

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

1.0 PURPOSE

- 1.1. Hartalega Holdings Berhad and its subsidiaries ("The Group") are committed to maintain high standards of corporate governance and integrity.
- 1.2. This policy is part of our efforts to inculcate corporate accountability at the individual level and enable the Group to consistently reach high standards of corporate governance, corporate social responsibility and professionalism.
- 1.3. This policy sets out the Group' position on bribery in all its forms and matters of corruption that might confront the Group in its day-to-day operations. This policy also provides guidance on how to act when subjected to potential acts of bribery and matters of corruption.

2.0 GENERAL PRINCIPLES

- 2.1. This policy leverages on the core principles set out in Code of Conduct and Ethics for Employees. Each employee shall uphold high levels of personal and professional values in all business interactions and decisions.
- 2.2. The Group have adopted a zero-tolerance approach against all forms of bribery, corruption and politicking and takes a strong stance against such acts. This means avoiding practices of bribery and corruption of all forms in the Group's daily operations, including giving or receiving such bribes or kickbacks.
- 2.3. Employees who refuse to pay or receive bribes or participate in acts of corruption will not be penalised even if such refusal may result in the Group losing business or not meeting targets.
- 2.4. The Strategy, Sustainability and Corporate Management Department within the Group shall be responsible for the design, administration, management and continuous improvement of the Anti-Bribery & Anti-Corruption ("ABAC") Policy.

3.0 SCOPE

- 3.1. This policy applies to all employees in the Group. Compliance to the policy is mandatory.
- 3.2. The nature of the Group businesses requires employees to engage in business with a wide range of parties, both internal and external. This policy establishes the boundaries on interactions with all parties.
- 3.3. The scenarios provided within this policy do not limit the boundaries of the policy which may be extended to cover all circumstances relating to bribery.
- 3.4. This policy shall be read in conjunction with the Code of Conduct and Ethics for Employees, Social Compliance Policy, Whistleblowing Policy & Procedure and Supplier Code of Conduct (if applicable) as well as the Malaysian Anti-Corruption Commission Act 2009 and its amendments ("MACCA").
- 3.5. The Group are committed to conduct its business ethically and in compliance with all applicable laws and regulations, including but not limited to MACCA, Malaysian Penal Code (revised 1977), Companies Act 2016 (Malaysia), and its amendments. These laws prohibit bribery and corruption. The Group is mandated to establish and maintain accurate books and records as well as adequate measures to prevent corrupt practices.

- 3.6. In cases of conflict between mandatory law and the principles contained in this policy, the law shall prevail.

4.0 DEFINITIONS

- 4.1. "Bribery" is defined as offering, promising, giving, accepting or soliciting of an undue advantage of any value (which could be financial or non-financial), directly or indirectly, and irrespective of location(s), in violation of applicable law, as an inducement or reward for a person acting or refraining from acting in relation to the performance of that person's duties.
- 4.2. "Business associate" is defined as an external party, in terms of a person or entity with whom the organization has on-going or potential business dealings, some form of business relationship. The term "Business Associates" includes, but is not limited to, suppliers, consultants, vendors, contractors, service providers, advisers, distributors, joint venture, or partners, consortia parties, and any other third party acting for or on behalf of the Group.
- 4.3. "Corruption" is defined as abuse of entrusted power for personal gain, as defined by the Transparency International, an independent, non-governmental and non-partisan organisation committed to fight against corruption. Examples of corruption includes bribery, kickbacks, extortion, collusion, breach of trust, abuse of power, trading under influence, embezzlement, fraud or money laundering.
- 4.4. "Conflicts of interest" arise in situations where there is personal interest that might interfere with a person's objectivity when performing duties or exercising judgment on behalf of the Group.

5.0 EMPLOYEES' RESPONSIBILITIES

- 5.1. As a whole, employees are responsible to understand and comply to this policy, including:
- a) Being familiar with applicable requirements and directives of the policy and communicate them to their subordinates;
 - b) Promptly recording all transactions and payments accurately and in reasonable detail;
 - c) Always raising suspicious transactions to immediate superiors for guidance on next course of action;
 - d) Promptly reporting violations or suspected violations through appropriate channels; and
 - e) Promptly completing related trainings, assessments and declarations as required according to position.
- 5.2. Employees with different levels of influence and/ or authority to related processes will have differing levels of responsibilities related to this policy. For example, a senior employee, e.g. Manager is expected to have a more comprehensive understanding and compliance to the principles of this policy in comparison to a junior employee, e.g. a Clerk.

6.0 EMPLOYER'S RESPONSIBILITIES

- 6.1. Awareness and Understanding

Awareness and training programs for all employees will be conducted regularly. Successful completion of certain trainings and assessments may be set as a condition for an employee's confirmation of employment with the Group.

- 6.2. Audit and Assurance

The Group shall conduct regular audit to ensure compliance to this policy. Any internal control systems and measures established for the prevention of Anti-Bribery & Anti-Corruption shall be

audited either independently by the Internal Audit Department and/or conducted by external consultants to ensure the effectiveness, adequacy, and compliances with this policy. Non-compliance identified by the audit or other risk assessments undertaken shall be reported to the Board of Directors.

6.3. Managing and Improving Inadequacy

The Group shall conduct regular risk assessments to identify bribery and corruption risks potentially affecting the Group, including reviewing this policy from time to time to take into account relevant developments in legislations as well as evolving standards. The Group is committed to continuously improve on policies and procedures related to anti-bribery and anti-corruption and will therefore endeavour to develop further integrity measures.

7.0 ANTI-BRIBERY AND ANTI-CORRUPTION

7.1. The Group have zero tolerance of and strictly prohibits all forms of corruption, including bribery.

7.2. Employees must not participate in any corrupt activity such as bribery, kickbacks, extortion, collusion, breach of trust, abuse of power, trading under influence, embezzlement, fraud or money laundering.

Bribery may take the form of exchange of money, goods, services, property, privilege, employment position or preferential treatment. Employees shall not therefore, whether directly or indirectly, offer, give, receive, or solicit any item of value, in the attempt to illicitly influence the decisions or actions of a person in a position of trust within an organisation, either to benefit the Group or the persons involved in the transaction.

7.3. This policy applies equally to all business dealings in all countries worldwide, without exception or regard to regional customs, practices or competitive conditions and include interactions with their directors, employees, agents, and other appointed representatives at all levels. Even the perception of bribery is to be avoided.

7.4. The Group recognise the value of integrity in its workforce. No employee will suffer demotion, penalty, or other adverse consequences for refusing to pay or receive bribes or other illicit behaviour, even if such refusal may result in the Group losing business or experiencing a delay in business operations.

7.5. The Group award contracts and employee positions purely based on merits. Support letters in all forms shall not be recognised as part of the business decision making process. The Group do not offer employment to prospective employees in return for previous favour/in exchange of improper favour.

7.6. The Group conduct due diligence on employees who hold or may be holding a position identified as vulnerable to bribery through risk assessments. Such positions may include but is not limited to any role involving procurement or contract management, financial approvals, human resource, relations with government officials or government departments, sales, positions where negotiation with an external party is required, or other positions which the Group have identified as vulnerable to bribery.

7.7. This section also appears in the Code of Conduct and Ethics for Employees (Section 8). If there any discrepancies, the most recent version shall prevail.

8.0 BUSINESS ASSOCIATES

- 8.1. As part of the Group's commitment to combat corruption, the Group expect all Business Associates to abstain from bribery and corruption in their practices and to adhere to the minimum standards stated in the Supplier Code of Conduct.
- 8.2. The Group shall endeavour to include clauses in all contracts enabling the Group to terminate any contract in which bribery or corruption has been observed.
- 8.3. If the Group are not satisfied that bribery and corruption prevention has been upheld or if suspicion of bribery and corruption arises, the Group may seek an alternative provider of the services or goods.
- 8.4. Employees are expected to immediately report the situation to their Head of Department (EG13 and above) if any Business Associate had attempted bribery, coercion or other corrupt practices.

9.0 FACILITATION PAYMENTS

- 9.1. The Group adopt a strict stance that disallows facilitation payments. Unknowingly approving facilitation payments can be construed as bribery if there was no due diligence performed and/or it was not immediately reported to their Head of Department (EG13 and above).
- 9.2. Employees are expected to notify their immediate superior when encountered with any requests for a facilitation payment. In addition, if a payment has been made and employees are unsure of the nature, their immediate superior must be immediately notified and consulted. They must also ensure that the payment has been recorded transparently.
- 9.3. The Group equally uphold the safety of all employees as priority. In the event that an employee's safety is at stake, a facilitation payment to protect the employee is permitted if that is the immediate available recourse to protect safety of the employee. However, the situation must be reported as soon as possible to the Chief Executive Officer/ Chairman for approval.

10.0 CONFLICT OF INTEREST

- 10.1. Employees must not use their position, official working hours, Group's resources and assets for personal gain or to the Group's disadvantage and should avoid or deal appropriately with situations in which personal interest could conflict obligations or duties.
- 10.2. In addition to the above, if an employee has any relationship(s) listed below, he/ she must declare it to the Human Resource Department annually or as and when such relationships arise, whichever earlier.
 - a) Employee having the controlling interest and/ or ability/ authority to influence decision making in an organization (e.g. name appears in a company's Form 49 or a non-profit organization's steering committee).
 - b) Employee or Employee's Close Relative being a Company Key Agent in a business/ organization that is a customer, supplier or competitor of the Group.
- 10.3. Employees are to refer to the Code of Conduct and Ethics for Employees (Section 12) for more details and definitions related to this section.

11.0 GIFT AND HOSPITALITY

- 11.1. The exchange of gifts or hospitality to express gratitude and build relationships is traditional in many countries. However, this can pressure the recipient to return the favour and so create a conflict of interest or perception of a conflict of interest.
- 11.2. The Group prohibits both giving and receiving gifts, meals, entertainment, favours or other forms of hospitality to influence its business decisions. Employees are to decline gifts or hospitality of any value from current or potential suppliers, customers or other business partners if it would create the appearance of a conflict of interest.
- 11.3. Employees are never to personally request for gifts or hospitality from customers, suppliers and other business partners.
- 11.4. If it is not possible to decline a gift or hospitality e.g. if the gift was delivered via courier or if it would cause embarrassment if declined, employees may accept it but must immediately notify his/ her Superior (EG11 and above) who will work with the employee to donate or distribute it among a large group of employees.
- 11.5. Employees may accept the occasional hospitality treatment such as a meal or accepting an invitation to attend annual dinner from customers, suppliers and other business partners if they also attend and the costs are reasonable and customary.
- 11.6. Any gift or hospitality received valued at RM100.00 or more per recipient must also be reported to the respective Head of Department (EG13 and above) who are to record the incident in a centralized log. This log will be audited as and when necessary for compliance and risk assessment.
- 11.7. If it is necessary for an employee to provide gifts, meals or entertainment to a business contact, the employee must ensure that it supports a legitimate business purpose and is reasonable and appropriate under the circumstances. For example, a simple goodie bag may be given to visitors coming for an educational visit or a corporate gift given from one organisation to another, with the appointed representatives of each organisation giving and accepting the gift.
- 11.8. Before providing such gifts, meals or entertainment, an employee must first obtain written approval from his/ her Superior (EG11 and above) for items valued at less than RM100.00 or from his/ her Head of Department (EG13 and above) for items valued at RM100.00 or more.
- 11.9. Employees should always be mindful that our business partners have their own rules on receiving gifts, meals and entertainment and must never offer anything that would violate those rules and put the business partner in a potentially uncomfortable position.
- 11.10. This section also appears in the Code of Conduct and Ethics for Employees (Section 13). If there are any discrepancies, the most recent version shall prevail.

12.0 DONATION AND SPONSORSHIP

- 12.1. All donation and sponsorship, whether monetary, goods or services must not be for political or unethical intentions.
- 12.2. Donations and sponsorship should be made directly to an official entity and be able to be disclosed publicly when required to ensure these actions are not misused by certain parties for bribery and corruption.
- 12.3. All donations and sponsorships given or received is reviewed and approved by the Chief Human Resource Officer or Chief Executive Officer.

13.0 RECRUITMENT OF EMPLOYEES

- 13.1. The Group provides equal opportunity for any field of qualification and competent individuals to be employed by organization from various multicultural and multiracial backgrounds, sourced locally and internationally.
- 13.2. Individuals who are employed were based on the Group's approved selection criteria to ensure that only the most qualified and suitable. In line with this, the processes will be undertaken in accordance with appropriate background checks, personal documentation verification, and conducting proper interviews. It is essential in promoting good practice, generating better work quality and no elements of corruption have been involved in the hiring of employees.

14.0 RECORD KEEPING

- 14.1. Any information collected, handled, used and/ or retained by the Group for whatsoever purpose will be done in a manner following the standard operating procedures (SOP) of the respective departments. This includes storage, retention, access, security, disposal and other aspects of managing the records.
- 14.2. SOPs shall incorporate Good Documentation Practices and adherence to related laws and regulations such as the Personal Data Protection Act where relevant.

15.0 FINANCIAL AND NON-FINANCIAL CONTROL MEASURES

- 15.1. Respective departments shall incorporate safeguards into their SOPs where relevant and feasible to prevent corrupt acts, help facilitate detection and investigation of corrupt acts by provision of information.
- 15.2. Some examples of safeguards which may be used include multiple approval levels, check and balance within the teams and internal and/ or external auditing.

16.0 REPORTING POLICY VIOLATIONS

- 16.1. Employees who encounter actual or suspected violations of this policy are required to report their concerns promptly. The Group practice an open-door policy and encourages all employees to share concerns and suggestions with superiors and colleagues who are able to address them in an appropriate manner.
- 16.2. Employees may also utilize the secured whistleblowing channel through 'Hartalega Speak Up' by contacting the independent, local Trustee. More information can be obtained in the Whistleblowing Policy & Procedure.
- 16.3. Reports made in good faith shall be addressed in a timely manner and without incurring fear of reprisal regardless of the outcome of any investigation.

17.0 CONSEQUENCES OF CORRUPT PRACTICE

- 17.1. The Group regard bribery and corruption as a serious matter. Non-compliance may lead to disciplinary action, up to and including termination of employment. Further legal action may also be taken in the event that the Group's interests have been harmed as a result of non-compliance.
- 17.2. The Group shall notify the relevant regulatory authorities of any identified bribery or corruption incident have been proven beyond reasonable doubt.

- 17.3. Where notification to the relevant regulatory authorities have been done, the Group shall provide full cooperation to the said authorities, including further action that such regulatory authority may decide to take against convicted employees. For example, a maximum fine of 10 times the sum of gratification involved, or RM1 million, whichever is higher, a maximum jail term of 20 years or both penalties of the fine and jail term.

18.0 REVIEW

The Group reserve the right to update and amend this policy from time to time.

This policy was adopted by the Board on 6 February 2024.