



SOUTH MALAYSIA INDUSTRIES BERHAD AND ITS SUBSIDIARIES
ANTI-BRIBERY AND CORRUPTION POLICY

TABLE OF CONTENTS

1.0	TOP LEVEL COMMITMENT	1
1.1	Introduction	1
1.2	Objective	2
1.3	Application	2
1.4	Internal Controls	3
1.5	Limits of Authority	4
1.6	Consequence Management	5
1.7	Policy Review	6
2.0	BUSINESS DEALINGS AND FORMS OF GRATIFICATION RELEVANT TO NATURAL COURSE OF BUSINESS	7
3.0	GIFTS, ENTERTAINMENT AND HOSPITALITY EXPENSES	8
3.1	Gifts	8
3.2	General Exception Rules for Gifts	8
3.3	Entertainment	12
3.4	Corporate Hospitality	14
4.0	DEALINGS WITH PUBLIC OFFICIALS	17
5.0	CHARITABLE CONTRIBUTIONS AND DONATIONS	19
6.0	POLITICAL DONATION	21
7.0	FACILITATION PAYMENTS	23
8.0	DEALINGS WITH THIRD PARTIES, COMMISSIONS AND INCENTIVES	24

1.0 TOP LEVEL COMMITMENT

1.1 Introduction

In the pursuit of our business objectives, we believe that honesty and integrity provide the best foundations for our Company/Group, which is committed to the highest standards of ethical and moral practice. We are guided by the spirit of integrity and honesty. We strive to uphold these values in our relationship with stakeholders, customers, employees, vendors and external communities.

The South Malaysia Industries Berhad Code of Conduct (SMIBCOC) sets out SMIB's core principles in this regard. The SMIB Anti-Bribery and Corruption Policy and Guidelines (hereinafter referred to as the "ABC Manual") further elaborate upon those principles, providing guidance to employees concerning how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.

Management has taken a proactive stance in the fight against bribery and corruption and views these issues seriously. Engaging in bribery or corrupt practices can have severe consequences for you and for the SMIB Group. You may face dismissal, fines and imprisonment, and the Company/Group may face damage to reputation, financial loss and disbarment from business and other negative consequences.

The Policy and Guidelines are not intended to provide definitive answers to all questions regarding bribery and corruption. Rather, they are intended to provide employees with a basic introduction to how the SMIB Group combats bribery and corruption in furtherance of the Group's commitment to lawful and ethical behavior in line with the Group Values Statement which is as follows:

"To uphold honorable business conduct in line with best practices that are acceptable to sustain the continuous growth of the Company/Group."

If you have any doubt about the scope of applicable laws or the application of the Group's policies concerning the fight against bribery and corruption, you should always seek clarification from your immediate supervisor or the Legal Department. If you are not fully satisfied with the guidance provided by your immediate supervisor or otherwise, you should escalate your concerns to the next level of supervisory contact and you may continue to proceed along the reporting channel until the board of directors to obtain a satisfactory response.

These policies apply to the management and employees of SMIB Group. The general principles and prohibition also apply to consultants and other third parties working on behalf of SMIB Group, as well as suppliers and partners and others we do business with.

An electronic version of this Policy and Guidelines is available at www.smib.com.my

1.2 Objective

SMIB Group is dedicated and committed to fulfil its Value Statement to the best of its ability- and will take necessary steps to ensure its success. The aim of these policies and guidelines are to ensure practical and ethical business practices within the Group, third parties working on behalf of the SMIB Group, as well as suppliers and other partners and others the Group does business with. As such, we have set the following objective:

"To build on existing practical and ethical business practices to maintain the reputation of the Company/Group and to mitigate the risk of bribery and corruption in the natural course of business ushering in a new era of transparency and governance by 2020."

The objective is non-exhaustive and subject to revision. However, it solidifies Top-Level Management's commitment to identify, mitigate and if possible, terminate the risk of bribery and corruption in the regular course of business. We will be evaluating the performance and conduct of employees in the regular course of business to determine if additional amendments need to be made to this and other policies and guidelines to ensure the interests of the Company/Group are protected. SMIB Group is committed to working with its business partners, regulators and law enforcement agencies to create a business environment that is free from bribery and corruption.

1.3 Application

This ABC Manual is intended to apply to every employee of every Company/Group of SMIB Group. Every director (executive and non-executive), joint-venture partner, internal and external agent, consultant, third party contractor and or other Company/Group who does work or performs services on behalf of SMIB Group is strongly encouraged to adopt these or similar principles and standards.

If a law conflicts with a policy that is set out in this ABC Manual, compliance with the law is of utmost priority. If you perceive that a provision in this Manual conflicts with the law in your jurisdiction, you should consult with your Head of Department, Human Resource Department or Legal Department, rather than disregard the Manual without consultation.

If local customs, local policies and or cultural practices that may be deemed as acceptable conflict with this Manual, you are encouraged to comply with this Manual and seek proper clarification from your Head of Department, Human Resource Department and or Legal Department before commencing any actions that may be deemed as appropriate, reasonable and or acceptable. If you have any questions about any of these conflicts, please consult your Head of Department, Human Resource Department and or Legal Department.

To reiterate, SMIB Group encourages compliance with the law. Any conflicts should be escalated through the proper channels to ensure appropriate, reasonable and or acceptable actions can be taken in the

natural course of business and ensure ethical standards are met during the conduct of business. Further clarification may be sought from the SMIBCOC, disclosure policy, whistle-blowing policy, fraud policy and any other policies and guidance's that may be deemed as relevant.

1.4 Internal Controls

In order to ensure the interests of the SMIB Group are adequately safeguarded from any reputational risks or legal ramifications that may arise due to improper conduct or disclosure from staff conduct, we have adopted the following Internal Controls in place to ensure proper detection, prevention and mitigation controls can be taken during the natural course of business:

Control	Description
Job Description	<p>All employees must ensure that the information contained in their Job Description are up-to-date.</p> <p>Employees may be required to disclose external parties they are required to work with in the discharge of their duties in their job description.</p>
SMIB Code of Conduct	<p>The SMIBCOC provides detailed procedures on how employees should address the Company/Group's concerns on bribery and corruption. It is important that all employees escalate issues to the next level of management if they are unsure of what action should be taken or if they are unsatisfied with the reasons given as to why such actions have been taken.</p>
Whistle-blowing policy	<p>The whistle-blowing policy encourages employees to amongst other weed out bribery and corruption in all forms. It also provides specific channels for employees to report urgent matters to the Board of Directors with discretion.</p>
4-tier Approval Process	<p>Approval for any Company/Group expenditure would need to go through multiple levels of Management before a claim or any payment can be made. However, we are aware that in some situations, the payments may be made on a reimbursement basis. Nevertheless, all transactions would need to go through the following levels of Management before a claim or reimbursement is made:</p> <ul style="list-style-type: none"> • The Head of Department / Immediate Supervisor • Human Resource Department • Finance Department • Board Level

Training and Development	Human Resource Department is required to brief new recruit of the Company/Group's stance towards bribery and corruption and must provide adequate material information during the induction. Furthermore, Heads of Department may at any time request for their staff to attend in-house / external trainings to educate staff on anti-bribery and corruption.
Internal Audit	The Internal Audit Department shall incorporate the risk of bribery and corruption into all its risk-based audit activities. All employees are strongly encouraged to consider audit recommendations for the betterment of the system of internal controls in order to safeguard the Company/Group's interest. All Heads of Department are given a one year window to resolve all internal audit issues that have been raised.

1.5 Limits of Authority

As a general rule, the following limits to offer/accept gratification in its various forms must be adhered to but the giving or receiving is prohibited if it affects or is perceived to affect the outcome of business transactions or giving with intent to bribe.

Dealing with third parties:

Gratification Position	Gifts & Entertainment	Corporate Hospitality	Charitable Contributions & Donation
Executive / Senior Executive	N/A	N/A	N/A
Assistant Manager / Manager / Senior Manager	300	300	500
Assistant General Manager / General Manager / Senior General Manager	500	800	1,500
Director	2,000	2,500	10,000

Dealing with public officials:

Gratification Position	Gifts & Entertainment	Corporate Hospitality	Charitable Contributions & Donation
Executive / Senior Executive	N/A	N/A	N/A
Assistant Manager / Manager / Senior Manager	Not exceeding 500, with the prior approval of the ED (refer to page 15 for details)	200	200
Assistant General Manager / General Manager / Senior General Manager		350	2,000
Director		800	10,000

1.6 Consequence Management

Failure to comply with any of the requirements of this Policy may have consequences, including non-reimbursement of Employee expenses, and may be referred to the Human Resource Department. Management views this seriously and will not tolerate bribery or corruption in any way shape or form. Further reference can be made to the SMIBCOG for a more details. However, in order to ensure proper facilitation and adoption of the policies in this ABC manual, the following Misconducts must be highlighted to all employees of the Company/Group:

Type of Misconduct	Consequences
Deliberate intention to conduct one-self with the intent to bribe or corrupt.	<ul style="list-style-type: none"> • Domestic inquiry • Disciplinary Action • Immediate dismissal • Deduction in annual remuneration
Any attempt to circumvent the spirit of this policy.	
Non-compliance of the approved limits of authority.	
Failure to record transactions in the gift register.	
Failure to conduct proper due care and diligence and exercise proper judgement.	
Reckless disregard for policies and guidelines stated in this ABC Manual.	

Failure to inform third parties of the Company/Group's ABC policy.	
Failure to comply Internal Audit recommendations within the one-year action plan period or deferment of agreed deadlines.	
<p>Acts of corruption by the employee that may jeopardize the reputation or financial interests of the Company/Group including, but not limited to:</p> <ul style="list-style-type: none"> • Fraud • Money-laundering • Embezzlement • Self-Dealing • Jobbery 	

1.7 Policy Review

This Policy will be reviewed, at least annually by the Management / Internal Audit Department.

2.0 BUSINESS DEALINGS AND FORMS OF GRATIFICATION RELEVANT TO NATURAL COURSE OF BUSINESS

In the natural course of business of the SMIB Group, we have identified the following business activities where the ABC manual of policies and guidelines may apply:

- i) Property Development and Management
- ii) Wire Manufacturing; and
- iii) Car Park Operations.

We have identified the following possible forms of gratification (as provided under S3 of MACCA 2009) that would be relevant to the natural course of business of the SMIB Group:

- 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 favor 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).

Due consideration was taken when determining the various forms of gratification in consultation with various frontline Heads of Department. Detailed procedures on handling these forms of gratification are prescribed in Sections 3.0 – 8.0.

3.0 GIFTS, ENTERTAINMENT AND HOSPITALITY EXPENSES

3.1 Gifts

The SMIB Group “No Gift” Policy is subject to the limits provided by the prescribed “Discretionary Authority Limit” (DAL) Policy. We do not condone for the act of gift giving or receiving during the natural course of business.

However, gift giving and receiving may be permissible for the purposes of celebrations, festivities or for any other cultural occasions whereby gift giving or receiving may be deemed as reasonable or acceptable as long as proper disclosures have been observed in concurrence with any laws or regulations. Further reference can be made to the **General Exception Rules for Gifts in Section 3.2**.

Employees are required to refer to the SMIBCOG which states that a conflict of interest arises in a situation in which an individual is in a position to take advantage of his or her role in SMIB Group for his or her personal benefit, including the benefit of his or her family/household and friends. This could potentially undermine the duties of good faith and integrity as expected by SMIB Group from its employees in the performance of their duties and obligations. As such, we expect all employees to assess the situation and exercise due care and diligence to ascertain whether a conflict of interest or the appearance of conflict of interest for either party in on-going or potential business dealings between SMIB and external parties has arisen as a gift can be seen as a bribe that may tarnish the reputation of SMIB Group or be in violation of anti-bribery and corruption laws or any other laws and regulations that may be deemed as relevant.

It is the responsibility of employees to inform external parties involved in any business dealings with SMIB Group of the practices associated with the Company/Group’s “No Gift” Policy and to request the external party’s understanding for and adherence with this policy.

3.2 General Exception Rules for Gifts

The Company/Group is 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 and is an activity that regularly takes place in the natural course of business.

The general stance that should be adopted by employees in situations whereby a conflict of interest or the perception of a conflict of interest arises is for employees to politely decline the gift. However, some external parties may still insist in providing gifts to employees, directors and/or their family members. In such situations, the following general exception rules to gift receiving may apply:

- a) Refusal to accept the gift would likely seriously offend the external party jeopardizing the business relationship;
- b) Refusal to accept the gift would likely result in the severance or termination of the business relationship;

- c) Refusal to accept the gift would likely result in a negative financial impact to the interest of the SMIB Group; and
- d) Refusal to accept the gift would threaten the well-being of the employee's life, physical well-being or personal liberties.

Although SMIB practices the "No Gift" Policy, situations may arise whereby it may be customary or required to give gifts during the natural course of business. Under such circumstances, the following general exception rules to gift giving may apply:

- a) A gift may be given if failure to do so would likely result in a threat to the employee's life, physical well-being or personal liberties;
- b) A gift may be given if it is customary, culturally acceptable, in the spirit of celebration or for special occasions;
- c) A gift may be given in the spirit of reciprocation;
- d) A gift may be given if there is no conflict of interest or the perception of a conflict of interest.
- e) Exchange of gifts at the Company/Group-to-Company/Group level (e.g. gifts exchanged between companies as part of an official Company/Group visit/courtesy call and thereafter said gift is treated as Company/Group property);
- f) Gifts from Company/Group to external institutions or individuals in relation to the Company/Group's official functions, events and celebrations (e.g. commemorative gifts or door gifts offered to all guests attending the event);
- g) Gifts from SMIB Group to employees and directors and/or their family members in relation to an internal or externally recognized Company/Group function, event and celebration (e.g. in recognition of an employee's/director's service to the Company/Group);
- h) Token gifts of nominal value normally bearing the SMIB Group or Company/Group's logo or (e.g. t-shirts, pens, diaries, calendars and other small promotional items) that are given out equally to members of the public, delegates, customers, partners and key stakeholders attending events such as conferences, exhibitions, training, trade shows etc. and deemed as part of the Company/Group's brand building or promotional activities; and
- i) Gifts to external parties who have no business dealings with SMIB (e.g. monetary gifts or gifts in-kind to charitable organizations).

In these limited circumstances, employees are expected to immediately record the gift in the **Gift Register** or any other form as provided by your Human Resource Department for submission to your Head of Department who will then decide whether to approve the acceptance of the gift or require it to be returned.

Under special circumstances, even if it may appear disrespectful to refuse a gift from an external party, nevertheless, if there is a conflict of interest situation or the perception of a conflict of interest, then the following actions may be taken:

- a) The gift must be politely returned with a note explaining why the gift needs to be returned;
- b) The gift may be donated to charity;
- c) The gift may be shared with employees of another Department.

In determining the above, Heads of Department are expected to exercise proper care and judgment in each case, taking into account pertinent circumstances including the character of the gift, its purpose, the position/ seniority of the person(s) providing the gift, the business context, reciprocity, applicable laws and cultural norms.

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

Do's	Don'ts
<ul style="list-style-type: none"> ✓ SMIB Group employees and directors must inform third parties involved in business dealings with SMIB Group that the Company/Group practices a "No Gift Policy" and to request the aforementioned parties to respect and adhere with the Company/Group policy. ✓ SMIB Group employees are prohibited from accepting or providing gifts to third parties unless it falls under the general exception rules for gifts. ✓ SMIB Group Heads of Department must exercise proper care and diligence when handling gift activities and apply the general SMIBCOC principles in determining the appropriateness of the gift, in particular when dealing with public officials and public agencies/bodies as strict rules apply. ✓ Employees are required to register gifts into a Gift Register and notify their Head of Department who will then decide whether to approve the acceptance of the gift or require the gift to be returned. 	<p>There are certain types of gifts which are never permissible and SMIB Group employees should immediately refuse if it involves the following: -</p> <ul style="list-style-type: none"> ✗ Any gifts in the form of cash and cash convertibles ✗ Any gifts involving parties engaged in a tender or competitive bidding exercise. ✗ Any gifts that comes with a direct/indirect suggestion, hint, understanding or implication that in return for the gift, some expected or desirable outcome is required ("quid pro quo"). ✗ Any gift that would be illegal or in breach of local or foreign bribery and corruption laws. ✗ Any gift which is lavish or excessive or may adversely affect the reputation of SMIB Group. <p>You must immediately return or decline any gift that falls within the abovementioned categories.</p>

3.3 Entertainment

SMIB Group recognizes 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.

Employees 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 due care and diligence when providing entertainment to third parties especially when it involves public officials to ensure compliance with local anti-bribery and corruption laws.

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 acts of this nature, whether provided directly or indirectly through an intermediary, may be construed as an act of bribery and contrary to the general values and principles of the SMIBCOG.

You are required to comply with the policies and procedures of your Human Resource Department, and maintain expenses within the limits of your entitlement, when carrying out entertainment activities.

Entertainment activities that would involve public officials shall require the prior approval of the Head of Department if the amount is to exceed a nominal value or is perceived to be excessive either by internal or external parties.

SMIB Group also recognizes that the occasional acceptance of a reasonable and modest level of entertainment provided by third parties in the natural course of business is a legitimate way to network and build good business relationships.

However, it is important for employees to exercise proper due care and diligence before accepting entertainment offered or provided by a third party. This is not only to safeguard the Company/Group's reputation, but also to protect employees from allegations of impropriety or undue influence.

However, may you or any of your family/household members accept entertainment in exchange for an exercise of non- exercise of your SMIB authority or otherwise to the detriment of the SMIB Group.

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

Do's	Don'ts
<ul style="list-style-type: none"> ✓ SMIB Group employees and directors must ensure that the entertainment offered is legitimate, modest and not lavish or excessive or extraordinary. ✓ You must be aware and educate yourself on local anti-bribery and corruption laws when dealing with public officials. Employees are also advised to study and familiarize themselves with cultural practices, customs, festivities and or any other kinds of special occasions when dealing with public officials. ✓ Eligible employees are required to comply with the policies and procedures of their Human Resource Department, and maintain expenses within the limits of their entitlement, when carrying out entertainment activities. ✓ Any entertainment activities that would involve public officials shall require the prior approval of the respective Heads of Department in consultation with the legal department if necessary. 	<p>There are certain types of entertainment activities which are never permissible and you should immediately refuse if it involves the following: -</p> <ul style="list-style-type: none"> ✗ 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 ("quid pro quo"). ✗ 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 the SMIB Group. ✗ Any entertainment activity that is sexually oriented or may otherwise tarnish the reputation of the SMIB Group. <p>You must immediately decline any offers of entertainment that falls within the above categories.</p>

3.4 Corporate Hospitality

As a general principle, the SMIB Group strictly prohibits employees from soliciting corporate hospitality nor are they allowed to accept hospitality that is excessive, inappropriate, illegal or given in response to, in anticipation of, or to influence a favorable business decision, particularly from parties engaged in a tender or competitive bidding exercise (for e.g. contractors, vendors, suppliers etc.).

Corporate hospitality is generally defined as “corporate events or activities organized by an organization which involves the entertainment of employees and third parties for the benefit of that organization”. Third parties may include customers, potential customers, contractors, external companies and any other stakeholders with whom a business relationship, whether current, prospective or historic exists.

Corporate events and activities include but are not limited to dinners, trips and festive celebrations.

Corporate hospitality is recognized as a legitimate way to network and build goodwill in business relationships. However, there is a fine line between what is considered to be legitimate vs. illegitimate forms of corporate hospitality. The question is whether there is any intention to influence or be perceived to influence the improper outcome of a business decision by providing the corporate hospitality. It is important for employees to exercise proper due care and diligence before accepting the hospitality. This is not only to safeguard the Company/Group’s reputation, but also to protect employees from allegations of impropriety or undue influence.

If you have any doubts on the appropriateness of a corporate hospitality offered by an external party for e.g. a contractor or supplier, you should either decline the offer or consult your Head of Department.

Corporate hospitality would be illegitimate in the following situations: -

- If it provides an advantage to another person if offered; or
- If it is given with the intention of inducing the person to perform a relevant function improperly; or
- If there is knowledge that acceptance of the advantage would in itself be improper performance.

Transparency International has advocated corporate hospitality arrangements/activities should conform to the following basic principles:

- Transparency, in that all corporate hospitality is reported and written approval is obtained, all records of which are properly kept;
- Proportionality i.e. the corporate hospitality must not be too excessive. In addition, the corporate hospitality must commensurate with the recipient’s official capacity and not provided in his/her personal capacity;
- Reasonableness in ensuring that the corporate hospitality is not lavish; and

- Bona fide, where the intention to offer and/or provide the corporate hospitality is done with good and legal intentions.

It is customary for SMIB Group to issue complimentary invitations to events organized or sponsored by the Company/Group. The following are some of the examples of the Company/Group's corporate hospitality activities:

- a) Events sponsored by SMIB (e.g. ang paos for the annual Chinese New Year event);
- b) Events organized by SMIB (e.g. invitations to the annual Company/Group trip or business trips to observe overseas operations);

While providing corporate hospitality is a reflection of Company/Group's courtesy and goodwill, the respective Heads of Department must exercise proper care to protect the Company/Group's reputation against any allegations of impropriety or the perception of bribery especially when the arrangements could influence or be perceived to influence the outcome of a business decision and are not reasonable and bona fide expenditures.

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

Do's	Don'ts
<ul style="list-style-type: none"> ✓ You must ensure that the corporate hospitality accepted from an external party is legitimate, modest and not lavish or excessive or extraordinary in nature. ✓ You must exercise proper due care and diligence before offering or providing corporate hospitality to third parties to ensure compliance with applicable laws and regulations, in particular when it involves public officials. ✓ Any corporate hospitality activities that would involve public officials shall require the prior approval of the respective Heads of Department. ✓ If you have any doubts whether the corporate hospitality offered by an external party for e.g. a contractor or supplier is appropriate or reasonable in nature, you should either decline the offer or consult your Head of Department. 	<p>There are certain types of corporate hospitality activities which are never permissible and you should immediately refuse if it involves the following: -</p> <ul style="list-style-type: none"> ✗ Corporate hospitality offered by parties currently engaged in an SMIB tender or competitive bidding exercise. ✗ Corporate hospitality offered that comes with a direct / indirect suggestion, hint, understanding or implication that in return for the corporate hospitality provided some expected or desirable outcome is required ("quid pro quo"). ✗ Any corporate hospitality activities that would be illegal or in breach of local or foreign bribery laws. ✗ Corporate hospitality which is lavish or excessive or may adversely affect the reputation of the SMIB Group. ✗ Any corporate hospitality activities that are sexually oriented or may otherwise tarnish the reputation of the SMIB Group. <p>You must immediately decline any offers of corporate hospitality that falls within the above categories.</p>

4.0 DEALING WITH PUBLIC OFFICIALS

A public official is defined as anyone in a position of official authority that is conferred by a state, i.e. someone who holds a legislative, administrative, or judicial position of any kind, whether appointed or elected. This includes but is not limited to candidates for running for public office, officials of any political party.

Caution must be exercised when dealing with public officials as the laws of bribery and corruption. Providing gift, entertainment or corporate hospitality to public officials or their family/ household members is generally considered a 'red flag'.

Employees of SMIB are prohibited from paying for non- business travel and hospitality for any government official or his/her family/household members. The Company/Group does understand that employees may have or have built relationships with public officials either through long-time friendship bonds or during the natural course of business respectively. Regardless of the above, you should still seek approval from directors. As such, employees have to consider the following if dealings with a public official were to arise during the natural course of business:

- a) The employee needs to identify if the person works for a Government owned organization to ascertain whether any dealing with a public official has taken place;
- b) The employee has to consider the whether the gift, entertainment or corporate hospitality is excessive or lavish;
- c) The employee has to disclose the purpose or intention for the gift, entertainment or corporate hospitality;
- d) The gift, entertainment or corporate hospitality should be commensurate with the official designation of the public official and not his or her personal capacity;
- e) The employee has to consider whether any conflict of interest or the perception a conflict of interest has occurred or might occur as a result of the transaction and disclose it to the director; and
- f) The employee needs to be aware of local laws governing the activity and to ensure compliance. Further consultation may be sought from the Legal and Human Resource Department.

The Company/Group views dealings with public officials to be a HIGH RISK ACTIVITY. As such, employees have to exercise proper due care and diligence and make the necessary disclosures to ensure the interests of both the employee and the Company/Group are safeguarded. Failure to do so would result in disciplinary action. Guidelines on the disciplinary actions taken are further elaborated in the SMIBCOG.

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

Do's	Don'ts
<ul style="list-style-type: none"> ✓ Do ensure that to provide or to offer to provide entertainment to public officials is lawful under local laws, as it might be deemed as bribery in certain countries or companies. If it is unlawful or if certain requirements must be met, you must ensure to fully comply with the law. ✓ Do ensure that proper due care and diligence is exercised to confirm that there is no conflict of interest. It is unethical to offer or provide entertainment in exchange for some future benefit or result. ✓ Do ensure that due diligence is carried out to confirm that the Public Official is the appropriate person based on his/ her official position. Any entertainment extended must commensurate with the public official's official position and not based on his/her popularity, political standing or your familiarity with the public official. ✓ Do ensure that the entertainment provided to the public official is reasonable and modest in value, and commensurate with the official designation of the public official. This is to avoid any perception of bribery. ✓ Do ensure that any 'red flag' is resolved before giving out gift or entertainment. ✓ Do ensure that all documentation (incl. invoices and receipts) are properly recorded and disclosed to a director. 	<ul style="list-style-type: none"> ✗ Do not try to circumvent any laws or policies with regards to gifts and entertainment, even if it means that the SMIB Group might lose out on business opportunities as a result. ✗ Do not be too complacent with certain public officials or local customs that you might think you are familiar with. Do not fail to check that there are no changes to local laws or Company/Group policies. ✗ Do not approve any requests by the public official to transfer the gift or entertainment to his family members or friends that are not authorized to accept the gift or entertainment. Doing so might be perceived as bribery even with the least strict of laws or policies. Kindly advise the public official that 'transfer' of gifts or entertainment is against SMIB's policy. ✗ Do not offer to provide gifts, entertainment or hospitality that are illegal or unduly dangerous, indecent, sexually oriented or disrespectful. ✗ Do not act on your own accord when providing entertainment to public officials. ✗ Do not conceal, alter, destroy or otherwise modify any documentation that relates to entertainment or corporate hospitality accorded to public officials. Doing so will result in disciplinary action taken against you.

5.0 CHARITABLE CONTRIBUTIONS AND DONATIONS

The SMIB Group is committed to promoting sustainable business practices and is committed to contributing to the well-being of the community and the country as a whole. As such, the Company/Group carries out and participates in charitable events and fosters donations to worthy causes. However, it is important that all Corporate Social Responsibility (CSR) activities and donations are disclosed and made in accordance with the SMIB policies and that prior authorization has been sought by the relevant Management.

We are aware of the improprieties or perceived improprieties that may arise from such corporate activities or donations. Therefore, we have set the following guidelines to be followed when participating in such corporate activities or donations:

- a) The proposed recipient must be a legitimate organization;
- b) Appropriate due care and diligence must be conducted especially to identify whether there are any public officials affiliated with the organization; and
- c) Employees are required to identify any "red flags" before committing to any such corporate activities or donations in the course of their due diligence exercise. These include but are not limited to the following:
 - i) Solicitation of funds from an individual or organization that has been incorporated or has no strong historical charitable track record to speak of;
 - ii) The act of participating in the corporate activity or giving a donation would likely result in the Company/Group gaining an advantage either directly or indirectly in the natural course of business;
 - iii) That a conflict of interest or the perception of a conflict of interest has arisen;
 - iv) The contribution cannot be made on behalf of a Public Official;
 - v) The intended purpose of the contribution must be properly captured in the Company/Group's accounting books and records and cannot be construed as a means of a cover up and or bribery;
 - vi) If the proposed recipient resides in a high-risk country or is a citizen of a high-risk country or the activity takes place in a high-risk country.

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

Do's	Don'ts
<ul style="list-style-type: none"> ✓ Ensure that the activity is in line with SMIB's policy and guidelines on charitable contributions and donations and does not fall under the list of activities which SMIB Group does not support or contribute to. ✓ Ensure that the request has been carefully examined for legitimacy and that an appropriate level of due diligence has been conducted on the requesting party. ✓ Ensure that the proposed recipient is a legitimate organization and the funding of the activity is in compliance with the applicable laws and not made to improperly influence a business outcome or perceived to provide an improper advantage to the SMIB Group. ✓ If the request comes from a high risk country or the proposed activity takes place in a high risk country or the proposed recipient is Government owned or involves a Government Official or their relatives, the request must undergo a more stringent due diligence process to determine whether there are any red flags raised. ✓ Any red flags must be resolved before committing any funds to the proposed activity. 	<ul style="list-style-type: none"> ✗ Do not commit any funds without first undergoing the proper processes and procedures to evaluate the legitimacy of the request. ✗ Do not try to circumvent any guidelines, rules or procedures put in place by making charitable contributions as a subterfuge for illegal payments. ✗ Do not conceal, alter, destroy or otherwise modify any relevant information, which in the natural course of business, may raise potential red flags that would require additional investigation and scrutiny, particularly if it involves public officials. If you are unsure or have any concerns, please consult your Head of Department or Legal Department before getting director approval.

6.0 POLITICAL DONATION

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

However, under limited circumstances say in support of social and national welfare and development, would the SMIB Group make a political donation, the authority to approve such political contributions is with the Executive Director. If any contribution is made, it must be permissible under applicable laws and must not be made with any promise or expectation of favorable treatment in return and must be accurately reflected in SMIB's books and records.

Good faith payments to a government entity are not prohibited, so long as they are made with due care to the government entity and not to any individual official and that the approval for the payment goes through the required process.

Notwithstanding the above, the Company/Group does encourage employees to participate in the political process by way of voting. Employees may choose to make political contributions as appropriate within the limits established by law in their own personal capacity as a citizen of Malaysia. However, under no circumstances, will any employee be compensated or reimbursed in any way by the Company/Group for a personal political contribution.

As stated in the SMIBCOG, Employees are prohibited from acting on the below without first obtaining approval from the Executive Director: -

- using their position with SMIB to try to influence any other person to make political contributions or to support politicians or their parties. Such an act would be viewed by the Company/Group as an intention to circumvent the Company/Group's policy and will result in disciplinary action;
- make any contribution or incur any expenditure using SMIB's resources to benefit any political campaign, party or politician;
- the use of SMIB facilities, equipment and resources for any political campaign or party functions.

Employees must comply with local laws concerning lobbying activities in the jurisdictions in which SMIB engages in lobbying and must conduct themselves in a manner which is in accordance with local laws and consistent with the values and principles of the Company/Group.

At this point, the customer must draw a clear distinction between their own personal political views and those of the SMIB Group and must make this distinction clear to all parties involved in the spirit of transparency and full disclosure. As a general principle, the SMIB Group is neutral and does not favor or disfavor any or all political parties. However, in the event humanitarian, moral and ethical principle norms are compromised or the rights and liberties of society are being jeopardized, the Company/Group may, in rare circumstances, make its political views known.

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

Do's	Don'ts
<ul style="list-style-type: none"> ✓ Be aware and educate yourself with all applicable laws and regulations in your jurisdiction that may prohibit or restrict companies from getting involved in political activities, make political contributions or engage in lobbying activities. ✓ Make clear that your political views are your own when engaging in your own personal capacity of that political activity and ensure the distinction is made known that it does not reflect the views of SMIB Group. The Company/Group generally takes a neutral position except in situations where humanitarian, moral and ethical principles of society are in jeopardy. 	<ul style="list-style-type: none"> ✗ You are prohibited from using your position with SMIB to try to influence any other person to make political contributions or to support politicians or their parties. Such an act would be viewed by the Company/Group as an intention to circumvent the Company/Group's policy and will result in disciplinary action. ✗ You are prohibited from making any contribution or incurring any expenditure using SMIB resources to benefit any political campaign, party or politician. ✗ The SMIB Group facilities, equipment and resources may not be used for the furtherance of any political campaigns or party functions. ✗ Any act that is intended or gives the perception that it is intended to circumvent the spirit of this policy will be subject to disciplinary action in accordance with the SMIBCOG.

7.0 FACILITATION PAYMENTS

“Facilitation payment” is defined as payments made to secure or expedite the performance by a person performing a routine or administrative duty or function. For example, offering a contract of employment to a public official or to his or her family/friends in exchange for favors or to gain an advantage in the natural course of business is a form of a facilitation payment. Offering, promising or requesting facilitation payments is just as prohibited as actually paying or receiving facilitation payments. Facilitation payments need not involve cash or other financial asset; it can be any sort of advantage with the intention to influence a said payment in the performance of their duties.

The SMIB 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. If you receive a request or if you are offered facilitation payments, you must report it to your Head of Department, Legal Department or Human Resource Department immediately. Failure to comply would be regarded as a breach of Company/Group policy and would result in disciplinary action depending on severity and would have to be decided on a case by case basis.

However, there are certain situations or circumstances where you are faced with having to make facilitation payments in order to protect your physical well-being and or liberties. In dangerous situations like this, you are allowed to make payments but you must immediately report to your Head of Department, Legal Department and Human Resource Department immediately. Making facilitation payment in such a situation is the only exception which can be used as a defence when faced with allegations of bribery and corruption.

Facilitation payments may come in monetary or non-monetary form. Employees are required to exercise due care and diligence during the natural course of business in order to detect and identify facilitation payments. You are required to identify and consider the nature and purpose of every transaction you encounter during the natural course of business whether the transaction is monetary or non-monetary and must evaluate each situation using sound judgement. If you have any doubts or reservations, you are strongly encouraged to seek clarification from your Head of Department, Legal Department and or Human Resource Department. Management considers the act of facilitating a facilitation payment seriously and will not tolerate ignorance or willful disregard for procedure whether it be made wittingly or unwittingly. To reiterate, ignorance is not a defence for facilitating a facilitation payment.

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

Do's	Don'ts
<ul style="list-style-type: none"> ✓ The Company/Group prohibits facilitation payments in any shape or form. ✓ Should you encounter a situation whereby you have been offered or requested to make a facilitation payment, you are required to immediately inform your Head of Department, Legal Department or Human Resource Department. ✓ You are only permitted to make facilitation payments when your physical well-being and or liberties are threatened or are put at risk. 	<ul style="list-style-type: none"> ✗ Facilitation payments can come in many forms whether it be in monetary or a non-monetary form of transaction. Do not make the mistake of making a facilitation payment without properly identifying the nature of the payment and its purpose. Employees should always consult their Head of Department, Legal Department or Human Resource Department if they are unsure or harbor any doubts. Ignorance is not a defence.

8.0 DEALINGS WITH THIRD PARTIES

Any SMIB Group dealings with third parties, which include contractors, suppliers, agents, consultants, joint venture partners, introducers/government intermediaries etc., must be carried out in compliance with all relevant laws and consistent with the values and principles of the Company/Group. Any and all forms of bribery and corruption are unacceptable and will not be tolerated.

The SMIB Group expects that all third parties acting for or on its behalf to share the Company/Group's values and ethical standards as their actions can implicate SMIB legally and tarnish the Company/Group's reputation. As such, all employees are required to disclose SMIB's anti-bribery and corruption requirements and practices as stated in this policy to all known third parties, which includes but is not limited to existing and newly appointed contractors, suppliers, agents, consultants, joint venture partners, introducers and government intermediaries.

All interactions with third parties must follow the guidelines set out in this policy and the **Due Diligence Checklist**. You are required to identify the risk of bribery and corruption as a result of any and all transactions that are undertaken with SMIB Group. To help ensure that we only do business with third parties that share SMIB's standards of integrity, we must do the following:

- Conduct due diligence to assess the integrity of prospective and current business counterparties. Do not enter into any business dealings with any third party reasonably suspected of engaging in bribery and improper business practices unless those suspicions are investigated and resolved.
- All third parties are made aware of the SMIBCOG and this ABC Policy and our expectations of them. To this effect, the ABC Policy shall be included in all contracts.
- Continue to be aware of and to periodically monitor third party performance and business practices to ensure ongoing compliance.

If at any point during the due diligence exercise or in the dealings with a third party, there are conflicts of interest or "red flags" are raised, these warrant further investigation and must be sufficiently addressed before the engagement of the third party can progress.

Examples of common "red flags" involving third parties include:

- The transaction involves a country known for a high incidence of corrupt payments.
- Family, business or other "special" ties with government or public officials.
- A reference check reveals a flawed background or a reputation for getting "things done" regardless of the circumstances or suggests that for a certain amount of money, he can fix the problem.
- Objection to anti-bribery representations and warranties in commercial agreements or negative response when told of such requirements.
- Convoluted payment arrangements such as payment in cash, payment to a third party or to accounts in other countries or requests for upfront payment for expenses or other fees.

The SMIB Group requires its employees to use good judgment and common sense in assessing the integrity and ethical business practices of third parties and have provided the above as a guideline. Employees should seek advice from their Head of Department, Legal Department or Human Resource Department whenever particular questions arise relating to third parties that the Company/Group has appointed or is considering appointing.