

**ANTI-BRIBERY AND CORRUPTION POLICY**

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## **1. Introduction**

### **1.1 Applicability**

- a) The Heritage Foods Group of Companies (“HFG”) commits to conducting business ethically in compliance with the Malaysian Anti-Corruption Commission Act 2009 and all applicable anti-bribery and corruption laws of every country in which HFG dealing with.
- b) HFG adopts “ZERO-Tolerance” approach against any act of bribery and corruption, both internally and externally.

### **1.2 Roles, Responsibilities & Expectations**

- a) The ABC Policy applies to all employees, directors (executive and non-executive) and any person who performs services for or on behalf of HFG, which includes contractors, subcontractors, consultants, suppliers, agents, intermediaries and representatives of HFG.
- b) The ABC Policy applies to all activities of HFG, whether related to operations, research, commercial or other activities.

### **1.3 Laws and Regulations Governing Corruption**

- a) In Malaysia, the main legislation is the Malaysian Anti-Corruption Commission Act (MACC Act) 2009. The MACC Act 2009 came into effect on 1 January 2009.
- b) In 2018, the MACC Act 2009, was amended to include a Corporate Liability Provision (Section 17A). Corporate Liability Provision (Section 17A) was come into enforcement with effect from 1<sup>st</sup> June 2020.
- c) Section 17A of the MACC (Amendment) Act 2018 establishes a new statutory corporate liability offence of corruption by a commercial organization. A commercial organization can be held liable for their failure to prevent corrupted practices by employees / associated persons done in the interest of the organization, whether the top-level management had actual knowledge of the corrupt acts. Commercial organizations may be acquitted of a charge if they are able to show adequate measures are set up to prevent employees/ associated persons from undertaking corrupt practices.

### **1.4 What is Corruption?**

- a) Corruption is the act of giving or receiving of any gratification or reward in the form of cash or in-kind of high value for performing a task in relation to his/her job description.
- b) Main offences stipulated in the MACC Act 2009 include receiving a bribe, offering a bribe, not reporting a bribery, intending to deceive/ make false claims, abuse of power or position, attempting to commit the offence.
- c) Bribery is a type of corruption. It refers to the act of corruptly authorizing, giving, agreeing to give, promising, offering, soliciting, receiving, or agreeing to receive any gratification.

- d) Under the MACC Act 2009, “gratification” is defined as follows:
- i. 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,
  - ii. Any office, dignity, employment, contract of employment or services, and agreement to give employment or render services in any capacity,
  - iii. Any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part,
  - iv. Any valuable consideration of any kind, any discount, commission, rebate, bonus, deduction or percentage,
  - v. Any forbearance to demand any money or money’s worth or valuable thing,
  - vi. 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 already instituted, and including the exercise or the forbearance from the exercise of any right or any official power or duty,
  - vii. Any offer, undertaking or promise, whether conditional or uncontrolled, of any gratification with the meaning of any of the preceding para (i) to (vi).

### **1.5 Consequences of Non-Compliances**

- a) A person who commits the offence is liable to:
- i. Fine not less than 10 times the value of gratification involved, or RM1 million, whichever is higher;
  - ii. Imprisonment for not more than 20 years; or
  - iii. Both penalties of the fine and jail term.
- b) “A person” define as any individual concern in the management affairs of the commercial organization, organization’s representative (Director, Controller Officer or Partner, 3<sup>rd</sup> party i.e. Supplier, contractor, customer.)

## **2. Eight Components of Risk Areas**

In this Policy, HFG shall cover the following risk areas: -

- a) Gifts, entertainment & corporate hospitality
- b) Donations, sponsorships & CSR
- c) Purchasing & procuring practices
- d) Facilitation payments
- e) Dealing with public officials
- f) Dealing with business partners & business associates
- g) Recruitment of employees
- h) Money laundering

### 3. ABC Control Measures

#### 3.1 Gifts, Entertainment & Corporate Hospitality

- a) Gift can be defined as money, goods and services which if given appropriately, are a mark of friendship or appreciation. Entertainment and corporate hospitality are defined as meals, drinks, lodging, travel or other expenses which may include expenses incurred during attendance at social, cultural or sporting events.
- b) HFG has adopted a “No Gift” Policy whereby, subject only to certain narrow exceptions, HFG employees and directors (executive and non-executive), family members or agents acting for or on behalf of HFG employees, directors or their family members are prohibited from, directly or indirectly, receiving or providing gifts.
- c) Examples of red flags to look out for: -
  - i) Any gift of cash or cash equivalent. Cash equivalent could be in the form of vouchers, discounts, coupons, shares, commission etc.
  - ii) Any gift, entertainment or hospitality involving parties engaged in a tender or competitive bidding exercise.
  - iii) Any gift, entertainment or hospitality 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”).
  - iv) Any gift, entertainment or hospitality that would be illegal or in breach of local or foreign bribery and corruption laws.
  - v) Any gift, entertainment or hospitality which is lavish or excessive e.g. valued above the maximum threshold permitted by HFG or may adversely affect the reputation of HFG.
  - vi) Any entertainment or hospitality activity that is sexually oriented or may otherwise tarnish the reputation of HFG.
- d) Exceptions to the “No Gift” Policy: -
  - i) Exchange of gifts within HFG.
  - ii) Gifts from HFG to employees and their family members in relation to employee’s welfare, an internally organized or recognized company function, event and celebration.
  - iii) Gifts bearing HFG’s logo that are given out as part of brand building or promotional activities usually to members of the public, delegates, customers, participants of trade shows, campaigns and exhibitions.
  - iv) Business courtesies that are not lavish, appropriate and reasonable which are subject to approval.

### 3.2 Donations & Sponsorships

- a) HFG employees must ensure that all sponsorships and donations are not used as a subterfuge for bribery or used to circumvent the business code of conduct.
- b) HFG needs to be certain that donations to foreign-based charities or beneficiaries are not disguised illegal payments to government officials and must ensure that the charity does not act as a conduit to fund illegal activities in violation of international anti-money laundering, anti-terrorism and other applicable laws.
- c) Before making a commitment to a sponsorship or donation requested by external stakeholders, HFG must first conduct proper due diligence to ensure that the requests are legitimate and that any red flags raised are resolved prior to committing the funds.
- d) Examples of red flags to look out for: -
  - i) The proposed recipient/organization has affiliations with a Public Official, or their relatives are involved.
  - ii) The contribution is made on behalf of a Public Official.
  - iii) There is a risk of a perceived improper advantage for HFG.
  - iv) The proposed recipient is based in a high-risk country (Country with high level of corruption) , the request comes from a high-risk country or the activity takes place in a high-risk country.
- e) Due diligence checklist: -
  - i) Ensure such contributions are allowed by applicable laws.
  - ii) There is no risk of a perceived improper advantage for HFG.
  - iii) The proposed recipient is a legitimate organization, having an adequate organizational structure to guarantee proper administration of the funds
  - iv) The proposed recipient/ organization does not have affiliations with a Public Official.

### 3.3 Purchasing & Procuring Practices

- a) HFG should avoid dealing with any contractors or suppliers known or reasonably suspected of corrupt practices or known or reasonably suspected to pay bribes.
- b) HFG should conduct due diligence on new contractors or suppliers before entering in any form of purchasing and procuring agreement.
- c) Examples of red flags to look out for: -
  - 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) 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.
  - iv) Objection to anti-bribery representations and warranties in commercial agreements or negative response when told of such requirements.
  - v) Inadequate credentials for the nature of the engagement or lack of an office or an established place of business.
- d) Due diligence checklist: -
  - i) History of bribery taken place.
  - ii) Screening conducted on the company, its directors and top management whether the organization is legit, any conflicts of interest with HFG, and relationships with public officials.
  - iii) Confirm whether these external parties have in place anti-bribery program and that they will not engage in any improper practices.
  - iv) All commercial contracts and invitations to bid (ITBs) incorporate the provisions relating to business conduct, conflict of interest and fighting corruption and unethical practices.
- e) The results of the due diligence process must be documented, including documenting the reasons for choosing one particular contractor/ supplier over another. Documentation must be retained for at least seven years and produced on request by the custodian of the process.
- f) HFG shall include standard clauses in all contracts with its contractors and suppliers enabling HFG 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 contractors and suppliers acting on behalf of HFG where bribery risk has been identified.

### **3.4 Facilitation Payments**

- a) Facilitation payments refer to payments made to an individual in control of a process or decision to secure or expedite the performance of a routine or administrative function or duty.
- b) Facilitation payment is deemed as a form of corruption in Malaysia.
- c) HFG prohibits all its employees from making, or accepting, facilitation payments of any kind. HFG employees must avoid any activity that might lead to a facilitation payment being made or accepted.

### **3.5 Dealing with Business Partners & Business Associates**

- a) All Business Partners and Business Associates (including influencers, consultants, advisors, suppliers, service providers and agents) acting on behalf of HFG are required to comply with this Policy and all other related policies.
- b) In circumstances where HFG retains controlling interest, such as in certain joint venture agreements, Business Partners are required to adhere to this Policy. Where HFG does not have controlling interest, Business Partners are urged to comply with the same.
- c) Due diligence shall also be carried out with regards to Business Partners and Business Associates intending to act on behalf of HFG as an agent or in other representative roles, to ensure that the entity is not likely to commit an act of bribery or corruption in the course of its work with HFG.
- d) Due diligence checklist: -
  - i) History of bribery taken place.
  - ii) Background checks on Business Partners and Business Associates whether any conflicts of interest with HFG, and relationships with public officials.
  - iii) Confirm whether these external parties have in place anti-bribery program and that they will not engage in any improper practices.
- e) The results of the due diligence process must be documented, including documenting the reasons for choosing one particular Business Partner/ Associate over another. Documentation must be retained for at least seven years and produced on request by the custodian of the process.
- f) HFG shall include standard clauses in all contracts with Business Partners and Business Associates enabling HFG 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 Partner and Business Associate acting on HFG's behalf where bribery risk has been identified.

### **3.6 Dealing with Public Officials**

- a) Caution must be exercised when dealing with public officials as the laws of bribery and corruption in some countries are more stringent and provides for stricter punishments. Providing gift, entertainment or corporate hospitality to public officials or their family/ household members is generally considered a “red flag” situation in most jurisdictions.
- b) HFG employees are prohibited from paying for non-business travel and hospitality for any government official or his/ her family/ household members without permission from your Head of Department/ Division in consultation with legal experts if necessary.
- c) If approval is obtained for you to provide gift, entertainment or corporate hospitality to public officials, HFG employees must ensure that the gift, entertainment or corporate hospitality is not excessive and lavish, and must commensurate with the official designation of the public official and not his/ her personal capacity. HFG employees must also be aware of local laws governing the activity and to ensure compliance.



### **3.7 Recruitment of Employees**

- a) HFG provides equal opportunity for any qualified and competent individual to be employed by the company from various multicultural and multiracial background, sourced from externally, locally and internationally.
- b) 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.
- c) In line with this, proper background checks will be conducted in order to ensure that the potential staff has not been convicted or alleged to have involved in any bribery or corruption cases nationally or internationally. More detailed background checks shall be taken when hiring staff that would be responsible in management positions, as they would be tasked with decision making obligations.
- d) HFG does not offer employment to prospective staff in return for their having improperly favored HFG in a previous role.
- e) No offering of employment and/or create an opening within the Group in exchange for a personal benefit or seek an unfair advantage in any business negotiation or as an inducement for future business.
- f) The Company or any third party agencies or any of its associates that rendered recruitment services and/or labor supply to the company shall not collect any form of fees from the candidates especially foreign labour at any stage of the recruitment process. The clause shall be included explicitly in Term of Business / Agreement.

### **3.8 Money Laundering**

- a) Money laundering means illegal process of making "dirty" money appears legitimate.
- b) HFG strongly objects to practices related to money laundering, including dealing in the proceeds of criminal activities.
- c) Money laundering is a very serious crime and the laws governing this type of crime can have extra territorial effect, i.e. the application of the law is extended beyond local borders. The penalties for breaching anti-money laundering legislation are severe and can include extradition and incarceration in foreign jurisdictions.
- d) Employees are advised to always conduct reasonable counterparty due diligence.

## **4. Recording and Reporting**

### **4.1 Record Keeping**

- a) HFG must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to any Business Partners/ Associates (such as anyone who provides services for or on behalf of HFG).

- b) HFG must ensure all expenses claims relating to gifts, hospitality, CSR or expenses incurred for Business Partners/ Associates are submitted in accordance with the policy and specifically record the reason for the expenditure.
- c)
- d) All accounts, invoices, sponsorships and other records relating to dealings with Business Partners/ Associates should be prepared and maintained accurately and with completeness. No accounts must be kept "off-book" to facilitate or conceal improper payments.

#### **4.2 Reporting**

- a) Supporting HFG's zero-tolerance policy against all forms of corruption means HFG expects the Board of Directors, Management, Employees and Business Partners to comply with this policy as stated.
- b) If there are reasonable grounds to believe that an offence could have been committed, HFG may accept anonymous disclosure for investigation.
- c) It is the duty of Board of Directors, Management, Employees and Business Partners to report immediately any concerns about corruption that they encountered to the following channels:

By e-mail: **Compliance@heritagefoodsgroup.com**

or

By post: Managing Director, Heritage Foods Group  
Heritage Foods (Hong Kong) Limited  
33/F, Alexandra House, 18 Charter Road  
Central Hong Kong.

### **5. Periodic Review, Monitoring & Enforcement**

#### **5.1 Continuous Improvement**

- a) HFG shall monitor the legal and regulatory procedures where it operates and any changes to HFG's business environment and risks and identify opportunities for this Policy's improvement. A report should be submitted to the top management and Audit Committee on a regular basis for the appropriate action to be taken.
- b) Regular assessments of this Policy should be carried out from time to time to ensure its scope, policies, procedures and controls match the Bribery and Corruption related risks faced by HFG.

#### **5.2 Disciplinary Proceedings**

- a) HFG regards bribery and acts of corruption as serious matters and will apply penalties in the event of non-compliance with this Policy.
- b) For HFG Top Management and Staff, non-compliance may lead to disciplinary action, up to and including termination of employment.

- c) For Business Partners/ Associates, non-compliance may lead to penalties including termination of contract. Further legal action may also be taken in the event that HFG's interests have been harmed by the results on non-compliance by individuals and/or organizations.
- d) HFG also reserves the right to report any non-compliances to the relevant authorities, for example, the Malaysian Anti-Corruption Commission.

**6. Dawn Raid**

- a) It is difficult to predict when regulatory authorities such as Malaysian Anti-Corruption Commission (MACC), Inland Revenue Board of Malaysia (IRB), Securities Commission Malaysia (SC) and Bursa Malaysia Berhad might come knocking on the door.
- b) Therefore, it is essential that the dawn raid procedures should be in place to ensure that the steps and procedures are being followed properly if HFG ever faces a dawn raid.

**7. Awareness & Training**

- a) HFG shall conduct an Anti-Bribery and Anti-Corruption awareness program for all its employees and directors on a regular basis.
- b) HR shall maintain records of the training and schedules.
- c) The policy shall be updated into Company's website and make available to the public.