



# Thong Guan Industries Berhad (324203-K)

## ANTI-BRIBERY AND CORRUPTION POLICY

### 1.0 INTRODUCTION

Thong Guan Industries Berhad (“TGIB”) and its subsidiaries (collectively referred to as “TGIB Group” or “Group”) conduct its business in a legal and ethical manner. The Group requires all employees (including full time, probationary, contract and temporary staff) (“Employees”) and Executive Directors (“Directors”) of the Group to be committed to acting professionally and with integrity in their business dealings.

TGIB Group has adopted a zero-tolerance policy against all forms of bribery and corruption. The TGIB Code of Conduct and Business Ethics (CoBE) sets out TGIB’s core principles in this regard. The TGIB Anti-Bribery and Corruption Policy (hereinafter referred to as the “ABC Manual”) elaborate upon those principles, providing guidance to Employees and Directors concerning how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.

### 2.0 DEFINITION OF BRIBERY AND CORRUPTION

“**Bribery & Corruption**” means any action which would be considered as an offence of giving or receiving ‘gratification’ under the Malaysian Anti-Corruption Commission Act 2009 (MACCA).

In practice, this means offering, promising, giving, accepting or soliciting of an advantage as an inducement for action which is illegal, unethical or a breach of trust. A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage and can take the form of gifts, loans, fees, rewards or other advantages.

Bribery may be ‘outbound’, where someone acting on behalf of TGIB attempts to influence the actions of someone external, such as a Government official or client decision-maker. It may also be ‘inbound’, where an external party is attempting to influence someone within the Company such as a senior decision-maker or someone with access to confidential information.

“**Gratification**” is defined in the MACCA to mean the following:

- (a) money, donation, gift, loan, fee, reward, valuable security, property or interest in property being property of any description whether movable or immovable, financial benefit, or any other similar advantage;



- (b) any office, dignity, *employment, contract of employment or services, and agreement to give employment* or render services in any capacity;
- (c) any *payment, release, discharge or liquidation of any loan, obligation or other liability*, whether in whole or in part;
- (d) any valuable consideration of any kind, any *discount, commission, rebate, bonus, deduction or percentage*;
- (e) any *forbearance to demand* any money or money's worth or valuable thing;
- (f) any other service or favour of any description, including *protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature*, whether or not already instituted, and including the exercise or the forbearance from the exercise of any right or any official power or duty; and
- (g) any *offer, undertaking or promise*, whether conditional or unconditional, of any gratification within the meaning of any of the preceding paragraphs (a) to (f).

### **3.0 OBJECTIVE**

The purpose of this policy is to:

- (a) set out our responsibilities, and of those working for us, in observing and upholding our position on bribery and corruption; and
- (b) provide information and guidance to the Employees on how to recognise and deal with bribery and corruption issues.

The Policy is not intended to be exhaustive, and there may be additional obligations that Directors and Employees are expected to adhere to or comply with when performing their duties. For all intents and purposes, the Directors and Employees shall always observe and ensure compliance with all applicable laws, rules and regulations to which they are bound to observe in the performance of their duties.

### **4.0 SCOPE & APPLICABILITY**

This Policy applies to every Employee and Directors of TGIB and all subsidiaries and operations within the Group.

Each Employee has a duty to read and understand the Policy. Violation of any of the Policy's provisions may result in disciplinary action, including termination of employment.



If a Director requires further clarification on the Policy, the Director may liaise with the Managing Director (“MD”), whereas for an Employee, the Employee may refer or highlight any concerns to the immediate superior or Head of Division/Department.

TGIB also expects that contractors, subcontractors, consultants, agents, representatives and others performing work or services for or on behalf of TGIB will comply with the relevant parts of the ABC Manual when performing such work or services.

## **5.0 GUIDANCE ON COMMON FORMS OF BRIBERY AND CORRUPTION**

### ***5.1 GIFT, ENTERTAINMENT AND CORPORATE HOSPITALITY***

TGIB has adopted a “No Gift” Policy whereby, subject only to certain narrow exceptions, TGIB Employees and Directors are prohibited from, directly or indirectly, giving or receiving gifts to avoid conflict of interest or the appearance of conflict of interest.

It is the responsibility of Employees and Directors to inform external parties involved in any business dealings with TGIB that the Company practices a “No Gift Policy” and to request the external party’s understanding for and adherence with this policy.

#### **5.1 (a) Receiving Gifts**

TGIB is very much aware that the exchange of gifts can be a very delicate matter where, in certain cultures or situations, gift giving is a central part of business etiquette. Despite acknowledging TGIB’s “No Gift Policy”, some external parties may still insist in providing gifts to TGIB Employees and Directors in certain situations which do not fall within the general exceptions.

Although the general principle is to immediately refuse or return such gifts, accepting a gift on behalf of TGIB is allowed only in very limited circumstances, whereby refusing the gift is likely to seriously offend and may sever TGIB’ business relationship with the third party. However, in no circumstances may an Employee and Director accept gifts in the form of cash or cash equivalent.

In these limited circumstances, employees are expected to obtain the permission of Managing Director and record the gift in the Gift Received Registration Form.

All employees are required to refer to Internal Control Procedure – A1 Acceptance of Gifts/Benefits for details.

#### **5.1 (b) Receiving Entertainment**

TGIB recognises that the occasional acceptance of a reasonable and modest level of entertainment provided by third parties in the normal course of business is a legitimate way to network and build good business relationships.

However, it is important for employees and directors to exercise proper care and judgment before accepting entertainment offered or provided by a third party. This is not only to



safeguard the Company's reputation, but also to protect employees and directors from allegations of impropriety or undue influence.

### **5.1 (c) Providing Entertainment**

TGIB recognises that providing modest entertainment is a legitimate way of building business relationships and as such a common practice within the business environment to foster good business relationship with external clients. As such, eligible employees are allowed to entertain external clients through a reasonable act of hospitality as part of business networking as well as a measure of goodwill towards the recipients.

In some countries, the act of hospitality through entertainment is a central part of business etiquette. However, this may not necessarily be the case in every country or in all circumstances as it may create a negative perception if observed or known by others despite selfless motives behind the entertainment provided.

Employees and directors should always bear in mind that this is an area where perception is often regarded as more important than facts and therefore you should always exercise proper care and judgment when providing entertainment to third parties especially when it involves public officials to ensure compliance with local anti-bribery and corruption laws.

### **5.1 (d) Providing Gifts**

TGIB Group employees may offer reasonably priced gifts to business associate in conjunction with the public festival periods celebrated in that locality in any one year or during business visit. Expenses for gifts to Third Parties must be disclosed to the HOD/SBU Heads and be approved in advance.

Any gifts given to any Government Official by yourself, or on TGIB Group's behalf must comply with the relevant laws or policies applicable to the Government Official, and be approved by the HOD/SBU Heads in advance.

All benefits (including Gifts and Entertainment) must be reasonable in value, infrequent in nature, transparent and open, not given to influence or obtain an unfair advantage and respectful and customary.



Refer to the Do's and Don'ts below:

## Do's

TGIB employees and directors must ensure that the entertainment offered is legitimate, modest and not lavish or excessive or extraordinary.

TGIB employees and directors are prohibited from offering or providing entertainment with a view to improperly creating undue influence on any party in exchange for some future benefit or result. Any acts of this nature, whether directly or indirectly, may be construed as an act of bribery that is contrary to the general principles of the CoBE.

You must be aware and educate yourself on local anti-bribery and corruption laws when dealing with public officials as in some countries providing entertainment to public officials has the potential to be regarded as bribery.

Eligible employees are required to obtain approval of HOD/SBU Head/ Director entitlement when carrying out entertainment activities.

Any entertainment activities that would involve public officials shall require the prior approval of the respective HOD/ SBU Head/ Director.

Example:

- (i) Exchange of gifts at the company-to company level
- (ii) In relation to the company's official functions, events and celebrations
- (iii) Token gifts of nominal value normally bearing the Thong Guan's logo

## Don'ts

Any entertainment that comes with a direct/indirect suggestion, hint, understanding or implication that in return for the entertainment provided some expected or desirable outcome is required.

Any entertainment activities that would be illegal or in breach of local or foreign bribery laws.

Any entertainment activities that would be perceived as extravagant, lavish or excessive or may adversely affect the reputation of TGIB.



## **5.2 FACILITATION PAYMENT TO OFFICER OF PUBLIC BODY AND KICKBACKS**

TGIB Group strictly prohibits all Employees and Directors from engaging in facilitation payment to officer of public body or kickbacks.

Facilitation payments are unofficial payments made to secure or expedite a routine government action by a government official whereas kickbacks are typically payments made in return for a business favour or advantage.

However, there could arise circumstances in which the Directors or Employees have no alternative but to make a facilitation payment in order to protect themselves from injury, loss of life or liberty. Any request for facilitation payment under such circumstances should be reported immediately to the superior or Head of Division/Department/Directors.

## **5.3 POLITICAL AND CHARITABLE CONTRIBUTION**

TGIB does not make charitable donations or contributions to political parties. Whilst employees are permitted to make personal political contributions, TGIB will not make any reimbursement for these personal political contributions back to its employees.

Contributions or donations made by TGIB to community projects or charities need to be made in good faith and in compliance with TGIB Code of Ethics, this Anti-Corruptions Policy and all relevant TGIB's policies and procedures.

TGIB also does not support any activism activity whether locally or in foreign territory.

Charitable support and donations are acceptable (and indeed are encouraged), whether of in-kind services, knowledge, time, or direct financial contributions. However, Directors and Employees must be careful to ensure that charitable contributions are not used as a scheme to conceal bribery. No donation can be offered or made without the prior approval of the Head of Division or Directors. The records of all charitable contributions shall be kept by the Finance Department.

## **6.0 YOUR RESPONSIBILITIES**

You must ensure that you read, understand and comply with this Policy.

Every employee of TGIB Group has an independent obligation to ensure that any and all interaction with TGIB Group's customers, suppliers, contractors and Government Officials complies with all relevant laws and regulations, including this Policy.

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for us or under our control. All workers are required to avoid any activity that might lead to, or suggest, a breach of this Policy.



Bribery is a criminal offense. An employee will be accountable whether he/she pays a bribe himself/herself or whether he/she authorizes, assists, or conspires with someone else to violate an anti-corruption or anti-bribery law. Punishment for violating the law are against him/her as an individual and may include imprisonment, probation, mandated community service and significant monetary fines which will not be paid by TGIB.

#### **7.0 RECORD-KEEPING**

TGIB must keep financial records and have appropriate internal controls in place which will evidence that business reason for making payments to third parties.

Ensure all expenses claims relating to hospitality, gifts or entertainment incurred to third parties are submitted in accordance with TGIB Reimbursement Policy.

All accounts, invoices, memoranda and other documents and records relating to dealings with third parties, such as customers, supplies and business contracts, should be prepared and maintained with strict accuracy and completeness. No accounts must be kept “off-book” to facilitate or conceal improper payments.

#### **8.0 COMPLIANCE TO THE LAW**

Employees and Directors of TGIB Group are placed in a position of trust. They manage TGIB Group’s resources, have access to TGIB Group’s information and make decisions that affect the interests of others. All Employees and Directors are expected to be honest and impartial when carrying out their duties to maintain confidence in TGIB Group and to advance the good name of the organisation.

TGIB Group will comply with all applicable laws, rules and regulations of the governments, commissions and exchanges in jurisdictions within which the Group operates. Directors and Employees are expected to understand and comply with the Malaysian Anti-Corruption Commission Act 2009 (including any amendment thereof). The Group reserves the right to report any actions or activities suspected of being criminal in nature to the police or other relevant authorities.

#### **9.0 SANCTION FOR NON-COMPLIANCE**

Any violation of this Policy will lead to disciplinary action which may include dismissal and termination.



## **10.0 WHISTLEBLOWING POLICY**

TGIB encourages openness and transparency in its commitment to the highest standard of integrity and accountability.

Any Employee who knows of, or suspects, a violation of the Policy, is encouraged to whistle blow or report the concerns through the mechanism set out under the Group's Whistle Blowing Policy. The provision, protection and procedure of the Whistle Blowing Policy for reporting of the violations of the Policy are available on the TGIB website. No individual will be discriminated against or suffer any sort or manner of retaliation for raising genuine concerns or reporting in good faith on violations or suspected violations of the Policy. All reports will be treated confidentially.

Employees who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. We aim to encourage openness and will support anyone who raises genuine concerns in good faith under this Policy even if they turn out to be mistaken.

## **11.0 DUE DILIGENCE**

TGIB is also committed to conducting due diligence checks on prospective personnel, particularly as it relates to appointments to positions where a more than minor bribery or corruption risk has been identified.

Due diligence may include a search through relevant databases, background checking, self-declaration, interview and documenting the reasons for choosing one particular business associate/candidate.

## **12.0 REVIEW OF THE POLICY**

The Board will monitor compliance with the Policy and review the Policy regularly to ensure that it continues to remain relevant and appropriate.

## **13.0 COMMUNICATION AND TRAINING**

This Policy will be communicated to all employees of TGIB Group and made publicly available to all associated third parties. Training or awareness programs will also be provided to employees.





#### **14. CONCLUSION**

TGIB Group shall, at all times, conduct its business affairs honestly, fairly, impartially and in an entirely ethical manner. Conducts which give rise to questions on the Group's integrity, character and reputation are strictly prohibited and will not be tolerated.

This Policy is subject to amendments at the sole discretion of the Group or as required by the legislation of any new amendment to existing statutes.