

FARLIM GROUP (MALAYSIA) BHD

[Registration No. 198201002529 (82275-A)]

Corruption Prevention Policy and Framework

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CORRUPTION PREVENTION POLICY AND FRAMEWORK

I. INTRODUCTION

Farlim Group (Malaysia) Bhd and its subsidiaries (together, the “Group”) adopts a **ZERO TOLERANCE** approach toward bribery and corruption.

It is our policy that the Group shall conduct its business honestly and ethically. The Group is committed to act professionally, fairly and with integrity in all our business dealings and relationships. In achieving this, the Group aims to implement, operate and enforce an effective system and framework to counter bribery and corruption.

In order to establish adequate structure and procedures to prevent corrupt practices in the Group, we have developed this Corruption Prevention Policy and Framework (“CPPF”) based on the principles outlined in the Guidelines on Adequate Procedures (“GAP”) issued by the Prime Minister’s Department of Malaysia.

Our CPPF is constructed on the following six (6) pillars:

- i. Policy Matters and Communication;
- ii. Whistleblowing;
- iii. On-Boarding Screening Process;
- iv. Training and Awareness;
- v. Risk Assessment and Internal Control; and
- vi. Review, Monitoring and Audit.

The objectives and the respective responsibilities of the Board and Management in relation to each of these pillars are elaborated in the following pages.

Though the CPPF is intended to apply to every director, member of senior management and employee of the Group (including temporary and part-time employees), joint-venture and associated companies in which the Group has only equity but no controlling interest are also required to adopt the Farlim CPPF or their own standards of principles on corruption prevention whichever is more stringent.

Similarly, apart from directors, member of senior management and employees of the Group, the Group also expects that contractors, sub-contractors, consultants, agents and their representatives performing work or services for or on behalf of the Group will comply with the relevant sections of the CPPF when performing their work or services for or on behalf of the Group.

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If you have any queries about the CPPF, please contact our representatives as follows.

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II. POLICY MATTERS AND COMMUNICATION

a) Overview and Objective

The Board takes issues relating to bribery and corruption very seriously. Therefore, all policies, anti-corruption related matters, efforts and initiatives are to be dealt with, and approved by the Board.

The Board has towards this end defined and laid down its CPPF, Code of Conduct and Ethics (“CCE”) and Anti-Bribery Guide (“ABG”); setting the “tone from the top”, core principles and guidance to deal with all anti-corruption related matters, efforts and initiatives. The issues and procedures on how to prevent improper solicitation, bribery, handle reports of bribery or suspected bribery, putting in place mitigation measures, conducting continuous monitoring and review and training as well as the Board’s and Management’s responsibilities are set out therein.

As a matter of policy, the Board expects all its directors, senior management, employees, contractors, subcontractors, consultants, agents, representatives and others performing work or services for or on behalf of the Group to understand and comply with the relevant parts of the CCE and ABG when performing their work or services. Similarly, all joint ventures and associated companies of the Group are required to adopt similar or higher standards of principles on corruption prevention.

b) Board’s Responsibilities

The Board is primarily responsible for:

- i. Establishing, maintaining, and periodically reviewing the effectiveness and adequacy of its anti-corruption compliance policies and programme (comprising primarily of the CPPF and ABG) in addressing corruption risks;
- ii. Practising the highest level of integrity and ethics by promoting professionalism in everything the Group does;

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II. POLICY MATTERS AND COMMUNICATION (CONT'D)

- iii. Keeping abreast of and ensuring full compliance with applicable laws and regulatory requirements on anti-corruption;
- iv. Ensuring management effectiveness in the execution of anti-corruption compliance policies and programme;
- v. Ensuring that the authority and independence of the oversight function on anti-corruption compliance policies and programme are appropriate; and
- vi. Ensuring that changes and enhancements to the Group's anti-bribery and anti-corruption policies are made publicly available, and appropriately communicated to internal and external stakeholders.

c) Management's Responsibilities

Management is responsible for implementation of the Group's anti-corruption policies and programme, *inter alia*:

- i. Adequate anti-corruption compliance policies and programme that effectively address corruption risks;
- ii. Financial and organisational controls such as separation of duties and approval limit of transactions, and tender and quotation procedures;
- iii. Record keeping and documentation related to anti-corruption initiatives and activities; and
- iv. Communicating the Group's policies and commitments on anti-corruption to both internal and external stakeholders.

d) Communication

When planning strategies for communicating the Group's position on anti-corruption, the Board and management should take into account the key points that should be communicated; to whom they should be communicated; how they will be

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II. POLICY MATTERS AND COMMUNICATION (CONT'D)

communicated*; the timeframe for conducting the communication plan; and what languages the materials will be communicated in.

***Note:**

The communication may be conducted in a variety of formats and mediums including but not limiting to:

- i. Messages on the organisation's intranet or website;*
- ii. Emails, newsletters, posters;*
- iii. Code of business conduct and employee's handbooks;*
- iv. Video seminars or messages; and*
- v. Town-hall sessions.*

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III. WHISTLEBLOWING

a) Overview and Objective

The Group's whistleblowing policy is published on the Group's corporate website at <https://www.farlim.com.my>. The policy is intended to provide guidance and comfort to whistleblowers for reporting wrongdoings and violations of the CCE and ABG.

b) Board's Responsibilities

The Board is responsible for:

- i. Ensuring the establishment of an accessible and trusted whistleblowing channel, which may be used anonymously, for internal and external parties to raise concerns in relation to real or suspected corrupt activities;
- ii. Establishing a secure information system to ensure the confidentiality of the whistleblower's identity and the information reported in order to avoid retaliation against those making reports in good faith;
- iii. Determining appropriate methods for conducting investigations; and
- iv. Taking appropriate action (including disciplinary and or other action required by applicable law) against those found guilty of acting in contravention of the Group's anti-corruption policies and programme.

c) Management's Responsibilities

The members of management who has been identified by the Audit Committee ("AC") for conducting investigation pursuant to the Group's whistleblowing policy shall ensure that the identity of the whistleblower and the details of the complaint are kept confidential at all times. Further, the Group shall ensure that the whistleblower suffers no negative repercussions as a result of the complaint. In addition, such members of Management shall also report solely and timely to the AC (or a designated committee or individual member of the AC) and should not inform or notify the individual/party that is the subject of the investigation.

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IV. ON-BOARDING SCREENING PROCESS

a) Overview and Objective

On-boarding screening should be used before making any decision to contract with a service provider, contractor, consultant, professional, supplier, commercial agent or distributor with value of transaction of more than RM50,000 and engagement of service with duration of more than six (6) months.

The objective of the on-boarding screening process is to identify the Group's corruption risk exposure prior to entering into business dealings with third parties. Further, this process will include the keeping of records and appropriate documentation in relation to such dealings.

b) Board's Responsibilities

The Board should ensure the establishment of adequate on-boarding screening procedures for the Group's business associates and satisfy with the management effectiveness in monitoring, documentation and disclosure of transactions with those individuals identified under this on-boarding screening process (the "identified individuals") to the Board.

c) Management's Responsibilities

Management should:

- i. Establish, implement and enhance the on-boarding screening process;
- ii. Record, document and keep adequate information and documents for transaction involving the identified individuals; and
- iii. Stop their business dealing with the parties immediately, when it becomes clear or appears likely that these parties are engaging in inappropriate or illicit practices.

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V. TRAINING AND AWARENESS

a) Overview and Objective

The objective of training is to communicate the Group's anti-corruption stance to employees, business associates and other stakeholders and to create awareness in relation to anti-bribery and corruption and the importance of ensuring that no one engages in corrupt activity.

In this respect, all directors, senior management, employees, business associates and persons performing services on behalf of the Farlim Group shall at a minimum, be made familiar with the Group's CPPF, ABG, whistleblowing policy and on-board screening process ("the essential training").

b) Board's Responsibilities

The Board should:

- i. Ensure that all Board members and key stakeholders of the Group receive the essential training periodically; and
- ii. Evaluate and ensure the appointment of competent and qualified trainer(s) (who may either be an external third party or a member of Management) to conduct such essential trainings to its employees and business associates.

c) Management's Responsibilities

Management is required to:

- i. Implement "Train-The-Trainer" sessions to identify suitable trainer(s) for conducting the essential training;
- ii. Schedule training session and identify the trainer(s) and participants;
- iii. Incorporate the essential training into the Group's induction training and briefing to all new employees; and

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V. TRAINING AND AWARENESS (CONT'D)

- iv. Perform an analysis of training needs and recommend the types of training enhancement and format* needed

***Note:**

The training may be conducted in a variety of formats, including but not limiting to:

- i. Induction programs featuring anti-corruption elements;
- ii. Role-specific training, which is tailored to specific corruption risks;
- iii. Corporate training programs, seminars, videos and in-house courses;
- iv. Intranet or web-based programs;
- v. Town hall sessions;
- vi. Retreats; and
- vii. Out-reach programs.

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VI. RISK ASSESSMENT AND INTERNAL CONTROL

a) Overview and Objective

The objective of corruption risk assessment is to identify corruption risk exposure in order to improve the Group's CPPF and systems of internal control to prevent and detect bribery and corrupt activities.

b) Board's Responsibilities

In order to mitigate the corruption risks exposure of the Group, the Board should:

- i. Review the Group's corruption risk exposures periodically or when there are changes in law, circumstance of the business and/or the profile of its business associates. The result of this review should also be used to enhance the Group's CPPF accordingly;
- ii. Establish and maintain an effective system of internal controls to counter corruption and bribery in the Group. These systems of internal control shall include financial and organisational checks and balances, the Group's business and accounting and record keeping practices, protection of confidentiality of whistleblowers and the information provided, verification of the accuracy and completeness of information published in the website concerning the Group's anti-corruption policies; and
- iii. Obtain assurance from AC and Risk Management Committee that CPPF is functioning effectively in managing corruption risks.

c) Management's Responsibilities

Management has the responsibility to establish and maintain, and continuously assess, the corruption risk and enhance the effectiveness of the Group's financial, operational and compliance controls to counter bribery and corruption. These control procedures shall include (but are not limited to) the following:

- Tender and quotation procedures;
- Related party transaction;
- On-boarding screening;
- Payment approval;
- Offering gift, donation, referral, hospitality, sponsorship; and
- Investigation procedures for complaints.

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VII. REVIEW, MONITORING AND AUDIT

a) Overview and Objective

Review, monitoring and audit should form the basis for the Group's efforts to continually improve and enhance its anti-corruption framework or CPPF.

a) Board's Responsibilities

The Board should ensure that the Group establishes a monitoring plan covering the scope, frequency, methods for review and the appointment of competent team to assess organisation's anti-corruption framework.

As part of these review and monitoring processes, the Board shall assess the performance of management and employees in relation to the anti-corruption policies and procedures to ensure their understanding and compliance with the organisation's stance in their respective roles and functions.

The Board may perform its function on review, monitoring and audit of the CPPF by delegating this function to the AC.

b) Management's Responsibilities

Management should:

- i. Identify and appoint members of Management Committee to overseeing the CPPF;
- ii. Document, maintain and make available for inspection records of all financial transactions and activities that took place in implementing and complying with the CPPF;
- iii. Regularly review and assess its performance, efficiency and effectiveness in relation to the anti-corruption framework and enforcement thereof;
- iv. Ensure that the results of any reviews of CPPF, counter measures and recommendations are reported to the Board and acted upon; and

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VII. REVIEW, MONITORING AND AUDIT (CONT'D)

v. Update the Board about its new enhancement initiatives and status on CPPF.

c) Internal Auditor's Responsibilities

Internal Auditors shall annually assess the effectiveness of the Group's CPPF and ABG in managing the bribery risk in the Group and report their findings and recommendations to the AC accordingly.