

# **COASTAL CONTRACTS BHD**

## **ANTI-BRIBERY AND CORRUPTION POLICY**

## ANTI-BRIBERY AND CORRUPTION POLICY

### 1. Policy Statement

Coastal Contracts Bhd (“**Coastal**”) and its subsidiaries (collectively referred to as “**Coastal Group**”) adopts a zero-tolerance policy against all forms of corruption and bribery. We are committed to the highest standards of ethical conduct in all business activities where we act professionally, fairly and with integrity. Coastal Group conducts its business activities in a legal and transparent manner to comply with the relevant laws and regulations against corruption and bribery, which include the Malaysian Anti-Corruption Commission Act 2009 and the Malaysian Anti-Corruption Commission (Amendment) Act 2018 (“**MACC Act 2018**”) and any of its amendments or re-enactments that may be made by the relevant authorities from time to time.

Under Section 17A(3) of MACC Act 2018, if the commercial organization is found liable under the corporate liability provisions, a person who is a director, controller, officer or partner of the organization or a person who is concerned with the organization’s management affairs at the time of commission of an offence, is deemed to have committed that offence unless such persons can prove that the corrupt act was committed without his consent or connivance and that he exercised due diligence to prevent that commission of the offence as he ought to have exercised, having regard to the nature of this function in that capacity and to the circumstances.

Therefore, there is a need for company to put in place adequate procedures so that it can have a defence in case there is proven corruption by the associated person.

This policy is not intended to be exhaustive to all questions regarding bribery and corruption and shall be read together with Coastal Group’s other internal policies/procedures/guidelines/manuals including but not limited to Coastal Group’s Code of Conduct, Employee Handbook and Whistleblowing Policy.

### 2. Purpose of Policy

The purpose of this policy is to (a) set out Coastal Group’s responsibilities and the responsibilities of all its employees, officers and directors to observe and uphold Coastal Group’s position of zero-tolerance to bribery and corruption; (b) provide information and guidance to those working for Coastal Group on how to recognise and deal with bribery and corruption issues and (c) to ensure that Coastal Group has adequate procedures in place to prevent and detect bribery and corruption.

Please be informed that Coastal Group and/or an individual, if found to be in violation of this Policy, will be committing an offence under law and shall on conviction, be liable to:-

- (a) A fine not less than 10 times the sum or value of gratification or RM1million, whichever is higher; OR
- (b) Coastal Group’s director or officers concerned, may be imprisoned for a term not exceeding 20 years, or BOTH.

### 3. Scope and applicability

The scope of this Policy applies to Coastal Group and all directors, officers and employees (whether permanent, contract or temporary).

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Coastal Group also expects that Business Associates and third parties that have dealings with Coastal Group such as agents, distributors, representatives, contractor, sub-contractors, suppliers, vendors, consultants, customers and others who perform work or services for and on behalf of Coastal Group will comply with the relevant parts of this Policy when performing such work or services.

This Policy is accessible from Coastal Group's corporate website at:

<http://www.coastalcontracts.com/>

### 4. **Responsibilities**

All directors, officers and employees:

- (a) must read, understand, comply with this Policy and, if required by Human Resource & Administration Department ("HRD"), provide a signed acknowledgement of his/her acceptance and compliance thereof.
- (b) are responsible to prevent, detect and avoid any activities that might lead to breach of laws and policies as described herein or as may be prescribed from time to time.
- (c) should report promptly through appropriate channels if they believe or suspect that a breach of this Policy has occurred, or may occur in the future, or if they consider that they have been offered any inducement or reward with a view of obtaining a business or personal advantage with the Coastal Group by a third party or a third party indicates that a gift or payment is required to secure its business.

Any director, officer or employee who breaches this Policy will face disciplinary action, which could result in dismissal for gross misconduct. Coastal Group reserves the right to terminate the contractual relationship with Business Associates and other third parties if they breach this Policy.

When in doubt, Ask - any queries or uncertainties whether a particular act constitutes bribery or corruption or with regards to this Policy may be raised with, depending on the subject concerned, the HRD, Legal Department or his/her Head of Department ("HOD") by email or any other mode of communication as appropriate. If a Director requires further clarification on this Policy, the Director may refer or highlight any concerns to the Executive Chairman.

### 5. **Glossary**

"Bribery" is the most common form of corruption and is broadly an act of offering, promising, giving, accepting or soliciting of an advantage (monetary or non-monetary or in-kind) directly or indirectly as an inducement or reward for an action which is illegal, unethical or a breach of trust in order to gain any commercial, contractual, or personal gain or advantage.

It is important to note that it will be irrelevant whether the bribe was accepted or not, was given or not, merely by offering the bribe would be sufficient for an offence to be committed.

"Business Associates" means external party with whom Coastal Group has, or plans to establish some form of business relationship and includes contractors, suppliers, financiers, agents, consultants, investors and joint venture partners.

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“Conflict of Interests” arises in a situation in which a person derives personal benefit from performing duties or exercising judgment in his or her professional obligation.

“Corruption” is an abuse of position, authority or power for personal gain or misuse of position to help others to improperly enrich themselves. Parties involved in the corrupt act benefit, either in terms of money or undue advantage.

“Corruption and Bribery” means any action which would be considered as an offence of giving or receiving ‘gratification’ under the Malaysian Anti-Corruption Commission Act 2009.

Gratification as defined in MACC Act as:-

a) Money, donation, gift, loan, fee, reward, valuable security, property or interest in property, whether movable or immovable, financial benefits or any other similar advantage;

b) Any office, dignity, employment, contract of employment/services and agreement to give employment/render services in any capacity;

c) Any payment, release, discharge/liquidation of loan, obligation or other liability whether in whole or in part;

d) Any valuable consideration of any kind, discount, commission, rebate, bonus, deduction or percentage;

e) Any forbearance to demand any money or money’s worth or valuable thing;

f) Any other service or favour of any description, including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary; civil or criminal, whether or not already instituted, and including the exercise or the forbearance from exercise of any right or any official power or duty; and

g) Any offer, undertaking or promise, whether conditional or unconditional, of any gratification within the meaning of (a) to (f).

“Entertainment / Hospitality” Hospitality comes in many forms consisting of travel or transportation, accommodation, meals, entertainment and recreation.

“Directors” includes executive and non-executive

“Employee” means any person who is in the employment of Coastal Group including but not limited to executives, non-executives, secretaries, secondees and individuals on direct hire

“HRD Representative” Designated Officer(s) appointed by Management

“Management” includes Executive Directors and members of the Senior Management who are involved in making strategic decisions

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“Members”	Directors, Employees, officers, contractors, agents and professional representatives
“Policy”	means this ANTI-BRIBERY AND CORRUPTION POLICY
“Public Official”	means “officer of a public body” as defined in the Malaysian Anti-Corruption Commission Act 2009

### 6. Guide on common forms of Bribery and Corruption

#### 6.1 Gifts

All Members are prohibited from, directly or indirectly, accepting or providing gifts to third parties with the intention of influencing the third parties in order to obtain or retain business for personal benefits.

All Members are committed to abide by this Policy from avoiding appearance of conflict in business dealing between Coastal Group and third parties as a gift can be treated as a bribe that may tarnish Coastal Group’s reputation or violate anti-corruption and bribery laws.

Generally, gifts that are reasonable, proportionate, do not influence business decisions, given openly in the name of the company, not in an individual’s personal name and are not otherwise prohibited may be offered or accepted. Examples of acceptable gifts are permitted in the following situations:

- (a) Token gifts of nominal value that carries the Coastal logo (eg. T-shirts, pens, diaries, calendars) that are given out equally to members of the public, customers, shareholders and is deemed as part of Coastal Group’s brand building and promotional activities; or
- (b) Door gifts offered to all guests including external institutions or individuals in relation to the company's official functions, events and celebrations; or
- (c) Gifts from Coastal Group to external bodies in relation to company’s official functions for e.g 1) for the promotion, demonstration or explanation of products and services; 2) execution or performance of the business relationship; or 3) building a business relationship; or
- (d) Gifts given in gratitude for hosting business events, conferences and seminars; or
- (e) Gifts given to all Employees in relation to recognition of their service to the company in an internal or external recognized company function, event and celebration; or
- (f) Monetary gifts and gifts in-kind given to external parties who have no business dealings with Coastal Group including charitable organizations; or
- (g) Exchange of gifts at the company-to-company level as part of an official company visit; or
- (h) Commemorative gifts received from third parties for advertising, marketing, promotional and commemorative purposes with bearing third parties’ name or logo.

There are certain types of gifts which are NOT permitted as follows:

- (a) Any gifts involving parties engaged in a tender or competitive bidding exercise;
- (b) Any gifts given to be viewed as a bribe to obtain or retain businesses;
- (c) Cash or cash equivalents (cash vouchers);
- (d) Personal services;
- (e) Events/meals where the business partner is absent;

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- (f) Gifts that is or can be linked to important business decisions during sensitive decision periods;
- (g) Per diem payments offered as an alternative to gifts, meals, lodging, entertainment or travel-related expenses;
- (h) Any gifts that come with a direct or indirect suggestion, understanding or implication that in exchange for any expected return or desirable outcome is required;
- (i) Any gifts to a spouse, a family member or a partner of a third party;
- (j) When involving a Public Official, any gifts prohibited by the anti-bribery laws including non-business travel and hospitality;
- (k) Any gifts that would be illegal or in breach of corruption and bribery laws; and
- (l) Any gifts in which is lavish or excessive may adversely affect the reputation of Coastal Group.

### What are the Members' responsibilities?

All Members should conscientiously maintain the highest degree of integrity with exercising proper care and judgment in handling gift activities. Directors, Officers and Employees are expected to inform of any gift received from Business Associates or any third parties as soon as practicable and in no event more than three (3) working days after receipt, to the HRD Representative who will then let the Management decide whether to approve the acceptance of the gift or to be returned. The Management will determine appropriateness of the gifts accepted and offered in term of reasonable in value, infrequent in nature, transparent and open, not given to influence or obtain respectful and customary. Should the Management approve the acceptance of the gift, he or she must determine the arrangement of the gift whether to:

- (a) share with other Employees in the department or company; or
- (b) allow it to be retained by the Employee; or
- (c) hold the gift for departmental or company display.

Coastal Group will maintain a gift register for all the gifts that have been received and given by Coastal Group. This gift register will be maintained by the HRD Representative. All Employees are required to register all gifts that they receive or provide.

### **6.2 Entertainment/Hospitality**

The Policy does not prohibit the provision and offer of entertainment which is common practice and associated with the ordinary course of business, as long as it is legitimate, bona fide and modest with a view of building and fostering good business relationships with Business Associates.

Employees who are authorised and are acting on behalf of Coastal Group are allowed to entertain Business Associates with reasonable acts of hospitality as part of business etiquette and business networking in the business environment. As such, such Employees should always exercise proper care to Business Associates in order to avoid contravention of anti-corruption and bribery laws.

In order to safeguard Coastal Group's reputation, such Employees are strictly prohibited from providing or offering improper entertainment causing undue influence on Business Associates in return for expected benefits. At all times, such Employees are required to maintain entertainment expenses within the limits of their entitlement when carrying out entertainment activities on behalf of Coastal Group.

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The following types of entertainment or hospitality are permitted:

- (a) Refreshments or meals during work-related seminars, trainings, conferences, meetings and business events; or
- (b) Meals for business purposes; or
- (c) Meals for industry, sporting and other cultural events where there is a legitimate and justifiable business purpose.

### **6.3 Conflict of Interests**

Conflicts of interest arise in situations where personal interests appear to interfere with the best interests of the company or appear to make it difficult for us to do our jobs objectively and effectively. Undisclosed or unrecognized conflicts of interest can do financial and reputational harm to our company. By recognizing, avoiding and disclosing potential conflicts, we protect our reputation and our ability to do business effectively. Members should avoid real or perceived conflicts of interest at all times, that is, to:

- (a) put the company's interest ahead of any personal interest or gain in business transactions;
- (b) take responsibility for identifying and avoiding situations that could appear to compromise one's judgment, such as:
  - (i) Personal financial interests in third parties. Members should not participate in business transactions with a third party (such as a vendor, supplier or other business partner) that is owned by or employs a person with whom he/she has a close personal relationship unless this has been pre-cleared in writing by the appropriate manager or General Counsel. For example, it may be a conflict of interest if you or someone with whom you have a close personal relationship owns more than 1% of a supplier, a consultant, another business partner or a competitor.
  - (ii) Competition with the company. A Member should not take for oneself any opportunity that was created or discovered through one's position at the company and should not take on outside employment if it could compromise one's ability to perform one's job duties at Coastal Group to the best of one's ability. Members should obtain prior written approval from the Management before taking on the role of director or officer for another company (other than private family companies that have no relation to Coastal Group or our businesses).
  - (iii) Use of company resources for personal gain. Conflicts of interest arise when a Member or a member of his or her family, receives improper personal benefits (including personal loans, services or payment for services that the person is performing in the course of Company business) as a result of his or her position in the Company or gains personal enrichment through access to confidential information and use of corporate property.
  - (iv) Gifts and benefits given to or received from third parties. See Clause 6.1.
  - (v) Close personal relationships with co-workers. All Members are required to disclose close personal relationships with a co-worker or potential hire and avoid direct supervision unless otherwise approved by Management.
- (c) Disclose any potential conflict in writing to the appropriate manager or to the HOD, who will work to resolve the conflict, or pre-clear the conflict in writing.

#### **6.4 Dealing with Public Official**

Coastal Group requires Members to maintain a high degree of caution and exercise their professional care and judgment when dealing with a Public Official. All Members must comply with the anti-corruption and bribery laws. Members may not provide or offer gifts, entertainment or hospitality of any value to a Public Official unless it is pre-approved by Management or is permitted under applicable internal anti-bribery and gifts policies. Under no circumstances should the permitted gift be transferred to or received on behalf by Public Official's family members or friends, unless sanctioned by the relevant public body. All such permitted gifts offered or provided must be properly disclosed and recorded.

#### **6.5 Dealing with Business Associates**

All dealings with Business Associates must be carried out in compliance with all relevant laws and be consistent with this Policy. Likewise, Coastal Group expects that all Business Associates to adhere to the Policy and must subscribe to Coastal Group's stance on zero tolerance on bribery and corruption.

To ensure that Coastal Group deals with Business Associates that subscribe to Coastal Group's values and ethical conduct before entering into any arrangements with them, Coastal Group must do the following:

- (a) Conduct due diligence to assess the integrity and understand the business and background of the Business Associates. The requirement of scope and extent of the due diligence will vary based on the circumstances of each proposed transaction. Coastal Group does not enter into any business dealing with Business Associates who are suspected of engaging in corruption and bribery or improper business practices unless "red flags" are investigated and resolved;
- (b) Conduct periodic review of Business Associates' business practices and performance to ensure ongoing compliance;
- (c) Incorporate the provisions relating to business conduct, conflict of interest and combating corruption and unethical practices documented in all commercial contracts.

Examples of "**red flags**" include the following:--

- The transaction is with a company that is a country known for high incidence of corrupt payments;
- The Business Associate has "special" ties with government or public officials.
- Reference check revealed a flawed background or reputation for getting things done regardless of the circumstances or suggesting that for a certain amount of money, the third party can fix the problem
- Business Associates refuses to divulge adequate information during due diligence process and requests an unexpected additional fee or commission to "facilitate" a service
- Unexplained preferences for certain contractors/ refuses to put terms agreed in writing
- Demanding lavish gifts or hospitality before commencing or continuing contractual negotiations or provision of services
- Objection to anti-bribery warranties in the agreements/contract
- Convoluted payment arrangements such as payment in cash, payment to third party or request for upfront payment for expenses or other fees

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- The Business Associate requests for his/her identity not to be disclosed
- Lack of an office or established place of work

### **6.6 Political Contributions**

Coastal Group does not make or offer monetary or in-kind political contributions to political parties, officials of political parties, candidates for political office or political campaigns. All Directors, Officers and Employees of Coastal Group are prohibited from:

- (a) using their position with Coastal Group to influence any other person employed under Coastal Group to make political contributions to support politicians; or
- (b) incurring expenditure and using Coastal Group's facilities equipment and resources to support any political campaigns and parties.

### **6.7 Facilitation Payments and Kickbacks**

Facilitation payments are typically small, unofficial payments made to secure or expedite the performance by a person performing a routine or necessary activity (such as for the issuance of permits, licenses, processing of visas and work permits, etc). Facilitation payments need not involve cash or other asset, can be any sort of benefit influence the beneficiary in his or her duties.

Kickbacks are forms of payments or discounts intended as compensation, often as a result of coercion or an illicit agreement, in exchange for the award of business. These kick-backs are fulfilled after a company has awarded a contract. The supplier provides the bribe by kicking part of the contract fee back to the buyer, either directly or through intermediary

Coastal Group prohibits all Directors, Officers and Employees from offering, promising, giving, requesting, accepting or receiving anything which may be regarded as facilitation payments and/or kickbacks. If any Director, Officer or Employee does receive a request or offer facilitation payment, the said Director, Officer or Employee must immediately report directly to the relevant HOD.

### **6.8 Corporate Social Responsibility, Sponsorship and Charitable Donations**

Corporate social responsibility, sponsorship and charitable donations are legitimate activities by way of contributions in-kind, services, knowledge, time or direct financial contributions. However, all Directors, Officers and Employees of Coastal Group must be careful to ensure that charitable contributions are not disguised as a scheme to conceal bribery. These corporate social responsibility, sponsorship and donation activities must be carried out with high standards of transparency, accountability and integrity in accordance with good corporate governance.

As part of Coastal Group's commitment to corporate social responsibility, Coastal Group provides charitable contribution in appropriate circumstances and in an appropriate manner. Coastal Group ensures the proposed recipient is a legitimate organization by conducting appropriate due diligence in order to ensure that the funds or donations reach their intended recipient. To ensure that Coastal Group's reputation is not tarnished, all potential risks must be resolved before committing any

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charitable funds to corporate social responsibility programmes. The examples of potential risks to look out for are as follows:

- (a) The proposed recipient has affiliations with a public official or their relatives are involved;
- (b) The contribution is made on behalf of a public official;
- (c) The possibility of perceived improper advantage risk for Coastal Group.

Coastal Group must ensure that any contribution, sponsorship and donation comply with the following:

- (a) To ensure contributions are made to legitimate organisations and are not made to improperly influence a business outcome;
- (b) To obtain prior approval of the management of Coastal Group;
- (c) Made to well established organization having an adequate organizational structure to guarantee proper administration of the funds or donations;
- (d) To ensure contributions are given openly in the name of a company, not in someone's personal name.

### **7. Record Keeping**

Coastal Group has appropriate internal controls in place to foster a culture of integrity and maintain high ethical standards within the company. Coastal Group shall keep proper and accurate financial records such as accounts, invoices and documents to evidence the validity for any payments made to Business Associates.

All transactions relating to payments and expenses, gift and entertainment/ hospitality, must be approved in accordance with approved limits of authority.

Coastal Group upholds a transparent business conduct by retaining complete books and records that accurately document all financial transactions for the purpose of risk assessments and due diligence, and such records are available for inspection from time to time.

### **8. Reporting of Violation of Policy**

Members who knows of, or suspects any contravention of this Policy are required to promptly raise concerns and to report any violations or suspected violations via the procedure and process as provided under Coastal Group's Whistleblowing Policy available on Coastal Group's website.

Any queries or uncertainties whether a particular act constitutes bribery or corruption may be raised with the relevant HOD or HRD.

All reports will be treated confidentially. Any Director, Officers or Employee who raises concerns or makes a report of unethical behaviour or violations or suspected violations of this Policy in good faith shall be protected from discrimination or retaliation. Please refer to Coastal Group Whistleblowing Policy for further information.

**9. Training and communication**

All Directors, Officers and Employees are required to receive and attend anti-bribery and corruption compliance training to educate them about the requirements and obligations of anti-corruption laws and this Policy and any subsequent periodic updates, reviews and training on how to implement and adhere to this Policy, which will commensurate with their respective positions and duties within Coastal Group, and as directed by HRD.

Training on this Policy forms part of the induction process for all new employees. Coastal Group's zero-tolerance approach to bribery and corruption must be communicated to all Business Associates at the outset of any business relationship with them and as appropriate thereafter.

**10. Monitoring and Review**

The Board of Directors shall identify, assess and monitor all corruption and bribery risks and perform corruption and bribery risk assessment on an ongoing basis. The Board will monitor compliance with the Policy and carry out regular and periodical review of the Policy and its implementation. They will assess its suitability, adequacy and effectiveness to ensure that the Policy continues to remain relevant and appropriate. Internal control systems and procedures will be subject to regular audits to provide assurance that they are effective in countering bribery and corruption. All personnel will be notified of any material revisions to this Policy.