

**CODE OF ETHICS
FOR COMPANY DIRECTOR
&
COMPANY SECRETARY**

FOREWORD

Company director and company secretary are two of the most important positions in a company and both play vital roles in ensuring that the company operates in compliance with laws and regulations, maintains accurate corporate records, communicates effectively with shareholders, manages risks, develops governance and strategy and operates transparently and accountably.

Company director and company secretary are expected to adhere and maintain high ethical standards in their professional conduct. Good ethics are essential for the company director and company secretary as they help to ensure legal compliance, protect the company's reputation, build trust with stakeholders and promote long-term success.

This document is intended to provide general guidelines on the ethical expectations of the company director and company secretary when carrying out their duties. It is written as a general guidance for all types of companies in developing their own code of conduct for company director or company secretary with more specific principles and guidelines that they should follow based on their role or the ethical standards of their industry.

This code of ethics is intended to be applied in complementary to the existing laws and guidelines. It is a benchmark for the company director and company secretary to act professionally in the best interest of the company by promoting good governance and upholding high standards of integrity and accountability.

It is imperative for the company director and company secretary to familiarize themselves with any other applicable ethical codes or guidelines and to seek advice or guidance when in doubt about the ethical implications of their actions. However, non-compliance with the laws and regulations in particular the Companies Act 2016 should be reported to the Registrar.

PART A

CODE OF ETHICS FOR COMPANY DIRECTOR

The private sector plays a vital role and continues to contribute significantly towards Malaysia's economic growth. As Malaysia transitions towards a high-income nation, the private sector - especially micro, small and medium-sized enterprises being the engine of growth, must remain competitive through an increase of productivity and innovation.

The complexity of the business environment and corporate laws has imposed a greater demand for higher competency skills among company directors. It is important that there exists an acceptable level of corporate behaviour that is not devoid of professionalism and credibility in upholding good corporate integrity.

Similarly, experiences within the country have critically exposed the need to formulate standards of corporate behaviour to create an ethical corporate culture.

PRINCIPLES

The core principles on which this Code rely on are those that relate to transparency, integrity, accountability, corporate liability and sustainability.

OBJECTIVES

This Code of Ethics is formulated to enhance the standard of corporate governance and corporate behaviour 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.

DEFINITION

In the context of this Code, a company director means any person occupying the position of director of a corporation by whatever name called. This includes 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 some companies will not necessarily use the designation "director".

A company limited by guarantee may call their officers various names including "governors", "trustees", "chief executive officer" and "managing director". These persons are directors of the company if they occupy the position of a director or carry out such functions including primarily responsible for the management of the company.

CODE OF CONDUCT

In the performance of his duties, a director should at all times observe the following principles:

(a) Corporate Governance

A director –

- (i) should have a clear understanding of the aims and objectives, capabilities and capacity of the company;
- (ii) should devote time and effort to attend and participate at 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 relevant legislations 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 to a manageable number of companies to which he can best devote his time and effectiveness. Therefore, each director is his own judge pertaining to his abilities and how best to manage his time effectively in the companies in which he holds directorships;
- (vii) should have access to the advice and services of the company secretary, who is responsible to the board to ensure proper governance practices, procedures, rules and regulations are adhered to or 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 and fully all contractual interests whether directly or indirectly with the company;
- (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 fiduciary duties;
- (xii) should be willing to exercise independent judgment and, if necessary, in his fiduciary duty, openly oppose if the vital interest of the company is at stake;
- (xiii) should attend continuous professional development programmes to keep abreast with corporate governance developments and regulatory requirements; and

- (xiv) should ensure that reasonable steps are taken in accordance with relevant laws to properly wind up or strike off the company register if the company is not likely to commence business or has ceased to carry on business and is not likely to commence business in the future or again to carry on business, as the case may be.

(b) Relationship with Shareholders, Employees, Creditors, Customer, 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 ensure adequate safety measures and provide proper protection to workers and employees at workplaces;
- (iv) should at all times promote professionalism and raise the competency of management and employees; and
- (v) should adopt an objective and positive attitude and give the utmost cooperation for the common good when dealing with governmental authorities or regulatory bodies.

(c) 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.

(d) Corporate Liability

The development of adequate procedures¹ to be implemented to prevent the occurrence of corrupt practices in relation to the business activities of a company is vital.

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 (MACCA) 2009.

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;
- (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 associates² 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 organisation² 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.

¹ For this purpose, reference may be made to the "Guidelines on Adequate Procedures pursuant to subsection 17A(5) under the Malaysian Anti-Corruption Commission Act 2009 (MACCA 2009)" which was issued by the Prime Minister Department, through the National Centre For Governance, Integrity and Anti-Corruption (GIACC)

² 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

(e) 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;
- (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 moneylaundering/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 Money Laundering/Financing of Terrorism (ML/TF) activities.



PART B

CODE OF ETHICS FOR COMPANY SECRETARY

With the increasing complexity of company legislation and the continued rationalisation of business into larger groups of companies, a company secretary assumes greater responsibility and authority which always demands ethical conduct at all times.

This Code of Ethics for Company Secretary may be broadly understood as the application of ethics to corporate affairs where it is formulated to enhance the standard of corporate governance and to instil professionalism and accountability among company secretaries.

PRINCIPLES

The principles on which this Code are based on are transparency, integrity, accountability and sustainability.

OBJECTIVES

The Code of Ethics is formulated to raise the standard of corporate governance and to inculcate good corporate behaviour to achieve the following objectives:

- (a) To instil professionalism among company secretaries within the tenets of morality, efficiency and administrative effectiveness; and
- (b) To uphold the spirit of accountability, transparency, integrity and effective governance in line with the legislations, regulations, good corporate governance practices and guidelines governing a company.

CODE OF CONDUCT

In the performance of his duties, a company secretary should always observe the following principles:

(a) Professionalism

A company secretary should –

- (i) take the necessary steps to ensure compliance with relevant legislations, regulations, procedures, rules and guidelines governing a company;
- (ii) keep abreast with the requirements of the practising certificate issued under section 241 of the Companies Act 2016;
- (iii) at all times strive for professional competency and exhibit a high degree of skill and proficiency in the performance of the duties of his office;
- (iv) be knowledgeable of law of meetings, meeting procedures, particularly quorum requirements, voting procedures and proxy provisions and be responsible for the proper conduct of meetings;
- (v) adopt an objective and positive attitude and give full cooperation when dealing with governmental authorities and regulatory bodies;
- (vi) limit his position as named company secretary of companies to a number in which he can best and fully devote his times and attention effectively;
- (vii) be present in person or ensure that in his absence he is so represented at the company's registered office on the days and at the hours that the office is accessible to the public;

- (viii) be aware of all relevant reporting and other regulatory requirements imposed by statute within which the company operates; and
- (ix) be present or represented at meetings including board meetings to properly exercise the professional responsibilities as a company secretary of the company.

(b) Corporate Governance

The company secretary should –

- (i) at all times exercise the utmost good faith and act both responsibly and honestly with reasonable care and due diligence in the exercise of his powers and the discharge of the duties of his office;
- (ii) neither direct for his own advantage any business opportunity that the company is pursuing, nor may he use or disclose to any party any confidential information obtained by reason of his office for his own advantage or that of others;
- (iii) disclose to the board of directors or an appropriate public officer any information within his knowledge that he honestly and reasonably believes suggesting that a fraud is being or is likely to be occurred by the company or by any of its directors or employees; and
- (iv) attend continuous professional development programmes to keep abreast with corporate governance developments and other relevant statutory requirements affecting the companies.

(c) Relationship with directors and shareholders

The company secretary should –

- (i) at all times strive to assist the company towards its proper objectives within the tenets of moral responsibility, efficiency, and administrative effectiveness;
- (ii) have a clear understanding of the aims and objectives of the company, and of the powers and restrictions as provided in the Companies Act 2016 and Constitution (if applicable);
- (iii) assist and advise the directors to ensure at all times that the company maintains an effective system of internal control, for keeping proper registers and accounting records;
- (iv) be impartial in his dealings with shareholders and directors, without fear or favour;
- (v) use his best endeavours to ensure that the directors and the company comply with the relevant legislations, contractual obligations and other relevant requirements;
- (vi) advise the board of directors that no policy is adopted by the company that will antagonise or offend any stakeholders of the company; and
- (vii) facilitate communication among the board members, the board and management, the chairman and the chief executive officer, the company and its shareholders, and the company and its stakeholders.

(d) Reporting Institutions³ under Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA)

The company secretary should –

- (i) undertake Anti-Money Laundering and Counter Financing of Terrorism (AML/CFT) measures as required under Part IV (Reporting Obligations) of the AMLA, its subsidiary instruments and the AML/CFT – Designated Non-Financial Businesses and Professions (DNFBPs) & Other Non- Financial Sectors (Sector 5) Policy Document;
- (ii) ensure that laws and regulations are adhered to, that business affairs of the company are conducted in conformity with high ethical standards, and that service is not provided where there is good reason to suppose that transactions are associated with money laundering or financing of terrorism activities;
- (iii) cooperate with relevant law enforcement agencies which includes taking appropriate measures such as timely disclosure of information to the relevant law enforcement agencies;
- (iv) adopt policies and procedures which are consistent with the principles set out under the AMLA and the Guidelines, and take appropriate steps to identify, assess and mitigate the AML/CFT risks; and
- (v) have an effective process and procedure to identify its customers and to obtain satisfactory evidence to verify its customers' identity.

³ A company secretary is considered as a reporting institution if the company secretary, whether in person or through a firm or company, prepare or carry out the following activities –

- (a) act as a formation agent of legal entities;
- (b) act as or arrange for another person to act as a director or secretary of a company, a partner of a partnership, or a similar position in relation to other legal entities;
- (c) provide a registered office, business address or accommodation, correspondence or administrative address for a company, a partnership, or any other legal entities or arrangement;
- (d) act as or arrange for another person to act as a nominee shareholder for another person; or
- (e) any other duties imposed under AML/CFT Guide issued by Bank Negara