

INTRODUCTION

The Malaysian Anti-Corruption Commission Act 2009 ("MACC Act" or the "Act") which came into force on 1 January 2009 was aimed as a catalyst to improve corruption prevention in Malaysia. In 2018, MACC (Amendment) Act 2018 has been gazetted and the principle of commercial organisation's criminal liability (corporate liability) was introduced in Section 17A of the Act. The Malaysian Anti-Corruption Commission has stated that the corporate liability provision of the MACC Act will be in force as of 1 June 2020.

*Under **Section 17A of the MACC Act**, a commercial organisation, together with its "director, controller, officer or partner"; or persons who are "concerned in the management of its affairs", may be prosecuted if its employees and/or any person associated with the organisation carry out corrupt practices for the benefit or advantage of the organisation. In other words, the corrupt practices of an employee and/or a company's associated persons may be imputed to both the company and the aforementioned relevant personnel pursuant to this provision.*

Bribery is the act of giving, agreeing to give, promising or offering of any gratification to influence another person's conduct. Bribery in business and for business is corruption, which is both unethical and illegal. Bribery and corruption may take the form of anything of value, such as money, goods, services, property privilege, employment position or preferential treatment. The Group prohibits employees and its business associates whether directly or indirectly to offer give, receive or solicit any items of value in the attempt to illicitly influence the decisions or actions of a person in a position of trust within an organization, either for the intended benefit of the Group or the persons involved in the transaction.

The Group Anti-Bribery and Corruption Policy, Whistleblowing Policy, Code of Conduct and Ethics are made public on the Company website. Non-compliance to this policy will be considered as major misconduct and the Personnel(s) involved will be subjected to disciplinary action, which may include dismissal. The offence may also be escalated by the Group to the relevant authorities' enforcement for further action. The Group emphasizes maintaining a workplace culture with strong ethics and integrity as part of a competent governance framework and is fundamental to good organisational performance toward creating a business environment that is fair, transparent and free from bribery and corruption. These principles of governance are embedded in Zelan Group ("Zelan") core value I.C.I.P (Integrity, Caring, Innovative, Professionalism).

The Zelan Anti-Bribery and Anti-Corruption Policy & Framework ("Zelan ABAC Policy" or the "Policy") is designed as a foundation for Zelan and its Group of Companies to establish, implement, maintain, review and improve an anti-bribery and anti-corruption system to support the Company's four strategic objectives:

- a) Maximise shareholder value;
- b) Lead in value innovation; and
- c) Provide excellent service to stakeholders;
Become the preferred employer.

2.0

PURPOSE

The purpose of this policy is to uphold the highest standards of ethical conduct, integrity and accountability in all our business activities and operations. The Group has a zero-tolerance policy towards any form of bribery by, or of, its employees or any persons or companies acting for or on behalf of The Group. This will demonstrate the company's commitment to the highest ethical standards among its employees.

3.0

OBJECTIVE

The objectives of the Anti-Bribery and Anti-Corruption (ABAC) Policy are to:

- a) To ensure consistency that the Group activities are based on Standard Operating Procedures (SOPs), which emphasizes due diligence in a fair and transparent manner.
- b) To provide a defence against corporate liability as introduced by the MACC Act 2018 (Amendment).

4.0

POLICY

The Policy applies throughout Zelan and reflects the Group commitment to fight any corrupt and unethical practices while conducting business in any jurisdictions. The guideline is also to eliminate doubt and to educate employees on accepting or soliciting of gifts from internal and external stakeholders.

Zelan's ABAC Policy is applicable to every Personnel, any agent, person or entity engaged under a contract for service or engaged by Zelan Group for any business-related activity formally and informally.

4.1 Management commitment & Accountability – Senior Management

The Senior Management is accountable towards the implementation of the Zelan ABAC Policy. In this respect, the Senior Management's responsibilities include the following:

- a) Implementing the Zelan ABAC Policy to all level of the organisation within the Company and set the right "tone at the top".
- b) Deploying adequate resources and assigned to person(s) who have the appropriate competence towards the effective implementation and operation of the Zelan ABAC Policy.
- c) Providing ABAC awareness training to its employees and to communicate the program.
- d) Putting in place the appropriate controls and contingency measures which are reasonable and proportionate, in order to address risks and issues on bribery and corruption.
- e) Ensuring overall oversight and assurance on compliance with the Zelan ABAC Policy.

4.2 Record Keeping

The records shall be periodically reviewed by the Group's Internal Auditors. The Group acknowledges the importance of maintaining records in regards to payments (given or received) to and from third parties as control measures used for the adequate procedures. These records of giving and receiving payments provide the required evidence to prove that such monies or in kinds were given or accepted.

4.3 Training and Communication

The Group emphasizes on the importance of clear understanding on the important of Anti-Bribery and Corruption Policy.

The Group targets zero tolerance approach on bribery and corruption to be well communicated across the Board as well as to all business associates. Awareness trainings followed by the refresher trainings on the subject matter shall be scheduled annually or on other periodic intervals.

4.4 Political Contribution

In hosting Government officials, care must be taken to ensure that the hospitality provided is reasonable and proportionate and does not generate a sense of obligation towards the Group. The Group considers political parties as civil society groups which are relevant in maintaining the dynamics of the nation. Such contribution shall not be perceived as an attempt to secure improper business advantage.

Contributions towards Government Officials may only be made for legal purposes with endorsement by the top management. Contribution must be made to the official bank account of the party and a receipt retained. Provision of non-financial support such as venues, vehicles etc. at the company's expense should not be used to influence political decisions and are to be recorded for future reference.

4.5 Gratification and Conflict of Interest

The Group, our directors and employees and anyone who acts on our behalf, shall not give, agree to give, promise, offer or accept any gratification, directly or indirectly, amongst ourselves or between ourselves and any party to cause or appear to cause conflict of interest.

Conflicts of interest for our directors or employees arise when they have a separate relationship that competes with their relationship and interests for the Group. These relationships include family relations between one another and with business associates. The receipt of undue gratification by a director or an employee from any other party outside the Group may also place them in a position of conflict of interest. Gratifications include and are not limited to gifts, hospitality, financial gains, office positions, services and protection. Gratification is defined in more detail in **Appendix 1.**

4.6 Gifts , Entertainment and Hospitality

We recognize that the offering, receiving or exchanging of gifts, entertainment and hospitality are social customs and even business etiquette. However it must be capped at RM300 per person. The intention behind gifts, entertainment and hospitality is often courtesy, simple gratitude or kind assistance. Before offering, accepting or exchanging gifts, entertainment and hospitality, we shall consider the Group's and our own positions and not appear to cause any appearance of unethical conduct and to avoid actual or perceived conflicts of interest.

The Group may offer and receive gifts, entertainment and hospitality as long as they are legal, appropriate, commensurate in value and given in a good faith and in a transparent manner.

Any gift must be unsolicited and not affect or be perceived as affecting business judgment. Employees must use good judgement in all situations, to avoid receiving gifts from third party with interest at hand.

Guidelines

- a. All gifts received by employees must be declared to the Human Resources Department prior to distribution of gifts.
- b. Employees are also prohibited from soliciting cash, loan, kickbacks or any monetary or equivalent advantages from dealings with stakeholders, partners, sub-contractors and the general public.
- c. Employees are allowed to participate in normal business entertainment such as meals inter-company events, festive and meetings whereby it is for official business or to forge closer business relations, without affecting business judgement.
- d. No gifts must be given to representative of any organization at any time except during Festive Season with maximum of RM300 and must not be more than 3 times per year with the same person.
- e. Compliance to the above policy shall rest entirely on the employee failing which he/she shall be subject to the disciplinary action (including dismissal)

Acceptable gifts

- (a) Exchange of gifts at the company-to-company level (e.g. corporate gifts between companies as part of an official visit and thereafter said gift is treated as company property);
- (b) Gifts from company to external companies or individuals in relation to an official function, events and celebrations (e.g. door gifts or souvenirs given to all guests attending the event);
- (c) Gifts from Zelan Group of Companies to directors and employees and/or their family members in relation to an internal or externally recognized Company function, event and celebration (e.g. in recognition of an director's/employee's achievements in the Company);
- (d) Token gifts of nominal value normally bearing the Zelan or its Subsidiaries company's logo (e.g. t-shirts, pens, diaries, calendars and other small promotional items) that are given out equally to members of the public, customers and key stakeholders attending events such as conferences, training, etc. and deemed as part of the company's brand building or promotional activities.

4.7 Corporate Social Responsibility (CSR), Sponsorships and Charitable Donations.

The Group also encourage our directors and employees to be charitable and donate to the needy and the less privileged within each of our own capacities. The Group has a sustainable role to play our communities and we accommodate requests for sponsorships and donations to charity.

However, we are advised to take reasonable precautions, so as to receive comfort that our resources are reaching legitimate causes and those who are truly in need. We exercise further prudence when the organization group or individuals is related to an associated person or a business associate

4.8 Raising a concern and reporting violations

Employees or business associates who encounter actual or suspected violations of this Policy are required to report their concerns. You can email directly to whistleblower@zelan.com.my.

4.9 Responsibility of Employees

All Directors and Employees must individually and collectively take responsibility to uphold the Zelan Group's Anti-Bribery and Anti-Corruption Policy by understanding and complying with the provisions of this Policy.

Please refer to Appendix 1 for a detailed explanation on Types of Corruption.

APPENDIX 1

TYPE OF CORRUPTIONS

The Malaysian Anti-Corruption Commission ("MACC") defined corruption as the act of giving or receiving any "gratification" or reward in the form of cash or in-kind value for performing a task in relation to his/her job description.

Gratification is defined as:

- 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 or value;
- 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 proceeding of a disciplinary, civil or criminal nature, whether or not already insinuated, and including the exercise or the forbearance from the exercise of any right or any official power of 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 (e).

Further to the foregoing, the following acts shall constitute an act of Corruption:

a) **Petty Corruption**

Also known as administrative corruption, it involves the exchange of very small amounts of money and the granting of small favours. These, however, can cumulatively result in considerable public losses.

b) **Grand Corruption**

It spreads through the highest levels of organization, bringing about major abuses of power, disobedience of the rule of law, economic instability and the breakdown of good governance.

c) **Active and Passive Corruption**

The former refers to the act of offering or paying a bribe (where the payment of a bribe has taken place) and the latter refers to the request or receiving of a bribe.

d) **Bribery**

Bribery is the most common form of corruption. It is described as the act of offering, promising, giving, accepting or soliciting of an undue advantage of any value ((which could be financially or non-financially), 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 duties.

e) **Embezzlement, Theft and Fraud**

Embezzlement, theft and fraud involve stealing by an individual exploiting his or her position of employment. Fraud involves the use of false or misleading information to induce the owner of a property to part with it voluntarily. Theft is universally regarded

as falling within corruption definitions where it occurs, carrying with it as it does, a breach of a fiduciary duty.

f) Extortion

Extortion relies on coercion to induce cooperation, such as threats of violence or the exposure of sensitive information.

g) Abuse of Function

The abuse of function or position is the performance of or failure to perform an act by a Personnel, in violation of the law, with a view to obtain an undue advantage for himself/herself or for another person or entity.

h) Favouritism and Nepotism

Favouritism, nepotism and clientelism involve abuses of discretion. Such abuses can either involve a direct personal benefit or does not involve a direct personal benefit to the Personnel. Such abuses happen when a person or an organization is selected, regardless of qualifications, merit, or entitlement, for a job or benefit because of affiliations or connections.

i) Creating and Exploiting Conflicting Interest

Creation or exploitation of some conflict between the individual's professional responsibilities and his or her private interest. The offering of a bribe creates such a conflict where none may have existed hitherto. In both the public and private sectors, employees and officials are routinely confronted with circumstances in which their personal interests conflict with their responsibility to act in the best interests of the state or their employer.

j) Improper Political Contribution

Donations made with the intention or expectation that the party will, once in office, unduly favour the interests of the donor, is tantamount to the payment of a bribe.

k) Kickbacks

These are bribes fulfilled after an enterprise has awarded a contract to a customer. They take place in purchasing, contracting, or other departments responsible for decisions to award contracts. The supplier provides the bribe by kicking part of the contract fee back to the buyer, either directly or through an intermediary.

l) Facilitation payments

These are typically payments made to secure or expedite the performance of a routine or necessary action to which the payer is entitled, legally or otherwise.

m) Charitable donations, sponsorship, travel, and promotional expenses

These are legitimate activities for entities but can be abused as a subterfuge for bribery. There are risks attached to such transactions where it may be perceived that an advantage has been given to obtain or retain business.

n) Conflict of interest

A conflict of interest occurs where a person or entity with a duty to the enterprise has a conflicting interest, duty, or commitment. Having a conflict of interest is not in itself a corruption, but corruption can arise where a Personnel the duty due to the enterprise by acting in favour to a separate interest to the detriment of the enterprise.

o) Collusion

This can take various forms, of which the most common include bid rigging, cartels, and price-fixing.

p) Bid rigging

The way that conspiring competitors effectively raise prices in situations where purchasers acquire goods or services by soliciting competing bids. Essentially, competitors agree in advance who will submit the winning bid on a contract through a

competitive bidding process. As with price fixing (see below), it is not necessary that all bidders participate in the conspiracy.

q) Price fixing

An agreement among competitors to raise, fix, or otherwise maintain the price at which their goods or services are sold. It is not necessary that the competitors agree to charge exactly the same price, or that every competitor in a given industry join the conspiracy. Price fixing can take many forms, and any agreement that restricts price competition may violate applicable competition laws.

r) Cartels

A secret agreement or collusion between enterprises to commit illicit actions or fraud. Typically, this will involve price fixing, information sharing, or market rigging by setting quotas for production and supply.

s) Illegal information brokering:

The brokering of corporate confidential information obtained by illegal methods.

t) Insider trading

Any securities transaction made when the person behind the trade is aware of non-public material information and is hence violating his or her duty to maintain confidentiality of such knowledge.

u) Tax evasion

The illegal non-payment of tax to the government of a jurisdiction to which it is owed by a person, enterprise, or trust who should be a taxpayer in that jurisdiction.