
ANTI FRAUD AND WHISTLEBLOWING POLICY

TABLE OF CONTENTS

1.0	ANTI FRAUD POLICY	
1.1	DEFINE FRAUD	3
1.2	FRAUD RISK FACTORS	3
1.3	ANTI FRAUD	3
1.4	ANTI FRAUD MEASURES	4
1.5	TREATMENT OF SUSPECTED FRAUD	4
1.6	THE GOLDEN RULE OF FRAUD REPORTING	4
1.7	IDENTIFY FRAUD	4

2.0	WHISTLEBLOWING POLICY	
2.1	OVERVIEW	5
2.2	WHISTLEBLOWER PROTECTION AND SUPPORT	5
2.3	RESPONSIBILITIES FOR POLICY IMPLEMENTATION	5
2.4	MISCONDUCT OR DELINQUENCY	5
2.5	FALSE WHISTLEBLOWING	6
2.6	WHISTLEBLOWING METHOD	6
2.7	PRIVACY	6
2.8	INVESTIGATION PROCEDURE	7
2.9	SUPERVISORY POLICY	8

ANTI FRAUD AND WHISTLEBLOWING POLICY

1.0 ANTI FRAUD POLICY

1.1. DEFINE FRAUD

Fraud refers to any deceptive act with the intention of seeking personal interests, circumventing obligations or causing losses in collusion with business partners. In the Company, fraudulent behaviours include: misstatement on one's expenses; kickback (including undue gifts or cash accepted); offering or accepting bribery; unauthorized pricing; fictitious suppliers; embezzlement of the Company's assets in one's position; fraudulent financial statements; the risk of existing or potential financial loss arising out of conflicts of interest; and fraud relating to cheque, salary and occupation. Fraud relating to occupation is defined as an act of abusing or misusing the employer's resources or assets to line one's own pocket by taking advantage of one's duty.

1.2. FRAUD RISK FACTORS

Fraud risk factors encompass four key areas: employees, internal control, assets, and IT:

- 1.2.1. Employees: Factors include senior management or staff turnover, inadequate candidate screening, absence of rotation for key functions, and undue pressure stemming from performance targets.
- 1.2.2. Internal Control: This involves inadequate or ineffective control systems, slow improvement, use of indefinite broker arrangements or unsuitable business mixes, absence of timely and accurate transaction records, and complex or extraordinary transactions.
- 1.2.3. Assets: Factors include loose physical control over fixed assets and cash, inadequate monitoring of travel and entertainment expenses, improper asset record-keeping, and the insufficient assessment of material assets, liabilities, revenue, or expenses.
- 1.2.4. IT: absence of robust access control for the IT system; absence of access control for the human resources system and the financial reporting system; improper authorization system and transaction approval; misconduct of the employees due to vulnerable security of the IT system.

In the present economic environment, fraud is more prone to occur because of the following reasons: advancement of science and technology; increasing complexity of organization setup; an increasing number of temporary workers; and economic recession.

ANTI FRAUD AND WHISTLEBLOWING POLICY

1.0 ANTI FRAUD POLICY (CONT'D)

1.3. ANTI FRAUD

Our approach to combating fraud involves adhering to a code of conduct and fostering a culture of integrity, ethics, and professionalism. Effective internal controls are integrated into the fraud risk assessment process.

The Board of Directors conducts an annual formal fraud risk evaluation, assessing and documenting key fraud risks. Controls to mitigate identified fraud risks are optimized. The Human Resources and Administration Department arranges ethics and anti-fraud training. Managers continuously evaluate fraud risks within their purview and establish appropriate controls. Major fraud risks are reported to the Board of Directors.

1.4. ANTI FRAUD MEASURES

Anti-fraud measures encompass: a guiding philosophy from top management, strong leadership, employee rotation, thorough background checks for new hires, compliance with the Code of Conduct, evaluating employees against ethical and compliance standards, and providing ethics training.

1.5. TREATMENT OF SUSPECTED FRAUD

Suspected fraudulent behavior is managed confidentially. Investigations into misconduct are discreet to avoid tipping off suspects or causing unwarranted exposure. Fraud investigations can only proceed upon confirmation and agreement by the Board of Directors. Upon detecting suspected fraud, relevant information is secured and submitted for investigation.

1.6. THE GOLDEN RULE OF FRAUD REPORTING

First of all, all evidences must be well protected, and the Board of Directors must be informed. Do not confront the employee in question, initiate any investigation without permission, or disclose your suspicions to others.

1.7. IDENTIFY FRAUD

It's crucial to recognize that any individual might commit fraud under the right circumstances. Utilize your understanding of internal controls to identify weaknesses and substantiate suspicions. Remember, meticulous documentation doesn't guarantee accuracy; discrepancies may indicate attempted manipulation. Scrutinize written documents, attachments, and ensure consistency in dates, figures, amounts, and clauses. Scrutinize account balances, accounting vouchers, and closely monitor adjustments.

ANTI FRAUD AND WHISTLEBLOWING POLICY

2.0 WHISTLEBLOWING POLICY

2.1. OVERVIEW

This policy is designed to establish a framework for employees to confidentially report any instances of misconduct within the Group to the Audit and Risk Management Committee, while outlining the subsequent investigation process.

The Group places utmost emphasis on transparency, integrity, and accountability. Thus, all employees are encouraged to report any alleged misconduct occurring within the Group. Individuals who come forward with such information are referred to as whistleblowers.

The Group is committed to addressing employee concerns fairly and appropriately, although the resolution of reported events might not always align with the whistleblower's desired outcome.

2.2. WHISTLEBLOWER PROTECTION AND SUPPORT

A whistleblower who lodges a complaint based on the policy can rest assured that he or she will not be dismissed, or mistreated for no reason or suffer unnecessary disciplinary punishments even if even if their concerns are ultimately not substantiated by concrete evidence in the end.

Where the whistleblower lodges a complaint based on the policy for the purpose of doing harm to or taking revenge on somebody else, he or she will be punished and might even be dismissed.

2.3. RESPONSIBILITIES OF POLICY IMPLEMENTATION

The implementation of this policy lies under the discretion of the Board of Directors and the Audit and Risk Management Committee. They are responsible for overseeing and evaluating the policy's implementation, as well as advising on complaint investigations.

Management is tasked with ensuring an open environment for raising concerns. Employees are responsible for disclosing any misconduct they encounter. If there are any queries or uncertainties about the policy, employees are encouraged to contact the Board of Directors.

During an investigation, utmost attention is given to maintaining the independence of all involved parties. Any potential conflicts of interest must be declared before the investigation commences. If conflicts arise, the individuals concerned will be replaced promptly.

ANTI FRAUD AND WHISTLEBLOWING POLICY

2.0 WHISTLEBLOWING POLICY (CONT'D)

2.4. MISCONDUCT OR DELINQUENCY

While an exhaustive list of potential misconducts or delinquencies is not feasible, the Group anticipates employees to report:

- (a) Criminal offenses or illegal activities;
- (b) Breach of legal obligations;
- (c) Injustices;
- (d) Malpractice or fraud involving accounting, financial reporting, auditing, internal control, and other financial matters;
- (e) Theft of cash, properties or any other assets;
- (f) Fraudulent reimbursement requests;
- (g) Collaborative fraudulent activities with partners, suppliers, or competitors, such as bribery, illegal gratuities, economic extortion, conflicts of interest concealment, and abuse of authority;
- (h) Other financial irregularities;
- (i) Unauthorized use or disclosure of business intelligence;
- (j) Violations of Company rules and regulations;
- (k) Unethical conduct or immoral actions;
- (l) Acts endangering anyone's health or safety;
- (m) Actions harmful to the environment;
- (n) Deliberate data concealment related to the above matters.

The Group does not expect whistleblowers to provide irrefutable evidence but does require well-founded concerns. Respect and gratitude are extended to whistleblowers for their well-intentioned efforts, regardless of whether an investigation is initiated.

2.5. FALSE WHISTLEBLOWING

Where the whistleblower has a hidden agenda, or cannot justify the truthfulness or reliability of the thing reported, or makes a malicious or knowingly false report for the sake of personal interests, he or she might be subject to disciplinary actions or be dismissed.

2.6. WHISTLEBLOWING METHOD

Whistleblowers must submit written reports bearing their signature in sealed envelopes marked "In Strictly Confidential." These can be delivered to the Board of Directors or the Audit and Risk Management Committee. Alternatively, reports can be emailed to whistleblowing@wawasandengkil.com, addressed to the Board of Directors and Whistle-Blowing Committee or by direct telephone call at 603-8768 6457 (Ext No.: 212).

ANTI FRAUD AND WHISTLEBLOWING POLICY

2.0 WHISTLEBLOWING POLICY (CONT'D)

2.6. WHISTLEBLOWING METHOD (CONT'D)

Reports should include comprehensive data, such as:

- (a) Whistleblower's name and contact information (phone, email, address);
- (b) Details of concerns, including names, dates, places, reasons, and any evidence.

We respect that sometimes you may wish to file the report in confidential. However, an anonymous allegation will be much more difficult for the Company to follow up simply because we will not be able to obtain further information from you and make a proper assessment.

Although anonymous reporting is not prohibited, we generally do not encourage anonymous reporting and encourage you to come forward with your concerns.

2.7. PRIVACY

The Group commits to safeguarding the whistleblower's privacy. To ensure investigations remain uninfluenced, the whistleblower should maintain confidentiality regarding their complaints and involved individuals.

Certain circumstances may warrant the disclosure of the whistleblower's identity for investigative purposes. The Group will strive to inform the whistleblower if such disclosure is likely. Efforts will be made to protect the whistleblower's identity during the investigation, although third-party identification may occur.

In the event of criminal proceedings, the whistleblower might be called upon for evidence or discussions with authorities. Privacy implications will be discussed with the whistleblower.

However, the whistleblower should understand that under some circumstances, the Group might need to refer the cases to the competent authorities without prior notice or consultation.

2.8. INVESTIGATION PROCEDURE

- 2.8.1. Within seven working days of receiving a report, the Group acknowledges receipt and pledges serious consideration of the matter, assuring the whistleblower of timely communication of investigation outcomes within legal confines.
- 2.8.2. The Group evaluates the need for a thorough investigation upon receiving a report.
- 2.8.3. Allegations involving criminal offenses prompt consultation with legal advisors to decide on referring the case to authorities.
- 2.8.4. The Group generally consults with the whistleblower before referring a case to authorities, although some cases might require immediate action.

ANTI FRAUD AND WHISTLEBLOWING POLICY

2.0 WHISTLEBLOWING POLICY (CONT'D)

2.8. INVESTIGATION PROCEDURE (CONT'D)

- 2.8.5. Once a case is referred to the competent authorities, the Group is unable to take any step-in relation to the case, including informing the whistleblower.
- 2.8.6. Additional evidence might be requested during the investigation from the whistleblower.
- 2.8.7. Possible investigation results:
- (i) The allegation cannot be corroborated; or
 - (ii) The allegation is corroborated, and either one or both of these two actions will be taken:
 - Make corrections and promise such a problem will never occur again; and
 - Take disciplinary or appropriate actions against the violators.
- 2.8.8. Investigation results are communicated in writing. Detailed actions or copies of reports may not always be provided due to legal constraints.
- 2.8.9. If dissatisfied with results, the whistleblower can lodge another complaint with reasons. A fresh investigation will be launched if deemed appropriate.
- 2.8.10. Whistleblowers can also engage regulatory or law enforcement agencies, but adequate evidence is crucial. It's advised to discuss matters with the Board of Directors and Audit and Risk Management Committee beforehand.
- 2.8.11. The whistleblower may also consult his or her legal advisor

2.9. SUPERVISORY POLICY

The Board of Directors and Audit and Risk Management Committee will maintain records of complaints, encompassing complaint date, investigation summary, results, improvement advice, and taken actions.

Ongoing supervision and review of policy implementation and effectiveness are conducted by the Board of Directors and Audit and Risk Management Committee.

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