

A Code made pursuant to Section 8(y) of the Investments and Securities Act (ISA) 1999 to make provisions for the conduct of members of Shareholders' Associations during general meetings of public companies and their relationship with public companies outside the general meetings and for other purposes connected therewith.

This Code of Conduct is intended to ensure the highest standard of conduct amongst association members and the companies with whom they interact as bona fide shareholders.

The code is designed to ensure that association members uphold high ethical standards and make positive contributions in ensuring that the affairs of public companies are run in an ethical and transparent manner and also in compliance with the Code of Corporate Governance for public companies.

This code may be cited as the Code of Conduct for Shareholders' Associations and their Members.

1. ESTABLISHMENT AND MEMBERSHIP OF SHAREHOLDERS' ASSOCIATIONS

(a) A body of not less than 50 shareholders of public companies may be established for the purpose of advancing the interest of its members and influencing the standard of corporate governance to optimize shareholders' value.

(b) Such a body of shareholders shall be registered with the Corporate Affairs Commission with not less than 5 persons as trustees.

(c) Membership of a Shareholders Association shall be open to all shareholders on a voluntary basis.

(d) The Association shall have a constitution or bye-laws which shall govern the operation and membership of the Association.

(e) The Association shall have an Executive Committee of not more than 10 officers constituted through an electoral process.

(f) The officers of the Association shall be elected for not more than two terms of 3 years and such a shareholder shall not be eligible for election until the expiration of 3 years after his six year term.

(g) The Association shall maintain books of accounts which shall be subject to annual audit by a qualified auditor.

(h) The Association shall file annual returns to the Corporate Affairs Commission. It shall also file an annual report of its activities with the Securities and Exchange Commission.

(i) The Association shall meet periodically at least twice a year.

(j) The Association shall respect and properly comply with all laws, regulations, standards, norms and code of practice appropriate to their association.

(k) Shareholders' Associations must recognize their duty to the industry in which their companies operate and the need to maintain the integrity of the financial market.

(l) They shall not engage in conduct which is dishonest or which may otherwise bring the Association into disrepute.

2. ATTENDANCE OF ANNUAL OR EXTRA-ORDINARY GENERAL MEETING OF PUBLIC COMPANIES

(a) All shareholders or their proxies are entitled to attend the general meetings of the company in which they are shareholders.

(b) Members and officers of Shareholders' Associations should not attend AGM or EGM of a company in which they are not shareholders.

(c) Shareholders should conduct themselves with decorum during AGM or EGM of their companies.

(d) A Shareholders' Association should promote good governance of public companies and strive to influence corporate and government policies that seek to encourage investment and advance the interest of shareholders and optimize shareholders' value.

(e) Shareholders' Associations and their members should not be manipulated at pre-AGM/EGM meetings.

3. MEMBERSHIP OF AUDIT COMMITTEE

(a) Shareholders should ensure that members who are elected into the audit committee of their company have knowledge of accounting and internal control processes.

(b) Membership of Audit Committee should be one term of three (3) years provided that such shareholders shall not be eligible for re-election until the expiration of 3 years after his term.

(c) Shareholders through the shareholders' association should ensure that the internal control systems of the companies in which they are shareholders, are effective.

4. The Regulatory Authorities would only recognize Shareholders' Associations which comply with the provisions of this Code.