <li>Participation in joint regulatory forums and dialogues</li> </ul>
 <b>Government Agencies/Local Authorities</b> <i>(eg. DOE, DOSH, among others)</i>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Messaging platform</li> </ul>	<ul style="list-style-type: none"> <li>On-going &amp; as required</li> <li>On-going &amp; as required</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with all applicable laws and regulations</li> <li>Production site and installation security</li> </ul>	<ul style="list-style-type: none"> <li>Provide business familiarity and sustain compliant operations</li> <li>Provide business and operational updates</li> <li>Pre-operational activities notification via messaging platform</li> </ul>



# Stakeholder Engagement



An employee standing in front of the E4M unit during a mock emergency response exercise

## ENGAGEMENT IN INDUSTRY AND TRADE ASSOCIATIONS

HRC actively participates in industry associations and trade organisations, recognising the importance of collaborative engagement in shaping industry best practices, regulatory developments, and sustainability standards. HRC is a member of the Malaysia Employers Federation (MEF), which represents private sector employers in Malaysia. HRC participates in discussions on regulatory changes, labour policies, and human resource best practices, particularly in areas related to industrial relations, employment law compliance, and workforce sustainability. The membership provides HRC with opportunities to stay informed about industry trends, contribute to policy discussions, and foster strategic partnerships that support business resilience and responsible operations.

In addition, as part of our ongoing commitment to environmental protection and safe operations, HRC is a proud member of the Petroleum Industry of Malaysia Mutual Aid Group (PIMMAG). PIMMAG is a non-profit organisation that brings together oil and gas companies in Malaysia to strengthen oil spill response capabilities through shared resources, collaboration, and continuous training.

Through our membership, HRC has access to vital spill response equipment, trained personnel, and expert support, ensuring we are well-prepared to respond effectively in the event of an oil spill. PIMMAG also helps us stay aligned with national regulations and industry best practices, while promoting responsible and sustainable operations.





# Materiality

We recognise that material sustainability matters have a significant influence on our ability to create long-term value for stakeholders. The Company's materiality assessment process enables HRC to identify, evaluate, and address ESG factors that may impact its business operations, strategic priorities, and stakeholder relationships.

HRC's materiality assessment is conducted annually, ensuring that our sustainability agenda remains responsive to emerging challenges and opportunities. The last full-scale assessment was carried out in FY2023, while desktop reviews are conducted annually in the subsequent years to ensure the continued relevance of identified material topics.

In FY2024, we conducted a desktop review to refine our materiality determination based on stakeholder feedback and evolving industry expectations, including ensuring alignment with Bursa Malaysia's Sustainability Reporting Guide (3<sup>rd</sup> Edition), the National Sustainability Reporting Framework (NSRF), and leading global frameworks such as the GRI Standards, TCFD, UNSDG, ISSB and SASB.

## MATERIALITY ASSESSMENT PROCESS

HRC's materiality assessment process follows a structured and stakeholder-driven approach, ensuring that the Company identifies and prioritises key sustainability matters that impact our business operations and long-term value creation. The process comprises three key stages:

### 01 ENGAGE

HRC begins the materiality assessment with engagements involving both internal and external stakeholders to gain insights into the prevailing sustainability landscape. Specific attention is given to:

- **Emerging sustainability trends** that may impact the business.
- **Regulatory guidance** from government bodies and industry regulators.
- **Stakeholder concerns and expectations**, ensuring that the perspectives of key stakeholder groups are considered (please see Stakeholder Engagement table on pages 18 and 19).





# Materiality

## 02 IDENTIFY

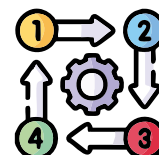


Insights and feedback from stakeholder engagements are assimilated and analysed to surface key sustainability matters across economic, environmental, social, and governance (EESG) dimensions. Material matters are identified based on:

- **The conduct of HRC's business and operations**, evaluating direct impacts from refining activities.
- **Developments in the external environment**, including policy shifts, market trends, and industry risks that could influence HRC's sustainability priorities.

The outcome of this stage is a comprehensive list of sustainability matters relevant to HRC and our stakeholders.

## 03 PRIORITISE



The identified sustainability matters are then assessed to determine their relative materiality based on their impact across the dimensions of economy, environment, social, and governance. A prioritisation exercise is conducted to categorise these matters based on the significance of their impacts.

The finalised Material Sustainability Matters below has been reviewed by HRC's Management. It forms the basis for HRC's sustainability strategy, risk management approach, and reporting framework.





# Materiality

## MATERIAL SUSTAINABILITY MATTERS

HRC's business model and value chain are directly influenced by our ability to manage material sustainability matters effectively. These issues impact operational resilience, stakeholder trust, and long-term financial performance, shaping how HRC creates value for our customers, employees, investors, and the broader economy.

 <b>ECONOMIC</b>		
Material Sustainability Matter	Impact on HRC's Business Model & Value Chain	UNSDG Alignment
<b>Economic Performance</b> 	Sustained financial growth enables strategic investments in infrastructure, technology, and sustainability initiatives, enhancing HRC's competitive position in the energy sector.	 
<b>Product Quality</b> 	High-quality products enhance customer confidence and market differentiation, driving business sustainability and regulatory compliance in an increasingly competitive landscape.	 
<b>Customer Management</b> 	Meeting customer expectations for product quality and reliability strengthens brand loyalty, market positioning, and revenue stability.	 
<b>Reliable Operations &amp; Production</b> 	Consistent operational performance minimises downtime, maximises asset efficiency, and ensures the timely delivery of products, strengthening HRC's position in the industry.	     
<b>Supply Chain Management</b> 	A resilient supply chain ensures operational efficiency, cost optimisation, and responsiveness to market fluctuations, enabling HRC to maintain production continuity and meet demand.	  
<b>Ethics &amp; Integrity</b> 	Strong governance practices and ethical business conduct reinforce HRC's credibility, regulatory compliance, and reputation as a responsible corporate citizen, ensuring business continuity and investor confidence.	 



# Materiality



## ENVIRONMENT

Material Sustainability Matter	Impact on HRC's Business Model & Value Chain	UNSDG Alignment
<b>Climate Change &amp; Greenhouse Gas Emissions</b> 	Transitioning towards lower-carbon operations reduces regulatory risks, enhances energy efficiency, and positions HRC as an industry leader in sustainable refining practices.	
<b>Energy Management</b> 	Improved energy efficiency and adoption of cleaner energy sources support HRC's cost optimisation strategy, reducing carbon footprint while enhancing long-term operational stability.	
<b>Waste Management</b> 	Effective adoption of the Reduce, Reuse, Recycle (3R) framework minimises environmental impact, optimises waste disposal costs, and strengthens HRC's commitment to sustainable operations.	
<b>Water &amp; Effluent Management</b> 	Responsible water usage and proper effluent treatment ensure regulatory compliance, mitigate environmental risks, and support long-term operational sustainability. Efficient water management also enhances HRC's resource resilience.	
<b>Biodiversity</b> 	Integrating biodiversity risk assessments into project planning and implementing mitigation measures to minimise disruption to marine life, coastal habitats, and terrestrial ecosystems.	



# Materiality



## SOCIAL

Material Sustainability Matter	Impact on HRC's Business Model & Value Chain	UNSDG Alignment
<b>Equality &amp; Diversity</b> 	An inclusive and diverse work environment that upholds human and labour rights enhances innovation, strengthens corporate culture, and supports workforce sustainability, contributing to long-term business success.	
<b>Employee Value Proposition</b> 	A competitive employee value proposition attracts, retains, and engages top talent and equips them with the necessary skills to ensure HRC maintains a high-performing and agile workforce.	
<b>Occupational Health &amp; Safety</b> 	A strong safety culture safeguards employees, contractors, and stakeholders, reducing risks, enhancing workforce productivity, and ensuring compliance with occupational health regulations.	
<b>Local Community</b> 	Active involvement in community initiatives enhances social license to operate, fosters trust, and strengthens relationships with local stakeholders, ensuring HRC's long-term social impact.	

A full materiality assessment was conducted in FY2023, while in the following year, HRC performed desktop review to ensure alignment with evolving sustainability priorities. Based on this research, "Health & Safety", previously categorised under the Economic pillar in SR2023, has been moved to the Social pillar and renamed "Occupational Health & Safety" in SR2024. This revision better reflects its direct impact on employee workplace safety. Additionally, biodiversity has been newly introduced to reinforce HRC's commitment to marine and terrestrial ecosystem conservation.

By integrating these sustainability considerations into corporate strategy and operational decision-making, we reinforce our business resilience, regulatory compliance, and stakeholder confidence, securing a sustainable future in a rapidly evolving industry landscape. Further information on the risks and opportunities arising from these material sustainability matters are detailed in HRC's IAR2024.



# Economic Sustainability

HRC's commitment to economic sustainability extends beyond profitability, ensuring long-term financial resilience, value creation, and responsible corporate stewardship. As a commercially accountable entity, we focus on generating sustainable revenue streams that support both business expansion and investments in sustainability initiatives, reinforcing our role as a responsible corporate citizen.

Economic sustainability is also about preserving livelihoods and supporting stakeholders who depend on HRC's ongoing success. Recognising the broader economic impact of our operations, we remain resilient against market competition and external disruptions, ensuring business continuity and sustained economic contributions.

In alignment with our strategic growth objectives, we have identified key material sustainability matters that influence HRC's long-term economic success, value creation, and ability to navigate evolving industry challenges. By integrating sustainability into our economic framework, we strengthen our capacity to drive innovation, maintain operational excellence, and contribute positively to the communities and industries we serve.





# Economic Sustainability

## Material Topics



Economic  
Performance



Customer  
Management



Product Quality



Supply Chain  
Management



Reliable Operations  
and Production

## Alignment with UNSDGs



## ECONOMIC PERFORMANCE



HRC's economic performance is driven by operational excellence, financial discipline, and strategic resilience in an evolving energy landscape. As a key player in the refining industry, we focus on optimising production efficiency, maintaining cost competitiveness, and leveraging market opportunities to enhance value creation for our stakeholders.

Our commitment to sustainable growth is reflected in our ability to navigate market fluctuations, manage risks effectively, and invest in innovation and infrastructure to ensure long-term business viability.

## SUSTAINING POSITIVE PERFORMANCE

1

### Business Improvement Plan (BIP)

The Business Improvement Plan (BIP) is an annual initiative focused on driving operational efficiency and sustainability across key aspects of our operations. In FY2024, the BIP comprised a series of targeted actions aimed at optimising resources, enhancing production capabilities, and improving energy performance, where 13 tactics were implemented.

These initiatives are expected to deliver approximately USD 7 million in annual margin improvements beginning in 2025. The BIPs reflect our ongoing commitment to optimising plant performance and improving operational efficiency across the organisation.

a rise in sales volume, strengthening of cracks across all main products in Q4 2024 and the implementation of a more market-attuned hedging strategy in the latter of the year. The economic values generated, retained and distributed for FY2024 are stated below.

	RM'000
Economic Value Generated	<b>RM17,221,886</b>
Economic Value Distributed	<b>RM17,395,189</b>
Economic Value Retained	<b>(RM173,303)</b>

HRC remains committed to safeguarding long-term economic sustainability by continuously identifying and executing initiatives that will further strengthen our financial resilience and business continuity. As we progress into 2025, our key focus areas include:

- Proactive monitoring of market trends, geopolitical dynamics, and emerging risks to enable timely, informed decision-making and capitalise on new opportunities while mitigating potential threats.
- Sustained emphasis on improving operational efficiency, delivering consistent product quality, and aligning production with evolving market needs and customer expectations.
- Dynamic production planning to capture value from shifting market demand and fluctuations in product pricing.
- Robust financial risk management, particularly in mitigating exposure to foreign exchange and interest rate fluctuations.

## FINANCIALS

Despite facing operational disruptions, unfavorable market conditions, and legacy hedging positions, HRC demonstrated improved financial performance in 2024 compared to the previous year. The company registered an 11.7% year-on-year increase in revenues, reaching RM17.2 billion, while significantly reducing its pre-tax losses by 28.5% to RM357.6 million. Notably, HRC transitioned from a gross loss of RM143.9 million in 2023 to a gross profit of RM196.7 million in 2024, indicating an underlying operational profitability despite the overall net loss. This improvement was attributed to strategic actions, including



# Economic Sustainability



## CUSTOMER MANAGEMENT

At HRC, we are committed to understanding and meeting customer expectations through proactive engagement, stringent quality assurance, and continuous improvement initiatives.

Our approach prioritises transparency, responsiveness, and operational excellence, allowing us to build long-term partnerships and maintain high levels of customer satisfaction. Our customer-focused strategies not only enhance brand loyalty and market competitiveness but also support our broader commitment to sustainable and responsible business practices.

### UNDERSTANDING OUR CUSTOMER

HRC conducts an annual Customer Satisfaction Survey to gather honest and objective feedback on key areas such as delivery time, product quality, order accuracy, contractual compliance, and service responsiveness. The insights gained help drive continuous improvement, enabling us to enhance product quality, service standards, and overall customer experience.

### CUSTOMER SATISFACTION

In FY2024, HRC continued to prioritise customer satisfaction as a core element of operational excellence. We recorded a strong external customer score of 4.7, building on the momentum from previous years and reflecting our enhanced service delivery and responsiveness to client needs. As for the internal customer score, it went down to 4.5 in 2024, compared to 4.9 in the previous year.

While one customer complaint was recorded during the year, it was swiftly addressed and resolved, demonstrating our commitment to maintaining high standards of service quality and accountability. This marks a step forward in fostering a more responsive and customer-focused culture across the organisation.

	FY2022	FY2023	FY2024
Internal customer satisfaction score	4.8/5	4.9/5	<b>4.5/5</b>
External customer satisfaction score	4.5/5	4.7/5	<b>4.7/5</b>
Customer complaints received	0	1	<b>0</b>
Customer complaints resolved	0	1	<b>0</b>



# Economic Sustainability



## PRODUCT QUALITY

HRC is committed to delivering high-quality products that meet customer requirements and industry standards as outlined in our Product Supply Specifications (PSS). We have strict quality control measures in place to ensure that no product leaves the refinery unless it meets the intended specifications. Multiple barriers and checks are implemented to detect and prevent non-compliant products from entering the supply chain.

Our Product Quality team, oversees product management and quality assurance. Findings from monthly product quality reviews are shared with key refinery teams to drive continuous improvement. Additionally, a dedicated Product Quality Focal Point is responsible for ensuring that all products align with customer expectations and regulatory requirements.

### LABORATORY ASSURANCE PROGRAMME (LAP)

HRC's Laboratory is ISO 17025:2017 – Testing and Calibration Laboratories accredited and has successfully completed assessments by the Department of Standards Malaysia (DSM), reinforcing our commitment to reliability, accuracy, and excellence in product quality management.

#### Key Laboratory and Testing Activities in FY2024

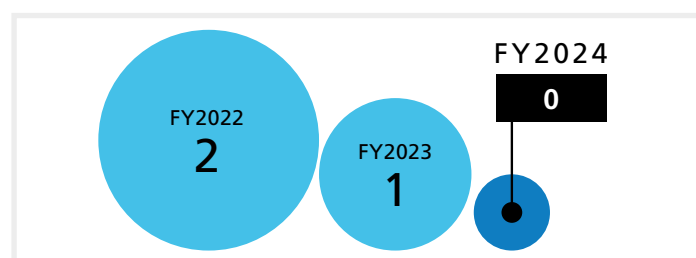
1. Continuing participation in the assurance programme with good performance all round to provide assurance to customers on the accuracy of testing and hence, the quality of our products
2. Continuous learning and development to maintain required competencies and ensuring personnel are appropriately trained to perform testing accurately
3. Maintained the existing good collaboration with other refineries to leverage synergies such as knowledge sharing and testing support
4. Supported all related Performance Guarantee Test Runs, process related test-runs and optimisation studies and testing requirements

### QUALITY AUDITS

There were no audits scheduled in 2024. An internal ISO 17025 audit will take place in Q1 2025, followed by an external DSM ISO 17025 audit in Q2 2025.

### PRODUCT QUALITY INCIDENTS (PQIs)

There were zero PQIs in 2024.



Key activities carried out in FY2024 to enhance product quality:

- Continued to closely monitor product quality, with monthly reporting and dissemination of meeting minutes to all Product Quality (PQ) focal points.
- All product quality-related incidents were thoroughly investigated. Key learnings and findings were subsequently shared with all relevant stakeholders.



# Economic Sustainability



## SUPPLY CHAIN MANAGEMENT

The efficient coordination of HRC's supply chain is essential to ensuring operational reliability, business continuity, and responsiveness to market dynamics. A well-managed supply chain enhances our ability to adapt to price fluctuations, mitigate risks, and improve production planning accuracy.

We work closely with our supply chain partners to ensure seamless operations, fostering efficiency, sustainability, and resilience. By integrating sustainability principles into our supply chain management, we strengthen long-term business success while enhancing predictability and risk management across our operations.

### CONTRACTS WITH SUPPLIER AND BUSINESS PARTNER

HRC maintains strong partnerships across its supply chain, ensuring all engagements align with responsible and ethical practices as outlined in our Code of Conduct (COC) and Hengyuan General Business Principles (HGBP). We extend these values beyond our organisation by working with contractors and suppliers who contribute to sustainable development and uphold economic, environmental, and social responsibility.

Transparency and fairness are central to our procurement processes. All contracting and procurement activities comply with HRC's Contracting Policies and Procurement Procedures Manual (C&P Policy), which governs supplier selection and engagement. As part of this process, Integrity Due Diligence (IDD) screening is conducted under the oversight of our Procurement Governance Team, ensuring equitable, transparent, and ethical business dealings.

To enhance transparency, HRC discloses procurement data in greater detail to provide stakeholders with clear and accurate insights. In FY2024, HRC broadened the reporting scope to align with best practices by including hydrocarbon purchases in its total procurement spending. As a result, the FY2023 figures were also updated to reflect this enhanced reporting approach.

While crude oil and hydrocarbons are now included and primarily sourced from foreign suppliers due to the need to meet growing market demand and ensure the appropriate feedstock quality for optimal refinery operations, HRC's commitment to local procurement remains strong. In fact, when excluding crude oil and hydrocarbons, 89% (RM203 million) of procurement spending on non-hydrocarbon materials continues to be directed toward locally sourced goods and services in FY2024, it reinforces support for local vendors and the domestic economy.

It is worth noting that in SR2023, HRC reported 77% of contracts were awarded to local companies. However, this figure only reflected non-hydrocarbon contracts. The data representation based on total procurement spending, including both hydrocarbon and non-hydrocarbon spend, was clarified to be 26.2% awarded to local suppliers.

#### Propylene Sale Agreement Signed with PTT International Trading

In February 2024, HRC achieved a significant milestone with the signing of a term agreement with PTT International Trading, the trading arm of Thailand's state-owned oil and gas company, for the sale of up to 96 kilotonnes of propylene over a one-year period. This agreement strengthens HRC's product mix by incorporating propylene, a high-value by-product of the refining process, this aligns with the company's strategic goal to diversify our products and customer base.



	FY2023	FY2024
Total Procurement Spending (RM billion)	15.3	15.7
Total Local Procurement Spending (RM billion)	4.0	4.1
Total Foreign Supplier (RM billion)	11.3	11.7



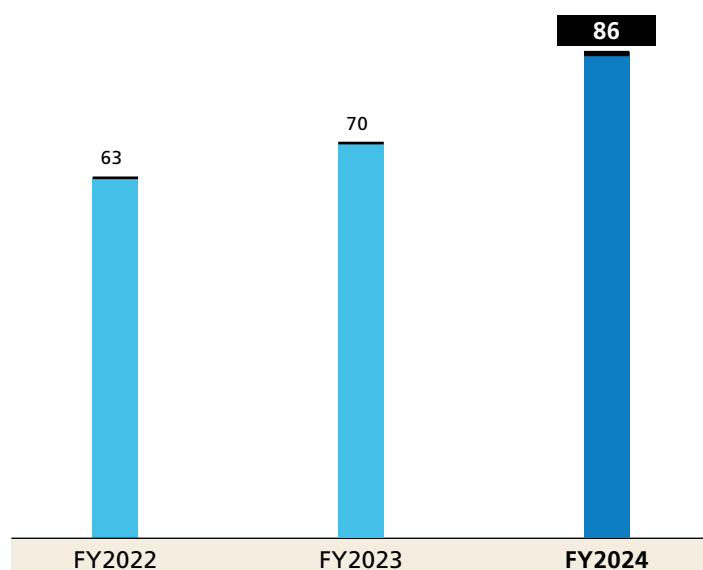
# Economic Sustainability

	FY2023	FY2024
<b>By Material Category</b>	%	%
<b>Hydrocarbon Material</b>		
Local Supplier	25.0%	<b>24.8%</b>
Foreign Supplier	75.0%	<b>75.2%</b>
<b>Non-hydrocarbon Material</b>		
Local Supplier	79.0%	<b>89.1%</b>
Foreign Supplier	21.0%	<b>10.9%</b>
<b>By Supplier Category</b>	%	%
Total Local Supplier	26.2%	<b>25.8%</b>
Total Foreign Supplier	73.8%	<b>74.2%</b>

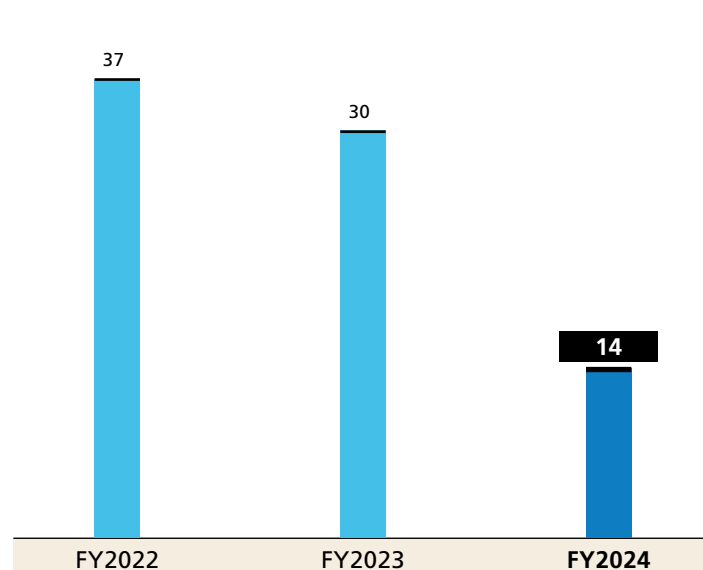
## COMPETITIVE AND SINGLE SOURCING

Over the past three years, HRC has significantly increased its reliance on competitive bidding for contracts. This is evident in the rise from 63% in FY2022 to 70% in FY2023, culminating in a substantial 86% in FY2024. Conversely, the percentage of contracts awarded through single sourcing has seen a corresponding decline during the same period, falling from 37% in FY2022 to 30% in FY2023, with single-sourced contracts accounting for only 14% in FY2024.

Contracts via Competitive Bidding Process by Percentage



Contracts via Single Sources by Percentage



HRC prioritises competitive bidding in procurement, ensuring cost efficiency and transparency. Single or sole sourcing is discouraged and considered only when open tendering is impractical or when specialised expertise, such as proprietary technology, is exclusively available from a single supplier. This approach promotes fair competition while securing the best value for our operations.



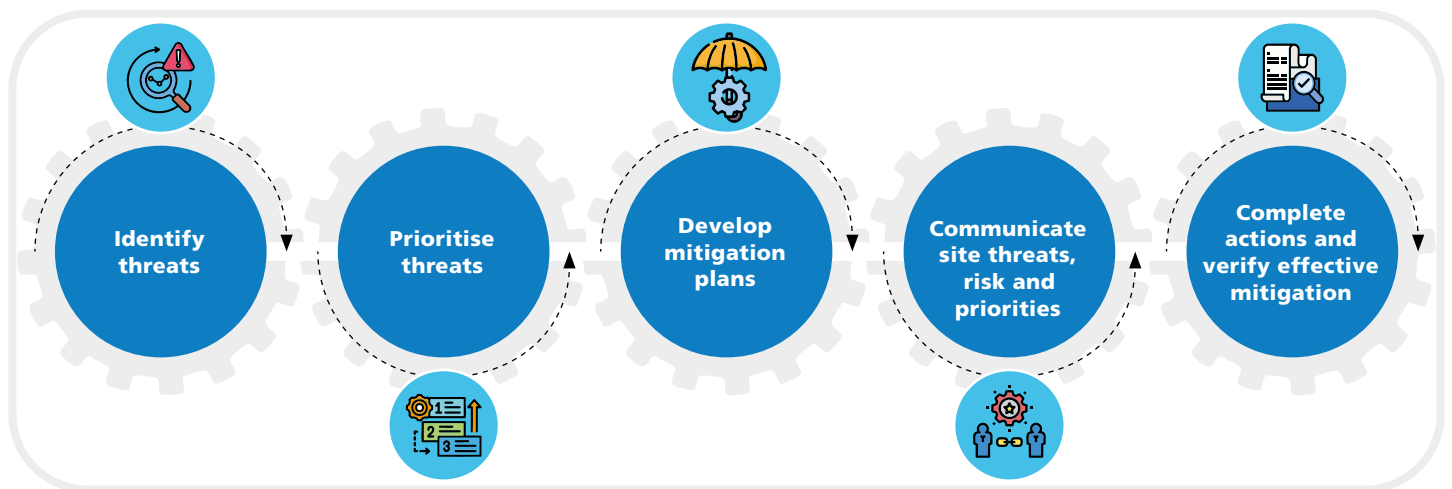
# Economic Sustainability

## RELIABLE OPERATIONS AND PRODUCTION



In a highly competitive industry, operational reliability is crucial for cost efficiency, revenue maximisation, and sustained competitiveness. HRC maintains a relentless focus on optimising production facilities, continuously innovating to enhance efficiency and capitalise on opportunities. Reliable operations also strengthen resilience, it allows HRC to adapt to market fluctuations and swiftly leverage profitability opportunities.

### RELIABILITY MANAGEMENT FRAMEWORK (RMF)



HRC's Mitigate Threats to Availability procedures, guided by the RMF, ensure early identification and mitigation of reliability threats, maintaining optimal operational efficiency. The RMF governs work processes and maintenance practices, enabling early detection and swift remediation to sustain equipment availability and production reliability.

A risk-aware and reliability-focused mindset is embedded in our workforce through the Site Committed as One (SCONE) culture, encouraging proactive participation in asset integrity management. This culture, combined with a structured reliability framework and a skilled, collaborative team, has been instrumental in sustaining high operational performance and continuous improvement.

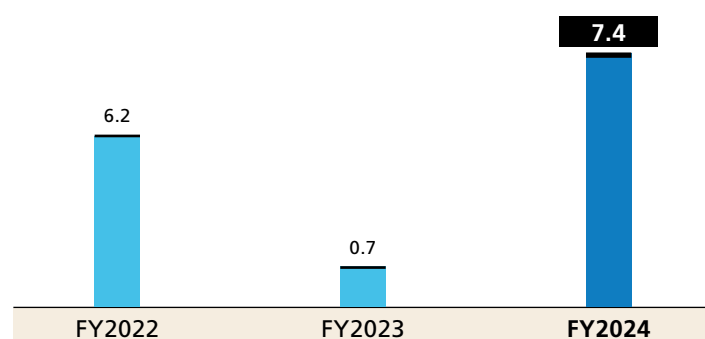


# Economic Sustainability

## UNPLANNED DOWNTIME

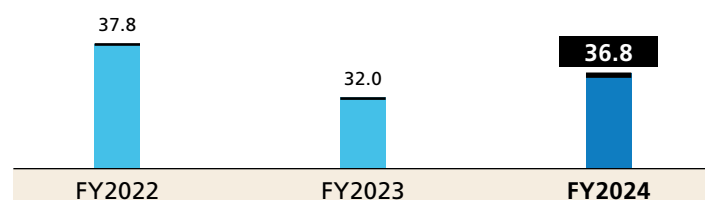
HRC's unplanned downtime reached 7.4%, an increase attributed to planned pitstop activity in December 2024. This rise was further exacerbated by leaks identified in the catalyst cooler and polypropylene exchanger during the same period. Despite this increase in unplanned downtime, HRC still maintained an operational availability of 92.1%, with a total production volume of 36.8 million bbl.

### Unplanned Downtime (%)

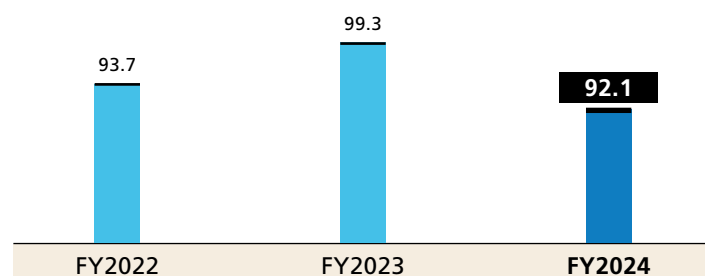


## PLANT AVAILABILITY AND PRODUCTION VOLUME

### Production Volume (million bbl)



### Operational availability (%)





# Economic Sustainability

## ETHICS AND INTEGRITY



Strong ethics and integrity are fundamental to HRC's commitment to good corporate governance and responsible business conduct. As a key player in the refining industry, HRC recognises that ethical leadership is essential in safeguarding stakeholder trust, ensuring regulatory compliance, and sustaining long-term business resilience.

The ICARE values—Integrity, Collaboration, Accountability, Respect, and Entrepreneurial spirit—serve as the foundation for ethical decision-making at HRC. These values guide business conduct, interactions with stakeholders, and governance practices across all levels of the organisation. By fostering a culture of integrity, we aim to mitigate corporate risks, uphold our reputation, and strengthen organisational sustainability.

Recognising that weaknesses in governance expose the Company to significant financial, operational, and reputational risks, HRC continuously reinforces robust governance mechanisms and ethical standards within our operations. To uphold these commitments, we have adopted a Code of Conduct (COC) that defines the ethical standards expected of all employees, officers, directors, and business associates.

The Board of Directors plays a direct role in overseeing the implementation and effectiveness of the HRC Code of Conduct. This includes regular reviews, active participation in decision-making, and ensuring it remains a living document for continuous improvements to guide ethical business practices across the organisation. As part of our governance oversight, the Management team periodically reviews compliance with the Code of Conduct and assesses its effectiveness and relevance in addressing emerging ethical risks. This continuous evaluation ensures that HRC's ethical framework evolves in line with regulatory developments, stakeholder expectations, and best industry practices.

This and other policies and guidelines form the cornerstone of HRC's governance framework, ensuring that ethical principles are deeply embedded in decision-making, business operations, and stakeholder engagements. HRC also adheres to the T.R.U.S.T principles outlined in Malaysia's Guidelines on Adequate Procedures, further reinforcing our commitment to managing bribery and corruption risks.

Through structured governance, continuous training, and proactive monitoring, HRC remains committed to upholding the highest ethical standards and fostering a corporate culture of integrity and accountability.



# Economic Sustainability

## ANTI-CORRUPTION

HRC maintains a zero-tolerance stance on bribery and corruption, ensuring all employees, officers, directors, and business associates adhere to the highest ethical standards in conducting business. Integrity and transparency are fundamental to HRC's corporate culture, reinforcing our reputation as a responsible and ethical organisation.

As part of our governance framework, HRC has established a comprehensive Anti-Bribery and Corruption (ABC) framework, incorporating international best practices, including the ISO 37001:2016 Anti-Bribery Management System (ABMS) to ensure compliance with the Malaysian Anti-Corruption Act 2009. In FY2024, a surveillance audit was conducted on HRC's ABMS, with no non-conformities observed, demonstrating the effectiveness of its anti-bribery controls.

HRC's anti-corruption management is anchored by several policies and guidelines, which are mandatory for all personnel and business associates:

- **Anti-Bribery & Corruption (ABC) Policy**
  - Mandates compliance with all anti-bribery and anti-corruption laws and explicitly prohibits facilitation payments.
  - **"No Gift" Policy** – Prohibits the exchange of gifts, hospitality, or donations that may compromise business integrity. Any unavoidable gifts or hospitality must be formally declared to HRC's Risk & Integrity (R&I) Department.
- **ABC and Anti-Money Laundering (AML) Manual** – Establishes compliance processes to prevent bribery, corruption, and financial crime risks.
- **Whistleblowing Policy** – Ensures confidential reporting mechanisms for employees and external stakeholders, overseen by the Board Whistleblowing Committee (BWC) to safeguard against retaliation.

Implementation of these policies is supported by robust internal processes for incident reporting and compliance enforcement that include:

- **Conflict of Interest Declarations** – All employees and business associates are required to declare any conflicts of interest annually, with additional disclosures during tender exercises.
- **Whistleblowing Mechanisms** – Where internal and external stakeholders can report suspected corruption and ethical non-compliances anonymously through dedicated whistleblowing channels without fear of reprisal.
- **Commitment to remain apolitical** – HRC does not participate in political activities or provide financial or other forms of support to any political party, candidate, or representative. HRC does not restrict employees from participating in political activities; however, they must ensure that such involvement does not create conflicts of interest. This principle is explicitly stated in HRC's ABC Policy, which prohibits any form of political contributions.

## ABC Training & Awareness

HRC is committed to continuous training to strengthen employees' awareness of anti-corruption policies and ethical business conduct. New employees are required to complete mandatory anti-bribery and corruption training as part of their onboarding programme. It equips employees with the knowledge and tools to identify, prevent, and report any unethical or corrupt activities to enhance a culture of integrity within the organisation.

- **Onboarding sessions** – New employees undergo mandatory anti-bribery and corruption training as part of their induction programme.



# Economic Sustainability

Anti-Corruption Training and Communication	FY2023	FY2024
Percentage of new employees that have received training and communication on the organisation's anti-corruption policies and procedures, by employee category:		
a. Management	75%	<b>100%</b>
b. Executive	100%	<b>100%</b>
c. Non-executive/Technical	69%	<b>100%</b>

*Note: The FY2023 data has been revised due to the revision and streamlining of the data collection methodology, which enhances both accuracy and consistency.*

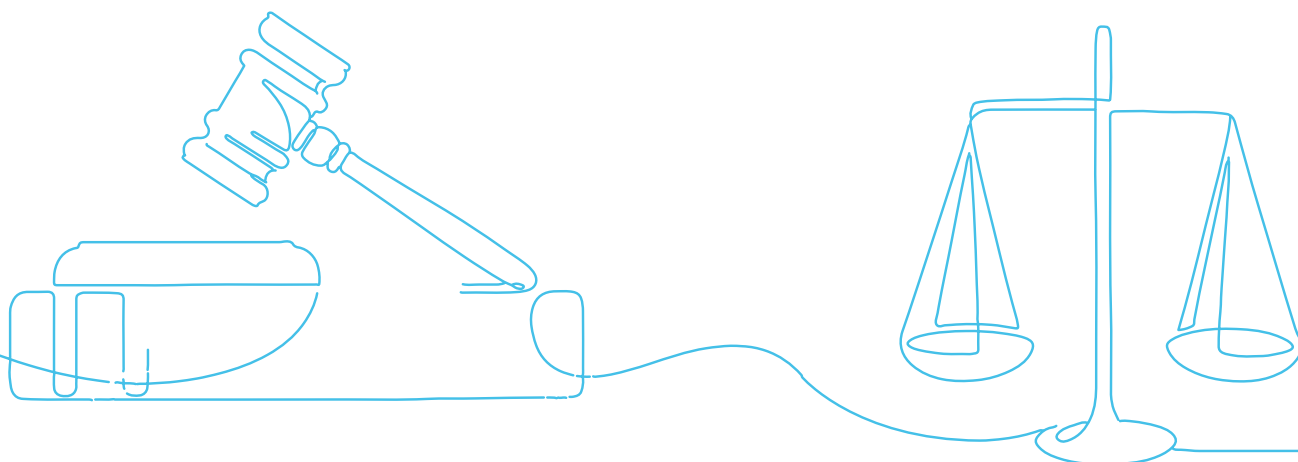
The consolidated onboarding process, led to a significant improvements in FY2024. We achieved a 100% completion rate across all employee categories, ensuring accurate tracking and compliance of new employees receiving training on anti-bribery and corruption.

## ABC Due Diligence & Risk Assessment

HRC enforces stringent due diligence measures to assess and mitigate corruption risks associated with new business partners, suppliers, and intermediaries. These measures include:

- **Pre-contract due diligence** – Screening all new business partners for potential bribery, corruption, and compliance risks.
- **Corruption risk assessment** – Regularly assessing the risk exposure of operations and business relationships, with a dedicated risk framework in place.
- **Intermediary risk screening** – Ensuring all intermediaries, agents, and third-party representatives comply with HRC's ethical standards before engagement.

Corruption Risk Assessment	FY2023	FY2024
Percentage of operations assessed for corruption-related risks (%)	100%	100%
Total number of confirmed incidents of corruption	0	0





# Environmental Sustainability

Recognising our role in the environmental sustainability and energy value chain, HRC integrates responsible environmental practices to minimise the impact of our business activities while supporting economic growth. Our efforts are guided by our Environmental Policy that emphasises the evaluation of environmental aspects to mitigate adverse effects, ensuring compliance with regulatory and sustainability frameworks.

As a major refinery in operation for over 60 years, HRC has long been proactively adopting environmental sustainability initiatives by setting measurable environmental targets and continuously monitoring, assessing, and reporting our performance. Regular assessments and reporting mechanisms are in place to track progress and drive improvements. We strive for continuous enhancement of its environmental performance through the adoption of best practices and innovative solutions.

We aim to balance industrial efficiency with environmental responsibility by embedding sustainability into our operations. Our commitment to responsible resource management and emissions reduction reflects our dedication to long-term environmental stewardship in the refining sector.




# Environmental Sustainability


**Material Topics**




Climate Change and Greenhouse Gas Emissions




Energy Management



Waste Management






Water & Effluent Management



Biodiversity Management

**Alignment with UNSDGs**



## SUSTAINABILITY GOVERNANCE AND CLIMATE STRATEGY

We integrate climate-related considerations into our strategic planning and governance framework to ensure a structured and proactive approach towards sustainability. The Environmental Regulatory Compliance Monitoring Committee (ERCMC) is responsible for managing environmental matters, monitoring regulatory compliance, and driving continuous improvement initiatives.

The committee convenes quarterly to review and discuss key environmental issues, assess compliance with applicable laws, and implement necessary corrective or enhancement measures, ensuring that HRC’s environmental commitments are met satisfactorily.

Additionally, the Board Risk Management Committee (BRMC), chaired by an Independent Non-Executive Director of HRC’s Board, provides oversight on climate-related risks and opportunities. The Quality, Health, Safety, Security, and Environment (QHSSE) Department is responsible for the day-to-day management of these matters. As part of our governance process, the QHSSE Department updates the Risk Register on a quarterly basis to track and address evolving climate risk.

## ENVIRONMENTAL POLICY

Our Environmental Policy serves as the foundation for our commitment to responsible operations and is mandatory for all employees and contractors, which stated commitment to protect the environment and minimise environmental footprint. It governs our activities by ensuring compliance with all applicable environmental laws and regulations

while mandating the adoption of best practices to minimise adverse environmental impacts.

## ENVIRONMENTAL MANAGEMENT SYSTEM

HRC is certified under ISO 14001:2015 – Environmental Management System, demonstrating our commitment to effective environmental management across all aspects of our operations. This certification encompasses the production of petroleum and its by-products, including refining, blending, storing, receipt, and dispatch.

As part of our compliance efforts, regular audits and assessments are conducted to ensure that our environmental management practices align with international standards. We had successfully maintained our certification in FY2024.

We are committed to systematically monitoring and managing our climate impact through the following measures:

1

**Incorporating Environmental Sustainability into Strategy**

Aligning business model with sustainability frameworks to support long-term resilience

2

**Risk Identification and Assessment**

Evaluating climate-related risks that may impact our operation and value chain

3

**Implementation and Execution**

Developing, identifying and implementing mitigation strategies, and energy reduction initiatives

4

**Monitoring and Reporting**

Closely monitoring performance of the key metrics and report on the progress



# Environmental Sustainability



## CLIMATE CHANGE AND GHG EMISSIONS

At HRC, we recognise the urgency of global efforts to combat climate change and protect the environment. As a responsible energy company, we are committed to playing our part in reducing GHG emissions by improving energy efficiency, integrating sustainable practices, and aligning our business activities with global climate objectives. Our commitment extends beyond regulatory compliance—we are actively working towards facilitating continued and increased decarbonisation efforts, which would reduce overall emissions profile of the refinery.

We acknowledge that addressing climate change requires decisive and sustained action. Therefore, we will continue to evaluate and implement innovative solutions, collaborate with stakeholders, and adapt our business model to align with evolving sustainability expectations. Our journey towards decarbonisation is a testament to our commitment to responsible refining, environmental stewardship, and a more sustainable energy landscape for future generations.

### GHG Emissions Management

HRC acknowledges the urgency for global efforts in mitigating climate change issues as well as environmental protection. With the support of National Policy on Climate Change 2.0, HRC is committed to manage our GHG emissions by improving energy efficiency and integrating GHG emissions management into our business activities.

We systematically monitor and manage our GHG. The key constituents of our emissions include carbon dioxide (CO<sub>2</sub>), nitrous oxide (N<sub>2</sub>O), and methane (CH<sub>4</sub>), which are by-products of our refining processes. To ensure consistency and accuracy in emissions calculations, we adopt internationally recognised methodologies, including

- API Compendium of Greenhouse Gas Emissions Methodologies for the Oil and Natural Gas Industry (2009)
- Intergovernmental Panel on Climate Change (IPCC) Guidelines (2006)
- ISO 14064-1:2018 Greenhouse Gases – Part 1

Independent verification of HRC's GHG emissions was conducted by SIRIM QAS in 2018 and 2019, ensuring the integrity and credibility of our reported data. We continue to apply the same verification approach used by SIRIM QAS to maintain consistency with ISO 14064-1 standards and enable comparability against our 2018 and 2019 emission levels, while proceeding with internal audit in 2024.

In FY2024, total GHG emission covering Scope 1 and Scope 2 had increased by 5.7% from 1,104,941.00 tonnes CO<sub>2</sub>-eq in FY2023 to 1,167,828.65 tonnes CO<sub>2</sub>-eq in FY2024. The increase is attributable to the increase in GHG emissions under Scope 1 and Scope 2.

Total indirect emissions (Scope 2) increased by 20.7%, from 115,953.12 tonnes CO<sub>2</sub>-eq in FY2023 to 139,945.87 tonnes CO<sub>2</sub>-eq in FY2024. This rise was primarily due to lower electricity consumption during the 2023 Turnaround, which required a plant shutdown from June to August 2023.



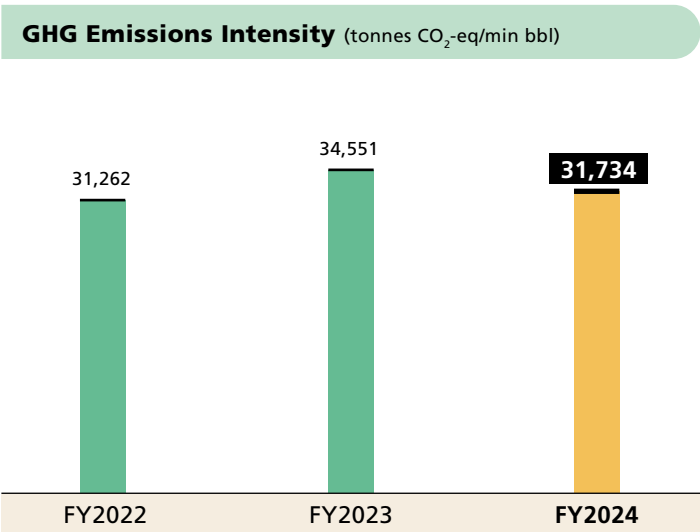
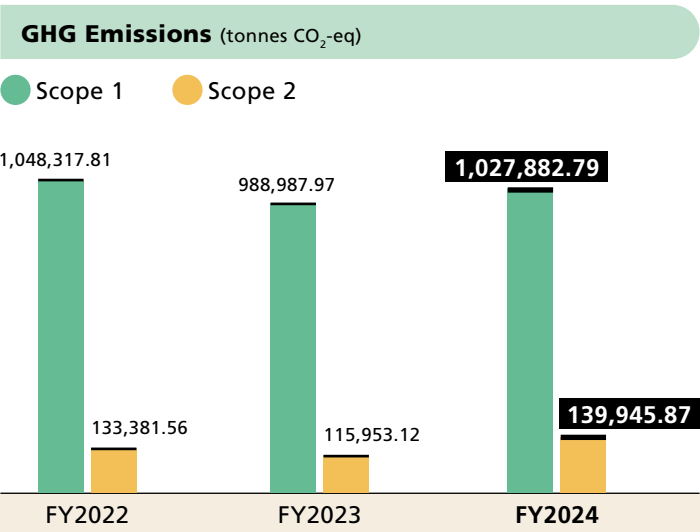
# Environmental Sustainability

Total direct emissions (Scope 1) increased by 3.9%, from 988,987.97 tonnes CO<sub>2</sub>-eq in FY2023 to 1,027,882.79 tonnes CO<sub>2</sub>-eq in FY2024. This increase was primarily driven by a rise in LPG and fuel gas consumption as well as higher refinery throughput. However, the overall increase remained modest due to reduction in fuel oil consumption as we are firing more fuel gas, along with efforts to minimise flaring. Additionally, the inclusion of stationary combustion data from two new units, Euro 4 Mogas (E4M) and HMU, also contributed to the increase of Scope 1 emissions.

An 8.2% increase in carbon efficiency was achieved in FY2024, primarily driven by higher refinery throughput and stable energy consumption, resulting in lower GHG emissions per unit of output as compared to FY2023 due to the Turnaround in 2023 leading to lower production. As a result, GHG emissions decreased to 31,734 tonnes CO<sub>2</sub>-eq per million barrels in FY2024, compared to 34,551 tonnes CO<sub>2</sub>-eq per million barrels in FY2023.

In FY2024, we initiated tracking of Scope 3 emissions, focusing on employee commuting and business travel as a starting point. As Scope 3 emissions encompass a broad range of indirect emissions beyond our direct operations, we are currently in the early stages of data collection and analysis. Since these emissions are not yet actively targeted for reduction and our reporting scope is limited to two categories, we will report Scope 3 separately from total GHG emissions, which include only Scope 1 and Scope 2. As our data collection processes mature, we will explore expanding Scope 3 reporting to additional categories and assessing potential reduction strategies in the future.

In 2024, a survey on employee commuting was conducted with the participation of 300 employees, while data on business travel was sourced from employee claims. The total Scope 3 emissions, accounting for both employee commuting and business travel, amounted to 644.86 tonnes CO<sub>2</sub>-eq. Of this total, 609.22 tonnes CO<sub>2</sub>-eq were generated from employee commuting, 26.68 tonnes CO<sub>2</sub>-eq from business travel by land, and 8.96 tonnes CO<sub>2</sub>-eq from business travel by air.





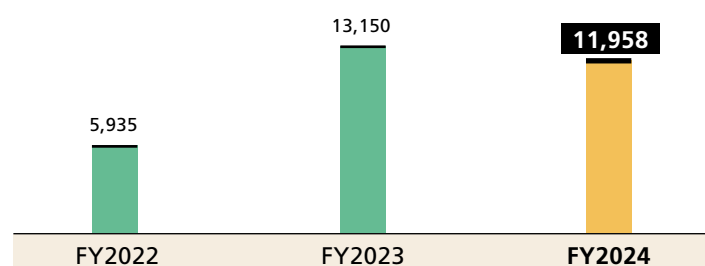
# Environmental Sustainability

## Sulphur Oxides (SOx), Nitrogen Oxides (NOx) and Methane (CH<sub>4</sub>) Emissions Management

Our SOx emissions decreased by 9% from 13,150 tonnes SOx in FY2023 to 11,958 tonnes SOx in FY2024 due to the improved reliability of the Sulphur Recovery Unit in FY2024. NOx emissions had increased by 2.5% from 423 tonnes NOx to 433 tonnes NOx largely due to higher LPG consumption in FY2024.

Methane emissions increased by 14.9% from 1,579 tonnes- CO<sub>2</sub>-eq in FY2024 to 1,814 tonnes- CO<sub>2</sub>-eq due to the increased usage of fuel consumption and refinery throughput.

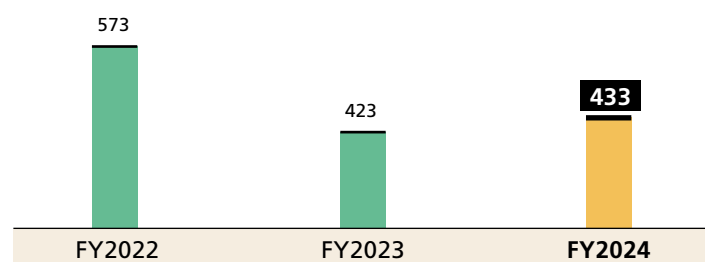
### SOx Emission (tonnes SOx-eq)



HRC is committed to minimising the environmental impact of sulphur oxides (SOx), nitrogen oxides (NOx), and CH<sub>4</sub> emissions, which can also adversely affect air quality. We exercise constant diligence in managing the levels of these gases to ensure compliance with environmental standards.

To achieve this, we adopt industry best practices in our refining processes, implementing measures that optimise combustion efficiency, enhance emission controls, and reduce the formation of these pollutants at the source. Additionally, we maintain strict operational controls to prevent any leakages, reinforcing our commitment to our environmental principle of “no leak to the environment.”

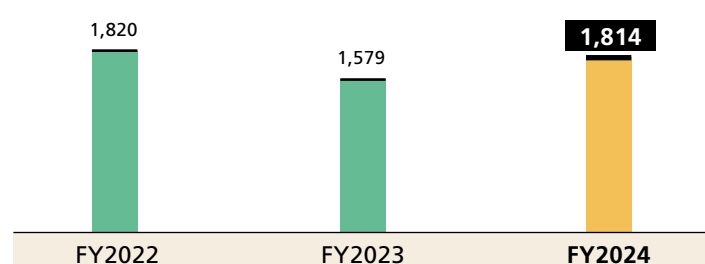
### NOx Emission (tonnes NOx-eq)



### Flaring Emissions

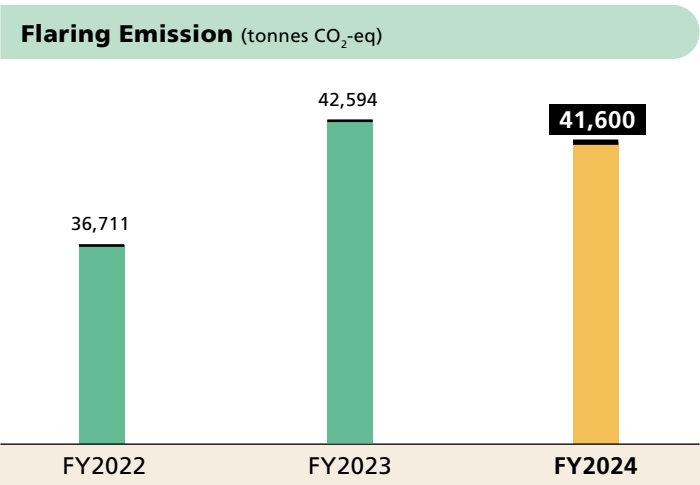
Flaring emissions in FY2024 are 41,600 tonnes CO<sub>2</sub>-eq. Total flaring from our PU1 and PU2 flares decreased by 2.3%, from 14,697 tonnes in FY2023 to 14,354 tonnes in FY2024. Notably, flaring at the PU1 flare was reduced by 32.7%, from 5,789 tonnes in FY2023 to 3,895 tonnes in FY2024, driven by flaring optimisation initiatives. However, flaring at the PU2 flare increased by 17.4%, from 8,908 tonnes in FY2023 to 10,459 tonnes in FY2024, primarily due to multiple LRCC plant trips in mid-2024 caused by equipment integrity issues.

### CH<sub>4</sub> Emission (tonnes CO<sub>2</sub>-eq)





# Environmental Sustainability



HRC is actively evaluating the implementation of a Flare Gas Recovery Unit (FGRU). This strategic initiative is designed to capture and recover high-value hydrocarbon gases from flaring, allowing them to be repurposed as fuel within our operations. By minimising waste and optimising energy use, the FGRU will contribute to both cost savings and improved refinery efficiency.

Beyond operational benefits, this project represents a significant step in reducing carbon emissions. By recovering and reusing these gases instead of releasing them into the atmosphere, the FGRU will play a crucial role in mitigating our climate impact.

## Overall GHG Inventory and Emissions Profile

Emissions Scope	Energy Sources	Boundary	Total Emissions (tonnes CO <sub>2</sub> -eq)		
			2022	2023	2024
Scope 1	Fossil fuel consumption comprising diesel, petrol, for stationary combustion from equipment	Sites of HRC	1,048,317.81	988,987.97	1,027,882.79
Scope 2	Primarily purchased energy, sourced from the national energy utility provider consumed by HRC	HRC main office, sites, and company assets	133,381.56	115,953.12	139,945.87

**Mitigation Strategies**

We conduct systematic GHG emissions accounting to gather accurate data for strategic planning. This not only enables us to track emissions trends, identify key sources, and implement effective reduction measures, but also acts as data collection practices to further enhance our emissions reduction strategies.

Our efforts to lower emissions are closely linked to improving energy efficiency. By optimising energy use, minimising waste, and enhancing operational processes, we aim to achieve a more sustainable and cost-effective refinery operation.



# Environmental Sustainability

## ENERGY MANAGEMENT



Our commitment aligns with HRC's vision to be a leading global energy and petrochemical company, pioneering sustainable solutions, adopting responsible energy management as part of our broader sustainability vision.

We are committed to reducing energy consumption, improving efficiency, and minimising GHG emissions by integrating best practices and adopting innovative energy solutions. Our approach involves maximising the use of waste energy streams, prioritising low-value fuel sources, and minimising reliance on external energy imports. Additionally, we continuously evaluate opportunities to incorporate energy-efficient technologies, reduce flaring, and optimise refinery processes to enhance overall performance.

### Energy Intensity

At HRC, we measure and manage our refinery's energy performance using the Solomon Associates Energy Intensity Index (EII). This index serves as a key metric for assessing energy efficiency and optimising operational processes. The EII is calculated by dividing actual energy consumption by standard energy, while the standard energy is determined by Solomon Associates Energy Intensity Index based on actual unit production and operating conditions. This provides a benchmark to evaluate the difference between actual and standard energy performance, with a lower EII indicating higher energy efficiency.

To ensure continuous improvement, an EII target is set annually and monitored regularly. This allows us to track progress, minimise the use of fuel oil for power generation, and implement targeted strategies to enhance energy efficiency. Our overall aim is to reduce CO<sub>2</sub> emissions and improve energy performance over time.

For FY2024, our EII target was set at 105.7, compared to 106.8 in FY2023. The actual EII was 114.0 in FY2024, compared to 104.8 in FY2023. The higher actual EII compared to the target was primarily due to lower capacity utilisation than that projected in the business plan. The limitation in plant capacity utilisation was successfully addressed after the replacement of a major capacity control equipment in December 2024.

The main initiatives that drove improvements were:

- Shutting down the LRCC cracked gasoline rundown cooler, which saved power to the E4M unit has ability to handle higher temperatures.
- Rerouting C-190 to the middle circulating reflux instead of the slop tank, which resulted in cost savings.
- Replacing the catalyst cooler during the planned pitstop, which eliminated the need for additional natural gas or liquefied petroleum gas to produce excess steam, leading to more efficient operation and reduced energy consumption.
- Maintaining high uptime of advanced process control for efficient energy usage,

which involved the implementation of several new Advanced Process Control (APC) tactics in PU2 to optimise energy consumption and minimise flaring:

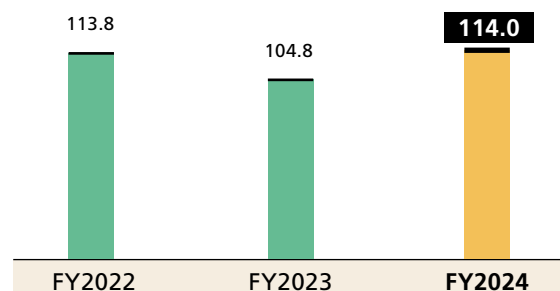
1. Utility boiler APC: This system uses excess gas from the process to generate power and cut down on unnecessary gas being released.
2. E4M medium cut naphta APC: This system helps reduce fuel use in the E4M furnace by adjusting the process to keep the furnace running with minimal fuel.
3. E4M and HDS2 Product Sulphur APC: This system helps control the amount of sulfur in the product, ensuring less gas is used to meet the required specifications.

### CO Boiler Efficiency Boost



Cleaning the CO boiler during the Scheduled Inspection improved the boiler's efficiency by 3.5%, resulting in the plant now generating 270 tonnes of steam per day without needing extra fuel.

### Energy Intensity Index



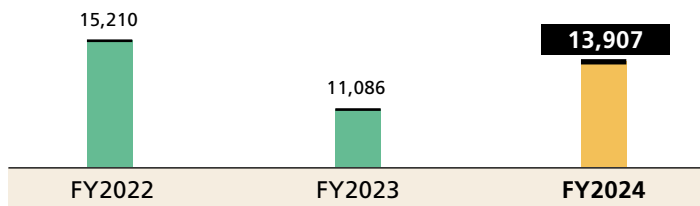


# Environmental Sustainability

## Energy Consumption

HRC's energy consumption has shown some variation over the past three years. In FY2022, the refinery consumed 15,210 TJ of energy, which then saw a decrease to 11,086 TJ in FY2023. However, this trend shifted in FY2024, with energy consumption rising to 13,907 TJ.

### Energy Consumption (TJ)



Energy consumption in refinery operations is influenced by multiple factors, with the primary determinants being refinery throughput and equipment efficiency. A higher production throughput naturally requires greater energy input to sustain operations, whereas equipment efficiency plays a critical role in optimising energy use.

For instance, if equipment becomes fouled or degraded over time, its performance declines, leading to higher energy demand to maintain the same output levels. Conversely, well-maintained and optimised equipment enhances efficiency, reducing overall energy consumption. Continuous monitoring, maintenance, and process optimisation are therefore essential in ensuring that energy use remains efficient while supporting operational demands.

## Energy Reduction Initiatives

Energy reduction is a key focus in our daily operations. Operations team plays a frontline role in driving efficiency and optimisation. Alignment meetings are conducted every morning with the Operations team to review energy usage, identify areas for further savings, and implement optimisation measures.

A structured approach is taken to monitor and manage energy consumption, with clear targets set for fuel oil firing, power generation, and LPG vaporisation. To closely track these parameters, we implemented advanced process control to enhance operational efficiency while optimising energy consumption.

## Energy Masterplan

As part of our ongoing commitment to mitigating GHG emissions, we have developed and updated our Energy Masterplan to provide a structured approach to managing energy consumption and reducing carbon emissions. In FY2022, we revised the masterplan to strengthen our efforts in improving energy efficiency and minimising our environmental footprint.

The current Energy Masterplan sets a target to

**Reduce 62,000 tonnes of CO<sub>2</sub> emissions by 2029.**



This targeted reduction supports Malaysia's NDC under the Paris Agreement to reduce its GHG emissions intensity by 45% by 2030 relative to the emissions intensity of GDP in 2005. We aim to drive operational efficiencies while supporting our commitment stated in this Energy Masterplan.

We also prioritise capital allocation towards energy-efficient technologies and emission-reduction initiatives. Investments in advanced technologies enable us to optimise resource utilisation, improve process efficiency.

HRC has made significant progress in reducing CO<sub>2</sub> emissions, achieving a reduction of 38K tonnes/year by 2024. This brings us closer to our long-term target of reducing 62K tonnes/year by 2029. The reduction was accomplished through a combination of energy-saving measures and innovative technologies, showcasing our commitment to sustainability and operational efficiency.

Key initiatives that contributed to this achievement include the installation of a high-efficiency Texas Tower (Feed Effluent Exchanger) in the Platforming unit, which enhanced energy efficiency. Additionally, chemical cleaning of Carbon Monoxide Boilers in the catalytic cracker unit optimised performance, while the complete retubing of the utility reboiler improved heat transfer efficiency. Furthermore, we implemented automatic process control on the fuel gas system, which helped to prevent excessive flaring and reduced emissions by optimising fuel usage.



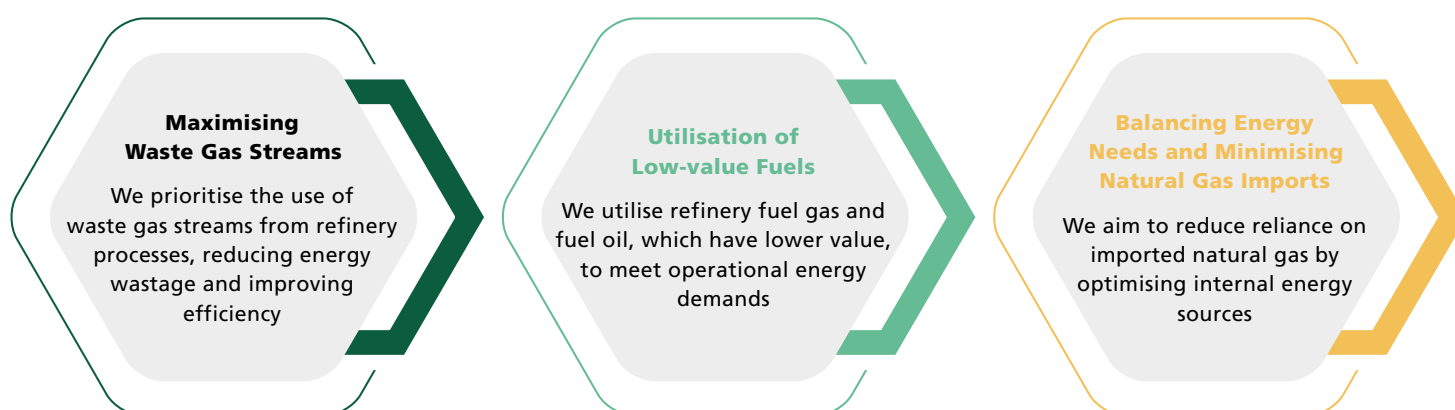
# Environmental Sustainability

As a result of these efforts, CO<sub>2</sub> emissions have decreased from 917K tonnes/year in 2023 to 879K tonnes/year in 2024. Looking ahead, our target is to reduce emissions further to no higher than 855K tonnes/year by 2029, representing an additional reduction of 24K tonnes/year. This target is a crucial part of our ongoing commitment to minimising our environmental footprint and achieving our sustainability goals.

To achieve this reduction, we have several important projects in the pipeline. These include the Flare Gas Recovery Project, which aims to capture and reuse flare gas, thus reducing emissions, and the rerouting of heat at the LRCC reboiler, which will optimise heat recovery and further reduce energy consumption. Together, these initiatives are expected to help us reach the final goal of reducing 62K tonnes/year in CO<sub>2</sub> emissions by 2029.

## Fuel Optimisation

Fuel optimisation plays a crucial role in enhancing HRC's energy efficiency, reducing costs, and resources optimisation. Fuel optimisation aligns with industry regulations and environmental standards, reinforcing HRC's commitment to responsible energy management and sustainability.



By exploring and integrating alternative energy sources, we aim to reduce dependency on conventional fossil fuels while lowering GHG emissions. This approach not only supports sustainability goals but also enhances the long-term resilience of our operations.





# Environmental Sustainability

## WASTE MANAGEMENT

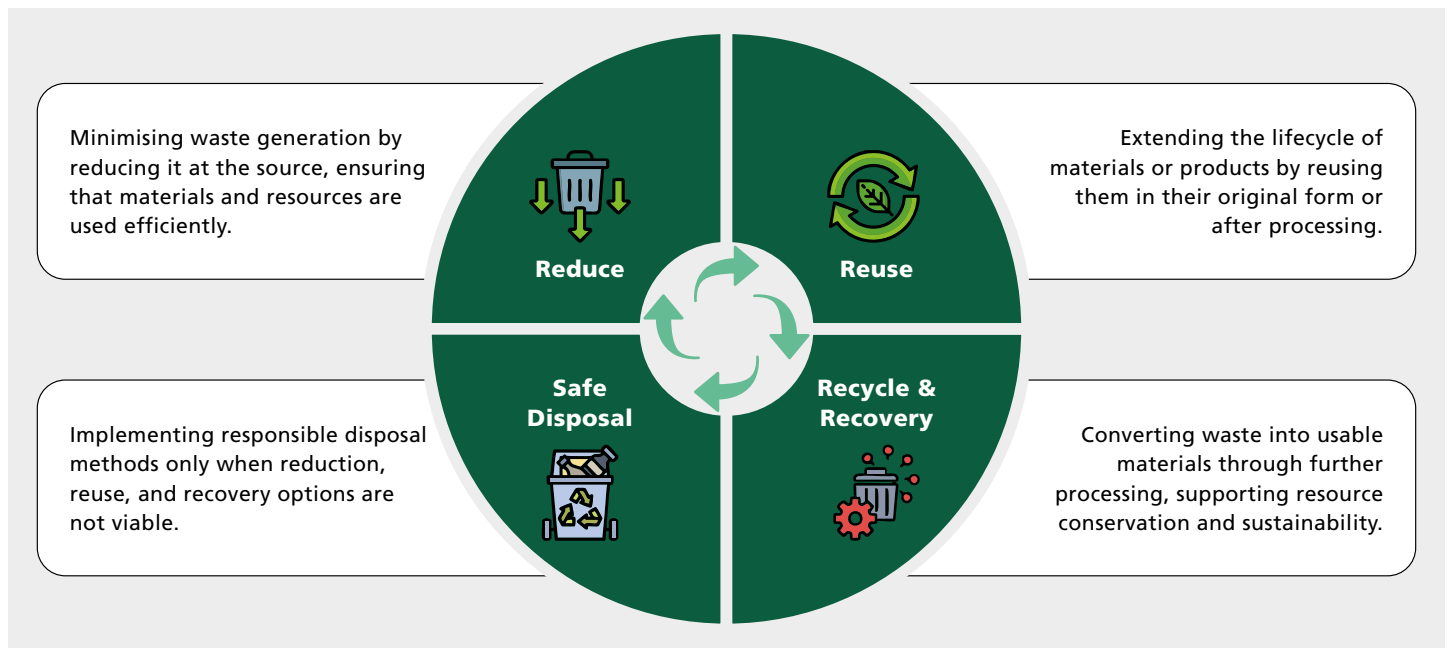


Effective waste management is a critical component of sustainable refinery operations, ensuring compliance with environmental regulations while minimising the impact of industrial by-products on the environment. The refining industry inherently generates various types of waste, including hazardous and non-hazardous materials, process residues, wastewater, and emissions-related by-products.

Given the complexity of refining processes, waste management strategies must be structured, efficient, and aligned with best practices to ensure responsible handling, treatment, and disposal. HRC remains committed to minimising its environmental impact while ensuring that all waste management practices adhere to the highest industry standards.

### Waste Hierarchy

At HRC, we adopt a structured approach to waste management based on the waste hierarchy, prioritising waste prevention, reduction, reuse, recovery, and disposal only as a last resort. This hierarchy aligns with our waste management practices and act as our underpinning core principles throughout the operations.



We strictly adhere to HRC's Waste Management Procedure, ensuring that all waste management activities align with regulatory and industry best practices. Our commitment to environmental sustainability is further reinforced through our Integrated Management System (IMS) certification, which includes compliance with ISO 14001:2015 Environmental Management System standards.



# Environmental Sustainability

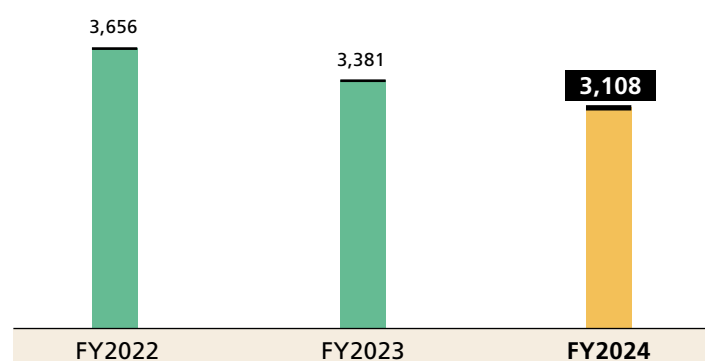
## Hazardous Waste

The management of hazardous waste in refinery operations is strictly governed by regulatory requirements to ensure environmental protection and public safety. At HRC, we fully comply with the Environmental Quality (Scheduled Wastes) Regulations 2005, which outline stringent guidelines for the handling, storage, transportation, and disposal of hazardous waste.

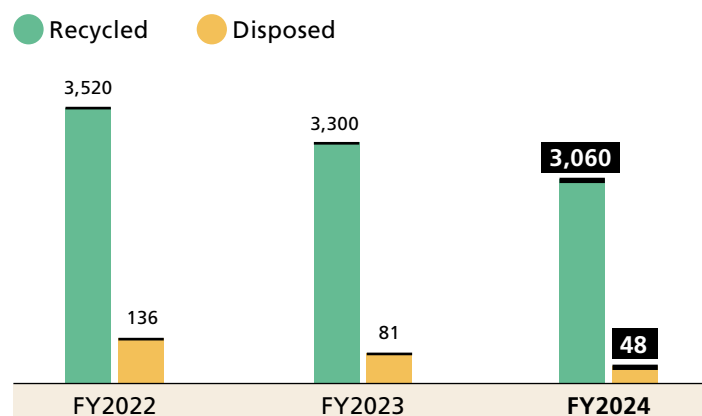
Total hazardous waste generation at HRC had reduced by 8% from 3381 tonnes in FY2023 to 3108 tonnes in FY2024 primarily due to the reduction of waste metal hydroxide sludge from ETP and Purge Treatment Unit (PTU) as well as reduction of spent catalysts.

The amount of hazardous waste sent for recovery had decreased by 7% from 3300 tonnes to 3060 tonnes due to lesser hazardous waste generated. As per our waste management hierarchy, we always strive for reduction, reuse and recovery. Hence, we have successfully reduced our hazardous waste sent for disposal year-by-year by opting for recovery method for our hazardous waste.

### Hazardous Waste Generation (tonnes)



### Recycled and Disposal Hazardous Waste (tonnes)



## E-Waste

In support of the Department of Environment's (DOE) initiative held in conjunction with Hari Kelestarian Alam Sekitar Negeri Sembilan 2024, HRC actively participated in an e-waste collection programme. A total of 2,220 kg of e-waste was collected during the campaign, comprising a variety of household and office electronic appliances such as televisions, computers, and kitchen appliances.

## Recycled Paper

In 2024, HRC's paper recycling initiative successfully collected 204,723 pieces of paper, totaling 1023.62 kg in weight. This

impressive figure represents half the total number of paper sheets utilised by HRC throughout the year, a direct result of the company's implementation of double-sided printing for each sheet of paper, effectively reducing half the paper usage per sheet.





# Environmental Sustainability

## WATER AND EFFLUENT MANAGEMENT



Effective water and effluent management is essential in refinery operations to ensure sustainable water use, regulatory compliance, and environmental protection. Refineries rely on water for various processes, including cooling, steam generation, and crude oil processing, which result in wastewater that must be treated before discharge. Given the potential environmental impact of industrial effluents, it is critical to implement strict monitoring, treatment, and conservation measures to minimise water pollution and optimise resource efficiency.

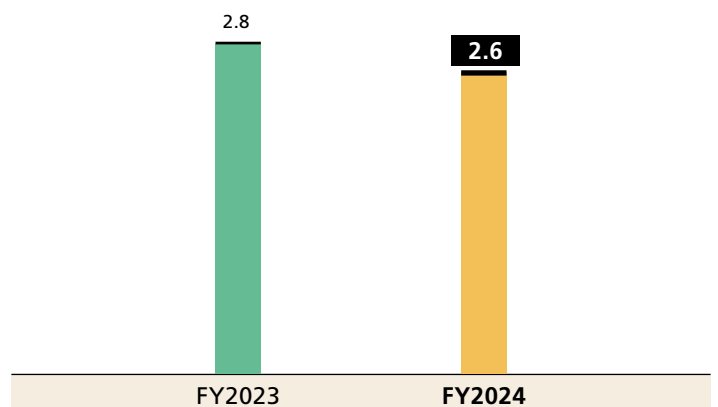
### Water Consumption

Water is a critical resource in our refining operations, and we are committed to managing it responsibly while ensuring compliance with regulatory standards. In FY2023, HRC's water consumption was higher due to the planned expansion of our refinery's capacity and operational complexity, which increased the water requirements to support our growing operations. However, we have integrated effective water management practices, aiming to optimise water use, enhance operational efficiency, and ensure that our refinery operations remain environmentally responsible. As a result of these practices, we observed a decrease in our water consumption in FY2024.

We strictly adhere to the DOE Effluent Water Standard B, ensuring that our wastewater discharge meets the required environmental quality standards. To maintain compliance and minimise environmental impact, we conduct daily sampling and monitoring at the jetty pump sump. This enables us to track water quality, detect any deviations, and take corrective actions as necessary.

The refinery raw water consumption has seen a steady increase over the past few fiscal years. The volume fell slightly to 2.6 million cubic meters in FY2024, compared to 2.8 million cubic meters in FY2023. This decrease is due to reduced residue processing in PU2 compared to 2023, influenced by the LRCC's significant impact on utility and raw water consumption.

### Refinery Raw Water Consumption (Million m<sup>3</sup>)





# Environmental Sustainability

Water Consumption (Megalitres)	FY2023	FY2024
Water withdrawal by source:		
i. Surface water	0	0
ii. Groundwater	0	0
iii. Used quarry water	0	0
iv. Municipal potable water	2,820	2,640
v. External wastewater	0	0
vi. Harvested rainwater	0	0
vii. Ocean/seawater	0	0
Total water withdrawal	2,820	2,640
Water withdrawal from water-stressed region	0	0
<b>Total Water Consumption</b>	<b>2,820</b>	<b>2,640</b>

Note:

<sup>1</sup> Water consumption data reported in SR2023 excluded usage from the marine & jetty area and TA Village (office block); these have been included in FY2023 & FY2024 data to enhance reporting and data coverage.

<sup>2</sup> A unit conversion error from cubic meter to megalitre of water consumption data in SR2023 has been corrected in SR2024.

<sup>3</sup> All water consumption figures are calculated based on Syarikat Air Negeri Sembilan (SAINS) utility bills.

HRC's water consumption is sourced entirely from municipal sources, accounting for 100% of its withdrawal. Over the past three years, the Group has not withdrawn or consumed water in any water-stressed regions.

Based on the World Resources Institute's Aqueduct Water Risk Atlas Tool, Malaysia, specifically the area of Port Dickson where HRC's refining site is located, is not classified as a water-stressed region.

Therefore, given that our refining site and main office are solely located in Port Dickson, they are not situated in a water-stressed area.

## Effluent Management

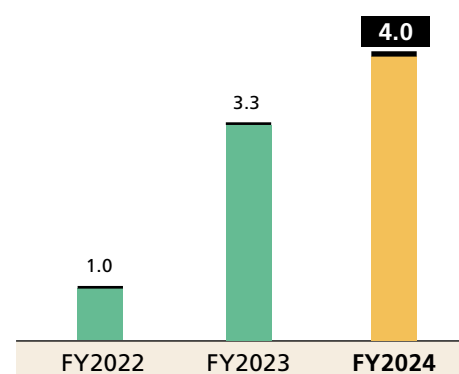
HRC's refinery effluent water discharge remained relatively consistent between FY2022 and FY2023 at 2.5 million m<sup>3</sup>, showing a slight decrease to 2.4 million m<sup>3</sup> in FY2024, a reduction attributed to refinery operation conditions and potentially lower raw water consumption. All effluent water was treated at the ETP before being safely discharged into the ocean.

Refinery Effluent Water Discharge Data (Million m <sup>3</sup> )	FY2022	FY2023	FY2024
Refinery effluent water discharge by destination:			
i. Ocean	2.5	2.5	2.4
ii. Surface water	0	0	0
iii. Subsurface/well	0	0	0
iv. Off-site water treatment	0	0	0
v. Beneficial/other use	0	0	0
Total refinery effluent water discharge	2.5	2.5	2.4

In contrast, the volume of oil in the effluent saw a substantial increase over the same period, rising from 1.0 million m<sup>3</sup> in FY2022 to 3.3 million m<sup>3</sup> in FY2023 and further to 4.0 million m<sup>3</sup> in FY2024.

Oil in effluent at HRC increased from 1.0 million m<sup>3</sup> in FY2022 to 3.3 million m<sup>3</sup> in FY2023 and further to 4.0 million m<sup>3</sup> in FY2024. The rise in FY2024 was primarily due to changes in effluent characteristics influenced by variations in operational conditions, prompting a stronger focus on mitigation measures to manage effluent quality effectively.

## Oil in Effluent (Million m<sup>3</sup>)





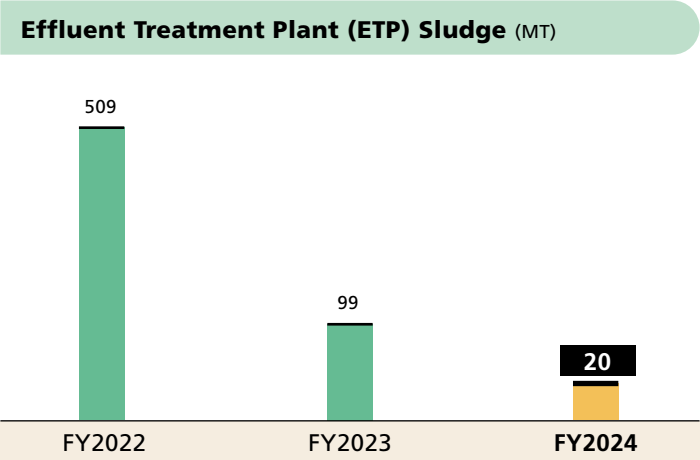
# Environmental Sustainability

## ETP Sludge

HRC operates an ETP to treat effluent water generated during the refining process, ensuring that all discharged water complies with DOE regulations and guidelines.

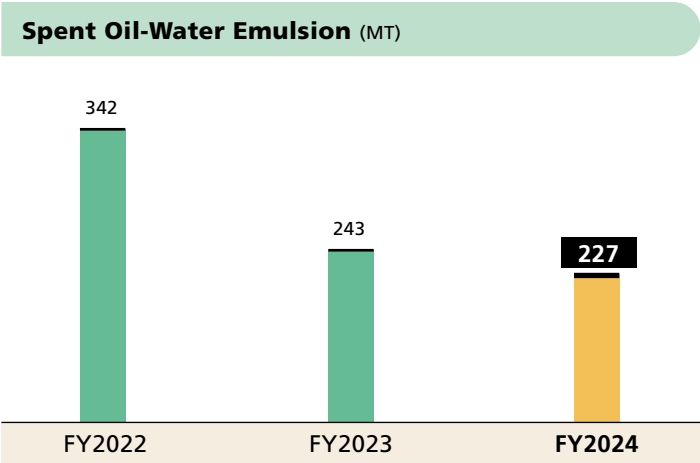
During the treatment process, ETP sludge is generated as a by-product. This sludge consists of settled solids, oil residues, and treatment chemicals that are removed from the wastewater to meet regulatory discharge limits. Given its composition, ETP sludge is classified as scheduled waste under the Environmental Quality (Scheduled Wastes) Regulations 2005, requiring proper handling, treatment, and disposal.

Sludge generation from ETP had greatly reduced year-by-year as the sludge was introduced back into the processing cycle to be reused, aligning with our waste management hierarchy. Compared to 2023, ETP sludge generation had decreased by 80% from 99MT in FY2023 to 20MT in FY2024.



## Spent Oil-Water Emulsion

Year-to-year decrement was noted as a result of treating spent caustic through ETP which lowered spent oil-water emulsion generation. Spent oil-water emulsion generated in the refining process reduced in FY2024 to 227 tonnes from 243 tonnes in FY2023.





# Environmental Sustainability

## BIODIVERSITY MANAGEMENT



HRC is strategically located in Port Dickson, Negeri Sembilan, Malaysia, a coastal region with marine and terrestrial ecosystems that support diverse flora and fauna. Given its proximity to the Strait of Malacca, one of the world's busiest maritime routes, and adjacent natural landscapes, HRC recognises the importance of preserving biodiversity and minimising the environmental impact of its operations.

As part of our commitment to responsible industrial practices, we integrate biodiversity risk assessments into our Environmental Impact Assessment (EIA) process whenever new projects are undertaken. These assessments help us evaluate potential ecological impacts and implement necessary mitigation measures to protect local marine life, coastal habitats, and terrestrial biodiversity. Additionally, biodiversity risks are incorporated into HRC's Environmental Aspect and Impact Register, which is reviewed and audited annually as part of our ISO 14001 Environmental Management System compliance.

### Biodiversity Risk Assessment

We recognise the importance of biodiversity conservation in our environmental management practices. Biodiversity risk assessments are conducted as part of our regulatory compliance process whenever an EIA is required for submission to the DOE. These assessments are carried out by appointed consultants before the commencement of any new projects involving the construction of operational units.

Recent biodiversity risk assessments were conducted as part of the E4M and the HMU projects that were done in 2017 and 2019 respectively. These assessments evaluate potential impacts on local ecosystems, ensuring that necessary mitigation measures are implemented to minimise environmental disruption.

In addition to project-specific EIAs, biodiversity risk considerations are integrated into HRC's Environmental Aspect and Impact Register. This register is reviewed and audited annually by SIRIM as part of our compliance with the ISO 14001 Environmental Management System.

### myUNJAM

HRC, in collaboration with the Department of Fisheries Malaysia (DOF), launched the "myUNJAM 2024 Bersama Komuniti Nelayan Bagan Pinang" programme with a strong emphasis on marine biodiversity restoration in Bagan Pinang, Port Dickson. A key element of this initiative involved the deployment of the unjam, a traditional fish aggregating device strategically designed to enhance marine ecosystems. These unjam serve as crucial shelter, breeding habitats, and food sources for a diverse range of fish species, thereby actively promoting biodiversity and supporting the flourishing of fish populations. Complementing this effort, HRC also released fish seeds into the ocean, further contributing to the regeneration and enrichment of marine life within the region. This multifaceted approach underscores HRC's commitment to fostering healthy and thriving marine ecosystems through targeted biodiversity-focused interventions.

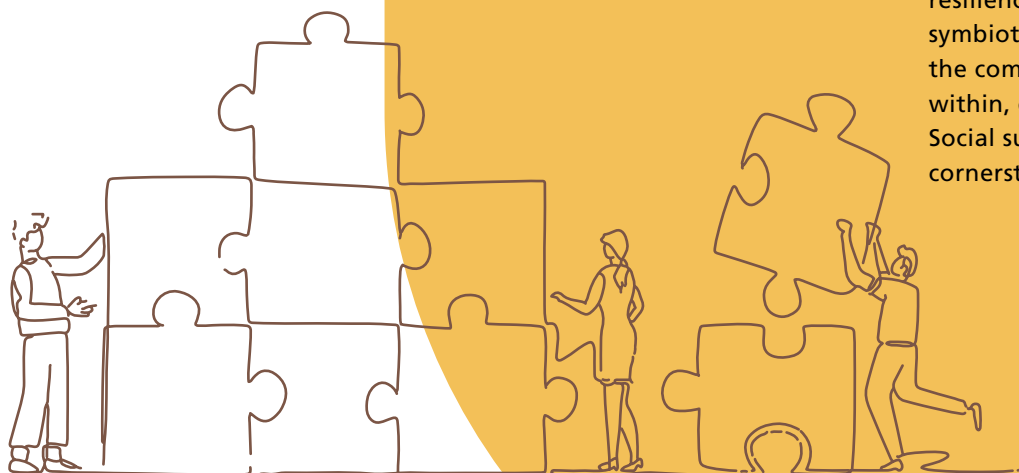


# Social Sustainability



For HRC, social sustainability is rooted in the understanding that a thriving business is intrinsically linked to the well-being of its employees and the surrounding communities. Recognising the invaluable contributions of both its workforce and neighbours over six decades, HRC prioritises building and nurturing strong, enduring relationships.

This commitment extends beyond mere financial considerations, encompassing a broader duty of care. HRC believes in fostering holistic well-being through healthcare provisions and support for its workforce, alongside extending meaningful aid and celebrating cultural events with local communities. These robust social connections are viewed as vital to HRC's resilience and future success, forming a symbiotic relationship that strengthens both the company and the communities it operates within, ensuring shared and lasting prosperity. Social sustainability, therefore, serves as a cornerstone of HRC's operational philosophy.





# Social Sustainability

## Material Topics



Equality and Diversity



Benefits and Engagement



Labour and Human Rights



Training and Development



Community Outreach



Occupational Safety and Health

## Alignment with UNSDGs



## EQUALITY AND DIVERSITY



Driven by a deep-seated belief in treating every member of its team and the wider community with inclusivity and fairness, HRC positions equality and inclusion as fundamental to its workforce management strategy.

The Group ensures equal opportunities for all, irrespective of race, creed, class, or any other form of difference. HRC understands that diversity brings a rich array of viewpoints and working styles, which undeniably fuels greater innovation and creativity – key elements for HRC's distinctiveness. Moreover, inclusivity is seen as vital to cultivating and strengthening the sense of unity and teamwork that underpins the "one Hengyuan" ethos. Across all its activities, HRC actively promotes diversity, inclusion, and equality, making these efforts transparent to both its employees and stakeholders.

### Talent Management

The human capital is a valuable asset to HRC's success. Therefore, the Board maintains vigilant oversight of talent management and development including overseeing staff retention strategies. The Human Resources department plays a central role in executing these strategies through a comprehensive approach that covers hiring to retention, compensation, rewards, and professional growth to incorporate principles of equality, diversity and inclusivity. While direct remuneration may not be explicitly tied to talent management KPIs, the successful achievement of targets is implicitly considered within overall executive performance, as these initiatives are understood to contribute to a positive and productive work environment, enhanced corporate reputation, and improved organisational performance.

### Workforce Diversity

Workforce diversity is of significant importance to HRC for several reasons. HRC's core principle is to focus solely on talent and suitability when recruiting, ensuring that job requirements are met without discriminatory considerations based on factors like colour, race, religion, gender, creed, or nationality. This commitment to equal opportunity is formalised in HRC's Code of Conduct, which explicitly values diversity and mandates that all employees uphold a non-discriminatory approach, avoiding bias based on race, colour, religion, age, gender, sexual orientation, gender identity, marital status, disability, ethnic origin, or nationality.



# Social Sustainability

Beyond simply avoiding discrimination, HRC recognises the importance of actively providing opportunities to underprivileged groups. This inclusive approach is further demonstrated in HRC's hiring practices, which prioritise local Malaysian talent. Expatriate hiring is reserved for specialised roles that require unique skill sets, specifically aimed at enhancing the operational capabilities of the plant. By focusing on merit and actively promoting inclusivity for both local talent and underrepresented groups, HRC aims to build a workforce that is not only highly skilled but also diverse and reflective of the broader community. This diverse workforce brings varied perspectives and experiences, fostering innovation and strengthening HRC's overall capabilities.

In line with its commitment to gender diversity, HRC maintained its support for initiatives that promote the empowerment of its female workforce in 2024. One such platform is the SWAN, established in 2018 to provide an avenue for personal and professional growth of HRC's female employees. SWAN aims to foster a supportive and inclusive environment, recognising that female wellbeing including physical health and personal development play an important role in enhancing engagement and workplace morale.

## SWAN Year End Gathering - 26 November 2024



Welcoming new SWAN members, President, and committee for 2024/25, with a tribute to a retiring member and the announcement of CFO, Mdm Yeo Bee Hwan as the new SWAN Sponsor.

Board of Directors Composition	FY2022	FY2023	FY2024
Total	6	6	4
<b>Gender</b>			
Female	33.33%	33.00%	50.00%
Male	66.67%	67.00%	50.00%
<b>Age</b>			
< 30 years old	0	0	0
30 - 50 years old	0	0	0
> 50 years old and above	100%	100%	100%
<b>Ethnicity</b>			
Malay	33.00%	16.67%	0
Chinese	17.00%	16.67%	25.00%
Indian	17.00%	16.67%	25.00%
Others	33.00%	49.99%	50.00%
<b>Nationality</b>			
Malaysian	66.67%	50.00%	50.00%
Non-Malaysian	33.33%	50.00%	50.00%

Workforce Data	FY2022	FY2023	FY2024
Total workforce	407	401	407
Permanent	327 (80.34%)	342 (85.29%)	336 (82.56%)
Temporary staff/ contractors	80 (19.66%)	59 (14.71% <sup>1</sup> )	71 (17.44%)

Note:

<sup>1</sup> The percentage of temporary staff/contractors in FY2023 has been restated due to a minor revision in the classification of certain employees.



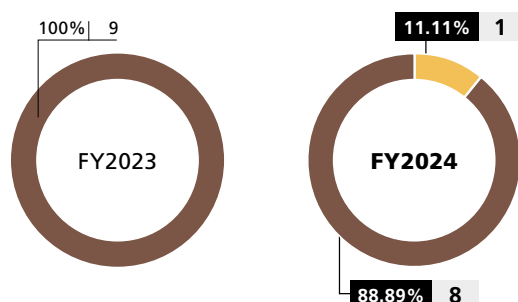
# Social Sustainability

In FY2024, HRC took a significant step in enhancing our sustainability reporting by disclosing the percentage of employees by ethnicity and disability, new hires by age and gender, as well as employee turnover by age, gender, and employee category. This initiative reflects our commitment to aligning with both local and international sustainability reporting frameworks, such as Bursa's Sustainability Reporting Guide 2022 and the GRI. This expanded disclosure further underscores HRC's dedication to promoting diversity, equity, and inclusion. The data is available in its respective sections.

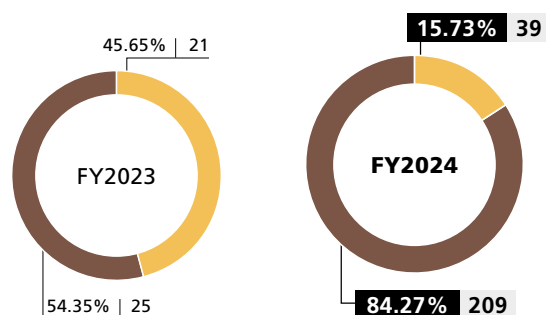
## Gender Diversity

● Male ● Female

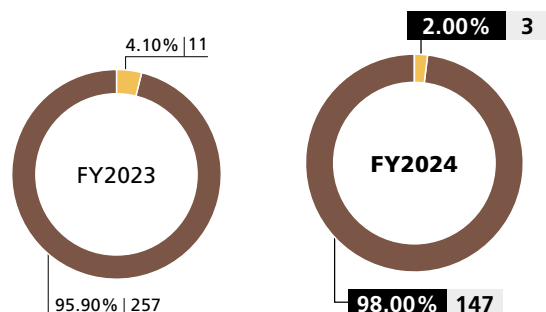
### Management



### Executive



### Non-executive/Technical



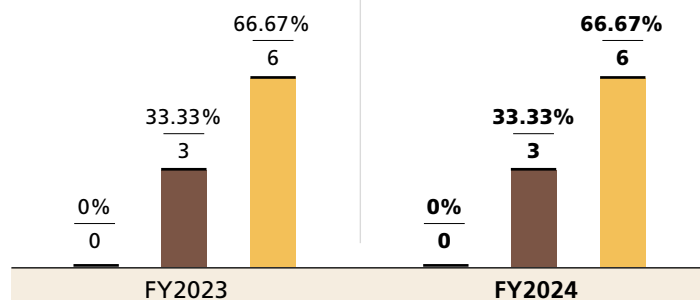
Note:

The gender and age diversity data in FY2023 have been restated due to the revision of employee categorisation and calculation method used for determining the percentages.

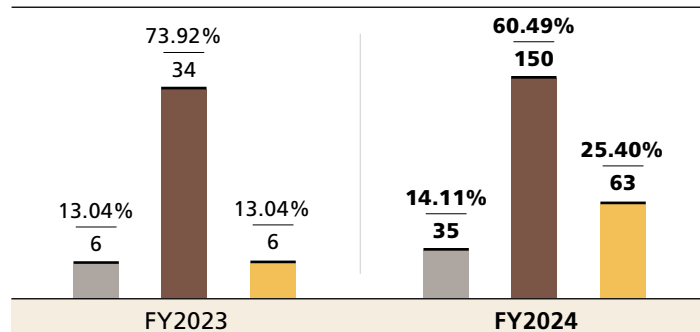
## Age Diversity

● < 30 years old ● 30 – 50 years old ● > 50 years old

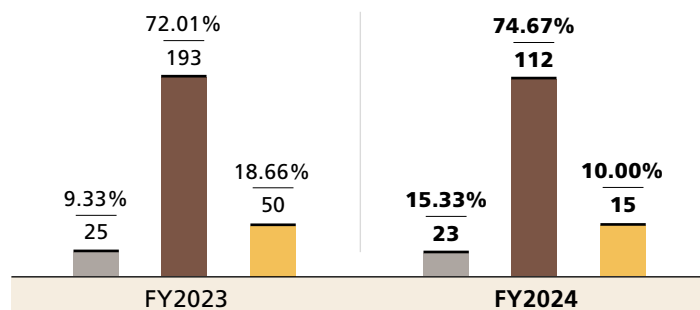
### Management



### Executive



### Non-executive/Technical



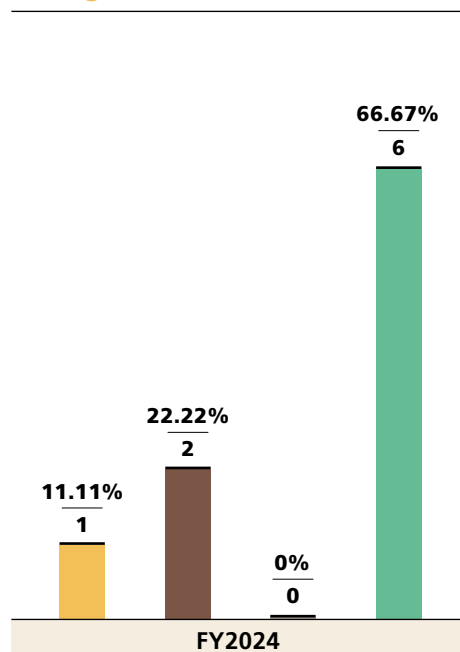


# Social Sustainability

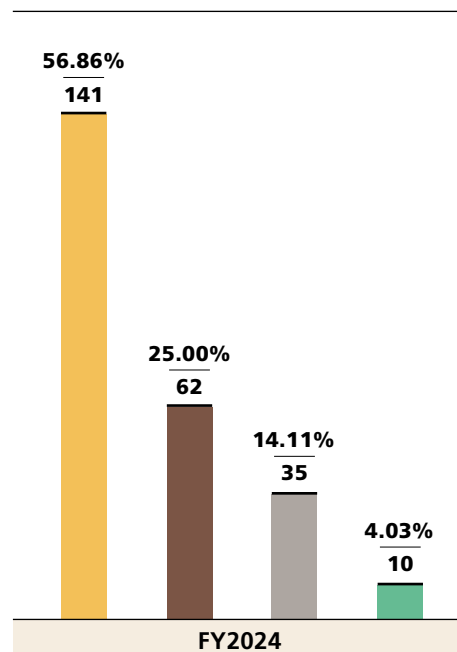
## Ethnicity Diversity

Malay Chinese Indian Others

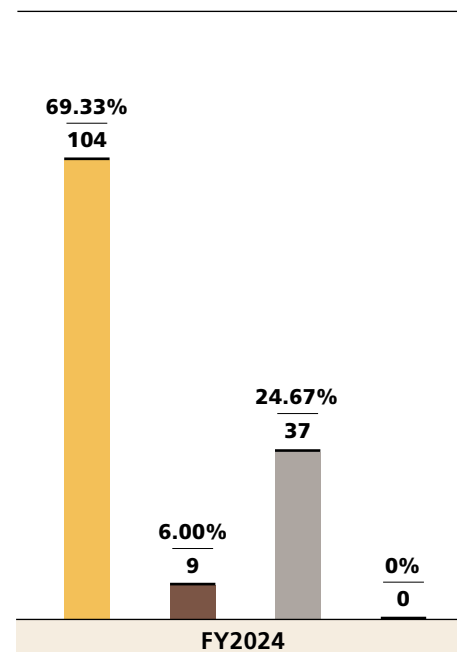
### Management



### Executive



### Non-executive/Technical



## Disability

Management	FY2024
Disabled	0
Non-disabled	9
Executive	FY2024
Disabled	0
Non-disabled	248
Non-executive/Technical	FY2024
Disabled	0
Non-disabled	150



Diversity fuels our strength, driving the success of every initiative we implement

Note:  
In FY2024, HRC expanded sustainability reporting by disclosing the percentage of employees by ethnicity and disability to enhance alignment with Bursa's Sustainability Reporting Guide 2022 and GRI.



# Social Sustainability

## Hiring and Attrition

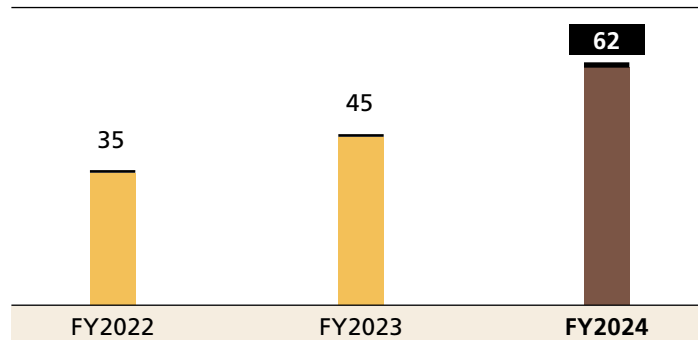
HRC upholds a structured and merit-based hiring process to attract and secure the best talent. Candidate evaluations are conducted by interview panels comprising the hiring department's leadership team, the hiring manager, and a representative from HR. All new hires receive comprehensive employment contracts detailing their terms and conditions, reinforcing HRC's commitment to transparent and fair employment practices. Upon commencing their roles, new employees participate in an initial HRC induction programme to introduce them to the organisation. This is followed by a more in-depth onboarding experience within the first month, which includes focused engagement with key teams and personnel to fully understand their roles and responsibilities within HRC.

As part of our ongoing efforts to strengthen our talent pipeline, HRC continued its outreach through participation in a career fair. In 2024, HRC participated for the third consecutive year in the Malaysia Career and Training Fair (MCTF), held in Kuala Lumpur. The event provided a platform to engage with potential candidates and highlight career opportunities within the company. The booth attracted the interest of both graduates and experienced professionals, offering insights into HRC's operations, workplace culture, and sustainability journey.



### New Hires

#### Total New Hires



Gender		FY2024
Male		53
Female		9

Age		FY2024
30 years old		26
30 – 50 years old		29
> 50 years old		7

**Note:**  
In FY2024, HRC expanded sustainability reporting by disclosing the total new hires by gender and age to enhance alignment with Bursa's Sustainability Reporting Guide 2022 and GRI.



# Social Sustainability

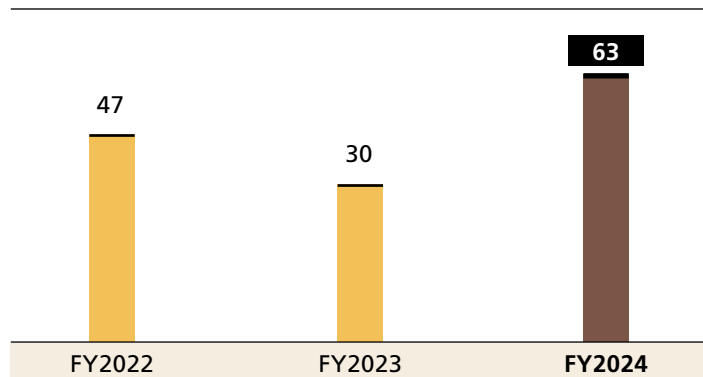
In FY2024, HRC recorded a total employee turnover of 63 employees, which is a 100% increase from FY2023. This increase was primarily attributed to natural attrition, career transitions, and industry mobility. By employee category, the turnover comprised 54 executive-level departures, 7 non-executive, and 2 from management.

While workforce mobility is a natural occurrence in a competitive talent landscape, HRC remains committed to strengthening employee retention through continuous engagement, learning and development opportunities, and structured career growth pathways. We are also enhancing our talent pipeline and succession planning to ensure operational continuity and leadership readiness.

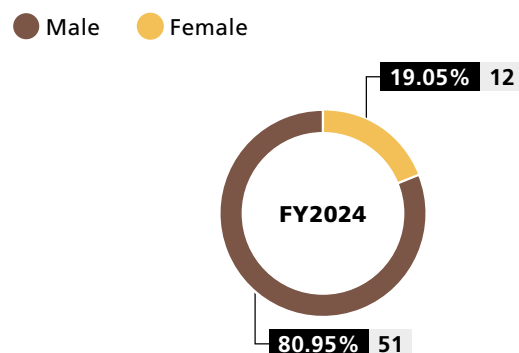
Efforts are underway to further analyse exit trends and employee feedback to identify targeted strategies for improving workplace experience and reducing avoidable turnover. Retaining high-performing talent remains a key priority, aligned with our broader human capital agenda.

## Turnover Data

### Total Turnover

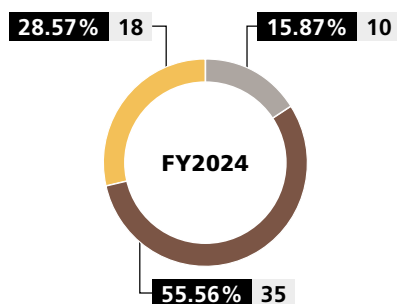


### Gender



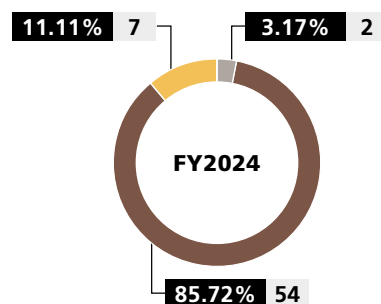
### Age

● < 30 years old ● 30 – 50 years old ● > 50 years old



### Employee Category

● Management ● Executive ● Non-executive/ Technical



**Note:**  
In FY2024, HRC expanded sustainability reporting by disclosing the turnover data by gender, age, and employee category, to enhance alignment with Bursa's Sustainability Reporting Guide 2022 and GRI.



# Social Sustainability

## BENEFITS AND ENGAGEMENT



HRC understands that strong relationships and proactive engagement are fundamental to sustainable success.

Our benefits and engagement initiatives are designed to foster mutual value, creating positive outcomes for both HRC and our stakeholders. By prioritising open communication, collaborative partnerships, and shared goals, we strive to build trust, enhance our operational environment, and contribute to the well-being of the communities we are a part of. This dedication to engagement underpins our approach to responsible business and long-term value creation.

### Key Human Resource Principles

#### 01 Grievance Mechanism

Our grievance mechanism under the employee Code of Conduct provides a formal avenue for our employees to register complaints or any dissatisfaction faced by them. This mechanism is an internal avenue for confidential discussions in a formal or informal manner through line managers or escalated to the Head of HR, CEO, or both, if issues cannot be resolved. The reporting channels under the Whistleblowing Policy also allow employees to report any potential violation of policies or procedures in a safe and secure environment.

#### 02 Working Hours

HRC complies with the Employment Act 1955 to ensure working hours for employees are in line with employment laws and labour standards. We encourage work-life balance and do not encourage excessive working hours. HRC maintains and practices in-house health and safety standards such as the Fatigue Management that ensures employees stop work and rest after working more than 16 hours. The Inconvenience Allowance and Time Off In Lieu Policy was established to facilitate the offer of compensatory time off for long hours of work or for work on rest days and public holidays.

#### 03 Harassment or Bullying

HRC addresses bullying and workplace harassment by providing a confidential reporting channel and point of contact for whistleblowing and via the grievance mechanism mentioned above. We are guided by our established policies, consequence management framework, the Employment Act 1955 and the Industrial Act 1995. The Industrial Relations or the Employee Relations advisor will provide updates to the line managers on the status of the bullying or harassment cases.

#### 04 Human Rights

HRC subscribes to internationally recognised human rights standards through our existing framework, manuals and policies. These include but are not limited to ensuring: (a) all major projects and facilities must have a social performance plan and address social impacts of our operations on local communities; (b) company-wide security requirements help keep staff, contractors and facilities safe in a way that respects human rights and the security of local communities; (c) our policies and standards help us establish fair labour practices and positive environment and (d) we seek to work with contractors and suppliers who contribute to sustainable development and are economically, environmentally and socially responsible.

The Industrial Relations or the Employee Relations Advisor is the key focal person responsible to monitor any human rights matters in HRC. These can include labour issues raised by the Trade Union, or health and safety standards for workers as well ensuring a safe, inclusive and conducive workplace for all. We are serious about how our employees are treated and the fundamental human rights principles expressed in the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights must be upheld at all times.



# Social Sustainability

## 05 Fair Wages, Forced and Child Labour

Although no specific policy is established on child labour or forced labour, HRC strives to adhere to all applicable Malaysian laws and regulations and the spirit of relevant international conventions to ensure that our employees are protected by, amongst others, meeting minimum wages, and prevention of child and forced labour. We also determine the wages paid by third party contractors for our contract workers to ensure they are paid fairly.

## 06 Freedom of Association

HRC provides freedom for all employees to participate in any associations or political party as long as they comply with Malaysian laws, does not lead to any conflict of interest, or negatively impact the Company's reputation.

This voluntary freedom of association is demonstrated by the establishment of the Trade Union and their rights to organise and bargain collectively under the CBA.

### Benefits

HRC provides attractive yet competitive remuneration packages which form part of the recruitment strategy. The packages align with employees' roles and responsibilities, professional qualifications, job experiences, skills, tenure, and prevailing market rates. Complementing the competitive salaries, HRC provides an extensive range of benefits for full-time employees reflecting the Group's responsibilities to the workforce and concern for their wellbeing. These benefits include:

- Flexible working arrangement available for non-shift employees
- Leave (annual, medical, prolonged, illness, compassionate examination)
- Parental leave, both maternity and paternity
- Employee's Provident Fund contribution includes a top-up from the company on the employer's portion, determined by years of service
- Monthly Transportation allowance
- Childcare support (3 months to 6 years old)
- Wellness support to improve and maintain employee's health
- Dental and optical support
- Medical Health Provider (Inpatient, Outpatient & Specialist Care)
- Professional fees
- Survivor's benefit covering permanent disability, invalidity or death
- Performance-based bonus with annual increment
- Inconvenience Allowance and Time-Off In Lieu – compensation provided to employees (Senior Employees with P6 and Below) who return to work on rest days, off days and public holidays
- Long-service award
- Holiday re-imbursement
- Shift allowance for employee working shift
- Funeral Assistance for family immediate members
- Housing Loan interest subsidy
- Other employee benefits include pre-employment medical checkup, birthday voucher, festive celebrations, away day and trainings



# Social Sustainability

Parental Leave	FY2022	FY2023	FY2024
Employees entitled to maternity and paternity leave	344 (100%)	341 (100%)	<b>337</b> <b>(100%)</b>
Employees who took maternity leave	3 (1%)	3 (1%)	<b>6</b> <b>(2%)</b>
Employees who took paternity leave	27 (8%)	42 (12%)	<b>34</b> <b>(10%)</b>

Return to Work Post Parental Leave	FY2022	FY2023	FY2024
Return to work rates (return to work after parental leave period)			
Female	100	100	<b>100</b>
Male	100	100	<b>100</b>
Retention rates (remain with the organisation for 12 months or more post parental leave)			
Female	100	100	<b>100</b>
Male	100	96	<b>100</b>

## Employee Engagement

At HRC, we recognise the value of cultivating an engaging work environment. To foster a more connected and collaborative workforce, a range of initiatives and programmes were implemented in 2024. These efforts are part of our ongoing commitment to strengthen employee experience, encourage team work, and support overall organisational effectiveness. Highlights of employee engagements that were carried out during the year include:

### Townhalls

Townhalls serve as a vital platform for engaging employees and fostering transparency by sharing updates on business and operational performance. In 2024, two townhall sessions were held, providing employees with the opportunity for direct interaction and dialogue with management. In addition to face-to-face engagements, key operational updates are also regularly disseminated through internal email communications known as Employee Information (EI), ensuring timely and consistent flow of information across the organisation.

### Onboarding Programme

As part of our employee engagement initiatives, onboarding sessions are conducted to support new employees in integrating seamlessly into the organisation. These sessions are designed to familiarise them with HRC's policies, procedures, and workplace practices, ensuring a smooth transition into their roles and alignment with the company's culture and expectations.



# Social Sustainability

## Festive Celebration

We celebrated major festivals, including Chinese New Year, Hari Raya, and Deepavali, through on-site events that brought together employees and management.



*Chinese New Year celebration with employees*



*An enjoyable moment celebrating Deepavali with colleagues*



*Distribution of 'bubur lambuk' to employees during Ramadan*



# Social Sustainability

## Away Day

Various departments organised their respective Away Day programmes at different locations, offering team members a valuable opportunity to strengthen relationships and enhance internal collaboration.



Finance Department



Technology Department



QHSSE Department

## Workplace Health Team Building

An event to create awareness on health and positive well-being was held in September 2024, dubbed as "Introduction to Noncommunicable Diseases (NCDs)". This event was not just an opportunity to learn, but also a chance to take actionable steps towards improving employees' overall health. The activities held included health screenings, NCDs workshop and group workout.



Building on the plans outlined in FY2023, HRC's HR department continued to act as a key driver of positive change, focusing its efforts on talent initiatives that support HRC in effectively navigating industry challenges to achieve organisational goals. Furthermore, succession planning continued to be prioritised throughout the year to ensure leadership continuity and prepare for future business needs. These combined efforts aimed to build a more impactful and successful organisation by proactively addressing industry challenges and strengthening its internal capabilities.



# Social Sustainability



## LABOUR AND HUMAN RIGHTS

HRC is dedicated to conducting business in a fair, responsible, and equitable manner, adhering to international human rights principles. The Group’s commitment to these values is reflected in our framework, manuals, policies and practices, which align with internationally recognised human rights standards, such as the United Nations (UN) Guiding Principles on Business and Human Rights and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises.

Company-wide security protocols are in place to safeguard staff, contractors, and facilities while respecting human rights and the security of local communities. Furthermore, HRC’s policies and standards promote fair labour practices and a positive work environment. Reflecting this commitment to fair labour practices, the fundamentals of HRC’s Collective Agreement are grounded in the Employment Act 1955, the Industrial Relations Act 1967, and other relevant statutory requirements such as the Employees’ Provident Fund Act 1991 and the Social Security Organization Act 1969. These legal frameworks are essential to the Collective Bargaining Agreement, ensuring a structured and equitable approach to employee relations. The Group also prioritises collaboration with contractors and suppliers who are committed to sustainable development and demonstrate economic, environmental, and social responsibility.

To ensure ongoing oversight of human rights matters, the Industrial Relations or Employee Relations Advisor acts as the key focal point within HRC. This role involves monitoring labour issues, health and safety standards, and ensuring a safe, inclusive, and conducive workplace for all employees. HRC underscores its serious commitment to the fair treatment of its employees and the unwavering adherence to fundamental human rights principles as expressed in the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights.

Labour Practices Data	FY2022	FY2023	FY2024
Number of substantiated complaints concerning human rights violations	0	0	0



# Social Sustainability

## TRAINING AND DEVELOPMENT



HRC actively cultivates its workforce through comprehensive training and development initiatives throughout their employment journey. Recognising continuous learning as a vital mechanism, HRC invests in a wide array of programmes, encompassing both technical and non-technical skills, with on-the-job training as a routine practice.

Employees are empowered to take ownership of their career paths and training, collaborating with management to identify specific development needs through annual Individual Development Plans, while leadership provides strategic input to ensure training aligns with HRC's evolving business objectives and competitive landscape, fostering a professional, high-performing workforce and supporting the personal and professional growth aspirations of every employee.

### Training

HRC recognises that employees are its most valuable asset and are central to driving operational excellence, innovation and long-term sustainability. Training and development programmes are structured and aligned with the Group's organisational goals. This emphasis on training stems from the understanding that a highly skilled and knowledgeable workforce is fundamental to achieving HRC's strategic objectives. HRC has established robust training and development processes, action plans, and strategies. Key initiatives include a comprehensive Training Needs Analysis (TNA) to identify skill gaps and development areas across the workforce. To cultivate strong leadership, HRC implements Supervisory and Leadership Development Programmes. On-the-Job Training and Coaching are integral to daily operations, ensuring practical skill enhancement. A dedicated Training Library provides accessible resources for continuous learning. Furthermore, succession planning is in place to ensure leadership continuity and growth opportunities for employees. These interconnected initiatives are designed to provide employees with continuous learning opportunities, embedding a culture of development and growth throughout HRC.

To effectively carry out the processes, action plans, and strategies mentioned earlier, HRC leverages a range of organisational resources. Financial investment is secured through a dedicated annual budget, specifically allocated to cover employee training courses, certifications, professional

memberships, leadership programmes, legal compliance, and competency-related training. The Human Resources Business Partner and Talent Acquisition team provide crucial human resources, overseeing training administration and the evaluation of programme effectiveness. Well-equipped physical resources, including the Sports Club, conference rooms, and meeting rooms, offer suitable environments for delivering impactful training sessions. Furthermore, strong leadership support is evident through senior management's active participation and endorsement of training initiatives, ensuring that all programmes are strategically aligned with HRC's overarching objectives.

HRC employs a systematic and proactive approach to ascertain employee training requirements through a multi-faceted process. Training needs are initially identified during the annual performance review, where managers and employees collaborate to pinpoint skill gaps and areas for development or upskilling. Complementing this, employees are encouraged to actively participate in the process by providing self-assessments and feedback on their individual training needs. Furthermore, HRC ensures adherence to regulatory and industry standards through regular audits and updates, guaranteeing employees receive mandatory training for compliance, certifications, and safety regulations. Head of Departments (HODs) also play a crucial role, in submitting annual training plans based on team objectives and broader strategic goals, which are then consolidated and managed by the HRBP & TA Team to create a comprehensive training strategy.



# Social Sustainability

HRC utilises a comprehensive approach to assess the effectiveness of its training and development programmes, employing both qualitative and quantitative methods to ensure alignment with organisational goals and individual employee growth. Immediately following each training session, participants are requested to complete evaluation feedback forms via Rymnet. These forms gather qualitative insights on training objectives, content relevance, facilitator quality, overall satisfaction, and suggestions for improvement. To quantitatively measure learning outcomes, pre- and post-training assessments are conducted to evaluate improvements in technical competencies and behavioural skills. Furthermore, a second evaluation form is distributed via Rymnet six months post-training, soliciting feedback from both participants and their supervisors on observed enhancements in job performance, practical application of newly acquired skills, and any behavioural changes, providing a longer-term perspective on training impact.

The increase in training activities in FY2024 demonstrates HRC's commitment to developing a future-ready workforce. The training courses conducted were:

## 1 Technical Skills

- C1 Fundamental of Protective Coating
- Preparatory Course for Steam Engineer Certificate of Competency
- Asset Reliability Practitioner
- VCAT II Intermediate Vibration Analyst ISO 18436-2
- Calibration of Test & Measuring Instruments
- Level 1 Certified Infrared Thermographer
- Grid Connected Photovoltaic for Wireman
- RSH300 Radiation Protection Officer
- Root Cause Analysis & Corrective Actions on Unsatisfactory PT
- Procedures of Method Validation Instruments
- Steam Boiler Gr 2 Preparedness (internal)
- Basic Laboratory Skills & Techniques
- Pump Fundamental Flow
- VCAT I
- Basic Training for Oil & Chemical Tanker Cargo Operations
- Reciprocating Compressor
- Steam Boiler Engineer
- Certified Maintenance & Reliability Professional
- Thermography Level 1
- TSCS 1 Practitioner Repair of Pressure Equipment, Storage Tanks & Piping
- Advanced Metallurgy
- Measurement Uncertainty in Chemical Analysis
- IETS System Optimisation for Cost Reduction

## 2 HSSE

- EMT Induction
- Incident Command System
- Fire Fighting
- Basic Life Support
- Authorised Gas Tester & Entry Supervisor (AGTES) - new and refresher
- Seminar Organisasi Keselamatan Kebakaran (OKK) Bagi Premis Ditetapkan Tahun 2024
- Authorised Entrant & Standby Person (AESP) - new and refresher
- Marine Facility Security Officer
- Certified Environmental Professional in Scrubber Operations
- On Scene Commander
- Sustainability & Environment Management of Scheduled Waste
- Bengkel eSWIS
- Kursus IPSP Auditor
- Assistant Medical Review Officer (AMRO)
- Advance Cardiovascular Life Support (ACLS)
- Radiation Awareness Session
- CDM Seminar
- Seminar KKP 2024
- Gas Testing Awareness Training
- International Conference on Nuclear Safety & Security
- Level 1 Partial Discharge Assessment & Survey Technique
- Forum Keselamatan Kebakaran Dalam Pengurusan Industri
- Safety Manager: Fundamentals - Implementation
- Life Cycle Analysis
- Mobius Institute Asset Reliability Practitioner - Leader Course (ARP-L)



# Social Sustainability

## 3 Leadership and Management

- Leveraging Performance Management as a Powerful Tool in Delivering Business Results
- Competency Based Interview
- Compensation Proposal Training
- Domestic Enquiry
- Re-Invent Leadership & Performance Model
- Scrum Master
- MBOT Woman Technologist Chapter
- PA & Admin Professional Conference

## 4 IT and Digital Skills

- ADM940 Authorization Concept for SAP S/4 HANA & SAP
- Power BI
- Uniting Cyber Drill Assessment
- Excel Intermediate
- Excel Advanced
- ISMS Lead Auditor ISO/IEC 27001:2022
- ISO 27001:2013 Information Security Management System
- Understanding the Elements of MS/IEC

## 5 Audit and Compliance

- ESG Auditing Techniques
- Lead Auditor Integrated Management System
- Lead Auditor Course ISO 37001:26 Exemplar Global Certified
- General QA/QC Procedures for Testin Laboratories
- Decision Rules & Conformity Assessment Meeting
- MS ISO/IEC 17025:2017 Management Systems Internal Auditing
- Statistical Method for Chemist

## 6 Legal and Regulatory Compliance

- Employment Act
- Mastering HR Reporting: 2024 Forms E/EA & e-Invoicing

## 7 Workshops, Conferences, Seminars

- 6<sup>th</sup> Refining & Petrochemical Conference (Thailand)
- 24<sup>th</sup> Conference & Exhibition on Occupational Safety and Health
- The Green Tech Maze - Are Businesses Getting The Support They Need?
- SEA UOP Conference
- Return to Work Workshop by Perkeso
- National Conference Future Proofing Governance
- National Human Capital Conference & Exhibition
- Asian Downstream Summit (Singapore)
- Sinopac Conference on Catalysis Technology (China)
- FCC Workshop (Thailand)
- Finish Strong Teambuilding (Operations)
- Warehouse Management & Inventory Control

## 8 Sustainability and Environmental Management

- Optimising Waste Management
- Preparing Sustainability Report
- Golden Jubilee 50<sup>th</sup> Anniversary Symposium: Challenges Facing Current Environmental Issues
- Life Cycle Analysis

## 9 Soft Skills

- IPE Methodology Training
- Essential of Integrated Reporting & Sustainability Reporting for Internal Auditors
- Mandarin Language Training
- Health Workshop Teambuilding
- Certified Procurement Professional



# Social Sustainability

## Training Data (Hours)

Total training hours as a company

FY2023



**7,818.50**  
Hours

FY2024



**9,606.00**  
Hours

	FY2023	FY2024
Total training hours per employee	N/A	<b>23.60</b>
<b>Gender</b>		
Female	N/A	<b>1,887.50</b>
Male	N/A	<b>7,718.50</b>
<b>Employee Category</b>		
Management	257.00	<b>393.00</b>
Executive	1,632.00	<b>2,035.00</b>
Non-executive/Technical	5,930.00	<b>7,179.00</b>

	FY2023	FY2024
Average training hours per employee	23.60	<b>28.34</b>
<b>Gender</b>		
Female	N/A	<b>53.93</b>
Male	N/A	<b>25.39</b>
<b>Employee Category</b>		
Management	N/A	<b>17.86</b>
Executive	N/A	<b>41.52</b>
Non-executive/Technical	N/A	<b>36.79</b>

Note:

Some data is unavailable due to the expanded sustainability reporting disclosures in FY2024, which were implemented to enhance alignment with Bursa's Sustainability Reporting Guide 2022 and GRI.

To enhance HRC's workforce for the future, the Group's training and development goals will focus on four key areas:

- Leadership development programmes to cultivate future-ready leaders and equip managers.
- Sustainability-focused training to align skills with ESG compliance and carbon reduction.
- Mentorship and coaching programmes to guide junior employees.
- Employee well-being and mental health programmes to promote holistic development through stress management and work-life balance.

## Internship Programmes

HRC's Internship Programme remains a vital pathway for nurturing talent. Each year, the Group welcomes interns to receive comprehensive training across various functions within HRC's operations. These interns represent a significant talent pool for HRC's future workforce. In FY2024, HRC hosted 24 interns across diverse functional units, building upon the 13 interns welcomed in FY2023.



HRC interns supporting community engagement programmes



# Social Sustainability

## COMMUNITY OUTREACH



HRC recognises its deep responsibility to care for society, particularly the communities situated near its operational areas. The Group firmly believes in reciprocating the support and assistance its local communities have consistently provided as it generates value.

Operating as an ethical, responsible, and conscientious organisation, HRC prioritises the safety and well-being of its neighbours, taking diligent measures to protect them from any potential harm arising from HRC's activities. This commitment is reflected in HRC's comprehensive safeguards around all operations, strict adherence to environmental regulations, and the establishment of accessible communication channels designed to facilitate the seamless relay of community grievances and concerns.

Community sentiment was also actively monitored through direct feedback, public complaints, and social media platforms. These inputs were systematically reviewed and escalated where necessary, reinforcing our governance framework and early issue detection protocols.

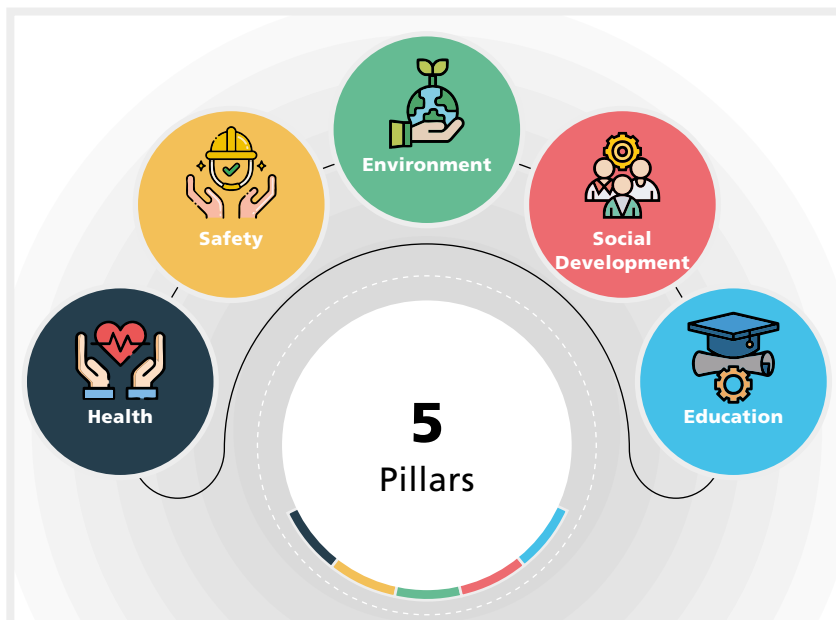


Our community programmes go beyond CSR. They are a key part of how HRC sustains trust and mitigates reputational risks, which is essential for HRC's operations.



### Community Engagement

Community engagement is of great importance to HRC as it fosters a strong, mutually beneficial relationship with the communities surrounding our operations. HRC practices constant engagement with local communities, believing that this outreach provides invaluable, first-hand perspectives on their concerns. This in-depth understanding better positions HRC to formulate more targeted and effective support programmes, ensuring its operations are sensitive to local values and priorities. Extending across five key pillars associated with the overall standard of life and social progression, these support programmes demonstrate HRC's commitment to its communities.



HRC's Corporate Social Responsibility (CSR) guidelines are the backbone of its community contributions. These guidelines focus on:



Operational footprint



5 pillars of Health, Safety, Environment, Social Development and Education



Prioritising activities benefiting social welfare for the local community in Port Dickson, Negeri Sembilan



# Social Sustainability

In 2024, HRC continued its strong commitment to local communities through a variety of meaningful engagement initiatives. These programmes reflect HRC's ongoing dedication to building strong relationships and providing valuable support within our operational footprint. The following were the community engagements held in FY2024:

## MyUNJAM 2024 Bersama Komuniti Nelayan Bagan Pinang

In partnership with the Department of Fisheries Malaysia, HRC supported the Bagan Pinang fishing community by promoting sustainable income through healthy marine ecosystems and addressing environmental challenges. This collaboration included sponsoring ornamental fish and aquariums for the Port Dickson Ornamental Fish Center, providing fresh seafood aquariums to My-Komuniti Perikanan Bagan Pinang, and distributing essential food hampers to ten underprivileged families, demonstrating a comprehensive approach to community support.



## Hari Bersama Komuniti with Taman Nesa and Taman Impian Putra

Hosted at the HRC Fire Station, this programme aimed to cultivate positive relationships with neighbouring communities through open communication and interaction. It focused on enhancing community awareness and education regarding HRC's operations and safety protocols, while also fulfilling our Information to Public (ITP) obligations under Control of Industrial Major Accident Hazards (CIMAH) Regulations 1996. By sharing operational and safety information openly, HRC strengthens public awareness and trust, while demonstrating compliance with regulatory requirements for high-risk installations.





# Social Sustainability

## Hari Bersama Komunity with Taman Toh Kee Kah and Taman Mewah

Held at the HRC Sports Club, this programme was designed to maintain positive relations with the neighbouring community through open communication and interaction. The initiative focused on enhancing community awareness and education by providing information about HRC's operations and the safety measures and protocols in place, while also demonstrating sensitivity and commitment to addressing any concerns raised by the community.



## E-Waste Collection Programme with Local Community and DOE

In conjunction with Hari Kelestarian Alam Sekitar Negeri Sembilan (HKANS) 2024, HRC partnered with DOE to organise a community-based e-waste collection programme. The programme encouraged active participation from HRC employees, contractors, and nearby community members, who collectively contributed a remarkable 2,220 kg of e-waste, including a variety of household and electronic appliances.

The initiative also featured attractive incentives for the participants, including cash-back vouchers for selected e-waste items and a special prize for the highest individual contributor. In addition, a community talk on e-waste management was held, along with an interactive session with experts from the DOE, allowing participants to learn more about proper waste management practices and the importance of responsible e-waste disposal.

As a result of the outstanding participation, HRC was awarded 1<sup>st</sup> Place in the Electrical and Electronic Waste Collection Competition organised by DOE. This collaborative effort supported responsible waste management and fostered stronger community ties through shared environmental action.



	FY2022	FY2023	FY2024
Amount Invested (RM'000)	46.3	26.6 <sup>3</sup>	<b>28.3</b>
No. of Beneficiaries <sup>1</sup>	NDA <sup>2</sup>	275 <sup>4</sup>	<b>275</b>

Note:

<sup>1</sup> Beneficiaries are defined as individuals, families and students.

<sup>2</sup> No data available for the number of beneficiaries in FY2022.

<sup>3</sup> A minor restatement (RM1,250) was identified in previously reported figures due to a data compilation oversight. Following this, the GR Department implemented an enhanced Standard Operating Procedure (SOP) for data management and internal review - reinforcing HRC's commitment to transparency and continuous improvement.

<sup>4</sup> The number of beneficiaries in FY2023 has been revised due to the duplication of events contributing to the same beneficiaries.

## Community Support

### Community support initiatives held in FY2024:

#### Hengyuan Berkat Chinese New Year 2024

In celebration of the recent Chinese New Year in early 2025, HRC once again partnered with the Majlis Pengurusan Komuniti Kampung (MPKK) of Kampung Teck Lin. This year's collaboration involved the distribution of 200 boxes of mandarin oranges and 200 cartons of drinks to the village's senior citizens, with the event being attended by MPKK representatives and grateful recipients. This ongoing contribution from HRC has positively impacted 200 families in the community, fostering festive cheer and support.





# Social Sustainability

## Community support initiatives held in FY2024:

### Hengyuan Berkat Ramadan Care Kit 2024

In partnership with a dedicated local NGO, HRC personnel visited selected families within the community to deliver essential basic necessities directly to their homes. This initiative provided vital support to 20 families during this significant religious period, demonstrating HRC's continued care for the well-being of its neighbours.



### Hengyuan Berkat Deepavali 2024

A team of 13 HRC personnel worked alongside the management to distribute thoughtfully prepared hampers to underprivileged families in Port Dickson, assisting them in their preparations for the festival of lights. These hampers contained essential daily items such as rice, milo powder, flour, sugar, and cooking oil, benefiting 20 families and bringing festive cheer to the community.



## Employee Volunteerism

Building upon HRC's commitment to community engagement, our employees actively contributed their time and skills through various volunteer initiatives. In the reporting period, a total of 31 dedicated employees volunteered for a combined 88 hours across 4 different events, demonstrating their passion for making a positive impact. While this participation represents 0.08% of our total workforce, the enthusiasm and dedication of these volunteers underscore a strong spirit of social responsibility within HRC, further strengthening our ties with the communities we serve.



# Social Sustainability

## OCCUPATIONAL SAFETY AND HEALTH



Workforce occupational safety and health (OSH), encompassing employees, contractors, and vendors, is the highest priority for HRC. With a clear duty of care, HRC ensures the safety, good health, and overall wellbeing of every individual contributing to the organisation.

This approach deeply values the workforce's dedication and tireless efforts, recognising these as essential drivers for HRC's continued growth, value creation, and resilience in the industry. To effectively uphold this duty, HRC places a strong emphasis on maintaining a work environment that is not only safe but also conducive to productivity, supported by numerous initiatives specifically designed to safeguard the workforce OSH.

In FY2024, there were several significant HSSE milestones such as:

### Execution of Tier 3 Ex Merbok VIII in January 2024:

#### Strengthening Emergency Preparedness and Inter-Agency Coordination

In line with HRC's commitment to operational safety and emergency preparedness, a Tier-3 emergency response exercise, Ex Merbok VIII, was successfully conducted on 18 January 2024. The exercise simulated multiple critical scenarios, including explosions, fires, rescue operations, HAZMAT incidents, and medical emergencies that were designed to test and validate the effectiveness of HRC's Emergency Response Plan (ERP), Pre-Incident Plan (PIP), and compliance with the National Security Council Directive No. 20 (MKN 20).

The exercise involved full-scale deployment of resources across key refinery locations, including E4M, HMU, and the Sour Water Tank, and saw active participation from 425 personnel. Organised by HRC in collaboration with various government agencies, the exercise was granted direct authority and support at the state level, reflecting strong inter-agency coordination and readiness. The simulation also provided critical insights and reinforced the synergy between law enforcement and HRC's internal emergency response teams.

In preparation for the exercise, two sessions of the Incident Command System 300 (ICS300) training course were conducted prior to the main exercise facilitated by an experienced trainer from the Fire and Rescue Department of Malaysia (FRDM). The training equipped a total of 92 participants from HRC and relevant government agencies with enhanced command and coordination competencies, further strengthening our emergency response capabilities.





# Social Sustainability

## Signing of Mutual Aid Agreement in November 2024:

### Renewal of Mutual Aid Agreement to Strengthen Emergency Preparedness and Collaboration

On 14 November 2024, HRC hosted the signing ceremony for the renewal of the Mutual Aid Agreement with Petron Malaysia Refining and Marketing Berhad. This renewed agreement marks a significant milestone in reaffirming our commitment to safety, emergency preparedness, and strategic collaboration. The ceremony was graced by esteemed representatives from Petron, the Royal Malaysia Police (PDRM), the Fire and Rescue Department (BOMBA), and the Office of the Chief Government Security Officer (CGSO), emphasising the importance of multi-stakeholder coordination in building a robust emergency response ecosystem.

This partnership extends beyond a formal agreement where it represents a practical and reliable framework for mutual support during critical incidents, ensuring the protection of our people, communities, and environment. By leveraging the collective strengths of our teams and working closely with key government agencies, we are reinforcing our shared responsibility to create a safer and more resilient future. Moving forward, the implementation of the renewed agreement will be supported through regular joint training sessions, simulation exercises, and continuous improvement of our response capabilities. These efforts will ensure enhanced readiness and coordinated action in managing any potential emergencies that may arise.



## Commencement of the Pitstop Assurance Walk Programme in December 2024:

### Sustaining a Safe and Proactive Workplace Culture

In support of the refinery's scheduled pitstop maintenance exercise, which commenced in December 2024 and concluded in mid-January 2025, HRC played a key role in ensuring the smooth and orderly execution of critical maintenance activities, where the Company has proudly executed without any Lost Time Injury (LTI). This success is a testament to the strong safety culture and disciplined execution upheld across all operational levels. The pitstop assurance walk programme is a core part of our proactive safety platform, aimed at providing assurance on safe work practices and reinforcing hazard awareness across the site. The programme continues to serve as a vital mechanism to foster a culture where every individual feels safe and confident in their working environment.

To ensure active participation, relevant focal points will coordinate the scheduling of GZ Walks and will block respective

calendars accordingly. As we move forward, we encourage all personnel to embrace the spirit of coaching and mentoring by applying the 'SMILE' approach during engagements, which is an approach designed to promote a positive, open, and effective safety dialogue across all levels of the organisation.



HRC employees and contractors performing morning toolbox talk before pitstop assurance walk



# Social Sustainability

## SMi)E

### S:

Always have a friendly smile.

### M:

Make friends, create a comfortable environment.

### I:

Identify hazards, listen to his/her viewpoint first.

### L:

Let's discuss, understand how to make the work safer.

### E:

Emphasise understanding, kindly ask him/her to paraphrase it.

### A. Governance Mechanisms

A robust health and safety framework, underpinned by the HRC HSSE and Social Performance (SP) Policy, is integral to HRC's operations. This policy, which complies with ISO 45001 standards are mandatory for all of HRC's workforce and business associates and articulates the company's unwavering HSSE commitments. These personnel are made aware of the policy through communication, training sessions, daily observations, and site inspections. Failure to comply with the policy will lead to corrective actions, stop-work orders, or penalties. The core elements of this policy are:

- Has a systematic approach to HSSE & SP management designed to ensure compliance with the laws and to achieve continuous performance improvement;
- Sets targets for improvement and measures, assesses and reports performance;
- Requires all contract partners to manage HSSE & SP in line with this policy;
- Engages effectively with neighbours and stakeholders; and
- Includes HSSE & SP performance in the appraisal of staff, recognising and rewarding accordingly

HSSE governance is exercised through the 3-tier governance structure depicted below.

#### Tier 3

The Steering Committee sits at the highest tier and is responsible for the exercise of oversight over HSSE matters. They meet on a monthly basis to discuss critical HSSE issues and endorse any programmes or campaigns including review of the Company's environmental performance and compliance as required by the DOE. To facilitate balanced view and give voice to key interested parties, the Steering Committee is constituted of the Management team, relevant employees and trade union representatives.

report and escalate  direct, monitor, advise 

#### Tier 2

Tier 2 represents the Asset level and comprises production unit managers, area owners and relevant representatives from other units. This Tier reviews QHSSE work processes and escalations from Tier 1, monitors QHSSE performance and where required, matters are escalated to the Steering Committee (Tier 3) for their further action.

report and escalate  direct, monitor, advise 

#### Tier 1

Tier 1 is the working/functional level and comprises departmental and shift level committees made up of departmental individuals that will raise concerns and issues encountered to Tier 2 for attention, guidance and further action.



# Social Sustainability

The OSH-related commitments are:

- Pursue the goal of no harm to people;
- Protect the environment;
- Use materials and energy efficiently to minimise the impact on the environment;
- Operate the refinery safely and assure its integrity;
- Respect our neighbours and contribute to the community at large;
- Advocate best practices in our industry and lead by example;
- Embrace HSSE & SP performance as a core value in all our business activities;
- Deliver our products and services in a responsible manner consistent with these aims;
- Report our HSSE & SP performance to our stakeholders.
- Promote a culture in which all HRC employees and business partners share these commitments; and
- Provide a secure and respectful working environment for the well-being of employees and business partners.

HRC remains firmly committed to upholding the highest standards of health and safety through our robust policies that ensure compliance with all applicable laws and regulatory requirements. The Board of Directors maintains oversight of HSSE matters, with regular updates on performance and key risk areas provided through the CEO's quarterly reports to the Board.

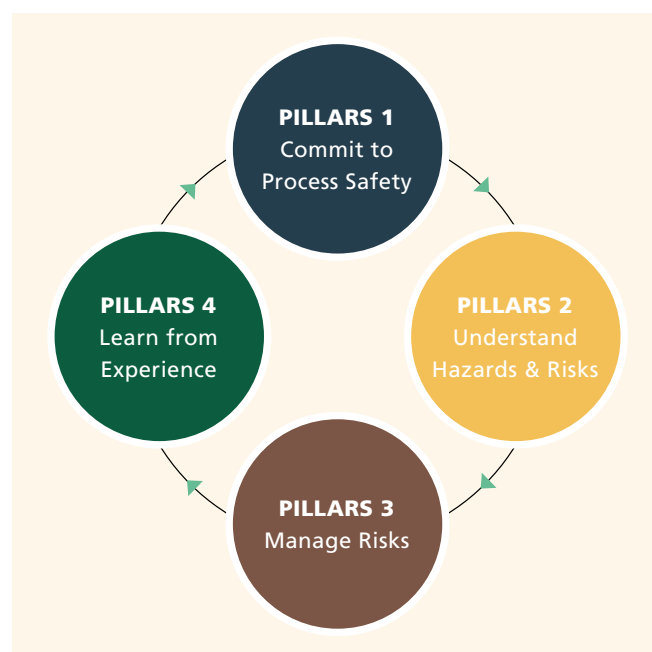
All new projects undertaken by HRC are subject to a Project Development Request process, which incorporates comprehensive risk assessments. This process is designed to proactively identify and mitigate any potential health and safety risks prior to project implementation. The process includes multiple stages such as scope definition, multidisciplinary risk assessments, timeline planning, and a structured approval process involving both internal stakeholders and relevant external authorities.

For existing projects, any proposed changes to project scope undergo a mandatory risk assessment process, guided by the risk classification. This ensures that any emerging risks are identified and addressed at an early stage, enabling the necessary preventive or corrective actions to be implemented promptly.

We continue to firmly hold our HSSE & SP standards that inspire pride, build stakeholder confidence, foster good community relations, and support sustainable development.

## B. Process Safety Management Framework

HRC's Process Safety Management (PSM) framework is designed to systematically and continuously identify, mitigate, and manage process safety risks across our operations. The robust framework, as illustrated below, promotes a culture of safety excellence and is anchored on four key pillars that reflect industry best practices and reinforce our 'Safety First' culture.



### Process Safety 9 Fundamental (PS9F)

The PS9F represents a set of core principles for process safety, akin to the '12 Life-Saving Rules' highlighted under Personal Safety. It captures industry best practices and HRC's operational experience into clear, concise statements that are easy to understand and implement. Adherence to PS9F is vital in preventing process safety incidents and safeguarding lives. To strengthen its implementation and ensure compliance, the Process Safety team has developed detailed supporting procedures that provide greater clarity on each rule and its associated requirements.



# Social Sustainability

## Process Safety 9 Fundamentals



Always Use  
Two Barriers



Do Not Leave Open  
Drain Unattended



Take Interim Measures  
for Safety Critical  
Equipment Failure



Follow Startup and  
Shutdown Procedures



Walk  
The Line



Do Not Change  
Without Management  
of Change



Verify  
Tightness



Provide Safe  
Isolation



Install Backflow  
Protection

## Process Safety Event

HRC adopts the American Petroleum Institute's (API) Recommended Practice (RP) 754 to track and monitor process safety performance. In FY2024, a total of one process safety event was recorded as compared to FY2023 where there were five recorded process safety events.

The incident that occurred in October 2024 was classified as a Process Safety Event API LOPC Tier 1. A crude oil overflow occurred during a routine water draining activity conducted by plant helper at the Tank T-1105 area. The oil seeped into the surrounding area, including a monsoon drain and bund area. The root cause was a deviation from the Standard Operating Procedure (SOP) for tank draining activity and a PS9F violation of rule #2—"Do not leave an open drain unattended"—resulting in an uncontrolled release of crude oil that required immediate containment and recovery actions. Causal learning for the incidents has been completed, with key recommendations derived from the learning outcomes disseminated site-wide and centrally tracked through iMax, HRC's incident management and reporting system.



Emergency responders in action during Ex-MERBOK VIII Tier 3 drill



# Social Sustainability

## OSH Training

Occupational safety and health training is provided to HRC's employees as part of the Company's commitment to health and safety. The goal is to reinforce a Safety First mindset in employees to minimise workplace injuries and promote a healthy and productive work environment. In 2024, HRC continued to provide sufficient health and safety training to its employees covering critical operational areas including:

- Fire fighting training
- Fire watcher training for contractors/vendors
- Oil spill response
- Risk Assessment Matrix (RAM) and Near Miss & Potential Incident (NMPI)
- iCARE4Safety Module
- Environment Awareness: Industrial, Effluent, Scheduled Waste Management and Emission
- First Aid Refresher Training
- Hearing Conservation Training (HCT)
- Safe Handling of Chemicals (SHOC)
- Permit to Work (PTW) Level 1 Training
- Permit to Work (PTW) Level 2 Training
- Authorised Entrant & Standby Person (AESP) new
- Authorised Entrant & Standby Person (AESP) refresher
- Authorised Gas Tester & Entry Supervisor (AGTES) new
- Authorised Gas Tester & Entry Supervisor (AGTES) refresher
- Gas Testing Inspector (GTI) Awareness Training
- Working at Height (WAH)
- Basic Industrial Fire Fighting Training
- On Scene Commander Training
- Defensive Driving Training (DDT)
- Site Internal Assurance (SIA)
- Basic Life Support Training

A total of 21 training courses were conducted in FY2024 with 2,282 participants. Over the years, the number of health and safety training courses provided has gradually increased reflecting HRC's commitment and care for its workforce's safety and well-being.

OSH Training	FY2022	FY2023	FY2024
Number of training sessions	79	84	<b>98</b>
Number of participants	1,754	3,053	<b>262</b>

**Note:**  
Due to data collection limitations, the number of participants reported for FY2022 and FY2023 includes both employees and contractors, with possible duplication where individuals attended multiple training sessions. Starting in FY2024, data collection has been improved to accurately track unique participants, with 262 unique individuals reflected within the total of 2,282 participants, including both employees and contractors.



HRC employees participating in Basic Life Support Training



# Social Sustainability

## OSH Performance

The OSH performance in 2024 reflects a year of good progress and resilience despite ongoing challenges. As we concluded the fiscal year, we saw a marked decrease in total manhours worked, dropping from 2.70 million hours in FY2023 to 1.79 million hours in FY2024. This reduction in manhours could be attributed to various factors, including shifting operational priorities, but it was encouraging to see that, throughout this period, our safety record remained a strong point.

One of the most notable achievements for FY2024 was the fact that there were no fatalities, continuing the perfect safety record established in the previous years. This is a testament to the ongoing dedication to safety procedures, training, and awareness across the workforce. Additionally, there was no increase in recordable work-related injuries from FY2023 to FY2024, indicating that the total incidents remained within manageable levels. This suggests a focus on continuous improvement, despite the inevitable risks that are present in our operations.

On the safety performance front, the Lost-Time Incident Rate (LTIR) remains zero in FY2024. This indicates that the preventive measures and the culture of safety that were reinforced across all teams made a tangible impact in reducing time lost due to injuries. Similarly, while the Total Recordable Case Frequency (TRCF) rose to 1.12 in FY2024 from 0.74 in FY2023, it still remains within a manageable range, signaling that although more cases were recorded, the overall impact was minimal.

The closure rate for Near Miss and Potential Incidents (NMPI) experienced a small decline from 94% in FY2023 to 92% in FY2024. While this decline is modest, it highlights the need for ongoing vigilance and perhaps more engagement with employees to ensure that near misses are fully addressed. Submissions saw a drop, from 3,397 in FY2023 to 2,178 in FY2024, which was mainly due to turnaround activity in 2023 where HRC hosted approximately 2000 additional transient workers for major maintenance event.

Finally, First Aid Cases (FAC) remained relatively stable with 4 cases, compared to 7 in FY2023, suggesting that while minor incidents still occurred, the overall safety measures and preventative practices were effective in minimising more serious injuries.

In conclusion, FY2024 was a year of maintaining our safety standards, with notable achievements such as zero fatalities and a reduction in lost time. While there were areas to improve, particularly in terms of reporting and addressing potential incidents, the data indicates a strong commitment to a safer and more efficient workplace. Moving forward, we aim to build on this progress, focusing on enhancing communication, reporting, and safety practices to continue fostering a safe environment for all employees and contractors.

OSH Performance	FY2022	FY2023	FY2024
Total manhours worked (million hours)	3.21	2.70	<b>1.79</b>
No. of work-related fatalities	0	0	<b>0</b>
Employee	0	0	<b>0</b>
Contractor	0	0	<b>0</b>
No. of recordable work-related injuries	1	2	<b>2</b>
No. of incident report	47	91	<b>43</b>
Fatality rate	0	0	<b>0</b>
Lost-Time Incident Rate (LTIR)	0.31	0	<b>0</b>
Total Recordable Case Frequency (TRCF)	0.31	0.74	<b>1.12</b>
Near Miss & Potential Incidents (NMPI)			
Closure rate	97.1%	94.0%	<b>92.0%</b>
Submissions	2,883	3,397	<b>2,178</b>
First Aid Cases (FAC)	3	7	<b>4</b>



# Statement of Assurance

## INTERNAL ASSURANCE

### Statement of Assurance

#### Assurance undertaken

In strengthening the credibility of the Sustainability Statement, selected aspects/parts of this Sustainability Statement have been subjected to limited internal assurance review by the HRC’s internal auditors and were approved by the HRC’s Board Audit Committee (BAC).

#### Subject matter

The subject matters covered by the limited internal assurance review include the following sustainability indicators reported in HRC’s Sustainability Report:

Sustainability Matters	Sustainability Indicators	Scope
Climate Change and GHG Emissions	C11 (a) Scope 1 emissions in tonnes of CO <sub>2</sub> -eq	HRC’s refinery plant located at Jalan Pantai, Port Dickson, Negeri Sembilan. [This excludes third party operating within HRC premises such as LPG bottling plant, Lube Oil Blending Plant (LOBP), fuel lorries, barges and ships berthing at Jetty.]
	C11 (b) Scope 2 emissions in tonnes of CO <sub>2</sub> -eq	
	S4 (a) Amount of air emissions of pollutants and particulate matter <ul style="list-style-type: none"><li>• Flaring</li></ul>	

Our assurance does not extend to any other information that may be included in the HRC’s Sustainability Report for the current year or for previous periods unless otherwise indicated.

#### Limited Assurance Conclusion

Based on work done and supporting evidence provided by HRC, nothing has come to our attention that causes us to believe that the Subject Matters information is factually inaccurate.



# Sustainability Performance Data

## BURSA PERFORMANCE DATA

Indicator	Measurement Unit	2023	2024
<b>Bursa (Anti-corruption)</b>			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			
Management	Percentage	75.00 *	100.00
Executive	Percentage	100.00	100.00
Non-executive/Technical Staff	Percentage	69.00 *	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0
<b>Bursa (Community/Society)</b>			
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	26,600.00 *	28,300.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	275 *	275
<b>Bursa (Diversity)</b>			
Bursa C3(a) Percentage of employees by gender and age group, for each employee category			
Age Group by Employee Category			
Management Under 30	Percentage	0.00	0.00
Management Between 30-50	Percentage	33.33 *	33.33
Management Above 50	Percentage	66.67 *	66.67
Executive Under 30	Percentage	13.04 *	14.11
Executive Between 30-50	Percentage	73.92 *	60.49
Executive Above 50	Percentage	13.04 *	25.40
Non-executive/Technical Staff Under 30	Percentage	9.33 *	15.33
Non-executive/Technical Staff Between 30-50	Percentage	72.01 *	74.67
Non-executive/Technical Staff Above 50	Percentage	18.66 *	10.00
Gender Group by Employee Category			
Management Male	Percentage	100.00 *	88.89
Management Female	Percentage	0.00 *	11.11
Executive Male	Percentage	54.00 *	84.27
Executive Female	Percentage	46.00 *	15.73
Non-executive/Technical Staff Male	Percentage	96.00 *	98.00
Non-executive/Technical Staff Female	Percentage	4.00 *	2.00
Bursa C3(b) Percentage of directors by gender and age group			
Male	Percentage	66.67	50.00
Female	Percentage	33.33	50.00
Under 30	Percentage	0.00	0.00
Between 30-50	Percentage	0.00	0.00
Above 50	Percentage	100.00	100.00
<b>Bursa (Energy management)</b>			
Bursa C4(a) Total energy consumption	Megawatt	3,079,690.80	3,863,056.00
<b>Bursa (Health and safety)</b>			
Bursa C5(a) Number of work-related fatalities	Number	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	3,053	262
<b>Bursa (Labour practices and standards)</b>			
Bursa C6(a) Total hours of training by employee category			
Management	Hours	257	393
Executive	Hours	1,632	2,035
Non-executive/Technical Staff	Hours	5,930	7,179

Internal assurance External assurance No assurance

(\*) Restated



# Sustainability Performance Data

Indicator	Measurement Unit	2023	2024
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	14.71 *	17.44
Bursa C6(c) Total number of employee turnover by employee category			
Management	Number	23	2
Executive	Number	12	54
Non-executive/Technical Staff	Number	5	7
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0
<b>Bursa (Supply chain management)</b>			
Bursa C7(a) Proportion of spending on local suppliers	Percentage	26.20 *	25.80
<b>Bursa (Data privacy and security)</b>			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0
<b>Bursa (Water)</b>			
Bursa C9(a) Total volume of water used	Megalitres	2,820.000000 *	2,640.000000
<b>Bursa (Waste management)</b>			
Bursa C10(a) Total waste generated	Metric tonnes	3,381.00 *	3,108.00
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	3,300.00 *	3,060.00
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	81.00 *	48.00
<b>Bursa (Emissions management)</b>			
Bursa C11(a) Scope 1 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	988,987.97 *	1,027,882.79
Bursa C11(b) Scope 2 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	115,953.12 *	139,945.87
Bursa C11(c) Scope 3 emissions in tonnes of CO <sub>2</sub> e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	644.86

**Note:**  
Megawatt in Bursa C4(a) indicator, refers to Megawatt-hours (MWh). In our reporting on page 44, energy consumption is expressed in Terajoules. FY2024, actual energy consumption is 13,907 TJ.

Bursa C1(a) FY2023 data has been restated in accordance with the revision and streamlining of the data collection methodology.  
Bursa C2(a) FY2023 data has been restated due to a minor data compilation oversight.  
Bursa C2(b) FY2023 data has been restated due to the duplication of events contributing to the same beneficiaries.  
Bursa C3(a) FY2023 data has been restated due to changes in the calculation method used for determining the percentages.  
Bursa C6(b) FY2023 data has been restated due to a minor revision in the classification of certain employees.  
Bursa C7(a) FY2023 data has been restated due to the broadened of reporting scope to align with best practices by including hydrocarbon purchases in HRC's total procurement spending.  
Bursa C9(a) FY2023 data has been restated in accordance with the revision of the data calculation method and the broadened data coverage to include the marine & jetty area and TA Village.

**Clarification:**  
Bursa C10(a), Bursa C10(a)(i), Bursa C10(a)(ii), Bursa C11(a), Bursa C11(b), and Bursa C11(c) data in FY2023 are not restatement as they have been disclosed in SR2023 and remain unchanged. These data are now incorporated into the Bursa Performance data as additional disclosures.

Internal assurance External assurance No assurance (\*)Restated



# SASB Index

Topic	Code	Metric	Page Reference
<b>Greenhouse Gas Emissions</b>	EM-RM-110a.1 EM-MD-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	GHG Emissions Management, Page 40
	EM-RM-110a.2 EM-MD-110a.2	Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets	Energy Masterplan, Page 44
<b>Air Quality</b>	EM-RM-120a.1 EM-MD-120a.1	Air emissions of pollutants (NO <sub>x</sub> , SO <sub>x</sub> , particulate matter, H <sub>2</sub> S, VOCs)	Sulphur Oxides (SO <sub>x</sub> ), Nitrogen Oxides (NO <sub>x</sub> ) and Methane (CH <sub>4</sub> ) Emissions Management, Page 41
<b>Ecological Impacts</b>	EM-MD-160a.1	Description of environmental management policies and practices for active operations	Environmental Sustainability, Page 37 - 51
	EM-MD-160a.4	(1) Number and (2) aggregate volume of hydrocarbon spills, (3) volume in Arctic, (4) volume in sites with high biodiversity significance, and (5) volume recovered	Please refer to IAR2024
<b>Water Management</b>	EM-RM-140a.1	Total water withdrawn, total water consumed; percentage in regions with High or Extremely High Water Stress	Water Consumption, Page 48 - 49
	EM-RM-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	Good Governance for The Road Ahead, Page 12
<b>Hazardous Materials Management</b>	EM-RM-150a.1	Amount of hazardous waste generated, percentage recycled	Hazardous Waste, Page 47
<b>Workforce Health &amp; Safety</b>	EM-RM-320a.1	Total recordable incident rate (TRIR), fatality rate, near miss frequency rate (NMFR) for direct and contract employees	OSH Performance, Page 79
	EM-RM-320a.2 EM-MD-540a.4	Discussion of management systems used to integrate a culture of safety and emergency preparedness throughout the value chain and throughout project lifecycles	Occupational Safety and Health, Page 73
<b>Management of the Legal &amp; Regulatory Environment</b>	EM-RM-530a.1	Corporate positions related to government regulations or policy proposals addressing environmental and social factors	Our Approach to Sustainability, Page 14; Water Consumption, Page 48; Effluent Treatment Plant ("ETP") Sludge, Page 50; Biodiversity Management, Page 51
<b>Critical Incident Risk Management</b>	EM-RM-540a.1	Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater and lesser consequence	Process Safety Event, Page 77
<b>Activity Metrics</b>	EM-RM-000.A	Refining throughput of crude oil and other feedstocks	Please refer to IAR2024
	EM-RM-000.B	Refining operating capacity	Please refer to IAR2024



# GRI Content Index

<b>STATEMENT OF USE:</b>	Hengyuan Refining Company Berhad has reported the information cited in this GRI content index for the period 1 January 2024 to 31 December 2024 with reference to the GRI Standards.
<b>GRI 1 USED:</b>	GRI 1: Foundation 2021

GRI STANDARD	GRI CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT	F4GBM ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE
<b>GRI 2: General Disclosures 2021</b>	2-1	Organisational details	-				About HRC (SR page 3-7); Corporate Information (SR page 7)
	2-2	Entities included in the organisation's sustainability reporting	Scope and Basis of Scope				Scope & Boundary (SR page 1)
	2-3	Reporting period, frequency and contact point					Scope & Boundary (SR page 1-2)
	2-4	Restatements of information		-	-	-	Supply Chain Management (SR page 30-31); Ethics and Integrity (SR page 36); Water and Effluent Management (SR page 49); Community Outreach (SR page 71)
	2-5	External assurance	Assurance				Statement of Assurance (SR page 80)
	2-6	Activities, value chain and other business relationships	-				Value Creation Model (SR page 8-9)
	2-7	Employees	Labour Practices & Standards C6(b)	Labour Standards	SDG5, 8	Principle 6	Equality and Diversity (SR page 54)
	2-8	Workers who are not employees					
	2-9	Governance structure and composition	Sustainability Governance	Corporate Governance	SDG16, 17	Principle 10	Sustainability Governance & Oversight (SR page 15-17); Corporate Governance Overview Statement ("CGOS") - Board Composition (IAR page 72-74)
	2-10	Nomination and selection of the highest governance body					CGOS - Board Nominating and Remuneration Committee (IAR page 74-76)



# GRI Content Index

GRI STANDARD	GRI CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT	F4GBM ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE
<b>GRI 2: General Disclosures 2021</b>	2-11	Chair of the highest governance body	Sustainability Governance	Corporate Governance	SDG16, 17	Principle 10	Profile of Directors (IAR page 60); CGOS - Separation of Positions of the Chairman and Chief Executive Officer (IAR page 70)
	2-12	Role of the highest governance body in overseeing the management of impacts					Sustainability Governance & Oversight SR page 15-17; CGOS - Addressing Sustainability Risks and Opportunities (IAR page 72-74)
	2-13	Delegation of responsibility for managing impacts					
	2-14	Role of the highest governance body in sustainability reporting					
	2-15	Conflicts of interest					Profile of Directors (IAR page 60-63); CGOS - Assessment of Board Composition (IAR page 74-75)
	2-16	Communication of critical concerns					Stakeholder Engagement (SR page 18-20); Materiality (SR page 21-25); Ethics and Integrity (SR page 35); Benefits and Engagement (SR page 59)
	2-17	Collective knowledge of the highest governance body					Additional Corporate Governance Disclosures - Directors' Training (IAR page 155)
	2-18	Evaluation of the performance of the highest governance body					CGOS - Board Effectiveness Assessment (IAR page 76)
	2-19	Remuneration policies					CGOS - Remuneration (IAR page 76-77); Directors' Remuneration Policy ( <a href="https://hengyuanrefining.listedcompany.com/misc/Remuneration_Policy_20221103.pdf">https://hengyuanrefining.listedcompany.com/misc/Remuneration_Policy_20221103.pdf</a> )
	2-20	Process to determine remuneration					
	2-21	Annual total compensation ratio					



# GRI Content Index

GRI STANDARD	GRI CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT	F4GBM ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE
GRI 2: General Disclosures 2021	2-22	Statement on sustainable development strategy	Sustainability Governance	Risk Management; Human Rights & Community	SDG16, 17	Principle 1, 2, 3, 7, 10	Message from Our Board (SR page 10-12)
	2-23	Policy commitments					Sustainability Governance & Oversight (SR page 15-17)
	2-24	Embedding policy commitments					About This Report (SR page 2); Ethics and Integrity (SR page 35); Benefits and Engagement (SR page 59)
	2-25	Processes to remediate negative impacts					
	2-26	Mechanisms for seeking advice and raising concerns					Good Governance for The Road Ahead (SR Page 12)
	2-27	Compliance with laws and regulations					Stakeholder Engagement (SR page 18-19)
	2-28	Membership associations					
	2-29	Approach to stakeholder engagement					Labour and Human Rights (SR page 64)
	2-30	Collective bargaining agreements	Labour Standards				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Materiality Assessment	-	-	-	Materiality (SR page 21-25)
	3-2	List of material topics	Management Approach				Economic Sustainability (SR page 26-36); Environmental Sustainability (SR page 37-51); Social Sustainability (SR page 52-79)
	3-3	Management of material topics					
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	-	-	SDG1, 8, 10, 13	-	Economic Performance (SR page 27)
	201-2	Financial implications and other risks and opportunities due to climate change	TCFD Aligned Disclosure				IFRS S1, IFRS S2 & TCFD Index (SR page XX)
	201-3	Defined benefit plan obligations and other retirement plans	-				All retirement benefits are provided through Malaysia's statutory Employee's Provident Fund (EPF) and Social Security Organisation (SOC SO) schemes. See Benefits and Engagement (SR page 59-60).
	201-4	Financial assistance received from government	-				Not applicable



# GRI Content Index

GRI STANDARD	GRI CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT	F4GBM ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE
<b>GRI 202: Market Presence 2016</b>	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-	Human Rights & Community	SDG5, 8, 10	Principle 6	Not disclosed due to the commercial sensitivity of wage-related data. All entry-level salaries at the Malaysian operations comply with or exceed the statutory minimum wage.
	202-2	Proportion of senior management hired from the local community					Workforce Diversity (SR page 54 - 56); CGOS - Board and Senior Management Diversity (IAR pages 73 & 74)
<b>GRI 203: Indirect Economic Impacts 2016</b>	203-1	Infrastructure investments and services supported	-	Human Rights & Community	SDG9, 11	-	Value Creation Model - Manufactured and Social Capital (SR page 8-9); Future Focus (IAR page 20)
	203-2	Significant indirect economic impacts					Supply Chain Management (SR page 30-31)
<b>GRI 204: Procurement Practices 2016</b>	204-1	Proportion of spending on local suppliers	Supply Chain Management C7(a)	Human Rights & Community	SDG8 SDG17	-	Supply Chain Management (SR page 30)
<b>GRI 205: Anti-corruption 2016</b>	205-1	Operations assessed for risks related to corruption	Anti-Corruption C1(a) C1(b) C1(c)	Anti-Corruption	SDG4 SDG16	Principle 10	Ethics and Integrity (SR page 35-36)
	205-2	Communication and training about anti-corruption policies and procedures					Ethics and Integrity (SR page 35-36)
	205-3	Confirmed incidents of corruption and actions taken					Ethics and Integrity (SR page 35-36)
<b>GRI 206: Anti-competitive Behavior 2016</b>	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	-	"SDG8, 10, 16"	Principle 10	No incidents in the reporting year. See also Supply Chain Management (SR page 31)
<b>GRI 207: Tax 2019</b>	207-1	Approach to tax	-	Tax Transparency	SDG10, 16, 17	-	Statement on Risk Management and Internal Control (IAR page 80-85); Notes to the Financial Statements - Tax Income (IAR page 122)
	207-2	Tax governance, control, and risk management					
	207-3	Stakeholder engagement and management of concerns related to tax					
	207-4	Country-by-country reporting					



# GRI Content Index

GRI STANDARD	GRI CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT	F4GBM ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE
<b>GRI 301: Materials 2016</b>	301-1	Materials used by weight or volume	Materials S5(a)	Pollution & Resources	SDG12	Principle 7, 8, 9	Not applicable as HRC's operations centre on the refining and processing of crude oil feedstock. All feedstock volumes are reported under Reliable Operations and Production - Production Volume chart (SR page 33)
	301-2	Recycled input materials used					
	301-3	Reclaimed products and their packaging materials					
<b>GRI 302: Energy 2016</b>	302-1	Energy consumption within the organisation	Energy Management C4(a)	Climate Change	SDG7, 12, 13	Principle 7, 8, 9	Energy Management (SR page 43-45)
	302-2	Energy consumption outside of the organisation					
	302-3	Energy intensity					
	302-4	Reduction of energy consumption					
	302-5	Reductions in energy requirements of products and services					
<b>GRI 303: Water and Effluents 2018</b>	303-1	Interactions with water as a shared resource	Water C9(a) Effluents S8(a)	Water Use Pollution & Resources	SDG6, 12	Principle 7, 8, 9	Water and Effluent Management (SR page 48-50)
	303-2	Management of water discharge-related impacts					
	303-3	Water withdrawal					
	303-4	Water discharge					
	303-5	Water consumption					
<b>GRI 304: Biodiversity 2016</b>	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Biodiversity S1(a) S1(b) S1(c)	Biodiversity	SDG14, 15	Principle 7, 8, 9	Biodiversity Management (SR page 51)
	304-2	Significant impacts of activities, products and services on biodiversity					
	304-3	Habitats protected or restored					
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations					



# GRI Content Index

GRI STANDARD	GRI CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT	F4GBM ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE
<b>GRI 305: Emissions 2016</b>	305-1	Direct (Scope 1) GHG emissions	Emissions Management C11(a) C11(b) C11(c)	Climate Change	SDG7, 12, 13	Principle 7, 8, 9	Climate Change and Greenhouse Gas ("GHG") Emissions (SR page 39-42)
	305-2	Energy indirect (Scope 2) GHG emissions					
	305-3	Other indirect (Scope 3) GHG emissions					
	305-4	GHG emissions intensity					
	305-5	Reduction of GHG emissions					
	305-6	Emissions of ozone-depleting substances (ODS)	Emissions - Air Quality/ Pollution S4(a)	Pollution & Resources			Not applicable
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions					Climate Change and Greenhouse Gas ("GHG") Emissions (SR page 39-42)
<b>GRI 306: Waste 2020</b>	306-1	Waste generation and significant waste-related impacts	Waste Management C10(a) C10(a)(i) C10(a)(ii)	Pollution & Resources	SDG6, 12	Principle 7, 8, 9	Waste Management (SR page 46-47)
	306-2	Management of significant waste-related impacts					
	306-3	Waste generated					Waste Management (SR page 46-47); Process Safety Event (SR page 77)
	306-4	Waste diverted from disposal					Hazardous Waste (SR page 47)
	306-5	Waste directed to disposal					Waste Management (SR page 46-47)
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1	New suppliers that were screened using environmental criteria	Supply Chain (Env) S6(a) S6(b)	Supply Chain (Environment)	SDG8, 11, 12, 16	Principle 7, 8	Due diligence was conducted for all contracting and procurement activities. See Supply Chain Management - Contracts with Supplier and Business Partner (SR page 30)
	308-2	Negative environmental impacts in the supply chain and actions taken					



# GRI Content Index

GRI STANDARD	GRI CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT	F4GBM ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE
<b>GRI 401: Employment 2016</b>	401-1	New employee hires and employee turnover	Labour Practices and Standards C6(c)	Labour Standards	SDG5, 8	Principle 6	Equality and Diversity (SR page 57-58)
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees					
	401-3	Parental leave					Benefits and Engagement (SR page 61)
<b>GRI 402: Labour/ Management Relations 2016</b>	402-1	Minimum notice periods regarding operational changes	-	-	SDG8	-	Not disclosed. HRC subscribes to internationally recognised human rights standards, see Key Human Resource Principles (SR page 59) and Labour and Human Rights (SR page 64)
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1	Occupational health and safety management system	Health and Safety C5(a) C5(b) C5(c)	Health & Safety	SDG3, 4, 8	-	Occupational Safety and Health (SR page 75-76)
	403-2	Hazard identification, risk assessment, and incident investigation					Occupational Safety and Health (SR page 75-76)
	403-3	Occupational health services					Benefits and Engagement - Workplace Health Team Building (SR page 63); Occupational Safety and Health (SR page 73-79)
	403-4	Worker participation, consultation, and communication on occupational health and safety					Occupational Safety and Health (SR page 73-79)
	403-5	Worker training on occupational health and safety					Occupational Safety and Health - OSH Training (SR page 78)
	403-6	Promotion of worker health					Benefits and Engagement - Workplace Health Team Building (SR page 63) and Working Hours (SR page 59)
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships					
	403-8	Workers covered by an occupational health and safety management system					Occupational Safety and Health (SR page 73-79)
	403-9	Work-related injuries					Occupational Safety and Health - OSH Performance (SR page 79)
	403-10	Work-related ill health					



# GRI Content Index

GRI STANDARD	GRI CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT	F4GBM ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE
<b>GRI 404: Training and Education 2016</b>	404-1	Average hours of training per year per employee	Labour Practices and Standards C6(a)	Labour Standards	SDG4, 5, 8	-	Training Data (SR page 68)
	404-2	Programmes for upgrading employee skills and transition assistance programmes					Training and Development - Training (SR page 65-67); People & Leadership - Succession Planning (IAR page 16-17)
	404-3	Percentage of employees receiving regular performance and career development reviews					
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1	Diversity of governance bodies and employees	Diversity C3(a) C3(b)	Labour Standards	SDG5, 8, 10	Principle 6	Equality and Diversity (SR page 54-56); Board and Senior Management Diversity (IAR page 73-74)
	405-2	Ratio of basic salary and remuneration of women to men					Not disclosed due to the commercial sensitivity of wage-related data.
<b>GRI 406: Non-discrimination 2016</b>	406-1	Incidents of discrimination and corrective actions taken	-	Labour Standards	SDG5, 8, 10, 16	Principle 6	Equality and Diversity (SR page 53-58); Labour and Human Rights (SR page 64)
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-	Labour Standards	SDG8, 10, 16	Principle 1, 2, 3	Freedom of Association (SR page 60)
<b>GRI 408: Child Labour 2016</b>	408-1	Operations and suppliers at significant risk for incidents of child labour	-	Labour Standards	SDG8, 10, 16	Principle 1, 2, 5	Fair Wages, Forced and Child Labour (SR page 60)
<b>GRI 409: Forced or Compulsory Labour 2016</b>	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	-	Labour Standards	SDG8, 10, 16	Principle 1, 2, 4	Fair Wages, Forced and Child Labour (SR page 60)
<b>GRI 410: Security Practices 2016</b>	410-1	Security personnel trained in human rights policies or procedures	-	-	SDG4, 16	Principle 1, 2	HRC does not currently track this indicator. However, HRC has appointed the Industrial Relations / Employee Relations Advisor as the key focal person responsible to monitor any human rights matters in HRC, including those arising from security requirements.



# GRI Content Index

GRI STANDARD	GRI CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT	F4GBM ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE
<b>GRI 411: Rights of Indigenous Peoples 2016</b>	411-1	Incidents of violations involving rights of indigenous peoples	-	Human Rights & Community	SDG10, 16	Principle 1, 2	Not applicable as HRC's operations are not located in or near indigenous settlements
<b>GRI 413: Local Communities 2016</b>	413-1	Operations with local community engagement, impact assessments, and development programmes	Community/ Society C2(a) C2(b)	Human Rights & Community	SDG11, 16, 17	-	Community Engagement (SR page 69-72); Stakeholder Engagement (SR page 18-19); Waste Management - Hazardous Waste (SR page 47); Water and Effluent Management - Effluent Management (SR page 49); Biodiversity Management (SR page 51); Process Safety Event (SR page 77); Grievance Mechanism (SR page 59)
	413-2	Operations with significant actual and potential negative impacts on local communities					
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1	New suppliers that were screened using social criteria	Supply Chain (Social) S7(a) S7(b)	Supply Chain (Social)	SDG8, 10, 11, 16	Principle 1, 2	Supply Chain Management - Contracts with Supplier and Business Partner (SR page 30)
	414-2	Negative social impacts in the supply chain and actions taken					
<b>GRI 415: Public Policy 2016</b>	415-1	Political contributions	-	Anti-Corruption	SDG16	Principle 10	Total amount of political contributions made is zero in FY2024, see Anti-Corruption - Commitment to remain apolitical (SR page 35)
<b>GRI 416: Customer Health and Safety 2016</b>	416-1	Assessment of the health and safety impacts of product and service categories	Customer Health & Safety/ Product Responsibility S3(a) S3(b) S3(c)	Customer Responsibility	SDG3, 16	-	Not applicable as HRC sells bulk petroleum products exclusively via B2B supply agreements. There were zero incidents of product quality incidents recorded in FY2024, with all shipments adhering to our ISO 17025-accredited laboratory programme (see Product Quality, SR page 29). Process safety is also closely monitored (see Process Safety Event, SR page 77).
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services					



# GRI Content Index

GRI STANDARD	GRI CODE	GRI DISCLOSURE	BURSA SRG3 ALIGNMENT	F4GBM ALIGNMENT	UNSDG ALIGNMENT	UNGC ALIGNMENT	PAGE REFERENCE AND REASONS FOR OMISSIONS, IF APPLICABLE
<b>GRI 417: Marketing and Labeling 2016</b>	417-1	Requirements for product and service information and labeling	-	Customer Responsibility	SDG16	-	Not applicable as HRC sells refined petroleum products in bulk under business-to-business supply agreements and does not engage in consumer-facing marketing, packaging or labelling activities
	417-2	Incidents of non-compliance concerning product and service information and labeling					
	417-3	Incidents of non-compliance concerning marketing communications					
<b>GRI 418: Customer Privacy 2016</b>	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Privacy and Security C8(a)	Human Rights & Community	SDG16	-	Sustainability Performance Data (SR pages 81 & 82)



# IFRS S1, IFRS S2 & TCFD Index

Recommended Disclosures		IFRS S1 Location / Explanation	IFRS S2 & TCFD Location / Explanation
GOVERNANCE	a) <b>Board Oversight</b>	<p>Board of Directors retains overall responsibility for sustainability and climate-related governance, setting strategic direction and overseeing execution via the various Board Committees.</p> <p>Management is accountable for implementing and maintaining the internal control and risk management system, including sustainability and climate-related risks, through the Sustainability Steering Committee ("SSC"). They are assisted by the Sustainability Working Group in the day-to-day management and implementation processes.</p> <p>Refer to Sustainability Governance &amp; Oversight on page 15-16 of SR2024.</p>	
	b) <b>Management's Role</b>		
STRATEGY	a) <b>Risks and Opportunities</b>	<p>Sustainability and climate-related risks and opportunities and their impacts on HRC's refining operations and supply chain are reflected in the Materiality (page 21-25 of SR2024) and Risks and Opportunities to Value Creation (page 43-52 of IAR2024).</p> <p>Strategic responses to sustainability and climate risks and opportunities are detailed in the FY2024 Strategic Review (page 16-18 of IAR2024), outlining mitigation measures and value-creation initiatives. Additional information on HRC's climate-related strategic initiatives is also detailed in Environmental Sustainability (page 37-51 of SR2024).</p> <p>The resilience of HRC's climate and sustainability risk management approach is measured through a company-wide Business Performance Scorecard that tracks sustainability and climate metrics alongside the Group's financial performance (see FY2024 Key Performance Indicators (KPIs) on page 21 of IAR2024).</p>	
	b) <b>Impact on Business Model and Value Chain</b>		
	c) <b>Strategy and Decision-making</b>		
	d) <b>Financial Position</b>		
	e) <b>Resilience of Strategy</b>		
STRATEGY	a) <b>Risk ID and Assessment Processes</b>	<p>Sustainability and climate-related risks and opportunities have been identified through the materiality assessment process, which captures both risks and opportunities across economy, environment and social topics. They are further assessed through HRC's integrated thinking workshop. Please refer to Materiality (page 21-25 of SR2024) and Risks and Opportunities to Value Creation (page 43-52 of IAR2024).</p> <p>The Group adopts a MS ISO 31000:2020-based framework and conducts quarterly risk reviews by the leadership team and BRMC, covering sustainability, climate and operational risks. These are integrated into the enterprise risk register and internal control system, with key risk items escalated to the BAC and BRMC each quarter. HRC's Three-Lines-of-Defence model ensures day-to-day risk management, oversight functions and independent assurance cover climate-related controls. Additional information about HRC's risk management approach is detailed in the Statement on Risk Management and Internal Control (page 80 - 85 of IAR2024).</p>	
	b) <b>Risk Management Processes</b>		
	c) <b>Integration into Overall Risk Management</b>		
STRATEGY	a) <b>Metrics Used</b>	<p>HRC utilises a range of indicators aligned with the sustainability reporting standards, frameworks, guidelines and indices adopted by the Group (page 1 of SR2024). These include climate-related metrics such as GHG emissions from Scope 1 &amp; 2, Sulphur Oxides (SOx), Nitrogen Oxides (NOx), and Methane (CH4), carbon intensity against production volume (tonnes CO<sub>2</sub>-eq per million barrels), and the Solomon Energy Intensity Index (EII) (page 39-45 of SR2024). Other ESG metrics used are disclosed throughout SR2024, and in the SASB Index (page 83 of SR2024), Sustainability Performance Data (page 81-82 of SR2024), and FY2024 Key Performance Indicators (KPIs) (page 21 of IAR2024).</p> <p>The Group's sustainability and climate-related targets are disclosed in the Sustainability Roadmap (page 15 of SR2024).</p>	
	b) <b>Performance Data</b>		
	c) <b>Targets Set</b>		







