



MBSB BERHAD
(formerly known as Malaysia Building Society Berhad)
**GROUP CODE OF ETHICS FOR DIRECTORS
POLICY**

Effective Date: 11 July 2024

1 INTRODUCTION

1.1 Objective

The objective of this policy is to ensure that there exists an acceptable level of corporate behaviour not devoid of professionalism and credibility, to uphold good corporate integrity, observing the principles and upholding the corresponding conduct to achieve a high standard of professionalism and ethics in the conduct of the MBSB and its subsidiaries business and professional activities.

1.2 Scope

This policy covers the following:-

- i. Core principles and objectives of code of ethics and conducts.
- ii. Corporate governance
- iii. Relationship with shareholders, employees, creditors, customers and other stakeholders
- iv. Sustainability practices
- v. Corporate liability
- vi. Anti-money laundering and counter financing of terrorism (AML/CFT)

1.3 Applicability and Compliance

This policy is applicable to the Board of Directors of MBSB and its subsidiaries. It is intended to focus Directors on their duties as fiduciaries and provide guidance to Directors to help them recognize and deal with ethical issues, and help foster a culture of honesty and accountability.

The Code is an integral part of good corporate governance and must be adhere to, both in letter and spirit, and on which it outlines the director's set of principles that guides decision making and conduct. It provides the statement of overarching principle on what is right and what is wrong.



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1.4 Definition and Abbreviation

Below describes the list of abbreviations/acronyms and their respective definitions for the purpose of this policy document:

Abbreviations	Definition
The Group	MBSB and its subsidiaries
MBSB	MBSB Berhad
GBAC	Group Board Audit Committee
Code	Code of Ethics for Directors
BNM	Bank Negara Malaysia
GBOD	Board of Directors of MBSB
CA 2016	Companies Act, 2016
FSA 2013	Financial Services Act 2013
IFSA 2013	Islamic Financial Services Act 2013
MACC	Malaysian Anti-Corruption Commission
MCCG	Malaysia Code on Corporate Governance
MMLR	Main Market Listing Requirements
O&M	Organizations & Methods



2 CODE OF ETHICS AND CONDUCTS

2.1 Principles

The core principles on which this Code of Ethics for Directors (“Code”) rely on are those that relate to transparency, integrity, accountability, corporate liability and sustainability.

2.2 Objectives

This Code is formulated to enhance the standard of corporate governance and corporate behavior with a view to achieving the following intended objectives:

- (a) To establish standards of ethical conduct for company directors based on acceptable belief and values one upholds;
- (b) To uphold the spirit of accountability and transparency in line with the legislations, regulations and guidelines governing a company; and
- (c) To promote the sustainability of a company by pursuing “Environmental, Social, and Governance” (ESG) strategies in its business.

2.3 Definition

In the context of this Code, a company director means any person who holds the position of director in MBSB or its subsidiaries, irrespective of any designation used, including a person in accordance with whose directions and instructions the majority of directors of a corporation are accustomed to act and an alternate or substitute director. A director also includes both executive and non-executive directors as well as executive and non-executive chairpersons.

2.4 Corporate Governance

2.4.1 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;



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- 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 MBSB Group and to avoid conflict of interest*;
- x) Should neither divert to his own advantage any business opportunity that the company or MBSB Group 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 report and encourage the reporting of unlawful or unethical behavior;



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- xiv) Should protect and ensure the proper use of the company's assets;
- xv) Should ensure compliance with laws, rules and regulations; and
- xvi) Should 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.

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

- 2.4.2 A director must exercise his powers for a proper purpose and in good faith in the best interest of the company in which he sits as a board member.
- 2.4.3 A director who is appointed by virtue of his position as a representative of a shareholder, must act in the best interest of the company in which he sits as a board member. In the event of any conflict between his duty to act in the best interest of the company and his duty to his nominator, he must not subordinate his duty to act in the best interest of the company to his nominator.
- 2.4.4 In directing or managing the business and affairs of the company, 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.
- 2.4.5 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.



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(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).

2.5 Relationship With Shareholders, Employees, Creditors, Customers and Other Stakeholders

A director:-

- i) should be conscious of the interest of shareholders and other stakeholders, among others, employees, creditors, suppliers and customers of the company;
- ii) should ensure employees fully understand and appreciate the value of good corporate governance practices and procedures through ongoing training, awareness programmes and robust communication;
- iii) should at all times promote professionalism and improve the competency of management and employees at all times;
- iv) should ensure adequate safety measures and provide proper protection to workers and employees at the workplace;
- v) should 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;
- vi) should 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 the company at any time;
- vii) should act responsibly and embrace a culture of fairness and transparency; and
- viii) should adopt an objective and positive attitude and give the utmost cooperation for the common good when dealing with governmental authorities or regulatory bodies.



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2.6 Sustainability Practices

A director must take accountability for the “Environmental, Social, and Governance” (“ESG”) in the company by –

- i) integrating sustainability considerations into all aspects of decision-making, including strategic planning, risk management and investment decisions;
- ii) ensuring that the company sets its sustainability strategies, goals and targets which are aligned with the company's overall strategy and vision;
- iii) being more proactive to the needs of the community and to adopt appropriate policies and initiatives towards achieving sustainability in the social, economic and environmental conditions in furtherance of the pursuit of profitability;
- iv) striving to treat employees fairly and promote quality of life by adopting sustainable corporate social responsibilities;
- v) ensuring that the company’s policies are in line with international trends to promote human rights in the corporate environment;
- vi) ensuring that the activities and the operations of the company do not harm the interest and well-being of the environment and the society at large; and
- vii) ensuring effective use of natural resources and continuously reducing its carbon footprint.

2.7 Corporate Liability

2.7.1 The development of adequate procedures to be implemented to prevent the occurrence of corrupt practices in relation to the business activities of a company is vital.

2.7.2 In this regard, a director must ensure that the company have established an adequate procedure which can be used to reasonably protect both the company and top management from the liabilities arising from the section 17A of the Malaysian Anti-Corruption Commission Act, 2009 (“MACCA, 2009”).

2.7.3 A director must ensure that the company –

- i) practices the highest level of integrity and ethics^;
- ii) complies fully with the applicable laws and regulatory requirements on anti-corruption;
- iii) effectively manages the key corruption risks of the organisation;



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- iv) puts in place the appropriate controls and contingency measures that are reasonable and proportionate to the nature and size of the organisation, in order to address any corruption risks arising from weaknesses in the organisation's governance framework, processes and procedures;
 - v) conducts corruption risk assessments periodically to identify, analyse, assess and prioritise the internal and external corruption risks of the organisation;
 - vi) provides employees and business associates* with adequate training to promote their understanding of the organisation's anti-corruption position, especially in relation to their role within or outside the commercial organisation* in the context of the company;
 - vii) conducts regular reviews to assess the performance, efficiency and effectiveness of the anti-corruption programme and ensure the programme is enforced; and
 - viii) ensures that the company's anti-corruption policy be made publicly available and should also be appropriately communicated to all employees and business associates.

^ Note: Cross reference to Integrity and Anti-Bribery Corruption & Abuse of Power Policy

** Note: Please refer to the Appendix of "Guidelines on Adequate Procedures Pursuant to Subsection (5) of Section 17A under The Malaysian Anti-Corruption Commission Act 2009" which provides key definitions under Section 17A of the MACCA 2009 and the guidelines*

2.8 Anti-Money Laundering and Counter Financing Of Terrorism ("AML/CFT")

To prevent the company from risk of being exposed to AML/CFT activities, a director must ensure that the company –

- (i) adopts policies and procedures which are consistent with the principles set out under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 ("AMLA") and the Guidelines, and keeps the shareholders and employees abreast on matters under AMLA and Guidelines;



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- (ii) conducts its business in conformity with high ethical standards to ensure that laws and regulations are adhered to; and
- (iii) remains vigilant against undertaking any business transaction that is or may be connected with or may facilitate money laundering/terrorism financing (“ML/TF”) and ensure that approval is not given for transactions where there are good reasons to suppose that transactions are associated with ML/TF activities.

2.9 Violation Of the Code

In the event of any violation of this Code, the GBOD 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.

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