



Desa Group of Companies

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

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1.0 INTRODUCTION

Desa Group is committed to conducting its business dealings with highest integrity and strict adherence to relevant laws relating to anti-corruption including but not limited to the Malaysian Anti-Corruption Commission Act 2018 and the Anti money Laundering and Anti-Terrorism Financing Act 2001, which are directly relevant to the Group.

This Anti-Bribery and Anti-Corruption Policy (the Policy) provides guidance to Desa Group Board of Directors, Management, Employees and Business Partners on how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.

This policy is intended to serve as preventive tool to guide the Group's Directors, Employees and Business Partners to recognize, detect and avoid potential corrupt practices.

2.0 SCOPE

This policy is generally applicable to:

- 1) The Board of Directors
- 2) All Employees whether permanent, contract or temporary, trainees and interns
- 3) The Group's Business Partners, Joint Venture Partners, agencies in the private and government sectors
- 4) Contractors, sub-contractors, consultants, agents, representatives and others performing work or services for or on behalf of the Group

3.0 WHAT IS BRIBERY AND CORRUPTION?

Bribery refers to the act of offering, promising, giving, accepting or soliciting, receiving or agreeing to receive any gratification as an inducement to illicitly influence the decisions or actions of a person of a position of trust within an organization or as an inducement for illegal or corrupt action or a breach of trust for any improper commercial, contractual, regulatory or personal advantage

Gratification shall be defined as in accordance with the MACC Act 2018:-

- i) Money, donation, gift, loan, fee, reward, valuable security, property or interest in property being property of any description whether movable or immovable, financial benefit, or any other similar advantage;

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- ii) Any office, dignity, employment, contract of employment or services, and agreement to give employment or render services in any capacity;
- iii) Any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;
- iv) Any valuable consideration of any kind any discount, commission, rebate, bonus, deduction or percentage;
- v) Any forbearance to demand any money or money's worth or valuable thing;
- vi) Any other service of favour of any description including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary civil or criminal nature, whether or not already instituted, and including the exercise or the forbearance from the exercise or any right or any official power or duty; and
- vii) Any offer, undertaking or promise whether conditional or unconditional or any gratification within the meaning of any of the preceding paragraphs (i) to (vi)

4.0 POLICY STATEMENT

It is Desa Group's policy to conduct all of the Group's businesses in an honest and ethical manner. Desa Group takes a zero-tolerance approach towards bribery and corruption. The Board and top-level management of Desa Group are committed to act professionally, fairly and with highest integrity in all business dealings and relationships in accordance with applicable Malaysian laws and regulatory requirements wherever the Group operates and to implement and enforce effective systems to counter bribery and corruption. This commitment is reflected in Desa Group's core values.

5.0 DEFINITION OF TERMS

- a) **Desa Group** Shall refer to Desa Group Holding and subsidiary companies
- b) **Employees** Shall include full time/permanent, daily rated, probationary, contract and temporary employees, trainees and interns
- c) **Business Partners** Shall include all third parties, associates, government officials, service providers and suppliers, contractors, stakeholders, consultant, distributors, agents or any parties performing work or services for or on behalf of the Group.
- d) **Bribery** Refers to act of corruptly authorizing, giving, agreeing to give, promising, offering, soliciting, receiving or agreeing to receive any

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- gratification as an inducement or a reward for an improper performance of a party
- e) Corruption Shall be defined as the act of giving or receiving of any gratification or reward in the form of cash or in-kind irrespective of value for performing a task in relation to one's job description
 - f) Gratification Shall have the meaning as defined in the MACC Act 2018
 - g) Receiving Refers to actions amounting to the act of soliciting or agreeing to receive a bribe
 - h) Giving Refers to actions amounting to the act of agreeing to give, promising, or offering a bribe
 - i) Facilitation Payment Refers to a small bribe, or unofficial payment and improper payments or benefits, including gifts or entertainment provided to secure or expedite the performance of a routine action by an officer or public body
 - j) Register Refers to a record of all the transactions information, amount/value of hospitality donation, charitable contributions, sponsorship or gifts accepted and given.

6.0 BRIBES AND CORRUPTIONS

The Directors and Employees must not engage in any form of bribery and corrupt practices, either directly or through any third party (such as an agent or intermediary), whether to offer, undertake, promise to offer or solicit to offer any bribe to any third party or accepting bribe from any third party. Additionally, the Directors and Employees must not bribe any public official, any governmental official of any governmental department or agency of any political party, official of a political party or candidate for public office, anywhere in the world.

7.0 GUIDANCE ON COMMON FORMS OF BRIBERY AND CORRUPTIONS

- 1) Gifts, Entertainment And Hospitality
- 2) Donations, Sponsorship & Charitable Contributions
- 3) Political Contribution
- 4) Facilitation of Payments

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7.1 Gifts, Entertainment And Hospitality

Desa Group adopts a “No Gift Policy”. As a general principle, the Directors and Employees should not give or accept a gift or any gratification, entertainment or hospitality to or from a third party if it is made with improper intention of influencing the third party to obtain or retain business, or in exchange for favors or benefits.

Desa Group is aware that providing gifts, entertainment and hospitality is a common or culture practice within the business environment to foster business relationships and goodwill.

The general principle is to immediately refuse or return such gifts.

However, if in certain circumstances refusing such gifts may offend or affect the business relationship between Desa Group and the third party, Desa Group allows the receiving of gifts, entertainment and hospitality so long as they meet the following requirements:-

- i) Directors and Employees must exercise proper judgment in handling gift, entertainment and hospitality and behave in a manner consistent with the general principles below:
 - Conscientiously maintain the highest degree of integrity
 - Always exercise proper care and judgment
 - Avoid conflicts of interest
 - Refrain from taking advantage of the position or exercising authority for personal interest at the expense of Desa Group
 - Comply with applicable laws, regulations and Desa Group’s Anti-Bribery and Corruption policy
- ii) Directors and Employees should not accept or give a gift to a third party if it is made with the intention of influencing the third party to obtain or retain business, or in exchange for favours or benefits. Directors and Employees should be mindful in giving or receiving gifts or hospitality as it could be perceived as a way of improperly influencing the decision making of the recipient. Hence, the intention behind the gifts or hospitality should always be considered.

The following gifts and entertainment are not permissible:

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- Any gift of cash or cash equivalent e.g. vouchers, coupons, shares, etc
- Any gifts or entertainment and hospitality that coincide with significant decision affecting Desa Group (e.g., awarding a contract, conducting a government investigation) since this could implicate improper influence on the decision
- Any gift or entertainment and hospitality which is lavish or excessive or may adversely affect the Desa Group reputation

iii) Receiving of Gifts, Entertainment and Hospitality

In as long as the gift or entertainment is part of normal business hospitality and is reasonable, appropriate, modest and bona fide corporate hospitality, such gifts and entertainment are acceptable. Some examples of acceptable gifts and entertainment:

- a) Token gifts offered in business situation or to all participants and attendees for example, work related seminars, conference, trade and business events
- b) Exchange of gifts given in gratitude for hosting business events, (company-to-company level) refreshments or meals during meetings or as a participants of work-related conferences, gift exchange between companies as part of an official company visit/courtesy call)
- c) Gifts from Desa Group to Directors, Employees and/or their family members in relation to an internally or externally recognised company functions, events and celebrations (e.g. in recognition of the Directors' or Employees' services to the Group)
- d) Gifts received from external parties (e.g. delegates, customers, partners, stakeholders) should not be more than RM500.00. Such nature of gifts shall only be limited to festive hampers, corporate gifts bearing company logo (pens, diaries, calendars, pens, t-shirts, redeemable company product vouchers and other small promotional items)
- e) Entertainment and hospitality which include any attendance at social events, functions or other occasions, business lunches, drinks or dinners must always be of moderate and reasonable value.

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iv) Giving of Gifts, Entertainment and Hospitality

Employees are not allowed to provide gifts, entertainment and hospitality to Business Partners except with the approval from the Chief Executive Officer or Human Resource Manager or Head of Department.

Permissible gifts, entertainment and hospitality:

- a) Token gifts offered to all participants and attendees for example, work related seminars, conference, trade and business events
- b) Exchange of gifts given in gratitude for hosting business events, (company-to-company level) refreshments or meals during meetings or as a participants of work-related conferences, gift exchange between companies as part of an official company visit/courtesy call)
- c) Giving of gifts should not be more than RM500.00 offered to external parties (e.g. delegates, customers, partners, stakeholders). Such nature of gifts shall only be limited to festive hampers, corporate gifts bearing company logo (pens, diaries, calendars, pens, t-shirts, redeemable company product vouchers and other small promotional items)
- d) Entertainment and hospitality which include any attendance at social events, functions or other occasions, business lunches, drinks or dinners must always be of moderate and reasonable value.

v) Disclosure Of Giving and Receiving of Gifts, Entertainment and Hospitality

- a) Any receiving or giving of gifts, entertainment or hospitality regardless of its value, must always be disclosed to the Human Resource Manager to maintain transparency and for recording purposes.
- b) In the event the Human Resource Manager approves the acceptance of the gift, he/she must also determine whether to:
 - Donate the gift to charity
 - Hold it for departmental display
 - Share with other Employees of the Department/Company
 - Permit it to be retained by the Employee

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7.2 Donation, Sponsorship & Charitable Contributions

- a) Desa Group accepts (and indeed encourages) the act of donating to charities – whether through services, knowledge, time, or direct financial contributions (cash or otherwise). All charitable contributions must be promptly reported to the Human Resource Manager.
- b) The Directors and Employees must be careful to ensure that charitable contributions will not be used to facilitate and conceal acts of bribery or corruption.
- c) Desa Group 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 approval of Human Resource Manager. Prior to making any donations, the Directors and Employees must ensure that relevant approvals have been obtained from the Human Resource Manager. All charitable donations will be recorded in the Register in accordance with Record Keeping under Clause 10.0.

7.3 Political Contribution

As a matter of general policy, Desa Group do not make or offer monetary or in-kind political contributions or donations to political parties or any candidate of a political party.

Charitable donations may not be used as a subterfuge for political contributions.

7.4 Facilitation Payments

Facilitation payments are unofficial payment and improper payments or benefits, including gifts or entertainment provided to secure or expedite the performance of a routine action by an officer or public body.

Directors and Employees are prohibited from giving or receiving such facilitation payments.

8.0 BUSINESS PARTNERS

- a) All Business Partners including agents, suppliers and joint venture partners should be made aware of this Policy and the arrangement with them shall be subject to clear contractual terms including specific provisions requiring them to comply with standards and procedures relating to bribery and corruptions.

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- b) If suspicion of bribery and corruption arises in dealings with any Business Partners, Desa Group shall seek an alternative provider of the services or goods and will terminate any contractual relationship with any Business Partners in which bribery or corruption has been observed.
- c) The Group expects all its Business Partners acting on behalf of the Group to refrain from bribery and corruption practices and to adhere to any policies which may be imposed by the Group from time to time including this policy.

9.0 DESA INTEGRITY AND GOVERNANCE COMMITTEE (IGC)

- a) Integrity and Governance Committee for Desa Group is established in respond to the requirement by the State Government of Sabah vide letter from Ministry of Finance Ref: KEW 100-4/1 Klt. 3 dated 18th December 2019 to strengthen governance integrity and to ensure that Government Linked Company's (GLC) business environment is free of corruption and that there is a zero tolerance to corruption.
- b) Desa Group Integrity and Governance Committee is established with the following objectives:
 - i) To inculcate and improve employee awareness and commitment in eradicating corruption
 - ii) To generate synergies in ensuring that Desa Group's administrative system able to operate in a zero tolerance towards the corruption.
 - iii) To enhance Desa Group's image as GLC in support to zero tolerance to corruption with emphasis on the importance of integrity as the core value of Desa Group
 - iv) To continuously improve Desa Group delivery system and business operations based on the principles of transparency, accountability and competitiveness

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- c) The Desa Integrity and Governance Committee shall comprise of the following members:-

Committee Members	Position
Chairman	An appointed member of the Audit and Examination Committee
Committee Members	1) Chief Executive Officer 2) Group Internal Auditor 3) Human Resource Manager 4) Business Unit Representative (Manager Level)

- d) The main function of Desa Group Integrity and Governance Committee:

- i) Handling of Complaints related to corruption and integrity
- ii) Detection and identification of corruption cases
- iii) Strengthening of Integrity; and
- iv) Managing corporate governance and integrity practices

- e) Terms of Reference

i. Policies, Legislation and Regulations

To identify, review and recommend amendments or requirements to improve any policy and procedures established for Desa Group in enforcing internal control for breach of integrity or act of corruption

ii. System and Work Procedure

To identify and analyze any weaknesses or system requirements and work procedures of Desa Group that need to be improved, amended or require changes in the respective system and/or work procedure; and to notify the policy owner or relevant party.

iii. Strengthening Governance and Integrity

To identify appropriate issues and actions to be taken to strengthen the governance and integrity aspects for Desa Group, through corporate culture and good corporate governance practices.

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iv. **Detection, Compliance, Punitive and Recovery**

To collaborate and liaise with the relevant enforcement agency or any other party to take appropriate action against any form of misconduct or crime committed by the employees of Desa Group and/or its business partners and stakeholders on integrity related issues, crime and corruption.

f) **Frequency of Meeting and Reporting**

- i) The frequency of the IGC meeting shall be not less than three (3) times a year or as and when the need arises.
- ii) DESA IGC shall submit a copy of its minutes of committee meeting to Sabah Integrity Unit, within 2 weeks after the meeting conducted.
- iii) Desa IGC is required to submit the Anti-Corruption Report every six (6) months to Sabah Integrity Unit.

Urus Setia Pelaporan IGU
Bahagian Pengurusan Integriti Agensi (BPIA),
Suruhanjaya Pencegahan Rasuah Malaysia (SPRM)

Email address: pelaporan.uiglc@sprm.gov.my

10.0 RECORD KEEPING

- a) Desa Group emphasized on the importance of proper and complete records and documentation of all transactions of giving and receiving of gifts, entertainment and hospitality and charitable contributions/donations by Desa Group are recorded in the Register Book as these would serve as evidence that the transactions made were bona fide and were not made with a corrupt or unethical intent.
- b) The Register Book is kept under the purview of Human Resource Department and such Register should be properly recorded to include the amount and reason for hospitality, donations, charitable contributions, sponsorships or gifts accepted or given.

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11.0 TRAINING AND COMMUNICATION

- a) Desa Group zero-tolerance approach to bribery and corruption must be communicated to all Directors, Employees and Business Partners and to make clear Desa Group Policy on receiving or giving of gifts, entertainment and corporate hospitality.
- b) Training on the Policy forms part of the induction process for all new Directors and Employees. All existing Directors and Employees will receive regular, relevant trainings on how to implement and adhere to this Policy and the applicable laws.
- c) All Directors and Employees must ensure that he or she reads, understands, and complies with the information contained within this Policy (as may be amended from time to time)
- d) All Directors and Employees are equally responsible for the prevention, detection, and reporting of bribery and other forms of corruption, and required to avoid any activities that could lead to, or imply, a breach of this Policy.

As such, all Directors and Employees will be required to sign a formal pledge as a commitment and conformance to this Policy.

12.0 REPORTING OF VIOLATIONS OF DESA GROUP ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

Directors and Employees or any third party, should raise concerns about any issue or suspicion of malpractice or non-compliance of this Policy at the earliest possible stage to the Chief Executive Officer or Human Resource Manager.

Desa Group ensures that no individual will be discriminated against or suffer any sort of retaliation or repercussions for raising genuine concerns or reporting in good faith on violations, or suspected violations of this Policy. All reports will be treated with strict confidentiality.

13.0 COMPLIANCE TO THE LAW

Desa Group is committed to comply with all applicable laws, rules and regulations of the governments. Directors, Employees and Business Partners are expected to understand and comply with the relevant Malaysian laws especially Malaysian Anti-Corruption Commission Act 2018 and the Anti Money Laundering and Anti-Terrorism Financing Act 2001, which are directly relevant to the Group.

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14.0 REVIEW OF POLICY

Desa Group is committed to continuously enhancing its Anti-Bribery and Anti-Corruption Policy and governance. This Policy will be reviewed from time to time to ensure its relevance and practicality.