

# **ALCOM GROUP BERHAD**

## **INTEGRITY & ANTI-CORRUPTION**

### **INTRODUCTION**

This document outlines the systematic process for ALCOM Group Berhad's (AGB) Integrity and Anti-Corruption Policy. The purpose of this document is to ensure consistency, efficiency, and safety in the execution of handling cases involving Integrity & Anti-Corruption within AGB. By adhering to these procedures, AGB aims to maintain high standards of quality, comply with relevant regulations, and enhance overall operational performance.

## Table of Contents

1.	<b>Objective</b> .....	3
2.	<b>Scope</b> .....	3
3.	<b>Definition</b> .....	3
4.	<b>Responsibilities of Key Personnel</b> .....	3
5.	<b>Forms of Corruption</b> .....	4
6.	<b>Risk Assessment</b> .....	7
7.	<b>Internal Control</b> .....	8
8.	<b>Raising Concern</b> .....	9
9.	<b>Procedures</b> .....	10
10.	<b>Investigation</b> .....	12
11.	<b>Training</b> .....	12
12.	<b>Record Keeping</b> .....	13
13.	<b>Monitoring and Review</b> .....	13
14.	<b>Commercial Organization</b> .....	13

## 1. Objective

To provide information and guidance to those working for the ALCOM GROUP BERHAD (“AGB” or “the Company”) and its subsidiaries (“the Group”) how to recognize and report incidences of corruption and bribery that has happened or maybe happening with any employee or agents of the Company.

## 2. Scope

This standard operating procedure applies to all employees (including full-time, contract, part-time, temporary staff or interns) and any other person providing services to the Company, including consultants, vendors, independent contractors, external agencies and/or any other party with a business relationship with Company (“agents”).

## 3. Definition

**Corruption:** Corruption is the abuse of entrusted power for private gain. It can manifest in various forms, including bribery, embezzlement, nepotism, and fraud, and it undermines the integrity, fairness, and efficiency of institutions and processes. Corruption results in significant economic, social, and political consequences.

**Integrity:** Integrity is the quality of being honest and having strong moral principles. It involves consistently adhering to ethical standards and values, being truthful, and demonstrating fairness and sincerity in actions and decisions.

## 4. Responsibilities of Key Personnel

### 4.1 CEO & Board of Directors

- Formally approved and sets out the Anti-Corruption Policy.
- Demonstrate visible and active commitment towards Integrity and Anti-Corruption Policy

### 4.2 Executive Directors and Senior Management

- To implement the policy by setting out the Anti-Corruption Standard Operating Procedures.
- To approve relevant anti-corruption training for employees.
- To evaluate the effectiveness of the procedures adopted from time to time and advise the Board of Directors of any changes that may be required of the policy.

#### **4.3 Human Resource Department Head**

- To communicate the policy and standard operating procedure to all employees and agents of the Company
- To recognize the types of bribery and corruption that may occur within the business of the Company.
- To ensure an adequate system of internal control exists and operate effectively to minimize the opportunity for employees and agents to receive or offer a bribe or any form of inducement for personal benefit or the benefit of the Company.
- To ensure new employees and agents are given briefing on Anti-Corruption Policy and SOP.

#### **4.4 Employees**

- To always act ethically and with integrity especially when he or she is representing the Company.
- To report any incidences of bribery and corruption to the person in charge as soon as the employee is aware of it.
- To not offer or accept any form of bribery either voluntarily or when asked to do so.

#### **4.5 Business Partner**

- To report any incidences of bribery and corruption to the person in charge as soon as they are aware of it.
- To conduct business with AGB with utmost integrity

### **5. Forms of Corruption**

#### **5.1 Bribery**

Bribery is an inducement or reward offered, requested, promised, or provided to gain any commercial, contractual, regulatory, business or personal advantage. Hence, the employee shall not:

- give or offer any payment, gift, hospitality, or other benefits in the expectation that a business advantage will be received in return, or to reward any business received.
- accept any offer from a third party that he/she knows or suspects is made with the expectation that the Company will provide a business advantage for him/her or anyone else.
- give or offer any payment to a government official in any country to facilitate or speed up a routine or necessary procedure.
- threaten or retaliate against another person who has refused to offer or accept a bribe or who has raised concerns about possible bribery or corruption.

Bribes can take many forms, for example:

- money (or cash equivalent such as shares)
- unreasonable gifts, entertainment or hospitality
- kickbacks
- unwarranted rebates or excessive commissions (e.g. to sales agents or marketing agents)
- unwarranted allowances or expenses
- “facilitation” payments
- political or charitable contributions
- uncompensated use of company services or facilities; or
- anything else of value.

## **5.2 Gifts and Hospitality**

Giving or receiving gifts or hospitality is often an important part of maintaining and developing business relationships. However, all gifts and hospitality should be for a genuine purpose, reasonable and given in the ordinary course of business.

Lavish, unreasonable gifts or hospitality, whether given or received are unacceptable as they can create the impression that the Company is trying to obtain or receive favorable business treatment by providing individuals with personal benefits.

Gifts must be of an appropriate type and value depending on the circumstances and taking account of the reason for the gift. Gifts must not include cash or cash equivalent or be given in secret.

## **5.3 Facilitation Payments or Kickbacks**

The Company and its service provider should not make, and should not accept, facilitation payments or "kickbacks" of any kind. Facilitation payments are unofficial payments, no matter how small, made to public official to secure, expedite actions or increase the speed at which they do their job. All employees and service providers must avoid any activity that might lead to, or suggest, that a facilitation payment or kickback is made or accepted by the Company.

## **5.4 Charitable Contribution and Sponsorship**

The Company will have to ensure that donations to charities and other recipients are not disguised as illegal payments to public officials in violation of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 (“MACCA 2018”) or other applicable anti-bribery and corruption laws. The following guidelines should be followed before donating to a charitable entity or a donation under its social development programs.

- The donation should generate publicity or goodwill for the Company and/or demonstrate the Company's commitment to the community.

- The donation must not be related to, dependent on, or made to win or influence a business deal or decision.
- The donation must be given directly to the relevant charity or organization and not to an individual.

### **5.5 Abuse of Power**

Abuse of power refers to the misuse of authority by individuals in positions of power, often for personal gain or to achieve objectives outside the scope of their legitimate duties. This can manifest in various forms, such as nepotism, embezzlement, and favoritism.

### **5.6 Embezzlement**

Embezzlement refers to the act of misappropriating or stealing funds or resources that have been entrusted to an individual's care, often by someone in a position of authority or responsibility. This typically involves the diversion of funds from their intended use for personal gain.

### **5.7 False Claim**

A false claim refers to the act of providing inaccurate, misleading, or outright false information to deceive authorities or the public for personal gain, to avoid accountability, or to manipulate outcomes. These false claims can lead to loss of public trust. False claims include fraudulent reporting, deceptive practices, misinterpretation of credentials and falsifying evidence.

## 6. Risk Assessment

The Company shall conduct comprehensive and annual risk assessment review to identify, evaluate, and address potential corruption risks within all areas of the organization. Executive Directors and Senior Management are responsible for ensuring the risk assessments are being conducted. This process will involve:

- a) **Identifying Risks:** Determining areas where the organization is vulnerable to corruption, such as bribery, kickbacks, conflicts of interest, fraudulent activities, and third-party risks.
- b) **Evaluating Likelihood and Impact:** Assessing the probability of these risks occurring and the potential impact they may have on the organization, including financial loss, reputational damage, and legal consequences.
- c) **Implementing Controls:** Developing and enforcing policies, procedures, and internal controls to mitigate identified risks. This includes conducting due diligence on third parties, maintaining a gifts and hospitality register, and ensuring transparent procurement processes.
- d) **Monitoring and Review:** Continuously monitoring the effectiveness of the controls in place and conducting regular reviews to ensure they remain relevant and effective.
- e) **Documentation and Reporting:** Keeping detailed records of all risk assessments, controls implemented, and incidents reported. Providing regular updates to senior management and the board on the status of anti-corruption efforts.

Through these measures, the Company aims to create a transparent and accountable environment that minimizes the risk of corruption and promotes ethical business practices.

## **7. Internal Control**

By implementing these robust policy, the Company demonstrates its unwavering commitment to preventing corruption and bribery. The Company continuously strive to maintain a culture of transparency, integrity, and accountability across all levels of our organization.

### **7.1 Accounting Controls**

- a) Segregation of Duties: The Company enforce a clear separation of responsibilities to prevent unauthorized transactions. Different individuals handle different aspects of financial transactions, such as approval, recording, and reconciliation.
- b) Regular Audits: Internal and external audits are conducted periodically to review financial statements and ensure accuracy and integrity.
- c) Access Controls: Strict access controls are in place to ensure that only authorized personnel can access sensitive financial information.

### **7.2 Purchasing Controls**

- a) Supplier Due Diligence: The Company perform a thorough background check on suppliers and vendors to verify their legitimacy and integrity.
- b) Transparent Bidding Processes: All procurement activities follow a transparent bidding process to eliminate favouritism and ensure fair competition.
- c) Approval Workflows: All purchasing decisions require multiple levels of approval to ensure they are scrutinized and justified.

### **7.3 Employee Training and Awareness (HR)**

- a) Training: Regular training sessions are conducted to educate employees on anti-corruption laws, company policies, and ethical behaviour.
- b) Whistleblower Protections: The Company maintain a secure and anonymous whistleblower system to encourage employees to report any suspicious activities without fear of retaliation.

### **7.4 Monitoring and Reporting**

- a) Transaction Monitoring: The Company continuously monitor financial transactions to detect and investigate unusual or suspicious activities.
- b) Regular Reporting: Detailed reports are generated and reviewed regularly to ensure compliance with anti-corruption policies and identify potential risks.



### **7.5 Policy Enforcement**

- a) Zero-Tolerance Policy: The Company enforce a zero-tolerance policy for corruption and bribery. Any violations result in immediate disciplinary action, up to and including termination of employment.
- b) Compliance Programs: The Company compliance team regularly updates and reviews our policies and procedures to adapt to new regulations and emerging risks.

## **8. Raising Concern**

All employees are encouraged to raise genuine concerns about possible improprieties in the conduct of the Company business, whether in matters of financial reporting or other operational or non-operational irregularities or malpractices, at the earliest opportunity in an appropriate way. If any employee believes reasonably and in good faith that bribery and corruption activities exist in the workplace, then he/she should report this immediately to his/her line manager or to the most senior person in the factory or department.

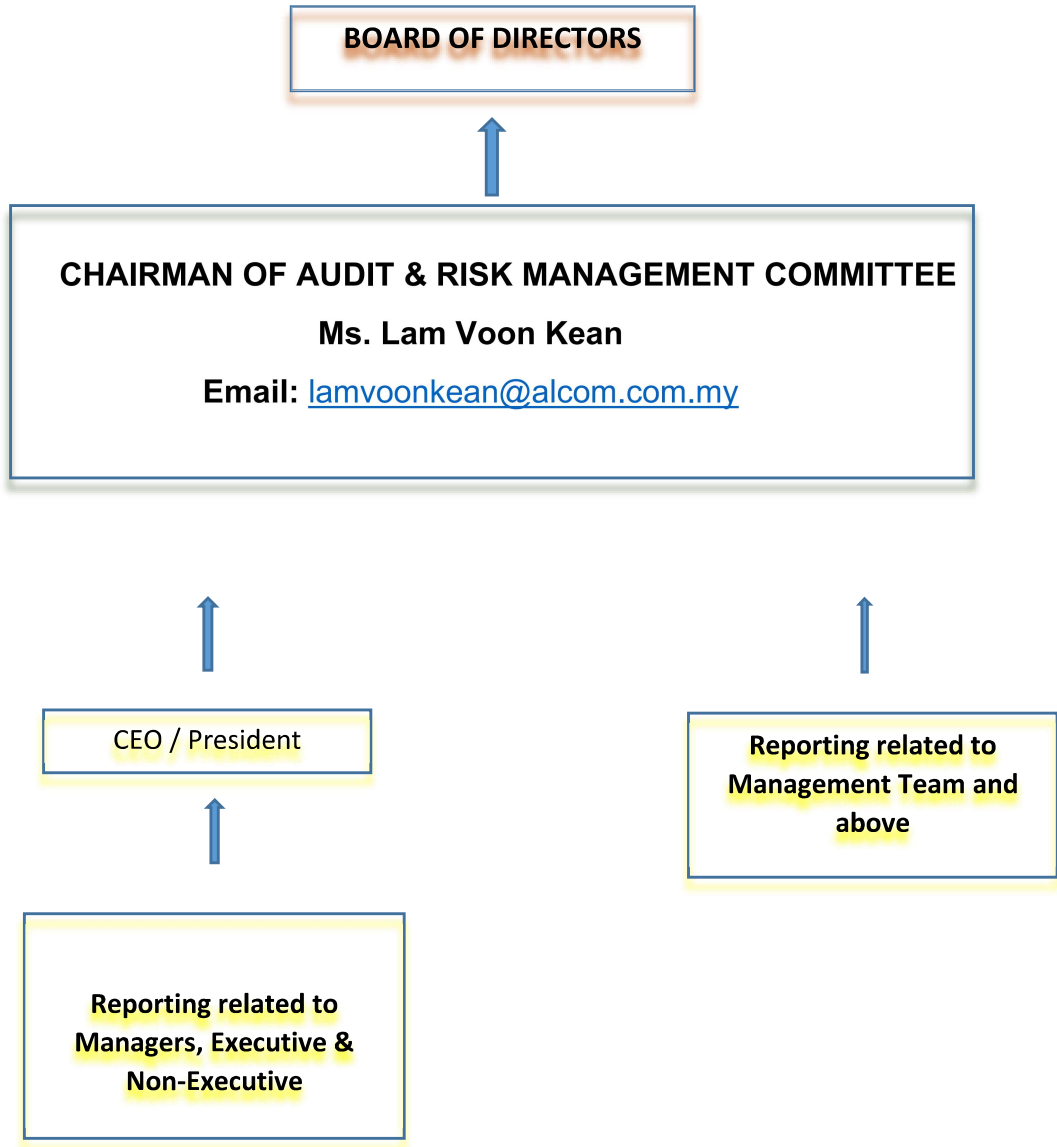
However, if for any reason he/she is reluctant to do so, then he/she should report his/her concern in writing by email or speak in confidence to either of the following individuals following the procedure as stated below.

## 9. Procedures

Below are the reporting channel based on the categories to raise complaint internally and externally;



**Whistleblower flow chart**



## **10. Investigation**

The Company will investigate any reports made internally or via verbally. All reports will be handled confidentially. The investigation will document all relevant facts, including the people involved, times and dates.

Employees who report will be contacted if any further assistance is required and will be informed of who is handling the matter. Employees' identities will not be disclosed without prior consent. Where concerns cannot be resolved without revealing the identity of the employee raising the concern, the Company will enter the dialogue with the employee concerned as to whether and how it can proceed.

Recommended actions will be taken considering the outcome of the investigation, including disciplinary steps where appropriate, action to correct any behavior in breach of this policy or other unfavorable treatment connected with raising a concern.

If the report or complaint into the allegation is confirmed, the Company will take appropriate corrective action which may include disciplinary measures against the individuals involved, up to and including termination of employment or contractual relationships. Legal actions and/or prosecution by the authority may also be pursued where necessary.

## **11. Training**

Training on this Anti-Corruption policy and standard operating procedure forms part of the induction process for all new employees, officers and directors. All employees, officers and directors shall receive relevant training on how to implement and adhere to this policy.

Agents or representatives of the Company who are consultants, independent contractors, external agencies or any other party with a business relationship with the Company will be informed of the Anti-Corruption Policy. They will be required to sign a copy of the policy as an acknowledgement that they understand and will adhere to it. All agents or representatives will be informed whenever significant changes are made to this policy.

## 12. Record Keeping

The Company's books and records must accurately and properly reflect the nature and purpose of any payments made or received, and the nature of any transactions entered. The Company should:

- keep financial records and have appropriate internal controls in place which will evidence the business reason for any payments made to Third Parties.
- ensure that all expense claims relating to hospitality, gifts, or expenses incurred are submitted and specifically record the reason for the expenditure.
- prepared and maintained with strict accuracy and completeness for all accounts, invoices, and other similar documents and records related to dealings with Third Parties.

## 13. Monitoring and Review

The Company monitors the effectiveness and reviews the implementation of this policy at appropriate intervals, considering its suitability, adequacy and effectiveness. Any improvements identified are made as soon as possible. Internal control systems and procedures are also subject to regular review to provide assurance that they are effective in countering any risks of corruption.

## 14. Commercial Organization

A commercial organization that is covered by section 17A is widely defined as;

- (a) A Company incorporated under the Companies Act 2016 and carries on a business in Malaysia and elsewhere.
- (b) A Company wherever incorporated and carries on a business or part of a business in Malaysia.
- (c) A partnership under the Partnership Act 1961 or a limited liability partnership under the Limited Liability Partnerships Act 2012 and carries on a business in Malaysia or elsewhere; or
- (d) A partnership wherever formed and carries on a business or part of a businesses in Malaysia.

As regards local entities, it appears that they could be liable for failing to prevent bribery which occurred outside of Malaysia, even if the acts were committed by its overseas agents.

## ANTI-CORRUPTION STATEMENT

We adopt a policy of zero-tolerance on corrupt practices and unethical conduct in its operations and businesses. We will not compromise and will be taking stern action to eradicate all activities that lead to bribery and corruption.

We uphold strict reputations on the basis of integrity, ethical behavior, transparency and professional culture that based on the Core Value practices by all employees within its group of companies.

We pledge to combat the unethical conduct of corruptions through;

1. Promoting the value of integrity, transparency and governance
2. Compliance with laws and regulations
3. Impose stern punishment against any practices of corruption
4. Supporting various agencies in initiating the implementation and combating the corruption



We are further maintaining the high standard of integrity by observing and adhering to the following:

1. Conduct businesses and operations in a fair, honest and transparent manner
2. Not offering any payments designed to influence or compromise the conduct of the recipients
3. Not offering any form of bribery, directly or indirectly
4. Not accepting any form of bribery, directly or indirectly



We are committed to create an environment that enable and encourage employees, vendors, suppliers, agents to raise their concerns. Any act of corruption and/or detrimental into the work ethics should be handled seriously in accordance to the Company Code of Conducts but not limited to raise concerns to the Company's Whistleblower channel.

**HEON CHEE SHYONG**

President/CEO