



KESM INDUSTRIES BERHAD

Registration No. 197201001376 (13022-A)

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

1. ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

- (a) This Anti-Bribery & Anti-Corruption Policy (“Policy”) sets out the responsibilities of KESM Industries Berhad (“KESMI”) and its group of companies (“KESMI Group”), and those who work for or with the KESMI Group with regards to observing and upholding our zero-tolerance position on bribery and corruption.
- (b) It also exists to act as a source of information and guidance for those working for, and with, the KESMI Group. This Policy seeks to help them recognise and deal with bribery and corruption issues, as well as understand their responsibilities when encountering such issues.

2. POLICY STATEMENT

- (a) The Board of Directors of KESMI (“Board”) is committed to conducting its business in an ethical and honest manner, and will endeavour to ensure that all its business relationships and dealings are conducted professionally and with high integrity.
- (b) The Board has zero-tolerance for illegal acts involving KESMI Group’s businesses, and will strictly seek to implement and enforce the systems put in place to ensure bribery and corrupt practices are prevented.
- (c) The KESMI Group is committed to abide by the laws relating to anti-bribery and anti-corruption in all the jurisdictions in which we operate. We are bound by the laws and regulations of Malaysia, including the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption (Amendment) Act 2018 (collectively “the MACCA”), the Main Market Listing Requirements issued by Bursa Securities, and any other laws, regulations, rules, guidelines and/or directives in regards to our conduct both at home and abroad.
- (d) If KESMI or any of its group companies is found guilty of a corrupt practice or activity, we may be subjected not only to the penalties prescribed under the relevant anti-bribery and anti-corruption laws and regulations, but we will also face serious damage to our reputation which will consequently adversely affect our business prospects.
- (e) It is with this in mind that the Board commits to using its best endeavours to prevent bribery and corruption in our business functions.
- (f) To address these risks, the Board has taken the following steps:
 - (i) to implement and enforce this Policy effectively;
 - (ii) to perform regular bribery and corruption risk assessment on our operations and review the findings;
 - (iii) to take necessary steps to communicate and disseminate this Policy, whether through notices, training programmes, dialogues, briefings or otherwise, to all individuals operating in, or with, the KESMI Group, in



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particular those in areas of high risk of exposure to bribery or corrupt activities; and

- (iv) to regularly review and update this Policy to ensure that the KESMI Group's business activities and dealings are free from bribery or corruption.

3. PERSONS AFFECTED BY THIS POLICY

- (a) This Policy applies to all employees of the companies within the KESMI Group, no matter where our subsidiary or employees are located.
- (b) This includes all individuals working within the KESMI Group, including directors, and employees (whether full-time, part-time, contract or temporary), and external parties such as consultants, contractors, sub-contractors, trainees, seconded staff, volunteers, interns, agents, representatives, sponsors, suppliers, customers, or any other person or persons associated with us (including third parties) (collectively referred to as "External Party").

4. PENALTIES

- (a) We acknowledge that bribery and corruption activities are offences under the MACCA.
- (b) The general penalties for any corruption related offences are:-
 - (i) a maximum 20 years imprisonment; and
 - (ii) a minimum fine of RM10,000, or 5 times the value of the bribe, whichever is higher.

5. ACTS OF BRIBERY AND CORRUPTION DEFINED

5.1 What constitutes bribery and corruption are defined in the MACCA. Without generalising the meanings given in the MACCA, and for ease of reference, below are what each of these acts generally mean:

- (a) **Bribery** refers to the act of offering, giving, promising, asking, agreeing, receiving, accepting, or soliciting something of value or of an advantage so to induce or influence an action or decision in order to gain commercial, contractual, regulatory or personal advantage.



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- (b) **Corruption** refers to dishonest behavior by those in positions of power for private gain, or for business purposes. This would include acts of receiving or giving bribes, diverting funds, defrauding investors, under-table arrangements and inappropriate giftings.
 - (c) **Facilitation payments** refer to sums of money unofficially paid to secure or expedite a routine government action by a government official.
 - (d) **Kickbacks** refer to an additional sum of money paid to a bribe-taker as a reward for a business favour or advantage given.
- 5.2 Bribery and corruption in any form is illegal under the MACCA. Therefore, employees **MUST NOT** engage in any of these activities, be it directly, passively, or through a third party (such as an agent, supplier or distributor). They **MUST NOT** bribe a public official or accept bribes in any degree. If uncertain about whether something is a bribe or a gift or an act of hospitality or a charitable act, they must seek further advice from the relevant employee's immediate superior or Head of Department or Human Resource Department.

6. PERMISSIBLE AND NON PERMISSIBLE ACTS

6.1 Gifts, Entertainment and Hospitality

- (a) In general, the Board encourages the use of good judgement, discretion and moderation when giving, or accepting gifts, hospitality or entertainment in business settings. Notwithstanding this, the Board prohibits solicitation of gifts, hospitality, entertainment or favours of any value or kind, from persons or firms with which KESMI or any of its group companies actually or potentially does business with. Employees of the KESMI Group must not also act in any manner that would place any vendor, supplier or customer in a position where he or she may feel obligated to make a gift, provide hospitality or entertainment or personal favours to do business or continue to do business with the KESMI Group.
- (b) Nevertheless, the Board recognises that certain gestures of hospitality and goodwill may prompt gift giving and entertainment practices, whether given to or received from third parties. In such instances, the giving or receiving of gifts or provision of hospitality or entertainment **MUST** meet the following requirements:
 - (i) it is not made with the intention of exerting influence on the party to whom it is being given, obtaining or rewarding the retention of a business or business advantage, or as an explicit or implicit exchange for favours or benefits;
 - (ii) it is not made with the suggestion that a return favour is expected;



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- (iii) it is in compliance with the relevant laws and regulations relating to anti-bribery and anti-corrupt practices;
 - (iv) it is given in the name of the relevant company of the KESMI Group, and not in an individual's name;
 - (v) it does not include cash or a cash equivalent;
 - (vi) it is appropriate for the circumstances, for example, festive gifts or gifts solicited for company annual dinners, or as contributions to the company annual sports events, or for the purpose of social interaction (through sports or games or meals), or as a small gesture of gratitude to a company for helping with a large project upon completion;
 - (vii) it is of an appropriate type and value and given at an appropriate time, taking into account the reason for the gift;
 - (viii) it is given or received openly, and not secretly; the matter having, prior to the act, been properly reported or disclosed, and approved by the relevant KESMI Group company's Head of Operations and Head of Finance, and ultimately the General Manager and/or Chief Executive Officer of the KESMI Group, where required;
 - (ix) it is not selectively given to a key, influential person with a clear intention of directly influencing that person;
 - (x) it is not above a certain excessive value, the value of which is typically pre-determined and approved by the relevant KESMI Group company's policy for such matters; and
 - (xi) it is not an offer to, or acceptance from, a government official or representative or politician or political party, without the prior approval of the relevant KESMI Group company's Head of Operations and Head of Finance, and ultimately the General Manager and/or Chief Executive Officer of the KESMI Group, where required.
- (c) Where it is inappropriate to decline the offer of a gift (i.e. when meeting with an individual of a certain religion or culture who may take offence), the gift may be accepted so long as it is declared to, and approved by the relevant KESMI Group company's Head of Operations and Head of Finance, who will assess the circumstances, and ultimately the General Manager and/or Chief Executive Officer of the KESMI Group, where required.
- (d) The Board also recognises that the practice of giving and receiving business gifts varies between countries, cultures, regions and religions, so definitions of what is acceptable and not acceptable will inevitably differ for each.
- (e) Accordingly, as good practice, if in doubt, disclosure to, or prior approval of the relevant KESMI Group company's Head of Operations and Head of Finance,



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and/or the General Manager and/or Chief Executive Officer of the KESMI Group, where required, ought to be made, or sought, regarding gifts, hospitality or entertainment offered or given or received. Gifts, hospitality or entertainment offered, given or received from vendors or suppliers should nevertheless always be disclosed.

- (f) The intention behind a gift being given or received, or hospitality gestures being provided should always be considered. If there is any uncertainty, the advice of the employee's immediate superior, or Head of Department or the Human Resource Department should be sought.

6.2 Facilitation Payments and Kickbacks

- (a) The Board recognises that facilitation payments and kickbacks are forms of bribery. Therefore, no employee is to accept, or make, any form of facilitation payments of any nature.
- (b) Similarly, kickbacks are categorically not allowed to be made or accepted.
- (c) The Board recognises that, despite its strict policy on facilitation payments and kickback, employees may face a situation where avoiding a facilitation payment or kickback may threaten his or her personal security. Under these circumstances, the employee must do the following:
 - (i) immediately report the incident to his or her immediate superior;
 - (ii) create a record of the amount required to be made or received; and
 - (iii) ask for a receipt, detailing the amount and reason for the payment.

6.3 Political Contributions

- (a) Unless otherwise approved by the Board, no contributions, whether in cash, kind or by any other means, shall be made to support any political parties or candidates, so as to avoid any perception that such payments are being made as an attempt to gain an improper business advantage.

Whilst employees may personally make political contributions, KESMI will not make any reimbursement for these personal political contributions to its employees.

6.4 Donations and Sponsorships

- (a) The Board accepts (and indeed encourages) acts of donating to charities – whether through services, knowledge, time, or direct financial contributions (cash or otherwise) – and agrees to appropriately disclose all charitable contributions it makes, if required by relevant laws or regulations. In doing so, the Board will ensure that all charitable donations made are legally and ethically under the relevant laws and regulations, and that donations are not offered or made without the approval of the relevant KESMI Group company's Executive Director.



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- (b) Employees must be careful to ensure that charitable contributions are not used to facilitate and/or conceal acts of bribery.

6.5 Procurement Process

- (a) KESMI Group has processes and adheres to systems of internal controls around supplier and vendor selections. These selections must never be based on receipt of any gifts, payments, favours or hospitality treatments. If a supplier or vendor selection is formal, structured invitation for the supply or purchase of goods and services (“tender”) will be set out, and it is important to ensure that the tender process is transparent and void of corrupt practices, and that documentation supporting the tender processes is maintained accurately.
- (b) A tender process, where appropriate and/or applicable, includes an invitation for other parties to make a proposal, on the understanding that any completion for the relevant contract must be conducted in response to the tender. Neither should any party have an unfair advantage, nor any separate or prior close-door negotiations for the contract. All bidding processes must be transparent and open to all qualified bidders, and shall be open for scrutiny, and chosen on the basis of price and quality.
- (c) Due diligence of new suppliers in a selection process should include enquiries into the vulnerability of the KESMI Group to corruption or bribery risk(s) dealing with such potential suppliers.

6.6 Examples of Bribery and Corruption

- (a) Please see attached in Schedule 1 for scenarios that may be deemed as acts of bribery and corruption. This is not an exhaustive list.
- (b) It is incumbent on an employee to seek clarification from his or her immediate superior, or Head of Department, or Human Resource Department, if he or she is in doubt if an act or potential act would tantamount to bribery or corruption.

7. EMPLOYEE RESPONSIBILITIES

- (a) All employees of the KESMI Group must ensure that they have read, understood, and agree to familiarise and comply with the information contained within this Policy, and with any training or other anti-bribery or anti-corruption information given or initiatives undertaken by KESMI on matters relating to this Policy.
- (b) All employees and those under the control of the KESMI Group are equally responsible for the prevention, detection, and reporting of bribery and other forms of corruption that he or she becomes aware of. They are to avoid any activities that could lead to, or imply, a breach of this Policy and the relevant laws and regulations governing anti-bribery and anti-corruption activities, so as not to expose themselves nor the KESMI Group to the risk of liability under the



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MACCA or any other similar laws in jurisdictions where the KESMI Group operates its businesses.

- (c) If an employee has reason to believe or suspect that an instance of bribery or corruption has occurred or will occur in the future, that will violate the provisions of this Policy or anti-bribery or anti-corruption laws and regulations, he or she **MUST** report this to the relevant KESMI Group company's Executive Director or the Chairman of KESMI's Audit Committee as soon as is practicable, in accordance with the Whistle-Blower Policy. If an External Party wishes to make a similar report, the External Party may use the applicable channel of reporting as set out in Whistle-Blower Policy.
- (d) If any employee breaches this Policy, he or she will face disciplinary action, and could face dismissal for gross misconduct, in addition to the ramifications of applicable laws and regulations in respect of his or her illegal actions. KESMI also reserves the right to seek recourse against such employee in the event that the illegal act(s) of the employee, notwithstanding KESMI's best efforts to mitigate such incidents, results in a liability for KESMI or any of the group companies under the relevant laws or regulations governing anti-bribery and anti-corruption activities.

8. PROTECTION

- (a) Employees who refuse to accept or offer to engage in bribery or corrupt acts, or those who raise concerns or who report another's potential act(s) of bribery or corruption, are sometimes worried about the potential repercussions.
- (b) Under the Whistle-Blower Policy, the Board assures all employees of the KESMI Group that it will support anyone who raises concerns in good faith under this Policy, even if investigation and due inquiry into the matter find that it was a mistake or unfounded.
- (c) The Board will further ensure that no one suffers any detrimental treatment as a result of refusing to accept or offer a bribe or other corrupt activities, or because they reported a concern relating to act(s) or potential act(s) of bribery or corruption.
- (d) Detrimental treatment refers to dismissal, disciplinary action, or unfavourable treatment in relation to the concern raised.
- (e) If an employee has reason to believe that he or she has been subjected to detrimental treatment as a result of a concern raised or a refusal to accept a bribe, his or her immediate superior, or Head of Department, or KESMI's Human Resource Department must immediately be notified.
- (f) Please refer to the Company's Whistle Blower Policy for further information on how to report violations or suspected violations of this Policy.



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9. TRAINING AND COMMUNICATION

- (a) It is one of the requirements of the KESMI Group that all new employees receive instructions on this Policy as part of the induction process. Employees will further receive regular, relevant training on how to adhere to this Policy, and where deemed necessary, will be asked annually to formally accept that they will comply with this Policy.
- (b) This Policy and the Board's zero-tolerance stance on bribery and corruption activities in the KESMI Group business operations and dealings will be clearly communicated and emphasised to all suppliers, contractors, business partners, and other third parties at the outset of any business relationships with such parties, and as appropriate thereafter.
- (c) The Board will ensure that relevant anti-bribery and corruption training will be provided to all levels of employees where it is felt that knowledge on how to comply with this Policy and with the relevant laws and regulations on the matter needs to be enhanced, and where there is a high risk or potential risk of facing bribery or corruption in undertaking their responsibilities.

10. RECORD KEEPING

- (a) The KESMI Group will maintain detailed and accurate records, financial or otherwise, and have appropriate internal controls in place to act as evidence for all payments made to, or payments received from third parties.
- (b) All expense claims relating to gifts, hospitality, entertainment, donations or charitable contributions incurred, or any matters of value accepted or given, must be submitted, together with the necessary documentations, for approval by the relevant KESMI Group company's Head of Operations and Head of Finance, and/or the General Manager and/or Chief Executive Officer of the KESMI Group, where required.
- (c) All accounts, invoices, memoranda and other documents and records relating to business dealings with third parties, such as customers, suppliers, vendors, distributors and agents, must be prepared and maintained with strict accuracy and completeness. No accounts must be kept off the records or off the books to facilitate or conceal improper payments.



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11. MONITORING AND REVIEWING

- (a) KESMI's Audit Committee is responsible for monitoring the effectiveness of this Policy, and will regularly review the suitability, adequacy and effectiveness of the implementation this Policy.
- (b) Internal control systems and procedures that will also include a corruption risk assessment programme, which are designed to prevent bribery and corruption, or to mitigate the risks relating thereto, are subject to regular reviews and audits, including an external audit that is required to be conducted once every 3 years.
- (c) Employees are encouraged to offer their feedback to KESMI's Head of Operations and Head of Finance on how this Policy may be improved. Any need for improvements will be applied as soon as possible.

12. AMENDMENT

KESMI may, from time to time, amend this Policy to improve its effectiveness in combatting bribery and corruption, or to comply with the relevant laws and regulations governing bribery and corruption.

This Policy was approved/last reviewed by the Board on 7 March 2024.



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SCHEDULE 1

EXAMPLES OF BRIBERY AND CORRUPT ACTS

The following are examples of possible scenarios that may arise for an individual while working for KESMI or any of its group companies. Such activities may be deemed as illegal under the anti-bribery and anti-corruption laws and regulations. Accordingly, any employee who becomes aware of, or is suspicious of, such activities or potential activities, must report the same to his or her immediate superior or the Head of Department or Human Resource Department.

The list below is not intended to be exhaustive and is for illustration purposes only:

- (i) where you become aware of a third party or potential third party who deals, or is seeking business association, with the KESMI Group ("Third Party) engages in, or has been accused of engaging in, improper business practices;
- (ii) where you learn that a Third Party has a reputation for paying bribes, or requiring that bribes be paid to them, or has a reputation for having a "special relationship" with government officials or similar public offices;
- (iii) where a Third Party insists on receiving a commission or fee payment before committing to sealing a contract, or agreeing to carry out a government function or process;
- (iv) where a Third Party requests payments in cash and/or refuses to sign a formal commission or fee agreement, to provide an invoice or receipt for payments made;
- (v) where a Third Party requests that payments be made to a dubious account offshore or to a location different from where the Third Party resides or conducts business;
- (vi) where a Third Party requests unexpected additional fees or commission to facilitate services rendered;
- (vii) where a Third Party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services;
- (viii) where a Third Party requests that a payment is made to "overlook" potential legal violations;
- (ix) where a Third Party send an invoice that appears to be non-standard or customised;
- (x) where a Third Party insists on using side letters or refuses to put terms agreed in writing;
- (xi) where an invoice is received for a commission payment that appears to be exorbitant relative to the service to be provided;



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- (xii) where a Third Party requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to the KESMI Group; or
- (xiii) where a Third Party offers an unusually generous gift or lavish hospitality.