



Group Anti-Bribery And Anti-Corruption Policy & Procedures



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Appendix 1 : Vendor's Anti-Corruption Declaration Form



1.0 Introduction

- 1.1 The bribery and corruption activities in Malaysia are regulated by the Penal Code (Act 574) and the Malaysian Anti-Corruption Commission Act 2009 (Act 694) ["MACC Act 2009"]. In 2018, Section 17A of the MACC Act 2009 was enacted to introduce a statutory corporate liability offence.
- 1.2 The provision of section 17A under MACC Act 2009 effected under the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ["MACC (Amendment) Act 2018"] established the principle of a commercial organisation's criminal liability (corporate liability) for the corrupt practices of its associated persons (i.e. the director, partner or an employee of the organisation or the person who performs services for or on behalf of the commercial organisation) where such corrupt practices are carried out for the organisation's benefit or advantage. The commercial organisation may be liable whether or not its top level management and/or representatives had actual knowledge of the corrupt acts of its employees and/or associated persons.
- 1.3 Section 17A (2) highlighted the penalties for any commercial organisation who commits an offence and shall on conviction be liable to a fine of not less than ten (10) times the sum or value of the gratification which is the subject matter of the offence, where such gratification is capable of being valued or is of pecuniary nature, or RM1 million, whichever is higher, or to imprisonment for a term not exceeding twenty (20) years or to both.
- 1.4 HNG Capital Sdn Bhd ("HNGC") is a company incorporated under the Malaysian Companies Act 2016. Hence, HNGC and all its subsidiaries ("the Group") is subjected to the Section 17A of the MACC Act 2009 which comes into effect starting 1st June 2020.

2.0 Anti-Bribery and Anti-Corruption Commitment

- 2.1 The Group is committed to conducting its business affairs ethically and in compliance with all applicable laws and regulations in the countries where it does its business.
- 2.2 The Group has adopted a zero tolerance approach against all forms of bribery and corruption. Its Code of Business Conduct sets out the Group core values and principles in this regard. The Group's Anti-Bribery and Anti-Corruption (ABC) Policy & Procedures elaborated upon those principles, providing guidance to employees concerning how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.
- 2.3 The Group recognises that acts of corrupt gratification by any entity in the Group or person associated with it, if found to have being undertaken to benefit the Group are punishable by way of pecuniary fines and / or jail sentences under the MACC Act 2009, as the case may be, upon conviction. All these may lead to serious damage to the Group's reputation. Hence, the Group is committed to implement control measures proportionate to the risks identified to prevent corruption and to detect, report and deal with any corruptions that may occur.
- 2.4 The Group ABC Policy & Procedures ("this Policy") leverage the values and core principles set out in the Group's Code of Business Conduct ("CBC"). 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 and corruption. Compliance to this Policy is mandatory and will be monitored with a principle-based approach.

3.0 Definitions

The following words and expressions have the following meaning unless the context otherwise requires:

Key Terminology	Definitions
Board or Board of Directors	Means the Board of Directors of HNGC and/or any of its subsidiary as applicable.
Bribery	The offering or receiving of any gift, loan, fee, reward or other advantages to or from any person as an inducement to do something which is dishonest, illegal or a breach of trust, in the conduct of the enterprise's business.
Bribery and Corruption	Any action which would be considered as an offence of giving or receiving 'gratification' under the MACC Act 2009. In practice, this means offering, giving, receiving or soliciting something of value in an attempt to illicitly influence the decisions or actions of a person who is in a position of trust within an organisation.
Business Associate	A third parties with whom HNGC Group has, or plans to establish, some form of business relationship. This may include customers, suppliers, vendors, distributors, contractors, subcontractors, outsourced service providers (e.g. consultants, advisers, solicitors, agents), lenders, representatives, introducers/ intermediaries, investors, joint venture partners and etc.
Code of Business Conduct (CBC)	A set of organisational rules or standards regarding the Group's ethics (values and beliefs) as well as matters of legal compliance that govern the conduct of the Group and its Employees.
Corruption	The abuse of entrusted power (office or position) for private gain or the misuse of position to help others in improperly enriching themselves or getting power.
Corrupt gratification	Collectively an act of bribery and corruption.

Key Terminology	Definitions
Directors	Include all independent and non-independent directors, executive and non-executive directors of the Group and shall also include alternate or substitute directors.
Employees	All individuals directly contracted to the Group on an employment basis, including permanent and temporary staff / workers and directors.
Exposed Position	A staff position that is identified as vulnerable to bribery through a risk assessment. Such positions may include any role involving: business development, sales & marketing (positions where negotiation with an external party is required), procurement, project/contract management, human resource & administration, support services (relations with government officials or government departments), corporate finance, or other positions which the Company has identified as vulnerable to bribery.
Gratification	<p>(a) money, donation, gift, loan, fee, reward, valuable security, property or interest in property being property of any description whether movable or immovable, financial benefit, or any other similar advantage;</p> <p>(b) any office, dignity, employment, contract of employment or services, and agreement to give employment or render services in any capacity;</p> <p>(c) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;</p> <p>(d) any valuable consideration of any kind, any discount, commission, rebate, bonus, deduction or percentage;</p> <p>(e) any forbearance to demand any money or money's worth or valuable thing;</p>

Key Terminology	Definitions
	<p>(f) any other service or favour of any description, including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature, whether or not already instituted, and including the exercise or the forbearance from the exercise of any right or any official power or duty; and</p> <p>(g) any offer, undertaking or promise, whether conditional or unconditional, of any gratification within the meaning of any of the preceding paragraphs (a) to (f).</p>
Group Compliance Office	Refers to the HNGC Group's Governance Risk Management & Compliance Division of HNG Capital Sdn Bhd.
Group Compliance Officer	Refers to the Head of Governance, Risk Management & Compliance Division of HNG Capital Sdn Bhd.
Law	The system of rules which a particular country or community recognizes as regulating the actions of its members and which it may enforce by the imposition of penalties.
Line Manager	The Employee who is the immediate supervisor of any other given HNGC Employee.
Public officials	An official of any governments, government agencies or any regulatory, statutory or administrative bodies, whether local or foreign.
Table of Authority Limits (TAL)	A table that sets out the key business areas that requires financial and non-financial approval based on limits delegated to shareholders, the Board, the Group Management, the Country Management and the Site Management.

4.0 Purpose

4.1 This Policy is established by the Board of Directors of the Company to provide guidance to all its Employees within the Group, in the performance of their duties and responsibilities to ensure the Group's compliance with the Malaysian ABC laws and:

- (i) To foster the growth of a business environment that is free of corruption,
- (ii) Ensuring all employees of the Group take reasonable and proportionate measures to ensure their daily activities do not involve in corrupt activities, and
- (iii) To ensure employees are guided on how to recognise and deal with bribery and corruption issues.

5.0 Scope

5.1 This Policy compliance apply to all Employees (including the directors - whether executive or non-executive, except as otherwise stated in this Policy, whether temporary, contract-basis or permanent) of the Group irrespective of whether they are stationed in Malaysia or outside Malaysia.

5.2 The Group also expects that its following Business Associates to comply with the relevant parts of this Policy:

- Supplier / vendor / contractor / outsourced service provider – when delivering goods and/or services for or on behalf of the Group.
- Customer – when purchasing goods and/or services from the Group.

5.3 Joint venture companies in which HNGC is a non-controlling shareholder or partner (if any) and associated companies (if any) are encouraged to adopt this Policy as the bare minimum or similar principles and standards as part of the Group's anti-corruption framework.

5.4 The Group is bound by the laws of Malaysia, in particular the MACC Act 2009, pertaining to the conduct of its employees and business associates both at home and abroad.

6.0 Roles and Responsibilities of Group Compliance Office

The Group has established the Group Compliance Office (under the Governance, Risk Management & Compliance Division of HNGC) to be responsible for all ABC compliance matters.

7.0 Procedures

7.1 Bribery and Corruption

- **Bribery** is defined as the offering or receiving of any gift, loan, fee, reward or other advantages to or from any person as an inducement to do something which is dishonest, illegal or a breach of trust, in the conduct of the enterprise's business. Form of bribery includes kickbacks, inflated commissions, expensive gifts, political donations, excessive or inappropriate entertainment.

- **Corruption** is defined as the abuse of entrusted power (office or position) for private gain or the misuse of position to help others in improperly enriching themselves or getting power. Corruption can take many forms including bribery and conflict of interest.

7.1.1 Employees and Business Associates are **prohibited** from engaging in any form of bribery and corruption (collectively “corrupt gratification”), whether it be directly or through a third party (such as an agent or distributor). This Policy makes no distinction between whether they are being made to persons in the public or private sectors.

7.1.2 They must not bribe a foreign public officials anywhere in the world. They must also not accept bribes in any degree and if they are uncertain about whether something is a bribe, a gift or act of hospitality, they must seek further advice from the Group Compliance Officer.

7.1.3 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 its business or not meeting the targets.

7.2 High Exposure Areas To Corruption Risks

The preliminary group-wide risk assessment undertaken for the Group requires control measures to be identified to mitigate the potential corruption risks emanating from the following activities:

7.2.1 *Dealing with Public Officials*

- (i) Employees and Business Associates are expected to conduct themselves with the highest ethical standards whenever they deal or otherwise engage with officials of any governments, government agencies or any regulatory, statutory or administrative bodies, whether local or foreign.
- (ii) Employees and Business Associates must not directly or indirectly exert, or attempt to exert, any improper or illegal influence on public officials.
- (iii) If any information is required by any government, government agencies, regulatory bodies, statutory bodies (whether local or foreign), the employees must always consult their immediate supervisor before responding to such requests and ensure that all information provided is in good faith, truthful and accurate.
- (iv) Employees and Business Associates (including intermediaries or a third party with the knowledge that all or part of the payment will contribute directly or indirectly as improper, secret or facilitation payment) are **strictly prohibited** from making any improper or secret payments or transfer of items of any value to public officials. Any doubts on whether such payments constitute an improper, secret and/or facilitation payments shall be referred to the Group Compliance Office.

- (v) Employees and Business Associates providing gift, entertainment or corporate hospitality to public officials or their family/ household members requires permission from the Company.

Note: If approval is obtained to provide gift, entertainment or corporate hospitality to public officials, care must be taken to ensure that the gift, entertainment or corporate hospitality is not excessive and lavish, and must commensurate with the official designation of the public official and not his personal capacity.

7.2.2 *Dealing with Business Associates (Third Parties)*

- (i) The Group dealings with Business Associates must be carried out in compliance with all relevant laws and consistent with the values and principles of the Group CBC Policy. As part of this commitment, all forms of bribery and corruption are prohibited.
- (ii) The Group expects that all the Business Associate to share the Group's values and ethical standards. To ensure that the Group only conduct business with Business Associates that share its standards of integrity, the Group must do the following:
 - (a) Conduct due diligence to assess the integrity of the Group's prospective business counterparties.
 - (b) All Business Associates are made aware of the Group ABC Policy and the Group's expectations of them. They must sign the Vendor's Anti-Corruption Declaration Form (VADF) to acknowledge their awareness after reading the policy. A sample can be found in **Appendix 1**.
 - (c) Continue to be aware of and to periodically monitor Business Associate's performance and business practices to ensure ongoing compliance.

7.2.3 *Conflict of Interest*

- (i) A situation that occurs where Employees or Business Associates with a duty to the Group has a personal interest that can be considered to have potential interference with objectivity in performing duties or exercising judgement for or on behalf of the Group.
- (ii) Employees or Business Associates must avoid situations in which their personal interest would conflict with their duties and responsibilities. Having a conflict of interest is not in itself corrupt, but corruption can arise where Employees, or Business Associates breached the duty due to the Group by acting in regard to another interest.

7.2.4 Gifts, Entertainment, Hospitality or Travel

- (i) Employees and Business Associates are expected to exercise proper judgment in handling the giving of gifts, entertainment, hospitality or travel activities and behave in a manner consistent with the general principles set out in the Group CBC as follow:
- Conscientiously maintain the highest degree of **integrity**,
 - Always exercise **proper care and judgment**,
 - **Avoid conflicts of interest**,
 - **Refrain** from taking advantage of one's position or exercising one's authority to further one's own personal interest at the expense of the Group, and
 - **Comply** with applicable laws, regulations and the Group's applicable policies and procedures.
- (ii) The Group accepts normal and appropriate gestures of receiving and/or providing goodwill and hospitality so long as the giving and/or receiving of gifts, entertainment, hospitality and travel meets the following requirements:
- (a) It is not made with the intention of influencing the party to whom it is being given, to obtain or reward the retention of a business or a business advantage, or as an explicit or implicit exchange for favours, positions or benefits,
 - (b) It is not made with the suggestion that a return favour is expected,
 - (c) It is in compliance with local laws,
 - (d) It is given in the name of an organization, not in an individual's name,
 - (e) It does not include cash or a cash equivalent (e.g. a voucher or gift certificate);
 - (f) It is appropriate for the circumstances (e.g. giving small gifts around festive seasons or as a small appreciation to an organization for helping with a large project upon completion),
 - (g) It is of an appropriate type and value, and given at an appropriate time, taking into account the reason for the gift, entertainment, hospitality and travel,
 - (h) It is given or received transparently,
 - (i) It is not selectively given to a key or influential person, clearly with the intention of directly influencing them,
 - (j) It is given or received in line with the authority limits established under respective companies' Table of Authority Limits, and
 - (k) It is not offered to, or accepted from, a government official or representative, politician or political party, without the prior sanction based on the Group's approval mandate.

- (iii) The Group recognises that the practice of giving and receiving business gifts, entertainment, hospitality or travel varies amongst countries, regions, cultures and religions. As such, definitions of what is acceptable and not acceptable will inevitably differ for each.
- (iv) Where it is inappropriate to decline the offer of a gift, entertainment, hospitality or travel (i.e. when meeting with an individual of a certain religion/culture who may take offence), the gift, entertainment, hospitality or travel may be accepted so long as they are not in the form of cash or cash equivalent and that it is declared to the Group Compliance Officer, who shall assess the circumstances, including whether it is line with the Group's pre-determined thresholds and frequency.
- (v) Gifts, entertainment, hospitality or travel offered by external parties should be declined at all circumstances (despite being disrespectful) if accepting them will results in clear situation of conflict of interest (e.g. bidding is in progress and the Company that gave the gifts is one of the bidders).
- (vi) For Employees of the Group, gifts, entertainment, hospitality or travel given and received should always be disclosed to the Group Compliance Office. Disclosure should be made to the Group Compliance Office as soon as possible for clearance before next actions (including to return to giver if necessary).
- (vii) Gifts, entertainment, hospitality or travel refused should be politely returned with a note of explanation about the potential breaches by the Company on this Policy.
- (viii) The intention behind a gift, entertainment, hospitality or travel being given or received should always be considered. If there is any uncertainty, the Employees should seek the advice of the Group Compliance Officer.

7.2.5 Corporate Social Responsibility (CSR), Donations and Sponsorships

- (i) As a responsible corporate citizen and the Group's commitment to CSR and sustainable development, the Group is committed to contributing to the wellbeing of the people and nation in countries where it operates. The Group accepts and encourages the act of donating to charities as part of its CSR initiatives, whether through services, knowledge, time or direct financial contributions (cash or otherwise).
- (ii) Employees and Business Associates must ensure that request for CSR, donations and sponsorship must be carefully examined for legitimacy and are not used to facilitate and conceal acts of bribery. Hence, in line with the Group's value of integrity and transparency, all CSR, donations and sponsorship must comply with the following:
 - The contributions are allowed by applicable ABC laws,
 - All CSR, donations and sponsorships are to be made after receiving authorisation from the Group,

- Any red flags arise must be resolved before committing any funds to the programme. Even though requests are determined to be legitimate, the requests must be carefully structured to ensure that benefits reach their intended recipients,
- Contributions are made to properly established entities having an adequate organisational structure to guarantee proper administration of the funds. Proper due diligence needs to be carried out in particular to ascertain whether any Public Officials are affiliated with the organisation,
- Be accurately stated in the company's accounting books and records, and
- Must not to be used as a means to cover up an undue payment or bribery.

7.2.6 Facilitation Payment and Kickbacks

- Facilitation payments are typically small payments made to secure or expedite the performance by a person (usually a public officials) performing a routine governmental action or administrative duty or function to which the payer is entitled, legally or otherwise. It need not involve cash or other financial asset. It can be any sort of advantage with the intention to influence the receiver in their duties.
 - Kickbacks are bribes fulfilled after a company has awarded a contract to a supplier or vendor. They usually take place in purchasing, contracting, or other departments responsible for decisions to award contracts. The supplier or vendor provides the bribe by kicking part of the contract fee back to the buyer, either directly or through an intermediary.
- (i) Facilitation payments and kickbacks are seen as a form of bribery and corruption. Hence, the Group *prohibits* its Employees and Business Associates from making or accepting any facilitation payments (in any nature) or kickbacks.
- (ii) The Group recognises that despite its strict policy on facilitation payments, Employees or its Business Associates may face a situation where avoiding a facilitation payment may put them or their family's personal security at risk. Under these circumstances, the following steps must be taken:
- a) Keep any amount to the minimum;
 - b) Ask for a receipt, detailing the amount and reason for the payment;
 - c) Create a record concerning the payment; and
 - d) Report such incident to his/her line manager or respective Head of Department (for reporting by business associates) who will inform the Group Compliance Officer.

Note: Making facilitation payment in such a situation is the only exception which can be used as a defence when faced with allegations of bribery and corruption.

7.2.7 Political Contribution

- (i) Employees and Business Associates of the Group must not make or offer monetary or in-kind political contributions to support any political parties, political party officials or candidates for political office. The Group recognises this may be perceived as an attempt to gain an improper business advantage.
- (ii) The Group may, in very limited circumstances, make political contributions in countries where such contributions are permitted under the laws of the countries where the Group operates.
- (iii) Any request for political donation or contribution must be pre-approved by the Board of Directors of HNGC and no political contribution may be made unless the Group has received a satisfactory opinion from qualified local counsel as to its legality under applicable laws.
- (iv) Employees and Business Associates may participate in political activities in their individual capacity with their own money and at their own time but they must make it clear that their individual political views and actions are personal and not reflective or representative of the Group. The Group will not reimburse any personal political contributions.

7.3 Employees Responsibilities

7.3.1 Employees of the Group are responsible to ensure the following:

- (i) they certify in writing that they have *read, understood* and *will comply* with this Group ABC Policy & Procedures,
- (ii) Be familiar with applicable requirements and directives of this Policy and communicate them to subordinates,
- (iii) Promptly record all transactions and payments accurately and in reasonable detail,
- (iv) Always raise suspicious transactions (bribery and/or corruption have occurred or will occur in the future that breaches this Policy) to Line Manager for escalation to Group Compliance Office,
- (v) Promptly report violations or suspected violations through appropriate channels such as the Group's whistleblower channel, and
- (vi) Promptly complete the Group's ABC, CBC and Whistleblowing trainings as well as attest to comply annually.

7.3.2 The Group Compliance Office reserves the right to request information regarding an employee's assets in the event that the person is implicated in any bribery and corruption-related accusation or incident.

7.3.3 If any employee breaches this Policy, the employee will face disciplinary action and could face dismissal for gross misconduct. The Group has the right to terminate a contractual relationship with an employee if the employee breaches this Policy.

7.4 Whistleblowing Policy

- 7.4.1 The Group encourages openness and transparency in its commitment to the highest standard of integrity and accountability. Hence, the Group expects the Employees and the Business Associates to observe high standards of business and personal ethics in the conduct of their duties and responsibilities.
- 7.4.2 If the Employees or the Business Associate suspect, or reasonably believe that there is an instance of bribery or corrupt activity occurring in relation to the Group, they (the Employees or Business Associates) have the obligation to report the concerns to the Group Compliance Office. The reporting channel under the Whistleblowing Policy is available at <http://www.hngcapital.com/>.
- 7.4.3 This whistleblowing channel provides an avenue for anyone who has the knowledge about the bribery and corrupt activities to lodge a complaint in good faith and without the fear of being identified and retaliated.
- 7.4.4 All complaints reported will be taken seriously, treated in confidential manner and investigated where deemed warranted. The whistleblower's anonymity will be protected unless the disclosure is required by law pursuant to an investigation or legislation. Hence, the whistleblower may be required to provide a statement as supporting evidence to any investigation.

7.5 Non-Compliance and Sanctions

- 7.5.1 Group Compliance Office shall conduct regular validation to ensure compliance to the Group ABC Policy & Procedures. Such validation exercises may be conducted either independently by Group Compliance Office or in collaboration with external consultants.
- 7.5.2 Non-compliance identified by the validation or identified through other risk assessments undertaken shall be reported to the Board of HNGC.
- 7.5.3 The Group regards bribery and corruption as a serious matter. Non-compliance may lead to disciplinary action, up to and including termination of employment (for Employees) or contracts (for Business Associates). Further legal action may also be taken in the event that the Group's interests have been harmed as a result of non-compliance.
- 7.5.4 The Group shall notify the relevant regulatory authority if any identified bribery or corruption incidents have been proven beyond reasonable doubt. Where notification to the relevant regulatory authorities have been done, the Group shall provide full co-operation to the said regulatory authorities, including further action that such regulatory authority may decide to take against convicted Employees or Business Associates.