

## **CODE OF CONDUCT AND ETHICS**

### **1. PURPOSE**

- 1.1 The Board of Directors of KAWAN FOOD BERHAD (“the Company”) has adopted the following Code of Ethics and Conduct (“the Code”) for Directors, Management and Officers of the Company and its subsidiaries (“the Group”). All Directors, Management and Employees of the Group shall be referred to as “Officers” hereon.
- 1.2 It is the intention of the Code for the Officers to direct their attention to the areas of ethical risk, provide guidance to Directors to assist them to identify and handle ethical issues, provide procedures to report unethical practices, and encourage the development of a culture of honesty, trust, responsibility and accountability.
- 1.3 This Code is established to promote the corporate culture which engenders ethical conduct that permeates throughout the Company. The Code reflects the Company’s commitment to integrity, transparency, accountability and self-regulation.
- 1.4 The Code cannot and do not cover every issue that may arise or every situation where ethical decision must be made, but rather set forth key guiding principles and policies. Officers are encouraged to highlight and discuss matters of particular circumstances that may affect the Company’s reputation or image in a negative manner arising from the ordinary course of business to the attention of the Senior Independent Director and/or to the Officers or any related party transaction or conflict of interest situation that may arise within the Company and the Group including transactions, procedure or course of conduct that raises question or doubt of management integrity.

### **2. CODE OF ETHICS**

Officers shall adhere to the following Code of Ethics:

- Observe high standards of corporate governance and uphold accountability and transparency at all times;
- Act honestly, fairly, ethically, with integrity and loyalty and conduct themselves in a professional, courteous and respectful manner;
- Act in the best interests of the Company and the Group in a manner to enhance and maintain the reputation of the Company, and fulfill their fiduciary duties to the Company and the stakeholders of the Company;
- Act in good faith, with responsibility, due care, competence, diligence and independence;
- Shall not accept positions on Board Committees or working group where a conflict of interest is likely to arise, without firstly declaring that interest;

- Declaring any personal, professional or business interests that may conflict with the Director’s responsibilities;
- Ensure the health, safety and welfare at work of the employees together with the health and safety of all other persons affected by the business activities;
- To consider protection of the environment and the environmental impact of the business to be an essential part of the business operations to complying with all relevant legislation and to operating in an environmentally responsible manner;
- Ensure maintain complete and accurate business records;
- Treat colleagues and other associates of the Company with dignity and shall not harass any of them in any manner regardless of creed, race, religion, rank or gender; and
- Exercise due diligence to avoid breaches of duty via negligence, intentional action or omission, and unauthorized communications with individuals trying to influence by improper means or seeking to receive personal gains through Board decisions.

### 3. STANDARDS OF CONDUCT

#### a. Conflicts of Interest

- i. Officers should endeavour to avoid situation that present a potential or actual conflict between their interest and the interest of the Company. Officers are required to disclose to the Board any situation that may be, or appear to be, a conflict of interest (“Conflicted Officers”). Officers are, therefore, obliged to act in the best interest of the Company.
- ii. A “conflict of interest” may occur:
  - When a person’s private interest interferes in any way, with the interest of the Company;
  - When a Officers or his/her family member takes an action or has an interest that may make it difficult for that officer to perform his/her work objectively and effectively; or
  - When a Officers (or his or her family member) receives improper personal gains as a result of the officer’s position in the Company.
- iii. Officers are not to use information gained in the course of their duties for personal gains, to seek to use the opportunities they acquire in the course of their tenure as Officers of the Company and/or its subsidiaries to promote their private interests or those of connected persons, firms, business or other entities.

- iv. If a conflict of interest, potential or otherwise exists, it is required that the Conflicted Officers should be absent from the meeting which the Board discusses the matter unless the Conflicted Officers has been invited to be present in that meeting to clarify or assist in the discussion of the matter and not to vote on matter.
- v. Officers shall declare any personal, professional or business interests that may be in conflict with their responsibilities.

**b. Corporate Opportunities**

The Officers should not: (a) take for themselves personally opportunities that are discovered through the use of Company property, information or position; (b) use Company property, information, or position for personal gain; or (c) compete with the Company for business. The Officers owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

**c. Confidentiality**

The Officers should maintain the confidentiality of information entrusted to them by the Company or its customers or other parties, except when disclosure is authorized or legally mandated. Confidential information includes all non-public information that might be of use to competitors, or harmful to the Company or its customers, if disclosed.

The Company respects and is diligent in protecting the privacy of information relating to its employees, customers and consumers.

**d. Fair Practices**

The Officers should carry out fair practices in dealing with the Company's customers, suppliers, competitors, employees and other stakeholders. No Officers should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing.

The Company will not accept or use anyone's else's propriety information that is improperly obtained, and will not copy or otherwise misappropriate others' copyrighted materials.

**e. Protection and Proper use of Company Assets**

The Officers as custodian of the Company should protect the Company's assets against loss, theft or other misuse and ensure their efficient use. All of the Company's assets should be used for legitimate business purposes.

**f. Gifts**

The Officers shall not solicit or accept lavish gifts or gratuities or any offer, payment, promise to pay, or authorization to pay any money, or anything of value that could be interpreted to adversely affect business decisions or likely to compromise their personal or professional integrity.

No bribes, kickbacks or other corrupt payments in any form should be made to or for anyone for the purpose of obtaining or returning business or obtaining any other favours.

Occasional business gifts of modest value and entertainment may be allowed, but no gift or entertainment may be offered or given if it is deemed to be illegal or deemed to be inappropriate.

**g. Compliance with Laws, Rules and Regulations (including Abuse of Power, Corruption, Insider Trading and Money Laundering)**

The Officers should proactively promote, carry out their responsibilities in compliance with all laws, rules and regulations, including abuse of power, corruption, insider trading and money laundering.

**h. Bribes and Corruption**

Officers shall not offer, give, solicit or accept bribes or any other improper payment with the in order to achieve business or personal advantages for his/her or others or engage in any transaction that can be construed as having contravened the anti-corruption laws.

Officers shall be cognisant of the fact that bribes may be in any form, monetary or otherwise including but are not limited to unauthorised remuneration such as referral fee, commission or other similar compensation, material goods, services, gifts, business amenities, premiums or discounts of an inappropriate value or of an unreasonable level or that are not generally offered to others or that are prohibited by law or may reasonably be viewed as having crossed the boundaries of ethical and lawful business practice.

Prior to giving or accepting any business amenity or other gifts (in whatever form or value), officers shall assess the appropriateness of their actions by assessing if the action could influence or could reasonably give the appearance of influencing the business relationship of the Company with that organization or individual or any business decision arising out of that business relationship.

**i. Insider Trading**

No officers who are in the possession of non-public price sensitive information of the Company or other listed company gained in the course of employment with the Company may deal or advise any other person to deal in any securities of the Company or any securities of another listed company.

No officers shall disclose non-public price sensitive information to any person (including family members) where such information may be used by such person to his or her profit by trading or in recommending or advising others to trade in any securities of company.

Officers must ensure that all transactions in the Company securities comply with the procedures set out in the Bursa Malaysia Listing Requirements and the law on trading.

In the context of Malaysian law, insider trading is an offence defined under the Capital Market and Services Act 2007. The laws of other country on insider

trading may be applicable in the context of inside information concerning company listed outside of Malaysia.

**j. Money Laundering**

Money laundering is the process of concealing, converting and transferring proceeds from unlawful activities to a legitimate source of income or asset. Money laundering is an offence under the Anti-Money Laundering and Anti-Terrorism Financing Act 2001 in Malaysia.

Officers shall be aware of the applicable anti-money laundering laws and shall seek to ensure they are appropriately and adequately informed of developments in the laws relating to this area in order to actively pursue the prevention of money laundering and any activity that facilitates money laundering or the funding of terrorist or criminal activities. Officers are expected to be mindful of the risk of the Company's business being used for money laundering activities and to raise any suspicious transactions to their immediate superior and the Board to undertake further investigation.

No disclosure should be made to others that would indicate suspicions of money laundering. Any officer reporting should not discuss the matter with any other person.

**k. Abuse of Power**

The abuse of authority/power is the improper use of a position of influence, power or authority by an individual towards others. This is particularly serious when the alleged offender misuses his or her influence, power or authority to negatively influence the career or employment conditions (including, but not limited to, appointment, assignment, contract renewal, performance evaluation or promotion) of other individuals. Abuse of authority can include a one-time incident or a series of incidents. It may also consist of conduct that creates a hostile or abusive work environment, which includes, but is not limited to, the use of intimidation, threats, blackmail or coercion. Decisions made through the proper use of managerial and supervisory responsibilities are not considered as abuse of authority.

Officers shall be aware that everyone in the Company is treated with dignity, is valued as a contributor and that abuse of power and gender discrimination are not tolerated. Officers shall report incidents of abusing of power, or has reason to believe abusing of power is occurring, to their immediate superior or adhere to the Whistle Blower Policy.

**4. COMMUNICATION AND COMPLIANCE**

The Company and the Board should ensure this Code is being communicated to all levels of officers through staff handbook, notice board, intranet, or corporate website. The Company should include the briefing of this Code to new officers in the induction programme.

The Board should ensure this Code permeates throughout the Company and is complied by all levels of officers.

## **5. VIOLATIONS OF CODE OF CONDUCT**

The Company's officer should report to Management, HODs and the said violations should be forward to the Senior Management about the known or suspected illegal or unethical behaviour. The Senior management shall promptly report any known or suspected violations of this Code to the Chairman of the Audit Committee. All officers shall refer to and adhere to the Whistle Blower Policy.

## **6. NON-RETALIATION**

The Company makes every effort to maintain the confidentiality of any individual who reports concerns and possible misconduct. Officers who retaliate or encourage others to do so will be subjected to disciplinary actions, up to and including termination of employment or engagement. The Company does not tolerate any form of retaliation against anyone who makes a report in good faith.

## **7. INVESTIGATIONS**

The Company shall investigate reported concerns promptly and confidentially with the highest level of professionalism and transparency. All internal investigations and audits are conducted impartially and without predetermined conclusions. Each and every officer shall be expected to cooperate fully with audits, investigations and any corrective action plans, which may include areas for continued monitoring and assessment.

Where external investigations are required, every officer shall appropriately respond to, cooperate and shall not interfere with, any lawful government inquiry, audit or investigation.

## **8. PERIODIC REVIEW**

The Board and senior management of the Company should periodically review the Code and communicate the new changes to all levels of officers. The Code shall be made available on the Company's website at [www.kawanfood.com](http://www.kawanfood.com).

This code is dated 9 April 2018.