



## ANTI-CORRUPTION POLICY

### 1. TOP LEVEL COMMITMENT

The Board and the Risk and Sustainability Committee sets the tone from top down and is responsible in ensuring that the Group practices the highest level of integrity and ethics, complies fully with applicable laws on anti-corruption and effectively manages the key corruption risks of organisation.

The main duty of top level management is to provide assurance to all stakeholders that MAAG and the Group operates in compliance with its internal Anti-Corruption policies and the law, thereby, spearheads and supports the Group's efforts to constantly improve the effectiveness of its;

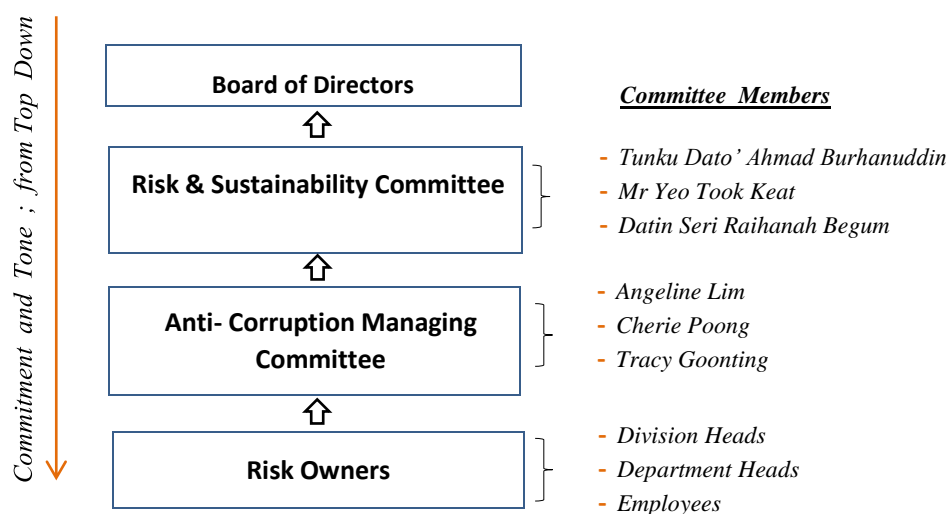
- corruption risks management framework
- internal control procedures
- review and monitoring system
- training and communication

One of the principles under the Malaysian Code of Corporate Governance relates to maintaining a sound framework for internal control and risk management. Hence, it is imperative for the board to assume the following responsibilities;

- Identify principal risks and ensure the implementation of systems to manage risks
- Review the adequacy and the integrity of the company's internal control systems and management information systems, including systems for
- compliance with applicable laws, regulations, rules, directives and guidelines

The diagram below establishes the current structure of the organisation and helps illustrate the reporting structure of every employee in the fight to eradicate corruption.

*Diagram 1: Reporting Structure*





## 2. RISK ASSESSMENT

The Board together with its Risk and Sustainability Committee is responsible in supervising and managing the Group's Anti-Corruption efforts. As such, the committee is responsible to conduct corruption risk assessments every 3 years, in fact sooner, if there is a change in the law.

The main element in Risk assessment is to establish appropriate processes, systems and controls to mitigate corruptions risks that the organisation may be exposed to, in its day-to-day activities and communicate these processes to all employees, and business partners. It has been decided assessment be incorporated into the general risk register of the organisation.

Risk Assessments; may include but not limited to the following;

- study opportunities of **corruption** in the organisation's internal procedures
- search for financial transactions that may be disguised as payments
- question business activities in countries where corruption is known to be high
- ensure compliance of external parties and agents representing the organisation
- query relationships with third parties in the organisation's supply chain

### 2.1 Principles of Risk Assessment focus on the following areas of operation;

- Integrity & Reputation
- Strategic & Operations
- Financial & Legal
- Human Resources
- Customers

### 2.2 Enterprise Risk Management (ERM); ERM is the process of planning, leading, organising, and controlling the activities of an organisation in order to minimise the effects of risk of corruption on an organisation. ERM expands the process to include not just risks associated with accidental losses, but also financial, strategic, operational, and other risks.

Guiding Principles of the ERM focuses on the following;

- Protects Value
- Integral part of the Group's processes
- Part of decision making
- Addresses uncertainty
- Systematic, structure and timely
- Based on best available information
- Takes human and cultural factors into account
- Transparent and inclusive
- Dynamic, Interactive and responsive to change
- Facilitates continuous improvement

### 2.3 Risk Identification; risks are segregated into two main types

- Inherent risks
- Controllable risks

**2.4** Risk Analysis; the four (4) steps processes in risk analysis are;

- Step 1 → Analyse Gross Risk rating
- Step 2 → Analyse existing Control Effectiveness
- Step 3 → Decide on Nett Risk rating
- Step 4 → Determine Level of Risk

**2.5** Risk Evaluation; risk evaluation is the rating of a risk based on the probability of the risk occurring and the severity impact of that risk. Once risks have been identified, an analysis of possible impact and probability of occurrence will be made using parameters that will enable the development of a corporate risk profile

To this extent, Key Risk Indicators (KRIs) are developed by Risk Owners (i.e. Division and Department Heads) for risk monitoring purposes as they are fundamental and objective measures of key risk across the organization.

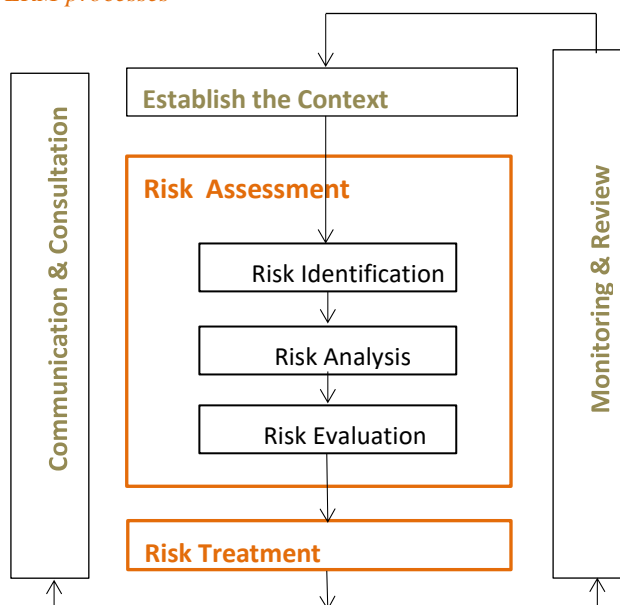
KRIs should be properly defined and include the relevant thresholds. The KRIs will eventually form part of the Risk Owners' performance assessment and where possible, such performance assessment be cascaded down to other key employees.

**2.6** Risk Treatment; Risk treatment is the process of formulating, selecting and implementing control measures to modify the risk according to the department's/subsidiary's risk appetite.

It can be of the following four options:

- Tolerate – risk is accepted and controls are sufficient
- Treat – risk is accepted but controls are required to minimise risk
- Transfer – risk is accepted but function is to be outsourced
- Terminate – risk is unaccepted and must be terminated

*Diagram 2: ERM processes*





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### 3. BASE POLICIES

#### 3.1 Anti- Corruption Policy Statement

MAA Group Berhad and its subsidiaries are fully committed to eradicating corruption. The company maintains a strict, zero tolerance position against corruption or any kind of abuse of power. We expect our directors, senior officers, employees and business partners to operate in full compliance with the company's Anti-Corruption policy, with the highest standard of ethical conduct, integrity and professionalism. No member of the group should ever assume that the company's interest takes precedence over this belief.

#### 3.2 Code of Conduct and Ethics

The Group's Code of Conduct and Ethics is a set of prescribed values and principles by which the Group is committed to. It is designed to provide a frame of reference against which to measure all activities. All of us play an important role in establishing, maintaining and enhancing the reputation and brand of the Group.

It is obligatory that all directors, senior officers and employees display the highest level of character, ethics and professionalism in all aspects of their work, and in doing so, act in the best interest of the Group, guided by the following positive attributes and principles;

- Honour & Selflessness
- Integrity & Honesty
- Objectivity & Reliability
- Morality & Fair Dealing
- Discretion & Confidentiality
- Respect & Decency

The full version of the organisation's Code of Conduct and Ethics is available in the company's website and in the internal public folder; issued by Group HR.

Upon employment, employees are issued with the organisation's Code of Conduct and Ethics. Employees are required to read and sign an [Employee Personal Affirmation Form](#) (Appendix 2); not only to confirm his understanding of this Code of Conduct and Ethics, but also, his full observation of the various other policies practised in the Group.

#### 3.3 Conflict of Interest

A Conflict of Interest arises when an employee has a personal interest sufficient to appear to influence the objective exercise of his official duties; some of which may be, but not limited to;

- Self-interest dealings with business partners, agents, suppliers and customers
- Un-authorized commissions from sale of products or services offered by the Group
- Awarding contracts to family members, relatives or personal friends
- Involved in part-time employment outside of his work hours without approval
- Any employee (other than a board member), holding the position as company director (except unless for a non-profit, public service, social welfare or charitable organisation)

None of the above is regarded as allowable or acceptable conduct.



Directors, senior officers and employees are expected to avoid any actual or apparent conflict between their personal interest and that of the organisation.

A full version of the organisation's policy on Conflict of Interest is available in the company's public folder; issued by Group HR. It should be read alongside its policy on Code of Conduct and Ethics.

Employees are reminded to complete a **Conflict of Interest Disclosure Form** (Appendix 3) should they ever feel that in carrying out their duties and responsibilities, they may be exposed to such conflicts.

### 3.4 Gratification/Bribery

The provision under Section 17A MACC Act 2009 is a provision that stipulates a corporate liability principle where a commercial organisation can be considered guilty if any of its employees and/or associates commit corruption for the benefit of the organisation. The commercial organisation is also considered guilty in the event whether or not, the upper management or its representatives know about the corruption acts committed by its employees or associates.

MAAG and the Group sanction a "No Gift" policy to the receiving or giving of gifts from any business partners or third party who has any direct or indirect official relationship with the group.

However, the Group recognise that the gesture of receiving or giving small inexpensive mementos for officiating events or delivering a public talk is a form of sincere appreciation; therefore, inexpensive items such as plaques, pennants, handicraft or printed materials are allowed. Under no circumstance, should the acceptance or giving of any gift compromise the values, position and image of the Group. There must not be any expectation of special favours or improper advantages from the accepting or giving of gifts.

To protect the organisation from any criminal liability, the receiving or the giving of gifts irrespective of its value, must be approved by the Anti-Corruption Managing Committee.

In the case where a gift is accepted, irrespective of its value, employees are required to report and record the item in the **Gifts & Benefits Declaration Form** (Appendix 4) and surrender the item to his/her Department Head awaiting one of the following decisions from the Anti-Corruption Managing Committee;

- Return the gift to its giver
- Permit the employee to keep the gift
- Contribute the gift to the organisation's annual dinner
- Donate the gift to a charitable organisation

Excerpts from MACC's website outline the following guidelines;

#### **What is the definition of a Gift?**

According to the Service Circular No. 3 of 1998 (SC 3/1998), a gift comprises of cash money, free fares, shares, lottery tickets, travelling facilities, entertainment expenses, services, club membership, any form of commission, hampers, jewellery, decorative items and any item of high value that is given to a public official. (Refer to Para 4 - SC 3/1998).



### **Is the giving of a hamper of small value perceived as a gift?**

Accepting or giving of gifts of any amount or value amounts to a corruption offence in the situation that an individual receives or gives such gifts from a supplier that the individual has an official dealing. (Refer Para 12 - SC 3/1998). Note: Individuals include civil servants, private sector employees as well as the general public.

### **Can a civil servant receive gifts during festive seasons?**

Public officials are prohibited from accepting any gift in any form such as hampers, Mandarin oranges, Ang Pow packets and other forms of gifts from any person that is associated with the official duties of the officer. (Refer to Para 5 - SC 3/1998).

### **Can a civil servant receive gifts in an unofficial capacity?**

Yes. Civil servants are allowed to receive gifts provided the value of the item is  $\frac{1}{4}$  of the emoluments or less than RM500. In the case that the item is valued more than the allowable value, the officer is required to report the item to the Head of Department for approval by filling the Appendix A Form SC 3/98.

However, there are exceptions for gifts exceeding RM500 under certain circumstances such as gifts received from friends due to retirement, transfer, engagement and marriage. (Refer to Para 7 - SC 3/1998). Should there be any doubt on the receipt of such gifts, the official can report it to the Head of Department for further action and clarification. (Refer to Para 8 - SC 3/1998).

Directors, senior officials and employees are advised to read the full version of the above guidelines on gifts available on MACC's website as follows;

[https://www.sprm.gov.my/index.php?id=21&page\\_id=84&keyword=gift](https://www.sprm.gov.my/index.php?id=21&page_id=84&keyword=gift)

## **3.5 Entertainment**

Hosting and accepting a meal is allowed, but in no way must the meal be that of an extravagant affair and in no way must the meal be an enticement for favours.

The intent matters; and lavish, extravagant meals, entertainment such as karaoke sessions, concert tickets, travel tickets, hospitality vouchers, etc. are considered as bribes.

Managers whose jobs come with entertainment allowances and therefore, entertain business partners and associates on a regular basis are advised to exercise strong moral judgement in this area and be mindful of the stipulations allowed by the MACC in accepting invitations or hosting.

## **3.6 CSR, Donations & Corporate Sponsorships**

Donations to charitable foundations and corporate sponsorships to private companies are allowed with the approval of the Executive Chairman or Group CEO.

Donations and sponsorships of this nature must be within the law to ensure there is no corrupt or criminal intent involved and irrespective of the amount, all donations and sponsorships must be recorded in the organisation's accounting books for transparency.

## **3.7 Political Donations**

The Group's policy is to abstain from making any donations to political candidates and political parties.



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In rare instances, where the law permits, written approval must be obtained from the Board of Directors for these kinds of donations. Employees making any such donations without the approval of the Board, are deemed to be acting in their own personal capacity and not on behalf of MAAG or the Group.

### 3.8 Facilitation Payments

Facilitation payment is a payment made to an official to facilitate approval of some type of business transaction or activity. In some countries, this is disguised as unofficial fees rather than bribes, but most countries do not subscribe to this distinction.

As an employee of the Group, any type of facilitation payment or commissions is strictly prohibited. Employees are forbidden from proposing, offering or receiving anything of this nature. Employees are further advised, any payment received in cash or kind from any unknown person(s) must be reported to the Anti-Corruption Managing Committee.

### 3.9 Business Partners & Third Party Agencies

Under various business agreements or joint ventures, a company or an individual may be eligible for payment acting on behalf of the Group; such as, an agent, an intermediary, contractor or consultant.

Such business relations must be clearly spelt out in an official, legally bound Contract for Service and subjected to terms and conditions, legal stamping, procedures and deliverables required of the parties involved.

All business associates, in doing or planning to enter into business transactions with the Group will be made aware of the Anti-Corruption policy practised by MAAG and its subsidiaries through a [Third Party Declaration Form](#) (Appendix 5).

### 3.10 Approvals, Permits, Licenses & Inspections

No employee is to make any payment or give any advantage to government officials beyond what is required by law to obtain a permit, license or any other necessary approval. Instead, employees are advised to solve these challenges pro-actively by allocating sufficient time to obtain such approvals. Seek advice from your Anti-Corruption Managing Committee on your next course of action.

Similarly, no employee is to make payments or give any advantage to government officials in order to avoid any inspection, influence any report or to avoid any fine. Employees are advised to look out for local officials who just happen to appear without any reason or justification at the work place for impulsive inspections, requesting a 'fee' for a 'perfect' report.

### 3.11 Procurement

The Group practises and adheres to a series of strict Internal Control Procedures (ICP) on supplier selection. Depending on the amount of the business outlay, different variations of quotes are required from different suppliers, vendors and companies for a transparent, final decision.



### 3.12 Recruitment

Group HR must ensure there is no Conflict of Interest exists in the hiring of any candidate. The recruitment of directors, senior officials and employees for the Group will be fair, non discriminatory and impartial.

Due diligence and background checks (i.e. former employer check, CTOS and CCRIS) must be conducted to identify prior convictions and credit reports before employment starts. A more detailed and comprehensive background check (e.g. police vetting) must be conducted for senior management positions, especially those tasked with decision making obligations, those dealing with government officials and in finance.

During an interview, Group HR or person(s) involved in hiring must look out for red flags, occurrences such as;

- Inability of the candidate to open a bank account for salary crediting
- Candidate's request for unusual method of payment for wages
- Any strange reluctance to provide full personal and family information in forms
- Signs of unwillingness and reluctance to sign a Contract

The hiring of such individuals is prohibited.

### 3.13 Red Flags

Detection and Prevention is paramount to eradicating corruption. To assist employees in the recognition of bribe and corrupt behaviour, the following may be considered as red flags;

- Abuse in decision making process
- Payments to off-shore accounts
- Invoices in excess of contractual or agreed amount
- Use of agent with poor reputation and with links to a foreign government
- Unusual bonuses paid out to with little or no supporting documentation
- Payments without the official paperwork and non-compliance with internal ICPs
- Unexplained preferences to certain business associates, suppliers and contractors
- Large payment and commissions where an agent does not seem to be providing any service

Employees are advised to be sensitive and alert to other indicators and report any suspicious behaviour to the Anti-Corruption Managing Committee for further investigation.

### 3.14 Whistleblowing & Reporting of Corruption

The Group have always had, and practised a whistle-blowing policy that provides whistle blowers an avenue for the reporting of malpractices, abuses and mismanagement. This full policy is available in HR's public folder and on the MAAG's website.

Employees must at all times, comply with the Group's Anti-Corruption policy and report any suspected acts of corruption to the organisation's Risk and Sustainability Committee or the Anti-Corruption Managing Committee who will treat all complaints, confidential and private.





The Risk and Sustainability Committee is the primary investigator that will conduct an immediate initial investigation to determine if the report is genuine, document initial findings and report these findings to the main board for the organisation's next course of action and onward reporting to MACC, as required by law.

The Board and the Risk and Sustainability Committee guarantees, that no whistle blower will be discriminated against, suffer any consequences or experience retaliation if he is to raise genuine concerns in good faith, for the good of the organisation.

However, making false claims against a colleague based on unfounded information and hearsay is a very serious matter and action will be taken against him for malicious false allegation and abuse of the whistle blowing policy itself.

To make a report directly with the MACC, the contact details are;

By telephone: 03 8870 0688 / 0689 / 0691

By text: 019 600 0696

Toll free: 1-800-88-6000

Email: [info@sprm.gov.my](mailto:info@sprm.gov.my)

### 3.15 Record Keeping

Proper Documentation and record keeping is vital to the organisation, especially during an audit. Apart from the forms used in the organisation's day-to-day operations, the following declaration forms in line with this policy will be distributed and acknowledged by all employees for compliance purposes;

- Commitment Pledge
- Understanding the Code of Conduct & Ethics
- Conflict of Interest Disclosure Form
- Gift Declaration Form

External business associates, third party agencies, agents, suppliers etc. will also be made to sign to declare his understanding of the Group Anti- Corruption policy.

### 3.16 Financial Controls

All of HR and Finance ICPs are made available in HR's public folder for employee's reference and observance. The following ICPs, under the jurisdiction of Group HR and Group Finance are constantly reviewed and enforced within the organisation;

- ICP 1: Capital Expenditure
- ICP 2: Entertainment Reimbursement (HR)
- ICP 3: Motor Vehicle Expense Reimbursement (HR)
- ICP 4: Company Car Maintenance Reimbursement (HR)
- ICP 5: Outstation Travel (HR)
- ICP 6: Staff Loan
- ICP 7: Petty Cash
- ICP 8: Custodian and Security Safe
- ICP 9: Payment Control
- ICP 10: Investment Policy



- ICP11: Intercompany Loan Procedures
- ICP12: Compliance Framework
- ICP 13: Disclosure on Material Contracts
- ICP 14: Disclosure on Litigation Cases
- ICP 15: Disclosure on Complaints
- ICP 16: Travelling Allowance Procedure
- ICP 17: Service Provider Procedure

Employees are reminded to read these ICPs from time to time to ensure compliance throughout their employment with the Group.

Internal Audit on various departments and Interim & Quarterly financial reporting are also conducted to ensure the organisation comply with the laws and regulation of the country.

### **3.17 Non-Financial Controls**

Every department will operate with a set of guidelines involving their area of responsibilities.

As such, each and every department must have the following three (3) articles carefully drafted, approved by management and prominently displayed;

- Standard Operating Procedure (SOP) manual
- Policy manual
- Standing Instruction Manual

## **4. SYSTEMATIC REVIEW, MONITORING AND ENFORCEMENT**

### **4.1 Review of Policy**

The Board with the assistance of the Risk Management and Sustainability Committee will review this policy on a yearly basis to assess the effectiveness of the policy in the organisation's overall Anti-Corruption efforts.

### **4.2 Monitoring of Policy**

The Anti-Corruption Managing Committee will monitor and enforce this policy with the assistance of all Division and Department Heads.

### **4.3 Enforcement of Policy**

The Board with the assistance of Group HR will conduct disciplinary proceedings against employees who fail to comply or found to be non-compliant with this policy or any other policy issued by the organisation.

### **4.4 Compliance with the Policy**

As employees of MAAG and the Group, you are bound to the policies, procedures, rules and regulations of the organisation. Severe consequences will arise from failure to adhere or comply with any of the organisation's policies.



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#### 4.5 Non Compliance

Violation of the organisation's Anti-Corruption policy constitutes a criminal offence, and the organisation is duty bound to report the matter to the authorities.

### 5. TRAINING AND COMMUNICATION

5.1 The Anti-Corruption Managing Committee with the assistance of Group HR will ensure that all existing and new employees training will be conducted as follows;

- New Recruits: Training will be part of the induction program
- Existing Employees: Refresher training conducted once 1 year
- Department Heads: Refresher training every 2 years

Group HR is also responsible to ensure all other relevant policies that should be read along with the Anti-Corruption policy will be available for employee's reference in HR's public Folder.

### 6. APPENDICES – DECLARATION FORMS

- Appendix 1 : Personal Commitment & Anti- Corruption Pledge
- Appendix 2 : Employee Personal Affirmation Form
- Appendix 3 : Conflict of Interest Disclosure Form
- Appendix 4 : Gift & Benefits Declaration Form
- Appendix 5 : Third Party Declaration Form

- End of Policy -