

# **BATU KAWAN BERHAD**

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## **CODE OF CONDUCT AND ETHICS FOR THE COMPANY AND GROUP**

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## **CODE OF CONDUCT AND ETHICS FOR THE COMPANY AND GROUP**

### **1. INTRODUCTION**

The Board of Directors (“Board”) of Batu Kawan Berhad (“BKB” or “Company”) recognises the importance of good corporate governance. The Company is committed to engage in continuous efforts to identify best practices which support the Company in building a culture of good corporate governance. The Company has established, implemented and promulgated this Code of Conduct and Ethics (“Code”) to demonstrate the Company’s commitment in upholding appropriate standards of ethical conduct and behavior at all levels of the Company’s businesses. Such commitment is based on the belief that good corporate governance practices, appropriate standards of conduct, and ethical behavior are fundamental towards enhancing long term shareholder value, increasing investor confidence, and protecting stakeholders’ interests.

### **2. PURPOSE OF THE CODE**

The objective of the Code is to promote good business conduct and to maintain a healthy corporate culture that engenders integrity, transparency and fairness in BKB.

This Code is not intended to be exhaustive and the Company has developed and will continue to develop policies, procedures, directives and/or guidelines to support good corporate governance. Supplementary information on a number of topics may also be found in our global policies referenced throughout the Code, and to other local policies and procedures.

### **3. APPLICABILITY**

BKB’s Board has set out this Code as a fundamental set of rules to define how the Company is to conduct its business and set out standards which the BKB Group and its employees and/or officers are required to comply with when dealing with each other, shareholders, other stakeholders and the broader community. This Code is to apply to BKB and all of its subsidiaries, except for Kuala Lumpur Kepong Berhad (“KLK”) Group, which KLK Group has established its own Code of Conduct and Ethics.

### **4. GOVERNANCE OF COMPANY**

The business and affairs of BKB Group are managed and overseen by or under the direction of the Board of BKB within a governance framework which is built on the foundation of the Group’s core values of team spirit, humility, result-oriented performance, integrity, innovation and loyalty. To ensure the Board has a balanced composition to fulfill its roles and responsibilities, there is a clear segregation of roles and responsibilities between the Chairman, Independent Non-Executive Directors and Executive Directors.

The functions of the Board and Management are clearly demarcated. The Board has a vital role of overseeing the Group's management and business strategies to achieve long-term value creation. Management is accountable for the setting and executing of the strategies, including but not limited to running the operations of the Group under the oversight of the Board and keeping the Board informed of the status of the Group's operations. In addition, the Board also delegates certain responsibilities to Board committees within their respective defined terms of reference.

*(See also the Board Charter which demarcates the roles and responsibilities of the Board, Board Committees and Management, and the specific roles and responsibilities of the Chairman, Senior Independent Director, Non-Executive Director and the Executive Director.)*

## **5. CONFLICTS OF INTEREST**

The Company's stand in relation to the managing of conflicts of interest is set out in the Code of Conduct for Directors. This Code helps the Board to identify and be guided in dealing with situations which may give rise to potential or real conflicts of interest. No employee shall knowingly place himself in a position that would be in conflict with the interest of the BKB Group. When a conflict of interest arises, the employees are obliged to declare the conflict promptly to their Head of Department.

The Group's suppliers are expected not to take part in or to seek to influence decisions under circumstances that can give rise to actual or perceived conflicts of interest.

Failure to comply, including failure to disclose a conflict that exists prior to or during the course of directorship, employment or dealings with BKB, inaccurate or misleading disclosure, failure to report any changes to an already disclosed conflict or failure to comply with a condition developed to address a conflict, may result in the Company giving warning or taking disciplinary action against employees, removing directors or terminating suppliers.

*(See also section on "Conflicts of Interest" in BKB's Code of Conduct for Directors and "Conflict of Interest" in Standard Operating Procedures on Group Anti-Corruption.)*

## **6. ANTI-BRIBERY AND CORRUPTION**

BKB is committed to acting fairly and with integrity in all its business dealings and relationships. For purposes of compliance with global anti-bribery and anti-corruption laws, BKB has put in place an Anti-Corruption Policy ("Group Anti-Corruption Policy").

The Group Anti-Corruption Policy sets out BKB's commitment to compliance by its employees and associated persons with the Malaysian Anti-Corruption Commission (MACC) Act 2009 and the MACC (Amendment) Act 2018 and any other local anti-bribery or anti-corruption laws that may be applicable.

The Group Anti-Corruption Policy also sets out the guiding principles for BKB to address bribery and corruption activities such as the following:

### **6.1 Improper Payment or Receipt**

BKB's employees and Directors are not to offer, promise, authorise, direct, pay, make or receive any bribes/inducements, kickbacks or payments of money or anything of value in kind (including but not limited to lavish gifts, excessive entertainment, funding of personal travel, etc.) in an attempt to influence the objective and fair business decisions of BKB or gain improper advantage for BKB.

The above prohibition is applicable to dealings between BKB and the following:

- government and public sector and their employees or officials;
- business entities partially or wholly-owned or controlled by government interest and their employees or officials;
- commercial companies and their employees; or
- any other third party.

### **6.2 Gifts, Meals and Entertainment**

As a general rule, BKB discourages its employees and Directors from giving or accepting gifts, entertainment or other benefits which would in any way influence any business decision or gain an unfair advantage. However, BKB recognises that entertainment, gifting and acceptance of gifts may be a legitimate custom or practice in business relationships. The guideline subscribed by BKB in relation to such gifting and acceptance of gifts is that unsolicited gifts or other business courtesies may be given or accepted provided they are reasonable and modest in nature and amount, and justified by a clear and legitimate business purpose.

*(See also sections on "Gifts and Hospitality" in BKB's Code of Conduct for Directors and "Gifts, Benefits and Hospitality" in Group Anti-Corruption Policy.)*

### **6.3 Political Contributions**

Unless prohibited by any applicable laws, BKB may make political contributions subject to approval of its Board.

## **7. INSIDE INFORMATION AND SECURITIES TRADING**

Certain restrictions have been put in place by laws and regulations to prohibit insider trading. Anyone in possession of material, non-public information may not trade in BKB shares. The Company maintains an insider trading policy which is applicable to all of the employees, Directors and the immediate family members of the employees and Directors and establishes a quarterly "no trading" period for certain groups of employees and Directors.

*(See also sections on "Insider Trading" in BKB's Corporate Disclosure Policies and Procedures, and Code of Conduct for Directors respectively.)*

## **8. ANTI-MONEY LAUNDERING AND ANTI-TERRORISM FINANCING**

Money laundering is a process of converting cash or property derived from criminal activities to give it a legitimate appearance. Terrorism financing is the process through which money is used to fund terrorism. There are global laws which provide for the offence of money laundering and terrorism financing, and the measures to be undertaken for the prevention of money laundering and terrorism financing.

BKB prohibits any facilitation of terrorism financing and money laundering, which involves disguising or channelling unlawfully obtained money or transforming such money into legitimate funds.

As a preventive measure, BKB may conduct counterparty due diligence to understand the business and background of its prospective business counterparties, and to determine the origin and destination of money, property and services and reporting of any suspicious or unusual activity consistent with applicable laws.

## **9. ANTI-TRUST AND COMPETITION LAWS**

Anti-trust and competition laws generally prohibit conduct or agreements which constitute unlawful restraint of trade and have the effect of significantly preventing, restricting or distorting competition. The objectives of such anti-trust and competition laws are to protect stakeholders against unfair business practices and to promote and preserve healthy competition in the business environment.

BKB commits to observe applicable anti-trust and competition laws by refraining from engaging in conduct or agreement that will violate anti-trust and competition laws.

Apart from BKB's own commitment towards compliance with global anti-trust and competition laws, BKB also encourages compliance with such laws by its business partners. The Company may conduct review of certain transactions and obtain end-user document and information for such purpose.

## **10. INTELLECTUAL PROPERTY**

Intellectual property refers to creations of the mind, such as inventions, literary and artistic works, designs, symbols, names and images used in commerce. Examples of intellectual property include copyrights, patents, trademarks, industrial designs, geographical indications and trade secrets.

BKB protects its intellectual property and respects the intellectual property rights of others. It is against BKB's policy to use, copy, display or distribute third party copyrighted software, document or materials without authorisation or license. BKB provides software necessary for its employees to perform their functions adequately under appropriate licensing agreements with its vendors.

## **11. CORPORATE RESPONSIBILITY**

BKB believes that corporations are strong platforms to drive positive social change and armed with that belief, corporate responsibility has become an integral part of BKB.

BKB has set out to implement both long-term and short-term programmes in Malaysia with the objective of advancing education and sports, protecting the environment, enriching and making a difference in the life of its employees and the communities within which it operates.

BKB is focused on achieving a balance between environmental, social and governance aspects when it undertakes its business operations. It places importance in protecting the environment by working towards reducing environmental impact as well as optimising resource utilisation.

BKB also recognises the efforts and contributions of its employees in the workplace and acknowledges that the employees are BKB's key assets. Hence, it is imperative for BKB to continuously provide infrastructure in terms of adequate health care and a safe working environment to its employees whilst developing its people and advancing their careers.

For the community, BKB recognises the importance of doing its part to maintain and protect the communities within which it operates. To this end, BKB is committed to make a positive difference to the well-being of the community through various activities, visits and donations to communities in Malaysia and globally.

The Company strives to share its business success with those who may not be in a position to directly benefit from its primary business success through philanthropic donations and non-commercial sponsorships.

## **12. DIVERSITY, EQUAL OPPORTUNITY AND INCLUSIVITY**

BKB recognises that a diversified and inclusive workforce enhances creativity, innovation, job satisfaction and productivity. BKB values diversity in its workplace, and in its customers, suppliers and other stakeholders.

BKB is committed to developing an inclusive and representative workforce at all levels of the BKB Group by eliminating stigmas and limitations, and creating a culture of inclusion through the promotion of awareness and mutual understanding.

BKB provides equal employment opportunity in all aspects of employment relationship and does not discriminate on the basis of nationality, race, religion, gender or any other characteristics protected by laws and regulations.

**13. ANTI-HARASSMENT**

Harassment is prohibited in any form be it physical, verbal or non-verbal. The Company prohibits the berating or verbal abuse of its employees and strongly disapproves and does not tolerate harassment of its employees.

**14. HUMAN TRAFFICKING, CHILD AND FORCED LABOUR**

BKB prohibits the use of forced or bonded labour, human trafficking and child labor in its organisation, operations and supply chain.

BKB expects its employees, contractors, vendors, suppliers, partners and others with whom the Group conducts business, to also be committed to avoid complicity in any actions that may constitute such practices.

**15. ENVIRONMENT, HEALTH AND SAFETY**

The Company conducts its business operations in a manner that protects the health and safety of its employees, contractors, visitors and the public. The Company continuously promotes safe workplaces and prevents workplace accidents and injuries. The Company communicates its expectations and safety protocols to its employees, suppliers and agents and explains the potential health and safety risks and implications of not complying with such requirements to them.

**16. BUSINESS RECORDS INTEGRITY**

All BKB operations worldwide must comply with all applicable national laws relating to the accurate and complete maintenance of Group's financial books and records.

Accurate and reliable financial and business records are of critical importance in meeting BKB's financial, legal and business obligations. No unauthorised, false, improper or misleading entries are permitted on BKB's books and records, under any circumstances.

**17. COMPLIANCE WITH LAW**

BKB is committed to complying with the laws of the countries in which it conducts its business. Each of its employees and Directors are responsible for knowing and following all applicable laws and regulations. Violation of laws and regulations have serious consequences for the Company. Compliance with laws and regulations protects its ability to conduct business and failure to do so can result in loss of business opportunities, serious business disruption, monetary penalties, fines, disrepute and revocation of trade privileges, etc.

BKB will act in a manner that upholds the spirit and the intent of the law. Where the Code or BKB's policies differ from the local laws and regulations, BKB is committed to follow the higher standard.



## **18. PROTECTING COMPANY ASSETS AND CONFIDENTIAL INFORMATION**

BKB spends considerable resources to develop and maintain assets for the Company's business and expects its employees to protect the value of the Company's assets, including physical assets, information, BKB brands and its name and reputation and to protect the confidential information which has been entrusted to BKB. The use of BKB's computers, systems, resources and devices for business purposes may be monitored or imaged for legal preservation to the extent permissible under the law.

*(See also section on "Protection of Assets" in BKB's Code of Conduct for Directors.)*

BKB's Corporate Disclosure Policies and Procedures sets out the requirements for treatment of confidential information and provides guidance on the proper handling and disclosure of such confidential information. The expectation of BKB in relation to the protection of confidential information by its Directors and employees are communicated and set out in the respective Code of Conduct for Directors and the terms and conditions of the "Offer for Employment" letter for employees.

*(See also sections on "Confidentiality of Information" in BKB's Corporate Disclosure Policies and Procedures, and Code of Conduct for Directors respectively.)*

The Company respects the privacy of individuals and strives to protect the privacy of personal data. The Company is also committed to ensuring compliance with the requirements of applicable laws pertaining to the protection of personal data.

## **19. REPORTING, ENFORCEMENT AND INVESTIGATION PROCESS**

BKB recognises the importance of fostering a culture and business environment in which the employees feel safe to report improper and unethical conduct without fear or being victimised. In order to provide an avenue to raise a legitimate concerns about the actual or suspected improprieties, BKB has established a Group Whistleblowing Policy whereby the stakeholders (including employees) can raise their concerns, without fear of retaliation and provide protection from reprisals and victimisation. To the extent possible, BKB will treat any report of unethical conduct in strictest confidence and will not tolerate any form of punishment or retaliatory action against any person for reporting a matter in good faith, and in accordance with BKB's policy and standard or procedure. BKB views such retaliatory action to be a serious breach of this Code which may result in disciplinary action including termination.

BKB conducts all internal investigation processes in compliance with the applicable law and focused on accuracy, precision, fairness and respect for all parties involved, to ensure that all parties receive fair and ethical treatment.

Investigation processes may include reviews of relevant financial, electronic and other records, interviews with the parties and witnesses, and monitoring and/or analysis of computers, systems, offices and other resources to the extent permitted by applicable laws.

For investigations that result in a verdict of misconduct, the Company may impose disciplinary and remedial actions to the conduct established through the investigation process, and/or report civil or criminal violations, if any, to the relevant authorities.

*(See also BKB's Group Whistleblowing Policy.)*

## **20. PUBLIC DISCLOSURES**

BKB as a public company, has the obligation to disclose accurate and complete information regarding the Company and the results of its operations. BKB subscribes to the principle of reporting its financial results and other significant developments fully, fairly, accurately and on a timely basis. No unauthorised disclosures or leak of corporate information to third parties, including the press or financial community will be tolerated by the Company.

The BKB Managing Director leads the stakeholder communication function and is supported by the Chief Financial Officer/Company Secretaries of the Company.

*(See also BKB's Corporate Disclosure Policies and Procedures.)*

## **21. VIOLATION OF THE CODE**

BKB expects its business associates to comply with all applicable laws and regulations and this Code. Business associates and others who conduct business with BKB risk termination of their relationship with BKB in the event of material violations of this Code.

## **22. REVIEW AND AMENDMENTS TO OF THE CODE**

The provisions of this Code will be reviewed and amended by the Board from time to time to align with any changes in law, BKB's mission, core values and business plans.

## **23. WAIVER OF THE CODE**

Waiver of requirements under the Code may be made by the Board or the appropriate Board Committee, on a case-by-case basis in special circumstances.

## **24. PLACEMENT OF THE CODE ON THE COMPANY'S WEBSITE**

This Code is available on BKB's website.

<b>CODE OF CONDUCT &amp; ETHICS FOR COMPANY AND GROUP DOCUMENT VERSION CONTROL</b>	
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