



SOUTHERN ACIDS (M) BERHAD

PRINCIPLES OF BUSINESS CONDUCT

1. Introduction

- 1.1 This document shall form the principles and rules of business conduct for members of Southern Acids (M) Berhad and its subsidiaries (“SAB”) and all its employees and directors. Members of SAB and its employees and directors shall not depart from the principles contained herein in conducting the day to day duties and operations of SAB.
- 1.2 SAB is a diversified group of companies with widespread activities and services. SAB is judged by how its members, employees and directors act and it is therefore extremely vital that the behavior of its members, employees and directors matches SAB’s principles and policies.
- 1.3 SAB promotes ethical conduct in all its business activities and places high emphasis on transparency among its members, employees and directors. SAB encourages and supports a tell-all approach to information flow and concealing information is regarded as a dishonest act.
- 1.4 All employees and directors are expected to report or inform their respective superior or upper management in the event of suspected or confirmed violation of local, state and federal laws and/or policies and rules of SAB, including the principles set out in this document. These reports can include anonymous reports and if so, such reports shall be placed before the Audit Committee for its view on the matter. The Audit Committee may at its absolute discretion direct further actions on the same as may be warranted by the nature of such complaint.
- 1.5 SAB forbids retaliation against any employee who files a report in good faith. If any employee or director who has filed a report in good faith believe that they have experienced retaliation, he/she can immediately report this to:
 - his/her reporting officer; or
 - the reporting officer of his/her immediate reporting officer; or
 - the Chairman of The Audit Committee; or

- the Chairman of The Corporate Governance Committee.

1.6 This document is presented in a clear and succinct format. As such, all employees and directors are expected to have broad understanding as well as full compliance of the following principles and rules.

2 **Business Conduct**

2.1 Trust and integrity holds an intangible value in the business world. Therefore SAB aims to maintain a high level of ethical awareness among its employees and directors.

2.2 Employees and directors of SAB must uphold honesty in their work and duties and also when dealing with associates, clients, vendors, suppliers, colleagues and management.

2.3 Ambiguities in any aspect in relation to any form of dealings or transactions should be brought to the attention of the immediate superior or upper management

2.4 SAB encourages teamwork and cooperation among all members, employees and directors.

2.5 SAB's clients, vendors and supplier as well as associates are valuable partners of SAB, therefore guided respect and humility should be shown at all times.

2.6 SAB expects compliance with its standard of integrity and will not tolerate employees and directors who achieve results by means of unethical business conduct especially when it is in violation of SAB's policies and rules and/or local, state and federal laws.

2.7 Transparency and honesty shall be shown at all times to the internal and external auditors of SAB.

2.8 SAB requires that all transactions and dealings be accurately reflected in its books and records. Any form of or attempt at falsification or off-the-record book-keeping is strictly prohibited.

2.9 SAB considers integrity to be of utmost importance when dealing with suppliers and/or business partners. Employees and directors should therefore maintain a straightforward and clear-cut relationship with suppliers and/or business partners and abide by all agreed contractual agreements and obligations.

2.10 Information transmitted between member companies and/or SAB shall be honest, accurate and succinct.

- 2.11 SAB shall constantly endeavour to provide products and services that adhere to international quality, health, safety and environmental standards.
- 2.12 Risk management is essential in conducting the activities and businesses of SAB. Business conduct that avoids risky practices is encouraged and respected.

3 Law

- 3.1 SAB is subject to local, state and federal laws and all members, employees and directors have a duty to act within those laws.
- 3.2 No employee or director can be directed to carry out an illegal act, and no employee or director can justify an illegal act by claiming to be acting under the order of a superior/upper management, or to be simply complying with a certain policy or instruction.

4 Gift And Donation

- 4.1 A gift is anything of value that is given or received for reasons beyond official service or compensation.
- 4.2 SAB understands that gift giving or receiving is warranted under reasonable circumstances but the giving or receiving of gifts shall be conducted with honesty, integrity and openness.
- 4.3 Employees and directors are allowed to present or receive items of nominal value such as promotional products (e.g office stationeries, mugs, bags) and festive products (e.g festive cakes/food, festive kits).
- 4.4 Any giving or receiving of gifts valued above USD100.00 or its local currency equivalent shall be authorized/declared to the respective superior or upper management.
- 4.5 Giving and receiving any share of profits, commissions, cash and its equivalent are strictly prohibited.
- 4.6 Gift giving by SAB to employees and directors shall be limited to service and recognition awards.

4.7 SAB encourages charitable donations by member companies under reasonable circumstances and approval on a case by case basis is required from the Chief Executive Officer (“CEO”)/Executive Director (“ED”) before any donation is made.

5 Entertainment

5.1 SAB recognizes the need to entertain clients and/or business associates under reasonable circumstances.

5.2 Corporate entertainment shall strictly be conducted for official purposes and business of SAB only. The use of SAB’s resources for personal entertainment is strictly prohibited.

5.3 Corporate entertainment shall be conducted in a form and venue that is legal and appropriate (e.g dining in an established food and beverage outlet). A game of golf and/or any other sporting activities are also encouraged where appropriate.

5.4 All claims for corporate entertainment shall be subject to the guidelines as stipulated in SAB Human Resources policies.

6 Conflict Of Interest

6.1 SAB expects all employees and directors to refrain from any conflict between their own interest and the interest of SAB in dealing with clients, vendors and suppliers and affiliate or non-affiliate business associates and organizations.

6.2 Unless required by law, all information in relation to the businesses and activities of SAB shall remain confidential.

7 Dealing With Suppliers Of Goods And Services (see also Conflict Of Interest)

7.1 SAB is a large buyer of goods and services and awards its business strictly on a basis of suitability and price.

7.2 Competitive quotes must be obtained whenever this is possible.

7.3 An employee or director who is involved in buying goods and services on behalf of SAB must demonstrate independence and avoid any relationship; financial or otherwise, with suppliers that could be seen as unfairly influencing their judgment.

8 Dealing With Related Parties (see also Conflict Of Interest)

- 8.1 A related party could be any one of the following; an employee or director's spouse, children, dependant, any relative of an employee or director, any company in which an employee or director or his or her spouse, children, dependant or relative has a significant or controlling interest, any business associate or friend with whom an employee or director has a relationship external to SAB, any person or entity with whom an employee or director may have a relationship that may in any way influence his or her ability to act entirely in the interest of SAB.
- 8.2 If an employee or director finds him/herself in a position where he or she may be required to deal with a related party on behalf of SAB, other than one who is already an existing employee, director, approved customer, approved vendor of SAB, he or she should inform their superior immediately.
- 8.3 The superior may approve the employee or director continuing to deal with the related party, after considering the circumstances, or may require someone else to act on SAB's behalf.

9 Trading With SAB (see also Conflict Of Interest)

- 9.1 No employee or director, and no related party of an employee or director, should enter into a non-arms length transaction to buy goods and services from, or sell goods or services to SAB without the express approval of upper management.

10 Employment Of Relatives (see also Dealing With Related Parties)

- 10.1 If a person who is a related party of an employee or director seeks employment with SAB, he or she shall declare this accordingly in the appropriate section providing for this in the Application for Employment Form. The related employee or director, in this instance should take no part/no further part in the employment process.

11 SAB's Assets

- 11.1 All employees and directors shall share the responsibility for looking after SAB's assets, especially if it is under his or her direct control and care.
- 11.2 SAB's assets must not be removed without authorization from the respective superior or upper management, or to be used for personal benefit or any other improper purpose.

11.3 SAB's assets may only be given away, lent, destroyed or otherwise disposed of, if this action is properly authorized in accordance with SAB policies, no matter how old or damaged the asset is.

12 SAB's Funds

12.1 An employee or director having control of SAB's funds is personally accountable for them. 'Funds' can mean cash or valuables such as airplane tickets or corporate charge/credit cards.

13 Politics

13.1 SAB does not encourage donation or contribution to political candidates or political parties except when permitted or authorized by the Board of Directors.

13.2 An employee or director who engages in any political activity shall do so in his or her capacity as a private citizen and not as a representative of SAB in any way.

14 Equal Opportunity

14.1 SAB upholds the practice of equal opportunity as a major pillar of its human resource policy. No person shall be discriminated in any sense or manner by reason of race, religion, gender or political leanings.

14.1.1 All employees and directors shall be treated fairly and equally and any decision on career advancement shall be based solely upon merit and performance.

15 Drug And Alcohol Use

15.1 No employee or director shall at any point in time during work and/or office hours consume alcohol of any form, except under approved and reasonable circumstances such as during corporate functions or events.

15.2 Any employee or director who is found to be intoxicated by alcohol or any substance that intoxicates at any time during work and/or office hours shall be referred to upper management for disciplinary action.

15.3 SAB is committed to a safe and healthy working environment. The usage of illicit drug is an offence and any employee or director found to have committed such an illegal act shall be immediately referred to the local authorities.

16 Harassment In The Workplace

- 16.1 SAB will not tolerate any form of harassment in the workplace. Any employee or director facing harassment in any manner by any person within SAB is encouraged to report the matter immediately to upper management.
- 16.2 Any person who commits criminal harassment will be handed over to the relevant authorities.

17 Cyberspace Abuse And Software Piracy

- 17.1 SAB will not tolerate any form of abuse of cyberspace.
- 17.2 Employees or directors who have access to e-mails and/or internet access provided by SAB are required to use such services exclusively for work, business and matters of SAB. The use of such services for personal reasons is not permitted.
- 17.3 The intentional sending and viewing of illicit and sexually explicit materials on SAB computers and/or IT facilities is strictly prohibited.
- 17.4 Employees and directors who have inadvertently received illicit and sexually explicit materials in their computers shall take steps to immediately delete and destroy such materials.
- 17.5 The use of SAB computers and/or IT facilities to create and/or send virus and/or spam is strictly prohibited.
- 17.6 SAB forbids the use of pirated software in its computers and/or IT facilities. The relevant departments and operations of SAB are expected to conform to local copyright laws and to reasonably ensure that any software used is a fully licensed product. Should SAB suffer any loss or damage arising from this, SAB reserves the right to seek compensation for such loss or damage or any other consequential costs as it may see fit from the employee guilty of this act.

18 Environment

- 18.1 The preservation and conservation of the Earth's environment is important to SAB. All members, employees and directors are required to adhere and strive to surpass local environmental policies and regulations.

18.2 Employees and directors are strongly encouraged to practise the reuse and recycling of office materials and stationeries as and when possible.

19 Health And Safety

19.1 SAB places high priority on maintaining a healthy and safe working environment for all its employees, directors and business associates. SAB has a separate Health, Safety and Environment (HSE) Policy Statement that should be read and understood by all employees and directors.

19.2 Smoking is not permitted within all premises and properties of SAB except in areas designated for this purpose by the management.

19.3 All operational facilities and properties of SAB are required to adhere to internationally accepted health and safety standards.

19.4 All operational facilities and properties of SAB are required to comply fully with local fire safety regulations.

19.5 SAB adopts a zero tolerance policy towards criminal behaviour/conduct in order to protect the safety of its employees, directors, associates and clients. Any criminal behaviour/conduct cases will be immediately referred to the relevant authorities.

20 Leaving SAB

20.1 On leaving or retiring from SAB, an employee or director must hand over to his or her superior any SAB assets and items containing business information.

20.2 Even after leaving SAB, a former employee or director has a continuing obligation to maintain the confidentiality of such information which include intellectual property that may have been created whilst under the employment and service of SAB, and information relating to customers, suppliers and employees.

20.3 For 12 months after ceasing employment with SAB, or the limitation period thereafter as stated in the employment contract, a former employee or director must not solicit or accept business of the type that SAB engages in from any person or company that had previously dealt with the former employee or director as a result of his/her employment in SAB, and the former employee or director must not solicit or endeavour to entice away from SAB any employee or contractor of SAB.

21. Guidelines To Implementation And Compliance

- 21.1 CEO/COO/General Manager/Head of subsidiaries/Divisional and Functional Head shall oversee the communication, implementation and compliance of these principles and rules in their respective organizations.
- 21.2 All members, employees and directors are to have free and unrestricted access to this document and must be conscious that contravention of the rules and principles on their part will result in appropriate disciplinary action.
- 21.3 Any questions about these principles and rules should be directed to the Head SAB Human Resource and/or Chief Financial Officer (“**CFO**”) and/or the Chief Executive Officer (“**CEO**”).

DECLARATION OF UNDERTAKING

I affirm that I have read, understood and agree to be bound by the above Principles of Business Conduct during my employment as an employee of SAB. I undertake to declare any non-compliances or potential non-compliances to these principles as I become aware of it.

As at _____ (date), other than as disclosed below, I confirm that I am in compliance with the above principles. I also understand that failure to file this statement as required or intentionally filing a false statement may result in disciplinary action.

Conflict of Interest Disclosure Statement

I hereby disclose my personal interest, relationships and holdings (if any) that could potentially result in a conflict of interest, and I agree to update it as necessary.

1)

2)

3)

4)

5)

Full Name : _____

Designation : _____

Signature : _____

Date : _____