

FACB INDUSTRIES INCORPORATED BERHAD (48850-K)

ANTI-CORRUPTION POLICY

1.0 POLICY STATEMENT

FACB Industries Incorporated Bhd. and its subsidiaries (the Group) are committed to conduct its business in an honest, legal and ethical manner.

As part of this commitment, the Group adopts a “zero-tolerance approach” towards any form of bribery and corruption in conducting its business. To receive and/or give bribe, and to become an aide to corrupt practices are absolutely prohibited, whether committed by employees or anyone acting for and on the Group’s behalf.

FACBI Group will uphold all laws relevant to countering bribery and corruption which govern our business and operations. This includes compliance with the Malaysian Anti-Corruption Commission Act 2009 (“MACC Act 2009”) and any of its amendments or re-enactments that may be made by the authority from time to time.

This policy also reflects the Board’s wish to embed a culture of integrity within the Group.

This policy shall be read together with other Code of Conduct & Ethics, Whistle Blowing Policy and other relevant internal policies and procedures that are in place within the Group.

2.0 SCOPE

This policy applies to all directors, employees and associated parties, i.e. any person or organization that provides services for or on behalf of the Group.

3.0 GIFT

3.1 Receiving gift

The Group prohibits employee or any member of his immediate family to solicit or accept gifts from contractors, suppliers, customers or any party having business dealings with the Group.

However in view of the nature of festival gift-giving, employees may accept gift of nominal value not more than RM100 provided that the gift was not accepted for the extension of any favour.

All employees shall report to their respective Head of Department, all gifts received, irrespective of type and value.

In the event the gift exceeds the nominal value, the employee must surrender the gift to the Head of Department who may either arrange for disposal to charitable organizations, or for distribution to the employees.

Similarly if gifts are received off-site (eg. at home), it must be handled according to the above procedures.

3.2 Giving gift

The Group acknowledges the reality of commercial and business practices that giving gift is central part of the business etiquette and local culture. However, the gift should be reasonable and proportionate to the occasion, and given as a business courtesy so as not to create an appearance of bad faith, impropriety or be misunderstood by others as bribe.

All giving of gifts shall be subject to approval according to the limits of authority and must not be given to the same person more than 3 times a year.

4.0 HOSPITALITY AND ENTERTAINMENT

4.1 Receiving hospitality and entertainment

The Group strictly prohibits employees from soliciting or accepting hospitality and entertainment offered by third parties that are excessive, inappropriate, illegal, or given in response to, in anticipation of, or to influence business judgment.

Nevertheless, the Group recognizes that the occasional acceptance of reasonable and appropriate hospitality and entertainment given in the normal course of business may be a legitimate way to build good business relationships.

However, it is important for employees to exercise proper care and judgement before accepting the hospitality and entertainment offered. Such is to safeguard the Group's reputation and to protect employees from allegations of impropriety or undue influence.

4.2 Giving of hospitality and entertainment / meals

The Group recognizes it is a common practice within the business environment to provide entertainment to foster good business relationships with customers and other third parties. However employees should be mindful that this is an area where perception is as important as facts therefore, they should always exercise proper care and judgment when providing entertainment to avoid any negative perception by others despite selfless motives behind the entertainment provided.

As a guiding principle, employees are strictly prohibited from providing or offering to provide entertainment with a view to improperly cause undue influence on any party in exchange for some future benefit or result. Any act of this nature, whether provided directly or indirectly through an intermediary, may be construed as an act of bribery.

With the above principle in mind, eligible employees are allowed to offer reasonable and proportionate entertainment / meals to customers, business associates and other parties engaged with the Group provided they fall within the following narrow guidelines : -

- (i) It is for business-related (i.e. only for those directly connected to the business operations).
- (ii) It is not for the employees' immediate family and other non-business guests.
- (iii) The entertainment / meal cost incurred does not exceed the entitlement limits set for the employees.

5.0 THIRD-PARTY TRAVEL

Third-party travel refers to travelling-related expenditures, such as travel, meals, or accommodations, incurred for legitimate business activities, such as an audit or factory visit, which is incurred by a business counterpart and paid for by the Group, or vice versa.

Non-business-related travel is not considered as a third-party travel and the Group does not provide any non-business-related travel to business counterparties. Similarly, all employees are prohibited from receiving non-business-related travel.

The Group does not pay for inappropriate, excessive, or unnecessary third-party travel as they pose a bribery risk, especially when the business activity in question involves a material interest of a specific party, e.g. an audit. For the same reason, the Group's employees are prohibited from receiving inappropriate, excessive, or unnecessary third-party travel.

6.0 DONATIONS AND SPONSORSHIP POLICIES

Donations and sponsorship are permitted provided that they must not be used as a medium to circumvent, avoid, or evade the laws or regulatory requirements, or facilitate bribery.

Donations and sponsorship must be made transparently and documented properly. Before any donation or sponsorship is approved, due diligence must be appropriately exercised on the recipient(s) to determine whether a request for sponsorship or donation is legit.

The giving of donations and sponsorship shall be done according to the limits of authority set.

7.0 POLITICAL DONATION

As a matter of general policy, the Group does not make or offer monetary or in-kind political contributions to any political party, political party official or candidates running for political office.

The Group may only make political contributions where such contributions are permitted under applicable law(s) and must be accurately reflected in the Group's accounting records. The authority to approve such political contributions is with the Board of Directors of FACBI Group.

8.0 FACILITATION PAYMENTS AND KICKBACKS

The Group prohibits making or accepting facilitation payments and kickbacks of any kind.

Facilitation payments are small and unofficial payment made to secure or expedite the performance of a routine or administrative duty, or function to which the payer is entitled, colloquially referred to as “duit kopi”. For example, a payment to a public official, public body or any person who has authority to grant certifications, licenses, permissions or permits. Facilitation payment can be a form of bribery unless it can be proven that such payment is legitimate and supported by an official receipt.

Kickbacks are typically payments made in return for a business favour or advantage.

All the Group employees or associated persons must avoid any activity that might lead to, or suggest, that a facilitation payment or kickback will be made or accepted by the Group.

9.0 CONFLICTS OF INTEREST

Conflicts of interest arise in situations where there is personal interest that could be considered to have potential interference with objectivity in performing duties or exercising judgment on behalf of the Group.

All employees should avoid situations in which personal interest could conflict with their professional obligations or duties. In situations where a conflict does occur, personnel are required to report to the Group.

All employees are under a continuing obligation to make full disclosure to the Group of all situations involving either actual or potential conflicts of interest, whenever such situations may arise.

10.0 FINANCIAL AND NON-FINANCIAL CONTROLS

Financial and non-financial controls such as separation of duties, approving powers and multiple signatories for transactions are embedded in the operating policies and procedures to counter bribery and corruption. These internal controls will be subject to regular audit to ensure its effectiveness in mitigating the corruption risks.

11.0 RECRUITMENT OF EMPLOYEES

FACBI Group provides equal opportunity for any qualified and competent individual to be employed by the company. The Group recruits employees based on selection criteria that only the most suitable individuals are employed. This is crucial to ensure that no element of corruption is involved in the hiring of employees.

In line with this, due diligence shall be undertaken prior to recruitment, that includes background checks, document verification and conducting interviews. More detailed background checks will be conducted when hiring employees in key management positions as they would be tasked with decision-making obligations.

12.0 THIRD PARTIES

All third parties (e.g., agents, vendors, contractors, suppliers, consultants, partners etc.) acting on behalf of the Group are required to comply with this policy.

Reasonable due diligence should be carried out with regards to any third party intending to act on the Group's behalf as an agent or in other representative role, to ensure that the third party is not likely to commit an act of bribery or corruption in the course of its work with the Group.

Due diligence may include informing the third party of the company's anti-corruption policy, a search through relevant databases, checking for relationships with public officials, meeting with them to better assess their business practices and making commercially reasonable inquiries into their reputation and past conduct.

13.0 RESPONSIBILITIES

The Board of Directors of FACBI has an overall responsibility for ensuring that FACBI Group complies with all laws and regulations on anti-corruption where the Group operates.

The Heads of Business Division are responsible for the effective implementation of this policy in their respective areas of responsibility. Management at all levels have the responsibility for ensuring that their respective employees and all associated persons acting on behalf of the Company understand this policy and comply with it.

All directors, employees and associated persons are responsible for the success of this policy and ensure that they follow the policy and procedures set out herein.

14.0 REPORTING CHANNEL

The Group encourages reporting of any real or suspected bribery and corruption acts. If you have reasons to believe or suspect that an instance of bribery or corruption has occurred or will occur in the future that breaches this policy, then you have an obligation to report to the Head of Group Human Resources, the Group Internal Auditor or the Head of Business Division.

The Group encourages openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken. No one should suffer any detrimental treatment as a result of reporting in good faith an actual or potential corruption.

The Group has also adopted a Whistle Blowing Policy which provides procedures for reporting violations of laws, regulations or company's corporate policies. A copy of the Whistle Blowing Policy can be found on the Group's website at www.facbi.com.

If you have any queries or concerns about whether an act might constitute bribery or corruption, you may contact the Head of Group Human Resources, the Group Internal Auditor or the Head of Business Division.

15.0 TRAINING AND COMMUNICATION

This policy together with the Code of Conduct & Ethics and Whistle Blowing Policy shall be made publicly available and appropriately communicated to the employees.

Training / briefing where necessary, will be provided to employees in accordance with the level of bribery and corruption risk related to their positions on how to implement and adhere to this policy. In addition, this policy is communicated to new employees as part of the induction program.

The Group's zero tolerance approach to corruption must be communicated to the business associates or third parties at the outset of the business relationship with them and as appropriate thereafter. Wherever possible, the business associates or third parties should be informed of this policy at the outset of the business relationship or shall always refer to this policy published on our Group website.

16.0 SANCTIONS FOR NON-COMPLIANCE

At FACBI Group, we take bribery and corruption seriously and will take appropriate actions against violators in the event of non-compliance to this policy.

For employees, non-compliance may lead to disciplinary action, up to and including termination of employment. Further legal action may be taken against the employees in the event the non-compliance results in the harm or detriment of Group's interests or reputation.

For external parties, non-compliance may lead to penalties including termination of contract. Further legal action may also be taken in the event the non-compliance results in the harm or detriment of Group's interests or reputation.

17.0 RECORD KEEPING

The Group will keep proper financial records and have appropriate internal controls in place which will serve as evidence to justify and substantiate the business reason for making all payments.

Employees must ensure that all expense claims relating to hospitality, gifts or expenses incurred for third parties are submitted in accordance with the Group's reimbursement procedures and specifically record the reason for the expenditure.

All accounts, invoices, documents and records relating to dealings with third parties, such as customers, suppliers and business contracts, shall be prepared and maintained accurately and with completeness. No accounts must be kept "off-book" to facilitate or conceal improper payments.

18.0 MONITORING AND REVIEW

FACBI Group is committed to continuously improving its policies and procedures relating to anti-corruption.

The Group Internal Audit as an independent role will conduct periodic audit to assess the effectiveness of the anti-corruption program and compliance with the policy, and identify areas for improvement.

This policy can be amended from time to time to ensure compliance with the anti-corruption laws and regulations, and to accommodate organizational changes within the Group.