

POLICY ON FRAUD / BRIBERY / CORRUPTION AND UNETHICAL BEHAVIOR

1. INTRODUCTION

Fraud, Bribery, Corruption & Unethical Behavior is a significant threat to every organization's profitability and reputation and is defined as obtaining a benefit by unfair or wrongful for monetary gain.

2. OBJECTIVES

This Policy is designed to prevent, deter and detect fraudulent and corrupted activities so as to avoid any significant financial, reputation and legal damage to this Group. It is also to set out the guiding principles, values and ethical standards each employee in the Group is expected to comply.

3. KEY AREAS

Corruption

- a. Economic Extortion
- b. Bribes and Kickbacks
- c. Illegal gratuities
- d. Conflicts of Interest
- e. Entertainment & Gifts

Asset Misappropriations

- f. Theft, Misuse, infringement, unauthorized disclosure and mishandling. Improper handling of information including unauthorized viewing, copying, distribution, removing damaging, destroying or altering.

Fraudulent Financial Statements

- g. Timing Differences
- h. Concealed Liabilities
- i. Fraudulent Assets
- j. Fraudulent Disclosures
- k. Fictitious Revenue
- l. Inaccurate Inventory/Stock
- m. Poor Cash Management

4. **CORRUPTION**

Corruption can cause distortion in a Company and harms economic, social integrity of the Group as a whole. Bribery is a common form of corruption in a form of, any gift, payment or other benefit to which the recipient is not legally entitled to and which is offered in order to secure an improper business or other advantage.

4.1 The Group, its employees and agents shall at all times ensure that:

- they do not, directly or indirectly, offer, promise or give any gift, payment or other benefit to any person for the purposes of securing any improper business or other advantage;
- they do not, directly or indirectly, solicit, accept or receive any gift, payment or other advantage from any person in return for providing any improper business or other advantage; and
- they should ensure that their activities do not otherwise contravene any applicable anti- corruption laws.

4.2 The Group, its employees and agents are prohibited from making facilitation payments (directly or indirectly) where this would be in breach of any applicable law. The following are examples of corrupt or potentially corrupt activity which an employee should never engage in:-

- offering or making an unauthorized payment, or authorizing an improper payment (cash or otherwise) to a local or foreign official, or any related person or entity;
- attempting to induce a local or foreign official to do something illegal;
- turning a blind eye to' or failing to report any indication of improper payments or other inducements; and
- offering or receiving any gift, payment or other benefit in relation to obtaining business or awarding tender contracts.

4.3 Specific legislations make it a criminal offence to offer or pay a bribe to any public officer under the Anti-Corruption Act 1997 ("ACA") whereby it clearly states that:-

- It is an offence under Section 10 of the ACA to corruptly receive or to corruptly give any gratification as an inducement, or a reward for, any person or officer of a public body, doing or forbearing from doing anything;

- It is also an offence under Section 11 of the ACA for any agent, which includes an employee, to corruptly accept any gratification or for any person to corruptly give any gratification to an agent as an inducement or a reward for doing or forbearing to do any act in relation to his principal's affairs or business or to show any favor or disfavor to any person in relation to his principal's affairs or business;
 - Section 13 of the ACA prohibits the giving or the acceptance of any gratification as an inducement or reward; and
 - Bribery of an officer of any public body in order that the officer will act favorably or unfavorably is an offence under Section 14 of the ACA. The penalty for each of the offences under Sections 10, 11, 13 and 14 of the ACA is imprisonment for not less than 14 days and not more than 20 years and a fine which is 5 times the gratification amount or RM10,000.00 whichever is the higher.
- 4.4 Section 137 of the Customs Act 1967 states that any person who bribes an officer to induce him in any way to neglect his duty or to do or fail to do any act whereby any provisions of any other law relating to imports or to exports may be evaded shall be guilty as an abettor; and
- The penalty for the offence is imprisonment not exceeding 5 years or to a fine not exceeding RM10,000.00 or both.

ENTERTAINMENT AND GIFTS

- 4.5 An employee, with the required consent, may use company expense account to pay for entertainment, lunches and dinners with people doing or desiring to do business with the Group. The frequency and amount of these expenses should not go beyond the modest level and common courtesy usually associated with reasonable business practice and should not constitute lavish expenditure.

In the case of suppliers to an operating company, an employee may accept a lunch or dinner or other invitation paid for by the supplier on an occasional basis. Employees are required to comply with the policies and procedures of the Human Resource Department relating to the receipt of gifts and entertainment below.

- a. Employees are not encouraged to give or receive business gifts. The giving or receiving of goodwill gifts in the course of business may be permitted provided that they are:-
- appropriate to the conduct of such business;
 - of a token or modest amount; and
 - properly recorded in the books of the company or made known as required.

b. In determining whether a gift or entertainment is appropriate or consistent with reasonable business practice, the employee shall consider the following factors:-

- Is the intent only to build or maintain a business relationship or offer normal courtesy, or is it to influence the recipients objectivity in making a specific business decision;
- Is the gift sufficiently modest and infrequent and
- Is it legal in the country of the giver and recipient to offer or accept such gifts and entertainment.

c. Some types of gifts are never acceptable. These are:-

- Any gift or entertainment that is illegal or prohibited by the other party's organization;
- Gifts or entertainment involving parties engaged in a tender or competitive bidding process;
- Gifts or entertainment which may have, or may be seen as having, a material effect on any business transaction which has been, or which may be, entered into by the Group;
- Any gift of cash or cash equivalent;
- Anything that is offered as a quid pro quo (offered for something in return); or
- Any inappropriate entertainment.

d. If the giving of a more lavish gift is proposed, this must be approved in writing beforehand by the employee's immediate superior and simultaneously notified by the employee to the Legal Advisor. If a more lavish gift is received, the employee must notify the Legal Advisor immediately and seek the approval of his or her Superior as soon as possible after the gift is received or known to be receive. Failing to inform shall be construed as Misconduct and shall be subjected to disciplinary action.

e. All gifts accepted on the basis that they will become the property of the company unless it is being decided otherwise by the Management.

- f. No entertainment or hospitality should be provided or received, and no gift should be given or accepted, in circumstances where it will have, or may be seen as having, a material effect on any business transaction which has been, or may be entered into by or on behalf of the Group or which might give rise to a conflict of interest.
- g. No gift of cash may be given. Employee should not pay for entertainment or a gift personally in order to avoid having to seek pre-approval.
- h. Employee is prohibited from offering gifts or entertainment other than in accordance with the policies and procedures of your Human Resource Department relating to the giving of gifts and entertainment.
- i. Employee is prohibited from offering gifts and entertainment, including travel-related expenses, to government officials or their family/household members without permission from the Human Resource Department.
- j. Employee shall not offer or provide gifts or anything else of value to any person, such as an agent, consultant or contractor, if you know or suspect that a government official or his/her family member will be the indirect beneficiary or recipient, other than as approved by the Human resource Department.
- k. For purposes of this Policy, the term “government official” includes, without limitation, candidates for public office, officials of any political party, and officials of the state.

ASSET MISAPPROPRIATIONS

- 4.6** Employees have access to assets belonging to the Group on the basis of confidence and trust for use for the furtherance of the interest of the businesses of the Group. These assets may be tangible, for example, equipment, including computer hardware and cash, or they may be intangible, such as intellectual property and computer software. Regardless of condition or value, assets belonging to the Group should not be damaged, misused, taken, sold, lent, given away or otherwise disposed of, or used for personal purposes, except with specific authorization.

Employees should take all necessary steps to prevent theft, loss, damage to, or misuse of assets belonging to the Group, the occurrence of which should be reported immediately to management. Theft or other fraudulent activity by employees is liable to result in immediate dismissal and prosecution after referral to the appropriate authorities.

Limited, occasional or incidental personal use is permitted of certain company equipment and facilities issued to employees for their individual personal use but provided that it is reasonable and does not interfere with the proper performance of their job, does not have an adverse impact on the company's systems and is not for improper or illegal purpose.

Employees shall always show the same respect to the tangible and intangible assets of third parties and must never knowingly damage or misuse such assets belonging to third party.

Intellectual Property

The Group encourages its employees to be inventive and innovative as part of your normal duties. Subject to the requirements of applicable law, the group will own inventions, computer programs and other results of technological research that you make or to which you contribute while working for the Group.

No employee is permitted to remove company property without written permission from his/her Head of Department responsible for the property in question. This includes, but is not limited to :-

- i. Materials, equipment, parts and tools;
- ii. Property owned by the company or other employees;
- iii. Confidential Literature including Technical Drawings / Information, Sales Prices, R & D documents / Samples, Costing of Product, customer base information, or any other information(s) and quality control documents;
- iv. Computer disks / copying of information / data from systems/programmers, CDs and other storage media; and
- v. Information identified as proprietary or a trade secret.

Important Note :- Removing or attempting to remove any of the company's property without permission shall be grounds for stern disciplinary action which shall include dismissal.

Fraudulent Financial Statements

- 4.7 The Group books and records must be prepared accurately and honestly. Fair and accurate books and records are essential to managing the group's businesses correctly and to maintaining the integrity of the group's financial reporting and disclosure. Employees are required to comply with all policies and procedures established to safeguard and support the integrity and accuracy of the Group's books and records and financial reporting.

This requirement bars any overstating, misquoting, misrepresenting, including cheating on travel or entertainment expense reports, job logs, time sheets or making other dishonest or misleading entries. In particular, the Code specifies that you may not :

- Conceal, alter, destroy or otherwise modify the Group's records or documents other than in accordance with established ordinary course procedures (and never to impede or frustrate an investigation or audit or to conceal or misstate information).
- Intentionally make a false or misleading entry in a record, report, file or claim;
- Establish accounts, companies or arrangements to circumvent or frustrate the Group's controls, policies or procedures;
- Fail to cooperate fully and truthfully with internal and external audits authorized by the Group; and
- Engage in any scheme to defraud anyone.

An honest, accurate and objective recording and reporting of information, both financial and non-financial is an essential requirement to the Group's credibility and reputation as to ensure the ability of the Group to meet its legal, tax, audit and regulatory obligations and support business decisions and actions made by Group.

All data that the Group employees create, whether financial or nonfinancial must accurately reflect the transactions and events occurred. The Group employees must adhere to all applicable laws, external accounting requirements and Group procedures for reporting financial and other business information

Employees shall cooperate fully with the Group's internal and external auditors and ensure that all information held which is relevant to the audit of any company in the Group is made readily available to the auditors.

5. **WHISTLE BLOWING**

Employees in the Group are strongly encourage when in the know of, or suspects, a violation of the Policy, to immediately whistle blow or report the concerns through the Whistle Blowing Policy. The provision, protection and procedure of the Whistle Blowing Policy for reporting of the violations of this Policy or any other Codes, Rules and Regulations are made available on the Group's website www.evergreengroup.com.my .

6. **RISK MANAGEMENT AND INTERNAL AUDIT FUNCTION**

A Risk Management Committee is set up to identify areas vulnerable to fraud, bribery and corruption and thereon indicate in the Risk Profile of the Group. Committee members are required to review their risk and update this risk profile periodically. Internal Controls are to be place in those risk areas by Head of Departments to deter fraud from happening.

Internal Auditor is engaged to perform half yearly audits on internal controls in place. Internal Auditor will make known on areas for improvement for controls reduce the risk.

7. **RISK MANAGEMENT & FRAUD AWARENESS TRAINING**

Risk Management & Fraud Awareness Training is provided to all employees on a periodic basis and all Employees are expected to attend these training and make themselves aware of the circumstance of fraud.

8. **ENFORCEMENT OF THE BOARD CHARTER**

This Policy on Fraud / Bribery/Corruption was first adopted by the Board on 01st June 2013.

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