



ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

1. Hup Seng Industries Berhad's Commitment

Hup Seng Industries Berhad and its subsidiaries ("the Group") are committed to conducting business dealings with integrity and comply to Malaysian Anti-Corruption Commission Act. This means avoiding practices of bribery and corruption of all forms in the company's daily operations. The Group has adopted a zero tolerance approach against all forms of bribery and corruption and takes a strong stance against such acts. Employees who refuse to pay or receive bribes or participate in acts of corruption will not be penalised even if such refusal may result in the Company losing its business or not meeting the targets.

The Group's Anti-Bribery and Anti-Corruption Policy ("this Policy") leverages the core principles set out in the Group's Code of Conduct ("COC"). The scenarios provided within this Policy do not limit the boundaries of the Policy which may be extended to cover all circumstances relating to bribery. Compliance to the Policy is mandatory and will be monitored.

2. Introduction

The Group highlighted Integrity as core values in the COC. This Policy is established on the basis of five principles of Integrity as below:

PRINCIPLE I: TOP LEVEL COMMITMENT

PRINCIPLE II: RISK ASSESSMENT

PRINCIPLE III: UNDERTAKE CONTROL MEASURES

PRINCIPLE IV: SYSTEMATIC REVIEW, MONITORING AND ENFORCEMENT

PRINCIPLE V: TRAINING AND COMMUNICATION

The nature of the Group's business requires its employees to engage in business with a wide range of parties, both internal as well as external. Each Employee shall uphold high levels of personal and professional values in all business interactions and decisions.

This Policy also provides guidance on how to act when subjected to potential acts of bribery and matters of corruption.

This Policy shall be read in conjunction with the Anti-Bribery and Anti-Corruption Standard Operating Procedures (ABACSOP), Code of Conduct (COC), the Third Party Code of Conduct (TPCOC), Whistleblowing Policy and Procedure (WPP) and the Malaysian Anti-Corruption Commission Act 2009 and its 2018 amendment ("MACCA").

3. Objective

This Policy sets out the Group's position on bribery in all its forms and matters of corruption that might confront the Group in its day to day operations.

4. Scope

This policy applies to all Directors and Employees of the Group.

5. Anti-bribery and anti-corruption policy

- a) The Group is committed to conduct its business ethically and in compliance with all applicable laws and regulations.
- b) All forms of bribery and corruption are prohibited. The Group upholds a zero tolerance approach. In addition to bribery, Employees must not participate in any corrupt activity, such as extortion, collusion, breach of trust, abuse of power, trading under influence, embezzlement, fraud or money laundering.
- c) Bribery may take the form exchange of money, goods, services, property, privilege, employment position or preferential treatment. Employees shall not therefore, whether directly or indirectly, offer, give, receive or solicit any item of value, in the attempt to illicitly influence the decisions or actions of a person in a position of trust within an organisation, either for the intended benefit the Group or the persons involved in the transaction.
- d) This Policy applies equally to its business dealings with commercial ('private sector') and government ('public sector') entities, and includes interactions with their directors, Employees, agents and other appointed representatives at all levels. Even the perception of bribery is to be avoided.
- e) This Policy applies to all countries worldwide, without exception and without regard to regional customs, local practices or competitive conditions.
- f) No Employee will suffer demotion, penalty or other adverse consequences for refusing to pay or receive bribes or other illicit behaviour, even if such refusal may result in the company losing business or experiencing a delay in business operations.
- g) The Group recognises the value of integrity in its Employees and Directors. The Group's recruitment, training, performance evaluation, remuneration, recognition and promotion for all Employees, shall be designed to recognise integrity. The Group conducts due diligence on employees who holds or may be holding, Exposed Positions.
- h) The Group awards contracts and employee positions purely based on merits. Support letters in all forms shall not be recognised as part of the business decision making process.

6. Gifts, Entertainment and Travel and Donation and Sponsorship

- a) The Group prohibits both the giving and receiving of Gifts, Entertainment, Travel, Donation and Sponsorship to influence business decisions.
- b) Donations and Sponsorships (D&S) may be permitted for education and charity organisations with prior approval from the management. Donations in the form of charity may be permissible depending on the circumstance but should be made directly to an official entity and be able to be disclosed publicly when required to.
- c) In respect of political contributions, funds or resources of the Group must not be used to make any direct or indirect political contributions on behalf of the Group without approval from the Board. Any appearance of making such contributions or expenditure to any political party, candidate or campaign, must also be avoided.

7. Facilitation payments

- a) The Group adopts a strict stance that disallows facilitation payments.
- b) Employees are expected to notify their immediate superior when encountered with any requests for a facilitation payment. In addition, if a payment has been made and Employees are unsure of the nature, their immediate superior must be immediately notified and consulted. They must also ensure that the payment has been recorded transparently.
- c) The Group equally uphold the safety of all Employees as priority. In the event that an Employee's safety is at stake, a facilitation payment to protect the Employee is permitted. The event shall be reported to the Managing Director for further actions.

8. Business Associates

- a) As part of the Group's commitment to combat bribery, the Group expects all Business Associates to refrain from bribery.
- b) If suspicion of bribery and corruption arises in the dealings with any Business Associate, the Group shall seek an alternative provider of the services / goods.
- c) The Group expects all Business Associates acting on behalf the Group to contractually agree to refrain from bribery and corruption, and to adhere to the Third Party Code of Conduct and declare compliance to via the Third Party Declaration Form.
- d) If the Group is not satisfied that bribery and corruption prevention has been upheld, due diligence shall be undertaken with regards to any Business Associate intending to act on the Group's behalf.

9. Responsibilities of Employees

- a) Employees are responsible for understanding and complying with this Policy. In particular, the role of all Employees includes the following:
 - i. Be familiar with applicable requirements and directives of the policy and communicate them to subordinates;
 - ii. Promptly record all transactions and payments accurately and in reasonable detail;
 - iii. Always raise suspicious transactions to immediate superiors for guidance on next course of action;
 - iv. Promptly complete Code of Business Conduct (COC), Anti-Bribery and Anti-Corruption trainings and assessments.

10. Conflict of interest

- a) Conflicts of interest arise in situations where there is a personal interest that might be considered to interfere with that person's objectivity when performing duties or exercising judgement on behalf of the Group. Employees should avoid or deal appropriately with situations in which personal interest could conflict obligations or duties. Employees must not

use their position, official working hours, Group resources and assets for personal gain or to the Group's disadvantage.

- b) All board members employees shall understand and comply to the Group's Code of Conduct (COC) pertaining to the conflict of interest. In situations where confronted with such conflict, Employees are required to declare to the Managing Director (MD) for further actions
- c) Employee are encouraged to raise suspicious cases to immediate superiors for guidance on next course of action;

11. Staff declarations

- a) All employees shall complete trainings on the COC and this Policy and make declaration of compliance via the Employee Undertaking and Acknowledge Form.
- b) In addition, under circumstances of suspicious behaviour, allegations and/or investigations relating to bribery or corruption, Internal audit committee reserves all rights to request the relevant Employee to declare information regarding assets owned as deemed necessary.

12. Anti-bribery and Anti-Corruption compliance

- a) Anti-Bribery & Anti-Corruption Committee shall have the oversight of the implementation of compliance controls related to this Policy.
- b) Anti-Bribery & Anti-Corruption Committee shall conduct regular risk assessments to identify the bribery and corruption risks potentially affecting the Group. Anti-Bribery & Anti-Corruption Committee shall also review the suitability of this Policy from time to time, taking into account relevant developments in the legislature as well as evolving industry and international standards.
- c) Anti-Bribery & Anti-Corruption Committee shall be act effectively against bribery, including initiating investigations deemed necessary based on reasonable cause for suspicion. The Head of Anti-Bribery & Anti-Corruption Committee shall maintain a direct reporting line to the Governance and Audit Committee as well as the Directors.

13. Awareness, communication and training

- a) The Group conducts awareness programmes for all Employees to refresh awareness of anti-bribery and anti-corruption measures, and to continuously promulgate integrity and ethics. This includes the COC training and assessment.
- b) Anti-Bribery & Anti-Corruption Committee shall maintain all records of trainings pertaining to Anti-Bribery & Anti-Corruption.

14. Reporting of policy violations

Employees who encounter actual or suspected violations of this Policy are required to report their concerns. Each Employee has a responsibility to ensure that suspected -bribery and corruption incidents are reported promptly. The Group practices an open door policy and encourages all Employees to share concerns and suggestions with superiors and colleagues who are able to address them in an appropriate manner. The COC sets out secured whistleblowing channels below :-

- a. Whistleblowing e-Form at:
 - i. www.hsib.com.my/policies-procedures/whistleblowing
- b. Emails:
 - i. Anti-Bribery & Anti-Corruption Committee,
Whistleblowing Unit:
whistleblowing@hupseng.com
- c. Calls to (Malaysian Office Hours; GMT+8 hours):
 - i. Malaysia: +607-4151211
- d. Letters to Anti-Bribery & Anti-Corruption Committee, Whistleblowing Unit at:
 - i. Hup Seng Industries Berhad

14, Jalan Kilang, Kawasan Perindustrian Tongkang Pecah, 83010 Batu Pahat, Johor, Malaysia

15. Non-compliance

- a) Anti-Bribery & Anti-Corruption Committee shall conduct regular validation to ensure compliance to this Policy. Such validation exercises may be conducted either independently by Anti-Bribery & Anti-Corruption Committee or in collaboration with external consultants.
- b) Non-compliance identified by the validation or identified through other risk assessments undertaken shall be reported to the Governance and Audit Committee.

16. Continuous improvement

- a) The Group is committed to continually improve its policies and procedures relating to anti-bribery and anti-corruption. Anti-Bribery & Anti-Corruption Committee may therefore endeavour to develop further integrity measures.

17. Sanctions for non-compliance

- b) The Group regards bribery and corruption as a serious matter. Non-compliance may lead to disciplinary action, up to and including termination of employment. Further legal action may also be taken in the event that the Group's interests have been harmed as a result of non-compliance.
- c) The Group shall notify the relevant regulatory authority if any identified bribery or corruption incidents have been proven beyond reasonable doubt.
- d) Where notification to the relevant regulatory authorities have been done, the Group shall provide full co-operation to the said regulatory authorities, including further action that such regulatory authority may decide to take against convicted Employees.

18. Waiver

Any deviation or waiver from this policy must be approved by Board of Directors.

This policy was approved by the Board on 18 November 2020.