

The Board of Directors of Hume Cement Industries Berhad observes the Code of Ethics for Company Directors ("Code of Ethics").

## **A. PRINCIPLES**

The core principles on which this Code of Ethics rely on are those that relate to transparency, integrity, accountability, corporate liability and sustainability.

## **B. OBJECTIVES**

This Code of Ethics is formulated to enhance the standard of corporate governance and corporate behaviour with a view to achieving the following intended objectives:

1. To establish standards of ethical conduct for company directors based on acceptable belief and values one upholds;
2. To uphold the spirit of accountability and transparency in line with the legislations, regulations and guidelines governing a company; and
3. To promote the sustainability of a company by pursuing "Environmental, Social, and Governance" ("ESG") strategies in its business.

## **C. DEFINITION**

In the context of this Code of Ethics, a company director means any person occupying the position of director of a corporation by whatever name called and includes a person in accordance with whose directions and instructions the majority of directors of a corporation are accustomed to act, and an alternate or substitute director. A director also includes both executive and non-executive directors.

## **D. CODE OF CONDUCT**

In the performance of his duties, a director should at all times observe the following principles:

### **1.0 Corporate Governance**

A director:

- 1.1 should have a clear understanding of the aims and objectives, capabilities and capacity of the company;

- 1.2 should devote time and effort to attend and participate at meetings and to know what is required of the board and each of its directors, and to discharge those functions;
- 1.3 should ensure at all times that the company is properly managed and effectively controlled;
- 1.4 should stay abreast of the affairs of the company and be kept informed of the company's compliance with relevant legislations and contractual requirements;
- 1.5 should insist on being kept informed on all matters of importance to the company in order to be effective in corporate management;
- 1.6 should limit his directorship to a manageable number of companies to which he can best devote his time and effectiveness; each director is his own judge pertaining to his abilities and how best to manage his time effectively in the companies in which he holds directorships;
- 1.7 should have access to the advice and services of the company secretary, who is responsible to the board to ensure proper governance practices, procedures, rules and regulations are adhered to or complied with;
- 1.8 should at all times exercise his powers for the purposes they were conferred, for the benefit and prosperity of the company;
- 1.9 should disclose immediately and fully all contractual interests whether directly or indirectly with the company;
- 1.10 should neither divert to his own advantage any business opportunity that the company is pursuing, nor may he use confidential information obtained by reason of his office for his own advantage or that of others;
- 1.11 should at all times act with utmost good faith towards the company in any transaction and to act honestly and responsibly in the exercise of his powers in discharging his fiduciary duties;
- 1.12 should be willing to exercise independent judgment and, if necessary, in his fiduciary duty, openly oppose if the vital interest of the company is at stake;
- 1.13 should attend continuous professional development programmes to keep abreast with corporate governance developments and regulatory requirements; and

- 1.14 should ensure that reasonable steps are taken in accordance with relevant laws to properly wind up or strike the company off the register if the company is not likely to commence business or has ceased to carry on businesses and is not likely to commence business in the future or again to carry on business, as the case may be.

## **2.0 Relationship with Shareholders, Employees, Creditors, Customers and Other Stakeholders**

A director:

- 2.1 should be conscious of the interest of shareholders and other stakeholders, among others, employees, creditors, suppliers and customers of the company;
- 2.2 should ensure employees fully understand and appreciate the value of good corporate governance practices and procedures through ongoing training, awareness programmes and robust communication;
- 2.3 should ensure adequate safety measures and provide proper protection to workers and employees at workplaces;
- 2.4 should at all times promote professionalism and raise the competency of management and employees; and
- 2.5 should adopt an objective and positive attitude and give the utmost cooperation for the common good when dealing with governmental authorities or regulatory bodies.

## **3.0 Sustainability Practices**

A director must take accountability for the “ESG” in the company by:

- 3.1 integrating sustainability considerations into all aspects of decision-making, including strategic planning, risk management and investment decisions;
- 3.2 ensuring that the company sets its sustainability strategies, goals and targets which are aligned with the company’s overall strategy and vision;
- 3.3 being more proactive to the needs of the community and to adopt appropriate policies and initiatives towards achieving sustainability in the social, economic and environmental conditions in furtherance of the pursuit of profitability;

- 3.4 striving to treat employees fairly and promote quality of life by adopting sustainable corporate social responsibilities;
- 3.5 ensuring that the company's policies are in line with international trends to promote human rights in the corporate environment;
- 3.6 putting in place processes that ensure the activities and the operations of the company do not harm the interest and well-being of the environment and the society at large; and
- 3.7 putting in place processes for the effective use of natural resources and continuously reducing its carbon footprint.

#### **4.0 Corporate Liability**

The development of adequate procedures to be implemented to prevent the occurrence of corrupt practices in relation to the business activities of a company is vital.

In this regard, a director must ensure that the company have established an adequate procedure which can be used to reasonably protect the company and its officers from the liabilities arising from Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

A director must ensure that the company:

- 4.1 practices the highest level of integrity and ethics;
- 4.2 complies fully with the applicable laws and regulatory requirements on anti-corruption;
- 4.3 effectively manages the key corruption risks of the organisation;
- 4.4 puts in place the appropriate controls and contingency measures that are reasonable and proportionate to the nature and size of the organisation, in order to address any corruption risks arising from weaknesses in the organisation's governance framework, processes and procedures;
- 4.5 conducts corruption risk assessments periodically to identify, analyse, assess and prioritise the internal and external corruption risks of the organisation;
- 4.6 provides employees and business associates with adequate training to promote their understanding of the organisation's anti-corruption position, especially in relation to their role within or outside the commercial organisation in the context of the company;

- 4.7 conducts regular reviews to assess the performance, efficiency and effectiveness of the anti-corruption programme and ensure the programme is enforced; and
- 4.8 ensures that the company's anti-corruption policy be made publicly available and should also be appropriately communicated to all employees and business associates.

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