



# **UMEDIC GROUP BERHAD**

[COMPANY NO.: 202101015347 (1415647-D)]

(Incorporated in Malaysia)

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

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## **Anti-Bribery and Anti-Corruption Policy Statement**

**UMEDIC (“UMC”) GROUP Board** and its management condemn corruption in all its forms and we will not tolerate it in our business or in those we do business with. It is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and integrity in all our business dealings and relationships wherever we operate and expect the individuals and organisation we work with to uphold and adopt the same approach.

We pride ourselves on our reputation for acting fairly and ethically wherever we do business. Our reputation is built on our values as a company, the values of our employees and our collective commitment to acting with integrity throughout our organisation.

In accordance with the Malaysian Anti-Corruption Commission Act 2009 and Malaysian Anti-Corruption Commission (Amendment) Act 2018, we operate governance by implementing and enforcing robust policies and procedures to guard against any bribery or corruption behavior.

The prevention, detection and reporting of bribery is the responsibility of each employee of **UMC GROUP** and employee must report any activity or conduct which is not complying to this Policy as well as the applicable law and regulations.

Any concern or issues should be raised in accordance with **our Group’s** Whistleblowing Policy. Any issues raised will be treated with the utmost importance.

For and on behalf of **UMC GROUP** of Companies,

Lim Taw Seong (Eric)

Group Chief Executive Officer

## 1. INTRODUCTION

The Malaysian government has enacted the MACC (Amendment) Act 2018 (the "Act") by introducing the new Section 17A, to demonstrate its commitment to eradicate bribery and corruption. **UMC GROUP** itself and its officers and employees could all face prosecution under the Act if in breach.

The Act also creates a new offence for a company which fails to prevent a bribe being paid by anyone "associated" with that company to a foreign public official or other person in order to obtain or retain a business advantage for the company. A person will be "associated" with the company if that person provides services for or on behalf of the company.

This Anti-bribery and Anti-corruption Policy (hereinafter referred to the "Policy" or "ABC Policy") has been designed to comply with the Malaysian Anti-Corruption Commission Act 2009 and Malaysian Anti-Corruption Commission (Amendment) Act 2018.

**UMC Group** has established this policy to clearly defined its approach towards bribery and corruption within its business and we expect our officers, employees and, where appropriate, business associates to conduct themselves in accordance with this policy.

## 2. PURPOSE

The purpose of this policy is to:

- Set out the **Group**'s responsibilities and each employee in observing and upholding the **Group**'s commitment in "zero-tolerance" position on bribery and corruption;
- Promote a culture of honesty and openness among the **Group**'s directors and employees; and
- Provide information and guidance for all Directors and employees of the **Group** on how to recognize, address and deal with instances of potential or actual bribery and corruption which may arise when carrying out their duty.

## 3. APPLICABILITY

This policy is applicable to all Directors and Employees of the **Group** at all times. All companies within the **Group** must comply with this policy and any additional specific internal policies that exist.

We will also encourage the application of this policy amongst our business associates. The reporting requirement of this Policy is also applicable to **UMC GROUP**'s contractors, suppliers and all business associates who hold themselves as representing **UMC GROUP** (Please refer to further definition as defined in the glossary).

#### 4. ROLES AND RESPONSIBILITIES

In the course of employment or business representing **UMC GROUP**, you may be offered gifts, entertainment or hospitality in association with your work. It is important to recognise that accepting gifts, entertainment or hospitality can give the impression that you favour a particular person or company when making decisions or taking action, even when this was not your intention or the offeror of the gift.

(a) Board of Directors

- Authority to approve the anti-bribery policies and procedures of the organization.
- Overseeing over the implementation of the organization's anti-bribery programme by CEO and its effectiveness.
- Ensuring that the anti-bribery policy and organization's strategy are aligned.
- Ensuring that appropriate and adequate resources are allocated and assigned for the effective operation of the anti-bribery programme.
- Ensuring that appropriate control measures such as investigation and remediation actions were taken into action and documentation on these actions have been properly documented.
- Receiving and reviewing the updates in associated to the content and operation of the anti-bribery compliance programme of the **Group** at scheduled intervals.

(b) Chief Executive Officer

- Ensuring that anti-bribery programme is appropriately designed to achieve its objectives.
- Ensuring that the anti-bribery programme, including its associated policies and procedures as well as the objectives, is established, implemented, maintained and reviewed to adequately address the organization's risks in connection to bribery and corruption.
- Deploying appropriate and adequate resources for the effective operation of the anti-bribery programme
- Ensuring the effective integration of the anti-bribery programme requirements into the organization's processes.
- Communicating internally and externally to the stakeholders regarding the Anti-Bribery and Anti-Corruption Policy.
- Communicating internally on the importance of effective anti-bribery management and adhering to the anti-bribery requirements.
- Promoting and foster an appropriate anti-bribery culture within the organization and continual improvement.
- Promoting on non-retaliation policy such that no personnel will suffer discriminatory or disciplinary action for reports made in good faith or on the basis of reasonable belief of violations or suspected violations of the organization's Anti-Bribery and Anti-Corruption Policy, or for refusing to engage in bribery, even if such refusal may result in the organization losing business (except where the individual participated in the breach).
- Encouraging the use of reporting procedures in accordance with the established Whistleblowing Policy for suspected and actual bribery.

(c) Audit and Risk Management Committee

- Ensure sufficiently informed and complete overview of the business and its risks.

- Taking account of activities of the business which may create significant bribery risk.
  - Evaluate bribery risks by reference to a realistic assessment of likelihood and impact.
  - Support the promotion of risk awareness in the organization.
- (d) Compliance/Anti Bribery Officer
- Overseeing the implementation of anti-bribery programme and the relevant policies.
  - Ensuring consistent adherence to the organization's anti-bribery programme and policies.
  - Providing guidance and advice to personnel on anti-bribery and issues relating to bribery.
  - Manage the communications in accordance with the Whistleblowing Policy should a bribery or suspected incident occur.
  - Reporting the performance of the anti-bribery programme to top management and/ or governing body.
- (e) Finance
- Ensuring proper control on the access to funds.
  - Ensure detailed information on the nature of transaction and the rationale for it are properly recorded to comply with anti-bribery legislation and other applicable regulations.
  - Provide documentary evidence in the case of audit or investigations.
- (f) Human Resources
- Recruiting suitable people and ensuring that only those who demonstrate the appropriate behaviours and values are hired and promoted.
  - Apply sanctions fairly, consistently and, where appropriate, openly for breach and violations of the anti-bribery programme.
  - Advise on the design and implementation of policies and procedures in relation to anti-bribery programme to ensure that they align to personnel practices, are workable and appropriate across the company's operations.
  - Recruiting suitable people and ensuring that only those who demonstrate the appropriate behaviours and values are hired and promoted.
  - Apply sanctions fairly, consistently and, where appropriate, openly for breach and violations of the anti-bribery programme.
  - Advise on the design and implementation of policies and procedures in relation to anti-bribery programme to ensure that they align to personnel practices, are workable and appropriate across the company's operations.
- (g) Supply Chain
- Carrying due diligence check on vendor/supplier and perform vendor/supplier audits whenever necessary including verification of documentation related to the due diligence.
- (h) Sales and Marketing
- Carrying due diligence check when entering into or renewing a contract or agreement with a third party.

- (i) External Audit
  - Ensure that the external audit procedures are aimed at detecting material misstatements in **UMC GROUP**'s financial statements, including due to fraud or error.
  - Reporting to the Audit and Risk Management Committee on any fraud, bribery or corruption detected.
- (j) Internal Audit
  - Provide advice on the design and monitoring of the anti-bribery programme.
  - Reporting to the Audit and Risk Management Committee on any fraud, bribery or corruption detected.
- (k) Corporate Affair & Communication
  - Manage internal and external communications on the programme, including public reporting.
  - Responsible for corporate communications and also internal communications.
- (l) Information Technology
  - Responsible for proper maintenance of relevant databases for safekeeping of digital materials and records related to the anti-bribery programme.
  - Ensuring proper back-up on the digital records and the recoverability to these records.
  - Assist and leveraging in technology in any audit/investigation on bribery case.
- (m) All employees
  - Be familiar with applicable anti-bribery requirements, laws and directive of this Policy.
  - Responsible for complying to this Policy.
  - Act in accordance with **UMC GROUP**'s Code of Conduct.
  - Report to Anti-Bribery Officer on actual or potential bribery case.
  - Assist in any audit/investigation on bribery case.
  - Keep confidential any information relevant to an audit/investigation of suspected fraud.
  - Complete anti-bribery training as well as attest to comply annually.

## 5. GENERAL PRINCIPLES

All forms of bribery and corruption are strictly prohibited. **UMC GROUP** will not tolerate any act of bribery or corruption. Any breach of this policy or applicable law and regulation could result in disciplinary action being taken and ultimately could result in dismissal.

A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage and can take the form of gifts, loans, fees, rewards or other advantages.

The prohibition on bribery applies to the giving of anything of value, not only money. "Anything of Value" may include, but is not limited to, the following:

- Any gift of cash or cash equivalent. Cash equivalent could be in the form of discount, vouchers, shares, commission or loan;
- Business opportunities;
- Stock options;
- Lavish, excessive or improper gifts, meals, travel, entertainment or hospitality that would be illegal or in breach of applicable bribery and corruption laws;
- Favorable contracts;
- Political contributions;
- Facilitation payment; and
- Donations to a charity affiliated with or sponsored by a government official.

No employee will suffer demotion, penalty or other adverse consequences for refusing to pay or receive bribes or other illicit behaviors, even if such refusal may result in the Company losing business or experiencing a delay in business operations.

All employees, officers and directors, and/ or agent performing work for or on behalf of **UMC GROUP** are strictly prohibited from offering, paying, soliciting or accepting bribes, including facilitation payments.

## 6. CONFLICT OF INTEREST

- a) What is a conflict of Interest?

Conflict of interest may arise in a situation where there is a personal interest that might be considered to interfere with the individual's objectivity either by a director or employee when performing duties or exercising judgement on behalf of the Company.

- b) How does conflict of interest affect the **Group**?

A conflict of interest may create corruption risk when an employee or contracted third party breaches the duty due to the company by acting in regard to another interest and does not advise the company of this.

Conflict of interest can cause others to question the Group's reputation and integrity and can cause severe consequences for **UMC GROUP**.

- c) What are employees' responsibilities?

All directors and employees should avoid or deal in a situation which personal interest could conflict with their professional obligation or duties. They must not use their position, official working hours, Company's resources and assets for personal gain or to the Company's disadvantages.

All directors and employees who encounter a situation of conflict of interest should disclose the nature and scope of the conflict based on the disclosure requirement as stated in the Group's Code of Conduct.

## 7. GIFTS, ENTERTAINMENT, HOSPITALITY AND TRAVEL EXPENSES

### 7.1 OUR APPROACH

**UMC GROUP** has adopted a “No Gift” Policy. Directors, employee, contractors, agent or business associates who held themselves as representing **UMC GROUP of Companies** should not solicit, give or receive, either directly or indirectly, gifts, gratuities, special allowances, a favour or an unreasonable benefit to induce, support or reward improper conduct including in connection with any business or anticipated future business involving **UMC GROUP**.

However, **UMC GROUP** also recognizes and accepts that the occasional offer/acceptance of a modest gift, entertainment or hospitality can make a valuable contribution to the development and maintenance of good business relationships as well as creation of goodwill. Employees are expected to exercise good judgment and abide by the company’s policies and procedures before accepting or giving of such business courtesies.

### 7.2 BUSINESS COURTESIES

This policy covers the following types of business courtesies exchanged with external parties:

- (a) Gift - all gifts, including personal gifts, to and from people or business associates who have, who may have, or who may facilitate the creation of a business relationship with the Group.
- (b) Entertainment - attendance at social, cultural or events with people or business associates who have, who may have, or who may facilitate the creation of a business relationship with the Group.
- (c) Hospitality - drinks, meals, as well as lodging and travel expenses given to or received from people or business associates who have, who may have, or who may facilitate the creation of a business relationship with the **Group**.

### 7.3 ASSESSING ACCEPTABILITY

Action involving third party openly to promote good relations or mark significant occasions is considered generally appropriate. **UMC GROUP** allows appropriate business-related Gift, Entertainment or Hospitality provided it meets the following 5 guiding principles:

#### **Principle 1: Objective**

The purpose behind the business courtesies must not be intended to influence the recipient as well as questionable, controversial, or could negatively impact on **UMC GROUP**’s reputation.

### **Principle 2: Value**

The value of business courtesies is reasonable, modest, appropriate and acceptance of it must be regarded as common or customary.

### **Principle 3: Policies and Procedures**

The business courtesy does not violate the code of conduct and applicable policies and procedures of either party.

### **Principle 4: Law and Regulations**

The business courtesy does not violate applicable anti-bribery and anti-corruption law and regulations.

### **Principle 5: Transparency**

Would not cause uncomfortable in discussion of the business courtesy and acceptance of the business courtesies is made known to the public.

The **Group's** Gift, Entertainment and Hospitality Standard Operating Procedures set out the detailed guidelines and procedures to help guide the employees through the decision of whether gift, entertainment or hospitality meets the guiding principles above.

## **7.4 TRAVEL, ACCOMMODATIONS AND PROMOTIONAL VISITS EXPENSES**

Paying for company, government officials, employees and other third parties to attend a conference, meetings or other events should not violate anti-bribery laws and regulations. **UMC GROUP** can only pay reasonable incurred expenses in good faith for the transport, accommodation and promotional visit expenses that are directly related to business visit purpose. In addition to the safeguards required for gift, entertainment and hospitality giving (as set forth above in section 7.3) the following additional factors should be observed:

- (i) The persons concerned do not have direct authority to influence any approvals in favour of **UMC GROUP** or to award future contracts to **UMC GROUP**;
- (ii) The expenses are business related;
- (iii) **UMC GROUP** pays expenses for travel and accommodation directly to the suppliers (i.e. hotels, airlines and travel agencies etc.) or reimburses the individuals only upon presentation of a written receipt and documentary confirmation of attendance at the conference, meetings or events in accordance with the **Group's** Claim Management Policy.
- (iv) **UMC GROUP's** payment is limited to those costs necessary for participation in the conference, meetings or events, including registration fees and reasonable (not extravagant) travel expenses and meals, and does not include payment for personal or leisure activities, such as entertainment or side trips;
- (v) The total cost is reasonable under the given circumstances; and

- (vi) The expense is properly recorded, including the reason for the expenditure, and properly accounted for.

## 8. DONATIONS AND SPONSORSHIPS

It is never permissible to provide a donation or sponsorship to improperly influence a government official/ third party, or in exchange for any improper favor or benefits. Directors and employees must ensure that all donations and sponsorships are not used as a subterfuge for bribery or used to circumvent or avoid any of the provisions of the code of conduct and ethics, including in particular, the prohibition on bribery.

**UMC GROUP** only make charitable donations and sponsorships provided that:

- All contributions shall be made in accordance with the approved budget;
- All contributions are aligned with the **Group**'s sustainability policy/practices;
- The beneficiary entity must proof that it has all the certifications (i.e. registered charities or non-profit organisation) and has satisfied all the requirements for operating in compliance with applicable laws;
- Payments to the beneficiary entity must be made exclusively on the account registered in the name of the beneficiary entity and no payment is to be made directly or indirectly to an individual government official.
- It is transparent and not to be used as a means to cover up an undue payment or bribery;
- It is not made in cash to ensure that payment is only channeled to intended recipient;
- Letter of acknowledgement or payment receipt with justification is available;
- It is legal and permitted by existing local law and regulations; and
- It is made in accordance with **UMC GROUP**'s Code of Conduct as well as associated policies and procedures.

Donation and sponsorship must be handled in accordance with the **Group**'s Donation and Sponsorship Standard Operating Procedure.

## 9. POLITICAL CONTRIBUTION

The **Group** does not make any political contribution to political parties, movements, committees, political organisation and trade unions, nor to their representatives and candidates.

The **Group** may, in very limited circumstances, make political contributions where such contributions meet the following requirements:

- Permitted under applicable law and regulations;
- Such political contributions must never be made with the expectation of favorable treatment in return for the Company;
- Approve by the Board of Directors; and
- Contributions made are fully recorded in the Company's books and record.

## 10. FACILITATION PAYMENTS

Facilitation payments refer to any payments, no matter how small, given to public or government official or authorities, so as to secure or expedite the performance of public or government services to which the payer is entitled.

- (a) Directors, employees, agent or business associates who held themselves as representing **UMC Group of Companies** must not make facilitation payments at any time, consistent with the prohibition on bribery and corruption detailed in this Policy.
- (b) Facilitation payments do not include legitimate documented fees paid to government entities which are required under relevant laws, rules or regulations, such as express or rush service for visa/permit processing time which the rates of such services are published.
- (c) Under very limited circumstances where a facilitation payment is unavoidable, i.e. if a demand for payment is accompanied by threats of life, physical injury or liberty, the employee must make an effort in good faith to seek advice from the anti-bribery officer before paying for the facilitation payment.
- (d) Any facilitation payment made in nature that is defined in clause 11 (c) above should be reported in accordance with the Group's Whistleblower Policy.

## 11. EMPLOYMENT OF BOARD MEMBER/EMPLOYEES

- (a) The Board recognises board diversity as a key attribute to its board composition and as such, a balanced board should comprise of Directors with the requisite range of skills, competence, knowledge, calibre and experience, including a diversity of perspectives, gender, age and ethnicity in order to set the context for appropriate board behaviour which will enable them to discharge their duties and responsibilities effectively in good faith with reasonable degree of care and diligence.
- (b) **UMC GROUP**, being a diversified business group, provide equal opportunity for any qualified and competent individual to be employed as board member and/or employees of **UMC Group of companies**, irrespective of gender, age, ethnicity and religion.
- (c) The recruitment of board members/employees should be based on approved criteria such as skills, knowledge and experience required for the position to ensure that only the most qualified and suitable individuals are employed in accordance with the "**Group's** Board Charter" and "Recruitment and Selection Policy" accordingly.
- (d) The grant of a position in **UMC Group of companies** to any individual should not be influenced by the exchange of improper favors. Proper assessment should be

carried out in accordance with the **Group's** New Employee Probation and Confirmation Policy and Performance Management Policy.

- (e) A merit-based approach is applied for promotion of employees in accordance with the policy set out in the "Promotion and Transfer Management Policy".
- (f) All newly recruited Directors and employees will be given Anti-Bribery and Anti-Corruption training upon joining.
- (g) Annually, all board members and employees are required to make annual attestation to re-affirm their understanding and commitment on the anti-bribery programme.

## **12. DEALING WITH BUSINESS ASSOCIATES AND OTHER ASSOCIATED THIRD PARTIES**

- (a) **UMC GROUP** could be held criminally liable for the acts of bribery by the agents, contractor, supplier, representatives and other business associates who held themselves as representing *UMC Group of Companies*.
- (b) Business associates who held themselves as representing **UMC GROUP** should be made aware of and understand the Company's Code of Conduct and the requirements of this Policy and that they will comply accordingly.
- (c) Business associates should be retained only on the basis of substantive services that they will provide and there must be a written agreement in place with the business associates which documents the services to be provided as well as their remuneration that is appropriate and in accordance with the market value of the services.
- (d) Prior to the **Group** entering into a commercial relationship with any business associates or third party, it is important that sufficient due diligence is carried out to ensure that the manner in which they carry out their business is consistent with the **Group's** commitment to conduct business ethically, with integrity, adhere to the applicable anti-bribery and anti-corruption laws and in line with the **Group's** code of conduct as well as all applicable policies and procedures.
- (e) **UMC GROUP** should avoid dealing with anyone known or reasonably suspected of corrupt and bribery practices.
- (f) **UMC GROUP** reserve the right to terminate the contract in the event that bribery or an act of corruption has been proved to occur by any business associate which is inconsistent with this policy and the applicable law and regulations.

## **13. DUE DILIGENCE FOR BUSINESS ASSOCIATES AND THIRD PARTIES**

- (a) Due diligence is a crucial part of the anti-bribery programme and should be carried out before:
  - i. Hiring, engaging or entering into a transaction with agent, supplier, contractor or other business associates;
  - ii. Entering into a partnership or joint venture;and
  - iii. Hiring of Board Members/Director and Key Senior Management employees.
- (b) The nature and level of due diligence to be carried out should be made in accordance with the Due Diligence Standard Operating Procedure.

#### **14. PROCUREMENT**

- (a) **UMC GROUP** is committed to dealing with its suppliers in a fair, honest and professional manner, while seeking best value for the business. Potential suppliers are treated on an equal basis and no unmerited favoritism is to be shown in the procurement of goods and services.
- (b) Employees and business associates must not enter into any contract on behalf of **UMC GROUP** or for the **UMC GROUP**'s benefit where the entry into that contract is in any way affected by a breach of this Policy as well as any applicable law and regulations.
- (c) **UMC GROUP** will avoid dealing with prospective suppliers known for offering or providing bribes. **UMC GROUP** will make this Policy known to its suppliers and encourage them to adhere to similar high standards of corporate responsibility.
- (d) Procurement practices shall be made in accordance with the **Group**'s Control of External Providers Procedure and External Providers Information Procedure
- (e) Risk assessment on supplier should be carried out in accordance with the Control of External Providers Procedures and this will include an assessment of bribery risk.

#### **15. SEGREGATION OF DUTIES AND APPROVING AUTHORITY FOR FINANCIAL AND NON-FINANCIAL TRANSACTIONS**

**UMC Group of Companies** have already put in place the internal controls in financial and non-financial perspectives to address various business processes and payments to third parties / business associates as well as to protect assets, ensure accurate accounting, and deter corruption and bribery. Some of the key controls that must be strictly complied with and enforced are:

- (a) Financial Control
  - (i) Group's Limit of Authority Matrix
    - The financial authorisation limit such as expenditure and payment are governed by the **Group**'s Bank Signatories policy, Approval Matrix for Purchase Requisition and Authority Limit for CAPEX. All authority limit is considered as formal schedule of matter reserved for Board's approval as stated in the Board Charter.

- The Approval Matrix assigned personnel empowered to authorise and approve the documents with their respective prescribed limits. Segregation of duties are in place whereby the approving process involves different level and / or departmental function throughout the key decision areas.
- Authorisation limits and their delegations within the **UMC GROUP** help to ensure consistent good business practice and corporate governance across all divisions of the **UMC GROUP**.
- All employees are expected to understand their authorisation limits, as well as those of their direct reports, along with related policies, and to exercise a duty of care with respect to decisions made on behalf of the **UMC GROUP**.

(ii) Capital expenditure

The approval and control of all capital expenditure of **UMC Group of Companies** is governed by the established Fixed Asset Management Policy and Procedure.

(iii) Extraordinary provisions and financial adjustments

Any adjustment made or provision to the financial records shall be made in accordance with the Group's Month End, Quarter End and Year End Closing Policy and Procedure.

(iv) Gift, entertainment and hospitality related expenditure

All expense claims relating to entertainment, gift, hospitality and travel incurred must be submitted with proper supporting documentations and made in accordance with the **Group's** Claim Management Policy.

(v) Payment to works or services performed by business associates

- All payments to business associates shall not be in cash or in kind for a specific favour or improper advantage. It must be paid to a bank account in the name of the business associate.
- The payment to business associate must comply with all applicable policies and procedures of **UMC GROUP**.
- Payment to party other than the business associate itself is prohibited and payment to an offshore bank account upon request by business associate will not be entertained.
- Proper segregation of duties, verification, authorisation, approval and supporting documents must be in place before payment can be made in accordance with the **Group's** AP Policy and Procedure.

(b) Non-financial control

(i) Pre-qualification process

The pre-qualification and approval process are in place to guide the procedures in the assessment of the third party's skills, integrity, capability and suitability in the capacity such as director, employee, contractor, supplier, agent and etc.

The necessary due diligence procedures that should be carried out on the third party can be referred in clause (14) of this policy.

(ii) Fair Competitive process

A fair competitive process is established in which the minimum requirement of quotation comparison is stated in the **Group's** External Providers Information Procedure.

The **Group's** External Providers Information Procedure also stipulates the policy for appointing single source or sole source supplier.

(iii) Human resource policies and procedures

The **Group's** HR policies and procedures outline the human resource governance policies for various phases of the employer-employee relationship such as manpower planning, recruitment, confirmation of probation, personal records management, salary and statutory compliance, claim and leave management, performance management, training and development, discipline and grievance management.

## 16. MANAGING OF BRIBERY & CORRUPTION

In addition to the controls stated in clause (16) above, other internal controls at **UMC GROUP** that forms part of the risk framework to prevent bribery & corruption includes:

- Risk assessments to identify and evaluate exposure to bribery and corruption.
- Code of Conduct.
- Protection offered to whistleblowers.
- Data security, backup and recovery controls.

## 17. TRAINING AND AWARENESS

- (a) It is a mandatory requirement that everyone who works at **UMC GROUP of Companies** receives anti-bribery training. Training is offered to all **UMC GROUP** director/employee via the induction process to raise awareness of bribery and corruption, how to recognise it and what to do if there is a possible concern or real suspicions. All newly appointed directors/ employees should complete the training within 3 months of commencement of work.
- (b) The refresher training will be provided to directors and employees to re-affirm their understanding and commitment on the anti-bribery programme. Directors and employees of **UMC GROUP of Companies** are required to made annual attestation following the refresher training conducted.

- (c) The attendance record and all relevant documentations shall be maintained by Human Resource Department.

## 18. VIOLATION OF POLICY

**UMC GROUP** regards bribery and corruption as a very serious matter. Any contravention to the applicable anti-bribery law and this policy, may lead to disciplinary action, up to and including termination of employment. Further legal action may also be taken in the event that the Group's interests have been harmed as a result of non-compliance.

Any business associates who violate the terms of this Policy, who knows of and fails to report to **UMC GROUP**'s management the potential violations of this Policy, or who misleads investigators making inquiries into potential violations of this Policy, may have their contracts terminated.

**UMC GROUP** and its employees can be investigated by government regulators depending on the circumstances, prosecuted administratively, under applicable civil law or under criminal law, which could result in severe fines and penalties, debarment and imprisonment if a violation of applicable anti-bribery and corruption laws and regulations is established.

The Anti-Corruption Commission (Amendment) Act 2018 was passed by the Senate of Malaysia on 5 April 2018 and one of the major amendments is the introduction of section 17A. This new provision penalises commercial organisations where an associated person corruptly gives any gratification with intent to obtain or retain business, or an advantage in the conduct of business, for the commercial organisation.

The offence is set out as follow:

Section	Offence Detail	Sanction/Implication
Section 17A	<p><b><u>Soliciting/ Receiving Bribe by any person</u></b></p> <p>Any person associated with commercial organization consist of a Director, a partner, an employee who soliciting/ receiving any form of bribe as an inducement for performing/not performing a task</p>	<p>Not less than 10 times the sum or value of the gratification or RM1,000,000 (whichever is higher) OR imprisonment for a term not exceeding 20 years OR to both</p>

## 19. REPORTING OF VIOLATIONS

The Company encourages openness and will support anyone who raises genuine concerns in good faith under this policy.

Anyone who have suspected fraud, bribery, misconduct or any integrity concerns in connection to policy violation shall report his/her concerns to the Legal & Corporate Affairs Advisor of the Company.

If any employee believes reasonably and in good faith that suspected incident of improper conduct or malpractice exists within the Group, the employee should report this immediately to his immediate superior or management in writing. The identity of the employee shall not be revealed unless prior consent is obtained.

Further details on **UMC GROUP**'s Whistleblowing Policy.

## **20. RECORD KEEPING**

All accounts, invoices, and similar documents and records relating to dealings with third parties, such as customers, suppliers and contractors, agents and consultants must be properly maintained with strict accuracy and completeness. 'Off-the-books' accounts and false or deceptive entries in the Company's books and records are strictly prohibited.

## **21. APPENDIX**

This ABC Policy should be read in conjunction/ complemented with the following policies and procedures:

- Board Charter
- Code of Conduct
- **UMC GROUP of Companies** Employee Handbook
- Donation and Sponsorship Standard Operating Procedure
- Gift, Entertainment and Hospitality Standard Operating Procedures
- Sustainability Policies and Procedures
- Whistleblowing Policy
- Recruitment and Selection Policy
- New Employee Probation and Confirmation Policy;
- Performance Management Policy;
- Claim Management Policy;
- Promotion and Transfer Management Policy;
- Third Party Due Diligence Standard Operating Procedure;
- Control of External Providers Procedure;
- External Providers Information Procedure;
- Bank Signatories Policy;
- Approval Limit for Purchase Requisition;
- Fixed Asset Management Policy and Procedure;
- Month End, Quarter End and Year End Closing Policy and Procedure;
- AP Policy and Procedure and
- Information Technology ("IT") Policy

## **22. MONITORING AND REVIEW**

The Board or Audit and Risk Management Committee shall monitor the effectiveness and review the implementation of this policy, at least 3 years once to consider its suitability, adequacy and effectiveness.

Anti-Bribery Officer shall identify any improvement needed for this policy and such comments, suggestions and queries should be addressed to the Board and Audit and Risk Management Committee.

## 23. GLOSSARY

- **Agent**  
A representative who normally has authority to make commitments on behalf of the Group represented.
- **Bribery**  
Bribery is the offering, promising, giving, accepting or soliciting of an advantage as an inducement for action which is illegal, unethical or a breach of trust. A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage and can take the form of gifts, loans, fees, rewards or other advantages.
- **Business Associate**  
means a person, organization or company outside of the **Group** with whom the **Group** has, or plans to establish, some form of business relationship who provides products or services on behalf of or for the benefit of the **Group**. This potentially includes the distributors, dealers, licensees, agents, representatives, vendors, clients, customers, joint ventures, joint venture partners, consortium partners, outsourcing providers, contractors, consultants, subcontractors, suppliers, advisers, lawyer, intermediaries and investors and others with whom the **Group** does business, or with whom the **Group** seek to do business, or who seek to do business with the **Group of Companies** not controlled by the **Group** in which the **Group** has a partial ownership interest may also be considered Business Associates.
- **Business Courtesy**  
A social nature, extended or received within the scope of business relations. This could be extended to business related items of value given to another free or discounted, as well as social events sponsored or hosted by **UMC GROUP** such as meals, sporting events, and etc. These courtesies are given or accepted as part of a potential business relationship and are not considered gifts.
- **Code of Conduct**  
A policy statement of principles and standards that all personnel and board members of the **Group** must adhere.
- **Conflict of Interest**  
When a person's own interests either influence, have the potential to influence, or are perceived to influence their decision making of the **Group**.

- **Corruption**  
Corruption is defined in the MACCA as the act of giving or receiving of any gratification or reward in the form of cash or in-kind of high value for performing a task in relation to his/her job description. An example, a contractor rewards a gift in the form of an expensive watch to a Government official for awarding a project to the company belonging to the contractor.
- **Customary**  
According to the customs or usual practices associated with a particular society, place, or set of circumstances.
- **Directors**  
Directors include all independent and non-independent directors, executive and non-executive directors of the **Group** and shall also include alternate or substitute directors.
- **Donation and Sponsorship**  
Charitable contributions and sponsorship payments made to support the community. Examples include sponsorship of educational events, supporting Non-Government Organisations and other social causes.
- **Due Diligence**  
An investigation or assessment of a potential business, investment or individual prior to entering into a business agreement, transaction, recruitment or appointment of individuals. Due diligence is an essential part of the anti-bribery programme.
- **Employee**  
Refers to any person who is employed by the **Group** companies at all levels and grades, including directors, officers, managers, and all other employees (whether permanent, fixed-term or temporary).
- **Extravagant**  
Exceeding what is reasonable or appropriate, excessive or elaborate.
- **Facilitation Payment**  
Unofficial payments (sometimes known as 'grease' payments) made to public or government officials or authorities, typically of a small amount and so as to secure or expedite the performance of 'routine' public or government services or procedures to which the payer is entitled.
- **Hospitality**  
Entertaining including meals, receptions, tickets to entertainment, social or sports events, participation in sporting events, such activities being given or received to initiate, develop or strengthen relationships. The distinction between hospitality and gifts can blur, especially where the giver of the hospitality does not attend and act as host.
- **Lavish Gift**

A gift comprises of cash money, free fares, shares, lottery tickets, travelling facilities, entertainment expenses, services, club membership, any form of commission, hampers, jewellery, decorative items and any item of high value.

- **Nominal Value**  
Gifts with a minimal value (e.g calendars, hats, mugs, t-shirt, pen and etc)
- **Political Contributions**  
Financial and in-kind gifts donated or transferred to a political party, politician or political candidate. This may include sponsorships, gifts of property or services, advertising or promotional activities endorsing a political party, the purchase of tickets to fundraising events, subscriptions and affiliation fees, money to meet expenses, and loans, property, services and other facilities at less than market value. The release of employees without pay from the employer to undertake political campaigning or to stand for office could also be included in this definition.
- **Public Officials**  
An officer or employee of a government, public department or public international organization including employees of state-owned enterprises and other government funded or owned entities.
- **Risk Assessment**  
A systematic and continuing process for identifying and analysing inherent bribery risks to enable assessment of their likelihood and impact on the **Group**'s ability to achieve its commitments and objectives. Within the framework of the risk approach of the **Group**, the results of risks assessments are used to decide the controls to be implemented to mitigate the risks.
- **Third Party**  
For anti-corruption purposes, a third party is a prospective or contracted business associate including agents, distributors, lobbyists, brokers, consultants and other intermediaries, joint venture and consortia partners, contractors, vendors and suppliers.
- **Whistleblowing**  
The sounding of an alarm by an employee, director, or external person, in an attempt to reveal neglect or abuses within the activities of the **Group**, on the activities of its third parties or other organisation that threaten public interest or the **Group**'s integrity and reputation.