

## **CODE OF CONDUCT**

### **1. INTRODUCTION**

This code of conduct ("**Code**") applies to all employees of Securemetric Berhad ("**the Company**") including full time or permanent employees or employees on secondment, fixed- term contract term.

The Company is committed to its role in establishing a corporate culture, which engenders ethical conduct that permeates throughout the Company and its subsidiaries (the "**SMB Group**"). This includes adopting best practices in corporate governance and observing high standards of behaviour and integrity in our businesses and activities, including dealings with customers, vendors, suppliers, contractors, government, regulators, investors, the business community as a whole and in the relationship of its own employees in which the Company conducts its operations.

It is the responsibility of every employee to act in accordance with the policies detailed in the Code and any updates or amendments, which may be issued from time to time by the Company. It is also the employee's responsibility to seek clarification, to ask questions and to report suspected violations or express concerns regarding compliance with the Code. Managers have added responsibility of supporting the implementation of the Code and monitoring compliance of the Code.

The objective of the Code is to ensure that the Company's business interactions should not in any circumstances, tainted by malpractices.

### **2. PRINCIPLE**

The principle of this Code is based on principles in relation to trust, integrity, responsibility, excellence, loyalty, commitment, dedication, discipline, diligence and professionalism.

### **3. PURPOSE**

This Code is formulated with the intention of achieving the following aims:

- 3.1.** To emphasize the Company's commitment to ethics and compliance with the applicable laws and regulations;
- 3.2.** To set forth basic standards of ethical and legal behaviour within the Company;
- 3.3.** To include noble characteristics in performing duties so as to improve work quality and productivity;
- 3.4.** To improve self-discipline in order to provide the Company with good and quality service; and
- 3.5.** To enhance skills in the implementation of duties and to be able to adapt to the work environment.

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The Code shall serve as documentation of our commitment in business dealings in a manner that is efficient, effective and fair. This Code is meant as a reference for all levels of employees of the Company.

It is a guide to assist the Company's employees to live up to the Company's high ethical business standards and it provides guidance on employees conduct when dealing with other parties that have business dealings with the Company. It also provides guidelines for the manner employees should conduct themselves at the work place, while performing their daily duties for the Company.

The Code is a guide that highlights key issues and identifies the relevant policies and procedures to help employees conduct business in line with high ethical and integrity standards and it is not a comprehensive manual that covers every ethical situation employees may encounter during the course of their work.

#### **4. CODE OF CONDUCT**

Every employee is responsible to ensure compliance with the Code:

- Know and comply with the Code and the Company Policies and Procedures.
- Seek guidance when in doubt.
- Avoid illegal, unethical or otherwise improper acts.
- Report any suspected violation of policies, laws and regulations.
- Assist authorised teammates with investigations.
- Take responsibility and accountability for his/her actions.
- Notify his/her Head of Department (HOD) or the Board immediately if any irregularity is suspected.

The Company will take disciplinary action against any personnel who fails to act in accordance with applicable statutory laws, Company Policies and Procedures and this Code.

In the performance of his or her duties, each employee must comply with the letter and spirit of the following codes:

If employees come across any unlawful or unethical situation or any suspected violations of this Code, they shall raise their concerns in accordance with the **Whistle-Blowing Policy**.

##### **4.1. Human Rights**

The Company supports and respects human rights. The Company treats employees with dignity and respect in the workplace, provides equal employment opportunities, creates a safe and harmonious work environment, and will not engage in any form of discrimination. Employee should respect the personal dignity, privacy and rights of each individual they interact with during the course of work and shall not in any way cause or contribute to the violation or circumvention of human rights.

##### **4.2. Workplace environment**

- a. Employees shall strive to maintain a healthy, safe and productive work environment which is free from discrimination or harassment based on race, religion, political opinion, membership in political group, gender, sexual orientation, marital status, national origin, disability, age or other factors that are unrelated to the Company's legitimate business interests.

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- b. Employees shall avoid any conduct in the workplace that creates, encourages or permits an offensive, intimidating or inappropriate work environment including, but not limited to:
- Threats or comments that contain discriminatory or harassment elements;
  - Unwelcome sexual advances;
  - Violent behaviour or actions;
  - Misuse or abuse of position of authority;
  - Inappropriate dressing in violation of the dress code or policy of the Company;
  - Possession of weapons of any type; or
  - Use, possession, distribution or sale of illegal drugs, alcohol or any prohibited substance, except for approved medical purposes. The consumption of alcoholic beverages on company premises is only permitted for company-sponsored events and with prior management approval.

**4.3. Environment**

The Company conducts operations in a manner that safeguards health, protects the environment and conserves valuable materials. The Company is committed to protecting the environment by minimizing and mitigating environmental impacts throughout the life cycle of operations. Employees should contribute to minimizing the use of finite resources, including energy, water and raw materials. Employees should minimize harmful emissions to environment, including waste, air emissions and discharges to water.

**4.4. Gifts, Entertainment and Others**

- a. As a general rule, employees are discouraged from giving or accepting gifts, entertainment and other benefits to or from business partners. Notwithstanding this, the Company recognizes that the occasional acceptance or offer of modest gifts and entertainment may be a legitimate contribution to good business relationships.
- b. Generally, all invitations to business luncheons or dinners may be given or accepted by the employees. Employees receiving or giving the gifts, entertainment and other benefits is responsible for assessing whether it is appropriate and within the boundaries set out in this Code. The following rules and guidelines shall be observed:
- The purpose of the gifts, entertainment and other benefits shall never influence business decision-making processes or cause others to perceive an influence.
  - The situation in which the gifts, entertainment and other benefits is received or given shall not be in connection with contractual negotiations of similar situations.
  - Subject to the above guidelines, where the value of the gifts, entertainment and other benefits received exceeds the monetary threshold of RM400 as determined by Human Resource, employees shall declare the gift, entertainment and other benefits received to the Head of Human Resource.
  - Such gifts declared shall be deemed to be the Company's assets and shall be treated in accordance to the guidelines set out in section "use of the Company's assets".

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- c. Head of Department are prohibited from accepting any form of transportation and lodging provided by suppliers or other third parties. Other employees may do so provided the trip is business-related and has been approved by the Head of Department. Such acceptance of transportation and lodging must be accurately recorded in the travel expense records for transparency reasons. Where the amount involved exceeds the monetary threshold as determined above, employees shall declare the same to the Head of Human Resource.

**4.5. Company Records And Internal Controls**

Employees must observe prescribed accounting, financial and procurement procedures and comply with the requirements of the Company's internal control policies, guidelines and procedures. All transactions must be accurately and properly recorded in the books of accounts. Off the record funds and accounts are strictly prohibited.

**4.6. Use of Resources and Protection of the Company's Assets**

- a. Employees are provided with a variety of resources and access to assets of the Company, regardless of the condition of value, assets belonging to the Company shall not be misused, taken, sold, lent, given away or otherwise disposed of, or used for personal purposes to the extent that it would affect the interest of the Company.
- b. Employees shall be personally responsible for protecting the Company's assets entrusted to them. Employees shall take all necessary steps to prevent theft, loss, damage to or misuse of assets belonging to the Company, the occurrence of which shall be reported immediately to the immediate superior.
- c. The types of asset shall be protected and the responsibilities of employees are:
  - Physical Assets such as equipment, systems, facilities, supplies, etc shall be used only for conducting the Company's business or for purposes authorized by management. They shall not be used for employees' personal activities.
  - Information and Communication Systems including connections to the internet shall be used for conducting the Company's business or for other incidental purposes authorized by the management of the Company. It is inappropriate to use them in a manner that interferes with employees' productivity.
  - Proprietary Information where all information (whether in written or oral form and whether on paper or electronic form) relating to technical, product and services, financial data and projections, marketing strategies and business plans, organizational and personnel information, decisions by the Company's board of directors, trade secrets, pricing guidelines, methodology or prices of products and services, profit sharing arrangements, customer information, databases, records and any non-published financial or other data that is not public information or if known will have an adverse effect on the Company. Such information is the result of the innovation, ideas and hard work of employees and of substantial investments in planning, research and development. It is critical that employees treat such information as confidential and take all necessary safeguards to protect this information. The Company's ownership of such proprietary information shall continue even after the employee leaves the Company. Personal records and remuneration including the officer's own remuneration are classified as Private and Confidential information and shall not be divulged.

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- Intellectual Property Rights where all ideas, inventions or copyright produced by employees as a result of the work performed for or on behalf of the Company in the course of employment, whether that product is protectable or otherwise. Employees shall understand their responsibility to protect the Company's intellectual property and seek advice from the Company's Legal Advisor when in doubt of their obligation in this regard. The Company's ownership of such intellectual property shall continue even after the employee leaves the Company.
- d. Employees are not allowed to use the Company's assets including equipment, resources and proprietary information for any outside work. Additionally, employees are not permitted to perform non-Company related work or solicit such business on the Company's premises or while working on the Company's time.
- e. Employees shall return all the Company's assets entrusted to them upon cessation of their employment including documents, which contain the Company's proprietary information. Additionally, they may not disclose or use the Company's proprietary or confidential information.

**4.7. Integrity And Professionalism**

Employees should remember that they are a reflection on the Company and are constantly being judged and otherwise appraised by everyone they come in contact with. All employees should conduct themselves with the highest degree of integrity and professionalism in the workplace or any other location while on Company's business.

**4.8. Conflict of Interest**

**Competing against the Company**

- a. Employees shall not engage in activities that have conflict with the business interests, even in their own time, including commercially marketing products or services in competition with the current or potential offerings of the Company.
- b. Employees are not allowed to provide any form of assistance to organizations that market products or services in competition with the Company regardless if they receive any direct or indirect remuneration of any kind for the assistance provided. Accordingly, employees shall not work for the competing organization in any capacity as an employee, consultant or as a member of its Board of Directors.

**Supplying to the Company**

- a. Employees shall not supply to the Company, represent a supplier, work for a supplier or be a member of the supplier's board of directors during your employment with the Company.

**Insider Trading**

- a. Employees who are in the possession of market sensitive information are not allowed to trade in securities of the Company or the shares of another listed company if that information has not been made public. 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

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of inside information concerning company listed outside of Malaysia.

- b. Further, employees shall not disclose such price sensitive information to any third party or encourage any other person to deal in price-affected securities
- c. Employees must consult their respective Head of Department if unsure of the status of the information held by them.
- d. Employees must ensure that all transactions in the Company shares comply with the procedures set out in the Bursa Malaysia Listing Requirements and the law on insider trading.

**Non-business Activities**

- a. Employees are not permitted to engage in personal activities including public service or political activities which conflict with the Company's business interest.
- b. Written permission of the Head Human Resource or the Group CEO (as the case may be) is required before employees engage on their own time in such activities
- c. Permission will not normally be granted unless all of the following criteria are met:
  - The engagement or activities must in no way conflict with the interests of the Company and/or its subsidiaries and divide the employee's loyalty.
  - Some advantage to the Company and/or SMB Group must arise as a result of the engagement or activities.
  - The time spent in the engagement or activities must not interfere with company duties.

**Personal Financial Interest and Borrowings**

- a. Employees shall not have a financial interest in any organization that the Company conduct business with or compete with if that interest results in or appears to present a conflict of interest situation for the employees with the Company. Employees shall disclose such financial interest to Head of Human Resource if it will cause or result in a conflict of interest situation.
- b. Employees shall consider the following factors when assessing if an inappropriate interest exists:
  - If the organization employees invest is competing with the Company.
  - The size of employee's investment relative to their salary or household income, and if the investment is significant enough to motivate employees to take actions to protect or enhance their investment.
  - The nature of employee's job in the Company would allow them to act in a manner that affects the value of their investment in other organization.
- c. Employees are prohibited from borrowing from any organization that the Company conduct business with or compete with, unless the organization is a legal financial institution and the loans are granted at rates that are available to the general public. Additionally, employees are also prohibited from borrowing from representatives of any organization that the Company conduct business with compete with, regardless

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of the nature of business of the organization concerned.

**Political and Charitable Contributions**

- a. Employees shall not use the company's funds and resources to make contributions to any political campaign, political party, political candidate or any of employee's affiliated organizations unless otherwise authorized by the Company's Board of Directors.

**Relative of Employees**

- a. Employees shall disclose to the Company if any relative (for this Code, "relative" comprises employee's spouse, parents, children, brothers, sisters and spouse of child, brother or sister) provides any form of goods or services direct or indirect to the Company, or is a competitor, vendor, business partner, contractor or consultant to the Company. Employees shall avoid or abstain from participating in or making decisions on any deal involving employee's relative.
- b. If employee's relative is a competitor or supplier of the Company or is employed by one, employees are expected to exercise extra caution in their communication and conduct to ensure the security and confidentiality of information important to the Company and to avoid and/or create a conflict of interest situation.

**4.10 Money Laundering**

- a. Money laundering is the process of concealing the identity of proceeds from unlawful activities to convert "dirty" money 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.
- b. Employees 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.
- c. Employees are expected to be mindful of the risk of the Company's business being use for money laundering activities and to raise any suspicious transactions to their immediate superior.

**4.11 Bribes and Corruption**

- a. Employees shall not offer, give, solicit or accept bribes in order to achieve business or personal advantages for themselves or others or engage in any transaction that can be construed as having contravened the anti-corruption laws.
- b. Employees shall be cognisant of the fact that bribes may be in any form, monetary or otherwise including but are not limited to unauthorized 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.
- c. Prior to giving or accepting any business amenity or other gifts (in whatever form or value), employees shall assess the appropriateness of their actions by assessing if

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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.

**4.9. Compliance Obligations**

Officers are responsible for knowing and complying with the requirements applicable to their work activities, including those described in Rules of Conduct and Disciplinary Procedure in the Employee Handbook and those described in the Company's guidance documents (Company's standards, policies and procedures and manuals).

**5. 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 program.

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

**6. VIOLATIONS OF CODE OF CONDUCT**

The Company's officer should report to supervisors, managers, HODs or Head of Human Resource about the known or suspected illegal or unethical behaviour. The Company's ED and senior management shall promptly report any known or suspected violations of this Code to the Board. All employees shall refer to and adhere to the Whistle Blowing Policies and Procedures.

**7. NON-RETALIATION**

The Company makes every effort to maintain the confidentiality of any individual who reports concerns and possible misconduct. Employees 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.

**8. 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.

**9. REVIEW**

The Code of Conduct is to be regularly reviewed by the Board and Senior Management of the Company as and when required and communicates the new changes to all levels of officers.



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This Code of Conduct is dated 7 November 2018 and supersedes any terms of reference previously in force.