



KRETAM HOLDINGS BERHAD

Company No.: 198801000928 (168285-H)

ANTI-BRIBERY & CORRUPTION POLICY

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REVISION HISTORY

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0	N/A	1 June 2020



1. INTRODUCTION

- 1.01 Kretam is committed to observing the highest level of professionalism, ethics and integrity in the conduct of its business, and will comply with all applicable laws and regulatory requirements in its commitment to uphold the rule of law. Kretam likewise requires its employees to observe these same standards.
- 1.02 Corruption and bribery are criminal offences that, in addition to undermining economic efficiency, sustainable development and the rule of law, could result in severe penalties not just for the individuals involved in the actual act, but Kretam itself should it be proven that Kretam had obtained business and/or related advantages as a result of such acts.
- 1.03 Kretam is exposed to bribery and corruption risk with potentially adverse consequences if and when its employees and/or service providers give, or offer or promise to give, any gratification to any person with the intention of securing business or an advantage in the conduct of business for Kretam.
- 1.04 Recognizing the risks that bribery and corruption pose, the Board of Directors of Kretam Holdings Berhad has formulated this Policy to:
- A. set out Kretam's position on bribery and corruption;
 - B. set out the responsibilities of employees and service providers of Kretam with regards to their role in maintaining Kretam's position on bribery and corruption; and
 - C. provide guidance to employees and service providers of Kretam on recognizing and dealing with bribery and corruption situations.

2. DEFINITIONS

In this Policy, unless the context requires otherwise, the following words, phrases or terms have the following meanings:

"Kretam" or **"the Kretam Group"** means Kretam Holdings Berhad and its subsidiaries, whether individually or collectively.

"Service provider" means a person who is in the act of performing services for, carrying out works for, or acting on behalf of Kretam, whether in his own right or as an employee, representative or agent of an organization providing services to Kretam.

"Gratification" has the same meaning as that set out in Section 3 of the Malaysian Anti-Corruption Commission Act, 2009.

"Third party" or **"external party"** means any individual or organization (including their employees, officials and representatives) that employees and service providers of Kretam come into contact with in the course of their work for Kretam, and includes suppliers, contractors, agents and government departments and agencies.

"Hospitality" includes, but is not limited to, travelling, accommodation and meals provided.

"Non-profit organizations" means entities that are involved in social and/or charitable causes, educational institutions, sports clubs or associations and other like bodies wherein they are not run with a view to making a profit for their members or stakeholders.



3. SCOPE

This Policy and any procedure prescribed is applicable to:

- (a) Kretam Holdings Berhad;
- (b) all subsidiaries of Kretam Holdings Berhad;
- (c) all employees of the Kretam Group; and
- (d) all service providers of the Kretam Group

4. PROHIBITION OF BRIBERY AND CORRUPTION

- 4.01 Employees and service providers of Kretam are prohibited from committing acts of bribery and corruption in all its forms in the course of performing their duties and/or services for Kretam, regardless of reason or the fact that such acts could obtain some kind of benefit or advantage for Kretam.
- 4.02 Employees and service providers of Kretam are not to give, or offer or promise to give, any gratification to any person (and/or the relatives or nominees of such person) that would improperly influence the decisions or actions of such person as they pertain to the business and affairs of Kretam.
- 4.03 Likewise, employees of Kretam are prohibited from soliciting for or receiving any form of gratification (whether for themselves, their relatives or nominees) as these are not only illegal, but would be a breach of their duties of good faith, fidelity, diligence and integrity in the performance of their duties.
- 4.04 In any situation, even if no actual act of bribery or corruption has taken place, employees and service providers of Kretam must strive to ensure that they are not perceived or seen to be engaging in such act.
- 4.05 No employee or service provider of Kretam will suffer, as the case may be, discrimination, penalty or other unfavourable or adverse consequences as a result of refusing to engage in the acts prohibited by this Policy.

5. GIFTS, HOSPITALITY & ENTERTAINMENT

- 5.01 The exchange of gifts and/or provision of hospitality and entertainment can be an important part of business etiquette and is often a way to enhance business relationships. Such practices vary from country to country and from culture to culture. It is also recognized that in some cultures, declining a gift or hospitality can cause embarrassment or be interpreted to be a lack of courtesy and respect towards the one giving it.
- 5.02 However, the giving of gifts and/or provision of hospitality and entertainment can in some instances be seen to be an attempt to induce or influence an individual to act or make decisions improperly, and could therefore be seen to be a form of bribery and corruption.

- 5.03 This Policy does not prohibit the giving or acceptance of gifts, hospitality and entertainment in its entirety. Rather, it prohibits such practices in instances where they can be seen to induce or influence the recipient to act or make decisions in a manner that is inappropriate.
- 5.04 Employees of Kretam are prohibited from soliciting for gifts, hospitality and entertainment from any third parties.
- 5.05 Employees and service providers of Kretam may only provide gifts, hospitality and entertainment if they are given without solicitation and all the following conditions are met:
- (a) they are not given in contravention of any laws and regulations;
 - (b) they are modest and not excessive in value;
 - (c) they are of nominal value (in the case of gifts);
 - (d) they are considered common courtesy;
 - (e) they are infrequent (i.e. given no more than 2 times in any 12-month period to the same person by the same giver);
 - (f) during a festive occasion (e.g. Hari Raya), they are provided in connection with such festive occasion;
 - (g) they are provided in an open and transparent manner;
 - (h) they are not in cash or cash equivalents (e.g. vouchers or gift certificates);
 - (i) no specific favour or improper advantage from the recipient is expected in return;
 - (j) Kretam is not bidding for any anticipated or upcoming tender or contract with the recipient and/or the organization he represents.
- 5.06 Conversely, employees and service providers of Kretam may only accept gifts, hospitality and entertainment that is offered to themselves if the same conditions in 5.05 (with the necessary modifications) are met, with the exception outlined in 5.08.
- 5.07 In the case of gifts received as permitted by 5.06, the employee and service provider concerned is required to declare them to the Anti-Corruption Officer using the prescribed form (Form KHB-AC-P02/F01).
- 5.08 In instances where gifts, hospitality and entertainment offered by an external party do not meet the conditions set out in 5.05 (with the necessary modifications), but it would be considered impolite or disrespectful to refuse to accept them, the employee and service provider concerned should, after accepting them, declare them to the Anti-Corruption Officer using the prescribed form (Form KHB-AC-P02/F01). In the case of gifts, they may be required to surrender them, with management making a decision on what to do with them.

6. DONATIONS AND SPONSORSHIPS

- 6.01 Kretam may make donations to or provide sponsorship for non-profit organizations, government-led initiatives or other charitable or social causes as part of its corporate social responsibility and sustainable development goals.
- 6.02 In giving any donation or sponsorship, Kretam will ensure that:
- (a) such donation or sponsorship is not prohibited by law;
 - (b) the non-profit organization is a valid entity genuinely carrying out the non-profit activities that it holds itself out to be;



- (c) the non-profit organization is not connected to any person who could pose a bribery and corruption risk to Kretam (for example, government officials);
- (d) the non-profit organization is not used as a front to disguise bribery or other improper payments to any person, nor is the donation or sponsorship being used as a means to cover up an undue payment or bribery;
- (e) the donation or sponsorship is not perceived to be given in expectation of, or as a reward for, a favourable decision or action from any person with business or other dealings with Kretam, who may happen to be connected to the non-profit organization in question; and
- (f) such donation or sponsorship will be disbursed through legal and proper channels.

7. CONTRIBUTIONS TO POLITICAL PARTIES & CANDIDATES

- 7.01 Kretam will not make any contributions or provide any support, whether monetary or in-kind, to any political party or candidate running for public office to avoid the possibility of being in a situation where it is perceived to be enjoying consequential favourable treatment from any such subsequently elected party or candidate.
- 7.02 Employees of Kretam are nevertheless free to support any political party or election candidate of their own choice, but such support shall be given entirely in their own personal capacities.

8. FACILITATION PAYMENTS

- 8.01 Facilitation payments are unofficial payments made to an individual personally to secure or expedite the performance by that individual of a routine or administrative duty or function carried out by him which he is in any event obligated to perform.
- 8.02 Although the amounts required for them are usually relatively small, employees and service providers of Kretam are prohibited from making facilitation payments in the course of Kretam's business as they are seen to be a form of bribery.
- 8.03 Nothing in 8.02 prohibits the use of any legal and recognised fast track process that is publicly available on payment of a fee.

9. COMMUNICATION OF THIS POLICY

- 9.01 This Policy shall be communicated to all employees and business associates of Kretam via its communication channels such as email, intranet, and internet.
- 9.02 This Policy shall also be available for public viewing and download at Kretam's website (www.kretam.com). It shall also be provided (whether in printed form or soft copy) to any person who requests for it.



10. TRAINING & AWARENESS

- 10.01 Employees, service providers and other business associates who are considered to be posing more than a minor bribery and corruption risk to Kretam shall be required to undergo training and/or briefing sessions on anti-bribery and corruption at intervals commensurate with the level of risk which they expose Kretam to, and in any case, at least once every 2 years.
- 10.02 Such persons may also be required to attend training and/or briefing sessions on an ad hoc basis, as and when they are undertaking specific assignments that are perceived to expose Kretam to bribery and corruption risk.

11. RESPONSIBILITIES OF EMPLOYEES

- 11.01 In addition to other requirements elsewhere in this Policy, employees are required to:
- (a) familiarize themselves with the purpose and requirements of this Policy;
 - (b) refer to the Anti-Corruption Officer any questions about this Policy or if they need clarification about the required action in a particular situation;
 - (c) be alert to incidents of, or indications or evidence of possible violations of this Policy;
 - (d) alert their superiors to any suspicious transactions (whether in the process of being undertaken or already concluded) and other indicators of bribery or corruption; and
 - (e) report suspicious transactions to the Anti-Corruption Officer.
- 11.02 In respect of 11.01(c), (d) and (e), the departmental or divisional heads to be identified in the relevant Procedure shall ensure that the staff reporting to them continuously monitor their routine activities and operations for the purpose of fulfilling the requirements stated in those sub-clauses.
- 11.03 Employees who are in managerial positions and above are required to monitor the performance of employees under them in relation to this Policy and its related procedures to ensure their understanding and compliance with them in their respective roles and functions.
- 11.04 In dealings with external parties in connection with the business and affairs of Kretam, where either the employee and/or service provider or such external party is in a position to make a decision or act in favour of the other party, the employee and/or service provider in question shall refrain from discussing any matter (e.g. business or employment opportunities) that could lead to personal benefits for the party (and/or his relatives or nominees) that is in a position to make such decision or undertake such action.

12. REPORTING OF VIOLATIONS OF THIS POLICY

- 12.01 Employees of Kretam who encounter any acts of bribery and corruption or other violations (whether actual or suspected) of this Policy committed by other employees and service providers are required to report them.



- 12.02 Persons other than employees of Kretam who have any knowledge of acts of bribery and corruption or other violations of this Policy committed by Kretam's employees or service providers are encouraged to report them.
- 12.03 Reports should be made to the Anti-Corruption Officer using the appropriate report form (Form KHB-AC-P01/F01). The report should contain accurate factual observations and provide as much details and information as possible. In addition to mail, courier or other means of physical delivery, reports may also be submitted by way of emails sent to the following email address: **anticorruption@kretam.com**
- 12.04 Kretam will ensure that the identity of the informant as well as the information being reported is kept confidential.
- 12.05 Any person who wishes to make a report anonymously may do so, using the same channels outlined in 12.03. He is however reminded that while Kretam may conduct an investigation based on his anonymous report, it cannot be used as evidence in any disciplinary proceedings, and that where he is the only person to have witnessed the incident in question, Kretam may end up not being able to take appropriate disciplinary action due to the lack of any known witness.
- 12.06 Persecution of or retaliation against any person who has made a report in good faith concerning:
- violations (actual or suspected) of this Policy; and
 - suspicious transactions and other indicators of bribery or corruption pursuant to 11.01(d) and (e)

is strictly prohibited. Any employee of Kretam found to have engaged in such persecution or retaliation shall be subject to disciplinary action.

13. CONSEQUENCES OF VIOLATION

- 13.01 Violation of this Policy by an employee constitutes a breach of his terms of service and amounts to misconduct. Appropriate disciplinary action, which may include termination of service, will be taken against any employee who is found to have violated this Policy.
- 13.02 Violations of this Policy by service providers of Kretam would amount to a breach of contract, and may result in any of the following sanctions:
- (a) termination of contract;
 - (b) non-renewal of contract;
 - (c) non-consideration for future bids or tenders for contracts; and/or
 - (d) legal action.

14. ADMINISTRATOR OF THIS POLICY

Subject to the oversight and supervision of the Board of Directors of Kretam Holdings Berhad and/or the relevant subsidiary of Kretam, the Anti-Corruption Officer shall administer this Policy.



15. ANTI-BRIBERY & CORRUPTION FUNCTION

- 15.01 The Anti-Corruption Unit, to be headed by the Anti-Corruption Officer, shall carry out the anti-bribery and corruption function and oversee the design, implementation, operation and management of the Kretam Group's anti-bribery and corruption programme.
- 15.02 All documentation related to this Policy and the procedures to be performed in relation to the anti-bribery and corruption programme shall be maintained and retained by the Anti-Corruption Unit.
- 15.03 The anti-bribery and corruption programme shall be subject to periodic review and internal audit to assess its effectiveness, address its weaknesses and to improve on it.
- 15.04 Kretam invites feedback from any person who believes that there are weaknesses and/or inadequacies in this Policy and/or its anti-bribery and corruption programme. For this purpose, such person(s) may contact the Anti-Corruption Officer using the same contacts set out in 16.04.

16. MISCELLANEOUS

- 16.01 The Board of Directors of Kretam Holdings Berhad and/or the relevant subsidiary of Kretam may prescribe procedures to be followed in complying with the requirements of this Policy, which may provide additional guidance on the same.
- 16.02 This Policy may be translated into other languages. Where there is any conflict or inconsistency between any translation and the English version, the latter shall prevail.
- 16.03 Unless the context specifically requires otherwise, references to the male gender shall include the female gender and references to the singular shall include the plural, and vice versa.
- 16.04 Any person who has any questions or needs further information on anti-bribery and corruption matters pertaining to Kretam may contact the Anti-Corruption Officer as follows:

Address: Kretam Holdings Berhad
Wisma KHB, Lot 6 Block 44
Leboh Tiga
90000 Sandakan, Sabah

Telephone No.: (089) 218999 (from within Malaysia)
+6089218999 (from outside Malaysia)

Email: anticorruption@kretam.com

17. LIST OF PRESCRIBED PROCEDURES

The Procedures set out below have been prescribed, and are to be followed in complying with the requirements of this Policy. They may provide additional guidance on the requirements of this Policy. Where there is any inconsistency between them and the other clauses of this Policy, the latter shall prevail.

Procedure Reference No.	Title of Procedure
KHB-AC-P01	PROCEDURE FOR THE REPORTING OF VIOLATIONS OF THE ANTI-BRIBERY & CORRUPTION POLICY
KHB-AC-P02	PROCEDURE FOR THE DECLARATION OF: (1) GIFTS AND (2) NON-COMPLYING GIFTS, HOSPITALITY/ENTERTAINMENT RECEIVED THAT COULD NOT BE DECLINED
KHB-AC-P03	PROCEDURE FOR THE REPORTING OF SUSPICIOUS TRANSACTIONS AND/OR OTHER INDICATIONS OR EVIDENCE OF BRIBERY & CORRUPTION
KHB-AC-PDD01	PROCEDURE ON ANTI-CORRUPTION DUE DILIGENCE