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REGULATORY ECONOMICS AND PLANNING DIVISION

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CODE OF CONDUCT FOR SINGLE BUYER

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1.0 INTRODUCTION TO SINGLE BUYER CODE OF CONDUCT

- 1.1 At the Single Buyer Department (the “**Single Buyer**”) of Tenaga Nasional Berhad (the “**Company**”), we are committed in performing our functions in a fair and non-discriminatory manner in accordance with the objectives of the Single Buyer Rules.

1.2 OBJECTIVES OF SINGLE BUYER

- (a) to minimise the cost of electricity procurement to meet demand as provided in the Single Buyer Rules;
- (b) to promote transparency in the procurement of electricity by ensuring that it undertakes its functions in a transparent manner, subject to any constraints imposed by the terms and conditions of Generator Contracts;
- (c) to facilitate competition in the generation sector;
- (d) to assist in instilling confidence in the Electricity Industry by ensuring that it performs its functions in a fair and balanced manner and in compliance with the Single Buyer Rules; and
- (e) to facilitate security of electricity supply by proactively reporting any issues it identifies that may adversely affect security of supply to the Energy Commission.

In addition to the Company’s Code of Ethics, this Code of Conduct outlines the fundamental principles of conduct that the Single Buyer, the management and employees of Single Buyer are expected to follow.

- 1.3 Unless otherwise defined herein, all capitalised words appearing herein will have the meanings ascribed in the Single Buyer Rules.

1.4 DEFINITIONS

- (a) In this Code of Conduct, the following expression shall have the following meanings:

“**Guidelines**” means supporting documents related to the ICT Code of Practice;

“**ICT Code of Practice**” means supporting documents related to the ICT Security Policy; and

“**ICT Security Policy**” means a policy to ensure compliance in respect of the provisions of the ICT Security Policy together with the ICT Codes of Practice and Guidelines of the Company which governs the usage of ICT Assets (as defined in the ICT Security Policy)

2.0 TRANSPARENCY

- 2.1 The Single Buyer shall perform its functions in a transparent and consistent manner. In doing so but subject to its confidentiality obligations and requirements, the Single Buyer shall ensure that it publishes information with regards to the performance of its functions and shall reasonably ensure that such information is accurate, concise, understandable and

readily accessible to the Participants (as defined in the Single Buyer Rules), stakeholders and the customers.

- 2.2 In the spirit of collaboration with the Participants and to the extent provided in the Single Buyer Rules, the Single Buyer shall consult with the Participants at such times that the Single Buyer considers necessary to assist it in performing its functions.

3.0 COMPETITION

- 3.1 In promoting competition in the generation sector and confidence in the Electricity Industry in Peninsular Malaysia, Malaysia, the Single Buyer shall perform its functions in a fair and balanced manner.
- 3.2 The Single Buyer shall deal fairly with business partners, the Participants, competitors and governmental authorities. The Single Buyer shall not make decisions or act in a manner that unreasonably discriminates against any Participants.
- 3.3 The Single Buyer shall also ensure that it performs its functions in a manner that is consistent with the principles of the Malaysian Grid Code and is also consistent with the requirements of other applicable laws, codes and guidelines.

4.0 INDEPENDENT

- 4.1 The Single Buyer shall perform its functions independently consistent with the ring-fencing principles as set out in the Single Buyer Rules. The Single Buyer shall ensure that it acts professionally and conducts itself in good faith and with integrity.
- 4.2 The Single Buyer shall do all things reasonably necessary in identifying circumstances which may give rise to a conflict of interest, lessening of competition or competitive advantage and implement appropriate operational ring-fencing procedures to address the potential conflict of interest, lessening of competition or competitive advantage. Such ring-fencing procedures may include, but are not limited to:
- (a) limitations on the person or persons responsible for management of the Single Buyer participating in internal meetings or discussions of other divisions and units within the Company concerning tendering for new generation capacity by the Company's generation division;
 - (b) establishing a work area that is separate from the work areas of other divisions and units within the Company that may obtain a competitive advantage from information held by the Single Buyer with access controls that prevent other divisions or units of the Company from entering into the Single Buyer's work area;
 - (c) access controls for the Single Buyer's information technology systems so that other users of information technology systems cannot access information held by the Single Buyer that may give rise to a conflict of interest, lessening of competition or competitive advantage.

5.0 EMPLOYEE CONDUCT

Employees shall use the following standards as guidelines so that non-compliance with the Company's disciplinary procedures can be avoided.

5.1 Respect for Individuals

Employees shall treat each individual with respect by way of recognising every individual's role, treating each individual with dignity, listening to other individual's ideas and opinions and also recognising each individual's contribution to the Single Buyer.

5.2 Fitness and Attendance

Employees shall keep themselves physically fit for work and always be punctual.

5.3 Personal Appearance

Personal appearance is a reflection of the image of the Single Buyer. Therefore, employees must be well groomed and in proper working attire at all times.

5.4 Fraud

Fraud is the use of deception with the intention of obtaining an advantage, avoiding an obligation, or causing loss to another party. Engaging in fraudulent activities is a crime and violates this Code of Conduct.

5.5 Alcohol, Illegal Drugs or Substance

The manufacture, possession, distribution, dispensation, sale or use of alcohol, illegal drugs or other controlled substances by employees on or within the Single Buyer's premises or property is prohibited, except in the case of individual use of legally obtained prescription drugs.

5.6 Immoral Activities

In ensuring that the image of the Single Buyer is not tarnished, all employees shall not engage in immoral behavior/activities. Immoral activities shall include sending obscene materials via any electronic media or short messaging system (SMS) through the hand phone.

5.7 Harassment in the Workplace

Abusive, harassing or offensive conduct used or displayed at work or during any business dealings is unacceptable, whether verbal, physical or visual. Harassment behavior would include derogatory comments based on gender, religion, racial or ethnic characteristics and unwelcome sexual advances.

5.8 Criminal Activities

Employees shall not be involved in any form of criminal activities. Such as illegal gambling, the use of weapons and violence at workplace. The Single Buyer's property, facilities, resources and services shall not be used by employees for purposes of financing or facilitating criminal activities.

6.0 CONFLICTS OF INTEREST

Employees are expected to act in the best interest of the Single Buyer. A conflict of interest arises when an employee faces a choice between what is in his or her personal interest and/or political interest against the interest of the Single Buyer. The appearance of any improper influence in decision-making in itself may amount to a conflict of interest and therefore must be avoided. Employees should consider how their actions might be perceived by others and avoid acting in ways that may be seen as conflicting with the interests of the Single Buyer. For the avoidance of doubt, for as long as the employees of Single Buyer remain an employee of the Company, it is not a conflict of interest for the employees of Single Buyer to purchase, possess or sell any shares of the Company.

6.1 Bribery and Other Improper Payments

Employees of the Single Buyer shall not, whether directly or indirectly, offer, give, solicit, or accept any gratification including money, privileges, special benefits, gifts or other items of value, or grant or receive any kind of special or favoured treatment, services for the purposes of inducing, obtaining, retaining or directing any business dealings, except in the situation below :-

- (a) Gifts such as merchandise or products, as well as personal services or favors, shall not be accepted unless it is within the bounds of propriety, a normal expression of courtesy or customary under the circumstances and do not have the effect of influencing or inducing the recipient's judgment.
- (b) Participation in business entertainments such as lunches, dinners, theatres, sporting events and the like in the course of work are acceptable if such entertainments foster good business relations, do not become a regular feature and are not lavish.

6.2 Involvement of Employees in the Single Buyer's Business Dealings

Employees, who have vested interest in business that have dealings with the Single Buyer, whether directly or indirectly, and/or are involved in any decision-making process regarding the said dealings in the course of their duties, shall declare to the management of the Single Buyer and thereafter abstain from any involvement in the business dealings.

6.3 Involvement of Employee's Family in the Single Buyer's Business Dealings

Employees, whose family has vested interest in businesses that have dealings with the Single Buyer, whether directly or indirectly, shall declare to the management of the Single Buyer and thereafter abstain from any involvement in the business dealings.

The term “family” shall refer to the immediate family members of the employee for instance, the employee’s spouse, siblings, parents and children.

6.4 Other Employment

Employees shall not hold other employments or undertake other jobs or freelance work without written consent from the management of the Single Buyer.

6.5 Political Activities

Employees who wish to be involved in political activities beyond being an ordinary member, must obtain approval from the management of the Single Buyer and use their off duty time or annual leave entitlement for such purposes.

Prior to accepting any portfolio in any political parties, approval must be obtained from the management of the Single Buyer. Employees who wish to stand for State and/or Federal election are required to resign from the Company.

6.6 Other examples

Engaging in outside non-business activity that materially decreases the impartiality, judgment, or effectiveness of employees may also be considered a conflict of interest.

7.0 BUSINESS RELATIONS

7.1 Corporate Identity (if any)

Employees who intend to use the name, logo and colors of the Company when communicating with customers/ shareholders/ stakeholders or giving presentations to the public audiences, must do so in compliance with the corporate identity manual issued by the corporate communications department of the Company.

Employees shall not:

- Modify the logo of the Company.
- Use other logos, symbols, designs or emblems in place of the logo of the Company.
- Use the logo of the Company for any other purposes except for the business of the Company and/or the Single Buyer.

7.2 Media and Public Releases Information

Employees should immediately channel inquiries from the media to the authorized persons as per the list issued by corporate communication department of the Company.

7.3 Customer Relations

Employees shall provide superior customer service and treat customers professionally, respectfully, fairly, courteously and responding promptly to their needs.

8.0 PROCUREMENT AND VENDOR RELATIONS

Employees who are involved in the Single Buyer's procurement activities shall abide by the Company's procurement code of conduct. The Company's procurement code of conduct provides guidelines on acceptable business behavior and a secure communication channel to report on any unethical behavior and the implications of non-compliance to the Company's procurement code of conduct.

9.0 SINGLE BUYER'S DOCUMENTS AND RECORDS

Employees shall ensure that the Single Buyer's documents and records are maintained and controlled such that they are accurate, up-to-date, legible, readily identifiable and retrievable. Such controls are contained in the quality manual of the Company and the respective divisional quality manuals.

10.0 SAFEGUARDING SINGLE BUYER'S ASSETS AND RESOURCES

Employees shall use the Single Buyer's assets and resources with care and ensure its proper maintenance. The Single Buyer's assets and resources shall include installations, materials, equipment, tools, computers, property, proprietary information and funds.

An inventory of the Single Buyer's assets must be maintained, updated regularly and kept safe and secure.

Employees must not:

- Reproduce protected materials for personal use.
- Make personal use of any Single Buyer's asset (including computers and other office resources, equipment, tools and machinery) that creates any additional costs for the Single Buyer, interferes with work or violates any Single Buyer's policies.
- Allow Single Buyer's property to be used for illegal activities.
- Use Single Buyer's property or information for personal gain.

10.1 Information Systems

Every employee is responsible for preventing unauthorized access to the Single Buyer's information systems. Employees shall not modify, relocate, install, or reconfigure the Single Buyer's technology except under the guidance of their appropriate IT representatives and are bound by the ICT Security Policy and ICT Codes of Practice.

10.2 Intellectual Property

Every employee of Single Buyer is prohibited from infringing the intellectual property rights of others. When using the name, trademarks, logos or printed materials of another company, employees must do so in accordance with the applicable law.

10.3 Confidential and Privileged Information

Save and except for the requirements under the Single Buyer Rules, employees are expected to protect the Single Buyer's and third-party confidential and privileged information from unlawful disclosure, and to ensure that such information is handled properly throughout the organization.

Confidential and privileged information can be used by the Single Buyer in accordance with the Single Buyer Rules and must be handled discreetly. Assisting third parties to gain access to such information is prohibited. Should any release of such information become necessary, employees are required to consult the relevant authorised personnel/ department and approval of the Single Buyer Management obtained.

Employees shall not misuse privileged information or any form of information based on their knowledge from the job, for personal and third party gain. Upon retirement, resignation or termination of employment with the Company, any employee with access to confidential information shall not disclose such information to any other person.

For the purpose of this Code of Conduct, Confidential Information shall also consist of the following:

- (a) any commercially sensitive information that is affirmatively designated as Confidential Information by its supplier or owner including, without limitation, trade secrets, equipment specific information (e.g., generator specific data such as heat rates, etc.), and business strategies;
- (b) all information reasonably identified by the Single Buyer that is objectively commercially valuable and information that has not yet been publicly disclosed.

The following are examples of instances when information is not confidential:

- (a) information which is or becomes public knowledge and public property in any way other than as a result of a breach by the Single Buyer;
- (b) information which is required to be disclosed by law, by order of court of a competent jurisdiction or by governmental or regulatory authority;
- (c) information that is not listed and has not been designated by the supplier or owner as Confidential Information or which is disclosed by the Single Buyer with the prior written approval of the owner; or
- (d) information that is no longer commercially sensitive because it was made public by posting it on the Single Buyer Website; or it was legally disclosed by a third party in good faith and without violating a trade secret, a secrecy agreement or employment contract with a non-disclosure clause; or it was made public by a government agency, court or other process of law.

11.0 OCCUPATIONAL SAFETY AND HEALTH

Employees share with the Single Buyer the responsibility of safety. Employees are urged to create and maintain a safe working environment to prevent workplace injuries and shall use all devices provided for their protection. It is the responsibility of employees to ensure that the protective devices are in good working condition and shall report unsafe equipment and tools, hazardous conditions and accidents.

All employees are responsible for their own safety, the safety of fellow workers and the general public, and shall comply with the Occupational Safety and Health Act, safety rules issued by the Single Buyer and the requirements of the Company's safety management system. In case of any doubt, employees shall seek clarification from their supervisors before starting work.

12.0 LAWS AND REGULATIONS

Employees are required to fully comply with laws and regulations applicable to the Single Buyer's business activities. Violations of the Single Buyer's legal and regulatory requirements should be reported promptly to the supervisor.

Employees must:

- Be familiar, understand and comply with the laws, rules and regulations that affect their job.
- Ask for clarification if unsure of the impact of the laws, rules and regulations prior to acting.

13.0 WHISTLE-BLOWERS

A whistle-blower is someone who tells a person of authority in the Single Buyer about a wrong-doing, misconduct or violation of this Code of Conduct. The Single Buyer has established a whistle-blowing procedure that provides an anonymous, secure and confidential communication channel for the Single Buyer employees to raise genuine concerns or report any misconduct or wrong-doings that is happening in the Single Buyer.

For the avoidance of doubt, any genuine concerns or report on any misconduct or wrong-doings or violation of a law or regulation must be made in accordance with the whistle-blowing procedure of the Company.

14.0 WAIVER

The Management of the Single Buyer may grant a waiver of compliance with a specific provision of the Code of Conduct in appropriate cases to avoid unjust or unreasonable results. Any waiver shall be properly disclosed along with an appropriate explanation.

Where the Management of the Single Buyer allows the exercise of discretion in applying the waiver, a written log of each waiver or act of discretion, the circumstances involved, the person authorizing such waiver shall be recorded.

15.0 TRAINING & RETRAINING

Employees will abide by the Code of Conduct set forth, as amended from time to time. The Single Buyer shall develop procedures to train the employees on the Code of Conduct and all employees shall receive annual training thereafter as long they remain associated with the Single Buyer.

All employees receiving such training shall sign a compliance certificate to indicate that they have undergone the required training, understood the Code of Conduct and shall to the best of their ability abide to the Code of Conduct.