

COMPUGATES[®]

ANTI-BRIBERY & CORRUPTION POLICY

Reference No.	:	Revision No.	:
Effective Date	: 1 June 2020	Revision Date	:

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1. INTRODUCTION

This Anti Bribery & Corruption Policy is to prevent the occurrence of bribery and corruption practice in relation to the businesses of the Group. The Company strictly prohibits all forms of bribery and corruption and will take all necessary steps to ensure that it complies with and conducts its business with transparency.

The Board of Directors has determined that, on the recommendation of the Audit Committee, the Company will formalise its policy on compliance with the applicable laws and regulatory requirements of the Malaysian Anti-Corruption Commission Act 2009 (Act 694) ("MACC Act 2009"), as stated in the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("MACC Amendment Act 2018").

This Anti Bribery & Corruption Policy (the "**Policy**") will supersede any other existing policies that relates to bribery and corruption.

2. DEFINITION

Bribery is defined as the offering, giving, receiving, or soliciting of any item of value to influence the actions of an official, or other person, in charge of a public or legal duty.

Corruption is a form of dishonesty or criminal offence undertaken by a person or organization entrusted with a position of authority, to acquire illicit benefit or abuse power for one's private gain.

References to "you" in this Policy refer to any person to whom this Policy applies. Where more specific references are used (such as "employee"), the more specific reference is intended.

The term "employee" means any person who is in the employment of COMPUGATES including both the Board of Directors (Executive and Non-Executive) and its employees (permanent and on contract) regardless of their position or role.

The term "COMPUGATES" means COMPUGATES HOLDINGS BHD and its subsidiaries companies. The expression "COMPUGATES" is used for convenience where references are made to COMPUGATES Group of Companies in general.

3. POLICY STATEMENT

3.1 It is the Company's policy to conduct all of its business in an honest and ethical manner. COMPUGATES takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all its business dealings and relationships. It is the goal of COMPUGATES to avoid acts which might reflect adversely upon the integrity and reputation of the Company.

3.2 Individuals involved in corrupt activity may be fined or sentenced to imprisonment. Further, if the Company or any of its employees or associated persons (e.g. contractors, agents or subsidiaries) is found to have taken part in corruption, COMPUGATES could face an unlimited fine, and it could face serious damage to its reputation both in the public markets and in the countries in which it operates. COMPUGATES therefore takes its legal responsibilities very seriously.

3.3 The purpose of this Policy is to:

- set out the responsibilities of the Company, and all individuals who work for COMPUGATES, in observing and upholding the Company's position on bribery and corruption; and
- provide information and guidance to those individuals working for the Company on how to recognise and deal with bribery and corruption issues.

3.4 In this Policy, "**third party**" means any individual or organisation with whom you may come into contact during the course of your work for COMPUGATES, and includes actual and potential customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisors, representatives and officials, politicians and political parties.

4. APPLICATION OF THE POLICY

4.1 The Policy applies to all employees, at all levels within the Group including permanent, probationary, contract and temporary staff and Directors of the Group to be committed to act professionally in conducting its business transparently, honestly and with integrity.

4.2 All persons covered by this Policy, in discharging their duties on behalf of the Company, are required to comply with the laws, rules and regulations applicable in the location in which COMPUGATES is performing business activities, and in particular with respect to anti-bribery and corruption laws, rules and regulations. Where uncertainty or ambiguity exists, please contact the Compliance Officer who may seek further legal advice.

5. RESPONSIBILITIES

5.1 The Company's Board of Directors has overall responsibility for ensuring this Policy complies with the Group's legal and ethical obligations, and that all those under the Group's control comply with it.

5.2 The Compliance Officer has primary and day-to-day responsibility in implementing this Policy, and for monitoring its use and effectiveness. Management at all levels is responsible for ensuring those reporting to them are made aware of and understand this Policy.

5.3 All employees including the directors of the Company must read, understand and comply with this Policy and the following related policies:

- a) Code of Business Conduct & Ethics;
- b) Whistle Blowing Policy

5.4 A copy of the declaration form is attached with this policy. All employees including the directors of the Company shall acknowledge in writing that they have read, understand and will abide by this Policy and return the acknowledgement copy to the Human Resources Department. This declaration form shall be documented and retained by the Human Resources Department for the duration of the personnel's employment.

Any person who breaches this Policy will face disciplinary action, which could result in dismissal for gross misconduct.

6. COMPLIANCE TO THE LAW

The Group complied with all applicable law including the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption Commission (Amendment) Act 2018 or any amendments thereto.

In order to ensure compliance in accordance with amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirement in relation to Anti-Corruption Act 2009 pursuant to Section 9 of the Capital Markets and Services Act 2007, the Group also comply with new act under Section 17A (5).

7. ANTI-BRIBERY AND CORRUPTION

7.1 Gifts, Hospitality and Entertainment

COMPUGATES or its employees are prohibited to give/offer or to accept any form of gifts, entertainment, hospitality, travel or any other benefits, whereby such gifts, entertainment, hospitality, travel or any other benefits could be reasonably perceived as a bribe, or be seen as having the purpose of influencing business decisions.

Although the general principle is to immediately refuse and return gifts offered by the external party, however offering or accepting a gift on behalf of the Company may be allowed only under limited circumstances as follow:

- Corporate Gift not exceeding RM500 in a single receipt;
- Customary and lawful under the circumstances;
- Do not have or are perceived to have (by either the giver or the receiver), any effect on actions or decisions;
- No expectation of any specific favour or improper advantages from the intended recipients;
- Independent business judgment of the intended recipients not affected;
- No corrupt / criminal intent involved; and
- Gift and Hospitality to be done in an open and transparent manner.

Any personnel who accepted the gift on behalf of the Company, must then hand over the gift to the HR Department who may decide that the gift be given to charity, included in a festive draw within the Company or share with other employees in the Company.

7.2 Donation and Sponsorship

Donations and Sponsorship in the form of charity may be permissible depending on the circumstance but should be made directly to an official entity and be able to be disclosed publicly when required to.

7.3 Facilitation Payments

COMPUGATES adopts a strict policy of disallowing the use of facilitation payments in its business. Facilitation payment is an unofficial payment or other provision made personally to an individual in control of a process or decision. It is given to secure or expedite the performance of a routine or administrative duty or function.

The employees of the Company shall decline to make the payment and report to the Compliance Officer immediately when they encounter any requests for a facilitation payment. In addition, if a payment has been made and they are unsure of the nature, the ED/CEO must be notified immediately, and the payment shall be recorded accordingly. They must not promise or offer, or agree to give or offer, facilitation payments to any other party.

8. RED FLAGS

The following is a list of "red flags" that may indicate the possible existence of corrupt practices and should be kept in mind by all those subject to this Policy:

- Use of an agent with a poor reputation
- Unusually large commission payments or commission payments where the agent does not appear to have provided significant services.
- Cash payments, or payments made without a paper trail or without compliance with normal internal controls.
- Unusual payments to a personnel for which there is little supporting documentation.
- Payments to be made through third party countries or to offshore accounts.
- Private meetings requested by public contractors or companies hoping to tender for contracts.
- Not following the Company policies or procedures – abusing the decision-making process.
- Unexplained preferences for certain sub-contractors.
- Invoices rendered or paid in excess of contractual amounts.

You are required to notify the Compliance Officer or make a disclosure under the Whistle Blower Policy as soon as possible if you believe or suspect that an action in conflict with this Policy has occurred, or may occur in the future, or has been solicited by any person.

9. REPORTING OF POLICY VIOLATION

All employees including the directors of the Company must adhere to the Company's commitment to conduct its business and affairs in a lawful and ethical manner. All directors, principal officers and employees are encouraged to raise any queries with the Compliance Officer.

In addition, any director, principal officer and employee of the Company who becomes aware of any instance where the Company receives a solicitation to engage in any act prohibited by this Policy, or who becomes aware of any information suggesting that a violation of this Policy has occurred or is about to occur is required to report it to the Compliance Officer.

Persons who refuse to engage in or permit a bribery offence, or who raise legal or ethical concerns or report another's wrongdoing, are sometimes worried about possible repercussions. The Company aims to encourage openness and will support anyone who raises genuine concerns in good faith under this Policy, even if they turn out to be mistaken.

No directors, principal officers and employees of the Company will suffer demotion, penalty, or other adverse consequences for refusing to engage in or permit a bribery offence or for raising concerns or for reporting possible wrongdoing, even if it may result in the Company losing business or otherwise suffering a disadvantage.

The Company has in place a Whistle Blower Policy which provides procedures for reporting violations of laws, rules, regulations or the Company's corporate policies. A copy of the Whistle Blower Policy can be found on the Company website at www.compugates.com.

10. RISK ASSESSMENTS

Standard business risk assessments will be conducted on an annual basis to determine the level of controls necessary for a particular aspect of the Company's operations, including in relation to procurement and tender processes.

Risk assessments should give consideration to:

- Transactional risks - which includes an assessment of the risks associated with a business transaction undertaken by the Company or its Associated Entities;
- Business opportunity risks - which includes the risk that pursuing or obtaining business opportunities may result in acts of bribery or corruption; and
- Business partnership risks - which includes risks deriving from relationships with or partnership with other Associated Entities.

Specific policies and procedures will be adapted and implemented to proportionately address the risks identified above as they arise.

Records and documentation must be kept of each risk assessment as part of the system of internal controls and record keeping.

11. DUE DILIGENCE

The Company will conduct appropriate due diligence to inform risk assessments and ensure compliance with the Policy.

While the list is not exhaustive, and warning signs will vary by the nature of the transaction, expense/payment request, geographical market or business line, common warning signs that should be considered as part of any due diligence include:

- a) that an Associated Entity has current business, family or some other close personal relationship with a customer or government official, has recently been a customer or government official or is qualified only on the basis of his influence over a customer or government official;
- b) a customer or government official recommends or insists on the use of a certain business partner or Associated Entity;
- c) an Associated Entity refuses to agree to anti-corruption contractual terms, uses a shell company or other unorthodox corporate structure, insists on unusual or suspicious contracting procedures, refuses to divulge the identity of its owners, or requests that its agreement be backdated or altered in some way to falsify information;
- d) an Associated Entity has a poor reputation or has faced allegations of bribes, kickbacks, fraud or other wrongdoing or has poor or non-existent third-party references;

- e) an Associated Entity does not have an office, staff or qualifications adequate to perform the required services; or
- f) an expense/payment request by an Associated Entity is unusual, is not supported by adequate documentation, is unusually large or disproportionate to products to be acquired, does not match the terms of a governing agreement, involves the use of cash or an off-the-books account, is in a jurisdiction outside the country in which services are provided or to be provided, or is in a form not in accordance with local laws.

Records and documentation must be kept of due diligence as part of the system of internal controls and record keeping.

12. RECORD-KEEPING

- a) The Company must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties
- b) All transactions must be executed in accordance with management's general or specific authorization.
- c) All business partners of the Company should have in place internal controls and procedures that fit these criteria and enhance compliance with this Policy.
- d) The Company will maintain available for inspection accurate books and records that fairly document all financial transactions, risk assessments and due diligence.
- e) All expenses incurred to third parties relating to hospitality, gifts or expenses must be submitted in accordance with the relevant group company policies and the reason for the expenditure must be specifically recorded.
- f) All accounts, invoices, memorandum and other documents and records relating to dealings with third parties should be prepared and maintained with strict accuracy and completeness. No accounts or cash funds may be kept "off-book" to facilitate or conceal improper payments. The use of false documents and invoices is prohibited, as is the making of inadequate, ambiguous or deceptive bookkeeping entries and any other accounting procedure, technique or device that would hide or otherwise disguise illegal payments.

13. COMMUNICATION OF THE POLICY

To ensure that all directors, principal officers and employees of the Company are aware of the Policy, a copy of the Policy will be provided to them and they will be advised that the Policy is available on COMPUGATES's website for their review. All directors, principal officers and employees of the Company will be informed whenever significant changes are made. New directors, officers and employees of the Company will be provided with a copy of this Policy and will be educated about its importance.

Training on this Policy will form part of the induction process for all new directors, principal officers and employees of the Company. All existing directors, principal officers and employees will receive relevant training on how to implement and adhere to this Policy.

COMPUGATES's zero-tolerance approach to bribery and corruption must be communicated to all suppliers, business partners and customers at the outset of business relationship with them and as appropriate thereafter. For advice on these communications, please contact the Compliance Officer.

14. MONITORING AND REVIEW OF THE POLICY

The Board of Directors and the Compliance Officer will ensure that regular reviews of the policy are conducted to assess the performance, efficiency and effectiveness of the anti-corruption program, and ensure the program is enforced. Any deficiencies identified will be rectified as soon as possible. Such reviews may take the form of an internal audit, or an audit carried out by an external party at least 3 years once.

All directors, principal officers and employees of the Company are responsible for the success of this Policy and should ensure they follow the procedures set out herein to disclose any suspected wrongdoing.

All directors, principal officers and employees of the Company are invited to comment on this Policy and suggest ways in which it might be improved. Comments, suggestions and queries should be addressed to the Compliance Officer.

The Board of Directors reserves the rights to all amendments, deletions or augment any terms and conditions or any part of this policy when necessary.

APPENDIX

Staff Declaration Form

I, _____, hereby declare that I have read, understood and agreed to comply with the Anti-Bribery & Corruption Policy and the responsibilities required of me in relation to the said Policy.

I have not violated the provisions of this Policy and am not aware of any violations of the Policy as of the date hereof.

I understand that if I am party to any breach of the said Policy and Procedures during the term of my employment, then it could be regarded as major misconduct which may result in disciplinary action, up to and including dismissal against me.

.....
Name:
NRIC:
Designation:
Date: