



# POWERING



## 2023 SUSTAINABILITY REPORT

Hengyuan Refining Company Berhad

Registration No. 196001000259 (3926-U)

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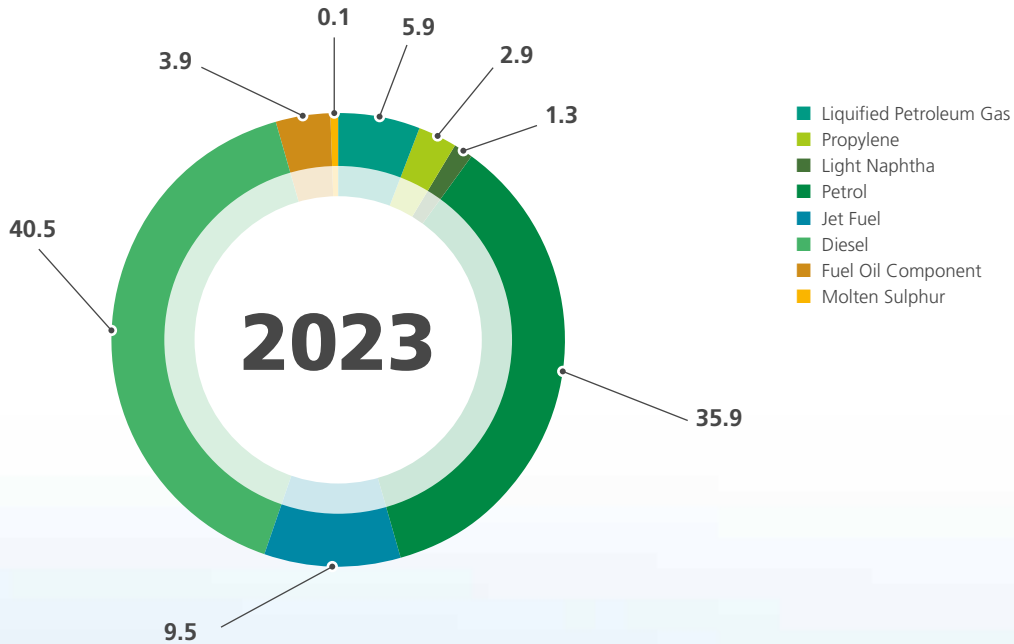
# WHAT WE DO

Hengyuan Refining Company Berhad (HRC or the Company), is a public company listed on the Main Board of Bursa Malaysia. Incorporated in 1960, HRC has been operational since 1963 and is one of the most established and reliable refiners in Malaysia. We are supported by Shandong Hengyuan Petrochemical Company Limited (SHPC) which owns a 51% stake in HRC via Malaysia Hengyuan International Limited since December 2016, in particular through management and technical support in addition to procurement of crude and sale of refined petroleum products.

Our refinery in Port Dickson, Negeri Sembilan plays an integral role in the development of the nation's oil and gas industry and continues to contribute to the growth and evolution of the industry as well as facilitating the progression of the community surrounding our operational footprint.

We process crude oil from Malaysia and all over the world and have licensed capacity to deliver up to 156,000 barrels of petroleum products per day to customers primarily in Malaysia and across Southeast Asia. Our comprehensive range of products include liquefied petroleum gas (LPG), petrol, jet fuel, diesel, fuel oil components, and chemical feedstocks (such as light naphtha and propylene).

**Product Yield**  
(%)



Malaysia is our principal market and 80.0% (by volume) of our refined products are sold locally. The remaining 20.0% of our production, including propylene and surplus petrol, jet fuel and diesel, is exported to countries across Southeast Asia.

Our main business activities are focused on refining and processing crude oil, refinery operations and maintenance. We supply our customers through three channels: the multi product pipeline to Klang Valley and KLIA, our truck loading gantry for local (West Malaysia) customers and exporting products via vessels through our jetty to overseas markets.



# FUELLING A SUSTAINABLE FUTURE

# 1



## Vision

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

# 2



## 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.

# 3



## Values



Integrity



Collaboration



Accountability



Respect



Entrepreneurial

# 4



## Purpose

**We Power Human Connections**

We connect and bring people together through solutions and conveniences that our products create.

# ABOUT THIS REPORT

Publication of the Sustainability Report, which started in 2017, has been an annual fixture at HRC in line with our responsibility to keep stakeholders abreast and informed of endeavours and developments from the sustainability perspective, specifically in the 3 core areas of Environment, Social and Governance.

This 7<sup>th</sup> annual Sustainability Report contains reflections of our sustainability performance and associated initiatives as well as key plans moving forward as we uphold and realise our commitment to sustainability while continuing to generate long-term value for our diverse stakeholders.

01

## Scope

This Report covers HRC's sustainability performance of its refining operations in Port Dickson, Negeri Sembilan.

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## Reporting Period

We report on our sustainability initiatives and performance on an annual basis. The reporting period for this Report is from 1 January 2023 to 31 December 2023 (FY2023). Where relevant, for better context and comparability of relative performance we make references to our previous disclosures in our FY2022 report.

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## Reporting Standards

This Report is prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia) and Bursa Malaysia's Sustainability Reporting Guide (3rd edition). Our disclosures are also guided by applicable reporting principles of the Global Reporting Initiative (GRI) Standards and where applicable, we strive to adhere to the FTSE4Good Bursa Malaysia Index criteria. We have also included references to the United Nations (UN) Sustainable Development Goals (SDGs) which HRC continues to support and promote in our practices. HRC is conducting preparatory efforts towards aligning our sustainability reporting with disclosure requirements prescribed under the Task Force on Climate-Related Financial Disclosures (TCFD) by FY2025 as mandated by Bursa Malaysia. TCFD disclosures will be reported progressively across FY2024 - FY2025.

This Sustainability Report should be read in conjunction with the Company's Annual Report 2023 (AR2023) for a more comprehensive overview of HRC's financial and non-financial performance.

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## Independent Assurance

Given the stringent internal validation, verification and review process in place over the preparation of this Report, HRC has not sought any independent assurance for this Report. Independent assurance will be considered when efforts to capture and process the data underlying key disclosures have matured at which time an independent assurance will add greater value to the Sustainability Report.

However, we have conducted an internal review of selected aspects of this current Sustainability Report, namely GHG Emissions Scope 1, GHG Emissions Scope 2 and Flaring Emissions.

The related Statement of Assurance, presented on page 69 of this report has been approved by HRC's Board Audit Committee.

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## We Appreciate Your Feedback

As part of our efforts to continually enhance our reporting to better serve stakeholders' needs, we value your feedback and welcome comments to improve our future reports.

We will attempt to provide further clarity to the disclosures and topics in this Sustainability Report in response to your feedback, as necessary. Please share your comments, suggestions and feedback via email to: [hrcpd-corporate-affairs@hrc.com.my](mailto:hrcpd-corporate-affairs@hrc.com.my).

## MESSAGE FROM OUR BOARD

The Board of Directors is pleased to present this 7<sup>th</sup> Annual Sustainability Report in which we reflect on our continuing sustainability journey. In truth, this is a continuous journey through which HRC will traverse uncharted territories and encounter new challenges. While the many facets of sustainability will continue to change and evolve, one thing is clear: sustainability is imperative for the continuing prosperity of HRC and our diverse stakeholders. Accordingly, the Board pledge to place intense focus on sustainability and further strengthen our conviction to realising our sustainability commitments and goals.



In the following pages we provide a detailed overview of HRC's material sustainability matters, the associated initiatives implemented to manage them and the corresponding progress. We also outlined future plans to further strengthen our sustainability stance and build on the platform established to continue generating and delivering sustainable long term value and reinforce our duty of care for our employees, society, environment and the planet.

### Balancing Growth and Sustainability

The world has come to associate sustainability, substantially, with planetary care and wellbeing. While HRC subscribes to this point of view, we also believe that sustainability as it relates to our business has a wider meaning and must extend across the 3 elements of environment, social and governance (ESG) for long term prosperity and resilience, more importantly, to maintain our capacity for value creation and support for national development.

We are acutely aware that climate change has become increasingly apparent and the call for the world to act in solidarity to address this existential threat has become louder and gained greater urgency. HRC has heeded this call and has put in place a range of initiatives to manage and reduce our emissions to contribute to addressing global warming, witness the continuing implementation of our long-term Energy Masterplan and the impending implementation of the Flare Gas Recovery Unit (FGRU) intended to both reduce emissions into the atmosphere and for energy saving. HRC has always conscientiously managed the impact of our operations on global warming as emissions are directly linked to energy consumption and hence a core component of our continuous cost optimisation efforts through energy savings.

As we place greater focus on sustainability and implement an increasing range of initiatives across multiple areas, we are also conscious that the need for resources will be grow both in terms of funding and human capital. In this regard, HRC has a keen focus on astutely allocating resources and ruthlessly prioritising initiatives for implementation to derive maximum benefits. The Board, while acknowledging the criticality of sustainability, also places importance on HRC's continued growth and expansion which are equally critical to long-term value creation.

## MESSAGE FROM OUR BOARD

Balancing the twin priorities of growth and sustainability will not be easy given that they both compete for the same pool of scarce resources. However, the Board is committed to acting in the best interests of HRC and ensure these two priorities are not compromised.

### Our Commitment to Sustainability

To reiterate, the Board holds the conviction that sustainability is critical to HRC’s continuing ability to generate long-term stakeholder value. As well, a sustainability focus also contributes to upholding HRC’s reputation as a responsible and conscientious corporate citizen and explicitly demonstrates HRC’s solidarity with the global community in support of UN SDGs in efforts to build a better, more sustainable future.

Testifying to our commitment to sustainability and excellence in environmental management, in the year under review HRC received the prestigious Prime Minister’s Hibiscus Award for Excellent Achievement in the Environmental Performance category. Notably, this is the second time HRC has been conferred this prestigious award.

HRC was also accorded the gold award for the “Most Consistent Performer Over Five Years” at The Edge Malaysia ESG Awards 2023. In addition to testifying to HRC’s untiring and continuous efforts at embedding ESG across our operations, the award also acknowledges HRC’s transparency in sustainability reporting and disciplined compliance to reporting requirements.

HRC has a focus on sustainability across the 5 strategic pillars below.



The strategic pillars collectively contribute to sustainability across all facets of HRC’s operations and in the process contribute to building and reinforcing resilience to address future challenges. Given the constantly changing external environment and customer sentiments, resilience is imperative. To bring it to life, sustainability considerations are given cognisance in strategic decision making and is embedded as an integral part of HRC’s operations.



### Key Sustainability Initiatives in 2023

A range of sustainability related initiatives were implemented across 2023, the ones that are more enterprise-wide, high impact and intended to create lasting change are:

#### 01 Sustainability & ESG Framework

HRC has engaged an external consultant to formulate an ESG and Sustainability Framework to guide the Company in a structured and progressive journey towards achieving maturity in sustainability practices. The framework is structured into three phases, with the governance-focused first phase initiated in 2023 during which a Sustainability Steering Committee, composed of the Leadership Team, was established along with its associated Terms of Reference. Moving forward, a series of targeted activities laid out in the Framework with timelines extending up to 2031 will be executed to gradually mature and embed sustainability.

#### 02 Energy Masterplan

This was updated in 2022 to bring about greater efficiency in our energy consumption and realise our commitment to reduce HRC’s energy footprint. Phase 1 of the Energy Masterplan was completed in 2023, which resulted in significant improvement to the refinery’s energy efficiency and Phase 2 and Phase 3 are expected to continue progressively until 2028. The Masterplan is an important component to HRC achieving Net Zero by 2050, its steadfast and focused execution over the recent years has contributed to HRC achieving the best Energy Efficiency Index (EII) score in a decade of 104.8 against a target of 106.8.

## MESSAGE FROM OUR BOARD



One of our most significant investment that will be rolled out in 2024 is the Flare Gas Recovery Unit (FGRU). A core component in managing emissions generated during the production process, it is designed to capture and utilise gases that otherwise would be flared off. The implementation of the FGRU is a significant step to reducing HRC's carbon footprint.

### 03 People Programme

This is a strategically important programme with key objectives of enhancing organisational effectiveness, strengthening team cohesiveness and revitalising employees' sense of belonging and passion through a better employee experience. At its core this programme recognises the critical role of human capital in supporting and sustaining HRC's progression and growth and acknowledges our responsibility to equitably reciprocate our workforce for their efforts and contributions.

### 04 Major Turnaround (TA)

HRC successfully completed a major Turnaround (TA) in 2023. This is a regeneration, maintenance and renovation exercise for our production facilities that takes place every 4 to 5 years. The TA ensures that our facilities continue to operate at optimum efficiency and safety in a sustainable manner to support the uninterrupted generation of revenue while keeping our workforce safe. The enhanced efficiency derived from the TA also result in energy savings and as a consequence, help reduce emissions.

As HRC endeavours to continuously embed sustainability across our operations, sustainability related initiatives will be constantly planned and implemented.

### Looking Ahead

A momentous development took place at the United Nations Climate Change Conference (COP28) which convened in Dubai across November and December 2023. Almost 200 conference participants agreed to a swift, just and equitable transition away from fossil fuels. This will have an impact on HRC in the longer term. With that said, non-renewable sources are still expected to remain as a significant component of Malaysia's total energy mix in the coming years, as such, continuous enhancement of our existing businesses remains a key part of our strategy.

As the world increasingly pivots towards electric vehicles and renewable energy sources, HRC recognises the strategic importance of aligning our operations with this global shift. Embracing the transition to cleaner technologies and sustainable practices is not only a necessity for environmental stewardship but also a strategic imperative for long-term business resilience.

To HRC, the national and global move towards electric vehicles and renewables present both challenges and opportunities. By strategically aligning our business with sustainable practices, while maintaining our business to capture the new opportunities in Malaysia's market, we believe that the anticipated impact on earnings will be positive in the longer term, contributing to economic growth and a more resilient future.

We are proactively managing risks associated with the global transition, including potential regulatory changes, market disruptions, and technological advancements. By staying agile and responsive, we aim to mitigate risks and capitalise on emerging opportunities.

On the sustainability reporting and disclosure front, we have diligently kept pace with the reporting standards mandated by Bursa Malaysia. Our efforts extend beyond mere compliance, as we strive to uphold the spirit of these standards, embracing them as integral components of our corporate governance and disclosure practices. We understand the importance of these frameworks in addressing the evolving landscape of climate-related risks and opportunities. We are committed to providing stakeholders with transparent and accurate information regarding our climate-related financial exposures and strategies. Moving forward, HRC will continually enhance sustainability reporting and disclosure to align to globally recognised frameworks.

### A Word of Thanks

The Board would like to record our sincere appreciation to our employees for their unstinting contributions in supporting our business and sustainability efforts, to our shareholders for standing by HRC through thick and thin and to our stakeholders for their invaluable feedback, guidance and collaboration.



# 2023 SUSTAINABILITY HIGHLIGHTS

## Sustainability & ESG Framework

The development of a Sustainability & ESG Framework sets in motion HRC's journey towards achieving maturity in sustainability. The framework maps out a long-term plan of action which is to progressively enhance the sophistication of HRC's sustainability approaches and embed sustainability more deeply throughout the organisation.



## Turnaround

A major Turnaround exercise was executed and completed in FY2023. This exercise rejuvenated the overall operating efficiency of site equipment involved which enhanced sustainability of operations, contributes to lowering energy consumption and the attendant emissions.

## Plant Reliability

A historically low Unplanned Downtime (UPDT) of 0.68% was achieved in FY2023, with operational availability at 99.3%. This impressively low UPDT puts us on par against other worldwide refineries and under quartile-1 of the Solomon Associates benchmark.



## People Programme

The workforce-focused People Programme which implementation commenced in FY2023 will develop a sustainable cohesive workforce in realisation of the "ONE Hengyuan" aspiration. This workforce acts in concert driven by a common vision and bolstered by a supportive and committed leadership.

## HSSE Excellence

Awarded 94%, with 5 stars for Critical Installation Facility, after being audited by the Chief Government Security Officer and the Malaysian Communications and Multimedia Commission.



## ISO Surveillance Audits

Completed ISO surveillance audit with zero non-conformance for:

- **ISO 9001:2015**  
Quality Management System
- **ISO 14001:2015**  
Environmental Management System
- **ISO 45001:2018**  
Occupational Safety & Health Management System
- **ISO 37001:2016**  
Anti-Bribery Management System
- **ISO 17025:2017**  
Testing and Calibration Laboratories
- **ISO 27001:2013**  
Information Security Management System

## The Edge Malaysia ESG Award

Winner of Gold Award for the Most Consistent Performer Over Five Years in FY2023.



## Prime Minister's Hibiscus Award

Conferred the prestigious Prime Minister's Hibiscus Award 2021/2022, for Excellent Achievement in Environmental Performance for the second consecutive cycle affirming HRC's continued sustainability efforts and excellence in environmental management.

## OUR APPROACH TO SUSTAINABILITY

The overarching principal of our approach to sustainability is doing the right things in a responsible and ethical manner while creating long-term stakeholder value. We balance economic ambitions with environmental and social responsibilities and while methods and execution may vary to suit circumstances, we unflinchingly adhere to this overarching principal.

HRC operates as an integral part of the broader oil and gas industry which supplies a source of energy critical to driving the economies and development of countries across the globe. Unfortunately, this industry also has a linkage to climate change and as the reality of global warming bears on the global community the push for decarbonisation, a principal mechanism of which is energy transition, has grown stronger and more urgent.

The urgency for energy transition is underscored by the first Global Stocktake (GST), to ascertain progress towards meeting the Paris Climate Change Agreement (Paris Agreement) goals. The GST indicates that the world is not on track to limiting global warming to 1.5 °C and the window to intensify efforts to meet this goal is rapidly narrowing and consequently, calls for greater urgency, commitment and focus in implementing measures to limit global warming.

As a responsible member of the global community, HRC shares the collective concerns over global warming. In support of the Paris Agreement goals, we have set an aspiration to achieve net-zero carbon emissions by 2050 and a range of carbon management strategies has been formulated and in execution to reduce emissions from our business operations, witness our Energy Masterplan.

As we strive to contribute to global efforts to limit global warming and deliver on our commitment to secure environmental sustainability, there is a competing sustainability context that we must also address, that of business sustainability. As energy transition takes hold and becomes embedded, a direct consequence will be a reduction in demand for our products which will affect economic performance and impact business sustainability.

HRC is acutely aware of the impact and implications of our responsibilities for environmental and business sustainability as well as the need to delicately balance them. Developing appropriate responses will require careful thought and in-depth due diligence given their far-reaching ramifications. While plans in this direction are afoot, efforts will take some time to come to fruition. In the meantime, we remain diligent to new developments within the industry for ideas and initiatives that HRC can usefully apply.

### Sustainability Focus Areas

While environmental sustainability is clearly critical given the industry we operate in, HRC recognises that sustainability must be addressed an enterprise-wide endeavour. Accordingly, sustainability considerations are taken in account and infused across 5 strategic pillars and their underlying operations.



The 5 strategic pillars represent core business components that are pivotal to value creation, business growth and resilience, hence it is imperative that sustainability considerations are embedded within them. To bring sustainability considerations to life, we formulate sustainability commitments, set targets and track progress towards the targets.

Matters related to the management of sustainability matters are reported to the Board and discussed at the sub-committee level. The Steering Committee which comprise representatives of relevant departments monitor, review and implement required interventions to improve performance to ensure progress towards meeting our targets.

### Institutional Strengthening - Sustainability

Recognising the increasing significance of sustainability, HRC has developed a Sustainability & ESG Roadmap to improve our sustainability governance and execution. Among other things, the scope of work covers:

- the development of a more effective governance and oversight structure;
- short, middle and long term improvement initiatives; and
- capability building and reinforcement programmes.

## OUR APPROACH TO SUSTAINABILITY

The proposed roadmap is currently under consideration and planned to be implemented with refinements as needed. A preliminary view of the roadmap, subject to further refinements is presented below.

	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 for full alignment to TCFD disclosures by FY2027.</li> <li>To deploy activities that will enable HRC to achieve its interim target by 2030 for its Net Zero 2050 aspiration.</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 to achieve Net Zero 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 full alignment 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>

### Sustainability Governance

HRC has in place a robust Sustainability Governance Structure that involves all relevant HRC constituents from senior levels, specifically the Board of Directors, Chief Executive Officer (CEO) and Leadership Team through to functional staff tasked with execution.

This Governance Structure oversees the formulation of sustainability policies and commitments as well as the execution of sustainability initiatives, in particular identification and leverage of climate-related opportunities and management and mitigation of climate-related risks.

All constituents within our Sustainability Governance Structure work in unison to ensure HRC delivers on our sustainability commitments and sustainability remains front and centre in the conduct of our business.

Formal communication channels are built into the structure to facilitate ease of information sharing, monitoring, reporting and decision making to ensure sustainability initiatives are well implemented and achieve their defined objectives to support HRC in delivering on our sustainability commitments.

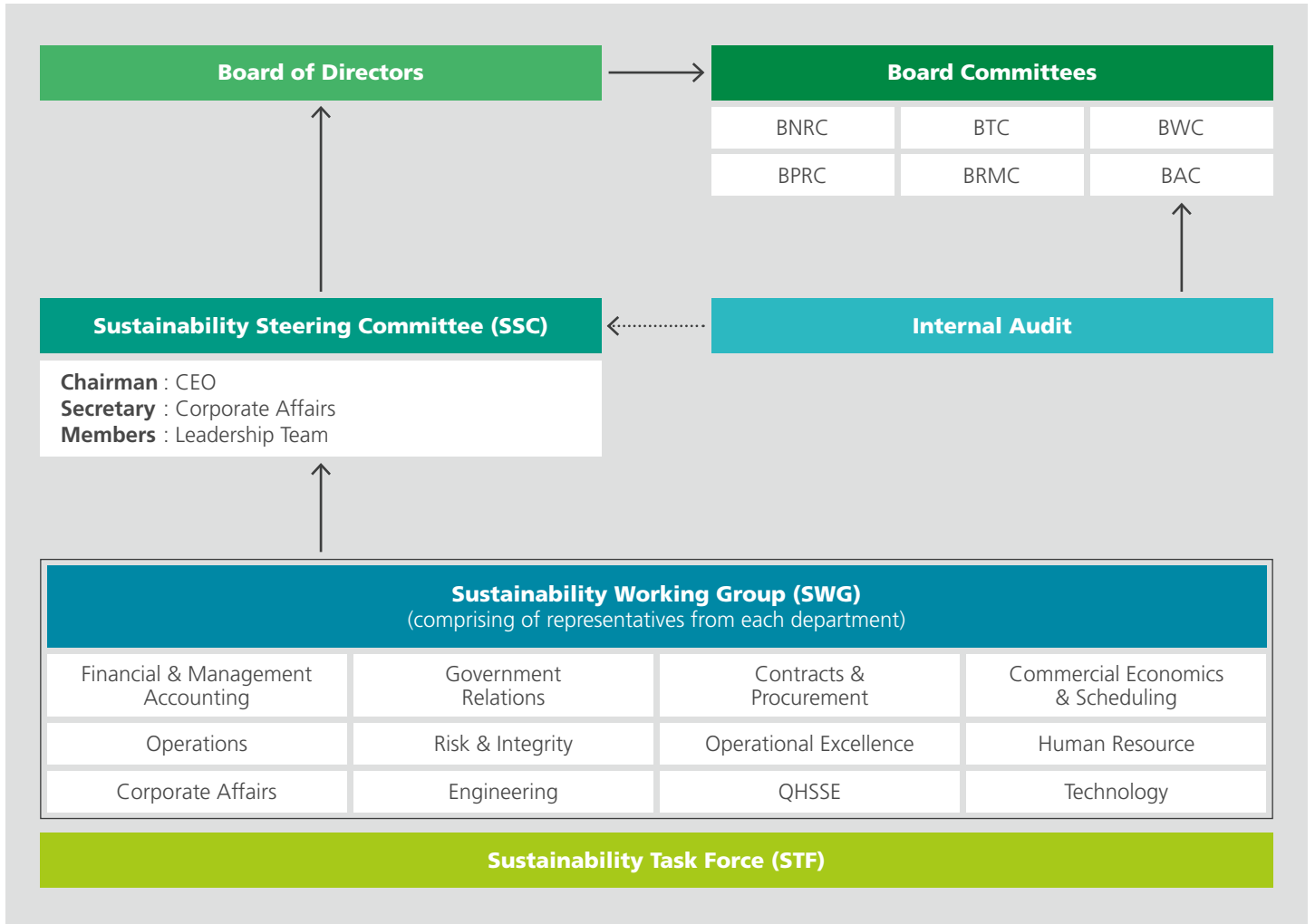
As elaborated earlier, HRC has retained an external consultant to advice on improvements to our sustainability governance and execution arising from which an improved governance structure has been implemented.

Components of the Sustainability Governance Structure and their respective roles and responsibilities are described below.

<p><b>Board of Directors</b></p> <p>The Board has the overall responsibility for formulating sustainability strategies and oversight over sustainability matters including exercising governance over execution and providing guidance and advice. The Board is supported by the Management team, subject matter experts and functional expertise from relevant departments.</p>	<p><b>Sustainability Steering Committee (SSC)</b></p> <p>The SSC comprise the CEO, Corporate Affairs acting as the Committee Secretary and members of the Leadership team. Reporting to the Board, the SSC supports development of sustainability policies and strategies. They are also responsible for oversight over the management of sustainability risk and material sustainability matters. The SSC reports to the Board.</p>	<p><b>Sustainability Working Group (SWG)</b></p> <p>The SWG comprise representatives of HRC’s various functional departments lending their expertise to support, guide and advise on implementation of sustainability initiatives, management of material sustainability matters and formulation of related policies and strategies.</p> <p><b>Sustainability Task Force (STF)</b> is an ad hoc working committee established for specific focus areas of ESG.</p>
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# OUR APPROACH TO SUSTAINABILITY

The diagram below depicts governance and reporting mechanism in place within our Sustainability Governance Structure.







# STAKEHOLDER ENGAGEMENT





HRC understands the importance of engaging our stakeholders, engagements offer an invaluable forum to hear our stakeholders out and for us to offer perspectives to clarify our position as well as communicate solutions.

Crucially, stakeholder engagements affords us honest views, sometimes blunt but always instructive, which guides informed decisions and formulation of responses that are sustainable, targeted, inclusive and represent the best use of our scarce resources. In engaging with our stakeholders we also build ties that bind – sustainable relationships founded on mutual support and trust.

Extensive internal and external stakeholder engagements were conducted across 2023 as summarised in the table below.

	Key Stakeholders	How We Engage	Frequency	Areas of Concern	How We Respond
	<b>Employees</b> (Full-time and direct contract workers)	<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 update on current issues</li> <li>Collective Bargaining Agreement</li> </ul>
	<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> (eg. Vendors, logistics partners, business partners, service providers)	<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>

## STAKEHOLDER ENGAGEMENT

	Key Stakeholders	How We Engage	Frequency	Areas of Concern	How We Respond
	<b>Shareholders and Investors</b> (eg. Institutional investors, analysts and major shareholder)	<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 engagement activities and events</li> <li>Notifications</li> </ul>	<ul style="list-style-type: none"> <li>On-going</li> <li>On-going &amp; as required</li> </ul>	<ul style="list-style-type: none"> <li>Noise and environmental issues from operations</li> <li>Community support</li> </ul>	<ul style="list-style-type: none"> <li>Build and maintain good relationships while being a "Good Neighbour"</li> <li>Positive impact through our corporate social responsibilities (CSR) to the local communities</li> <li>Responsive Public Complaints Framework</li> </ul>
	<b>Regulators</b> (eg. Bursa, Ministry of Domestic Trade, Ministry of International Trade, among others)	<ul style="list-style-type: none"> <li>Consultation and dialogue</li> <li>Email communication</li> <li>Site-visit</li> </ul>	<ul style="list-style-type: none"> <li>On-going</li> <li>On-going</li> <li>As required</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with all applicable laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Participation in discussions and knowledge sharing for improvements in industry best practices</li> </ul>
	<b>Government Agencies/Local Authorities</b> (eg. DOE, DOSH, among others)	<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>

# MATERIALITY ASSESSMENT AND MATERIAL SUSTAINABILITY MATTERS

HRC conducts annual Materiality Assessments to identify the economic, environmental, social and governance impacts (collectively, sustainability matters) of our business and operations and to assess their materiality. This informs the formulation of responses to effectively manage and mitigate impacts of sustainability matters that are deemed material.

Material Sustainability Matters identified in the previous year are assessed for continuing relevance, as well, recognition is given those that emerged in the current year. Critically the assessment also takes into account feedback and inputs gathered from our stakeholder engagements to ensure that material sustainability matters are balanced and inclusive.

Our materiality assessment is guided by our Risk Management Framework, Bursa Malaysia's Sustainability Reporting Guide (3<sup>rd</sup> Edition) and Bursa Malaysia's Toolkits, including Toolkits on Stakeholder Engagement and Materiality Assessment. We continue to apply a three pronged approach to identify, assess and prioritise our material sustainability issues.



## Engage

Materiality Assessments start with engagements with both internal and external stakeholders to understand the prevailing "state of affairs" in relation to sustainability matters. Specific attention is given to new and emerging sustainability matters, related guidance from the Government and our regulators and perspectives from our external stakeholders



## Identify

Information, insights and feedback from the preceding stage are assimilated and distilled to surface sustainability matters in respect of economic, environmental, social and governance impacts that arise from:

- (i) the conduct of HRC's business and operations
  - (ii) developments in the external environment which have or are expected to have a significant impact on HRC's business and operations
- (i) and (ii) will collectively result in a list of sustainability matters



## Prioritise

Sustainability matters identified earlier are assessed to ascertain the materiality of their impacts across the dimensions of: economy, environment, social and governance. A prioritisation exercise is subsequently conducted to highlight Material Sustainability Matters based on the significance of their impacts

# MATERIALITY ASSESSMENT AND MATERIAL SUSTAINABILITY MATTERS

The identified and prioritised Material Sustainability Matters arising from our latest materiality assessment are presented in the diagram below categorised under the core sustainability area to which they relate.



























# MATERIALITY ASSESSMENT AND MATERIAL SUSTAINABILITY MATTERS

















## Linking Material Sustainability Matters to UN Sustainable Development Goals (SDGs)

HRC intends to play our role as an intrinsic part of the global sustainability movement and contribute to the betterment of humanity and the planet. Our efforts to address our Material Sustainability Matters aligns directly to and supports applicable UN SDGs.

Sustainability Area:		
 Economic		
Material Sustainability Matter	Implications on HRC	SDG
 <b>Ethics and Integrity</b>	Upholding and practicing responsible business conduct, good corporate governance principles and full compliance to regulatory requirements as a good corporate citizen	 
 <b>Economic Performance</b>	Continuously and conscientiously creating long-term value for stakeholders and ensuring HRC's sustained growth and prosperity	 
 <b>Customer Management</b>	Relentlessly focused on meeting customers' demands and expectations for products of high quality so as to preserve HRC's good name and reputation and enhance market share and profitability	 
 <b>Supply Chain Management</b>	Ensure supply chain ecosystem works in unison to expeditiously meet demands, seamlessly address variations thereon and enhance ability to leverage price movements to increase revenue and profitability	  
 <b>Product Quality</b>	Sharp focus on product quality to reciprocate and reinforce customers' confidence in HRC and to secure a position of trust within the market and customer base	 
 <b>Reliable Operations and Production</b>	Continuously ensure reliability in operations and production to be able to meet market demands and respond at speed to changes in demands to capitalise on revenue and profit enhancement opportunities and contain cost	     
 <b>Health &amp; Safety</b>	Create and continuously maintain a safe and healthy working environment for HRC workforce and impacted external stakeholders e.g. suppliers and contractors	 

# MATERIALITY ASSESSMENT AND MATERIAL SUSTAINABILITY MATTERS

Sustainability Area:		
 Environment		
Material Sustainability Matter	Implications on HRC	SDG
 <b>Water &amp; Effluent Management</b>	Sustainable management and responsible consumption of water resources and ensuring effluent arising from operations is treated prior to discharge in compliance to regulatory requirements and harmful effects are minimised	    
 <b>Waste Management</b>	Sustainable management of waste generated from operations through adoption of 3R practices - reduce, reuse, recycle and recovery to realise and reinforce HRC's responsibility and commitment to minimise harm to the environment	   
 <b>Climate Change and Greenhouse Gas Emissions</b>	Responsible production practices and use and adoption of green energy to reduce and minimise GHG emissions. Implementation of decarbonisation initiatives and contribution to cleaner air through adoption of standards to produce products with lower emissions	   
 <b>Energy Management</b>	Sustainable conscious consumption and management of energy usage with specific attention to leveraging opportunities to generate and use clean energy	   

Sustainability Area:		
 Social		
Material Sustainability Matter	Implications on HRC	SDG
 <b>Employee Value Proposition</b>	Continuously recalibrating and enhancing employee value proposition for alignment to external market so as to sustain a high performing workforce embedded with agility and flexibility to adapt, deliver well and to retain talent	   
 <b>Diversity and Equal Opportunities</b>	Embedding diversity, equity and inclusivity across HRC without discrimination to facilitate effective leverage of talent and to provide an equitable platform for members of the workforce to excel and grow without constraint	   
 <b>Local Community</b>	Leveraging our capacity to do good for the betterment of the local communities and society at large	   

# ECONOMIC SUSTAINABILITY



In common with all commercial enterprises HRC is accountable to our stakeholders, in particular our shareholders, for generating sustainable revenue streams and achieving positive economic results in support of value creation. Sustainable economic growth is critical to providing the financial capital needed to support HRC's continuous growth and expansion and, significantly, also to fund initiatives to deliver on our sustainability commitments in keeping with our responsibilities as good corporate citizens.

Additionally, HRC recognises that sustainability also extends to those among our stakeholders who have an economic dependency on us. We are acutely aware that there are livelihoods that depend on our continuing good economic performance. This awareness drives our unwavering focus on economic sustainability to keep HRC resilient and well-fortified to address challenges from competition in the marketplace and those emanating from unanticipated events.

Under the umbrella of Economic Sustainability, we have identified the material sustainability matters highlighted below. Each has a significant bearing on HRC's sustainable economic success, value creation capabilities and growth.

The management of each material sustainability matter is articulated in pages that follow:



Economic Performance



Ethics and Integrity



Customer Management



Supply Chain Management



Product Quality



Reliable Operations and Production



Health and Safety

## ECONOMIC SUSTAINABILITY



### Economic Performance

Sustained positive economic performance provides sustenance for HRC to continue generating value for our stakeholders and to continuously growing the value of HRC as a business. As well, it also provides the assurance of funding to support initiatives realise our sustainability commitments and responsibilities to stakeholders, the government and the global community.

### Persistent Turbulence During The Year Under Review

FY2023 has seen continuing geopolitical conflicts and its attendant impact on crude price volatility, while the market appears to have absorbed the impact of the Eastern Europe war, approaching its second year at the time drafting, a new flashpoint has arisen with the conflict in the Middle East. A concerning fallout from this conflict is the disruption of the Red Sea trade route, an important transit point for international oil and natural gas, forcing rerouting to alternative routes and adding another layer of cost.

HRC has honed and refined our ability to manage oil price volatility so as to cushion significant adverse impacts on our revenues and profitability through maximising production to leverage strong margins and optimising and procuring high value crudes within refinery operating feasibility to maximise margin. This will be the order of the day moving into 2024 as HRC relentlessly focus on achieving and preserving sustainable economic performance.

A major internal initiative exerted material impacts on our economic performance in the year under review, namely the Turnaround exercise. The major Turnaround exercise was imperative to ensure safe and efficient operations. Importantly, it is integral to improving our overall operating efficiency, facilitating greater cost optimisation and enhancing product yields. The Turnaround was successfully completed and positions HRC in good stead moving forward to further assure economic sustainability.

In terms of the external market, overall lower prices and sales volume had an adverse impact on revenues generated and contributed to a lower economic performance for the year under review.

### Sustaining Positive Performance

HRC recognises that profit is a function of both revenue and costs and in our relentless drive to achieve positive economic performance, we place equal importance and focus on enhancing revenues and optimising costs. In this regard, HRC has launched a number of initiatives that are focused on optimising cost and enhancing cost effectiveness, with the most notable instances being:



**Operational Excellence programme**, set in motion in FY2022 and moved into execution in FY2023, this programme has the overarching objective of transforming HRC into a lean organisation embedded with best practices for enhanced operational efficiency and cost optimised operations.



**Business Improvement Plan (BIP)** is an annual plan made up of a range of initiatives implemented to enhance efficiency across specific facets of our operations, in FY2023 these include:

- producing our own nitrogen to wean off dependency on 3<sup>rd</sup> party suppliers
- enhancing and widening production capabilities and capacity, an example of this being achieving greater crude compatibility, specifically the ability for our production facilities to accept a wider range of crudes and the being able to produce higher value products (product diversification)
- achieving greater energy efficiency

The foregoing and future initiatives of similar nature will lend to HRC's continuing economic sustainability and positive economic performance.

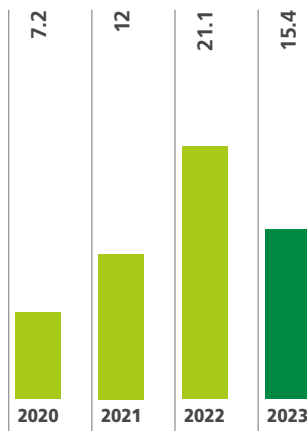
# ECONOMIC SUSTAINABILITY

## Financials

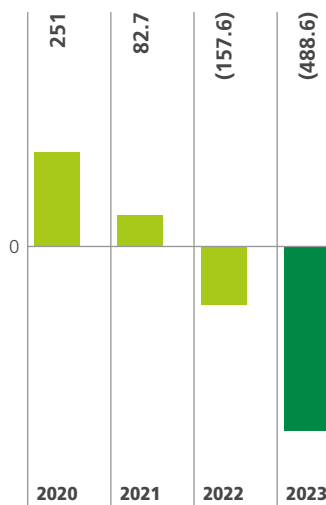
In FY2023, HRC recorded revenues of RM15.4 billion as compared to RM21.1 billion in FY2022. In the year under review, impacted by lower prices and sales volume, HRC reported a loss after tax of RM488.6 million compared to a loss after tax of RM157.6 million in the previous year.

The decrease in revenue by RM5.7 billion was attributed to a 17.5% decrease in product prices that averaged at USD103/bbl (FY2022: USD125/bbl) and a 14.3% decrease in sales volume as a result of the spillover effect of scheduled maintenance undertaken in December 2022 to early 2023, as well as the major Turnaround undertaken in July and August 2023. A gross loss of RM0.1 billion (FY2022: gross profit of RM0.3 billion) was recorded in the current year due to lower cracks for Gasoil and Jet A1, coupled with hedging loss.

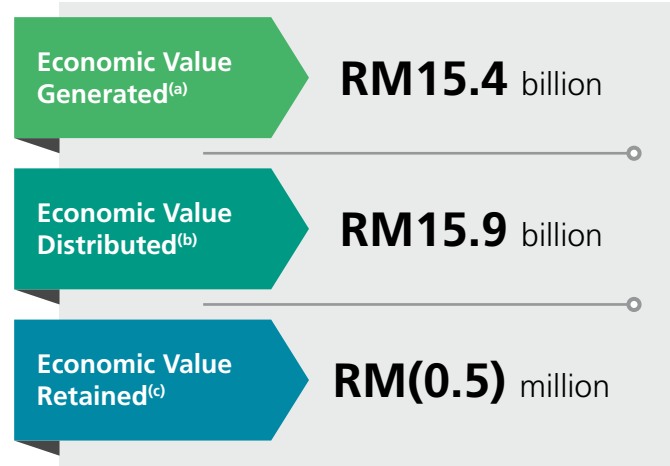
**Revenue**  
(Billion)



**Profit/(Loss)**  
(Million)



The economic values generated, retained and distributed for FY2023 are depicted below.



Notes:

- (a) Refers to the revenues and other income generated by HRC
- (b) Refers to operating costs, employee wages, payments to providers of capital, payments to government and community investments
- (c) Refers to Economic Value Generated minus Economic Value Distributed



Further discussion and details of our financial performance can be found under the Management Discussion & Analysis (MD&A) section on pages 43 and 44 of the AR2023.

Initiatives that further HRC's economic objectives are constantly being planned and implemented to provide greater assurance of economic sustainability. Moving into FY2024, our priorities will largely be around:

- active monitoring of market conditions, geopolitical developments and attendant risks to facilitate timely and effective responses to leverage advantages presented and head off risks indicated
- continuous intense focus on operational efficiency, product quality, market demands and customer expectations
- diligent and prudent hydrocarbon hedging to protect refining margins and inventory value
- astute production planning to optimise advantages presented by changing market demands and products' price movements
- meticulous and financial risk management in particular management of exchange and interest rate risks

## ECONOMIC SUSTAINABILITY



### Customer Management

The sustainability of HRC as a business is ultimately dependent on our customers. HRC recognises the foundational importance of customers to our continuing profitable operations, and value creation, having a constant, intense customer focus in all that we do. We also recognise that customer satisfaction is fundamental to retaining our customer base and secure their continuing support. In this regard, HRC continuously build strong, mutually beneficial relationships with our customers to enable us to deliver to their expectations and effectively meet their needs.

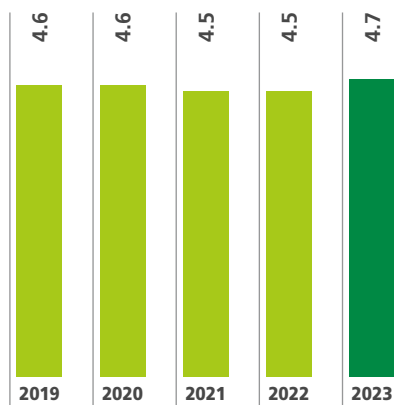
### Understanding Our Customers

HRC is committed to ensuring high customer satisfaction and delivering an excellent customer experience so as to meet our customers' changing demands and maintain our growth trajectory. To this end, we continuously strive to gain a more intimate understanding of our customers, their needs and expectations as this positions us to serve them better and, consequently, enhance customer satisfaction. In addition, an intimate understanding of our customers enables us to align service levels to their demands and more cost effectively allocate our resources.

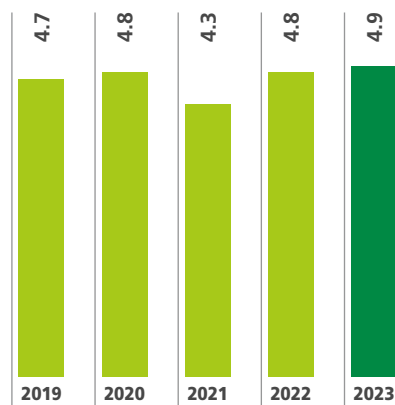
We solicit our customers' honest and objective feedback through the conduct of an annual Customer Satisfaction Survey which focusses on delivery time, quality, adherence to order quantity and compliance to contractual terms as well as service-based parameters such as responsiveness and competency of our personnel. The survey responses provide valuable input into HRC's continuous improvement efforts as we endeavour to raise the bar in product and service quality and customer experience and satisfaction.

In the FY2023 Customer Satisfaction Survey, the average satisfaction scores for our External and Internal customers were 4.7 and 4.9 respectively out of a maximum of 5. Both scores exceeded that of the previous year. Customer satisfaction scores over past five years are depicted below. Notwithstanding the relatively high scores attained in the past HRC will continue to reach for excellence in serving our customers.

External Customers



Internal Customers



Customer surveys are conducted on a regular basis. HRC values feedback from our customers, diligently and expeditiously responding to queries arising to maintain our engagements with them, ensure their expectations are met and their experiences are of the highest standards. Customer feedback from these surveys serve as useful feedback in our continuous improvement efforts at customer service excellence. As a matter of course, all information received are compiled for analysis to assist us in obtaining a deeper understanding of their expectations and demands across the entire spectrum of customer lifecycle.

# ECONOMIC SUSTAINABILITY



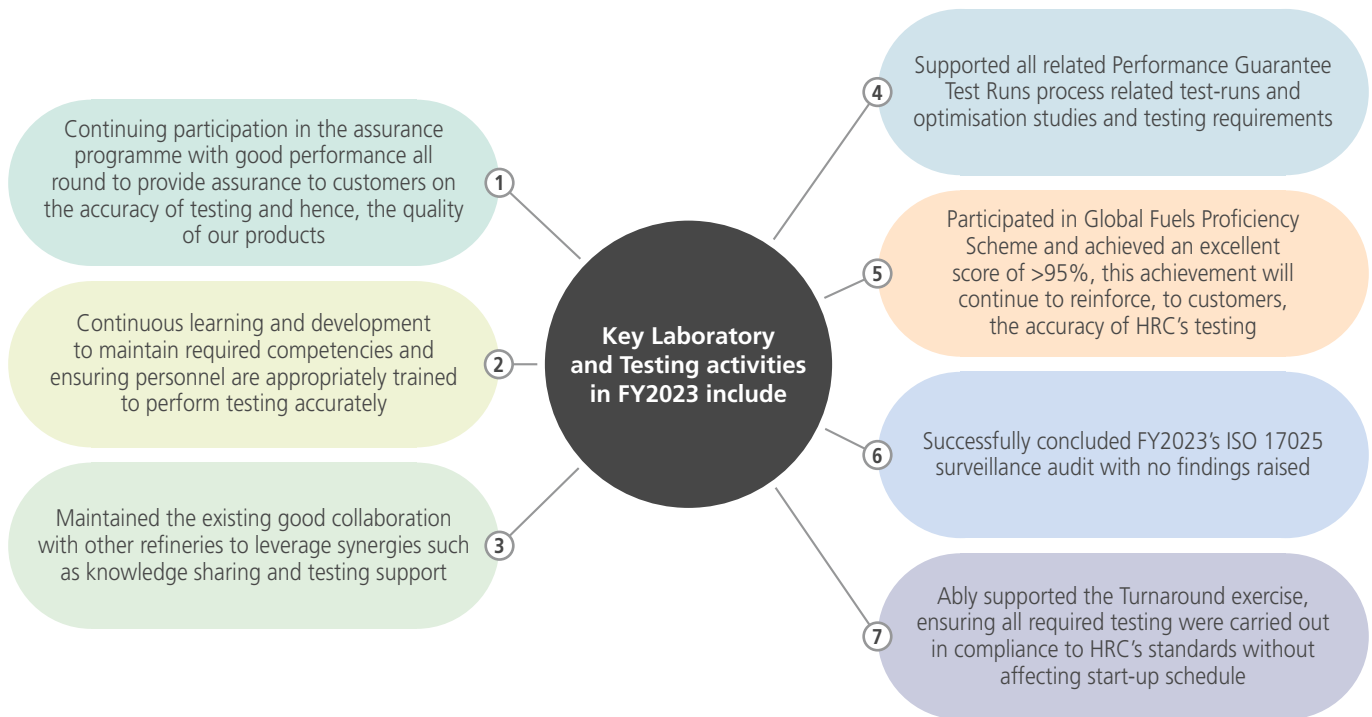
## Product Quality

Product quality is of critical importance to HRC and hence receives the keen attention and focus it deserves, in particular in the production process. We constantly strive to ensure our products meet all mandated standards and are of the highest quality to maintain our competitiveness and satisfy exacting demands of our customers. Equally important, products of the highest quality serves to uphold HRC’s good reputation in the market and goes a long way towards securing new customers as we continually grow our customer base.

## Laboratory Assurance Programme (LAP)

HRC practices stringent laboratory and testing processes to provide the assurance that our products comply with all mandated standards and are of the highest quality. This is critical to ensure that our customers have confidence and peace of mind when they procure and use our products.

Our in-house LAP continues to provide high levels of quality in lab testing to ensure that our customers receive high quality products that meet their requirements and expectations. In FY2023 we successfully completed the surveillance audit on our ISO/IEC 17025:2017 - Testing and Calibration Laboratories certification without any instances of non-conformity. This certification plays an important role in HRC’s product quality assurance.



## ECONOMIC SUSTAINABILITY

### Quality Audits

Quality audits are an indispensable and integral part of our quality assurance processes. These audits serve to ensure that we stay vigilant and in compliance to quality control processes to ensure that our products are of the highest quality and comply with governing standards.

Two quality audits were conducted in FY2023: an external quality health check by one of our customers and an independent third party audit by SIRIM QAS as part of the ISO 9001 – Quality Management System certification surveillance audit. Across the period of 2018 to 2023, there have been two quality audits conducted annually.

Of significance, the successful completion of the surveillance audit on our ISO 9001 certification with zero non-conformance testifies to the robustness of HRC's quality management processes.



### Product Quality Incidents

Product Quality Incidents (PQI) fell to 1 incident in FY2023 (FY2022: 2). The latest incident was rated yellow signifying high severity with a low probability of occurrence. In rating PQIs, HRC adopts a Risk Assessment Matrix (RAM) that maps risk severity, in terms impact on people, assets, environment and reputation against the probability of occurrence. Severity-probability combinations are colour coded for instance, low severity with low probability of occurrence is coded light blue while high severity with high probability of occurrence is coded red. The colour code allows for immediate recognition and association with remediation actions needed.

All high severity incidents are thoroughly investigated and required rectifications executed to prevent any recurrence in the future. For all other low and medium severity incidents, investigations are carried out to capture learnings and prevent recurrence. We remain vigilant in terms of product quality and will strive continuously to avoid PQIs and maintain high product quality levels. The table below summarises PQIs over the last five years:

Year	No of PQIs
2019	1
2020	0
2021	2
2022	2
2023	1

The following key activities were carried out in FY2023 from the product quality perspective:

Conducted product audits as requested by customers, based on a mutually agreed scope, to ensure PQ standards are maintained.

Continuous engagement with customer to improve PQ standards and practices.

Maintained continuous efforts on reducing and possibly eliminating PQ giveaways.



# ECONOMIC SUSTAINABILITY



## Health and Safety

The health and safety of our employees, contractors and vendors (collectively, workforce) are of the highest priority to HRC. We are conscious of and take seriously our duty of care for our workforce to ensure their good health, safety and wellbeing. Our duty of care is central to reciprocating our workforce for their sacrifices and untiring efforts in support of HRC, thereby contributing to HRC’s continued growth, value generation and resilience. We place strong focus to maintaining a safe and conducive work environment in support of which we have implemented many initiatives targeted at securing the health and safety of our workforce.

There were several notable Health, Safety, Security and Environment (HSSE) achievements in FY2023, these are:

- Supported the orderly and smooth conduct of the major Turnaround exercise and making an integral contribution to successful completion without Lost Time Injury.
- HRC, as winner of the National Council for Occupational Safety and Health award in 2019, was selected by the National Institute of Occupational Safety and Health to contribute to its research on developing an adaptive assessment tool for Occupational Safety and Health culture in Malaysia.
- Completion of Critical Installation Facility audit by the Chief Government Security Officer and the Malaysian Communications and Multimedia Commission in which HRC achieved an excellent score of 94% and was rated 5 stars. As a show of the Government’s appreciation for adopting best practices, HRC was invited to a high-tea session in November 2023 where a recognition memento was also presented to HRC.
- Successful completion of the surveillance audit on our Integrated Management System (IMS) which covers ISO 9001 – Quality Management System, ISO 14001 – Environmental Management System and ISO 45001 – Occupational Health and Safety Management System. The surveillance audit was conducted by an independent third party certification body.

### A. Governance Mechanisms

A health and safety framework is in place that is supported by our HSSE and Social Performance Policy. This Policy which details HRC’s HSSE commitments and is mandatory for all our workforce and business associates. The HSSE commitments are presented in the diagram below.

#### HRC’s Commitment Statement

- Pursue the goal of no harm to people;
- Protect the environment;
- Use materials and energy efficiently to minimise impact to 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 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 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 wellbeing of employees and business partners.

## ECONOMIC SUSTAINABILITY

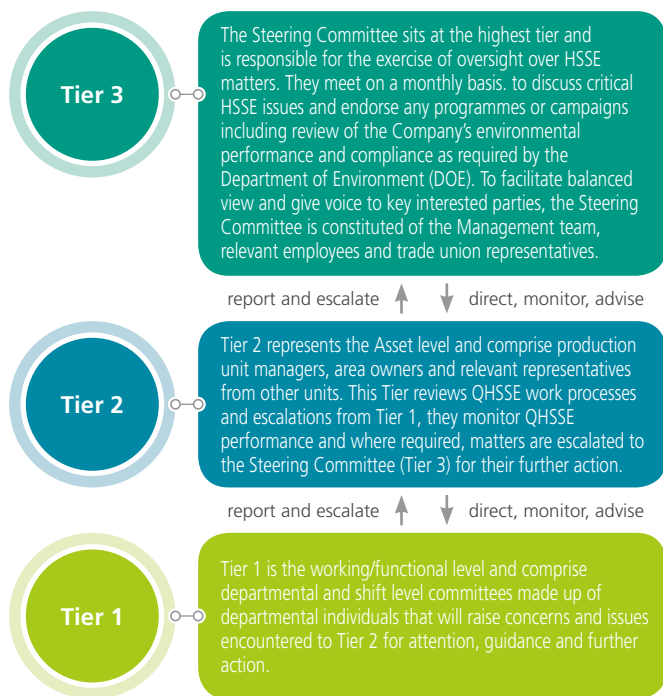
The Policy commitments are designed to ensure compliance with all applicable laws and regulations. The Board has oversight over the management of health and safety risks and receives feedback on HSSE performance on a quarterly basis from the CEO's quarterly reports to the Board.

Any new projects will go through a process of Project Development Request where risk assessment will be carried out to ensure the newly established project will not adversely impact health and safety of workers. This process will involve multiple stages such as scope definition, risk assessment with the involvement of all multidisciplinary representatives, timeline and multiple layers of approvals involving internal and external parties (authorities).

In respect of existing projects, risk assessments are mandatory for changes to scope depending on the risk classification, to ensure all risks are identified at the early stage for the necessary action to be instituted.

### HSSE Governance Structure

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



To support effective oversight and governance, summaries of all incidents, amongst others, Lost Time Injury, Restricted Work Case, Medical Treatment Case, First Aid Case are disclosed through the 3-tier HSSE governance structure to expedite institution of remediations and as valuable learnings with which to further strengthen HRC's health and safety measures.

### HSSE Monitoring and Performance Measurement

The HSSE Annual Plan details HSSE KPIs, targets and action plan for the year and contains a balanced mix of leading and lagging indicators to monitor performance. These indicators are updated weekly to reflect changing circumstance and priorities. The KPIs are shared site-wide on a monthly basis. On a quarterly basis current HSSE performance and scorecards are reviewed by the Board.

HRC adopts best practices and to ensure HSSE performance is benchmarked against industry standards. We maintain an ISO 45001: 2018 Occupational Health and Safety Management System certification covering the entirety of our operations encompassing production of petroleum and its by-products inclusive of refining, blending, storing, receipt and dispatch. In FY2023, a surveillance audit was successfully completed, with zero non-conformance, on our Integrated Management System certification covering ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System, and ISO 45001:2018 Occupational Safety & Health Management System.

The successful completion of the surveillance audit provides explicit evidence of the robustness of HRC's processes across quality management, environmental management and occupational health and safety management. It is also proof of HRC's commitment to quality products, workforce health, safety and wellbeing as well as environmental care.

HRC also gave focus on an improvement plan to revive Site Internal Assurance capabilities to re-create a pool of qualified auditors to support periodic internal checks on site work-processes.

### Security Management

Security Management is governed by HRC's HSSE Manual, as well, it is an item listed in HRC's Risk and Opportunity Register. Stringent procedures in relation to security have been established to ensure security is sound and the workforce diligent against security risks. These procedures, which are currently operating well and to expectations, are periodically validated through security drills in accordance with our BCP master plan to ensure their continued effectiveness in assuring security over HRC's facilities and operations.

Identified personnel are sent for security training based on the required frequency. These personnel are also involved in drills and periodic engagements with CGSO, Polis Diraja Malaysia (PDRM), and relevant members of the local community as part of HRC's security programme each year. In this regard, in FY2023, HRC facilitated multiple security drill exercises for key installation with the involvement of government officials comprising representatives from PDRM and BOMBA. Areas at both the refinery and jetty were tested.

# ECONOMIC SUSTAINABILITY

## Turnaround 2023

The major Turnaround exercise conducted in 2023 significantly heightened HRC’s HSSE requirements. Multiple external parties and individuals were needed to safely and successfully execute the Turnaround, for perspective HRC hosted almost 2,000 workers at the peak of the Turnaround, which significantly increased exposure to security and occupational safety risks.

A range of additional measures were adopted to ensure HSSE assurance remains tight and not compromised in any way and that occupational safety measures and precautions are taken to heart and actively practiced. The QHSSE department was instrumental in planning and executing the additional requirements as well as exercising increased vigilance against exposure to occupational safety and security risks. Key improvement measures implemented for the Turnaround included:

- Closer oversight and supervision of high risk jobs. Performing site verification will ensure proper preparedness to start jobs safely
- Tightened oversight of Confined Space Entry (CSE), Lifting, High Pressure Water Jet (HPWJ), Mercury handling and management, Scheduled Waste and effluent management
- Controlled and systematic onboarding of contractors’ personnel to ensure all external personnel are validated and accounted for
- Additional focus on Security & Entry Management protocol to manage high volume of new and foreign workers
- Pre-Turnaround training sessions for all participants to strengthen familiarity and enhance preparedness for smooth Turnaround execution and start-up
- Additional proactive engagements with neighbours and conduct of drills exercises

Additionally, multiple visits from relevant authorities in the course of the Turnaround were well-manage and no specific fine or penalty was imposed on HRC.

The extra effort and diligence ahead of Turnaround execution and start-up was a significant contributor to its smooth and orderly conduct and successful completion. Just as the production units were rejuvenated following the Turnaround, management of occupational health, safety, security and environment were similarly refreshed by lessons learnt across the Turnaround.

## Review of HSSE incidents

In terms of the Turnaround, there were no incidents of injury rated at Lost Time Injury (LTI) severity and above which testifies to HRC’s state of preparedness for the Turnaround, and more importantly, attests to diligent compliance to relevant policies and procedures and the strength of the body of knowledge and experience built by HRC’s constituents over the years.

All reported HSSE incidents, near misses and unplanned events are reviewed by multidisciplinary working groups to extract valuable insights for application to continually reinforce safety as well as prevent and avoid incidents.

The learning from incidents (LFI) process focuses on reviewing external incidents primarily from the oil and gas industry which complements our body of knowledge derived from reviews of internal HRC incidents. LFI is a key element within our Process Safety Management (PSM) framework - PSM is further discussed the Process Safety sub-section.

Reviews are conducted monthly by an LFI Committee comprising representatives from various departments. On a quarterly basis LFI reviews also include the attendance of the CEO, senior management members as well as technical experts from our holding company, Shandong Hengyuan Petrochemical Company Limited. Subsequent to every LFI meeting, lessons learned are shared site-wide to all and discipline-specific learnings shared on a monthly basis. The recommendations arising are centrally tracked in our incident management and reporting platform known as iMAX.

## Causal Learning (CL) Process for Incident Investigation

CL is another work process managed by the QHSSE department to review and investigate internal incidents. All undesirable internal incidents occurring in the refinery, with and without consequences, are investigated and analysed through a causal learning investigation protocol to uncover root causes.

The CL investigations are not only confined to safety incidents and near misses but also cover other non-safety incidents such as reliability incidents that are worth reviewing. The investigations are categorised by levels based on their causes which will dictate the investigation process and the associated completion times.

### CL LEVEL 1

- To identify physical/direct causes
- By personnel or department where the incident occurred
- Awareness of CL Protocol
- Completed within 2 weeks (or earlier for straightforward cases)

### CL LEVEL 2

- To identify behavioural causes (e.g. actions, decisions)
- By cross functional investigation team members
- Facilitated by a trained CL facilitator(s)
- Typically requires >2 weeks to complete

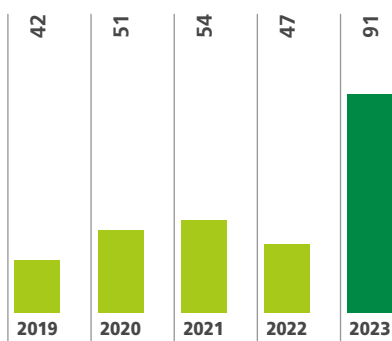
### CL LEVEL 3

- To identify organisational causes (e.g. processes, structures)
- Management sponsored investigation with a written term of reference
- Facilitated by site’s CL Process Focal Point (PFP) or other facilitators with required competencies
- By cross functional investigation team members
- Requires >1 month to complete

## ECONOMIC SUSTAINABILITY

The number of CL investigations conducted over the past 5 years is illustrated below. 91 investigations were conducted in FY2023 as opposed to 47 in FY2022, primarily due to execution of the Turnaround. This is due to an abundance of caution and to impose safety consciousness and responsibility on all parties especially contractor partners to identify and rectify weaknesses and gaps even though no actual injury/incident eventuated.

No of Investigations Conducted and Presented



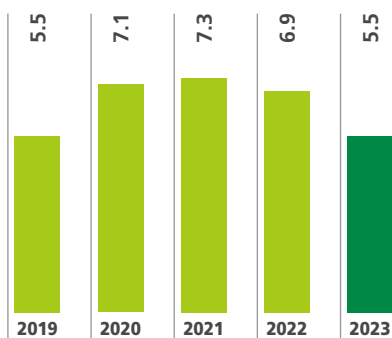
### QHSSE Budget and Investment

The health and safety of our workforce is important to us and HRC is committed to securing and preserving their wellbeing. To this end, HRC budgets annually for investments needed in this area for enhancements, training and emergency response exercises. There was a reduction in the budget for FY2023 to RM5.5 million (FY2022: RM6.9 million) as COVID-19 related expenditure fell in line with the substantially diminished threat from the pandemic.

Budgeted amounts are arrived based on a diligent assessment of the funding requirements to secure and maintain workforce wellbeing as well as to maintain and continually enhance the health and safety standards of our facilities and work environment.

The budgets for the past 5 years are presented below.

OHSSE Budget  
(RM in million)



## B. Personal Safety

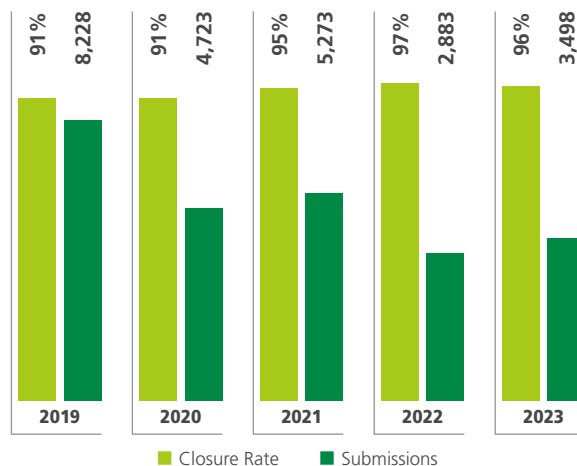
### Near Miss and Potential Incidents (NMPI)

Staff and business partners are strongly encouraged to report near misses and potential incidents at the workplace via NMPI submissions. These reports are tracked and monitored and lessons learnt are taken to heart in our continual efforts to keep our workforce protected at all times and to reduce risk and potential for harm in our operations.

Continuing the upward trend noted in recent years, in FY2023, 3,498 NMPI reports (FY2022: 2,883) were received, this represents an improvement of 21%. This upward trend is a positive sign of increasing willingness to report incidents even if they were potential or near misses, underscoring that our workforce were taking ownership and responsibility for their safety and to contribute to HRC's continuous efforts at enhancing workplace safety. NMPI closure rate also fell marginally to 96% (FY2022: 97%) which was expected given the increase in reports received.

The diagram below presents the number of NMPI submission over the past 5 years along with the respective closure rates.

Near Miss and Potential Incidents



### Safety Awareness

We continued to drive health and safety awareness through safety campaigns for our workforce, contractors and visitors to reinforce and enhance vigilance against potential risks and dangers in their surrounding environment when performing their tasks.

Our workplace safety slogans: "Chronic Unease Mindset" and "Goal Zero" serve to create and reinforce a risk-aware mindset across our workforce and other impacted parties while our "12 Life Saving Rules" support in bringing to life our slogans' clarion call.

# ECONOMIC SUSTAINABILITY

- "CHRONIC UNEASE MINDSET"**
- "GOAL ZERO"**
- "12 LIFE SAVING RULES"**

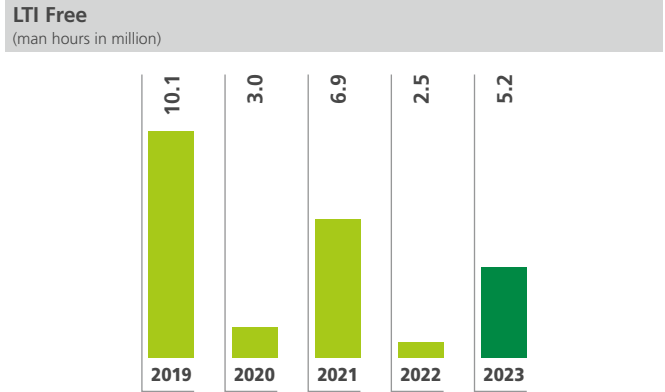
 Work with a valid Work Permit when required	 Conduct gas tests when required	 Do not walk under a suspended load	 Do not smoke outside designated smoking areas
 Verify isolation before work begins and use the specified life protecting equipment	 Obtain authorisation before entering confined space	 No alcohol or drugs while working or driving	 While driving, do not use your phone and do not exceed speed limits
 Obtain authorisation before overriding or disabling safety critical equipment	 Protect yourself against a fall when working at height	 Wear your seat belt	 Follow prescribed Journey Management Plan

## Lost Time Injury (LTI) free manhours and Fatalities

LTI is an injury resulting in fatality, permanent disability or lost workday cases (which includes contractors' manhours), but it does not include restricted work and medical treatment cases.

There was no LTI event in FY2023, as a result the cumulative LTI-free manhours recorded in FY2023 increased to 5.2 million manhours (FY2022: 2.5 million manhours).

LTI free manhours recorded over the past 5 years are depicted below.



\* Note: LTI free manhours refers to the total cumulative man-hours clocked without having any LTI

	2019	2020	2021	2022	2023
Lost Time Incident Rate free manhours (in million)	10.1	3.0	6.9	2.5	5.2
Lost Time Incident Rate*	0	0	0	0	0

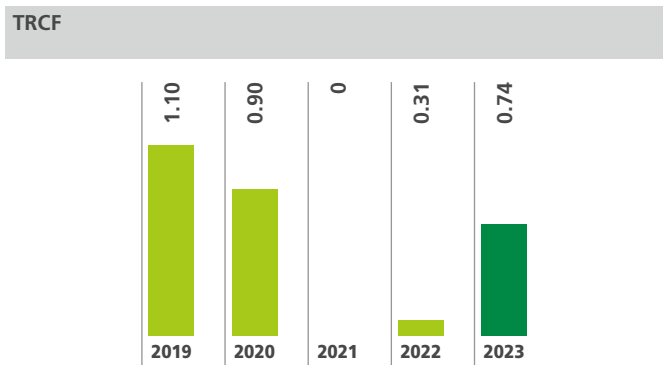
\* Note: HRC's Lost Time Incident Rate has always been miniscule, reflecting its exemplary safety performance.

No work-related (employee and contractor) fatality was recorded in FY2023, continuing an unblemished 30 year track record. HRC is committed to maintaining this positive trend through untiring efforts and intense focus on workplace and workforce safety.

## Total Recordable Case Frequency (TRCF)

TRCF refers to the ratio of repetition of workplace incidents involving Medical Treatment Case, Restricted Work Case and Lost Time Injury for every 1 million manhours collected. In FY2023, a TRCF of 0.74 was recorded (FY2022: 0.31). While the zero TRCF in FY2021 was an exception, we will continually strive to achieve this excellent level although workplace incidents are unfortunately an inherent part of our industry.

The TRCF trend over the past 5 years is illustrated below.

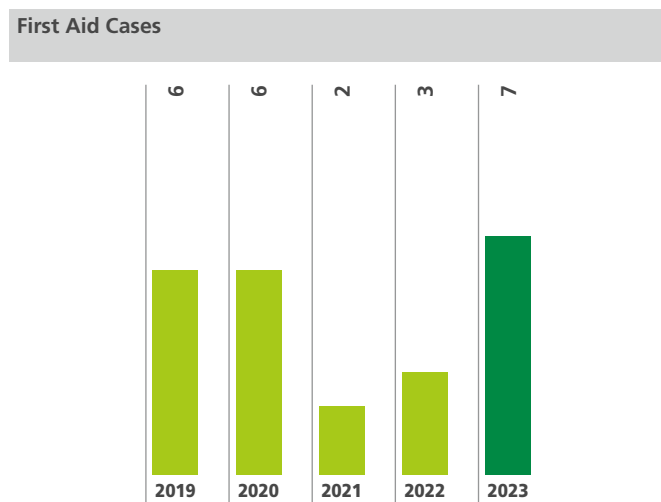


## ECONOMIC SUSTAINABILITY

### First Aid Cases (FAC)

There were 7 first aid cases recorded in FY2023. Each FAC is subjected to thorough investigations including checks on the behavioural aspects of workers involved.

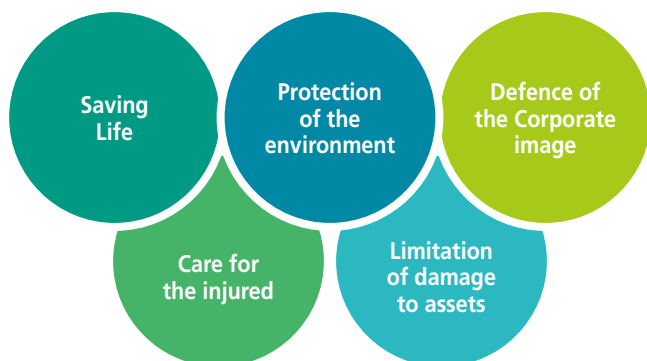
The number of FAC over the past 5 years is depicted below.



### Emergency Preparedness and Response

Responsiveness and a constant state of preparedness for any emergency event are critical in the industry we operate in given the inherent exposure to safety risks in the oil and gas industry.

In support of our commitments to the safety of our workforce and our duty to protect the environment, HRC has in place robust emergency preparedness and response systems to facilitate speedy institution of appropriate measures to address and effectively resolve emergencies arising. There were no significant changes to our emergency preparedness and response framework since our last report. In executing our emergency responses, we are guided by our commitment of “no harm to people and to protect the environment” this commitment is embodied in our Emergency Response (ER) Policy. Our Emergency Response Plan (ERP), the core principles of which are depicted below, guides our response to emergencies and provides the framework and procedures for the management of incidents.



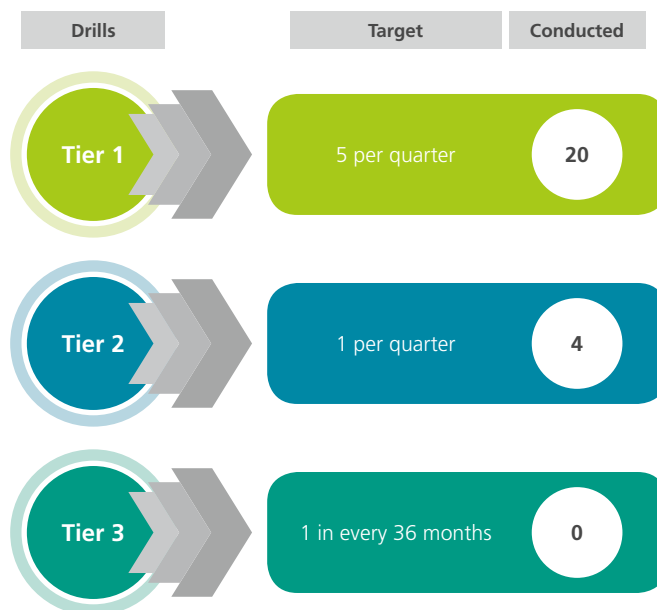
In addition, we also have in place an Oil Spill Response Plan (OSRP) - this is incumbent on us as a reputable oil and gas industry player - which covers the management of oil spills. Notably, the OSRP articulates a prioritised order of considerations in executing responses to oil spills.

Both the ERP and OSRP are subjected to robust assurance and regular reviews based on the established standards and best industrial practices so as to keep current and in pace with changes in the industry, operating environment and enabling technologies applied in our operations.

To reinforce our state of preparedness for emergencies, formulate collaborative responses and foster close cooperation to address emergencies arising, our Emergency Response (ER) and Security departments maintain close working relationships with relevant Government agencies such as the Seremban and Port Dickson BOMBA, PDRM, Marine Department, and the Petroleum Industry of Malaysia Mutual Aid Group (PIMMAG). In addition, we also employ a qualified Occupational Health Nurse stationed at site to provide support during working hours and deal with any immediate medical emergencies.

### Emergency Response (ER) Drills

ER drills is an integral and routine part of HRC’s operations to keep the Emergency Response team in a state of constant preparedness and on their toes. The table below contain details of drills carried out in FY2023 and their associated targets. The drills were conducted with the collaboration and participation of relevant parties, where appropriate, such as the Fire and Rescue Department at various locations, Don Maritime (our onshore support services provider) and MAKEEN Energy (our vendor for equipment and maintenance of LPG cylinders).



# ECONOMIC SUSTAINABILITY

In the interest of safety, we do not confine the number of drills to targeted levels. Tier 1 and 2 drills are conducted more frequently as they address the expected level of criticality of incidents in routine operations. Tier 3 drills that address crises of extreme criticality are conducted once every 36 months due to the intensity of preparations for such drills and the requirement to mobilise multiple parties including key government agencies.

### Tier 1 - Minor

A situation where there is no danger to life with minimal risk of damage to property and environment. The incident is within the control of the HRC. Response to incident will be done by First Responders at scene and if needed, FiRM Team will be deployed.

### Tier 2 - Major

A situation where there is danger to life with major risk of damage to property and environment. The incident is within the control of the HRC with mutual aid and local BOMBA assistance. A Tier 2 incident shall be managed by EMT upon escalation.

### Tier 3 - Crisis

Where there is a potential for multiple fatalities and severe damage to asset and environment involving neighbouring sites and surrounding communities. The incident is clearly beyond the capacity of HRC to control and consequently requires action from our stakeholders, government or other external parties.

## C. Process Safety

### Process Safety Management Framework









HRC's Process Safety Management (PSM) processes ensures that appropriate protocols, mechanisms are instituted to systematically and continuously identify, reduce and manage process safety risks in our operations. HRC has in place a robust PSM framework, illustrated below, that promotes and embeds safety excellence across our operations. The framework focusses on 4 pillars that underpins a Safety First culture and associated practices that are aligned to industry best practices.



### Process Safety 9 Fundamental (PS9F)

The PS9F is a cardinal rule for process safety which is similar to the "12 Life Saving Rules" referred to above under Personal Safety. The PS9F distils industry best practices and HRC's body of experience in process safety into concise and easily understandable statements that can be assimilated at one glance. Practice and adherence to PS9F is critical to reducing and eliminating process safety incidents which ultimately, save lives. To enhance the PS9F implementation and compliance, the Process Safety team has developed supporting procedures with clearer definition of the rules and requirements.

#### Process Safety 9 Fundamental

 <p>Always Use Two Barriers</p>	 <p>Do Not Leave Open Drain Unattended</p>	 <p>Take Interim Measures for Safety Critical Equipment Failure</p>
 <p>Follow Startup and Shutdown Procedures</p>	 <p>Walk The Line</p>	 <p>Do Not Change Without Management of Change</p>
 <p>Verify Tightness</p>	 <p>Provide Safe Isolation</p>	 <p>Install Backflow Protection</p>



## ECONOMIC SUSTAINABILITY

### Process Safety Review

Process safety reviews are performed to identify potential hazards, assess risks, and review the availability and effectiveness of risk control measures against unwanted process safety consequences to ensure the safety of our personnel, equipment and systems in the plant.

In FY2023, 2 process safety reviews were successfully conducted as opposed to none in FY2022 during which there was a more pressing need to satisfactorily close off action items arising from previously completed reviews which were critical and time-sensitive to mitigate and eliminate any undue exposure to process safety risks.

### Process Safety Events

We adopt the American Petroleum Institute's (API) Recommended Practice (RP) 754 in tracking and monitoring our process safety performance. FY2023 witnessed the occurrence of 5 process events 4 of which were categorised as Tier 2 and one as Tier 1 under API's RP 754 (FY2022: 2 events all Tier 2).

The single Tier 1 event relates to a fire that occurred on 1 July 2023 during draining of the 16" Mogas line. The fire was extinguished within 20 minutes by HRC Operations, FiRM and BOMBA. The incident's direct cost of asset damage exceeded the API Tier 1 threshold of USD100,000. The related causal learning has been completed, recommendations from learning outcomes captured and shared site-wide and centrally tracked in the incident management and reporting platform, iMax.

The 4 Tier 2 events were:

- (i) a fire event that occurred on 11 March 2023 during which lightning struck the seal between the tank shell and roof causing the rim seal to lose integrity resulting in the release of vapors which caught fire. The fire was extinguished within 1 hour by the FiRM team and BOMBA. Post incident, regular monitoring was conducted to ensure no possibility of re-ignition. The incident's direct cost of asset damage exceeded the API Tier 2 threshold of USD2,500.
- (ii) a Loss of Primary Containment (LOPC) event occurred on 6 September 2023 where liquid Sulphur overflowed from the vessel V7703A. The incident was caused by backpressure from de-gassing vessel V7704 which blocked the outlet of the furnace F7704 preventing air flow creating backpressure at the funnel. This incident is classified as an API LOPC Tier 1. Causal learning has been completed, recommendations from the learning outcomes captured and shared site-wide, and centrally tracked in the incident management and reporting platform, iMax.
- (iii) a LOPC event occurred on 11 October 2023 where a leak, resulting from gasket failure, was observed at T1275 which released E5 Gasoil at de-bottoming line flange. The leak was immediately isolated by the Maintenance Team by tightening the flange and gasoil released in the bund area was collected to prevent oil carryover to other drainage networks. The incident is classified as API LOPC Tier 2. Causal learning has been completed, recommendations from the learning outcomes captured and shared site-wide, and centrally tracked in the incident management and reporting platform, iMax.
- (iv) A LOPC event was recorded on 19 December 2023 where a leak was found coming from mixer M7502. The leak caused a slight vapor cloud to escape from the mixer to V7508 area. The mixer was stopped immediately and water spray was then applied to reduce the propylene vapor from spraying out. The incident investigation found that the mixer's O-ring at outboard (secondary seal) was deformed which initiated the leakage. The incident is classified as API LOPC Tier 2. Causal learning has been completed, recommendations from the learning outcomes captured and shared site-wide, and centrally tracked in the incident management and reporting platform, iMax.

The number of process safety events encountered over the past 5 years is depicted below.

### Process Safety Events

Year	API Tier 1	API Tier 2
2019	0	3
2020	1	2
2021	0	1
2022	0	2
2023	1	4





# ECONOMIC SUSTAINABILITY

## D. HSE Training, Initiatives and Campaigns

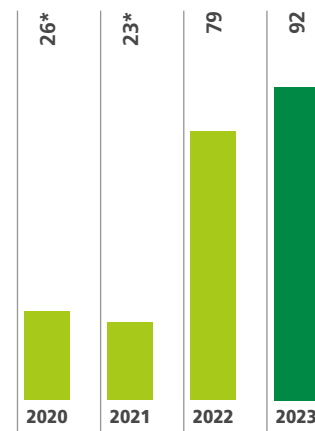
HSE campaigns, initiatives and training brings to life HRC's commitment to health and safety. In FY2023 we continued to promote health and safety awareness among our workforce to reinforce a Safety First mindset through a range of workplace health and safety training covering critical operational areas, these include:

- Fire fighting training
- Fire watcher training for our contractors/vendors
- Oil spill response
- Environmental awareness in respect of Industrial Effluent and Scheduled Waste management
- First aid refresher
- Risk Assessment Matrix (RAM) & Near Miss & Potential Incident (NMPI)
- Hearing conservation
- Safe chemical handling
- Permit to Work
- Authorised Entrant & Standby Person (AESP)
- Authorised Gas Tester & Entry Supervisor (AGTES)
- Working at height
- Gas Testing Inspector Awareness
- iCARE4Safety Module
- Defensive driving technique

In total, 92 training courses were conducted in FY2023 (FY2022: 79) involving 3,053 participants (FY2022: 1,754 participants).

The number of training sessions conducted over the past 4 years and attendees are illustrated below.

**Number of Training Sessions**



	2020	2021	2022	2023
Number of Participants	636*	392*	1,754	3,053

\* Less sessions and lower participation in 2020 and 2021 were the result of the pandemic restrictions

Following the relaxation of pandemic rules starting in 2022, HRC has intensified the number of training sessions testifying to our continuing commitment to securing the health and safety of our workforce.

### Initiatives

HRC continues to emphasise the importance of health and safety through targeted initiatives and campaigns which explicitly shows the management's commitment and care for the workforce's wellbeing. Key initiatives conducted in FY2023 include:

- Daily Goal Zero Walks focus on a range of HSE themes related to key process assurances for each day of the week, in FY2023, the themes included:
  - Process safety field observation
  - Permit to Work and HSE
  - Ensure safe production and process isolation
  - Reliability
- Moving into its fourth year, our monthly CEO HSE Award continued in FY2023 to give recognition to significant HSE efforts. This award has served to both promote a positive trend in on-site intervention through NMPI reporting and in strengthening the safety culture on site.

## ECONOMIC SUSTAINABILITY

- We held Safety Day and a Health Week to promote good health and wellbeing among our workforce. A range of health related activities were also organised in conjunction with the Safety Day, amongst others, basic health screening, blood donation drives, safety exhibition, health forum involving external health professionals and a HRC fun run.
- Campaigns in conjunction with the Turnaround exercise:
  - Life Saving Rules campaign organised by HSSE and all main contractors focused around 9 critical elements of HRC's 12 Life Saving Rules (LSR) that are most related to frontliners to address early the observed increase in LSR violations and prevent repetition.
  - NMPI Heroes campaign which involve the awarding of Intervention Cards (Pink Card) to workers who showed commendable safety behaviour. Pink Card awardees are eligible to participate in a monthly Lucky Draw and stand a chance to win attractive prizes.
  - HSSE Contractor Award for appointed TA contractors.
- b. Upholding compliance to HSSE and legal requirements at all times. This is translated through a new initiative that is planned to be conducted throughout 2024. There will be daily assurance checks, done proactively, for intervention and coaching on site.
- c. Enhancement of System Assurance programme on site which covers periodic health checks, internal and external audits. HRC pursued recruitment of more qualified auditors internally to periodically observe our effectiveness whilst exercising multiple work processes, protocols and management systems.
- d. Test our preparedness via a 5-day MERBOK VIII exercise (Tier 3 level) in collaboration with key government agencies such as PDRM, BOMBA, Hospital PD, Pejabat Kesihatan Daerah, APM, MKN and CGSO. HRC plans to coordinate an ICS training with key government agencies before the actual asset deployment day. There will be a lot of learnings to be captured, through this large-scale exercise.

Key activities planned for 2024 are:

- a. Systematic HSSE onboarding programme for new in-house contractors, providing engineering and maintenance services. HRC has completed the exercise to appoint a qualified business partner who will be responsible for engineering and maintenance works through their team and sub-contractors. There will be changes in respect of the workforce hence familiarisation and early preparation for the contractor's workers is critical for a smooth transition between the previous and the newly appointed contractor.



# ECONOMIC SUSTAINABILITY



## Ethics and Integrity

Strong ethics and integrity are bedrocks of good corporate governance. Accordingly, It is imperative that stewardship of HRC be discharged responsibly, ethically and with impeccable integrity to ensure that the value generated and attributable to our stakeholders, in particular shareholders is protected and not compromised in any way. As well, ethics and integrity are critical to upholding HRC’s good reputation and the regard with which our stakeholders holds us as reputational erosion will have deep implications on our ability to continue generating value for our stakeholders, more materially it will compromise HRC’s sustainability as a business. As such, HRC will continuously strive to discharge our role as good corporate citizens and practice conduct that is beyond reproach.

### Core Values

The core values of every organisation shapes its approach and conduct and influences the behaviour of its constituents by promoting congruence and uniformity of action. Our core values is the fruition of much thoughtful deliberation on what is important to us as an organisation and how we want to achieve our organisational goals. Encapsulated under the acronym: ICARE, our core values are Integrity, Collaboration, Accountability, Respect and Entrepreneurial. ICARE guides and informs how we conduct our business and our interactions with external parties and is mandated on all HRC constituents across all levels who are expected to diligently practice these core value as an intrinsic part of good governance and conduct.

<b>INTEGRITY</b>	➤	<ul style="list-style-type: none"> <li>• Honesty</li> <li>• Ethical</li> <li>• Openness</li> </ul>	<ul style="list-style-type: none"> <li>• Transparent</li> <li>• Speak-up</li> <li>• Speak the truth</li> </ul>	<ul style="list-style-type: none"> <li>• Hold to higher standards</li> <li>• Walk the talk</li> </ul>
<b>COLLABORATION</b>	➤	<ul style="list-style-type: none"> <li>• Teamwork</li> <li>• Creating lasting partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• Bringing People along the Journey (nurturing/developing)</li> </ul>	<ul style="list-style-type: none"> <li>• Making things happen together</li> </ul>
<b>ACCOUNTABILITY</b>	➤	<ul style="list-style-type: none"> <li>• Doing the right thing the right way</li> <li>• “I take responsibility over my actions”</li> </ul>	<ul style="list-style-type: none"> <li>• “No passing on of the responsibility, the buck stops with me”</li> <li>• Going the extra mile</li> </ul>	<ul style="list-style-type: none"> <li>• Leadership at all levels</li> </ul>
<b>RESPECT</b>	➤	<ul style="list-style-type: none"> <li>• Care for each other</li> <li>• Respect our stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Diversity + Inclusion (ethnicity, faith, nationality, gender)</li> </ul>	<ul style="list-style-type: none"> <li>• Treat others as you want to be treated</li> </ul>
<b>ENTREPRENEURIAL</b>	➤	<ul style="list-style-type: none"> <li>• Treat this as my own business by having an entrepreneurial mindset</li> </ul>	<ul style="list-style-type: none"> <li>• Proactive and nimble to take on new opportunities</li> <li>• Courage to step outside the comfort zone</li> </ul>	<ul style="list-style-type: none"> <li>• Challenge status quo for better efficiencies</li> <li>• Passionate</li> <li>• Energetic</li> </ul>

## ECONOMIC SUSTAINABILITY

Continuous employee engagement and targeted programmes served to embed the core values above across our workforce, for instance in FY2023 as part of the Business Integrity Week, an “ICARE for Integrity – Integrity Matters” programme which was designed to emphasise the necessity of integrity for organisational sustainability was organised. The purpose of the programme was to reinforce and fortify a culture of integrity at our workplace as well as to drive home an awareness of the consequences, risks and liabilities associated with actions without integrity. Events that took place during the programme included:

- Integrity Day speech by MACC officers;
- online talks on Ethical Decision Making and Data Integrity; and
- an interactive game dubbed as the Integrity Race

HRC has developed relevant policies and guidelines to further embed our core values, enforce the practice of good conduct and reinforce our zero tolerance for corrupt practices and unethical behaviours. Compliance to these policies and guidelines are mandatory for all employees, officers, directors, contractors and business associates of HRC. Key policies and guidelines include:

- The Code of Conduct (COC) embodies HRC's core values and emphasise expected behaviours and conduct.
- The Anti-Bribery & Corruption (ABC) Policy sets out HRC's anti-bribery and corruption stance and mandates expected conduct to embed and reinforce HRC's zero tolerance of bribery and corruption.
- The Hengyuan General Business Principles (HGBP) articulate general principles and conduct around areas of significance to HRC's business.
- The Anti-Bribery & Corruption (ABC) and Anti-Money Laundering (AML) Manual builds on the HGBP and COC and sets HRC's processes in respect of anti-bribery and corruption and anti-money laundering.
- The Whistleblowing Policy govern procedures and responsibilities in relation to the raising of legitimate concerns by employees, vendors and the general public on any improper conduct within HRC.

HRC is conscious of the importance of good governance as an integral part of doing business. Weaknesses in governance exposes us to material risks, not only from the economic perspective but also, more significantly, from the reputational perspective. We continuously embed and reinforce elements of good governance across our organisation and operations recognising that trust created through good governance underpins our credibility.

We adopt the T.R.U.S.T principles in line with the Guidelines on Adequate Procedures in managing bribery and corruption risks.

HRC is certified in ISO/IEC 37001:2016 - Anti Bribery Management System (ABMS) on which a surveillance audit was conducted in FY2023 during which no non-conformity was observed.

In support of our efforts to eliminate bribery and money laundering from our operations, we have in place our Anti-Bribery & Corruption (ABC) and Anti-Money Laundering (AML) Manual which is compulsory on all members of our workforce and business associates. The Manual dictates the relevant procedures and responsibilities for compliance with laws that prohibit bribery, corruption and money laundering, key ones include:



HRC does not tolerate any act of bribery, corruption or money laundering, our workforce and business associates are constantly reminded to carry out their duties conscientiously and responsibly and act with caution to prevent any risks arising.

We have established, implemented, maintained and continually improve our ABMS, including the processes needed and their interactions in accordance with international standards and all applicable laws. All new employees are required to attend onboarding sessions to understand the requirements of HRC's ABMS and all employees are required to acknowledge no violation of the ABMS on an annual basis. We received 100% response for our annual Integrity Declaration exercise for FY2023. Our Risk & Integrity Department (R&I) oversees the management of risks and enforces ethics and integrity matters and supports compliance matters.

In FY2023, there were no instances of non-compliance for which fines were incurred for corruption and bribery.

## ECONOMIC SUSTAINABILITY

### Conflict of Interest

HRC demands that all our employees and business associates refrain from bribery and corrupt practices. All employees and directors must declare any potential or perceived conflict of interest annually or as and when the need arises. In addition, for added transparency all employees are also required to disclose immediate family member(s) who work for HRC or who are working with HRC's business partners. All business associates are also required to declare conflict of interest during tender exercises. The management team reviews the reporting and organisation structure to prevent conflict of interest at the workplace.

Our ABC Policy governs the conduct of our employees and business associates in relation to their business dealings. This policy is a key instrument in support of HRC's commitment to uphold ethical behaviour and business integrity, amongst others it mandates:

- compliance with all anti-bribery, anti-corruption and anti-money laundering laws and regulations;
- honesty, integrity and fairness in all aspects of business and an explicit assertion that facilitation payments shall not form part of HRC's culture;
- declaration of any conflict of interest before starting a business relationship; and
- adherence to HRC's "no gift" policy and compulsory declaration to R&I where gifts and hospitality are unavoidable.

### Whistleblowing

HRC has a Whistleblowing Policy (WP) to support disclosures of genuine and legitimate improper conduct within HRC. We encourage our employees, contractors and vendors to speak up to raise any issues or concerns. HRC's WP, which is accessible on HRC's website, allows individuals to report any improper conduct through our whistleblowing channels and clearly articulates the related procedures across the lifecycle from initiation through to closure.

Further, the WP provides protection of confidentiality for a whistleblower (to the extent reasonably practicable) which is consistent with the Whistleblower Protection Act 2010. The Board Whistleblowing Committee (BWC) has oversight over the Whistleblowing Policy. The BWC supports the Board to further strengthen the governance to ensure greater integrity, accountability and confidentiality in the whistleblowing process.

### Political Activity

HRC does not participate in any political activities or use funds or resources to support any political candidate, political party or their representatives. HRC does not restrict any employee from participating in any political activity or run for a public office position, however, such actions must not conflict with HRC's interests. Underscoring the foregoing our ABC Policy expressly states that HRC is politically neutral and does not make political payments of any kind.

### Human Rights

We are committed to respect, support and uphold fundamental human rights as expressed in the Universal Declaration for Human Rights and the UN Guiding Principles on Business and Human Rights. As a responsible organisation, we adhere to Malaysian employment laws and, among others, ensure fair minimum wages, fair working hours and prevention of child or forced labour practices in our operations.

### Cybersecurity

The use of information technology (IT) is ubiquitous and indispensable in business with significant reliance placed on IT to facilitate automation and data processing. HRC also places significant reliance on IT to reap operational efficiencies and cost effectiveness as well to facilitate ease of transacting and information dissemination. As a consequence of the wide use of IT there is a crucial need to ensure our systems, infrastructure and data are secured and adequately protected against intrusions, malicious attacks and unauthorised access. In this regard, we constantly strengthen our cybersecurity stance and exercise vigilance against cyber threats.

Confidentiality, privacy and integrity of personal data are fundamental principles enshrined in the HRC's Personal Data Protection Policy and HRC complies with the provisions of the Personal Data Protection Act 2010 (PDPA) in relation to the use and management all personal data, including those of our customers.

HRC maintains constant vigilance to keep our systems, infrastructure and data protected at all times. We strive to ensure that our cyber security mechanisms and processes are always sufficiently resilient against unauthorised malicious attacks through constant enhancements. A range of cybersecurity measures are currently in place including:

#### Cybersecurity for Refinery Operations:

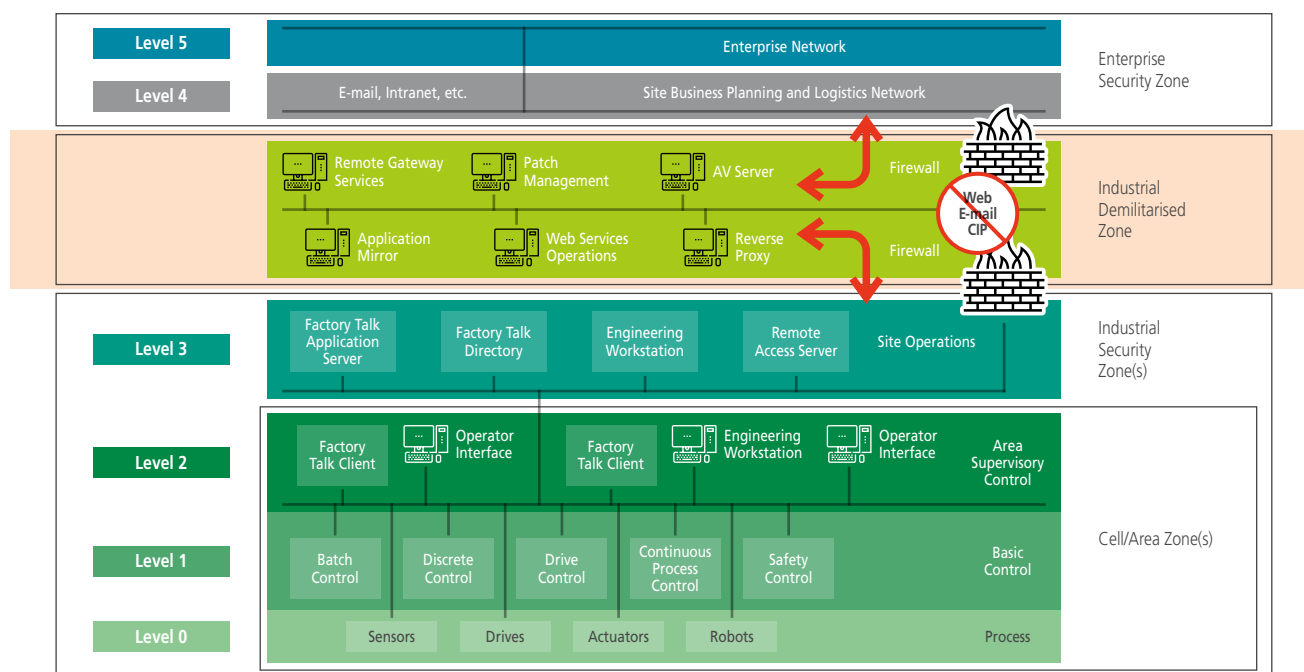
##### Critical Infrastructure Protection

HRC's operations rely on a wide range of interconnected systems and we have implemented Process Control Access Domain to manage access and control operations related to our industrial process control systems. Securing these critical assets against cyber threats is essential to prevent disruptions to production processes and ensure operational continuity.

## ECONOMIC SUSTAINABILITY

### Network Segmentation

HRC has an industrial network infrastructure consisting of physical and logical components that facilitate communication between devices and systems. The Industrial Demilitarised Zone (IDMZ) is a buffer that enforces data security policies between an operations network (industrial zone) and HRC office network (enterprise zone). The IDMZ is an additional layer of defence to securely share data and network services between the industrial and enterprise zones.



### Cybersecurity for Administrative Offices:

#### Risk Assessment and Vulnerability Management

HRC complies to ISO27001: Information Security Management System (ISMS), which prescribes the conduct of regular information security risk assessments in accordance to our risk assessment procedures and criteria. A Risk Treatment Plan is in place to guide risk mitigation processes which also takes into consideration new controls that are implemented.

Vulnerability Assessment and Penetration Testing (VAPT) of systems, servers and network is performed by an independent third party vendor to identify potential weaknesses in cybersecurity defences.

#### Data Encryption and Access Control

HRC implements encryption mechanisms into transactional systems to protect sensitive data that are stored and transmitted.

Access control measures such as user role access rights, privilege levels, and strong authentication mechanisms are in place to prevent unauthorised access to sensitive information stored in our applications and file sharing system.

#### Endpoint Security and Device Management

Company computer devices such as desktops and laptops contain up-to-date security patches, antivirus software, and endpoint detection and response (EDR) tools. HRC has implemented centralised device management using Microsoft 365 Security service to enforce security policies, monitor device health and detect anomalies.

#### Secure Remote Access

Our laptop user and systems support vendors are provided access to HRC systems through virtual private networks (VPNs) with multi-factor authentication (MFA) for second level authentication. Our Next Generation Firewall tracks session logging and monitors remote access activities to detect suspicious behaviours indicative of unauthorised access and/or data exfiltration.

## ECONOMIC SUSTAINABILITY

### Employee Awareness and Training

Regular IT awareness training is provided to staff to educate them on common cyber threats, phishing scams, and best practices for secure behaviours. Employees are encouraged to report suspicious emails, phishing attempts, and/or security incidents promptly to the IT security team for investigation and response.

### Incident Response and Business Continuity Planning

The IT team develops, updates and regularly tests the Cyber Incident Response Plan which is specific to HRC. This plan outlines procedures for detecting, containing, and mitigating cyber incidents. The Operations and IT teams establish business continuity and disaster recovery strategies to ensure the timely restoration of critical functions in the event of a cyber incident.

As at 31 December 2023, there were zero substantiated complaints concerning breaches in customer privacy or data loss.



## ECONOMIC SUSTAINABILITY



### Supply Chain Management

The coordinated and efficient operation of HRC's supply chain ecosystem is critical to our ability to fulfil our responsibilities in a timely manner. In addition, an efficient supply chain lends to HRC's responsiveness to address and leverage price movements, hedge against potential downsides and increases predictability for greater accuracy in production planning. We work closely with all partners across our supply chain ecosystem to ensure seamless, coordinated and efficient operations which in turn infuses sustainability into the supply chain contributing to HRC's business success, continuity and resilience.

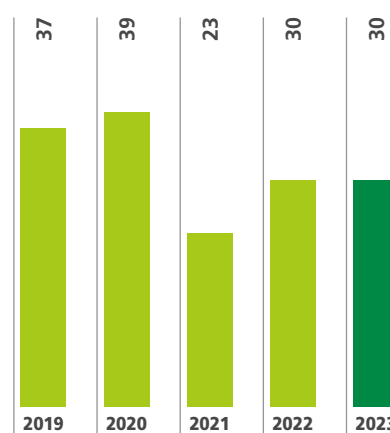
### Contracts with Suppliers and Business Partners

We foster good relationships with our supply chain partners and, guided by our COC and HGBP, adopt responsible and ethical practices in dealings with these partners. We also promote similar responsible and ethical practices by our supply chain partners, for instance our COC prescribes working with contractors and suppliers who contribute to sustainable development and are economically, environmentally and socially responsible – this testifies that HRC's promotion of sustainable and responsible practices goes beyond the organisation.

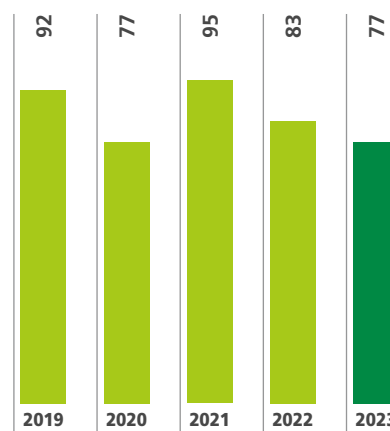
Responsible and ethical practices is imperative in procurement in particular transparency and equity. Our contracting and procurement activities are conducted in full compliance of HRC's Contracting Policies and Procurement Procedures Manual (C&P Policy) which outlines the selection and contracting process to be followed when identifying and engaging suppliers and business partners for products and services. Notably, this process includes an Integrity Due Diligence (IDD) screening that is overseen by our Procurement Governance Team. Across the entire process due care is taken to ensure that fair and equal treatment is exercised.

In FY2023, a total of 30 contracts (FY2022: 30 contracts) valued at RM308.5 million (FY2022: RM198 million) were awarded across all suppliers and business partners, out of these 23 contracts (FY2022: 25 contracts) valued at RM266.3 million (FY2022: RM44.4 million) were awarded to Malaysian suppliers. In terms of value, the proportion of contracts awarded to Malaysian suppliers in FY2023 was lower at 77% than the 83% recorded in FY2022.

#### Total No of Contracts Awarded



#### Contracts Awarded to Local Companies (%)





## ECONOMIC SUSTAINABILITY

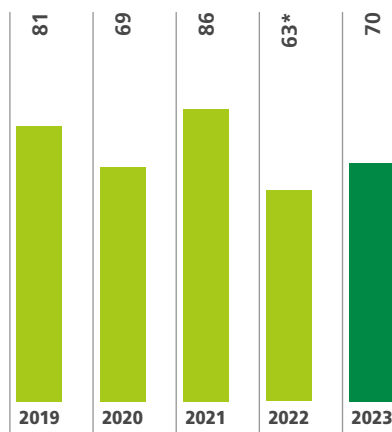
HRC is committed to supporting the local economy and strives to source from local suppliers, especially for service contracts in key projects to leverage cost saving opportunities. Our operations are highly technical and supported by equipment which underlying technology is proprietary in nature. Operational support, maintenance and repairs often require deep technical knowledge that is either not sufficiently mature locally or is only available from the proprietary equipment vendors. Hence, as the circumstances demand, HRC has to secure foreign expertise to fulfil our needs to ensure continued safe and efficient operations.

As always, HRC will endeavour to engage local resources where circumstances permit to support our operations moving forward.

### Competitive and Single Sourcing

In FY2023, 21 contracts (FY2022: 19 contracts) or 70% (FY2022: 63%) were awarded through the competitive bidding process, representing an increase of 8%.

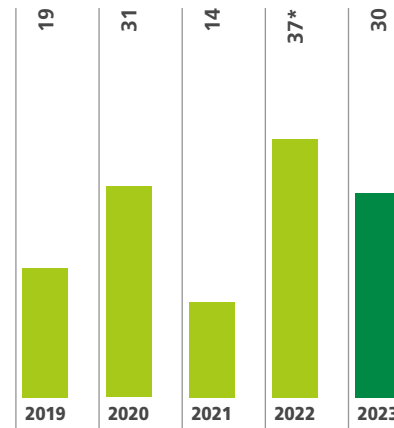
**Contracts via Competitive Bidding Process (%)**



Meanwhile, single source procurement decreased to 30% (FY2022: 37%) of total contracts. This represented a decrease of 7% as HRC continues to make efforts at reducing single source contracts.

\* 2022 figures defer from what was reported in FY2022 Sustainability Report due to updated records.

**Contracts via Single Source (%)**



In keeping with best governance practices, HRC prioritise procurement through competitive bidding and as a matter of course discourage single sourcing as we aim to benefit from competitive pricing from a more open tender process.

Single or sole source bidding will only be considered when the tender option is not practical or when circumstances demand procurement from a single source, for instance where the expertise needed is exclusive to a single source as in the case of equipment with proprietary/patented technology.

### Supplier Performance Monitoring

The competitive business environment imposes on HRC to always deliver to the quality, reliability and timing expectations of our customers, and to their exacting standards. Our ability to meet those expectations has a material dependency on our suppliers also meeting our expectations.

To keep our suppliers constantly on their toes and as a formal communication and engagement channel, HRC conduct discussions every six months with our key suppliers. These discussions are critically important to build strong collaborative and sustainable relationships, amicably resolve issues and to anticipated and mitigate early potential risks that may arise so that contracted deliveries progress as expected. Our C&P Policy also mandates an annual Business Performance Review (BPR) of our key strategic contracts. There were 43 rounds of BPRs conducted on key contracts in FY2023 (FY2022: 35 rounds).

For non-critical contracts, respective internal contract owners measure and track the performance which must be reviewed again for renewal prior to expiry of the contract. Assessment results are discussed internally and directly with the suppliers. The maximum allowable contract extensions is up to two times to provide opportunities for a competitive bidding.

## ECONOMIC SUSTAINABILITY



### Reliable Operations and Production

In an intensely competitive environment the reliability of HRC's operations and production is of paramount importance to ensure optimal value creation for our stakeholders. Reliable operations and production keep costs down and facilitate revenue maximisation while protecting our competitiveness. HRC maintains a sharp and relentless focus on maintaining our operations and production facilities at optimal levels and are constantly innovating to capitalise on opportunities for enhanced operational efficiency. In addition, the reliability of our operations and production contributes to HRC building resilience to seamlessly address market variations including those that are unexpected, and expeditiously leverage revenue and profitability enhancement opportunities that become evident.

### Reliability and Operability



Our Mitigate Threats to Availability procedures, which encompass our Reliability Management Framework (RMF), details responsibilities and the appropriate methods for identifying reliability threats, and actions required to head-off anticipated threats and mitigate those that eventuate. These processes essentially contribute to the effective and optimal operational preparedness and efficiency.

The RMF, depicted above, governs the execution of work processes and practices to ensure all operations and production are constantly reliable and efficient. Early detection of potential issues is facilitated to support speedy execution of required remediation measures to assure continuous equipment availability and operability. As well, maintenance needs are identified and executed to ensure an optimal operating levels and capabilities at all times.

A reliability and risk-aware mindset is continually instilled into our workforce by a matured Site Committed as One (SCONE) culture. Individuals can, and are encourage, to participate proactively in our asset integrity management and promote accountability and excellence in every phase of asset management with the aim of increasing operational reliability.

The SCONE culture has been instrumental in securing consistently high operational performance over the years. This commendable performance is also attributable to the collaborative efforts of a strong and committed team equipped in both the requisite technical and business know-how, guided by an established reliability framework that provides direction and structure towards proactive reliability improvements, as well as clear alignment of responsibilities in overcoming threats and issues.

# ECONOMIC SUSTAINABILITY

## Turnaround 2023

In FY2023, HRC successfully executed and completed a major Turnaround. This is a significant exercise performed by the refinery industry every 4 – 5 years to rejuvenate and refresh their production facilities as well as to conduct major repairs to obtain the assurance of continued operational efficiency. The successful completion of the Turnaround will ensure the continued operational sustainability of our production facilities and consequently the sustainability of our value generation capacity and capabilities.

Issues and challenges will invariably arise in an exercise as complex and significant as the Turnaround, diligent detailed planning and astute anticipation of potential issues ahead of execution contributed significantly to driving the eventual success of the Turnaround.

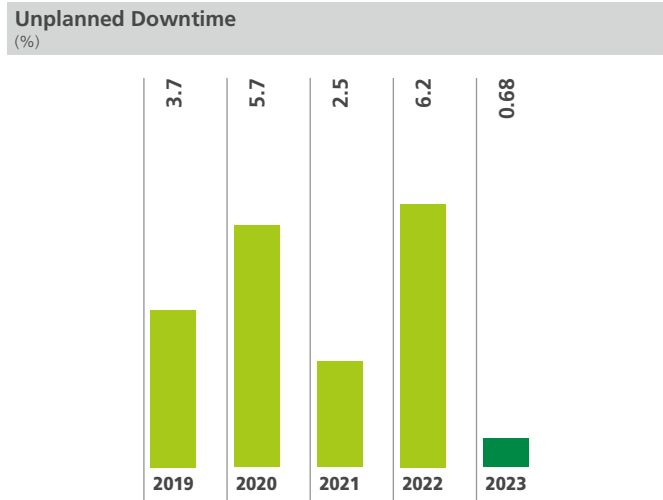
It must also be stressed that the strong collaborative relationship, bringing to life HRC's core value of Collaboration, between all internal HRC constituents involved and with appointed external vendors was also critical to success. The exceptional team spirit, commitment and uniformity of action of all involved facilitated a smooth and safe restart of production units in the shortest possible time.

The Turnaround also resolved and mitigated most of the critical threats in our production units prior to the exercise and restored them to reliable working order. Of significance, we managed to transform Crude Distiller Unit-2 CD2, achieving a new record throughput of 14.5 kilo ton from a commonly experienced throughput of 12.5 kilo ton.

## Unplanned Downtime

Unplanned Downtime (UPDT) is an important and industry accepted yardstick by which plant reliability is measured. In FY2023 HRC achieved an historic low UPDT of 0.68% (FY2022: 6.2%). This is a significant achievement that HRC is rightfully proud of, it is the lowest level in our 60 year history and is, in fact, at par with refineries worldwide based on the Solomon benchmark (Solomon, a provider of operations benchmarking for the global refinery industry, runs a benchmarking survey globally that provide comparisons of individual refinery performance on a range of operations metrics).

UPDT levels for the past 5 years are presented below.

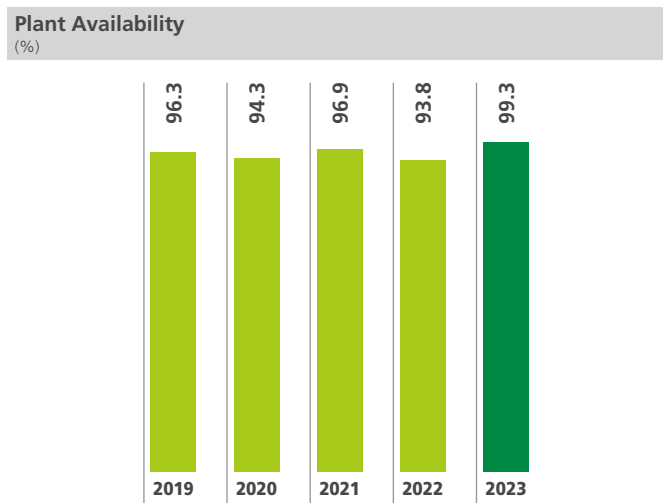


It is notable that the historically low UPDT was achieved in a Turnaround year when most of the equipment are running at maximum fouling rate with a high probability of potential breakdown while awaiting rejuvenation. Intense focus, passion and commitment of all involved has been instrumental to this remarkable achievement - yet another tangible example of our core value of Collaboration and also of Accountability.

## Plant Availability and Utilisation

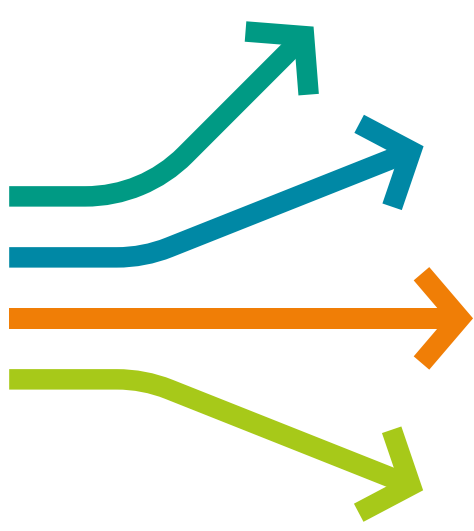
Consistent with our historic low UPDT, plant availability was at a significant high of 99.3% (FY2022: 93.8%) in FY2023.

Plant availability levels over the past 5 years are presented below.



## ECONOMIC SUSTAINABILITY

Key production reliability activities conducted across FY2023 include:

- 
- 1 | Reliability Steering Team (RST) meetings continue to take place on monthly basis to discuss site top threats, prioritisation, and ways to address constraints arising, for instance in resources. RST meetings also followed a streamlined agenda to facilitate efficient discussions
  - 2 | Area Reliability Team (ART) sessions were held to identify specific threats that may potentially impact our ability to operate continuously in a sustainable manner. Threats identified were evaluated in terms of their associated risk exposure levels and solutions were defined and implemented to mitigate and prevent the risks from eventuating
  - 3 | Continuing implementation of the Reliability Plan 2022 (which covers up to 2025) developed to guide efforts at achieving continuous reliability improvement
  - 4 | As part of the continuing implementation of the Asset Master Plan, consolidated and confirmed assets with asset owners to derive a definitive asset listing

Key production reliability activities planned for 2024 are:

- |                                                                                                                                                                         |                                                                                                                                                             |                                                                                                                                        |                                                                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| <p>Continue placing focus on and sustaining our reliability performance to continue meeting target set and perform credibly against peers in the Solomon benchmark.</p> | <p>Ensure refinery is operating at optimum levels and prepared to increase throughput whenever there are market opportunities to gain additional margin</p> | <p>Maintain focus on preventing, mitigating and eliminating operating leakages to minimise and eliminate adverse impacts on margin</p> | <p>Implement minor Capex projects that enables margin improvement</p> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|

# ENVIRONMENTAL SUSTAINABILITY



**HRC plays a crucial role as an integral component of the energy value chain, producing products that fuel economic activities from which value is generated. The sustenance we derive from this role fortifies HRC's sustainability as a business and lends to our ability to contribute to national economic prosperity and care for our people, society and the planet.**

As we derive value, we are also cognisant of our responsibility to reciprocate by minimising the impact of our activities on the environment. Indeed, as good corporate citizens we adopt responsible and ethical business practices to secure environmental sustainability. As a major refinery in operation for over 60 years, environmentally accommodative and friendly practices have long been embedded in our operations. These practices have intensified in line with the heightened attention on climate change and pollution.

HRC has been untiring in continuously instituting initiatives in support of climate action and will pull our weight, alongside the global community, in caring for the environment and protecting it from harm.

Under the ambit of Environmental Sustainability, we have identified the material sustainability matters highlighted below. Each has a significant bearing on HRC's sustainable economic success, value creation capabilities and growth.

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The management of each material sustainability matter is articulated in the following pages.



Climate Change and Greenhouse Gas (GHG) Emissions



Waste Management



Energy Management



Water and Effluent Management

## ENVIRONMENTAL SUSTAINABILITY

### Environmental Governance

Environmental governance lies within the remit of our Sustainability Governance Structure and is exercised through the Environmental Regulatory Compliance Management Committee (ERCMC), which is responsible for the oversight and management of environmental sustainability matters as well as monitoring compliance to all applicable laws and institution of improvement measures.

The ERCMC, comprising key senior management members, meets on a quarterly basis to deliberate on environmental matters arising and formulate plans to manage and mitigate them. As well, the ERCMC also sets policies in relation to environmental matters and ensures the satisfactory discharge of HRC's environmental commitments, in particular on climate action, through exercising oversight over the implementation of the associated initiatives.

Our Environmental Policy which is mandatory for all employees and contractors govern our operations and mandates; compliance to all applicable environmental laws and regulations and the adoption of practices and processes to minimise any adverse environmental impacts. Underpinning our Environmental Policy are the "no harm to people, protecting the environment and no leak to the environment" imperatives. These imperatives are inviolable and serves as our operations' moral compass.

HRC is also certified in ISO 14001:2015 - Environmental Management System, which covers the entirety of our operations encompassing production of petroleum and its by-products including refining, blending, storing, receipt and dispatch. No non-conformance was recorded during the Surveillance Audit on this certificate by SIRIM QAS in FY2023.

To ensure diligence in the management of environmental related material sustainability matters, we set targets annually through our HSSE Annual Plan to measure, assess and continuously improve our performance.

### Advocacy

At this stage, HRC has yet to participate in or commit to any business or trade association that promote climate action. We anticipate participating in the future after careful and diligent review of the options. Nevertheless, HRC will continue to play our part in environment protection and our efforts in this perspective are aligned in spirit with the goals and aspirations of any trade association, and indeed, the global community in championing climate action.





## Climate Change and Greenhouse Gas (GHG) Emissions

The devastation caused by climate change has been apparent across the globe, the human and infrastructure costs of extreme climate events have been massive and can only rise further. Greenhouse gas emissions blankets the earth trapping heat from the sun consequently leading to global warming and climate change. Of significance, 2023 marks a year of record temperatures across the world. As a responsible global corporate citizen, HRC acknowledges the urgency for global efforts in mitigating climate change issues as well as environmental protection and is committed to managing our GHG emissions by improving energy efficiency and integrating GHG emissions management into our business activities. We have a commitment to achieve net-zero by 2050 and will be unrelenting in our efforts towards realising this commitment.

One planned mitigation measure is to account for GHG emissions to facilitate trend analysis with a view to minimising emissions, aligned to this, HRC also plans to begin accounting for Scope 3 emissions in 2024, starting with data collection for employee commuting and business travel. Base data will be collected first prior setting a target.

Reducing CO<sub>2</sub> emission from production is a key strategic initiative that HRC will focus on in line with the net-zero 2050 target. For the longer term, HRC is identifying multiple initiatives to reduce CO<sub>2</sub> emissions from our production mainly from the implementation of Energy Masterplan Phase 3 as well as other activities that will help improve HRC's sustainability performance and support the achievement of net-zero by 2050.

### GHG Emissions

The constituents of HRC's GHG emissions are CO<sub>2</sub>, Nitrous Oxide (N<sub>2</sub>O), and Methane (CH<sub>4</sub>). We adopt the API Compendium of Greenhouse Gas Emissions Methodologies for the Oil and Natural Gas Industry 2009, Intergovernmental Panel on Climate Change (IPCC) 2006 and ISO 14064-1:2018 Greenhouse Gasses - Part 1 to calculate our GHG emissions. Independent verification of HRC's GHG emissions were conducted by SIRIM QAS in 2018 and 2019. HRC continues to apply the same approach used by SIRIM QAS to ensure the reported GHG emissions are in line with the ISO 14064-1 and to facilitate comparability against the 2018 and 2019 emission level.

In our continuous endeavour to mitigate our GHG emissions, HRC updated our Energy Masterplan in FY2022 to guide and direct efforts at managing our energy consumption and consequently our GHG emissions. The current Energy Masterplan targets a reduction of CO<sub>2</sub> emission of 62,000 tonnes by 2029. This targeted reduction supports Malaysia's Nationally Determined Contribution (NDC) under the Paris Agreement to reduce its GHG emissions intensity by 45% by 2030 relative to the emissions intensity of GDP in 2005.

HRC's GHG emissions are measured as CO<sub>2</sub> equivalent (CO<sub>2</sub>-eq) emissions and comprise:

- (i) direct GHG emissions (Scope 1) from stationary combustions, flaring, process and fugitive emissions; and
- (ii) indirect emissions (Scope 2) tracked based on electricity consumption. These are monitored and accounted for through our GHG accounting exercise.

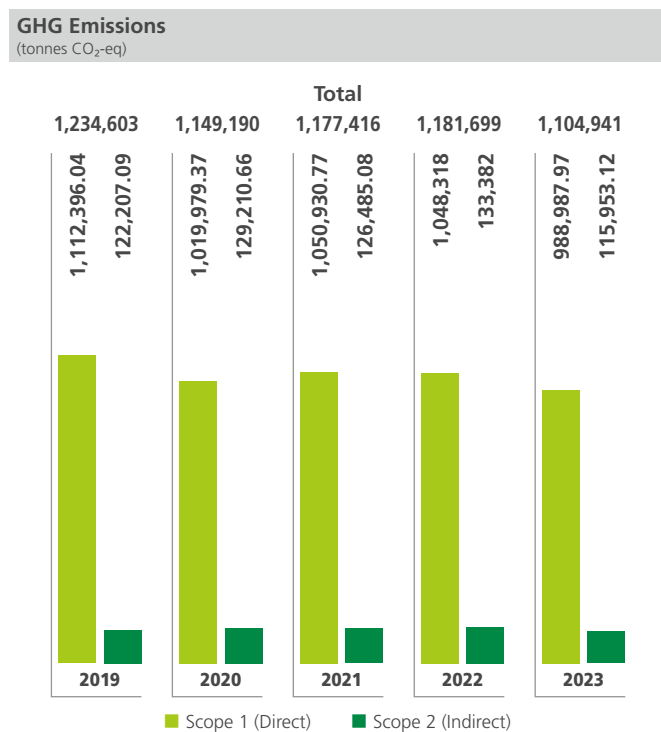
In FY2023 total GHG emissions decreased by 6.5% to 1,104,941 tonnes CO<sub>2</sub>-eq from 1,181,699 tonnes CO<sub>2</sub>-eq recorded in FY2022. The decrease is attributable to a decrease in Scope 1 emissions due to the Turnaround exercise which required a plant shutdown from June 2023 to Aug 2023. In tandem, Scope 2 emissions also decreased due to lower power consumption during Turnaround.

A 10.5% decrease in carbon efficiency was experienced in FY2023 as Turnaround led to lower production. 34,551 tonnes CO<sub>2</sub>-eq of GHG was emitted per million barrels in FY2023 as opposed to 31,262 tonnes CO<sub>2</sub>-eq per million barrels in FY2022.

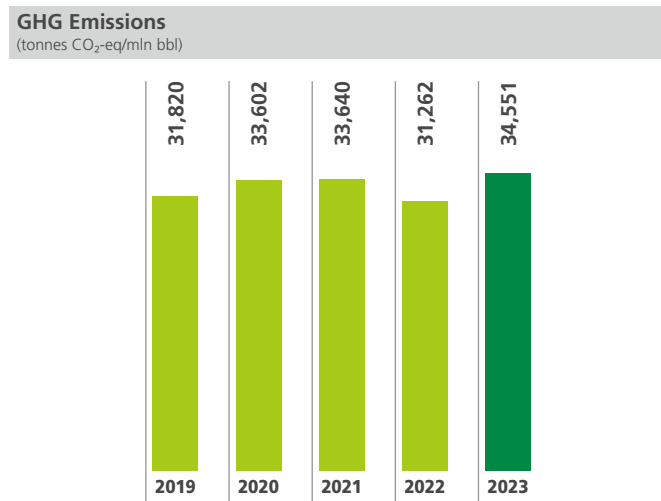
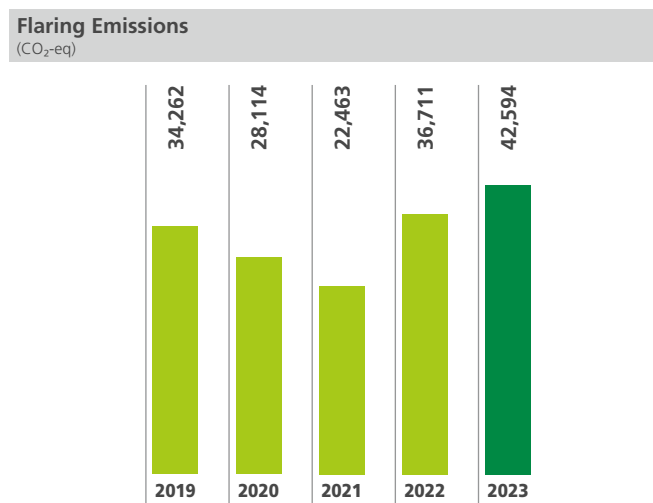


# ENVIRONMENTAL SUSTAINABILITY

GHG emissions over the past 5 years illustrated below:



Flaring emissions over the past 5 years are depicted below:



## Flaring Emissions

Flaring emissions increased by 16% from 36,711 tonnes CO<sub>2</sub>-eq in FY2022 to 42,594 tonnes CO<sub>2</sub>-eq in FY2023. Flaring was quite high during the second half of the year due to the execution of Turnaround involving shutdown and startup, UTB shutdown as well as water supply disruption issue.

HRC is actively pursuing the implementation of a Flare Gas Recovery Unit (FGRU). This is a strategic project aimed at recovering high value hydrocarbon gases from flaring to be reused as fuel, contributing to improved energy efficiency and cost savings. Importantly, the recovery of the gases will also reduce our carbon emissions to the atmosphere. In relation to this, it is significant to note the flare gas composition is dominated by methane which has a much higher global warming potential than CO<sub>2</sub>, hence the FGRU is expected to make contributions to HRC’s climate action efforts to reduce global warming as well support the realisation of our ambition to achieve net-zero by 2050.

Energy management is integral and critical to HRC’s continuous efforts to manage and reduce emissions, further details are presented under Energy Management.

## Sulphur Oxides (SO<sub>x</sub>), Nitrogen Oxides (NO<sub>x</sub>) and Methane (CH<sub>4</sub>) Emissions

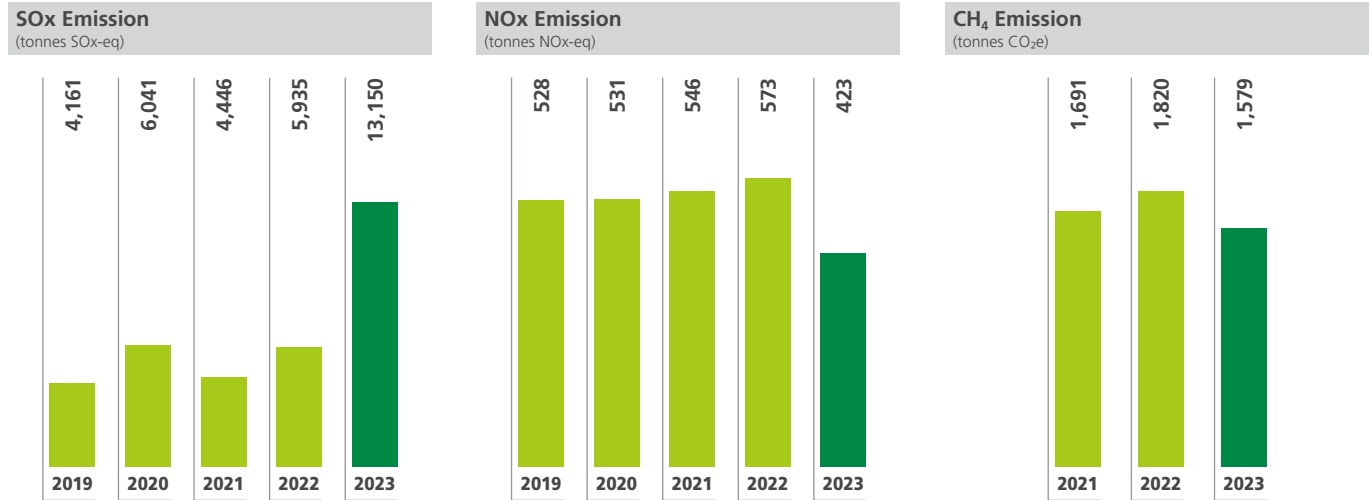
Sulphur Oxides (SO<sub>x</sub>), Nitrogen Oxides (NO<sub>x</sub>) and Methane produced in the refining process adversely impact air quality. HRC exercises constant diligence in managing the levels of these gases to minimise their environmental impact. We adopt industry best practices in our refining process to minimise the levels of SO<sub>x</sub>, NO<sub>x</sub> and Methane produced, as well, we exercise tight and stringent controls to prevent any leakages of these gases in line with our goal of “no leak to the environment”.



## ENVIRONMENTAL SUSTAINABILITY

Our SOx emissions increased from 5,935 tonnes SOx-eq in FY2022 to 13,150 tonnes SOx-eq in FY2023 due to a higher SOx emission level caused by shutdown of the Sulphur Recovery Unit to facilitate maintenance work, while NOx emission decreased by 26.2%, from 573 tonnes in FY2022 to 423 tonnes in FY2023, due to lower consumption of fuel oil and LPG, as well as a reduced LRCCU throughput resulting from the Turnaround.

The volume of Methane emissions is presented for the first time in the current Sustainability Report. The year-to-year variation noted in Methane emissions is also due to reasons noted for NOx, specifically lower fuel consumption and refinery throughput from reduced production activity as a result of Turnaround.



Conscious of their impact on the environment, HRC constantly implement measures to manage SOx, NOx and Methane emissions, these include monitoring flaring and fuel consumption, notably the planned implementation of the FGRU will make significant contributions to managing and reducing these emissions.

## ENVIRONMENTAL SUSTAINABILITY



### Energy Management

Responsible consumption of energy is embedded into all facets of HRC's operations, it is integral to our continuous climate action efforts aimed at securing environmental sustainability. HRC realises the urgency for action in reducing GHG emissions and stave off the disastrous effects of global warming. Critically, the first assessment of world's collective efforts to address climate change, concluded at the recent COP28 UN Climate Change Conference, indicates that progress was too slow across all areas of climate action. Under the circumstances, it is incumbent and imperative for HRC to do our utmost with heightened urgency to manage our energy consumption so as to reduce our emissions and the carbon footprint of our operations.

### Responsible Consumption

HRC recognises the urgency of managing the sources of our emissions and puts continuous focus on increasing the efficiency of our energy consumption which accounts for a dominant portion of our emissions. Astute energy management, in addition to contributing to environmental sustainability, also has the advantage of generating cost savings, hence maximising the value we provide to our stakeholders. To this end, reducing emissions through optimisation of energy consumption as well as usage of renewable/alternative clean energy is one of two key elements incorporated into strategies to achieve HRC's Net Zero Goals, the other one being execution of initiatives such as nature restoration projects to compensate for the emissions.

We are committed to take the necessary actions to reduce our carbon footprint, as part of the global collective to address global warming. In FY2022, we updated our Energy Masterplan which contains a range of energy efficiency improvement tactics to be executed in phases over the long term. In total, there are some 17 tactics spread across all units within our refinery.

The recent Turnaround completed in FY2023 facilitated the implementation of some tactics which required modification to and shutdown of impacted site equipment while other tactics have been planned to coincide with the next Turnaround anticipated to be around 2028, for similar reasons. The rejuvenation, refresh and repairs of impacted site equipment conducted during the Turnaround will also contribute to greater energy efficiency as they are now in optimal operating conditions.

### Energy Efficiency

We adopt the Solomon Associates Energy Intensity Index (EII) to measure our refinery energy performance. The EII is a matrix that is referred to when seeking to maximise operational process energy efficiency and is calculated based on actual energy consumption divided by standard energy. The standard energy is computed by Solomon based on actual unit production and operating conditions. Therefore, it provides an indicator of difference between actual energy performance against the standard energy performance. The lower the EII, the lower the energy consumption against standard, reflecting better energy efficiency.

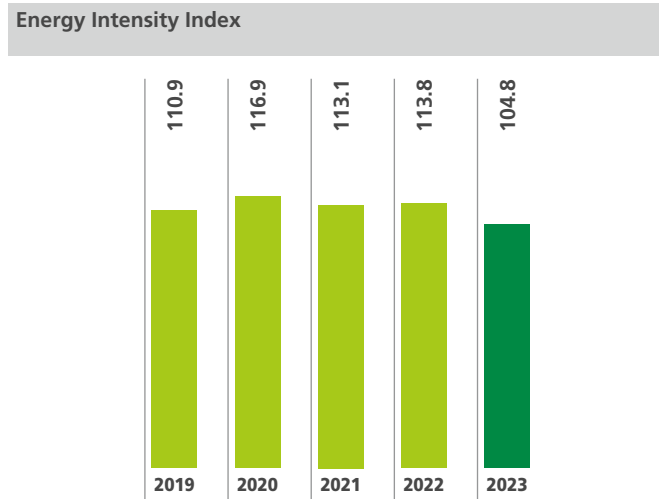
An EII target is set annually which is monitored regularly to ensure high overall energy efficiency, minimal use of fuel oil for power generation and drive adoption of EII reducing energy tactics. The overall aim is to reduce our CO<sub>2</sub> emissions and improve energy efficiency over time. For FY2023, the EII target is 106.8 (FY2022: 114.2) while the actual EII was lower at 104.8 (FY2022: 113.8) signifying an increase in energy efficiency. Notably, the performance over target recorded in FY2023 of 2 points is also an improvement over the +0.4 points recorded in FY2022.

The main factors behind the improved performance are:

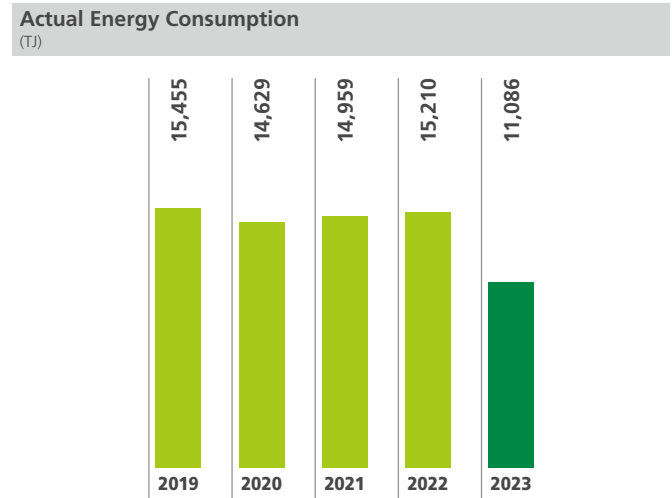
- Successful completion of the 4 tactics below under Energy Masterplan Phase 1 which lowered EII by 1.76 points while contributing to reducing CO<sub>2</sub> emission by 13.85kt per year.
  - ~ F-3201 Boiler Retubing
  - ~ CO Boiler Economiser Cleaning
  - ~ Replacement of Plat-2 Feed Effluent Exchanger
  - ~ Replacement of CD-2 F-190 Air Preheater
- Successful execution of Turnaround 2023, which restored overall plant performance enabling greater equipment efficiency.

# ENVIRONMENTAL SUSTAINABILITY

Ell computations recorded over the past 5 years are illustrated below:



HRC’s energy consumption over the past 5 years are depicted in the diagram below:



## Energy Consumption

Energy consumption depends on many factors with the main determinants being refinery throughput and equipment energy efficiency, for example, a higher throughput will require more energy while a fouled equipment will have lower energy efficiency and will demand more energy for the same throughput.

Energy consumption in FY2023 was 11,086 terajoules (TJ) (FY2022: 15,210) representing a reduction in consumption of 4,124 TJ or 27% largely due to equipment shutdowns to accommodate the conduct of Turnaround along with contributions from greater equipment operational efficiency post-Turnaround and the completion of Phase 1 of the Energy Masterplan.

As previously indicated the Energy Masterplan was formulated to drive greater energy efficiency and consequently reduce our carbon footprint, with a targeted CO<sub>2</sub> emission reduction of 62,000 tonnes by 2029.

The execution of Phase 1 of the Masterplan was been completed in 2023 according to plan. Moving into 2024, we will conduct preparatory work for the 2025/2026 planned tactics.

In addition to the Energy Masterplan, HRC constantly leverage other opportunities to drive greater energy efficiency, in FY2023 one such opportunity was the replacement/upgrade of catalyst in the HDS-2 unit, which led to better energy efficiency (lower energy consumption for the same desulphurisation performance across HDS-2).

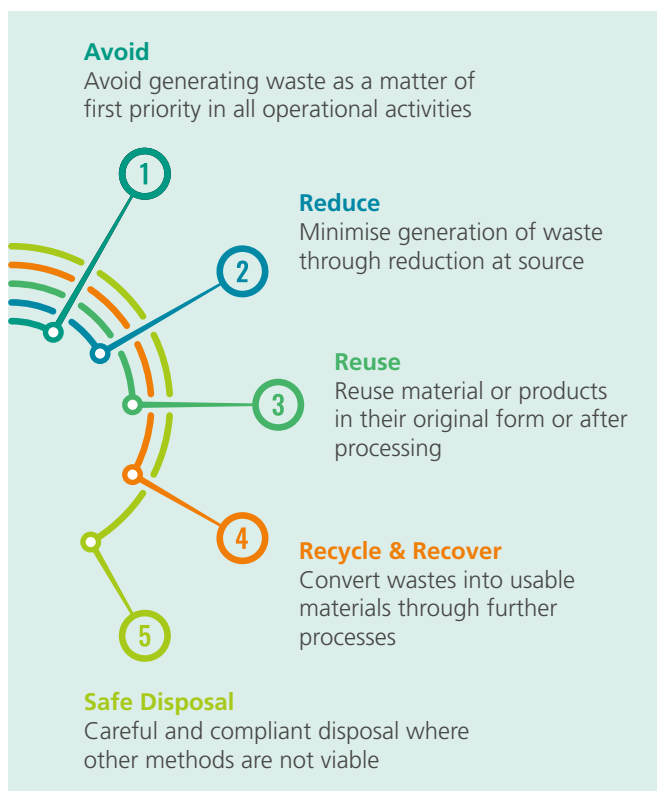
## ENVIRONMENTAL SUSTAINABILITY



### Waste Management

Waste management has always been an important part of HRC's environmental sustainability processes to mitigate the impact of our operations on the environment in line with our commitment of "no harm to people and to protect the environment". We ensure strict compliance to all waste management regulations through the practice of stringent waste management processes that are aimed at environmental conservation and protection. We are committed to ensure that no harm comes to communities and biodiversity that reside in areas surrounding our operating footprint to maintain and preserve an environment for them to continue thriving.

### Waste Management Mandate and Overarching Principles



The diagram above illustrates HRC's waste management approach – our Waste Management Hierarchy – as well as the underpinning core principles.

The Waste Management Hierarchy is expressed in HRC's Environmental Policy which dictates that HRC shall:

- Fulfil our obligations and ensure compliance to the Environmental Quality Act 1974 and all other regulations and applicable laws governing the environment
- Evaluate environmental aspects to minimise any adverse impacts of our business activities to the environment
- Include the consideration of environmental risks and opportunities in all business strategies and initiatives

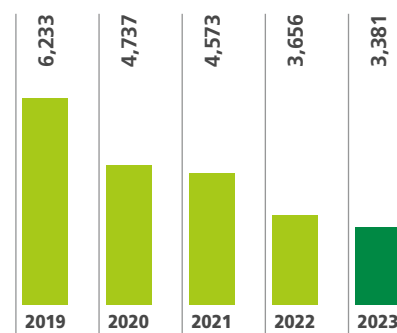
### Hazardous Waste

The management of hazardous waste is a regulatory requirement under the Environmental Quality (Scheduled Wastes) Regulations 2005 (amended 2007). HRC always ensure compliance to statutory regulations in the management and disposal of hazardous waste.

In FY2023, HRC generated a total of 3,381 tonnes of hazardous waste as opposed to 3,656 tonnes in FY2022. The decrease of 275 tonnes or 7.5% recorded in FY2023 was primarily caused by the significant reduction in scheduled waste from Effluent Treatment Plant (ETP) sludge articulated below under ETP Sludge.

Hazardous waste generation over the past 5 years is depicted below.

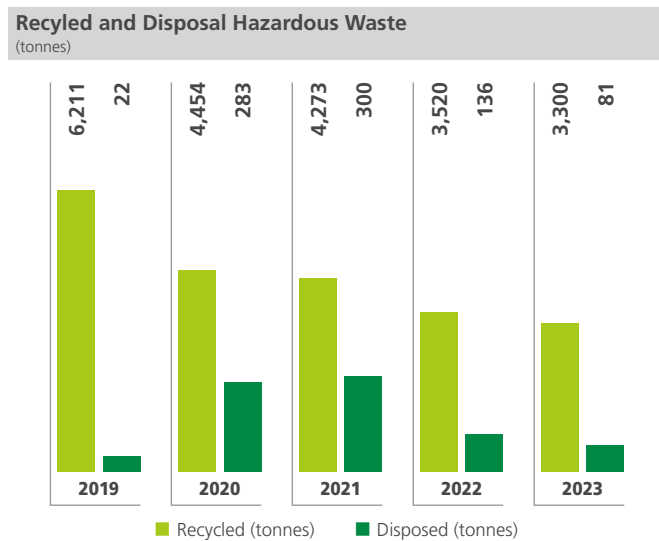
**Hazardous Waste Generation**  
(tonnes)



# ENVIRONMENTAL SUSTAINABILITY

The amount of hazardous waste sent for recycling reduced from 3,520 tonnes in FY2022 to 3,300 tonnes in FY2023. This was due to a reduction in spent catalyst generated which fell from 2,458 tonnes in FY2022 to 2,350 tonnes in FY2023 due to a reduction in catalyst changeout. A reduction in ETP sludge generated also contributed to the decrease in the level of recycled hazardous waste.

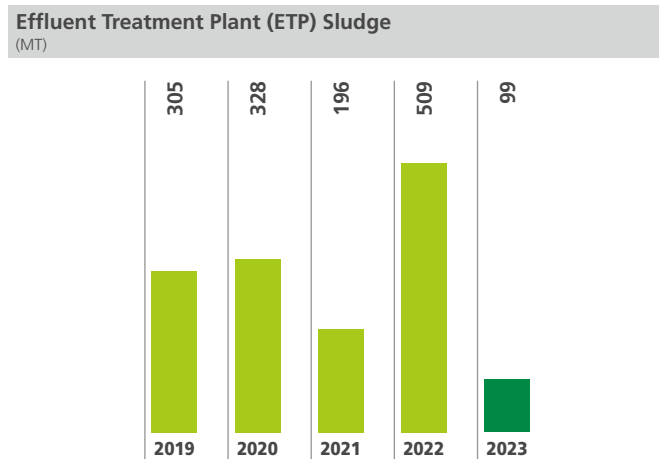
Recycled hazardous waste and their disposal levels are depicted in the diagram below:



## Effluent Treatment Plant (ETP) Sludge

Our ETP treats waste water produced during the refining process prior to its discharge to ensure compliance to DOE regulations and guidelines. Sludge is generated in the treatment process.

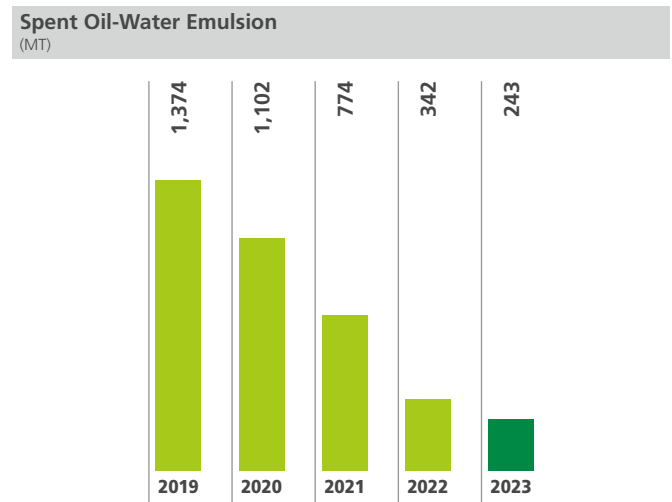
In FY2023, a significant reduction of 410 tonnes in scheduled waste generated from ETP sludge was noted from 509 tonnes in FY2022 to 99 tonnes in the current year as the sludge was introduced back into the processing cycle. ETP sludge levels over the past 5 years are illustrated in the diagram below:



## Spent Oil-Water Emulsion

Spent oil-water emulsion generated in the refining process reduced in FY2023 to 243 tonnes from 342 tonnes in FY2022 as a result of treating spent caustic through ETP which lowered spent oil-water emulsion generated.

The diagram below shows the spent oil-water emulsion generated from waste water treatment over the past 5 years.



## Initiatives

HRC constantly conducts environment conservation initiatives to create and embed environmental consciousness within and beyond our operations, these initiatives are an integral part of our commitment to secure environmental sustainability. Key initiatives conducted in FY 2023 were:

- Earth Day 2023 programme in collaboration with the Department of Environment and other industry players and participated by the community in Chuah, Port Dickson. This programme also involved the collection of e-waste with contributions from the participants. Additionally, a bicycle ride around Chuah was organised with completing participants being awarded a tree each to symbolise environmental care.
- Efforts have been taken to minimise the generation of waste via reduction at source and conversion of waste generated into usable materials through further processing, both these approaches minimises waste sent for disposal. Multiple assurance walks were also conducted to ensure compliance with the Schedule Waste Management Regulations and guidelines issued by DOE.

## ENVIRONMENTAL SUSTAINABILITY



### Water and Effluent Management

HRC's consumes water in production activities and in the process generates effluents as by-product. Recognising that water is a scarce natural resource, HRC exercises diligence in our water consumption making conscious and continuous efforts to conserve and minimise usage to secure the continued availability of water for ecosystems within our operating footprint to thrive. As well, HRC exercises great care to ensure that effluents generated are appropriately treated in accordance with regulatory requirements to within defined specifications - this is incumbent on us as a responsible and ethical corporate citizen, and brings to life our inviolable imperatives of "no harm to people and to protect the environment".

### Water Consumption

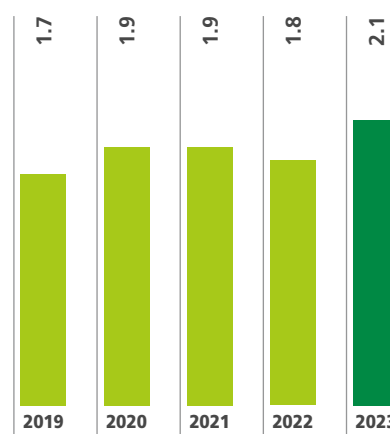
Municipality potable water is HRC's sole source of raw water. We track our water usage very closely and institute measures to optimise water consumption, including optimising water usage at specific high-consumption equipment and maximising recycling of water in refinery boilers and cooling towers, for instance, we use a steam-condensate recovery system that recovers condensation from steam. The recovered water is recycled for subsequent use in the refinery.

Raw water consumption in FY2023 was 2.1 million m<sup>3</sup> (FY2022: 1.8 million m<sup>3</sup>) an increase of 0.3 million m<sup>3</sup> or 16.7% principally due to the operation of the Hydrogen Manufacturing Unit (HMU) and Euro 4M (E4M) units following completion in 2022.



Water consumption levels over the past 5 years are illustrated below.

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



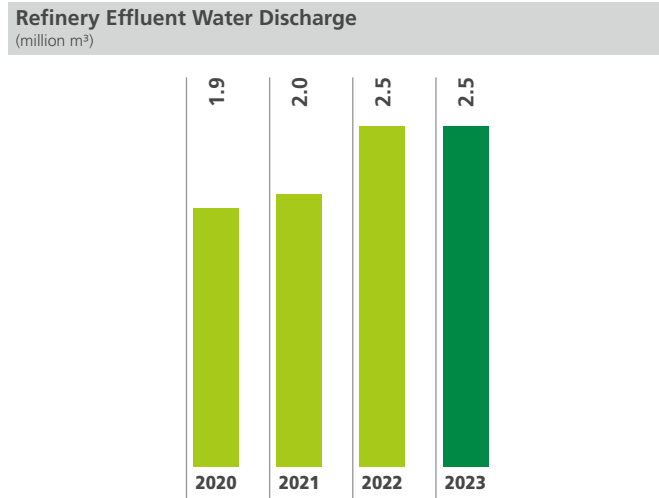
### Effluent Discharge

As mandated by DOE we treat waste water generated from our refinery to ensure that the final discharge is within the prescribed quality standards. To this end, the quality of our effluent water and that of the sea water at the jetty is constantly and diligently monitored, specifically through daily testing of samples by a DOE approved laboratory. Additionally, on a monthly basis testing is conducted on samples collected at our final discharge point and results arising are uploaded into DOE's website for the authority's own monitoring. We also have an environment technologist working hand-in-hand with a competent person to constantly monitor upstream of final discharge point.

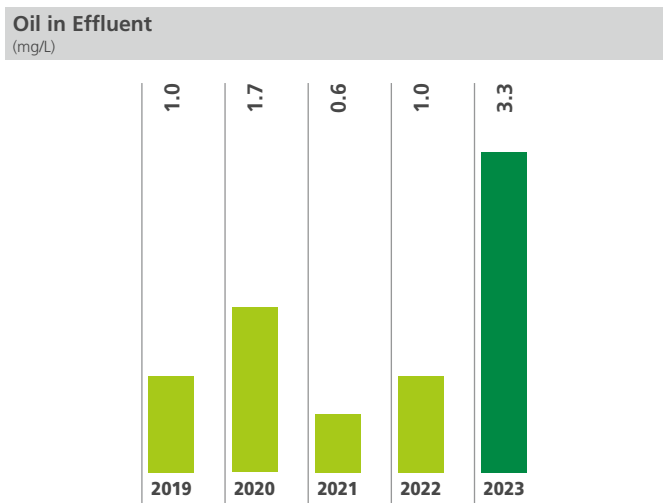
The monitoring processes above facilitate HRC in proactively detecting water quality issues and where quality is below permissible standards immediate intervention is instituted to keep the final discharge within DOE's mandated standards.

## ENVIRONMENTAL SUSTAINABILITY

In FY2023, effluent water discharged into the sea through the DOE approved pipeline and discharge point was 2.5 million m<sup>3</sup> similar to the volume in FY2022. The chart below depicts the volume of refinery effluent water discharged across the past 4 years.



On the overall, effluent water quality levels in FY2023 were within the parameters of the Environmental Quality (Industrial Effluent) Regulations 2009 Fifth Schedule Standard B.



The permissible regulatory level for oil in effluent is 10 ppm. The high level of oil in effluent in FY2023 was due to the Turnaround execution, principally, from refinery maintenance and cleaning activities to clean various equipment/systems of oil/sludge accumulated over the past 5 years. The refinery has an effluent water processing facility which has efficiently maintained the average oil in effluent reading to below 10 ppm across FY2023.



# SOCIAL SUSTAINABILITY



HRC acknowledges that a strong, cohesive and competent workforce is paramount to driving organisational success as is tight and enduring relationships with local communities in the proximity of our operating footprint. In the over 60 years of HRC's operations our workforce and local communities have been unstinting in extending their support and contributing to HRC's success and growth, in response, we recognise the need to reciprocate as an explicit gesture towards maintaining and strengthening the harmonious relationships with our workforce and local communities.

While monetary compensation is important, we believe the social aspect of our overall sustainability efforts and aspirations should transcend financial considerations, hence our duty of care also extend providing health care and wellbeing related benefits to our workforce as well as financial aid and support to local communities to tide them through difficult times and in celebrating major festivals together with them.

The social relationships built and continually strengthened will certainly stand HRC in good stead and help to fortify our resilience as we chart the way forward. Over the years, our workforce and local communities have together weathered many obstacles and emerged stronger. The symbiotic relationships built will go a long way towards ensuring the sustainability of our business and their continued wellbeing.

Under the umbrella of Social Sustainability, we have identified the material sustainability matters highlighted below. Each has a significant bearing on HRC's sustainable economic success, value creation capabilities and growth.



Employee Value Proposition



Local Community



Diversity & Equal Opportunities





## Employee Value Proposition

HRC counts its workforce as its most important asset as we believe the excellence of our workforce defines HRC. We, therefore take our responsibilities and obligations for the wellbeing of our workforce seriously to keep them engaged and passionate about delivering their best at all times. A skilled and competent workforce is paramount to sustaining our competitiveness in an environment of intense competition, enabling us to continue generating reasonable returns for our stakeholders. Accordingly we place strong focus on attracting, nurturing and retaining the best talent to drive our business forward and to reciprocate the efforts of our workforce with a competitive remuneration package, contribute to securing their wellbeing and support their continuing development.

### People Programme

A workforce-focused People Programme has been instituted to implement enhancement initiatives based on the findings and recommendations from a detailed a “current state” study of HRC’s human capital and workplace practices.

The People Programme has the following overarching objectives:



Re-build group identity, and achieve organisation goals as one HRC with unlocked synergies and seamless collaboration



Re-curate employee centric experience and thriving workforce with the unwavering support from leaders and employees to strive towards sustainable business growth



Re-imagine work to operate with efficiency and align to group vision and mission, to strengthen market competitiveness for future success

Implementation of the initiatives commenced in 2023 with execution of the necessary preliminary steps, including programme socialisation and implementation team on-boarding. Regular updates are provided in dedicated People Programme sessions across 2024 to ensure continuous employee engagement and transparency over the development of performance recognition incentives and competitive remuneration packages as well as opportunities to advance career trajectory.

Facilitated by the People Programme, HRC envisions a more collaborative and passionate workforce underpinned by a strong and supportive enabling environment to emerge moving forward. This will be instrumental in strengthening HRC’s market competitiveness and securing our continued success.

### Talent Management

HRC holds the conviction that talent development should start from the very beginning, specifically from recruitment. Our recruitment efforts target the best talents in the market with the skills and experience that fulfils our requirements. We bring in bright, capable and competent candidates of integrity who we believe can exceed expectations and bind them together into a cohesive, collaborative team to help drive HRC forward. Our recruitment efforts also target qualities aligned to our core values, as well as inherent agility, adaptability, resilience and resourcefulness to respond positively to the challenges of our evolving operating environment.

Once onboarded, we nurture our employees through collaborative efforts with them, to develop their skills and capabilities to meet our business needs and the employees’ professional aspirations. We do this through a programme of structured training. This is elaborated in greater detail in the sub-section, Training and Development.

HRC has in place an attractive remuneration package which forms an integral part of our recruitment strategy. We endeavour to provide competitive remuneration and benefits that are aligned to those of our industry peers and the market to enable us to attract and retain talent.



## SOCIAL SUSTAINABILITY

Complementing our competitive salaries and reflecting our responsibility to our workforce and concern for their wellbeing, HRC provides an extensive range of benefits to our full-time employees. These benefits play an instrumental part in helping us attract and retain high performing employees. Key employee benefits are shown below:



Flexible working arrangement available for non-shift employees



Leave (annual, medical, prolonged illness, compassionate, examination)



Parental leave, both Maternity and Paternity (5 days for male employees)



Employees' Provident Fund contribution



Education assistance extended to children of employees



Medical/general health care including dental and optical



Hospitalisation



Medical insurance for specialist care



Group Term Life covering permanent disability, invalidity or death



Registration fees sponsorship for enrolment in gyms and participation in sporting events



Performance-based bonus



Inconvenience Allowance and Time-Off In Lieu, this is compensation provided to employees who return to work on rest days and public holidays



Long-service award

### Employee Engagement

We recognise that employee engagement goes beyond financial considerations. Although this is significant, an emotional connection between our employees and our company and their workplace is equally significant. A strong emotional connection is associated with higher productivity, contribution and, more importantly, employees with a strong connection act as a motivational force for others.

To build a strong emotional connection, HRC places great significance in ensuring our employees are continually engaged. It is an acknowledged fact that a good employee experience goes a long way towards attracting and retaining top talent. To this end, we engage with our employees through our quarterly townhall sessions and conduct discretionary discussions with members of our workforce, as required, to appreciate more intimately their concerns, expectations and aspirations so that we can formulate appropriate interventions to keep them engaged and passionate.

### Performance Management

HRC conducts performance management to ensure our workforce is delivering at their optimal levels and to expectations. Performance management is also an important mechanism to collaboratively work with the workforce to identify and agree on areas of improvement and the necessary interventions to facilitate capability enhancement and continuous professional development.

With respect to the above, our employees receive annual formal performance reviews to evaluate their performance against a set of defined key performance indicators. The review facilitates the identification of development opportunities and training needs that are aligned to the employees' areas of responsibility and career aspirations.

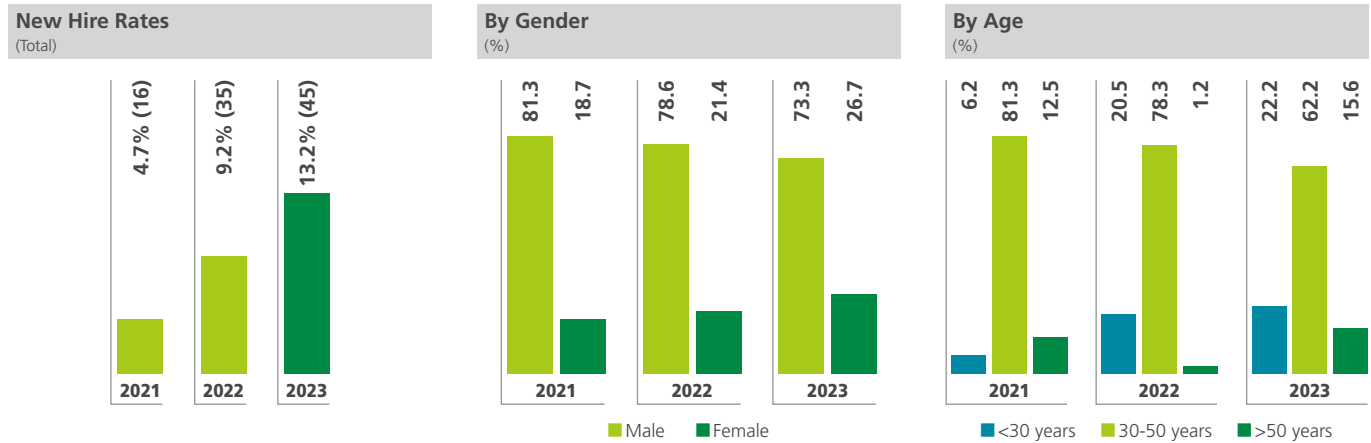
The review also facilitates a collaborative exchange between evaluated employees and their evaluating managers to formulate and agree on mitigating actions to resolve performance gaps. All employees received annual performance reviews in FY2023. Arising from the annual performance reviews, salary increments are awarded to employees based on individual performance and their value added contribution to HRC.

# SOCIAL SUSTAINABILITY

## New Hires

New hires as a proportion of our total permanent workforce and the associated gender and age breakdowns are depicted in the diagrams below.

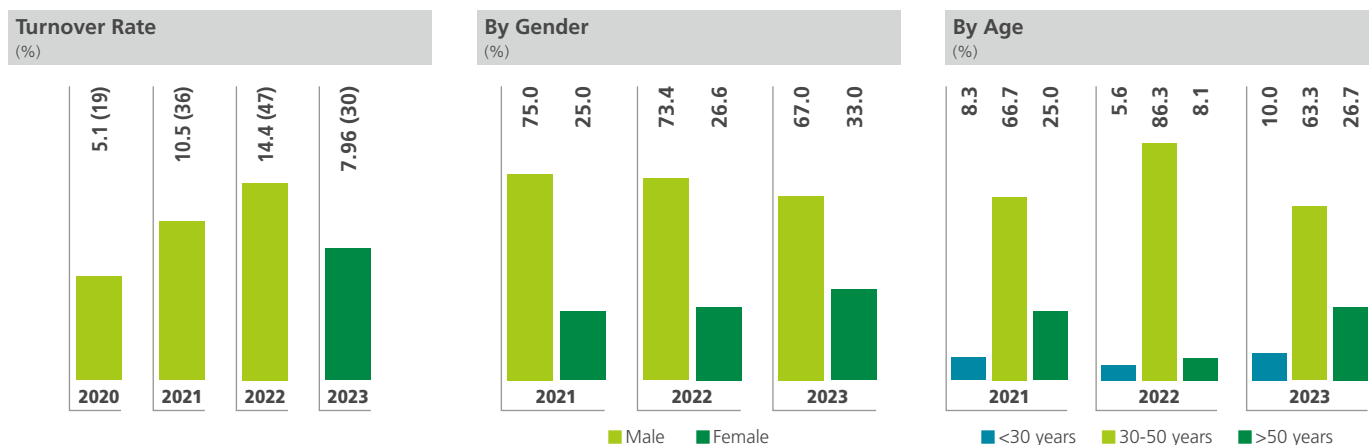
In FY2023, the proportion of new hires increased to 13.2% in comparison 9.2% in FY2022 due to the conversion of contract staff to permanent employees. In terms of the number of new recruits, this also increased to 45 in the current year against 35 in FY2022.



## Turnover Rate

The turnover rate recorded a significant decrease to 7.96% in FY2023 from 14.37% in the previous year. This better performance is the fruition of efforts expended by HRC to manage the turnover and retain talent. Moving forward, HRC will continue to be unrelenting in retaining our talents to ensure that our pool of talent and experience, which is imperative for HRC’s continued success, remains strong and undiminished. It should be stressed that the turnover rate does not include turnover of short-term contract staff hired specifically for the Turnaround exercise who are released on its completion.

Turnover rates for the previous 5 years and the associated gender and age breakdowns are illustrated below.



## SOCIAL SUSTAINABILITY

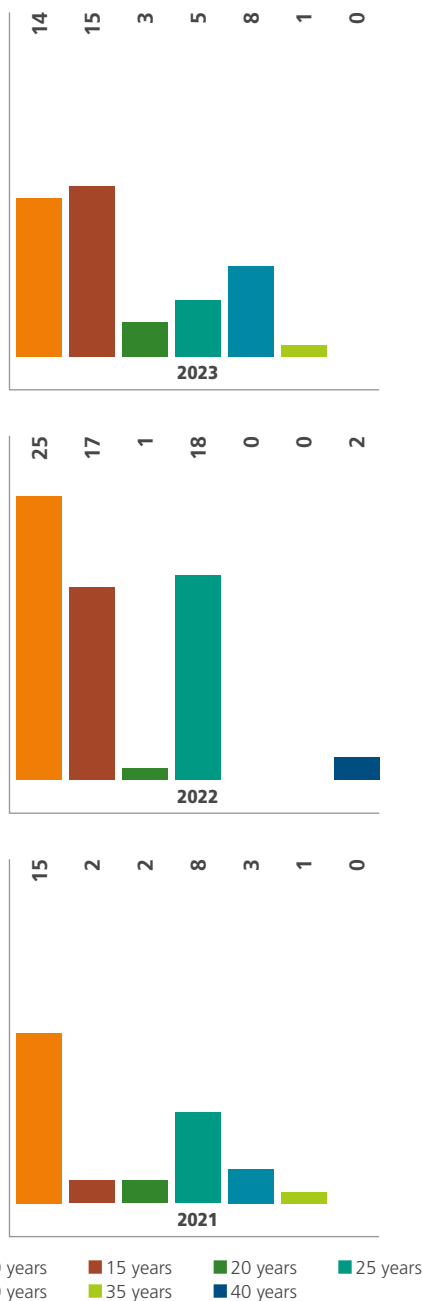
### Long Service Award

Long serving members of our workforce are recognised for their contributions, commitment and loyalty through the Long Service Award. Awards for long service start when an employee reaches 10 years of continuous service thereafter, employees are recognised every subsequent continuous 5 years.

The number of long serving employees for each of the previous 5 years is depicted below.

#### Long-Term Service

(Age)



### Training and Development

We actively nurture and develop our workforce throughout their employment lifecycle to facilitate continuous enhancement of their competencies, capabilities and skills in a manner that is aligned to HRC's changing needs and objectives. To this end, one key mechanism is continuous learning. HRC continuously invests in training and development programmes to ensure we have a professional and high performing workforce as well as to meet our workforce's aspirations for continuing professional and personal growth and development.

We have developed a comprehensive training and development programme which covers technical and non-technical programmes while on-the-job (OJT) training is conducted as a matter of routine. Members of our workforce are encouraged to take ownership of their career development and this includes training.

At the corporate level our leadership provides input on training needs to meet strategic and competitive needs while our workforce collaborates with the management to identify their own specific training requirements to support their continuous development - every employee has the opportunity to discuss their personal development and training needs with their respective line managers during the annual Individual Development Plan development process.

#### Internship and Graduate Programmes

The Youth Programme is an intrinsic part of HRC's corporate responsibility programme aimed at supporting our local communities. Specifically, it entails exposing youths to our operations and training them for potential future employment in HRC. In FY2023, we engaged 6 personnel as apprentices attached to the operations department and upon completion of the apprenticeship these individuals were converted to fully time permanent employees.

Our Internship Programme, admits interns each year and train them in various aspects of HRC's operations. The interns form a pool of potential future HRC employees. In FY2023, there were 13 interns (FY2022: 23) attached to various functional units in HRC.

## SOCIAL SUSTAINABILITY



### Training

Training is a constant in HRC, aside from being an integral part of our remuneration and benefits package, training also provides the necessary skills for HRC to remain competitive and achieve good economic results. In an industry such as ours where technical skills and experience is critical, training is imperative to ensure that we operate efficiently and safely and also to enable us to build requisite capabilities and competencies to leverage new technologies and processes to keep pace with industry developments.

Additionally, in light of risks inherent to our industry, training is of the utmost importance to establish and maintain a safe workplace in realisation of our duty of care for our workforce and our commitments in relation to their health and safety. As with previous years, in FY2023 we continue to conduct training related to multiple aspects of our operations covering topics such as technical, non-technical, health and safety and regulatory compliance. The table below depicts training hours in FY2023 and FY2022.

#### Average training hours per employee

2022  
**51.4 hours**

2023  
**13.5 hours**

#### OJT training hours per employee

2022  
**34.9 hours**

2023  
**14.7 hours**

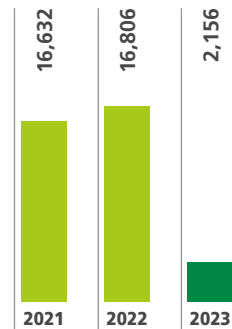
Average training hours per employee has decreased in FY2023 as our workforce was focused on preparing and conducting the Turnaround to ensure proper readiness and successful completion. Following the successful completion of the Turnaround, training levels and intensity is expected to return to normality in FY2024.

### On the Job (OJT) training

OJT is an important component in building and reinforcing competencies in relation to refinery operations within our refinery workforce. Refinery operations is complex, in addition to being technical making OJT an important and more effective mechanism by which training and experience is imparted - this provides an indispensable on-the-ground "as it happens" view supported by the presence of an experienced mentor which reinforces understanding and assimilation.

Refinery training hours include on-the-job training, this is to facilitate deeper insights into the full breadth of training provided to our refinery workforce to ensure sufficiency of practical training. Refinery training hours over the past 3 years is illustrated in the diagram below. Training hours decreased significantly to 2,156 hours in FY2023 from 16,806 hours in FY2022 primarily due the intense workforce focus on the Turnaround.

Refinery Training Hours



### Collective Bargaining

HRC recognises and respects the right of all our employees to form and join trade unions of their choice and to bargain collectively. We do not restrict in any way our employees' right to freedom of association and collective bargaining.

HRC engages with the Trade Union on a quarterly basis to discuss and work closely to resolve any issues concerning employees on an amicable basis. Mechanisms are in place for Trade Union representatives to engage with the Management team. The Trade Union is also consulted on any revision or updates to HRC Policies. As at 31 December 2023, 42.7% (FY2022: 44%) of HRC employees were covered by the CBA.

## SOCIAL SUSTAINABILITY



### Diversity and Equal Opportunities

HRC holds a strong conviction that we must be inclusive and fair in our treatment of each and every member of our workforce, and indeed society. Inclusion and equality are the cornerstones of our approach to workforce management, we provide equal opportunities regardless of race, creed, class or any other form of differentiation. Diversity brings a wealth of different opinions and approaches that, we have no doubts, will lend to greater innovation and creativity, both of which are potential differentiators for HRC. Inclusivity, other the hand, is fundamental to fostering and reinforcing the spirit of togetherness and collaboration that underpins our "one Hengyuan" orientation. HRC embeds diversity, inclusion and equality across our operations and, as a sign of our commitment, make such efforts explicitly visible to our workforce and stakeholders.

### Workforce Diversity

HRC continually embrace gender diversity taking pains to continually fine-tune gender diversity through inclusion of a greater number of female employees, although, given its nature, our industry is historically male dominated.

In line with our commitment to gender diversity we also believe in empowering our female employees. This is exemplified by our Site Woman Action Network (SWAN) which was established in 2018 to provide a platform for our female employees to develop and grow both personally and professionally. SWAN's strategic intent is to foster an inclusive and supportive environment for all female employees. Anchored in the belief that women's wellbeing, encompassing physical health and personal development, is fundamental to building passion and commitment in the workplace, SWAN actively organise events specifically focused on female members of our workforce, selected programmes conducted in FY2023 were:

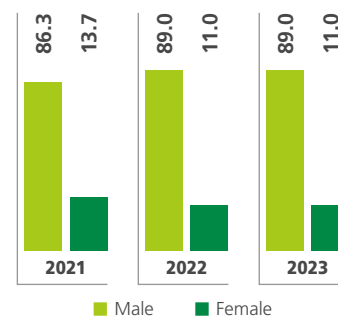
- **New Year's Resolution** - this event provided a forum for our female employees to share knowledge and support each other in developing new skills. In addition, a nutrition talk was also conducted to encourage adoption of healthier habits.
- **HRC Women's Week** - aimed at developing leadership skills irrespective of gender, this event afforded an environment for the mutual sharing of knowledge
- **'Let's Get Pink'** - a pink-themed programme that included Zumba exercises and a breast cancer awareness talk reflecting SWAN's dedication to supporting the wellbeing of our female employees, in this case through greater awareness of breast cancer
- **Fabric Donation Drive** - this event harnessed the generosity of our female employees and demonstrates HRC's commitment to broadening our social impact.

This success of events organised and the continued support for SWAN validates its establishment and its agenda to create a workplace where female employees feel valued, supported, and empowered.

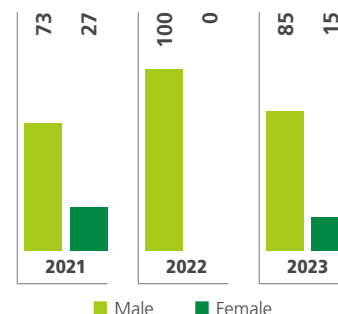
As at the end of FY2023, HRC had a workforce of 401 (FY2022: 407) comprising 342 (FY2022: 327) permanent employees and 59 (FY2002: 80) contract staff. The gender breakdown of permanent employees is: male, 304 (FY2022: 291) representing 89% (FY2022: 89%) and 38 females (FY2022: 36) representing 11% (FY2022: 11%).

Other pertinent demographics in relation to our workforce are represented in the charts below.

**Gender Breakdown**  
(%)

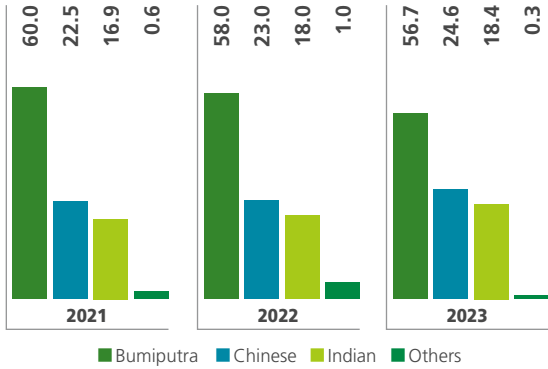


**Gender Breakdown - Management**  
(%)

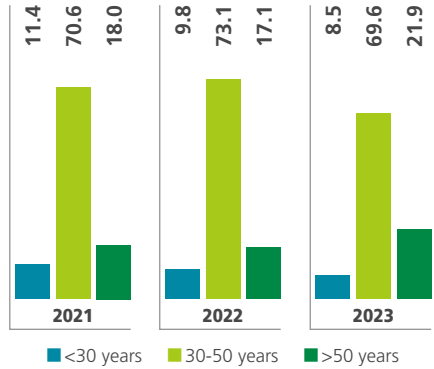


# SOCIAL SUSTAINABILITY

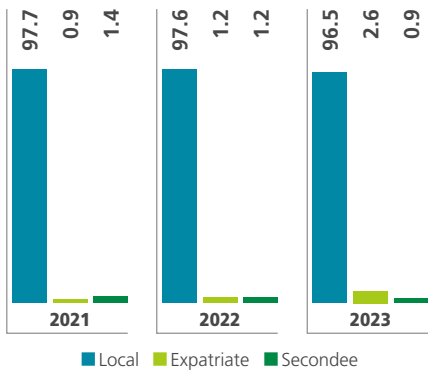
**Ethnicity Breakdown**  
(%)



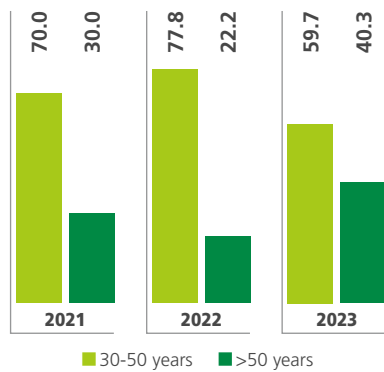
**Age Breakdown**  
(%)



**Local & Expatriate Workforce**  
(%)



**Management Age Breakdown**  
(%)



## SOCIAL SUSTAINABILITY

### 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 allows 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 day 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.

**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.

**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 UN Declaration for Human Rights and the UN Guiding Principles on Business must be upheld at all times.

**06**

#### Freedom of Association

HRC provides freedom for all employees to participate in any associations or political party as long as it complies 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 with the establishment of the Trade Union and their rights to organise and bargain collectively under the CBA.

No incidents nor any non-compliance of labour standards were recorded or reported in FY2023.



# SOCIAL SUSTAINABILITY

## Employee Engagement

Employee engagement initiatives are crucial for creating a positive and productive work environment. At HRC, we have implemented various programmes and activities to engage our employees. By placing greater emphasis on employee engagement, we aim to improve retention rates, boost productivity, and create a strong sense of camaraderie among employees. Key human resource and employee engagement initiatives conducted across FY2023 were:

### Townhall

Townhalls continued to be carried out every quarter in FY2023 to cascade business and operations news and updates to all employees.

### Onboarding Programme

We organise onboarding sessions as part of our employee engagement initiative to help new employees integrate into the organisation and become familiar with its procedures, regulations, and general practices.



### Festive Celebrations

We conducted on-site celebrations for major festivals, specifically, Chinese New Year, Hari Raya, and Deepavali. The events included employees and management. Notably, this year, we involved employees in CSR programmes where they participated in the distribution of Deepavali hampers to underprivileged families and initiated a Christmas charity drive for a welfare home.



## SOCIAL SUSTAINABILITY

### Away Day

Different departments held their respective Away Day programmes at various locations. Away Days provide valuable opportunity for team members to bond and establish stronger internal collaboration.



### Industry Membership

HRC is a member of the Malaysia Employers Federation (MEF), the main organisation of private sector employers in Malaysia which organise consultations and discussions among its members to seek the adoption of sound principles and practices in human resource industrial relations. HRC participates in ad-hoc consultations in relation to changes to labour ordinance and initiatives that are rolled out periodically.



### Plans for 2024

Recognising industry challenges, HRC's HR department will intensify its role as a positive change agent in FY2024 through the ongoing People Programme, establishing Key Performance Indicators (KPIs) and clear goals to enhance performance.

An employee engagement survey is planned that will gather feedback to further improve employee relations, while robust succession planning will be conducted to ensure leadership continuity and prepare for future business needs and ultimately create a more impactful and successful organisation.



# SOCIAL SUSTAINABILITY



## Local Community

HRC is constantly reminded of our obligation to care for society, especially those in communities in close proximity to our operational footprint. As we create value we also conscientiously reciprocate our local communities for the support and assistance they have afforded us through the years. As an ethical, responsible and conscientious organisation, HRC take pains to ensure our local communities are kept safe from any harm that may potentially result from our operations. We ensure all necessary safeguards are in place around our operations, comply with all environmental regulations and have in place communication channels through which local communities can relay grievance and concerns.

## Community Engagement

We practice constant engagement with our local communities, as we believe that reaching out provides us with first hand, in-depth perspectives of their concerns and better positions us formulate more targeted and effective support programmes. Generally, our support for local communities extend across the 5 pillars below, all of which are associated with the overall standard of life and social progression.



Our community contributions are guided by our CSR guidelines which specifically focus on:

- our operational footprint
- the 5 pillars of Health, Safety, Environment, Social Development and Education
- prioritising activities benefiting social welfare for the local community in Port Dickson, Negeri Sembilan

## Community Support

A number of community support initiatives were held in FY2023:

### Hengyuan Berkat Chinese New Year

In conjunction with Chinese New Year celebration, HRC partnered with the Majlis Pengurusan Komuniti Kampung (MPKK) of Kampung Teck Lin to distribute 200 boxes of mandarin oranges to the village’s senior citizens. This event was attended by the MPKK and some of the senior recipients. HRC’s contribution benefited 200 families.

### Earth Day 2023

As a strategic partner of the Department of Environment (DOE), HRC, jointly with DOE, organised an event in conjunction with Earth Day 2023 in Chuah, Port Dickson. This event, participated by other organisations and the Chuah community, were involved in the collection of e-waste to help reduce harm to the environment. The programme included a bicycle ride around Chuah, and at the end of the programme, participants were awarded with a sapling.



## SOCIAL SUSTAINABILITY

### Hengyuan Berkat Ramadan

HRC partnered with a local NGO to extend assistance to needy families in conjunction with the holy month of Ramadan. HRC visited selected families at their residences to deliver basic necessities. HRC's contribution benefited 23 families.



### Hengyuan Berkat Deepavali

#### Deepavali Hamper Distribution

18 HRC personnel worked with the management team to distribute hampers to underprivileged families in Port Dickson to assist in their preparations for Deepavali. The hampers consisted of daily necessities such as rice, milo powder, flour, sugar and cooking oil. HRC's contribution benefited 20 families.



### Back To School Programme

HRC extended support by providing school supplies to underprivileged students to prepare for the commencement of the 2023 school session. The CEO attended the event, emphasising the importance of education as a platform for social progression and the significance of helping those in need to access this platform. HRC's contributions benefited 32 students.



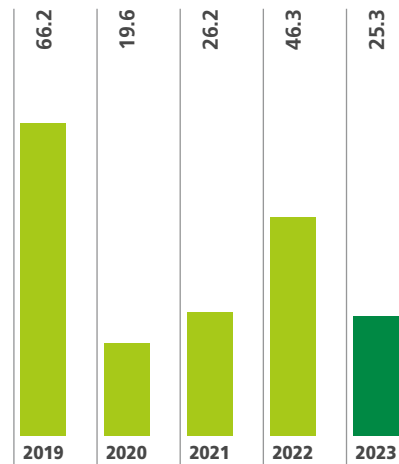
### My Kasih Care



HRC collaborated with the Welfare Department in this initiative to support single mothers and their children residing around Port Dickson. Our collective efforts benefited 23 families and we continue to endeavour to make a meaningful difference in the lives of families in need of support to foster a caring and compassionate community.

Community investments made over the past 5 years are depicted below.

Community Investments (RM'000)



In FY2023, 298 beneficiaries (defined as individuals, families and students) benefited from our community investment.

# SOCIAL SUSTAINABILITY

## Community Engagement

HRC holds frequent engagement sessions with our local communities as part of our continuous effort to strengthen ties with them and seek their opinion and feedback. Community engagement sessions held in FY2023 were:

- Turnaround Engagement Session - Control of Industry Major Accident Hazards (CIMA) March 2023**

An engagement session focused on HRC’s operations and Turnaround activities in line with CIMA regulations was held with local communities and authorities to enhance transparency, share safety measures, and address community concerns. Discussions covered potential hazards, emergency plans, and environmental impacts. HRC emphasised our commitment to compliance, building trust and fostering ongoing dialogue with the local communities.

- Taman Impian Putra Engagement Session**

Led by our acting COO and QHSSE team, the session aimed to address the community’s concerns, build understanding, foster collaboration, and jointly resolving challenges or issues raised by residents through frank and open communications.

- Taman Toh Kee Kah Engagement Session**

This engagement took place at the residential area where we provided a business update and shared progress on Turnaround activities. The session kept residents informed of business activities, progress of the Turnaround. As well, residents and HRC collaborated on solving parking concerns within the community.

- Port Dickson Municipal Council Engagement Session**

This engagement session included a business update and insights into the Turnaround progress. Emphasis was placed on fostering collaboration to address community needs and enhance local development. The session also explored opportunities for joint initiatives that would positively impact the community.

- Engagement on environmental management with the State Government Exco (Pengerusi Jawatankuasa Bertindak Keusahawanan, Sumber Manusia, Perubahan Iklim, Koperasi dan Kepenggunaan)**

This engagement with the State Government Executive Committee emphasised HRC’s commitment to safe operations as well as our environmental-conscious processes and also showcased the investments made in our refinery.



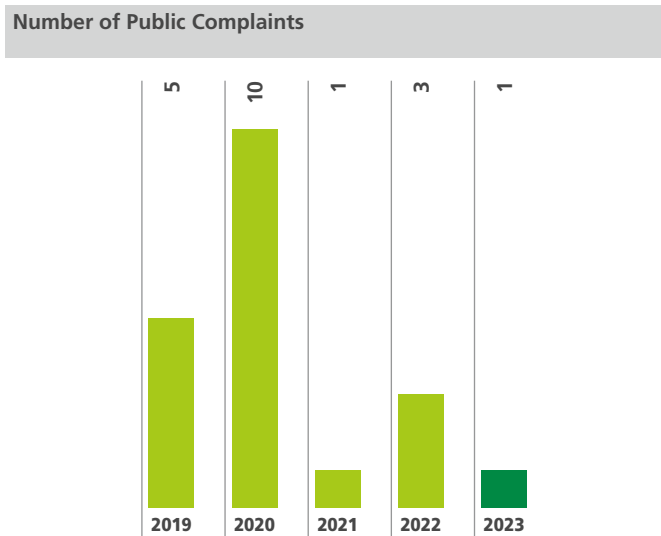
## Responding to Public Grievances

Our community feedback mechanism allows us to receive, manage and address public complaints or concerns. All complaints received are fully investigated to ensure that concerns are promptly and properly addressed and mitigated.

We commit to address complaints as soon as practicable after receiving it. Our Public Information Officers (PIO) on duty, with the support of Corporate Affairs, keep in close contact with the complainants until satisfactory feedback is received before a matter is closed.

HRC received 1 public complaint in FY2023 which was in relation to the noise emitted from refinery operations at night. Upon further checks, it was discovered that the noise did indeed come from our refinery due to steam leakages at sootblower systems. The supply of steam was isolated immediately to enable repair works and the noise level eventually fell after the isolation took place.

The number of public complaints received over the past 5 years is illustrated below.



## SOCIAL SUSTAINABILITY

### Plans for 2024

Key local communities related plans for the year ahead are:

- **Continuous improvement in community and social impact initiatives** - to develop more robust community engagement initiatives to address social needs and contribute positively to local communities and align corporate social responsibility efforts with community expectations and priorities.
- **Partnerships for sustainability** - foster collaborations that promote sustainable practices and contribute to global social and environmental wellbeing. Engage NGOs in ESG-focused initiatives, creating a plan that involves sustainability.
- **Continuous stakeholder engagement** - organise regular engagements with community representatives and residents to understand their perspectives and maintaining an open line of communication to ensure ongoing good relationship and address any emerging concerns or opportunities.
- **Inclusion of employees in collaborations with stakeholders** - actively include employees as part of stakeholder programmes, in particular those related to local communities to maintain good relationships.
- **Working together with local stakeholders and authorities, aligning with government initiatives** - engage with local Port Dickson municipal council (MPPD) in their initiative to establish a Low Carbon City by 2030 which demonstrates our commitment in playing a proactive role in contributing to the city's local framework plans and green objectives.



# STATEMENT OF ASSURANCE

## Assurance undertaken

In strengthening the credibility of the Sustainability Statement, selected aspects/parts of this Sustainability Report has been subjected to an internal review by the HRC's internal auditors and has been approved by the HRC's Board Audit Committee (BAC) on 26 March 2024.

## Subject matter

The subject matters covered by the internal review for the period of 1 January to 31 December for Year 2021, 2022 and 2023, include the following indicators:

- a) Greenhouse Gas (GHG) Scope 1 Emissions
- b) Greenhouse Gas (GHG) Scope 2 Emissions
- c) Flaring Emissions

## Scope

The boundary of the internal review covered 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.

# SUSTAINABILITY PERFORMANCE DATA

Indicator	Measurement Unit	2023
<b>Bursa (Anti-corruption)</b>		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	100.00
Executive	Percentage	100.00
Non-executive/Technical Staff	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	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	25,300.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	298
<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
Management Between 30-50	Percentage	9.00
Management Above 50	Percentage	5.00
Executive Under 30	Percentage	4.00
Executive Between 30-50	Percentage	29.00
Executive Above 50	Percentage	12.00
Non-executive/Technical Staff Under 30	Percentage	5.00
Non-executive/Technical Staff Between 30-50	Percentage	31.00
Non-executive/Technical Staff Above 50	Percentage	5.00
Gender Group by Employee Category		
Management Male	Percentage	11.00
Management Female	Percentage	3.00
Executive Male	Percentage	36.00
Executive Female	Percentage	9.00
Non-executive/Technical Staff Male	Percentage	40.00
Non-executive/Technical Staff Female	Percentage	1.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	66.67
Female	Percentage	33.33
Under 30	Percentage	0.00
Between 30-50	Percentage	0.00
Above 50	Percentage	100.00
<b>Bursa (Energy management)</b>		
Bursa C4(a) Total energy consumption	Megawatt	3,079,690.80
<b>Bursa (Health and safety)</b>		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	3,053
<b>Bursa (Labour practices and standards)</b>		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	257
Executive	Hours	1,632
Non-executive/Technical Staff	Hours	5,930
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	12.02
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	23
Executive	Number	12
Non-executive/Technical Staff	Number	5
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
<b>Bursa (Supply chain management)</b>		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	77.00
<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
<b>Bursa (Water)</b>		
Bursa C9(a) Total volume of water used	Megalitres	21,000.000000

Internal assurance    External assurance    No assurance    (\*)Restated

## Note:

Megawatt in Bursa C4(a) indicator, refers to Megawatt-hours (MWh). In our reporting on page 49, energy consumption is expressed in Terajoules. FY2023, actual energy consumption is 11,086 TJ.



# GRI CONTENT INDEX

Hengyuan Refining Company Berhad has reported the information cited in this GRI Content Index for the period 1 January 2023 - 31 December 2023 with reference to GRI standards.

GRI Standard	Section	Page number
<b>GRI 2 General Disclosures 2021</b>		
<b>1. The Organization and its reporting practices</b>		
2-1 Organisational details	(a) Corporate Information (b) What We Do	(a) Page 7 AR (Annual Report) (b) Page 1 SR (Sustainability Report)
2-2 Entities included in sustainability reporting	Scope of this Report	SR page 3
2-3 Reporting period, frequency and contact point	Reporting Period	SR page 3
2-4 Restatements of information	Not applicable	
2-5 External assurance	Independent Assurance	SR Page 3
<b>2. Activities and workers</b>		
2-6 Activities, value chain and other business relationships	What We Do Business Overview	SR page 1 AR page 24 - 25
2-7 Employees	Workforce Diversity	SR page 60
2-8 Workers who are not employees	Workforce Diversity	SR page 60
<b>3. Governance</b>		
2-9 Governance structure and composition	(a) Sustainability Governance (b) Board of Directors' Profile	(a) SR page 9 - 10 (b) AR page 50 - 52
2-10 Nomination and selection of the highest governance body	Corporate Governance Overview Statement (CGOS) - Board Nominating and Remuneration Committee and Nominating Activities of BNRC	AR page 66 - 67
2-11 Chair of the highest governance body	Chairman's Profile	AR page 50
2-12 Role of the highest governance body in overseeing the management of impacts	Sustainability Governance	SR page 9 - 10
2-13 Delegation of responsibility for managing impacts	Sustainability Governance	SR page 9 - 10
2-14 Role of highest governance body in sustainability reporting	GCOS - Addressing Sustainability Risks and Opportunities	AR page 63 - 64
2-15 Conflicts of interest	(a) GCOS - Conflict of Interest (COI) (b) GCOS - Related Party Transactions (c) Notes to the Financial Statement - Significant Related Party Disclosures (d) Additional Corporate Governance Disclosures - Disclosure of Recurrent Related Party Transaction	(a) AR page 80 (b) AR page 80 (c) AR page 144 (d) AR page 156
2-16 Communication of critical concern	Sustainability Governance	SR page 9 - 10
2-17 Collective knowledge of the highest governance body	Additional Corporate Disclosures - Directors' Training	AR Page 155
2-18 Evaluation of the performance of the highest governance body	(a) CGOS - Addressing Sustainability Risks and Opportunities (b) CGOS - Board Effectiveness Assessment	(a) AR page 63 - 64 (b) AR page 67 - 68
2-19 Remuneration policies	CGOS - Remuneration	AR page 68
2-20 Process to determine remuneration	(a) CGOS - Remuneration (b) Directors' Remuneration Policy	(a) AR page 68 (b) <a href="http://hengyuanrefining.listedcompany.com/misc/Remuneration Policy 20221103.pdf">http://hengyuanrefining. listedcompany.com/misc/ Remuneration Policy 20221103.pdf</a>

## GRI CONTENT INDEX

GRI Standard	Section	Page number
<b>GRI 2 General Disclosures 2021</b>		
<b>4. Strategy, policies and practices</b>		
2-22 Statement on sustainable development strategy	Message From Our Board	SR page 4 - 6
2-23 Policy commitments	Ethics and Integrity	SR page 33 - 37
2-24 Embedding policy commitments	Ethics and Integrity	SR page 33 - 37
2-25 Processes to remediate negative impacts	Responding to Public Grievances	SR page 67
2-26 Mechanisms for seeking advice and raising concerns	Whistleblowing	SR page 35
2-27 Compliance with laws and regulations	No non-compliance in the reporting year. Ethics and Integrity	SR page 33 - 37
<b>5. Stakeholder engagement</b>		
2-29 Approach to stakeholder engagement	Stakeholder Engagement	SR page 11 - 12
2-30 Collective bargaining agreements	Collective Bargaining	SR page 59
<b>GRI 3 Material Topics 2021</b>		
<b>GRI 11: Oil and Gas Sector</b>		
3-1 Process to determine material topics	Material Assessment and Material Sustainability Matters	SR page 13 - 14
3-2 List of material topics	Material Assessment and Material Sustainability Matters	SR page 13 - 14
3-3, 11.1.1, 11.2.1, 11.3.1, 11.4.1, 11.5.1, 11.6.1, 11.7.1, 11.8.1, 11.9.1, 11.10.1, 11.11.1, 11.12.1, 11.13.1, 11.14.1, 11.15.1, 11.16.1, 11.17.1, 11.18.1, 11.19.1, 11.20.1, 11.21.1 and 11.22.1 Management of material topics	(a) Material Assessment and Material Sustainability Matters (b) Economic Sustainability (c) Environmental Sustainability (d) Social Sustainability	(a) SR page 13 - 14 (b) SR page 17 - 42 (c) SR page 43 - 53 (d) SR page 54 - 68
<p>Note: In 11.x.y, "11" refers to GRI 11: Oil and Gas Sector 2021.            See below for full list of topics and as reference for the rest of this document            "x" is the material topic reference            "y" is the disclosure reference</p>		
<p>GRI 11 Topics:            1 GHG Emission            2 Climate adaptation, resilience, and transition            3 Air emissions            4 Biodiversity            5 Waste            6 Water and effluents            7 Closure and rehabilitation            8 Asset integrity and critical incident management            9 Occupational health and safety            10 Employment practices            11 Non-discrimination and equal opportunity            12 Forced labor and modern slavery            13 Freedom of association and collective bargaining            14 Economic impacts            15 Local communities            16 Land and resource rights            17 Rights of indigenous peoples            18 Conflict and security            19 Anti-competitive behavior            20 Anti-corruption            21 Payments to governments            22 Public policy</p>		

## GRI CONTENT INDEX

GRI Standard	Section	Page number
<b>GRI 3: Material Topics 2021</b>		
<b>GRI 11: Oil and Gas Sector</b>		
11.1. GHG emissions Actions taken to manage flaring and venting and the effectiveness of actions taken.	Flaring Emissions	SR page 46
11.2 Climate adaptation, resilience and transition	Environmental Governance	SR page 44
11.14 Economic impacts Community development programs in place that are intended to enhance positive impacts for local communities, including the approach to providing employment, procurement, and training opportunities.	Local Community	SR page 65 - 68
11.15 Local communities	Local Community	SR page 65 - 68
11.20 Anti-corruption	Ethics and Integrity	SR page 33 - 37
<b>GRI 201: Economic Performance 2016</b>		
201-1, 11.14.2, 11.21.2 Direct economic value generated and distributed	Economic Performance Statement of Comprehensive Income	SR page 19 AR page 95
<b>GRI 202: Market Presence 2016</b>		
202-2, 11.11.2, 11.14.3 Proportion of senior management hired from the local community	CGOS - Board and Senior Management Diversity	AR page 65
<b>GRI 204: Procurement Practices 2016</b>		
204-1, 11.14.6 Proportion of spending on local suppliers	Contracts with Suppliers and Business Partners	SR page 38
<b>GRI 205: Anti-corruption 2016</b>		
205-1, 11.20.2 Operations assessed for risks related to corruption	Ethics and Integrity	SR page 33 - 37
205-2, 11.20.3 Communication and training about anti-corruption policies and procedures	Ethics and Integrity	SR page 33 - 37
205-3, 11.20.4 Confirmed incidents of corruption and actions taken	No incidents in the reporting year	SR page 34
<b>GRI 206: Anti-competitive Behavior 2016</b>		
206-1, 11.19.2 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	None in the reporting year	
<b>GRI 302: Energy 2016</b>		
302-1, 11.1.2 Energy consumption within the organization	Energy Consumption	SR page 49
302-3, 11.2.4 Energy intensity	Energy Efficiency	SR page 48
<b>GRI 303: Water and Effluents 2018</b>		
303-1, 11.6.2 Interactions with water as a shared resource	Water and Effluent Management	SR page 52 - 53
303-2, 11.6.3 Management of water discharge related impacts	Water and Effluent Management	SR page 52 - 53
303-3, 11.6.4 Water withdrawal	Water and Effluent Management	SR page 52 - 53
303-4, 11.6.5 Water discharge	Water and Effluent Management	SR page 52 - 53
11.6 Water and effluents Volume in megaliters of produced water and process wastewater discharged.	Water and Effluent Management	SR page 52 - 53
303-5, 11.6.6 Water consumption	Water and Effluent Management	SR page 52 - 53
<b>GRI 305: Emissions 2016</b>		
305-1, 11.1.5 Direct (Scope 1) GHG emissions	GHG Emissions	SR page 45 - 47
305-2, 11.1.6 Energy indirect (Scope 2) GHG emissions	GHG Emissions	SR page 45 - 47
305-4, 11.1.8 GHG emissions intensity	GHG Emissions	SR page 45 - 47
305-7, 11.3.2 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	GHG Emissions	SR page 45 - 47

## GRI CONTENT INDEX

GRI Standard	Section	Page number
<b>GRI 3 Material Topics 2021</b>		
<b>GRI 306: Waste 2020</b>		
306-1, 11.5.2 Waste generation and significant waste-related impacts	Waste Management	SR page 50 - 51
306-2, 11.5.3 Management of significant waste related impacts	Waste Management	SR page 50 - 51
306-3, 11.5.4 Waste generated	Waste Management	SR page 50 - 51
11.8 Asset integrity and critical incident management	Process Safety Events	SR page 30
11.5 Waste Composition of waste generated - Scale and sludges	Waste Management	SR page 50 - 51
306-4, 11.1.5 Waste diverted from disposal	Waste Management	SR page 50 - 51
11.5 Waste Composition of waste diverted from disposal - scale and sludges	Waste Management	SR page 50 - 51
Disclosure 306-5, 11.5.6 Waste directed to disposal	Waste Management	SR page 50 - 51
11.5 Waste Composition of the waste diverted from disposal - scale and sludges	Waste Management	SR page 50 - 51
<b>GRI 401: Employment 2016</b>		
401-1, 11.10.2 New employee hires and employee turnover	New Hires and Turnover Rate	SR page 57
401-2, 11.10.3 Benefits provided to full-time employees that are not provided to temporary or parttime employees	Talent Management	SR page 56
401-3, 11.10.4, 11.11.3 Parental leave	Talent Management	SR page 56
<b>GRI 403: Occupational Health and Safety 2018</b>		
403-1, 11.9.2 Occupational health and safety management system	Health & Safety	SR page 23 - 32
403-2, 11.9.3 Hazard identification, risk assessment, and incident investigation	Health & Safety	SR page 23 - 32
403-3, 11.9.4 Occupational health services	Health & Safety	SR page 23 - 32
403-4, 11.9.5 Worker participation, consultation, and communication on occupational health and safety	Health & Safety	SR page 23 - 32
403-5, 11.9.6 Worker training on occupational health and safety	Health & Safety	SR page 31
403-6, 11.9.7 Promotion of worker health	Talent Management	SR page 56
403-7, 11.9.8 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health & Safety	SR page 23 - 32
403-8, 11.9.9 Workers covered by an occupational health and safety management system	Health & Safety	SR page 23 - 32
403-9, 11.9.10 Work-related injuries	Health & Safety	SR page 23 - 32
403-10, 11.9.11 Work-related ill health	Health & Safety	SR page 23 - 32
<b>GRI 404: Training and Education 2016 2018</b>		
404-1, 11.10.6, 11.11.4 Average hours of training per year per employee	Training & Refinery Training	SR page 59
404-2, 11.7.3, 11.10.7 Programs for upgrading employee skills and transition assistance programs	Training & Refinery Training	SR page 59
404-3 Percentage of employees receiving regular performance and career development reviews	Performance Management	SR page 56

## GRI CONTENT INDEX

GRI Standard	Section	Page number
<b>GRI 3 Material Topics 2021</b>		
<b>GRI 405: Diversity and Equal Opportunity 2016</b>		
405-1, 1.11.5 Diversity of governance bodies and employees	(a) CGOS - Board and Senior Management Diversity (b) Workforce Diversity	(a) AR page 65 (b) SR page 60 - 61
<b>GRI 413: Local Communities 2016</b>		
413-1, 11.15.2 Operations with local community engagement, impact assessments, and development programs	(a) Local Community (b) Stakeholder Engagement	(a) SR page 65 - 68 (b) SR page 11 - 12
(a) local community development programs based on local communities' needs	(c) HSSE Governance Structure (d) Responding to Public Grievances	(c) SR page 24 (d) SR page 67
(b) stakeholder engagement plans based on stakeholder mapping		
(c) works councils, occupational health and safety committees and other worker representation bodies to deal with impacts		
(d) formal local community grievance processes		
11.15 Local communities Additional sector disclosures	Responding to Public Grievances	SR page 67
<b>GRI 416: Customer Health and Safety 2016</b>		
416-1, 11.3.3 Assessment of the health and safety impacts of product and service categories Actions taken to improve product quality to reduce air emissions	(a) GHG Emissions - Flaring Emissions, Sulphur Oxides (SOx), Nitrogen Oxides (NOx) and Methane (CH4) Emissions	SR page 46 - 47
<b>GRI 418: Customer Privacy 2016</b>		
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Ethics and Integrity - there were zero substantiated complaints concerning breaches in customer privacy or data loss	SR page 37

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