

# **KOMARKCORP BERHAD**

Company Registration No.: 199601001919 (374265-A.)

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## **KOMARKCORP GROUP**

### **ANTI-CORRUPTION POLICY**

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## **1. INTRODUCTION**

1.1 Komarkcorp Berhad (“KMC” or the “Company”) and its subsidiaries (the “Group”) are fully committed in conducting our business legally, ethically, with integrity and without fear nor favor.

1.2 Without exception, we expect all employees as in this policy shall include all members of the Board, to consistently conduct themselves with the highest ethical standards, and in compliance with all applicable laws and regulatory requirements for the prevention of corruption, bribery and extortion.

1.3 This Anti-Corruption Policy spells out the rules of conduct by which all directors and employees should adhere to.

1.4 Related Policies: Under separate cover is the related policy for:

Whistle-Blowing Policy (Approved and adopted on 1 September 2016)

## **2. OBJECTIVE**

This policy applies to all individuals working at all levels and grades whether probationary, permanent, contract basis, fixed-term or temporary.

In this Policy, third party means any individual or organization you may come into contact with either directly or indirectly during the course of your work, and includes actual and potential clients, customers, suppliers, agents and government and public bodies.

This Policy should be read in conjunction with the KMC’s Whistle-Blowing Policy and Gifts and Hospitality Policy (Appendix A).

This Policy does not and cannot reasonably cover every situation that you may face in the course of your employment with the Group. If you are in any doubt as to how you should apply any of the provisions of this Policy, you are strongly encouraged to seek guidance from your immediate supervisors or any of the Company’s senior management.

## **3. POLICY**

### **BUSINESS CONDUCT**

The rules of business conduct set out below extend to all Group companies’ business dealings and transactions in all countries in which they operate.

#### **3.1 Ethical Conduct and Compliance with Laws**

KMC Group’s Policy is to conduct business with integrity, fairly, impartially, in an ethical and proper manner, and in compliance with all applicable laws and regulations. In conducting our business, integrity must underlie all relationships, including those with customers, suppliers,

communities and employees. In this connection, employees are required to have the strength to do what they believe to be right in difficult situations.

### 3.2 Anti-Corruption

The anti-corruption policies and measures set out below are necessary to protect the business, resources and reputation of KMC Group.

3.2.1 Corrupt practices will adversely affect the reputation of KMC Group as well as the confidence of all stakeholders, especially our customers and business partners. Hence, the Group expects all employees in our commitment to act professionally, fairly and with integrity in all our business dealings and relationships.

3.2.2 Corrupt practices may subject the Group and individual employees to potential criminal and civil liabilities.

The purpose of this Policy is to:

- (a) set out our responsibilities in observing and upholding our policy on bribery and corruption;
- (b) provide information and guidance on how to recognize and deal with bribery and corruption issues.
- (c) Employees must under no circumstances offer, promise, give or authorize the giving, directly, indirectly or through third parties, of any bribe, kickback, illicit payment, benefit in kind or any other advantage to a Government Official or Government Entity (as defined below), private sector customer, supplier, contractor, or any other person, entity, as an inducement or reward for an improper performance or non-performance of a function or activity. Facilitation payments (also referred to as grease payments); that is, payments or gifts made to a government or public official to speed up, or secure the performance of, a routine, governmental action which the official is already obliged to perform such as issuing permits, immigration conforms, providing services or releasing goods held in customs could also create bribery risks. Accordingly, employees should not make any facilitation payments on any Group company's behalf.
- (d) Similarly, employees must not under any circumstances solicit or accept, directly or indirectly, any bribe, kickback, illicit payment, benefit in kind or any other advantage from any Government Official or Government Entity, customer, supplier, contractor, or any other person or entity that is intended to induce or reward an improper performance or non-performance of a function or activity.
- (e) "Government Entity" means any national, federal, state, provincial, county, municipal, local or foreign government, or other subdivision or agency thereof; any entity exercising executive, legislative, judicial, regulatory, taxing or administrative functions of or pertaining to government; any arbitrator or arbitral body or panel of competent jurisdiction; any public international organization (e.g., the United Nations, the International Monetary Fund, the World Bank); and any entity owned or controlled, in whole or in part, by any national or local government (e.g., a state-owned or state-controlled petroleum company, engineering company, communications company, etc).

- (f) "Government Official" means any elected or appointed official by the Government of any country; representatives or employees of a Government Entity at any level, including customs, immigration and transportation workers; military personnel; representatives of political parties; candidates for political office; directors, managers or employees of state-owned or controlled entities; and any entity hired by a Government Entity for any purpose.

#### **4. BRIBERY OR CORRUPTION**

- 4.1 A bribe or corrupt action includes the receiving, offering, promising, authorizing or providing "anything of value" to any customer, business partner, vendor or other third party in order to secure, induce or keep an improper or unfair advantage.
- 4.2 Anything of value does not only includes cash but also including cash equivalents like gifts, services, employment offers, loans, travel and entertainment, charitable donations, sponsorships, business opportunities, favourable contracts or giving anything even if nominal in value.
- 4.3 There is a presumption of corrupt intent if anything of value is given to employees of, or persons dealing with the government, under Malaysian laws.
- 4.4 Facilitation payments are strictly prohibited. These are routine payments made in some countries to government officials to expedite or secure routine governmental action.

#### **5. WORKING WITH THIRD PARTIES**

We do not condone the action of, nor do we wish to be held liable for, any of our third parties who may have made any bribes whilst acting for us, whether with or without our knowledge. Accordingly, it is very important that the requisite and proper due diligence of all third parties representing us or providing services to us, are undertaken before we engage such third parties. These third parties should also undertake not to engage in any form of bribery or corruption.

- (a) "Third Party Associates" are individuals or entities (not owned or controlled by a Group company) that provide services, or engage in business activities, on behalf of a Group company. Such persons or entities include without limitation joint venture partners, members of a consortium, commercial agents, sales representatives, consultants, advisors, suppliers of services, contractors or sub-contractors, and any other service providers who act on behalf of a Group company in any way in connection with its business.
- (b) The assistance and local knowledge of Third Party Associates may be essential. However, to minimise the risk of fraud or corruption on their part, Third Party Associates should be made aware of and, where relevant, adhere to KMC's rules of business conduct, and acknowledge receipt in writing of the same.
- (c) It is vital that employees pay close attention to a Group company's relationship with Third Party Associates. Each Third Party Associate should be carefully selected and evaluated before being retained by a Group company, and Third Party Associates should be selected

solely on the basis of merit. It is the responsibility of each employee to know the Third Party Associates with whom the employee transacts business for or on behalf of a Group company, and to understand what services each such Third Party Associate performs for the Group Company and the manner in which the Third Party Associate performs them.

#### 5.1 Specific guidance on common forms of bribery

- (a) Gifts and Hospitality: While it is recognized that the giving or receiving of gifts and hospitality may help in the building of business relationships, good judgement must be exercised at all times. It is the responsibility of the person extending or receiving such a gift and hospitality to ensure that it is not a bribe and is in strict compliance with the Appendix A - Gifts and Hospitality policy. The offer and receipt of gifts or hospitality must be avoided whenever they could affect or be perceived to affect the outcome of business transactions or dealings or are not reasonable and bona fide. Employees should avoid giving or receiving gifts or hospitality (including entertainment, meals, business travel, tickets to social, entertainment or sports events etc) which is excessive in value, given too often, or leaves the employee or (as the case may be) the other person in a position of obligation or possible perceived obligation. Gifts or hospitality in the form of cash or cash equivalent should be avoided.

Further details of the Group's policy in respect of Gifts and Hospitality are set out in Appendix A hereto.

#### 5.2 Donations and Contributions

- (a) Donations, sponsorships and contributions made on behalf of a Group Company must not be used as a subterfuge for bribery. You must not use charitable contributions as a way of concealing a bribe. They should only be made without expectation of business returns.
- (b) When making any donation or contribution, the following must be adhered to:
- donations and contributions must always take place in a transparent manner and be documented;
  - documentation must include recipient identity, purpose, reasons for donation/contribution;
  - donations / contributions must comply with the laws of the country in which the donation is to be made;
  - donations / contributions should be made to an organization, instead of any particular person, where possible;
  - anonymous donations are strictly prohibited; and
  - payments into private or personal bank accounts are prohibited.

#### 5.3 Political donations

KMC does not condone on Political donations, including of funds or facilities to provide support for any political parties.

## **6. COMPLIANCE**

6.1 All employees and board of directors of the Group, and all third parties who represent us, are required to comply with this Policy, and not engage in any form of bribery or corruption.

6.2 Employees:

- (a) Not give or offer to give or be authorized to give anything of value that could be considered to be a bribe.
- (b) Not request or accept or authorise the request or acceptance of, directly or indirectly, anything of value that could be considered to be a bribe for themselves and any parties related to them.
- (c) Report as soon as possible any suspected breaches of this Policy to the Board of Directors without risk of reprisal.

6.3 The business leads or function heads MUST always ensure that

- (a) All employees in the respective sector, function or line of business are aware of the need to comply with this Policy and receive regular messages from the line management reminding them to comply.
- (b) Any non-compliance to this policy, function or line of business will be reported to the Group Board of Directors.

## **7. CONSEQUENCES OF VIOLATION**

A violation of this Policy will lead to disciplinary action for the individuals involved up to and including dismissal and reporting to the police or relevant regulatory agency.

Additionally, the Group may also be exposed to criminal or civil claims and reputational harm arising from the violation.

## **8. CONFLICT OF INTEREST**

8.1 All employees and officers of the Group must avoid any conflict between their own interests and the interests of the Group. This includes transaction in securities of the Group, any affiliate, or any non-affiliated organization, in dealing with suppliers, customers and other third parties.

8.2 Employees are required to declare to KMC Group Human Resources immediately under any of the following circumstances:

- (a) Any immediate relationship with a KMC Group Director or the CEO. In this regard, immediate relationships refer to a spouse, child, adopted child, step-child, brother, sister, parent or cousins.

- (b) Any direct reporting relationships within the Group between the employee and his or her spouse or immediate family members, in instances where his or her spouse or immediate family members is also an employee of the Group.
- (c) Any ownership interest (either direct or indirect) in any supplier, customer, or competitor of the Group, unless it is in a listed company for investment purposes only.
- (d) Any representation as an officer, director, partner, consultant, representative, agent or advisor of a supplier, customer, or competitor of the Group, including if acting as a Group company's nominee Director on the Board of supplier, customer or other business associate.
- (e) Any other activity that could potentially create conflict of interest. Examples include:
  - (i) Having any personal financial dealings with a representative from a supplier, customer, or competitor of the Group.
  - (ii) Dealing directly, in the course of normal Group responsibilities, with a spouse or immediate family member who is employed by a supplier, customer, or competitor of the Group.

8.3 Notwithstanding the above, it is compulsory for all Senior Management staff to submit their declaration annually, including "NIL" declaration. KMC's HR will initiate this annual declaration exercise in November of each year.

8.4 KMC's HR, in consultation with KMC Management, will review the mandatory list of employees being identified for compulsory submission of declaration form, as and where necessary and HRMs will be notified of the updated listing.

## **9. RECORD KEEPING:**

- i. For purposes of financial audits and, so as to prevent improper payments being made, it is important that the books and records of each Group company contain full and accurate information about all transactions and expenditures incurred by the Group company. The information documented should be such that it is possible to see exactly what was paid, to whom, the reason why it was paid, where it was paid (for example, from or to which accounts) and when. Attempts to create false or misleading records are prohibited.
- ii. Employees seeking approval for a payment must provide adequate supporting documentation in order for the payment to be authorised.

## **10. REPORTING**

- 10.1 Except to the extent prohibited by applicable law, employees are encouraged to report violations of this Code or applicable laws in accordance with the procedures set out in the KMC's Whistle-Blowing Policy.

10.2 Appropriate disciplinary action, including suspension or termination of employment, will be taken in the event that an employee is found to have violated the rules of conduct set out in this Code.

## **11. QUERIES**

Compliance training for employees will be periodically provided by the Head Office. Employees should contact the Group's CEO or Executive Director at any time should they have any query about any of the rules of conduct or any other matter relating to this Code.

## **12. EFFECTIVE DATE**

This Policy will take effect on 29 June 2020

## **13. MONITOR AND REVIEW**

This Policy will be regularly reviewed and updated on an annual basis or as needed to ensure it continues to be adequate and effective.



## **APPENDIX A: GIFTS AND HOSPITALITY POLICY**

This policy sets out the procedures and guidelines for the giving or receiving of Gifts or Hospitality by directors, officers and employees to or from third parties.

Any violation of this policy constitutes misconduct, and may result in disciplinary action including suspension and termination taken against an employee.

### **1. GIFTS EXTENDED TO EXTERNAL PARTIES/CUSTOMERS**

Due consideration should be given to gifts or benefits extended to external parties in public or private sector. It is the responsibility of the person extending such a gift to ensure that it is deemed reasonable and consistent with the purpose and hence not misconstrued as a bribe or in contravention with any existing Corrupt Practices Act, or other prevalent legislation, in any country where we conduct our business including Malaysia.

### **2. MANDATORY PRINCIPLES**

2.1 Employees should not accept or offer any Gifts or Hospitality if:

- (i) It could influence any business decisions, or could be perceived as something that could influence any business decisions (e.g. accepting any Gift or Hospitality from a supplier who is involved in a pending purchasing decision);
- (ii) It is in the form of cash or cash equivalents or benefit in kind (e.g. gift certificates, gift/shopping cards, any vouchers which can be converted or traded for cash, cheques, money or postal orders, shares of stock, securities or other forms of marketable instruments or interests, favors, services, connection);
- (iii) It is not consistent with what is customary and routine in our business;
- (iv) It is excessive in value and frequent;
- (v) It is inappropriate in nature;
- (vi) It is provided around the time of any pending business decision (exception exists for standard working meals where appropriate pre-approval is granted);
- (vii) It violates any applicable laws or regulations.

Any deviation from the above due to business needs or circumstances will require declaration and/or approval according to the requirements set out in the subsequent provisions.

### **3. DEFINITION**

- 3.1 "Gifts" include tokens of appreciation or respect regardless whether the same is consumable or not, in connection with matters related to any Group company's business but shall exclude items of nominal value such as stationery, calendars, desk diaries, tokens or other souvenirs in connection with business events which carries the giver's company name or corporate logo for advertising or marketing purposes.
- 3.2 "Hospitality" includes business meals, business travel, entertainment, or invitations to or sponsorship of events, functions or other social or entertainment gatherings, in connection with matters related to any Group company's business.

### **4. PROVISIONS**

#### **4.1 Acceptance of Gifts**

Without prejudice to the other mandatory principles set out in Point 2 above, the employees are not authorised to directly or indirectly receive, accept, or agree to any Gift or other gratuity that could be perceived to influence the Group company's business or purchasing decisions.

##### **4.1.1 No Declaration Required for Gifts of No Commercial Value**

Employees may accept Gifts of nominal value such as stationery, calendars, desk diaries, tokens or other souvenirs in connection with business events which carries the giver's company name or corporate logo for advertising or marketing purposes. The declaration and recording of Gifts of such nature is not necessary.

##### **4.1.2 Declare and Record with Approval in Writing**

The gifts received are required to declare and record at the Gifts and Hospitality/Gifts Pool Registry that administered by HR. Upon approval, the approver will assist the employee to determine the appropriate course of action with regards to accepting, donating, re-distributing, returning, or contributing the Gift to the gifts pool.

##### **4.1.3 Festive Gifts**

As part of the traditional local culture of the countries in which Group companies operate, it is acknowledged that third parties may customarily offer Gifts (e.g. festive hampers, foodstuff) to employees or a Group company on festive occasions. Regardless of value, employees must declare and record the details of any such Gifts received during festive occasions at the Gifts and Hospitality Registry. It is encouraged to distribute Gifts of this nature received during festive occasions with all employees within the department or contribute to the Gifts Pool to be administered by Human Resources Department.

#### 4.1.4 Gifts Handling Procedures

- (i) If employees are in doubt about the value of any Gift, the value of such Gift shall be deemed to be Ringgit 500 or more for the purposes of this policy and the acceptance thereof shall be subject to the approval procedures set out.
- (ii) The Gifts and Hospitality Registry and the Gift Pools will be maintained by the Human Resources Department.
- (iii) Any Gift which cannot be returned or redistributed should be handed over to the Gifts Pool for distribution at company events.
- (iv) All Gifts declared or recorded at the Gifts and Hospitality Registry and the Gifts Pool will be subject to audit review when required.
- (v) Without prejudice to the other mandatory principles set out in Point 2 above, Gifts that are considered inappropriate in the circumstances, extravagant or excessive in value shall be returned to the giver.
- (vi) All Gifts that are returned to the sender/giver should be accompanied by a courtesy note, where possible. This could help in avoiding any negative goodwill for gift rejection and also serve to state KMC Group's gift policy stance. Any Gifts that are returned must still be declared and recorded at the Gifts and Hospitality Registry.
- (vii) All Gifts that are retained should be accompanied by a thank-you note to the relevant party as a matter of courtesy or respect, where possible.
- (viii) Every effort should be made to alert third parties to KMC Group's policy on gift receipts in order to avoid uncomfortable situations arising in the future.
- (ix) All Gifts regardless of value that are sent to private address shall be returned to the giver.
- (x) In situations where it is inappropriate to decline gifts notwithstanding the criteria set out above, employees shall respectfully accept the gift on behalf of KMC but
  - (a) must provide to giver a note of thanks,
  - (b) must inform giver of this Gifts and Hospitality Policy, and
  - (c) must inform giver that KMC Group employees would not be able to receive such gifts and/or hospitality in future.

#### 4.2 Acceptance of Hospitality

Hospitality in the form of entertainment or events paid for and attended by KMC's business partners (such as occasional and non-lavish meals, sports, musical and theatrical events) may be appropriate and Hospitality of such nature does not require

Approval, if there is a genuine business purpose for attending the event and attendance at such an event is customary in the context of a Group company's business.

However, accepting any hospitality of an inappropriate, disreputable or immoral nature is strictly prohibited.

#### 4.2.1 No Declaration Required for Business Meals

As business meals are an accepted mode of hospitality, these need not be declared but care must be exercised while accepting such meals. They should be infrequent and non-lavish. Should the meals be regular and exorbitant, employees are encouraged to declare and record. The sole purpose must be for enhancement of a business relationship and not for reciprocity.

#### 4.2.2 Declare and Record with Approval in Writing

Hospitality (other than occasional and non-lavish business meals) of an estimated value of Ringgit 100 or more per person per occasion, may be accepted only with Approval. Examples of such Hospitality nature are listed below. Employees are to declare and record at the Gifts and Hospitality Registry.

- Exclusive Hospitality such as trackside VIP invitation for Formula 1 race or golf tournaments,
- Out of Town Hospitality such as corporate golf tournament or charity event that is industry wide.
- Leisure pursuits

If employees are in doubt about the value of any Hospitality, the value of such Hospitality shall be deemed to be Ringgit 100 or more for the purposes of this policy and the acceptance thereof shall be subject to the approval procedures set out herein.

#### 4.2.3 Speaker Engagements

KMC recognises that as industry leaders, our employees may from time to time be invited to participate in speaking engagements, whether locally or overseas. Such speaking engagements are encouraged in building up brand equity, quality and in promoting positive marketing.

On occasions where the organisers are sponsoring the employee's travel and accommodation, it would generally be appropriate for us to accept, provided that such travel and accommodation is not lavish, or does not create an appearance of or actual impropriety or conflict of interest.

In the event that Gifts are received during such speaking engagements, these should be immediately declared for Approval. Upon approval, the approver will assist the employee to determine the appropriate course of action. Cash or cash equivalent payments should be declined.

#### 4.2.4 Summary of Policy on Receiving Gifts & Hospitality

Where circumstances make it impossible, difficult or impractical to reject the gifts or hospitality events/invitations, employees should immediately declare such gifts or hospitality events/invitations to their supervisors and HR. This applies to all except perishables and those of a token value. When in doubt whether the gift or hospitality event/invitation can be accepted, the employee should declare based on the table below:

##### Received by Company:

Range Limit	Approval level
Less than Ringgit 500	1 Executive Director
Ringgit 500 & above	2 Executive Directors

##### Received by Employees:

Range Limit	Approval level
Less than Ringgit 1,000	1 Executive Director
Ringgit 1,000 & above	2 Executive Directors

As business lunches/dinners are an accepted mode of hospitality, however care must be exercised while accepting such meals. These should be infrequent and non-lavish. The sole purpose must be for enhancement of a business relationship and not for reciprocity.

As a general guide, no approval will be required if the **meal** does not exceed Ringgit 100 per person.

#### 4.3 Offering of Gifts

KMC Group recognises that it is customary (indeed, often expected) for industry professionals to provide Gifts or Hospitality to business partners in certain appropriate circumstances. KMC Group employees must be aware of, and respect, business partners' policies in these areas. The Group's policy with respect to any Gifts or Hospitality given in connection with KMC Group's business, whether paid for by a Group company or personal funds are as follows:

- 4.3.1 Any Gifts or Hospitality to third parties must be made in the open, with full disclosure and in accordance with this policy as well as the rules and policies applicable to the third parties. (Employees are encouraged to ask the third parties in advance about its policy on accepting Gifts and Hospitality)

4.3.2 The offering of gifts to a third party shall require pre-Approval in writing by the relevant approving authority stated below:

Approving Authority Limit (Ringgit) or its equivalent in local currency:-

Range Limit	Approval level
Less than RM1,000	1 Executive Director
RM1,000 & above	2 Executive Directors

- (a) All expenditures must be appropriately authorised, with pre-Approval, and are correctly recorded in KMC's books.
- (b) Without prejudice to the other mandatory principles set out in paragraph Point 2 above, Gifts of cash and cash equivalents are strictly prohibited.

#### 4.3.3 Government Officials or Public Officials

The laws of many states and countries prohibit the giving of anything of value or in excess of a certain value to a governmental employee or public official. Without prejudice to the other mandatory principles set out in Point 2 above, employees must not violate applicable laws and regulations in relation to Gifts or Hospitality to governmental employees or public officials.

#### 4.4 Offering of Hospitality

The offering of Hospitality in excess of Ringgit 500 per person per occasion by an employee to a third party shall require pre-Approval.

As a general guide, no approval will be required if the **meal** does not exceed Ringgit 100 per person.

However, offering any hospitality of an inappropriate, disreputable or immoral nature is strictly prohibited.

### 5. GENERAL

- 5.1 When giving Gifts and offering Hospitality, employees should be mindful of counterparties' gifts and entertainment acceptance policies, and the relevant local customs, laws and regulations. When in doubt, employees should always obtain pre-Approval prior to giving Gifts or offering Hospitality and, should declare and record the same at the Gifts and Hospitality Registry.
- 5.2 It should be noted that regardless of the value of the Gift or Hospitality, the principle is to avoid any risk of actual, possible or perceived bribery that could place employees or the Company in a compromising position.

- 5.3 A subsidiary company may enact policies regarding Gifts and Hospitality that are more specific or restrictive than this policy, and employees in those Subsidiary companies are required to adhere to those more restrictive policies.
- 5.4 If an employee is unsure about whether he or she can accept or make a particular gift or invitation, he or she should seek guidance from KMC's Executive Director or the CFO.

## **6. RESPONSIBILITY AND APPROVING AUTHORITY**

- 6.1 The relevant Operating Subsidiary is responsible for implementing and ensuring compliance of this policy for the relevant subsidiary. All line managers are to help ensure compliance of this policy.
- 6.2 Where applicable, the relevant subsidiary may set a lower or more restrictive threshold for approval and declaration. However, all such amended thresholds shall be notified to Group CFO and approved by KMC's Audit Committee.
- 6.3 Where reference is made to Approval or pre-Approval under this policy, the Approver is the relevant Subsidiary's Executive Director.

## **7. REPORTING**

Employees are encouraged to report violations of this policy in accordance with the procedure set out in the KMC's Whistle-Blowing Policy, to the relevant Executive Director or any regulatory compliance personnel as may be appointed.

## **8. QUERIES**

Employees should contact any of the below personnel should they have any query about any matter relating to this policy:

- (i) KMC's Executive Directors;
- (ii) KMC's Chief Financial Officer (CFO)

## **9. EFFECTIVE DATE**

This policy will take effect 29 June 2020.

## **10. REVIEW**

This Policy will be regularly reviewed and updated to ensure that the Group's businesses are carried out with integrity and in an ethical and proper manner, the interests of the Group is safeguarded, and a harmonious and ethical work environment is maintained for all employees.

