



AHMAD ZAKI RESOURCES BERHAD (AZRB) ANTI-BRIBERY AND CORRUPTION POLICY

VERSION 1.0

APPROVAL DATE: 25th May 2021

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DISCLAIMER

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The Policy is intended for internal circulation only and disclosure of any information to any third party or unauthorised personnel is considered as an offence.

AMENDMENTS

Amendments to the Policy are subject to authority limits outlined in the Delegation of Authority Limit of AZRB.

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1.0 POLICY STATEMENT

AZRB and its subsidiaries (“AZRB Group”) are committed to prevent all forms of bribery and corruption in our daily business activities. This is consistent with the Company Core Values to promote good governance. Directors and employees shall uphold high level of integrity in all business interactions and decisions.

In principle, the Group:

- (a) is committed to comply with all applicable anti-bribery and corruption laws in the countries where we operate;
- (b) is committed to dealing with business associates in a fair, transparent and ethical manner;
- (c) prohibits any receiving, giving or promising of facilitation payments;
- (d) adopts “Gift” Policy;
- (e) prohibits offering or accepting hospitality and entertainment, subject to certain limited exceptions;
- (f) shall conduct due diligence on employees of the Group, its business associates, projects and business activities, particularly where there is a significant exposure to bribery and corruption risk;
- (g) provides channel to all stakeholders to disclose any suspected cases of bribery and corruption within the Group without fear of retaliation or reprisal; and
- (h) promotes a culture of integrity by conducting an awareness programme for all our employees on the Group’s standing with regards to anti-bribery and corruption.

2.0 OBJECTIVE

- 2.1 The Policy is intended to set out AZRB Group’s overall position on bribery and corruption in all its forms.

3.0 SCOPE

- 3.1 The Policy applies to all directors and employees of AZRB Group and business associates who are performing works or services for or on behalf of the Group.

4.0 DEFINITIONS

- 4.1 The following definitions shall apply throughout the Policy unless otherwise expressly stated:

| TERMS | DEFINITIONS |
|--------------------------|--|
| Bribery | <p>Bribery is defined as the act of something of value in exchange for some kind of influence or action in return. It involves dishonestly persuading someone to act in your favour by giving him or her a gift of money or another inducement.</p> <p>Bribery can be outbound and inbound:</p> <ul style="list-style-type: none"> i. Outbound bribery – where someone acting on behalf of AZRB attempts to influence the actions of someone external, such as Governmental official or client decision-maker. ii. Inbound bribery – where an external party is attempting to influence someone within the Company such as a senior decision-maker or someone with access to confidential information. |
| Business Associate | <p>An external party with whom AZRB has, or plans to establish, some form of business relationship. This may include customers, joint ventures, outsourcing providers, contractors, consultants, subcontractors, suppliers, vendors, agents, representatives, intermediaries and investors, etc.</p> |
| Conflict of Interest | <p>Situation where business, financial, family, political or personal interests could interfere with the judgement of persons in carrying out their duties for AZRB.</p> |
| Corruption | <p>Refers to wrongdoing on the part of a powerful party through illegitimate and immoral means, which are incompatible with ethical standards. Although corruption is often associated with bribery, it is not only limited to bribery. Corruption also includes other forms such as abuse of power, false claim/statement and collusion. In other words, bribery is only one form of corruption.</p> |
| Donation and Sponsorship | <p>Charitable contributions and sponsorship payments made to support the community such as educational events, supporting NGO's, and other social causes.</p> |
| Due Diligence | <p>Process to further assess the nature and extent of the bribery risk and help organisations make decisions in relation to specific transactions, projects, activities, business associates and personnel.</p> |
| Employee | <p>Any person who is in the employment of the Group including but not limited to permanent, contract, executive, non-executive, secondees and individual on direct hire.</p> |
| Facilitation Payment | <p>A payment or other provision made personally to an individual in control of a process or decision. It is given to secure or expedite a routine or administrative duty or function.</p> |
| GMD | <p>Group Managing Director</p> |
| Hospitality | <p>Considerate care of guests, which may include refreshments, accommodation and entertainment at a restaurant, hotel, club, resort, convention, concert, sporting event or other venue such as Company offices, with or without the personal presence of the host. Provision of travel may also be included, as may other services such as provision of guides, attendants and escorts; use of facilities such as a spa, golf course or ski resort with equipment included.</p> |

| TERMS | DEFINITIONS |
|---------------------|---|
| Money Laundering | The concealment of the origins of illegally obtained money, typically by means of transfers involving foreign banks or legitimate businesses. |
| Third Party | Person or body that is independent from the Group such as officer of a public body as defined in the MACC Act 2009. This include all business associates that the Group has dealing with. |
| Good Faith Donation | Donation given on one's intention of honesty and sincerity |

5.0 GIFT

5.1 Providing Gifts

5.1.1 AZRB acknowledges that the culture of exchanging gifts may be a part of accepted business etiquette. The giving of appropriate gifts can facilitate and promote good business relationships. Therefore, employees are permitted to give gifts to external parties but **SUBJECT** to the following:

- (a) gifts may only be given if it is of the type, nature and value of gifts approved by AZRB which is not more than **RM500 per unit**;
- (b) AZRB must take into account and remain sensitive to the recipient company's own gifts policy (if any) when considering the provision of gifts;
- (c) AZRB's stance on anti-bribery and corruption shall be made known to all its business associates so that external parties are clear and in no doubt that any gifts from employee are given solely for the purposes of fostering good business relationships and not with the expectation of receiving any illegal benefit or advantage in return.

5.1.2 Permitted Gifts

- (a) Exchange of gifts at company-to-company level, including Corporate Gifts;
- (b) Gifts from employees to external parties comprising of institutions or individuals given in conjunction with the company's official functions, events and celebrations, including Corporate Gifts (e.g. commemorative gifts or door gifts offered to all guests attending the event);
- (c) Gifts from AZRB to any employees in relation to the Company functions, events and celebrations (e.g. gifts in recognition of an employee's service to the Company);
- (d) Gifts to clients, Business Associates and/or Person(s) Associated that are customarily given during festivities or special occasions, which is not more than **RM500 per unit** and which take the form of flowers, fruit and/or hampers that mostly consist of food items;

- (e) Modest entertainment and hospitality expenses that is reasonable and customary in the industry taking into consideration the scope of works and participants/recipients of such expenses (e.g. hosting a lunch with business associates during a conference or workshop organised by AZRB).

5.1.3 Prohibited Gifts

- (a) Gifts in the form of cash or cash equivalent (e.g. vouchers except Group promotional vouchers) **ARE PROHIBITED**;
- (b) Gifts which are lavish, excessive, extravagant or which may in any way be considered disproportionate taking into account all circumstances.
- (c) Gifts, hospitality and/or entertainment that are inappropriate or indecent by the standards of any culture, religion, and/or laws;
- (d) Gifts that may in any way suggest an inducement to obtain any kind of benefit or advantage whether to the relevant employees or to AZRB; and
- (f) If the proposed recipients involve Public Officials, such gifts must be in compliance with the relevant and applicable governmental regulations, guidelines, or policies issued and in force from time to time.

5.2 Receiving or Accepting Gifts

5.2.1 Receiving gifts from any external parties may be seen as an inducement by such external party to obtain a benefit or advantage from AZRB. Any Employee must refrain from receiving or accepting any gifts from external parties.

5.2.2 Although the general principle is to immediately refuse or return such gifts, receiving or accepting a gift on behalf of AZRB is allowed only in very limited circumstances under the discretion of the head of department, particularly when refusing the gift is likely to seriously offend and may sever AZRB business relationship with the external party. The gift shall be accepted (provided always that the gift is of the type permitted by AZRB) but shall be subjected to the procedures set out in Gift & Entertainment Procedure (AZ-SOP-COMP-GIFT-01), which includes processes on how the gift is to be dealt with, as well as requirements to record the same in a Gift & Entertainment Reporting Form, which can be downloaded at the AZRB's e-portal.

5.2.3 If there is a conflict of interest situation (e.g. bidding is in progress and the company that gave the gift is one of the bidders), the gift must be politely returned with a note of explanation about the Company's Gift & Entertainment Procedure.

5.2.4 Accordingly, in adherence to the Gift & Entertainment Procedure (AZ-SOP-COMP-GIFT-01), if the head of department approves the acceptance of the gift, he/she must ensure the acceptance of the gift is based on business culture/nature and shall determine the treatment of the gift whether to:

- (a) be kept by the staff who received the gift; or
- (b) donate the gift to charity; or
- (c) hold it for departmental display; or
- (d) share with other employees in the department.

5.2.5 If the value of the gift is suspected to be more than RM500 then the HOD shall reject it immediately.

5.2.6 The employees are advised to exercise proper care and judgment at all times in order to safeguard the Company's reputation and to prevent any allegations of impropriety or misconduct.

6.0 ENTERTAINMENT AND HOSPITALITY

6.1 The Group recognises that entertainment can build goodwill and strengthen the relationships with our business associates. However, entertainment can also create a perception of conflict of interest that can undermine the integrity of our business relationships.

6.2 The Group prohibits the use of improper entertainment, and hospitality to influence business decisions. Directors and employees are strictly prohibited to accept entertainment in the form of cash or cash equivalent such as gift certificates, loans, commissions, discounts and coupons (not related to business).

6.3 Further details of gifts, entertainment and hospitality are set out in Gift & Entertainment Procedure which is available at AZRB's e-portal.

7.0 CORPORATE SOCIAL RESPONSIBILITY (CSR), SPONSORSHIP AND DONATION

7.1 CSR sponsorship and donation are under the ambit of the Company's overall corporate responsibility. Therefore, CSR, sponsorship and donation are permitted subject to management approval. The recipient must be a legitimate organisation and appropriate background check must be conducted to ascertain whether the recipient organisation was affiliated with any public officials and ensure that the benefits reach as what they are intended.

7.2 CSR sponsorship and donation shall not be used as a trick for committing bribery and corruption. The procedure for CSR, sponsorship and donation is set out in Donation & Corporate Social Responsibility available at AZRB's e-portal.

8.0 FACILITATION PAYMENT, EXTORTION PAYMENT & POLITICAL CONTRIBUTION

8.1 Facilitation payment

8.1.1 The Group adopts a strict policy of disallowing the use of facilitation payments in its business. Directors and employees shall decline to make payment and report to the GMD or other executive directors immediately when they encounter any requests for a facilitation payment.

8.1.2 If a payment has been made, and directors and employees are unsure of the nature, he/she must immediately report to the GMD or other executive directors, and the payment is recorded accordingly.

8.2 Extortion Payment

8.2.1 Although the Group uphold the safety of directors, employees and assets as priority, it is the policy of the Group not to pay any extortion money. However, in the event of last resort, the extortion payment can be made subject to approval by the GMD or other executive directors.

8.3 Political Contribution

8.3.1 The Company may make contribution to political parties or candidates in accordance and in compliance with all prevailing laws, provided that such contributions, should not be made with any promise or expectation of favourable treatment in return, or as an attempt to influence any decision or gain a business advantage. All political contributions require approval from the GMD.

8.3.2 Good faith donation to government entities, clubs, associations and community centers such as school, mosque, library etc. which are approved by the relevant regulatory bodies and comply with the laws and regulations are allowed, subject to approval from relevant Senior Management.

9.0 MONEY LAUNDERING

9.1 Money laundering occurs when the criminal origin or nature of money or assets is hidden in legitimate business dealings when legitimate funds are used to support criminal activities and terrorism. In Malaysia, money laundering is an offence under the Anti-Money Laundering and Anti-Terrorism Financing Act 2001. Further details of money laundering are set out in Code of Ethics & Conduct available at AZRB's website.

10.0 DEALING WITH THIRD PARTIES

- 10.1 The external party in AZSB's business relationship chain are including but not limited to its Business Associates or Person(s) Associated. For the purpose of this ABC Policy, the external party shall also include all legitimate business entities ranging from public limited companies and private limited companies to partnership and sole proprietorships.
- 10.2 Directors and employees must comply with relevant laws and consistent with the Group policies such as the ABC Policy upon dealing with third parties.
- 10.3 Directors and employees are not allowed to enter into any business dealings with any third parties reasonably suspected of engaging in bribery and improper business practices.
- 10.4 All Business Associates or Person(s) Associated or other external parties engaged by or with AZRB are expected to adhere its values and principles on anti-bribery and corruption. For this reason, all AZRB employees are expected to engage only with Business Associates or Person(s) Associated or other external parties that practice the highest standards of integrity in the conduct of its business.
- 10.5 AZRB may also engage with online vendor's/service providers such as for the purchase of air flight tickets, travel insurance, train ticket, hotel booking, etc. Such vendors are excluded from the requirement to sign the External Party ABC Policy Declaration. Nevertheless, the Employees are still required to ensure reasonable due care is exercised to protect the Company's interest at all times.
- 10.6 Business transactions with Business Associates or Person(s) Associated or other external parties that have known in Bribery & Corruption activities, or who are engaged in improper business practices are PROHIBITED.

11.0 PROCUREMENT & PURCHASING

- 11.1 The Group is committed to upholding the highest standard of ethics and integrity in all aspects of its procurement activities. The procurement and purchasing functions of the Group should avoid dealing with any sub-contractors, consultants, or suppliers known or reasonably suspected to pay bribes or involve in corrupt practices.

- 11.2 All procurement and purchasing activities must be in line with the procurement and purchasing procedures which include the following:
- (a) Due diligence of sub-contractors, consultants, and suppliers shall be carried out before they are registered with the Group (after this policy has been issued).
 - (b) Sub-contractors, consultants, and suppliers must aware and understand the ABC Policy
 - (c) Signing the Integrity Pledge is a mandatory requirement to all contracting parties

12.0 CONFLICT OF INTEREST

- 12.1 Conflict of interest arise in situations where there is personal interest that could be considered to have potential interference with objectivity in performing duties or exercising judgement on behalf of the Group.
- 12.2 Directors and employees should avoid situations in which personal interest could conflict with their professional obligations or duties. They must not use their position, official working hours, the Group's resources and assets, or information available to them for personal gain or to the Group's disadvantage.
- 12.3 In situations where a conflict does occur, directors and employees are required to declare the matter as per the Board Charter and Code of Ethics and Conduct respectively.

13.0 LETTER 'RECOMMENDING' SUBCON/VENDOR/EMPLOYEE

- 13.1 AZRB and its subsidiaries award contracts and hire employee positions purely on a merit basis. Therefore, letters 'recommending' subcontractors or vendors or employee candidate shall not be recognised as part of the business decision making process.

14.0 WHISTLEBLOWING

- 14.1 The Group provides a mechanism for employees, directors and external parties to raise their concerns in relation to any improper conduct including incidence of corruption and bribery within the Group without fear of retaliations or reprisals if acting in a good faith. Further details of whistleblowing process are set out in Whistleblowing Policy & Procedure which is available at the AZRB's website.

15.0 REFERRAL TO AUTHORITIES

- 15.1 The Group regards criminal offence including 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.
- 15.2 The Group shall notify the relevant regulatory authorities if any identified bribery or corruption incidents have been proven beyond reasonable doubt.
- 15.3 Where notification to the relevant regulatory authorities have been done, the Group shall provide full cooperation to the said regulatory authorities, including further action that such regulatory authorities may decide to take against convicted directors and employees.

16.0 MONITORING AND REVIEWING THE POLICY

- 16.1 Integrity Unit shall have the oversight of the implementation of compliance controls related to the Policy.
- 16.2 Integrity Unit shall conduct regular risk assessments to identify the bribery and corruption risks potentially affecting the Group. Integrity Unit shall also review the Policy biennially, or where necessary after taking consideration of any changes in relevant laws and guidelines. Any proposed amendments to this Policy shall be prepared by the CCO and presented to the AZRB Audit and Risk Committee for approval.