

PELIKAN INTERNATIONAL CORPORATION BERHAD

CODE OF CONDUCT AND ETHICS

1. INTRODUCTION

In line with good corporate governance practices, the board of directors (“**Directors**”), the management and employees of Pelikan International Corporation Berhad (“**Pelikan**” or the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) have made a commitment to create a corporate culture within the Group to operate the businesses of the Group in an ethical manner and to uphold the highest standards of professionalism and exemplary corporate conduct.

This Code of Conduct and Ethics (“**Code**”) sets out the Group’s principles and standards of business conduct and ethics, and includes its anti-bribery and anti-corruption policy.

The Group is committed to conduct its business fairly, impartially and in full compliance with all applicable laws and regulations in Malaysia and in the respective countries where the Group has operations. In the unlikely event of any conflict or inconsistency between the provisions of this Code and the laws and regulations of Malaysia or of the countries where the Group has operation, the more stringent requirements shall prevail.

2. OBJECTIVE

The objective of the Code is to assist the Directors, employees, including full time, probationary, contract, temporary staff and those under internships (collectively referred to as “**Employees**”), third parties and business associates in defining conduct at work and the ethical standards. The Code is not intended to be exhaustive, and there may be additional obligations that Directors and Employees are expected to undertake or carry out when performing their duties. The Code is available at the Group’s website and will be appropriately communicated to all Employees, Directors, third parties and business associates by intranet memorandum, letters or emails (as appropriate).

Each Employee has a duty to read and understand the Code. Violation of any of the Code’s provisions can result in disciplinary action, including termination of employment. If a Director requires further clarification on the Code, he/she may highlight any concerns to the Chairman of the Board of Directors or the President/CEO, whereas in the case of an Employee, the Employee may refer or highlight any concerns to their immediate superior, Country Head or Head of Department.

3. RISK ASSESSMENT

3.1 Risk Assessment

The top level management of each company within the Group shall carry out the following risk assessments to identify the potential bribery and corruption risks that may affect the Group:

- 3.1.1 Conduct company-wide comprehensive risk assessments as and when the required or at least every two (2) years;
- 3.1.2 Conduct periodical review on the suitability of this Code as and when the need arises or at least once a year;

- 3.1.3 Periodically review the business relationships between each company within the Group and third parties;
- 3.1.4 Maintain and update the risk register of each company within the Group;
- 3.1.5 Introduce and implement routine anti-bribery and anti-corruption procedures as and when necessary; and
- 3.1.6 Conduct investigations in situations that have reasonable cause for suspicions.

3.2 Requirements when Conducting Risk Assessments

The following minimum requirements shall be taken into account when the top level management conduct the abovementioned risk assessment in Section 3.1 of this Code:

- 3.2.1 The relevant legal and regulatory requirements;
- 3.2.2 The relevant international standards and industry practices; and
- 3.2.3 Size, nature and complexity of the Group's business and operations including and not limited to the following:
 - Opportunities for corruption and fraud activities resulting from weaknesses in the Group's governance framework and internal systems/procedures;
 - Financial transactions that may disguise corrupt payments;
 - Business activities in countries or sectors that pose a higher corruption risk; and
 - The external parties acting on behalf of the Group and relationship with third parties in the supply chain (such as agents, vendors, contractors and suppliers) which are likely to expose the Group to corruption.

3.3 Reporting to the Board of Directors

The top level management shall report the results of any audit, reviews of risk assessment, control measures, investigations and performance to the Board of Directors of each company within the Group for board oversight, discussion and acceptance.

3.4 Reporting to the Group Headquarters, Malaysia

The Managing Director of each company within the Group shall update the Group Corporate Services Department, Malaysia of the results and reports tabled at the Board of Directors meetings mentioned in Section 3.3 above.

In addition, the Managing Director of each company within the Group must report to the Group Corporate Services Department soonest practicable should any of the following situations occur:

- 3.4.1 When an investigation commences for suspected bribery and corruption by an Employee or Director of the Group;

3.4.2 Where a company within the Group has been notified of an investigation by any government agency or regulatory authority that investigates and prosecutes corruption in the respective countries where the Group has operations; and

3.4.3 Any other matters which, in the discretion of the Managing Director, warrant such reporting.

Such reporting must include all necessary details including but not limited to the identity of persons involved, grounds of suspicion and all relevant documents to enable the Group Headquarters to assess the seriousness of such potential misconduct and investigation. The Managing Director of each company should also continue to provide periodical updates until satisfactory closure of the matters at hand.

4. CORE AREAS OF CONDUCT

4.1 Conflicts of Interest

The Directors and Employees should not put himself/herself in a position where there is a conflict between his/her duties to the Group and his/her personal or family's interest or, between those duties and any duties he/her owes to any other person. The Directors and Employees must, at all times, act in good faith that is in the best interests of the Group. Reference to "family" in this Code includes spouse, parent, child (including adopted child and step child), brother, sister and spouse or child of brother or sister.

Some of the acts or conduct which are in contravention of the Code are as follows:

4.1.1 Financial Interests in Suppliers, Customers, Agents and Competitors and Transactions with the Group

An Employee or his/her family must not have any financial interest in a supplier or customer of goods or services or enter into any other contractual arrangements with the Group.

4.1.2 Activities Outside the Group

An Employee is not allowed to be a member of government, quasi-government and statutory bodies, or an office bearer or member of councils or committees of trade or other associations, unless written permission from his/her superior is obtained and upon satisfaction of certain criteria.

4.1.3 Separate Employment with Non-Pelikan Group Companies or Business

It is against the Group's policy for Employees to be engaged or concerned in any other trade or business. Employees shall not engage in activities that have conflict with the business interests, even in their own time, including commercially marketing products or services in competition with the current or potential offerings to the Group.

4.1.4 Directorship of Non-Group Companies

Only in very exceptional circumstances will Employees be allowed to serve on the boards of companies outside the Group and, in these cases, written approval from the Group's President/Chief Executive Officer must be obtained before an Employee can serve on the board of a non-Group company.

4.1.5 Receiving Gifts, Entertainment, Corporate Hospitality and Travel

The Group has a “No Gift” policy subject only to exceptions expressly stated in this Code.

Employees and Directors can accept gifts, entertainment and corporate hospitality without the need to make a declaration to the Country Head or Head of Department or in the case of a director, the Managing Director **only** when **both** the following conditions are fulfilled:

(a) The gifts, entertainment and corporate hospitality comply with the TRAP principles:

T : Timing

The timing and context of such treatment will not objectively be perceived as bribery.

R : Recipients

Considering the role and responsibility of the Employees and Directors, being the recipients of such treatment will not put the Employees and Directors in a position of conflict.

A : Ability to influence

There is no past, pending or future business or administrative matters that are within the Employees and Directors’ realm of influence.

P : Purpose

The giver does not intend to gain unmerited advantage. Employees and Directors will feel comfortable disclosing to fellow colleagues of the treatment they received; AND

(b) The gifts, entertainment and corporate hospitality received are at an approximate/actual value of less than RM500.00 (the recipients has the responsibility to properly estimate the gift value) are permitted in the following situations:

- Gifts from social functions, events and celebrations attended by the Directors or Employees on behalf of the Group;
- Gifts such as flowers, fruits and hampers;
- Exchange of gifts between companies that are part of an official company visit, where the said gift is deemed as the Group’s property;
- Token gifts that bears the external party’s logo (such as t-shirts, pens, diaries, calendars and other promotional items) that are given to the public, customers and business partners as part of branding or promotional activity; and
- Meals provided for networking purposes.

Employees and Directors must exercise proper judgment and behave in a manner consistent with principles set out in this Code, even in the above exceptional situations.

If an Employee or Director is offered any gift that is not in line with this Code, the Employee or Director must politely refuse and return the gift with an explanation on the Group's policy. If the Employee or Director is unable to decline/return such gifts, the Employee or Director must immediately declare and surrender such gifts to their immediate superior, Country Head or Head of Department or in the case of a director, the Managing Director, which will then determine the best way to dispose the gift.

Employees and Directors are encouraged to seek clarification from his/her immediate superior, Country Head or Head of Department or in the case of a director, the Managing Director, should they have any doubts.

4.1.6 **Giving Gifts, Entertainment, Corporate Hospitality and Travel**

Employees and Directors must not give any cash or cash equivalent gifts at all times.

In the event any Employee or Director intends to provide any gifts, entertainment, corporate hospitality and/or travel, the Employee or Director must:

(a) Submit a written request to the Country Head, Head of Department or Managing Director for approval, at least three (3) working days before providing the same to the external party;
AND

(b) Declare in writing whether the proposed gift, entertainment, corporate hospitality and/or travel complies with the TRAP principles:

T : Timing

The timing and context of such treatment must be considered in order to assess whether any particular gifting could objectively be perceived as bribery.

R : Recipients

The identity of the proposed recipient and Employee or Director's relationship with the recipient and whether such treatment will put the giving and/or receiving parties in a position of conflict.

A : Ability to influence

Whether the proposed recipient has the ability to influence decision making for any past, pending or future business or administrative matters.

P : Purpose

Disclose the purpose of such giving. The treatment must not be given to gain unmerited advantage.

If the Country Head, Head of Department or Managing Director has approved the Employee's or Director's request pursuant to Section 4.1.6 (a) and (b) above, the Employee or Director must declare the gifts, entertainment, corporate hospitality and/or travel provided to the external party. Such declaration must be submitted to the Country Head, Head of Department or Managing Director within seven (7) days after providing the gifts, entertainment, corporate hospitality and/or travel.

In the event an Employee or Director has provided any gifts, entertainment, corporate hospitality and/or travel to any external party without prior approval from the Country Head, Head of Department or Managing Director, the Employee or Director must immediately declare the gifts, entertainment, corporate hospitality and/or travel provided, to the Country Head, Head of Department or Managing Director.

All expenses incurred to provide any gifts, entertainment, corporate hospitality and travel/or activities must be properly kept, documented and recorded in the Gift and Entertainment Register for audit purposes.

4.1.7 Dealings with Public Officials

A “public official” is an individual that has public official functions or is acting in a public official capacity, and includes any of the following:

- Any person who is a member, an officer, an employee or a servant of a public body, and includes a member of the administration, a member of Parliament, a member of a State Legislative Assembly, a judge of any court or tribunal or any person acting in any similar capacity, and any person receiving any remuneration from public funds, and, where the public body is a corporation sole, includes the person who is incorporated as such;
- Elected political representative;
- Political party and any officer, employee or other person acting on behalf of a political party (of any level);
- Candidate for public office;
- Special adviser to governments, or individual government officials, whether paid or unpaid, formal or informal;
- Police, military and judicial official (of any level);
- Member of a ruling or royal family; and
- Family member of any of the above.

Employees and Directors must disclose to the Country Head or Head of Department or in the case of a director, the Managing Director, any existing business relationship involving the Group and the interests of a public official.

Employees and Directors are prohibited from providing any gifts, entertainment, corporate hospitality or travel to any public official of any amount without prior written approval from the Country Head or Head of Department or in the case of a director, the Managing Director. Should the Country Head, Head of Department or Managing Director provide such approval, the Employee or Director must ensure that the gifts, entertainment, corporate hospitality or travel is not excessive and lavish, and must commensurate with the official designation of the public official and not in his personal capacity.

4.1.8 **Corporate Social Responsibility, Sponsorships and Donations**

If an Employee or Director intends to undertake or provide any corporate social responsibility activity (“CSR”), sponsorships and/or donations, such Employee or Director must obtain prior written approval from the Country Head or Head of Department or in the case of a director, the Managing Director.

All CSR, sponsorships and/or donations must comply with the following:

- It is not used to improperly influence business decisions;
- It does not constitute an illegal payment to a government body or official or any individual in violation of this Code and the laws and regulations of Malaysia and the respective countries where the Group has operations;
- It must be provided to established entities with adequate organisational structure to properly administrate the CSR, sponsorship and/or donations; and
- It must be accurately stated in the Group’s accounting books and records;

Any CSR, sponsorships and/or donations to any recipient who is controlled or influenced by any political parties, officials or candidates for political office is strictly prohibited and shall not be approved.

4.1.9 **Facilitation Payments**

It is important that any facilitation payment is strictly prohibited and Employees must report to their immediate superior and the Country Head or Head of Department if any external party has requested for a facilitation payment.

If an Employee is unsure of the nature of any payment that has been made, the Employee must promptly notify the Country Head or Head of Department and the payment shall be recorded accordingly.

4.1.10 **Opportunities Resulting From Employment - Use of Inside Information**

No Director or Employee shall use price sensitive non-public information, which can affect the prices of the securities of the Group and/or related listed companies when it becomes publicly known (“**Inside Information**”), for personal benefit. Directors and Employees are prohibited to trade in securities or to provide information to others to trade in securities of the Group and/or related listed companies until the Inside Information is publicly released. It should be noted that the prohibition from dealing also applies to securities of other listed companies not within the Pelikan Group when, by virtue of a person’s position as a Director or Employee of the Group, he is in possession of unpublished price-sensitive information in relation to such other listed companies.

Any action by a Director or Employee taken to make a profit for himself/herself, his/her family or friends as a result of him/her being aware that the Group is contemplating or has decided upon a course of action, is strictly prohibited.

4.1.11 Security of Confidential Information

Employees and Directors are in a position to acquire information not generally known to the public or the trade. It would be improper for Employees and Directors to communicate such information (such as trade secrets, processes, methods, advertising or promotional programmes, sales and other statistics affecting financial results in any manner) to competitors, customers, persons engaged in any aspect of the securities industry, or other third parties before disclosure is made or authorised by the Group.

It is equally important that confidential information is not passed on to other unauthorized Employees unless there is a need for the recipient of the information to be advised.

4.2 Business Conduct

4.2.1 Dealings with External Parties

- Suppliers and business partners: The Group shall conduct business with suppliers or business partners that share the same ethical commitment as the Group.
- Governments: Employees shall be aware of and adhere to the relevant laws and regulations and this Code.
- Investors, Media, Analysts and Others: Employees shall not initiate contact with investors, member of the media, analysts and others unless it is part of their job responsibilities, and with prior management approval and knowledge. In all instances, Employees shall exercise caution in their communication.
- Competitors: Employees shall compete fairly and ethically within the framework of applicable competition laws.

4.2.2 Due Diligence Review on Third Parties

The Group expects all third parties that performs work or services for or on behalf of the Group to conduct their business fairly, impartially and in full compliance with all applicable laws and regulations in Malaysia and in countries where the Group has operations and also to comply with the relevant parts of the Code when performing such work or services. Each company within the Group shall conduct appropriate due diligence review on such third parties prior to entering into any formalized business relationship or arrangements with such third parties. The due diligence review may be carried out by way of:

- Background checks on the third parties;
- Verifying the documents provided by the third party; and
- Interviewing the third party, or in the case where the third party is a company, the representative of the third party.

The Group must carry out the following to ensure that the Group engages third parties that shares similar ethical standards as the Group:

- Conduct due diligence review or social audit on the third parties;
- Refrain from entering into arrangements with third parties that are suspected of bribery and improper business practices unless those suspicions are investigated and resolved;
- Inform all third parties of the key provisions of this Code that they must adhere to when performing work or services for or on behalf of the Group; and
- Monitor the performance and business practices of the third parties to ensure compliance with this Code.

Employees and Directors must exercise good judgment to determine the integrity and business practice of the third parties and are encouraged to seek advice from the Country Head or Head of Department or in the case of a director, the Managing Director, should they have any queries on third parties.

4.2.3 **Money Laundering, Bribes and Corruption**

The Group will comply with all applicable laws, rules and regulations of the governments, commissions and exchanges in jurisdictions within which the Group operates. Directors and Employees are expected to understand and comply with the laws, rules and regulations that are applicable to their positions and/or work, including the anti-corruption laws, anti-money laundering and anti-terrorism financing laws.

4.3 **Financial and Non-Financial Control**

The Group has a separation of duties for all scope of work, either financially or non-financially related.

4.3.1 **Non-Financial**

- There must be at least two (2) layers of checking, comprising the maker and checker, for scope of work related to non-financial activities.

4.3.2 **Financial activities**

- There must be at least two (2) layers of checking, which shall comprise of the maker and checker for scope of work related to financial activities.
- Two (2) signatories are required for any disbursement and payment transactions.

4.4 **Employee Conduct**

4.4.1 **Fair and Courteous Behaviour**

All Employees are to treat their fellow Employees fairly and courteously without regard to gender, age, religion, race, class, birth, social background, disability, ethnic and national origin, nationality, membership in unions or other legitimated organisations, political affiliation or opinions, sexual orientation, family responsibilities, marital status, diseases or any other condition that could give rise to discrimination and that are unrelated to the Group's legitimate business interest.

4.4.2 **Misconduct**

No Director or Employee is to be involved in or abet any activity that is deemed by the Group to be an act of misconduct.

4.4.3 **Environmental, Occupational Safety and Health Management**

The Group is committed towards protecting the environment in its operations, and believes that adverse impacts on the environment can be prevented or controlled to serve the long-term objectives of the Group and the needs of society at large. The Group is also committed to the principle that all occupational injuries and illnesses can be avoided. Such a commitment in return requires that all Directors and Employees understand and abide by the Group's policies and procedures relating to environmental, occupational safety and health management.

4.4.4 **Protection of Assets and Funds**

Directors and employees must protect the assets and funds of the Group to ensure availability for legitimate business purposes and that no property, information or position belonging to the Group or opportunity arising from these be used for personal gain.

4.4.5 **Business Records and Control**

Accurate, timely and reliable records are necessary to meet the Group's legal and financial obligations and to manage the affairs of the Group. All books, records and accounts should conform to the applicable accounting principles, laws and regulations.

All applications, outcome of applications and declarations and records in relation to gifts, entertainment, corporate hospitality, travel, CSR, sponsorships and donations must be properly kept and accurately recorded. All due diligence review conducted on third parties and any risks identified and mitigated must be recorded and properly kept.

The preparation and maintenance of accurate and adequate records are the responsibility of each Employee. No unauthorised, false, improper or misleading records or entries shall be made in the books and records of the Group, under any circumstances.

4.4.6 **Awareness and Training**

Employees must be updated with the anti-bribery and anti-corruption laws and the Group may at any time conduct evaluations to ensure that Employees understand the anti-bribery and anti-corruption measures that have been implemented by the Group. The Group may require that certain trainings be repeated by any Employee if deemed necessary. The human resources department of each company within the Group shall be in charge of assessing the need to conduct such training and shall maintain all records and trainings attended by Employees.

5. **REPORTING OF VIOLATIONS OF THE CODE**

Employees, Directors and third parties who know of, or suspects, a violation of the Code, are encouraged to whistle blow or report the concerns to the Quick Response Quick Correction centre ("QRQC") via the following whistleblowing channels:

- Email: qrqc@pelikan.com.my

Any report made to the QRQC must contain the following information:

- Concerns encountered; and
- Any other information which will help QRQC effectively address the report made.

Reports may be made on an anonymous basis. The Group will protect the confidentiality of the whistleblower's identity and the information reported and no individual will be discriminated against or suffer any act of retaliation for reporting in good faith on violations or suspected violations of the Code.

6. REVIEW OF THE CODE

The Directors and top level management will monitor compliance with the Code and review the Code regularly to ensure that it continues to remain relevant and appropriate.

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CODE OF CONDUCT AND ETHICS - BUSINESS PARTNERS

The Group also expects that all business partners performing work or services for or on behalf of Pelikan Group to conduct their business fairly, impartially and in full compliance with all applicable laws and regulations in Malaysia and in countries where the Group has operations and also to comply with the relevant parts of the Code when performing such work or services.

In the conduct of their work or services, business partners should ensure that the following principles are observed:

- No discrimination;
- Fair remuneration;
- Employees rights of freedom association and collective bargaining;
- Decent working hours;
- Occupational health and safety;
- No child labour;
- Special protection for young workers;
- No precarious employment;
- No bonded labour;
- Protection of the environment; and
- Ethical business behaviour.

The business partners are, if required to do so by the Pelikan Group, obliged to have a social audit implemented at their production sites.