



Registration No. 199201019353 (250857-T)

# **ANTI-CORRUPTION POLICIES AND PROCEDURES**

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## 1. Introduction

- 1.1 This Anti-Corruption Policies and Procedures (“ACPP”) summarizes the standards, requirements and procedures to which all Directors and Employees (“the Employees”) of Prolexus Berhad and its subsidiaries (“Prolexus Group” or “the Group”) shall fully abide to all applicable laws and regulations relating to anti-bribery and anti-corruption including the Malaysian Anti-Corruption Commission (Amendment) Act 2018 (“MACC”).
- 1.2 While the Prolexus Code of Conduct (refer to <https://www.prolexus.com.my/corporate-information-2>) provide guidance on common ethics and compliance issues in several areas, this Policy and the specific directives referenced below form the backbone of our anti-corruption compliance programme.

### Applicable Anti-Corruption Laws and Regulations

- 1.3 The Group is committed to conducting its business ethically and in compliance with all applicable country laws and regulations.
- 1.4 Violations of anti-corruption laws carry significant civil and criminal penalties, and may put the reputation and business of Prolexus Group and its employees at risk. Any employee who fails to comply with this Policy and the Directives referred below will be subject to appropriate disciplinary action.
- 1.5 In cases of conflict between respective mandatory country laws and the principles contained in this Policy, the country law shall prevail.

## 2. Definitions

The following definitions are included in this policy.

Bribery	<p>Bribery is defined as any action which would be considered as an offence of giving or receiving ‘gratification’ under Malaysia Anti-Corruption Commission (Amendment) Act 2018 (“MACC”)</p> <p>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 in a position of trust within an organisation.</p>
Business Partners	<p>An external party with whom the organisation has, or plans to establish, some form of business relationship. (i.e. clients, customers, joint ventures, joint venture partners, consortium partners, outsourcing providers, contractors, consultants, subcontractors, suppliers, vendors, advisers, agents, distributors, representatives, intermediaries and investors (ISO 37001 definition).</p>
Corruption	<p>For the purpose of this policy, corruption, is defined primarily as any action which would be considered as an offence of giving or receiving ‘gratification’ under the Malaysian Anti-Corruption Commission (Amendment) Act 2018 (“MACC”).</p> <p>In addition, corruption may also include acts of extortion, collusion, breach of trust, abuse of power, trading under influence, embezzlement, fraud or money laundering.</p>

The following definitions are included in this policy.

Conflict of interest	When a person's own interests either influence, have the potential to influence, or are perceived to influence their decision making of the Group.
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	Includes all individuals directly contracted to the Group on an employment basis, including permanent and temporary employees.

### 3. Policy Statement

- 3.1 All forms of bribery and corruption are prohibited. Prolexus Group upholds a **zero-tolerance approach**. In addition to bribery, employees must not participate in any corrupt activity, such as extortion, collusion, breach of trust, abuse of power, trading under influence, embezzlement, fraud or money laundering.
- 3.2 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 for the intended benefit of the Group or the persons involved in the transaction.

### 4. Gifts and Hospitality

- 4.1 The Group prohibits both the giving and receiving of Gifts and Hospitality to influence business decisions.
- 4.2 As appropriate, the Chief Financial Officer ("CFO") may set forth standards for gifts and hospitality expenses incurred as part of normal business relationships, such as business meals. Gifts of cash or cash equivalents are prohibited under all circumstances.
- 4.3 Employees shall not, directly or indirectly, offer or accept gifts in connection with the business, unless the following requirements are met:-
- ❖ The gift is a promotional item of minimal value (e.g., a corporate logo pen or umbrella); or
  - ❖ It is evident that declining the gift would clearly cause offense and the gift is given and accepted without an express or implied understanding that the recipient is in any way obligated by the acceptance of the gift. In such instances, the gift must be turned over to the Group as soon as possible and is considered the property of the Group; and
  - ❖ Full disclosure is made on the gift or hospitality offered or received and to be approved by the Executive Director of the respective company/subsidiary involved.

4.4 Hospitality, including meals and entertainment, may only be accepted if there are clear business reasons for the Employees to participate in the event and the hospitality is customary and commonly accepted; is not excessive in value and is given and accepted without an express or implied understanding that the recipient is in any way obligated by the acceptance of the hospitality.

4.5 It is acknowledged that the practice of business gifts and hospitality varies between countries, and what may be deemed as acceptable in one country may not be in another.

## 5. Facilitation Payments

5.1 The Group adopts a strict stance that disallows facilitation payments.

5.2 Facilitation payment is a form of bribery with the purpose of expediting or facilitating the performance by a public official of a certain action.

5.3 Employees are expected to notify their immediate superior when encountered with any requests on facilitation payment.

## 6. Political Contributions

6.1 The Group does not make or offer monetary or in-kind political contributions to political parties, political party officials or candidates for political office.

## 7. Charitable Contributions/Donations

7.1 Charitable contributions (of cash or in kind) may be given if:

- a) It is given to legitimate charities for proper charitable purposes.
- b) These are altruistic contributions designed to strengthen the Group's reputation.
- c) It is able to disclose publicly when required to.

7.2 Prior to making charitable contributions, the background and reputation of the intended recipient must be reviewed.

## 8. Sponsorship

8.1 In accordance with the Group's commitment to contribute to the community and as part of its overall communication strategy, all sponsorships must comply with the following:

- a) Ensure such contributions are allowed by applicable laws;
- b) Obtain all the necessary internal and external authorisations;
- c) Be accurately stated in the company's accounting books and records; and
- d) Not to be used as a means to cover up an undue payment or bribery.

## 9. Relationship with Business Partners

### General

- 9.1 As part of the Group's commitment to combat bribery, the Group expects all business partners to refrain from bribery.
- 9.2 The Group has the right to terminate their services in the event that these business partners pay bribes or act in a manner which is inconsistent with this ACPP.
- 9.3 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.
- 9.4 All business partners are expected to adhere to the Group's ACPP and to annually declare its compliance via the **Annual Certification of Anti-Corruption Compliance** ("CACC").

### Background Checks/Due Diligence

- 9.5 The extent of the due diligence should be risk-based.
- 9.6 Due diligence may include a search through relevant databases, checking for relationships with public officials, and documenting the reasons for choosing one particular business partner over another. Ensure that the selection process is strictly adhered to and enforced.

### Contractors and Suppliers

- 9.7 The Group should monitor significant contractors and suppliers as part of their regular review of the performance of the third party.
- 9.8 During an active or anticipated procurement or tender exercise, personnel participating in the exercise in any way whatsoever, shall not:
  - a) Receive gifts or hospitality or any kind from any external party participating, planning to participate, or expected to participate, in the procurement or tender exercise;
  - b) Provide anything other than a corporate gift and token hospitality to any external/third party related to the exercise;
  - c) Be involved in any discussions regarding business or employment opportunities, for personal benefit or for the benefit of a business partner;
  - d) Abuse the decision-making and other delegated powers given by the top management; and
  - e) Bypass normal procurement or tender process and procedure.
- 9.9 If any red flags are raised, these issues must be resolved. If it is not possible then the company must be barred from being on the list of registered or licensed contractors / suppliers and/or disqualified from participating in any Prolexus Group tender exercise.

### Dealing with Agents and other Intermediaries

- 9.10 Due diligence should also be carried out with regards to any business partners intending to act on the Company's behalf 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 the Group.

- 9.11 The Group shall include standard clauses in all contracts with business partners enabling the Company to terminate the contract in the event that bribery or an act of corruption has been proven.

#### Joint Ventures and Other Business Partnerships and Arrangements

- 9.12 The Group could in some circumstances be held liable for the corrupt behaviour of a joint venture or other business partners, the Group's reputation also may be damaged if a joint venture or other business arrangement in which the Group is participating is found to have engaged in corrupt behaviour. Therefore, before entering into a joint venture or comparable business arrangement, the Group's representative or asset manager responsible for the joint venture must consult with the CFO to determine the integrity due diligence steps that should be taken.
- 9.13 In circumstances where the Group retains controlling interest, such as in certain joint venture agreements, business partners are required to adhere to this ACPP.
- 9.14 Where the Group does not have controlling interest, associates are encouraged to comply the same.

## 10. Conflict of Interest

- 10.1 Conflict of interest arises in situations where there is a personal interest that might be considered to interfere with that person's objectivity when performing duties or exercising judgment on behalf of the Group. Employees should avoid or deal appropriately with situations in which personal interest could conflict obligations or duties. Employees must not use their position, official working hours, Group resources and assets for personal gain or to the Group's disadvantage.
- 10.2 All Directors and Head of Department and the selected group of individual or department who are dealing in an exposed position is mandatory to declare the conflict of interests using the **Conflict of Interest Disclosure Statement** on an annual basis.
- 10.3 Any other Employees having a conflict of interest must immediately disclose using the **Conflict of Interest Disclosure Statement** once occurred

## 11. Trading in Securities

- 11.1 The Group does not permit employees to use, or assist others in using, information you learn about the Group or a third party through your work for the Group to profit in the stock market.

## 12. Accurate Books and Records

- 12.1 The Group is required by law to maintain books and records that, in reasonable detail, accurately reflect the transaction and disposition of assets of the Group.

- 12.2 There should not be any false or misleading entries in the Group books and records, including entries that are falsified to disguise improper transactions. Likewise, ‘off-the-books’ account or unrecorded funds are not allowed.
- 12.3 All transactions must be supported by appropriate documentation, including terms of sales and other commercial arrangements. Side arrangements are strictly prohibited.
- 12.4 If employees have reason to believe that any entries in the Group’s books and records may be false, misleading, incomplete, inaccurate, or artificial, Employees should promptly report through whistleblowing channels.

### 13. Human Resource: Support of Personnel and Employee’s Role

- 13.1 The Group recognises the value of integrity in its personnel and business partners. The Group’s recruitment, training, performance evaluation, remuneration, recognition and promotion for all Prolexus Group personnel, including management, shall be designed and regularly updated to recognize integrity.
- 13.2 The Group awards contracts and employee positions purely on a merit basis.
- 13.3 All employees are responsible for ensuring that this Policy and the related Directives are applied within his or her area of activity. Relevant employees must attend regular and appropriate training as requested by their immediate superior.
- 13.4 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.
- 13.5 Any Employees who require guidance shall contact your immediate superior or the Finance Manager.

#### Staff Declarations

- 13.6 All personnel shall declare in writing that they have read, understood and will abide by this policy. (Refer: **Employee Anti-Corruption Declaration**)
- 13.7 All Employee Anti-Corruption Declaration and Conflict of Interest Disclosure Statement should be dated so that it is clear when they were published or agreed to. A copy of this declaration shall be documented and filed into the personnel file of the Employee and kept by the Human Resources Department.

### 14. Oversight of the Anti-Corruption Program

- 14.1 The Board of Directors (“BOD”) of Prolexus has the ultimate responsibility for the oversight of this anti-corruption program.
- 14.2 Each subsidiary company is headed by the Finance Manager (“FM”), who reports to the CFO. The respective FM who is more fully in tune with local issues and nuances is responsible for supervising and managing the activities of this compliance and for updating and managing the respective units of the Anti-Corruption Program.

- 14.3 The FM shall review the suitability of this ACPP from time to time, taking into account relevant developments in the legislature, through status information and independent assessments.
- 14.4 The FM shall be the independent authority to act effectively against bribery, including initiating investigations deemed necessary based on reasonable cause for suspicion.
- 14.5 Anti-corruption incidents reports are provided to the CFO to make key decision and to ensure that the anti-corruption program is effectively implemented.
- 14.6 The CFO shall maintain a direct reporting line to the BOD.

## 15. Awareness and Training

- 15.1 The Group conducts training and awareness programmes for all Employees to create the awareness on anti-bribery and anti-corruption measures and to continuously promulgate integrity and ethics.
- 15.2 In addition, the Group provides anti-bribery and anti-corruption training to:-
  - a) New recruits; and
  - b) Employees promoted or transferred to exposed positions.
- 15.3 The Group's training program content mainly include the following:-
  - ❖ Prolexus Code of Conduct;
  - ❖ Explain the relevant local country laws and other applicable statutes;
  - ❖ Provide Employees with a clear understanding of the Group's policies and procedures and expectations on this ACPP;
  - ❖ Provide employees with support, processes and tools to recognize and deal with non-compliant behaviours and situations that are practical and reasonable for their location and responsibilities; and
  - ❖ Reporting requirements (such as whistleblowing facilities)
- 15.4 The FM may at any time recommend that certain trainings be repeated to any Employee / group of Employees in any operating unit if deemed necessary based on circumstantial requirements.
- 15.5 The Human Resources Department shall maintain all records of trainings.

## 16. Reporting Violations

- 16.1 Employees who encounter actual or suspected violations of this Policy are required to report their concerns. Each Employee has a responsibility to ensure that suspected bribery and corruption incidents are reported promptly through appropriate channels.
- 16.2 The Group practices 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.
- 16.3 Disclosures can be made through ANY of the following reporting channels, in the strictest confidentiality:-

Via Email:

whistleblowing@prolexus.com.my  
(Attention to: Chairman of the Audit Committee)

Further details of the Prolexus Whistleblowing Policy can be found at <https://www.prolexus.com.my/corporate-information-2>

In Writing:

***Mark Strictly Confidential***

Prolexus Bhd  
51-21-A, Menara BHL Bank  
Jalan Sultan Ahmad Shah  
10050 Penang  
(Attention to: Chairman of the Audit Committee)

- 16.4 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.
- 16.5 If employees make a report or disclosure about any actual or perceived bribery or corruption in good faith, belief, without malicious intent, that a breach or violation as aforesaid may have occurred or may about to occur, employees will be accorded protection of confidentiality, to the extent reasonably practicable, notwithstanding that, after investigation, it is shown that you were mistaken.

### Addressing Violations

- 16.6 It is generally the Group's procedure to conduct an initial screening and assess the issues by the FM. The purpose of this initial assessment is to determine whether or not there are facts to support an allegation of misconduct that may ultimately be subject to disciplinary measures. An investigation is an administrative fact-finding exercise to determine whether misconduct has occurred, and not a punitive undertaking.
- 16.7 The legal bases for the internal investigation activities include the relevant provisions of the Company's Employee Service Manual, Code of Conduct and internal Companies' policies and procedures.
- 16.8 The FM is responsible to maintain objectivity, impartiality, and fairness throughout the investigative process and conduct the activities competently and with the highest levels

of integrity. In particular, the FM is to perform his/her duties independently and free from improper influence and fear of retaliation.

- 16.9 If after conducting the initial screen of the corruption or bribery issue it appears that there is risk of criminal liability or other significant legal or reputational consequences, further investigation is likely warranted.
- 16.10 The following circumstances that will generally prompt the Group to initiate internal investigations include:-
- a) Whistleblower allegations of bribery or corruption by an organization, its senior management, board, committees or representatives;
  - b) Board member concerns regarding improper conduct by officers and/or employees;
  - c) Adverse media reporting;
  - d) Investigative activities by authorities (including search warrants, production orders or requests for assistance);
  - e) Investigation by the authorities into a counterparty or related transaction; and
  - f) Issues stemming from external or internal audits or compliance reviews.

## 17. Sanctions for Non-Compliance

- 17.1 Non-compliance as identified by the internal or external audit and any risk areas identified through this and other means should be reported to the top management, CFO and the BOD in a timely manner in accordance with the level of risk identified.
- 17.2 The Group shall notify the relevant regulatory authority if any identified bribery or corruption incidents have been proven beyond reasonable doubt.
- 17.3 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 the Employee involved.
- 17.4 Prolexus Group regards bribery and acts of corruption as serious matters and will apply penalties in the event of non-compliance to this policy. For Employees, any non-compliance may result in legal claims or proceedings and disciplinary measures including termination of employment.
- 17.5 For external parties, non-compliance may lead to penalties including termination of contract. Further legal action may also be taken in the event that the Group's interests have been harmed by the results on non-compliance by individuals and organisations.