

## **KOTRA INDUSTRIES BERHAD**

### **ANTI-FRAUD POLICY**

#### **1.0 Introduction**

Kotra Industries Berhad (the “Company”) and its subsidiaries (the “Group”) adopts a zero-tolerance approach to fraud and has established an Anti-Fraud Policy (the “Policy”) to ensure appropriate and effective internal control systems are in place for the prevention and detection of fraud in the Group. The Policy is intended to uphold the culture of integrity, professionalism and transparency within the Group as well as provide protection to the Group from legal and reputational consequences of fraudulent activities.

#### **2.0 Scope of the Policy**

The Policy applies to any situation of fraud or suspected fraud, involving employees, shareholders, consultants, suppliers, contractors or any parties with a business relationship with the Group.

#### **3.0 Purpose of the Policy**

The Policy serves the purpose of:

- a) Ensuring all parties are aware of their responsibilities in identifying and addressing, fraudulent activities, including establishing adequate controls to prevent such fraudulent activity and/or detecting such fraudulent activity when it occurs;
- b) Providing guidelines to all parties on actions to be taken when any fraudulent activity is suspected;
- c) Providing a clear statement that the Group forbids any acts of illegal activity, including fraud; and
- d) Providing assurance all suspected fraudulent activities will be fully investigated in an integrated manner.

#### **4.0 Actions Constituting Fraud**

Fraud is defined as an act of intentional dishonesty to acquire an unfair or unlawful gain for oneself or another or a loss to another. Acts such as deception, bribery, forgery, extortion, corruption, conspiracy, embezzlement, misappropriation, and collusion may constitute fraud but are also included within the scope of this policy.

The fraudulent activities include the following examples:

- Any dishonest or fraudulent act;
- Abuse of position for financial or material benefit;
- Manipulation of information system applications and data;

- Forgery or alteration of any document or account belonging to the Group;
- Forgery or alteration of a cheque, bank draft or any other financial document;
- Misappropriation of funds, securities, supplies or other assets;
- Impropriety in the handling or reporting of money or financial transactions;
- Profiteering as a result of insider knowledge of the Group's activities;
- Disclosing confidential and proprietary information to outside parties;
- Disclosing to other persons securities activities engaged in or contemplated by the Group;
- Accepting or seeking anything of gifts of cash, cash equivalents, stock or other securities from contractors, vendors or persons providing services/materials to the Group;
- Destruction, removal or inappropriate use of records, furniture, fixtures, and equipment; and/or
- Any similar or related inappropriate conduct.

Exception: Gifts of nominal value such as promotional or commemorative items.

## **5.0 Responsibilities**

The Board of Directors (the "Board") of the Company has a key responsibility in establishing an appropriate internal control environment and sound system of risk management to manage risks. The Board, through the Audit Committee, reviews and assesses the adequacy and effectiveness of risk management and internal control system addressing fraud risks. The Board also ensures that the Group has identified the key risk areas and that the internal controls adequately address and mitigate those risks to acceptable levels.

The Management is responsible for the prevention and detection of any fraudulent activities within the Group and shall report any significant incidents of fraud or attempted fraud to the Board. The Management has to ensure that all employees are aware of the Policy and their responsibility in preventing fraudulent activities.

The Managers shall ensure that there are mechanisms in place within their areas of control in order to educate employees on fraud prevention and detection, to assess the risk of fraud and to facilitate the reporting of suspected fraudulent activities to designated personnel.

All employees are responsible in conducting themselves with the highest degree of integrity, honesty and accountability as well as being aware and alert to the possibility of an unusual transaction or event that could be an indication of fraud which warrants an investigation.

## **6.0 Reporting Procedure**

Any fraud that is detected or suspected must be reported immediately through relevant communication channels to designated personnel as provided in the Group's Whistleblowing Policy to enable prompt actions to be taken for investigation. Reporting individual should not attempt to personally conduct investigations, interviews or interrogations related to any

suspected fraud. The investigation of suspected fraudulent activities shall be conducted with great care and utmost confidentiality to avoid mistaken accusations or alerting the suspected individual(s) that an investigation is in progress. The investigation shall be conducted irrespective of the position, title, length of service or relationship with the Group. If an allegation is made in good faith, no action shall be taken against the reporting individual even if the ensuing investigation fails to prove that the alleged fraud has taken place or the suspected fraud was about to take place.

## **7.0 Investigation**

The designated personnel shall appoint an investigation team to investigate and ensure that the investigation is conducted in a professional and impartial manner. The investigation team shall coordinate the investigation with law enforcement officials or external investigator, if deemed necessary. Internal or external legal representatives may also be involved in the process, as deemed appropriate. The results of the investigation shall be reported directly to the designated personnel for review and evaluation for further action. Investigation results shall not be disclosed or discussed with anyone other than those who have a legitimate need to know. This is to avoid damaging the reputation of suspected individual but subsequently found innocent of wrongful conduct and to protect the Group from potential civil liability. Upon conclusion of the investigation, an action plan shall be agreed, enforced and documented. All records and reports of the investigation process shall be under the custody of the HR Manager, kept in a secure place with restricted access in the Group's office. The Internal Auditor function shall be periodically informed of the progress and the final conclusion of any such investigation.

## **8.0 Disciplinary/Legal Action**

Any proven fraud case shall constitute grounds for disciplinary or legal action. If an investigation results in a recommendation to dismiss an employee, the recommendation shall be reviewed for approval by the Managing Director or his designate before such action is taken. In the case of a serious nature of fraud or if it involves an external individual(s) or organisation, whether suspected or proven, such case shall be reported to the relevant and appropriate authorities.

## **9.0 Review of the Policy**

The Policy shall be reviewed once every 3 years or more frequently in tandem with changes in regulatory requirements or as situations dictate.

The Policy is approved by the Board on 22<sup>nd</sup> May 2020.

**DOCUMENT REVISION HISTORY**

Version No.	Section	Section Name	Page	Amendment Details	Effective Date
1	All	All	All	Original Document	22/05/2020