

ANTI-BRIBERY AND CORRUPTION POLICY

1. Statement

Kotra Industries Berhad and its subsidiaries (the “Group” or “Kotra Group”) is committed in conducting its business in a legal and ethical manner. The Group will uphold relevant laws and regulations on countering bribery and corruption at all times.

The Group has adopted a zero-tolerance policy against bribery and corruption whereby all parties associated to the Group are strictly prohibited from engaging both directly and indirectly, in all forms of bribery or potential bribery. We are committed to the following principles: -

- i) the Group will not engage in or condone any business practices that are corrupt;
- ii) safeguard the Group’s reputation against any possible penalties and repercussions;
- iii) committed to implement adequate procedures to prevent bribery and corruption within the Group; and
- iv) comply with, and committed to, all applicable laws and regulations, including our internal policies pertaining to bribery and corruption.

2. Objective

The Group is committed to establishing the highest standards of good practice to prevent bribery and corruption as a reflection of its core values of integrity, corporate responsibility and transparency. The Anti-Bribery and Corruption Policy (hereinafter referred to as “ABC Policy”) has been developed in line with one of the Group’s core values, “We act with integrity”.

In sustaining this core value, the ABC Policy sets out parameters addressing bribery and corruption as well as providing guidance to prevent and reject the occurrence of such incidents in relation to the Group’s business activities. The Group does not authorise or tolerate any business practice that does not comply with the ABC Policy.

3. Scope

The ABC Policy is applied to all individuals working for the Group whether in Malaysia or anywhere in the world. This includes all Directors (Executive and Non-Executive) and employees (full-time, internship, probationary, contract and temporary staff), collectively known as Personnel. Customers, service providers, distributor, agent, contractors, suppliers, business partners and others associated to the Group, collectively known as third party(ies) acting for or on behalf of the Group in performing work or services are also expected to adhere to the ABC Policy insofar as the Programme applies to them.

Compliance with this ABC Policy is mandatory for all Personnel and third parties. Any activity that leads to a breach of the ABC Policy may result in disciplinary action, contractual sanctions or criminal charges commensurate with the offence.

4. Definition of Bribery and Corruption

Any action of corruptly giving or receiving 'gratification' under the Malaysian Anti-Corruption Commission Act 2009 ("MACCA 2009") with the intent of obtaining or retaining business for the Group or obtaining or retaining an advantage in the conduct of the Group's business is considered a breach of the ABC Policy. This includes offering, giving, receiving or soliciting something of value in an attempt to illicitly influence the decisions or actions of a person who is in a position of trust either within the Group or an organisation the Group is dealing with.

Gratification is defined in the MACCA 2009 as the following: -

- a) money, donation, gift, loan, fee, reward, valuable security, property or interest in property being property of any description whether movable or immovable, financial benefit, or any other similar advantage;
- b) any office, dignity, employment, contract of employment or services, and agreement to give employment or render services in any capacity;
- c) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;
- d) any valuable consideration of any kind, any 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 nature, whether or not already instituted, and including the exercise or the forbearance from the 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 any of the preceding items above.

5. Gifts, Entertainment, Hospitality & Travel

5.1 Gifts

- i) The Group has adopted the Gift Policy ("Policy") where all Personnel, including family members or agents acting for or on behalf of the Group, are prohibited from asking, providing or accepting gifts, directly or indirectly from any third parties with direct or indirect business or other interest with the Group.
- ii) The Policy is subjected to narrow exceptions and is to be abided at all times to avoid conflict of interest in an on-going or potential business dealing between the Group and third parties as a gift can be perceived as a bribe that may tarnish the Group's reputation and lead to violation of anti-bribery and corruption laws.
- iii) All gift of cash or cash value (e.g. vouchers, coupons, loan, commission, shares, etc.) is strictly prohibited at all times. Examples of acceptable gifts are as below: -

- a) gift tokens offered in business events or to all participants attending work related seminars and conferences;
 - b) token of appreciation given for organising/hosting work related business events, seminars or conference;
 - c) gift tokens which do not have or are perceived to have (by either the giver or the receiver) any effect on actions or decisions;
 - d) gifts or promotional items (e.g. pens, diaries, umbrellas, etc.), fruits and flowers. In this case, Personnel may choose to accept the gift items without the requirement to make declaration; and
 - e) gifts received by the Personnel and/or to their family members in an internally or externally recognised event, function or celebration organised by the Group.
- iv) Certain third parties may still insist on giving gifts despite being aware of the Policy. The intention of giving such gift must always be considered, in compliance with the law and nothing should be expected and demanded in return. When a Personnel is unable to decline or return a valuable gift, the gift must be declared and the gift will be returned or disposed of as agreed by the Management.
- v) The only form of gift allowed to third parties is corporate gift. Any gift-giving or event of hospitality must be vetted by the Management and shall comply with the Group's obligatory guidance.

Note: Further details are set out in the Group's internal policy and procedures on Anti Bribery & Corruption.

5.2 Entertainment, Hospitality & Travel

- i) The Group recognises that the occasional acceptance of an appropriate level of hospitality, entertainment and travel given in the normal course of business is usually a legitimate contribution to building good business relationships.
- ii) It is important for Personnel to exercise proper care and judgement before accepting such hospitality, entertainment or travel. It is not only to safeguard the Group's reputation but also to protect employees from allegations of impropriety or undue influence.
- iii) Accepting or providing entertainment, hospitality or travel in exchange of personal benefit or to influence the outcome of a business decision is strictly prohibited.
- iv) If there are any doubts on the appropriateness of a corporate hospitality, entertainment or travel offered by an external party, the offer shall be declined or consult with HOD first (subsequently to seek the Management's approval on the advice of HOD, if deemed necessary).

Note: Further details are set out in the Group's internal policy and procedures on Anti Bribery & Corruption.

6. Political Contributions

- i) The Group does not support any political parties and prohibits making or offering political contributions whether monetary or in-kind to political parties, officials or individual engaged in politics. All requests received by the Group pertaining political contributions from any political party or individual will be declined

Note: *Further details are set out in the Group's internal policy and procedures on Anti Bribery & Corruption.*

7. Charitable Contributions, Sponsorships & Corporate Social Responsibilities

- i) The Group supports, encourages and accepts requests for charitable contributions, sponsorships and corporate social responsibilities ("CSR"), whether in-kind or time, but only if the requests are ethical and are in accordance with the Group's internal policy and procedures.
- ii) All charitable contributions, sponsorships & CSR must fulfil the following conditions: -
 - a) must not be used as a scheme to conceal bribery or fund any illegal activities such as money laundering, terrorism and others;
 - b) any requests received must be made by requesting organisation using its official letterhead and shall be examined carefully for its legitimacy and contributions made shall not, directly or indirectly, be perceived to provide any private benefits to the proposed recipient/organisation or influence any business decisions;
 - c) any red flags must be resolved before committing any contributions; and
 - d) no contributions or sponsorships can be offered or made without prior approval from the Management.

Note: *Further details are set out in the Group's internal policy and procedures on Anti Bribery & Corruption.*

8. Facilitation Payments and Kickbacks

- i) The Group strictly prohibits offering, making, requesting, accepting or receiving any kinds of facilitation payments or kickbacks, either directly or indirectly.
- ii) Facilitation payments are unofficial payments or other provision made personally to an official in control of a process or decision. It is given to secure or expedite the performance of a routine or administrative duty or function (e.g. clearing customs, visa processing, scheduling inspections, etc).
- iii) Kickbacks are generally payments made in return for a business favour or service rendered.

Note: *Further details are set out in the Group's internal policy and procedures on Anti Bribery & Corruption.*

9. Business Incentive Payment

- i) No employee may disguise a bribe, kickback or other improper payment as a commission, rebate, discount, credit, referral fee, incentive allowance, etc. (collectively known as “business incentive”).
- ii) Offering or providing payments other than for the purchase of goods or services to suppliers, customers or competitors, including their employees or agents, are prohibited.

Note: *Further details are set out in the Group’s internal policy and procedures on Anti Bribery & Corruption.*

10. Responsibilities of Personnel and Third Parties

- i) All Personnel shall not authorise or request third parties to pay bribes to anyone (including Government Officials) or receive bribes from anyone.
- ii) Any Personnel found to have breached the ABC Policy shall face disciplinary action, including termination of employment or criminal charges according to the severity of the offence committed.
- iii) All third parties must be aware that the Group may be held liable for any bribes paid while performing work and services for the Group.
- iv) The Group expects all third parties to comply with the Group’s value and ethical standards as any violation may expose the Group to serious damage to its reputation and payment of penalties, regardless of the law and regulations of the country where the act of bribery or corruption is committed.
- v) Third parties are required to act with the highest level of business, professional and legal integrity with adherence to the ABC Policy.
- vi) Non-compliance with the ABC Policy by a third party shall lead to termination of contract or agreement and possible legal action.

11. Reporting Violations

- i) If any Personnel or third parties believe or suspect of any actions, activities or ‘red flags’ which may breach any terms of the ABC Policy, report can be made to the designated personnel, namely, the Chairman of Kotra Industries Berhad and the Chairman of the Audit Committee by using the Whistleblower Report Form which is available in the Whistleblowing Policy & Procedures on the Group’s website at www.kotrapharma.com and at Human Resource Department. Reports on violation of this ABC Policy may be submitted through the reporting channels as follows:
 - a) By hand/mail in a sealed envelope marked “Strictly Confidential & to be opened by Addressee ONLY” to:

Attn: Chairman of Kotra Industries Berhad / Chairman of the Audit Committee
Kotra Industries Berhad,
No. 1, 2 & 3,
Jalan TTC 12,
Cheng Industrial Estate,
75250 Melaka.

b) By formal report to dedicated e-mail address: whistleblowing@kotrapharma.com

- ii) The Group is committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption, or because of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place, or may take place in the future, even if it results in the Group losing business deal or other advantage.

12. Record Keeping

- i) Records for all payments made to third parties are prepared and maintained with accuracy and completeness as these serve as evidence that the payments are genuine and not linked to any bribery or corruption act.
- iv) No records shall be kept 'off-book' to facilitate or conceal improper payments. Off-book transactions include, but are not limited to, non-standard discounting, unrecovered rebates or credits, misuse of sales/marketing incentive funds or excess vendor payments.

13. Amendments and Approval

- i) The ABC Policy is subject to amendment, modification, variation and does not form part of contract of employment.
- ii) All Personnel and third parties are invited to suggest, comment or provide feedback on the ABC Policy which it may be improved to the CFO or any person delegated by the CFO.
- iii) Any amendment, variation or waiver of any provision of the ABC Policy shall be revised at any time with the approval of the Board and the revision made shall be informed to all relevant parties.

14. Review & Validity of the ABC Policy

- i) The ABC Programme is subject to amendments or revisions from time to time by the Board to ensure its adequacy in implementation and enforcements.
- ii) The ABC Policy shall be effective immediately upon approval by the Board.