

HONG SENG CONSOLIDATED BERHAD

(formerly known as MSCM Holdings Berhad)

Registration No. 200101001581 (537337-M)

CODE OF CONDUCT AND ETHICS

Revision Date : 30 September 2020

Custodian : Finance Department

CODE OF CONDUCT AND ETHICS

1. INTRODUCTION

The Board is committed to promoting good business conduct and maintaining a healthy corporate culture that endangers integrity, transparency and fairness. The principle of this Code of Conduct and Ethics (“**Code**”) aimed at managing conflicts of interest, preventing abuse of power, corruption, insider trading and money laundering.

2. PURPOSE AND APPLICABILITY

This Code provides guidance to stakeholders on the ethical behaviour to be expected from the Group and sets out the Board’s responsibilities as well as the Management’s responsibilities to communicate, measure and monitor its values and performance to achieve objectives and to instill values.

This Code is intended to apply to every employee of the Company and the Group. It also applies to every Director of the Company and Group (executive and non-executive), except otherwise stated in this Code. In addition to this Code which governs the conduct of every Director of the Company, the Board of Directors of the Company and its Directors are also committed to the Code of Conduct and Ethics as set out in its Board Charter.

This Code is to be read and applied in conjunction with other applicable policies, procedures and guidelines issued by the Company.

3. BOARD’S RESPONSIBILITIES

3.1 The Board shall define the Code of Conduct and Ethics of the Group and ensure the objectives of the Code are met by:

- (a) Setting a role model in practising the provisions in this Code;
- (b) Committing and ensuring the implementation of appropriate internal systems to support, promote and strengthen the awareness and compliance with this Code;
- (c) Ensuring implementation of appropriate communication channel to receive feedbacks; and
- (d) Integrating this Code into management decision, practices and procedures.

4. MANAGEMENT’S RESPONSIBILITIES

4.1 Management should ensure this Code is published in the Corporate’s website; make the code readily available to all staff members; and communicate the Code with staff members periodically to reinforce its importance and relevance. Annually, management shall also conduct refresher briefing to all staff on this Code.

4.2 In making operational and business decisions, Management is responsible to the Board for observing the principles of this Code and to ensure that their actions are consistent with the spirit of this Code and promote good ethical interactions with all stakeholders of the Group.

5. EMPLOYEES’ RESPONSIBILITIES

All staff members are required to:

- adhere to the provisions of this Code; and
- report any suspected violations in accordance with the Whistleblowing Policy of the Company.

It shall be noted that non-compliance of this Code may not only entails disciplinary sanctions, but also criminal charges.

6. PROVISION OF CODE OF CONDUCTS AND ETHICS

6.1 INSIDER TRADING

By nature of our work, Directors or Senior Management staff may have access to information that is price sensitive. Accordingly, no Directors, Officers and staff shall enter into any transaction in the securities while they are in possession of non-public information about that Company or recommend others to purchase the securities of the Company on the basis of insider information.

6.2 MONEY LAUNDERING

Money laundering may include, but not limited to:

- Attempts to make payment in large and unusual amount of cash;
- Payments made by or to third parties who are not parties to the contract; and
- Payments made in currencies differ from invoices.

The Group shall implement effective process to identify suspicious money laundering activities when dealing with its customers in its course of business.

6.3 CORRUPTION

Directors and employees are not to use their personal power that might be associated with or construed as bribery or corruption. They must adhere to the Company's Anti-Bribery and Corruption Policy prepared in line with the new Section 17A of the Malaysian Anti-Corruption Commission Act 2009 on corporate liability provision on anti-bribery and corruption.

Directors and employees should never solicit gifts or favours in connection with their official duties. Gifts that are offered should not be accepted if this would create or give rise to the appearance of impropriety or bias that would damage the reputation of the Group.

No individuals shall use improper means or provide gift, bribes and benefits to influence other stakeholders in order to obtain and retain business or secure an unfair advantage in any business transaction.

6.4 CONFLICTS OF INTEREST

A conflict between the employee's interests and interest of the Group is a conflict of interest i.e. allow his private interest to come into conflict with his duties to the Company or misuse his position as an officer of the Company to his private advantage.

All employees must prevent any conflicts of interest with the Group and avoid financial interest with competitors, client or supplier outside of its authorized business conduct.

Where an actual or potential conflict of interest arises, or may arise, the affected individual shall immediately disclose his/her interest to immediate supervisor the nature and extent of such conflict of interest. Thereafter, the individual shall not take part in deciding with respect of any transaction, contract or proposed contract or arrangement in which s/he is interested, directly or indirectly.

When an individual has concealed or has unreasonably failed to disclose his/her conflict of interest, the Board or Management may other than disciplinary action, recover the losses from the individual.

6.5 ABUSE OF POWER

Abuse of power is illegal or coercive use of power by imposing the will of a superior over a subordinate, through the exercising of the power conferred by the position of the superior for gaining benefits or particular objective that is usually in violation of laws, rules and regulations. The Group does not tolerate abuse of power.

6.6 CONFIDENTIALITY AND NON-DISCLOSURE

Employees should maintain the confidentiality of information entrusted to them by the Group and any other confidential information about the Group that comes to them, from whatever source, in their capacity as an employee. Unless required by law or authorised by the Group, employees shall not disclose confidential information or allow such disclosure or use confidential information for unauthorised purposes. This obligation continues beyond the termination of employment.

The obligation to preserve confidential information also applies to information received from customers or business partners of the Group, its continues even after the employment ends.

6.7 PROTECTION OF ASSETS AND RESOURCES

All employees are responsible for the proper use of the Group's assets and resources and endeavour to protect against any deterioration, alteration, fraud, loss and theft.

7. PUBLICATION OF THE CODE

This Code shall be published on the Company's website.