

SOUTHERN ACIDS (M) BERHAD

WHISTLEBLOWER POLICY

OBJECTIVE	<ol style="list-style-type: none">1. To provide employees, customers and vendors an avenue to raise matters of serious concerns that could have an impact on Southern Acids (M) Berhad (“SAB”), in line with the commitment of SAB to the highest possible standards of ethical, moral and legal business conduct and its commitment to open communication.2. To provide employees the necessary safeguards and protection for whistleblowing in good faith; without fear of reprisal, discrimination or adverse employment consequences and also to address their concerns and disciplining of those responsible.3. This Policy does not protect an employee from adverse employment consequences which occurs independent of his/her disclosure of unethical and improper practice or alleged wrongful conduct, poor job performance, or any disciplinary action, etc <u>unrelated</u> to a disclosure made pursuant to this policy.
SCOPE	All permanent employees and officers of the Company, customers, vendors or a member of SAB.
COVERAGE	SAB and its subsidiaries, including Associate Companies and Joint Ventures
DEFINITION	
“Whistleblowing”	The deliberate, voluntary and protected disclosure of individual or organisational malpractice by a person in good faith who has or had privileged access to data, events or information about an actual, suspected or anticipated wrongdoing within or by the organisation that is within its ability to control.
“Whistleblower”	A permanent employee, officer, customers, vendors or a member of SAB who, in good faith, whether anonymously or not, makes or attempts to make a protected disclosure as defined above.
“Reporting Officer”	The responsible officer who is the <u>immediate superior</u> of the employee making a report or complaint or that responsible officer’s immediate superior or the head of a functional segment or subsidiary entity in which the complainant belongs.

PREAMBLE

Southern Acids (M) Berhad (hereinafter referred to as “**SAB**” or “**the Company**”), being a public company, is committed to the integrity of its financial information and to the highest possible standards of ethical, moral and legal business conduct . The Company’s financial information is relied upon by our shareholders, the financial markets and other stakeholders. The Company, therefore, is committed to ensuring that there is an adequate mechanism to address any **serious concerns** that could have an impact on SAB, such as **actions (whether actual or suspected) that:**

- a. May lead to incorrect financial reporting, lapse in internal accounting and/or financial controls, or hiding or reporting of fraudulent financial information to the board, our shareholders, the government or the financial markets;**
- b. Are not in line with applicable Company Policy;**
- c. Are unlawful, or;**
- d. Otherwise amount to improper or wrongful conduct e.g. mis-appropriation of monies, actual or suspected fraud, substantial and specific danger to public health and safety or abuse of authority.**

In order to facilitate such complaints, the Company’s Audit Committee (“AC”) has established the following procedures for (1) the receipt, retention and treatment of confidential submission of complaints (whether anonymous or not) regarding serious concerns described in (a) to (d) above.

REPORTING RESPONSIBILITY

In most cases, the employees are the first to realize the instances of impropriety and the facts relating to improper conduct. However, due to various reasons which include indifference to the issue, fear of reprisal or just plain non-clarity on the issue, such instances go unreported. While the Company on its part does not tolerate any **malpractice, impropriety, statutory non-compliance or wrongdoing**, this policy shall ensure that the employee is empowered to pro-actively bring out such instances **without fear of reprisal, discrimination or adverse employment consequences.**

This **Whistleblower Policy** is therefore intended to encourage and enable employees and others to raise serious concerns within the Company prior to seeking resolution outside the Company. It is however not intended to question legitimate financial or business decisions taken by the Company nor should it be used to reconsider any matters, which have already been addressed pursuant to disciplinary or other procedures of the Company.

This policy shall not cover career related or other grievances. **The whistleblower’s role is as a reporting party.** Whistleblowers are not investigators or finders of facts; neither can they determine the appropriate corrective or remedial action that may be warranted.

The procedures stated in the Policy relate not **only** to employee complaints on any questionable accounting or financial matters but include, without limitation, the following:

- **fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Company;**
- **fraud or deliberate error in the recording and maintaining of financial records of the Company;**
- **deficiencies in or non-compliance with the Company's internal accounting controls;**
- **misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports of the Company; or**
- **deviation from full and fair reporting of the Company's financial condition.**

DISQUALIFICATION

This policy is intended to protect **genuine** whistleblowers from any unfair treatment as a result of their disclosure which should be communicated in **good faith**.

An employee shall be deemed to be reporting in '**good faith**' if there is a **reasonable basis** for reporting the alleged improper practices or any wrongful conduct. Good faith shall be deemed to be lacking when the complainant:

- a. **does not** have **personal knowledge**, or
- b. a **factual basis** for reporting the matter complained of, or
- c. where the employee knew or reasonably should have known that the reporting of the alleged improper practice or wrongful conduct is **malicious, false or frivolous**.

As such, misuse of the protection accorded by the Whistleblower Policy by making frivolous and bogus complaints with *mala fide* intentions is strictly prohibited.

A whistleblower who make a complaint which are subsequently found to be mala fide shall be disqualified to report further protected disclosures under this policy.

PROTECTION FROM RETALIATION

No director, officer or employee who in good faith reports questionable accounting or internal accounting and financial controls, auditing matters, or the reporting of fraudulent financial information or transaction to our shareholders, the government or the financial markets shall suffer reprisal, discrimination or adverse employment consequences.

If, however, the employee believes that he/she has been subject to discrimination, retaliation or harassment for having made a report under this Policy:

- a. He/she must immediately report those facts to his/her reporting officer; and
- b. If, for any reason, he/she does not feel comfortable discussing the matter with his/her reporting officer, he/she should bring the matter to the attention of the reporting officer of his/her immediate reporting officer, and the Chairman of AC.

It is imperative that the employee bring the matter to the Company's attention promptly so that any concern of reprisal, discrimination or adverse employment consequences can be investigated and addressed promptly and appropriately.

The Company strictly prohibits **discrimination, retaliation or harassment** of any kind against any employee who, based on the employee's reasonable belief that such conduct or practices have occurred or are occurring, reports that information. **An employee or officer who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment.**

REPORTING VIOLATIONS

This policy suggests that employees share their questions, concerns, suggestions or complaints with someone who can address them properly. In most cases, an employee's reporting officer is in the best position to address an area of concern. However, if the employee is not comfortable speaking with the reporting officer or is not satisfied with the reporting officer's response, the employee is encouraged to speak to:

- a. A member of the **AC** whom the employee is comfortable in approaching., or
- b. Anyone in **Senior Management**.

The complaint can also be lodged over e-mail to sab.whistle@gmail.com, or by sending a letter (whether anonymous or otherwise) to the **Chairman of AC, Mr. Chung Kin Mun** who is also the **Senior Independent Non-Executive Director**.

ANONYMOUS COMPLAINTS

As complaints are generally not expected to be anonymous, complainant is generally encouraged to disclose his/her identity either at the time of lodging a complaint or shortly after lodging the complaint.

All anonymous complaints or concerns, however, have to be:

- (i) **detailed in their description of the complaint**, and
- (ii) **provide the basis of making the assertion therein**.

All anonymous complaints received by the AC or any other person would be placed before the AC for its view on the matter. The AC may at its absolute discretion direct further actions on the same as may be warranted by the nature of such complaint. The AC shall address all reported concerns or complaints of a serious nature regarding corporate misconduct, accounting practices, internal accounting/financial controls or auditing.

Reporting officers and managers are required to first report other suspected violations to the Chairman of the AC who shall immediately notify the AC of any such complaint and work with the Committee until the matter is resolved.

INVESTIGATION

All complaints under this Policy will be promptly and thoroughly investigated, and all information disclosed during the course of the investigation will remain confidential, except as necessary to conduct the investigation and take any remedial action, in accordance with applicable law. The Chairman of the AC may, where he/she feels the complaint requires related expertise, recommend the involvement of “**professional investigators**” to pursue the investigation, after consultation with the AC or the Board.

Professional investigators would, for the purpose of this policy, mean “*persons authorised, appointed, consulted or approached by the Chairman of the AC and is inclusive of but not limited to the statutory or internal auditors of the Company or qualified forensic investigators or the police.*”

All employees and supervisors have a duty to cooperate in the investigation of reports of violations as mentioned hereinabove, or of discrimination, retaliation or harassment resulting from the reporting or investigation of such matters.

Depending on the nature of the complaint, the concerned employee, at the outset of formal investigations, may be informed of the allegations against him/her and have opportunities for input during the investigation. An employee shall be subject to disciplinary action, if the employee fails to cooperate in an investigation, or deliberately provides false information during an investigation.

If, at the conclusion of its investigation, the Company determines that a violation has indeed occurred, the Company will take effective remedial action commensurate with the severity of the offense. This action may include disciplinary action against the accused party, which shall adhere to the applicable personnel or staff conduct and disciplinary procedures. Reasonable and necessary steps will also be taken to prevent any further violations of policy or recurrence of the improper practice or wrongful conduct.

RETENTION

The Company shall maintain documentation of all serious complaints related to questionable accounting practices or internal accounting/financial controls, auditing matters, or the reporting of fraudulent or improper financial transactions to our shareholders, the government or the financial markets, and any anonymous submissions by Company employees of concerns regarding the aforesaid matters. The documentation shall include:

- a. any written submissions provided by the complaining employees or third parties,
- b. any other Company documents identified in the complaint or by the Company as relevant to the complaint,
- c. a summary of the date and manner in which the complaint was received by the Company, and
- d. any response by the Company to the complaint.

All such documentation shall be retained by the Company for a minimum of **seven (7) years** from the date of receipt of the complaint or such period as required by law. Confidentiality will be maintained to the fullest extent practicable depending on the requirements of the investigation.

ADDITIONAL ENFORCEMENT INFORMATION

In addition to the Company's internal complaint procedure, employees should also be aware that certain Federal, Local and State law enforcement authorities may be empowered to review questionable accounting or auditing matters, or potentially fraudulent reports of financial information.

The Company's policies and practices have been developed as a guide to our legal and ethical responsibilities to achieve and maintain the highest business standards. **Conduct that violates the Company's policies will be viewed as unacceptable under the terms of employment of the Company.**

Certain violations of the Company's policies and practices could even subject the Company and any individual employees involved to civil and criminal penalties. Before issues or behaviour can rise to that level, employees are encouraged to report violations covered hereinabove, or reprisal, discrimination or adverse employment consequences related to such reports.

MODIFICATION

The AC of the Company can modify this Policy. Modification may be necessary, among other reasons, to maintain compliance with Local, State, and Federal legislation or regulations and/or accommodate organizational changes within the Company. However, the modifications made shall be effective after the same is circulated to the employees in writing or electronically.

REWARD

The Board of Directors may, **at its absolute discretion**, reward a whistleblower whose reported complaint given in good faith:

- a. Is **proven** and has enabled remedial action to be implemented to rectify a weakness in the existing accounting practice, internal or financial control or financial reporting system;
- b. Highlighted a wrong doing, dishonest practice, misconduct previously unknown to Management or the Board;
- c. Resulted in losses incurred by the Company to be plugged;
- d. Has clearly benefited the Company financially;
- e. Has helped to promote a culture of integrity and accountability.

FAQs Related to the Whistleblower Policy

What is the “Whistleblower Policy”?

The Policy has been framed to provide employees protection from reprisal, discrimination or any other adverse employment consequences as a result of their reporting any concerns specified under this policy.

What are the concerns that can be expressed under this policy?

Any employee can raise concerns on any questionable accounting or auditing matters, including, without limitation, the following:

- frauds or deliberate errors in the preparation, evaluation, review or audit of any financial statement of the Company
- fraud or deliberate error in the recording and maintaining of financial records of the Company;
- deficiencies in or non-compliance with the Company’s internal accounting controls;
- misrepresentation or false statement to or by a senior officer or accountant regarding a matter contained in the financial records, financial reports or audit reports of the Company; or
- deviation from full and fair reporting of the Company’s financial condition

Which concerns are not covered under this policy?

- Misuse of the policy by making frivolous and bogus complaints is strictly prohibited and complaints by an employee in one or more instances which have been subsequently found to be *malafide* shall be disqualified from making any further protected disclosures under this policy.
- Business and financial decisions taken by the Company cannot be questioned under this policy.
- Any matter already addressed or in the process of being addressed pursuant to disciplinary or other procedures of the Company cannot be addressed under this policy.
- Career related or other personal grievances are excluded from this policy.

How can these concerns be expressed?

The employee can report to his reporting officer. However, if the employee is not comfortable speaking to his/her reporting officer, he/she can address the concerns to either a member of the AC.

The members of the Audit Committee of the Board as on July 2018 are as follows:-

1. **Mr. Chung Kin Mun, Chairman;**
2. **Madam Leong So Seh; and**
3. **Mr. Teo Leng.**

Alternately, the employee can send a mail to sab.whistle@gmail.com or send an anonymous letter to the Chairman of AC, Mr. Chung Kin Mun who is also the Senior Independent Non-Executive Director.

Can anonymous complaints be sent?

Yes, the employee has the option of sending anonymous complaints if for any reason he/she wishes to be unidentified. However, such complaints shall be investigated subject to discretion of the AC based on the nature of the complaint. For any action to be initiated on such complaints they have to be detailed in their description and provide the basis of making the assertion therein.

Who shall investigate these concerns?

The Chairman of the AC of the Company shall be primarily responsible for investigation of the complaints. The AC can involve, among others, the statutory or internal auditors of the Company, the police or others as decided in consultation with the AC for the purpose of investigation into a concern.

What are the options available when an employee feels discriminated as result of disclosure under this policy?

The employee should promptly report the facts related to any discrimination, retaliation or harassment for having made a report under this policy to his/her reporting officer or the Chairman of the AC. If the aggrieved employee is not comfortable discussing the matter with either of them, he/she can bring address the issue to the reporting officer of his/her immediate reporting officer or to any of the members of the AC.

For any queries regarding
Whistleblower Policy of Southern Acids (M) Berhad,
Contact:-

Mr. Lim Choo Guan
Senior Manager

Southern Acids (M) Berhad

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