

PUBLIC PACKAGES HOLDINGS BERHAD

ANTI-BRIBERY AND CORRUPTION POLICY

Introduction

Public Packages Holdings Berhad (“PPHB”) and its subsidiaries (collectively referred as “the Group”) is committed to conduct all of its business activities and operations in an open, honest and ethical manner. The Group adopts a zero-tolerance approach to all forms of bribery and corruption.

This Anti-Bribery and Corruption Policy (“Policy”), which is prepared in accordance to subsection (5) of Section 17A Malaysia Anti-Corruption Commission (“MACC”) Act 2009 and the MACC (Amendment) Act 2018, outlines the Group’s principles and adequate procedures against bribery and corruption activities in the conduct of its business. This Policy complements and should be read in conjunction with Code of Conduct and Ethics and Whistleblowing policy of the Group, which are available at www.pph.com.my.

Objective

This Policy is intended to provide Directors, employees, and associated persons of the Group with a basic introduction on how PPHB combats bribery and corruptions in furtherance of the Group’s commitment to lawful and ethical behavior at all time. It aims to ensure that all relevant persons are aware of their obligation to disclose any corruptions, briberies, conflicts of interest or similar unethical acts that they may encounter, and to comply with this Policy to follow the highest standards of ethical conduct of business. Clear guidelines in dealing with bribery and corruption related activities and issues that may arise in the course of business are set out herein.

However, this Policy is not intended to provide definitive answers to all questions regarding bribery and corruption.

Scope

This Policy applies to:

- (a) Board of Directors and Management of the Group;
- (b) Employees of the Group, including permanent/casual employees, interns, and agents; and
- (c) Business associates of the Group.

PPHB’s Board of Directors and employees must strictly comply with this Policy. Each employee of the Group has a duty to read and understand the Policy. Violation of any of the provisions may result in disciplinary action.

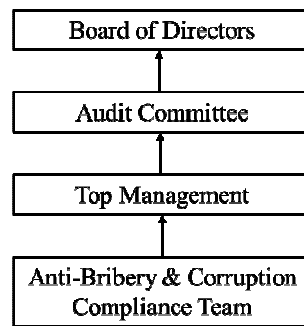
Definitions

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| Bribery and Corruption | : Refer to act of corruptly offering, giving, promising, asking, agreeing, receiving, accepting or soliciting any ‘gratification’ to induce or influence an action or decision of person who is in a position of trust within an organization, whether directly or indirectly. |
| Gratification | : ‘Gratification’ is defined in the MACC to mean as the following: <ul style="list-style-type: none">(a) Money, donation, gift, loan, fee, reward, valuable security, property or interest in property being property of any description whether moveable or immovable, financial benefit or any other similar advantage; |

- (b) Any office, dignity, employment, contract of employment or services and agreement to give employment or render services in any capacity;
- (c) Any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;
- (d) Any valuable consideration of any kind, any discount, commission, rebate, bonus, deduction or percentage;
- (e) Any forbearance to demand any money or money's worth or valuable thing;
- (f) Any other service or favour of any description, including protection from any penalty or disability incurred or apprehended or from any action or proceedings of disciplinary, civil or criminal nature, whether or not already instituted, and including the exercise or forbearance from the exercise of any right or any office power or duty; and
- (g) Any offer, undertaking or promise, whether conditional or unconditional, of any gratification within the meaning of any of the preceding paragraphs (a) to (f).

Governance Structure And Responsibilities

(Top Management Commitment)



The Anti-Bribery & Corruption Compliance Team is responsible for establishing, governing, maintaining and reviewing the contents and operation of the PPHB's Anti-Bribery and Corruption Policy. The Anti-Bribery & Corruption Compliance Team shall exercise discretion and reasonable oversight with respect to the adequacy, communication, effectiveness and implementation of this Policy.

The Top Management is accountable towards the implementation of this Policy. In this respect, the Top Management's responsibilities include the following:

- Implementing this Policy at all levels of the Group.
- Deploying adequate resources and personnel who have the appropriate competence towards the effective implementation and operation of this Policy.
- Reviewing this Policy and the Group's implementation programs from time to time and propose for improvement as and when necessary.
- Putting in place the appropriate controls and contingency measures which are reasonable and proportionate, in order to address risks and issues on bribery and corruption.
- Providing anti-bribery and corruption awareness training to all employees.
- Promoting anti-bribery and corruption culture within the Group and ensuring adequate communication on related matters.
- Ensuring overall oversight and assurance on compliance with this Policy.

The Audit Committee shall monitor and regularly evaluate the performance, efficiency and effectiveness of this Policy and programme.

The Board of Directors commits to the Group’s zero tolerance approach and ensures the alignment of this Policy to the strategies of the Group. It maintains oversight on the Group’s anti-bribery and corruption governance, ensuring that best practices (including this Policy) are established, implemented, maintained and reviewed to adequately address the Group’s bribery and corruption risks.

Bribery and Corruption Risk Management

The risk-based approach to prevent corruption helps the Group to focus on key processes or activities that have high exposure to potential corruption risks. PPHB’s Bribery and Corruption Risk Management approach incorporates the international risk management methodology, the ISO 31000:2009 – Risk management: Principles and guidelines, and the United Nations Global Compact: “A Guide for Anti-Corruption Risk Assessment”. These guidelines encourage a top-down approach where critical risks are linked to the strategic goals and objectives of PPHB.

A risk management approach is the most appropriate way to ensure that these risks are identified and effectively managed. Corruption risk assessment of all business unit within the Group and respective plants have been conducted and a baseline risk profile have been built to capture the potential corruption schemes. Specific mitigation plans have been identified for continuous review and monitoring.

PPHB’s Corruption Risk Assessment Process



Guidance on Common Forms of Bribery and Corruption

1. Gifts, entertainment and hospitality

PPHB adopts a “No-Gift Policy” subject only to narrow exceptions. All employees shall not offer, solicit or accept any gifts from any third party that may have direct or indirect business interest with PPHB.

PPHB requires all employees to abide by this Policy to avoid conflict of interests between PPHB and external parties, as a gift can be seen as a bribe that may tarnish PPHB’s reputation or be in violation of anti-bribery and corruption laws.

Any gift of any value (including cash, cash vouchers, coupons, shares, commissions, etc.) is strictly prohibited at all times. The only exceptions to the Group’s “No-Gift Policy” are:

- (a) Token gifts/ promotional items (such as diaries, pens, umbrellas, shirts, etc.) with an approximate/ actual value of less than RM500. In this regard, the recipient should use good judgement in estimating the value of the gifts and determining whether the gift lies within the bounds of acceptable business practice. In the event of doubt, the recipient is encouraged to consult his/her General Manager.

- (b) Fruits, flowers, or hampers (any value) shall be shared with all employees or placed in common area/ pantry for staff consumption.

Receiving Gifts

All gifts received must be declared to Human Resources (“HR”) Department Head and proper records shall be maintained in accordance with this Policy.

In the event the employee received a gift with an approximate/actual value of RM500 and more, and is unable to return the gift, the employee must declare and surrender such gift to the HR Department Head. The HR Department Head will in turn seek the General Manager’s (or the highest position person in charge) direction on what is the best way to dispose the gift. The General Manager (or the highest position person in charge) subject to his due considerations, will have the right to decide based on the following:

- Donate the gift to charity; or
- Register it as a company property to be used by all employees; or
- Designate it as a display item; or
- Share it with all employees; or
- Retain all the gifts and consume later as lucky draw items during company’s event etc; or
- Permit it to be retained by the employee.

Providing Entertainment

PPHB recognizes that providing modest entertainment is a legitimate way of building business relationships and a common practice within the business environment to foster good business relationships with external clients and other third parties. As such, eligible employees (subject to the approval of the General Manager) are allowed to entertain third parties through a reasonable act of hospitality as part of business networking as well as a measure of goodwill towards the recipients.

Employees should always exercise proper care and judgment when providing entertainment to third parties especially when it involves public officials to ensure compliance with local anti-bribery and corruption laws.

Providing Corporate Hospitality

PPHB recognizes that provision of corporate hospitality to all stakeholders of the Group be it through corporate events, sporting events or other public events, is a legitimate way to network and build goodwill in business relationships.

While providing corporate hospitality is a reflection of PPHB’s courtesy and goodwill, employee should follow explicit, clear and internally transparent criteria to determine the selection of guests to be invited to PPHB’s corporate hospitality event. Reasonable due diligence should be exercised, particularly when the arrangements involve public officials. All expenses incurred to provide the corporate hospitality must be properly kept, documented and recorded by the respective division/ department for audit purposes.

2. Donations and sponsorships

PPHB Group shall ensure that any CSR, donations and sponsorship activities conducted must not be used as a conduit to circumvent, avoid, or evade the laws or regulatory requirements. More importantly, it shall not be used to facilitate corruption, illegal and money laundering activities.

All CSR, donations and sponsorship requests must be carefully examined for legitimacy and not be made to improperly influence a business outcome.

The proposed recipient must be a legitimate organization and appropriate due diligence must be conducted in particular to ascertain that the benefits reach their intended recipients whilst the programs meet the intended objectives.

No CSR, donation and sponsorship shall be made to any beneficiary who is controlled or influenced by any political officials.

All CSR, donations and sponsorship shall be made in accordance with the approval limits/ budget and must obtain approval.

The Group requires all employees to use good judgment and common sense in assessing the requests. When in doubt, employees should seek further advice from the General Manager or escalate the matter to the Managing Director.

3. Facilitation of payment

PPHB prohibits accepting or obtaining, either directly or indirectly, facilitation payments from any person for the benefit of the employee himself or for any other person. The reason underlying this prohibition is that facilitation payment is seen as a form of bribery and corruption.

All persons must not offer, promise, give, request, accept or receive anything which might reasonably be regarded as a facilitation payment.

4. Dealing with public officials

Any business relationship with PPHB involving interests of a public official who otherwise has a direct relationship with PPHB, and which interests are not prohibited by the PPHB's Code of Conduct and Ethics Policy, requires disclosure. In addition, management's specific approval for establishing business relationships with such customers must be obtained at the appropriate committee level.

All PPHB staff are prohibited from paying for non-business travel, entertainment and hospitality for any public official or his/her family members at any amount without permission from the respective plant's General Manager (or the highest position). In this regard, employees in the marketing department shall get approval from the Marketing General Manager.

If approval is obtained to provide gift, entertainment or corporate hospitality to public officials, the employee must ensure that the gift (only corporate gift is allowed), entertainment or corporate hospitality is not excessive and lavish, and must commensurate with the official designation of the public official and not his personal capacity.

5. Due diligence on third parties

PPHB recognizes the objective of due diligence procedures to evaluate the risk of bribery and corruption associated with third parties. The Group requires due diligence process to be applied on the key stakeholders such as customers, contractors, vendors, suppliers, solicitors, agents, consultants, joint venture partners, introducers/ government intermediaries etc. This also serves as a basis for decision making, whether to accept or reject before entering into any contractual arrangement or business dealing.

All third parties are made aware of the principle innards of PPHB's Code of Conduct and Ethics, Whistleblowing Procedure and Anti-Bribery & Corruption Policy.

6. Procurement process

PPHB is committed to uphold the highest standard of ethics and integrity in all aspects of its procurement activities by:

- (a) Adhering to the procurement policies and procedures;
- (b) Avoiding dealing with any vendor, sub-contractors, or agents who known or reasonably suspected of corrupt practices;
- (c) Ensuring that all new vendors/ sub-contractors/ agents are subject to background assessment check prior to registration and acceptance;
- (d) Communicating this Policy's requirements and the Group's anti-bribery and corruption framework to the relevant vendor, sub-contractors or agents; and
- (e) All vendors, sub-contractors and agents are required to declare on their adherence to this Policy's requirements and the Group's anti-bribery and corruption framework.

7. Conflict of interest

Conflicts of interest arise in situations where there is a pecuniary or other personal interest, direct or indirect, that might be considered to interfere with that person's objectivity when performing duties or exercising judgement on behalf of the Group.

In situations where potential or actual conflict of interest arises, employees are required to declare to the Management Resources Services Department.

Whistleblowing Policies and Procedures

An employee who encounters actual or suspected violations of this Policy is encouraged to whistle-blow or report any concern through appropriate channels under Group's whistle-blowing policy and procedures, which made available at www.pph.com.my.

A whistle-blower will be accorded with protection of confidentiality of identity, unless the law required otherwise.

Training and Communication

The Group shall conduct training and awareness program on this Policy to all employee. Periodic updates on this Policy will be also circulated via intranet to existing employee. All new on-boarding employees will be briefed about this Policy as part of an induction process on their first working day.

The Group acts with due care before engaging with new Business Associates and ensure they are acknowledged PPHB's commitment on prohibiting bribery and corruption activities within the Group. Any changes on this Policy with regard to its content as well as regulatory requirement affecting the practices will also be communicated to all stakeholders on regular basis.

Record Keeping

It is important for proper records to be maintained of all payments made to third parties in the usual course of business as these would serve as evidence that such payments were bona fide, and not linked to corruption. As such, all transactions, including payment or receipts in relation to gifts, entertainments, donations and sponsorships must be accurately and transparently recorded to reflect the nature and purpose of the activity.

All relevant documents will be kept for at least a period of eleven (11) years.

Audit and Compliance

The Group's Head of Internal Audit will undertake regular audits on bribery and corruption risk assessment to ensure compliance to this Policy. Audit documentation shall be documented and retained for at least eleven (11) years.

Review of this Policy

This Policy shall be reviewed by the Board of Directors of PPHB every three (3) years, when there are any changes in the laws or regulatory requirements which affects this Policy, when internal or external events warrant a more frequent review to be undertaken and make such amendments to this Policy, or as and when the Board of Directors deems appropriate.

This Policy is approved by the Board of Directors on 22 February 2021.