

# **PENTAMASTER INTERNATIONAL LIMITED**

**(Incorporated in the Cayman Islands with limited liability)**

**Stock code: 1665**

## **ANTI-CORRUPTION AND BRIBERY POLICY**

### **1.0 INTRODUCTION**

The board (the “Board”) of directors (“Directors”) of Pentamaster International Limited (“PIL” or the “Company”) and its subsidiaries (collectively, “we”, “us”, “our” or the “Group”) has established this Anti-Corruption and Bribery Policy (“Policy”) pursuant to subsection (5) of section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Act 694) (“MACC Act 2009”), as stated in the Malaysian Anti-Corruption Commission (Amendment) Act 2018 (“Amendment Act 2018”).

The Company recognises the importance of establishing and upholding good corporate governance and is committed to conducting its business in accordance with the highest ethical standards in full compliance with all applicable laws, regulations and standards in all locations and jurisdictions in which the Company operates.

### **2.0 PURPOSE**

The purpose of this Policy is to:

- a) set out the Company’s responsibilities and the responsibilities of those working for or with the Company in observing and upholding the Company’s position on corruption and bribery;
- b) ensure that the Company has adequate procedures in place to prevent and detect corrupt practices in relation to its business activities;
- c) provide information and guidance to those working for or with the Company on how to recognise and deal with potential corruption and bribery issues; and
- d) protect the Company against any possible penalties and repercussions resulting from acts of corruption and bribery or being associated with such behaviour.

### **3.0 SCOPE**

This policy applies to any corruption or bribery, or suspected corruption or bribery, involving the Board and all employees working for the Group at all job levels (the “Employees”) as well as customers, consultants, vendors, contractors and/or any other parties with a business relationship with the Company (the “Associated Third Parties”).

Any investigative activity required will be conducted without regard to the suspected wrongdoer’s length of service, position/title, or relationship with the Company.

## **4.0 PRINCIPLES AND POLICY STATEMENT**

- 4.1 The Company adopts a zero-tolerance approach towards any form of corruption and bribery in conducting its business. The Board, Employees and Associated Third Parties must uphold the highest standard of integrity and accountability in discharging their duties and to ensure that the business activities of the Group are conducted in compliance with the applicable legal and regulatory requirements on anti-corruption and bribery.
- 4.2 The Company is committed to conducting its business with transparency, ethics and integrity in all its business relationships and dealings in accordance with the Company's Code of Conducts. Also, the Company remains bound by the laws of Malaysia, including the MACC Act 2009 and Amendment Act 2018 and any of its amendments or re-enactments that may be made by the relevant authority from time to time.
- 4.3 The Company prohibits corruption and bribery, and does not tolerate any practice that seek to obtain business through improper means. Neither the Group's Employees nor its immediate family members are allowed to offer, receive or accept any kind of benefit to or from business partners, government officers, customers and vendors which might compromise, or appear to compromise, the ability to make objective and fair business decisions. With that, the Company endeavours to implement and enforce effective system to prevent the occurrence of corruption and bribery.

## **5.0 CORRUPTION, GIFTS, BENEFITS AND ENTERTAINMENT**

- 5.1 The Company encourages the use of good judgment, discretion and moderation when giving or accepting gifts or entertainment. All benefits (including gifts, entertainment and/or favours) must be:
- a) reasonable in value;
  - b) infrequent in nature;
  - c) transparent and open;
  - d) not given to influence or obtain an unfair advantage; and
  - e) respectful and customary
- 5.2 As a general rule, all Employees are to refrain from offering or receiving any gifts, benefits and/or entertainment from a third party or stakeholder of the Company in the course of their duties except if it is made from gestures that are construed to be legitimate contribution and provided that the gifts, benefits and/or entertainment are presented in good faith, which may be directly or indirectly offered as a result of the Employee's position or performance of duties with the Company or for cultivating good business relationship.
- 5.3 All Employees shall exercise proper care and judgement in respect of giving or receiving any gifts, benefits and/or entertainment on a case-by-case basis. He or she must evaluate the impact of their actions prior to giving or accepting any gifts, benefits and/or entertainment as it may put them in an obligated or compromised position which could affect business judgement.

- 5.4 However, the Company does not condone any event that relates to:
- a) giving or offering a payment, loan, reward, gift, entertainment or favour to any third party with the expectation or hope that a business advantage will be received;
  - b) giving or offering a bribe or anything which may be viewed as a bribe to a government officer, agent or representative to facilitate or expedite an action or a routine procedure;
  - c) receiving or requesting for gifts, payment, benefits or anything which may be viewed as bribe from a third party knowing or suspecting it is offered with the expectation that it will obtain a business advantage for them; or
  - d) engaging in any activity that might lead to a breach of this Policy.

## **6.0 FACILITATION PAYMENTS AND KICKBACKS**

- 6.1 Facilitation payments are typically unofficial payments made to secure or expedite the performance of a routine or an administrative process (“Facilitation Payments”). Kickbacks are typically payments made in return for a business favour or advantage and can include discounts or other types of cash incentives (“Kickbacks”).
- 6.2 The Company adopts a strict policy of disallowing the use of Facilitation Payments or Kickbacks of any kind in its business. All Employees and Associated Third Parties must avoid or decline any activity that might lead to, or suggest, that a Facilitation Payment or Kickback will be made or accepted.
- 6.3 Any individual who is involved in making a payment on behalf of the Company must always be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided. Any suspicions, concerns or queries regarding a payment should be raised via the channel as outlined in the Whistle-blowing Policy.

## **7.0 CHARITABLE CONTRIBUTIONS, DONATIONS AND SPONSORSHIPS**

- 7.1 Any charitable contributions or sponsorships made on behalf of the Company must not be related to, dependent on, or made in order to win, or influence, a business deal or decision. The contributions or donations need to be made in good faith and in compliance with the Company’s Code of Conducts and all relevant policies and procedures.
- 7.2 No donation should be made without the prior consent of the Chairman of the Board or the Chief Executive Officer of the Company. The Company will ensure that the recipient of any charitable contribution or sponsorship is a legitimate registered charity, and that the donations or sponsorship were expensed or accounted for in an appropriate manner. The recipient will be required to provide a receipt for the contribution, and/or confirmation of what the funds will be used for.

## **8.0 POLITICAL DONATIONS AND CONTRIBUTION**

- 8.1 The Company does not make any contributions to any government officers or political parties. In the event that any of our Employees or the Associated Third parties undertake such unauthorised activity, he or she will be deemed to be acting in their personal capacity and not on behalf of the Company.

## **9.0 RECORD KEEPING**

- 9.1 The Company must keep its financial records with appropriate internal controls in place to serve as documentary evidence for any payments made to, and/or receiving payments from, third/external parties.
- 9.2 All expense claims relating to gifts or entertainment made to third parties must be submitted in accordance with the Company's expense policy and/or other applicable disbursement policy.
- 9.3 All records and documents relating to dealings with third parties should be prepared and maintained with strict accuracy and completeness. No records are allowed to be kept "offline" to facilitate or conceal improper payments.

## **10.0 REPORTING PROCEDURE**

- 10.1 Suitable reporting channels have been established and maintained for receiving information regarding violations of this Policy, and other matters of integrity provided in good faith by the Employees and/or Associated Third Parties.
- 10.2 The Company has put in place the Whistle-blowing Policy to provide an avenue which serves as a confidential platform for all Employees and Associated Third Parties to disclose any acts of corruption and/or bribery in a confidential manner that protects the whistle-blower from any risk or reprisals. Reports made in good faith, either anonymously or otherwise, shall be addressed in a timely manner and without incurring fear of reprisal regardless of the outcome of any investigation.
- 10.3 Retaliation in any form against any individual where the person has, in good faith, reported a violation or possible violation of this Policy is strictly prohibited. Any Employee found to have deliberately acted against the interests of a person who has in good faith reported a violation or possible violation of this Policy shall be subjected to disciplinary proceedings including demotion, suspension, dismissal or other actions (including legal action) which the Company may pursue.

## **11.0 CONFIDENTIALITY**

- 11.1 The Company will do its best to protect an individual's identity when he or she raises a concern and does not want their name to be disclosed. However, it must be acknowledged that the investigation process may reveal the source of the information and a statement by the individual may be required as part of the evidence.

- 11.2 The Company encourages individuals to put their names to allegations. Concerns expressed anonymously are much less powerful, but they will be considered at the discretion of the Company. In exercising this discretion, the factors to be taken into account would include the seriousness of the issues raised, the credibility of the concern, and the likelihood of confirming the allegation from attributable sources.

## **12.0 TRAINING AND AWARENESS**

- 12.1 All existing Employees will receive regular and adequate training on the Company's position regarding anti-corruption and bribery, integrity and ethics to ensure their thorough understanding of this Policy, especially in relation to their role within the Company.

- 12.2 Training should be provided to Employees who are:
- a) new to the Company;
  - b) appointed to or currently holding an exposed position (i.e. managerial and /or executive position who has the responsibility of authorising, negotiating and executing transactions which are more likely to be exposed to risks of corrupt and bribery practice)

Human Resources Department shall maintain records to identify which Employees have received training and from time to time update the training schedule.

- 12.3 The Company's zero-tolerance approach to corruption and bribery must be communicated to all the Associated Third Parties at the outset of the Company's business relationship with them and as appropriate thereafter.

## **13.0 MONITORING AND REVIEW**

- 13.1 The Risk Management Committee will monitor the effectiveness and review the implementation of this Policy as well as regularly considering its suitability, adequacy and effectiveness. Any improvements identified will be made as soon as possible.
- 13.2 Internal control systems and procedures will be subject to regular audits to provide assurance that they are effective in countering corruption and bribery.
- 13.3 This policy will be reviewed periodically by the Company and may be amended at any time. Employees, officers and directors will be fully informed of any material revisions to this policy.

## **14.0 AUDIT AND COMPLIANCE**

- 14.1 Regular audits shall be conducted to ensure compliance to this Policy. Such audits may be conducted internally by the Company or by the internal auditor. Audit documentation should include performance improvement action plans.

## **15.0 SANCTIONS FOR NON-COMPLIANCE**

- 15.1 The Company regards acts of corruption and bribery as serious matters and will apply penalties in the event of non-compliance to this Policy. Any non-compliance involving the Employees of the Group, may lead to disciplinary action, which could result in termination of employment.
- 15.2 The Company reserves its right to terminate contractual relationships with any Associated Third Parties in the event of a breach to this Policy.

**Policy Date: 1 June 2020**

Note: Any Chinese translation is for reference only. In the event of any inconsistency, the English version shall prevail.

## **Schedule 1: Potential risk scenarios: “red flags”**

The following is a non-exhaustive list of activities that constitute misconduct or possible red flags that may arise during the course of any individual working for, on behalf of, or in association with the Company which the Company would expect that the following be reported:

If the Board, an Employee or an Associated Third Party encounters any of these red flags while working for the Company, he or she must promptly report the incident in accordance with the procedure as set out in the Whistleblowing Policy.

- a) become aware that a third party engages in, or has been accused of engaging in improper business practices;
- b) learn that a third party has a reputation for paying bribes, or requiring that bribes are paid to them, or has a reputation for having a “special relationship” with any Employees within the organisation;
- c) a third party insists on receiving a commission or fee payment before committing to sign a contract with the Company, or carrying out a government function or process for the Company;
- d) a third party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;
- e) A third party requests payment to be made to a country or geographic location different from where the third party resides or conducts business;
- f) a third party requests an unexpected additional fee or commission to facilitate a service;
- g) a third party demands lavish entertainment or gifts before commencing or continuing contractual negotiations or provision of services;
- h) a third party requests that a payment is made to overlook potential legal violations;
- i) receive an invoice from a third party that appears to be non-standard or customised in the normal course of business;
- j) a third party insists on the use of side letters or refuses to put terms agreed in writing;
- k) a third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to the Company;
- l) been offered an unusually generous gift or lavish benefits or entertainment by a third party; or
- m) accepting trips from third parties which is a combination of business and pleasure (e.g invitation to a new product launch with an extension to tour around fully paid for).