

**Malaysia Marine and Heavy Engineering Holdings Berhad**

# **CODE OF CONDUCT & BUSINESS ETHICS**

**Country Supplement:**

**MALAYSIA**

The MHB Code of Conduct and Business Ethics is a general reference for use in all the countries in which MHB conducts operations. It does not describe all applicable laws or MHB policies or give full details on any particular law or policy. It does not constitute legal advice. It does not constitute or create a contract of employment. MHB reserves the right to modify, revise, cancel or waive any policy, procedure or condition without notice and without revision of the Code. Moreover, the provisions of the Code may be modified by MHB to adapt them to local laws and conditions.

# CONTENTS

<b>A – Variations to the MHB Code of Conduct and Business Ethics (CoBE)</b> .....	3
<b>Part I : Core Values and Culture</b> .....	3
1. Application .....	4
<b>Part II : Duties of Good Faith, Fidelity, Diligence and Integrity</b> .....	5
<b>Part II (I) : Conduct Tending to Jeopardise Duty of Good Faith and Fidelity</b> .....	6
1. Serious Pecuniary Indebtedness .....	6
2. Declaration of Asset by Employee .....	6
3. Borrowing Money .....	8
<b>Part III : Workplace Culture and Environment</b> .....	9
1. Absence Without Leave or Without Reasonable Cause .....	10
<b>Part IV : Discipline, Disciplinary Process and Sanctions</b> .....	11
1. Disciplinary Process .....	12
2. Disciplinary Punishments .....	12
3. Punishing Authority .....	12
4. Appeal Procedure .....	12

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# VARIATIONS TO THE MHB CODE OF CONDUCT & BUSINESS ETHICS (CoBE)

## PART I CORE VALUES & CULTURE



# PART I : CORE VALUES & CULTURE

## 1. Application

- 1.1 This Country Supplement shall apply to all employees of the MHB group of companies in Malaysia. Failure to comply may have severe consequences for MHB and may result in disciplinary action against you, subject to the requirements of applicable law.
- 1.2 This Country Supplement should be effective from 31 July 2023 (Effective Date) and should replace the previous Malaysia Country Supplement. Any misconduct committed before the Effective Date of this Country Supplement will be addressed under the previous Country Supplement that was in effect at the time of misconduct.
- 1.3 This Country Supplement should be read in conjunction with the MHB Code of Conduct and Business Ethics (CoBE). In the event of any inconsistency between the policies in this Country Supplement and those in the CoBE, the policies of this Country Supplement shall prevail.

PART II  
**DUTIES OF GOOD FAITH,  
FIDELITY, DILIGENCE  
AND INTEGRITY**

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# PART II : DUTIES OF GOOD FAITH, FIDELITY, DILIGENCE AND INTEGRITY

## PART II (I): CONDUCT TENDING TO JEOPARDISE DUTY OF GOOD FAITH AND FIDELITY

### 1. Serious Pecuniary Indebtedness

1.1 For the purposes of this section, the term “serious pecuniary indebtedness” refers to a state of indebtedness in which an employee, considering the amount of debt incurred, experiences financial hardship.

An employee is deemed to be in serious pecuniary indebtedness where:-

- a. he / she is a judgment debtor, as long as the judgment sum remains unsettled; or
- b. he / she is a bankrupt or an insolvent wage earner, as long as he / she remains as a bankrupt or any judgment sum against him / her in favour of the Director General of Insolvency remains unsatisfied, as the case may be.

1.2 Serious pecuniary indebtedness, regardless of its cause, will be regarded as necessarily impairing an employee’s efficiency and effectiveness.

1.3 An employee must avoid habitual indebtedness unless he / she can prove that such indebtedness or insolvency is the result of circumstances beyond his / her control and not the result of extravagances or dissipation.

1.4 An employee is required to disclose the full extent of his / her serious pecuniary indebtedness to MHB at the earliest opportunity when such indebtedness is known to him / her.

1.5 An employee who obtains an annulment of his / her bankruptcy may be treated as having fully restored his / her credit standing.

### 2. Declaration of Assets by Employees

2.1 In line with MHB’s efforts to prevent corruption, illicit enrichment, abuse of position, conflict of interest, and to ensure the highest level of integrity among its employees, MHB may direct an employee to make an asset declaration.

## PART II : DUTIES OF GOOD FAITH, FIDELITY, DILIGENCE AND INTEGRITY

2.2 For the purpose of this Section;

- a. “Asset declaration” means an employee making a declaration of his / her assets;
- b. “Assets” include property of any description, whether movable or immovable, as may be prescribed by MHB from time to time; and

In respect of immovable property, assets include:

- i. Land, including land occupied under temporary occupation license.
- ii. All types of residence such as houses, flats, apartments, and condominiums.
- iii. Buildings, including shops or portions of shops, office spaces or marketing

In respect of movable property, assets include:

- i. Any form of cash wherever deposited or retained.
- ii. Shares, stocks, debentures, bonds or other form of securities.
- iii. Any form of trade, business or commercial license permits.
- iv. Any other movable property, including all types of motor vehicles, jewelry, club memberships, household furniture and sport equipment.

Assets also include:

- i. financial commitments; and
- ii. ownership / directorship in company(ies).

- c. The frequency of the asset declaration will be on an annual basis unless directed otherwise by MHB;
- d. The asset declaration should be submitted to your respective Human Resource Department.

2.3 Failure to make the asset declaration as required under this Section 2 will be viewed by MHB as a lack of commitment on the part of the employee to uphold MHB’s policy on maintaining the highest standard of integrity, openness and transparency. Such failure shall be subject to disciplinary action.

2.4 In addition to an asset declaration, MHB may also require the employee to provide a written explanation detailing how he / she is able to maintain their standard of living and / or how they acquired their pecuniary resources or property including but not limited to the following:

## PART II : DUTIES OF GOOD FAITH, FIDELITY, DILIGENCE AND INTEGRITY

- a. Maintaining a standard of living that is beyond his / her official emoluments and other legitimate private means, if any; or
- b. Being in control of or possessing pecuniary resources or property, movable or immovable, the value of which is disproportionate to, or could not reasonably be expected to have been acquired with his / her official emoluments and any legitimate private means; or
- c. Holding a position or decision-making authority that is reasonably deemed to have a higher risk exposure to acts of corruption, conflict of interest or abuse of power.

You may consult your respective Human Resource Department for further information.

### 3. Borrowing Money

- 3.1 You may borrow from banks, insurance companies, cooperative societies or borrowing companies licensed under relevant statutes and / or law including the Malaysian Financial Services Act 2013 or Islamic Financial Services Act or incur debt through acquiring goods by means of hire purchase agreements or other arrangements, provided that:
  - a. The banks, insurance companies, cooperative societies or borrowing companies from which you borrow are not directly or indirectly subject to your official authority;
  - b. Such borrowings do not lead to public scandal or create the perception that you have abused your position for personal gain; or
  - c. The total of your debts does not, and is not likely to, cause you serious pecuniary indebtedness as defined under Section 1.
- 3.2 You may not borrow from any individual or entity engaged in the business of money lending.
- 3.3 You must comply with the borrowing limitations outlined in the Code.



**PART III**  
**WORKPLACE CULTURE AND**  
**ENVIRONMENT**

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## PART III : WORKPLACE CULTURE AND ENVIRONMENT

### 1. Absence Without Leave or Without Reasonable Cause

- 1.1 An employee who is absent must, at the earliest opportunity, inform the MHB officer to whom he / she reports of his / her absence and the cause for his / her absence.
- 1.2 If the absence without leave and without reasonable excuse extends beyond two (2) consecutive working days, the employee will be deemed to have breached his / her contract of service with MHB.
- 1.3 If an employee is absent for more than two (2) consecutive working days without reasonable excuse, a registered letter will be sent as soon as possible thereafter to the employee's last known address, requiring him / her to provide an explanation for the absence. If, after seven (7) days from the posting of the registered letter, no response or satisfactory explanation is received, the employee will be deemed to have breached his / her contract of service. In such circumstances, MHB reserves the right to terminate the employee's service and recover any sums due from the employee to MHB.

**PART IV**  
**DISCIPLINARY PROCESS**  
**AND SANCTIONS**



# PART IV : DISCIPLINARY PROCESS AND SANCTIONS

## 1. Disciplinary Process

- 1.1 Where circumstances warrant, MHB may suspend an employee on full or half pay pending the investigation and / or inquiry into alleged acts of misconduct committed by the employee.
- 1.2 If the investigations reveal concrete and cogent evidence supporting the alleged misconduct, MHB may institute disciplinary action against the said employee.

## 2. Disciplinary Punishments

The Punishing Authority may, after due inquiry, impose any of the following punishments, or a combination thereof, on the employee:

- i. Written warning;
- ii. Suspension with or without pay for a period to be determined by the Punishing Authority;
- iii. Withholding the employee's increment for a period to be determined by the Punishing Authority;
- iv. No increment to the employee's salary for a period to be determined by the Punishing Authority;
- v. Non-payment of bonus or ex-gratia;
- vi. Downgrading or demoting the employee;
- vii. Any other types of punishment as the Punishing Authority deems fit;
- viii. Dismissal.

## 3. Punishing Authority

For the purpose of this Part IV, "Punishing Authority" refers to the officer of MHB who has been given the authority to impose punishment on an employee as outlined in the Human Resource Department Limits of Authority.

## 4. Appeal Procedure

- 4.1 An employee who is aggrieved by the decision of a disciplinary action has the right to appeal in writing within thirty (30) days from the date of service or posting of the letter communicating the decision of the Punishing Authority.

## PART IV : DISCIPLINARY PROCESS AND SANCTIONS

- 4.2 The Appeal Authority is responsible for the grounds of appeal set out in the letter of appeal and must conclude whether to dismiss the appeal or to allow the appeal by either:
- a. Reversing the finding of guilt; or
  - b. Reducing the punishment.
- 4.3 The Appeal Authority shall consider the appeal based on the written submissions by the aggrieved employee as well as the report of the Domestic Inquiry and the grounds for the decision made by the panel of the Domestic Inquiry.
- 4.4 For the purpose of this Section, “Appeal Authority” refers to the officer of MHB who has been granted the authority to consider and decide on appeals.



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