



Ethical Business Practice Policy



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Introduction

Karex is committed to building an ethical business culture throughout the entire system. This policy sets out our ethical business practices. It applies to all employees, in relation to our dealings with our people, agents, clients, suppliers, subcontractors, competitors, government officials, the public and investors in all our operating countries

Objective

We have a duty to act responsibly and to show the highest levels of ethical and moral stewardship. The objectives of this policy are to:

- Support our commitment to be a responsible business and develop mutually beneficial and sustainable relationships with our stakeholders, based on trust and co-operation;
- Treat all our stakeholders appropriately;
- Promote safe and fair working conditions, including the responsible management of environmental and social issues within our supply chain by ensuring our suppliers comply with our Supplier Code of Conduct, our policies and other legal requirements.

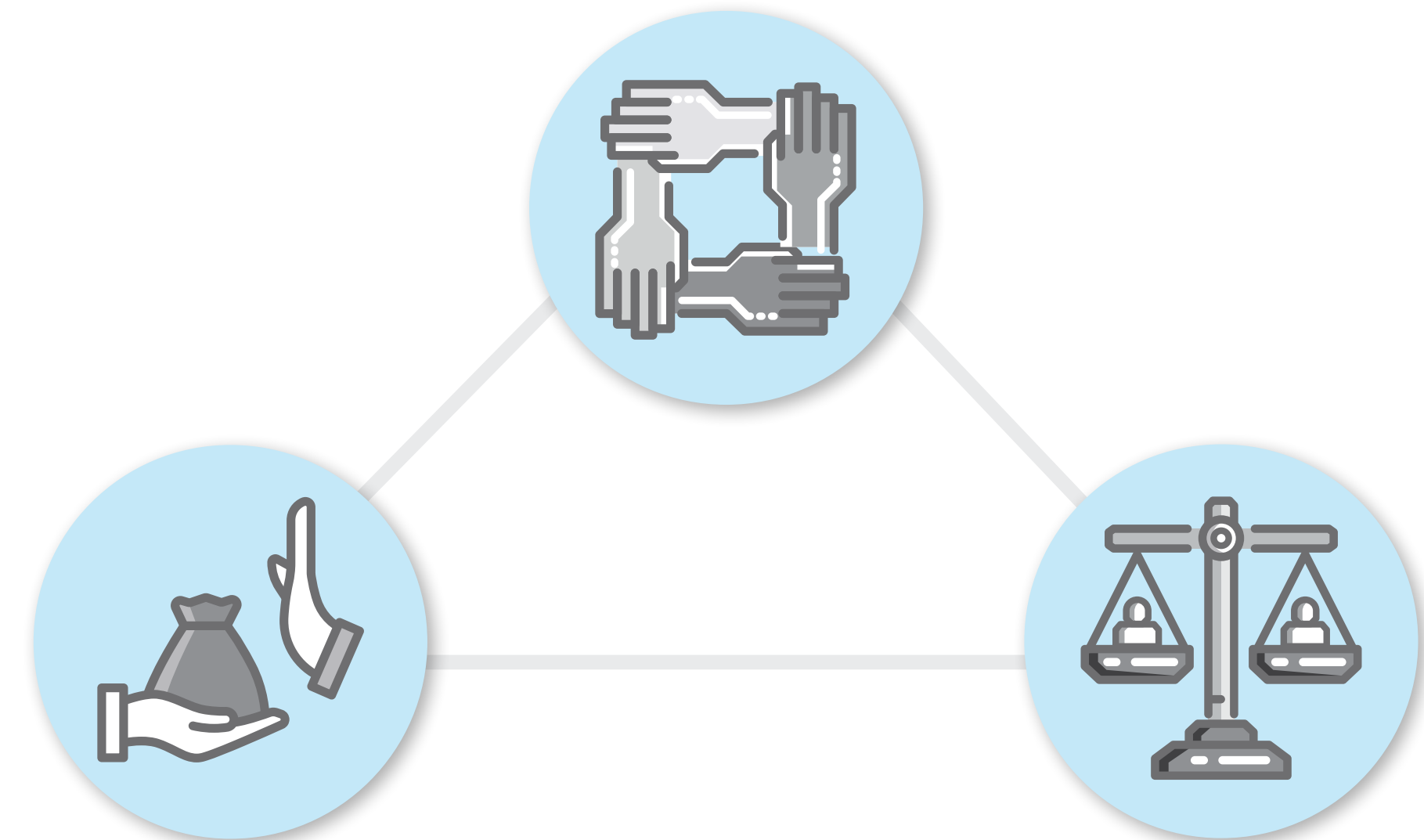
Scope

1. Zero tolerance to bribery and corruption

Bribery and corruption will not be tolerated. It is not acceptable to:

- Give, promise to give, or offer, a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given, or to facilitate or expedite a routine procedure;

- Request, agree to receive or accept payment from a third party that is known or suspected to have been offered with the expectation that it will obtain a business advantage from Karex;
- Participate in any activity that might lead to or suggest that a facilitation payment or kickback has been made or accepted by Karex;
- Accept a gift or hospitality from a third party if it is known or suspected to have been offered or provided with an expectation that it will obtain a business advantage from Karex; or
- Threaten or retaliate against another employee who has refused to commit a bribery offence or who has raised concerns under this policy.



2. Zero tolerance to tax evasion and the facilitation of tax evasion

Tax evasion and facilitation of tax evasion will not be tolerated, this refers to all taxes including social security, both in Malaysia and overseas. Tax evasion is the offence of cheating the public revenue of any territory of any taxes due. The facilitation of tax evasion is aiding, abetting, counselling or procuring the commission of a tax evasion offence or knowingly being party to such activity. It is not acceptable to:

- Participate in any activity that may be regarded as tax evasion or the facilitation of tax evasion;
- Agree to enter into any arrangement with employees, customers, suppliers or contractors that may lead to the diversion of any tax away from relevant authorities.

3. Payments of Amounts Due Customers, Agents or Distributors

All commission, distributor or agency arrangements must be in writing and provide services to be performed and for a fee that is reasonable in amount and reasonable related to the services to be rendered; i.e. not in excess of normal rates for the product sold or the place doing business.

All payments for commissions, discounts or rebates must be made by the company's cheque or draft (not by cashiers' cheque or in currency) in the name of the agent, distributor or customer and must be;

- personally delivered to the payee in the country in which the business was transacted or
- mailed to the payee's business or designated bank in the country in which the business was transacted.

Where the payee represents in writing or presents an opinion from a reputable local counsel that payment outside the country in which the business was transacted does not violate any law of such country payment may be permitted upon approval from the Finance Director.

Credit notes are the preferred method of affecting a rebate and should be issued to the customer unless cheque or draft (not by cashiers' cheque or in currency) is necessary due to the nature of the transaction. Any cheque or draft should refer to the sales invoice involved and indicate the amount of discount or rebate and the number of units.

All payments or discounts, rebates and commissions shall be fully disclosed in the accounting records maintained by the Finance Director. Proper documentation of contracts and agreements shall be maintained.

4. Zero tolerance to fraud

All employees, subcontractors, agents and suppliers must act honestly and with integrity at all times. All reasonable suspicions of fraud must be reported in accordance. No accounts must be kept "off the book" to facilitate or conceal improper payments.



5. Books and Records of the Company

The company's books, records and accounts shall accurately and fairly reflect the transactions of the company in reasonable detail and in accordance with the company's accounting practices and policies. For example:

- No false or deliberately inaccurate entries (such as over/under billing) shall be made for any reason. Discounts, rebates, credits and allowances do not constitute under billing when lawfully granted. The reasons for the grant should be set forth in the company's records including the party requesting the treatment.
- No payment shall be made with the intention or understanding that all or any part of it is to be used for any purpose other than that described by the documents supporting that payment.
- No undisclosed or unrecorded funds or assets shall be established for any purpose.
- No false or misleading statements written or oral shall be made to any internal or external accountant or auditor with respect to the company's financial statements or documents to be filed with the regulatory authorities.

6. Share trading and insider dealing

In the course of your employment with the company you may become aware of information about the company or its subsidiaries or other companies which has not been made public, the use of such non-public or "inside information" about the company or another company for your financial or other benefit is not only unethical but may also be a violation of law.

The company will not tolerate the improper use of "inside information". These prohibitions apply in all countries. Material "inside information" is defined as information that is not available to the general public and could influence a reasonable investor to buy, sell or hold stock or securities. While it is not possible to identify in advance all information that could be viewed as material "inside information", some examples might include non-public information about the company's financial performance including earnings and dividend actions, acquisitions or other business combinations, major new product announcements, significant advances in research or other significant activities affecting the company.

- No employee should disclose inside information to company employees who do not have a business need to know or to anyone outside the company.
- Employees should not evade these policies by acting through anyone else or by giving inside information to others for their use even if the employee will not financially gain from it.

7. Conflict of Interest/Related Parties

A conflict of interest is deemed to exist whenever an employee is in a position, as a result of the nature or responsibilities of his or her employment with the company, to further any personal financial interest of the employee or a member of the employee's immediate family. For example, the following situations would be considered conflicts of interest.

- An employee's investment or financial interest in/or holding a position with any supplier, customer, or competitor of the company (except for an investment in publicly traded securities as described below).
- An employee's acceptance of or giving permission for a member of the employee's immediate family to accept gifts, favors from an actual or perspective customer, supplier or competitor of the company, or any government official or employee. This does not preclude an employee's acceptance of reasonable business entertainment such as a lunch or dinner or events involving normal sales promotion, advertising or publicity.
- An employee's disclosure or use of confidential information gained by reason of employment by the company for profit or advantage for himself/herself or anyone else.
- An employee's competition with the company in the acquisition or disposition of rights of property.
- Actual or potential conflicts of interest involving an employee or his/her immediate family shall be reported in writing to the employee's line manager who shall consult with the directors of the company to determine whether a conflict of interest actually exists and to recommend measure to be taken to neutralize any adverse effect of the conflict of interest reported.

8. Human rights and labor standards

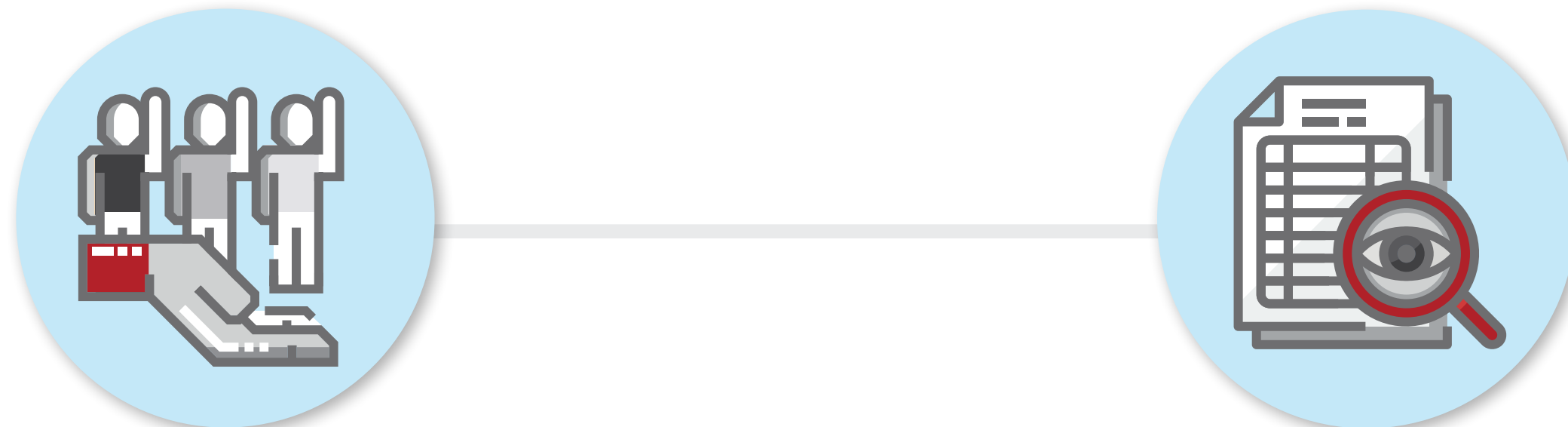
Over and above the requirements of the Modern Slavery Act, we endorse the tenets of the International Labor Organization Declaration on Fundamental Principles and Rights at Work and the Ethical Trading Initiative 'Base Code' and will ensure that:

- employment is freely chosen;
- freedom of association is respected;
- working conditions are safe and hygienic;
- child labor shall not be used;
- wages are not lower than minimum wage;
- working hours are not excessive;
- no discrimination is practiced;
- regular employment is provided; and
- no harsh or inhumane treatment is allowed.

Compliance with these rules is a prerequisite for any business engagement.

9. Lobbying

We do not directly participate in political activity. However, we will engage in policy debate on subjects of legitimate concern to us, our people and the communities in which we operate. The Chief Executive Officer will monitor activities to ensure they align with our core values.



Responsibilities

1. Karex Senior Leadership Team

- Review, endorse and achieve this policy's aims.
- Develop and roll out the supporting strategies.
- Provide reports on fraud and whistleblowing and ensure appropriate governance is maintained.
- Log all fraud and whistleblowing reports and ensure they are investigated appropriately as and when directed by the Board.

2. Head of Departments or Head of Business Units

- Ensure that this policy and supporting strategies and procedures are distributed, implemented and complied with.
- Ensure appropriate controls are in place and implemented to ensure compliance with this policy and applicable regulations, escalate any significant deficiencies or breaches to the board.
- Lead by example in protecting the Karex brand and communicating effectively.
- Ensure that their people are aware of their responsibilities and receive appropriate training.
- Address any inappropriate behavior.

3. Employees

- Carry out their work in line with this policy and associated procedures.
- Challenge any behavior that falls short of the expectations of this policy.
- Identify any breaches of this policy and reporting them to their line manager.

4. Internal Audit (Independent and External)

Our independent and external internal auditor will review management's processes for ensuring compliance with this policy and will determine compliance with the policy as part of its standard auditing procedures.