



Company No: 199601040053 (412406-T)

## **ANTI-CORRUPTION POLICIES AND PROCEDURES**

### **PREAMBLE**

#### **Policy Statement**

STRAITS ENERGY RESOURCES BERHAD (formerly known as Straits Inter Logistics Berhad) (“STRAITS”) and its subsidiaries (collectively referred as “STRAITS Group” or “the Group”) strives to conduct its business in line with the highest standards of integrity, responsibility and accountability. This policy applies globally to the management, employees and contract workers within STRAITS Group. Pursuant to these ethical standards, STRAITS has adopted a stand of zero tolerance towards all forms of corruption, especially in respect of bribery, malpractice and misconduct and used best endeavour to ensure business dealing is conducted in a fair, transparent and ethical manner.

#### **Introduction**

STRAITS Group’s general principles and standards on anti-corruption as well as maintenance of business documentation and financial records are outlined in this Policy. This policy promulgates and reinforces STRAITS’ zero tolerance towards all forms of corruption and STRAITS’s commitment maintaining accurate records of business dealings.

This Policy is guided by with Malaysian Anti-Corruption Commission Act 2009 (Act 694) (“MACC Act 2009”) as well as Malaysian Anti-Corruption Commission (Amendment) Act 2018 (“MACC Amendment Act 2018”), and advocates similar principles and standards in STRAITS’s business management and approach.

In recognition of these aspirations, the Board of Directors (“BOD”) and Management have engaged an anti-corruption program which is in accordance with the Guidelines on Adequate Procedures as promoted by the Prime Minister’s Department of Malaysia pursuant to subsection (5) of Section 17A of MACC Act 2009, as provided in section 4 of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 (“MACC Amendment Act 2018”). The provision of Section 17A under MACC Act 2009 establishes the principle of criminal liability (corporate liability) for corrupt practices of employees and/or any person(s) associated with the organisation in cases where such corrupt practices are carried out for the organisation’s benefit or advantage.

#### **i. Objectives of the Policy**

The principal objectives of this Policy are to support STRAITS in the prevention of corrupt practices in its day to day operations, especially in the deterrence of corruption, bribery and malpractices or illegal activities that may occur in STRAITS, and to regulate its anti-corruption compliance initiatives pursuant to its current operating environment.



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### **ii. Coverage of the Policy**

This Policy applies to all individuals working with STRAITS at all levels and grades, including senior managers, managers, officers, directors, employees (whether full-time, part-time, contract or temporary), consultants, contractors, trainees, seconded staffs, volunteers interns, agents, sponsors, clients, suppliers, any third party and any other person associated with STRAITS.

### **iii. Compliance with Laws and Regulations**

STRAITS is committed to conduct its business ethically and in compliance with all applicable laws and regulations in the countries where it does business in. Such is to prohibit acts of bribery and corruption, and mandate that STRAITS Group establishes and maintain adequate procedures to prevent bribery and corruption. STRAITS reserves the right to report any actions or activities suspected of being criminal in nature to the relevant authorities.

### **iv. Infringement of the Policy**

Any infringement of this Policy shall constitute a serious misconduct or offence warranting disciplinary action against the offender. Offender participating in bribery and corruption can be subject to penalties of MACC Act 2009.

### **v. Responsibility of the Policy**

STRAITS embraced the role to ensure that all parties retained by the Group understand that they are responsible for complying with this Policy when dealing with STRAITS, or when acting on behalf of STRAITS. Therefore, every party is responsible for adhering to these standards in their business interactions.

This policy shall serve as a guidance to Management and all employees on addressing issues relating corruption, improper solicitation, bribery and other corrupt practices and activities which may arise in the ordinary course of business. It is the responsibility of every party associated with STRAITS to strictly adhere to STRAITS's policies and standards. In the event where there is any uncertainty for any practice which relate to this Policy, employees must always seek the advice of their immediate supervisor or head of department. If the uncertainty persists, their concerns shall be directed to Human Resource Department or Executive Director for clarification.



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### **vi. Facilitation Payment**

Facilitation Payment are form of payments made personally to an individual in control of a process or decision to secure or expedite the performance of a routine or administrative duty or function (also known as grease payment). This is seen as a form of corruption.

STRAITS adopts a strict policy of disallowing the use of facilitation payments in its business. Our personnel and associated persons must not directly or indirectly offer, promise or give any form of facilitation payment to any public officials for any purpose. Any request for facilitation payment should be reported immediately to their superior or head of department.

### **vii. Kickbacks**

All employees and directors of STRAITS is prohibited from engaging in kickbacks. A kickback is any payment, not reflected on the face of a business contract, that is required to be made to a government agency, a government official, or a private individual in order to conclude the business agreement.

Where the kickback is being extorted and/or any employee of STRAITS is being coerced to pay and their safety or liberty is under serious threat and they have no alternative but to make the kickback in order to protect their life, limb or liberty, the affected employee must immediately report the matter to the Head of Department ("HOD") or the Human Resource ("HR") Department or the Executive Director ("ED"). In the case of unavailability, please report to the Audit Committee Chairman as soon as possible.

### **viii. Gifts**

STRAITS has adopted a "No Gift" Policy whereby, subject only to certain narrow exceptions, all employees are prohibited from, directly or indirectly, receiving or providing gifts.

However, STRAITS recognises that the exchange of gift may be a central part of business etiquette in certain cultures. STRAITS also recognises that it is a legitimate way of building business relationships and is a common practice within the business environment to foster good business relationship with stakeholders or clients. Therefore, under such circumstances, all giving and receiving of gifts must get the necessary approval from the relevant HOD and such gifts are to be registered with the HR Department.

Employees should be mindful in giving or receiving gifts as it could be perceived as a way of improperly influencing the decision making of the recipient. Hence, the intention behind gifts should always be considered.



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### **ix. Corporate Hospitality**

Corporate hospitality is generally defined as “corporate events” or “activities” organised by an organisation which involves the entertainment of employees and third parties for the benefit of that organisation. Third parties may include customers, potential customers, contractors, external companies and any other stakeholders with whom a business relationship, whether current, prospective or historical exists.

STRAITS recognises that providing corporate hospitality is a legitimate way to network, promote goodwill and build business relationships for the Group. However, it must not be given or give rise to the perception that it is given to obtain business or advantage of any kind or unduly influence on the outcome of a business decision. Employees must ensure to exercise proper care and good judgement to ensure that the arrangement is legal under applicable laws, made for the right reasons and reasonable in its form and limit.

### **x. Entertainment**

It is a common practice within the business environment to provide entertainment to foster business relationship. As such, eligible employees are allowed to offer appropriate and proportionate entertainment that is legal and reasonable within the scope of their work as part of business networking as well as a measure of goodwill towards the recipients.

Employees are strictly prohibited from providing or offer to provide entertainment with a view to improperly cause undue influence on any party in exchange for some future benefit or result. Any acts of this nature, whether provided directly or indirectly through an intermediary, may be construed as an act of corruption and contrary to the general values and principles of STRAITS Group.

### **xi. Political Donations**

STRAITS does not take political positions or associate with political movements and does not make any political donations or contributions to any political parties or politically motivated association.

Employees and associated personnel of STRAITS are not restricted to make any personal political donations or contributions in their own personal capacity but to make it clear that their individual political views and actions are personal and not reflective or representative of STRAITS.



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### **xii. Charitable Contributions**

STRAITS supports the making of contributions to the communities in which it does business and permits reasonable donations to charities.

All contributions/donations must be transparent and can never be used to obtain business or advantage of any kind or unduly influence on the outcome of a business decision or cause others to perceive it as such.

Contributions/donations must not be made to individuals or in cash or be made at the request of a public official as an inducement to or reward for acting improperly.

In accordance with STRAITS's commitment to contribute to the community coupled with its values of integrity and transparency, all donations must comply with the following:

- Donations are made in accordance with all legal requirements;
- All request for donations must require approval from the Board of Directors;
- Donations are not made to secure any improper business or other advantage;
- Donations are accurately stated in the company's accounting books and records; and
- Not to be used as a mean to cover or as conduit for undue payment or bribery.

### **xiii. Conflicts of Interest**

Conflicts of interest arise in situations where there is a personal interest that might be considered to interfere with that person's objectivity when performing duties or exercising judgement on behalf of STRAITS. Employees and associated personnel of STRAITS are responsible to avoid or deal appropriately with situations in which personal interest could conflict with the obligations at STRAITS.

### **xiv. Regular Monitoring and Review**

Regular review shall be conducted to monitor, review, improve and assess performance, efficiency and effectiveness of the adequate procedures in place in STRAITS. Such review may be conducted internally or by an external party. The results of any review, risk assessment, review of controls and performance shall be reported to the Audit Committee on a periodic basis.



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### **xv. Communication and Training**

Adequate training on anti-bribery and corruption shall be provided regularly to all employees and awareness programmes shall be conducted from time to time to promote integrity and ethics.

STRAITS also regularly communicate with associated personnel through various mediums and platforms in respect of STRAITS's stands on anti-bribery and corruption.

### **xvi. Record Keeping**

STRAITS shall keep detailed and accurate financial and other records, and shall have appropriate internal controls in place as evidence of all payments made. STRAITS Group shall report and keep a written record of the amount and reason for gifts, hospitality and entertainment received and given, including donations, sponsorships and expenses of similar nature, and understand that such expenses are subject to management review.

**- END OF POLICY -**