



CAHYA MATA SARAWAK

Cahya Mata Sarawak Berhad Anti-Bribery and Anti-Corruption Policy

November 2019
(Version 1.0)

Document Information

Title	Cahya Mata Sarawak Berhad Anti-Bribery & Anti-Corruption Policy or the Policy
Originator	MACC Project Steering Committee
Document Version No	Version 1.0
Document Version Date	26 November 2019
Prepared By	David Ling – Group General Counsel Francis Lou – Group Internal Auditor
Reviewed by	Dato Isaac Lugun – Group Managing Director
Approved by	Cahya Mata Sarawak Berhad - Main Board
Approved Date	26 November 2019

Key Contact Details

	Name	Title	Contact	email
Group Managing Director (“GMD”)	Dato Isaac Lugun	Group Managing Director	082-482 611	isaacl@cmsb.com.my
Corruption Risk Owner	David Ling	Group General Counsel	082-331 186	davidling@cmsb.com.my
Group Legal (“GL”)	David Ling	Group General Counsel	082-331 186	davidling@cmsb.com.my
Group Internal Audit (“GIA”)	Francis Lou	Group Internal Auditor	082-482 711	francisl@cmsb.com.my
Group Human Resources (“GHR”)	Wendy Yong	Senior General Manager - Group HR	082-338 270	wendyy@cmsb.com.my

OBJECTIVES

- (A) To set out the responsibilities of Cahya Mata Sarawak Berhad Group¹ (“CMSB” or “the Group”), and all those that are subjected to this policy, in combating all forms of bribery and corruption; and
- (B) To provide information and guidance to those that are subjected to this policy on how to recognise and deal with bribery and corruption issues.

ANTI-CORRUPTION STATEMENT

- (A) At CMSB, we believe good corporate governance is the key driver that contributes to the growth of the Group. We are determined to support the creation of a fair, equal and competitive business environment in Sarawak, and beyond.
- (B) As such, CMSB takes a zero-tolerance approach to all forms of bribery and corruption. We expect our directors, employees, vendors and Third-Party² representatives to do the same. We hope our other stakeholders will do so too.

¹ Refers to Cahya Mata Sarawak Bhd, all its subsidiaries and Third-Parties acting on its behalf

² “Third-Party” means any agent, consultant, temporary employee, supplier, independent contractor or subcontractor etc. engaged by CMSB to render services to CMSB.

1 INTRODUCTION

- 1.1 CMSB conducts its business in a legal and ethical manner, in compliance with all applicable laws, regulations and standards. The Group requires all directors, employees, vendors and Third-Party representatives, to be committed to acting professionally and with integrity in all their business dealings with and for and on behalf of the Group.
- 1.2 The Group is committed to taking all reasonable and appropriate measures to ensure that its directors, employees, vendors and Third-Party representatives do not engage in corrupt practices under any circumstances.
- 1.3 This Policy provides a framework and point of reference to help prevent bribery and corruption in all our business dealings. For the employees of CMSB, this Policy is supplemental to and shall be read in conjunction with the “Code of Ethics / Conduct” of CMSB. This Policy is itself supported by other CMSB policies including but not limited to the “Gifts, Entertainment & Hospitality Policy”; “Sponsorship & Donations Policy”; “Whistleblowing Policy”; and “Third-Party Due Diligence Policy” etc. Please refer to the Employee Handbook or consult your line manager / GHR / GL / GIA for further clarification and guidance on code and/or these policies.
- 1.4 This Policy is deliberately brief: combating corruption is about common sense and adhering to anti-corruption principles, not burdensome rules and procedures. The law and this Policy do not intend to disrupt business operations, nor do they ban legitimate, appropriate and proportionate gifts, hospitality and entertainment.

2 DEFINITION OF BRIBERY AND CORRUPTION

- 2.1 Bribery is the offering, promising, giving, accepting or soliciting of anything that could be perceived as having value, to induce an action which is illegal, unethical or a breach of trust. It is important to note that a bribe does not have to be given to breach the law or to breach this policy. Even the promise or offer to give or receive a bribe is against the law and strictly prohibited at CMSB. Corruption is the abuse of entrusted power for private gain.
- 2.2 Bribery and corruption can take many forms. Below are some of the examples of bribery and corruption risks that you might face in your work, but not limited to:
 - (a) Cash or cash equivalents such as vouchers;
 - (b) Request for donations or sponsorships;
 - (c) Gifts, entertainment or hospitality;
 - (d) Preferential treatment or favours, including offers of employment; and
 - (e) Discounts, rebates, or credits.

3 **CORRUPTION RISK OWNER**

- 3.1 This policy establishes the role of the Corruption Risk Owner. Combating corruption is the responsibility of every director, employee, vendor and Third-Party representative. However, the Corruption Risk Owner takes executive responsibility for and ownership of this Policy and the anti-corruption efforts at CMSB. As with all CMSB policies, the GMD and the Board takes ultimate responsibility for this Policy and the Group's anti-bribery and anti-corruption programme.
- 3.2 The Group General Counsel has been appointed by the GMD as the Corruption Risk Owner of CMSB. He/she will report directly to the Group Risk Committee which will then report to the Board, on a regular basis and on all matters under this Policy.

4 **APPLICABILITY AND FURTHER GUIDANCE**

- 4.1 **If in any doubt whatsoever, consult; if it is a borderline case, do not do it.**
- 4.2 The Policy is applicable to all **directors, employees, vendors and Third-Party representatives of the Group**. Each employee has a duty to read and understand the Policy, and to declare that he/she has read and understood it to GHR on an annual basis. Violation of any of the Policy's provisions may result in severe disciplinary action, including termination of employment. It could also result in enforcement action for breaching the law. Adherence to this Policy by our Third-Party representatives and other business partners is a contractual requirement of our relationship with them.
- 4.3 If a director requires further clarification on the Policy, the director may liaise with the Chairman of the Board, or the GMD. Employees may approach their immediate superior, Head of Division/Department, GIA, GL or GHR for queries or to raise any concerns. Third-Party representatives should contact their usual CMSB contact(s) for further information. All those subject to this Policy should also feel free to contact the Corruption Risk Owner should the need arise or for any clarification.

5 **IMPLICATIONS AND GENERAL PRINCIPLES**

5.1 Avoiding Bribery and Corruption - Implications

The law in Malaysia³ imposes corporate liability for corruption offences. This makes directors, management or anyone in a supervisory or management role responsible for the actions of their staff or Third-Party representatives should they engage in corrupt activities – even if they were not aware of the act. The potential penalties are severe, i.e. a minimum

³ MACC (Amendment) Act 2018

RM1 million fine and/or up to 20 years imprisonment. The potential penalties for the person committing the offence are also severe i.e. a minimum fine of RM10,000 and up to 20 years imprisonment. It is everyone's duty to conduct CMSB's business in a compliant, corruption-free and transparent manner.

5.2 Principles

Below are six non-exhaustive principles those subject to this Policy should bear in mind when conducting business in the name of CMSB. You should always feel free to seek guidance from the Corruption Risk Owner or any of the other resources described in this Policy. **If in any doubt whatsoever, consult; if it is a borderline case, do not do it.**

5.2.1 *Principle 1 - Extortion*

- (a) If your health, safety, freedom or property (or that of your family, colleagues or people you are travelling with) is at immediate risk should you not make a payment or grant another advantage which is being demanded, you may make the payment or grant the advantage as a last resort. However, you must immediately at the first available opportunity report the payment and the circumstances to the Corruption Risk Owner.
- (b) If you make a payment or grant other advantages in these circumstances and you promptly report the payment or advantage, CMSB will not take disciplinary action against you if you genuinely believed that your health, safety, freedom or property or that of your family, colleagues or travelling companions was in immediate danger should you not make the payment. **This is extortion and not a bribe.**

5.2.2 *Principle 2 - Small Payments to Expedite Routine Actions by Public Officials⁴*

Never offer or make small, unofficial payments – commonly called “grease”, “speed” or “facilitation” payments – to secure or expedite a routine action by a Public Official. If they should request such payment, you must refuse, even if there would be negative business consequences. If you face such situations, you should immediately report to your line manager, GHR, GL or GIA. **If in any doubt whatsoever, consult; if it is a borderline case, do not do it.**

5.2.3 *Principle 3 - Gifts, Hospitality and Entertainment*

- (a) Giving or receiving reasonable gifts, hospitality and entertainment is often an appropriate way to reflect esteem or gratitude, or to build stronger business relationships. Nonetheless, gifts, hospitality and entertainment require careful

⁴ “Public Official” means any executive, official, employee or other representative of a government or regulatory body including, where applicable, employees, officers and directors of government-linked companies

consideration to ensure that they are always consistent with the law, this Policy, and our standards of conduct.

- (b) It is your responsibility to read and make sure you understand and comply with the **Gifts, Entertainment and Hospitality Policy**. Refer to the policy and to the Employee Handbook for further guidance on this topic. **If in any doubt whatsoever, consult; if it is a borderline case, do not do it.**

5.2.4 *Principle 4 - Intangible Benefits*

- (a) Bribery does not have to be the giving or receiving of something physical. We must never offer, promise, make, accept or ask for any preferences, favours or other undue advantages that could influence or appear to influence your or the recipient's objectivity.
- (b) Examples (non-exhaustive) of such advantages could include: hiring a Public Official's or customer's relative as an Employee without going through the proper GHR channels; sponsoring a customer's or Public Official's personal trips; granting a free or advantageous loan. **If in any doubt whatsoever, consult; if it is a borderline case, do not do it.**

5.2.5 *Principle 5 - Managing Third-Parties*

- (a) When our Third-Parties provide services to us – particularly when, as agents or intermediaries, they act on our behalf – the laws of Malaysia deem them to be associated with the Group from an anti-bribery and anti-corruption perspective. CMSB and its directors and employees may be liable for acts of bribery or corruption committed by Third-Parties while carrying out services for our account or on our behalf.
- (b) Whilst this could extend to any of our Third-Parties depending on their services and contractual terms, particularly high-risk areas / profession including immigration or customs agents; lawyers; tax advisors; consultants and logistics service providers etc.
- (c) Before hiring or renewing the engagement of any Third-Party you must:
 - i. follow applicable procurement processes;
 - ii. conduct due diligence as set forth in the Third-Party Due Diligence Policy;
 - iii. include our standard anti-corruption clause in the contract;
 - iv. include our “right to audit” clause; and
 - v. where considered necessary by Group Procurement or the Corruption Risk Owner, make arrangements for the Third-Party to receive appropriate anti-corruption training.

- (d) If you manage a relationship with a Third-Party, it is your responsibility to ensure they fully understand CMSB's requirements around anti-corruption, and that you have taken all reasonable steps to ensure their compliance. **If in any doubt whatsoever, consult; if it is a borderline case, do not do it.**

5.2.6 *Principle 6 - Sponsorship, Donations and Political Contributions*

- (a) CMSB is proud to participate in philanthropic efforts that include charitable giving, support for disaster relief efforts and many other means of support that benefit our communities. However, those sponsorship and donations are required to adhere to our **Sponsorship and Donations Policy**.
- (b) CMSB does not make any charitable donations or contributions to political parties. Whilst employees are permitted to make personal political contributions, the Group will not make any reimbursement for these personal political contributions back to its employees.
- (c) It is your responsibility to read and make sure you understand the **Sponsorship and Donations Policy**. Refer to the policy and to the Employee Handbook for further guidance on this topic. **If in any doubt whatsoever, consult; if it is a borderline case, do not do it.**

6 WHISTLEBLOWING

- 6.1 Those subject to this Policy are strongly encouraged to speak up whenever they have evidence of, or suspect, any breach of this Policy. Those subject to this Policy may bring their concerns to their line manager, the Corruption Risk Owner, or use any of the channels made publicly available in CMSB's **Whistleblowing Policy** on CMSB website⁵.
- 6.2 Whistleblowers making reports in good faith will not be retaliated against. Any instances of such retaliation or threats to retaliate will be dealt with severely by the GMD and Board.
- 6.3 Disclosing your identity as part of a whistleblowing process can greatly increase the chances of successful resolution of the issues. As such, CMSB encourages whistleblowers to identify themselves. However, if requested, whistleblowers can choose at their sole discretion, to remain anonymous. Their anonymity will be respected and protected to ensure the confidentiality of identity, unless required by law or regulation

⁵ <http://www.cmsb.com.my/about-us/corporate-governance-2-2-2/whistle-blowing-2/>

7 TRAINING AND COMMUNICATION

7.1 Training and communication on this Policy forms part of the induction programme for all new employees and directors. This training is mandatory for all employees and directors and will be conducted by GHR on an on-going basis. CMSB's zero-tolerance approach to bribery and corruption must be communicated to all vendors and Third-Party representatives at the outset of any business relationship with them and periodically as appropriate thereafter.

7.2 For further guidance on anti-corruption training, please consult with GHR.

8 MONITORING AND REVIEW

8.1 CMSB will monitor the effectiveness and review the implementation of this Policy on a regular basis, considering its suitability, adequacy and effectiveness. Any improvements identified will be implemented as soon as practicable. Internal control systems and procedures will be subjected to regular audits to provide assurance that they are effective in countering bribery and corruption.

8.2 The Corruption Risk Owner will be responsible for the monitoring, review, and continuous improvement of this Policy and the Anti-Corruption Programme⁶.

9 FINAL REMARKS

9.1 We cannot predict every situation nor do we intend to have a rigid and inflexible Policy such as a "no gifts policy". As such, any deviation from the tenets of this Policy for any reason *must* be discussed with the Corruption Risk Owner in advance. The pre-approval from the Corruption Risk Owner and that of other necessary parties as defined by the Group Limits of Authority, is mandatory and must be clearly documented.

9.2 **If in any doubt whatsoever, consult; if it is a borderline case, do not do it.**

⁶ "Anti-Corruption Programme" refers to all CMSB's efforts to combat corruption i.e. training, controls, monitoring & etc.