



PERODUA

Perodua Group of Companies

**Anti-Bribery and
Anti-Corruption Policy**

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This policy is subject to change at any time, with or without notice, at the sole discretion of PERODUA .

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1 OVERVIEW

PERODUA is committed in promoting and maintaining the highest level of ethical standards to ensure corporate environment in relation to all of our business activities in line with the MACC Act Amendment 2018. Under this Act, the liabilities for corruption are now imposed on commercial organizations and not just individuals.

In this juncture, the Anti-Bribery and Anti-Corruption policy outlines the principles to ensure PERODUA is able to minimize risk of bribery and corruption across the organization.

2 INTRODUCTION

Bribery and corruption is a widespread phenomenon. It raises serious social, moral, economic and political concerns, undermines good governance, hinders development and distorts competition. Although there are laws addressing the bribery and corruptions, it is not sufficient to solve this problem. Organizations have a responsibility to proactively contributing to combat bribery and corruption. A well-managed organization is expected to have compliance policy such as anti-bribery and anti corruption policy supported by appropriate management systems to assist in complying with legal obligations and integrity. An Anti-Bribery and Anti-Corruption Policy and supporting management system helps PERODUA to avoid or mitigate the costs, risks, and damages of involvement in bribery, fraud and corruption.

3 OBJECTIVE

The objective of the Anti-Bribery and Anti-Corruption Policy is to ensure PERODUA Group of companies operate business towards zero corruption. It also serves as a guideline on how to recognize and deal with bribery, fraud and corruption issues and to comply with the laws and regulation particularly the MACC Act. The adequate measures principles of "TRUST" is being used to prohibit fraud and bribery in any form whether direct or indirect. Establishing and implementing this policy is also in line with one of the requirements in ISO-37001 ABMS.

4 SCOPE

This policy is applicable to all permanent and contractual staffs, managements, directors or representatives in PERODUA .

5 DEFINITIONS

PERODUA refers to Perodua Group of companies and subsidiaries (except companies that operate independently).

“TRUST” Principles – A guideline on adequate procedures established by Governance, Integrity and Anti-Corruption Center (GIACC) of the Prime Minister’s Department to assist commercial organizations in preventing corrupt practices in relation to business activities. The principles consist of (T)op Level Commitment, (R)isk Assessment, (U)ndertake control measures, (S)ystematic review, monitoring and enforcement and (T)raining and communication.

ISO 37001 ABMS (Anti-Bribery Management System) - A standard setting out requirement and guidance to implement, maintain and improve an anti-bribery management system.

Board refers to Board of Directors which consists of members representing the shareholders of PERODUA .

Top Management refers to members who sit in Group Director Meeting (GDM).

Management refers to Managers up to Senior General Managers.

Employee refers to all staffs, managements, directors and representatives of PERODUA who are permanent, temporary or contractual basis.

MACC (or SPRM) is an abbreviation of the Malaysian Anti-Corruption Commission (or Suruhanjaya Pencegahan Rasuah Malaysia); a government agency in Malaysia that investigates and prosecutes corruption in the public and private sectors.

Bribery is defined as offering, promising, giving, accepting or soliciting of an undue advantage of any value (which could be financial or non-financial), directly or indirectly, and irrespective of location(s), in violation of applicable law, as an inducement or reward for a person acting or refraining from acting.

Fraud means wrongful or criminal deception intended to result in financial or personal gain by himself/herself or on behalf of other person.

Corruption is defined as dishonest or fraudulent conduct by those in power.

Third party is defined as contractors, suppliers, vendors, dealers, agents, consultants, joint venture partners, introducers/government intermediaries, non-governmental organizations (NGO) etc. It not only includes any party that PERODUA is currently in relationship with but also intends to do business with in the future.

A **public official** is defined as candidates from government office either federal or state or any political party, and offices federal/state-owned enterprises other than PERODUA .

Non-Governmental Organization (NGO) is defined as non-profit organization that operates independently of any government with purposes to address a social or political issues.

Money laundering is when the criminal origin or nature of money or assets is hidden in legitimate business dealings or when legitimate funds are used to support criminal activities including financing terrorism.

Facilitation payment is defined as payments made to secure or expedite the performance by a person performing a routine or administrative duty or function. Facilitation payments

need not involve cash or other financial asset. It can be any sort of advantage with the intention to influence the person in charge on his/her duties.

Bona fide is a Latin phrase meaning good faith, used to describe anything that is genuine or honest.

6 ROLES AND RESPONSIBILITIES

6.1 Board of Directors

The Board of Directors shall have the overall understanding, approval and accountability for the implementation and compliance of the Anti-Bribery and Anti-Corruption policy.

6.2 Top Management

- a) Top Management shall ensure that the responsibilities and authorities for relevant roles are assigned and communicated within and throughout every level of the organization.
- b) Top Management shall ensure adequate and appropriate anti-bribery awareness and training to employees.
- c) Top Management is responsible to establish, implement, maintain and review policies related to bribery, fraud and corruption.
- d) Top Management shall assign a responsible department handling governance related matter for:
 - Overseeing the design and implementation of the anti-bribery management system in PERODUA ;
 - Providing advice and guidance to personnel on the anti-bribery management system and issues relating to bribery, fraud and corruption;
 - Reporting on the performance of the anti-bribery management system to the governing committee.

6.3 Management

- a) Management shall communicate on this policy internally and externally.
- b) Management shall attend training pertaining to bribery, fraud and corruption as required.

6.4 Head of Divisions or Departments or Managers

Head of Divisions or Departments or Managers at every level shall be responsible for requiring that this policy are applied and complied within their division, department or function.

6.5 All employees

All employees shall be responsible for understanding, complying with and applying the Anti-Bribery and Anti-Corruption Policy, as they relate to their role in the organization.

7 POLICY STATEMENT

PERODUA takes zero tolerance approach to prohibit bribery, fraud and corruption and are committed to acting professionally, fairly and with integrity in all business dealings and relationships. All employees are required to conduct company's business in an honest and ethical manner.

Bribery, fraud and corruption can take many forms and special attention needs to be given to:

7.1 Gift, Entertainment and Hospitality

- a) The policy does not prohibit normal business hospitality, so long as it is reasonable, appropriate, modest and bona fide for the purposes of improving our company's image, promoting our products and services, or establishing good relationships.
- a) This clause shall be read together with HR Policy (P2HRG0896) and in relation to gift, the No Gift Policy (PLHRD2017) shall prevail this policy.

7.2 Corporate Social Responsibility (CSR)

- a) In general, PERODUA is committed to CSR in contributing to social activities in appropriate circumstances and manner.
- b) Such contribution must be approved in accordance to Financial Authority Limit.
- c) Any request of such activities shall be carefully examined for legitimacy and appropriate due diligence must be correlated to ensure the benefits reach their intended recipients.
- d) Consult with the responsible department(s) if there is any doubt whether a charitable contribution or social benefits is appropriate.

7.3 Sponsorships and Donation

- a) The responsible department(s) must ensure that all sponsorships and donations are not used as a deception for bribery or used to avoid any of the provisions of the bribery.
- b) The donations or beneficiaries are not disguised as illegal payments to public officials.
- c) Donations can be given only if they are ethical and in compliance with this policy, local and applicable laws. No donation should be accepted which may, or may be perceived to breach applicable law, or any other section of this policy.
- d) All donations and sponsorship must be approved according to Financial Authority Limit and the responsible department shall keep accurate records of all donations received or made by PERODUA.

7.4 Due Diligence

7.4.1 Third Party

- a) When dealing with third parties, conduct appropriate risk-based due diligence and implement appropriate steps to address any identified risks to ensure compliance with applicable anti-bribery and corruption laws.

- b) Ensure to do business with third party with the standard of integrity as per following :
 - (i) Conduct due diligence to assess the integrity of PERODUA 's perspective business with the third party.
 - (ii) Do not enter into any business dealing with any third party reasonably suspected to be engaging in bribery and improper business practices unless those suspicions are investigated and resolved.
 - (iii) Continue to be aware of and to periodically monitor third party performance and business practices to ensure ongoing compliance.
 - (i) If at any point during the due diligence exercise or in the dealings with third party, there are conflicts of interest or 'red flags' raised, these warrant further investigations and must be sufficiently addressed before the engagement of the third party can progress.
 - (ii) At any point during business and third party was found legally guilty due to corruption or fraud activities, PERODUA shall immediately terminate the agreement or contracts with the other party.
- c) Letter of appointment should be issued to third parties already appointed by PERODUA and Termination clause is added in the agreement

7.4.2 Recruitment of Employees

- a) The recruitment of employees should be based on approval selection criteria to ensure that only the most qualified and suitable individuals are employed. This is crucial to ensure that no element of corruption is involved in the hiring of employees.
- b) In line with this, proper background checks should be conducted in order to ensure that the potential employee has not been convicted in any bribery or corruption cases nationally or internationally.
- c) Due diligence should be conducted when hiring employees that would be responsible in management positions, as they would be tasked with decision-making obligations.
- d) This clause shall be read together with HR Policy (P2HRC0196).

7.5 Public Officials

- a) Caution must be exercised when dealing with public officials as the law of bribery, fraud and corruption leads to severe punishments.
- b) Providing gift, entertainment or corporate hospitality to public officials or their family members is generally considered as 'red flags' situation in most jurisdictions.
- c) Approval for such payment must be made in accordance to Financial Authority Limit.
- d) It is prohibited paying for non-business travel and hospitality to any government officials or his/her family/household members without permissions from the President and CEO/Head of Companies.
- e) Be aware of both local and other countries laws governing the activity and ensure compliance.

7.6 Money Laundering

- a) PERODUA strongly objects to practices related to money laundering, including dealing with the proceeds from criminal activities.
- b) Avoid dealing with parties who are known to be committed with money laundering.
- c) To avoid violating anti-money laundering laws, employees are expected to always conduct third party due diligence to understand the business and background of PERODUA's prospective business counterparties and to determine the origin and destination of money, property and services.

7.7 Political Contributions

- a) If any contribution is made, it must be permissible under applicable laws and must not be made with any promise or expectation of favourable treatment in return and must be accurately reflected in PERODUA's books and records.
- b) "Bona Fide" payments to a government entity such as payments to the host country's federal treasury required by contract or law, are not prohibited, so long as they are made with due care to the government entity and not to any official.
- c) Approval for such contributions shall be made in accordance to Financial Authority Limit.
- d) PERODUA does not restraint employees from participating in political election process so long it will not tarnish PERODUA's image and not during working hours. Employees may choose to make personal political contributions as appropriate within the limits established by law. However, PERODUA will not compensate or reimburse such contributions by employees.
- e) PERODUA and its employees are prohibited from acting in the following manner:
 - (i) Using their position with PERODUA to try to influence any other person (whether or not employed by PERODUA) to make political contributions or to support politicians or their parties in any country.
 - (ii) Make any contribution or incur any expenditure using PERODUA resources to benefit any political campaign, party or politician in any country.
 - (iii) Using PERODUA facilities, equipment and resources for any political campaign or party functions.
 - (iv) Using charitable donations as a deception for prohibited political payments.

7.8 Facilitation payments

- a) Offering, promising or requesting facilitation payments is just as prohibited as actually paying or receiving facilitation payments.
- b) Employees are prohibited in accepting or obtaining, either directly or indirectly, facilitation payments from any person for the benefit of the employee himself or any other person (including employees who participate in the conspiracy).
- c) If any of PERODUA business partners commit to any bribery, they shall be delisted from performing business with PERODUA. Refer to Procurement procedure.

7.9 Whistleblowing (WB)

- a) PERODUA encourages employees to raise concern report in good faith, openness, and transparency in the commitment to the highest standard of integrity and accountability.
- b) Whenever employee is offered a bribe by a third party, or asked to make a bribe, or suspected to commit such a violation, or believe to be victim of any form of unlawful activity, employee must comply with this policy.
- c) If an employee suspects another person has violated or about to violate this policy or applicable law, whether deliberately or inadvertently, a report can be made to the Head of Department/Division or directly to the WB authorized officers.
- d) Further details can be referred to the Whistleblowing Policy (PLCGI2016).

7.10 Record Keeping

- a) All divisions/departments to keep financial records for seven years as per audit requirement and have in place appropriate internal controls as evidence of the business reason for making and receiving payments from any parties.
- b) Employees must declare all hospitality, gifts or expenses incurred to third parties in accordance with the company's policy and specifically record the reason for such expenditure as stipulated in the No Gift Policy (PLHRD2017).
- c) Employees shall further ensure that all expense claims shall comply with the terms and conditions as per Accounting Policies and Financial Authority Limit.
- d) No record shall be kept "off-book" to facilitate or conceal improper payments.

8 NON COMPLIANCE

- a) Employee who are found to have committed an act which is contrary to this policy may be liable to disciplinary action as per HR Policy (P2HRB0496). However, staff transfer should not be an option to the disciplinary action.
- b) Under severe cases, any violation against the law shall be reported to the authorities i.e. Police or MACC.
- c) Always seek guidance from human resource, legal or governance departments if unsure.

9 REPORTING

- a) Report at quarterly basis to Top Management on the bribery, fraud and corruption related issues or changes or as and when requires.
- b) The results of the investigation of bribery, fraud and corruption should be reported to Top Management.
- c) The adequacy and effectiveness of the anti-bribery and anti corruption management system should be assessed on a continual and regular basis.