



MPHB CAPITAL BERHAD & GROUP OF COMPANIES

ANTI-BRIBERY AND CORRUPTION POLICY

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1.0 INTRODUCTION

MPHB Capital Berhad & Group of companies (hereafter referred as “the Group”) are committed towards ensuring the highest standards of integrity, accountability and professionalism in the conduct of its businesses.

The Group has adopted a zero-tolerance approach against all forms of bribery and corruption. This Anti-Bribery and Corruption Policy (“ABC Policy”) sets out the parameters to prevent the occurrence of bribery and corrupt practices in relation to the businesses of the Group.

The ABC Policy is not intended to provide definitive answers to all questions regarding bribery and corruption. Rather, it is intended to provide employees with basic introduction to how the Group combats bribery and corruption in furtherance of the Group’s commitment to lawful and ethical behaviour at all times.

1.1. Definitions Of Bribery And Corruption

“Bribery” means offering, giving, receiving or soliciting something of value (for example money or information) in an attempt to influence the decisions or actions of a person with a position of trust within an organisation.

“Corruption” means the abuse of entrusted power for personal gain.

1.2. Objective

The objective of this Policy is to provide information and guidance to the Directors and employees on standards of behaviour to which they must adhere to and how to recognise as well as deal with bribery and corruption.

The ABC Policy is not intended to be exhaustive and there may be additional obligations that Directors and employees are expected to adhere to or comply with when performing their duties. For all intents and purposes, the Directors and employees shall always observe and ensure compliance with all applicable laws, rules and regulations to which they are bound to observe in the performance of their duties.

1.3. Applicability

The ABC Policy applies to all Directors and employees of the Group, regardless of their position or role.

All personnel must read, understand and comply with the ABC Policy and all applicable laws in the course of employment. The responsibility to control the risk of bribery occurring resides at all levels of the organisation, in all business units and corporate function. The Heads of Company/ Heads of Department (“the Heads”) are responsible to communicate and ensure compliance to the ABC Policy within their respective Companies/ Departments. Violation of any of the Policy’s provisions may result in disciplinary action, including termination of employment.

Although the ABC Policy is specifically written for the Group’s Directors and employees, it is also expected that all business associates (including external providers such as

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consultants, advisors and agents) acting on behalf of the Group will comply with the relevant parts of this Policy when performing such works and services.

This Policy shall at all times comply with and be subject to the laws and regulations of Malaysia. In the unlikely event of any conflict or inconsistency between the provisions of the Policy and the laws and regulations of Malaysia, the latter shall prevail.

1.4. Validity and Review

This Policy shall take effect immediately upon the approval by the Board of Directors of the Group.

This Policy shall be reviewed every three (3) years or as and when deemed necessary by the Board of Directors of the Group to ensure that the Policy is effective, kept up-to-date and suitable for use where and when needed.

2.0 GIFT, ENTERTAINMENT AND CORPORATE HOSPITALITY

2.1. Giving and Receiving Gifts

All Directors and employees of the Group shall not solicit or accept any gifts from any third party that may have direct or indirect business interest with the Group. As a general principle, the Directors and employees should not accept or give a gift to a third party if it is made with the intention of influencing the third party to obtain or retain business, or in exchange for favours or benefits. In addition, lavish or unreasonable gifts or hospitality should not be accepted as such gifts or hospitality may be perceived or interpreted as attempts by the Directors or Employees to obtain or receive favourable business treatment for personal benefits.

Directors and employees are required to abide by this Policy to avoid conflict of interest or the appearance of conflict of interest for either party in on-going or potential business dealing between the Group and external parties as a gift can be seen as a bribe that may tarnish the Group's reputation or be in violation of anti-bribery and corruption laws.

Note: *A conflict of interest arises in a situation in which an individual is in a position to take advantage of his/her role for his/her personal benefit, including the benefit of his/her family and friends. This would undermine the duties of good faith, fidelity, diligence and integrity in the performance of their duties and obligations.*

Even it may appear disrespectful to refuse a gift from an external party, nevertheless, if there is a conflict of interest situation (e.g. bidding is in progress and the company that gave the gift is one of the bidders) then the gift must be politely returned with a note of explanation about the Group's policy.

However, in circumstances where it is not possible to refuse or return the gift, or the refusal is likely to offend the third party, employee should declare and surrender such gift to the Heads. The Heads will in turn seek the Executive Director's ("ED")/ Chief Executive Officer's ("CEO") direction on the best way to dispose the gift. The ED/ CEO, subject to her due considerations, will have the right to decide based on the followings:

- a) Donate the gift to charity;
- b) Designate it as a display items;
- c) Share it with other employees in the department;

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The decision to accept gifts and the treatment of gifts shall be recorded in the Gift/ Hospitality/ Entertainment Logbook.

However, in no circumstances may an employee, Director or his/her family members accept gifts in the form of cash or cash equivalent.

There are certain exceptions to the general rule whereby the receiving and provision of gifts are permitted in the following situations:

- a) Exchange of gifts at the company-to-company level (e.g. gifts exchanged between companies as part of an official events or launches and thereafter said gift is treated as company's property).
- b) The gift is a token of appreciation at any official function or public event (e.g. door gifts offered to all guests attending the event).
- c) Token gifts of nominal value normally bearing company's logo (e.g. diaries, lanyards, pens, calendars and other small promotional items) and deemed as part of the brand building or promotional activities.
- d) Gifts to external parties who have no business dealings with the company (e.g. monetary gifts or gifts in-kind) as part of the Group's Corporate Social Responsibility ("CSR") programme.
- e) Fruits, flowers, food hampers with an approximate or actual value not exceeding RM500.

2.2. Receiving Corporate Hospitality & Entertainment

The Group strictly prohibits Directors and employees from soliciting corporate hospitality and entertainment nor are they allowed to accept hospitality and entertainment that is excessive, inappropriate, illegal or given in response to, in anticipation of or to influence a favourable business decision, particularly from parties engaged in a tender or competitive bidding exercise.

The Group recognises that the occasional acceptance of an appropriate level of hospitality and entertainment given in the normal course of business is usually a legitimate contribution to building good business relationships. However, it is important for Directors and employees to exercise proper care and judgement before accepting the hospitality and entertainment. This is not only to safeguard the Group's reputation, but also to protect Directors and employees from allegations of impropriety or undue influence.

If the employees have any doubts on the appropriateness of a corporate hospitality and entertainment offered by an external party, they should either decline the offer or consult with the relevant Head first (subsequently to seek ED's/ CEO's approval at the advice of the Head, if deemed necessary). In the case of Directors, Directors should seek the advice of respective Company Secretary.

Employees should report to his/her Head of Department (in the case of Directors, to the ED) and record the hospitality/entertainment received in the Gift/ Hospitality/ Entertainment Logbook which is kept by Internal Audit

There are certain types of corporate hospitality and entertainment activities which are never permissible and Directors and employees should refuse if it involves the following:

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- a) Any corporate hospitality offered by parties currently engaged in a Group's tender or competitive bidding exercise.
- b) Any corporate hospitality and entertainment that come with a direct/ indirect suggestion, hint, understanding or implication that in return for the corporate hospitality and entertainment provided some expected or desirable outcome is required.
- c) Any corporate hospitality and entertainment activities that would be illegal or in breach of bribery laws.
- d) Any corporate hospitality and entertainment activities that would be perceived as excessive or may adversely affect the reputation of the Group.
- e) Any corporate hospitality and entertainment activity that are sexually oriented or may otherwise tarnish the reputation of the Group.

Directors and employees must immediately decline any offers of corporate hospitality and entertainment that fall within the above categories.

2.3. Providing Entertainment

The Group recognises that providing modest entertainment is a legitimate way of building business relationships and as such a common practice within the business environment to foster good business relationship with external clients and other third parties. As such, eligible employees are allowed to entertain external clients and other third parties through a reasonable act of hospitality as part of business networking as well as a measure of goodwill towards the recipients.

Directors and employees should always bear in mind that this is an area where perception is often regarded as more important than facts and therefore should always exercise proper care and judgement when providing entertainment to third parties especially when it involves public officials to ensure compliance with local anti-bribery and corruption laws.

Directors and employees are strictly prohibited from providing or offering to provide entertainment with a view to improperly cause undue influence on any party in exchange for some future benefit or result. Any acts of this nature, whether provided directly or indirectly through an intermediary, may be construed as an act of bribery.

All expenses incurred to provide the entertainments must be properly kept, documented and recorded in the Gift/ Hospitality/ Entertainment Logbook which is kept by Internal Audit.

2.4. Providing Corporate Hospitality

Corporate hospitality is recognised as a legitimate way to network and build goodwill in business relationship. However, there is a fine line between what is considered to be legitimate vs illegitimate forms of corporate hospitality. The question is whether there is any intention to influence or to be perceived to influence the improper outcome of a business decision by providing the corporate hospitality.

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The Group recognises that providing corporate hospitality to its stakeholders be it through corporate events, sporting events or other public events, is a legitimate way to network and build goodwill in business relationships.

While providing corporate hospitality is a reflection of the Group's courtesy and goodwill, the respective Heads must exercise proper care to protect the Group's reputation against any allegations of impropriety or the perception of bribery especially when the arrangements could influence or be perceived to influence the outcome of a business decision and are not reasonable and bona fide expenditures.

There should also be explicit, clear and internally transparent criteria to determine the selection of guests to be invited to a corporate hospitality event. Reasonable due diligence should be exercised, particularly when arrangements involve public officials.

All expenses incurred to provide the corporate hospitality must be properly kept, documented and recorded in the Gift/ Hospitality/ Entertainment Logbook which is kept by Internal Audit.

3.0 CORPORATE SOCIAL RESPONSIBILITY (CSR), DONATIONS & SPONSORSHIPS

3.1. CSR, Donations and sponsorships

Any CSR, donations and sponsorship activities conducted must not be used as a conduit to circumvent, avoid, or evade the laws or regulatory requirements. More importantly, it shall not be used to facilitate corruption, illegal and money laundering activities.

All CSR, donations and sponsorship requests must be carefully examined for legitimacy and not be made to improperly influence a business outcome.

The proposed recipient must be a legitimate organisation and appropriate due diligence must be conducted in particular to ascertain that the benefits reach their intended recipients whilst the programmes meet the intended objectives.

No CSR, donation and sponsorship shall be made to any beneficiary who is controlled or influenced by any political officials.

All CSR, donations and sponsorship shall be made in accordance with the approval limits/ budget and approval must be obtained from the ED/ CEO.

All employees are required to use good judgment and common sense in assessing the requests. When in doubt, employees should seek further advice from their respective Heads or escalate the matter to ED/ CEO to determine the authenticity of such requests.

3.2. Political Contributions

The Group does not make or offer monetary or in-kind political contributions to political parties, political party officials or candidates for political office.

The Group encourages employees to participate in the political election process by voting. Employees may choose to make personal political contributions as appropriate within the limits established by the law. Under no circumstances, however, will any employee be compensated or reimbursed in any way by the Group for a personal political contribution.

Employees are prohibited from acting on the below without first obtaining approval from their respective Heads:

- Using their position in the company to try to influence any other person (whether or not employed by the company) to make political contributions or to support politicians or their parties in any country.
- Make any contribution or incur any expenditure using the company resources to benefit any political campaign, party or politician in any country.
- Use company's facilities, equipment and resources for any political campaign or party functions.

Furthermore, charitable donations may not be used for prohibited political payments.

Notwithstanding the foregoing, the Group has the right to engage and communicate its views and position on issues of public interest that have an important impact on the Group.

4.0 FACILITATION PAYMENT

4.1. Making Facilitation Payment

Facilitation payment is a payment or other provision made personally to an individual in control of a process or decision. It is given to secure or expedite the performance of a routine or administrative duty or function.

The Group prohibits accepting or obtaining, either directly or indirectly, facilitation payments from any person for the benefit of the employee himself or for any other person. The reason underlying this prohibition is that facilitation payment is seen as a form of bribery and corruption.

All persons must not offer, promise, give, request, accept or receive anything which might reasonably be regarded as a facilitation payment. If the employee receives a request or is offered facilitation payments, he/she must immediately report to the Head or ED/CEO.

5.0 CONDUCTING DUE DILIGENCE

5.1. Dealing with Third Parties

The Group's dealings with third parties, which include customers, contractors, vendors, suppliers, solicitors, agents, consultants, joint venture partners, introducers/ government intermediaries etc., must be carried out in compliance with all relevant laws. As part of this commitment, all forms of bribery and corruption are unacceptable and will not be tolerated.

The third parties shall include all legitimate business entities ranging from public limited companies and private limited companies to partnerships and sole-proprietorships.

When we engage third parties, such as contractors, agents, intermediaries or joint venture partners, we are obligated to conduct appropriate counterparty due diligence to understand the business and background of prospective business counterparty before entering into any arrangement with them to ensure that the counterparty is not likely to commit an act of bribery or corruption in the course of its work with the Group.

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Due diligence may include a search through relevant databases, checking for relationships with public officials, self-declaration, and documenting the reasons for choosing one particular third party over another. The results of the due diligence process must be documented, retained for at least seven years and produced on request by the custodian of the process.

Employees are required to use good judgment and common sense at all times in assessing the integrity and ethical business practices of third parties.

Standard clauses shall be included in all contracts with third parties enabling the Group to terminate the contract in the event that bribery or an act of corruption has been proved to occur. Additional clauses may also be included for third parties acting on the Group's behalf where a more than minor bribery risk has been identified.

5.2. High Risk Third Parties

Third parties that present the biggest risk of corruption or perception of corruption are those that are public officials, connected to public officials or third parties that are likely to interact with public officials in the course of the performance of the contract.

This is because a public official is in a position of influence and could use this influence in relation to the contract or the contract could affect decision making in their official role.

Contracts with third parties who are public officials, connected to or likely to interact with public officials are high risk. Therefore, the due diligence conducted by the respective companies/ departments in lieu of the public officials shall always be more extensive than the dealing with non-public officials.

5.3. Due Diligence Process

The purpose of due diligence is to serve as a guide to the employees in making a decision whether to continue the relationship with the third party. Any unsatisfactory answer to the non-exhaustive due diligence checklist shall be treated as red flags by the employees.

If all identified red flags are sufficiently mitigated, then the employees could proceed with the relationship. Similarly, if no red flags have been identified, then the employee can proceed with the engagement (to satisfy that reasonable steps had been taken to address the corruption risk of the third party).

If red flags have been identified but not sufficiently mitigated, then it is critical that further work is undertaken prior to entering into any contract or relationship. All red flags will need to be resolved or mitigated.

The most common/ direct way of resolving a red flag will be to contact the third party directly. In particular, the third party should be asked what measures they have taken to resolve the corruption issue which had taken place in their company.

The Group does not in any way limit the methods or mechanisms used by the employees to conduct the third party's due diligence so long as the same is permitted by the law.

In some circumstances, the red flags are unsubstantiated rumours which have not been formally investigated by the authorities or law enforcement agencies or proven in a court, tribunal or equivalent. Under this scenario, the company/ department may proceed with

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the contract. Nevertheless, it is advisable that the company/ department to continuously monitor the situation and immediately highlight to the Management if any adverse findings noticed.

Where the company/ department finds that the red flags still could not be mitigated or resolved despite all of the non-exhaustive measures, the company/ department shall not proceed with the relationship with the third parties.

For the detailed due diligence checklist on the third party, please refer to **Appendix 1**. The employee is to take note that the due diligence checklist is non-exhaustive and is strongly encouraged to add own measures into the checklist for a meaningful and thorough assessment on the third party.

6.0 FINANCIAL AND NON-FINANCIAL CONTROLS

6.1. Segregation of Duties and Approving Authority

The Group adopts a clear segregation of duties for all jobs functions either it is financially or non-financially related.

For jobs related to non-financial activities, there must be at least two-layers of checking i.e. maker and checker. For jobs related to financial activities, the Group had since adopted three-layers of checking which shall comprise of the maker, checker and approver. Further, for financial activities (such as disbursement and payment activities), the Group strictly adopts multiple signatories to further mitigate any corruption risk.

7.0 RECORD KEEPING

7.1. Overview

All companies/ departments have to maintain written records evidencing that due diligence has taken place and that any risks identified have been carefully considered and mitigated as practicably as possible.

Records should be retained for a significant period of time in order to comply with the local law as well as Company's policy.

7.2. General Retention Policy

The company/ department must retain for at least **seven (7) years**, all records, operational work documents, other documents, and transactions to enable the Group to comply with any requests from the relevant authorities.

7.3. Specific Retention Policy

Records on customer's identification, business correspondence, and security documents are kept by the company/ department for up to **seven (7) years after** the relationship is terminated/ exited/ completed.

8.0 RECRUITMENT

8.1. Corruption & Bribery Screening

The recruitment of employees should be based on approved selection criteria to ensure that only the most qualified and suitable individuals are employed. This is crucial to ensure that no element of corruption is involved in the hiring of employees.

In line with this, proper background checks should be conducted in order to ensure that the potential employee has not been convicted in any bribery or corruption cases. More detailed background checks should be taken when hiring employees that would be responsible in management positions, as they would be tasked with decision-making obligations.

APPENDIX 1 – Due Diligence Checklist on Third Parties

Tick (√) whether **YES** or **NO** on the Due Diligence Checklist below. If you have answered **YES** to any of the statements, you have to be satisfied that the relevant information/ explanation/ justification is available/ procured/ documented prior to your engagement with the third parties.

No.	Due Diligence Checklist	Yes	No
About The Third Party			
1.	There has been difficulty in obtaining the required information from the third party.		
2.	There are concerns or evidence of corruption (convictions) in respect of the third party.		
3.	There are allegations of corruption activity against the third party or any of its employees.		
4.	The value of the contract secured by the third party is unreasonable.		
5.	There is evidence of adverse news related to the third party.		
6.	The third party does not have the necessary skills and experience to provide the services for which they will be contracted.		
7.	The third party is not charging a fair market price for their services (<i>a company paying bribes may often charge more for its services in order to create a slush fund to pay bribes</i>).		
8.	The third party is being associated with disreputable suppliers/ subcontractors etc.		
9.	The third party ever requested urgent payments or unusually high commissions.		
Third Party as a Public Official			
10.	The third party is a public official. <i>(A "public official" includes, without limitation, candidates for public office, officials of any political party and officials of state-owned enterprises.)</i>		
11.	The owners, directors, shareholders, officers or any employees of the third party being current or former public officials		
Third Party's Dealing with Public Official			
12.	The third party is recommended by a public official.		
13.	The third party will be interacting/ has any affiliations with public officials in order to perform the contract.		
14.	The owners, directors, shareholders, officers or any employees of the third party have personal, familial or any associations with public officials.		
15.	The third party has connections with public officials or government agencies.		
16.	The third party's employees (including immediate family members of the employees) have connections with public officials.		