

Johan Holdings Berhad Group

ANTI-BRIBERY / CORRUPTION POLICY & PROCEDURE

29 May 2020

JOHAN HOLDINGS BERHAD GROUP
- ANTI-BRIBERY / CORRUPTION POLICY & PROCEDURE

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1.0 INTRODUCTION

- 1.1 Corruption affects the rule of law and the fair market practices on which Johan Holdings Berhad and its subsidiaries (hereinafter referred to as “JHB Group”) depend. JHB Group is committed to acting lawfully and with integrity in every aspect of its business. Consistent with this commitment, the Group introduces the Anti-Corruption / Bribery Policy & Procedure to :-
- a) set out the responsibilities of Johan Group, and of those working for Johan Group or dealing with Johan Group, in observing and upholding Johan Group’s position on bribery and corruption; and
 - b) provide information and guidance to those working for Johan Group on how to recognize and deal with bribery and corruption issues.
- 1.2 This Policy & Procedure applies to all employees, officers and directors of the Group. In addition, employees, officers and directors of the Group’s representatives, customers, contractors, subcontractors, consultants, solicitors, vendors, agents and any other entity that performs services for or on behalf of the Group (hereinafter referred to as “Associated Persons” collectively) are expected to comply with this Policy & Procedure when performing such work or services.
- 1.3 Johan Group will uphold all domestic and international laws relevant to countering bribery and corruption. These laws include but are not limited to the Malaysian Penal Code (revised 1977) (and its amendments), the Malaysian Anti-Corruption Commission Act 2009 and its amendments, the Companies Act 2016, the US Foreign Corrupt Practices Act 1977 (amended 1998), and the UK Bribery Act 2010. These laws prohibit bribery and acts of corruption, and mandate that companies establish and maintain accurate books and records and sufficient internal controls.

2.0 POLICY STATEMENT

- 2.1 JHB Group adopts a zero-tolerance policy against all forms of bribery and corruption. Group employees and associated persons may not, directly or indirectly (i) offer, (ii) promise, (iii) agree to pay, (iv) authorise payment of, (v) pay, (vi) give, (vii) accept, or (viii) solicit anything of value to or from any third party in order to secure or reward an improper benefit or improper performance of a function or activity. Group employee and associated persons should avoid any conduct that creates even the appearance of improper activity or conduct. JHB’s Code of Conduct & Ethic sets out JHB Group’s core principles on this matter.
- 2.2 Violations can have severe consequences for the Group, Group employees and associated persons, including criminal and civil penalties. Any Group employee and associated person found to have engaged in prohibited conduct or ignored suspicious activity may face disciplinary action, including termination of employment or contract and / or referral to appropriate law enforcement authorities. Group employee and certain associated persons will receive training to guide their compliance.
- 2.3 Any Group employee or associated person who is asked to provide or is offered anything of value in a manner that is prohibited by this Policy & Procedures or suspects that another Group employee, associated person or anyone else is engaging in a conduct that this Policy & Procedures prohibits, must report immediately according to the Whistle Blowing Policy & Procedure as per Appendix 1.
- 2.4 The Group will not tolerate any retribution or retaliation against anyone who has, in good faith (i) sought advice regarding any conduct that may be implicated by this Policy & Procedures, (ii) has reported a good faith suspicious of a violation of this Policy, or (iii) refused to participate in conduct that my violate this Policy & Procedures.

- 2.5 This Policy & Procedures shall at all times comply with and be subject to the laws and regulations of Malaysia. Where policy and procedure is inconsistent with any applicable laws where a group company operates, the law shall prevail.
- 2.6 This Policy & Procedures is approved by the Board of Directors. This Policy & Procedures shall be reviewed every three (3) years or as and when deemed necessary by the Board of Directors.

3.0 THE FIVE CORE PRINCIPLES OF INTEGRITY

3.1 Principle I – Top-Level Commitment

3.1.1 Senior Management is primarily responsible for ensuring that JHB Group :-

- a) practises the highest level of integrity and ethics;
- b) complies fully with the applicable anti-corruption laws and regulations; and
- c) effectively manages the Group's key corruption risks.

3.1.2 Senior Management must be able to provide assurance to its internal and external stakeholders that JHB Group is operating in compliance with its policies and all applicable regulatory requirements. This may include establishing the Company's "tone from the top" (i.e. the Group's general stance against the use of corrupt practices in relation to its business activities) and spearheading the Group's efforts to improve upon the effectiveness of its corruption risk management framework, internal control system, review and monitoring, and training and communication.

3.1.3 Thus, for this purpose, JHB Group shall carry out the following :-

- a) establish, maintain, and periodically review the anti-corruption compliance programme, which includes clear policies and objectives that adequately address corruption risks;
- b) promote a culture of integrity within the Company;
- c) issue instructions on communicating the Company's policies and commitments on anti-corruption to both internal and external parties;
- d) encourage the use of any reporting (whistleblowing) channel in relation to any suspected or actual corruption incidents or inadequacies in the anti-corruption compliance programme;
 - i) ensure that the lines of authority for personnel tasked with overseeing the anti-corruption compliance programme are appropriate; and
 - ii) ensure that all audit results, risk assessment reviews, as well as control measures and performance are reported to Senior Management and the Board of Directors, and acted upon in a timely manner.

3.2 Principle II – Risk Assessment

3.2.1 A corruption risk assessment should form the basis of JHB Group's anti-corruption efforts.

3.2.2 As such, JHB Group shall conduct corruption risk assessments half yearly and whenever there are changes in the law or business environment to identify, analyse, assess and prioritise the internal and external corruption risks of the Group.

In addition, a comprehensive risk assessment is performed every three (3) years.

3.2.3 The risk assessment may take the following into consideration :-

- a) opportunities for corruption and fraud activities resulting from weaknesses in the Group's governance framework and internal systems/procedures;
- b) financial transactions that may disguise corrupt payments;
- c) business activities or sectors that pose a higher corruption risk within organization;
- d) non-compliance of external parties acting on behalf of JHB Group, in terms of legal and regulatory requirements related to anti-corruption. Given the wide definition of an "associated person", JHB Group can be liable for the acts of such third parties; and
- e) relationships with external parties in the supply chain (e.g. agents, vendors, contractors, and suppliers) which are likely to expose JHB Group to corruption.

3.2.4 Such assessments shall be used to establish appropriate processes, systems and controls approved by Senior Management to mitigate any emergent corruption risks. The assessment noted the following :-

- a) There is a need to develop a structured and / or sustainable approach to promote & drive integrity;
- b) There is a need to expand the coverage of the Group's Code of Conduct and Ethic to other key stakeholder such as vendor, consultant, business partners, consumers etc.

3.3 Principle III – Undertake Control Measures

3.3.1 JHB Group has put in place appropriate controls and contingency measures that are reasonable and proportionate to the business nature and size of JHB Group, in order to address corruption risks arising from potential weaknesses in the Group's governance framework, processes and procedures. These include the following items :-

- a) Structured Organisation Chart and Limit of Authority;
- b) Risk Management Framework;
- c) Internal Audit Function;
- d) Policies & Procedures, e.g., payments, procurement, vendor selection, training & etc.
- e) Due diligence
 - i) JHB Group has established key considerations for conducting due diligence on the relevant parties or personnel (such as employees, agents, vendors, contractors, suppliers and consultants) prior to entering into any formal relationships.

- ii) Methods may include background checks and document verification. Interviews may also be conducted with persons to be appointed to key roles, where corruption risk toward that post has been identified and added into the Corruption Risk Register.
- f) Reporting channel
 - i) JHB Group has established an accessible and confidential reporting channel (whistleblowing channel, which may be used anonymously), for internal and external parties to raise concerns in relation to actual or suspected corruption incidents or inadequacies of the anti-corruption programme.
 - ii) JHB Group recommends making reports through its official whistleblowing email address, as defined in the Whistleblowing Policy and Procedures.
 - iii) JHB Group encourages all stakeholders to report, in good faith, any suspected, attempted or actual corruption incidents.
 - iv) JHB Group has established a secure information management system to ensure the confidentiality of the whistleblower's identity and the information reported; and prohibit retaliation against those making reports in good faith.

3.3.2 Furthermore, JHB Group has established policies and procedures to cover the following areas :-

- a) a general anti-bribery and corruption policy or statement;
- b) conflicts of interest;
- c) gifts, entertainment, hospitality and travel;
- d) donations and sponsorships, including political donations;
- e) facilitation payments;
- f) financial controls, such as separation of duties and approving powers or multiple signatories for transactions;
- g) non-financial controls, such as a separation of duties and approving powers or a pre-tendering process;
- h) managing and improving upon any inadequacies in the anti-corruption monitoring framework; and
- i) record-keeping.

The Master copy of the procedures are kept by the Human Resource / Admin Department and is accessible by staff easily. Please refer to Appendix 2 for the details procedures.

3.4 Principle IV: Systematic Review, Monitoring and Enforcement

3.4.1 Senior Management shall ensure that regular reviews are conducted to assess the efficiency and effectiveness of the anti-corruption programme, and ensure the programme is enforced in its entirety. Such reviews may take the form of an internal audit.

3.4.2 The reviews should form the basis of efforts to improve JHB Group's existing anti-corruption controls.

3.4.3 For this purpose, JHB Group shall consider the following :-

- a) plan, establish, implement and maintain a monitoring programme, which covers the scope, frequency, and methods for review;
- b) identify a competent person(s) and / or establish a compliance function to perform an internal audit in relation to JHB Group's anti-corruption measures;
- c) conduct regular evaluations and improvements on JHB Group's policies and procedures in relation to corruption;
- d) consider an external audit by a qualified and independent third party at least once every three (3) years to obtain assurance that JHB Group is operating in compliance with its policies and procedures in relation to corruption;
- e) monitor the performance of personnel in relation to JHB Group's anti-corruption policies and procedures to ensure their understanding and compliance with JHB Group's stance in their respective roles and functions; and
- f) conduct disciplinary proceedings against personnel found to be non-compliant with the programme.

3.5 Principle V: Training and Communication

3.5.1 JHB Group has developed and disseminated internal and external training and communications pertaining to its anti-corruption process, in proportion to its operations. Such communications cover the following :-

- a) policy;
- b) training;
- c) reporting channel; and
- d) consequences of non-compliance

3.5.2 Communication

3.5.2.1 JHB Group's Anti-Bribery / Corruption Policy shall be made publicly available, and shall also be appropriately communicated to all personnel and business associates.

3.5.2.2 JHB Group shall take into account the key points to be communicated, to whom they should be communicated, how they will be communicated, and the timeframe for conducting the communication plan. The Group shall also consider the languages the information will be communicated in.

3.5.2.3 JHB Group's policies may be communicated in a variety of formats and mediums, including but not limited to:

- a) messages on the website;
- b) emails, newsletters, and posters;
- c) code of conduct and employee handbooks; and
- d) video seminars or messages.

3.5.3 Training

3.5.3.1 JHB Group shall provide employees and business associates with adequate training to ensure their thorough understanding of JHB Group's anti-corruption position, especially in relation to their roles within or outside JHB Group.

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

- a) induction programmes featuring anti-corruption elements;
- b) role-specific training, which is tailored to corruption risks the position is exposed to;
- c) corporate training programmes, seminars, videos and in-house courses; and
- d) intranet or web-based programmes.

3.5.3.3 All Johan Group Employee shall certify in writing that they have read, understood and will abide by this Policy & Procedure. A copy of this declaration shall be documented and retained by the Human Resources Department for the duration of the personnel's employment. A sample declaration is as follow :-

Sample of Staff Declaration Form

I, _____, hereby declare that I have read and understood Johan Group's Anti-Bribery and Corruption Policy. I will abide by the requirements and provisions set out in the Policy, as required by my employment contract.

Name
Title
Date

1.0 APPENDICES

Appendix 1 – Whistle Blowing Policy & Procedures

JOHAN HOLDINGS BERHAD
(Company No. 314-K)

WHISTLE BLOWING POLICY AND PROCEDURES

1. Policy Statement

- a. Johan Holdings Berhad (“Johan”) is committed to achieving and maintaining high standards with regards to behaviour at work.
- b. All employees and stakeholders (i.e. shareholders / suppliers / customers) are encouraged to report genuine concerns about unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements without fear of reprisal should they act in good faith when reporting such concerns.
- c. Johan views any harassments or retaliations in any form or manner against genuine whistle blower seriously and will treat such action as gross misconduct, which if proven, may lead to dismissal.
- d. The policy and procedures is applicable to all companies within the Johan Group.

2. Whistle Blowing

- a. Whistle Blowing is a specific means by which a worker or stakeholder can report or disclose through established channels, concerns about unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements that is taking place / has taken place / may take place in the future.
- b. Only genuine concerns should be reported under Whistle Blowing procedures. This report should be made in good faith with a reasonable belief that the information and any allegation in it are substantially true, and the report is not made for personal gain. Malicious and false allegations will be viewed seriously and treated as a gross misconduct and if proven may lead to dismissal.

3. Procedures

- a. Any concern should be raised with immediate superior. If for any reason, it is believed that this is not possible or appropriate, then the concern should be reported to the 'Group Chairman & Chief Executive Officer' ("Group CEO"). Channel of reporting to Group CEO are:

Name	:	Tan Sri Dato' Tan Kay Hock
Email	:	tansrikhtan@johanholdings.com.my
Telephone	:	+603 2092 1536
Mail	:	Marked Strictly Confidential Johan Holdings Berhad 11 th Floor, Wisma E & C, 2 Lorong Dungun Kiri, Damansara Heights, 50490 Kuala Lumpur Malaysia Attention: Group CEO

4. Action

- a. All reports will be investigated promptly by the person receiving the report. If required, he can obtain assistance from other resources within the Group (e.g. Internal Audit, Group Human Resource Department, Legal Department etc.). The progress of investigation will be reported to the Audit Committee no later than at the next scheduled meeting.
- b. Reports received anonymously will be treated as confidential.
- c. The person making anonymous report will be advised that maintaining anonymity may hinder an investigation. Irrespective of this, anonymity will be maintained as long as it's permitted by law or the person making the report indicates that he no longer wishes to remain anonymous.
- d. Upon completion of investigation, appropriate course of action will be recommended to the Audit Committee for their deliberation. Decision taken by the Audit Committee will be implemented immediately.
- e. Where possible, steps will also be implemented to prevent similar situation arising.

Appendix 2 – Anti-Bribery / Corruption Procedures

1.0 INTRODUCTION

- 1.1 This procedure is issued pursuant to sub-section (5) of section 17A of the MACC Act 2009, as stated in the Amendment Act 2018.
- 1.2 The provision of section 17A under MACC Act 2009 (Amendment Act 2018) established the principle of an organisation's criminal liability (corporate liability) for the corrupt practices of its associated persons (i.e., the director, partner or an employee of the organisation or the person who performs services for or on behalf of the organisation) where such corrupt practices are carried out for the organisation's benefit or advantage; whilst the organisation does not have adequate policy/procedures on anti-corruption in place.
- 1.3 In conjunction to the above, Johan Group adopts the anti-bribery management process. The need to implement this process supports sustainable development goal by combating corruption. This further showcases Johan Group's commitment in upholding the highest level of ethics and integrity in the daily conduct of doing the business.
- 1.4 This procedure is not intended to provide definitive answers to all questions regarding bribery and corruption. Rather, it is intended to provide employees with basic guidelines on how Johan Group combats bribery and corruption in furtherance to the Group's commitment to lawful and ethical behaviour at all times.

2.0 OBJECTIVES

The principal objectives of this procedure are :-

- 2.1 To foster the growth of a business environment that is free of corruption.
- 2.2 To ensure all Johan Group staff takes reasonable measures to ensure their daily activities do not involve in corrupt activities.
- 2.3 To provide guidance on how to recognise and deal with bribery and corruption issues.
- 2.4 To avoid penalty from the relevant authorities due to non-compliance on any acts related to integrity and anti-corruption.

3.0 SCOPE

- 3.1 This Procedures shall apply to all Johan Group staff.
- 3.2 It is also expected that all customers, contractors, subcontractors, consultants, solicitors, agents, representatives and others performing works or services for or on behalf of Johan Group will comply with the relevant parts of this Procedure when performing such works or services.

4.0 DEFINITIONS OF CORRUPTION

- 4.1 Corruption is defined as the abuse of office or position for personal gain or the misuse of position to help others in improperly enriching themselves or getting power.
- 4.2 Corruption can be any form of abuse of entrusted power for private gain and may include, but is not limited to bribery.
- 4.3 Bribery is commonly described as intentional inducement or reward offered, promised or provided in order to gain any commercial, contractual regulatory or personal advantage.
- 4.4 Both bribery and corruption are punishable offences under the MACC Act 2009 (Amendment Act 2018).
- 4.5 There are four (4) main offences prescribed by MACC Act 2009 (Amendment Act 2018):
- 4.5.1 Soliciting/ Receiving Gratification (Bribe) as per section 16 & 17(a);
 - 4.5.2 Offering/ Giving Gratification (Bribe) as per section 17(b);
 - 4.5.3 Intending to Deceive (False Claim) as per section 18; and
 - 4.5.4 Using Office or Position for Gratification (Bribe) as per section 23.
- 4.6 Failure to report on the above could lead to regulatory reprimand and fine as prescribed under MACC Act 2009 (Amendment Act 2018).
- 4.7 Forms of Corruption
- 4.7.1 Kickbacks - These are bribes fulfilled after a company has awarded a contract to a customer. They take place in purchasing, contracting, or other departments responsible for decisions to award contracts. The supplier provides the bribe by kicking part of the contract fee back to the buyer, either directly or through an intermediary.
 - 4.7.2 Facilitation payments - These are typically small payments made to secure or expedite the performance of a routine or necessary action to which the payer is entitled, legally or otherwise.
 - 4.7.3 Charitable and political donations, sponsorship, travel, and promotional expenses - These are legitimate activities for entities but can be abused by being used as a subterfuge for bribery.

5.0 GIFTS, ENTERTAINMENT, AND CORPORATE HOSPITALITY

5.1 Gift Policy

Providing Gift

- 5.1.1 “Corporate gift” normally bears the company’s name and logo and are of nominal / appropriate value such as diaries, table calendars, pens, notepads and plaques. “Festive or ceremonial gifts” are traditional treats or gifts customary to the occasion such as red packets (without cash or cash equivalent), oranges and dates.

5.1.2 Corporate gifts, festive or ceremonial gifts may be given to our Business Partners or other parties provided it fulfils all of the following conditions :-

- i) made for the right reason – it should be clearly given as an act of appreciation or common courtesy associated with festive seasons or other ceremonial occasions;
- ii) no obligation – it must not be used to cause or induce the receiver to improperly or illegally influence any business action or inaction or cause others to perceive an improper influence;
- iii) no expectation – there must not be any expectation of any favour or improper advantages from the receiver;
- iv) made openly – if made secretly and undocumented then the purpose will be open to question;
- v) reasonable value – the type of gift and its value must commensurate with the occasion and in accordance with general business practice;
- vi) legal – it complies with applicable laws; and
- vii) documented – the expense must be approved in accordance with and complies with Johan Group's standard operating procedures.

Receiving Gifts

5.1.3 Johan Group recognises that exchange of gifts is a very delicate matter where, in certain cultures or situations, gift giving is customary, a tradition or central part of business etiquette.

5.1.4 Employees are expected to decline (or avoid accepting) gifts with the exceptions being :-

- i) corporate gifts of nominal / appropriate value;
- ii) festive or ceremonial gifts of appropriate value during festive seasons or other ceremonial occasions;
- iii) when refusing the gift is likely to offend and harm Johan's business relationship with the giver; or
- iv) gifts given during invitation to speak at conferences or work-related conferences.

If are in doubt about the acceptability, the gift must be refused.

5.1.5 Employees and Business Partners must not directly or indirectly solicit for gifts from any party for themselves or for or on behalf of Johan Group. Our Business Partners should not give gifts to our employees.

5.1.6 Employee must record any gift received, irrespective of value, in the Gifts Logbook within five (5) working days of receipt. In no circumstances may employee (or anyone on their behalf) accept gift in the form of cash or cash equivalent (except for red packet tradition in token amount during the relevant festive season) from any party having business dealings with Johan Group.

5.2 Entertainment

Providing Entertainment

- 5.2.1 It is a common practice within the business environment to provide entertainment to foster business relationship. Johan Group recognises the need to provide reasonable and proportionate entertainment under appropriate circumstances. Employee may offer appropriate and proportionate entertainment that is legal and reasonable within the scope of their work as part of business networking as well as a measure of goodwill towards the recipients.
- 5.2.2 Whilst the act of hospitality through entertainment is a central part of business etiquette, it may create a negative perception if observed or known by others despite selfless motives behind the entertainment provided. Employee must always bear in mind that perception is more important than facts and therefore employee is expected to always exercise proper care and good judgement when providing entertainment to external parties, especially when it involves public officials.
- 5.2.3 Employees must not directly or indirectly provide or offer to provide entertainment with a view to cause undue influence or in exchange for favours or advantages. Such acts are considered corruption.
- 5.2.4 The expense must be approved in accordance with and complies with Johan Group's standard operating procedures.

Accepting Entertainment

- 5.2.5 Johan Group recognises that occasional acceptance of appropriate and proportionate entertainment provided by Business Partners or other parties in the normal course of business is a legitimate way to network and to build business relationships.
- 5.2.6 However, it is important for employee to exercise proper care and good judgement before accepting entertainment offered or provided by Business Partners or other external parties. This is to safeguard Johan Group's reputation and avoid allegations of impropriety or undue influence or worse, corruption.
- 5.2.7 Employee must at all times conduct themselves with integrity in relation to accepting entertainment from any party. Employee or any of their family members must not accept entertainment in exchange for an exercise or non-exercise of their job function or activity.
- 5.2.8 Employee must record any entertainment accepted, irrespective of value, in the Declaration of Entertainment / Hospitality Declaration Form within five (5) working days of incident.

5.3 Corporate Hospitality

Corporate hospitality is generally corporate events or activities organised by an organisation, which involves entertainment of employees and/or other parties for the benefit of that organisation. Examples of corporate hospitality includes seminars / workshop / talks on subject matters relevant to the industry and town hall sessions. Other parties may include customers, contractors, consultants, bankers, lawyers, service providers of any kind, stakeholders with whom a business relationship (whether past, present or prospective) exists and the public at large.

Providing Corporate Hospitality

- 5.3.1 Johan Group recognises that providing corporate hospitality be it through corporate events, sport events or other public events, is a legitimate way to network, promote goodwill and build business relationships.
- 5.3.2 While providing appropriate and proportionate corporate hospitality is a reflection of Johan Group's courtesy and generosity, our Personnel must exercise proper care and good judgement to ensure that the arrangement is legal under applicable laws, made for the right reasons and reasonable in its form and limit. More importantly, it must not be given or give rise to the perception that it is given to obtain business or advantage of any kind or unduly influence the outcome of a business decision.
- 5.3.3 Malaysia and international anti-bribery and anti-corruption laws impose strict restrictions on the value and level of corporate hospitality to be accorded to public officials. Johan Group is committed to complying with all applicable laws and employee must exercise special caution when providing corporate hospitality to public officials. Employee must consult their immediate supervisor when offering any corporate hospitality to public officials.
- 5.3.4 The expense must be approved in accordance with and complies with Johan Group's standard operating procedures.

Accepting Corporate Hospitality

- 5.3.5 Johan Group recognises that the occasional acceptance of an appropriate level of hospitality and entertainment given in the normal course of business is usually a legitimate contribution to building good business relationships. However, it is important for employees to exercise proper care and judgement before accepting the hospitality and entertainment. This is not only to safeguard the Group's reputation, but also to protect employees from allegations of impropriety or undue influence.
- 5.3.6 Examples of corporate hospitalities dining, conference, training, open-house, event tickets or invitation for events, additional discounts given on items bought from customer's companies & etc.
- 5.3.7 In the event the employees find that the corporate hospitality is beneficial to foster healthy business relationship, the staff could pursue the same but it has to be declared to HR /Admin via the Declaration of Entertainment / Hospitality Form within five (5) working days of incident.
- 5.3.8 For the purpose of this Procedure, travelling is defined as corporate hospitality which typically involves travelling cost within the country or overseas paid by the third party.

5.4 Dealing with Public Officials

- 5.4.1 Public official means an individual having public official functions or acting in a public official capacity, and includes any of the following :-
- i) Yang Di-Pertuan Agong, Yang Dipertua Negeri, Sultan, Raja Muda, and Tengku Mahkota;
 - ii) An official or employee of any government, or any agency, statutory body, ministry or department of the government (of any level);
 - iii) Police, military and judicial official (of any level);

- iv) Member of Dewan Undangan Negeri and Dewan Negara;
 - v) Senator;
 - vi) Member of Parliament;
 - vii) Any individual acting in an official capacity for a government (of any level);
 - viii) Official or employee of a company/ an enterprise wholly or partially state-owned (of any level);
 - ix) A political party or official of a political party (of any level); and
 - x) A candidate for political office.
- 5.4.2 Public officials include immediate family members, close associates and companies related to such individuals in their capacity as directors, members of management or beneficial owners.
- 5.4.3 Family members are individuals who are related to a public official either directly (consanguinity) or through marriage. A public official's family member includes his / her parents, siblings, spouse, children, and spouse's parents (biologically and non-biologically).
- 5.4.4 A close associate is any individual closely connected to public officials, either socially or professionally.
- 5.4.5 An individual who is closely connected to a public official may include the public official's:
- i) extended family members, such as relatives (biological and non-biological relationship);
 - ii) financially dependent individuals (i.e. persons salaried by the public official such as drivers, bodyguards, secretaries);
 - iii) business partners or associates;
 - iv) prominent members of the same organisation as the public official;
 - v) individuals working closely with the public official (i.e. work colleagues); or
 - vi) close friends.
- 5.4.6 Any business relationship with Johan Group involving interests of a public official who otherwise has a direct relationship with Johan Group, and which interests are not prohibited by the Johan Group's Code of Conduct & Ethic, requires disclosure. In addition, approval to establish business relationships with such customers must be obtained from the Managing Director via email.
- 5.4.7 All employees are prohibited from paying for non-business travel, entertainment and hospitality for any public official or his/her family members at any amount without prior permission from the Managing Director.
- 5.4.8 If approval is obtained to provide gift, entertainment or corporate hospitality to public officials, employees must ensure that the gift (only corporate gift is allowed), entertainment or corporate hospitality is not excessive and lavish, and must commensurate with the official designation of the public official and not his personal capacity.

5.5 Corporate Social Responsibility (CSR), Donations and Sponsorships

- 5.5.1 Any CSR, donations and sponsorship activity conducted must not be used as a conduit to circumvent, avoid, or evade the laws or regulatory requirements. More importantly, it shall not be used to facilitate corruption, illegal or money laundering activities.
- 5.5.2 All CSR, donations and sponsorship requests must be carefully examined for legitimacy and not be granted to improperly influence a business outcome.
- 5.5.3 Potential recipient must be a legitimate organisation. Due diligence must be conducted to ascertain that the programmes meet their intended objectives, i.e., the benefits reach their intended recipients.
- 5.5.4 No CSR, donation and sponsorship requests shall be granted any beneficiaries who are controlled or influenced by any political officials.
- 5.5.5 Approved limits or budgets apply. All requests must obtain prior approval from the Managing Director via email.
- 5.5.6 All employees must exercise good judgment and common sense in assessing such requests. When in doubt, employees should seek further advice from Head of Department and Managing Director.

5.6 Political Contributions

- 5.6.1 As a matter of general policy, Johan Group does not make or offer monetary or in-kind political contributions to political parties, political party officials or candidates for political office unless otherwise authorised by the Company's Board of Directors.
- 5.6.2 The Group encourages employees to participate in the political election process by voting. Employees may choose to make personal political contributions as appropriate within the limits established by the law.
- 5.6.3 Johan Group has the right to engage and communicate its views and position on issues of public interest that have an important impact on the Company.

6.0 FACILITATION PAYMENT

- 6.1 Facilitation payment are made to secure or expedite the performance by a person performing a routine or administrative duty or function.
- 6.2 Offering, promising or requesting facilitation payments is just as prohibited as actually paying or receiving facilitation payments. Such payments need not involve cash or other financial asset. They can also take the form of providing some sort of advantage with the ultimate intention of influencing persons performing their duties.
- 6.3 Johan Group prohibits accepting or obtaining, either directly or indirectly, facilitation payments from any person for the benefit of the employee himself or for any other person. The reason underlying this prohibition is that facilitation payment is seen as a form of bribery and corruption.

- 6.4 All persons must not offer, promise, give, request, accept or receive anything which might reasonably be regarded as a facilitation payment. Employees receiving such request or being offered facilitation payments must immediately alert their respective Head of Department / Managing Director (or as provided under Johan Group's Whistleblowing Policy & Procedures).

7.0 DUE DILIGENCE ON THIRD PARTIES

7.1 Dealing with Third Parties

- 7.1.1 Johan Group's dealings with external parties (e.g., customers, contractors, vendors, suppliers, solicitors, agents, consultants, joint venture partners, introducers/ government intermediaries) must be carried out in compliance with all relevant laws and be consistent with the values and principles of the Code of Conduct & Ethic. As part of this commitment, all forms of bribery and corruption are unacceptable and will not be tolerated.
- 7.1.2 For the purpose of this SOP, external parties shall include all legitimate business entities ranging from public limited companies and private limited companies to partnerships and sole-proprietorships.
- 7.1.3 Johan Group expects that all third parties acting for or on its behalf to share the Group's values and ethical standards as their actions can implicate Johan Group legally and tarnish the Group's reputation.
- 7.1.4 Therefore, when engaging with external parties, we are obligated to conduct appropriate counterparty due diligence to understand the former's business and background before entering into any arrangements with them. This ensures that Johan Group deals only with counterparties that subscribe to acceptable standard of integrity in the conduct of their business.
- 7.1.5 Employees will therefore need to :-
- 7.1.5.1 Conduct due diligence to assess the integrity of Johan Group's prospective business counterparties. The extent of the due diligence should be based on a bribery and corruption risk assessment that takes into consideration of the following factors :-
- i) Is the third party a public official (including entities that are owned or controlled by a government/government official) or will the third party be interacting with public officials in order to perform the contract?
 - ii) The country the counterparty is based in and the country where the services are being performed;
 - iii) Industry;
 - iv) The value of the contract;
 - v) The nature of the work / services to be performed.

7.1.5.2 Due diligence may include :-

- i) a search through relevant databases;
- ii) checking for relationships with public officials;
- iii) self-declaration as per the form attached;
- iv) documenting the reasons for choosing one particular Business associate over another.

7.1.5.3 Document the results of the due diligence process.

7.1.5.4 All external parties are made aware of the principle innards of Johan Group's Code of Conduct & Ethic, Whistleblowing Policy & Procedures and Anti- Bribery / Corruption Policy & Procedures.

7.1.5.5 Do not enter into any business dealings with any parties that are reasonably suspected of engaging in bribery and improper business practices unless those suspicions are investigated and resolved.

7.1.6 If at any point during the due diligence exercise or in the dealings with an external party, there are conflicts of interest or "red flags" being raised, these would warrant further investigation and must be sufficiently addressed before the engagement can progress. Common examples of such "red flags" include :-

- i) The transaction involves a country known for a high incidence of corrupt payments.
- ii) Family, business or other "special" ties with government or public officials.
- iii) A reference check reveals a flawed background or reputation of the third parties.
- iv) Objection to anti-bribery representations and warranties in commercial agreements or negative response when told of such requirements.
- v) Convoluted payment arrangements such as payment in cash, payment to a third party or requests for upfront payment for expenses or other fees.
- vi) The third party requires that his/ her identity not to be disclosed as part of the business transaction.
- vii) Inadequate credentials for the nature of the engagement or lack of an office or an established place of business.

7.1.7 Johan Group requires its employees to use good judgment and common sense at all times in assessing the integrity and ethical business practices of third parties.

7.1.8 Employees should seek advice from their Head of Department if they have particular questions about external parties that the Group is considering appointing or financing.

7.1.9 Johan Group shall include standard clauses in all contracts with business associates enabling the Company to terminate the contract in the event that bribery or an act of corruption has been proved to occur. Additional clauses may also be included for business associates acting on Johan Group's behalf where a more than minor bribery risk has been identified.

7.2 Due Diligence Process

- 7.3.1 Due diligence serves as a guide for the employees in deciding whether or not Johan Group should enter into or maintain a relationship with an external party. Unsatisfactory answers to the due diligence assessment stated in 7.1.5.2 shall be treated as red flags.
- 7.3.2 If red flags could be sufficiently mitigated, employees could proceed with the relationship. Similarly, if no red flags have been identified, employee can proceed with the engagement.
- 7.3.3 If red flags could not be sufficiently mitigated, further work must be undertaken prior to entering into any contract or relationship.
- 7.3.4 The most straightforward way of resolving a red flag would be to contact the external party directly to find out what measures they have instituted to resolve the issues causing the red flags.
- 7.3.5 Johan Group does not limit the methods used by employees to conduct due diligence, as long as they are permitted by the law.
- 7.3.6 If a red flag relates to some past investigation in corrupt activity where there were no convictions, then the red flag can be considered mitigated (though it is prudent to seek further information or background of the circumstances).
- 7.3.7 Employees may also consider imposing conditions to reduce perceived risk such as training for the external party's employees or imposing anti-corruption policies on the external party. This could be reinforced via contractual provisions.
- 7.3.8 In some circumstances, the red flags are unsubstantiated rumours which have not been formally investigated by the authorities or law enforcement agencies or proven in a court, tribunal or equivalent. Under this scenario, employees may proceed with the contract. Nevertheless, it is advisable that they continuously monitor the situation and immediately highlight to the Management if any adverse findings noticed.
- 7.3.9 Where red flags cannot be mitigated or resolved, employees shall not proceed with the relationship.
- 7.3.10 Employee can commence engagements with external parties that have connection to public officials, provided these engagements do not contravene Johan Group's Code of Conduct & Ethic. In such cases, disclosure is mandatory.

8.0 FINANCIAL & NON-FINANCIAL CONTROLS

8.1 Segregation of Duties and Approving Powers

8.1.1 Johan Group adopts a clear separation of duties for all jobs functions.

8.1.2 For jobs related to non-financial activities, there must be at least two-layers of checking i.e. preparer and checker. Nonetheless, in most circumstances, non-financial jobs functions will have three layers of checking.

8.1.3 For jobs related to financial activities, Johan Group mandates four-layers of checking, i.e., the preparer, checker and approver and internal auditor.

8.1.4 Further, for financial activities (such as disbursement and payment activities), Johan Group requires multiple signatories to further mitigate any corruption risk.

9.0 CORRUPTION RISK MANAGEMENT (CRM)

CRM helps to identify structural weaknesses that may facilitate corruption. It provides a framework for all staff to take part in identifying risk factors and treatments, and embeds corruption prevention within a well-established governance framework.

All organisations are exposed to corruption risks. Corruption risks may exist at all levels of management, in all functions and activities, and potentially involve internal and external stakeholders.

CRM serves as an important pillar in corruption prevention initiative.

Effective CRM requires commitment from Johan Group's leadership / employees in building a sound risk culture based on integrity and honesty, clarity in the expression of corporate values, and a comprehensive policy framework.

9.1 Risk Management Approach

9.1.1 Risk management is an accepted management tool as part of good corporate governance for many organisations in both public and private sectors.

9.1.2 The risk-based approach to prevent corruption helps Johan Group to focus on key processes or activities that have high exposure to potential corruption risks.



9.1.3 CRM focus on analysing root causes, impact to the Group and its risk treatment plans. If corruption does occur, the short and long-term consequences for the Group include:

- i) loss of reputation;
- ii) loss of public confidence;
- iii) financial loss;
- iv) wasted resources;
- v) the financial and resource cost of an internal and/or MACC investigation;
and
- vi) damage staff and the morale of the Company.

9.2 Corruption Risk Assessment Process

9.1 Risk Identification

Identifying all potential risks relate to corruption, bribery, donations, sponsorships etc. in each and every process, activity and system. Two typical questions could be used to assist in identifying the risk i.e. “what can happen” and “how can it happen”.

9.2 Risk Assessment

To estimate the magnitude of each type of corruption risk which had been identified, i.e., the likelihood and impact. For this purpose, staff could rely to the likelihood and impact matrix as outlined under the Risk Management Procedure.

9.3 Risk Control

The relevant staff / Department shall list down all existing controls in place. If the relevant staff / Department finds that the existing controls are insufficient to mitigate the corruption risk, then he / she could adhere to the following three steps :-

- i) enhancing existing controls through better supervision, improved systems, policies and SOPs;
- ii) implementing new controls which are practical and doable; and
- iii) introducing new methods of detecting corrupt behaviour that could result from a particular risk. All these steps shall be treated as the action plans which staff pledge to comply (normally within a year after the Department/ risk owner stated in the Risk Register).

9.4 Risk Monitoring

The monitoring of corruption risk, controls, and action plans by relevant staff and risk owner shall be on continuous basis. An effective monitoring process is essential in detecting and correcting any deficiencies in the divisional / departmental policies, SOPs and processes.

9.5 Risk Reporting

The reporting of any corruption risk shall be immediately upon seven (7) working days of the occurrence. To reaffirm on this, all Department/ risk owners are further required to report on any loss events or breach on monthly basis to avoid any potential oversight.

10.0 REPORTING

10.1 Overview

10.1.1 Employees have to maintain written records evidencing that due diligence has taken place and that any risks identified have been carefully considered and mitigated as practicably as possible.

10.1.2 Records should be retained for a significant period of time in order to comply with the local law as well as Group's policy/ procedures.

10.2 General Retention Policy

Employees must retain for at least seven (7) years, all records, operational work documents, other documents, and transactions to enable Johan Group to comply with any requests from the relevant authorities.

10.3 Specific Retention Policy

Records on customer's identification, business correspondence, and security documents are kept by the division / department for up to seven (7) years after the relationship is terminated/exited/completed.

11.0 RECRUITMENT

11.1 Corruption & Bribery Screening

11.1.1 The recruitment of employees should be based on approved selection criteria to ensure that only the most qualified and suitable individuals are employed. This is crucial to ensure that no element of corruption is involved in the hiring of employees.

11.1.2 In line with this, proper background checks should be conducted in order to ensure that the potential employee has not been convicted in any bribery or corruption cases. More detailed background checks should be taken when hiring employees that would be responsible in management positions, as they would be tasked with decision-making obligations.

11.1.3 The Human Resources Department reserves the right to request information regarding an employee's assets in the event that the person is implicated in any bribery and corruption-related accusation or incident.

12.0 ATTACHMENT

12.1 Gift Log Book for receiving Gift

12.2 Gift / Entertainment / Hospitality Declaration Form

12.3 Declaration Form for Third Party

JOHAN HOLDINGS BERHAD GROUP
- ANTI-BRIBERY / CORRUPTION POLICY & PROCEDURE

ATTACHMENT 1 – TEMPLATE FOR GIFT LOGBOOK

Received Date	Received from	Description of Gift	Quantity	Addressee	Recorded by	Gift disbursed to	Recipient Signature
1.							
2.							
3.							
4.							
5.							
6.							
7.							
8.							
9.							
10.							
11.							
12.							
13.							
14.							
15.							
					Review by:		Date:

ATTACHMENT 2 - ENTERTAINMENT & HOSPITALITY DECLARATION FORM

DECLARATION OF ENTERTAINMENT AND HOSPITALITY

Form Serial No.

Employee Name:

Employee ID:

Date:

Department:

Division:

Date received :

Provided by :

(Enter the third party name & title)

Relationship:

Please provide details of any relationship (including potential future relationship)

Name of the individual / team / department that received the entertainment / hospitality: Name:

Dept.:

Brief description of entertainment or hospitality:

(Please enter a brief description of the entertainment or hospitality received)

.....
.....
.....
.....
.....
.....

Estimated value:

Reviewed by GM-HR&A

Date

ATTACHMENT 3 – ANTI-BRIBERY / CORRUPTION DECLARATION

ANTI-CORRUPTION DECLARATION

Our company, _____ (*Company Name*) bearing the company registration number of _____, (which includes our Directors, officers and employees) hereby:

1. PLEDGE, COMMIT AND UNDERTAKE THAT:

A. We have read and understood, and will comply with:

- (i) the Anti-Bribery and Anti-Corruption Policy (“**ABC Policy**”) of Johan Group. The ABC Policy outlines Johan Group’s zero-tolerance stance against corruption and we shall always fully adhere to the ABC Policy during the performance of our duties for or on behalf of Johan Group;
- (ii) all applicable laws and regulations relating to anti-bribery, anti-corruption and fraud (“**Applicable Laws**”); and
- (iii) the following anti-corruption principles promoted by the Malaysian Anti-Corruption Commission (“**MACC**”):
 - (a) committing to promoting values of integrity, transparency and good governance;
 - (b) strengthening internal systems that support corruption prevention;
 - (c) comply with rules and regulations relating to fighting corruption;
 - (d) fighting any form of corrupt practice; and
 - (e) supporting corruption prevention initiatives by the Malaysian Government, MACC and other authorities within the country jurisdictions we operate,

to the best of our knowledge (collectively referred to as the “**Provisions**”).

- B. We shall not, through any of our representatives, agents or any persons associated to us or Johan Group, commit any corruption offence or breach any of the Applicable Laws and/or the Provisions. We shall not encourage any corruption elements within our business practices, activities, operations and transactions.
- C. We have not been convicted nor are we the subject of any investigation, inquiry or enforcement proceedings by the relevant authorities of any actual or suspected breach of the Applicable Laws and/or the Provisions and will report any actual or suspected breach of the Applicable Laws and/or the Provisions as soon as reasonably practicable and to the extent permitted by law, to Johan Group.
- D. We have not been and are not listed by any government agency as being debarred, suspended, proposed for suspension or debarment, or otherwise ineligible for participation in government procurement programme or other government contract.
- E. We shall take all measures and implement appropriate measures to ensure compliance with the Applicable Laws and the Provisions.

2. AGREE THAT:

In the event that we are in breach of any of the above sections or the Applicable Laws and/or the Provisions, Johan Group may immediately revoke the contract awarded or terminate the contract in relation to our business transactions without any liability whatsoever on the part of Johan Group. This is without prejudice to any other rights or remedies that Johan Group may have or any other appropriate action which Johan Group may take under the terms of the applicable tender or contract or applicable laws and regulations.

- A. In the event that we are in breach of any of the above sections, the Applicable Laws or the Provisions, we shall indemnify Johan Group against all forms of damages and/or liabilities, whether criminal or civil, if any legal action was brought against Johan Group in relation to the breach.
- B. Should any person attempt to solicit any bribe or advantage (whether financial or otherwise) from us or any other person connected to us either as an inducement or incentive for us to be selected for a proposed business transaction with Johan Group, or as a reward, gift, or bonus or where we have reasonable grounds to suspect any breach of the obligations in this Anti- Corruption Declaration, the ABC Policy or any Applicable Laws, we will report such act to Johan Group as soon as reasonably practicable.
- C. The ABC Policy may be updated, amended or revised from time to time to ensure its adequacy in implementation and enforcements and we, upon receiving the updated, amended or revised ABC Policy, shall fully adhere to all terms thereto.
- D. We are fully informed on the Whistleblowing Policy and the channels which are available to us as an avenue to report any misconducts or incidents in relation to the commercial transaction(s) between Johan Group and us.

Dated the day of

For and on behalf of the Business Partner,

Yours sincerely

Name of Company Director :
IC / Passport No. :
Position / Designation :
Company Stamp :

Received and acknowledged by:

Name :
IC / Passport No. :
Position / Designation :
Johan Holdings Berhad or its subsidiaries