



TFP Solutions Berhad
ANTI-BRIBERY & ANTI-CORRUPTION
POLICY

Effective 1 June 2020

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1.0 INTRODUCTION

TFP Solutions Berhad (“TFP” or “the Company”) and its subsidiary companies (collectively known as “the Group”) is committed to conduct business in an ethical and honest manner while upholding zero-tolerance position on bribery and corruption. We are committed to act professionally, fairly, and with integrity in all business dealings and relationships, wherever we operate as well as complying with all applicable laws, including the Malaysian Anti-Corruption Commission Act 2009 (“MACCA”).

This Anti-Bribery and Anti-Corruption Policy (“ABCP”) provides guidance to all employees and directors concerning how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.

The ABCP applies to all employees and directors (both executive and non-executive) and the Group shall expect that sub-contractors performing work or services for or on behalf of the Group will comply with the relevant parts of the ABCP when performing such work or services.

2.0 DEFINITION OF BRIBERY, CORRUPTION AND GRATIFICATION

Corruption is a form of dishonesty or criminal offense undertaken by a person or organisation entrusted with a position of authority, to acquire illicit benefit or abuse power for one’s personal gain.

Bribery is a subset of corruption. Bribery typically involves some form of transaction or transfer of value in exchange for doing something or refusing to do something. A bribe is an inducement or reward offered, promised or provided in order to gain any commercial, contractual, regulatory or personal advantage.

Gratification refers to: -

- (i) Money, donation, gift, loan, fee, reward, valuable security, property or interest in property being property of any description whether movable or immovable, financial benefit, or any other similar advantage;
- (ii) any office, dignity, employment, contract of employment or services, and agreement to give employment or render services in any capacity;
- (iii) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;
- (iv) any valuable consideration of any kind, any discount, commission, rebate, bonus, deduction or percentage;
- (v) any forbearance to demand any money or money’s worth or valuable thing;
- (vi) 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 a disciplinary, civil or criminal nature, whether or not already instituted, and including the exercise or the forbearance from the exercise of any right or any official power or duty; and
- (vii) any offer, undertaking or promise, whether conditional or unconditional, of any gratification within the meaning of any of the preceding paragraphs (i) to (vi).

3.0 TOP LEVEL COMMITMENT

Senior Management of the Company holds a zero-tolerance position against all forms of bribery and corruption. This means all employees and directors are required to work in a bribe and corruption free environment while sub-contractors, business associates and parties engaged with the Group shall embrace with the integrity stance of the Group.

Senior Management of the Company is primarily responsible for ensuring that the Group: -

- (i) practices the highest level of integrity and ethics;
- (ii) complies fully with the applicable laws and regulatory requirements on anti-corruption; and
- (iii) effectively manages the key corruption risks.

Meanwhile, Senior Management shall spearhead the Company's efforts to improve the effectiveness of its corruption risks management framework, internal control system, review and monitoring, and the relevant training and communication initiatives.

In view of the above, the Company shall carry out the following: -

- (i) establish, maintain, and periodically review the ABCP and objectives that adequately address corruption risks;
- (ii) promote a culture of integrity within the Group;
- (iii) issue instructions on communicating the Group's ABCP and commitments on anti-corruption to both internal and external parties;
- (iv) encourage the use of reporting (whistleblowing) channel as stated in Section 5.2 of this ABCP for any suspected and/or real corruption incidents or inadequacies in the anti-corruption compliance efforts; and
- (v) ensure that the results of any audit, reviews of risk assessment, control measures and performance are reported to all Senior Management, including the full Board of Directors, and acted upon.

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4.0 RISK ASSESSMENT

The Company shall conduct a corruption risk assessment on an annual basis in respect of the Group, with intermittent assessments conducted when necessary, to establish appropriate processes, systems and controls approved by the Board to mitigate the specific corruption risks that the business is exposed to. The Company shall plan, establish, implement and maintain a monitoring programme, which covers the scope, frequency and methods for review. The annual corruption risk assessment shall be submitted to the Audit Committee and the Board for approval and to consider any appropriate action to be implemented.

The corruption risk assessment shall include the following:

- (i) opportunities for corruption, bribery and fraud activities resulting from weaknesses in the Company's governance framework and internal system or procedures;
- (ii) financial transactions that may disguise corrupt payments;
- (iii) business activities in sectors that pose a higher corruption risk;
- (iv) non-compliance of external parties acting on behalf of the Group regarding legal and regulatory requirements related to anti-corruption; and
- (v) relationships with third parties in its supply chain (e.g. agents, vendors, contractors and suppliers) which are likely to expose the Group to corruption.

The Group shall incorporate the corruption risk assessment into the Risk Management Framework of the Group.

The Audit Committee, shall identify and appoint competent person(s) within the Group or engage the outsourced internal auditors at least once in every two (2) years to conduct an internal audit on the appropriate processes, systems and controls in relation to the anti-corruption measures in order to obtain assurance that the Group is operating in compliance with its policies and procedures in relation to anti-bribery and anti-corruption. The audit report shall be submitted to the Audit Committee and the Board for approval and to consider any appropriate action to be implemented

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5.0 CONTROL MEASURES

This section covers the Group's control measures to address any corruption risks arising from weaknesses in the organisation's governance framework, processes and procedures as well as policies and procedures in dealing with potential bribery and corruption risk areas.

5.1 Due Diligence

The Group shall conduct due diligence on potential or existing clients, business associates, sub-contractors, workforce candidates and any other party deemed necessary prior to entering into any formalised relationships and/or as and when there are changes in the circumstances, in particular where there is significant exposure to bribery and corruption risk.

Due diligence methods for background checks may include: -

- (i) Conduct web searches;
- (ii) Conduct searches in Companies Commission of Malaysia ("CCM");
- (iii) Conduct searches in external databases and screening tools/solutions (i.e. CTOS, Thomson Reuters);
- (iv) Verify supporting documents;
- (v) Conduct interviews; and/or
- (vi) Engage third party due diligence service providers.

Due diligence process should be aimed at obtaining sufficient information to assess whether there are any potential bribery risks posed by the relevant party. Based on the results, we may either decline, suspend or terminate relationship with the relevant party to protect the Group from any legal, financial and reputation risks.

Employees are required to complete and submit the due diligence checklist to relevant Director for decision making and forward the same to Finance Department for record keeping purpose thereafter.

5.2 Reporting Channel

As this ABCP is unable to provide employees with comprehensive solutions to every potential bribery or corruption situation that may arise, employees may discuss the situation with their manager, who will consult with the director and/or then if necessary, with the Managing Director for any ethical or legal problems.

Employees or any concerned parties are encouraged to assist in detect, prevent and report instances of bribery, corruption and any other suspicious activity or wrongdoing in good faith. All parties are able to raise concerns in relation to real, suspected or attempted corruption incidents or inadequacies of the anti-corruption programme by fill up a Whistle Blowing Report Form as attached and email to Dato' Hussian @ Rizal Bin A. Rahman, Managing Director of TFP Group at dhar@tfp.com.my.

Employees or any concerned parties may refer to the Whistle Blowing Policy of the Company for the whistle blowing procedures.

The Company is committed to ensure the confidentiality of the whistle-blower's identity and the information reported, to the extent reasonably practicable while prohibit retaliation against those making reports in good faith, to the extent reasonably practicable.

5.0 CONTROL MEASURES (CONT'D)

5.3 Conflict of Interest

Conflict of interest arises in a situation where the employee is or may be in a position to take advantage of their role by using confidential information, assets or intellectual property for the benefit of himself/herself or a closely related person. Closely related person is someone you are related to, have personal friendship with, or anyone living in the same household as you. Based on the MACCA, relative includes spouse, siblings, spouse's siblings, direct line of ascendant (parent/grandparents) or descendant (children/grandchildren) including the spouse's and the spouse's siblings, uncle, aunt or cousin, son-in-law or daughter-in-law.

All employees/directors are required to make declaration on conflict of interest on an annual basis or as and when they become aware of a conflict at any other time (ad-hoc basis). Senior management shall determine the next course of action thereafter. Employees/directors may refer to the Company's Code of Ethics for conflict of interest situations examples.

Annual Conflict of Interest Declaration Form and Interval Conflict of Interest Declaration Form shall be kept by the Human Resources ("HR") Department.

5.4 Gifts, Entertainment, Hospitality and Travel

This Policy does not prohibit normal and appropriate business courtesies and gift hospitality, so long as it is reasonable, appropriate, modest and bona fide.

This Policy does not prohibit normal and appropriate business courtesies and gift hospitality, so long as it is reasonable, appropriate, modest and bona fide. Any gift must be unsolicited and not affected, or be perceived as affecting, business judgement. Gifts should only be offered to and received in connection with a customary business or cultural occasion. Cash loans or their equivalent advantages are absolutely prohibited.

The quantum and frequency of a gift may be fixed by the Board and unless so fixed shall not exceed RM500 for all Personnel. Seasonal gifts such as hampers given shall not exceed RM500 per hamper.

Hospitality must be unsolicited and does not affect, or be perceived as affecting, business judgement. Meals and entertainment should only be offered to and received from the Group's representatives for business meetings, conferences or events hosted, supported or sponsored by the Group. They may never be provided on a stand-alone basis.

The quantum and frequency of hospitality may be fixed by the Board and unless so fixed shall not exceed RM1,000 for all Personnel.

Any travelling arrangements offered and received must be pre-approved by the management. Reasonable expenses are permitted if it is a bona fide business expense which is related to business meetings, conferences, promotion and expansion of the business or for the purpose of the performance of a contract and this shall only be applicable to the persons directly related to the business or the events and shall not include spouses or relatives.

Where it is inappropriate to decline the offer of a gift, entertainment, hospitality or travel (i.e., when meeting with an individual of a certain religion/ culture who may take offence), the gift, entertainment, hospitality or travel may be accepted so long as it is declared to the management via the Finance Department, who shall assess the circumstances, including whether it accords with the Group's pre-determined thresholds and frequency.

5.0 CONTROL MEASURES (CONT'D)

5.4 Gifts, Entertainment, Hospitality and Travel (Cont'd)

As good practice, gifts, entertainment, hospitality and travel given and received should always be disclosed to the Finance Department. Those received from the suppliers must be disclosed to the Finance Department,

The intention behind a gift, entertainment, hospitality or travel being given or received should always be considered. If there is any uncertainty, the advice of the management should be sought.

5.5 Donation and Sponsorship

The Group only allows for charitable donations and sponsorships for legitimate reasons as permitted by the existing laws and regulations.

Donation and sponsorship must not be misused as a deception for bribery or avoidance of any of the provisions under the ABCP and anti-bribery and anti-corruption laws. The Group must also ensure that donations to charity is not a channel to fund illegal activities in violation of international anti-money laundering, anti-terrorism and other applicable laws.

The Group does not make or offer monetary or in-kind political contributions to political parties, political party officials or candidates for political office. In very limited circumstances, good faith payments to government entity such as payment to the federal treasury is not prohibited, as long as payment was made with due care to the government entity and not to any individual officials and such contributions are allowed under the applicable laws and regulations. Such contributions must not be made with any favourable treatment in return and must be recorded correctly in the book of the Group.

In this regard, an appropriate level of due diligence shall be conducted to carefully examine the legitimacy of the donation or sponsorship request. In addition, any donation or sponsorship require the prior approval from the Managing Director.

5.6 Facilitation Payments

Facilitation payments are a form of bribery made for the purpose of expediting or facilitating the performance of a public official or political party or decision maker in private sectors for a routine governmental action and/or to obtain or retain business or any improper business advantage. Facilitation payments need not involve cash or other financial asset, it can be any form of advantage with the intention to influence the relevant parties in their duties.

Facilitation payments are illegal under the anti-corruption laws and therefore the employees/directors of the Group are strictly prohibited to offer, promise, give, request or accept anything which may reasonably be deemed as facilitation payment.

In the event these payments are made, it should be reported to the Managing Director as soon as practical and the Finance Department should record down the incident in details.

5.0 CONTROL MEASURES (CONT'D)

5.7 Money Laundering

Money laundering arises when criminal origin or nature of money/assets is hidden in legitimate business dealings or when the legitimate funds are used to support any criminal activities. Bribes may occur to facilitate the money laundering process.

Money laundering is a very serious crime and the penalties for breaching anti-money laundering legislation are severe and may include extradition and incarceration in foreign jurisdictions. As such, any practices or activities related to money laundering, including dealing with the proceeds of criminal activities are strictly prohibited.

To prevent violating anti-money laundering laws, employees/directors are expected to conduct counterparty due diligence to understand the business and background of the prospective business counterparty and to assess the potential of money laundering risk.

5.8 Financial Controls

Financial controls are an essential element in the anti-bribery and anti-corruption program. The Group shall practice the following policies and procedures to prevent/deter the occurrence of bribe and corruption: -

(i) Segregation of Duties

The Group shall ensure no one individual has exclusive control over an area of financial operations. Finance executive shall prepare/initiate any accounting transactions while the director(s) shall review and approve the relevant transactions.

(ii) Delegation of Authorities

Where a process is deemed to pose a higher risk to the Group, the responsibilities should be assigned to the Managing Director together with another 1 authorised signatory. For all payment made, any 2 out of the 3 authorised signatories are required to approve the relevant transaction.

(iii) Control over Assets

All the Group's assets are to be recorded properly in the fixed assets register and all the fixed assets are to be physically inspected once a year during year end. Any addition or write off of the assets should be approved by the director.

Employees/directors are required to make use of the Group's assets with due care and be responsible for the security of the laptop/desktop assigned respectively.

(iv) Cash Control

The Group shall eliminate cash use wherever possible. Minimal cash amount below RM500 shall be retained by HR department in the safe, if necessary.

Petty cash records shall be maintained by the Finance Department and reconciliation shall be carried out on quarterly basis, if applicable.

5.0 CONTROL MEASURES (CONT'D)

5.8 Financial Controls (Cont'd)

(v) **No Off-Shore Payments**

Payments for transactions should be within Malaysia only and payment in another jurisdiction may be an indicator of improper activity and potential money laundering. In the event of specific circumstance, due diligence on the background of payee, nature of payment, location of the bank account is required before approval for such payment.

(vi) **External Audit**

External audit shall be carried out on the financial statements and records of the Group once a year after the year end so as to provide reasonable assurance on the financial statements.

5.9 Non-financial Controls

Awarding of Sub-Contract Services

Decision for awarding any sub-contract services shall be made after evaluation in term of the quality, capabilities, capacity and conflict of interest of the available sub-contractors by at least 2 Senior Management personnel.

5.10 Procedures for Reported/Observed Incidents

The Group shall abide the following procedures in the event of reported/observed/suspected acts of bribery and corruption: -

- (i) Evaluate the evidences. If the evidences are deemed to be insufficient, ensure that the party involved has read and agreed to this ABCP in writing. Keep the relevant party under observation in the event doubts on his/her actions remained; or
- (ii) If the evidences are deemed to be strong, consult with legal counsel for appropriate actions to take in accordance with the relevant laws and regulations. Possible actions include: -
 - Disciplinary measures such as formal warnings and dismissal;
 - Cancellation of contracts (with third parties); and
 - Police investigation and/or court procedures depending on the case and circumstances involved.

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5.0 CONTROL MEASURES (CONT'D)

5.11 Records Keeping

The Group must keep all financial records and the relevant supporting documents especially as evidence for making payments to third parties. All accounts, invoices, engagement letters and other documents and records relating to dealing with third parties, such as clients, business associates and sub-contractors, should be prepared and maintained with accuracy and completeness.

Employees/directors must ensure all expenses claims relating to gifts, entertainment, hospitality, travel benefits or expenses incurred for third parties are submitted to Finance Department together with supporting documents (e.g. payment receipts), third party's name and their Group name as well as reason for the expenditure.

Finance Department should also make the necessary record for any forced facilitation payment incidents. Finance Department should also keep proper records on any reported/observed/suspected acts of bribery and corruption.

All the above-mentioned documents are to be kept in cabinets with lock for at least 7 years. Only authorised personnel shall hold the keys for the locked cabinets.

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6.0 SYSTEMATIC REVIEW, MONITORING AND ENFORCEMENT

Senior Management shall ensure that regular reviews are conducted to assess the performance, efficiency and effectiveness of the anti-corruption program, and ensure the program is enforced. Such reviews may take the form of an internal audit, or an audit carried out by an external party. The reviews should form the basis of our efforts to improve the existing anti-corruption controls in place in the Group.

In view of the above, the Group shall: -

- (i) plan, establish, implement and maintain a monitoring program, which covers the scope, frequency, and methods for review;
- (ii) identify the competent person(s) and/or establish a compliance function to perform an internal audit, in relation to the Group's anti-corruption measures;
- (iii) conduct continual evaluations and improvements on the Group's ABCP; and
- (iv) conduct disciplinary proceedings against personnel found to be non-compliant to the ABCP.

7.0 TRAINING AND COMMUNICATION

The Group shall develop and disseminate internal and external training and communications relevant to the anti-corruption management system covering the following areas: -

- (i) policy;
- (ii) training;
- (iii) reporting channel; and
- (iv) consequences of non-compliance.

7.1 Communication of ABCP

The Group's ABCP shall be made publicly available on the Group's website, and communicated to all employees/directors via email, Code of Ethics and Employees Handbook while communicating to business associates and sub-contractors via email.

7.2 Training

The Group shall provide the employees with adequate training to ensure their thorough understanding of the Group's anti-corruption position, especially in relation to their role within or outside the Group.

The training may be conducted in a variety of formats, including but not limited to: -

- (i) induction briefing featuring key anti-corruption elements for all new employees;
- (ii) corporate in-house training and video; and/or
- (iii) town hall sessions.

8.0 CONSEQUENCES

Failure for employees/directors to comply with this ABCP shall result in disciplinary action, up to and including termination of employment or dismissal.

Failure for sub-contractors or business associates to comply with the relevant sections within the ABCP may result in termination of business relationship with the Group.

Since this ABCP is developed based on legal requirements, violating them could subject the Group and the relevant personnel to penalties including fines, imprisonment and other criminal or civil sanctions. These violations shall result in high costs, loss of professional accreditation or personal reputational damage while severely damage the reputation of the Group.

Section 17A(2) of the MACCA stated that any commercial organisation who commits an offence under Section 17A of the MACCA shall be on conviction be liable to a fine of not less than 10 times the sum or value of the gratification which is the subject matter of the offence, where such gratification is capable of being valued or is of pecuniary nature, or RM1 million, whichever is higher, or to imprisonment for a term not exceeding 20 years or to both.

END.

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