

ANTI CORRUPTION AND BRIBERY POLICY

1. INTRODUCTION

The Board of Directors of Tong Herr Resources Berhad (“THR” or “the Company”), including its subsidiaries (“the Group”), has established and adopted the following Anti-Corruption and Bribery Policy. THR is committed to conduct its business ethically and govern appropriately in the prevention of corruption, as well as complying with all applicable laws, which include compliance with the Malaysian Anti-Corruption Commission Act 2009 (“MACCA”) and the Malaysian Anti-Corruption Commission (Amendment) Act 2018 and any of its amendments or reenactments that may be made by the relevant authority from time to time.

Section 17A of the MACCA establishes a corporate responsibility standard, whereby a business entity may be held accountable if any of its staff members or affiliates engage in corrupt activities on its behalf. Regardless of whether the organization's top management or its representatives are aware of these corrupt actions, the organization can still be held liable.

Commercial entities may be absolved of any charges if they can demonstrate that they have implemented effective measures to prevent their employees or associated individuals from engaging in corrupt activities.

2. DEFINITION

In line with MACCA, the Company has developed and implemented a comprehensive set of measures to combat bribery and corruption of all forms related to the Group’s operations.

Under the MACCA, “gratification” or what most people call “bribery” is defined as money, donation gift, loan, fee, reward or any valuable thing of any kind, any forbearance to demand any money or money’s worth or valuable thing, any other service or favour of any kind, or any offer, undertaking or promise of any such gratifications.

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. Corruption means the abuse of entrusted power for personal gain. However, corruption has a broader definition than bribery. This Guide therefore refers to “bribery and corruption” as a standard term to cover all types of gratification.

3. OBJECTIVE

The objective of this Policy is to provide information and guidance to the Directors and Employees of the Company on standards of behaviour to which they must adhere to and how to deal with bribery and corruption issues, as well as set out our responsibilities to comply with the law.

4. SCOPE & APPLICABILITY

The Group is dedicated to upholding the highest standards of ethical conduct and honesty in its business activities. The company is firmly committed to refraining from offering, providing, agreeing to provide, receiving, agreeing to receive, or soliciting any form of valuable item or gratification, whether directly or indirectly. This prohibition extends to actions that may be construed as bribes, kickbacks, personal favors, or any similar inducements, with the intent to improperly influence the decisions or actions of individuals in positions of trust within an organization. Such actions should not be undertaken for the potential benefit of the Group, or any individuals involved in the transaction.

This policy applies universally, encompassing all countries across the globe and governing the Group's interactions with both commercial (referred to as the 'private sector') and government-affiliated entities (referred to as the 'public sector'). It encompasses all parties involved in these interactions.

5. RESPONSIBILITIES OF THE PARTIES

5.1 All Directors and Employees of the Group

The Policy is applicable to all Directors and Employees of the Group. Each Employee has a duty to read and understand the Policy. Violation of any of the Policy's provisions may result in disciplinary action, including termination of employment. Every Head of Departments ("HODs") or Head of Business Units ("Managers") are responsible to communicate and ensure compliance to this policy within their respective department.

5.2 The Company's Business Associates

This policy applies to the Company's business associates, which includes customers, suppliers, contractors, consultants, agents, representatives, outsourcing providers, tenants and other intermediaries who are performing work or services, for and on behalf of the Group. All Personnel, regardless of their position or role, are responsible to communicate this policy to their business associates.

Every Business Associate representing the Group is required to enter into a contractual commitment to abstain from engaging in bribery and corruption, and to comply with the Vendor Code of Conduct ("VCOC"). Should any suspicious conduct emerge during a partnership with a Business Associate, the Group will explore the possibility of identifying a substitute Business Associate. Additionally, the Group will strive to incorporate contract clauses that grant it the authority to terminate agreements when suspicions of bribery or corruption surface.

5.3 All parties engaging with the Group

This policy applies to all parties that are currently engaged with Tong Herr Resources Berhad and its subsidiaries or have intentions to engage with the Company or its subsidiaries in the future. All such parties are obligated to comply with the respective Code of Conduct and this Policy by acknowledging their commitment through the Group's Declaration Form.

6. GUIDANCE ON COMMON FORMS OF BRIBERY AND CORRUPTION

6.1.1 Gifts

Employees are disallowed to receive gifts from, or send gifts to any third party (including suppliers, customers, business partners, potential employees, and potential suppliers, etc). However, the above policies may be exempted in certain circumstances, subject to approval by the General Manager, with the following regulations must be met:

- is for legitimate business purposes, such as building goodwill and strengthening working relationships;
- does not occur during contract negotiations or during business proposal pending;
- such as cards, thank you letters, certificates or other written forms of thanks and recognitions;
- is given to the company and should state the name of the company but not the name of any employee; and
- these gifts are offered during the holiday season (New Year, Lunar New Year, Hari Raya and Deepavali, etc.).

6.1.2 Benefits and Entertainment

Business entertainment can play an important role in strengthening the working relationship between business partners. As a result, employees can accept or provide commercial entertainment for legitimate business purposes, such as establishing goodwill and strengthening relationships with customers or suppliers, provided that the nature of entertainment is consistent with this policy. Specifically, subject to approval by the General Manager, entertainment is allowed or accepted only in such circumstances:

- relevant to legitimate business purposes (for example, accompanying a customer or supplier to an event or attending a business meal);
- is not given as a bribe, payoff, or kickback (e.g., to obtain or retain business);
- does not mean that the gift giver is entitled to special treatment, commercial rewards, more favorable prices or better sales terms;
- is reasonable and appropriate in the context of business occasion; and
- would not influence, or appear to influence the employee's ability to act in the best interest of the Group.

****Refer to Gift and Hospitality Policy for detailed guidelines.***

6.1.3 Gifts, Hospitality And Entertainment (“GHE”) Register

All Gifts and/or H&E offered or received by Group Personnel or Public Officials must be recorded in the GHE Register. The GHE Register shall be monitored by the HRD. However, it is your responsibility to ensure that any Gifts and/or H&E offered by, or to you, are recorded in the GHE Register where required under the Policy.

The format of the GHE Register shall be as set out below:

Serial Number/ Date	Details of or Person or Organisation Giving or Receiving the Gift or Hospitality	Details of the Gift or Hospitality	Estimated Value	Names of those receiving or offering	Reason for Gift or Hospitality	Details/ Remarks (occasion & country)
<i>e.g 001/01/06/23</i>	<i>XYZ Consultancy Sdn Bhd</i>	<i>Hamper</i>	<i>RM 800</i>	<i>Given to Mr. Ong, Director of XYZ Consultancy Sdn Bhd</i>	<i>Opening ceremony of new branch office of collaboration partner</i>	<i>New branch opening at Midvalley, KL</i>

Should the assessed value of the Gifts or H&E surpass the specified threshold, valid justifications must be provided, and authorization from the appropriate Head of Department (HOD) and General Manager/HOD must be obtained. These details must be explicitly documented in the GHE Register.

6.2 Charitable Contribution

Charitable support and donations in kind of services or financial contributions are acceptable subject to approval by the General Manager. However, Directors and Employees must ensure that the charitable contributions are not used as a scheme to conceal bribery. No donation can be offered or made without the prior approval of the General Manager.

In short, we encourage the use of good judgement when giving or accepting the Gifts, Benefits and Entertainment. All the benefits must be reasonable, transparent and open, infrequent, and not given for to obtain other purpose.

6.3 Facilitation Payments

The Group adopts a strict stance against allowing Facilitation Payments. The Group's Personnel are expected to promptly inform and seek guidance from their immediate supervisor in the following situations:

- i. when faced with any requests for a Facilitation Payment.
- ii. in cases where such a payment has been made, and the Group's Personnel are uncertain about its nature. Such incidents must be recorded in a register for audit purposes.
- iii. when an individual's safety is at risk. In such circumstances, a Facilitation Payment may be allowed if:
 - it is the only immediate option to ensure the safety of the Personnel.
 - approval has been granted by the Board.

7. AWARDS AND ALLOWANCES

Raffle gifts, door gifts, rewards and other business/sales rewards can be offered to employees provided it is in legitimate form/ event and not biased, subject to approval by the General Manager. Any incentives given must comply with applicable pay, benefits and tax laws.

8. PENALTIES

Any violation of this Anti-Corruption and Bribery Policy may result in disciplinary action, including but not limited to, termination of employment.

9. RISK ASSESSMENT

To effectively manage and mitigate specific corruption risks, as well as potential corruption risks that may affect the Group, a risk assessment process should be employed. This process should lead to the establishment of appropriate procedures, systems, and controls, which must receive approval from the Top-Level Management.

The assessment process may involve the following steps:

- i. Identifying and analyzing both internal and external corruption risks.
- ii. Documenting the results and conclusions of the risk assessment.
- iii. Evaluating all factors that could heighten corruption risks.
- iv. Conducting comprehensive periodic assessments of the Group's corruption risks.

It is advisable to conduct thorough risk assessments every three (3) years, with intermittent reviews conducted as necessary. For this purpose, the Group should consider the following:

- i. Planning, implementing, and maintaining a monitoring program that covers the scope, frequency, and methods of review.
- ii. Identifying competent individuals and/or establishing a compliance function responsible for conducting internal audits related to the Group's anti-corruption measures.
- iii. Continuously evaluating and improving the Group's policies and procedures concerning corruption.
- iv. Obtaining assurance of the Group's compliance with its anti-corruption policies and procedures through audits, conducted by qualified and independent third parties, at least once every three years.
- v. Ensuring that all Group Personnel understand the importance of complying with the Policy, undergo annual anti-bribery and corruption training, complete quizzes/questionnaires, and submit declaration forms.
- vi. Initiating disciplinary proceedings against any Group Personnel found to be non-compliant with the Policy.

10. RECORD-KEEPING

The Group shall keep all financial records and have appropriate internal controls in place which will evidence, substantiate and justify that business reason for making payments to, and receiving payments from, third parties.

The Group shall also ensure all expenses claims relating to gifts or entertainment made to third parties are submitted in accordance with the Group's reimbursement procedures and/or applicable policy and specifically record the reason for such expenditure. All the parties shall further ensure that all expense claims shall comply with the terms and conditions of this Policy.

All of the documents, accounts and records which are related to deal with third parties, such as customers, suppliers and business contracts, should be prepared and maintained with strict accuracy and completeness. No accounts should be kept "off-book" to facilitate or conceal improper payments.

11. HUMAN RESOURCES MANAGEMENT

The Group recognizes the significance of integrity across all organizational levels. The recruitment, training, performance evaluation, remuneration, recognition, and promotion of all employees within the Group should be designed to acknowledge and reward integrity.

Group Personnel should avoid placing themselves in situations where they might compromise the Group's interests due to pressure from current or potential Business Partners, vendors, customers, or Government Officials during the hiring process.

While there is no absolute prohibition on hiring individuals recommended by others, such hiring decisions should not be linked to the Group's commercial transactions or used to gain an unfair advantage in business negotiations. Recruitment should adhere to approved selection criteria to ensure the employment of the most qualified and suitable candidates. Employment offers should not be extended in exchange for benefits received by the Group or personal gain.

If a current or potential Business Partner, vendor, customer, or Government Official offers benefits to the Group in exchange for hiring a suggested individual, or if such a person threatens adverse action if the suggested individual is not hired, the appropriate course of action is to refrain from hiring the suggested individual. This is crucial to prevent any involvement of corruption in the Personnel hiring process.

If you encounter or suspect that another person subject to the Policy has violated or is about to violate the Policy or applicable law, whether intentionally or inadvertently, you must promptly report this in writing to your Head of Department (HOD) or General Manager/HOD.

12. REPORTING AND RAISING CONCERNS

If you suspect any instance of bribery or corrupt activities related to the Group, it is strongly encouraged to report your concerns as early as possible. Reporting should occur without delay since prompt reporting and resolution of corruption or bribery issues are often required by applicable laws or regulatory mandates.

Any questions or uncertainties regarding whether a specific act constitutes bribery or corruption can be addressed with the relevant Head of Department, Finance Director/HOD, or the Board. All concerns raised will be treated with the utmost confidentiality. The Group is committed to ensuring that all reported matters are appropriately investigated to the best of its ability.

The Group guarantees that all reports will be handled confidentially. No individual who raises genuine concerns or reports violations or suspected violations of the Policy in good faith will face discrimination or retaliation of any kind. This approach aims to encourage openness and eliminate any concerns about potential repercussions for the reporter.

****Refer to Whistleblowing Policy for detailed guidelines.***

13. CONTINUOUS IMPROVEMENT

The Board will continuously monitor the legal and regulatory landscapes in the regions where the Group operates and stay attuned to changes in the business environment and associated risks. This ongoing vigilance ensures that the Policy remains relevant and suitable for the Group's operations.