

Anti-Corruption & Bribery Policy

1. TITLE

Anti-Corruption and Bribery Policy (hereinafter referred to as “Policy”)

2. PURPOSE

The purpose of this Policy is to set out the responsibilities of CB Industrial Product Holding Berhad (hereinafter referred to as “CBIP”), and of those working for CBIP, in observing and upholding CBIP’s position on bribery and corruption.

This policy also further provides information and guidance to those working for CBIP on how to recognise and deal with bribery and corruption issues.

3. OUR PRINCIPLES

- 3.1 We conduct all of our business in an honest and ethical manner. CBIP takes a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our relationships and business dealings wherever we operate and to implementing and enforcing effective system to counter bribery.
- 3.2 We will uphold all laws relevant to countering bribery and corruption. We remain bound by the laws of the Malaysia, including Malaysian Anti-Corruption Act 2009 (MACC Act 2009), in respect of our conduct both at home and abroad
- 3.3 Corruption and bribery are criminal offences and are punishable for imprisonment and fine, and if the Company is found to have taken part in corruption, we could face fine and damage to our reputation.
- 3.4 In this Policy “third party” means any individual or organisation we come into contact with at work, and includes actual and potential customers, supplies, distributors, business contacts, agents, advisers, consultants, subcontractors and joint ventures partners
- 3.5 To address these risks, we have taken the following steps:
 - a) Implement an anti-corruption and bribery policy;
 - b) Perform regular corruption risk assessment on our operations and review each finding;
 - c) Take steps to implement training programmes for all individual operating in areas of the organisation that are identified as high risk; and
 - d) Regular review and update to this Anti-Corruption and Bribery Policy.
- 3.6 MACC Act 2009 issued guidelines relating to adequate procedures that should be implemented to prevent the occurrence of corrupt practices in business activities. The guidelines have been formed based on the following 5 principles (T.R.U.S.T):
 - a) Top level commitment;
 - b) Risk assessment;
 - c) Undertake control measures;
 - d) Systematic review, monitoring, and enforcement;
 - e) Training and communication.

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4. DEFINITIONS

- 4.1 **Bribe** - Anything of value given in an attempt to affect a person's actions or decision in order to gain or retain a business advantage. Anything of value includes cash, entertainment or others gifts or courtesies.
- 4.2 **Corruption** - Act of giving or receiving of any gratification or reward in the form of cash or in-kind of high value for performing a task in relation to his/her job description.
- 4.3 **Facilitation Payments** - Small sums or unofficial payment made to secure or expedite a routine government action by a government official.
- 4.4 **Kickbacks** - The return of a sum already paid or due as a reward for awarding of furthering business.

5. MACC ACT 2009

- 5.1 Four (4) main offences stipulated in the Malaysian Anti-Corruption Act 2009 (MACC Act 2009) (Act 694):
 - a) Soliciting/Receiving Gratification (Bribe) [section 16 & 17(a) MACC Act 2009].
 - b) Offering/Giving Gratification (Bribe) [section 17(b) MACC Act 2009].
 - c) Intending to Deceive (False Claim) [Section 18 MACC Act 2009].
 - d) Using Office or Position for Gratification (Bribe) (Abuse of Power/Position) [Section 23 MACC Act 2009].
- 5.2 The general penalty for any corruption related to offences is:
 - a) Maximum 20 years imprisonment; and/or
 - b) Fine not exceeding RM10,000 or 5 times the value of the bribe (whichever is higher).
- 5.3 Failure to report - Any person who knows and fails to report an act of giving and offering of bribes is committing an offence under Section 25 (1) and (2) of the MACC Act 2009. **Section 25 (1) and (2) of the MACC Act 2009.**
 - a) Fine not exceeding RM1,000; and/or
 - b) Maximum 10 years imprisonment.
- 5.4 Any person who knows and fails to report an act of soliciting and obtaining of bribes is committing an offence under Section 25 (3) and (4) of the MACC Act 2009 **Section 25 (3) and (4) of the MACC Act 2009**
 - a) Fine not exceeding RM10,000; and/or
 - b) Maximum 2 years imprisonment.

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6. SCOPE

This Policy applies to all companies within the CBIP Group.

This includes all individual working at all levels and grades, including senior managers, managers, officers, directors, employees (whether full-time, part-time, contract or temporary), consultants, contractors, trainees, seconded staffs, volunteers, interns, agents, sponsors, suppliers, customers, any thirds party and any other person associated with us.

7. GIFTS, ENTERTAINMENT AND HOSPITALITY

7.1 CBIP's policy and practice encourage the use of good judgment, discretion, and moderation when giving or accepting gifts or entertainment in business settings. Gift giving and entertainment practices may vary in different cultures; however, any gifts and entertainment given or received must be in compliance with law, must not violate the giver's and/or receiver's policies on the matter, and be consistent with local custom and practice. We do not solicit gifts, entertainment, or favors of any value from persons or firms with which CBIP actually or potentially does business. Nor do we act in a manner that would place any vendor or customer in a position where he or she may feel obligated to make a gift, provide entertainment, or provide personal favors to do business or continue to do business with CBIP.

7.2 All benefits (including Gifts and Entertainment) must be:

- a) Reasonable in value
- b) Infrequent in nature
- c) Transparent and open
- d) Not given to influence or obtain an unfair advantage
- e) Respectful and customary

8. FACILITATION PAYMENTS AND KICKBACKS

8.1 We do not make, and will not accept, facilitation payments or "kickbacks" of any kind.

8.2 Any individual with any suspicions, concerns or queries regarding a payment made on our behalf or improper business practices, he/she should raise these through our Whistle blower form.

9. DONATIONS AND POLITICAL CONTRIBUTION

9.1 CBIP does not make charitable donations or contributions to political parties. Whilst employees are permitted to make personal political contributions, CBIP will not make any reimbursement for these personal political contributions back to its employees.

9.2 Contributions or donations made by CBIP to community projects or charities need to be made in good faith and in compliance with CBIP Code of Ethics, this Anti-Corruptions Policy and all relevant CBIP's policies and procedures.

9.3 CBIP funds, services, property, facilities or employee time cannot be used for or contributed to any political party or candidate for public office without approval by the Board of Directors (both at Group and Company level).

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10. PROCUREMENT PROCESS (CONT'D)

- 10.1 CBIP had processes and adheres to the system of internal controls around supplier selection. Supplier selection should never be based on receipt of a gift, hospitality or payment. When supplier selection is formal, structured invitation for the supply of goods and services (often called a “tender”), it is most important we maintain documentation supporting our internal controls.
- 10.2 A tender process includes an invitation for other parties to make a proposal, on the understanding that any competition for the relevant contract must be conducted in response to the tender, no parties having the unfair advantage of separate, prior, close-door negotiations for the contract where a bidding process is open to all qualified bidders and where the sealed bids are in the open for scrutiny and are chosen on the basis of price and quality.
- 10.3 Due diligence of new suppliers in supplier selection should include elements of corruption including bribery.

11. RESPONSIBILITIES

- 11.1 CBIP takes corruption and bribery very seriously. Any violation of this Policy will be regarded as serious matter by the Company and is likely to result in disciplinary action, including termination, consistent with applicable law/regulatory requirements.
- 11.2 The Board has oversight of this Policy and responsible for ensuring the compliance with this Policy. Every employee and manager are required to be familiar with and comply with this Policy.
- 11.3 Bribery is a criminal offense. An employee will be accountable whether he/she pays a bribe himself/herself or whether he/she authorises, assists, or conspires with someone else to violate an anti-corruption or anti-bribery law. Punishment for violating the law are against him/her as an individual and may include imprisonment, probation, mandated community service and significant monetary fines which will not be paid by CBIP.
- 11.4 Employee must notify his/her manager as soon as possible if he/she believes or suspect that a conflict with this Policy has occurred, or may occur in future. For example, if a customer or potential customer offers him/her something to gain a business advantage with us, or indicates to him/her that a gift or payment is required to secure their business. Further indications that may point towards bribery or corruption are set out in Appendix A.

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12. RECORD KEEPING

- 12.1 CBIP must keep financial records and have appropriate internal controls in place which will evidence that business reason for making payments to third parties.
- 12.2 Ensure all expenses claims relating to hospitality, gifts or entertainment incurred to third parties are submitted in accordance with the Group's current procedure and practice.
- 12.3 All accounts, invoices and other documents and records relating to dealings with third parties, such as customers, supplies and business contracts, should be prepared and maintained with strict accuracy and completeness. No accounts must be omitted to facilitate or conceal improper payments.

13. PROTECTION

Workers who refuse to accept or offer a bribe or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. We aim to encourage openness and will support anyone who raises genuine concerns in good faith under this Policy even if they turn out to be mistaken.

14. TRAINING AND COMMUNICATION

- 14.1 All existing workers operating in areas that are perceived as high risk will receive regular, relevant training on how to implement and adhere to this Policy.
- 14.2 Our approach to corruption and bribery must be communicated to all supplies, contractors, agents, business and other partners at the outset of our relationship with them and as appropriate thereafter.

15. RISK ASSESSMENT

- 15.1 To conduct corruption risk assessment periodically and when there is a change in the law or circumstances of the business, to identify, analyse assess and prioritise the internal and external corruption risks.
- 15.2 To establish appropriate processes, systems and controls approved by senior management to mitigate the specific corruption risks that CBIP is exposed to.

16. MONITORING AND REVIEW

- 16.1 All workers are responsible for the success of this Policy and should ensure they use it to disclose any suspected danger or wrongdoing.
- 16.2 Internal control systems and procedures will be subject to regular audits to provide assurance that they are effective in countering corruption and bribery.

APPENDIX A

Potential risk scenarios which indicating “red flags”

The following is a list of possible red flags that may arise for an individual while working for CBIP and which may raise concerns under various anti-corruption and anti-bribery laws. The list is not intended to be exhaustive and is for illustration purposes only.

If an employee encounters any of these red flags while working for CBIP, he/she must report them promptly to his/her manager or to the HR Manager.

- Become aware that a third party engages in, or has been accused of engaging in, improper business practices;
- Learn that a third party has a reputation for paying bribes, or requiring that bribes are paid to them, or has a reputation for having a “special relationship” with foreign government officials;
- A third party insists on receiving a commission or fee payment before committing to sign up a contract with us, or carrying out a government function or process for us;
- A third-party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoices or receipt for a payment made;
- A third-party requests payment in made to a country or geographic location different from where the third party resides or conducts business;
- A third-party request an unexpected additional fee or commission to “facilities” a service;
- A third-party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services;
- A third-party request that a payment is made to “overlook” potential legal violations;
- Receive an invoice from a third party that appears to be non-standard or customised;
- A third party insists on the use of side letters or refuses to put terms agreed in writing;
- notice that CBIP have been invoiced for a commission of fee payment that appears large given that service stated to have been provided;
- A third-party request or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or know to us; or
- Been offered an unusually generous gift or offered lavish hospitality by a third party