



**KUALA LUMPUR KEPONG BERHAD**

197301001526 (15043-V)

# **CODE OF CONDUCT AND ETHICS FOR THE COMPANY AND GROUP**

17 August 2022



CODE OF CONDUCT AND ETHICS FOR THE COMPANY AND GROUP  
[KLKB-LCS-001]

## TABLE OF CONTENTS

1.	INTRODUCTION .....	1
2.	PURPOSE .....	1
3.	APPLICABILITY .....	1
4.	GOVERNANCE OF COMPANY .....	1
5.	CONFLICTS OF INTEREST .....	2
6.	ANTI-BRIBERY AND CORRUPTION .....	2
7.	INSIDE INFORMATION AND SECURITIES TRADING .....	4
8.	ANTI-MONEY LAUNDERING AND ANTI-TERRORISM FINANCING .....	4
9.	ANTI-TRUST AND COMPETITION LAWS .....	5
10.	INTELLECTUAL PROPERTY .....	5
11.	CORPORATE RESPONSIBILITY .....	5
12.	DIVERSITY, EQUAL OPPORTUNITY AND INCLUSIVITY .....	7
13.	ANTI-HARASSMENT .....	7
14.	HUMAN TRAFFICKING, CHILD AND FORCED LABOUR .....	7
15.	ENVIRONMENT, HEALTH AND SAFETY .....	7
16.	BUSINESS RECORDS INTEGRITY .....	8
17.	COMPLIANCE WITH LAW .....	8
18.	PROTECTING COMPANY ASSETS AND CONFIDENTIAL INFORMATION .....	9
19.	REPORTING, ENFORCEMENT AND INVESTIGATION PROCESS .....	9
20.	PUBLIC DISCLOSURES .....	10
21.	VIOLATION OF THE CODE .....	10
22.	REVIEW AND AMENDMENTS TO THE CODE .....	10
23.	WAIVER OF THE CODE .....	10
24.	PLACEMENT OF THE CODE ON THE COMPANY'S WEBSITE .....	10
25.	ENFORCEMENT OF THE CODE .....	10



## **1. INTRODUCTION**

The Board of Directors (“Board”) of Kuala Lumpur Kepong Berhad (“KLK” or “Company”) recognises the importance of good corporate governance. As such, the Company engages in best practices which support the Company in building a culture of good corporate governance. The Company has established, implemented and promulgated this Code of Conduct and Ethics (“Code”) to demonstrate the Company’s commitment in upholding appropriate standards of ethical conduct and behaviour at all levels of the Company’s businesses. Such commitment is based on the belief that good corporate governance practices, appropriate standards of conduct, and ethical behaviour are fundamental towards enhancing long term shareholder value, increasing investor confidence, and protecting stakeholders’ interests.

## **2. PURPOSE**

The objective of the Code is to promote good business conduct and to maintain a healthy corporate culture that engenders integrity, transparency and fairness in KLK.

This Code is not intended to be exhaustive and the Company has developed and will continue to develop policies, procedures, directives and/or guidelines to support good corporate governance. Supplementary information on a number of topics may also be found in our global policies referenced throughout the Code, and to other local policies and procedures.

## **3. APPLICABILITY**

KLK’s Board has set out this Code as a fundamental set of rules to define how the Company is to conduct its business and set out standards which the KLK Group and its employees or officers are required to comply with when dealing with each other, shareholders, other stakeholders, and the broader community. This Code is to apply to KLK and all of its subsidiaries.

## **4. GOVERNANCE OF COMPANY**

The business and affairs of KLK Group are managed and overseen by or under the direction of the Board of KLK within a governance framework which is built on the foundation of the Group’s core values of team spirit, humility, result-oriented performance, integrity, innovation and loyalty. To ensure the Board has a balanced and diversified composition to fulfil its roles and responsibilities, there is a clear segregation of roles and responsibilities between the Chairman, Independent Non-Executive Directors and Executive Directors.



The functions of the Board and management are clearly demarcated. The Board has a vital role of overseeing the Group's management and business strategies to achieve long-term value creation. Management is accountable for the setting and executing of the strategies, including but not limited to running the operations of the Group under the oversight of the Board and keeping the Board informed of the status of the Group's operations. In addition, the Board also delegates certain responsibilities to the Board committees within their respective defined terms of reference.

*[See also the Board Charter which demarcates the roles and responsibilities of the Board, Board Committees and Management, and the specific roles and responsibilities of the Chairman, Senior Independent Director, Non-Executive Director and the Executive Director.]*

## **5. CONFLICTS OF INTEREST**

The Company's stand in relation to the managing of conflicts of interest is set out in the Codes of Conduct for Directors and Employees. These Codes help the Board and employees to identify and be guided in dealing with situations which may give rise to potential or real conflicts of interest. No employee shall knowingly place himself in a position that would be in conflict with the interest of the Group. When a conflict arises, the employees are obliged to declare the conflict promptly to their Head of Department.

KLK's suppliers are expected not to take part in or to seek to influence decisions under circumstances that can give rise to actual or perceived conflicts of interest.

Failure to comply, including failure to disclose a conflict that exists prior to or during the course of directorship, employment or dealings with KLK, inaccurate or misleading disclosure, failure to report any changes to an already disclosed conflict or failure to comply with a condition developed to address a conflict, may result in the Company giving warning or taking disciplinary action against employees, removing directors or terminating suppliers.

*[See also sections on "Conflicts of Interest" in KLK's Code of Conduct for Directors, "Conflicts of Interest" in Code of Conduct for Employees and Supplier Declaration and Integrity Pledge.]*

## **6. ANTI-BRIBERY AND CORRUPTION**

KLK is committed to acting fairly and with integrity in all its business dealings and relationships. For purposes of compliance with global anti-bribery and anti-corruption laws, KLK has put in place an Anti-Corruption Policy ("the Group Anti-Corruption Policy").

In alignment with the Group Anti-Corruption Policy, KLK has also set out recommended practices in its internal Guidelines on Gifts, Benefits and Hospitality, for prevention and detection of bribery and corruption.

The Group Anti-Corruption Policy aims to reiterate KLK's commitment to the compliance by its employees and associated persons with the Malaysian Anti-Corruption Commission (MACC) Act 2009 and the MACC (Amendment) Act 2018 and any other local anti-bribery or anti-corruption laws that may be applicable.

The Group Anti-Corruption Policy also sets out the principles of KLK in upholding its position on bribery and corruption practices relating to its business and operations. It also provides guiding principles for KLK to address improper solicitations, bribery and corruption activities such as the following:

#### 6.1 **Improper Payment or Receipt**

KLK's employees, directors, and persons or agents acting or performing services for and on behalf of KLK are not to offer, promise, authorise, direct, pay, make or receive any bribes/inducements, kickbacks or payments of money or anything of value in kind (including but not limited to lavish gifts, excessive entertainment, funding of personal travel, etc.) in an attempt to influence the objectives and fair business decisions of KLK or gain improper advantage for KLK.

The above prohibition is applicable to dealings between KLK and the following:

- (i) government and public sector and their employees or officials;
- (ii) business entities partially or wholly-owned or controlled by government interest and their employees or officials;
- (iii) commercial companies and their employees;
- (iv) KLK employees;
- (v) persons acting or performing services for and on behalf of KLK; or
- (vi) any other third party.

*[See also sections on "Bribes and Kickbacks" in KLK's Group Anti-Corruption Policy, "Governance" in Supplier Code of Conduct and Supplier Declaration and Integrity Pledge.]*

#### 6.2 **Gifts, Meals and Entertainment**

As a general rule, KLK discourages its employees and directors from giving or accepting gifts, entertainment or other benefits which would in any way influence any business decision or gain an unfair advantage. However, KLK recognizes that entertainment, gifting and acceptance of gifts may be a legitimate custom or practice in business relationships. The guideline subscribed by KLK in relation to such gifting and acceptance of gifts is that unsolicited gifts or other business courtesies may be given or accepted provided they are reasonable and modest in nature and amount, and justified by a clear and legitimate business purpose.



KLK prohibits third parties such as independent contractors, consultants, suppliers, partners, distributors and all others who do business with KLK from offering, promising or giving gifts, entertainment or other benefits as bribes.

*[See also sections on “Gifts and Hospitality” in KLK’s Code of Conduct for Directors, “Personal Gifting” in Code of Conduct for Employees, “Guidelines on Gifts, Benefits and Hospitality” in Group Anti-Corruption Policy, “Governance” in Supplier Code of Conduct and Supplier Declaration and Integrity Pledge.]*

### 6.3 **Political Contributions**

Unless prohibited by any applicable laws, KLK may make political contributions subject to approval of its Board.

## 7. **INSIDE INFORMATION AND SECURITIES TRADING**

Certain restrictions have been put in place by laws and regulations to prohibit insider trading. Anyone in possession of material, non-public information may not trade in KLK shares. The Company maintains an insider trading policy which is applicable to all of the employees, directors and the immediate family members of the employees and directors and establishes quarterly “no trading” periods for certain groups of employees and directors.

*[See also sections on “Insider Trading” in KLK’s Corporate Disclosure Policy and Procedures, and Codes of Conduct for Directors and Employees respectively.]*

## 8. **ANTI-MONEY LAUNDERING AND ANTI-TERRORISM FINANCING**

Money laundering is a process of converting cash or property derived from criminal activities to give it a legitimate appearance. Terrorism financing is the process through which money is used to fund terrorism. There are global laws which provide for the offence of money laundering and terrorism financing, and the measures to be undertaken for the prevention of money laundering and terrorism financing.

KLK prohibits any facilitation of terrorism financing and money laundering, which involves disguising or channelling unlawfully obtained money or transforming such money into legitimate funds.

As a preventive measure, KLK may conduct counterparty due diligence to understand the business and background of its prospective business counterparties, and to determine the origin and destination of money, property and services and reporting of any suspicious or unusual activity consistent with applicable laws.



## 9. ANTI-TRUST AND COMPETITION LAWS

Anti-trust and competition laws generally prohibit conduct or agreements which constitute unlawful restraint of trade and have the effect of significantly preventing, restricting or distorting competition. The objectives of such anti-trust and competition laws are to protect stakeholders against unfair business practices and to promote and preserve healthy competition in the business environment.

KLK commits to observe applicable anti-trust and competition laws by refraining from engaging in conduct or agreement that will violate anti-trust and competition laws.

Apart from KLK's own commitment towards compliance with global anti-trust and competition laws, KLK also encourages compliance with such laws by its business partners. The Company may conduct review of certain transactions and obtain end-user document and information for such purpose.

## 10. INTELLECTUAL PROPERTY

Intellectual property refers to creations of the mind, such as inventions, literary and artistic works, designs, symbols, names and images used in commerce. Examples of intellectual property include copyrights, patents, trademarks, industrial designs, geographical indications and trade secrets.

KLK protects its intellectual property and respects the intellectual property rights of others. It is against KLK's policy to use, copy, display or distribute third party copyrighted software, document or materials without authorisation or license. KLK provides software necessary for its employees to perform their functions adequately under appropriate licensing agreements with its vendors.

## 11. CORPORATE RESPONSIBILITY

11.1 KLK believes that corporations are strong platforms to drive positive social change and armed with that belief, corporate responsibility has become an integral part of KLK because **"Values Matter, Society Matters"**. In addition, KLK is focused on achieving a balance between environmental, social and governance aspects when it undertakes its business operations.

KLK has set out to implement both long-term and short-term programmes in Malaysia and around the world with the objective of advancing education and sports, protecting the environment, enriching and making a difference in the life of its employees and the communities within which it operates.

KLK is focused and committed to create impact on the following pillars of corporate responsibility:

(i) **Environment**

KLK places high importance in the protection and preservation of the environment by working towards reducing environmental impact as well as optimising resource utilisation.

*[See also KLK's Sustainability Policy and Biodiversity Conservation Policy.]*

(ii) **Education**

It is KLK's belief that education is key to the empowerment of individuals and poverty alleviation. KLK seeks to provide education opportunities especially to people and communities who may not have access to such facilities.

(iii) **Employees**

One of KLK's key assets is its employees. Hence, it is imperative for KLK to continuously provide infrastructure in terms of adequate health care and a safe working environment to its employees, whilst developing its people by providing continuous career growth and skills enhancement.

(iv) **Community**

The Company recognises the importance of doing its part to nurture and uplift the communities within which it operates. To this end, KLK is committed to make a positive difference to their well-being through various activities, visits and donations to communities in Malaysia and globally.

## 11.2 **Donations**

The Company strives to share its business success with those who may not be in a position to directly benefit from its primary business success through philanthropic donations and non-commercial sponsorship. KLK's contribution is focused in the areas of education, humanitarian and community, environmental, health and sports, and arts and culture. Such contribution is an expression of its commitment and responsibility towards society and aim to improve the quality of life of beneficiaries.

The Company maintains a Group Donations Policy and Procedure which provides guidance to the Corporate Responsibility Committees on decisions and allocations for the purpose of philanthropic donations and non-commercial sponsorship.



## **12. DIVERSITY, EQUAL OPPORTUNITY AND INCLUSIVITY**

KLK recognizes that a diversified and inclusive workforce enhances creativity, innovation, job satisfaction and productivity. The Company values diversity in its workplace, as well as in its customers, suppliers and other stakeholders.

The Company is committed to developing an inclusive and representative workforce at all levels of the KLK Group by eliminating stigmas and limitations and creating a culture of inclusion through the promotion of awareness and mutual understanding.

KLK provides equal employment opportunity in all aspects of employment relationship and does not discriminate on the basis of nationality, race, religion, gender, or any other characteristics protected by laws and regulations.

*[See also KLK's Sustainability Policy.]*

## **13. ANTI-HARASSMENT**

Harassment is prohibited in any form be it physical, verbal or non-verbal. The Company prohibits the berating or verbal abuse of its employees and strongly disapproves and does not tolerate harassment of its employees.

*[See also KLK's Sustainability Policy and section on "Violence & Harassment" in KLK's Code of Conduct for Employees.]*

## **14. HUMAN TRAFFICKING, CHILD AND FORCED LABOUR**

KLK prohibits the use of forced or bonded labour, human trafficking and the employment of children in its organisation, operation and supply chain.

KLK expects its employees, contractors, vendors, suppliers, partners and others with whom the Group conducts business, to also be committed to avoid complicity in any actions that may constitute such practices.

*[See also KLK's Sustainability Policy.]*

## **15. ENVIRONMENT, HEALTH AND SAFETY**

The Company conducts its business operations in a manner that protects the health and safety of its employees, contractors, visitors and the public and is committed to comply with KLK's Occupational Safety & Health Policy. KLK's Occupational, Health and Safety department works with all lines of its businesses and employees to promote safe workplaces and prevent workplace accidents and injuries.



The Company communicates its expectations and safety protocols to its employees, suppliers and agents and explains the potential health and safety risks and implications of not complying with such requirements to them.

The Company strives to comply with applicable environmental, health and safety regulations. With that in mind, KLK has put in place a sustainability policy to minimise the environmental impact of its businesses and operations. KLK expects its business partners including its vendors and suppliers to conduct their business in compliance with applicable local environmental, health and safety regulations.

*[See also KLK's Occupational Safety & Health Policy, Sustainability Policy and Biodiversity Conservation Policy, sections on "Health, Safety and Environment" in KLK's Codes of Conduct for Directors and Employees respectively, Supplier Code of Conduct and Supplier Declaration and Integrity Pledge.]*

## **16. BUSINESS RECORDS INTEGRITY**

All KLK operations worldwide must comply with applicable national laws relating to the accurate and complete maintenance of the Group's financial books and records.

Accurate and reliable financial and business records are of critical importance in meeting KLK's financial, legal and business obligations. No unauthorised, false, improper or misleading entries are permitted on KLK's books and records, under any circumstances.

*[See also section on "Business Records and Control" in KLK's Code of Conduct for Employees.]*

## **17. COMPLIANCE WITH LAW**

KLK is committed to complying with the laws of the countries in which it conducts its business. Each of its employees and directors are responsible for knowing and following all applicable laws and regulations. Violation of laws and regulations have serious consequences for the Company. Compliance with laws and regulations protects its ability to conduct business and failure to do so can result in loss of business opportunities, serious business disruption, monetary penalties, fines, disrepute and revocation of trade privileges, etc.

KLK will act in a manner that upholds the spirit and the intent of the law. Where the Code or KLK's policies differ from the local laws and regulations, KLK is committed to follow the higher standard.

*[See also sections on "Compliance with Law" in KLK's Code of Conduct for Directors, "Compliance with Law" in KLK's Code of Conduct for Employees and "Governance" in Supplier Code of Conduct and Supplier Declaration and Integrity Pledge.]*



## **18. PROTECTING COMPANY ASSETS AND CONFIDENTIAL INFORMATION**

KLK spends considerable resources to develop and maintain assets of the Company's business and expects its employees to protect the value of the Company's assets, including physical assets, information, KLK brands and its name and reputation and to protect the confidential information which has been entrusted to KLK. The use of KLK's computers, systems, resources and devices for business purposes may be monitored for legal preservation to the extent permissible under the law.

*[See also sections on "Protection of Assets" in KLK's Code of Conduct for Directors, "Protection of Assets" in KLK's Code of Conduct for Employees and the Group IT & Security Policies.]*

KLK's Corporate Disclosure Policy and Procedures sets out the requirements for treatment of confidential information and provides guidance on the proper handling and disclosure of such confidential information. The expectation of KLK in relation to the protection of confidential information by its directors and employees are communicated and set out in the respective Codes of Conduct for Directors and Employees.

*[See also sections on "Confidentiality of Information" in KLK's Corporate Disclosure Policy and Codes of Conduct for Directors and Employees respectively.]*

The Company respects the privacy of individuals and strives to protect the privacy of personal data. The Company is also committed to ensuring compliance with the requirements of applicable laws pertaining to the protection of personal data.

## **19. REPORTING, ENFORCEMENT AND INVESTIGATION PROCESS**

KLK recognises the importance of fostering a culture and business environment in which employees feel safe to report improper and unethical conduct without fear or being victimised. KLK is therefore committed to develop appropriate reporting procedures for investigation of any report of unethical conduct. To the extent possible, KLK will treat any report of unethical conduct in strictest confidence and will not tolerate any form of punishment or retaliatory action against any person for reporting a matter in good faith, and in accordance with KLK's policy and standard or procedure. KLK views such retaliatory action to be a serious breach of this Code which may result in disciplinary action including termination. Employees who wish to channel their grievances or report unethical conduct are to refer to KLK's Group Employee Grievance Redressal Procedures and/or Group Whistleblowing Policy.

KLK conducts all internal investigation processes in compliance with the applicable law and focused on accuracy, precision, fairness and respect for all parties involved, to ensure that all parties receive fair and ethical treatment.

Investigation processes may include reviews of relevant financial, electronic and other records, interviews with the parties and witnesses, and monitoring and/or analysis of computers, systems, offices and other resources to the extent permitted by applicable laws.



For investigations that result in a verdict of misconduct, KLK may impose disciplinary and remedial actions to the conduct established through the investigation process, and/or report civil or criminal violations, if any, to the relevant authorities.

*[See also KLK's Group Whistleblowing Policy and Group Employee Grievance Redressal Policy.]*

## **20. PUBLIC DISCLOSURES**

KLK as a public company, has the obligation to disclose accurate and complete information regarding the Company and the results of its operations. KLK subscribes to the principle of reporting its financial results and other significant developments fully, fairly, accurately and on a timely basis. No unauthorised disclosures or leak of corporate information to third parties, including the press or financial community will be tolerated by the Company.

KLK's Investor Relations and Corporate Communications department manages communications with the press and financial community, and communicates with the press and analysts, at the direction of the executive management.

*[See also KLK's Corporate Disclosure Policy and Procedures.]*

## **21. VIOLATION OF THE CODE**

KLK expects its business associates to comply with all applicable laws and regulations and this Code. Business associates and others who conduct business with KLK risk termination of their relationship with KLK in the event of material violations of this Code.

## **22. REVIEW AND AMENDMENTS TO THE CODE**

The provisions of this Code will be reviewed and amended by the Board from time to time to align with any changes in law, KLK's mission, core values and business plans.

## **23. WAIVER OF THE CODE**

Waiver of requirements under the Code may be made by the Board or the appropriate committee of the Board, on a case-by-case basis and only in special circumstances.

## **24. PLACEMENT OF THE CODE ON THE COMPANY'S WEBSITE**

This Code is available on KLK's website.

## **25. ENFORCEMENT OF THE CODE**

This Code has been adopted by KLK on 28 September 2018.

**DOCUMENT VERSION CONTROL**

<b>Version</b>	<b>Date Issued/Revised</b>
1.0	28 September 2018
2.0	17 August 2022