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TECK GUAN GROUP OF COMPANIES

Anti-Bribery & Corruption Policy

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Definitions and Interpretations:

“Teck Guan Group of Companies” means as follows: -

Holdings Company: HTG Holdings Sdn. Bhd., Registration No. 198001006986 (60770-X)

Subsidiaries Company: -

1.	Andum Sdn. Bhd.	Registration No. 197801006417	(43453-W)
2.	Atlantica Sdn. Bhd.	Registration No. 196901000351	(22546-P)
3.	Bestbricks (Sabah) Sdn. Bhd.	Registration No. 198101007772	(73888-X)
4.	Bio-Resources Sdn. Bhd.	Registration No. 198401008814	(121346-V)
5.	Branko Sdn. Bhd.	Registration No. 198001007254	(61038-P)
6.	Brantian Palm Oil Sdn. Bhd.	Registration No. 198201001888	(81634-T)
7.	Briskwin Corporation Sdn. Bhd.	Registration No. 199601005641	(377987-D)
8.	Cahaya Bumijasa Sdn. Bhd.	Registration No. 200401027180	(665688-M)
9.	Cahaya Setia Resources Sdn. Bhd.	Registration No. 200501010138	(687185-A)
10.	Cemerlang Spektra Sdn. Bhd.	Registration No. 201401021682	(1097768-V)
11.	Ciri Intan Sdn. Bhd.	Registration No. 199801008115	(464242-A)
12.	Ciri Megah Sdn. Bhd.	Registration No. 199801008916	(465043-X)
13.	Dura Palms Sdn. Bhd.	Registration No. 200501026058	(708191-K)
14.	Dura Pisifera Sdn. Bhd.	Registration No. 200801014931	(816220-D)
15.	Dynamic Sunstar Sdn. Bhd.	Registration No. 201401026876	(1102966-U)
16.	Era Harum Sdn. Bhd.	Registration No. 199801018626	(474755-P)
17.	Era Realiti Sdn. Bhd.	Registration No. 199801008117	(464244-M)
18.	Evergreen Intermerge Sdn. Bhd.	Registration No. 200401028306	(666814-X)
19.	Favourite Trend Sdn. Bhd.	Registration No. 199801012350	(468478-U)
20.	Go Borneo Tours & Travel Sdn. Bhd.	Registration No. 201401031760	(1107844-U)
21.	Happy Valley Plantation Sdn. Bhd.	Registration No. 197801000380	(37403-A)
22.	Hasrat Kosa Sdn. Bhd.	Registration No. 199601012507	(384856-V)
23.	Hoko Sdn. Bhd.	Registration No. 197801001126	(38151-M)
24.	Hotel Emas Sdn. Bhd.	Registration No. 197201001818	(13522-D)
25.	Interactive Returns Sdn. Bhd.	Registration No. 199801007980	(464107-U)
26.	Izzat Development Sdn. Bhd.	Registration No. 198101007807	(73923-T)
27.	Jesselton Landscape & Construction Sdn. Bhd.	Registration No. 198901009096	(186397-T)
28.	Jimat Maju Abadi Sdn. Bhd.	Registration No. 199801008917	(465044-W)
29.	Johan Permata Sdn. Bhd.	Registration No. 199901000275	(475175-A)
30.	Jolly Land Sdn. Bhd.	Registration No. 198001007028	(60812-A)
31.	Julang Handal Sdn. Bhd.	Registration No. 199501003391	(332585-H)
32.	Kalimantan Fishery Sdn. Bhd.	Registration No. 197801005403	(42419-V)
33.	Kalimantan Ice Plant Sdn. Bhd.	Registration No. 198101006195	(72311-U)
34.	Khas Culture Sdn. Bhd.	Registration No. 198301012823	(108217-T)
35.	Khas Heavy Equipments Sdn. Bhd.	Registration No. 196101000389	(22547-M)
36.	Khas Realty (Sabah) Sdn. Bhd.	Registration No. 198201007293	(87051-K)
37.	Konsep Muktamad Sdn. Bhd.	Registration No. 199801008213	(464340-A)
38.	Kualiti Perintis Sdn. Bhd.	Registration No. 201401029979	(1106065-D)
39.	Kumpulan Federal Sdn. Bhd.	Registration No. 198201000320	(80064-X)
40.	Ladang Siagil Sdn. Bhd.	Registration No. 198001002961	(56745-P)
41.	Magna Crystal Entity Sdn. Bhd.	Registration No. 200601020441	(740194-M)
42.	Mega Suriamaju Sdn. Bhd.	Registration No. 201401030364	(1106450-W)
43.	Melur Beribu Sdn. Bhd.	Registration No. 199501037843	(367045-H)
44.	Munibase Corporation Sdn. Bhd.	Registration No. 199201021856	(253360-K)
45.	Nusantara Megamas Sdn. Bhd.	Registration No. 201501004235	(1129567-U)
46.	Optimis Bumimas Sdn. Bhd.	Registration No. 201401030370	(1106456-P)
47.	Penuh Inovatif Sdn. Bhd.	Registration No. 199801008258	(464385-A)
48.	Perintis Sarjana Sdn. Bhd.	Registration No. 201401015417	(1091504-D)
49.	Pottinger Holdings (M) Sdn. Bhd.	Registration No. 198101007362	(73478-P)

50.	Prosperous Sebatik Sdn. Bhd.	Registration No. 197501001649	(23397-U)
51.	Pure Steel Enterprise Sdn. Bhd.	Registration No. 198101007160	(73276-W)
52.	Quantum Reality Sdn. Bhd.	Registration No. 199801007578	(463705-D)
53.	Reka Bebas Sdn. Bhd.	Registration No. 199801008200	(464327-T)
54.	Samudera Majumas Sdn. Bhd.	Registration No. 201501006244	(1131576-U)
55.	Semporna Estate Sdn. Bhd.	Registration No. 196201000298	(25012-P)
56.	Sri Kebun Gembira Sdn. Bhd.	Registration No. 197901001043	(45311-P)
57.	Steady Contour Sdn. Bhd.	Registration No. 199701026453	(441951-P)
58.	Steady Equity Sdn. Bhd.	Registration No. 199801012440	(468568-H)
59.	Stellar Domain Sdn. Bhd.	Registration No. 199701036761	(452261-X)
60.	Stellar Energy Sdn. Bhd.	Registration No. 198001010398	(64182-P)
61.	Suasana Majujaya Sdn. Bhd.	Registration No. 201401030369	(1106455-A)
62.	Sudutjasa Sdn. Bhd.	Registration No. 199001014500	(206169-D)
63.	Sugi Hasil Sdn. Bhd.	Registration No. 199801008188	(464315-W)
64.	Sungai Burung Industries Sdn. Bhd.	Registration No. 199501041426	(370630-X)
65.	Sunrise Icon Sdn. Bhd.	Registration No. 200501020341	(702463-P)
66.	Syarikat Padi Sawa Sdn. Bhd.	Registration No. 197601004189	(30154-K)
67.	Tanah Serijaya Sdn. Bhd.	Registration No. 201501004242	(1129574-P)
68.	Tanjung Senja Sdn. Bhd.	Registration No. 199801009973	(466101-K)
69.	Teck Guan Development (Sabah) Sdn. Bhd.	Registration No. 196201000007	(25013-M)
70.	Teck Guan Fertilizers Sdn. Bhd.	Registration No. 201501011290	(1136625-H)
71.	Teck Guan Harmony Sdn. Bhd.	Registration No. 200501015899	(692946-K)
72.	Teck Guan Holdings Sdn. Bhd.	Registration No. 197801005379	(42395-T)
73.	Teck Guan Industries Sdn. Bhd.	Registration No. 196201000299	(27179-M)
74.	Teck Guan Plantations Sdn. Bhd.	Registration No. 196201000179	(28132-U)
75.	Teck Guan Properties Sdn. Bhd.	Registration No. 196401000103	(23528-U)
76.	Teck Guan Resources Sdn. Bhd.	Registration No. 196301000126	(22550-M)
77.	Teck Guan Sdn. Bhd.	Registration No. 196101000339	(22548-H)
78.	Teck Guan Solar Sdn. Bhd.	Registration No. 201801005805	(1267819-U)
79.	Teck Guan Steel Sdn. Bhd.	Registration No. 198301006170	(101394-H)
80.	Teck Guan Trading (Sabah) Sdn. Bhd.	Registration No. 197801001237	(38267-W)
81.	Teck Guan Trading Sdn. Bhd.	Registration No. 196301000125	(22549-T)
82.	TG.Com Sdn. Bhd.	Registration No. 199501029267	(358473-M)
83.	TGE Enterprise Sdn. Bhd.	Registration No. 198101000281	(66386-H)
84.	Tri-Grow Sdn. Bhd.	Registration No. 197901004204	(48475-K)
85.	Universal Gateway Sdn. Bhd.	Registration No. 199801008504	(464631-A)
86.	Universal Province Sdn. Bhd.	Registration No. 201401031754	(1107838-X)
87.	Usaha Dayamas Sdn. Bhd.	Registration No. 200401030833	(669341-T)
88.	Utas Sutera Sdn. Bhd.	Registration No. 199501024819	(354024-X)
89.	Wise Mission Sdn. Bhd.	Registration No. 199801011596	(467724-A)

Associates Company:

1.	Crystal Tower Shipping Sdn. Bhd.	Registration No. 196101000213	(142720-A)
2.	Fidelity Nova Sdn. Bhd.	Registration No. 199601005159	(377505-D)
3.	Ladang Subur Sdn. Bhd.	Registration No. 198001009926	(63710-V)
4.	Wawasan Megaprima Sdn. Bhd.	Registration No. 200401021925	(660430-H)

and any other company or companies being incorporated from time to time upon or after the implementation of this Anti-Bribery & Corruption Policy.

“Policy” means this Anti-Bribery & Corruption policy dated **1st June 2020**.

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1. Policy Coverage?

1.1 This anti-bribery & corruption policy exists to set out the responsibilities of Teck Guan Group of Companies i.e. HTG Holdings Sdn. Bhd., its subsidiaries and associates (hereinafter collectively referred to as “the Teck Guan Group”)(Please refer to page 3 and 4 for more details) and those who work for us with regards to matter relating to observing and upholding our zero-tolerance position on bribery and corruption activities and practices.

1.2 It also exists to act as a source of information and guidance for staff working for Teck Guan Group. It helps them to recognise, deal and combat bribery and corruption issues, as well as to understand their roles and responsibilities in combating bribery and corruption.

2. Policy Statement

2.1 Teck Guan Group is committed to conduct business in an ethical, honest and transparent manner, and is committed to implement and enforce systems, policies, rules and regulations that ensure bribery or corruption is to be prevented. Teck Guan Group has zero-tolerance for bribery and corrupt activities and practices. We are committed to act professionally, fairly, and with high integrity in all business dealings and relationships, wherever in the country or abroad that we are operating.

2.2 Teck Guan Group will constantly monitor and uphold all laws relating to anti-bribery and corruption in all the jurisdictions in which we operate. We are bound by the laws of Malaysia in particularly the **Malaysian Anti-Corruption Commission Act 2009**, including but not limited to its subsequent additions, alterations or amendments thereof, in regards to our conduct both at home and abroad.

2.3 Teck Guan Group recognises that bribery and corruption are punishable by a fine of not less than **ten times the value of the gratification** (if capable of being valued), **or RM 1 million**, whichever is the higher, or **imprisonment for a term not exceeding 20 years, or both**. If our company is discovered to have taken part in corrupt activities, we may be subjected to a hefty fine or to imprisonment, be excluded from tendering for public contracts, and face serious damage to our reputation. It is with this in mind that we are committed to prevent bribery and corruption in our businesses, and take our legal responsibilities seriously.

3. Who is covered by the policy?

3.1 This anti-bribery and corruption policy applies to all employees (whether temporary, fixed-term, or permanent), consultants, contractors, trainees, seconded staff, home workers, casual workers, agency staff, volunteers, interns, agents, sponsors, licensees, nominees or any other person or persons associated with us (including third parties), or any of our subsidiaries or their employees, no matter where they are located (whether within or outside of Malaysia) and all its Directors. The Directors of Teck Guan Group is committed to act professionally and with integrity in their business dealings.

3.2 In the context of this policy, third-party refers to any individual or organisation our company meets and works with. It refers to actual and potential clients, customers, suppliers, distributors, service providers, business contacts, brokers, agents, negotiators, advisors, and government and public bodies – this includes their advisors, representatives and officials, politicians, and public parties.

3.3 Any arrangements our company makes with a third party is subject to clear contractual terms, including specific provisions that require the third party to comply with minimum standards and procedures relating to anti-bribery and corruption practices, regulations and/or policies.

4. Definition of Bribery or Corruption

4.1 Bribery or corruption refers to the act of offering, giving, promising, asking, agreeing, receiving, accepting, or soliciting something of value or of an advantage so to induce or influence an action or decision.

4.2 A bribe refers to any inducement, reward, or object/item of value offered to another individual in order to gain commercial, contractual, regulatory, or personal advantage.

4.3 Bribery is not limited to the act of offering a bribe. If an individual is on the receiving end of a bribe and they accept it, they are also breaking the law.

4.4 **Bribery is illegal.** Employees must not engage in any form of bribery, whether it be directly, passively (as described above), or through a third party (such as an agent or distributor). They must not bribe a foreign public official anywhere in the world. They must not accept bribes in any degree and if they are uncertain about whether something is a bribe or a gift or act of hospitality, they must seek further advice from Head of Human Resource Department (HRD).

5. What is and what is “NOT” acceptable

5.1 This section of the Policy refers to the following areas: -

- a) Gifts and hospitality; Entertainment and Travel;
- b) Facilitation payments;
- c) Political contributions;
- d) Charitable contributions/donations;
- e) Conflict of Interest;
- f) Financial controls, such as separation of duties and approving powers;
- g) Non-financial controls, such as a separation of duties and approving powers or a pre-tendering process;
- h) Risk Management; and
- i) Record keeping for managing documentation related to the adequate procedures.

5.2 Gifts and Hospitality; Entertainment and Travel

5.2.1 Teck Guan Group accepts normal and appropriate gestures of hospitality and goodwill (whether given to/received from third parties) so long as the giving or receiving of gifts meets the following requirements:

- a) It is not made with the intention of influencing the party to whom it is being given, to obtain or reward the retention of a business or a business advantage, or as an explicit or implicit exchange for favours or benefits.
- b) It is not made with the suggestion that a return favour is expected.
- c) It is being carried out in compliance with the local law or local enactment.
- d) It is given in the name of the company, not in an individual's name.
- e) It does not include cash or a cash equivalent (*e.g.* a coupon, voucher or gift certificate).
- f) It is appropriate for the circumstances (*e.g.* giving small gifts around festive seasons like Chinese New Year, Keamatan Festival, Christmas or Hari Raya Aidilfitri or as a small thank you to a company for helping with a large project upon completion).
- g) It is of an appropriate type and value and given at an appropriate time, taking into accounts the reason behind for the gift to be given.
- h) It is given/received openly, not secretly.

- i) It is not selectively given to a key, influential person, clearly with the intention of directly influencing them.
- j) It is not above a certain excessive value, as pre-determined by the company's Board of Directors (usually in excess of **RM300**). (Thus, all gifts whether given to/received from third parties shall be disclosed and surrendered to HRD for their further action.)
- k) It is not offer to, or accepted from, a government official or representative or politician or political party, without the prior acknowledgement and approval of the Board of Directors.

5.2.1 (a) Where it is inappropriate to decline the offer of a gift (i.e. when meeting with an individual of a certain religion/culture who may take offence), the gift may be accepted so long as it is declared to the HRD, who will assess the circumstances.

5.2.1 (b) Teck Guan Group recognises that the practice of giving and receiving business gifts varies between countries, regions, cultures, and religions, so definitions of what is acceptable and not acceptable will inevitably differ for each.

5.2.1 (c) As good practice, gifts given and received should always be disclosed to the HRD. Gifts from suppliers or contractors or service providers and/or Business Clienteles should always be disclosed.

5.2.1 (d) The intention behind a gift being given/received should always be considered. If there is any uncertainty, the advice of the HRD should be sought.

5.2.1 (e) If you have any question about any of the above, please consult your Head of Departments and HRD.

5.2.2 Meals, Tickets, Travel and Entertainment include (including and not limited to): -

- Meals;
- Tickets to sports, music, or cultural events where Teck Guan Group employees and representatives of the Third Party providing the tickets attend the event together;
- Travel or lodging associated with attendance at a business conference, meeting or event; to pay for overnight accommodations for a prospective customer; A business partner requests reimbursement of travel expenses for himself and his family;
- Employees may accept meals or entertainment provided by third parties only if offered for legitimate business purposes and that complies with the following guidelines: -
 - (i) Is infrequent;
 - (ii) Is not solicited;
 - (iii) Is not given as a bribe, payoff or kickback;
 - (iv) Does not create the appearance (or an implied obligation) that the provider is entitled to preferential treatment;
 - (v) Occurs at a business-appropriate venue;
 - (vi) It is not made with the suggestion that a return favour is expected;
 - (vii) Is reasonable and appropriate in the context of the business occasion and the employee position at Teck Guan Group.

Accepting Meals & Unusual or Costly Entertainment from Third Parties

It is important to note that the purpose of this policy is to prevent conflicts of interest between Teck Guan Group with a third party or customer or supplier as well as to avoid situations that may be perceived by others as a potential conflict. With this in mind, not only it can protect Teck Guan Group's goodwill and reputation for conducting business with full integrity, but it also protects the employee's personal integrity. Though offering a nice meals or entertainment events can be tempting or attractive,

careful consideration should be given to each of the above factors. If you are unsure of the reasonableness or appropriateness of, or whether you can attend, a particular meal or entertainment event, you should consult with your superior and, if appropriate, the HRD.

5.3 Facilitation Payments and Kickbacks

Teck Guan Group does not accept and will not make any form of facilitation payments of any nature. We recognise that facilitation payments are a form of bribery that involves expediting or facilitating the performance of a public official for a routine governmental action. We recognise that they tend to be made by low level officials with the intention of securing or speeding up the performance of a certain duty or action.

5.3(i) Teck Guan Group does not allow kickbacks to be made or accepted. We recognise that kickbacks are typically made in exchange for a business favour or advantage.

5.3(ii) Teck Guan Group recognises that, despite our strict policy on facilitation payments and kickbacks, employees may face a situation where avoiding a facilitation payment or kickback may put their/their family's personal security at risk. Under these circumstances, the following steps must be taken:

- a. Keep any amount to the minimum. **(not exceeding RM100.00)**
- b. Ask for a receipt, detailing the amount and reason for the payment.
- c. Create a record concerning the payment.
- d. Report this incident to your superior or HRD.

5.4 Political Contributions

Teck Guan Group will not make donations, whether in cash, in kind, or by any other means, to support any political parties or candidates. We recognise this may be perceived as an attempt to gain an improper business advantage.

5.5 Charitable Contributions

Teck Guan Group accepts (and indeed encourages) the act of donating to charities – whether through services, knowledge, time, or direct financial contributions (cash or otherwise) – and agrees to disclose all charitable contributions it makes.

5.5(i) Employees must be careful to ensure that charitable contributions are not used to facilitate and conceal acts of bribery. Each Contribution must be supported by an official receipt as proof of donation.

5.5(ii) We will ensure that all charitable donations made are legal and ethical under local laws and practices, and that donations are not offered/made without the acknowledgment and prior approval of Board of Directors.

5.6 Financial Controls (Purchasing, Payables and Payments (PPP), Payroll, Sales, Receipts and Receivables & Petty Cash Account)

Internal controls in accounting: Oversight of financial transactions

As a business grows, it needs to implement internal controls in the accounting department to govern key financial transaction streams and risk areas. These internal controls will ensure that the amounts that are processed are correctly recorded and documented.

Internal controls in accounting: Purchasing, Payables and Payments (PPP)

This stream of transactions relates to all of the steps in the process of purchasing, including the authorization of purchases, the receipt of goods and services, and the recording of payables and payments. The following are key areas where having internal controls ensures oversight: -

- **Authorization for purchases:** It is important that the authorization for purchasing is clearly delineated, both in terms of what types of goods a person is responsible for purchasing, as well as the maximum Ringgit/RM value that they can authorize;
- **Receipt of incorrect Goods/Shipments:** This can occur if a different item (or quantity) is delivered than what was ordered. Goods that are received should be compared closely to what was ordered and invoiced;
- **Payment for goods not received:** This may occur through error on the part of the supplier, a loss in transit, or as the result of a fictitious invoice. A control needs to be in place that ensures invoices correspond with the receiving records before they are paid (i.e., that the goods have been received). When goods are yet to be received, there needs to be a process for ensuring that they do arrive;
- **Errors in the amount paid:** Payments should always be checked against the invoice before they are sent. For example, if a bookkeeper prepares several cheques, the person who signs them should review the related invoices (or supplier statement). Ideally, there would be a system of noting on the invoice that the goods were received for the amount invoiced;

Internal controls in accounting: Payroll

The payroll stream relates to all of the actions involving payroll processing and will naturally overlap with some of your HRD functions. The following are key activities where having internal controls ensures oversight: -

- **Preparing and reviewing timesheets:** This is a key internal control for supporting all employees' time. It is especially important for hourly employees and for supporting the amount of a salary that is allocated to a project, if any;
- **Correctly calculating employee's wages:** This includes making sure that the wages that are paid to an employee agree with the amount that was authorized for that employee. It also extends to ensuring that the payroll deductions are properly calculated. While this process can be made easier by using a payroll provider, it is important that the payments be properly reviewed;
- **Monitoring changes in payroll:** It can be easy to base the next payroll on the last, but when there are changes, it is essential that they be properly communicated to the person in charge of payroll;
- **Monitoring for non-employees:** Employees who leave the company and are not removed from the payroll system, or fictitious people who are added to the payroll system, are a large risk to the payroll stream. It is important that the pay register is reviewed regularly by someone other than the employee normally in charge of processing payroll, and that person has knowledge of the current employee list.

Internal controls in accounting: Sales, Receipts and Receivables

Similar to PPP, this stream deals with all of the transactions related to the sale of goods and services. The following are key areas where having internal controls ensures oversight: -

- **Incorrect/unauthorized sales prices, discounts and credits:** Where prices and discounts are flexible, there should be a range of discounts that are allowed to be offered, with and without top management approval. Any discounts given and any credit memos later applied should be compared to the allowable range;
- **Sales being incorrectly recorded or not recorded:** In the case where employees manually enter sales, have a process to ensure that the sales are being recorded and that they are being recorded accurately. If invoices are not being generated from a computer system, using pre-numbered invoices (and ensuring that all invoice numbers are accounted for) is a good start;
- **Payments not received:** There is a risk that payments will not be received. Therefore, a system is needed to ensure that receivables are being collected and credited to the correct customer's account receivable

Internal controls in accounting: Petty Cash Accounts

Petty Cash is easily misappropriated if business processes and internal controls are not established and enforced. The following controls and concepts will help you ensure that your petty cash accounts are appropriately used and safeguarded: -

- Do not allow the use of petty cash for operating purposes including the payment of invoices or miscellaneous amounts, to pay salaries or wages, or to make advances or loans to staff.
- Allow only the established custodian to access the funds. If that individual is not available for an extended period, to put in place a temporary replacement petty cash custodian.
- Require receipts/documentation for all petty cash reimbursements.
- Require that petty cash vouchers be approved by the requesting employee's supervisor or another appropriate individual familiar with activity that resulted in the original expenditure.
- Safeguard petty cash fund through the use of lockable cash boxes and secure the boxes in a locked cabinets drawer or safe when not in use by the custodian.
- During the supervisory review and approval of the replenishment request, ensure that receipts are included and appear appropriate.
- Perform periodic surprise cash counts by an administrative business officer or designee (other than the custodian). The Petty Cash Count form can be used to facilitate and document the surprise counts.

5.7 Non-Financial Controls such as a separation or segregation of duties and approving powers or a pre-tendering process;

5.7.1 Segregation of Duties

Segregation of duties is a key internal control intended to minimize the occurrence of errors or fraud by ensuring that no employee has the ability to both perpetrate and conceal errors or fraud or conducting misused of powers in the normal course of their duties. Generally, the primary incompatible duties that need to be segregated are: -

- Authorization or approval;
- Custody of assets;
- Recording transactions;
- Reconciliation/Control Activity;

Some examples of incompatible duties are: -

- Authorizing a transaction, receiving and maintaining custody of the asset that resulted from the transaction;
- Receiving funds (cheque or cash) and approving write-off of receivables;

- Reconciling bank statements/accounts and booking entries to general ledger;
- Depositing cash and reconciling bank statements;

If internal control is to be effective, there needs to be an adequate division of responsibilities among those who perform accounting procedures or control activities and those who handle assets. Ideally, separate employees will perform each of the four major duties. In general, the flow of transaction processing and related activities should be designed so that the work of one individual is either independent of, or serves to check on, the work of another. Such arrangements reduce the risk of undetected error and limit opportunities to misappropriate assets or conceal intentional misstatements in the financial statements.

When duties cannot be sufficiently segregated due to the small size of a unit, it is important that mitigating controls, such as a detailed supervisory review of the activities, be put in place to reduce risks.

5.7.2 Pre-Tendering Process

The advantages of tendering include: -

- Transparency;
- An established, accepted and generally understood process;
- An audit trail;
- Compliance with the organisation's policy;
- Fairness to all parties;
- The encouragement of competition;
- The production of a written quotation, along with relevant supporting information, against a prescribed need.

(i) Pre-Qualification

Teck Guan Group advocates the use of pre-qualification before inviting tenders where possible. This is so that suppliers which are unsuitable for the requirement in question can be eliminated from the tendering process and the tendering process can then be focused on the offer itself. Pre-qualification would include an evaluation of, for example, suppliers: -

- Financial standing;
- Quality procedures;
- Capacity and competence;
- Track record.

It is recommended that prequalified suppliers are evaluated in this way periodically.

Suppliers/Contractor who have successfully passed the pre-qualification stage are sometimes referred to as “Approved Suppliers” or “Approved Contractors”. This is different to the term ‘preferred suppliers’, that is to say those suppliers that have successfully won a tendering exercise and have been awarded a contract or a framework agreement for the supply of a specific range of goods or services for a given period.

(ii) Tender Boards/Evaluation Panels

Tenders often arrive early and these should be stored in a safe place, unopened. When the response deadline is reached a group of at least three people, including at least one from Purchasing Department, one from Teck Guan Development Department or one from Agriculture Department or one from Internal Audit Personnel (whichever is suitable in accordance with the situation and the need), should meet to open the tenders and record their receipt.

This group is often referred to as a ‘Tender Panel’. A special form can easily be produced to list those tenders received by the deadline and this should be signed by all on the panel.

Members of the panel should each sign the first page of each tender which should also be stamped with the date. It is good practice to stamp and sign every page in a tender containing price or financial information.

The tender panel, or a separate evaluation panel, then has the task of determining the winning supplier(s)/contractor(s)/services provider(s). During the time between tenders being opened and a final decision being made, all those involved must take care not to breach confidentiality. Teck Guan Group believes that it is not good practice to advise any tenderer of the details of another tenderer's offer without prior agreement with all suppliers.

5.8 Risk Management and Assessment

5.8.1 A corruption risk assessment should form the basis of an organisation's anti-corruption efforts. As such, Teck Guan Group shall conduct corruption risk assessments once every three years and when there is a change in law or circumstance of the business to identify, analyse, assess and prioritise the internal and external corruption risks of the organisation. This risk assessment should be used to establish appropriate processes, systems and controls approved by Board of Directors to mitigate the specific corruption risks the business is exposed to.

5.8.2 For this purpose, it is recommended that a comprehensive risk assessment is done annually, with intermittent assessments conducted as and when necessary. The assessment may include the following: -

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

5.8.3 The risk assessment for corruption can be done on a stand-alone basis, but is recommended that the assessment be incorporated into the general risk register of Teck Guan Group.

5.9 Conflict of Interest

Conflict of interest is defined as a situation in which a person is in a position to derive personal benefit from actions or decisions made in their official capacity and/or a situation in which an individual has competing interests or loyalties because of their duties to more than one person or organization. A person with a conflict of interest can't do justice to the actual or potentially conflicting interests of both parties.

A conflict of interest can exist in many different situations, involving personal loyalty and loyalty to a private employer, a government employer, or a professional relationship. The easiest way to explain the concept of conflict of interest is by using some examples:

- An employee or public official whose personal interest conflict with their expected loyalty to the organization.
- A person who has a position of authority in one business that conflicts with his or her interests in another business or organization.

Conflict of Interest Examples

Several common activities that can create a conflict of interest are nepotism, self-dealing, and excess compensation.

Nepotism is the practice of giving favors to relatives and close friends, in matters of hiring, promotion, transfer, or awarding contract or business. The term comes from the word for "nephew," it was common practice in ancient times. Nepotism is considered a conflict of interest because the relative may not be the best person for the job.

Self-dealing is an action taken by a corporate fiduciary (someone who has a fiduciary duty) for that person's personal gain, rather than for the benefit of the company. Examples including using corporation funds as a personal loan, or buying company stock based on insider information (also an insider trading violation) & etc.

Other Actions that can be deemed as Conflicts of Interest

Here are some other examples of conflict of interest which is not meant to be exhaustive in nature: -

- (i) Asking for and **taking bribes** (giving something with the intent to influence);
- (ii) Asking for or **accepting gifts** because of an official position in a private company or any organization;
- (iii) Misuse of an official position to **get something which one is not entitled to** or would not be properly available to other individuals in your situation, like doing personal business on company time & etc;
- (iv) **Asking someone else to do something** that's not available to others in your position, like asking an assistant to run personal errands during official working hours;
- (v) **Presenting a false claim** to an employer for a payment or benefit, like filing a false timesheet for time not worked;
- (vi) Improperly disclosing or personally using **confidential information** gained through the job;
- (vii) Taking a **second job that conflicts** with duties with the primary job. Just taking a second job isn't necessarily a conflict of interest. But if an employee in the accounting department had a second job with an accounting firm that did work for the employer, that could be a conflict.

6. Employee Responsibilities

6.1 As an employee of Teck Guan Group, you must ensure that you read, understand, and comply with the information contained within this policy, and with any training or other anti-bribery and corruption information you are given.

6.2 All employees and those under our control are equally responsible for the prevention, detection, and reporting of bribery and other forms of corruption. They are required to avoid any activities that could lead to, or imply, a breach of this anti-bribery and corruption policy.

6.3 If you have reason to believe or suspect that an instance of bribery or corruption has occurred or will occur in the future that breaches this policy, you must notify the HRD.

6.4 If any employee breaches this policy, they will face disciplinary action and could face dismissal for gross misconduct. Teck Guan Group has the right to immediately terminate a contractual relationship with an employee if they breach this anti-bribery and corruption policy upon its implementation date stated in this Policy.

7. What happens if I need to raise a concern?

7.1 This section of the Policy covers 3 areas:

- a. How to raise a concern.
- b. What to do if you are a victim of bribery or corruption.
- c. Protection.

7.2 How to raise a concern

If you suspect that there is an instance of bribery or corrupt activities occurring in relation to Teck Guan Group, you are encouraged to raise your concerns at as early a stage as possible. If you're uncertain about whether a certain action or behaviour can be considered bribery or corruption, you should speak to your superior, the director, or the Human Resource Department Manager or email to hr.inquiry@teckguan.com.

Teck Guan Group will familiarise all employees with its whistleblowing procedures so employees can vocalise their concerns swiftly and confidentially.

7.3 What to do if you are a victim of bribery or corruption

You must tell your superior or HRD as soon as possible if you are offered a bribe by anyone, if you are asked to make one, if you suspect that you may be bribed or asked to make a bribe in the near future, or if you have reason to believe that you are a victim of another corrupt activity.

7.4 Protection

If you refuse to accept or offer a bribe or you report a concern relating to potential act(s) of bribery or corruption, Teck Guan Group understands that you may feel worried about potential repercussions. Teck Guan Group will support anyone who raises concerns in good faith under this policy, even if investigation finds that they were mistaken.

7.4.1 Teck Guan Group will ensure that no one suffers any detrimental treatment as a result of refusing to accept or offer a bribe or other corrupt activities or because they reported a concern relating to potential act(s) of bribery or corruption.

7.4.2 Detrimental treatment refers to dismissal, disciplinary action, treats, or unfavourable treatment in relation to the concern the individual raised.

7.4.3 If you have reason to believe you've been subjected to unjust treatment as a result of a concern or refusal to accept a bribe, you should inform your superior or the Human Resources Department immediately.

8. Training and communication

8.1 Teck Guan Group will provide training on this policy as part of the induction process for all new and existing employees. Employees will also receive regular, relevant training on how to adhere to this Policy, and will be obliged to strictly complying with this policy.

8.2 Teck Guan Group anti-bribery and corruption policy and zero-tolerance attitude will be reasonably and/or clearly communicated to all suppliers, contractors, service providers, business partners, and any third-parties at the outset of business relations, and as appropriate thereafter.

8.3 Teck Guan Group will provide relevant anti-bribery and corruption policy training to employees etc. where we feel their knowledge of how to comply with the Bribery Act needs to be enhanced. As good practice, all businesses should provide their employees with anti-bribery training where there is a potential risk of facing bribery or corruption during work activities.

9. Record keeping

9.1 Teck Guan Group will keep detailed and accurate financial records, and will have appropriate internal controls in place to act as evidence for all payments made. We will declare and keep a written record of the amount and reason for hospitality or gifts accepted and given, and understand that gifts and acts of hospitality are subject to managerial review.

10. Monitoring and reviewing

10.1 Teck Guan Group Board of Directors is responsible for monitoring the effectiveness of this policy and will review the implementation of it on a regular basis by its internal audit department. They will assess its suitability, adequacy, and effectiveness.

10.2 Internal control systems and procedures designed to prevent bribery and corruption are subject to regular assessment and audits to ensure that they are effective in practice.

10.3 Any need for improvements will be applied as soon as possible. Employees are encouraged to offer their feedback on this policy if they have any suggestions for how it may be improved. Feedback of this nature should be addressed to the Board of Directors.

10.4 This Policy does not form part of an employee's contract of employment and Teck Guan Group may amend it at any time so to improve its effectiveness at combatting bribery and corruption.

11. Organization Governance Framework

In order to address any corruption risks arising from weaknesses in the organisation's governance framework, processes and procedures. Teck Guan Group shall implement the following control and measures items:

(a) Due diligence

The commercial organisation should establish key considerations or criteria for conducting due diligence on any relevant parties or personnel (such as Board members, employees, agents, vendors, contractors, suppliers, consultants and senior public officials) prior to entering into any formalised relationships.

(b) Reporting channel

The commercial organisation is committed to adopt the following reporting channel policy: -

- (i) establish an accessible and confidential trusted reporting channel (whistleblowing channel), which may be used anonymously, for internal and external parties to raise concerns in relation to real or suspected corruption incidents or inadequacies of the anti-corruption programme;
- (ii) encourage persons to report, in good faith, any suspected, attempted or actual corruption incidents;
- (iii) establish a secure information management system to ensure the confidentiality of the whistleblower's identity and the information reported; and

- (iv) prohibit retaliation against those making reports in good faith.
- (v) reward the whistle-blower on cases in successfully preventing the intended malpractice, recouped losses incurred by the company, prosecution of the wrongdoer, strengthened the internal control system because of whistleblowing act, etc.

12. Top Level Commitment

12.1 The top-level management in particularly its Board of Directors is primarily responsible to ensure that Teck Guan Group and its employee adopt and practice the following criterion: -

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

12.1.2 The top-level management in particularly its Board of Directors undertakes to provide assurance to its internal and external stakeholders that the Teck Guan Group's whole organisation is operating in compliance with its policies and any applicable regulatory requirements. This may include establishing the organisation's "tone from the top" (i.e. the organisation's "general stance against the use of corrupt practices in relation to its business activities), and spearheading the organisation's efforts to improve upon the effectiveness of its corruption risks management framework, internal control system, review and monitoring, and training and communication.

12.1.3 Thus, for this purpose, Teck Guan Group shall carry out the following: -

- (i) establish, maintain, and periodically review an anti-corruption compliance programme which includes clear policies and objectives that adequately address corruption risks;
- (ii) promote a culture of integrity within the organisation;
- (iii) issue instructions on communicating the organisations' policies and commitments on anti-corruption to both internal and external parties;
- (iv) encourage the use of any reporting (whistleblowing) channel in relation to any suspected and/or real corruption incidents or inadequacies in the anti-corruption compliance programme;
- (v) assign and adequately resource a competent person or function (which may be external to the organisation) to be responsible for all anti-corruption compliance matters, including provision of advice and guidance to personnel and business associates in relation to the corruption programme;
- (vi) ensure that the lines of authority for personnel tasked with responsibility for overseeing the anti-corruption compliance programme are appropriate; and
- (vii) ensure that the results of any audit, reviews of risk assessment, control measures and performance are reported to all top-level management, including the full Board of Directors, and is acted upon.

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