



ANTI - BRIBERY AND CORRUPTION POLICY & PROCEDURES

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1.0 Introduction, Policy Application & Definitions

1.1 Introduction

Pekat Group of Companies has adopted a zero tolerance policy against all forms of bribery and corruption. The Pekat Anti-Bribery and Corruption Policy and Guidelines (hereinafter referred to as the “ABC Manual”) elaborate upon those principles, providing guidance to employees concerning how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business. It is also intended to apply to every director (executive and non-executive) except as otherwise stated in this ABC Manual. Pekat also expects that contractors, subcontractors, consultants, agents, representative and others performing work or services for or on behalf of Pekat will comply with the relevant parts of the ABC Manual when performing such work or services.

The ABC Manual is not intended to provide definitive answers to all questions regarding of bribery and corruption. Rather, it is intended to provide employees with basic introduction to how Pekat to curb bribery and corruption in furtherance of the group’s commitment to lawful and ethical behavior at all times. The guidelines are drafted as such to prevent situations in which bribery and corrupt practices may take root.

If you have any doubt about the scope of applicable laws or the application of the group’s policies concerning the fight against bribery and corruption, you should contact the Compliance Department promptly.

We respectfully remind you as our trusted business parts, which includes contractors, sub-contractors, consultants, agents, representatives and others performing work or services for or on behalf of Pekat should be aware of and abide by the Malaysian Anti-Corruption Commission Act (MACCA) 2009. You are under the obligation to report to us all suspected instances of bribery or attempted bribery in matters / dealings relating to us and to our employees, so we take appropriate actions to address urgently. In this regards, please contact and report to:

Compliance Officer
Pekat Group of Companies
3A, 5&6 Cubic Space,
No.6 Jalan Teknologi 3/4,
Taman Sains Selangor 1,
Kota Damansara,
47810 Petaling Jaya,
Selangor Darul Ehsan.
Contact No.: 00 60 (3) 2300 8010
Email: compliance@pekatgroup.com

1.2 Policy Application

This ABC Manual is applicable to all employees of Pekat Group of Companies and to the Board of Directors (executive and non-executive) and shall be amended from time to time in line with laws and regulatory requirements. All reviews and changes therein must be approved by the Board of Directors before bring into effect. Joint-venture companies in which, Pekat is a non-controlling co-venturer and associated companies are encouraged to adopt these or similar principles and standard.

Although the ABC Manual is specifically written for Pekat employees and directors, Pekat expects that contractors, sub-contractors, consultants, agents, representatives and others performing work and services for or on behalf of Pekat will comply with it in relevant part when performing such work or services.

If a law conflicts with a policy as set out in this ABC Manual, you should comply with the law. If you perceive that a provision in this ABC Manual conflicts with the law in your jurisdiction, you should consult with your Head of Department or Human Capital Department, rather than disregard the ABC Manual without consultation. However, if a local custom or policy conflicts with this ABC Manual, you are called upon to comply with this ABC Manual. If you have any questions about these conflicts, please consult your Head of Department or Human Capital Department.

1.3 Definitions

“**Audit Committee**” means the Audit Committee of the Board of Directors of PEKAT.

“**Bribery & Corruption**” means any action which would be considered as an offence of giving or receiving ‘gratification’ under the Malaysian Anti-Corruption Commission Act (MACCA) 2009. In

practice, this means offering, giving, receiving or soliciting something of value in an attempt to illicitly influence the decisions or actions of a person who is in a position of trust within an organization.

Bribery may be ‘outbound’, where someone acting on behalf of Pekat attempts to influence the actions of someone external, such as a Government official or client decision-maker. It may also be ‘inbound’, where an external party is attempting to influence someone within Pekat such as a senior decision-maker or someone with access to confidential information.

“Gratification” shall include but not limited to anything of monetary and non-monetary value or benefit to the person. Gratification does not have to be directly given or received by an employee, but it can also be given or received by anyone related to the employee that is beneficial, of value or advantageous to the employee. Gratification is defined in the MACCA to mean the following:

- (a) money, donation & sponsorship, gift, loan, fee, reward, valuable security, property or interest in property being property of any description whether movable or immovable, financial benefit, or any other similar advantage;
- (b) any office, dignity, employment, contract of employment or services, and agreement to give employment or render services in any capacity;
- (c) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;
- (d) any valuable consideration of any kind, any discount, commission, rebate, bonus, deduction or percentage;
- (e) any forbearance to demand any money or money’s worth or valuable thing; any other service or favor of any description, including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature, whether or not already instituted, and including the exercise or the forbearance from the exercise of any right or any official power or duty; and
- (f) any offer, undertaking or promise, whether conditional or unconditional, of any Gratification within the meaning of any of the preceding paragraphs (a) to (f).

“Business Associate” means an external party with whom PEKAT has, or plans to establish, some form of business relationship. This may include clients, customers, joint ventures, joint venture partners, consortium partners, outsourcing providers, contractors, consultants, subcontractors, suppliers, vendors, advisers, agents, distributors, representatives, intermediaries and investors.

“Conflict of Interest” means when a person’s own interests, either influence have the potential to influence, or are perceived to influence their decision making at PEKAT.

“Controlled Organization” means an entity where Pekat has the decision-making power over the entity such that it has the right to appoint and remove the management. This would normally be where Pekat has the controlling interest (>50% of the voting share ownership), but it could be where there is an agreement in place that Pekat has the right to appoint the management, for example a joint venture where Pekat has the largest (but still <50%) allocation of the voting shares;

“Corporate Gift” means something given from one organization to another organization or individuals, with the appointed representatives giving and accepting the gift. Corporate Gifts may also be promotional items given out equally to the general public at events, functions, trade shows and exhibitions as a part of building the company’s brand and include gifts from the company to its personnel in relation to an internally or externally recognized company’s events, functions or celebrations. The gifts are given transparently and openly, with the implicit or explicit approval of all parties involved. Corporate Gifts normally bear the company’s name and logo. Examples of Corporate Gifts include items such as diaries, table calendars, pens, notepads and plaques.

“Donation & Sponsorship” means charitable contributions and sponsorship payments made to support the community. Examples include sponsorship of educational events, supporting NGOs, and other social causes.

“Exposed Position” means a staff position identified as vulnerable to bribery through a risk assessment. Such positions may include any role involving: procurement or contract management; financial approvals; human resource; relations with government officials or government departments; sales; positions where negotiation with an external party is required; or other positions which Pekat has identified as vulnerable to bribery.

“**Hospitality**” means the considerate care of guests, which may include refreshments, accommodation and entertainment at a restaurant, hotel, club, resort, convention, concert, sporting event or other venue such as Pekat’s offices, with or without the personal presence of the host. Provision of travel may also be included, as may other services such as provision of guides, attendants and escorts; use of facilities such as a spa, golf course or ski resort with equipment included;

The term “**Pekat**” means Pekat Group of Companies and its subsidiaries as follows:

- a) Pekat Teknologi Sdn Bhd
- b) Pekat Engineering Sdn Bhd
- c) Pekat E & LP Sdn Bhd
- d) E & LP Engineering Sdn Bhd
- e) Pekat Solar Sdn Bhd
- f) Pekat Leadsystems Sdn Bhd
- g) Pnexsoft Sdn Bhd

The term “**Company**” or “**Pekat Group of Companies**” may also be used interchangeably.

“**Employee**” means any person who is in the employment of Pekat including but not limited to executives, non-executives, secretaries, secondees and individuals on direct hire.

“**Family / Household**” refers to spouse(s), children (including step-children and adopted children), parents, step-parents, siblings, step-siblings, grandparents, grandchildren, in-laws, uncles, aunts, nieces, nephews, and first cousins, as well as other persons who are members of your household.

2.0 Gifts, Hospitality, Donations and Sponsorships

2.1 “No Gift Policy”

Pekat has adopted a “No Gift” Policy whereby, subject to a narrow exceptions, Pekat employees and directors (executive and non-executive), family members or agents acting for or on behalf of Pekat employees, directors or their family members are prohibited from, directly or indirectly, receiving or providing gifts.

Pekat requires employees and directors to abide by this policy to avoid conflict of interest or the perception of conflict of interest for either party in business dealing or any potential business dealing

between Pekat and external parties as a gift can be perceived as a bribe that would tarnish Pekat's reputation or be in a violation of anti-bribery and corruption laws.

As the policy set in a manner whereby a conflict of interest arises in situation in which an individual is in a position to obtain benefits or taking advantage of his / her role in Pekat for his / her personal benefit, including the benefit of his / her family / household and friends. This would undermine the duties of good faith, fidelity, diligence and integrity as expected by Pekat from its employees and directors in the performance of their duties and obligations.

It is the responsibilities of Pekat employees and directors to inform the external parties involved in any business dealings with Pekat that the Company has strict adherence of "No Gift Policy" and to request the external party's understanding for and adherence with this policy.

2.11 Receiving Gifts

Pekat is very much aware that the exchange of gifts can be a very subjective matter as in most organization's culture as gift giving is a central part of business etiquette. Despite acknowledging Pekat's "No Gift Policy", some external parties may still insist in providing gifts to Pekat employees, directors and / or their family members in certain situations, which do not fall within the general exceptions.

In Pekat general practices is to immediately return / refuse the gifts, accepting a gift on behalf of Pekat is allowed only certain circumstances, whereby the act of refusing the gift will be deemed to offend the business relationships with business associates.

In these limited circumstances, employees are expected to immediately record the gift in the **Gift Activity Reporting Form** which, is available from Human Capital Department for submission to your Head of Department who will then decide whether to approve the acceptance of the gift or require it be returned. Directors should inform the Company Secretary, as soon as reasonably practicable, to seek his / her advice when faced with a similar situation.

Even if it may appear disrespectful to refuse a gift from an external party, nevertheless, if there is a conflict of interest situation (e.g. bidding is in progress and the company that gave the gift is one of the bidders) then clearly the Head of

Department cannot approve the acceptance of said gift (in the case of directors, the Company Secretary would advise the same). In this situation, **the gift must be politely returned with a note of explanation about Pekat’s “No Gift” policy.** In the event the Head of Department approves the acceptance of the gift, he / she must also determine the treatment of the gift whether to:

- a) donate the gift to charity; or
- b) hold it for departmental display; or
- c) share with other employees in the department; or
- d) permit it to be retained by the employee.

In determining the above, Head of Department is expected to exercise proper care and judgment in each case, taking into account pertinent circumstances including the character of the gift, its purpose, the position / seniority of the person(s) providing the gift, the business context, reciprocity, applicable laws and cultural norms.

2.12 Providing Gifts

Generally employees are not allowed to provide gifts to third parties with the exception of the Board of Directors and any other officers identified in the gift and entertainment policy of the respective jurisdictions.

2.13 Exceptions to the “No Gift” Policy

There is a list of exceptions to the general rule of the “No Gift” Policy, whereby the giving and provision of gifts are permitted in the following situations:

- a) Gift not exceeding (in cumulative) RM800.00 or not occur more than 3 times in a year with the same individual or business associate
- b) Exchange of gifts at the company-to-company level (e.g. gifts exchanged between companies as part of an official company visit / courtesy call and thereafter said gift is treated as company property)
- c) Gifts from Pekat to external institutions or individuals in

relation to Pekat's official functions, events and celebrations (e.g. commemorative gifts or door gifts offered to all guests attending the event).

- d) Gifts from Pekat to employees and directors and / or their family members in relation to an internal and externally recognized company function, event and celebration (e.g. in recognition of an employee's / director's service to the company).
- e) Token gifts of nominal value normally bearing Pekat of company's logo or (e.g. t-shirts, pens, diaries, calendars and other small promotional items) that are given out equally to members of the public, delegates, customers, partners and key stakeholders attending events such as conferences, exhibitions, training, trade show etc. and deemed as part of the company's brand building or promotional activities; and
- f) Gifts to external parties who have no business dealings with Pekat (e.g. monetary gifts or gifts in-kind to charitable organizations).

Even in the above exceptional circumstances, employees and directors are expected to exercise proper judgment in handling gift activities and behave in a manner consistent with the general principles set out in the our

- Conscientiously maintain the highest degree of **integrity**
- Always exercise **proper care and judgment**
- **Avoid conflicts of interest**
- Refrain from taking advantage of your position or exercising your authority to further your own **personal interest** at the expense of Pekat, and
- **Comply** with applicable laws, regulations and Pekat policies and procedures

Refer to the **DO's** and **DON'Ts** below:

DO's

- ✓ Pekat employees and directors must inform third parties involved in business



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dealings with Pekat that the company practices a “No Gift” Policy and to request the aforementioned parties to respect and adhere with Pekat policy.

- ✓ Pekat employees and directors are prohibited from accepting or providing gifts to third parties unless it falls under the general exceptions provided under the policy as stated in paragraph 2.13(a) and 2.13(f).
- ✓ Pekat Head of Departments must exercise proper care and judgment when handling gift activities as to practice a sound judgment of the appropriateness of the gift, in particular when dealing with public agencies / bodies as strict rules apply.
- ✓ Employees are required to submit the Gift Activity Reporting Form to his / her Head of Department who will then decide whether to approve the acceptance of the gift or require the gift to be returned.

DON'Ts

There are certain types of gift, which are never permissible and Pekat employees and directors should immediately refuse if it involves the following:

- × Any gift cash or cash equivalent. Cash equivalent could be in the form of vouchers, discounts, coupons, shares, commission and etc.
- × Any gifts involving parties engaged in a tender or competitive bidding exercise.
- × Any gifts that come with a direct indirect suggestion, hint, understanding or implication that in return for the gift, some expected or desirable outcome is required (“quid pro quo”).
- × Any gift that would be illegal or in breach of local or foreign bribery and corruption laws.
- × Any gift which is lavish or excessive e.g. valued above the maximum threshold RM800.00 permitted by Pekat or may adversely affect the reputation of Pekat.

You must immediately return or decline any gift that falls within the abovementioned categories.

2.2 Providing Entertainment

Pekat does recognize a modest form of entertainment as a legitimate way of building business relationships as a common practice in business environment to foster good business relationship with stakeholders. As such, eligible employees are allowed to entertain external clients through reasonable act of hospitality as part of

business networking as well as a measure of goodwill towards the recipients.

As this act of hospitality may be essential in the business environment where some countries perceived as a central part of business etiquette. However, this may not be applicable to some countries and the act of hospitality such as entertainment may create a negative perception if observed or known by others despite selfless motives behind the entertainment provided.

Employees and directors should always bear in mind that this is an area where perception is often regarded as more important than facts and therefore you should always exercise proper care and judgment when providing entertainment to third parties especially when it involves public officials to ensure compliance with local anti-bribery and corruption laws.

Employees and directors are strictly prohibited **from providing or offering to provide entertainment with a view to improperly cause undue influence on any party in exchange for some future benefit or result.** Any act of this nature, whether provided directly or indirectly through an intermediary, may be construed as an act of bribery and contrary to the general values and principles set by Pekat.

You are required to comply with the policies and procedures of Human Capital Management and maintain expenses within the limits of your entitlement, when carrying out entertainment activities. In any event where entertainment activities that would involve public officials shall require prior approval from the Head of Department in consultation with Human Capital Management.

2.3 Receiving Entertainment

Pekat recognizes that the occasional acceptance of a reasonable and modest level of entertainment provided by third parties in the normal course of business is a legitimate way to network and build good business relationships.

However, it is important for employees and directors to exercise proper care and judgment before accepting entertainment offered or provided by a third party. This is not only to safeguard Pekat's reputation, but also to protect employees and directors from allegations of impropriety or undue influence.

You are required to comply with the policies and procedures of Human Capital Management in relation to receiving entertainment

from business associates.

Refer to the DO's and DON'Ts below:

DO's

- ✓ Pekat employees and directors must ensure that the entertainment offered is legitimate, modest and not lavish or excessive or extraordinary.
- ✓ Pekat employees and directors are prohibited from offering or providing entertainment with a view to improperly creating undue influence on any party in exchange for some future benefit or result. Any act of this nature, whether directly or indirectly, may be construed as an act of bribery.
- ✓ Employees and directors should make aware of local anti-bribery and corruption laws when dealing with public officials as in some countries providing entertainment to public officials has the potential to be regarded as bribery.
- ✓ Employees and directors are required to maintain the expenses provided within the limits of their entitlement when carrying out all entertainment activities.
- ✓ Any entertainment activities that would involve public officials shall require the prior approval from Head of Department in consultation with Human Capital Management.

DON'Ts

There are certain types of entertainment activities, which are never permissible and you should immediately refuse if it involves the following:

- × Any entertainment that comes with a direct / indirect suggestion, hint, understanding or implication or implication that in return for the entertainment provided some expected or desirable outcome is required (“quid pro quo”).
- × Any entertainment activities that would be illegal or in breach of local or foreign bribery laws.
- × Any entertainment activities that would be perceived as extravagant, lavish or excessive or may adversely affect the reputation of Pekat.
- × Any entertainment activities that are sexually oriented or may otherwise tarnish the reputation of Pekat.

You must immediately decline any offers of entertainment that falls within the above categories.

2.4 Corporate Hospitality

Corporate hospitality is generally defined as “corporate events or activities organized by an organization, which involves the entertainment of employees and third parties for the benefit of that organization”. Business associates may include customers, contractors, external companies and any other stakeholders with whom a business relationship, whether current, prospective or historic exists.

Pekat does recognize corporate hospitality as a legitimate way to enhance business relationships. However, it should be taking considerations of the form of corporate hospitality to be perceived as legitimate versus illegitimate. As this can be interpreted as is there any intention to influence and or to be perceived to influence the improper outcome of a business decision by providing the corporate hospitality.

Corporate hospitality would be *illegitimate* in the following situations:

- If it provides an advantage to another person if offered; or
- If it is given with the intention of introducing the person to perform a relevant function improperly; or
- If there is knowledge that acceptance of the advantage would in itself be improper performance

Transparency International has advocated corporate hospitality arrangements / activities should conform to the following basic principles:

- Transparency, in that all corporate hospitality is reported and written approval is obtained, all records of which are properly kept
- Proportionally i.e. the corporate hospitality must not be too excessive. In addition, the corporate hospitality must commensurate with the recipient’s official capacity and not provided in his / her personal capacity
- Reasonableness in ensuring that the corporate hospitality is not lavish; and
- Bona fide, where the intention to offer and / or provide the corporate hospitality is done with good and legal intentions

2.4.1 Providing Corporate Hospitality

Pekat recognizes that providing corporate hospitality to its stakeholders is a legitimate way to foster good business relationship and networking.

There may be occasions whereby Pekat may issue complimentary invitations in the forms of passes, tickets or invitations to its clients, key events organized and sponsored by Pekat.

- Events organized by Pekat for e.g. customer appreciation luncheon or dinners
- Events organized by external organizations for the benefit of that organization of charitable events which includes charity events / foundation gala dinner

While providing corporate hospitality is a reflection of Pekat's courtesy and goodwill, the respective Head of Department must exercise proper care to protect the Company's reputation against any allegations of impropriety or the perception of bribery especially when the arrangements could influence or be perceived to influence the outcome of a business decision and are not reasonable and bona fide expenditures.

Pekat has no exception of practicing being explicit and transparent of selecting their guests to be invited to a Pekat corporate hospitality event. A reasonable due diligence should be exercised, particularly when the arrangements involve public officials.

Pekat is committed to comply with applicable laws governing the provision of corporate hospitality to third parties, especially when it involves public officials, and therefore expect employees to undertake the following:

- To publicize and make clear Pekat's policy on providing and receiving corporate hospitality.
- To obtain all necessary approvals for the issuance of complimentary tickets or passes to corporate hospitality events.
- To expressly notify the recipients in writing that all complimentary ticket or passes and NON-

TRANSFERABLE (e.g. the terms and conditions for use to be printed on the ticket / passes / invitations). In the event that the recipients are unable to attend, he / she is expected to return the tickets or passes to Pekat.

The unauthorized transfer of tickets and passes to persons other than the named recipient may signify to others that the invitation was extended to the recipient in his / her personal capacity.

All expenses incurred to provide the corporate hospitality must be properly documented, receipted and recorded in Pekat's record.

2.4.2 Receiving Corporate Hospitality

As a general principle, Pekat strictly prohibited employees and directors from soliciting corporate hospitality nor they are allowed to accept hospitality that is excessive, inappropriate, illegal or given in response to, in anticipation of, or to influence a favorable business decision, specifically to a decision which involved in participation of tender or competitive bidding exercise (for e.g. contractors, vendors, suppliers and etc.)

Notwithstanding the above, Pekat recognizes that occasional acceptance of an appropriate level of hospitality in business dealings is usually a legitimate practices in building good business relationship. However, it is important for employees and directors to exercise proper care and judgment before accepting any forms of corporate hospitality as this serves as a precaution, which might lead to any allegations of impropriety or undue influence. If you have any doubts on the appropriateness of a corporate hospitality offered by an external party for e.g. a contractor, suppliers or vendors, you should decline the offer politely and consult your Head of Department or seek the advice from Human Capital Department / Compliance Officer.

Refer to the DO's and DON'Ts below:

DO's

- ✓ You must ensure that the corporate hospitality accepted from an external party is legitimate, modest and not lavish or excessive or extraordinary in nature.



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- ✓ You must exercise proper care and judgment before offering or providing corporate hospitality to third parties to ensure compliance with applicable law and regulations, in particular when it involves public officials.
- ✓ Any corporate hospitality activities that would involve public officials shall require the prior approval of the respective Head of Department.
- ✓ If you have any doubts whether the corporate hospitality offered by an external party for e.g. a contractor or supplier is appropriate or reasonable in nature, you should either decline the offer or consult your Head of Department.

DON'Ts

There are certain types of corporate hospitality activities, which are never permissible and you should immediately refuse if it involves the following:

- × Corporate hospitality offered by parties currently engaged in a Pekat tender or competitive bidding exercise.
- × Corporate hospitality offered that comes with a direct / indirect suggestion, hint, understanding or implication that in return for the corporate hospitality provided some expected or desirable outcome is required (“quid pro quo”).
- × Any corporate hospitality activities that would be illegal or in breach of local or foreign bribery laws.
- × Corporate hospitality, which is lavish or excessive or may adversely affect the reputation of Pekat.
- × Any corporate hospitality activities that are sexually oriented or may otherwise tarnish the reputation of Pekat.

You must immediately decline any offers of corporate hospitality that falls within the above categories.

3.0 Dealing with Public Officials

A “public or government official” is defined to include but not limited to candidates for public office, officials of any political party, and officials of state-owned enterprises other than Pekat.

Caution must be exercised when dealing with public officials as the laws of bribery and corruption in some countries are more stringent and provides for stricter punishments. Providing gift, entertainment or corporate hospitality to public officials or their family / household members is generally considered a “red flag” situation in most jurisdictions.



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In any circumstances of approval is granted from Head of Department to provide gift, entertainment or corporate hospitality is not excessive and lavish, and must commensurate with the official designation of the public official and not his / her personal capacity. You must also be aware of local laws governing the activity and to ensure compliance. It is advisable to seek guidance from Human Capital Management prior to providing any gift, entertainment or corporate hospitality to public officials.

Refer to the DO's and DON'T's below:

DO's

- ✓ Do ensure that to provide or to offer to provide entertainment to public officials is lawful under local laws, as it might be deemed as bribery in certain countries or companies. If it is unlawful or if certain requirements must be met, you must ensure to fully comply with the law.
- ✓ Do ensure that proper care and judgment is exercised to confirm that there is no conflict of interest. It is unethical to offer or provide entertainment in exchange for some future benefit or result.
- ✓ Do ensure that due diligence is carried out to confirm that the public official is the appropriate person based on his / her official position. Any entertainment extended must commensurate with the public official position and not based on his / her popularity, political standing or your familiarity with the public official.
- ✓ Do ensure that the entertainment provided to the public official is reasonable and modest in value, and commensurate with the official designation of the public official as to avoid any perception of bribery.
- ✓ Do ensure that any "red flag" is resolved before giving out gift or entertainment.
- ✓ Do ensure that all documentation (including invoices and receipts) are properly recorded and kept.

DON'Ts

- × Do not try to circumvent any laws or policies with regards to gifts and entertainment, even if it means that Pekat might lose out on business opportunities as a result.
- × Do not be too complacent with certain public officials or local customs that you might think you are familiar with. Do not fail to check that there are no changes to local laws or company policies.
- × Do not approve any requests by the public official to transfer the gift or

entertainment to his / her family members or friends that are not authorized to accept the gift or entertainment. Doing so might be perceived as bribery even with the least strict of laws or policies. Kindly advise the public officials that “transfer” of gifts or entertainment is against Pekat policy.

- × Do not offer to provide gifts, entertainment or hospitality that are illegal or unduly dangerous, indecent, sexually oriented or disrespectful.
- × Do not exceed the monetary threshold for business entertainment of
- × Do not act on your own accord when providing entertainment to public officials. Always consult your Head of Department or Human Capital Department.
- × Do not conceal, alter, destroy or otherwise modify any documentation that relates to entertainment or corporate hospitality accorded to public officials.

4.0 Corporate Social Responsibility (CSR), Sponsorships and Donations

Pekat has strong core values in cultivating a sustainable future for the people and nation. Pekat believes in cultivating a strong relationship with local communities to the wellbeing of the society. It is however important that all Corporate Social Responsibility (CSR), sponsorships and donations are made in accordance with Pekat policies and receive prior authorization from Pekat’s Management of the Board where applicable.

4.1 Corporate Social Responsibility (CSR)

Due to the core of business in renewable energy, we continuously contribute to Social Investment activities in local and to countries where we have operations. Pekat will provide such assistance in appropriate circumstances and in an appropriate manner. However, such request must be carefully examined for legitimacy and not to be made to improperly influence a business outcome.

An appropriate due diligence will be conducted to the proposed recipients to ensure the legitimacy of the organization and to ascertain there is no public officials are affiliated with the organization.

Any doubts should be resolved before committing any funds to the program. Even requests determined to be legitimate must be carefully structured to ensure that the benefits reach their intended recipients. If you are in doubt as to whether a charitable contribution or social benefit is appropriate, consult the Corporate Affairs Department.

4.2 Sponsorships and Donations

As set out in the ABC Manual, employees must ensure that all sponsorships and donations are not used as a subterfuge for bribery. Pekat needs to be certain that donations to foreign-based charities or beneficiaries are not disguised illegal payments to government officials, and must ensure that the charity does not act as conduit to fund illegal activities in violation of international anti-money laundering, anti-terrorism and other applicable laws.

In accordance with Pekat's commitment to contribute to the community coupled with its values of integrity and transparency, all sponsorships and donations must comply with the following:

- Ensure such contributions are allowed by applicable laws
- Obtain all the necessary internal and external authorizations
- Be made to well-established entities having an adequate organizational structure to guarantee proper administration of the funds
- Be accurately stated in the company's accounting books and records
- Not to be used as a means to cover up an undue payment or bribery

Examples of "red flags" to look out for are as follows:

- The proposed recipient / organization has affiliations with a Public Official or their relatives are involved
- The contribution is made on behalf of a Public Official
- There is a risk of a perceived improper advantage of Pekat
- The proposed recipient is based in a high risk country, the request comes from high risk country or the activity takes place in a high risk country

Pekat requires employees to have a sound judgment in assessing the requests. When in doubt, employees should seek further advice from Human Capital Department.

Refer to the DO's and DON'Ts below:

DO's

- ✓ Ensure that the activity is in line with Pekat's policy and guidelines on CSR, sponsorships and donations and does not fall under the list of CSR activities, which Pekat does not support or contribute to.
- ✓ Ensure that the request has been carefully examined for legitimacy and that an appropriate level of due diligence has been conducted on the requesting party.
- ✓ Ensure that the proposed recipient is a legitimate organization and the funding of the CSR activity is in compliance with the applicable laws and not made to improperly influence a business outcome or perceived to provide an improper advantage of Pekat.
- ✓ If the request comes from high-risk country or the proposed recipient is Government owned or involves a Government Official or their relatives, the request must undergo a more stringent due diligence process to determine whether there are any red flags raised.
- ✓ Any red flags must be resolved before committing any funds to the program.

DON'Ts

- × Do not commit any funds without first undergoing the proper processes and procedures to evaluate the legitimacy of the request.
- × Do not try to circumvent any guidelines, rules and procedures put in place by making charitable contributions as a subterfuge for illegal payments.
- × Do not conceal, alter, destroy or otherwise modify any relevant information, which in the normal course of business may raise potential "red flags" that would require additional investigation, particularly if it involves public officials. If you are unsure or have any concerns, please consult either your Head of Department or Human Capital Department.

4.3 Education Sponsorships

Pekat believes in providing educational grant / sponsorship for full potential students to enable them to realize their potential and to contribute to the growth of Pekat and the nation. Pekat adhere to strict guidelines and due diligence in selection of the eligibility students in receiving the educational grant / sponsorship award. This is crucial to ensure that no element of corruption is involved in the giving out of sponsorships.

The selection of eligible students in receiving educational grant / sponsorship award are based on approved criteria such as academic qualifications and assessment results. The process of selection should be transparent and the reasons for selection should be properly recorded.

If the sponsorships are to be awarded to foreign public officials or persons associated with foreign public officials caution must be exercised to ensure that the awarding of sponsorship would not violate ant local laws and must be in compliance with the approved Pekat sponsorship policy and procedures.

Refer to the DO's and DON'T's below:

DO's

- ✓ Do ensure that proper care and judgment is exercised in awarding sponsorship or grant. This is to avoid any allegations of bribery and corruption.
- ✓ Do ensure that due diligence is carried out to confirm that the candidate is the appropriate person based on eligibility criteria and / or other prerequisites, rules and guidelines.
- ✓ Do ensure that, if the sponsorship or grant candidate has a family / household relationship to a Pekat employee or director, it is properly recorded and is being made transparent.
- ✓ Do ensure that the amount of sponsorship / grant is reasonable in value.
- ✓ Do ensure that any “red flag” is resolved before giving out scholarships or grants. For example, if the candidate is a relative of a government official, you must ensure that it is not against the laws of the relevant country and is consistent with Pekat policies.
- ✓ Do ensure that all documentations (including invoices and receipts) are properly recorded and kept.

DON'T's

- × Do not award sponsorships or grants without undergoing the proper process and procedures set by Pekat to ensure that there is no bribery or corruption or perception thereof.
- × Do not try to circumvent any guidelines, rules or procedures when selecting candidates for sponsorships as it might put you and Pekat in trouble in the event of any bribery allegation.



- × Do not try to conceal any information where you think that there might be a conflict of interest. If you are unsure, please consult your Head of Department or Human Capital Department.
- × Do not arbitrary award sponsorship or grants. The amount of all sponsorships or grants must be based on the approved guidelines.
- × Do not ignore any laws, guidelines or policies when awarding sponsorships or grants, particularly if a public official is in some way involved, as some countries might impose certain requirements. Always consult your Head of Department or Human Capital Department.
- × Do not conceal, alter, destroy or otherwise modify any relevant documentation.

5.0 Facilitation Payment

Pekat has strictly prohibited the act of accepting or obtaining, either directly or indirectly, facilitation payments from any person for the benefit of the employee himself / herself or for any other person in control of a process or decision. Facilitation of 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. The reason underlying this prohibition is that facilitation payment is seen as a form bribery or corruption.

Employees or directors must not offer, promise, give, request, accept or receive anything which might reasonably be regarded as facilitation payment. If you receive a request or if you are offered facilitation payments, you must report it to your Head of Department.

6.0 Money Laundering

Pekat is in strong disagreement on the practices of money laundering, including dealing in the proceeds of criminal activities. This includes of where by the criminal origin or nature of money or assets is hidden in legitimate business dealings or when legitimate funds are used to support criminal activities, including financing terrorism.

Employees and directors are mandate in practicing anti-money laundering in business dealings. In such, employees and directors are expected to always conduct counterparty due diligence to understand the business and background of Pekat's prospective business counterparties and to determine the origin and destination of money, property and services.

Counterparty means the any party that Pekat is currently in relationship with or intends to do business with in the future, either on a regular or once-off basis. Counterparties include but are not limited to customers, contractors,

suppliers, consultants, agents, joint venture partners and any other business partners.

Pekat has taken a number of initiatives to strengthen anti-money laundering governance, which include the following:

- Informative and updated training and compliance programs should be conducted to ensure understanding and strict compliance to any internal anti-money laundering policies
- Employees frequently involved in decision making process concerning counterparties particularly in matters on financial transactions should be properly acquainted with the applicable laws and regulations related to money laundering
- Employees should be attentive to and report suspicious behavior by customers, consultants and business partners using proper reporting channels, in-house experts on anti-money laundering should always be consulted
- Convoluted payment arrangements such as payment in cash, payment to a third party or to accounts in other countries or requests for upfront payment for expenses or other fees
- Periodic audits should be conducted and a process should be developed to follow all available accounting, record-keeping and financial reporting requirements applicable to cash and payments in connection with other transactions and contracts

7.0 Business Associates

7.1 Dealing with Business Associates

Pekat dealings with business associates, which include contractors, suppliers, 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 Pekat. As part of this commitment, all forms of bribery and corruption are unacceptable and will not be tolerated.

All parties acting on behalf of Pekat are expected to share and comply to the Company's value and ethical standards as their actions can implicate Pekat legally and tarnish the Company's reputation. Pekat is obligated to conduct appropriate counterparty due diligence to understand the business and background of Pekat's prospective business counterparties before entering into any arrangements with

them to ensure that we are dealing with counterparties that subscribe to acceptable standard of integrity in the conduct of their business.

Pekat takes the following steps to ensure we are engaged to third parties that share Pekat standards of integrity:

- Conduct due diligence to assess the integrity of Pekat's prospective business counterparties. A thorough due diligence to be conducted for not entering into any business dealings with potential business associates reasonably suspected of engaging in bribery and improper business practices unless suspicions are investigated and resolved
- Continue to be aware of and to periodically monitor third party performance and business practices to ensure ongoing compliance

If at any point during the due diligence exercise or in the dealings with a third party, there are conflicts of interest or "red flags" are raised, these warrant further investigation and must be sufficiently addressed before the engagement of the third party can progress.

Examples of common "red flags" involving third parties include:

- The transaction involves a country known for high incidence of corrupt payments
- Family, business or other "special" ties with government or public officials
- A reference check reveals a flawed background or a reputation for getting "things done" regardless of the circumstances or suggests that for a certain amount of money, he / she can fix the problem
- Objection to anti-bribery representations and warranties in commercial agreements or negative response when told of such requirements
- Convoluted payment arrangements such as payment in cash, payment to a third party or to accounts in other countries or requests for upfront payment for expenses or other fees
- The third party requires that his / her identity not be disclosed as part of the business transaction
- Inadequate credentials for the nature of the engagement or lack of

- an office or an established place of business
- Pekat requires its employees and directors to use good judgment and common sense in assessing the integrity and ethical business practices of third parties and has provided the above as a guideline.

7.2 Dealing with Contractors and Suppliers

Pekat is committed in practicing highest standard of ethics and integrity in all aspects of its procurement activities. Pekat should avoid in dealing with suppliers or contractors known or reasonably suspected of corrupt practices or known or reasonably suspected to pay bribes. Pekat is in close monitor for ensuring all procurement activities are in compliance to Procurement Policies and Procedures that are applicable in your jurisdiction, which include:

- Due diligence are conducted prior to engage into any agreements with Pekat
- Contractors and suppliers are made aware of and understand the Policies and Procedures, which we adhere to and comply strictly upon committed to any agreements

Pekat must conduct due diligence on prospective contractors and suppliers to ensure these external parties are in good practice of anti-bribery programs and having no record of engagement of improper practices. Due diligence is not limited to the company but it applies equally to its director and top management by conducting a background check.

Pekat should also monitor significant contractors and suppliers as part of their regular review of the performance of the third parties. Pekat has the right to terminate their services in the event that these third parties pay bribes or act in a manner, which is inconsistent with the ABC Manual.

If there any issues should we raise concerns of, it should be resolved promptly. If it is not possible then the company must be barred / disqualified from being on the list of suppliers or contractors for Pekat.

For further guidance on the implementation of ABC Manual and the due diligence checklist for contractors and suppliers, employees should consult Procurement and Supply Chain Department.

7.2.1 Due Diligence Checklist for Contractors and Suppliers

Pekat, in particular, the procurement function must follow the following procedures when dealing with contractors and suppliers:

- Perform a risk assessment using a risk-based approach
- Undertake due diligence on the third party depending on the level established by the risk analysis
- Preparing and maintaining appropriate written documentation of the due diligence and risk management performed

7.3 Mergers, Acquisitions Investments

Pekat must undertake due diligence in evaluating mergers and acquisition transactions and investments to ensure compliance with anti-bribery and corruption laws.

7.3.1 Due Diligence – Pre - Acquisition

- Anti-bribery due diligence is considered on a proportionate basis for all investments but on a risk-based approach, with the level of due diligence being proportionate to the investment and the perceived likelihood of risk of bribery.
- The level of anti-bribery due diligence for the transaction is commensurate with the bribery risks.
- Anti-bribery due diligence starts sufficiently early in the due diligence process to allow for adequate due diligence to be carried out and for the findings to influence the outcome of the negotiations or stimulate further review if necessary.
- The partners and board provide commitment and oversight to the due diligence.
- Information gained during the anti-bribery due diligence is passed on efficiently and effectively to the company's management once the investment has been made.

7.3.2 Due Diligence – Post - Acquisitions

- To conduct due diligence on a proportionate basis immediately after the purchase to determine if there is any current bribery and if so, takes immediate remedial action
- To ensure that the target has or adopts an adequate anti-bribery and corruption programs equivalent to its own
- Bribery detected through due diligence is reported to the authorities

7.3.3 Aspect Seek for in Anti – Bribery Due Diligence

- Has bribery taken place historically?
- Is it possible or likely that bribery is currently taking place?
- If so, how widespread is it likely to be?
- What is the commitment of the board and top management of the target to countering bribery?
- Does the target have in place an adequate anti-bribery program to prevent bribery?
- What would the likely impact be if bribery, historical or current, were discovered after the transaction had completed?

7.4 Joint Venture Partners

In view of the possibility that Pekat may be held responsible for the illegal activities of its co-venturers, we need to ensure that Joint Ventures in which Pekat has a controlling interest in compliance to the ABC Manual.

Where Pekat neither controls nor operates the Joint Venture (JV) or where Pekat holds a minority interest, we should:

- In mutual agreement with JV partners to adopt the ABC Manual (or substantially equivalent standards and principles) and to comply with all applicable anti-bribery and corruption laws and to establish controls substantially similar Pekat standards to prevent

bribery

- Be alert to warning signs, which may arise in conduct of the business. Any such warning signs must be reported to the Company Secretary / Legal Department (External Lawyer Applicable to this Context) and appropriate action to be taken; and
- Require (or where this right does not formally exist, request) that the majority partner or JV entity to provide written representation of anti-bribery compliance on an annual basis

8.0 Recruitment

8.1 Recruitment of Employees

Pekat provides equal opportunities for any qualified and competent individual to be engaged in the employment of all the entities of Pekat Group. We believe in sourcing and engaging individual from various multicultural and multiracial background, either from sponsorship program and externally, local and internationally.

In recruitment process, we ensure the candidate or the selected individual has fulfilled all the approved criteria of their job specification to be deemed fit into the position. This is to ensure that only the most qualified and suitable individuals are employed with no element of corruption in involved in the hiring of employees.

In line with this, Pekat will conduct a thorough background check of the selected employee to ensure that the potential employees had not been convicted in bribery or corruption cases nationally or internationally. More detailed background check should be taken in the event of hiring an employee that would be responsible in management positions, as they would be tasked with decision-making obligations.

If you find or suspect that another person subject to this policy has violated or about to violate this policy or applicable law, whether deliberately or inadvertently, you must forthwith report the same, in writing, to your Head of Department or Human Capital Department.

Refer to the DO's and DON'Ts below:

DO's

- ✓ Do ensure that the due process and procedure are carried out based on the



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approved selection criteria when recruiting new employees. This is to avoid any allegations of bribery and corruption.

- ✓ Do ensure that due diligence is carried out to confirm that the candidate is the suitable person based on eligibility criteria and/or other prerequisites, rules and guidelines.
- ✓ Do ensure that relevant approvals are obtained from the respective Approving Authority prior to issuance of an offer letter.
- ✓ Do ensure that if the candidate to be employed has a family / household relationship to a Pekat employee or director, it is properly recorded and is being made transparent.
- ✓ Do ensure that all rights, entitlements and benefits given to the candidate are reasonable in value.
- ✓ Do ensure that any “red flag” is resolved before recruiting. For example, if the candidate is a relative of a government official, you must ensure that it is not against the laws of the relevant country.
- ✓ Do ensure that all documentations (including invoices and receipts) are properly recorded and kept.

DON'Ts

- ✗ Do not recruit employee without underdoing the proper process and procedures set by Pekat to ensure that there is no perception of bribery or corruption.
- ✗ Do not try to circumvent any guidelines, rules or procedures when selecting new employees as it might put you and Pekat in trouble in the event if any bribery allegation.
- ✗ Do not try to conceal any information where you think that there might be a conflict of interest. If you are unsure, please consult your Head of Department or Human Capital Department.
- ✗ Do not arbitrarily award rights, entitlements and benefits. The value and types of rights, entitlements and benefits must be based on the guidelines prepared by Pekat.
- ✗ Do not fail to give particular attention to any laws, guidelines or policies when a public official is involved, as some countries might impose particular requirements. Always consult your Head of Department or Human Capital Department.

- ✘ Do not conceal, alter, destroy or otherwise modify any documentation.

9.0 Training and Awareness

Pekat shall conduct an awareness program for all its employees on Pekat's position regarding anti-bribery and corruption, integrity and ethics.

Training shall be provided on a regular basis, in accordance with the level of Bribery and Corruption risk related to the position. Training should be provided to employee and director who are:

- a) new to Pekat
- b) appointed to or currently holding an Exposed Position

Human Capital Department shall maintain records to identify employees and directors who has attended and received training of Anti-Bribery Program.

Business associates acting on behalf of Pekat shall also undergo appropriate training, where a bribery and corruption risk assessment identifies them as posing bribery and corruption risk to Pekat.

10.0 Staff Declaration

All Pekat's employee shall certify in writing that they have read, understood and will abide by this policy. A copy of this declaration shall be documented and retained by Human Capital Department for the duration of the employee's employment.

The directors reserve the right to request information regarding an employee's assets in event that the person is implicated in any bribery or corruption related accusation or incident.

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