



**HARTALEGA HOLDINGS BERHAD
(741883-X)**

HARTALEGA CODE OF CONDUCT AND ETHICS FOR DIRECTORS

1. Introduction

The Company recognizes the importance of establishing a code of conduct and standard of ethics for company Directors to uphold standards of professionalism and trustworthiness in line with the Company's core values.

The purpose for formulating this code is part of our efforts to inculcate corporate accountability at the individual level so that an ethical corporate environment can flourish and enable the Company to consistently reach high standards of corporate governance, corporate social responsibility and professionalism and to ensure that Board members fully comprehend and adhere to the regulations and guidelines governing corporate governance. The basis of this code is founded on the core values of integrity, honesty, accountability and social responsibility.

2. Application

This Code of Conduct applies to all Board Members and non-Board members of Board committees. Directors are also required to adhere to the Code of Conduct and policies on ethics which applies to employees of the Company.

Vision

To be the Number One glove company that produces and delivers the best and most innovative gloves in the world; and to be recognized as a caring company to the community and environment.

Mission

The Company's mission is to deliver the best possible protection to people who work with their hands in exposed and challenging environments by providing consistently superior, safer, and more convenient gloves in chosen product markets.

By instilling and practicing the core values encapsulated in the Company's core values acronym "S.H.I.E.L.D." will help the Company to achieve its mission and vision.

The core values of the Company stand for:

S for Synergy of Teamwork representing the synergistic benefits of teamwork over individual efforts and the social bonding of teamwork.



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H for Honesty which is the intrinsic attribute expected of all Directors and staff of the Company; Honesty is part of Integrity which stands not just for integrity of self but also integrity of work.

I for Innovation which is the superior competitive advantage to sustain the Company's growth.

E for Excellence which is the level of product, service and job performance which Directors and staff of the Company strive to achieve.

L for Learning which is the constant effort to acquire understanding and knowledge to attain expertise and skills in one's vocation.

D for Dedication which is the diligence, focus and commitment which Directors and staff of the Company consistently put into their work to achieve excellence.

3. Key Requirements of Code of Conduct

Under the Companies Act 1965, Directors, executive and non-executive, stand in a fiduciary relationship to the Company and shall at all times act honestly and use reasonable due diligence in the discharge of their duties. Directors shall at all times be highly responsible and observe the following codes:

- Act in good faith and in the best interest of the Company and its shareholders.
- Act honestly, fairly, in good faith, responsibly and with high accountability.
- Not to act beyond the power and authority conferred by the Company.
- Conduct oneself courteously, respectfully and professionally.
- Do not take improper advantage and abuse of position.
- Use prudent judgment to avoid getting into a position of conflict of interest for personal gain and to inform the Board of any existing or potential conflict of interest situation.
- Maintain objectivity and ensure judgment will not be subordinated.
- Exercise independent judgment in decision making and provide sound and objective advice.
- Be accurate in representing the facts of the Company.
- Keep abreast with Company and industry developments.
- Strive to maintain the image and reputation of the Company.
- Devote adequate time and attention to discharge duties and responsibilities effectively.
- Contribute actively to Board functions and provide special expertise and insights to the Board.



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4. Directorship

Directors shall act within the authority conferred upon them in the best interest of the Company to fulfil their fiduciary obligations to the Company and shareholders.

Directors shall inform the Board of any other external Directorship(s) and shall limit themselves to 5 Directorships of public listed company. Justification must be provided if any Director wishes to serve more than 5 Directorships of public listed company. A Director shall not serve in any capacity in a competitor firm or engage in outside business or interest that is prejudicial to the Company's interests.

Directors shall follow the protocol and procedures stated in the Board Charter regarding appointment, retirement, re-election, resignation as well as other matters.

5. Insider Trading

Insider Trading or Dealing can be defined as the buying or selling of Company securities by a personnel or Director with knowledge of price-sensitive but non-publicly available information conferring unfair advantage to the insider enabling the insider to make substantial financial gains by buying or selling the securities before the information is made available to the public. The insider is usually an employee, officer or Board member of the Company or someone who has access to price-sensitive information by virtue of his employment, engagement, office or profession or has special relationship to the Company and knows that the information is not generally available.

The Director who is aware of non-public material and price sensitive information concerning the Company or a third party who does business or engage in transactions with the Company is prohibited from trading in the securities or derivatives of the Company until the information has become public or is no longer material. The same prohibition applies for Directors whose engagement have been terminated but are in possession of material non-public and price sensitive information.

Directors are also prohibited from tipping, disclosing, recommending or expressing opinion on material, non-public price sensitive information to any other person where such other person may use the information to his benefit by making financial gains from trading in securities of the Company.



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Exceptions to the above prohibitions on insider trading apply to the following:

- Directors exercising their ESOS (Employee Stock Option Scheme);
- any EPF scheme to invest in securities;
- bona fide gift of securities in the Company;
- the concerned or alleged person do not have access or has not received any information up to the time the information is disclosed publicly;
- the concerned or alleged person has made full and true disclosure on the information to be released and has gained approval from the Company and relevant authorities;

Board members and Directors are advised to read the sections on insider trading/dealing in the Capital Market and Securities Act 2007 (sections 183 to 201) to familiarize themselves with implications and consequences of insider trading.

Any person who commits insider trading may be subjected to certain criminal and civil actions under Malaysian law which includes the Capital Market and Securities Act 2007.

Directors and affected personnel must refrain from dealing in the shares of the Company at sensitive times pending major announcements in accordance with rules governing black-out periods and moratorium on share trading during closed periods prior to quarterly results release.

6. Conflict of Interest

The Company tolerates and respects the right of any Director having their own external business activities provided those activities are legitimate and do not conflict with the Director's fiduciary duties and undertaking. Directors are therefore encouraged not to get into a potential or actual situation of conflict of interest.

Typically, conflict of interest situation can occur when the Director enjoys personal financial benefit at the expense of the Company's best interests. It is a grey area to distinguish between conflict of interest situation and non-conflict of interest situation. It is thus in the best interest of the Company for Directors to disclose their external Directorships and business dealings particularly related to the rubber glove industry or Company to the Board. When doubt arises, the Director may consult the Chairman of the Board and/or Company Secretary before pursuing further action.



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7. Confidential Information

Generally speaking, all information pertaining to the operations, finances and future prospects of the Company is regarded as material and price-sensitive and hence must be treated as confidential unless it is already known to the public or are publicly available information. The Director and/or personnel, in the course of their duties and privy to such information, have an undertaking and fiduciary duty not to leak or to misuse the confidential information. Typically, Directors may be required to sign nondisclosure agreement and be subject to consequences for breach of agreement.

In the event of accidental leakage of unpublished material information, this must be made known to the Board of Directors and if necessary an announcement will be made to Bursa Malaysia.

The Company will consistently endeavor to ensure that all material information regarding the Group is disclosed accurately, on a timely basis and disseminated as widely as possible. The Company encourages exchange of opinion between itself and its stakeholders and will ensure there is always a communication channel to facilitate such dialogues. The Company recognizes the importance of investor relations to ensure investors can make informed and timely decisions on their investments.

Exceptions can be made to the confidentiality of information in the following circumstances:

- The Board of Directors authorize the disclosure of confidential information.
- Bursa Malaysia or any other regulatory body or court mandates disclosure of the confidential information.

8. Law Compliance Obligation

All Directors and Board members shall comply with the law of the country and rules and regulations of the Company. This also applies to travels overseas whereby Directors are expected to adhere to the specific laws applying in the countries visited. Should the ethical standards and professional protocols fall below that of the Code, then the standards of the Code shall prevail.

Directors must keep abreast of changes and additions in law and regulations and recognize potential non-compliance and conflict of interest situations and to seek advice from the Chairman, Company Secretary, management lawyers or professional advisors.



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Directors should inform the Board and/or Chairman of suspected violations for subsequent investigation and action to be undertaken.

9. Integrity and Professionalism

Integrity is one of the core values of the Company and a value which is expected and intrinsic. Directors of the Company are expected to maintain integrity and uphold the Company's reputation for corporate governance.

Directors who have been delegated a task or assignment are expected to meet deadlines or provide justification for extension of deadlines and to attend at least 50% of meetings.

Directors are expected to conduct themselves professionally, maintain the good reputation of the Company and to interact cordially with fellow Board members and management. As a representative of the Company, they are expected to be attired appropriately and to give an accurate presentation of the Company to the public.

10. Representation

The Company recognizes the importance of investor relations and information requirements of investors, media and stakeholders and therefore appoints certain authorized spokespersons to speak on behalf of the Company.

It will be the sole responsibility of the Board and its authorized spokespersons to disclose company related news and information to the media and they are well-advised to adhere to the Company Disclosure Policy. They will work closely with the appointed Public Relations agency or company spokesperson as intermediary on media release and with the Company Secretary on Bursa Malaysia announcements. Directors may be asked to furnish information to Bursa Malaysia and the Company expects Directors to take this responsibility seriously and to provide prompt and accurate answers to inquiries.

All public disclosures must be full, fair, timely, accurate and understandable in representing news and facts on corporate developments.

11. Gifts and Hospitality

Board members and Directors shall not receive nor offer directly or indirectly gifts, donations, remunerations, illegal payments or benefits as such to third parties to solicit business, favours or decisions to his/her advantage unless they are nominal gifts or commemorative by nature or the presentation of these gifts are disclosed to the Board.



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12. Anti-Bribery

Bribery is defined in Black's legal dictionary as "The offering, giving, receiving, or soliciting of something of value for the purpose of influencing the action of an official in the discharge of his or her public or legal duties in order to gain an unfair advantage or personal gain or to induce the performance of transaction to the gain of person giving the bribe."

The Company recognizes that involvement in bribery by any Director and staff will adversely affect the image and reputation of the Company and hence there is a clear need to create a corporate culture of good corporate governance free of bribery and other forms of corruption.

The Company adopts a zero-tolerance policy against bribery and other forms of corruption and encourages proactive measures as follows:

- Whistleblowing procedure readily available to Directors and employees to report suspicion of bribery,
- Investigation of allegation of bribery and follow-up action,
- Appropriate disciplinary action will be taken against the Director and/or employee.

The prevention and reporting of bribery is the responsibility of all Directors and staff of the Company.

13. Health, Safety and Environment

The Company is committed to doing business in a holistic manner providing adequate health facilities and ensuring safety of all workers and will continually invest to maintain high standards of safety and environment. The Company continually strives to adopt the best industry practices and consistently improve standards of pollution control.

Directors are expected to regularly check that the Company is committed to maintaining high standards of environmental control and be hands-on to ensure the dedicated Health, Safety and Environment department is on constant toes monitoring the situation and implementing control measures to safeguard the environment, health and safety of workers. Director's duties are to request for audit numbers on environmental controls and ensure that they are constantly updated.



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Directors shall remain committed to prevent wasteful use of energy sources and minimize any hazardous impact on environment by proper containment and disposal measures.



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14. Company's Records

The Company practices knowledge management, retains and archives records of meetings, data, statistics, information, industry information etc. All Directors and staff have responsibility to record accurately and keep proper documentation for easy access and quick information retrieval. A soft copy is also advised to be kept besides hard copy documentation. No unauthorized, fake or misleading records or data entry shall be made and inadvertent mistakes must be rectified and recorded.

15. Company Assets and Properties Protection

All Directors have a fiduciary duty in regards the use of Company properties and assets as follows:

- They may use Company assets for legitimate purposes only or any other purposes approved by the Board.
- While during use of the assets, they are custodians and must ensure reasonable use without undue damage and protect the assets against abuse by others.
- No Director shall illegally withhold usage of any property of the Company by others if it is accessible to everyone.
- Assets described here include both tangible assets like equipment and machinery, land, facilities and intangible assets like patents, copyright, proprietary information etc.

16. Amendments to the Code

The Company reserves the right to amend, modify and edit the Code and its provisions contained herewith from time to time to take account of changes in law, vision, philosophy and business plans; major changes will be updated and informed promptly to the Board

17. Enforcement of the Code

Directors shall fully comply with the Code and be responsible and accountable for non-compliance.

The Board has adopted this Code on 10th February 2015.

18. Non-Compliance



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In case of non-compliance with this Code, the Board and/or relevant personnel shall investigate the matter and initiate the appropriate action.