

Anti-Corruption and Anti-Bribery Policy

1.0 Introductory Statement

1.1 Policy of the Group

The Hibiscus Petroleum Berhad (“Hibiscus Petroleum” or “Company”) group of companies (“Group”) has a zero-tolerance policy against all forms of bribery and corruption. It is the Group’s dogma to conduct its business and operations in an honest and ethical manner and is committed to acting professionally, lawfully and with integrity in all its business dealings and relationships. In this regard, the Group will continually evaluate and improve its implementation and enforcement of effective systems to ensure that the Group’s Anti-Corruption and Anti-Bribery Policy (“policy”) is reflected in its everyday operations.

1.2 Applicability of the Policy

This policy covers the following persons:-

- i. Directors and employees of the Group; and
- ii. Contractors, joint venture partners, or other parties working/dealing with the Group.

1.3 Inter-connection with other Group Policies

The Hibiscus Petroleum Group Code of Conduct and Ethics (“CCE”) sets out the Group’s core principles. This policy expands on (and forms part of) the CCE principles, to serve as a guideline on how to deal with improper solicitation, bribery and other corrupt issues which may arise in the course of business. This policy is not intended to provide definitive answers to all questions regarding bribery and corruption, but is instead envisioned to provide a basic introduction to how the Group combats bribery and corruption in furtherance of its commitment to lawful, fair and ethical behaviour at all times, in addition to being designed to avoid situations in which bribery and corruption may take root.

Failure to comply with this policy, whether intentional or not, may lead to disciplinary action and criminal liability for the individual(s) involved.

1.4 Seek Clarification for any Queries

As the Group operates in various jurisdictions, if the law in a particular country conflicts with a provision set out in this policy, you should comply with the law. If you perceive that a provision of this policy conflicts with the law in your jurisdiction, you should consult with your Head of Department and the Legal Department, and not disregard the policy without consultation.

It is strongly urged that if you are unclear about your obligations under this policy or have any doubt about the scope of applicable laws or the Group's policies concerning bribery and corruption, that you check with the Legal Department immediately.

2.0 What is Bribery?

A bribe generally involves :

- (i) A financial or other inducement or reward or advantage offered, promised or provided in order to improperly gain any commercial, contractual, regulatory or personal or other advantage, or/and
- (ii) A financial or other inducement or reward or advantage requested, agreed to be received or accepted by another person with the intention of inducing them or another person to perform their responsibilities or duties inappropriately.

It does not matter whether the bribe is given or received directly or through a third party or for the benefit of the recipient or some other person. A bribe also does not actually have to take place – just agreeing to receive or accept one is bribery.

Bribes can take many forms including money (or cash equivalent such as shares); gifts, favours, entertainment or hospitality; kickbacks; unwarranted rebates or excessive commissions (e.g. to sales or marketing agents); unwarranted allowances or expenses; "facilitation" payment or payment to perform the job more quickly or to prioritise a particular individual/entity; uncompensated use of company services or facilities; political or charitable contributions or any other item of value.

Effective in year 2020, the Company, subsidiary or Group may also be liable if it fails to prevent bribery by an associated person¹ (including, but not limited to an employee) for the Company's/subsidiary's/Group's benefit.

¹ A person who performs any services or functions on behalf of another person, or under the instruction of another party, who works/deals with the Group.

2.1 Gifts and hospitality

In general, the Group adopts a “no gift” policy. However, in some jurisdictions, such gift-giving or hospitality (given or received) during major celebrations or upon the achievement of any Company/subsidiary/Group milestone(s), or for genuine and justifiable occasions, are part of maintaining “ordinary” business relationships, and is the “acceptable” business relationship practice in the relevant jurisdiction.

Therefore, this policy does not prohibit the narrow exception of gift-giving and hospitality (given and received) to or from third parties in such limited instances (including in circumstances where refusal may appear disrespectful or may offend the other party), which must be done openly and not in secret. However, such exceptions, if given or received, must not be of value above RM500 (or equivalent amount in other currencies) and must be given only in the form of food to be shared with employees or given to charity, or an item which must be displayed at the Company’s or subsidiary’s office.

Nevertheless, the overriding principles in cases where consideration is being given of whether to give or accept gifts and hospitality include the following :

- Gifts and/or hospitality given/received must not be made with the intention of improperly influencing another person/entity to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for favours or benefits;
- Gifts and/or hospitality given/received must comply with local law in all relevant countries;
- Gifts and/or hospitality given/received in relation to office/business matters must be given in the name of the Company/subsidiary/Group, not in an individual’s name (if a gift is given in the name of an individual, the gift must be placed at the Company’s or subsidiary’s office or shared with employees or given to charity);
- Gifts and/or hospitality given/received must not include cash or a cash equivalent;
- Gifts and/or hospitality given/received must be appropriate in the circumstances;
- Gifts and/or hospitality given/received must be of an appropriate type and value and given at an appropriate time taking into account the reason for the gift;
- Gifts and/or hospitality given/received must be given openly, not secretly; and
- Gifts and/or hospitality given/received must not be offered to, or accepted from, government officials or representatives, politicians or political parties, without the prior written approval of either the Company’s Corporate Governance officer or Group General Counsel.

The intention behind the gift must always be considered. It is imperative that the exercise of proper care and judgement must be employed at all times. It is necessary to conscientiously maintain the highest degree of integrity in all decisions/actions taken.

Even if refusal of the gift and/or hospitality is considered disrespectful or may offend the other party, the gift must be politely returned with a note of explanation of the Group's "no gift" policy if there is a potential conflict of interest situation (as deemed by the Company's Corporate Governance officer or Group General Counsel).

For clarity, it is not acceptable for anyone (or someone on their behalf) to:

- Give, promise to give, or offer, a payment, gift or hospitality with the expectation or hope that they or the Company/subsidiary/Group will improperly be given a business advantage, or as a reward for a business advantage already improperly given;
- Give, promise to give, or offer, a payment, gift or hospitality to a government official, agent or representative to facilitate or expedite a routine procedure;
- Accept payment from anyone where it is known or suspected that it is offered or given with the expectation that the person/entity will improperly obtain a business advantage;
- Accept a gift or hospitality from anyone where it is known or suspected that it is offered or provided with an expectation that a business advantage will be improperly provided by the Company/subsidiary/Group in return;
- Threaten or retaliate against another person who has refused to commit a bribery offence or who has raised concerns under this policy; or
- Engage in any activity that might lead to a breach of this policy.

The above list is not exhaustive and may include any intentional act or omission, which if proven, will constitute an act of misconduct under the policy or be regarded as a criminal offence under relevant legislations in force.

The above “no gift” policy does not include the following permitted occasions:

- Exchange of gifts at company-to-company level as part of an official visit/courtesy call where the gift is treated as the Company’s/subsidiary’s/Group’s property.
- Gift from the Company to external institutions or individuals in relation to the Company’s/subsidiary’s/Group’s official events, functions and celebrations (e.g. commemorative gifts or door gifts to all attending guests).
- Gifts from the Company/subsidiary/Group and/or their family members in relation to an internal or externally recognised function, event or celebration (e.g. in recognition of the employee’s/director’s service to the Company/subsidiary/Group).
- Token gifts of nominal value bearing the Company’s/subsidiary’s/Group’s logo that are deemed as part of the Company’s/subsidiary’s/Group’s brand building or promotional activities.
- Gifts to external parties who have no business dealings with the Group (e.g. monetary or gifts-in-kind to charitable organizations).

2.2 Facilitation payments and “kickbacks”

Facilitation payments or “kickbacks” are any payments, no matter how insignificant or “unofficial”, given to an official to secure or expedite a routine or administrative government action by a government official, or payments made in return for a business favour or advantage.

Offering, promising or requesting facilitation payments are just as prohibited as actually paying or receiving facilitation payments. Facilitation payments need not involve cash or other financial asset; it can be any sort of advantage with the intention to influence them in their duties.

We do not make, and will not accept, facilitation payments or “kickbacks” of any kind. If you receive a request or if you are offered facilitation payments, you must report it to Company’s Corporate Governance officer or Group General Counsel.

However, in dangerous situations where you are faced with having to make facilitation payment in order to protect your life, limb or property, you are allowed to make the payment but must immediately report it to Company’s Corporate Governance officer or Group General Counsel. Making facilitation payments in such a situation is the only exception which may be used as a defence when faced with allegations of bribery and corruption.

2.3 Charitable Donations and Sponsorship

Given the nature of our business, the Group is at times asked to contribute to social investment initiatives/activities in the countries in which we have operations.

As part of our commitment to corporate social responsibility and sustainable development, the Company/subsidiary provides such assistance in appropriate circumstances and in an appropriate manner, after carefully examining the legitimacy of the request, conducting due diligence and ensuring that such a contribution would not improperly influence a business outcome.

The Company/subsidiary may only make charitable donations and provides sponsorship that are legal and ethical under local laws and practices and which are in accordance with the Group's internal policies and procedures.

Steps must be taken to ensure that donations to foreign-based charities or beneficiaries are not disguised illegal payments to government officials nor act as a conduit to fund illegal activities in violation of any applicable law. When in doubt, employees can escalate the matter to the Legal Department to determine the authenticity of such requests.

2.4 Educational Sponsorship

Hibiscus Petroleum has a sponsorship programme to provide opportunities to deserving students to pursue fully funded postgraduate petroleum engineering degrees at a reputable British university with a campus located in Malaysia.

The selection of sponsorship recipient(s) is based on approved criteria such as academic qualifications and assessment results. The process of selection is transparent and the reasons for selection are properly recorded.

2.5 Internships

Hibiscus Petroleum and its subsidiaries provide internship opportunities to both local and foreign university students, as part of our efforts to give back to the community.

Such interns are chosen based on applications received and according to an approved selection criteria which includes relevance of the field of internship being applied for to the Company's or subsidiary's operations. The basis for selection is properly recorded and the selection process is transparent.

Hibiscus Petroleum and its subsidiaries also allow internship applicants from the family members of employees, so long as the individual meets the selection criteria set, and the proper declarations are made upfront in the application form. Such applicants are only chosen upon the required internal processes being observed and the necessary approvals being received.

2.6 Dealing with Public Officials

Although this policy applies to both the public and private sectors, dealing with public officials pose a particularly high risk in relation to bribery due to the strict rules and regulations in many countries.

Public officials include, without limitation, those in public office, employees of Government owned or controlled enterprises, international organizations, political parties and political candidates.

The provision of money or anything of value, no matter how small, to any public official for the purpose of influencing them in their official capacity, is strictly prohibited.

In exceptional circumstances where approval is obtained to provide a token gift or corporate hospitality to public officials, guidance from the Legal Department is required prior to extending such gift/hospitality and the value must not be above RM500 (or equivalent value in other currencies) or, where applicable, the allowable maximum value imposed by the recipient's own corporate business policy, whichever is the lower.

2.7 Dealing with Third Parties

Dealings with third parties which include suppliers, contractors, agents, consultants, joint venture partners, introducers, government intermediaries, etc must be carried out in compliance with all relevant laws and consistent with the values and principles of the Group's CCE.

The Group expects that all third parties, acting for and on its behalf, to share the same values and ethical standards as their actions may implicate the Group legally and tarnish its reputation.

Therefore, prior to the engagement of any third party, the relevant due diligence check is conducted (where reasonably appropriate or practicable) and the third party is made aware of the Group's policies and of their obligations to comply with the same.

If there are any particular high-risk transactions, further due diligence/investigation may be required, and an independent service provider may be appointed in such instances.

All arrangements with third parties should be subject to clear contractual terms including specific provisions requiring them to comply with minimum standards and procedures in relation to bribery and corruption. Appropriate wording to be included in contracts may be obtained from the Legal Department.

3.0 Money Laundering

Money laundering occurs when the criminal origin or nature of money or assets is hidden in legitimate business dealings or funds to support criminal activities, including financing terrorism. Money laundering is a very serious crime and the laws governing the same can have extra territorial effect i.e. the application of the law extends beyond local borders. Penalties for breaching anti-money laundering legislation are severe and can include incarceration and extradition.

The Group strongly objects to, and prohibits, any practices related to money laundering, including dealing in the proceeds of criminal activities.

To avoid violating anti-money laundering laws, employees are expected to always conduct counterparty due diligence to understand the business and background of the Company's/subsidiary's/Group's prospective business counterparties and to determine the origin and destination of money, assets and services.

4.0 Appointment of Directors and Recruitment of Employees

Hibiscus Petroleum Group operates in many jurisdictions and provides equal opportunities for any competent and qualified individual from various multiracial and multicultural backgrounds to join the Group, whether as a director or an employee.

The appointment of directors or recruitment of employees is based on an approved selection criteria to avoid any element of corruption being involved in the appointment of directors or hiring of employees. This is to ensure that only the most qualified and suitable individuals are appointed as directors or recruited as employees.

Background checks are conducted or declaration forms furnished to ensure that, amongst others, potential directors or employees have not been convicted in any bribery or corruption cases. When appointing directors or hiring employees for management positions, more detailed checks may be conducted in view that such roles come with decision making responsibilities.

A process exists to ensure that all rights, entitlements and benefits to be given to a potential employee are reasonable in value and within the position job grade.

If the potential director or employee has a family and/or other relationship with the Group or any employee of the Group, this information must be made transparent during the recruitment process and the relevant clearance must be obtained before any appointment or hiring decision is made (so long as no local laws or regulations are breached).

If the potential director or employee is a relative of a government official, relevant checks must be made to ensure that such potential hiring is not against the law of the particular country, before relevant internal approval is sought to proceed with recruitment of the candidate.

5.0 Provision and/or receipt of Entertainment

The Group acknowledges that in conducting its businesses, it is a common acceptable practice to provide a reasonable level of entertainment to external parties, and to receive a reasonable level of entertainment from external parties.

While the Group allows its Directors and employees to entertain its external clients and to accept a reasonable level of entertainment, the following guiding principles must be applied:

- It must be permitted by the Group's policies, including any other policies that may be issued by the Group at a later stage;
- There must be a proper business purpose for the entertainment, and the purpose is not to obtain an inappropriate advantage for the Group and/or the counterparty and/or oneself;
- It must be permitted by applicable laws and regulations;
- It must be permitted by the recipient's and/or the provider's own policies and procedures;
- It must be in a reasonable amount; and
- Entertainment given/received for a proper business purpose must be documented (names of individuals present, their designations, company name and relevant other information).

In exceptional instances, it may not be possible to obtain pre-approval for entertainment expenses. In such cases, approval may be obtained no later than 48 hours after the event, provided that the entertainment expenses are in compliance with the guiding principles above.

For clarity, "entertainment" does not include the following permitted occasions:

- Provision of food/drink to facilitate the conduct of authorised meetings/events (e.g. meetings/events/functions/celebrations of the Group/Company which are held near to or held over meal times, etc), official visits, courtesy calls or provided/given as basic hospitable courtesy extended to third parties. Such provision is to be of reasonable value; and
- Provision of food/drink to external parties (e.g. charitable organizations) who have no business dealings with the Group.

However, the provision and receipt of entertainment to and from any public official (including their spouses and immediate family members) is prohibited unless prior written approval has been obtained from the Group's Corporate Governance Officer or Group General Counsel.

At this juncture, the Group would like to make clear that the quantum for the provision and/or receipt of any entertainment must be modest and adhere to the applicable approval process and instituted limits.

In addition, any entertainment received/provided must be declared on a monthly basis, whereby the name(s) of the person(s) involved, designation and company of the counter-party must be stated, together with the dining venue where the entertainment was received.

6.0 Record keeping

Subject to compliance to this policy including receiving the pertinent approval(s), the relevant Company/subsidiary must keep appropriate financial records and have appropriate internal controls in place which evidence the business reason for gifts, hospitality, entertainment and payments made and received.

7.0 Responsibilities and raising concerns

The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the Group or those who liaise with the Group. All directors and employees are required to be familiar and comply with this policy and to avoid any activity that might lead to, or suggest, a breach of this policy.

All employees of the Group are responsible to communicate this policy to contractors, joint venture partners and/or other parties working with/dealing with the Group.

The Company/subsidiary must be notified as soon as possible if it is believed or suspected that a conflict with this policy has occurred, or may occur in the future, or if a bribe is reasonably suspected to be offered or asked, or if the individual/Company/subsidiary believe that they are a victim of another form of unlawful activity.

Any employee who breaches this policy may face disciplinary action, which could result in dismissal for serious misconduct. The Group reserves the right of legal recourse against any person who breaches this policy.

If anyone is aware of any activity by another person/entity which might lead to, or suggest, a breach of this policy, they should raise their concerns with the Company's Corporate Governance officer or Group General Counsel.

8.0 Whistleblowing

All directors and employees are aware that they have the obligation to act with integrity and to ensure that they understand and comply with this policy. All directors and employees are responsible for the success of this policy and should ensure they use it to disclose any suspected danger or wrongdoing.

The Group is committed to ensuring the employees can speak up with confidence if they have any concerns or need to seek assistance. If you suspect or observe anything that you think may be in contravention of this policy, you have an obligation to report it.

Please refer to the Group's Whistle Blower Policy in this regard.

9.0 Training

The Group provides and/or arranges training to familiarize employees with the relevant laws that criminalize bribery and corruption, and helps them be aware of their roles and obligations in combating various forms of bribery and corruption, recognize such forms, and mitigate associated risks.

10.0 Monitoring and review

The Group 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 by the Internal Auditor to provide assurance that they are effective in countering any risks of bribery and corruption.

This policy is overseen by the Audit and Risk Management Committee to ensure that the policy meets the requirements of the relevant legislations in place, and remains effective for the Group. Where necessary, changes to the policy will be made, subject to the approval of the Hibiscus Petroleum's Board of Directors.

Note : Hibiscus Petroleum reserves the right to amend this policy from time to time.