

CODE OF CONDUCT**1. Introduction**

- 1.1 Pensonic Holdings Berhad (“PHB” or “the Company”) has adopted the following Code of Conduct and Ethics (the “Code”) for Directors, management and officers of the Company and its subsidiaries (“PHB Group” or “the Group”).
- 1.2 This Code is established to promote the corporate culture which engenders ethical conduct that permeates throughout the Company. All Directors, management and employees of the Group shall be referred to as “Officers” hereon.

2. Objective

- 2.1 This Code is formulated with the intention of achieving the following aims:
- (a) To emphasize the Company’s commitment to ethics and compliance with the applicable laws and regulations;
 - (b) To reinforce the Company’s commitments to adhering to corporate governance practices, including interaction and dealings with authorities and our shareholders, employees, business partners, customers, suppliers and other stakeholders, and in the communities and environment in which the Group conducts its operations.
 - (c) To improve self-discipline in order to provide the Company with good and quality service; and
 - (d) To enhance skills in the implementation of duties and to be able to adapt to the work environment.

3. Applicability

- 3.1 This Code applies to:
- all business activities and all our dealings with each other, the authorities, shareholders, customers, suppliers and other stakeholders; and
 - the Company’s employees and Officers of the Group, whether they work full-time, part-time or as casuals or supplementary workers or in executive or non-executive positions, and regardless of their job grade or location.

All Officers must comply with the Code, all applicable laws and regulations and other policies, procedures, directives and guidelines of the Group, and abide by our Core Values. Failure to comply may lead to commencement of disciplinary proceedings that may result in dismissal or termination of employment and/or appointment with the Group. In addition, if any Officer breaks the law, he/she may also be personally liable for his/her action.

- 3.2 Officers must familiarise themselves with our Code and other policies, procedures, directives and guidelines of the Group. If you discover any conflict or inconsistency between the provisions of our Code and the provisions of any other policy, procedure, directive or guideline of the Group, the provisions of our Code shall prevail and you must inform your line manager of the same who will then notify Group Human Resource. If there are any questions about our Code and its application by Officers, please request your line manager or Group Human Resource for assistance.

The custodian of our Code is Group Human Resource. All Officers are required to confirm their understanding of our Code and shall further be required to confirm their continued compliance with our Code on an annual basis.

4. Code of Conduct

- 4.1 In the performance of his or her duties, each Officer must comply with the letter and spirit of the following codes:

(a) **Human Rights**

The Company supports and respects human rights. The Company treats officers with dignity and respect in the workplace, provides equal employment opportunities, creates a safe and harmonious work environment, and will not engage in any form of discrimination.

(b) **Health And Safety**

The Company provides a work environment that is safe, secure and free of danger, harassment, intimidation, threats and violence. The Company takes appropriate precautions to prevent injuries or adverse working conditions for each and every officer.

(c) **Environment**

The Company conducts operations in a manner that safeguards health, protects the environment and conserves valuable materials. The Company is committed to protecting the environment by minimizing and mitigating environmental impacts throughout the life cycle of operations.

(d) **Conducting Business Ethically, Fairly and with Honesty**

The Company shall conduct its businesses ethically, fairly, honestly and with integrity. The Group and its Officers must not take unfair advantage of any other person, including without limitation participating in illegal practices - for example, misleading and deceptive conduct,

misrepresentation and undue influence, as well as conduct which are legal but unethical. Corrupt practices are not acceptable.

The Group will compete effectively and fairly in the market in which it operates. It will be honest, ethical and responsible in the way it presents its products and services to its customers, uses its market power and pricing practices.

The Group will be fair, honest and transparent in its relationship with suppliers and contractors from the beginning of the selection process, through to payment and up until the termination of the relationship.

(e) Gifts & Business Courtesies and Entertainment

Gifts & Business Courtesies

As a general rule, Officers should not accept gifts and business courtesies and if they do, Officers must exercise caution in relation to offering or accepting gifts and business courtesies. All gifts to Officers attributable to his position in the Company in relation to the business of the Group must be declared to the Group MD. Officers should only accept non-cash gifts in relation to cultural, marital and/or birthday celebrations only. Any other gifts received by Officers shall be declared to Group MD.

In recognition of the reality of commercial and business practices, the Group acknowledges that modest gifts are acceptable as part of the normal course of business provided that such gifts or entertainment are non-cash gifts, not supplied, or received, in circumstances indicating an inducement or due to reward that has been given or received.

In the infrequent circumstances, where gifts are accepted (because, for example, refusal may be taken as an offence by the giver), the following guidelines apply:

All gifts received by the Officers from the external parties must be declared to the Group Managing Director. A file note will be kept on the action taken, i.e. whether the gifts are retained or donated to charity.

As a general rule, festive-related gifts and promotional gifts are acceptable provided that the cost is reasonable, i.e. no more than RM300. However, it is advised that prior to the distribution of the gifts, the following recommendation should be fulfilled:

- Equality in terms of value of all festive gifts given to external parties
- The recipient of the gift should not be to a selected group
- No preferential treatments to any parties receiving the gifts

- Not an inducement expecting any future favours that can be deemed as a form of corruption.
- Only relevant individuals should receive the festive gift, e.g. Muslims for Hari Raya only.

All gifts given to external parties should be declared to the Group MD.

Entertainment

Officers also encouraged to ensure that entertaining by or of third parties is reasonable in its extent and appropriate to the particular business circumstances. The Group MD will determine appropriate standards.

(f) **Company Records And Internal Controls**

The Company's records must be prepared accurately and honestly, both by accountants who prepare financial statements and by officers who contribute to the creation of business records. The Company takes obligation to maintain business records for operational, legal, financial, historical and other purposes seriously and takes appropriate steps to ensure that the content, context and structure of the records are reliable and authentic.

Reliable internal controls are critical for proper, complete and accurate accounting and financial reporting. Officers must understand the internal controls relevant to their positions and comply with the policies and procedures related to those controls to ensuring that effective and reliable business processes are in place.

(g) **Conflict of Interest**

A conflict of interest arise when an employee's personal activities or relationships interfere with his or her objectivity in doing what is best for the Company. Conflicts of interest, be it real, potential and even by appearance, can result in serious consequences for the employee and the Company. Conflicts of interest can occur in both direct and indirect situations. Officers are expected to diligently avoid such conflicts.

Officers must disclose any outside activities, financial interest or relationship that may pose a real, potential or perceived conflict of interest. Disclosures may be to a supervisor, manager, or Human Resources professional and will vary depending on the job or role of the employee making the disclosure. Management approval must be obtained before accepting any position as an officer or director of an outside business.

Officers must periodically update their management regarding any activity that has previously been disclosed pursuant to this Principle.

Officers must notify management before serving on the board of a charitable, educational, or other nonprofit organization.

It is not possible to list down all conflicts that could arise, below are examples where conflict of interest could occur and should be avoided by Officers:

A. Outside employment or business activities

- Engaging in outside employment that is inconsistent with the Company's interests, such as working for a competitor or starting own line of business that competes with the Company.
- Having a second job where the other employer is a direct or indirect competitor, distributor, supplier or customer of the Company.
- Having a second job or consulting relationship that affects the employee's ability to satisfactorily perform the Company's assignments.

Having an outside employment that requires you to use Company's time, facilities or property to perform the job would be considered a conflict of interest. To assess whether a second job will create a conflict of interest, Officers are required to obtain approval from their supervisors before accepting additional employment outside the Company.

B. Directorship

- Acceptance of a directorship post in any company or non-profit organization without prior approval from the Group MD, who will determine whether the directorship creates conflicts of interest.
- Serving as a director or consultant to a competitor of the Company.

C. Investments

- Having a direct or indirect financial interest in or a financial relationship with a competitor, supplier or customer (except for insignificant stock interests in publicly-held companies).
- Using nonpublic Company's information for personal gain or advantage, or for the gain or advantage of another, including the purchase or sale of securities in a business the Company is interested in acquiring, selling or otherwise establishing or terminating business relations with.

- Investing in an outside business opportunity in which the Company has an interest, except for having an insignificant stock interest in publicly-held companies.

D. Gift And Entertainment

- ❖ Accepting gifts, meals, or entertainment that could appear to affect objectivity and judgment.
- ❖ Receiving personal discounts or other benefits from suppliers, service providers or customers that are not available to all Officers.

E. Relative and friends

- ❖ Mixing personal relationships and business - for example, hiring a relative as an employee or vendor; buying goods or services from a family business on the Company's behalf; or selling the Company's goods to a family business on favourable terms not seen to be arm's length.
- ❖ Taking part in any Company's business decision involving a company that employs a spouse, relative or friend.

The definition of "relative" according to the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act") is as follows:

- (a) A spouse of the employee
- (b) A brother or sister of the employee
- (c) A brother or sister of the spouse of the employee
- (d) A lineal ascendant or descendent of the employee
- (e) A lineal ascendant or descendent of the spouse of the employee
- (f) A lineal descendant of the employee referred to in paragraph (b)
- (g) The uncle, aunt or cousin of the employee
- (h) The son in-law or daughter in-law of the employee.

F. Relationship

- ❖ Personal relationships with other Officers where being in that relationship may result in one of the persons receiving or giving unfair advantage, or preferential treatment because of the relationship.
- ❖ Actions or relationships that might conflict or appear to conflict with job responsibilities or the interests of the Company.
- ❖ Having romantic relationships with other Officers where:

- (a) There is a reporting relationship (both direct and indirect) between the Officers;
- (b) There is no direct reporting relationship between the Officers, but where a romantic relationship could cause others to lose confidence in the judgment or objectivity of either employee (e.g. one or both have access to sensitive information], or the relationship could cause embarrassment to the Company.

If there is such a relationship, the parties need to be aware that one or both may at the discretion of the Group be moved, transferred or seconded to a different department, business unit, division or company within the Group and/or other actions may be taken (including but not limited to change of job scope and/or responsibilities).

(h) **Anti-Bribery and Corruption**

Any form of bribery and corruption is prohibited. Officers and any third party acting on the Company's behalf must not provide, offer or accept bribes, kickbacks, corrupt payments, facilitation payments, or inappropriate gifts, to Government Officials or any commercial person or entity, regardless of local practices or customs.

All Officers and any third party acting on the Company's behalf must comply with all applicable anti-bribery laws and regulations, including, but not limited to, the MACC Act.

The MACC Act covers the following conduct:

- the giving and accepting gratification;
- the giving or accepting gratification by an agent;
- corruptly procuring the withdrawal of a tender;
- bribery of an officer of a public body;
- bribery of foreign public officials;
- using an office or position for gratification; and
- dealing with, using, holding, receiving or concealing gratification or advantage in relation of any offence under the MACC Act.

The expression "gratification" under the MACC Act includes -

- money, donation, gift, loan, property, financial benefit or other similar advantage;
- any office, dignity, employment, contract of services;
- any payment, release or discharge of any loan, obligation or other liability;
- any discount, commission, rebate, bonus or percentage;
- any forbearance to demand any money or money's worth or valuable thing;

- any favour of any description, including protection from any penalty or proceedings of a disciplinary or criminal nature or forbearance from the exercise of any right, power or duty; and
- any offer or promise of any gratification within the meaning of any of the preceding items.

(i) **Competition Law**

Officers must comply with the Competition Act 2010 and all applicable competition laws. Officers must strive to adhere to and operate within all laws intended to protect and promote free and fair competition.

Officers should familiarize themselves with and always follow all guidelines, policies and directives issued by the Group pertaining to compliance with applicable competition laws. Breaching the provisions of such laws may result in the Group incurring large fines and being exposed to legal action by aggrieved parties. Below are key provisions which must be complied with in this regard but they are by no means meant to be exhaustive.

Key Provisions

- ❖ Officers must not talk with or share information (directly or indirectly) with competitors to fix prices or other terms of sale, set production levels, divide up markets, customers or territories, or boycott any customer.
- ❖ Officers should not be involved in any discussions on details of pricing, costs, profits, trading terms, marketing and distribution plans or new product launches with competitors or trade associations.
- ❖ When in contact or communicating with the Group's customers, the following acts are prohibited:
 - disclosing the commercial terms of one customer to another customer;
 - passing commercially sensitive information to competitors through customers;
 - imposing conditions of sale that can exclude competitive products or limit a customer's scope of resale;
 - fixing resale prices;
 - forcing a customer to buy other products which have no connection with the products being purchased or requested (tying practices);
 - refusing to supply products to any customer without any objective justification;
 - selling goods at excessively low prices hence preventing a new entrant or forcing existing competitors out of the market; and

- charging different prices or imposing different commercial terms on customers in equivalent transactions without any objective justification.

- ❖ If any of the above prohibited matters or other competition sensitive matters are raised or discussed in any trade association meeting or other meeting with competitors (whether formal or otherwise), Officers should immediately object to such discussion and leave the meeting.

- ❖ Officers should not enter into any exclusive arrangements on behalf the Group with any customer or supplier unless the said arrangement has been approved by the Group's Legal Advisers.

- ❖ Officers should refrain from using competition sensitive language for all internal and external communication. For example, phrases like "being dominant in the market", "killing off a competitor", "forcing a competitor out of the market", "preventing a competitor from entering the market" or suggesting in any way that the Group is not in compliance with any laws or is acting unlawfully.

(j) Securities and Insider Trading

As regards dealings in the shares or securities of the Company, or of any other public listed company connected with or related to the Company, certain restrictions have been placed by laws and regulations, including without limitation the Capital Markets And Services Act, 2007 and the Listing Requirements of any stock exchange on which the shares or securities of any member of the Group are listed or traded. Officers having access to unreleased price sensitive information must avoid conduct known as "Insider Trading" and avoid any adverse inference being drawn from unfair dealings by them. Violation of insider trading laws could result in criminal charges being brought against the defaulting Officers.

(k) Political and Charitable Contribution

It is the policy of the Group not to make contributions to political candidates or parties.

Contributions to charitable funds and bodies should be made only with the written approval of the Group MD who is responsible for the control of such expenditure.

(I) **Anti-Money Laundering, Anti-Terrorism and Proceeds of Unlawful Activities**

Officers must comply with the Anti-Money Laundering, Anti-Terrorism and Proceeds of Unlawful Activities Act 2001 (“AMLA Act”) and all applicable laws. Officers must strive to adhere to and operate within all laws intended to prevent any involvement by the Group in money laundering activity.

It requires Officers and third parties subject to this Principle to recognize questionable financial transactions and to take steps to conduct appropriate additional due diligence. If any “Red Flag” listed in this Principle is discovered, the Group MD is to be informed promptly to facilitate any needed due diligence and to ensure the Group’s full cooperation with law enforcement and regulatory agencies enforcing anti-money laundering laws and regulations. Breaching the provisions of such laws may constitute a criminal offence and may result in discipline and/or termination of employment.

The following are “Red Flags”:

- Customers connected to countries identified as non-cooperative with international efforts against money laundering.
- Customers or Suppliers who are reluctant to provide complete information and/or provide insufficient, false, or suspicious information.
- Customers or Suppliers who appear to be acting as an agent for another company or individual, but decline or are reluctant to provide information regarding that company or individual.
- Customers or Suppliers who express concern about, or want to avoid, reporting or record keeping requirements.
- Payments made in cash or cash equivalents, such as money orders, travelers checks, or prepaid cash cards. Acceptance of cash as a form of payment by the Company is strongly discouraged. Cash payments are commonly used by money launderers, and leave very little in the way of audit trails. Alternative methods of payment which provide a stronger audit trail should be offered. If no other option is available, steps must be taken to verify that payment is being received from a valid business partner and that controls for handling cash are in place. Particular care should be paid to customers who structure these payments to avoid the relevant government reporting requirements for cash and cash equivalent payments above a certain dollar amount; for example by making multiple smaller payments or payments from multiple sources.

- The purchase of products, or larger volume purchase, that appears to be inconsistent with a customer's normal ordering pattern, without any legitimate business reason, such as a special price promotion.
- Complex deal structures or payment patterns that reflect no real business purpose.
- Requests for payment to be made through an unrelated country to an unrelated third party.
- Multiple partial payments from various parties on behalf of a single customer and/or multiple partial payments from various locations. Also included are "double endorsed" or "third party" checks, where a customer endorses over to the Company as payment for their invoice a check that was originally made out to the customer.
- Customers or Suppliers whose address is not a physical site.
- Customers making a funds deposit followed by an immediate request that the money be wired out or transferred to a third party, or to another firm, without any apparent business purpose.
- Customers paying in one form of payment and then requesting a refund of the payment in another form; i.e., paying by credit card and requesting a wire transfer refund.

Steps for Compliance by Officers:

1. Know your business partners: Where appropriate, conduct integrity assessments and other due diligence and be familiar with their business practices.
2. Monitor financial activity: Observe and record payments and transactions consistent with all established Policies and Procedures. Follow Global Financial Standards for acceptable forms of payment.
3. Keep complete records: Keep current, complete and accurate records of every business transaction.
4. Report any suspicious activity: Immediately alert your business unit's assigned supervisors, managers or HODs, of any suspicious activity.
5. Cooperate fully with legal and regularity authorities charged with enforcing anti-money laundering laws.

(m) **Integrity and Professionalism**

All officers should conduct themselves with the highest degree of integrity and professionalism in the workplace or any other location while on Company's business.

(n) **Personal Appearance**

An officer is expected to be suitably and neatly dressed so as to maintain an appropriate appearance that is business like, neat and clean, as determined by the requirements of the work area. Dress and appearance should not be offensive to customers or other officers.

(o) **Sexual Harassment**

The Company is committed in providing a workplace that is free from sexual harassment. Sexual harassment in the workplace is against the law and will not be tolerated. When the Company determines that an allegation of sexual harassment is credible, it will take prompt and appropriate corrective action.

Unwelcome actions such as below are inappropriate and meet the definition of sexual harassment:

- Sexual pranks, or repeated sexual teasing, jokes, or innuendo, in person or via e-mail or sms;
- Verbal abuse of a sexual nature;
- Touching or grabbing of a sexual nature;
- Repeatedly standing too close to or brushing up against a person;
- Repeatedly asking a person to socialize during off-duty hours when the person has said no or has indicated he or she is not interested;
- Giving gifts or leaving objects that are sexually suggestive;
- Repeatedly making sexually suggestive gestures;
- Making or posting sexually demeaning or offensive pictures, cartoons or other materials in the workplace;
- Off-duty, unwelcome conducts of a sexual nature that affects the work environment.

The above actions will constitute sexual harassment when:

1. The unwelcome conduct unreasonably interferes with an individual's work performance or creates an intimidating, hostile, or abusive work environment; or
2. An employment decision affecting that individual is made because the individual submitted to or rejected the unwelcome conduct.

If the Company receives a credible allegation of sexual harassment, or has reason to believe sexual harassment is occurring, it will take the necessary steps to ensure that the matter is promptly investigated and addressed.

Employees who have been found by the Company to have subjected another employee to unwelcome conduct of a sexual nature will be subjected to disciplinary action which will include termination of employment.

(p) Company Assets

The Company's properties and assets should be managed and safeguarded in a manner which protects their values. Officers are accountable both for safeguarding all assets entrusted to them, including our information resources, records, materials, facilities and equipment under your care or control, from loss, theft, waste, misappropriation or infringement and for using the assets to advance the interests of the Company.

All officers have an affirmative duty to immediately report the theft, loss or misappropriation of any Company assets, including financial assets, physical assets, information assets and electronic assets to the management as stipulated under Violations of Code of Conduct below.

(q) Confidentiality and Proprietary Information

The Group values and protects all confidential, proprietary and personal information. Officers may be given by or may have obtained access to confidential, proprietary or personal information from any member of the Group or the Group's customers, suppliers or other stakeholders/parties.

Officers must take measures to avoid unauthorized disclosure, e.g. by securing access to confidential company records. Officers must not communicate or disclose confidential, proprietary or personal

information to competitors, customers, suppliers, consultants, service providers, trade associations or other third parties unless such communication or disclosure is authorised by the Company and a non-disclosure agreement (or confidentiality agreement) has been signed. Confidential, proprietary or personal information or ideas received from third parties should not be used, processed, disclosed or communicated unless the third parties' consent has been obtained and the appropriate safeguards are in place. Any confidential, proprietary or personal information must not be disclosed or discussed outside the scope for which the information was provided.

Officers must be aware that any unlawful or unauthorised disclosure of confidential, propriety or personal information may result in irreparable loss and/or damage to the Group. In such cases, the Company or relevant entity within the Group may institute civil and criminal proceedings against the offending party. Any Officer found guilty of such misconduct may also be subject to disciplinary action which may include dismissal.

It is equally important that confidential, proprietary or personal information is only disclosed to other Officers on a need to know basis.

All Officers have an obligation to continue to preserve the confidential, proprietary and personal information even after the appointment / employment has ceased, unless disclosure is required by law, an order of any court of competent jurisdiction or any competent judicial, governmental or regulatory authority.

In recognizing the importance of respecting the privacy rights of individuals, the Group is also committed to ensuring compliance with the requirements of applicable laws relating to protection of personal data (e.g. the Malaysian Personal Data Protection Act 2010]. Therefore, it is the responsibility of all Officers to assist the Group to comply with such laws. Breaching the provisions of such laws or policy may result in the Group and Officers incurring penalties and being exposed to legal action by aggrieved parties. There may also be negative publicity as a result of any breach that is made public.

(r) Intellectual Property

Intellectual property ("IP") is a property right derived from creations of the mind through intellectual or discovery efforts in industrial, scientific, literary and artistic fields which can be developed and protected. Examples of IP include patent, trademark, copyright, industrial design, trade secrets and know-how. In accounting or financial terms, it is regarded as an intangible asset. The role of IP and its proper management is crucial in realising the vision and mission of the Group.

The Group has acquired or developed valuable IP. Officers have a

responsibility to protect these assets.

The Company owns the IP rights to anything that Officers create or develop during the course of their employment with the Group (e.g. a report, advertising campaign, web pages, software, a product, service, process or concept, a brand, a song, etc.). The Company is entitled to the exclusive benefit of the works created by Officers, and may require that the relevant Officer waive his/her moral rights to those works.

The Group is committed to formulating, monitoring and enforcing effective IP creation, acquisition, protection and governance processes within the Group. For the purpose of achieving the said objectives, a set of processes have been created and embodied in an IP Manual in which the standard operating procedures are outlined in detail. The IP Manual is to be adhered to by all Officers of the Group.

Any acquisition, disposal, transfer, licensing of or dispute relating to IP must be referred to the Group MD and legal advice should be sought for assistance. The acquisition, disposal, transfer or licensing of patents, trademarks, copyrighted works or other IP rights is subject to Management approval and contractual safeguards. In any event, no statement regarding the ownership, validity, scope, or enforceability of IP rights should be made by Officers without the involvement of the Group MD, under advisement of lawyers.

(s) Compliance with Laws, Rules and Regulations

The businesses and activities that the Group is involved in are highly regulated. Regulatory compliance is about complying with all laws, by-laws, ordinances, rules, regulations, directives, license/permit conditions, codes, standards and terms and conditions of agreements and contracts.

Officers must familiarise themselves with the laws, by-laws, ordinances, rules, regulations, directives, license/permit conditions, codes, standards and terms and conditions of agreements and contracts applicable to their business function and roles and must comply with the regulatory obligations in the territories that the Group operates.

Failure to comply can impact the operations of the Group's businesses and can result in prosecution, fines, penalties, damages and losses for the Group and Officers, as well as termination of employment or appointment, or imprisonment for Officers.

5. Communication and Compliance

- 5.1 The Company and the Board should ensure this Code is being communicated to all levels of officers through staff handbook, notice board, intranet, or corporate website. The Company should include the briefing of this Code to new officers in the induction programme.
- 5.2 The Board should ensure this Code permeates throughout the Company and is complied by all levels of officers.

6. Violations of Code of Conduct

- 6.1 The Company's officer should report to supervisors, managers, HODs or Head of Human Resource about the known or suspected illegal or unethical behaviour. The Company's Executive Directors and senior management shall promptly report any known or suspected violations of this Code to the Senior Independent Director or Audit Committee Chairman.

7. Investigations

- 7.1 The Company shall investigate reported concerns promptly and confidentially with the highest level of professionalism and transparency. All internal investigations and audits are conducted impartially and without predetermined conclusions. Each and every officer shall be expected to cooperate fully with audits, investigations and any corrective action plans, which may include areas for continued monitoring and assessment.

8. Periodic Review

- 8.1 The Board and senior management of the Company will review the Code from time to time when deem necessary and communicate the new changes to all levels of officers.

9. Effective Date

- 9.1 This Code is effective 13 September 2018.