



Anti-Bribery & Corruption Policy



Anti-Bribery & Corruption Policy

Introduction

The Anti-Bribery and Corruption Policy (“ABC Policy” and/or “the Policy”) has been developed for Karex Berhad and its subsidiaries to have a clear and unambiguous policy statement on the Company’s position regarding bribery and corruption. Hence, the policy should be read in conjunction with the Company’s various policies & guidelines. If multiple documents speak on the same subject, then the more stringent provision applies.

Anti-Bribery & Corruption Commitment

Karex is committed to conducting business dealings with integrity. This means avoiding practices of bribery and corruption of all forms in the Company’s daily operations.

Karex has adopted a zero-tolerance approach against all forms of bribery and corruption. Employees who refuse to pay bribes or participate in acts of corruption will not be penalised even if such refusal may result in losing business.

The Policy leverages on the values and core principles set out in the Ethical Business Practice Policy. Full compliance to this Policy is mandatory and should be maintained using a principle-based approach.

Objective

This policy sets out Karex’s overall position on bribery and corruption in all its forms.

Scope

This policy is applicable to Karex, its controlled organisations, business associates acting on Karex’s behalf, the Board of Directors and all Karex personnel.

Joint-venture companies in which Karex is non-controlling or co-venture and associated companies are encouraged to adopt these or similar principles. External Providers are also expected to comply with this policy in relation to all work conducted with Karex, or on Karex’s behalf.

Reference

Limits of Authority
Ethical Business Practice Policy
Employees Handbook
Whistle-blowing Policy and Procedures



Definitions

“ABMS” means Karex’s Anti-Bribery Management System;

“Bribery & Corruption” means any action which would be considered as an offence of giving or receiving ‘gratification’ under the Malaysian Anti-Corruption Commission Act 2009 (MACC Act). 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.

Bribery may be ‘outbound’, where someone acting on behalf of Karex attempts to influence the actions of someone external, such as a Government official or client decision-maker. It may also be ‘inbound’, 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.

“Gratification” is defined in the MACC Act to mean the following:

- (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;
- (b) any office, dignity, employment, contract of employment or services, and agreement to give employment or render services in any capacity;
- (c) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;
- (d) any valuable consideration of any kind, any discount, commission, rebate, bonus, deduction or percentage;
- (e) any forbearance to demand any money or money’s worth or valuable thing;

(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

(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).

“Business Associate” means an external party with whom Karex has, or plans to establish, some form of business relationship. This may include clients, customers, joint ventures, joint venture partners, consortium partners, outsourcing providers, contractors, consultants, subcontractors, suppliers, vendors, advisers, agents, distributors, representatives, intermediaries and investors.

“Conflict of Interest” means when a person’s own interests either influence, have the potential to influence, or are perceived to influence their decision making at Karex.

“Controlled organisation” means an entity where Karex has the decision-making power over the organisation such that it has the right to appoint and remove the management. This would normally be where Karex has the controlling interest (>50% of the voting share ownership), but it could be where there is an agreement in place that Karex has the right to appoint the management, for example a joint venture where Karex has the largest (but still <50%) allocation of the voting shares;

Policy Owner

The Integrity Committee is the owner of this policy.

Anti-Bribery & Corruption Policy

- Bribery and corruption in all its forms as it relates to Karex's activities is prohibited.
- Bribery and corruption may take the form of anything of value, such as money, goods, services, property, privilege, employment position or preferential treatment.
- The anti-bribery and corruption statement applies equally to its business dealings with commercial ('private sector') and Government ('public sector') entities, and includes their directors, personnel, agents and other appointed representatives. Even the possible appearance of bribery or corruption is to be avoided, in particular when dealing with Government officials.
- The anti-bribery and corruption statement applies to all countries worldwide, without exception and without regard to regional customs, local practices or competitive conditions.
- No employee or external party will suffer demotion, penalty or other adverse consequences in retaliation for refusing to pay or receive bribes or participate in other illicit behaviour.
- Karex is also committed to conducting due diligence checks on prospective personnel, particularly as it relates to appointments to positions where a higher bribery or corruption risk has been identified.

“Corporate Gift” means something given from one organisation to another, with the appointed representatives of each organisation giving and accepting the gift. Corporate gifts may also be promotional items given out equally to the general public at events, trade shows and exhibitions as a part of building the Company's brand. The gifts are given transparently and openly, with the implicit or explicit approval of all parties involved. Corporate gifts normally bear the Company name and logo. Corporate gift also refers to festive gift given or received during any festivals. Examples of corporate gifts include items such as diaries, table calendars, pens, notepads and plaques.

“Donation & Sponsorship” means charitable contributions and sponsorship payments made to support the community. Examples include sponsorship of educational events, supporting NGOs, and other social causes;

“Exposed Position” means a staff position identified as vulnerable to bribery through a risk assessment. Such positions may include 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 Company has identified as vulnerable to bribery;

“Hospitality” means the 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;

“Karex” or “Company” means Karex Berhad and its group of companies;

“Personnel” means directors and all individuals directly contracted to the Company on an employment basis, including permanent and temporary employees.

Recognition of Local Legislation

- Karex is committed to conducting its business ethically and in compliance with all applicable laws and regulations in Malaysia.
- These laws include but are not limited to the Malaysian Penal Code (revised 1977) (and its amendments), the Malaysian Anti-Corruption Commission Act 2009 and its amendments and the Companies Act 2016. These laws prohibit bribery and acts of corruption, and mandate that companies establish and maintain accurate books and records and sufficient internal controls.
- In cases where there is a conflict between mandatory laws and the principles contained in this and other policies, the law shall prevail.

- In the event of extortion payments that an employee's security is at stake, the employee should communicate with any member of the Integrity Committee immediately and obtain approval via SMS or WhatsApp prior to payment. The employee must report the incident to their Head of Department and Integrity Committee to record the details and keep a record of what was spent within three (3) working days from the date of incident.

Support Letters

Karex awards contracts and employee positions purely on a merit basis. Therefore, support letters in all forms shall not be recognised as part of the business decision making process.

Gift, Entertainment, Hospitality, Donation & Sponsorship

Karex is committed to ensure that gift, entertainment, hospitality, donation and sponsorship ("GEHDS") are not offered or accepted with improper motive or the intention to influence business decision, and governing guidelines have been established in the GEHDS Policy.

Facilitation Payments

- Karex adopts a strict policy of disallowing the use of facilitation payments in its business. Facilitation payment is a payment made personally to an individual in control of a process or decision. It is given to secure or expedite the performance of a routine or administrative duty or function.
- Personnel shall decline to make the payment and report to Integrity Committee immediately when they encounter any requests for a facilitation payment.

Recruitment, Promotion & Support of Personnel

- Karex recognises the value of integrity in its personnel and business associates. The Company's recruitment, training, performance evaluation, remuneration, recognition and promotion for all Karex personnel, including management, shall be designed and regularly updated to recognize integrity.
- Karex does not offer employment to prospective personnel in return for their having improperly favoured the Company in a previous role.

- All business associates (including external providers such as consultants, advisors, and agents) acting on behalf of Karex is required to comply with this Policy, the Karex's Ethical Business Practice Policy, and all other policies as it relates to them.
- In circumstances where Karex retains controlling interest, such as in certain joint venture agreements, business associates are required to adhere to this Policy and Karex's Ethical Business Practice Policy. Where Karex does not have controlling interest, associates are encouraged to comply the same.
- Due diligence should also be carried out with regards to any business associates intending to act on the behalf of Karex as an agent or in other representative roles, to ensure that the entity is not likely to commit an act of bribery or corruption in the course of its work with Karex.
- The extent of the due diligence should be based on a bribery and corruption risk assessment. Due diligence may include a search through relevant databases, checking for relationships with public officials, self-declaration, and documenting the reasons for choosing one particular Business associate over another. The results of the due diligence process must be documented, retained for at least seven (7) years and produced on request by the custodian of the process.
- Karex shall include standard clauses in all contracts with business associates enabling Karex to terminate the contract in the event that bribery or an act of corruption has been proved to occur. Additional clauses may also be included for business associates acting on Karex's behalf where a higher bribery risk has been identified.
- All business associates shall sign and acknowledge the Business Associates Anti-Corruption Acknowledgement prior to the official appointment.

Responsibilities of Karex Personnel

All Karex personnel (including its directors, and directors and personnel of its controlled organisations) are required to carry out these responsibilities and obligations relating to the Company's anti-bribery and corruption stance, alongside those already in existence, which includes the following:

- Be familiar with applicable requirements and directives of the policy and communicate them to subordinates;
- Promptly record all transactions and payments in Karex's books and records accurately and with reasonable detail;
- Ask the Integrity Committee if any questions about this policy arise or if there is a lack of clarity about the required action in a particular situation;
- Always raise suspicious transactions and other "red flags" (indicators of bribery or corruption) to immediate superiors for guidance on the next course of action;
- Be alert to indications or evidence of possible violations of this policy;
- Promptly report violations or suspected violations through appropriate channels;
- Attend required anti-bribery and corruption training as required.

Responsibilities of Karex Personnel

When dealing with business associates, all Karex personnel shall not:

- express unexplained or unjustifiable preference for certain parties;
- make any attempt at dishonestly influencing their decisions by offering, promising or conferring advantage;
- exert improper influence to obtain benefits from them;
- directly or indirectly offer or make promise or corrupt payments, in cash or in kind for a specific favour or improper advantage from them.

During an active or anticipated procurement or tender exercise, personnel participating in the exercise in any way whatsoever, shall not:

- receive gifts from any external party participating, planning to participate, or expected to participate, in the procurement or tender exercise;
- provide anything other than a corporate gift and token hospitality to any external/third party related to the exercise;
- be involved in any discussions regarding business or employment opportunities, for personal benefit or for the benefit of a business associate;
- abuse the decision-making and other delegated powers given by the top management; and
- bypass normal procurement or tender process and procedure.

When dealing with external parties in a position to make a decision to Karex's benefit (such as a Government official or client), Karex personnel shall not:

- offer, promise or make any attempt at dishonestly influencing the person's decision by directly or indirectly offer or make promise of corrupt payments, in cash or in kind;
- be involved in any discussions regarding business or employment opportunities, for their own personal benefit or for the benefit of the external party;
- otherwise abuse the decision-making and other delegated powers given by the top management, in order to illegally secure an outcome which would be to the commercial advantage to themselves and/or the Company; and
- exert improper influence to obtain personal benefits from them.



Responsibilities of Karex Personnel

Karex's managers have a particular responsibility to ensure and monitor compliance with this policy within their department or function.

Conflicts of Interest

- Conflicts 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 judgment on behalf of Karex. All personnel should avoid situations in which personal interest could conflict with their professional obligations or duties. Personnel must not use their position, official working hours, Company's resources and assets, or information available to them for personal gain or to the Company's disadvantage.
- In situations where a conflict does occur, personnel are required to declare the matter as per the Employees Handbook.

Staff Declarations

- All Karex personnel shall certify in writing that they have read, understood and will abide by this policy. A copy of this declaration shall be documented and retained by the Human Resources Department for the duration of the personnel's employment. A sample declaration can be found in the Appendix 1 of this Policy.
- The Integrity Committee 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.

Anti-Bribery & Corruption Function

The Integrity Committee shall perform the following within Karex and to act effectively against bribery and corruption:

- provide advice and guidance to personnel on this policy and issues relating to bribery and corruption;
- take appropriate steps to ensure that adequate monitoring, measurement, analysis and evaluation of this policy is performed;
- report on matters in relation to this policy to the top management regularly.

Karex shall conduct regular risk assessments to identify the bribery and corruption risks affecting the business, set anti-bribery and corruption objectives, and assess the effectiveness of the controls in achieving those objectives.



Training & Awareness

- Karex shall conduct an awareness programme for all its personnel on the Company's position regarding anti-bribery and corruption, integrity and ethics.
- Training shall be provided on a regular basis, in accordance with the level of bribery and corruption risk related to the position. Training should be provided to personnel who are:
 1. new to the Company;
 2. appointed to or currently holding an exposed position.
- Human Resources Department shall maintain records to identify which Karex personnel have received training, as well as to communicate and update the training schedule accordingly when required.
- Business associates acting on behalf of the Company shall also undergo appropriate training, where a bribery and corruption risk assessment identifies them as posing a higher bribery and corruption risk to the Company.

Reporting of Policy Violations

- Suitable reporting channels shall be established and maintained for receiving information regarding violations of this policy, and other matters of integrity provided in good faith by Karex personnel and/or external parties.
- Personnel who, in the course of their activities relating to their employment at Karex, encounter actual or suspected violations of this policy are required to report their concerns using the reporting channels stated in Whistleblowing Policy and Procedure.

- Reports made in good faith, either anonymously or otherwise, shall be addressed in a timely manner and without incurring fear of reprisal regardless of the outcome of any investigation.
- Retaliation in any form against Karex personnel where the person has, in good faith, reported a violation or possible violation of this policy is strictly prohibited. Any Karex personnel found to have deliberately acted against the interests of a person who has in good faith reported a violation or possible violation of this policy shall be subjected to disciplinary proceedings including demotion, suspension, dismissal or other actions (including legal action) which Karex may pursue.

Audit & Compliance

Regular audits shall be conducted to ensure compliance to this policy. Such audits may be conducted internally or by an external party. Audit documentation should include performance improvement action plans.



Sanctions For Non-Compliance

- Non-compliance as identified by the audit and any risk areas identified through this and other means should be reported to the top management in a timely manner in accordance with the level of risk identified.
- Karex regards bribery and acts of corruption as serious matters and will apply penalties in the event of non-compliance to this policy. For Karex personnel, non-compliance may lead to disciplinary action, up to and including termination of employment.
- For external parties, non-compliance may lead to penalties including termination of contract. Further legal action may also be taken in the event that Karex's interests have been harmed by the results on non-compliance by individuals and organisations.



Continuous Improvement

- Karex is committed to satisfying the requirements set out in MACC Act and Guidelines on Adequate Procedures. Any concerns to improve this policy can be channelled to IC.
- Karex shall monitor the legal and regulatory regimes where it operates and any changes to Karex's business environment and risks and identify opportunities for improvement.
- Regular assessments should be carried out to ensure its scope, policies, procedures and controls match the bribery and corruption related risks faced by Karex.
- Karex endeavours to impact the business environment where it operates. This includes extending its integrity programme to non-controlled business associates such as suppliers and contractors, seeking to work with companies who have a similar commitment and supporting initiatives in the private and public sectors which are likely to improve the integrity of its operating environment.

Sample Staff Declaration Form

I, _____, hereby declare that I have read and understood Karex’s Anti-Bribery and Corruption Policy. I will abide by the requirements and provisions set out in the Policy, as required by my employment contract.

Name:

I.C. Number:

Designation:

