



KESM INDUSTRIES BERHAD

Registration No. 197201001376 (13022-A)

CODE OF CONDUCT AND ETHICS

1.0 Purpose of the Code

This Code of Conduct and Ethics (“Code”) is a general overview of various policies, procedures and guidelines that KESM Industries Berhad (“KESMI”) and its group of companies (“KESMI Group”) has in place, which is in line with the Electronic Industry Citizenship Coalition (“EICC”) values, standards and procedures, to ensure that:

- (a) working conditions at KESMI Group are safe;
- (b) employees are treated with respect and dignity;
- (c) business operations are conducted ethically and responsibly; and
- (d) interactions between employees, between employees and management, and between employees and third parties, are ethically conducted with highest standards of integrity and fairness. In this context, third parties include, without limitation, actual and potential customers, distributors, suppliers, competitors, agents, and investors.

This Code must be read together with all other related and applicable policies, procedures and guidelines that have been promulgated by KESMI Group in relation to the matters set out above, including but not limited to KESMI’s Anti-Bribery and Anti-Corruption Policy (“ABAC Policy”) and the Whistle-Blower Policy.

The Code may be amended or updated, from time to time, to cater to any changes to applicable laws and regulations, or to KESMI Group’s needs and requirements, and the relevant affected parties will be informed accordingly.

2.0 Application and Implication of the Code

The Code applies to all directors and employees of KESMI Group, including part-time employees, employees on probation, employees on temporary contracts and trainees (collectively “Employees”). Every Employee shall be responsible for complying with the Code, and acknowledges that any non-compliance of the Code may subject him/her to disciplinary action under KESMI Group’s purview, to the extent of termination of the employment, and/or legal action under applicable laws and regulations. It is also the responsibility of the Employee to report any instances of non-compliance, or unlawful or unethical behaviour, or disputes that he/she becomes aware of. Employees can be assured that all matters so reported shall be treated and dealt with in strict confidence in accordance with the Whistle-Blower Policy.



KESM INDUSTRIES BERHAD

Registration No. 197201001376 (13022-A)

CODE OF CONDUCT AND ETHICS

If an Employee is uncertain if the Code is applicable to him/her, or to a situation that is not expressly covered by the Code, the Employee is responsible to seek clarification with his/her immediate superior or Head of Department, or the Human Resource Department.

3.0 The Code

3.1 Workplace Environment and Culture

KESMI Group recognises the standards by the international community that is committed to maintaining the human rights of employees and respect them. In so doing, KESMI Group promulgates principles of equal opportunity, non-discrimination and fair treatment when dealing with its employees, such as in the areas of wages and benefits, the working conditions of the employees, and the recognition of employees to have freedom of association. Additionally, KESMI Group's policies in this area denounce and prohibit harsh and inhumane treatment of employees including any sexual harassment, sexual abuse, corporal punishment, mental or physical coercion or verbal abuse of any employee, nor any threat of such treatment.

3.2 Workplace Health and Safety

KESMI Group further recognises that a safe and healthy work environment enhances the quality of products and services, consistency of production, and morale of Employees. Accordingly, KESMI Group has developed procedures and practices that will ensure, amongst others, occupational safety, emergency preparedness, industrial hygiene, machine safeguarding, as well as, adequate sanitation, food and housing for relevant Employees.

3.3 Environmental Responsibility

KESMI Group is committed to ensure that it minimises the adverse impact that its manufacturing operations may have on the environment and natural resources, whilst protecting public health and safety. KESMI Group has established standards and practices with regards (a) the requisite environmental permits and licences to be obtained for operations, and the reporting obligations therefrom; (b) prevention and resource conservation; (c) safe usage and handling of hazardous substances; (d) management, discharge and disposal of wastewater and solid waste generated from operations, industrial processes and sanitation facilities; (e) identification, monitoring and treatment of air emissions; and (f) compliance to applicable laws and regulations in respect of prohibition or restriction of specific hazardous substances to be used.

CODE OF CONDUCT AND ETHICS

3.4 *Management Information Systems*

KESMI Group has adopted a management system that is based on EICC's values. This seeks to ensure that KESMI Group's policies, procedures, reporting systems and practices relating to the ethical conduct of the KESMI Group's operations are continually reviewed for compliance with the relevant laws and regulations; for identification of, and mitigation of operational risks; for continual improvement; and for protection and use of KESMI Group's assets and resources.

3.5 *Intellectual Property Rights and Confidentiality*

Ownership of intellectual property rights over any inventions, breakthroughs, software, technical or trade secrets developed by Employees in the course of their work shall remain absolutely with KESMI Group. Employees are required to protect the KESMI Group's confidential information and guard them against unauthorised disclosure or use at all times, notwithstanding termination, unless such disclosure or use has been permitted by the Company or required by law.

The confidentiality obligation also extends to, amongst others, information relating to business plans, budgets, product designs, customer and supplier lists and information, and other related matters.

3.6 *Conflict of Interest*

Conflict of interest occurs when Employees' personal interests interfere, in any form, with KESMI Group's overall business interests. Subject to applicable laws and regulations, Employees are required to fully disclose any circumstances likely to give rise to conflicts of interests. Any conflicts of interest involving oneself or other persons, whether related directly or indirectly to that person, must be reported immediately to the Employee's immediate superior or Head of Department or the Human Resource Department.

If an Employee is uncertain if he or she may have a potential or actual conflict of interest, the Employee is obliged to immediately seek clarification from the Employee's immediate superior or Head of Department or the Human Resource Department.

3.7 *Gifts and Other Benefits*

Giving and accepting of gifts and other benefits may help establish business partnerships, and enhance mutual business relationships and understandings. Notwithstanding this, and subject to the ABAC Policy, Employees are prohibited from giving or accepting gifts and/or other benefits if the gift or receipt of the same would exert undue influence on objective and fair business decision on KESMI Group, or improperly influence the normal business relationship with any supplier or customer.



KESMI INDUSTRIES BERHAD

Registration No. 197201001376 (13022-A)

CODE OF CONDUCT AND ETHICS

3.8 *Bribery and Corruption*

All business dealings are to be conducted in an ethical, professional and honest manner and with high integrity. Employees must impress upon business partners on the high business ethics that KESMI Group subscribes to, and shall therefore refrain from providing or accepting bribes, facilitation of payments, kick-backs, or from being involved in any corrupt practices in any of their business dealings or transactions that may contravene any applicable anti-bribery or anti-corruption laws and regulations.

Employees are to immediately report any such incidents of improper conduct or attempted incidents, or any other such unethical practices or improper conduct, and KESMI Group ensures that no reprisal action shall be taken against any Employee due to the refusal to accept or offer a bribe or participate in any such corrupt or unethical activities, or due to the Employee reporting a concern relating to act(s) or potential act(s) of bribery or corruption in accordance with the ABAC Policy.

3.9 *Insider Trading*

Employees who are in possession of market sensitive information, whether directly or indirectly, are not allowed to trade in the securities of KESMI or another listed company, if that information has not been made public. Employees are also not allowed to share the same with any third party that might result in the Employee breaching insider trading laws.

3.10 *Money Laundering*

Money laundering is an unethical method of masking the proceeds from illegal activities as legitimate.

All Employees have a responsibility to ensure that they do not undertake or participate in any such illegal activities that may affect the legitimate business purposes and funds of KESMI Group. Any known or suspected money laundering activities involving the KESMI Group must be immediately reported to the Employee's immediate superior, Head of Department or the Human Resource Department.

3.11 *Whistle Blower Policy*

KESMI has in place the Whistle-Blower Policy which imposes a responsibility on Employees to report any known or suspected violations against local laws, regulations, guidelines, or KESMI Group's policies, procedures, and practices. This action should be viewed as protecting the reputation and credibility of KESMI Group and its Employees.

The Whistle-Blower Policy sets out the procedures to facilitate the ability of an Employee to raise concerns about illegal, unethical or questionable practices in confidence and without the risk of reprisal.



KESM INDUSTRIES BERHAD

Registration No. 197201001376 (13022-A)

CODE OF CONDUCT AND ETHICS

4.0 Continuing Obligation

KESMI Group is committed to conducting its business operations and practices with the highest level of integrity and ethical values, in accordance with this Code and its adopted policies, standards, guidelines, and all applicable laws, rules and regulations. KESMI will continually review, and where necessary amend, the Code to ensure that these values are not compromised.

Employees have a continuing obligation to keep themselves abreast with the provisions of this Code and the related policies, practices and guidelines, and ensure compliance with the applicable laws, rules and regulations relating to their job responsibilities.

This Code of Conduct and Ethics was adopted by the Board on 10 March 2020.