

PERMAJU INDUSTRIES BERHAD
(199601006711 (379057 – V))
(Incorporated in Malaysia)
ANTI-BRIBERY & ANTI-CORRUPTION POLICY

1. PREAMBLE

- 1.1. PERMAJU INDUSTRIES BERHAD and its subsidiary companies (“**The Group**”) are committed to the highest standards of accountability and integrity in the conduct of its business operations. This includes strict compliance with the recommended good practices, applicable laws and regulations.
- 1.2. The Group adopts a zero-tolerance policy against all forms of bribery and corruption.
- 1.3. The Board of Directors (“**The Board**”) had developed the Anti-Bribery & Anti-Corruption Policy (“**The Policy**”) to set forth the Group’s core principles, policy requirements and procedures to ensure compliance with applicable anti-bribery and anti-corruption laws.
- 1.4. The Policy is *not* intended to provide definitive answers to all questions regarding bribery and corruption. Rather, it is intended to provide employees of the Group with a basic introduction to how the Group combats issues of bribery and corruption.

2. SCOPE

- 2.1. The Policy is intended to apply to every employee of the Group, regardless of role or level of seniority. This includes directors (executive as well as non-executive).
- 2.2. Members of the management team at all levels are responsible for ensuring that those reporting to them are made aware of and understand the Policy.
- 2.3. The Policy must be communicated or informed in writing to all consultants, agents, representatives and others performing work/services for or on behalf of the Group.
- 2.4. All 3rd parties acting for or on behalf of the Group must be informed in writing to adhere to the Group’s values and ethical standards as their actions can implicate the Group legally and potentially tarnish its reputation.

3. DEFINITIONS

- 3.1. **Bribery** is the offering, promising, giving, solicitation or the receipt or agreement to receive any financial or any other inducement from any person or company by an employee, agent or other person or body acting on the Group’s behalf, in exchange for some kind of influence or action that the recipient of the bribe would otherwise not offer. It is illegal and constitutes a breach of trust.
- 3.2. **Corruption** is the abuse of entrusted power for a private gain.
- 3.3. **Corrupt practices** include accepting gratification, corruptly procuring tenders, bribing officers of public institutions and using an office or position for personal gratification.

4. OVERSIGHT AND OWNERSHIP

- 4.1. Audit & Risk Management Committee (“**ARMC**”) shall perform the oversight functions over the administration of the Policy. Risk Management and Compliance Department (“**RMCD**”) shall have the overall responsibility for the implementation, monitoring of the use and effectiveness of the Policy and dealing with any queries on its interpretation. The administration to incorporate any updates or amendments and distributing them to the relevant parties shall be carried out by RMCD. The present RMCD comprises the 2EDs and the Corporate Finance Executive.
- 4.2. ARMC shall have the ultimate authority if there is any departure/dispute/mediation of the Policy.
- 4.3. Should employees of the Group be unsure of the legality of an act, they can approach RMCD for clarification. Should there still not be a clear answer, RMCD shall escalate the scenario to ARMC for further deliberation.
- 4.4. RMCD is the owner of the Policy.

5. **POLICY STATEMENT**

- 5.1. In 2011, the Corporate Integrity System Malaysia (“**CISM**”) initiative was introduced to secure the cooperation of companies to develop their own anti-corruption programmes. This initiative was driven by the Malaysian Anti-Corruption Commission alongside other regulatory bodies and government agencies.
[Bursa Malaysia’s Corporate Governance Guide – 3rd Edition, page 65]
- 5.2. No employee will ever be penalized for refusing to pay bribes. However, planning in advance is part of an employee’s legitimate performance expectations. Employees are expected to always plan in advance so that a situation where a bribe is requested to expedite a request does not arise.
- 5.3. All employees are to report any conduct that is believed to be inconsistent with the Policy or that could be construed as unethical, unlawful or unsafe scenarios. The line of reporting can be referenced to the **Whistleblowing Policy**’s line of reporting.
- 5.4. All employees (including directors) are to have free and unrestricted access to the Policy and must be conscious that contravention of the rules and principles on their part will result in disciplinary actions.
- 5.5. The Group is also encouraged to initiate additional assessment and implementation measures to gain better insight into its operations and identify any inherent weaknesses that may give rise to corrupt practices.
- 5.6. It is stated that an organization commits an offence if any person associated with the organization commits a corrupt act in order to obtain or retain business or advantage for the organization. The corrupt act of such associated person will now be attributed to the organization.
[Malaysian Anti-Corruption Commission (Amendment) Act 2018 – Section 17A]
- 5.7. Therefore, there is a need for the Group to put in place Adequate Procedures so that it can have a defence against corporate liability charges in case there is proven corruption by the associated person. The Adequate Procedures are discussed in the next section.

6. ADEQUATE PROCEDURES TO PREVENT OCCURRENCE OF CORRUPT PRACTICES [GUIDELINES ON ADEQUATE PROCEDURES PURSUANT TO SUBSECTION (5) OF SECTION 17A OF THE MALAYSIAN ANTI-CORRUPTION COMMISSION (AMENDMENT) ACT 2018]

6.1. Top Level Commitment

- It is the responsibility of top level management to ensure that the Group essentially practices the highest level of integrity and ethics while also complying fully with the applicable laws and regulatory requirements on anti-corruption.
- Building a culture of integrity must come from the top.
- The ethical tone of top level management greatly influences the integrity culture of an organization.
- Top level management can be a person who is the Group's director, controller, officer, or whoever concerned in the management of its affairs.

6.2. Risk Assessment

- A comprehensive risk assessment is done every 3 years, with intermittent assessments conducted when necessary.
- The risk assessment for corruption can be done on a stand-alone basis annually, but it is recommended that the assessment be incorporated into the Risk Register of the Group.

6.3. Undertake Control Measures

- The Group should put in place appropriate controls and contingency measures which are reasonable and proportionate to the nature and size of its operations, in order to address any corruption risks arising from weaknesses in the Group's governance framework, processes and procedures.
- Examples include conducting due diligence on any relevant parties or personnel prior to entering into any formalized relationships with the Group and also establishing accessible and trusted reporting channels.

6.4. Systematic Review, Monitoring and Enforcement

- Top level management should ensure that regular reviews are conducted to assess the performance, efficiency and effectiveness of the anti-corruption programme, and ensure that the programme is enforced.
- Such reviews may take the form of an internal audit, or an audit carried out by an independent external party at least once every 3 years to obtain assurances that the Group is operating in compliance with policies and procedures in relation to corruption.

6.5. Training and Communication

- The Group's anti-corruption policy should be made publicly available and communicated to all of its employees and business associates.
- All employees and business associates are required to sign a document to acknowledge that they have received, read and understood the Policy and will comply with it.
- The Group should provide its employees with adequate training to ensure thorough understanding of the Group's anti-corruption position.

6.6. The Adequate Procedures detailed above are used as defence against corporate liability under S17A. The organization must prove that the necessary procedures were in place to prevent its employees and/or associated persons from undertaking corrupt practices in relation to its business activities and conduct.

6.7. The Adequate Procedures are meant to be principles based, not rules based - no one size fits all. The Board shall exercise discretion in implementing the Adequate Procedures depending on the nature & size of the Group.

7. GIFTS

- 7.1. The Group recognizes that an appropriate level of gift giving or receiving forms part of business etiquette and is a legitimate way of building and fostering business relationships.
- 7.2. Employees and directors are allowed to present or receive items of nominal value such as promotional products (e.g. office stationeries, mugs, bags) and festive products (e.g. festive cakes/food, festive kits).
- 7.3. However, the giving or receiving of gifts must be conducted with honesty, integrity and transparency.
- 7.4. Employees of the Group must **NEVER** accept or give a gift or benefit under the following circumstances:
 - it is cash/cash equivalent;
 - it is for personal benefit or benefit of a spouse, partner, friend or family member;
 - its acceptance may influence or be perceived to influence a decision/advice; and
 - its acceptance may cause an actual, perceived or potential conflict of interest, or may be seen by other people as a reward or incentive.
- 7.5. It is inevitable that situations will arise which are not dealt with by the Policy specifically. The overriding concern is to ensure that no conflict of interest exists or *appears* to exist between the duties and private interests of employees. If there is any doubt concerning the appropriateness of the offered gift or benefit, or the potential for perceived/actual conflict of interest, employees should decline the offer or discuss the matter with any of the 2 EDs.

8. CORPORATE SOCIAL RESPONSIBILITY

- 8.1. Contribution requests on the grounds of Corporate Social Responsibility (“**CSR**”) must be carefully examined for legitimacy and must not be made to improperly influence a business outcome.
- 8.2. The proposed CSR recipient must be a legitimate organization and appropriate due diligence and background checks must be conducted.
- 8.3. Any red flags identified must be resolved before committing funds to the CSR programme.
- 8.4. The CSR programme must be carefully structured to ensure that the benefits reach their intended recipients.

9. DEALING WITH CUSTOMS AUTHORITIES

- 9.1. No payments should be made to customs officials beyond what is required by law or regulations in order to ensure that goods are cleared through the customs process or to ensure that goods are cleared in a timely manner.
- 9.2. Be cautious if a customs official offers a ‘fast track’ process. This could be another way of asking for a bribe.
- 9.3. Be wary of working with service providers who state that they can solve customs issues using their relationship with the authorities.

10. MONEY LAUNDERING

- 10.1. **Money laundering** occurs when the criminal origin/nature of money/assets is hidden in legitimate business dealings or when legitimate funds are used to support criminal activities, including financing terrorism.
- 10.2. The laws governing money laundering can have extra territorial effect, i.e. the application of the law is extended beyond the boundaries of Malaysia.
- 10.3. Employees are expected to always conduct counterparty due diligence to understand the business and background of the Group's prospective business counterparties and to determine the origin and destination of money, properties and services.
- 10.4. **Counterparty** comprises of any party that the Group is currently in relationship with or intends to do business with in the future, either on a regular or one-off basis.
- 10.5. **Counterparties** include, but are not limited to, customers, contractors, suppliers, consultants, agents and any other business partners.
- 10.6. Employees who are frequently involved in the decision making processes concerning counterparties, particularly in matters on financial transactions, should be properly acquainted with the applicable laws and regulations related to money laundering.

11. RECRUITMENT OF EMPLOYEES

- 11.1. The Group, being a diversified business entity, provides equal opportunities for any qualified and competent individuals from any multicultural and multiracial backgrounds to be employed.
- 11.2. Adequate background checks should be conducted in order to ensure that the potential hire has not been convicted in any bribery or corruption cases.
- 11.3. Adequate background checks must be done when hiring employees in management positions, as they would be tasked with decision making responsibilities within the Group.
- 11.4. Ensure that if the candidate to be employed has a family/household relationship with any of the Group's staff/directors, it is duly recorded, declared and made transparent.
- 11.5. Ensure that all rights, entitlements and benefits given to candidates are reasonable in value in line with his/her position/role.

12. MODIFICATION AND REVISION

- 12.1. The Group may modify the Policy to maintain compliance with applicable laws and regulations or accommodate organizational changes within the Group.
- 12.2. In view of this, the Policy shall be reviewed once every 5 years, or as and when necessary.
- 12.3. Changes to the Policy, if any, shall only be effective with the Board's approval.