

BATU KAWAN BERHAD

(6292-U)

CODE OF CONDUCT FOR DIRECTORS

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CODE OF CONDUCT FOR DIRECTORS

1. INTRODUCTION

This Code of Conduct (the “Code”) is applicable to the Board Members (the “Board”) of Batu Kawan Berhad (“BKB” or the “Company”). It reflects the Company’s underlying core ethical values and commitment to lay standards of integrity, transparency, fairness, accountability, contributing towards the social and environmental growth of the surroundings in which it operates, and the pursuit of excellence.

2. PURPOSE OF THE CODE

The Code is formulated to enhance the standard of corporate governance and corporate behaviour with the intention of achieving the following aims:

- (a) To articulate the standards of honesty, integrity, ethical and law-abiding behaviour expected of Directors;
- (b) To encourage the observance of those standards to protect and promote the interests of shareholders and other stakeholders (including investors, employees, customers, suppliers and creditors); and
- (c) To guide the Board as to the practices thought necessary to maintain the confidence of shareholders and other stakeholders in the Company’s integrity.

3. KEY REQUIREMENTS

The Directors shall act within the authority conferred upon them in the best interests of the Company and will:

- (a) act in the best interest of, and fulfil their fiduciary obligations to the Company and its shareholders;
- (b) act honestly, fairly, ethically and with integrity;
- (c) conduct themselves in a professional, courteous and respectful manner and not take improper advantage of their position;
- (d) act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgment to be subordinated;
- (e) use their prudent judgment to avoid/abstain from all situations, decisions or relationships which give or could give rise to conflict of interest or appear to conflict with their responsibilities within the Company, and to inform the Board, at the earliest opportunity, of any existing or potential conflict of interest situation;

- (f) not exploit for his/her own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the Company declines to pursue such opportunity for its business interest;
- (g) act to enhance and maintain the reputation of the Company; and
- (h) strive to contribute towards the growth and stability of the Company.

4. CONFLICTS OF INTEREST

The Company respects the right of any Director to participate in outside financial business or other activities, provided those activities are legal and do not conflict with the director's duties. Accordingly, Directors are to avoid any business or other relationship that may create a conflict with the best interests of the Company.

Conflicts can arise in many situations. They occur most often in cases where a Director, or member of the Director's family obtains some personal benefit which may be at the expense of the Company's best interests. It is impossible to cover every potential conflict situation and at times, it will not be easy to distinguish between proper and improper activity.

Directors are required to declare at all times the nature and extent of any conflict of interests, whether direct or indirect, or whether actual or potential, with the Company or its subsidiaries. The interested Directors should abstain from Board deliberation and making decisions on matters relating thereto.

In doubtful cases, Directors should adopt the highest standard of conduct and/or consult the Company's Chairman before taking action.

5. OTHER DIRECTORSHIPS

Unless prior notice has been given to the Board via the Chairman of the Nomination Committee, a Director shall not serve as director of any other company or as partner of a firm that is engaged in a competing business with the Company. He/she shall not hold any positions or jobs or engage in outside businesses or other interests that are prejudicial to the interests of the Company.

Directors should also ensure that they have the requisite time, training and facilities to adequately discharge their duties and responsibilities. Further, they should disclose their other significant commitments, if any, which are likely to affect or interfere with the proper functioning of themselves and the Board.

Directors must at all times comply with the restriction on the number of directorships as prescribed under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Further, a Director should provide prior information to the Board via the Chairman of the Nomination Committee before accepting other directorships in any other public company and subsequently, of any change of his/her directorships.

6. GIFTS AND HOSPITALITY

No Director shall receive or offer, directly or indirectly, any gifts, remuneration, hospitality, donations, illegal payments and comparable benefits (which shall include but not be limited to cash, preferred loans, securities or secret commissions) which are intended (or perceived to be intended) to solicit business (or uncompetitive) favours or decisions for the conduct of business unless they are nominal gifts of commemorative nature, are below a value of RM2,000/- or are disclosed to the Board.

7. PUBLIC REPRESENTATION

The Company recognises the information requirements of the public and its stakeholders. In all its public appearances with respect to disclosing information in relation to the Company's activities to public constituencies such as the media, the financial community, employees and shareholders, the Company shall be represented by the Board and its **Authorised Spokespersons** ("AS").

It will be the sole responsibility of the Board and its AS to disclose Company-related information and they must adhere strictly to the Corporate Disclosure Policy and Procedures set up by the Company. All public disclosures, including forecasts, press releases, speeches and other communications, will be honest, accurate, timely and representative of the facts.

8. INSIDER TRADING

The Directors shall comply with all applicable laws relating to dealings with the securities of the Company. The Directors are also bound by the Company's guidelines on insider trading as stated in its "Corporate Disclosure Policy and Procedures" which shall be deemed to be part of this Code of Conduct.

9. CONFIDENTIALITY OF INFORMATION

Any information concerning the Company's business, its customers, suppliers, assets, financial condition, operations, intellectual and industrial property, prospects, and all other sensitive and non-public information whatsoever relating to the Company, its shareholders, its subsidiaries and related companies; etc. which the Directors may come into possession or access in the course of their directorship with the Company, shall be considered privileged and confidential, and should be kept strictly confidential at all times.

A Director must neither disclose to a third party, any information, nor make any forward looking statements, which are price sensitive in nature, except where the disclosure is:

- (a) authorised by the Board; or
- (b) the same as part of the public domain at the time of disclosure; or
- (c) required by law or any regulatory body, including Bursa Malaysia Securities Berhad or Securities Commission.

The obligation to preserve the confidentiality of such information shall cease:

- (a) after the expiration of six (6) years from the date an individual ceases to be a Director of the Company; or
- (b) when such information is generally available to the public or becomes generally available to the public other than through the Director possessing the information; or
- (c) when the Company no longer considers such information as confidential,

whichever is earlier.

10. COMPLIANCE WITH LAW AND POLICIES OF COMPANY

Every Director, shall, in his/her business conduct, comply with all the laws and regulations applicable to the Company, both in letter and in spirit, in all the territories in which it operates. If the ethical and professional standards set out in the applicable laws and regulations are below that of the Code, then the standards of the Code shall prevail.

Each Director must acquire appropriate knowledge and skills relating to their duties sufficient to enable them to recognise potential non-compliance issues and to know when to seek advice from either:

- (a) Professional advisors; and/or
- (b) Management

Directors should promptly communicate any suspected violation of law to the Chairman of the Board. Suspected violations will be investigated by persons designated by the Board. Appropriate action will be taken in the event that a violation is confirmed.

11. HEALTH, SAFETY AND ENVIRONMENT

The Company is committed to conducting its business in a manner that values the environment and helps to ensure the safety and health of its Directors and employees. It is the Company's policy to comply with all the applicable environmental safety and health laws and regulations. The Company will strive to implement industry recognised best practices wherever possible.

Directors shall remain committed to prevent the wasteful use of natural resources and minimise any hazardous impact on the environment of the development, production, use and disposal of any of its products and services.

12. PROTECTION OF ASSETS

The Company expects each Director to use all reasonable care and prudence to protect the assets of the Company and to ensure their cost effective and efficient use. A Director may use a Company asset for legitimate business purposes only or any other purposes approved by the Board.

Whilst the Directors do not have legal ownership of the Company's assets, they do have effective control of them. Consequently, they shall use them and employ them for legitimate purposes and in the best interests of the Company. Similarly, no Director shall illegally withhold any property of the Company and shall ensure protection of the same at all times.

These include tangible assets such as equipment and machinery, systems, facilities, materials, resources as well as intangible assets such as proprietary information, goodwill, harmonious relations with customers and suppliers, etc.

13. REVIEW OF THE CODE

All Directors shall be accountable for fully complying with the Code.

The Board will periodically review and amend (if required) the Code to ensure it reflects the Board's needs and is consistent with the Board's latest objectives and governance expectations.

14. AMENDMENTS TO THE CODE

The provisions of the Code will be amended and modified from time to time in line with any changes in relevant legislation, codes or regulations (in so far as they are applicable to the Code and are mandatory), and all such amendments and modifications shall be deemed incorporated without the requirement for further Board approval. The Board shall thereafter be duly informed of such amendments and modifications.

15. PLACEMENT OF THE CODE ON THE COMPANY'S WEBSITE

The Code is available on the website of the Company, www.bkawan.com.my.

16. CONSEQUENCES OF NON-COMPLIANCE WITH THE CODE

In case of breach of the Code by the Directors, the Board shall initiate appropriate action, as deemed necessary.