



CODE OF CONDUCTS AND ETHICS POLICY

PURPOSE

This policy outlines the Company's expectations regarding employees' behaviour towards fellow co-workers and overall organization. The company promotes freedom of expression and open communication that is responsible, courteous and with decorum to maintain a well-organised, harmonious, respectful, cordial and collaborative work environment.

SCOPE

Applicable to all permanent and contract employees employed by the Company.

CONTENT

1.0 PERSONAL APPEARANCE AND INTER-OFFICE RELATIONSHIP

All employees are expected to dress for office in a neat and dignified manner.

Sportswear such as jeans should not be worn on normal working days. Staffs who are given uniforms are to wear them during office hours.

Working with Office Colleagues

It is in the interest of both employer and employees that all members of the staff should work in harmony and co-operation with each other. No department can consider itself independent or more important than others. Objectivity rather than personal attitudes and differences should be the basis on which decisions are made and action taken in respect of business.

1.1 CONFLICT OF INTEREST

Conflicts of interest can arise from an employee's outside activities. The employee is required to discuss with the Management at an early stage, any proposed course of action where the employee's interests or objectives are likely to conflict with his obligations to the Group.

Personal Interests

All employees, upon knowing that the Group is contemplating to have dealings with a company in which he has an interest (whether direct or indirect), declare immediately his interest and inform the Management accordingly. He should also abstain from any decision making process of such dealings.

Personal Liabilities

An employee's incurrance of personal liability such as the obtaining of personal loans and overdraft facilities from financial institutions, and the issuance of personal guarantees may to an extent, relative to the amount involved and to the employee's position in the Company, affect the image of Fibromat.

Employees should not therefore incur significant personal liabilities for monies borrowed, which they are unable to settle.

Should an employee in the course of his employment, finds himself involved, directly or indirectly in some problems with regard to personal finance, he should declare to the Management his financial obligations before it becomes unmanageable. Any employee found to have been involved in financial indiscretions affecting the reputation of the Group may be subject to dismissal. Any problems in this respect should be discussed with the Management.

Personal And Outside Business

Employees may have personal interests in outside business or social establishments but such interests, whether direct or indirect, should not be in conflict with that of the Group.

The above restriction does not apply in cases where employees have holdings of publicly quoted securities unless he/she is substantial shareholder of the company or has influence on the decision making.

Employees, however, are not to hold directorships or assume advisory or executive roles or membership of parliament or state assemblies or any other public or private work in their personal capacity without prior expressed written consent of the employer, which consent shall not be unreasonably withheld. Where written consent is obtained, such personal and outside business should not be allowed to interfere with an employee's duties, responsibilities and obligations as an employee.

The employee concerned is also not to use the Company's time and facilities for his personal and outside business. Where such business begins to encroach on the employee's work, he should discuss the matter with the Management.

Declaration And Undertaking

As a condition of employment, all employees on joining the Group are to sign an "Employee Declaration and Undertaking" where he/she:

- Declares that he/she has no interest in business undertaking, which he/she is aware of being or will be in conflict with the interests of the Group.
- Undertakes not to secure personal interests which can be construed as incompatible to his employment.
- Undertakes not to make public any confidential information acquired in the course of his employment, without the permission of the Group.
- Undertakes to declare as soon as possible his personal interests in outside corporations.
- Declares not to incur significant personal liability, which may impair the public standing of the Group.

1.2 CONTACTS WITH CUSTOMERS AND/OR BANKERS/PUBLIC

Employees are to observe proper appearance and display appropriate behaviour when in contact with business associates or the public to avoid adverse publicity to the Group. They have to observe, in particular, the following:

- a) To conduct themselves properly in public and not to antagonise clients.
- b) To develop a courteous, dignified and professional approach.
- c) To notify Management immediately when adverse or unpleasant situations arise.

- d) To regard old and new contacts with customers and/or bankers/suppliers etc. as not exclusive to themselves but as contacts of the Company, even though they have been personally introduced the contacts to the Group.
- e) To introduce one or more fellow managers or executives during any meetings with clients in order to establish continuity of the Group's business relationship with the contact person.
- f) To write a brief report of business meetings attended for the attention of Senior Management and for future referrals.

1.3 CONFIDENTIAL MATTERS

All employees must hold in strict confidence all matters of a confidential nature acquired by him in the course of his employment with the Company. They are required to observe, in particular the following guidelines in order to observe confidentiality:

- Not to discuss freely with outsiders or when in the presence of outsiders, the Group and client affairs without permission. Outsiders shall include friends, family members, client's employees and competitors.
- Not to discuss with or when in presence of another client, matters relating to one particular client.
- Before disclosing information of a confidential nature to persons or authorities purporting to have a right to such information, permission from the Management must be first obtained.
- To remember that a professional man is one who knows when to hold his tongue.

1.4 DIRECTORSHIPS IN OTHER COMPANIES

- In all cases, an employee cannot accept a directorship in any company with the prior written consent of the employer.
- Employees who act, as directors of any company within the Group shall not earn any directors' fees, unless otherwise agree upon by Management. Any fees paid to employees by virtue of the foregoing appointment shall therefore be fully accounted for the Company.
- The Company may retain fees paid to employees who assumed personal responsibility as directors of companies not within the Group even if directorship in such companies arose by virtue of the Group's interest in the companies.
- Companies within the Group shall mean MTS Fibromat (M) Sdn. Bhd. and its subsidiaries.

1.5 EMPLOYMENT OF RELATIVES

It is the policy of the Group to hire the best-qualified employees available for the jobs. However, in placing employees who are closely related, the Company shall observe the following practice:

- a) Employment of relatives is discouraged when this would result in inappropriate job relationships.
- b) In the event of marriage between employees, the spouse may need to be transferred to another department.
- c) It is inappropriate to consider particular individuals for certain jobs when both recruitment and internal transfers are involved.

The Management shall review the merits of each individual case involved.

2.0 OFFICE AND FACTORY RULES

2.1 SAFETY AND CLEANLINESS

All employees must:-

- Observe all safety regulations, which apply within the Company premises.
- Use safety appliances/equipment and/or special attire provided.
- Report to their immediate Superior at once when you notice a defect in any safety equipment, protective attire or anything out of ordinary.
- Ensure that all safety guards are in position before machines or equipment are started.
- Not to adjust any machinery without authorisation from their immediate Superior.
- Ensure that any scrap from production processes is kept segregated according to type and is collected in the containers provided.
- Keep their work place clean, tidy and orderly.

2.2 GENERAL CONDUCT

All employees are required to observe the following:

- Smoking is strictly prohibited in the working areas of the factory including Warehouse and Store areas other than the designated smoking areas.
- Not to sleep whilst on duty.
- Not to commit any immoral act on the Company's premises.
- Not to gamble whilst on the Company's premises.
- Not to fight whilst on the Company's premises.
- Not to adopt an insubordinate attitude towards any Superior or Executive.
- Not to spread rumours.
- Not to aid, abet or incite any employee to commit any of the above.

2.3 HOURS OF WORK

All employees must:

- Observe their working hours, which are specified for their job.
- Undertake shift work as required.
- Report immediately to their immediate Superior if they are late by more than ten (10) minutes.
- Not to stop work before the normal finishing time.
- Not to leave their work place during working hours unless with the permission of their immediate Superior.
- When they are on duty involving a continuous/semi-continuous shift, they are not to leave their place of work until they are relieved.

2.4 PUNCTUALITY

All employees must:

- Ensure that they are punctual to work.
- Not to be late for more than ten (10) minutes for three (3) days or cumulative of two (2) hours in a month. Those violating this rule shall be subject to disciplinary action at the discretion of the Management.

2.5 TIME RECORDING

All employees must:

- Clock in at the beginning and out at the end of each day/shift and leave the punch card at its rightful place.
- Report immediately to their Superior if they have accidentally clocked the wrong card, or if someone else has clocked your card.
- Not to clock another employee's card.
- Not to allow another person to clock their card.
- Not to alter, delete, deface or tamper with their card or anyone else's card.

2.6 SECURITY

All employees must:

- Only enter or leave the Company's premises through the authorised gate.
- Accept the right of the Company's security guard to search them when entering or leaving the factory. During working hours, they must accept the right of search by the security guard or member of the Management. Any vehicle, bag, basket, parcel, tin or container may be searched.
- Not to leave the Company's premises at any time other than the normal closing time, without a Leave Slip or Exit Gate Pass from their immediate Superior, or a medical slip to seek treatment from the Company's panel doctor.
- Accept the right of access of any authorised Official of the Company to look into any locker provided, if any.

2.7 AMENITIES

All employees must:

- Take their meals only during specified meal breaks. All meals should be taken in the assigned areas allocated.
- Maintain the cleanliness of the areas where meals are taken. Ensure that the toilets and wash basins are cleaned after use at all times.
- Dispose of cigarette butts and other waste in the trays/bins provided.
- Not to use the eating areas for sleeping.

2.8 USE OF FIRST-AID MATERIALS

All employees must report to their immediate Superior any injury sustained whilst at work. If they cannot report before going for treatment, they must do so as soon as possible, and before they resume work.

2.9 MEETINGS AND DISPLAY OF NOTICES

All employees must:

- Not convene or attend any meeting on the Company's premises without the prior permission of the Management.
- Not distribute or display any notice or literature on the Company's premises without the prior permission of the Management.

2.10 USE OF PLANT AND EQUIPMENT

All employees must:

- Not use or operate any Company property, building, fitting, goods, machinery, tools, stores, vehicles and materials unless in the course of their duty.
- Not to carry on any private work on the Company's premises.
- Not cause deliberate damage to Company's property.
- Not remove Company's property out of the Company's premises unless the Management has granted prior permission.

2.11 LIQUOR, DRUGS AND GAMBLING

All employees must not:

- Enter or attempt to enter the Company's premises under the influence of intoxicating liquor or narcotic drugs (dadah).
- Bring into the Company intoxicating liquor for consumption or narcotic drugs (dadah).
- Consume intoxicating liquor or take narcotic drugs (dadah) whilst in the Company's premises.
- Indulge in any activities that are deemed to be gambling whilst in the Company's premises.

2.12 COLLECTION OF MONEY/PRIVATE BUSINESS

All employee must not:

- Carry out monetary or any other form of collection in the Company's premises without the prior permission of the Management.
- Conduct any kind of private trading in the Company's premises.

2.13 POLITICAL ACTIVITIES

The Company shall not be associated with any political party and prohibits all form of political activity within the Company's premises.

Likewise, all employees are prohibited from taking part or involve in any political activities. In particular, they are prohibited from carrying out the following activities in the Company's premises, without any prejudice to their private rights:

- a) Demonstrate support for any political party by wearing its emblems.
- b) Support a particular political issue by making public or formal statement.
- c) Publish or circulate books, articles or leaflets pertaining to views/matters of a political party.
- d) Canvas support for any candidate at an election for office of a political party.
- e) Act as an election agent of a political party.

3.0 DISCIPLINARY RULES AND REGULATIONS

3.1 GENERAL

The Company views an act of misconduct as improper behaviour or a deliberate act in violation of rules and regulations, resulting in a breach of any duty, assignment or obligation. Further, the Company has to ensure at all times, a high standard of discipline and performance standards to be observed by all employees, and at the same time, adequate safety standards within the Company premises.

3.2 MINOR MISCONDUCT

The Company views the following acts as examples of minor misconduct:-

- Wasting time on personal telephone calls during working hours.
- Not being in the place of work and loitering during working hours.
- Eating food in the workplace.
- Coming late in the workplace.
- Committing a nuisance in the Company premises.
- Not showing proper courtesy and respect towards superiors.
- Untidy appearance.
- Negligence in performance of duties.
- Horse playing – teasing or disturbing another employee during working hours.
- Use of vulgar or indecent language.
- Misuse of company property.
- Non-observance of Standard Operating Procedures (“SOP”) not amounting to a major loss to the Company.
- Bad customer relations.
- Acts and behaviours indicating dishonest nature.
- Misuse of position not amounting to a major loss to the Company.
- Reading newspapers/magazines during office hours.

3.3 DISCIPLINARY ACTIONS ON MINOR MISCONDUCT

The Company shall take the following types of disciplinary action on employees who commit minor misconducts outlined in section 11.2:

1. Formal Verbal Warning

The immediate Supervisor shall give the warning, record the warning and then inform the Management.

2. First Formal Written Warning

The Factory Manager or Head of Department shall issue the warning, and send a copy to the Human Resource Department.

3. Final Formal Written Warning

The Fibromat Executive Director shall issue this warning. A copy of this warning shall be given to the Human Resource Department.

If the employee disregards the warning, a “Show Cause” letter will be issued by Human Resource Department. The employee shall be required to explain in writing his reasons for committing the misconduct.

If the explanations are satisfactory, Management shall not take further action. In situations where the explanations are not satisfactory or the employee has no explanation to give, the Management may conduct a Domestic Inquiry to allow the employee to explain his case, before taking further disciplinary action, against the employee.

3.4 MAJOR MISCONDUCT

The Company shall view the following acts as examples of major misconduct. The lists are not meant to be exhaustive or final and are subject to amendment at the discretion of the Management.

- Theft, fraud or dishonesty in connection with the Company’s business or property.
- Wilful damage to or loss of Company’s goods or property.

- Taking or giving bribes.
- Habitual absence without leave – absent for more than two days.
- Riotous or disorderly behaviour during working hours at the Company premises.
- Interference or tampering with safety devices installed in Company property or premises.
- Consuming alcohol within Company premises.
- Found drunk or under the influence of liquor while on duty.
- Gambling within the premises of the Company.
- Sleeping while on duty.
- Indecent behaviour and performing immoral acts – such as molesting or sexual harassment.
- Drug trafficking.
- Divulging Company's trade secrets to competitors or unauthorised personnel.
- Misappropriation, embezzlement or criminal breach of trust.
- Arson, Sabotage.
- Threatening or intimidating a superior or another employee.
- Making false claims against the Company.
- Violence, assaulting superiors or other employees.
- Instigating illegal industrial actions among employees against the Company.
- Committing an offence against the laws of Malaysia.

Note: These are mere guidelines based on existing practices and are liable to be altered/amended from time to time.

3.5 DOMESTIC INQUIRY

The Company shall conduct an inquiry to allow an opportunity for the employee who has committed a major misconduct and who faces possible termination, to present his case according to natural justice principal. The panel members shall comprise of:

- The Fibromat Executive Director
- Head of Human Resource Department
- Two company representatives from any departments

At the end of the enquiry, the panel shall make the necessary recommendation to the Management for further disciplinary action, if any, to be taken against the employee concerned.

3.6 DISCIPLINARY ACTIONS ON MAJOR MISCONDUCT

In the event of an employee being found guilty of committing a major misconduct, he may, after due enquiry:

- a) Be suspended without pay for up to one (1) week
- b) Be downgraded
- c) Be summarily dismissed

For the purpose of the enquiry, the Company may suspend the employee for a period not exceeding 1 week during which period he shall be paid a half month basic salary only. Provided that if the enquiry does not disclose any misconduct on the part of the employee, the Company will restore the full month salary withheld.

Under normal circumstances, all formal warnings issued at whatever stage of the disciplinary procedure will remain in force for a period of six (6) months. In situations where an employee is found to have deliberately abuse the procedure, the Company shall take whatever necessary appropriate action to deal with the situation.

3.7 RIGHT TO APPEAL

An employee, who is dissatisfied with any disciplinary action taken by the Management, shall have the right to appeal to the Management within a period of fourteen (14) days from the date of such decision.

4.0 GRIEVANCE PROCEDURE

4.1 Recognising the value and importance of full discussions in clearing up misunderstanding and preserving harmonious relations, every reasonable effort shall be made by the Company and the employees of the Company to dispose off any enquiries, suggestions, or complaints, from the employees, speedily and at the lowest possible level. All employees shall endeavour to resolve any problem or complaint with his immediate superior before resorting to the grievance procedure.

4.2 A grievance is defined as a complaint against the Management/Company which an employee brings to the attention of his immediate superior and which is subsequently not settled by his superior to the satisfaction of the employee.

The grievance procedure is outlined in the following steps:

The employee should bring his grievance to the attention of the Management within three (3) days of the date of occurrence of the alleged complaint or problem, otherwise the complaint or problem will not be entertained.

The supervisor should resolve the issue within three (3) working days for the time it is brought to his attention.

If his immediate superior does not settle the employee's grievance to his satisfaction within 3 days, he may refer his grievance to the attention of Human Resource Department.

If the matter is still unresolved within 7 days, the employee may refer his grievance to the attention of the Fibromat Executive Directors.

5.0 ADMINISTRATION

5.1 POLICY

The Human Resource Department maintains an up-to-date personnel record on all current and future employees for many purposes including the administration of salaries, taxations and employee benefits.

In order that such information is accurate and up-to-date, employees are required to inform Human Resource Department in writing of any changes of personal information within seven (7) days of their occurrence.

Emergency Contacts

Employees are required to keep Human Resource Department informed of the contact person/next of kin/personal representative who can be contacted in the event of an emergency.

Travel Documents

All staff who are going overseas on Company's business shall be personally responsible to obtain their own passports and visas or to renew existing similar documents.

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