

CONFIDENTIAL



SERBA DINAMIK HOLDINGS BERHAD

FILES OF ADEQUATE PROCEDURES

**PURSUANT TO SUBSECTION (5) OF SECTION 17A UNDER
THE MALAYSIAN ANTI-CORRUPTION COMMISSION ACT 2009
(AMENDMENT 2018)**

(Approved by the Board of Directors on 20 May 2020)

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CONSULTING GROUP SDN BHD

20 MAY 2020

ABBREVIATION

ACRONYM	MEANING
Alternate Director	The alternate member of the Board
ARC	Audit & Risk Committee
Board	The Board of Directors of the Group
Board Committees	The Audit & Risk Committee, Nomination and Remuneration Committee, Investment Committee and any other Board Committee as may be established by the Board from time to time as it may deemed fit & necessary
Bursa Securities	Bursa Malaysia Securities Berhad
Business	The business of the Group
Chairman	The Chairman of the Board and is used in gender-neutral sense
CIA	Chief Internal Audit
CIO	Chief Integrity Officer
Constitution	The Constitution of SDHB
GMD / CEO	Group Managing Director / Chief Executive Officer
Group Secretary	The Board secretary appointed by the Board
Director	A member of the Board
IIA	The Institute of Internal Auditors
IIA Code of Ethics	The Institute of Internal Auditors Code of Ethics
IAF	Internal Audit Function
Independent Director	As defined in the Listing Requirements
IC	Investment Committee
Listing Requirements	The Main Market Listing Requirements of Bursa Securities
LOA	Limits of Authority
Management	The management personnel of the Group
MCGG 2017	The Malaysian Code on Corporate Governance 2017
MANCO	Management Executive Committee
NRC	Nomination and Remuneration Committee
Shareholders	The shareholders of the Group
TOR	Terms of Reference

THE ADEQUATE PROCEDURES

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NEWLY ESTABLISHED POLICY

RISK MANAGEMENT GOVERNANCE, FRAMEWORK & PROCESS

1. INTRODUCTION

All activities undertaken by the Group carry an element of risk and the exposure to these risks is managed through the practice of Risk Management.

In managing risk, it is the Group's practice to take advantage of potential opportunities while managing potential adverse effects, and managing risk is the responsibility of everyone in the Group.

The objectives of this Document are:

- Ensure going business concern by avoiding and mitigating losses;
- Improve business performance by informing and improving decision making and planning;
- Promote a more innovative, less risk averse culture in which the taking of calculated risks in pursuit of opportunities to benefit the Group is encouraged; and
- Provide a sound basis for integrated risk management and internal control as components of good corporate governance.

This Document outlines the Group's risk management process and sets out the responsibilities of the Board, ARC, Group Managing Director / Chief Executive Director, Risk Management Working Committee, Group Chief Risk Officer, Risk Management Function, Risk Owners, and others within the Group in relation to risk management.

The Board is the policy owner of this Document.

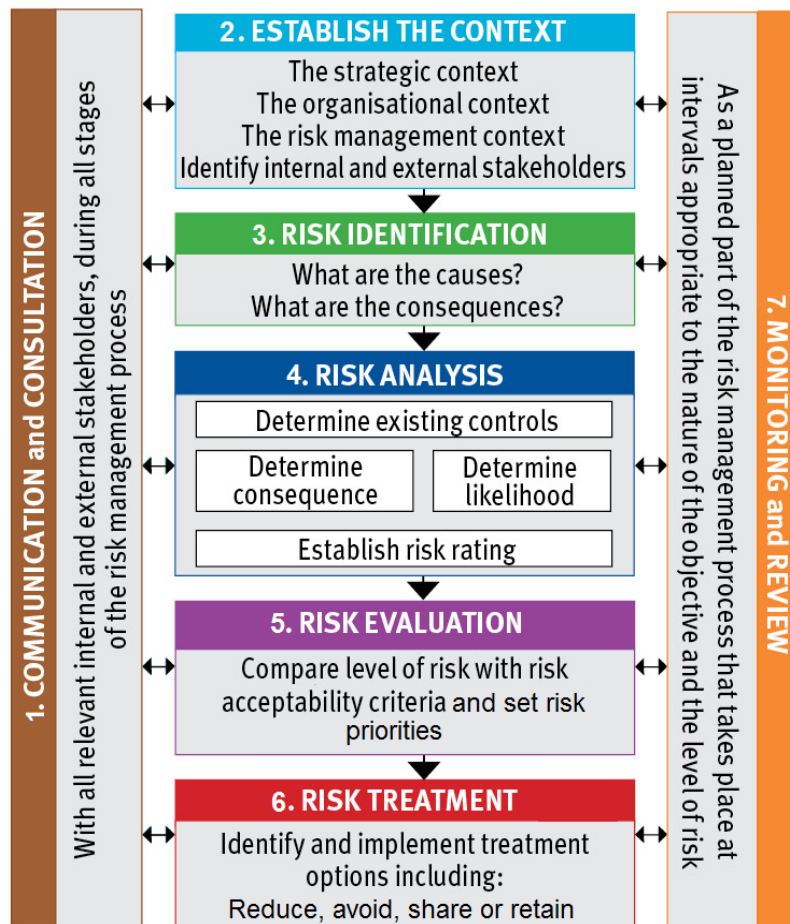
2. RISK GOVERNANCE

NO.	ENTITY	RESPONSIBILITY
1	The Board	The responsibilities of the Board in respect to the Risk Management were defined in the Board Charter.
2	ARC	The responsibilities of ARC in respect to the Risk Management were defined in its Terms of Reference.
3	Group Managing Director / Chief Executive Director	<ul style="list-style-type: none"> Monitoring compliance with this policy; Reporting to the Board on compliance with this policy; Developing, implementing and monitoring systems, management of policies and procedures relevant to the business, including facilitating review by the executive on a regular basis; and Review the Risk Register and Maintaining the risk register.
4	Risk Management Working Committee	Risk Management Working Committee is undertaking by the MANCO in which responsibilities of the Committee in respect to the Risk Management were defined in its Terms of Reference.
5	Group Chief Risk Officer	<ul style="list-style-type: none"> Lead the development, implementation and management of the Group Risk Management Framework in accordance with the applicable standards for risk; Ensure that risk evaluation, monitoring, review and documenting occur in accordance with this Document; Provide advice to the Board to ensure compliance with relevant legislation, regulations, policies and standards and to build Group's capability to mitigate risk related to human, financial and physical resources; Produce a consolidated Risk Profile & Risk Register approved by the GMD / CEO for submission on a Quarterly Basis to ARC and the Board for review; Maintain risk management communication within the Group; and Coordinate and supply training in risk management.
6	Risk Management Function	<ul style="list-style-type: none"> Assist GRCO on how well the business units are addressing the requirements set out in Group's Risk Management Framework. Evaluate and report on the compliance of the business units with Group's Risk Management Framework. Evaluate controls in key risk areas on an ad-hoc basis. Evaluate compliance with other Group policies on an ad-hoc basis. Review and report on the extent to which management has applied Group's risk management framework.

NO.	ENTITY	RESPONSIBILITY
7	Risk Owners	<p>The Risk Owners is responsible for ensuring on a daily basis that the relevant operational procedures and controls implemented to treat each risk area are adequate and effective.</p> <p>If a control or procedure is inadequate and ineffective in treating the risk, the risk owners should report this, with a recommendation for an alternative risk treatment, to the Risk Management Working Committee.</p>
8	Others	<p>Every staff is responsible for effective management of risk including the identification of potential risks.</p> <p>Management is responsible for development of risk mitigation plans and implementation of risk reduction strategies.</p> <p>Risk management processes should be integrated with other planning processes and management activities.</p> <p>Head of Division/Department/Units are accountable for strategic risk management within areas under their control, including the promotion and training of the risk management process to staff.</p>

3. RISK MANAGEMENT FRAMEWORK

The Risk Management Framework outlines foundations and organization arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout Group.



4. RISK MANAGEMENT PROCESS

The risk management system is dynamic and is designed to adapt to the Group's developments and any changes in the risk profile over time.

The risk management system is based on a structured and systemic process which takes into consideration of the Group's internal and external risks.

The main elements of the risk management process are as follows:

NO.	PROCESS	DELIBERATION
1	Communicate and Consult	Communicate and consult with internal and external stakeholders as appropriate at each stage of the risk management process and concerning the process as a whole.
2	Establish the Context	Establish external, internal and risk management context in which the rest of the process will take place – the criteria against which risk will be evaluated should be established and the structure of the analysis defined.
3	Risk Identification	Identify where, when, why and how events could prevent, degrade, delay or enhance the achievement of the Group's objectives.
4	Recognition of Risk	Document the risks that have been identified in the Risk Register.
5	Analysis of the Risk	Determine consequences and likelihood and hence the level of risk by analysing the range of potential consequences and how these could occur.
6	Evaluation of the Risk	Compare estimated levels of risk against the pre-established criteria and consider the balance between potential benefits and adverse outcomes. This enables decisions to be made about the extent and nature of treatments required and about priorities.
7	Treatment of the Risk	Develop and implement specific cost-effective strategies and action plans for increasing potential benefits and reducing potential costs.
8	Monitoring & Review of Risk	Monitor the effectiveness of all steps of the risk management process, for continuous improvement.

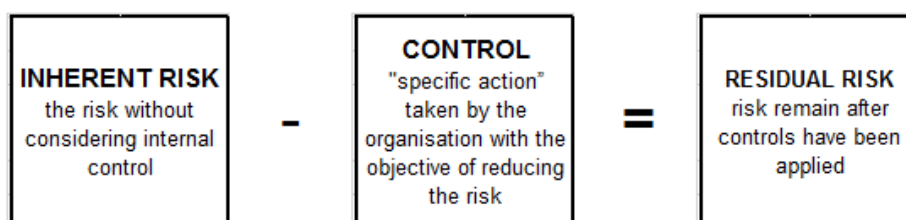
5. SEGMENT & TYPE OF RISK

The Group's risks may come from any internal or external event which, if it occurs, may affect the ability to efficiently and effectively of the Group operation:

NO.	SEGMENT	DELIBERATION
1	Internal risks - Operational Risk	Those risks that specifically relate to the Group's business itself and as such as generally within its control, which include risks such as employee related risks, strategic risks, and financial risks.
2	External risks - Business Risk	Those risks that are outside the control of the Group, and include risks such as market conditions and legislative change.

The risks are defined in 2 types:

NO.	TYPE	DELIBERATION
1	Inherent Risk	Commonly defined as "the risk without considering internal control" or alternatively "a raw risk that has no mitigation factor or treatment applied to it"
2	Residual Risk	Commonly defined as "the level or risk remaining after controls have been applied. An exposure to loss remaining, after other known risk have been countered or eliminated".



6. RESIDUAL RISK RATING

NO.	RATING	DELIBERATION
1	Critical	<p>These are classed as primary risks requiring immediate attention.</p> <p>It may have a high or low likelihood of occurrence, but its potential consequences are such that it must be treated as a high priority.</p> <p>This may mean that mitigation strategies should be developed and put in place to reduce or eliminate the risks, and the risks monitored regularly.</p> <p>Consideration should be given to planning being specific to the risk rather than generic.</p>
2	High	<p>These risks are classed as significant.</p> <p>It may have a high or medium likelihood of occurrence, but its potential consequences are sufficiently serious to warrant consideration after those risks classified as 'very high'.</p> <p>Consideration should be given to developing strategies to reduce or eliminate the risks, and the risks monitored regularly.</p>
3	Medium	<p>These risks are less significant, but may cause upset and inconvenience in the short term.</p> <p>These risks should be monitored to ensure that it is being appropriately managed and consideration given to its being managed under generic planning arrangements.</p>
4	Low	<p>These risks are both unlikely to occur and not significant in its impact.</p> <p>It should be managed using normal or generic planning arrangements and require minimal monitoring and control unless subsequent risk assessments show a substantial change, prompting a move to another risk category.</p>

7. RISK CATEGORY

NO.	RISK CATEGORY	DELIBERATION
1	Environment	<ul style="list-style-type: none"> Risks associated with protection and enhancement of the environment, as well as risks arising from natural disasters such as floods, earthquakes, landslides, tsunamis, hurricanes, adverse weather conditions, etc. This also includes the risk of disruption to business activities due to the spread of pandemics / epidemics.
2	Financial	<ul style="list-style-type: none"> Risks relating to financial management or transactions, such as fraud, theft, conflict of interest, duplicated payments, etc. Includes risks relating to financial budgets and factors affecting budgets, insufficient cash flows, and improper controls over financial operations or processes.
3	Human Resources	<ul style="list-style-type: none"> Risks arising from ineffective organisational capabilities, work environment, and other relating to human resource issues and competencies within the Group such as relating to recruitment, engagement, training and staff development.
4	Information Technology	<ul style="list-style-type: none"> Risks arising from the use and reliance on information by the Group or other external entities, which may impact operations, such as internal systems, external service provider's systems, business / internet Risks relating to the protection of corporate and private information. Risks relating to the security, function or management of technological systems and processes. Risks relating to IT implementation, including mismatch or lack of adequate technology, IT applications and capabilities.
5	Legal, Regulatory & Compliance	<ul style="list-style-type: none"> Risks resulting from non-compliance with internal and external policies, procedures, standards and laws. Risks relating to service and/or product delivery or information or breach of contracts or defaults that result in legal proceedings.
6	Operational	<ul style="list-style-type: none"> Risks associated with a lack of defined policies, processes, procedures or delegations of authority at a functional or business unit level. Risks associated with culture, organizational structure and communication including supporting system, processes and procedures. Risks resulting from the ineffectiveness of operational processes, legal and / or financial impacts and other shortfalls.

NO.	RISK CATEGORY	DELIBERATION
7	Stakeholder Management	<ul style="list-style-type: none"> Risks associated with the identification of individuals and organisations with a direct influence on and/or interest in the Group's operations. Risks associated with the need to ensure ongoing and effective communication and consultation with key stakeholders.
8	Market	<ul style="list-style-type: none"> Risks due to changes or volatility in the market forces affecting the business operation and the Group's competitive position or advantage. Risks relating to the incomplete or total absence or ineffective strategies to position the Group's products and services in the market.
9	Corruption	<ul style="list-style-type: none"> Risk which is equated with the set of institutional vulnerabilities within a system or process which might favor or facilitate corrupt practices.
10	Investment	<ul style="list-style-type: none"> Investment risk can be defined as the probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

8. RISK TREATMENT

There are four (4) principal ways in which we can effectively manage risks, upon obtained of Residual Risk Rating:

RATING	TREATMENT	DELIBERATION	CONTROL EFFECTIVENESS
1	Reduce	The risk can be accepted but require some actions or control measures to lessen its likelihood or impact.	Very Good
2	Spread	The risk can be spread to scatter, share or divide over an area over period of time.	Good
3	Transfer	The risk can be transferred through subscription of Insurance policy and other agreements permit shifting of risks to a counter party.	Satisfactory
4	Avoid	The risks may be eliminated by not engaging in activities / functions.	Non-Satisfactory

SAMPLE OF RISK PROFILE

[illegible]

SAMPLE OF RISK REGISTER

No.	Risk ID	Risk Category	Pre-Treatment Score			Risk Treatment	Risk Owner	Control Effectiveness	Post Treatment Score		
			1 Likelihood	2 Impact	3 = 1 x 2 Risk Score				4 Residual Likelihood Rating	5 Residual Impact Rating	6 = 4 x 5 Residual Risk Rating

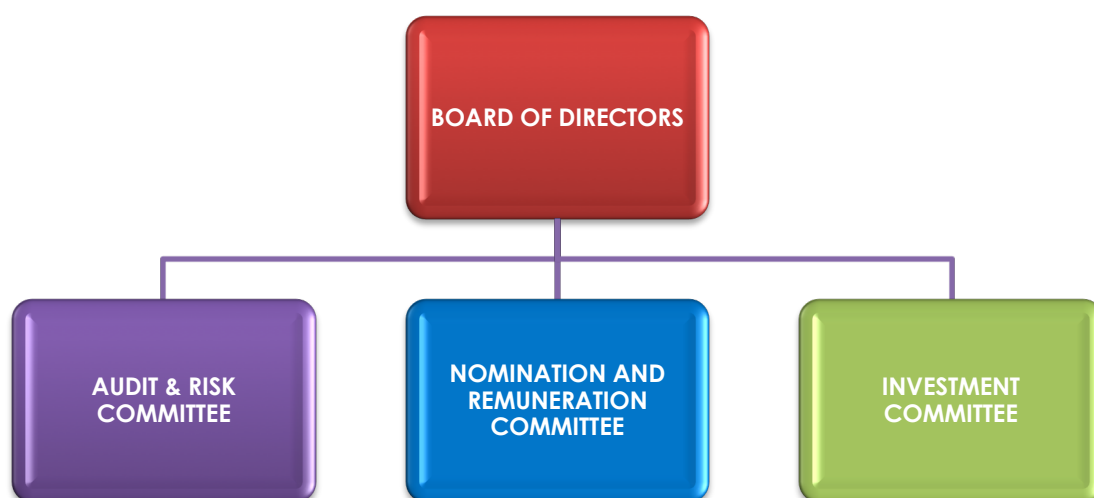
LIKELIHOOD	THE CHANCE OF EVENT OCCUR WITHIN A YEAR	RATING
Improbable	The event may occur only in exceptional circumstances	1
Unlikely	The event could occur at some time	2
Likely	The event will probably occur in most circumstances	3
Very likely	The event is expected to occur in most circumstances	4

NET ASSET AS 31 DECEMBER 2018: RM2.1 BILLION			
IMPACT	TOLERANCE LEVEL	CRITERIA	RESIDUAL RISK RATING
Low	($\leq 1\%$)	\leq RM20 mil OR Manageable by routine procedure	1
Medium	(> 1% ~ 5%)	> RM20 mil ~ RM 100 mil OR Management responsibility is needed	2
High	(> 5% ~ 10%)	>RM100 mil ~ RM 200 mil OR Senior Management attention is needed	3
Critical	(> 10%)	> RM200 mil OR Not acceptable, required further mitigation action	4

AMENDED VERSION OF THE EXISTING POLICIES

BOARD CHARTER

1. BOARD STRUCTURE



2. INTRODUCTION & PURPOSE OF BOARD CHARTER

The Board is responsible for the proper stewardship of SDHB and its subsidiaries (collectively the "Group") and is entrusted with leading and overseeing the business of the Group, which includes optimizing long-term financial returns and shareholder wealth creation.

The Board Charter aims to assist the Directors to better appreciate their roles and responsibilities, provide guidance including appropriate performance frameworks for measuring the performance of the Board as a whole as well as the contribution of each Director. It is hoped that with an appropriate understanding of its role and a framework for measuring performance, the Board will be better equipped to meet its responsibility of ensuring the long-term objectives of the Group are met.

The Board Charter is prepared in accordance to compliance with the **Malaysian Code on Corporate Governance 2017 ("MCCG2017")** which was issued by the Securities Commission Malaysia on March 2017.

The Board is committed to comply with all the applicable laws and regulatory requirements inclusive on Anti-Corruption.

3. OVERVIEW OF BOARD RESPONSIBILITIES

The principal responsibilities of the Board are as follows:

- Reviewing and adopting a strategic plan for the Group

The role of the Board is to review, challenge and approved Management's proposal on a strategic plan of the Group, which include overall corporate strategy, marketing plan, human resources plan, information technology plan, financial plan, budget, regulations plan and risk management plan.

- Overseeing the conduct of the Group's business

A basis function of the Board is to oversee conduct of the business and performance of Management in order to determine whether the business is being properly managed.

- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures

The Board must understand the principal risks of all aspects of the Group's business and ensure that there are systems in place which effectively monitor and manage these risks.

- Succession planning

The Board should ensure that all candidates appointed to senior management positions are sufficient caliber and shall be responsible on appointing, training, fixing the remuneration of, and where appropriate, replacing key management.

- Overseeing the development & implementation of a shareholder communications policy for the Group

The responsibility of the Board is to ensure that the Group has in place a policy to enable effective communication with its Shareholders and other stakeholders.

- Reviewing the adequacy and the integrity of the management information and internal controls system of the Group

The Board has to ensure that there is a sound framework of reporting on internal controls and regulatory compliance.

In executing the principal responsibilities of the Board, each Director shall do the following:

- Attend all Board meetings but where attendance at meetings is not possible, ensure that appropriate steps are taken to obtain a leave of absence;
- Acquire knowledge about the business of the Group, the statutory and regulatory requirements affecting the effective discharge of their duties to the Group, and be aware of the physical, political and social environment in which the Group operates;
- Study in advance all information and documentary materials provided and be prepared to discuss their contents at Board meetings;
- Assist the Chairman in providing the Group with effective leadership;
- Be available to advise Management between Board meetings as and when necessary;
- Participate actively and to effectively contribute to Board discussions towards meeting the duties and responsibilities of the Board as outlined herein and in the respective TOR of Board Committees (where applicable);
- Always be alert of potential conflicts of interest that may affect the performance of his or her fiduciary duty towards the Group and seek to avoid these potential conflicts wherever possible. Any interest, actual or perceived (direct or indirect) should be declared to the Board as soon as possible;
- Act honestly, in good faith and in the best interest of the Group as a whole, using due care and diligence in fulfilling his or her responsibilities, and exercising the powers attached to that office;
- Directors should consult the Chairman and/or the Group Secretary for any clarification on their responsibilities and duties and on any dealing from where a potential conflict of interest situation may arise;
- Adopt a policy that all results of any audit, reviews of risk assessment, control measures and performance are reported to MANCO, ARC & Board, based on relevancy; and
- Matters reserved for decision of the Board, among others, is to appoint & to remove the Directors based on recommendations of NRC and subject to relevant laws & regulations.

4. BOARD STRUCTURE

a. Board Balance & Composition

- The composition of the Board is to reflect the duties and responsibilities it has in discharging and performing its responsibilities. The composition of the Board shall reflect as much as possible or practicable, proportional representation of various investors in the Group. A Director is not required to hold any qualification share in the Group.
- The Constitution of SDHB provide for a minimum of two (2) and a maximum of 15 Directors. Pursuant to the Listing Requirements, the Group must ensure that at least two (2) Directors or 1/3 of the Board, whichever is the higher, are Independent Directors.
- The MCCG 2017 states that at least half of the Board comprises Independent Directors. For Large Companies, the Board comprises a majority Independent Director.
- In accordance with Constitution of the Group, at each annual general meeting, 1/3 of the Directors for the time being, or if their number is not a multiple of three, then the number nearest to 1/3 with a minimum of one, shall retire from office and an election of Directors shall take place provided always that each director shall retire from office at least once in every three years but shall be eligible for re-election. The directors to retire in every year shall be those who, being subject to retirement by rotation, have been longest in office since their last election or appointment. A retiring director shall be eligible for re-election.
- The directors shall have power at any time and from time to time to appoint any person to be a director either to fill a casual vacancy or as an additional director, provided that the total number of directors shall not at any time exceed the maximum number of fixed by or in accordance with Constitution of the Group. Any director so appointed shall hold office only until the next AGM and shall then be eligible for re-election, but shall not be taken into account in determining the number of directors who are to retire by rotation at such meeting.
- As recommended under the MCCG 2017, the tenure of an independent director does not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the Board as a Non-Independent Director.

- In the event the Board wishes to maintain the directorate of an Independent Director beyond the 9-year limitation period, the Board must justify and seek specific Shareholders' approval on the matter at the Group's general meeting. If Shareholders' approval is not obtained, upon completion of the nine-year period, an Independent Director may still continue to serve on the Board but subject to him/her being re-designated as Non-Independent Director.
- If the Board continues to retain the Independent Director after the 12 year, the Board should seek annual Shareholders' approval through a two-tier voting process.
- The Board supports the gender boardroom diversity as recommended under the MCCG 2017. The Board through NRC will review the appropriate proportion of female to male Directors on the Board at the time of considering appointment of new Directors to the Board.
- Apart from gender boardroom diversity, the Board supports diversity in ethnicity and age. The Board through NRC will review the appropriate proportion of the age group and ethnicity of Board members at the time of considering appointment of new Directors to the Board.
- Directors shall not hold directorships in more than five (5) public listed companies at any one-time subject to amendment(s) that may be made to this limitation by Bursa Securities from time to time. Before accepting any new directorship, a Director shall first notify the Chairman of the Board and the notification shall include an indication of time that the said Director will spend vis-a-vis the new appointment.

b. New Board Member

- Newly appointed directors shall be briefed on the terms of their appointment, their duties and responsibilities. Copies of the following shall be provided to the newly appointed Director:
 - This Board Charter;
 - SDHB's Constitution;
 - Latest annual report and audited financial statements of the Group;
 - Latest Strategic Plans and Annual Management Plan of the Group; and
 - Organization Chart.
- A Board induction session shall be conducted by Management to give the newly appointed Director an overview of the business and strategic plans of the Group.

c. Role of Chairman

- The roles of the Chairman and the GMD / CEO shall be separated. The Chairman is responsible for representing the Board to the Shareholders and is responsible for ensuring the integrity and effectiveness of the governance process of the Board. The Chairman shall maintain regular dialogues with the GMD / CEO over all operational matters and shall promptly consult with the Board over any matter that gives him or her any cause of concern pertaining to the Group.
- The Chairman shall act as a facilitator at meetings of the Board to ensure that no Director, whether executive or non-executive, dominates discussions at Board meetings. He shall ensure that appropriate discussions take place and relevant opinions among Directors are forthcoming. The Chairman shall also ensure that discussions result in logical and understandable outcomes.

The key roles & responsibilities of the Chairman include the followings:

- Provide governance in matters requiring corporate justice and integrity;
- Manage Board communication and Board effectiveness and effective supervision over Management;
- Create conditions for good decision-making during Board and Shareholders meetings;
- Ensure Board proceedings are in compliance with good conduct and practices;
- Protect the interest and provide for (if permissible) the information needs of various Stakeholders;
- Maintain good contact and effective relationship with external parties, investing public, regulatory agencies and trade associations;
- Ensure that quality information to facilitate decision-making is delivered to the Board by Management in a timely manner; and
- Ensure compliance with all relevant regulations and legislations.

d. Board Committees

- The Board may delegate its responsibilities for specified matters to individual Directors or Board Committees.
- Each Board Committee must be provided with written TOR which clearly state the extent and limits of their responsibilities and authority and whether they can act on behalf of the Board, or to provide the necessary reporting to the Board.
- The present Board Committees are as follows:
 - Audit & Risk Committee
 - Nomination and Remuneration Committee
 - Investment Committee
- The TOR of the Board Committees are subject to a review and revision, amendment or modification by the Board from time to time, in which case the most recently amended TOR of a Board Committee shall be the TOR that shall apply to the said Board Committee.

5. BOARD PROCEDURES

a. Board Meeting

The Board shall meet at regular intervals throughout the year.

The quorum for a meeting shall be more than 50% of members, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other.

In the absence of the Chairman, the members present shall elect an Independent Non-Executive Director from amongst the members present to be Chairman of the meeting.

At each scheduled meeting, the Board shall consider, where applicable:

- Operational report(s), the financial results and cash flow projections;
- Review the reports and recommendations of the ARC;
- Approve the quarterly announcement and quarterly financial statement to Shareholders and the public;
- Schedule of Matters which are reserved for the Board's collective decision;
- Significant capital expenditure and acquisitions;
- Significant disposal of the Group assets;
- Major issues or opportunities;
- Committee minutes/Board Circular Resolutions for notation;
- Changes in directorships and disclosure of interests;
- Disclosure of dealings by Directors/Principal Officers;
- Summary of shares movement for substantial shareholders; and
- Any other matters requiring the Board's approval.

In addition, the Board shall, at periodic intervals of not more than one year:

- Review the Group's objectives and goals;
- Review the strategies for achieving the stated goals;
- Approve the operational plan and budget;
- Consider and, if deem appropriate, declare or recommend payment(s) of dividends; and
- Review/approve reports and recommendations from the ARC and other Board Committees.

b. Meeting Papers

In order to allow sufficient time for Directors to consider and better deliberate on matters that are tabled to the Board, Board papers, relevant information and agenda items are to be circulated at least five (5) working days before each meeting to the Directors and permanent invitees of the meeting.

c. Access to Independent Professional Advice

In discharging Directors' duties, each Director is entitled to obtain independent professional advice at the cost of the Group.

d. Access to Management & Information

The Directors shall have unrestricted access to Management and to information pertaining to the Group, including from the Group's auditors and consultants.

The Directors must use proper judgment to ensure that any contact made with Management does not distract the business operations of the Group and Management's function. Such contacts must be made through the GMD / CEO.

6. ROLES OF THE GMD / CEO

The GMD / CEO is accountable to the Board for the overall organization, management and staffing of the Group and for the procedures in financial and operational matters, including in the areas of staff conduct and discipline and to promote leadership by example. The Board shall link the Group's governance and Management functions through the Chairman with the GMD / CEO.

All Board authority conferred on Management is delegated through the GMD / CEO so that the authority and accountability of Management is considered to be the authority and accountability of the GMD / CEO so far as the Board is concerned. The GMD / CEO's authority is explicitly provided for in the LOA. The Directors should support the GMD / CEO in undertaking this responsibility.

The roles of the GMD / CEO is summarized as follows:

- Foster a corporate culture that promotes ethical practices, encourages individual integrity and fulfill social responsibility;
- Maintain a positive and ethical work climate that is conducive to attracting, retaining and motivating a diverse group of quality employees at all levels;
- Develop and recommend to the Board a long-term strategy and vision for the Group that leads to the creation of shareholder value;
- Develop and recommend to the Board the Group annual business plans and budget that support the Group's long-term strategy;
- Ensure achievement of objectives and goals as contained in the strategic plan;
- Foster a corporate culture that promotes adherence to laws and regulations of the country;
- Manage the overall business and oversees the day-to-day operations of the Group;
- Ensure continuous improvement in the quality and value of the products and services provided by the Group;

- Ensure that the Group achieves and maintains a satisfactory competitive position within its industry;
- Recommend management structure and operating authority level which includes delegation of responsibilities to Management;
- Ensure that the Group has an effective Management team below the level of the GMD / CEO and has an active plan for its development and succession;
- Ensure in cooperation with the Board, that there is an effective succession plan in place for the GMD / CEO;
- Formulate and oversee the implementation of major corporate policies;
- Accountable to the Board for the propriety and regularity of the finances;
- Responsible for the financial management of the Group and overseeing the handling of the Group's financial matters which include keeping proper accounts for prudent and economical administration, avoidance of waste and extravagance, for efficient and effective use of all resources;
- Report to the Board periodically on the financial position of the Group which includes forecast results as may be required from time to time;
- Report to the Board on key performance indicators in relation to the financial results, market conditions and other developments;
- Recommend to the Board on annual management salary increment and Employees Share Option entitlement;
- Report to the Board on the results of employee union negotiation;
- Report to the Board on significant business decisions; and
- Serve as the chief spokesperson for the Group.

7. THE GROUP SECRETARY

The appointment or removal of Group Secretary shall be the prerogative of the Board as a whole. The specific responsibilities of the Group Secretary are as follows:

- Advise the Board and Management on governance issues;
- Ensure compliance with listing and related statutory obligations;
- Attend Board, Board Committees and general meetings, and ensure proper recording of minutes of meeting(s);
- Ensure proper upkeep of statutory registers and records;
- Assist the Chairman in the preparation for and conduct of meetings; and
- Continuously update the Board on changes to listing rules, other related legislations and regulations.

8. RELATIONSHIP OF THE BOARD WITH SHAREHOLDERS & STAKEHOLDERS

Although the primary duty of the Board is to provide accountability to its Shareholders, a wide range of stakeholders have begun to look to the Board to provide information about the Group's standing.

This includes the regulators for statutory disclosure, creditors and lenders for confirmation on financial status, and customers for continuation of service and behavior.

In meeting these accountability responsibilities, the Board shall use its best endeavors to familiarize itself with the issues which are of concern to the Shareholders and stakeholders.

9. DIRECTORS' TRAINING

Directors' are required to undergo the required mandatory accreditation program organized by Bursa Securities.

In addition, Directors are required to attend relevant training courses/seminars at periodic intervals to keep themselves updated on developments pertaining to the oversight function of Directors as well as on technical matters; for example, on financial reporting standards, tax budgets, Corporate Governance, and others.

10. DIRECTORS' REMUNERATION

The Board will determine the level of remuneration to be paid to the Executive Directors (if any), taking into consideration the recommendations of NRC.

However, the determination of the remuneration packages of Non-Executive Directors, including Non-Executive Chairman, shall be decided by the Board as a whole.

Non-executive Directors will be paid a basic fee as ordinary remuneration and will be paid a sum based on their responsibilities in the Board Committees and for their attendances at meetings.

The fee which is subject to the approval of the Shareholders, shall be fixed in sum and not by a commission or percentage of profits/turnover.

11. BOARD & DIRECTORS EVALUATION

The MCGG 2017 stipulates that the Board should implement a process, to be carried out by NRC on an annual basis, to assess the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director.

Pursuant to the Listing Requirements in assessing individual Directors, the Board should take into consideration the Directors' character, experience, integrity, competency and time to effectively discharge his/her role as a Director of the Group.

NRC shall assess on an annual basis the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director.

NRC shall also ensure that all assessments and evaluations carried out by NRC in the discharge of this function are properly documented.

12. EVALUATION PROCESS

The evaluation on the effectiveness of the Board of Directors, Board Committees and individual Directors shall be conducted through self-assessment methodologies whereby two (2) sets of Questionnaires namely, the "Evaluation of the Effectiveness of the Board Questionnaire" and the "Evaluation of the Effectiveness of the Board Committees Questionnaire" for the period under review shall be sent out to all members of the Board and the respective Board Committees for their completion.

As for the assessment on each individual Director, each Director shall be requested to undertake a self-assessment under the "Evaluation of the Effectiveness of the Board Questionnaire".

13. ALTERNATE DIRECTOR

A Director may from time to time nominate a person, not being a Director, to act as his alternate and his discretion to remove such alternate Director but the appointment shall not take effect until approved by a majority of the other Directors. An alternate Director so appointed shall be entitled to receive from the Group such proportion (if any) of the remuneration otherwise payable to his/her appointor as such appointor may by notice in writing to the Group from time to time direct, but save as aforesaid, he/she shall not in respect of such appointment be entitled to receive any remuneration from the Group.

The alternate Director shall be entitled to receive notices of all meetings and to attend, speak and vote at any such meetings of Directors at which his appointor is not personally present. Any appointment so made may be revoked at any time by the appointor or by a majority of the Directors, and any appointment or revocation shall be affected by a notice in writing to be delivered to the Group Secretary. An alternate Director shall ipso facto cease to be an alternate Director if his appointor for any reason ceases to be a Director.

14. DIRECTORS' CODE OF CONDUCT

The Board shall discharge their duties professionally, with due diligence and efficiency and to the best of their abilities. In discharging their duties, each member of the Board shall at all times abide by and conform to the following Code of Conduct:

CORPORATE GOVERNANCE

- Have a clear understanding of the aims and purpose, capabilities and capacity of the Group;
- Devote time and effort to attend meetings and to know what is required of the Board, and to discharge those functions effectively;

- Ensure at all times that the Group is properly and effectively managed and at all times act in the best interest of the Group;
- Stay abreast of the affairs of the Group and be kept informed of the Group's compliance with the relevant laws, rules and regulations;
- Insist on being kept informed on all matters of importance to the Group in order to be effective in corporate management;
- Notwithstanding the limit allowed under the relevant regulations or rules, to limit his/her directorship of companies to a number in which he can best devote his /her time and effectiveness;
- Exercise his/her powers for the purposes that were conferred to him/her by the Board and act in good faith for the benefit of the Group;
- Not divert to his /her own advantage and/or to the advantage of his/her connected persons any business opportunity that the Group is pursuing, and shall not use confidential information obtained by reason of his/her office for his/her own advantage or that of his/her connected persons and/ or other third parties;
- At all times act with utmost good faith and integrity towards the Group in any transaction and to act honestly and responsibly in the exercise of his/her powers in discharging his/her duties;
- Willing to exercise independent judgment and, if necessary, to openly oppose if the interest of the Group is at stake;
- Maintain confidentiality of all Group information which are sensitive in nature and which are not already in the public domain;
- Avoid any conflict of interest with fiduciary duty as follows:
 - To not have any self-dealing and/or conduct any private business or personal services with the Group except in accordance with the duly approved policies, processes and procedures to ensure openness, competitive opportunity and equal access to information.
 - To abstain himself or herself from voting and deliberating on any matter which involves his/her interest and/or involves a conflict of interest with his/her fiduciary duty.
 - To not use his/her position to obtain employment for himself/herself or his/her connected persons.
 - To immediately and regularly disclose his/her involvement with any organization, vendor, or association that might result in a situation of conflict.
 - A Director should immediately and regularly declare to the Board, their interest, actual or perceived (direct or indirect) and/or any changes to their personal particulars as soon as possible either verbally or in writing; and
- Exercise his/her authority over the Group as explicitly set forth in the Board Charter and/or the LOA and/or as authorized by the Board.

RELATIONSHIP WITH SHAREHOLDERS, EMPLOYEES, CREDITORS & CUSTOMERS

- Be conscious of the interest of all shareholders, employees, creditors and customers of the Group;
- Promote professionalism and improve the competency of management and employees; and
- Ensure adequate safety measures and provide proper protection to employees at the workplace.

SOCIAL RESPONSIBILITIES & ENVIRONMENT

- Adopt an objective and positive attitude and give the utmost cooperation for a common goal when dealing with government authorities or regulatory bodies;
- Ensure the effective use of natural resources, and improve quality of life by promoting corporate social responsibilities;
- Be more proactive to the needs of the community and assist in society-related program in line with the Corporate Social Responsibility Policy of the Group; and
- Ensure that the activities and the operations of the Group do not harm the interest and well-being of the society at large.

15. SCHEDULE OF MATTERS RESERVED FOR THE DECISION OF THE BOARD

The list of matters reserved for decision of the Board are as specified below. List of matters may be varied, or amended from time to time as may be determined & approved by the Board.

CONDUCT OF THE BOARD

- Appointment and removal of Directors based on recommendations of NRC and subject to relevant laws and regulations;
- Appointment and removal of Group Secretary;
- Establishment and/or dissolution of Board Committees; and appointment and/or cessation of members of the Board Committees based on the recommendation of NRC;
- TOR of Board Committees and amendments to such terms; and
- Appointment & removal of senior executive positions, as per the Group's LOA.

REMUNERATION

- Fee for Non-Executive Directors subject to the approval of Shareholders;
- Remuneration structure packages and policy for the GMD / CEO and Chief Level Executives based on the recommendation of NRC;
- New employees' share option scheme and/or amendments to the scheme, subject to other approvals that may be required by law or regulation; and
- Allocation and share grants in employees' share schemes.

OPERATIONAL, PLANNING & INVESTMENT

- Business strategy, management plan and annual budget;
- Mid-term annual review of the Group performance against business strategy and/or the Group annual management plan;
- Capital expenditure exceeding Management's authority or amounts under the Group's LOA;
- Write-off of bad debts and assets exceeding Management's authority or amount under the Group's LOA;
- Investments or divestments in a Group /business/property/undertaking;
- Investments or divestments of a capital project which represent a significant diversification from the existing business activities;
- Changes in the major activities of the Group; and
- LOA for the Group and any amendment thereto.

FINANCIAL

- Quarterly interim and annual financial statements based on recommendation of the ARC;
- Release of announcements on quarterly interim and annual financial statements to Bursa Securities;
- Annual Directors' Report and Statutory Accounts;
- Declaration of interim dividends, recommendation of final dividends and the making of any distribution;
- Adoption of accounting policies;
- Approval of treasury policies; and
- Effectiveness of the Group's system of internal control. This function is delegated to the ARC, which will in turn report to the Board on its findings.

OTHER MATTERS

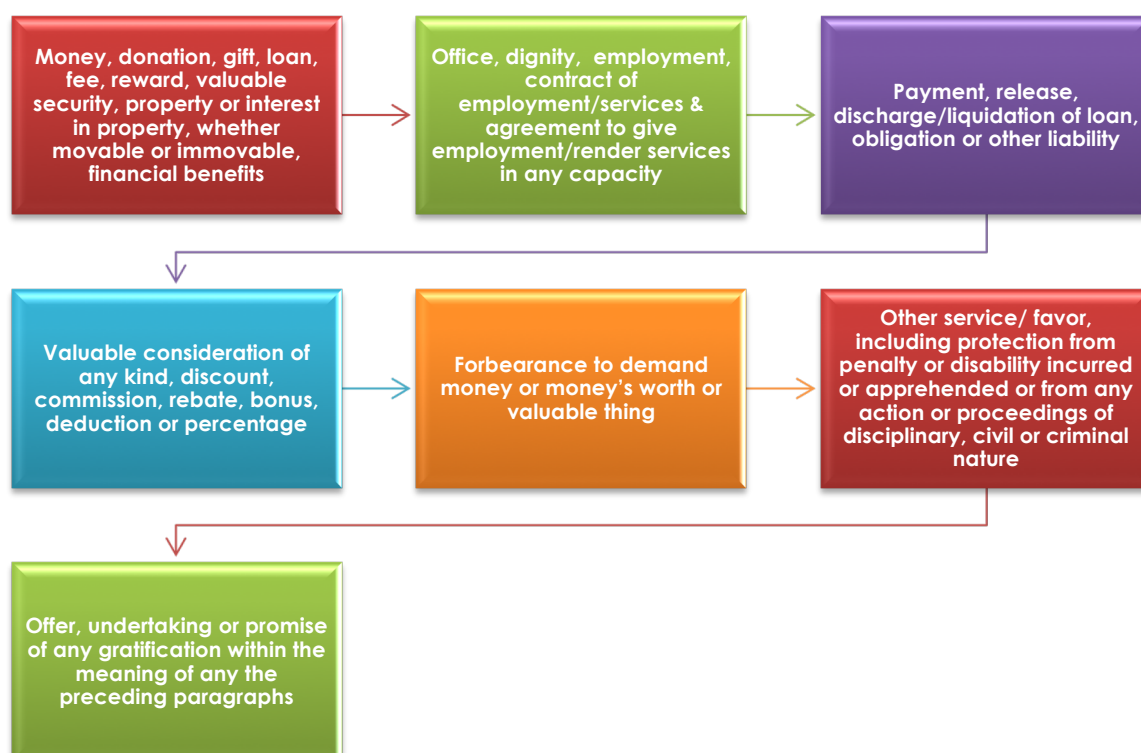
- Granting of powers of attorney by the Group;
- Providing indemnities or guarantees;
- Recommendation for the alteration of the SDHB's Constitution;
- Change of the Group's name, financial year end and registered office;
- Purchase of own shares/share buy-back by the Group;
- Issuance of debt instruments;
- Charitable contributions as per the Group's LOA;
- Statement on Corporate Governance and/other relevant Statements for inclusion in the Group's Annual Report;
- Scheme of reconstruction or restructuring;

- Any other significant business decision;
- Any other matters requiring the convening of a general meeting of Shareholders or any class of Shareholders;
- Any other matters which may require approval of the Board as stipulated under any relevant law, rule, regulation, or guideline, circular or directive of any relevant authority; and
- Any other matters requiring the Board's approval under the LOA of the Group. In the event of any inconsistency between any of the reserved matters herein and the Group's LOA, the Board Charter shall prevail.

16. THE STANCE AGAINST GRATIFICATION

The Board are committed and have a strong stance against use of gratification practice in relation to Group's business activities and the Board also are committed inspiring Group's effort to improve upon the effectiveness of its gratification risk management system.

The Act 694 has defined the Gratification as follows:



17. CHARTER REVIEW

- Review the charter at least annually and update it as needed to respond to new risk-oversight needs and any changes in regulatory or other requirements;
- Review and approve the management-level risk committee charter, if applicable;
- Perform any other activities consistent with this charter, the Group's bylaws, and governing laws that the Board or Risk Committee determines are necessary or appropriate; and
- Submit the charter to the full Board for approval.

TERMS OF REFERENCE OF INVESTMENT COMMITTEE ("IC")

1. CONSTITUTION

IC shall be formed by the Board and the Committee members shall be appointed by the Board from amongst the Board members.

The functions and authority of IC extends to the Group and all its subsidiaries as well as joint venture and associate companies where management responsibility is vested on the Group.

2. OBJECTIVES

The primary purpose of IC is to recommend to the Board and review all significant investments made and to be made by the Group.

Includes and is not limited to merger & acquisitions, new partnerships, divestments and large capital expenditure projects.

3. AUTHORITY

- The Board confers full powers to IC to:
 - Establish, review and recommend to the Board the overall investment policies, guidelines and portfolio requirements of the Group.
 - Recommend to the Board the fund-raising activities of the Group.
 - Recommend to the Board the new investments and disposals of significant value for the Board's approval.
 - To approve the use of funds for investments, mergers & acquisitions and other related matters.
- IC may seek advice or obtain independent professional assistance from any person or firms who has the relevant experience and required expertise, if IC so requires, to assist IC with its deliberation.
- IC shall approve investments of RM10 million to RM30 million per transaction.
- IC shall recommend investments in excess of RM30 million per transaction to the Board for approval.
- The Board confers full powers to IC to:
 - Approve purchase and award of contracts of fixed assets for an amount of RM10 million up to RM30 million; and
 - In the event the approval limits of the Committee under the LOA are amended, modified or varied by the Board of the Group, such amendments, modifications or variations shall be deemed inserted herein whereupon this TOR shall be read and be construed subject to and in accordance with the said approved amendments, modifications or variations.

4. MEMBERSHIP

- The Committee shall consist at least three (3) members with minimum one (1) independent member, all of whom shall be duly appointed by the Board.
- The Committee shall be elected among members of the Board of the Group, with two (2) of the members being independent members. The Board may also appoint any other persons with relevant qualifications and experience as the Board thinks appropriate to be a member of the Committee.
- The Chairman of the Committee shall be appointed by the Board.
- Subject to the review by the Board, the term of appointment of the members of the Committee shall be for a period of one (1) year each or such other period as the Board in its discretion shall deem fit.
- In the event the number of the committee members is reduced to less than three (3) due to any reason whatsoever, the Board will appoint a new member within three (3) months thereof.
- The Group Secretary shall be the Secretary of the Committee, and shall have the following responsibilities:
 - Ensure meetings are arranged and held accordingly;
 - Assist IC Chairman in planning the Committee's activities;
 - Draw up meeting agendas in consultation with the IC Chairman, maintain the minutes;
 - Ensure structured communication between the Board and IC; and
 - Ensure IC recommendations presented to the Board are supported by papers, including Report of IC or minutes that explains the rationale for IC's recommendations.

5. FUNCTIONS & DUTIES

The main function of IC is to assist the Board in performing its duties and discharging its responsibilities in evaluating the Group's investment proposals.

- The scope and functions of IC are set out below:
 - To review annual business plans and budgets for recommendation to the Board.
 - To evaluate proposals on new investments and divestments of significant value to ensure consistency with the Global Strategy and returns in excess of a hurdle rate adjusted for risk and performance premium.
 - To approve investments up to a prescribed amount as determined by the Board from time to time, beyond which a recommendation will be made to the Board.
 - To review financial investment portfolios of the Group. This includes and is not limited to existing and new merger & acquisitions, new partnerships, divestments and large capital expenditure projects.
 - To oversee current and future capital and financial resource requirements.
 - To monitor the fund-raising activities of the Group.
 - To conduct the annual performance evaluation of the Group's investment activities.
 - To review and recommend to the Board the foreign exchange and hedging policies and procedures.
 - To implement other necessary duties as mutually agreed by IC and the Board or any other authorities which is empowered by law or regulated by any Government Authority.
 - To review and update the TOR of IC from time to time and seek the Board's approval in respect of such revision of the TOR.
 - The Committee shall uphold integrity and ethical in discharging its duties.
 - The Committee shall maintain confidentiality of all matters discussed in IC meetings or matters concerning the investment at all times.

6. MEETING

- The Chairman shall convene and IC shall meet as and when the circumstances dictate.
- At least two (2) members must be present during each meeting to form a quorum necessary to transact any business of IC. At every IC meeting, at least two (2) members present must be the representatives of the Board.
- In order to allow sufficient time for Directors to consider and better deliberate on matters that are tabled to the meeting, Board papers, relevant information and agenda items are to be circulated at least five (5) working days before each meeting to the Directors and permanent invitees of the meeting.
- If the Chairman of IC is not present at IC, the members present shall elect a Chairman from among themselves.
- Notice of Meeting will be distributed to IC members at least one (1) week prior to the scheduled meeting and the Chairman of IC shall ensure that proper agenda is prepared for the meeting.
- The Secretaries will distribute the minutes of meeting to all members of IC.
- The Minutes of Meeting shall be tabled to Board for information. The Minutes of Meeting and conclusions of IC meetings should be minutes and the Minutes so entered into the Minutes Register kept by the Group Secretary of the Group.
- Reproduction of any part of the Minutes of Meetings can only be through/by the Secretary.
- IC may invite any persons, including but not limited to other members of the Board and key management personnel, to attend any of its meetings as IC shall deem fit and necessary.

7. DISSOLUTION

The composition of IC shall be dissolved upon recommendation and decision of the Board.

TERMS OF REFERENCE OF MANAGEMENT EXECUTIVE COMMITTEE ("MANCO")**1. CONSTITUTION**

The MANCO shall be established by the Board as an operating committee and the MANCO members shall be appointed by the Board from amongst the directors and management personnel / Chief Level Officers of the Group.

The MANCO is committed to comply with all the applicable laws and regulatory requirements inclusive on Anti-Corruption.

2. OBJECTIVES

The objectives for the formation of the MANCO are as follows:

- To discharge the responsibilities of the Group's Board relating to the transaction of routine, administrative matters that occur between regularly scheduled meetings of the Board.
- As a medium between the Board and management to ensure that business strategies, daily business and operational issues are carried out efficiently and effectively and that the requirements of good corporate governance practices are observed.
- Foster a corporate culture that promotes ethical practices, integrity, and fulfills social responsibility.
- The Committee shall uphold integrity and ethical in discharging its duties.
- The Committee shall maintain confidentiality of all matters discussed in the MANCO meetings or matters concerning the operation of the business at all times.

3. AUTHORITY

The MANCO is authorized by the Board to approve transactions or activities which are beyond the individual discretionary powers of senior management personnel as per the approving authority limits as stipulated in the relevant policy manuals of respective operating units.

The MANCO shall within its TOR:

- have the resources required to perform its duties;
- have full and unrestricted access to any information pertaining to the Group;
- have direct communication channels with employees, senior management personnel and external parties;
- have the authority to investigate any activity of the Group;

- have the authority to form management / sub-committee(s) if deemed necessary and fit;
- have the authority to delegate any of its responsibilities to any person or committee(s) that is deemed fit;
- be able to obtain independent professional or other advice; and
- be able to convene meetings with external parties, whenever deemed necessary.

4. MEMBERSHIP

The members of the MANCO shall be appointed by the Board of the Group that shall consist of not less than five (5) members. The membership shall consist of GMD / CEO and Chief Level Officers of the Group.

5. FUNCTIONS & DUTIES

- To exercise and execute the authority as granted by the Board as defined in LOA;
- To identify, formulate and prioritize strategic issues and chart strategic directions for action by the management and staff;
- To review and approve the business strategies, budget, relevant key procedures and/or guidelines;
- To ensure that infrastructure, resources and systems are in place for the establishment of a conducive working environment;
- To review management reports from operation and business units on key business performance, operating statistics and regular matters;
- To report to the Board on matters that require their attention and approval;
- To monitor and evaluate business conditions and developments in the financial markets on an ongoing basis to ensure that the impact of changes are identified and managed accordingly; and
- To review and approve transactions or activities as delegated by the Board.

6. MEETINGS

- The MANCO shall preferably meet on a monthly basis;
- The quorum of the meetings shall be at least three (3) members or more than 50% of the total members, whichever is higher;
- The MANCO is also allowed to carry out the resolution by way of circulation;
- Head of the respective division units and relevant management personnel may be invited to attend the MANCO meetings;
- The MANCO may meet together for dispatch of business, adjourn, and otherwise regulate their meetings as they think fit by means of any communication technology by which all persons participating in the meeting are able to hear and be heard by all other participants without the need for a member to be in the physical presence in the meeting. The member participating in any such meeting shall be counted in the quorum for such meeting. All resolutions agreed by the member in such meeting shall be deemed to be as effective as a resolution passed at a meeting in person of the members duly convened and held;
- Resolutions, proposals and matters tabled for approvals at any meeting of the MANCO shall be decided by a simple majority of the members present; and
- The Chairman shall nominate any person as Secretary to the MANCO and minutes of meetings shall be taken.

7. REVIEW

- Review the charter at least annually and update it as needed to respond to new risk-oversight needs and any changes in regulatory or other requirements;
- Review and approve the management-level risk committee charter, if applicable;
- Perform any other activities consistent with this charter, the Group's bylaws, and governing laws that the Board or Risk Committee determines are necessary or appropriate; and
- Submit the charter to the full Board for approval.

WHISTLE BLOWER POLICY

1. PURPOSE

The Whistle Blower Policy is intended to directly support the Group's Core Values, Code of Ethics and Governance requirement.

SDHB & its Group of Companies ("The Group") places high value on the level of trust and integrity expected of its employees.

It is also intended to encourage and enable employees and others to raise concerns within the Group prior to seeking resolution outside the Group.

In line with this, the Group has adopted a Whistle Blower Policy that outlines the Group's commitment to ensure that employees and other stakeholders are able to raise concerns regarding any illegal conduct or malpractice at the earliest opportunity without being subject to victimization, harassment or discriminatory treatment, and to have such concerns properly investigated.

This Policy sets out the mechanism and framework by which employees, contractors, consultants and any other individuals or organization who have dealings with the Group can confidently voice concerns / complaints in a responsible manner without fear of discriminatory treatment.

2. SCOPE

This Policy applies to the Group.

All employees (whether permanent, contract, part-time or casual), Directors, Shareholders, Consultants, Vendors, Contractors, external agencies or any parties with a business relationship with the Group are encouraged to disclose any wrongdoing that may adversely impact the Group.

This Policy shall be read together with established acts, regulations, procedures and policies, in which definition of dangerous or illegal activity or improper conduct is well defined.

Any person can provide input & comment in event that they are in view that the Policy is inadequate, through the established communication channel.

3. DEFINITIONS

- Whistleblowing – This occurs when an employee / other stakeholder raises a genuine concern about a dangerous or illegal activity or improper conduct that he / she is aware of through his / her work / dealing.
- Whistle-blower – The employee / other stakeholder who discloses or reports the wrongdoing.

4. POLICY

- The Group encourages the employees / other stakeholders to make any disclosures openly and honestly and that concerns / complaints raised will be treated fairly and properly.
- All disclosures made under this Policy will be dealt with in a confidential manner.
The whistle-blower is required to identify himself / herself and provide contact information in his / her report.
This will facilitate the investigator to obtain further information, if required and communicate on results of investigation to the whistle-blower.
- Disclosures received under anonymity may not be entertained to prevent invalid malicious reporting, poison letters, exploitation and victimization.
Nevertheless, the ARC or any other committee or individual which is designated by the GMD / CEO or any members of the Board, has the right to open investigation in respect to disclosure received under anonymity.

5. IMPROPER CONDUCT

Other than specifically defined in the established acts, regulations, procedures and policies, the following may constitute "Improper Conduct" under this Policy:

- Incidents of fraud, corruption or bribery;
- Conduct or activity which breaches any law or regulatory obligation;
- Breach of the Group's policies, practices, procedures or other rules of conduct;
- Improprieties in matters of financial reporting; and
- Situation which pose a danger to health, safety or any individual or significant danger to the environment.

Other definition of improper conducts as provided in the **Appendix 1**.

6. COMMUNICATION CHANNEL

- Disclosure of information should initially and promptly be made by the Whistle-blower to the CIO ("Appointed Person") of the Group at whistleblowing@e-serbadk.com.
- To ensure integrity and independence of handling of the disclosure of information, the Board has designated the CIO to only has access to the designated e-mail address in event that the disclosure of information is not related to the CIO.
- The CIO is independent personnel from the Management, which has direct & unlimited access to the Chief Executive Officer, the members of the Board and the Chairman of the Group.

- The CIO shall report and address all contents of received whistleblowing to the GMD / CEO and / or Chairman of the ARC and / or Chairman of the Group and / or any members of the Board, subject to relativeness of the disclosure of information.
- In event that the disclosure of information is related to the CIO, kindly refer to subsequent paragraph on the Multiple Reporting Authority.
- Employees & stakeholders who have raised concerns will be informed of who is handling the matter, how they can make contact with them and if there is any further assistance required and the outcome of the investigation.

7. MULTIPLE REPORTING AUTHORITY

NO.	DISCLOSURE ABOUT	DISCLOSURE TO	COMMUNICATION CHANNEL
1	<ul style="list-style-type: none"> • Stakeholder • Employee • GMD / CEO; or • Chairman of the ARC • Any members of the Board • Chairman of the Group 	<ul style="list-style-type: none"> • CIO 	Designated e-mail address at whistleblowing@e-serbadk.com.
2	CIO	<ul style="list-style-type: none"> • GMD / CEO; or • Chairman of the ARC • Any members of the Board • Chairman of the Group 	Designated e-mail address of the respective personnel as "Disclosure To".

8. REQUIRED EVIDENCE

- The Whistleblower should be able to provide the disclosure in writing, information regarding the type of activity or conduct, identity of the person(s) suspected as being involved, when it occurred and who was affected.
- The Whistleblower must have first-hand knowledge or information of the facts, i.e. information obtained from third party or "hearsay" will not be entertained.
However, the Whistleblower should not be discouraged from making a report because they are unsure whether there is sufficient evidence to support their allegations.

Nevertheless, the ARC or any other committee or individual which is designated by the GMD / CEO or any members of the Board, has the right to open investigation in respect to disclosure received based on information obtained from third party or 'hearsay'.

9. CONFIDENTIALITY & PROTECTION

- A Whistle-blower must identify himself / herself when submitting a complaint / disclosure.
- Upon making the disclosure in good faith:
 - The Whistle-blower will be protected from any reprisal within the Group as a direct consequence of the disclosure. ("Reprisal" means disciplinary measures, demotion, suspension or termination of employment or service);
 - The Whistle-blower's identity shall be protected i.e. kept confidential unless otherwise required by law or for purposes of any proceedings by or against the Group; and
 - The identity and personal information of the Whistle-blower and the alleged wrongdoer may be revealed to persons involved in the investigations or any other process.
- Protection as above will be accorded by the Group only when the Whistleblower satisfies all the following conditions:
 - The disclosure is done in good faith and not for personal gain or interest;
 - The whistle-blower is aware that the information and any allegations disclosed are true; and
 - The whistle-blower has not communicated the disclosure to any other party not related to the disclosure.
- The Group views seriously any false, malicious or defamatory allegation.
This can be considered as gross misconduct where appropriate disciplinary action may be taken by the Group.
- Suppliers / Vendors of the Group and members of the public who become a Whistle-blower will also be protected by the Group as to his / her / its identity subject to satisfying all conditions in as above.
- Employee and industrial relations related issues and human resources related issues are excluded from the operation of this Policy because there are other established mechanisms to raise such complaints.

10. PROCEDURES

- a. The CIO, or ARC or any other committee or individual which is designated by the GMD / CEO or any members of the Board shall have the authority to:
 - Determine the legitimacy of the disclosure;
 - Direct further action; and
 - Determine who should conduct the investigation i.e. engage external expertise, management or Human Resource Manager.
- b. The above designated committee or personnel is tasked to investigate, and he / she must take all reasonable steps to ensure that investigations regarding the disclosure are fair and unbiased.
- c. The above designated committee or personnel will keep detailed records of all evidence gathered, interviews conducted and all records received which affect the outcome of the investigation.

11. REPORTING

- Upon conclusion of the investigation, the above designated committee or personnel will present the outcome of the investigation to the GMD / CEO and / or Chairman of the ARC and / or Chairman of the Group and / or any members of the Board, individually and / or collectively, subject to relativeness of the disclosure of information and the Reporting Authority.
- The register of all complaints made in respect to this Policy would be included as permanent agenda of ARC's meetings.

12. ACTION SUBSEQUENT TO REPORT

- If the GMD / CEO and / or Chairman of the ARC and / or Chairman of the Group and / or any members of the Board, individually and / or collectively, is satisfied with the outcome of the investigation, he / she / they shall suggest to proceed with action, based on established policy and procedures for the necessary disciplinary action to be taken immediately, and for remedy any harm or loss arising from the conduct.
- Instituting the action will be the responsibility of the Management and / or the Board, whichever appropriate.
- If the case is involving members of the Board, it will be deliberated by the Board of the Group, which the Conflicting Director shall abstain himself / herself from the Meeting.
- The Management, of non-conflicting, must also take into account recommendations contain in the investigation report to prevent the conduct from continuing or occurring in the future.

Actions to be taken may also be directed to remedy any harm or loss arising from the conduct.

13. REVIEW OF THIS POLICY

The Board can modify this Policy unilaterally at any time.

Modification may be necessary, among other reasons, to maintain compliance with laws and regulation and / or accommodate organizational changes within the Group.

However, the modification made shall be effective after the same is circulated to employees in writing or electronically.

APPENDIX 1 – LIST OF COMPLAINTS UNDER WHISTLEBLOWING POLICY

The list of complaints / concerns includes, but is not limited to;

- Corruption or bribery;
- Breaching of legal obligation;
- Misuse of Group's information;
- Any dishonest or fraudulent act;
- Any act of conflict of interest with suppliers, vendors or contractors;
- Forgery or alteration of any document or account belonging to the Group;
- Forgery or alteration of a cheque, bank draft or any other financial document;
- Misappropriation or theft of funds, supplies or other assets;
- Providing or accepting gifts or material value to/from customers, contractors, vendors or other persons doing or attempting to do business with the Group that are intended to influence a business decision or selection process;
- Destruction, removal or inappropriate use of the Group's records, furniture, fixtures and equipment;
- Falsifying payroll records or overtime claims;
- Falsifying travel and entertainment expenses and/or utilizing Group funds to pay for personal expenses;
- Fictitious reporting or receipts, delivery orders, etc. from suppliers or shipment to customers;
- Misappropriation of Group-owned computer hardware, software, data, etc.;
- Acceptance of fictitious quotations from suppliers, vendors or contractors in favouring for a particular entity;
- Inventory or asset theft; and
- Any other detrimental wrongdoing which nature of the wrongdoing is subject to absolute discretion of the Board.

WHISTLEBLOWING FORM

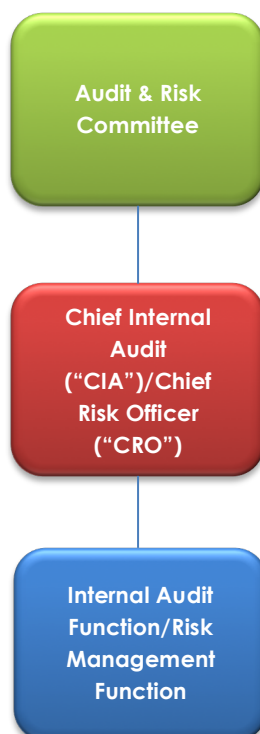
Whistleblowing Report		
To:		
Incident Date & Time	Date:	Time:
Incident Location		
Name of Alleged Person/ Unit/Division/Department/Company		
Description / Circumstances of alleged incident (Please use attachment if necessary)	<ul style="list-style-type: none"> • What, Who, When, Where, How, Witness • Please provide evidence to support the claim 	
Signature: Name: Unit/Department/Division/Company: Telephone Number: Date:		

Note: It is necessary to provide your name and contact number so that we can contact you for additional information of the reported concern.

Please place the completed form in the sealed envelope and kindly address it to the either or both of Appointed Person.

INTERNAL AUDIT CHARTER

1. ILLUSTRATION



2. INTRODUCTION & PURPOSE OF INTERNAL AUDIT CHARTER

The purpose of this charter is to establish the position of the Internal Audit function within the structure of SDHB and its subsidiaries (collectively the "Group") in order to authorize the Internal Audit Function ("IAF") in accessing all records, personnel and physical properties relevant to the performance of audit exercise. This charter describes the mission, vision, independence and objectivity, scope and responsibilities, authority, accountability, standards and the structure of the Function.

The IAF is an independent function which provides objective assurance and consulting activity, guided by a philosophy of adding value to improve the operations of the Group.

It assists the Group in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the Group's risk management processes, control assurances and corporate governance practices.

The IAF is established by the Board, and its responsibilities are defined by the ARC as part of their oversight function.

This Charter is prepared in accordance to compliance with the International Professional Practices Framework ("IPPF") issued by the Institute of Internal Auditors.

3. OBJECTIVES

The objectives of the IAF are as follows:

- To provide objective assurance function to the management and the Board on the effectiveness of enterprise risk management activities to help ensure key business risks are being managed appropriately, and that the system of internal control is operating effectively.
- To provide independent and objective assessment on the appropriateness of the Group's governance structure and operating effectiveness of specific governance activities.

4. MISSION

The mission of Internal Audit is to be an independent, objective assurance function and by advising on best practice to add value and improve the operations of the Group to accomplish its objectives, and evaluate and improve the effectiveness of risk management, control and governance process.

The vision of Internal Audit is to be a valued, effective and continually improving Function for the benefit of the Group.

5. PROFESSIONAL STANDARDS

The IAF staff shall govern themselves by adherence to the IIA Code of Ethics and shall meet or exceed the IIA's International Standards for the Professional Practice of Internal Auditing as approved by The Institute of Internal Auditors.

In addition, the IAF shall also adhere to the Group's standard operating procedures and policies.

Please refer **Appendix A** for IIA Code of Ethics.

6. AUTHORITY & ORGANIZATION

The IAF is accountable and responsible to the Group's ARC whereby the CIA shall have unrestricted access to the Chairman of ARC. This reporting structure reinforces the independence and objectivity of the IAF.

The Internal Auditors are authorized to have unrestricted access to all of the Group's Functions, records (irrespective of the medium), functions, property and personnel which are relevant for a review and all the Group's employees are requested to assist the IAF.

Documents and information given to the Internal Auditors during a review shall be kept and handled in the same prudent manners as the relevant staff who would normally account for them.

The IAF shall update ARC on actions taken by the Management and either the findings were rectified by the Management, in respect to the agreed findings, after a period of 6-month, upon completion of the Audit, in which this shall be incorporated in the Internal Audit Charter, to be approved by ARC.

7. RESPONSIBILITIES & INDEPENDENCE

The IAF is responsible for planning, conducting, reporting and following up on audit projects included in the audit plan, and decides on the scope and timing of audits. All IAF activities shall remain free of influence by any element in the Group including matters of audit selection, scope, procedures, frequency, timing or report content.

Internal Auditors shall not have direct operational responsibility or authority over corporate activities of the Group. The formulation and implementation of a sound system of risk management processes, internal control assurances and corporate governance practices shall solely be the responsibility of the management.

The Internal Auditors shall be independent in carrying out all audit activities and shall assert no direct responsibility or authority over the activities reviewed.

The Internal Auditors do not relieve any of the Group's staff of any responsibilities assigned to them, as such do not develop or introduce procedures, prepare records, and engage in activities which could otherwise be construed as compromising the objectivity and independence of the IAF. Any recommendations on standards of control to be applied on a specific activity may be included in the written report of the audit findings and opinions, which is given to the management of the Group for review and implementation.

The management of the Group is responsible for establishing and maintaining controls to discourage any perpetration of fraud. The Internal Auditors are responsible for examining and evaluating the adequacy and effectiveness of action taken by the management in fulfilling this obligation. The Internal Auditors should have sufficient knowledge of fraud to be able to identify indicators that fraud might have been perpetrated. The Internal Auditors however are not expected to have the knowledge equivalent to that of a person whose primary responsibility is to detect and investigate fraud. In certain circumstances, there is no guarantee that fraud will be detected by applying audit procedures even with due professional care. Nevertheless, it has been recognized that the performance of audits and reviews may include the assistance of an expert from other specific professions or disciplines.

All IAF activities are to be carried out in compliance with the Group's objectives and policies, the Code of Ethics and the Standards for the Professional Practice of Internal Auditing as approved by The Institute of Internal Auditors.

8. AUDIT SCOPE & DUTIES

The general scope and responsibilities of the IAF include but are not limited to, conducting reviews, examination and evaluation of the adequacy and effectiveness of the Group's risk management processes, internal control assurance and corporate governance practices in carrying out assigned responsibilities to achieve the Group's stated mission and vision.

The responsibilities further include the following:

- To develop and prepare an annual audit plan of work using appropriate risk-based methodology and approach and submit to ARC for review and approval.
- To review the reliability and integrity of any financial information via financial reporting statements and accounts and the means used to identify, measure, classify and report such information.
- To review the adequacy of the Group's risk management framework in identifying and evaluating the adequacy and effectiveness of risk management processes.
- To review the systems performance which have been established to ensure compliance with policies, procedures, laws and regulations which could have a significant impact on operations and adequacy and effectiveness of governance practices.
- To review the system of internal controls of the Group to ensure its adequacy and integrity in managing principal risks and controls.
- To carry out risk-based audits of strategic business units of the Group which covers review of internal control assurance, accounting, management information system, risk management processes and corporate governance practices including ad-hoc assignment initiated or instructed by ARC, the Board or the management.
- To obtain management's comments and action plans on audit findings and evaluate the relevant and effectiveness of the comments and action plans.
- To ensure that management's action plans shall include a timetable for anticipated completion of action to be taken and an explanation for any recommendations not addressed.
- To distribute audit reports upon completion of audits to members of ARC, GMD / CEO and auditees. To follow-up with management to ensure adequate, appropriate and effective corrective actions are taken on timely basis.
- To review the safeguarding of assets and verify the existence of assets.
- To review any operation or program in ascertaining whether the operations are carried out as planned and the results are in line with the established objectives and goals.

- To maintain a comprehensive IAF manual setting out minimum internal auditing standard, work programs, audit procedures and update practices to guide the work of the Internal Auditors.
- To ensure all significant findings shall remain as open until cleared by the CIA or ARC.
- To be consulted on internal controls for new and major system changes prior to implementation to ensure adequate internal controls and documentations are in place.
- To evaluate potential exposure or risk in various segments of the Group's operations.
- To attend all ARC meetings to table and discuss the audit reports and follow up on matters raised.

The Internal Auditor, in the discharge of his/her duties, shall be accountable to ARC to:

- Assess the adequacy and effectiveness of the Group's processes for controlling its activities and managing its risks in the areas set forth under the mission and scope of work.
- Report significant issues related to the processes for controlling the activities of the Group and its affiliates, including potential improvements to those processes, and provide information concerning such issues through resolution.
- Provide information periodically on the status and results of the annual audit plan and the sufficiency of Function resources.
- Coordinate with and provide oversight of other control and monitoring functions (risk management, compliance, security, legal and ethics, environmental and external audit).

9. AUDIT PLANNING

- Annually, the CIA shall submit to ARC a summary of the audit work schedule, staffing plan and budget for the fiscal year.
- The audit work schedule is to be developed based on a prioritization of the audit universe using a risk-based methodology and approach.
- Any significant deviation from the formally approved work schedule shall be communicated to ARC through periodic activity reports for approval.

10. PERIODIC ASSESSMENT

The Head of the IAF should periodically assess whether the purpose, authority, and responsibility, as defined in this charter, continue to be adequate to enable the internal auditing activity to accomplish its objectives.

The result of this periodic assessment shall be communicated to ARC and the Board.

11. REPORTING & MONITORING

A written report will be prepared and issued by the CIA or designee following the conclusion of each internal audit engagement and will be distributed as appropriate. Internal audit results will also be communicated to the Board.

The internal audit report may include management's response and corrective action taken or to be taken in regard to the specific findings and recommendations. Management's response, whether included within the original audit report or provided thereafter (i.e. within thirty days) by management of the audited area should include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

The internal audit activity will be responsible for appropriate follow-up on engagement findings and recommendations. All significant findings will remain in an open issues file until cleared.

The CIA will periodically report to senior management and the Board on the internal audit activity's purpose, authority, and responsibility, as well as performance relative to its plan.

Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the Board.

12. CHARTER REVIEW

- Review the charter at least annually and update it as needed to respond to new risk-oversight needs and any changes in regulatory or other requirements;
- Review and approve the management-level risk committee charter, if applicable;
- Perform any other activities consistent with this charter, the Group's bylaws, and governing laws that the Board or Risk Committee determines are necessary or appropriate; and
- Submit the charter to the full Board for approval.

APPENDIX A

CODE OF ETHICS

PRINCIPLES

Internal auditors are expected to apply and uphold the following principles:

1. **Integrity**

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgment.

2. **Objectivity**

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgments.

3. **Confidentiality**

Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

4. **Competency**

Internal auditors apply the knowledge, skills, and experience needed in the performance of internal audit services.

RULES OF CONDUCT

1. **Integrity**

Internal auditors:

- 1.1. Shall perform their work with honesty, diligence, and responsibility.
- 1.2. Shall observe the law and make disclosures expected by the law and the profession.
- 1.3. Shall not knowingly be a party to any illegal activity, or engage in acts that are discreditable to the profession of internal auditing or to the organization.
- 1.4. Shall respect and contribute to the legitimate and ethical objectives of the organization.

2. **Objectivity**

Internal auditors:

- 2.1. Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organization.
- 2.2. Shall not accept anything that may impair or be presumed to impair their professional judgment.
- 2.3. Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

EXISTING POLICIES WHICH REQUIRE NO AMENDMENT

TERMS OF REFERENCE OF AUDIT & RISK COMMITTEE ("ARC")**1. CONSTITUTION**

The ARC shall be formed by the Board and the Committee members shall be appointed by the Board from amongst the Board members.

The functions and authority of ARC extends to the Group and all its subsidiaries as well as joint venture and associate companies where management responsibility is vested on the Group.

2. OBJECTIVES

The objectives for the formation of ARC are as follows:

- To ensure openness, integrity and accountability in the Group's activities so as to safeguard the rights and interests of the Shareholders;
- To provide assistance to the Board in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices;
- To improve the Group's business efficiency, the quality of the accounting and audit function and strengthening of the public's confidence in the Group's reported results;
- To maintain, through regularly scheduled meetings, a direct line of communication between the Board, the External Auditors and Internal Auditors;
- To enhance the independence of the External Auditors and Internal Audit Functions;
- To create a climate of discipline and control to minimize or eliminate fraud;
- To review and deliberate on the Group's risks (whether financial and non-financial) which are identified and assessed by the Risk Management Function; and
- To report and make the necessary recommendations to the Board to mitigate the risks identified including risks relating to non-compliance of laws, rules, regulations, policies, processes and procedures.

3. AUTHORITY

ARC has the authority to carry out the functions as stated in its TOR and report to the Board with recommendations.

ARC shall have the authority to provide objective and independent views on any specific risks and also on the overall effectiveness of the internal control environment & risk management framework of the Group.

ARC wherever necessary and reasonable for the performance of its duties, shall in accordance with the same procedures adopted by the Board and at the costs of the Group:

- Have authority to investigate any activity within its TOR;
- Have the resources which are required to perform its duties;
- Have full and unrestricted access to any employee and information pertaining to the Group.

All documents of the Group shall be made accessible to ARC and all employees are directed to co-operate with the request made by ARC;

- Have full support of the Internal Audit Function and Risk Management Function, and any other units/departments/divisions/companies within the Group as it may deem necessary;
- Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity for the Group; and
- Be able to engage independent professional advisers or other advisers and to secure attendance of other third parties with relevant experience and expertise if it considers necessary.

4. MEMBERSHIP

Members of ARC shall be appointed by the Board upon recommendation of NRC.

ARC shall comprise at least three (3) members, all of whom shall be Non- Executive Director with a majority of them being Independent.

ARC shall elect an Independent Director from amongst its members as its Chairman.

If the membership for any reason falls below three (3) members, the Board shall, within three (3) months of that event, appoint such number of new members as may be required to fulfil the minimum requirement.

The appointment of ARC member terminates when the member ceases to be a Director, or as determined by the Board.

At least one (1) member of ARC must meet the criteria set under the Listing Requirements as follows:

- Must be a member of the Malaysian Institute of Accountants; or
- If he/she is not a member of the Malaysian Institute of Accountants, he/she must have at least three (3) years' working experience and:
 - a. he/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - b. (ii) he/she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
- He/she must fulfil other requirements as prescribed by Bursa Malaysia.
- No alternate directors shall be appointed to ARC.
- In compliance to the MCCG 2017, the cooling-off period of two (2) years before a former key audit partner of the Group could be appointed as a member of ARC, shall be observed. Similar requirement shall be extended to third parties inclusive of professional who have business dealings with the Group.
- In the event of any vacancy in ARC resulting in the non-compliance of the Listing Requirements, the vacancy shall be fulfilled within three (3) months.
- ARC members shall collectively:
 - Have knowledge of the industries in which the Group's operates;
 - Have the ability to understand key business and financial risks and related controls and control processes; and
 - All members of ARC shall also be financially literate i.e. have the ability to read and understand fundamental financial statements, including a Group's balance sheet, income statement, statement of cash flow and key performance indicators.

5. FUNCTIONS & DUTIES

ARC shall carry out the following functions and duties:

a. Financial Statements

- Review quarterly results and annual financial statements of the Group prior to the approval by the Board, focusing particularly on the following:
 - any changes in or implementation of major accounting policy changes;
 - major judgmental areas, significant and unusual events;
 - significant adjustments resulting from audit;
 - the going concern assumption; and
 - compliance with accounting standards and other legal requirements.
- Review, with the Group's Counsel, any legal matter that could have a significant impact on the Group's financial statements (as and when necessary).

b. Internal Controls

- Assess the quality and effectiveness of the systems of internal control and the efficiency of the Group's operations, particularly those relating to areas of significant risks.
- Evaluate the process of the Group has in place for assessing and continuously improving internal controls.
- Assess the internal process for determining and managing key risks other than those that are dealt with by other specific Board committees.
- Review the evaluation by the internal and external auditors of the Group's system of internal control and thereafter report the same to the Board.
- Review External Audit reports and Management's response and ensure that appropriate action is taken in respect of these reports and ARC resolution.

c. Internal Audit

- Approve the Internal Audit Charter and review the adequacy of the scope, functions, competency and resources of the Internal Audit Function, and whether it has the necessary authority to carry out its work.
- Review the internal audit program and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the Internal Audit Function and of ARC and thereafter report the same to the Board.
Where actions are not taken within an adequate timeframe by Management, ARC shall also report the same to the Board for its further action.
- Consider the major findings of internal audit and Management's responses, monitor the implementation of any recommendations made therein and ensure effective coordination between the internal and external auditors.
- Where appropriate, supervise any special project or investigations considered necessary, to be carried out by Internal Audit Function, as and when necessary and consider the major findings of the internal investigations and Management's response.
- Approve any appointment or termination of senior staff members of Internal Audit Function.
- Review appraisals or assessments of performance of Internal Audit Function.
- Take cognizance of resignations of member of Internal Audit Function and provide the resigning member an opportunity to submit his reasons for resigning.

d. External Audit

- Recommend nomination of external auditors, audit fees & any question of resignation or dismissal of external auditors and report the same to the Board;
- Review & discuss with the external auditors, before the audit commences, the nature and scope of the audit, and discuss any significant problems that may be foreseen with the external auditors before the audit commences, and ensure co-ordination where more than one (1) audit firm is involved, and ensure that the audit is carried out effectively and efficiently for the Group;
- Discuss problems & reservations arising from internal & final audits, including assistance given by employees and any matters the auditors may wish to discuss, in absence of Management or Executive Directors where necessary; and
- Review the external auditor's management letter and Management's response including the status of the previous audit recommendations.

e. Related Parties Transactions

Review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course that raises questions of management integrity.

f. Compliance

- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- Review the findings of any examinations by regulatory authorities.
- Obtain regular updates from Management and the Group's legal counsel regarding regulatory compliance matters.
- Review and consider any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- Review of the internal controls and policies to ensure compliance with the Financial Services Act ("FSA2013") or the Islamic Financial Services Act ("IFSA 2013") and any other laws administered by Bank Negara Malaysia ("BNM"), and other regulations, guidelines or other instruments issued by Maunder the said laws including the Anti-Money Laundering & Anti-Terrorism Financing Act 2001.

g. Risk Management

- Provide oversight, guidance and direction to the Group's risk management function and processes.
- Recommend the Group's risk management policies, strategies and risk tolerance levels, and any proposed changes for the Board's consideration and approval.
- Ensure that the Management integrates the necessary risk management processes into all business processes of the Group.
- Evaluate the effectiveness of the Enterprise Risk Management framework, processes and support system to identify, assess, monitor and manage the Group's key risks.
- Review the risk identification and management process developed by the Management to confirm it is consistent with the Group's strategy and business plan.
- Review the Management's assessment of risk on a quarterly basis and provide quarterly updates to the Board.
- Enquire Management and the independent auditor about the exposure to such risks in relation to significant business, political, financial and control risks.
- Assess the steps/actions the Management has implemented or wish to implement to manage and mitigate identifiable risk, including the use of hedging and insurance.
- Deliberate on compliance related matters of the Group and review the effectiveness of systems for monitoring compliance with laws and regulations.
- Review findings, material issues or non-compliances highlighted by the regulatory authorities in relation to the regulated businesses of the Group.
- Deliberate, review and evaluate the existing compliance framework and to recommend measures for improvement by adopting the best practices.
- Perform any other roles and responsibilities as may be required by the Board from time to time and/or which are related to the objectives of ARC.

h. Other Matters

- To review periodic reports from Management, the External Auditors and the Internal Auditors to assess the impact of significant regulatory changes and accounting or reporting developments proposed by accounting and other bodies, or any significant matter that may have a bearing on the annual examination.
- To discuss problems and reservation arising from the internal audit, interim and final audits, and on matters that the internal and external auditors may wish to discuss, in absence of the Management where necessary.
- To report to the Board at least once a year, the activities of ARC, including the number of meetings held during the year and the details of attendance of each member in respect of the meetings and a summary of the activities of the Internal Audit & Risk Management Function.
- Where ARC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of Listing Requirements, ARC must promptly report such matter to Bursa Malaysia.
- To carry out any other functions that may be mutually agreed by ARC and the Board.

6. MEETINGS

- Meetings of ARC shall be held at least 6 times a year, inclusive on a quarterly basis, in a financial year of the Group.
- Upon the request of any member of ARC, the Chairman of ARC shall convene a meeting of ARC to consider any matters brought up by the members.
- The quorum for a meeting of ARC shall be two (2) members, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other.
- In order to allow sufficient time for Directors to consider and better deliberate on matters that are tabled to the meeting, Board papers, relevant information and agenda items are to be circulated at least five (5) working days before each meeting to the Directors and permanent invitees of the meeting.
- In the absence of the Chairman, the members present shall elect an Independent Non-Executive Director from amongst the members present to be Chairman of the meeting.
- The meeting of ARC shall be governed by the provisions contained in the Constitution of SDHB in regulating meetings and proceedings of Directors unless otherwise provided for in this TOR.
- The meetings of ARC shall be attended by the Group Chief Executive Officer, which in his absence, shall be replaced by the Group Chief Financial Officer and shall be attended by CIA and a representative of the External Auditors (as and when necessary).
- Other Directors and employees who attend any particular ARC meeting shall attend only at ARC's invitation, specific to the relevant Meeting and they shall not have any voting rights.
- ARC may request other Directors, members of Management, counsels and consultants as applicable to participate in the meetings, as and when necessary.
- ARC shall meet the External Auditors without the presence of any Executive board members at least twice a year.
- A Committee member shall excuse himself/herself from the meeting during discussion or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for the member. Where this cause insufficient directors to make up a quorum, ARC has the right to appoint another director(s) which meets the membership criteria.
- ARC meeting agendas shall be the responsibility of ARC Chairman with input from ARC members. The Chairman may also ask Management and others to participate in this process.

- Unless a meeting is called on a short notice basis, the agenda for each meeting shall be circulated at least three (3) full working days before each meeting, to ARC members and all those who are required to attend the meeting.
- Written materials including information requested by ARC from Management, Internal Auditors (from the Group) and External Auditors shall be received together with the agenda for the meetings or in a separate later addendum prior to the meeting.
- Any matter to be voted upon shall be decided by a majority of the votes cast on the question.
- The Secretary of ARC shall be the Secretary of the Group or any other person as the Committee may decide.
- ARC shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of ARC.
- Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held, or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated.
- The minutes of ARC meeting shall be available to all Board members through the Secretary of the Group.
- ARC, through its Chairman, shall report matters that are deliberated at AMC meeting(s) and make the necessary recommendations (if necessary) to the Board for the Board's deliberation and decision.

7. DISSOLUTION

The composition of ARC shall be dissolved upon recommendation and decision of the Board.

TERMS OF REFERENCE OF NOMINATION AND REMUNERATION COMMITTEE ("NRC")

1. CONSTITUTION

NRC shall be formed by the Board and the Committee members shall be appointed by the Board from amongst the Board members.

The functions and authority of NRC extends to the Group and all its subsidiaries as well as joint venture and associate companies where management responsibility is vested on the Group.

2. OBJECTIVES

The objectives for the formation of NRC are as follows:

- To review the Board composition and recommend to the Board appointment of new Directors of the Group and Board Committees.
- To evaluate the effectiveness of the Board, Board Committees and contributions of each individual Director.
- To review the GMD / CEO's, Executive Director's and Group Chief Level Officers' objectives and goals and the assessment of performance of these persons against those benchmarks.
- To review the performance evaluation of Group Chief Level Officers namely the Group Chief Operating Officer, Group Chief Corporate Services and Group Chief Financial Officer ("Group Chief Level Officers").
- To determine the level and composition of remuneration for the GMD / CEO and Executive Directors (if any) so as to ensure that the Group attracts and retains the GMD / CEO and Group Chief Level Officers of the appropriate caliber, experience and quality needed to run the Group successful. The level and composition of the remuneration should be structured so as to link rewards with corporate and individual performance.
- To develop policies, practices and recommend proposals appropriate to facilitate the recruitment and retention of the GMD / CEO, Executive Directors and Group Chief Level Officers.

In carrying out the duties, members of the Committee shall review the quantum of staff bonus for the Group and the Group and shall be brought to the Board for its approval. The Committee shall review other remuneration for the subsidiaries' staff except for bonus, and shall be approved by the Board of the respective subsidiaries.

3. AUTHORITY

NRC has the authority to carry out the functions as stated in its TOR and report to the Board with recommendations.

NRC wherever necessary and reasonable for the performance of its duties, shall in accordance with the same procedures adopted by the Board and at the cost of the Group:

- Have the resources which are required to perform its duties;
- Have full and unrestricted access to any employee and information pertaining to the Group; and
- Be able to engage independent professional advisers or other advisers and to secure attendance of outsiders with relevant experience and expertise if it considers this necessary.

4. MEMBERSHIP

The members of NRC shall be appointed by the Board and shall consist of not less than three (3) members. If the membership for any reason fall below three (3) members, the Board shall, within three (3) months of that event, appoint such number of new members as may be required to fulfil the minimum requirement.

The appointment of a NRC member terminates when the members ceases to be a Director, or as determined by the Board.

In the event of equality of votes, the Chairman shall have a casting vote.

5. FUNCTIONS & DUTIES

- For Nominations, NRC shall:
 - Consider and recommend to the Board suitable candidates for appointment as Directors, GMD / CEO and Group Chief Level Officers (if any) in the Group and consider the following aspects when considering new appointments on the Board:
 - The candidates' skills, knowledge, expertise, experience, professionalism and integrity; and
 - In the case of candidates for the position of Independent Non-Executive Directors, the ability to discharge such responsibilities/functions as expected from Independent Non-Executive Directors.
 - Consider candidates for directorships proposed by the GMD / CEO and, within the bounds of practicability, by any other senior executive or any Director or Shareholder.
 - Propose to the Board the membership and Chairmanship of Board Committees.

- Review annually the Board structure, size, balance and composition to ensure that the Board comprises a majority of Non-Executive Directors and is in compliance with the Listing Requirements of Bursa Securities.
- Review annually the performance of the Board members, its committees and subsidiaries as well as the appropriate mix of skills and experience and other qualities of the Board members as well as the GMD / CEO, including the core competencies which Non-Executive Directors shall bring to the Board and other qualities to function effectively and efficiently.
- Assess annually the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director, including Independent Non-Executive Directors, as well as the GMD / CEO and Group Chief Level Officers (if any) and the Committee shall ensure that all assessments and evaluations carried out by the Committee in the discharge of all its functions shall be properly documented.
- Consider and recommend a policy regarding the period of service of the Executive and Non-Executive Directors of the Group and its subsidiaries.
- Consider and recommend any other measure to upgrade the effectiveness of the Board, the committees and the boards of subsidiaries.
- Consider and recommend solutions on issues of conflicts of interest affecting the Group's Directors' and subsidiaries.
- Recommend the appointment of nominees of the Group to the Boards of the subsidiaries. The Chairman is given the mandate to finalize and recommend nominee Directors of the Group to the respective Board of the subsidiaries.
- Review and recommend to the Board the succession plan of the Chairman of the Board, the GMD / CEO and the Group Chief Level Officers.
- Provide for adequate training and orientation for new Directors with respect to the business, structure and management of the Group as well as the expectations of the Board with regards to their contribution to the Board and Group.
- Recommend that all Board appointees undergo the necessary training program prescribed by the applicable statutory and regulatory bodies in order to broaden their perspectives and keep abreast with developments in the market place and with changes in new statutory and regulatory requirements.
- Recommend Directors who are retiring (by rotation) for re-election at the Group's Annual General Meeting(s).
- Deliberate and recommend any termination of membership of any Director of the Group (if necessary) due to appropriate reasons in accordance with the relevant laws and regulations.
- Perform such other assignments as may be delegated by the Board.

- For Remuneration, NRC shall:
 - Recommend to the Board performance contracts and key performance indicators ("KPI") for the Directors, the GMD / CEO and the Group Chief Level Officers.
 - Recommend general remuneration policy, framework and structure of the Group, the Directors, the GMD / CEO and the Chief Level Officers as well as to review any changes to the same as and when necessary. The Committee may obtain independent professional advice and any other information necessary in determining the framework. This would include establishing a formal and transparent procedure in developing a policy on the remuneration and benefits of the Directors, the GMD / CEO and the Group Chief Level Officers.
 - Implement a formal appraisal process for the evaluation of the effectiveness of the Board as a whole, the committees and the individual contribution of each Director.
 - Review the performance of the Directors, the GMD / CEO and the Group Chief Level Officers, and to provide recommendations to the Board on their remuneration.
 - Recommendation of remuneration for the Directors, the GMD / CEO and the Group Chief Level Officers shall be based on the following considerations:
 - Levels of remuneration structure are sufficient to attract and retain the individuals needed to run the Group successfully at the Board as well as the GMD / CEO and the Group Chief Level Officers;
 - Links rewards to both the Group and individual performances, responsibility and expertise;
 - Aligns the interests of the Directors, the GMD / CEO, the Group Chief Level Officers and the stakeholders with the business strategy and long term objectives of the Group; and
 - Is based on information obtained from independent remuneration sources within similar industry or market comparability.
 - Recommend to the Board on the Group's framework of remuneration and its cost and to determine on behalf of the Board, specific remuneration packages and conditions of employment (including pension rights) for the directors, the GMD / CEO and the Group Chief Level Officers.
 - Recommend to the Board compensation commitments / severance payments for the directors, the GMD / CEO and the Group Chief Level Officers in the event of termination of the employment / service contracts by the Group.

- Recommend to the Board, bonus payment for the directors, the GMD / CEO and the Group Chief Level Officers which should be made based on their respective performance relative to the KPI set.
- Consider other matters as may be referred to the Committee by the Board.
- Recommend to the Board for endorsement, the proposed appointment of Directors at the Group's active and operating subsidiaries, associate companies and investee companies together with their remuneration packages except in the case where the proposed appointed Directors are employees.
- Endorse the proposed appointment of Directors at the Group's active and operating wholly owned subsidiaries in the case where the proposed appointed Directors are employees of the Group and for the Board to thereafter be informed of the proposed appointment.
- To carry out such other assignments as may be delegated by the Board.

6. MEETINGS

- Meetings of NRC shall be held not less than twice in a financial year of the Group. The GMD / CEO shall always be invited to attend meetings of NRC save for meeting(s) convened to deliberate matters pertaining to the GMD / CEO.
- Upon the request of any member of NRC, the Chairman of NRC shall convene a special meeting of NRC to consider any matter brought up by the Member.
- The quorum for a meeting of NRC shall be two (2) members. In the absence of the Chairman, the members present shall elect a Chairman for the meeting from amongst the members present.
- In order to allow sufficient time for Directors to consider and better deliberate on matters that are tabled to the meeting, Board papers, relevant information and agenda items are to be circulated at least five (5) working days before each meeting to the Directors and permanent invitees of the meeting.
- The meetings of NRC shall be governed by the provisions contained in the Constitution of the Group for regulating the meetings and proceedings of the directors unless otherwise provided for in this TOR.
- The Committee may request other Directors, members of Management, counsels and consultants as applicable to participate in Committee meetings, as and when necessary.

- A committee member shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to a situation of an actual or perceived conflict of interest for the member. Where this cause insufficient directors to make up a quorum, NRC has the right to appoint another Director, which meets the membership criteria.
- The Secretary of NRC shall be the Group Secretary of the Group or any other person as the Committee may decide.
- NRC meeting agendas shall be the responsibility of NRC Chairman with input from NRC Committee members. The Chairman may also ask Management and others to participate in this process.
- Unless a meeting is called on a short notice basis, the agenda for each meeting shall be circulated at least five (5) full working days before each meeting to NRC members and all those who are required to attend the meeting. Written materials including information requested by NRC from Management shall be received together with the agenda for the meetings.
- Minutes of NRC meetings shall be tabled at the meeting of the Board. When presenting any recommendation to the Board, NRC will provide such background and supporting information as may be necessary for the Board to make an informed decision.
- NRC shall cause minutes to be duly entered in the books provided for the purpose of all resolutions and proceedings of all meetings of NRC. Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated. The minutes of NRC meeting shall be available to all Board members.
- NRC, through its Chairman, shall report matters to the Board highlighted to NRC after each meeting.

7. DISSOLUTION

The composition of NRC shall be dissolved upon recommendation and decision of the Board.

ANTI CORRUPTION & ANTI BRIBERY POLICY

1. PURPOSE

The purpose of this Policy is to set out the responsibilities of the Group, in observing and upholding Group's position on bribery and corruption; and to provide information and guidance to those working for the Group on how to recognize and deal with bribery and corruption issues.

2. DEFINITIONS

- **Bribe** – Anything of value given in an attempt to affect a person's actions or decision in order to gain or retain a business advantage.
Anything of value includes cash, entertainment or others gifts or courtesies.
- **Corruption** – The misuse of a public office or power for private gain or the misuse of private power in relation to business outside the realm of government.
- **Facilitation Payments** – Small sums, unofficial payment made to secure or expedite a routine government action by a government official.
- **Kickbacks** – The return of a sum already paid or due as a reward for awarding of furthering business.

3. PRINCIPLES

The Group conduct all business in an honest and ethical manner.

The Group take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all relationships and business dealings wherever it operate and to implementing and enforcing effective system to counter bribery.

The Group will uphold all laws relevant to countering bribery and corruption.

The Group remain bound by the laws of the Malaysia, including Anti-Corruption Act 1997 (ACT 575), in respect of conduct both at home and abroad.

Corruption and bribery are criminal offences and are punishable for individuals by up to 10 years' imprisonment and unlimited fine, and if The Group is found to have taken part in corruption, it could face an unlimited fine and face damage to its reputation.

In this Policy "3rd party" means any individual or organization come into contract with at work, and includes actual and potential customers, supplies, distributors, business contacts, agents, advisers, consultants, subcontractors and joint ventures partners.

To address these risks, The Group has taken the following steps:

- Implement this Policy;
- Perform regular corruption risk assessment on operations and review findings;
- Take steps to implement training programmes for all individual operating in areas of the Group that are identified as high risk; and
- Regular review and update to this Policy.

4. SCOPE

This Policy applies to all companies within the Group.

This includes all individual working at all levels and grades, including senior managers, managers, officers, directors, employees (whether full-time, part-time, contract or temporary), consultants, contractors, trainees, seconded staffs, volunteers, interns, agents, sponsors, suppliers, customers, any 3rd party and any other person associated with the Group.

5. DONATIONS & POLITICAL CONTRIBUTION

The Group does not make charitable donations or contributions to political parties.

Whilst employees are permitted to make personal political contributions, the Group will not make any reimbursement for these personal political contributions back to its employees.

Contributions or donations made by the Group to community projects or charities need to be made in good faith and in compliance with the Group's Code of Ethics, this Policy and all relevant Group's policies and procedures.

6. PROCUREMENT PROCESS

The Group had processes and adheres to the system of internal controls around supplier selection.

Supplier selection should never be based on receipt of a gift, hospitality or payment.

When supplier selection is formal, structured invitation for the supply of goods and services (often called a "tender"), it is most important for the Group to maintain documentation supporting its internal controls.

A tender process includes an invitation for other parties to make a proposal, on the understanding that any competition for the relevant contract must be conducted in response to the tender, no parties having the unfair advantage of separate, prior, close-door negotiations for the contract where a bidding process is open to all qualified bidders and where the sealed bids are in the open for scrutiny and are chosen on the basis of price and quality.

Due diligence of new suppliers in supplier selection should include elements of corruption including bribery.

7. RESPONSIBILITIES

The Group takes corruption and bribery very seriously.

Any violation of this Policy will be regarded as serious matter by the Group and is likely to result in disciplinary action, including termination, consistent with established law.

The Board has oversight of this Policy and the Management are responsible for ensuring the compliance with this Policy.

Every employee and manager is required to be familiar with and comply with this Policy.

Bribery is a criminal offense.

An employee will be accountable whether he/she pays a bribe himself/herself or whether he/she authorizes, assists, or conspires with someone else to violate an anti-corruption or anti-bribery law.

Punishment for violating the law are against him/her as an individual and may include imprisonment, probation, mandated community service and significant monetary fines which will not be paid by the Group.

Employee must notify his/her manager as soon as possible if he/she believes or suspect that a conflict with this Policy has occurred, or may occur in future.

For example, if a customer or potential customer offers him/her something to gain a business advantage with the Group, or indicates to him/her that a gift or payment is required to secure their business.

Further indications that may point towards bribery or corruption are defined in **Appendix 1**.

8. RECORD-KEEPING

The Group must keep financial records and have appropriate internal controls in place which will evidence that business reason for making payments to third parties.

The Group ensure all expenses claims relating to hospitality, gifts or entertainment incurred to third parties are submitted in accordance with the Group's Reimbursement Policy.

All accounts, invoices, memoranda and other documents and records relating to dealings with third parties, such as customers, supplies and business contracts, should be prepared and maintained with strict accuracy and completeness.

No accounts must be kept "off-book" to facilitate or conceal improper payments.

9. PROTECTION

Employees who refuse to accept or offer a bribe or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions.

The Group aims to encourage openness and will support anyone who raises genuine concerns in good faith under this Policy even if they turn out to be mistaken.

10. TRAINING & COMMUNICATION

All existing employees operating in areas that are perceived as high risk will receive regular, relevant training on how to implement and adhere to this Policy.

The Group's zero-tolerance approach to corruption and bribery must be communicated to all suppliers, contractors, agents, business and other partners at the outset of our relationship with them and as appropriate thereafter.

11. MONITORING & REVIEW

All employees are responsible for the success of this Policy and should ensure they use it to disclose any suspected danger or wrongdoing.

Internal control systems and procedures will be subjected to regular audits to provide assurance that they are effective in countering corruption and bribery.

APPENDIX 1 – POSSIBLE RED FLAGS

The following is a list of possible red flags that may arise for an individual while working for the Group and which may raise concerns under various anti-corruption and anti-bribery laws.

The list is not intended to be exhaustive and is for illustration purposes only.

If employees encounter any of these red flags while working for the Group, he/she must report them promptly to his/her manager or to the HR Manager or to the Appointed Person as defined under the Whistle Blower Policy.

- a. Become aware that a third party engages in, or has been accused of engaging in improper business practices;
- b. Learn that a third party has a reputation for paying bribes, or requiring that bribes are paid to them, or has a reputation for having a "special relationship" with foreign government officials;
- c. A third party insists on receiving a commission or fee payment before committing to sign up a contract with us, or carrying out a government function or process for the Group;
- d. A third party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoices or receipt for a payment made;
- e. A third party requests payment in made to a country or geographic location different from where the 3rd party resides or conducts business;
- f. A third party requests an unexpected additional fee or commission to "facilities" a service;
- g. A third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services;
- h. A third party requests that a payment is made to "overlook" potential legal violations;
- i. Receive an invoice from a 3rd party that appears to be non-standard or customized;
- j. A third party insists on the use of side letters or refuses to put terms agreed in writing;
- k. Notice that the Group has been invoiced for a commission of fee payment that appears large given that service stated to have been provided;
- l. A third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or know to the Group; or
- m. Been offered an unusually generous gift or offered lavish hospitality by a 3rd party.

NO GIFT POLICY

1. PURPOSE

The Group has adopted a "No Gift" Policy whereby, subject only to certain narrow exceptions, its employees and directors (executive and non-executive), family members or agents acting for or on behalf of the Group, employees, directors or their family members are prohibited from, directly or indirectly, receiving or providing gifts.

The Group requires employees and directors to abide by this Policy to avoid conflict of interest or the appearance of conflict of interest for either party in on-going or potential business dealings between the Group and external parties as a gift can be seen as a bribe that may tarnish the Group's reputation or be in violation of anti-bribery and corruption laws.

It is the responsibility of employees and directors to inform external parties involved in any business dealings with the Group that it practices a "No Gift Policy" and to request the external party's understanding for and adherence with this Policy.

2. RECEIVING GIFT

The Group is very much aware that the exchange of gifts can be a very delicate matter where, in certain cultures or situations, gift giving is a central part of business etiquette.

Despite acknowledging this Policy, some external parties may still insist in providing gifts to the Group's employees, directors and/or their family members in certain situations which do not fall within the general exceptions.

Although the general principle is to immediately refuse or return such gifts, accepting a gift on behalf of the Group is allowed only in very limited circumstances, whereby refusing the gift is likely to seriously offend and may sever the Group's business relationship with the 3rd parties.

However, in no circumstances may an employee, director or his/her family/household members accept gifts in the form of cash or cash equivalent.

In these limited circumstances, employees are expected to immediately record the gift in the Gift Register or any other form as provided by the Human Resource Department for submission to the Head of Unit/Department/Division/Company who will then decide whether to approve the acceptance of the gift or require it to be returned.

Directors should inform the Company Secretary, as soon as reasonably practicable, to seek his/her advice when faced with a similar situation.

Even if it may appear disrespectful to refuse a gift from an external party, nevertheless, if there is a conflict of interest situation (e.g. bidding is in progress and the company that gave the gift is one of the bidders), then clearly the Head of Unit/Department/Division/Company cannot approve the acceptance of said gift (in the case of directors, the Company Secretary would advise the same).

In this situation, the gift must be politely returned with a note of explanation about the Group's "No Gift" policy.

In the event the Head of Unit/Department/Division/Company approves the acceptance of the gift, he/she must also determine the treatment of the gift whether to:

- Donate the gift to charity; or
- Hold it for departmental display; or
- Share with other employees in the Unit/Department/Division/Company; or
- Permit it to be retained by the employee.

In determining the above, Heads of Unit/Department/Division/Company are expected to exercise proper care and judgment in each case, taking into account pertinent circumstances including the character of the gift, its purpose, the position / seniority of the person(s) providing the gift, the business context, reciprocity, applicable laws and cultural norms.

3. PROVIDING GIFTS

Generally, employees are not allowed to provide gifts to 3rd parties with the exception of the Management and any other officers identified in the gift and entertainment policy of the respective jurisdictions.

4. EXCEPTION

Although generally the Group practices a "No Gift" Policy, there are certain exceptions to the general rule whereby the receiving and provision of gifts are permitted in the following situations:

- a. Exchange of gifts at the company-to-company level (e.g. gifts exchanged between companies as part of an official company visit/courtesy call and thereafter said gift is treated as company property);
- b. Gifts from company to external institutions or individuals in relation to the company's official functions, events and celebrations (e.g. commemorative gifts or door gifts offered to all guests attending the event);
- c. Gifts from the Group to employees and directors and/or their family members in relation to an internal or externally recognised Group's function, event and celebration (e.g. in recognition of an employee's/director's service to the Group);
- d. Token gifts of nominal value normally bearing the Group's logo or (e.g. t-shirts, pens, diaries, calendars and other small promotional items) that are given out equally to members of the public, delegates, customers, partners and key stakeholders attending events such as conferences, exhibitions, training, trade shows etc. and deemed as part of the Group's brand building or promotional activities; and
- e. Gifts to external parties who have no business dealings with the Group (e.g. monetary gifts or gifts in-kind to charitable organisations).

Even in the above exceptional circumstances, employees and directors are expected to exercise proper judgment in handling gift activities and behave in a manner consistent with the general principles set out as per below:

- Conscientiously maintain the highest degree of integrity;
- Always exercise proper care and judgment;
- Avoid conflicts of interest;
- Refrain from taking advantage of the position or exercising the authority to further own personal interest at the expense of The Group; and
- Comply with applicable laws, regulations and the Group's policies and procedures.

5. PROVIDING ENTERTAINMENT

The Group recognises that providing modest entertainment is a legitimate way of building business relationships and as such a common practice within the business environment to foster good business relationship with external clients.

As such, eligible employees are allowed to entertain external clients through a reasonable act of hospitality as part of business networking as well as a measure of goodwill towards the recipients.

In some countries, the act of hospitality through entertainment is a central part of business etiquette.

However, this may not necessarily be the case in every country or in all circumstances as it may create a negative perception if observed or known by others despite selfless motives behind the entertainment provided.

Employees and directors should always bear in mind that this is an area where perception is often regarded as more important than facts and therefore should always exercise proper care and judgment when providing entertainment to 3rd parties especially when it involves public officials to ensure compliance with local anti-bribery and corruption laws.

Employees and directors are strictly prohibited from providing or offering to provide entertainment with a view to improperly cause undue influence on any party in exchange for some future benefit or result.

Any acts of this nature, whether provided directly or indirectly through an intermediary, may be construed as an act of bribery and contrary to the general values and principles.

The employees and directors are required to comply with the policies and procedures of the Human Resource Department, and to maintain expenses within the limits of entitlement, when carrying out entertainment activities.

Any entertainment activities that would involve public officials shall require the prior approval of the GMD / CEO, in consultation with Legal Department or the Internal Audit Function.

6. RECEIVING ENTERTAINMENT

The Group recognises that the occasional acceptance of a reasonable and modest level of entertainment provided by 3rd parties in the normal course of business is a legitimate way to network and build good business relationships.

However, it is important for employees and directors to exercise proper care and judgment before accepting entertainment offered or provided by a 3rd party.

This is not only to safeguard the Group's reputation, but also to protect employees and directors from allegations of impropriety or undue influence.

The employees and directors are required to comply with the policies and procedures of the Human Resource Department in relation to receiving entertainment from 3rd parties.

In no event, however, may employees and directors or any of their family/household members accept entertainment in exchange for an exercise of the Group's authority or otherwise to the detriment of the Group.

7. CORPORATE HOSPITALITY

Corporate hospitality is generally defined as "corporate events or activities organised by an organisation which involves the entertainment of employees and 3rd parties for the benefit of that organisation".

3rd parties may include customers, potential customers, contractors, external companies and any other stakeholders with whom a business relationship, whether current, prospective or historic exists.

Corporate events and activities include but are not limited to sporting events, gala dinners, concerts or activity-based events such as golf tournaments.

Corporate hospitality is recognised as a legitimate way to network and build goodwill in business relationships.

However, there is a fine line between what is considered to be legitimate vs. illegitimate forms of corporate hospitality.

The question is whether there is any intention to influence or be perceived to influence the improper outcome of a business decision by providing the corporate hospitality.

Corporate hospitality would be illegitimate in the following situations:

- If it provides an advantage to another person if offered; or
- If it is given with the intention of inducing the person to perform a relevant function improperly; or
- If there is knowledge that acceptance of the advantage would in itself be improper performance.

Transparency International has advocated corporate hospitality arrangements/activities should conform to the following basic principles:

- Transparency, in that all corporate hospitality is reported and written approval is obtained, all records of which are properly kept;
- Proportionality i.e. the corporate hospitality must not be too excessive. In addition, the corporate hospitality must commensurate with the recipient's official capacity and not provided in his/her personal capacity;
- Reasonableness in ensuring that the corporate hospitality is not lavish; and
- Bona fide, where the intention to offer and/or provide the corporate hospitality is done with good and legal intentions.

8. PROVIDING CORPORATE HOSPITALITY

The Group recognises that providing corporate hospitality to its stakeholders be it through corporate events, sporting events or other public events, is a legitimate way to network and build goodwill in business relationships.

It is customary for the Group to issue complimentary invitations in the form of passes, tickets or invitations to third parties for events organized or sponsored by the Group as well as events organised or sponsored by external organisations.

The following are some of the examples of the Group providing corporate hospitality:

- a. events sponsored & organized by the Group; and
- b. events organised by external organisations for the benefit of that organisation or charitable events,

While providing corporate hospitality is a reflection of the Group's courtesy and goodwill, the respective Heads of Unit/Department/Division/Company must exercise proper care to protect the Group's reputation against any allegations of impropriety or the perception of bribery especially when the arrangements could influence or be perceived to influence the outcome of a business decision and are not reasonable and bona fide expenditures.

There should also be explicit, clear and internally transparent criteria to determine the selection of guests to be invited to a Group's corporate hospitality event.

Reasonable due diligence should be exercised, particularly when the arrangements involve public officials.

There are various local and international anti-bribery and corruption laws that impose strict restrictions on the value and level of entertainment and corporate hospitality to be accorded to 3rd parties, particularly when it is offered to government or public officials.

The Group is committed to comply with applicable laws governing the provision of corporate hospitality to 3rd parties, especially when it involves public officials, and therefore expect employees to undertake the following:

- a. to publicise and make clear the Group's policy on providing and receiving corporate hospitality;
- b. to obtain all necessary approvals for the issuance of complimentary tickets or passes to corporate hospitality events in accordance with the Group's LOA; and
- c. to expressly notify the recipients in writing that all complimentary tickets or passes are Non-Transferable (e.g. the terms and conditions for use to be printed on the tickets, passes or invitations).

In the event that the recipients are unable to attend, he/she is expected to return the tickets or passes to the Group's Human Resource Department.

The unauthorised transfer of tickets or passes to persons other than the named recipient may signify to others that the invitation was extended to the recipient in his/her personal capacity.

9. RECEIVING CORPORATE HOSPITALITY

As a general principle, the Group strictly prohibits employees and directors from soliciting corporate hospitality nor are they allowed to accept hospitality that is excessive, inappropriate, illegal or given in response to, in anticipation of, or to influence a favorable business decision, particularly from parties engaged in a tender or competitive bidding exercise (for e.g. contractors, vendors, suppliers etc.).

Notwithstanding the above, the Group recognises that the occasional acceptance of an appropriate level of hospitality given in the normal course of business is usually a legitimate contribution to building good business relationships.

However, it is important for employees and directors to exercise proper care and judgement before accepting the hospitality.

This is not only to safeguard the Group's reputation, but also to protect employees and directors from allegations of impropriety or undue influence.

If employees have any doubts on the appropriateness of a corporate hospitality offered by an external party for e.g. a contractor or supplier, they should either decline the offer or consult the Head of Unit/Department/Division/Company.

In the case of directors (executive and nonexecutive), they should seek the advice of the respective Company Secretary.

10. DEALING WITH PUBLIC OFFICIALS

A 'public or government official' includes, without limitation, candidates for public office, officials of any political party, and officials of state-owned enterprises other than the Group.

Caution must be exercised when dealing with public officials as the laws of bribery and corruption in some countries are more stringent and provides for stricter punishments.

Providing gift, entertainment or corporate hospitality to public officials or their family/household members is generally considered a 'red flag' situation in most jurisdictions.

Employees and directors are prohibited from paying for nonbusiness travel and hospitality for any government official or his/her family/household members without permission from the GMD / CEO in consultation with legal department or Internal Audit Department.

Other the Group's policies and procedures on gift, entertainment and corporate hospitality must also be abided by, copies of which can be obtained from the Human Resource Department.

If approval is obtained for employees and directors to provide gift, entertainment or corporate hospitality to public officials, they must ensure that the gift, entertainment or corporate hospitality is not excessive and lavish, and must commensurate with the official designation of the public official and not his personal capacity.

Employees and directors must also be aware of local laws governing the activity and to ensure compliance.

Employees and directors should seek guidance from Human Resource Department or Legal Department or Internal Audit Department or the Company Secretary prior to providing any gift, entertainment or corporate hospitality to public officials.

WORK HARASSMENT POLICY

1. INTRODUCTION

- SDHB and its Group of Companies ("Group") is fully committed to a safe, healthy and harassment-free work environment for all employees and believes that every employee should be treated with respect and dignity.

As a step toward ensuring a secure and comfortable work environment, the Group has developed the Policy on Work Harassment ("Policy"), which aims to:

- prevent harassment of employees in the work environment and provide an effective mechanism to eliminate such harassment; and
 - educate all employees to recognise that harassment in the work environment is a demeaning practice that constitutes a profound affront to the dignity of persons.
- This Policy define:
 - prohibition Statement;
 - what constitutes harassment;
 - the procedure involved for dealing with a harassment complaint; and
 - a description of the roles and responsibilities of employees, Heads of Division, the Human Resources Division ("HRD") and the GMD / CEO.

2. PROHIBITION OF HARASSMENT

- The Group does not tolerate the harassment of its employees in the work environment.
- In particular, the following are contrary to this Policy and therefore prohibited:
 - Any employee engaging in conduct deemed to be harassment under Section C below, or encouraging such conduct by others; and
 - Any form of retaliation directed against an employee or third party who either complains about harassment or who participates in any investigation concerning harassment.

Retaliation includes dismissal, demotion, unwanted transfer, denial of opportunities within the Group or harassment as a result of the complaint or participation in the investigation.

- This prohibition applies to all full-time, part-time, probationary, seconded or term employees.
- This policy will be made known to agents, vendors and contractors of the Group so that they should be aware that harassment of the Group's employees will not be tolerated.
- The Group zero-tolerance position on harassment in the work environment applies to all aspects of employment:
 - harassing another is a breach of a term or condition of employment;
 - the career development of an employee will not be compromised as a result of the actions of a harasser; and
 - Employees are expected to behave in a non-threatening and non-offensive manner.
- Breach of this Policy is considered employee misconduct and may result in disciplinary measures taken, including dismissal.
- The Group is responsible for taking necessary action against harassment, regardless of whether the conduct complained of was sanctioned or specifically forbidden.

3. HARASSMENT IN WORK PLACE

- Harassment means any verbal, written or physical conduct that is known or ought reasonably to have been known to be unwelcome, inappropriate or otherwise offensive to a person, and that such conduct demeans, humiliates, threatens him/her or otherwise violates his/her dignity.
- Harassment has the purpose or effect of:
 - creating an intimidating, hostile or offensive work environment;
 - interfering with the performance of an employee's functions, duties and responsibilities; or
 - affecting employment opportunities or compensation.

- Harassment may be motivated by one of these grounds: race or ethnicity; skin colour; religion; sex or gender; place of origin; ancestry; culture; age; mental or physical disability; sexual orientation; family, marital or social status; economic or financial background; and political affiliation. In particular, this Policy identifies and seeks to eliminate the following types of harassment:

- **Racial Harassment**

Harassment in the work conditions or working environment on the basis of race is intended to cause, or has the effect of causing, physical, mental or emotional distress at the work environment. It is also a form of discrimination.

- **Sexual Harassment**

Such harassment refers to conduct or behaviour that is of a sexual nature, and includes such things as a request for sexual favours by a manager, superior, colleague or even a non-employee. It usually takes the following two forms:

- **Quid pro quo** – This is when a manager, Head of Division or a person of authority gives or withholds a work-related benefit in exchange for sexual favours. Typically, the harasser requires such favours from the victim, either rewarding or punishing the victim in some manner.
- **Hostile environment** – This is when a victim is subjected to unwelcome and severe or pervasive repeated sexual comments, innuendoes, touching or other conduct of a sexual nature which creates an intimidating or offensive place for employees to work.

Sexual harassment is frequently more about power than about sex.

It occurs in situations where there is unequal power between the people involved and is an attempt by the harasser to assert power over the victim.

- **Abuse of Authority**

Abuse of authority happens when a person uses his/her authority to interfere with an employee or the employee's job. It includes humiliation, intimidation, threats and coercion.

- Although not exhaustive, the following conduct or behaviour would constitute harassment:
 - insulting behaviour or comments (verbal or written);
 - verbal, written or physical abuse, threats and assaults;
 - derogatory remarks, slurs, epithets or language;
 - unacceptable, annoying or unwanted nicknames or negative stereotyping;
 - racist, pornographic or otherwise offensive signs, images, pictures or materials displayed;
 - coercion, unwelcome demands, invitations or requests of a sexual nature;
 - lewd, leering, obscene or suggestive gestures;
 - unwanted or inappropriate physical contact that is non-consensual, such as kissing, pinching, stroking, fondling, patting, touching and brushing up against a person;
 - derogatory or offensive pranks and practical jokes;
 - isolation or exclusion of a person from others;
 - bullying and victimization, for example, unreasonable and persistent criticism or humiliation, unreasonable distribution of work and responsibilities; and
 - inappropriate inquiries or comments about a person's sex life, religious or cultural norms, sexual orientation, family background, source of income or lifestyle.
- For the purposes of this Policy, reference to the work environment means any place where the business of the Group is being carried out and other locations and situations, such as work-related off-site assignments and business travel, work-related conferences, training or social gatherings, or other locations where the prohibited conduct might have a subsequent impact on the work relationship, environment or performance.

- Any employee who is experiencing or affected by harassment may take an informal approach, if he/she considers appropriate, in resolving the problem by raising the matter directly with the person responsible (the “alleged harasser”). It is possible that the alleged harasser may not realise that this behaviour is unwelcome or offensive. The employee may make an initial attempt to make it clearly known to the alleged harasser that his/her behaviour is contrary to this Policy and that he/she should stop behaving in this manner. Alternatively, the employee may seek the help of his/her immediate supervisor or Head of Division to informally approach the alleged harasser on his/her behalf.
- If the employee is dissatisfied with the informal approach or finds it inappropriate in the circumstances or unsuccessful, he/she may proceed with a formal complaint under Section D at any time. Nothing prevents the employee from making such a complaint immediately if he/she feels that the conduct is serious enough to warrant such an approach.
- The formal complaint should be directed in writing to the Vice President, Group Human Capital & General Affairs.

4. COMPLAINT PROCEDURES

- An employee who has been directly harassed, or has witnessed or is affected by the harassment of others, should report such conduct to the Vice President, Group Human Capital & General Affairs of his/her division or to the Vice President, Group Human Capital & General Affairs.
- If the employee needs help in determining whether harassment has occurred, or whether to take the formal or informal approach, he/she should seek advice from the Vice President, Group Human Capital & General Affairs.
- If the employee is not comfortable approaching the Vice President, Group Human Capital & General Affairs or the latter is the subject of the complaint, the employee should raise the matter with the GMD / CEO.
- If the employee is not comfortable approaching the GMD / CEO or the latter is the subject of the complaint, the employee should raise the matter with either Chairman of the Board or Senior Independent Director.
- Anonymous complaints will not be investigated.
- Allegations of harassment will be treated seriously and due regard to the need for confidentiality will be given.

- The Group aims to resolve any complaints as quickly as possible. Under no circumstances shall the employee alleging the harassment be required to file a complaint with the person responsible for the alleged harassment.
- The right to raise at any time the issue of harassment by way of complaint or as witness in an investigation should be exercised without fear of reprisal. As noted above, the Group prohibits any form of retaliation against employees.

- Investigation

An investigation will be conducted as discreetly as possible to avoid any embarrassment to the parties.

Both the employee and the alleged harasser will be separately interviewed, as will any individuals who may be able to provide relevant information.

Every employee is expected to cooperate in any investigation if so requested.

The outcome of the investigation will be communicated to the employee making the complaint.

Where the employee is dissatisfied with the outcome of the investigation, he/she may appeal to the GMD / CEO in writing within 14 days from the date he/she is officially informed of that outcome.

- Confidentiality

A complaint received by the Vice President, Group Human Capital & General Affairs or any other person will be kept strictly confidential.

Information acquired from the investigation will also be kept confidential.

All parties involved in the investigation, including both the victim and the harasser (alleged or otherwise), are required to keep such information secret.

- False Accusation

Although the Group encourages an employee suffering from harassment to report the matter, any false accusations, fabricated allegations or otherwise complaints against another made in bad faith are considered as misconduct and there may be disciplinary measures taken against the employee making such accusations, allegations or complaints.

5. DISCIPLINARY MEASURES, RESTITUTION & APPEAL

- **Disciplinary Measures**

The Group treats harassment as misconduct and the Disciplinary Procedures of the Group shall apply.

If the investigation reveals evidence to support the complaint and it is upheld, the harasser will be disciplined in accordance with the Disciplinary Procedures.

The nature and severity of the disciplinary measures will commensurate with the gravity of the harassment.

Such measures may therefore include suspension or dismissal.

The incident will also be documented in the harasser's file.

- **Restitution of Unfounded Harassment**

An employee accused and found not guilty of harassment will be granted restitution deemed appropriate by the Group for any direct and foreseeable pecuniary loss suffered by him/her.

For instance, where interim suspension without pay pending settlement of the case is instituted, such payment shall be reinstated.

6. ROLES & RESPONSIBILITIES

- **Employees**

Each employee has the right to be treated fairly and respectfully in the work environment.

Each employee also has the responsibility to treat colleagues, managers and stakeholders in general in a way that respects individual differences.

Employees are encouraged to address their concerns if someone behaves in a way that is offensive, humiliating or degrading and to speak up or report the complaint to an immediate supervisor or the Vice President, Group Human Capital & General Affairs.

Employees should keep a written record of the details of the alleged incident(s) of harassment, including time, locations and name of witnesses, if any.

Employees shall also attend training sessions on harassment organised by the Group.

All employees have a responsibility to cooperate in any investigation of a harassment complaint.

All information should be kept confidential.

These are serious issues and privacy must be respected.

- **Heads of Division**

Heads of Division should also be familiar with this Policy and are expected to be alert of any signs of harassment, such as an unexplained change in an employee's performance, rumours or an employee isolating himself/herself or seemingly distracted.

If something does not seem right, Heads of Division should speak to the employee concerned.

Having someone willing to listen often helps the employee to talk about a problem.

Heads of Division also have a responsibility of ensuring that the work environment remains free of harassment and in doing so, they should apply this Policy consistently.

- **HRD**

The HRD is in charge of ensuring that this Policy and its applicable procedures for dealing with harassment are understood by all employees.

This includes making sure that this Policy is consistently applied in all harassment complaints.

The HRD is also responsible for conducting an investigation when required and reviewing this Policy and its procedures so that the aims of this Policy are achieved.

- **The GMD / CEO**

The GMD / CEO has the responsibility of taking the lead in promoting a harassment-free work environment.

7. CONTACT INFORMATION

Any queries in respect to this policy shall be directed to Vice President, Group Human Capital & General Affairs at radzman@e-serbadk.com.

8. INTERPRETATION, ALIGNMENT & REVIEW

- The Vice President, Group Human Capital & General Affairs is responsible for the official interpretation of this Policy.
- This Policy shall be read together with the established employees' code of conduct.
- This Policy may be reviewed and amended from time to time, as and when necessary, to ensure both its relevance to the promotion of a secure and comfortable work environment and its effectiveness in ensuring that harassment in the work environment is prevented or dealt with effectively.