



Company No: 199601040053 (412406-T)

## **CODE OF ETHICS FOR COMPANY DIRECTOR**

### **INTRODUCTION**

The Board of Directors of Straits Energy Resources Berhad (Formerly known as Straits Inter Logistics Berhad (“Straits”)) recognises that the business environment and laws are continually becoming more complex and these have imposed a greater demand for reasonable competency among company directors in the Group.

It is important that there exists an acceptable level of corporate behaviour not devoid of professionalism and credibility, to uphold good corporate integrity. Experiences within the country and elsewhere have critically exposed the need to formulate standards of corporate behaviour to create an ethical corporate climate.

### **DIRECTORS’ ROLE**

A director is charged with leading and managing the company he is named as director in an effective and responsible manner. Each director has a legal duty to act in the best interests of the company. Directors, collectively and individually, should be aware of their responsibilities to shareholders and stakeholders for the manner in which the affairs of the company are managed. The Board of Directors sets the company values and standards and ensures that its obligations to its shareholders and stakeholders are understood and met.

### **PRINCIPLES**

The principles on which the Board of Directors’ Code of Ethics (“the Code”) rely are those that concerns transparency, integrity, accountability and corporate social responsibility.

This Code is adapted from the Company Directors’ Code of Ethics issued by the Companies Commission of Malaysia. It should be read together with the Board Charter, Malaysian Code on Corporate Governance and Bursa Malaysia Securities Berhad’s Corporate Governance Guide in order to provide a comprehensive overview of what is expected from the Straits Board of Directors (“the Board”) and all appointed company directors in the Group.



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### **OBJECTIVES**

The Code is formulated to enhance the standard of corporate governance and corporate behaviour with a view to achieve the following objectives :

1. To establish a standard of ethical conduct for directors based on acceptable beliefs and values a person of right mind upholds.
2. To uphold the spirit of social responsibility and accountability in line with legislations, regulations and guidelines governing a company.

### **DEFINITION**

In the context of this Code, a company director means any person occupying the position of director of a corporation in Straits Group by whatever name called and includes executive and non-executive director as well as executive and non-executive chairman.

### **KEY REQUIREMENTS**

The Directors shall act within the authority conferred upon them in the best interests of the Company and will:

1. act in the best interest of and fulfill their fiduciary obligations to the Company and its shareholders;
2. act honestly, fairly, ethically and with integrity;
3. conduct themselves in a professional, courteous and respectful manner and not take improper advantage of their position;
4. act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgment to be subordinated;
5. use their prudent judgment to avoid/abstain from all situations, decisions or relationships which give or could give rise to conflict of interest or appear to conflict with their responsibilities within the Company and to inform the Board at the earliest opportunity of any existing or potential conflict of interest situation;



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6. not exploit for his/her own personal gain, opportunities that are discovered through use of corporate property, information or position, unless the Company declines to pursue such opportunity for its business interest;
7. act to enhance and maintain the reputation of the Company; and
8. strive to contribute towards the growth and stability of the Company.

## **CODE OF CONDUCT**

In discharging his or her duty to direct the management of the business and affairs of the Straits Group, a director shall at all times act in a manner he or she believes to be in good faith and in the best interests of the Straits Group, and exercise the care an ordinary prudent person in a like position would exercise under similar circumstances.

The Board represents the interests of shareholders in optimising value by overseeing management performance on the shareholders' behalf.

The Board's responsibilities in performing this function include a duty of care and a duty of loyalty. They should encompass the areas of corporate governance, relationship with all stakeholders, social responsibilities and concern for the environment.

In the performance of his duty of care, a director should at all times observe the following:

1. Comply with applicable laws, rules and regulations in their service to the STRAITS Group, including without limitation, the applicable provisions of the Companies and Securities Acts;
2. Have a clear understanding of the aims and objectives, capabilities and capacity of the Company;
3. Devote time and effort to attend meetings and to know what is required of the Board and each of its directors, and to discharge those functions;
4. Ensure at all times that the Company is properly managed and effectively controlled;



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5. Stay abreast of the affairs of the Company and be kept informed of the Company's compliance with relevant legislations and contractual requirements;
6. Insist on being kept informed on all matters of importance to the Company in order to be effective in corporate management;
7. Have access to the advice and services of the Company Secretary who is responsible to advise the Board to ensure proper procedures, rules and regulations are complied with;
8. At all times, exercise his powers for the purposes they were conferred, for the benefit and prosperity of the Company;
9. Protect the STRAITS Group's assets and ensure their efficient use, must not use company time, employees, or other assets for personal benefit without prior authorisation, or as part of a compensation or expense reimbursement programme available to all directors;
10. Be conscious of the interests of shareholders, employees, creditors and customers of the Company;
11. Endeavour to deal fairly with customers, suppliers, competitors and employees, and should not, at any time, take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or other dishonest and illegal practices;
12. At all times, promote professionalism and raise competency of management and employees;
13. Ensure adequate safety measures and provide proper protection to workers and employees at work places;
14. Ensure that the activities and the operations of the Company do not harm the interests and well-being of the society at large and assist in the fight against inflation;
15. Be more proactive to the needs of the community and assist in society-related programmes;



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16. Ensure effective use of natural resources and improve quality of life by taking on corporate social responsibilities; and
17. Ensure that necessary steps are taken in accordance with the law to properly wind-up or strike off the company register if the Company has not commenced business or has ceased to carry on business and is not likely to commence business in future or again to carry on business as the case maybe

### **CONFLICT OF INTERESTS**

1. Avoid any conflict of interests with the Company and disclose immediately all contractual interests, whether direct or indirect, with the Company and STRAITS Group; A “conflict of interest” can occur when a director’s private interest interferes in any way - or even appears to interfere - with the interests of the STRAITS Group as a whole.
2. Conflicts of interest can also arise when a director, or persons connected to him, takes action or has interests that may make it difficult for him or her to make independent judgment or to serve as a Director of STRAITS Group objectively and effectively or receives improper personal benefits as a result of his or her position as a director in STRAITS Group.
3. Conflicts of interest may arise indirectly, for instance, when a director is an Executive Director, major shareholder or otherwise has material interest in another company or organisation doing business with STRAITS Group.
4. At all times, act with utmost good faith towards the Company in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his duties.
5. Be willing to exercise independent judgment and if necessary, openly oppose if the vital interest of the Company is at stake.
6. Except as may be approved by the Board, Directors and employees are prohibited from:-



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- (i) Taking personal benefits by depriving any opportunities that belong to the Company or discovered through the use of the corporate property, information or position.
- (ii) Competing with the Company.
- (iii) Using corporate property, information, or position for personal gain.
- (iv) Should a Director or employee or a member of their family be involved with or becomes a shareholder in a business in competition with the Company or any other business that may cause a conflict of interest with the Company, or he/she becomes a director, partner, advisor or participant in any other capacity in another company or business that may cause a conflict of interest with the Company, he/she must inform the Board of Directors in writing.

**CONSEQUENCES OF NON-COMPLIANCE WITH THE CODE**

In case of breach of the Code by the Directors, the Board shall initiate appropriate action, as deemed necessary.