



KESM INDUSTRIES BERHAD

Registration No. 197201001376 (13022-A)

WHISTLE-BLOWER POLICY

A PURPOSE

1. KESM Industries Berhad (“KESMI”) and its subsidiary companies (“the Group”) are committed to comply with all applicable legal and regulatory requirements relating to the conduct of the Group’s businesses in areas including but not limited to financial reporting, accounting, internal accounting controls, and auditing matters, and policies. In line with this commitment, the Group requires its employees to likewise maintain and exercise similar high standards of ethical conduct in the performance of their work and dealings for the Group.
2. The Group’s internal controls, operating procedures and governance policies are intended to detect and to prevent or deter improper conduct. However, even the best systems of control cannot provide absolute safeguards against irregularities. Intentional and unintentional violation of laws, regulations, policies and procedures may occur and may constitute improper conduct.
3. For the purpose of the maintenance of integrity within the Group, this policy therefore establishes and governs the process through which employees or to any person (“External Parties”) who become aware of, or reasonably believes that, a person who has engaged in, or is engaging, or is planning to engage in violations or improper conduct, can confidentially notify the relevant authorities under the Whistleblower Protection Act 2010, or the authorised persons of the Group as set out in Section 2.1 of this policy, of the alleged violations or improper conduct. This policy aims to :-
 - encourage employees to feel confident in raising genuine concerns about Possible Improprieties (as defined below);
 - provide ways for employees to raise those concerns and get feedback on any action taken as a result;



KESM INDUSTRIES BERHAD

Registration No. 197201001376 (13022-A)

WHISTLE-BLOWER POLICY

- reassure employees that if they raise any concerns without malice, in good faith and reasonably believe them to be true, they will be protected from possible reprisals or victimisation.
4. This policy is not intended to be used where other more appropriate procedures area are available, for examples Discipline and Grievance Procedures, etc.

B SCOPE OF THE POLICY

1. This policy applies to any person including all directors, employees of the Group (whether full time, part-time, contract or temporary) and External Parties such as consultants, contractors, sub-contractors, trainees, seconded staff, volunteers and interns, as well as agents, representatives, sponsors, suppliers, customers, or any other person or persons associated with the Group (including third parties). Unless otherwise specified, the aforementioned persons are collectively referred to as “the Whistle-Blower”) in this policy.
2. Possible Improprieties mean wrongdoing or misconduct that include but are not limited to:-
- violations of laws and regulations applicable to the Group;
 - unethical behaviour, practices or omissions thereof that would undermine or breach the Group’s internal controls and/or operational, management and governance procedures, codes and/or policies;
 - giving, solicitation or acceptance of bribes;
 - conduct of corrupt activities;
 - acts that adversely affect the interests and values of shareholders and stakeholders of the Group, including compromising the health and safety of any employee;

WHISTLE-BLOWER POLICY

- unauthorised disclosure or sale of the Group's information;
- falsification of reports or documents;
- fraud, theft, embezzlement or misuse of the Group's assets;
- improper or undesirable personal behaviour or misdeeds which seriously impacts the Group's business or reputation;
- sexual or other forms of harassment in the workplace; and
- attempts to cover any of the aforesaid.

(Note: The above list is not exhaustive.)

C PROCEDURES

1. Guidelines

1.1 To ensure that the whistle-blowing process is effectively carried out without adding unnecessary costs to the Group, a Whistle-Blower must consider the following before sounding the alarm on any of the Possible Improprieties:

- (i) there must be facts to support the case;
- (ii) the motive must be right, i.e. it is made without malice or to pursue a personal grievance; and
- (iii) other channels have failed or been ineffective in addressing the case.

1.2 Accordingly, the procedures for the submission, receipt, treatment and retention of a complaint or concern set out below, shall be fully complied with.



KESM INDUSTRIES BERHAD

Registration No. 197201001376 (13022-A)

WHISTLE-BLOWER POLICY

2. Submission of Complaints or Concerns

2.1 A Whistle-Blower who is an employee should raise his/her complaint or concern relating to any of the Possible Improprieties with:

- (i) the executive directors of the operating company (“ED”) within which the Whistle-Blower works; or
- (ii) the Chairman of the Audit Committee (“AC”) of KESMI (in case it involves the Directors);

The contact details of the abovementioned persons may be obtained from the Human Resource Department.

Alternatively, the Whistle-Blower, other than an employee, may report any Possible Improprieties via email to cosec@kesmi.com, or directly to the relevant government, regulatory authority or enforcement agency in Malaysia as prescribed by the Whistleblower Protection Act 2010.

2.2 The Whistle-Blower must raise his/her alleged claim relating to any Possible Improprieties in writing and as soon as possible but not later than 21 consecutive calendar days after becoming aware of the same. He/She must also provide the following details:

- (a) his/her particulars: name, department/company, contact number and e-mail address (if available);
- (b) type of violation (i.e. financial reporting, legal, internal controls, etc.)
- (c) description of the alleged claim;
- (d) identification of parties/departments involved; and
- (e) identification of others who might have knowledge about the alleged claim (if available).

WHISTLE-BLOWER POLICY

The report of any such Possible Improprieties (“Whistle-Blower Report”) shall not be attended to if the above-mentioned particulars are not stated. The requirement to provide such information is

- (i) to allow for proper assessment of the alleged improper conduct. Accordingly, the Whistle-Blower Report should be factual rather than speculative and should contain as much specific information as possible; and
- (ii) to facilitate appropriate follow-up questions and investigations, which will not be possible unless the source of the information is identified.

2.3 The ED or the Chairman of AC (as the case may be) may inquire in respect of the Whistle-Blower Report and may, in their reasonable discretion, determine not to commence any investigation if the report contains only unspecified or broad allegations of the Possible Improprieties without appropriate informational support.

3. Treatment of Complaints or Concerns

3.1 Upon receipt of the Whistle-Blower Report, the ED or the Chairman of the AC will:

- (i) determine whether the report is a credible complaint or concern;
- (ii) when appropriate, acknowledge to the Whistle-Blower the receipt of the complaint or concern.

3.2 The ED or the Chairman of AC shall appropriately and expeditiously investigate each credible complaint or concern. In this regards, if the circumstances so suggest, may:

- (i) conduct its own investigation or review;
- (ii) instruct a senior executive or a committee of managerial personnel to investigate into the matter and prescribe the scope and time limit therefore.

WHISTLE-BLOWER POLICY

- (iii) instruct the Internal Auditor or External Auditor to conduct further investigations or review (subject to the approval of the AC);
 - (iv) engage such third parties as the AC may determine, to take remedial action, to commence or conduct further investigations or review, as deemed appropriate;
 - (v) report the matter to the authorities if there is reason to believe that a crime has been committed; and/or
 - (vi) take any other action as the AC may determine is in the best interest of the Group.
- 3.3 They shall have the right to call for any information or document and examination of any employee of the Group or other person(s), as they may deem appropriate for the purpose of conducting investigation.
- 3.4 The AC shall have right to outline detailed procedure for an investigation.
- 3.5 Where the AC has designated a senior executive or a committee of managerial personnel for investigation, they shall adhere strictly to the scope and procedure outlined by AC for investigation.
- 3.6 The AC shall have the authority to engage outside legal, accounting or such other professional services, as it deems necessary to conduct the investigation in accordance with its terms of reference and this Policy.
- 3.7 Confidentiality will be maintained to the fullest extent possible, under prevailing laws and regulations, consistent with the need to conduct an adequate review. Notwithstanding this, every effort will be made to protect the Whistle Blower's identity in accordance with the Whistleblower Protection Act 2010, even if the allegations prove to be unfounded or mistaken, save where:
- (a) it is required by law, or by the order or directive of a court of law, regulatory body or such other body that has the jurisdiction and authority of the law to require such identity to be revealed.



KESM INDUSTRIES BERHAD

Registration No. 197201001376 (13022-A)

WHISTLE-BLOWER POLICY

- (b) it is determined that the Whistle-Blower was frivolous, in bad faith, or in abuse of the provisions of this Policy and stipulated procedures and lodged with malicious or mischievous intent; or
 - (c) the identity of the Whistle-Blower is already public knowledge.
- 3.8 All credible complaints or concerns will be investigated to a resolution, with a report prepared after completion of investigation. The AC shall ensure that the ED or such person who has been instructed by the AC to investigate the matter takes prompt and appropriate action when and as warranted, including where appropriate,
- (a) informing the Whistle-Blower of the likely timeline for a final response;
 - (b) recommending any remedial, disciplinary or legal action to be taken, where necessary;
 - (c) reporting any violation to the relevant regulatory authorities; and
 - (d) notifying the Whistle Blower of actions taken or reason(s) should it be decided that no action is to be taken.

D. PROHIBITION ON RETALIATION

1. In accordance with the protection accorded to whistle-blowers under the Whistleblower Protection Act 2010, a Whistle-Blower should feel confident and assured to report any complaint or concern on any of the Possible Improprieties situations or to assist in investigations of such alleged matters. The Group will not tolerate retaliation or discrimination or detrimental action of any kind by or on behalf of the Group against a Whistle-Blower making a genuine and good faith complaint of, or assisting in the investigation of such matters.



KESM INDUSTRIES BERHAD

Registration No. 197201001376 (13022-A)

WHISTLE-BLOWER POLICY

2. However, a person who files a complaint or provides information which he or she knows to be false or report information without good faith, reasonable belief in the truth and accuracy of such information, is frivolous or is in abuse of this Policy, with malicious or mischievous intent, will not be protected by this Policy and may be subject to administrative and/or disciplinary action, including but not limited to the termination of employment or other contract, as the case may be.

E. REGISTRATION AND RETENTION OF COMPLAINTS

1. The AC shall maintain or cause to be maintained a Complaints Log relating to the complaints, tracking their receipts, investigation and resolution.
2. The AC shall approve making the Complaints Log available for inspection upon any request by investigation authorities.
3. The Group shall retain all documents and records regarding any complaint for a period of five (5) years.

F. COMPLIANCE WITH THIS POLICY

1. A Whistle-Blower must follow the procedures outlined in this Policy and give their full cooperation with any investigation initiated pursuant to this Policy.

G. DISSEMINATION OF THIS POLICY

1. The Human Resource Department shall make available a copy of this Policy to all persons concerned including the latest update of the contact details of the ED or the Chairman of the AC.



KESM INDUSTRIES BERHAD

Registration No. 197201001376 (13022-A)

WHISTLE-BLOWER POLICY

H. CONSISTENCY WITH LAWS AND REGULATIONS

1. This Policy shall be read in conjunction with the Whistleblower Protection Act 2010, the Malaysian Anti-Corruption Act 2009, the Malaysian Anti-Corruption (Amendment) Act 2018, the rules of stock exchange, the Companies Act 2016, and/or Capital Market and Services Act 2007 (“CMSA”) or any other relevant laws, regulations, rules, directives or guidelines that may, from time to time, prescribe or issue on the receipt, retention and/or treatment of complaints regarding Possible Improprieties and/or such other improper conduct governed by this policy.
2. In the event that any policy or procedure stipulated is inconsistent or in conflict with any of the aforementioned laws, regulations, rules, directives or guidelines or any part thereof, then such laws, regulations, rules, directives or guidelines shall prevail to the extent of such inconsistency or conflict.

I. MAINTAINING THIS POLICY

The AC will be responsible for the maintenance, regular review and updating of this Policy. Any revisions, amendments and alterations to this Policy can only be implemented when approved by the Board of Directors of KESMI.

Approved by the Board on 10 March 2020.