
SECTION 1.0: CODE OF ETHICS AND CONDUCTS

1.1 INTRODUCTION

Malaysia is increasingly dependent on the private sector for sustainable growth in commercial and business activities as well as for overall economic growth, especially with the positive economic developments and the privatisation of national operations such as the postal service, telecommunications, power generation and sewerage system providing disclosure of company reports and accounts for in-depth review.

The business environment and laws will continue to become more complex and this has imposed a greater demand for reasonable competence amongst company directors. It is important to establish a standard of competence for corporate accountability which includes standards of professionalism and trustworthiness in order to uphold good corporate integrity.

The experience within the country has exposed a critical need for the formulation of corporate accountability standards in order to establish an ethical corporate environment.

1.2 PRINCIPLE

The principle of this code is based on principles in relation to sincerity, integrity, responsibility and corporate social responsibility.

1.3 PURPOSE

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

- i. To establish a standard of ethical behaviour for directors based on trustworthiness and values that can be accepted, are held or upheld by any one person.

- ii. To uphold the spirit of responsibility and social responsibility in line with the legislation, regulations and guidelines for administrating a company.

1.4 DEFINITION

In the context of this code, a company director means any person who holds the position of director in a corporation irrespective of any designation used, including anyone who follows the directives and advice of a corporate director and who usually takes action, as well as an in-turn or substitute director. A director also includes both executive and non-executive directors as well as executive and non-executive chairpersons.

1.5 CORPORATE GOVERNANCE

- 1.5.1 In the performance of his duties, a director should at all times observe the following codes:
 - i. Should have a clear understanding of the aims and purpose, capabilities and capacity of the company;
 - ii. Should devote time and effort to attend meetings and to know what is required of the board and each of its directors, and to discharge those functions;
 - iii. Should ensure at all times that the company is properly managed and effectively controlled;
 - iv. Should stay abreast of the affairs of the company and be kept informed of the company's compliance with the relevant legislation and contractual requirements;
 - v. Should insist on being kept informed on all matters of importance to the company in order to be effective in corporate management;

- vi. Should limit his directorship of companies to a number in which he can best devote his time and effectiveness; each director is his own judge of his abilities and how best to manage his time effectively in the company in which he holds directorship;
- vii. Should have access to the advice and services of the company secretary, who is responsible to the board to ensure proper procedures, rules and regulations are complied with;
- viii. Should at all times exercise his powers for the purposes they were conferred, for the benefit and prosperity of the company;
- ix. Should disclose immediately all contractual interests whether directly or indirectly with the company and to avoid conflict of interest*:
- x. Should neither divert to his own advantage any business opportunity that the company is pursuing, nor may he use confidential information obtained by reason of his office for his own advantage or that of others;
- xi. Should at all times act with utmost good faith towards the company in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his duties;
- xii. Should be able to exercise independent judgment and, if necessary, openly oppose if the vital interest of the company is at stake.
- xiii. Should encourage the reporting of unlawful or unethical behaviour;
- xiv. Should protect and ensure the proper use of the company's assets; and
- xv. Should ensure compliance with laws, rules and regulations.

*Note: * Cross reference to Board of Directors Conflict of Interest Policy*

- 1.5.2 A director of MBSB must exercise his powers for a proper purpose and in good faith in the best interest of MBSB Group in which he sits as a board member.
- 1.5.3 A director of MSBS who is appointed by virtue of his position as a representative of a shareholder, must act in the best interest of MBSB Group. In the event of any conflict between his duty to act in the best interest of MBSB Group and his duty to his nominator, he must not subordinate his duty to act in the best interest of MBSB Group to his nominator.
- 1.5.4 In directing or managing the business and affairs of MBSB Group, a director must exercise reasonable care, skill and diligence by–
- i) applying the knowledge, skill and experience which may reasonably be expected of a director having the same responsibilities; and
 - ii) applying any additional knowledge, skill and experience which the director has.
- 1.5.5 A director is required to among others–
- i) maintain a sound understanding of the business, and keep abreast of relevant developments to ensure he is able to discharge his duties and responsibilities effectively;
 - ii) prepare for board meetings, contribute constructively to board discussions and decision-making, and conduct due inquiry before approving a matter;
 - iii) ensure key transactions or critical decisions are deliberated and decided on by the board in a meeting; and
 - iv) ensure decisions and the basis for those decisions, including any dissenting views are made known and properly minuted.

(Refer to Chapter 3.0 – Paragraph 3.01 – 3.04 of the Securities Commission’s Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries).

1.6 RELATIONSHIP WITH SHAREHOLDERS, EMPLOYEES, CREDITORS AND CUSTOMERS

- i. Be conscious of the interest of shareholders, employees, creditors and customers of the company;
- ii. Promote professionalism and improve the competency of management and employees at all times;
- iii. Ensure adequate safety measures and provide proper protection to workers and employees at the workplace.
- iv. Protect the confidentiality and sensitivity of information provided to the directors. This includes using it for its intended purposes only and not divulging information to any unauthorized persons, including third parties, without the necessary consent from those involved unless disclosure is required by law or regulations;
- v. Be honest and open in all dealings. This includes behaving in an accountable and trustworthy manner, and avoiding any acts that might damage the reputation of, or bring discredit to MBSB Group at any time; and
- vi. Act responsibly and embrace a culture of fairness and transparency.

1.7 SOCIAL RESPONSIBILITIES AND THE ENVIRONMENT

- i. Ensure that necessary steps are taken in accordance with the law to properly wind-up or strike off the company register if the company has not commenced business or has ceased to carry on business and is not likely to commence business in the future or resume business as the case may be;
- ii. Adopt an objective and positive attitude and give the utmost cooperation for the common good when dealing with government authorities or regulatory bodies;
- iii. Ensure the effective use of natural resources, and improve quality of life by promoting corporate social responsibilities;

-
- iv. Be more proactive to the needs of the community and to assist in society-related programmes; and
 - v. Ensure that the activities and the operations of the company do not harm the interest and well-being of society at large and assist in the fight against inflation.

1.8 VIOLATION OF THE CODE

In the event of any violation of this Code, the Board shall determine appropriate actions to be taken after considering all relevant information, including but not limited to the nature of the violation and its severity, whether the violation appears to have been committed intentionally or inadvertently, whether the individual in question had been advised prior to the violation as to the proper course action as well and whether appropriate consultation has been made on the implication thereof. Such action to be taken shall reasonably be designed to deter wrongdoings and to promote accountability for adherence to the Code.