



KIM HIN INDUSTRY BERHAD
Registration No.: 197301003569 (18203-V)
AND SUBSIDIARY COMPANIES

ANTI-BRIBERY AND
ANTI-CORRUPTION
HANDBOOK

CONTENTS

A) OVERVIEW	2
B) POLICIES AND CODE OF CONDUCT	7
1) Ethical Commitment.....	7
2) Anti-Bribery and Anti- Corruption.....	7
3) Prevention of Bribery.....	8
4) Facilitation payment.....	9
5) Entertainment	10
6) Charitable/Political Contribution/Sponsorship.....	10
7) Gifts and Hospitality.....	10
8) Records, Accounts and Other Documents.....	12
9) Conflict of Interest.....	12
10) Misuse of Official Position, Company Assets and Information	13
11) Dealing With Third Parties.....	13
12) Dealing with Government or Public Bodies.....	15
13) Whistleblowing.....	15
14) Recruitment of Employees.....	16
15) Compliance with the Code.....	16
C) RECORD KEEPING AND TRAINING	16

A) OVERVIEW

❖ Introduction

➤ Extract of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018)

• Section 17A

- (1) A commercial organization commits an offence if a person associated with the commercial organization corruptly gives, agrees to give, promises or offers to any person any gratification whether for the benefit of that person or another person with intent:-
 - (a) To obtain or retain business for the commercial organization; or
 - (b) To obtain or retain an advantage in conduct of business for the commercial organization.

- (2) Any commercial organization who commits an offence under this section shall on conviction be liable to a fine of not less than 10 times the sum or value of the gratification which is the subject matter of the offence, where such gratification is capable of being valued or is of pecuniary nature or RM1 million, whichever is the higher, or to imprisonment for a term not exceeding 20 years or to both.

- (3) Where an offence is committed by a commercial organization, a person-
 - (a) who is its director, controller, officer or partner; or
 - (b) who is concerned in the management of its affairs, at the time of the commission of the offence, is deemed to have committed that offence unless that person proves that the offence was committed without his consent or connivance and that he exercised due diligence to prevent the commission of the offence as he ought to have exercised, having regard to the nature of his function in that capacity and to the circumstances.

(4) If a commercial organization is charged for the offence referred to in subsection (1), it is a defence for the commercial organization to prove that the commercial organization had in place adequate procedures to prevent persons associated with the commercial organization from undertaking such conduct.

- Kim Hin Industry Berhad and its subsidiary companies (“Kim Hin Group”) adopt zero tolerance policy against all forms of bribery and corruption. This Anti-Bribery and Anti-Corruption Handbook (“ABAC Handbook”) is developed to serve as a useful, practical tool to ensure compliance with the applicable anti-bribery and anti-corruption laws. The business principals of Kim Hin Group are based on Board’s commitment to fundamental values of integrity, transparency and accountability.
- The Board of Directors and the Senior Management of Kim Hin Group expressing a strong, explicit and visible support and commitment to the corporate compliance programme.
- This ABAC Handbook contains supplemental information on the relevant Kim Hin Group’s policies and Code of Conduct, and shall be read with the internal policies and guidelines within Kim Hin Group. Failure to comply may subject to disciplinary and/or legal actions deemed appropriate by Kim Hin Group.
- Directors and employees must abide by all applicable policies and procedures when conducting businesses on behalf of the Group.

➤ **Definition**

- **Corruption** is the act of giving or receiving of any gratification or reward in the form of cash or in-kind of high value for performing a task in relation to his/her job description.

An example, a contractor rewards a gift in the form of an expensive watch to a Government official for awarding a project to the company belonging to the contractor.

Four (4) main offences are stipulated in the Malaysian Anti-Corruption Act 2009 (MACC Act 2009) (Act 694) :

- (1) Soliciting/Receiving Gratification (Bribe) [section 16 & 17(a) MACC Act 2009]
- (2) Offering/Giving Gratification (Bribe) [section 17(b) MACC Act 2009]
- (3) Intending to Deceive (False Claim) [Section 18 MACC Act 2009]
- (4) Using Office or Position for Gratification (Bribe) (Abuse of Power/Position) [Section 23 MACC Act 2009]

Bribery is the offering, promising, giving, demanding or accepting of an advantage or any gratification as an inducement for an action or a reward, which is illegal and unethical.

Bribery in the form of gifts in-kind may comprise of money, job position or placement, discount offers, services, votes, wages, loans, and other forms of payment.

Gratification shall have the meaning defined in the Malaysian Anti-Corruption Commission Act 2009 which includes but is not limited to anything of monetary and non-monetary value or benefit to the person. Gratification does not have to be directly given or received by an employee, but it can also be given or received by anyone related to the employee that is beneficial, of value or advantageous to the employee.

MONETARY	OF MONETARY VALUE	EMPLOYMENT	NON- MONETARY VALUE
<ul style="list-style-type: none"> • Money • Donation • Gift • Loan • Fee • Reward • Financial benefit • Valuable security 	<ul style="list-style-type: none"> • Property – can be movable or immovable. <i>Examples:</i> • Immovable property: house, land • Movable property: car, shares in a company 	<ul style="list-style-type: none"> • Office or position in an organization that is lucrative. • Dignity or title. • Employment • Contract for services • Agreement to give employment or render services 	<ul style="list-style-type: none"> • Undertaking or promise to do or not to do something (whether orally or in writing, with conditions or without) • Favours

Gifts can be in the form of goods or services, including anything that can be of value to the person receiving it. Examples of these can be free travel trips, tickets for any cultural, entertainment or sporting events, and payment of loan, school fees or medical expenses.

Hospitality includes providing meals, refreshment, travel, transportation, lodging, as well as entertainment in the context of conventional, cultural and sporting events.

➤ **Objective of the ABAC Handbook.**

- The principal objectives of this ABAC Handbook are:
 - (i) To ensure that employees understand their responsibilities in compliance with the Kim Hin Group’s zero tolerance for anti-bribery and corruption within the organization;
 - (ii) To assist internal and external parties understand corruption risk and identify people’s responsibilities to actively combat both real and perceived corruption;

- (iii) To ensure all Kim Hin staff takes reasonable measures to ensure their daily activities do not involve in corrupt activities; and
- (iv) To provide guidance on how to recognise and deal with bribery and corruption issues.

➤ **Scope**

- The scope of this ABAC Handbook includes:
 - i) Anti-Bribery & Anti-Corruption;
 - ii) Gifts and Hospitality; and
 - iii) Dealing with Third Parties.

➤ **Reference**

- This ABAC Handbook shall be read in conjunction with the following:
 - (i) Malaysian Anti-Corruption Commission Act 2009 (“MACC Act”) and the Prime Minister’s Department Guidelines on Adequate Procedures pursuant to Subsection (5) of Section 17A under the MACC Act.
 - (ii) All applicable laws and regulations of Kim Hin Group’s Code of Conduct.

➤ **Intended Audience**

- The ABAC Handbook shall be applicable to the following:
 - (i) Directors of Kim Hin Group;
 - (ii) Employees of Kim Hin Group, including permanent, temporary, contract and part-time employees (collectively referred to as “employees”);
 - (iii) Interns; and
 - (iv) Third party(ies) performing work or services for or on behalf of Kim Hin Group should comply with the relevant parts of this ABAC Handbook.
“Third party(ies)” in this ABAC Handbook refers to any

individual or organization performing work or services for or on behalf of Kim Hin Group. This includes (but not limited to) the following:

- (a) Agents, consultants, or other intermediaries;
- (b) Vendors and service providers;
- (c) Joint venture partners;
- (d) Law firms or legal advisors; and
- (e) Contractors and sub-contractors.

➤ **Review of the ABAC Handbook**

- This ABAC Handbook shall be reviewed periodically by the Risk Management Committee when deemed necessary, or as requested by the management.
- This ABAC Handbook is circulated to all directors and employees of Kim Hin Group through Group Human Resources (“GHR”).
- If a rule or policy in this ABAC Handbook conflicts with a prevailing and / or applicable law, the law prevails.

B) POLICIES AND CODE OF CONDUCT

1) Ethical Commitment

Kim Hin Group regards honesty, integrity and fair play as our core values that must be upheld by all directors and staff of the Company at all times. This Code sets out the basic standard of conduct expected of all directors and staff, and the Company’s policy on Anti-Bribery and Corruption when dealing with the Company’s business.

2) Anti-Bribery and Corruption

2.1) Compliance with the law

All employees of Kim Hin Group are responsible in ensuring that they always comply with all laws and regulations, in particular, to the Malaysian Anti-Corruption Commission

Act 2009 (Amendment 2018). No excuses or exceptions will be acceptable for non-compliance of any domiciled laws and regulations where Kim Hin Group conducts its businesses.

- 2.2) Kim Hin Group do not, directly or through a third party, promise, offer, make, authorize, solicit or accept any financial or other advantage, to or from anyone to obtain or retain business or secure an improper advantage in the conduct of business. This rule applies regardless of whether they are government officials or work in a private sector entity. Financial or other advantage covers anything of value, including cash, gifts, services, job offers, loans, travel expenses, entertainment or hospitality.
- 2.3) All forms of bribery or corruption are prohibited and will not be tolerated. Any breach of this ABAC Handbook or applicable laws may result in disciplinary and/or legal action being taken.

Directors and employees must raise any concerns regarding acts of bribery and corruption within Kim Hin Group to the reporting manager, respective Heads of Division/ Department. Alternatively, to report through Kim Hin Group's whistleblowing channels.

3) Prevention of Bribery

- Kim Hin Group prohibit all forms of bribery and corruption whether they take place directly or through third parties.
- All directors and staff of Kim Hin Group are prohibited from soliciting, accepting or offering any bribe in conducting the Company's businesses or affairs, whether in Malaysia or elsewhere. In conducting all businesses or affairs of the Company, they must comply with the provisions of the Malaysian Anti-Corruption Commission Act 2009 and must not;
 - a) Solicit or accept any advantage from others as a reward for or inducement to do any act or showing favour in relation to the Company's businesses or affairs, or offer

any advantage to an agent of another as a reward for or inducement to do any act or showing favour in relation to his principal's business or affairs;

- b) Offer any advantage to any public servant (include Government/public body employee) as a reward for or inducement to his performing any act in his official capacity or his showing any favour or providing any assistance in business dealing with the Government/ a public body; or
- c) Offer any advantage to any staff of a Government department or public body while having business dealing.

- Customers and third parties shall take practical measures to prevent corrupt practices in their dealings with the company as their actions could affect Kim Hin Group legally and tarnish the Group's reputation.

4) Facilitation Payment

- Facilitation payments are unofficial, improper, small payments made to a lower level official to secure or expedite the performance of a routine or necessary action to which the payer of the facilitation payment is legally entitled.
- Facilitation payments are prohibited in most jurisdictions.
- Enterprises should, accordingly, not make such facilitation payments but it is recognized that they may be confronted with exigent circumstances, in which the making of a facilitation payment can hardly be avoided, such as duress or when the health, security or safety of the Enterprise's employees are at risk.
- When a facilitation payment is made under such circumstances, it will be accurately accounted for in the Enterprise's books and accounting records.

5) Entertainment

- Although entertainment is an acceptable form of business and social behavior, a director or staff member should avoid accepting lavish or frequent entertainment from persons with whom the Company has business dealing (e.g. suppliers or contractors) or from his/her subordinates to avoid placing himself/herself in a position of obligation.

6) Charitable contributions and sponsorships

- To ensure charitable contributions and sponsorships are not used as a subterfuge for bribery.

7) Gifts and Hospitality

- A conflict of interest exists when the personal interest of a director or an employee conflicts in any way with the interests of the Group. This ABAC Handbook prohibits excessive or inappropriate gifts and acts of hospitality to or from third parties.
- As a general guide, directors and employees shall decline excessive or inappropriate gifts or acts of hospitality that may:
 - (i) place them in conflict of interest;
 - (ii) influence business decisions on behalf of the company;
 - (iii) create an impression that the company is trying to obtain favorable business advantage/treatment; or
 - (iv) likely to compromise personal or professional integrity.
- Directors and employees must comply with the policies set out in this ABAC Handbook and the Code, and maintain expenses within the limits of entitlement.
- Kim Hin Group encourages directors and employees to practice good judgment and discretion before accepting gifts and acts of hospitality offered or provided by customers and/or third parties.

- If in doubt whether it is appropriate to receive any gifts or hospitality offered, directors and employees shall consult the respective Heads of Division/Department or Group Management for advice.

➤ Gifts

Gifts valued at RM1,000.00 or under may be retained, whether given in recognition of presentations or otherwise.

For gifts exceeding a value of RM1,000.00 the following options are suggested:

- 7.1) share the gift with all staff;
- 7.2) raffle the gift for charity;
- 7.3) donate the gift to charity; or
- 7.4) make a donation to charity and keep the gift.

➤ Hospitality

- Hospitality offered should only be accepted where there is a direct link to working arrangements and a genuine business reason can be demonstrated, for example:
 - (i) attendance or speaking at a conference, which provides complimentary subsistence, travel and accommodation;
 - (ii) attending at a free training course; or attending a drinks reception to network.
- It is recognized that, in the course of carrying out your duties, you will need on occasion to ensure good relationships with existing and future contractors and stakeholders and that this may involve for example, the receipt of modest working lunches and dinners. These are acceptable where there is a genuine business reason.
- Hospitality invitations to events which are purely social events should be considered very carefully before accepting; in such circumstances it may be much more difficult to substantiate a genuine business reason. You are expected to use annual leave for such events. You may not accept free holidays from

a current or potential contractor. These invitations should be recorded in the register whether received or declined.

8) Records, Accounts and Other Documents

- Directors and staff should ensure that all records, receipts, accounts or other documents they submit to the Company give a true representation of the facts, events or business transactions as shown in the documents. Intentional use of documents containing false information to deceive or mislead the Company, regardless of whether there is any gain or advantage involved, may constitute an offence under the provisions of the Malaysian Anti-Corruption Commission Act 2009.

9) Conflict of Interest

- Directors and staff should avoid any conflict of interest situation (i.e. situation where their private interest conflicts with the interest of the Company) or the perception of such conflicts. When actual or potential conflict of interest arises, the director or staff member should make a declaration to the approving authority through the reporting channel.
- Some common examples of conflict of interest are described below but they are by no means exhaustive:
 - a) A staff member involved in a procurement exercise is closely related to or has financial interest in the business of a supplier who is being considered for selection by the Company.
 - b) One of the candidates under consideration in a recruitment or promotion exercise is a family member, a relative or a close personal friend of the staff member involved in the process.
 - c) A director of the Company has financial interest in a company whose quotation or tender is under consideration by the Board.

- d) A staff member (full-time or part-time) undertaking part-time work with a contractor whom he is responsible for monitoring.

10) Misuse of Official Position, Company Assets and Information

- Directors and staff must not misuse their official position in the Company to pursue their own private interests, which include both financial and personal interests and those of their family members, relatives or close personal friends.
- Directors and staff in charge of or having access to any Company assets, including funds, property, information, and intellectual property, should use them solely for the purpose of conducting the Company's business. Unauthorised use, such as misuse for personal interest, is strictly prohibited.
- Directors and staff should not disclose any classified information of the Company without authorisation or misuse any Company information (e.g. unauthorised sale of the information). Those who have access to or are in control of such information, including information in the Company's computer system, should protect the information from unauthorised disclosure or misuse. Special care should also be taken in the use of any personal data, including directors', staff's and customers' personal data, to ensure compliance with Malaysia's Personal Data (Privacy) Ordinance.

11) Dealing with Third Parties

- All employees must ensure that all dealings with third parties are carried out consistently with values and principles of the Code, and in compliance with the applicable laws and regulations relating to bribery, corruption and fraud.
- Kim Hin Group expects all third parties acting for or on its behalf to have an acceptable standard of integrity in the conduct of their business.

- Kim Hin Group expects its employees to use good judgment and common sense in assessing the integrity and ethical business practices of third parties and therefore, has provided the below as a guideline.
- To ensure third parties share Kim Hin Group's standards of integrity, it is the responsibility of employees to undertake appropriate due diligence to assess the integrity of the prospective business counterparties. The due diligence should also take into consideration elements of corruption including bribery; ensure all third parties are made aware of and understand this ABAC Handbook by executing the Third Party Declaration;
 - a) To ensure third parties share Kim Hin Group's standards of integrity, it is the responsibility of employees to undertake appropriate due diligence to assess the integrity of the prospective business counterparties. The due diligence should also take into consideration elements of corruption including bribery; ensure all third parties are made aware of and understand this ABAC Handbook by executing the Third Party Declaration;
 - b) Monitor the performance of third parties and business practices periodically to ensure ongoing compliance;
 - c) Any third parties who act in a manner inconsistent with this ABAC Handbook during the due diligence exercise or in the dealings with a third party warrant further investigation, and must be sufficiently addressed before engagement of the third party;
 - d) To ensure procurement activities with any contractors or vendors are in line with this ABAC Handbook, employees shall:
 - (i) undertake appropriate due diligence of contractors and vendors before they are

registered with Kim Hin Group. Contractors and vendors known or reasonably suspected of corrupt practices or bribery should be avoided;

- (ii) ensure all contractors and vendors are made aware of, understand and comply with the relevant policies of this ABAC Handbook; and
 - (iii) monitor the performance of contractors and vendors periodically to ensure ongoing compliance.
- e) In the event that any contractors and vendors commit bribery or attempt to commit bribery, or act in a manner which is inconsistent with this ABAC Handbook, Kim Hin Group reserves the right to terminate their services.

12) Dealing with Government or Public Bodies

- Caution must be exercised when dealing with public officials as it is an offence for a public official to obtain any gift from any person involved in any proceeding or business transaction with him/her.
- Offering a gratification by corrupt or illegal means to influence a public official or offering gratification for the exercise of personal influence with a public official is also an offence.

13) Whistleblowing

- Kim Hin Group is committed to provide an avenue for all employees to raise concerns about any suspected and/or known improper conduct that they may observe occurring within the Group.
- All reported concerns will be treated confidentially and are to be kept protected against any unauthorised use and access, except where it is permitted under applicable laws.

14) Recruitment of Employees

- Kim Hin Group will conduct proper background checks to ensure that the potential employee has not been convicted in any corruption and/or bribery cases. More detailed background checks shall be taken when hiring employees for management positions.

15) Compliance with the Code

- It is the responsibility of every director and staff member of the Company to understand and comply with this Code, whether performing his duties of the Company in or outside Malaysia. Managers and supervisors should also ensure that the staff under their supervision understand well and comply with this Code.
- Any director or staff member in breach of this Code will be subject to disciplinary actions, including termination of appointment.
- Any enquiries about this Code or reports of possible breaches of this Code should be made to the Senior Management of Kim Hin Industry Berhad. In cases of suspected corruption or other criminal offences, a report should be made to the appropriate authority.

C) RECORD KEEPING AND TRAINING

- All employees of the Kim Hin Group are required to complete and undertake all relevant documentations and processes particularly where it relates to anti-bribery and corruption initiatives.
- Any failure to do so will impact the individual employee's performance review and, where it is a severe non-compliance, an employee may be subject to further disciplinary actions. Where the facts and circumstances require, repeated failure to undertake proper record keeping or undergoing compulsory trainings may warrant the dismissal of an employee from the Kim Hin Group.