

## **ANTI-BRIBERY AND ANTI-CORRUPTION POLICY**

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## 1 Introduction

The Group's Anti-Bribery and Anti-Corruption Policy ("ABC" or "Policy") serves as a guide to foster important relationship with stakeholders and for the Group to provide support to communities.

Kawan's values and objectives are aligned and prioritised on donations, sponsorships and gifting. Receiving, giving, promising or offering to give sponsorships, donations, hospitality or gifts which are deemed inappropriate or **strictly prohibited as:**

- it is not aligned with the Company's image;
- it would be illegal or in breach of local or foreign bribery and corruption laws
- it involves personal interest;
- it involves political elements; and
- it does not directly support community needs.

The Group has established a Code of Ethics & Conduct which sets out standards of conduct and ethical behaviour which all employees are required to adhere to.

### 1.2 Purpose

The purpose of this Policy is to set out principles and clear procedures for all donations, sponsorships, hospitality and gifting activities of the Group.

This Policy also provides guidance to all employees on how to deal with improper solicitation, bribery and other corrupt activities and\ issues that may arise during in the course of their employment.

### 1.3 Scope

This Policy applies to all stakeholders and employees of Kawan Food Berhad and its subsidiaries.

## 2.0 Definition

<b>Approved Value</b>	The commercial value of services and/or object not exceeding RM500 (Malaysia), RMB1,000 (Nantong, China) and USD1,000 internationally to be ascertained only in exceptional circumstances.	
	Malaysia	The commercial value is RM500 or less only.
	China	The commercial value is RMB1,000 or less only.
	USD	The commercial value is not more than USD1,000.

	These approved values apply to items per recipient basis.
<b>Bribery</b>	The offering, promising, giving, accepting or soliciting of an advantage as an inducement for an action which is illegal, unethical or a breach of trust, directly or indirectly, to obtain an improper personal or business advantage.
<b>CEO</b>	Chief Executive Officer
<b>Donation(s)</b>	Financial support/contributions given by the Company to organisations or individuals such as financial/gift/in-kind contributions to charitable organisation with no expected returns
<b>Employees</b>	any person who is in the employment of Kawan but not limited to all directors – executive or non-executive, secretaries, contract workers on direct hire
<b>Expenses</b>	Provision or reimbursement of travel and other related expenses incurred by customers or distributor partners
<b>EC</b>	Executive Chairman
<b>Family</b>	employee's spouses, children, parents, siblings, grandparents, grandchildren, in-laws, uncles, aunts, nieces, nephews as well as others who are members of their family. These includes those adopted and step family members.
<b>Facilitation Payment</b>	Payments made to secure or expedite the performance by an employee to perform a routine or administrative function.
<b>Gift(s)</b>	Acts of giving and receiving gifts in anything of value including goods, money, property, travels, loans, services and other benefits which is not part of the usual business activity.
<b>GMD</b>	Group Managing Director
<b>Gratification</b>	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;

	<p>b) any office, dignity, employment, contract or employment or services, and agreement to give employment or render services in any capacity;</p> <p>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;</p> <p>e) any forbearance to demand any money or money's worth or valuable thing;</p> <p>f) any other service or favour of any description, including protection from any penalty or disability incurred or apprehended or from any action or proceedings of any 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</p> <p>g) any offer, undertaking or promise, whether conditional or unconditional, of any gratification within the meaning of any of the aforementioned.</p>
<b>HOD</b>	Head of Department
<b>Hospitality</b>	Provision of entertainment, food and beverages (such as business lunches & dinners, corporate events and activities including but not limited to sporting events, annual dinner, concert or other activity being given to initiate or foster relationship with third parties or customers,
<b>HR</b>	Human Resource
<b>Kawan</b>	Kawan Food Berhad
<b>Kawan Group or the Group</b>	Kawan Food Berhad and its subsidiaries;
<b>Prohibited Gift(s)</b>	Accepting Gift(s) is prohibited with the following intention which sets out in Section 6.1 for further clarifications.
<b>Person(s) Associated</b>	Any person(s) who perform services for or on behalf of the Group (eg consultants, lawyers, agents, suppliers, contractors, distributors, stockists etc)
<b>Sponsorship(s)</b>	Financial support/contributions given for projects, events or activities, in return for an

	opportunity to promote the Group's name, image, reputation, products and services.
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### **3.0 Acts regarded as Bribery**

#### **a) Soliciting or Accepting Bribes**

Employee or agent who corruptly solicits/accepts/agrees to accept gratification as an inducement or a reward to do or not to do an act in relation to a transaction or any official act of his principal or employer.

#### **b) Offering or Giving Bribes**

Any person who gives/offers gratification to any officer as an inducement or a reward to do or not do any act in relation to a transaction or any official act of his principal or employer.

#### **c) Making a false claim**

Employee or agent who intends to deceive and mislead his principal/employer contains statement which is false or erroneous or defective.

#### **d) Abuse of position or office**

Any officer who uses his position in making a decision or doing an act in relation to any matter where he, his family, relatives or associates has an interest in either directly or indirectly.

### **3.1 Examples of Bribery**

- Terms of reference (including technical specifications) are biased to favour a supplier or exclude potential competitors
- Bribe solicitation for confidential information during pre-bidding or bidding stage;
- Kickback- sales representative is offered hidden compensation by customer or intermediary;
- Facilitation payment to officials to speed up a process of approvals and routine services which the officials are required to provide;
- Local government agency demand a fee for technical approval of equipment;
- Newly hired employees cannot obtain work permits unless an employment surcharge is paid;
- Perishable goods are held in customs and will only be released if a cash payment is made.
- Giving favours to please a company or person in order to gain benefits to secure a business deal; and
- Supplier offer a bribe to manager to overlook "out of specs" or inferior goods or service.

### **4.0 Roles, duties and Responsibilities**

#### **4.1 Board of Directors (Board)**

The Board has a responsibility to approve the Policy and oversee to ensure that the Policy is implemented.

#### **4.2 Audit Committee (AC)**

The AC has a duty and responsibility to endorse the Policy and ensure that processes, internal controls, internal audit and risk management are in place in complying with the requirements of the Policy.

#### **4.3 The Executive Chairman (EC), Group Managing Director (GMD) and Chief Executive Officer (CEO)**

The EC, GMD and CEO have a duty and responsibility to ensure that the Group has in place a system to comply with this Policy.

#### **4.4 Approval Process and Authority Matrix**

##### **a) Donation(s) and Sponsorship(s)**

Please refer to:

- Appendix 1 – Donation(s) & Sponsorship(s) Approval Process flow
- Appendix 2 – Donation(s), Sponsorship(s) and Hospitality Requisition form

##### **b) Gifts**

Please refer to:

- Appendix 3 – Giving and Receiving Gift(s) Approval Process flow
- Appendix 4 – Gift(s) Requisition form
- Appendix 5 – Declaration by Employee(s) on receipt of Gift(s)

### **5. General Principles**

5.1 The Group has zero tolerance towards acts of bribery and corruption and prohibits them in any form, both direct and indirect.

5.2 Gift(s), Hospitality or reimbursement of Expenses by the Group must comply with the following:

- Gift(s) or Hospitality is clearly an act of appreciation or given as part of the Group's brand building or promotional activities to improve the reputation of Kawan or to establish cordial relationship.
- Travel Expenses for business purposes.
- Must not be given with an intention of inducing the person to perform his duties improperly with a view to obtain a business advantage or desirable outcome r the Group.
- **No obligation and expectations** in the acceptance of the Gift(s), Hospitality or reimbursement of Expenses by the recipient.
- **Transparent** – Gift(s), Hospitality or reimbursement of Expenses is reported and documented

- **Reasonable** – the value of the Gift(s) is not excessive or lavish within the Approved Value and general business practice.
- **Bona fide**, where intention is done with good legal intention
- **Conflict of interest** – the recipient must not be an immediate family member of any employees in the department that proposes the Gift, Sponsorship, Donation, Hospitality or reimbursement of Expenses.
- **Appropriate** – the nature of the Gift(s), Hospitality or reimbursed expenses is appropriate to the relationship and accords with general business practice and local customs.
- **Public Officials (“PO”)** – gifting, hospitality and reimbursement of Expenses to PO is prohibited.

**5.5** The Group and Person Associated with the Group must not pay facilitation payment to third parties or PO.

**5.6** Associated Persons is prohibited from giving Gifts or Hospitality to customers or third parties for and on behalf of the Group or gives an impression that the Gift or Hospitality are from Kawan without approval from Kawan.

**5.7** Promotional items with company logo and gifts given to public, customers, partners and participants of exhibitions, trade show and events as parts of the branding and marketing activities organised by Kawan with minimal value are allowed and outside the scope of this Policy.

## **6.0 Donations & Sponsorships including Hospitality**

**6.1** All donation(s), sponsorship(s) and hospitality must be in compliance with this Policy.

**6.2** The promotional items such as calendars, pens, T-shirts and other items of modest value is permissible to support brand awareness.

**6.3** Criteria to approve a Donation or Sponsorship or Hospitality:

- the activity provides opportunity for community engagement or fostering relationship without business gain
- the donation or sponsorship or hospitality to an individual in order to secure favourable terms or advantage to the business shall not be granted.
- Donation or sponsorship or hospitality must not be made or offered as part of the tender, contract renewal or prospective business relationship
- No payment or contribution are allowed to any political party, PO or candidate.
- Donation or sponsorship or hospitality must not be illegal.

**6.4** For charitable donation, it can be approved if donation is made to:

- Properly established registered charity
- Unregistered but charitable donation with valid charitable purpose.

## **6.6 Approval Process**

**6.6.1** All requisitions for Donation(s), Sponsorship(s) or Hospitality must be approved in accordance with the Approval Process set out in Appendix 1 together with the related requisition form in Appendix 2.



For avoidance of doubt, Hospitality involves normal business lunches and dinners are permissible and need not be processed or approved in accordance with the Approval Process.

- 6.6.2 Due diligence must be conducted on third parties individuals or organisation seeking Donation, Sponsorship or Hospitality on their background and reasons for seeking Donation/Sponsorship or Hospitality.
- 6.6.3 The GMD/CEO shall have the authority to approve all Donation(s) and Sponsorship(s) request. In the absence of the GMD/CEO, the EC may approve the Donation(s) and Sponsorship(s).
- 6.6.4 Hospitality requires the approval of the HOD.
- 6.6.5 HR shall maintain a register of all Donation(s), Sponsorship(s) and Hospitality to customers and third parties.

## 7. **Gifts**

### 7.1 Receiving Gifts

All employees are prohibited from accepting Gift(s) with the following intention::

- a) bribes or kickbacks to secure an improper advantage for the Giver;
- b) commission, rebate, fees, facilitation payments;
- c) cash or cash equivalents such as properties, gift certificates;
- e) promise of employment or office;
- f) loans, payments obligations or other liabilities;
- g) forbearance to demand money or valuable thing;
- h) other benefit or other considerations that secures a benefit or advantage.

- 7.2 Employees shall immediately inform HR using Declaration Form in Appendix 5 for appropriate actions to be taken.

### 7.3 **Acceptance of gift(s) is allowed** in the following circumstances:

- Gifts from company to third party or individuals relating to the company's official functions, events and celebrations (e.g. Gifts offered for annual dinner)
- Gifts or monetary reward from Kawan to employees and directors and/or family members in relations to the company's function, events and celebration and recognition for long services or best employee;
- Gift(s) to external parties who have no business dealings with Kawan;
- Exchange of gift(s) during official events;
- Tokens gifts or promotional items with company logo that are given to the public, customers, partners and key stakeholders, conferences, exhibition, trade show and events as part of the branding and marketing activities.

### 7.4 **Reporting**

- 7.4.1 Other than items in 6.3, employees must declare all Gift(s) received by the Employees to the Head of HR within 3 working days of receipt of the Gift(s).

7.4.2 Where the value of the Gift(s) is above Approved Value, the GMD/CEO (in consultation with the Head of HR) and General Manager-Sales and Marketing (Nantong) shall decide what to do with the Gift(s) in Malaysia and China respectively.

7.4.3 All food Gift(s) received (if not returned) are to be shared by employees of the department.

## **7.5 Register**

Head of HR shall maintain a register of all Gift(s) declared by the staff. The register shall include name of the employee and giver, value and reason/occasion for giving the Gift(s), date and month the Gift(s) was received.

## **7.6 Providing Gifts**

7.6.1 All Gift(s) must comply with the criteria set out in 4.0 and approved in accordance to the Approval Process Flow in Appendix 3 and requisition form in Appendix 4.

7.6.2 Value of Gifts above the Approved Value requires approval of the GMD/CEO. The employee must provide clear and justifiable reasons.

7.6.3 HR must maintain a register of all Gifts to clients and third parties. The register shall include the name of department proposing the Gifts, date of gift, name of recipient and company, value and reason for giving the Gift.

## **8.0 Reporting**

All records and approvals for Gifts, Donations, Sponsorships and Hospitality and Gifts must be kept by HR and reported to the Board when requested.

## **9.0 Authority**

The GMD/CEO shall have the authority to reduce or increase the Approved Value. The Board must approve the increase of the Approved Value.

## **10.0 Risk Assessment**

The Company shall undertake a corruption risk assessment at least once in every 3 years and as and when necessary to identify, analyse, assess and prioritise the corruption risk of the Company.

## **11.0 Due Diligence**

The Company shall undertake due diligence set out in Appendix 6 to assess the integrity of the Person Associated(s) with the Group before entering into formalised relationship with them and thereafter.

## **12.0 Conflict of Interest**

Conflict of interest may arise in situations where employee engage in business or other activities outside the Group or have personal interests, whether it benefits themselves or their closely related person(s) ie relatives or close associates which competes or conflicts with interest of the Group.

Employees must obtain written approval of GMD/CEO before undertaking activities which may give rise to conflict of interest.

All employee shall declare to HR their conflict of interest he/she or persons associated to the employees may have in any of Kawan's decision or matter he/she is involved in, on ad hoc as soon as they arise.

### **13.0 Whistleblowing Policy (“WB”)**

Employees and/or external parties are encouraged to raise concerns in relation to actual or suspected bribery or corruption. Please refer to the Company's Whistleblowing Policy published at [www.kawanfood.com](http://www.kawanfood.com) for further details.

The WB protects the identity of the whistle blower as well as protects the whistle blower from retaliation and detrimental action provided that the disclosure was made in good faith.

### **14.0 Other Control Measures**

**a) Financial controls** – Keeping detailed and accurate books and records is crucial to Kawan's anti-corruption controls.

- False or misleading entries must not be made in the books and records of Kawan
- No unapproved or undocumented claims and payments for or on behalf are made.

c) **Record keeping** - Financial records are kept in reasonable detail and accurately and fairly reflect all transactions.

### **15.0 Review, Monitoring and Enforcement**

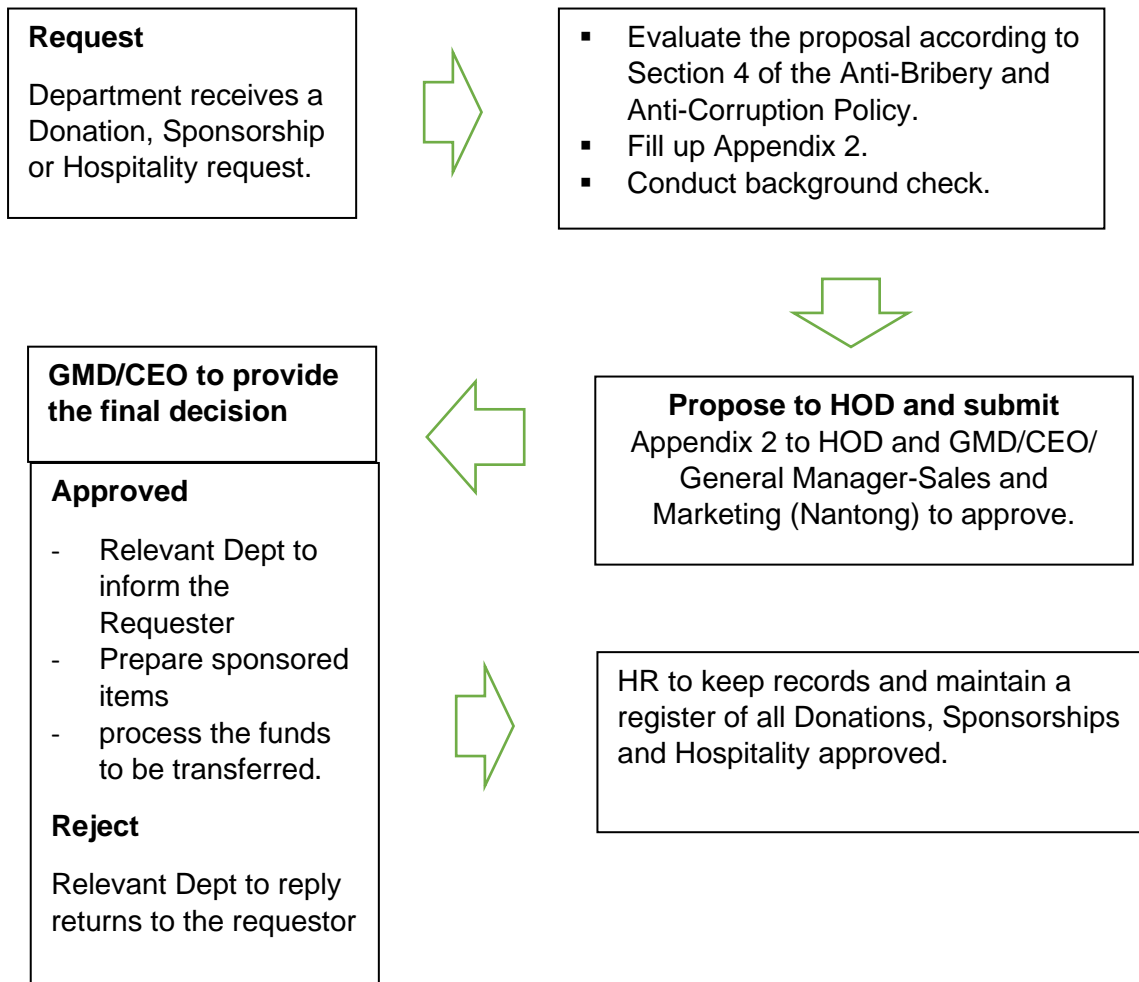
**a) Review** – Internal audit will review the Company's compliance with this Policy through audits and reviews.

**b) Monitoring** – All HODs will monitor the performance of their personnel in relation to this Policy and report any non-compliance to the HR. The non-compliance report will be presented by CEO to the Board for review.

**c) Enforcement** – Kawan will take appropriate disciplinary action against employees found to be non-compliant with the ABC policy.

### **16.0 Communications**

This Policy shall be communicated and made available to all stakeholders and employees.



**DONATIONS, SPONSORSHIPS & HOSPITALITY REQUISITION FORM**

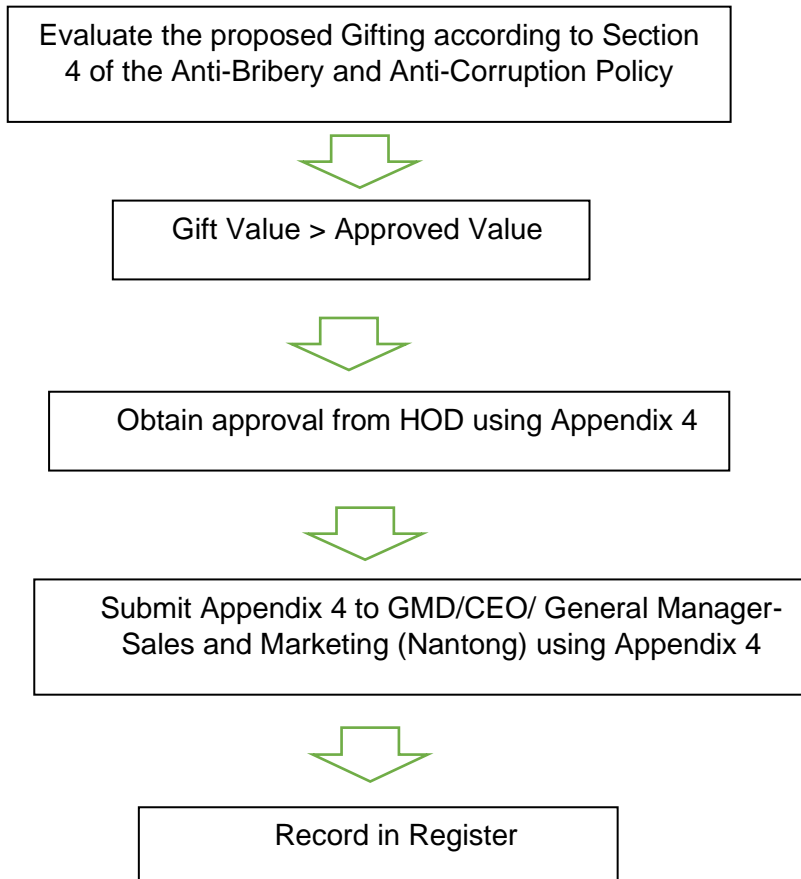
<p>Title: Date of Event Requested by: Designation: Dept: Contact No: Date Requested:</p>	<p><b>Category (Please circle)</b> Donation Sponsorship Hospitality</p> <p>Type: Gift/Branding/Events/Road Shows/Exhibitions/Community Engagement/ Others: [ ]</p>
<p><b>Executive Summary</b></p>	
<p><b>Background</b></p>	
<p><b>Purpose &amp; Recommendation</b></p>	
<p><b>Details and estimated Cost</b></p>	

## RECOMMENDATION AND APPROVAL

	<p><b>Prepared by:</b></p> <p><b>Name:</b> <b>Designation, Department:</b></p>
	<p><b>Supported by:</b></p> <p><b>Name:</b> <b>Designation, Department:</b></p>
	<p><b>Reviewed by:</b></p> <p><b>Name:</b> <b>Designation, Department:</b></p>
	<p><b>Approved by:</b></p> <p><b>Name:</b> <b>GMD/CEO/ General Manager-Sales and Marketing (Nantong)</b></p>
<p><b>Remarks/Comments</b></p>	

**GIVING AND RECEIVING GIFT APPROVAL PROCESS**

**A) GIVING GIFT**



## B) RECEIVING GIFT

Evaluate the proposed Gifting according to Section 4 of the Anti-Bribery Anti-Corruption Policy

### **Evaluate if the Gift is prohibited**

If it is prohibited, submit via Appendix 5 to HR

#### **Approved Value**

- Declare Gift to HR using Appendix 5
- Accept or share the Gift with everyone in the dept

#### **> Approved Value**

- Declare to HR via Appendix 5 GMD/CEO/General Manager - Sales and Marketing (Nantong) to decide whether to accept the Gift or not.

#### **Record in a Register**

HR to keep records and maintain a register of all Gifts declared to HR



**GIFTS REQUISITION FORM**

<b>Name:</b>	<b>Dept:</b>
<b>Contact Details:</b>	
<b>Proposed Date of Gift</b>	
<b>Description of Gift</b>	
<b>Estimated Value of Gift</b>	
<b>Company/Person receiving the Gift</b>	
<b>Relationship</b>	
<b>Reasons</b>	
<b>Value of Gift &gt; Approved Value</b>	
<b>Approved by GMD/CEO/General Manager-Sales and Marketing (Nantong)</b>	<b>Date</b>

## DECLARATION OF RECEIPT OF GIFT(S) BY EMPLOYEE(S)

<b>Name</b>	<b>Department</b>
<b>Contact details:</b>	
<b>Date of Gift(s) received</b>	
<b>Description of Gift(s)</b>	
<b>Company/Person providing the Gift(s)</b>	
<b>Relationship</b>	
<b>Reason</b>	
<b>Conflict of Interest</b>	<b>Yes/No</b>
<b>Prohibited Gift(s)</b>	<b>Yes/No</b>
<b>Value of Gift(s) is Approved Value</b>	
<b>Accepted the Gifts</b>	<b>Yes/No</b>
<b>Shared with the employee in the department</b>	<b>Yes/No</b>
<b>Gift(s) valued at &gt; Approved Value and hereby notify Head of HR for further action</b>	
<b>Signature of the Employee who received the Gift(s)</b>	<b>Date</b>
<b>Action to be taken by HR where Value of Gift(s) is &gt; Approved Value</b>  Staff can keep the Gift(s) Yes/No Staff to share Gift(s) with staff in the Department Yes/No Staff to share the Gift(s) for general purposes Yes/No Staff to return Gift(s) to the Giver Yes/No	
<b>Signature of GMD/CEO/ General Manager-Sales and Marketing (Nantong)</b>	<b>Date</b>

<b>Actions taken where Gift(s) is prohibited</b>	
<b>Signature of GMD/CEO/ General Manager-Sales and Marketing (Nantong)</b>	<b>Date</b>

**Due diligence (“DD”)**

**DD for companies (Appendix 7) may include:**

- Checks on whether the company is formalised and compliant entity – registration documents/audited accounts etc
- Directors & major shareholders
- Location of offices & activities
- Anti-bribery controls that the third party has in place
- Reputation especially results of online searches& database trawls
- Avoid dealing with contractors and suppliers known or reasonably suspected to be paying bribes or being involved in corrupt activities
- Risk based – vet through ALL large suppliers, JV partners, agents, government owned entities
- Engage independent third parties to conduct due diligence

**DD for individuals may include:**

- Reputation, especially the results of online searches & database trawls
- Checks on qualifications and references
- Confirm the suitability of their specific skills and experience for the role they will be performing.

## DUE DILIGENCE CHECKLIST

<b>Date</b>	
<b>Company Name:</b>	<b>Company Registration No:</b>
<b>Address</b>	<b>Date of Inception:</b>
<b>Person In Charge:</b>	<b>Contact No:</b>
<b>Website:</b>	<b>Position:</b>
<b>Business Verification:</b>	<b>Yes/No/N/A      Remarks</b>
<b>a) Social media</b>	
<b>b) Reference check</b>	
<b>c) Others:</b>	
<b>Business Document Verification</b>	
<b>1. SSM Form 9, 24, 49</b>	
<b>2. Company's profile</b>	
<b>3. Service Agreement</b>	
<b>4. Financial statement, if applicable</b>	
<b>Interview checklist</b>	
<b>a) Name:</b>	
<b>b) Position:</b>	
<b>c) Date</b>	
<b>d) Does the entity go through agent or intermediaries to enter into relationship with Kawan?</b>	
<b>e) Does any of the shareholders /employees/directors ever been investigated or charged with any offences or suspected to be involved in corrupt activities including bribery, conflict of interests or corruptions?</b>	
<b>f) Does the entity establish any policies such as employees code of conduct, whistleblowing policy, anti-corruption and bribery policy etc?</b>	
<b>g) Does any shareholders, director or employee of the entity have</b>	

connection with government, politicians or officials?	
<b>h)</b> Has the entity changed its business name in the last 3 years?	
<b>i)</b> Does the entity allow facilitation payment?	

**Personal Data Protection Clause**

Provision of your personal data as listed above is mandatory for the purpose of processing your application for future business relationships entered with Kawan Food Berhad. Your personal data may be disclosed to third parties such as our professional advisors including our legal advisors, auditors and tax agents, regulatory and government authorities in order to comply with statutory and government requirements.

You confirm that you understood this Privacy statement and consent to the processing of your personal data by Kawan Food Berhad as described above.

I hereby declare that all the information provided by me in this application are to the best of my knowledge true and correct. I also declare that I have not withheld any information that may be relevant to your decision in order to enter into business relationship with Kawan. I fully agree that my service may at the discretion of the Company be terminated if any part of this declaration is false.

.....

Signature of Applicant

Date of Application:

FOR OFFICE USE ONLY	
Interview by	Date:
Date	Accepted/KIV/Rejected
Position:	
Department:	
Comments:	
Signature:	Approved by GMD/CEO:
Date:	Date:

