



**PETRA ENERGY BERHAD**

**CODE OF CONDUCT AND ETHICS**

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## **1.0 INTRODUCTION**

PETRA Energy Berhad Group of Companies (“PETRA” or “The Company”) is committed to perform business in an ethical manners which is in line with its core values expects all its directors and employees to apply the highest ethical standards in their business dealings.

The Company also committed to a policy of zero tolerance towards bribery and corruption as define in The Malaysian Anti-Corruption Commission Act 2009 (Act No.694) and Amendment 2018 (Act A1567) and any future applicable amendments.

## **2.0 SCOPE**

This Code of Conduct and Ethics shall apply to all Directors of the Company and all employees of The Company (hereafter will be called “Employee”), including full-time employees, part-time employees, employees on probation, trainees and interns, employees on secondment, employees on fixed-term contracts and offshore based employees.

This Code of Conduct and Ethics that also can be found on Section 13 of The Company’s Employee Handbook describe measures put in place as required in the Malaysian Code of Corporate Governance to:

- handle actual or potential conflict of interest;
- prevent corrupt practices which include the offering and acceptance of gifts and other form of benefits;
- encourage the reporting of unlawful or unethical behaviour;
- protect and ensure the proper use of The Company’s assets; and
- ensure compliance with laws, rules and regulations.

## **3.0 CODE OF CONDUCT AND ETHICS**

### **3.1 DUTIES & RESPONSIBILITIES**

- a. In the performance of his / her duties, an employee shall receive instructions from the Company only
- b. Employees will be given a Job Description outlining his/her duties and responsibilities by the HOD. The HOD is required to discuss the Job Description with his/her employee in detail. Before finalisation any amendment to the Job Description should be made known to GHC.
- c. Employees are expected to work smart based on the stated work hour in order to meet exigencies of the Company’s business.
- d. During normal working hours, employees shall not be allowed to do any work whatsoever (other than that of the Company), without the express written consent of the Company. A breach of this rule may subject you to disciplinary action which may result in dismissal from service.

### **3.2 CONFLICT OF INTEREST**

- a. Employees shall declare all interests / assets in any organization other than the Company. An employee shall not be engaged or hold any position in any external organization without the prior knowledge and written acknowledgement from the Company. Employees who fail to declare such interests or do not comply with this requirement shall be subjected to disciplinary action which includes dismissal.
- b. All employees shall immediately declare to their respective HOD, any gifts or favours that is received in connection with the performance of their duties with the Company and must surrender such gifts or items to the Company when requested to do so.
- c. Employees shall not accept any gift or favour which is in the nature of inducement to the commission or omission of any act in connection with their duties with the Company. A breach of this rule may subject you to disciplinary action which may result in dismissal from service.
- d. Employees are required to declare existing conflicts of interest, situation(s) by signing the Agreement of Confidentiality, Bribery and Conflict of Interest on annual basis or as determined by the Company.
- e. The following are examples of parties that employee is deemed to have interest in (hereinafter referred to as an interested party):
  - i. Company or firm that an employee owned or have interest in.
  - ii. Organization that an employee is a member of.
  - iii. Family members including parent, spouse, sibling, children, cousins brother in-law and sister in-law of employee.
  - iv. Lived in partner and fiancé of employee.
  - v. Company, firm, partnership, joint venture and any type of organization where any person mentioned under (iii) and (iv) has interest in.
  - vi. Suppliers/sub-contractors/donors that employee had been receiving personal gifts, loan or services of any kind from.
  - vii. Person(s) employee granted (to) or received (from them) personal loan, provided or received guarantee.
  - viii. Party of which employee received benefits of any kind such as commission, fee, salary, gifts, and free of charge service where the total amount of equivalent value in aggregate, is considered material to the employee.
  - ix. Related party as defined by Chapter 10 of the Bursa Malaysia Listing Requirements.

- f. When an employee is dealing with any of the interested party under the circumstances not limited to examples listed below, the employee is deemed to have conflict of interest.
- i. Sales of any items including disposal of asset and scraps.
  - ii. Purchase or receipt of materials or good of any kind such as raw material, fabricated materials, partial finished goods, office uses, consumables and marketing materials.
  - iii. Purchase or receipt of services including sub-contracting / outsourcing, technical, operational and professional services.
  - iv. Vendor performance evaluation.
  - v. Award and acceptance of contract.
  - vi. Recruitment, appraisal and determination of rewards (bonus, promotion and increment).
  - vii. Processing of invoice issuance, payment, claims and disbursement.
  - viii. Tenancy or leasing (to and from) of any kind including land, property and equipment.
  - ix. Transactions involving dual control and segregation of duties.
- g. Conflict of interests may not always be clear cut and there could also be circumstances that a transaction appears to be fitting the definition of a conflict of interest could benefit PEB Group. When such scenario arises, employee who has interest as well as other employees who are involved in processing such transaction of potential conflict of interest are expected to adopt the following principles:
- i. The employee who has interest in the transaction must ensure full disclosure to his/her superior and Head of Department as soon as he/she is aware of the possibility of such transaction. If Directors are involved, additional disclosure to the Group's Finance Department is immediately required (in order to facilitate monitoring by Finance Department on related party transactions based on Chapter 10 of the Bursa Malaysia Listing Requirement).
  - ii. The employee concern should abstain from (i.e. total non-involvement) processing the transaction as well as its assessment and decision making process.
  - iii. Comply fully to the existing procedure in the process of decision making or transaction. For example, the relevant policy and procedure.
  - iv. Ensure that all the assessments and approvals done during decision making process are fully documented for future references.

### **3.3 FALSE OR MISLEADING DECLARATION.**

If at any time subsequent to the appointment of an employee, it is found that any statement contained in the Employee's Application Form to be false or misleading, the employee can be summarily dismissed or face disciplinary action deemed appropriate by the Company.

### **3.4 OWNERSHIP TO CONFIDENTIALITY OF COMPANY INFORMATION**

#### Non-disclosure of Information

- a. Confidential information refers to employee details, the company's operations, customer lists, company affairs, product development, trade secrets, business models or other organizations with whom we do business. All employees are obligated to ensure that confidential unless otherwise stated, is not disclosed in the verbal, written, print, published, email, web posting, blog or other forms of communications channels to any parties.
- b. Employees are not allowed whether during or after termination of your employment with the Company, to discuss or disclose confidential information relating or pertaining to the Company directly or indirectly to any person or company unless: -
  - the information has previously been made public; or
  - employee has approval by the Company's Group CEO and Executive Director to do so; or
  - it is required by law to do so
- c. Employees should not discuss with other employees or external parties, within or outside the office, any confidential information regarding the Company, its business partners, its customers or clients, its employees or any other confidential information except in the course of carrying out your duty and upon approval from the Group CEO and Executive Director.
- d. Any information pertaining to the Company that is not available to the public shall be treated as confidential. It must not be shared or used by directly or indirectly to influence an investment decision in connection with the purchase or sale of the Company's share.
- e. Employees, who receive any request to disclose confidential information related to the Company, shall inform his/her superior immediately for further guidance and approval from the Group CEO and Executive Director.
- f. Employees who disclose confidential/sensitive information and any of the rules above deemed to have committed a serious offence and shall be subjected to disciplinary / legal action, including immediate termination of employment with the Company.

### **3.5 INTERNAL CONTROL SYSTEM**

- a. Group CEO and Executive Director is committed to establishing, maintaining, and regularly evaluating the effectiveness of a business-wide internal control system and governance including, but not limited to, detailed procedures for accounting, financial reporting and disclosure.
- b. Appropriate guidelines for the internal control structure and the disclosure controls and procedures are defined within the relevant policies and work instructions.

### **3.6 CODE OF CONDUCT**

- a. The Company expects all Employees to observe Code of Conduct. All employees shall;
- b. Support the policies, procedures and practices of the Company;
- c. Discharge their responsibilities assigned to them by the Company or its related companies in an efficient manner and that they will promote the interests of the Company at all times;
- d. Devote their careers to the Company and not engage directly or indirectly in other
- e. forms of employment, including ad hoc or part-time basis without any prior approval.
- f. Seek the Company's prior permission for any significant shareholdings (as per the Companies Act, 1965) or directorships he/she may hold;
- g. Conduct themselves with propriety and decorum at all times to reflect, maintain and enhance the good standing of the Company; and
- h. Honor confidentiality of all company information that they have acquired during and after their employment.
- i. Prohibits any form of bribery or corruption, such as giving or receiving bribery, in the form of money, a gift or any other benefits and advantage. This includes:
  - i. Favours or services of any sort of promise.
  - ii. Offer, authorise, solicit, or accept any financial, gifts, entertainment, travel or other advantage to or from anyone.
  - iii. Obtain or retain business or secure an improper advantage in the conduct of Petra and subsidiaries' business suppliers/sub-contractors.
  - iv. Sponsorship and donations without getting prior approvals from relevant authorized Personnel as per GLOA or other established exceptions.

### **3.7 GROSS MISCONDUCT**

Misconduct means improper behaviour or deliberate violation of a rule of standard behaviour. It can be referred to:

a. Types of Misconduct

Acts of misconduct include but are not limited to the following:

- i. Theft/Pilferage/Misappropriation or attempt of the same of the Company's funds or property or other employee's personal belonging or property within the Company's premises.
- ii. Fraud, dishonesty, falsification or attempt of the same in connection with the Company's business, funds or property.
- iii. Causing or creating violent actions, assault, abuse, or action deemed inappropriate and harmful to other employees or visitor(s) in the Company's premises.
- iv. Prosecuted or charged with criminal offence.
- v. Soliciting or accepting bribes or any illegal gratification.
- vi. Participating in unauthorised financial transactions.
- vii. Participation in illegal strikes, etc.
- viii. Instigating industrial action among employees against the Company
- ix. Picketing in the Company's premises except where permissible under the law, agreement or award.
- x. Inciting other employees to participate, abetting in illegal strikes or activities in contravention of the provisions of any lawful and reasonable order of a superior.
- xi. Willful insubordination or disobedience whether alone or in combination with other to any lawful and reasonable order of a superior.
- xii. Conflict of interest.
- xiii. Breach of fiduciary duties.
- xiv. Spreading malicious rumours about the Company.
- xv. Gambling whether involving money or otherwise, in the Company's premises.
- xvi. Gross negligence and neglect of duty.
- xvii. Interfering with the record of his attendance or of any other employee or falsification, defacement or destruction of any record of the Company.
- xviii. Sleeping while on duty.
- xix. Possession of illegal weapon or lethal weapon on the Company's premises.
- xx. Riotous, disorderly or indecent behaviour on the Company's premises.
- xxi. Smoking in prohibited/restricted areas.
- xxii. In possession of Illegal substance or drug abuse.
- xxiii. Disclosing confidential information.
- xxiv. Driving or unauthorised use of the Company's vehicle without prior authorisation, or driving under the influence / alcohol.
- xxv. All forms of harassment including but not confined to unwelcome verbal or physical advances and sexually, racially or otherwise derogatory or discriminatory statements or remarks.
- xxvi. Habitual late coming or late attendance.
- xxvii. Habitual or substantial negligence of work responsibilities.
- xxviii. Involved in any private act that brings disrepute, embarrassment or affects the legitimate interests of the Company or that tarnishes the image of the Company.
- xxix. Habitual breach of any Company order or law applicable to the establishment of rules made there under.



- xxx. Making material misstatement in job application, relevant documentation or declaration.
- xxxi. Unauthorized use of time cards.
- xxxii. Possession, sale or distribution of illegal, incident or pornographic materials.
- xxxiii. Committing an immoral act within the Company's premises.
- xxxiv. Failure to report serious infectious or contagious illness or disease to the Company's medical Officer or BHRM/GHC.
- xxxv. Forging or defacing medical certificates or other official documents to defraud the Company.
- xxxvi. Conduct which is likely to cause injury or endanger the life or safety of another person within the Company premises.
- xxxvii. Trespassing or forcible occupation of the Company's premises or prohibited areas.
- xxxviii. Bypassing the proper channel of communications.
- xxxix. Refusing to accept any communications served either in accordance with the Code of Conduct and Ethics or in the interest of discipline.
- xl. Misrepresentation of the Company to others.
- xli. Participation in illegal gatherings or activities in the Company's premises.
- xlii. Serious pecuniary indebtedness affecting the public image of the Company.
- xliii. Making public statements against the interest of the Company.
- xliv. Publishing or writing of books against the interests of the Company.
- xlv. Leaving work place during working hours without permission of the immediate Superior or overstaying sanctioned leave without sufficient grounds or satisfactory explanation or without informing or attempting to inform his/her employer of the reasons for such absence.
- xlvi. Absenteeism without proper approval and notification.
- xlvii. Quarrelling or fighting or committing nuisance at the work place.
- xlviii. Being under the influence of alcohol / drug or having a positive test for alcohol / illicit drugs.
- xlix. Being in possession of any illicit drugs and knowingly using any prescribed drug or uncontrolled drug which can affect performance or behavior.
- I. Withholding knowledge that illicit drugs are in office premises and / or knowingly being present during their use.
- li. Misdemeanors;
  - a. Carelessness or willfully causing damage or loss to the Company's property or goods.
  - b. Deliberate damage and interference with or contamination of factory processes, material or equipment.
  - c. Posting, altering, removing, defacing or destroying the Company's notice or any material on bulletin boards or the Company's property without the permission of the Group CEO And Executive Director.
  - d. Failure to wear appropriate / prescribed uniform at specific work place as per Company's policy.
  - e. Failure to furnish information which is within the scope of his/her employment and which relates to the mutual interest of the Company and employee.
- lii. Malingering and feigning illness.
- liii. Loitering during working hours

- iv. Failure to follow safety procedures or tempering with safety devices to the detriment of the Company or its employees.
  - vi. Infringement of safety regulations.
  - vii. Unnecessary wastage of documents and materials.
  - viii. Abuse or unauthorised use of the Company's property, utilities, equipment or facilities.
  - lix. Habitual or substantial negligence in the care of tools, equipment and apparatus of the Company.
  - ix. Willful failure to report at once to his/her superior any defect which an employee may notice in any equipment connected with his/her work.
  - ixi. Willful act of not reporting any defect or occurrence which an employee may notice or which might endanger him/herself or any other person or which might result in damage to the Company or any person within the Company.
  - ixii. Failure to keep work place clean and tidy.
  - ixiii. Obstructing, inciting or willfully slowing down other employees from work.
  - ixiv. Slacking in performance.
  - ixv. Disclosing commercial or manufacturing secrets, calculations or designs.
  - ixvi. Violation of Company's Anti-Bribery & Anti-Corruption Policy
  - ixvii. Misconduct on insider trading & money laundering
  - ixviii. Employees who are found to have assisted or facilitated the violation of the Anti-Bribery & Anti-Corruption Policy, whether actively or by way of negligence or omission, will also be deemed to have violated the Anti-Bribery & Anti-Corruption Policy
- b. Any misconduct related to bribery and corruption offences shall be subjected to the Company's Anti-Bribery & Anti-Corruption Policy and anti-corruption related laws.
- c. The above examples of misconduct are not exhaustive as the Company reserves the right to determine what constitute acts of misconduct that warrant disciplinary actions not excluding dismissal.

#### **4.0 SEXUAL HARASSMENT**

- a. It is the policy of the Company to promote a safe and healthy working environment that fosters mutual respect where individual employees irrespective of status or position are treated with dignity and free from sexual harassment.
- b. Employees are strictly prohibited from engaging in any form of harassment, humiliation and intimidation of a sexual nature.
- c. Definition of Sexual Harassment

For the purpose of this Code, sexual harassment is defined as:

- i. Any unwanted conduct of a sexual nature having the effect of verbal, non-verbal, visual, psychological or physical harassment.
- ii. that might, on reasonable grounds, be perceived by the recipient as placing a condition of a sexual nature on his/her employment; and
- iii. that might, on reasonable grounds, be perceived by the recipient as an offence or humiliation, or a threat to is well-being, but have direct or indirect link to his/her employment.

- d. Sexual harassment can occur between individuals of different sexes or of the same sex.
- e. Based on the above definition, sexual harassment may be divided into two categories, namely sexual coercion and sexual annoyance.
- f. Sexual coercion is sexual harassment that results in some direct consequence to the victim's employment. An example of sexual harassment of this coercive kind is where a superior, who has power over salary and promotion, attempts to coerce a subordinate to grant sexual favors. If the subordinate accedes to the superior's sexual solicitation, job benefits will follow. Conversely, if the subordinate refuses, job benefits are denied.
- g. Sexual annoyance, the second type of sexual harassment is sexually-related conduct that is offensive, hostile or intimidating to the recipient, but nonetheless has no direct link to any job benefit.
- h. However, the annoying conduct creates a bothersome working environment which the recipient has to tolerate in order to continue working. Sexual harassment by an employee against a co-employee fall into this category. Similarly, harassment by a Company's client against an employee fall into this category.
- i. Sexual harassment in the workplace includes any employment – related sexual harassment occurring outside the workplace as a result of employment responsibilities or employment relationships. Situations under which such employment-related sexual harassment may take place include, but are not limited to the following:
  - i. At work-related social functions;
  - ii. In the course of work assignments outside the workplace;
  - iii. At work-related conferences or training sessions;
  - iv. During work-related travel;
  - v. Over the phone; and
  - vi. Through electronic media.
- j. It is essential to emphasize that sexual harassment refers to sexual conduct which is unwanted and unwelcome to the recipient. It is also a sexual conduct which is imposed on and unsolicited or unreciprocated by the recipient.

## **5.0 COMPLIANCE AND OBLIGATION**

The Board of Directors shall monitor compliance with the Code of Conduct and Ethics and review it on a regular basis to ensure that it continues to remain relevant and appropriate.

Non-compliance with this Code of Conduct and Ethics will be treated seriously and may result in disciplinary action and if warranted, legal proceedings against the Employee. Violation of laws, rules and regulations applicable may be subjected to civil and/or criminal penalties imposed by applicable agency or a court, in addition to disciplinary action.