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## Policy

This policy document describes in detail the principle of actions regarding:

## Anti-Bribery and Corruption Policy

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### Board of Directors

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1.0	2020-08-28	Initial release	<ul style="list-style-type: none"> <li>• Mohamad Hafiz Zolkipli</li> <li>• Baker Tilly GBS Sdn. Bhd.</li> <li>• Aziema Othman</li> <li>• Hairul Hafiz Hasbullah</li> </ul>	<ul style="list-style-type: none"> <li>• Dr. Rezal Khairi Ahmad</li> <li>• Board Audit and Risk Committee</li> </ul>	<ul style="list-style-type: none"> <li>• Board of Directors</li> </ul>

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## 1. Policy Statement

- 1.1 NanoMalaysia Berhad (“NMB” or “the Company”) and its subsidiaries (collectively herein defined as “NMB Group” or “the Group”) has adopted a ZERO TOLERANCE policy against all forms of bribery and corruption, whether active or passive. The Group is committed to the highest ethical standards and integrity in the conduct of its businesses and operations.
- 1.2 Through the adoption of the Anti-Bribery and Corruption Policy (“ABCP” or “the Policy”), the Group is confident in the implementation of adequate procedures as a defence against the risks of corporate liability particularly on corruption prosecution and potential hefty fines.
- 1.3 In addition, the Group is of the view that it is vital to strengthen tone from the top and reboot organisational culture and mindsets to zero tolerance of bribery and corruption. Awareness trainings are to be provided to all of the Directors and Employees to enable them to comprehend and comply with this Policy in full.
- 1.4 The Group also upholds all applicable laws in countering bribery and corruption, shall observe the changes to the relevant laws from time to time and make amendments to the Policy where necessary.

## 2. NanoMalaysia Berhad’s Commitment

- 2.1 NanoMalaysia Berhad and its subsidiaries are committed to conducting business dealings with integrity. This means avoiding practices of bribery and corruption of all forms in the company’s daily operations. The Group has adopted a zero-tolerance approach against all forms of bribery and corruption and takes a strong stance against such acts. Employees who refuse to pay or receive bribes or participate in acts of corruption will not be penalised even if such refusal may result in the Company losing its business or not meeting the targets.
- 2.2 The Policy leverages the core principles set out in the Group’s Code of Conduct and Ethics (“COCE”)<sup>1</sup>. The scenarios provided within this Policy do not limit the boundaries of the Policy which may be extended to cover all circumstances relating to bribery.
- 2.3 Compliance to the Policy is mandatory and will be monitored with a principle-based approach.

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<sup>1</sup> See NMB-HR-POL-00001 - Code of Conduct and Ethics

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### 3. Background

- 3.1 The Group highlighted Integrity as the most important core value in the COCE<sup>2</sup>. Each employee shall uphold high levels of personal and professional values in all business interactions and decisions.
- 3.2 The nature of the Group’s business requires its employees to engage in business with a wide range of parties, both internal as well as external. This Policy establishes the boundaries on interactions with all parties.
- 3.3 This Policy also provides guidance on how to act when subjected to potential acts of bribery and matters of corruption.
- 3.4 This Policy shall be read in conjunction with the COCE, the Third-Party Code of Conduct (“TPCOC”)<sup>3</sup>, the Whistleblowing Policy<sup>4</sup> and the Malaysian Anti-Corruption Commission Act 2009 and its 2018 amendment (“MACCA”).

### 4. Objectives

- 4.1 This Policy sets out responsibilities of directors, employees and business associates in observing and upholding the Group’s position on zero tolerance in all forms of bribery and corruption; provide guidelines and information to directors, employees and business associates in dealing with acts of potential and/or actual bribery and corruption; and ensure the Group has adequate procedures in place to prevent and detect potential and/or actual bribery and corruption.
- 4.2 This Policy should also be read together with other policies and procedures, such as the Anti-Bribery and Corruption Framework, Employee Handbook, Whistleblowing Policy.
- 4.3 To signify/indicate the Guidelines on Adequate Procedures as issued/published by Malaysian Institute of Integrity pursuant to subsection (5) of section 17A under the MACC Act 2009 (Amendment Act 2018).

<sup>2</sup> See NMB-HR-POL-00001 – Code of Conduct and Ethics

<sup>3</sup> See NMB-MR-POL-00002 – Third Party Code of Conduct

<sup>4</sup> See NMB-HR-POL-00003 – Whistleblowing Policy

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## 5. Scope

- 5.1 This Policy applies to all directors and employees of the Group, and all business associates and other parties providing goods and/or services to or on behalf of the Group in any capacity.
- 5.2 This Policy is intended to supplement all applicable local laws, regulations and other internal policies and is not intended to substitute any local or international laws and regulations.

## 6. Definitions

The following definitions are included in this Policy.

Bribery	<p>Bribery is defined as any action which would be considered as an offence of giving or receiving '<b>gratification</b>' under MACCA. In practice, this means offering, giving, receiving or soliciting something of value to illicitly influence the decisions or actions of a person a position of trust within an organisation. 'Gratification' is defined in the MACCA to mean the following:</p> <ul style="list-style-type: none"> <li>a) 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;</li> <li>b) any office, dignity, employment, contract of employment or services, and agreement to give employment or render services in any capacity;</li> <li>c) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;</li> <li>d) any valuable consideration of any kind, any discount, commission, rebate, bonus, deduction or percentage;</li> <li>e) any forbearance to demand any money or money's worth or valuable thing;</li> <li>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 a disciplinary, civil or criminal nature, whether or not already</li> </ul>
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	<p>instituted, and including the exercise or the forbearance from the exercise of any right or any official power or duty; and</p> <p>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).</p> <p>Bribery may be ‘outbound’, where someone acting on behalf of the Group attempts to influence the actions of someone external, such as a Government official or client decision-maker. It may also be ‘inbound’, where an external party is attempting to influence someone within the Group such as a decision-maker or someone with access to confidential information. Bribery and corruption are closely related. However, corruption has a wider remit. See ‘<b>Corruption</b>’ definition below.</p>
Business Associate/Third Party	An external party with whom the NMB Group has, or plans to establish, some form of business relationship. This primarily includes Counterparties and Business Partners, i.e. clients, customers, joint ventures, joint venture partners, consortium partners, outsourcing providers, contractors, consultants, subcontractors, suppliers, vendors, advisers, agents, distributors, representatives, intermediaries and investors, as defined by ISO 37001 - Anti-Bribery Management Systems.
CEO	The Chief Executive Officer of NMB Group.
Corruption	The Transparency International definition of corruption is ‘the abuse of entrusted power for personal gain.’ For the purpose of this policy, corruption, is defined primarily as any action which would be considered as an offence of giving or receiving ‘ <b>gratification</b> ’ under the Malaysian Anti-Corruption Commission Act 2009 (MACCA) (“ <b>Bribery</b> ” as defined above). In addition, corruption may also include acts of extortion, collusion, breach of trust, abuse of power, trading under influence, embezzlement, fraud or money laundering.
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.
Donations and Sponsorship	Charitable contributions and sponsorship payment made to support the community.

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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.
Exposed Position	A staff position identified as vulnerable to bribery through a risk assessment. Such positions may include but is not limited to any role involving procurement or contract management; financial approvals; human resource; relations with government officials or government departments; sales; positions where negotiation with an external party is required; or other positions which the Company has identified as vulnerable to bribery.
Facilitation Payment	A payment or other provision made personally to an individual in control of a process or decision. It is given to secure or expedite a routine or administrative duty or function.
Corporate Gift	<p>Something given from one organisation to another, with the appointed representatives of each organisation giving and accepting the gift. Corporate gifts may also be promotional items given out equally to the general public at events, trade shows and exhibitions as a part of building the company's brand. The gifts are given transparently and openly, with the implicit or explicit approval of all parties involved.</p> <p>Corporate gifts normally bear the company name and logo and are of nominal value. Examples of corporate gifts include items such as diaries, table calendars, pens, notepads, plaques, and festive gifts such as hampers, oranges and dates.</p> <p>Further guidelines on corporate gifts can be found in Section 13.</p>
Personal Gift	Something given from one individual to another, with the intention of creating or enhancing a personal relationship. The gifts are given in a private setting, without the knowledge or approval of the company management of one or both parties. Personal gifts may include cash, cash equivalents such as credit cards, bitcoin or savings accounts, electronic items, watches, luxury pens, property, vehicles, free fares, shares, interest free loans, lottery tickets, travel facilities, entertainment, services, club memberships, any forms of discount or commission, jewellery, decorations, souvenirs, vouchers or any other valuable items.
NMB/the Company	NanoMalaysia Berhad.

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NMB Group/the Group	NanoMalaysia Berhad and its subsidiaries.
Employee	A person employed by NMB Group, whether confirmed in a position or on probation, or any other person employed on contract, temporary basis, or secondment, or retain or appointed by the Group for a fixed or indefinite term to perform any function for the Group (inclusive of interns and apprentices).

## 7. Recognition of Local and International Legislation

- 7.1 The Group is committed to conducting its business ethically and in compliance with all applicable laws and regulations, including but not limited to MACCA, Malaysian Penal Code (revised 1977) (and its amendments), the Companies Act 2016 (Malaysia), the Anti-Money Laundering, Anti-Terrorism, Financing and Proceeds of Unlawful Activities Act 2001 (Malaysia), the US Foreign Corrupt Practices Act 1977 (amended 1998), and the UK Bribery Act 2010. These laws prohibit bribery and corruption. Organisations are mandated to establish and maintain accurate books and records as well as adequate measures to prevent corrupt practices.
- 7.2 In cases of conflict between mandatory law and the principles contained in this Policy the law shall prevail.

## 8. Directors and Employees' Responsibilities

- 8.1 Directors and employees are responsible for understanding and complying with this Policy. In particular, the role of all directors and employees includes the following:
- a) Be familiar with applicable requirements and directives of the Policy and communicate them to subordinates where applicable;
  - b) Promptly record all transactions and payments accurately and in reasonable detail;
  - c) Always raise suspicious transactions to immediate superiors (or the Company Secretary for directors) for guidance on next course of action;
  - d) Promptly report violations or suspected violations through appropriate channels;
  - e) Promptly complete ABCP/COCE/TPCOC trainings and assessments, as well as attest to comply annually.

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## 9. Bribery and Corruption

- 9.1 Bribery is the offering, promising, giving or accepting of anything in value, either in the form of cash or in kind, to or by another person to obtain or retain a business or other advantage other than by legitimate and proper means. Corruption means misuse of position of power to obtain or attempt to obtain a personal benefit or advantage (including kickbacks).
- 9.2 All forms of bribery and corruption are prohibited. The Group upholds a zero-tolerance approach. In addition to bribery, directors and employees must not participate in any corrupt activity, such as extortion, collusion, breach of trust, abuse of power, trading under influence, embezzlement, fraud, or money laundering.
- 9.3 Bribery may take the form exchange of money, goods, services, property, privilege, employment position or preferential treatment. All directors and employees shall not therefore, whether directly or indirectly, offer, give, receive or solicit any item of value, in the attempt to illicitly influence the decisions or actions of a person in a position of trust within an organisation, either for the intended benefit the Group or the persons involved in the transaction.
- 9.4 Basic DO's and DON'Ts include:
- DO
- a) Immediately report any suspected violations of the policy via NMB's whistleblowing mechanism as outlined in the Whistleblowing Policy<sup>5</sup>.
  - b) Get prior, written permission from the CEO if you want to give a token or gratuitous promotional gift of significant value (generally more than MYR 300) to any business partner even if that gift is customary or in relation to a holiday tradition. Gifts ordinarily should include NMB's logo.
  - c) Continually monitor NMB's consultants, agents, contractors, business partners, or any other kind of third-party intermediary acting to further NMB's interests for "red flags" indicating the potential for a policy violation. If you believe a "red flag" exists, please inform any member of the NMB Management Team.
- DON'T
- d) Directly or indirectly (e.g. via suppliers, agents, distributors, consultants, contractors or anyone else) offer or give bribes or improper advantages (including

<sup>5</sup> See NMB-HR-POL-00003 – Whistleblowing Policy

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facilitation payments) to any public official or other individual or third party, which are or give the impression that they are, intended to influence decisions by any person about NMB.

- e) Request or receive bribes or improper advantages from any third party, which may or give the impression that they may be, intended to influence decisions by NMB about that third party.

- 9.5 This Policy applies equally to its business dealings with commercial ('private sector') and government ('public sector') entities, and includes interactions with their directors, employees, agents, and other appointed representatives at all levels. Even the perception of bribery is to be avoided.
- 9.6 This Policy applies to all countries worldwide, without exception and without regard to regional customs, local practices, or competitive conditions.
- 9.7 No director nor employee will suffer demotion, penalty, or other adverse consequences for refusing to pay or receive bribes or other illicit behaviour, even if such refusal may result in the Company or the Group losing business or experiencing a delay in business operations.
- 9.8 The Group recognises the value of integrity in its directors and employees. The Group's recruitment, training, performance evaluation, remuneration, recognition, and promotion for all employees, shall be designed to recognise integrity. The Group conducts due diligence on directors and employees who holds or may be holding Exposed Positions as defined in Section 6.
- 9.9 The Group does not offer directorship nor employment to prospective employees in return for previous favour in exchange of improper favour.
- 9.10 The Group awards contracts, directorship and employee positions purely based on merits. Support letters in all forms shall not be recognised as part of the business decision making process.
- 9.11 Corrupt and bribery activities are not only a Policy violation but can also be a serious violation of criminal and civil anti-bribery and anti-corruption laws in various countries hence the Group's zero tolerance stand.

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## 10. Money Laundering

- 10.1 Money laundering is the illegal and criminal process of concealing the origins of money obtained illegally by passing it through a complex sequence of banking transfers or commercial transactions. The overall scheme of this process returns the "clean" money to the launderer in an obscure and indirect way.
- 10.2 To protect NMB's reputation and to avoid criminal liability, it is important that we do not become implicated in the criminal activities of others. We need to ensure we do not receive or assist to transfer money from the proceeds of criminal activities as this can result in NMB being implicated as a partner in money laundering activities.
- 10.3 Employees should report any suspected cases of money laundering activity via NMB's whistleblowing mechanism as outlined in the Whistleblowing Policy<sup>6</sup>.
- 10.4 Possible signs of money laundering activity include:
- a) Supplier requests to:
    - i. Overpay
    - ii. Split payments into several bank accounts
    - iii. Pay funds into a bank account that is of a different name
  - b) Customer payments to NMB:
    - i. Paid by someone else
    - ii. Paid from multiple bank accounts
    - iii. Paid from a foreign bank (from overseas) although a local customer
    - iv. Payment made in cash when typically made electronically or via cheque

## 11. Facilitation Payments

- 11.1 Facilitation Payments are classified as acts of bribery and corruption under MACCA and are illegal. As such, the Group prohibits the giving, offering, or promising of Facilitation Payments of all kinds by either directors, employees or business associates acting on behalf of the Group. Directors and employees are also prohibited from receiving or requesting such payments whether in cash or in kind.
- 11.2 The Group equally uphold the safety of all directors and employees as priority. If a director or an employee's safety is at stake, a facilitation payment to protect the director or employee is permitted if:

<sup>6</sup> See NMB-HR-POL-00003 – Whistleblowing Policy

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- a) that is the immediate available recourse to protect the safety of the director or employee; the Chief Executive Officer's approval has been obtained; or
  - b) payment under the state of emergency had been undertaken, after which the Chief Executive Officer's approval must be retrospectively obtained as soon as possible.
- 11.3 In the event of a facilitation payment made to protect a director or an employee, the Board must be notified as soon as possible.

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## 12. Conflict of Interest

- 12.1 A conflict of interest refers to a situation in which a director or an employee's personal interests conflict with the professional interests owed to NMB Group.
- 12.2 To exercise the powers invested for the good of the Group rather than for his or her personal benefit, all directors and employees must use any and all information belonging to NMB only for the purposes of NMB and never for personal benefit.
- 12.3 The Group's conflict of interest policy is simple — all business decisions must be made solely in the best interests of NMB Group. In reaching these decisions, a director or an employee must not be swayed by personal or family considerations which may consciously or unconsciously affect his or her judgment as to what is right for the Group.
- 12.4 Conflicts of interest may arise when a director, an employee or a family member:
- a) Owns, directly or indirectly, an interest in any competitor, supplier, agent, contractor, sub-contractor, customer, person or organisation doing business with the Group or its affiliates
  - b) Acts in any capacity including as a director, shareholder in a private limited company, officer, partner, consultant, employee, distributor, agent, or the like for a competitor, supplier, agent, contractor, sub-contractor, customer, person or organisation doing business with the Group or its affiliates
  - c) Engages in activities that compete with, or appear to compete with the Group's interests
  - d) Let business decisions be influenced, or appear to be influenced, by personal or family interests or friendships
  - e) Engages in any non-company activities during official working hours, unless prior permission has been obtained
  - f) Uses company property, information or resources for personal benefit
  - g) Has outside employment that negatively affects their job performance or interferes with their responsibilities
  - h) Hires, supervises or has a direct or indirect line of reporting to a family member or someone with whom they have a romantic relationship
  - i) Accepts a personal benefit directly or indirectly from a competitor, supplier, contractor, customer, person or organisation doing business with or expecting to do business with NMB Group or its affiliates. Gifts, travel, entertainment or other forms of 'gratitude' of more than nominal value are deemed to constitute a

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'personal benefit'. This paragraph excludes loans from insurance companies, commercial and saving banks at normal rate of interest

- 12.5 All conflicts of interest must be disclosed to NMB Management Team and recorded by Group Human Resources. Having a conflict of interest is not necessarily a violation but failing to disclose it is.
- 12.6 Directors and employees may disclose an actual or potential conflict via the following ways:
- a) Employees may connect with their Head of Department on the procedures for disclosure and complete the Conflict of Interest Declaration Form<sup>7</sup>;
  - b) If the director or employee is subject to the annual COCE/TPCOC training, he or she must also complete the Conflict of Interest Declaration Form as part of the process. He or she must continue to make the disclosure every year as long as the conflict exists.

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<sup>7</sup> See NMB-HR-FRM-00006 – Conflict of Interest Declaration Form

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## 13. Gifts, Entertainment, Travel, Donations and Sponsorship

- 13.1 The Group prohibits both the giving and receiving of gifts, entertainment, travel, donations and sponsorship (collectively “gifts”) to influence business decisions. Employees must comply with all applicable policies, procedures, laws and regulations related to the use of gifts in all countries in which the Group operates.
- 13.2 It is acknowledged that the practice of corporate gifts and donation varies between countries, and what may be deemed as acceptable in one country may not be in another. Regional Management are therefore encouraged to develop further guidelines cascading from this Policy, to streamline thresholds and develop specific requirements applicable to the respective Region.
- 13.3 The Group allows appropriate business-related gifts. Reasonable gifts are acceptable provided that the following guiding Principles are observed:
1. Principle 1: Transparency  
You should be comfortable to disclose to your colleagues the gifts that you offered/received.
  2. Principle 2: Recipients  
You should only offer/accept gifts to/from those who will not put you in a position of conflict.
  3. Principle 3: Ability to Influence  
The gifts must not be offered/accepted when there is a pending business decision.
  4. Principle 4: Value  
The gifts must be modest and must not be so frequent as to place the recipient under an obligation.
  5. Principle 5: Purpose  
The intention behind the gifts must not be interpreted as to gain unmerited advantage.



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- 13.5 With reference to the table above, exchanging corporate gifts should be practiced within the following guidelines:
- a) Gift is not cash or cash equivalent.
  - b) Gift is nominal in value and does not exceed MYR 300.
  - c) There is a legitimate and specific business reason for the gift.
  - d) Gift is in good taste (i.e. paying for adult entertainment is never considered good taste).
  - e) Gift is a customary practice in accordance with local practices (i.e. hampers during festive seasons).
  - f) Not frequently exchanged with the same party/source.
  - g) Gift is permitted under the relevant laws and that the recipient is permitted to receive the gift.
  - h) Do not accept personal gifts from business partners.
  - i) Meals and entertainment with clients, customers and other third parties are allowed as long as the nature and frequency of the occasion is reasonable and involves active conduct of NMB business.
- 13.6 In these limited circumstances, directors and employees are expected to immediately record the gift in the Gift Register using the Gift Activity Reporting Form available on NMB's corporate website, or any other form as provided by Group Human Resources for submission to the NMB Management Team who will then decide whether to approve the acceptance of the gift or require it to be returned. Directors should inform the Company Secretary, as soon as reasonably practicable, to seek his/her advice when faced with a similar situation.
- 13.7 Even if it may appear disrespectful to refuse a gift from an external party, nevertheless, if there is a conflict of interest situation (e.g. bidding is in progress and the company that gives the gift is one of the bidders) then clearly the NMB Management Team cannot approve the acceptance of said gift (in the case of directors, the Company Secretary would advise the same). In this situation, the gift must be politely returned with a note of explanation about NMB Group's "no gift" policy.
- 13.8 If the NMB Management Team approves the acceptance of the gift, it must also be determined the disposition of the gift whether to:
- a) Donate the gift to charity; or
  - b) Hold it for display in the Company's premises; or
  - c) Share with other employees; or
  - d) Permit it to be retained by the employee.

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- 13.9 The details of the gift will be recorded in the Gift Register.
- 13.10 Please note that in many jurisdictions, giving or offering a simple gift or meal to a government official can be illegal. Where possible, directors and employees should avoid from offering and/or accepting gifts to/ from government officials. All offers and acceptance of gifts involving government officials must be approved by the CEO. If a gift is deemed appropriate and prior written approval is obtained from the CEO, a corporate gift for a specific purpose is encouraged as opposed to a personal gift. Gifts must be reasonable and proportionate to the income of the government official such that no obligation is created by the provision of the gift resulting in a decision to the advantage of the business. The gifts must also be declared in the Gift Register.
- 13.11 In situations where confronted with such conflict, directors and employees are required to complete the Conflicts of Interest Declaration Form<sup>8</sup>. A copy of this declaration shall be documented and retained by Group Human Resources (“Group HR”).
- 13.12 Offering donations and sponsorships are permitted provided that the LOAs in the Discretionary Authority Limits<sup>9</sup> are observed.
- 13.13 Honorariums or allowances paid directly to an employee in recognition of acts or professional services are permitted provided that the LOAs in the Discretionary Authority Limits are observed.
- 13.14 If a Region has established LOAs and guidelines on gifts, any gift in excess of such LOAs must be properly documented and retained in the Gift Register, available for audit purposes.
- 13.15 Donations in the form of charity may be permissible depending on the circumstance but should be made directly to an official entity and be able to be disclosed publicly when required to.
- 13.16 Discounts, provisions of free products and services, provision of vehicles at discounted or zero cost rates, servicing and other provisions are not permitted in exchange for undue influence.
- 13.17 The Group DOES NOT make or offer monetary or in-kind political contributions to any political party and political party official.

<sup>8</sup> See NMB-HR-FRM-00006 – Conflict of Interest Declaration Form

<sup>9</sup> See NMB-BD-POL-00004 – Discretionary Authority Limits

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- 13.18 All sponsorships and donations must be accurately reflected in the Group’s Gift Register and accounting books where applicable, be permitted by the applicable law and be capable of being publicly disclosed when required to.
- 13.19 Where gifts and/or the development of Regional cascaded guidelines are not immediately apparent, the BARC shall be consulted.
- 13.20 All directors or employees are not to offer or receive any gift (in cash, kind or via services) that improperly or appears to improperly influence business decisions. It is acknowledged that hospitality is important in building relationships with customers/clients, agents and other business partners. It is sometimes appropriate to give out or accept reasonable gifts, i.e. during product launches, campaigns, etc. However, as the practice of giving and receiving gifts can be subject to a wide interpretation, this practice should be administered sparingly.

## 14. Business Associates

- 14.1 As part of the Group’s commitment to combat bribery, the Group expects all business associates to refrain from bribery and corrupt practices.
- 14.2 If suspicion of bribery and corruption arises in the dealings with any business associate, the Group shall seek an alternative provider of the services / goods.
- 14.3 The Group expects all business associates acting on behalf the Group to contractually agree to refrain from bribery and corruption, and to adhere to the TPCOC<sup>10</sup>.
- 14.4 If the Group is not satisfied that bribery and corruption prevention has been upheld, due diligence shall be undertaken with regards to any business associate intending to act on the Group’s behalf.
- 14.5 The extent of the due diligence should be risk-based and shall include a bribery risk assessment. Due diligence may include a search through relevant databases, checking for relationships with public officials, and documenting the reasons for choosing one particular business associate over another.
- 14.6 The Group shall endeavour to include clauses in all contracts and agreements enabling the Group to terminate any contract in which bribery or corruption has been observed.
- 14.7 The Group strives to build and strengthen its relationships with business associates. In ensuring that the business associates adhere to industry best practice and accepted standards of behaviour, business associates may be required to complete the Third

<sup>10</sup> See NMB-MR-POL-00002 – Third Party Code of Conduct

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Party Compliance Declaration Form<sup>11</sup>. A copy of this declaration shall be documented and retained by Group Legal.

- 14.8 Guidance and standards for appropriate practices and behaviours are expected to also be regulated to prevent corrupt practices. These are addressed in the COCE and TPCOC.
- 14.9 The TPCOC provides guidance to third parties on the required standards and code of conduct when engaging in business dealings with the Group. All third parties are expected to adhere to the TPCOC and declare compliance to the TPCOC via the Third Party Compliance Declaration Form. A copy of this declaration shall be documented and retained by Group Legal.
- 14.10 Where the requirements for any of the above may not be immediately apparent, the BARC shall be consulted.

## 15. Publication of The Policy

- 15.1 The Group's approach of zero-tolerance to bribery and corruption must be communicated to all Business Associates at the outset of the business relationship with them and as appropriate thereafter.
- 15.2 This Policy shall always be published and accessible on the Company's website. Business Associates may be asked to refer to this Policy which has been made available on the Company's website. Alternatively, a copy of this Policy shall be shared to all Business Associates at the outset of the business relationship.

## 16. Directors and Employees Training and Declarations

- 16.1 The Group conducts awareness programmes for all directors and employees to introduce and refresh awareness of anti-bribery and anti-corruption measures, and to continuously promulgate integrity and ethics. This includes the Anti-Bribery and Corruption Policy training, assessment and attestation.
- 16.2 All new directors and new recruits shall complete training on this Policy. New recruits are expected to pass the assessment at the end of the training.

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<sup>11</sup> See NMB-MR-FRM-00001 – Third Party Compliance Declaration Form

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- 16.3 In addition, the Group provides anti-bribery and anti-corruption training to employees promoted or transferred to Exposed Positions.
- 16.4 The Management Risk and Compliance Committee (“MRCC”) may at any time recommend that certain trainings be repeated to any employee or group of employees in any department or Region if deemed necessary based on circumstantial requirements.
- 16.5 Group HR shall maintain all records of trainings.
- 16.6 All directors and employees shall declare that they have read, understood and agreed to abide by this Policy at all times, by completing the Code of Conduct and Ethics and Anti-Bribery and Corruption Policy Compliance Declaration Form<sup>12</sup>. A copy of this declaration shall be documented and retained by Group HR.
- 16.7 The Group reserves the right to request a director or an employee to declare information on his or her assets in the event that such director or employee, is suspected to be implicated, in any bribery and corruption-related accusation or incident.
- 16.8 In addition, under circumstances of suspicious behaviour, allegations and/or investigations relating to bribery or corruption, Group Human Resources reserves all rights to request the relevant employee, and the BARC reserves all rights to request the relevant director, to declare information regarding assets owned as deemed necessary.

## 17. Compliance Controls

- 17.1 The BARC shall have the oversight of the implementation of compliance controls related to this Policy.
- 17.2 The Internal Auditors shall conduct regular risk assessments to identify the bribery and corruption risks potentially affecting the Group.
- 17.3 The Management Risk and Compliance Committee (“MRCC”) shall review the suitability of this Policy from time to time, taking into account relevant developments in the legislature as well as evolving industry and international standards.
- 17.4 The MRCC shall implement and effectively manage routine anti-bribery and anti-corruption measures as deemed appropriate to ring-fence the Group against possible

<sup>12</sup> See NMB-HR-FRM-00007 – Code of Conduct and Ethics and Anti-Bribery and Corruption Policy Compliance Declaration Form

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legislative liabilities, as well as undertake ad-hoc measures deemed required based on circumstantial requirements that presents during the course of operations.

- 17.5 The MRCC shall conduct regular validation to ensure compliance to this Policy. Such validation exercises may be conducted either independently by the MRCC or in collaboration with Internal Auditors, and/or conducted by external consultants.
- 17.6 Non-compliance identified by the validation or identified through other risk assessments undertaken shall be reported to the BARC.
- 17.7 The Management Human Resources Committee (“MHRC”) shall initiate investigations on potential acts of bribery and corruption deemed necessary based on reasonable cause for suspicion. The Chairperson of the MHRC shall maintain a direct reporting line to the BARC, as well as to the Board.

## 18. Reporting of Policy Violations

- 18.1 Any director or employee who is aware of any irregularity, misbehaviour, or non-compliance of this Policy, are duty-bound to lodge an official report via NMB’s whistleblowing mechanism as outlined in the Whistleblowing Policy<sup>13</sup>.

## 19. Sanctions for Non-Compliance

- 19.1 The Group regards bribery and corruption as a serious matter. Non-compliance 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.
- 19.2 The Group shall notify the relevant regulatory authority if any identified bribery or corruption incidents have been proven beyond reasonable doubt.
- 19.3 Where notification to the relevant regulatory authorities have been done, the Group shall provide full co-operation to the said regulatory authorities, including further action that such regulatory authority may decide to take against convicted directors or employees.
- 19.4 Non-compliance with the Policy by business associates or third parties will result in blacklisting and termination of business contract, without prejudice to the right to

<sup>13</sup> See NMB-HR-POL-00003 – Whistleblowing Policy

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initiate legal proceedings against them where the Group's interests, reputations or standing have been affected by an act of breach of the Policy by the Business Associates.

## 20. Dawn Raid

- 20.1 Dawn raid is an unannounced visit from regulators or enforcement agencies e.g. Malaysia Anti-Corruption Commission ("MACC") in relation to an investigation where there is suspected infringement of an Act or a wrongdoing under the Act.
- 20.2 In the event of a dawn raid, the Group shall cooperate with the regulators or enforcement agencies. The Senior Management must be informed of such a dawn raid and coordinate with the respective Head of Departments to ensure effective and efficient cooperation / response is given for the investigation.
- 20.3 External training on the handling and managing of dawn raid, if any, shall be arranged and attended by the Senior Management and/or the relevant Head of Departments to ensure effective response in dealing with a dawn raid and the impacts arising from the raid on the day-to-day business and reputation of the Group is minimized.

## 21. Waiver

- 21.1 Any deviation or waiver from this Policy must be approved either by Board of Directors with the advice of the BARC.

## 22. Continuous Improvement and Periodic Review

- 22.1 The Group is committed to continually improving its policies and procedures relating to anti-bribery and anti-corruption. The BARC may therefore endeavour to develop further integrity measures and certify the Group's anti-bribery and corruption procedures as adequate where certification is available.
- 22.2 The BARC is responsible to oversee the compliance with this Policy and review the effectiveness of internal control systems through the assistance from the Internal Auditors; and in countering bribery and corruption practices. Regular review in the form of periodic internal audits shall be carried out by the independent auditors to ensure the Group's compliance to this Policy.