



YINSON HOLDINGS BERHAD

**POLICY AND PROCEDURE ON DEALING WITH
BUSINESS PARTNERS
AND THIRD PARTIES**

26 June 2019

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Summary of Changes

Version	Descriptions of changes	Location of changes
1.1	Insertion of specific clause on payment terms requiring that all payments to business partners and third parties shall be made to a bank account under the contracting entity.	Page 12 (2 nd paragraph)

Definition

“ABAC” refers to Anti-Bribery and Anti-Corruption.

“ABAC Policy” refers to the Anti-Bribery and Anti-Corruption Policy;

“Board” refers to the board of directors.

“Business Partners” refers to joint venture partners or associate companies;

“Group” refers to Yinson Holdings Berhad and its subsidiaries.

“International Commercial Representatives” refers to agents, sponsors, advisors and others including a person or entity that has been designated as International Commercial Representative by the Risk Management & Compliance Department or its designee

“Personnel” refers to all employees of YINSON (permanent, temporary and interns) and members of the Board.

“Policy” refers to this Policy and Procedure on Dealing with Business Partners and Third Parties.

“Public Official” refers to persons who hold a legislative, administrative or judicial office (either appointed or elected), any person exercising a public function, including for a public agency or a public enterprise (e.g. a state-owned enterprise), any official or agent of a public international organisation;

“RMC” refers to YINSON Group Risk Management and Compliance;

“Third Parties” refers to any person or entity that is independent from YINSON, which includes suppliers, contractors, vendors or sub-contractors and other parties engaged by or on behalf of YINSON. **For the purpose of this Policy only, this excludes International Commercial Representatives;**

“Vendors’ Registration Platform” refers to YINSON’s Vendors’ Registration Platform located at <https://vendor.trillius.com/web/home/login.php>; and

“YINSON” refers to Yinson Holdings Berhad and its subsidiaries.

1.0 Introduction

1.1 Purpose

YINSON is committed to doing business only with reputable, ethical and professional Business Partners and Third Parties. In carrying out business with Business Partners and Third Parties, YINSON may be exposed to certain contractual risks. Therefore, it is YINSON's obligation to "*know its partners*" before entering into any contractual relationship with them. Business Partners and Third Parties who work for and on behalf of YINSON are expected to act in a way that is consistent with our policies.

1.2 Scope

This Policy is applicable to all Business Partners and Third Parties who are appointed to act for and on behalf of YINSON.

All Business Partners and Third Parties are required to read, understand, and comply with this Policy which should be read in conjunction with YINSON's ABAC Policy and other applicable policies.

This Policy does not apply to International Commercial Representatives. For more information on International Commercial Representatives, please refer to our Policy and Procedure on Dealing with International Commercial Representatives.

2.0 Dealing with Third Parties

It is important for YINSON to know its partners. Therefore, any Third Parties who has the intention to work for and on behalf of YINSON must be an approved vendor of YINSON. To be considered as an approved vendor of YINSON, the Third Party is required to register on our Vendors' Registration Platform and an ABAC due diligence will need to be conducted to ascertain the background and appointment of this Third Party.

2.1 Third Party Registration

- All Third Parties should register via our Vendors' Registration Platform on a **yearly basis**. This registration would include general background about the company, the management and Board, business operations, financial information and disclosures relating to interaction with government or Public Officials, compliance to ABAC and conflict of interests, if any. The submission to the Vendors' Registration Platform should also include supporting documents such as financial information, company incorporation and directors' appointment / resignation forms and acknowledgement of YINSON's ABAC compliance form.
- The Third Party is also required to submit an acknowledgement of their compliance to YINSON's ABAC Policy through the Vendors' Registration Platform. Please refer to **Appendix D: ABAC Certificate of Compliance** for Business Partners or Third Parties.
- Third Party registrations received shall be verified by the Procurement Department. The Procurement Department, Finance Department and Health, Safety and Environmental Department will review and approve the registration. The RMC Department shall then conduct the due diligence and assessment of risk ratings on approved registrations as outlined in the following sections.

2.2 Due Diligence Procedure for Engagements with Third Parties

In assessing the risks associated with the Third Parties, the RMC Department will be required to complete **Appendix A: ABAC Due Diligence Report for Low Risk Third Parties** or **Appendix B: ABAC Due Diligence Report for Medium and High Risk Third Parties** depending on the level of risks.

2.2.1 Identifying High, Medium, or Low Risks

- **High Risk Third Parties** are persons or companies who meet any of the following criteria:
 - They have business dealings with government or Public Official frequently on YINSON's behalf and/ or have ties to a government or Public Official, i.e. Government Linked Company;
 - They operate in a country whose ranking in the Transparency International's Corruption Perception Index ("CPI") is at the low range, falling below the score of 30;
 - Background checks identified adverse information (e.g. sanctioned, allegations of wrong-doings, and non-compliance with laws/regulations);
 - Transaction with YINSON involving a high contractual value that is significant to the business operation; or
 - They have been designated as high risk by the RMC Department.

- **Medium Risk Third Parties** are persons or companies who meet any of the following criteria:
 - They are Third Parties who were appointed in relation to the YINSON's business operations;
 - They were recommended by a government or Public Official except when such referral occurred due to local regulations that local vendors are preferred or there is dependency on the selection of Third Parties through the instructions in a bid or contract; or
 - They have been designated as a medium risk by the RMC Department.

- **Low Risk Third Parties** are persons or companies who meet any of the following criteria:
 - **Frequency of transaction**, where transactions are either one off or non-recurring, such as transaction to buy stationery or company asset (e.g. table fixtures);
 - **Nature of transaction**, which is not for the purpose of daily business operations. For instance, stationary purchases from a vendor will be considered as a low risk; or
 - They have been designated as a low risk by the RMC Department.
- A Third Party will not automatically be designated as medium or high risk if they are a state owned or state-run company.

2.2.2 Due Diligence for Medium or High Risk Third Parties

- If the Third Party is designated as medium or high risk, the RMC Department is required to complete and sign off ***Appendix B: ABAC Due Diligence Report for Medium and High Risk Third Parties***.
- Information that should be included in ***Appendix B: ABAC Due Diligence Report for Medium and High Risk Third Parties*** includes:
 - Business purpose/ justification for the services requested;
 - Criteria and rationale for selection;
 - Compensation that the Third Party will receive (e.g. incentives, gifts, expense reimbursement, equipment, monetary or non-monetary considerations) and its rationale;
 - If any, potential conflict of interests has been disclosed by the Third Party, or identified by YINSON;
 - Does the Third Party has any interactions with government or Public Officials (for the purpose of obtaining governmental contracts, permits or authorisation);
 - Any potential legal, regulatory or ethical compliance issues (adverse news, sanctions, legal/ regulatory warnings on the company; and
 - If any red flags identified on the Third Party.

- The Legal Department should be consulted if there are any red flags identified by the RMC Department.

2.2.3 Due Diligence for Low Risk Third Parties

- If the Third Party is designated as low risk, the RMC Department is required to complete and sign off the **Appendix A: ABAC Due Diligence Report for Low Risk Third Parties**. As the Third Party is identified as low risk, minimal due diligence should be sufficient.
- Information that should be included in **Appendix A: ABAC Due Diligence Report for Low Risk Third Parties** includes:
 - Business purpose/ justification for the services requested;
 - Criteria and rationale for selection; and/ or
 - Compensation that the Third Party (*excluding International Commercial Representatives*) will receive (e.g. incentives, gifts, expense reimbursement, equipment, monetary or non-monetary considerations) and its rationale.
- The due diligence for such low risk Third Parties need not be reviewed in subsequent years unless the nature and frequency of transaction with YINSON changed.

3.0 *Managing Business Partners*

It is imperative that we conduct a due diligence on all of our potential Business Partners to identify if there are any potential ABAC risks to YINSON.

3.1 Submission of Questionnaire

Business Partners will submit **Appendix E – Questionnaire** to the Legal Department with background details and information of the company. The Legal Department will verify the information submitted by the Business Partner.

3.2 Due Diligence for Business Partners

The Legal Department with the assistance of external local legal counsel will conduct an ABAC due diligence assessment on Business Partners in the following areas:

- Profiling of the Business Partner through public domain information to assess track record, directors and shareholders, business operation and background.
- Profiling the key management of the Business Partner through public domain information to assess their background, business interests and commercial track record.
- Through research from public domain information, to identify information with respect to the Business Partner on any suspected involvement in fraud or illegal business activities, litigation, based on available litigation records, regulatory non-compliance, commercial disputes, violation of intellectual property rights or suspected involvement in trading counterfeit items and political affiliations. This research would also include identifying if there are any adverse or negative news about the potential Business Partner that were reported in public domains.

Through the due diligence exercise, the red flags identified would include, but not limited to:

- principle business activities of the Business Partner do not match our business objective;
- credential of the Business Partner does not match expectation;
- conflict of interest between the Business Partner and YINSON's Personnel;
- the absence of a business premise;
- derogatory/ limited information of the Business Partner; or
- adverse/ negative information about the Business Partner.

The findings of the ABAC due diligence conducted for the Business Partner shall be documented and kept by the Legal Department and a copy forwarded to RMC Department.

3.3 Acknowledgement of Compliance

As part of our ABAC compliance, we require our Business Partners to acknowledge compliance with our policies. YINSON may consider terminating the partnership in the event of any non-compliance with ABAC laws or with any of our policies.

Please refer to **Appendix D: ABAC Certificate of Compliance** for Business Partners or Third Parties acknowledgement of compliance to YINSON's ABAC Policy.

4.0 ABAC Contractual Provisions

The Procurement Department and Legal Department are responsible to ensure that ABAC provisions are included in contracts with Business Partners and Third Parties, including the drafting and negotiating of the relevant provisions, as they deemed appropriate.

Business Partners and Third Parties may only be appointed with a detailed and binding agreement that includes indication of compensation, scope of work and compliance to YINSON's ABAC Policy whether:

- written and executed contract; or
- written and executed letter of intent.

Business Partners and Third Parties may not perform services for YINSON until engaged and may not be paid until after a contract is executed. No oral agreements or understandings are permitted pending award of a contract in question.

The written agreement or contract shall, as far as possible, (subject to the discretion of the Legal Department or Procurement Department on a case to case basis) include:

- ABAC provisions and acknowledgement of compliance by the Business Partners or Third Parties;
- termination rights of YINSON in case the Business Partners and Third Parties have violated YINSON's ABAC Policy or any applicable ABAC Laws;
- the right to inspect/ audit the books and records of the Business Partners and Third Parties;

- a clear and accurate description of services to be performed by the Business Partners and Third Parties for YINSON; and
- the payment terms for the services provided by Business Partners and Third Parties including a mandatory requirement that payment shall only be made to a bank account in the name of the contracting entity.

If in doubt, consult the Legal Department or RMC Department. Please refer to **Appendix C: Anti-Bribery and Anti-Corruption Clauses** for the ABAC provisions.

5.0 Recording

The RMC Department will maintain copies of the due diligence information and other relevant supporting documents for a minimum period of seven (7) years.

We will maintain accurate books and records relating to any payments made to Business Partners and Third Parties that, among other things, reflect the true nature of the transaction. The underlying supporting documentation for any payments made to Business Partners and Third Parties must adequately support and reflect the true nature of the transaction. YINSON's Personnel is prohibited from creating or utilising inaccurate YINSON records, such as overstated expense reports or erroneous time sheets or invoices, or booking inaccurate accounting records.

6.0 Policy Governance

The content in this Policy will be monitored by RMC Department and is subjected to periodic review and assessment.