



**SMART ASIA CHEMICAL BHD**  
(Registration No. 201901016953 (1326281-T))  
(Incorporated in Malaysia under the Companies Act 2016)

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# **ANTI-BRIBERY & ANTI-CORRUPTION POLICY**

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This Anti-Bribery and Anti-Corruption (ABAC) Policy is to further enforce the Smart Asia Chemical Bhd Group Code of Conduct & Business Ethics to ensure that employees understand their responsibilities in compliance with the Smart Asia Chemical Bhd Group's zero tolerance for bribery and corruption within the organization.

## **1. OUR COMMITMENT**

Smart Asia Chemical Bhd and its subsidiaries (“the Group”) are committed to conducting business dealings with integrity. This means avoiding practices of bribery and corruption of all forms in the company’s daily operations. The Group has adopted a zero-tolerance approach against all forms of bribery and corruption and takes a strong stance against such acts. Employees who refuse to pay or receive bribes or participate in acts of corruption will not be penalized even if such refusal may result in the Company losing its business or not meeting the targets.

The Group’s Anti-Bribery and Anti-Corruption Policy (“this Policy”) leverages the core principles set out in the Group’s Code of Conduct and Ethics (“COCE”). The scenarios provided within this Policy do not limit the boundaries of the Policy which may be extended to cover all circumstances relating to bribery. Compliance to the Policy is mandatory and will be monitored with a principle-based approach.

## **2. BACKGROUND**

The Group highlighted Integrity as the first core values in the COCE. Each Employee shall uphold high levels of personal and professional values in all business interactions and decisions.

The nature of the Group’s business requires its employees to engage in business with a wide range of parties, both internal as well as external. This Policy establishes the boundaries on interactions with all parties.

This Policy also provides guidance on how to act when subjected to potential acts of bribery and matters of corruption.

This Policy shall be read in conjunction with the Code of Ethics, Board Charter, Employee handbooks, Whistle-blowing and the Malaysian Anti-Corruption Commission Act 2009 and its 2018 and 2020 amendment (“**MACCA**”).

## **3. OBJECTIVE**

This Policy sets out the Group’s position on bribery in all its forms and matters of corruption that might confront the Group in its day-to-day operations.

## 4. SCOPE

This policy applies to all Directors, Employees and Business Associate of the Group.

## 5. DEFINITIONS

The following definitions are included in this policy.

Bribery	<p>Bribery is defined as any action which would be considered as an offence of giving or receiving 'gratification' under MACCA. In practice, this means offering, giving, receiving or soliciting something of value in an attempt to illicitly influence the decisions or actions of a person in position of trust within an organization. 'Gratification' is defined in the MACCA to mean the following:</p> <ul style="list-style-type: none"><li><i>(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;</i></li><li><i>(b) any office, dignity, employment, contract of employment or services, and agreement to give employment or render services in any capacity;</i></li><li><i>(c) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;</i></li><li><i>(d) any valuable consideration of any kind, any discount, commission, rebate, bonus, deduction or percentage;</i></li><li><i>(e) any forbearance to demand any money or money's worth or valuable thing;</i></li><li><i>(f) any other service or favor 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</i></li><li><i>(g) any offer, undertaking or promise, whether conditional or unconditional, of any gratification within the meaning of any of the preceding paragraphs (a) to (f).</i></li></ul> <p>Bribery may be 'outbound', where someone acting on behalf of the Group attempts to influence the actions of someone external, such as a Government official or client decision-maker. It may also be 'inbound', where an external party is attempting to influence someone within the Group such as a decision-maker or someone with access to confidential information.</p>
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	Bribery and corruption are closely related. However, corruption has a wider remit. See 'Corruption' definition below.
Business Associate	An external party with whom the organization has, or plans to establish, some form of business relationship. This primarily include Counterparties and Business Partners, i.e. suppliers, customers, outsourcing providers, contractors, consultants, subcontractors, vendors, advisers, agents, distributors and etc.
Corruption	The Transparency International definition of corruption is 'the abuse of entrusted power for personal gain.' For the purpose of this policy, corruption, is defined primarily as any action which would be considered as an offence of giving or receiving 'gratification' under the Malaysian Anti-Corruption Commission Act 2009 (MACCA) ('Bribery' as defined above). In addition, corruption may also include acts of extortion, collusion, breach of trust, abuse of power, trading under influence, embezzlement, fraud or money laundering.
Conflict of interest	When a person's own interests either influence, have the potential to influence, or are perceived to influence their decision making of the Group.
Donations and Sponsorship	Charitable contributions and sponsorship payment made to support the community.
Directors	Directors include all independent and non-independent directors, executive and non-executive directors of the Group and shall also include alternate or substitute directors.
Exposed Position	A staff position identified as vulnerable to bribery through a risk assessment. Such positions may include but is not limited to any role involving procurement or contract management; financial approvals; human resource; relations with government officials or government departments; sales; positions where negotiation with an external party is required; or other positions which the company has identified as vulnerable to bribery.
Corporate Gift	Something given from one organization to another, with the appointed representatives of each organization giving and accepting the gift. Corporate gifts may also be promotional items given out equally to the general public at events, trade shows and exhibitions as a part of building the company's brand. The gifts are given transparently and openly, with the implicit or explicit approval of all parties involved. Corporate gifts normally bear the company name and logo and are of nominal value. Examples of corporate gifts include items such as diaries, table calendars, pens, notepads, plaques, and festive gifts such as hampers, oranges and dates.
Personal Gift	Something given from one individual to another, with the intention of creating or enhancing a personal relationship. The gifts are given in

	a private setting, without the knowledge or approval of the company management of one or both parties. Personal gifts may include cash, cash equivalents such as credit cards, bitcoin or savings accounts, electronic items, watches, luxury pens, property, vehicles, free fares, shares, interest free loans, lottery tickets, travel facilities, entertainment, services, club memberships, any forms of discount or commission, jewellery, decorations, souvenirs, vouchers or any other valuable items.
Employees	All individuals directly contracted to the Group on an employment basis, including permanent and temporary employees and Directors.

## 6. ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

a) All forms of bribery and corruption are prohibited. The Group upholds a zero tolerance approach. In addition to bribery, Employees must not participate in any corrupt activity, such as extortion, collusion, breach of trust, abuse of power, trading under influence, embezzlement, fraud or money laundering.

b) Bribery may take the form exchange of money, goods, services, property, privilege, employment position or preferential treatment. Employees shall not therefore, whether directly or indirectly, offer, give, receive or solicit any item of value, in the attempt to illicitly influence the decisions or actions of a person in a position of trust within an organisation, either for the intended benefit the Group or the persons involved in the transaction.

c) This Policy applies equally to the Group's business dealings with commercial ('private sector') and government ('public sector') entities, and includes interactions with their directors, employees, agents and other appointed representatives at all levels. Even the perception of bribery is to be avoided.

d) This Policy applies to all countries worldwide, without exception and without regard to regional customs, local practices or competitive conditions.

e) No Employee will suffer demotion, penalty or other adverse consequences for refusing to pay or receive bribes or other illicit behaviour, even if such refusal may result in the company losing business or experiencing a delay in business operations.

f) The Group recognises the value of integrity in its Employees and Directors. The Group's recruitment, training, performance evaluation, remuneration, recognition and promotion for all Employees, shall be designed to recognise integrity. The Group conducts due diligence on employees who holds or may be holding, exposed positions.

g) The Group does not offer employment to prospective employees in return for previous favour/in exchange of improper favour.

h) The Group awards contracts and Employee positions purely based on merits. Support letters in all forms shall not be recognised as part of the business decision making process.

## **7. RECOGNITION OF LOCAL LAW**

a) The Group is committed to conducting its business ethically and in compliance with all applicable laws and regulations, including but not limited to MACCA and the Companies Act 2016 (Malaysia). These laws prohibit bribery and corruption. Organisations are mandated to establish and maintain accurate books and records as well as adequate measures to prevent corrupt practices.

b) In cases of conflict between mandatory law and the principles contained in this Policy the law shall prevail.

## **8. GIFTS, ENTERTAINMENT AND TRAVEL AND DONATION AND SPONSORSHIP**

a) The Group prohibits both the giving and receiving of Gifts, Entertainment and Travel (GET) and Donation and Sponsorship (D&S) to influence business decisions. Employees must comply with all applicable policies, procedures, laws and regulations related to the use of GET in all location in which the Group operates.

b) Where possible, employees should avoid from offering and/or accepting GET and D&S to/from government officials. If a gift is deemed appropriate, a Corporate Gift for a specific purpose is encouraged as opposed to a Personal Gift. GET must be reasonable and proportionate to the income of the Government official such that the no obligation is created by the provision of the hospitality resulting in a decision to the advantage of the business. All offers and acceptance of GET and D&S involving government officials must be approved by the relevant decision-makers according to their Limits of Authority ('LOAs'). The GET and D&S must also be declared in the register.

c) Gifts, Entertainment, Donations and Sponsorships received and payment out are permitted provided that the limit of the monetary value is not more than RM500.00 subject to Group CFO approval;

d) In respect of political contributions, funds or resources of the Group must not be used to make any direct or indirect political contributions on behalf of the Group without approval from the Board. The statutory limit for public official contribution is limited to RM500.00. Any appearance of making such contributions or expenditure to any political party, candidate or campaign, must also be avoided.

e) Donations in the form of charity may be permissible depending on the circumstance but should be made directly to an official entity and be able to be disclosed publicly when required to.

f) Discounts, traveling, entertainment, provisions of free products and services, at discounted or promotion package, servicing and other provisions are permitted for business in nature.

## **9. BUSINESS ASSOCIATES**

a) As part of the Group's commitment to combat bribery, the Group expects all Business Associates to refrain from bribery.

b) If suspicion of bribery and corruption arises in the dealings with any Business Associate, the Group shall seek an alternative provider of the services / goods.

c) The Group expects all Business Associates acting on behalf the Group to contractually agree to refrain from bribery and corruption, and to adhere to the Approved Vendor list.

d) If the Group is not satisfied that bribery and corruption prevention has been upheld, due diligence shall be undertaken with regards to any Business Associate intending to act on the Group's behalf.

e) The extent of the due diligence should be risk-based and shall include a bribery risk assessment. Due diligence may include a search through of relevant databases, checking for relationships with public officials, and documenting the reasons for choosing one particular Business Associate over another.

f) The Group shall endeavour to include clauses in all contracts enabling the Group to terminate any contract in which bribery or corruption has been observed.

g) The Group strives to build and strengthen its relationships with Business Associates. In ensuring that the Business Associate adhere to industry best practice and accepted standards of behaviour, Business Associates may be required to complete the Smart Paints vendor form, where deemed necessary based on circumstantial requirements. Where the requirements may not be immediately apparent, Group Compliance & Integrity shall be consulted.

## **10. RESPONSIBILITIES OF DIRECTORS AND EMPLOYEES**

The Top management is responsible towards the implementation of the Group ABAC Policy. In this respect, the Top management's responsibilities include the following:

- i. Implementing the Group ABAC Policy to all level of organization within the company and set the right "tone at the top"

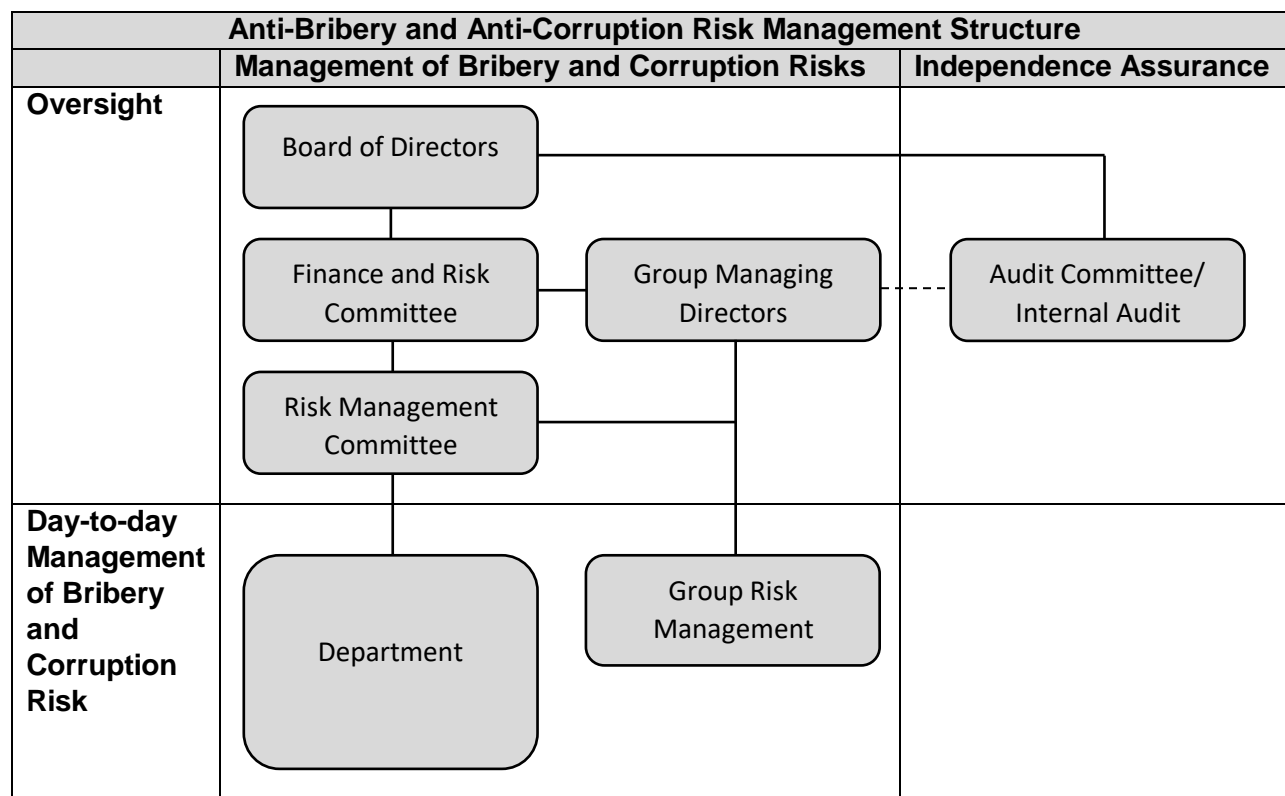
- ii. Deploying adequate resources and assigning person(s) who have the appropriate competence towards the effective implementation and operation of the Group ABAC Policy
- iii. Review the anti-bribery and anti-corruption implementation program and propose for improvement as and when necessary
- iv. Putting in place the appropriate controls and contingency measures which are reasonable and proportionate, in order to address risks and issues on bribery and corruption.
- v. Providing ABAC awareness training to its employees and communicate the program.
- vi. Ensuring overall oversight and assurance on compliance with the Group ABAC Policy.

Directors and Employees are responsible for understanding and complying with this Policy. In particular, the role of all Employees include the following:

- i. Be familiar with applicable requirements and directives of the policy and communicate them to subordinates;
- ii. Promptly record all transactions and payments accurately and in reasonable detail;
- iii. Always raise suspicious transactions to immediate superiors for guidance on next course of action;
- iv. Promptly report violations or suspected violations through appropriate channels;
- v. Promptly complete COCE trainings and assessments, as well as attest to comply annually.



## 10.1. Anti-Bribery and Anti-Corruption Governance Structure



The company should conduct bribery and corruption risk assessments periodically 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 company.

Where bribery and corruption risk assessment ratings are “MODERATE” and above, the assessment shall include the nature and extent of bribery and corruption risk in relation to the transactions and this shall include due diligence to obtain sufficient information to assess the risk. The risk assessment for bribery and corruption shall be incorporated into the existing Enterprise Risk Management processes and system.

On a quarterly basis, the Risk Management Committee meeting comprising the Group’s Senior Management team and chaired by the CEO/MD will assess and update the bribery and corruption risk information via the Enterprise Risk Management System.

For the purpose of the quarterly reporting to the Board of Directors, the Group Human Resource Department should only extract from the system the risks that are rated as “HIGH” and above (as per the Group’s established enterprise risk rating).

The Board then noted the reports so that they are aware on major bribery and corruption risks within the Organisation and ensure that appropriate actions are taken by the management to mitigate the risks.

## **11. FACILITATION OF PAYMENT**

The facilitation of payment to customers' employees in order to receive the payment from customer is not permitted.

## **12. CONFLICT OF INTEREST**

a) Conflicts of interest arise in situations where there is a personal interest that might be considered to interfere with that person's objectivity when performing duties or exercising judgement on behalf of the Group. Employees should avoid or deal appropriately with situations in which personal interest could conflict with obligations or duties. Employees must not use their position, official working hours, Group resources and assets for personal gain or to the Group's disadvantage.

b) The COCE sets out the procedures on how to deal with conflicts of interests arising with a selected group of individuals and entities, including:

- i. Dealing with suppliers, customers, agents and competitors;
- ii. Personal dealings with suppliers and customers;
- iii. Outside employment and activities outside the Group ;
- iv. Board membership;
- v. Family members and close personal relationships.

c) In situations where confronted with such conflict, Employees are required to complete the Conflicts of Interest Disclosure Form.

## **13. STAFF DECLARATIONS**

a) All new recruits shall complete trainings on this Policy. New recruits are expected to declare their understanding on this Policy at the end of the training.

b) In addition, under circumstances of suspicious behaviour, allegations and/or investigations relating to bribery or corruption, Group Human Resources reserves all rights to request the relevant Employee to declare information regarding assets owned as deemed necessary.

## **14. ANTI-BRIBERY AND ANTI-CORRUPTION COMPLIANCE**

a) Human Resources shall have the oversight of the implementation of compliance controls related to this Policy.

b) Group Human Resources shall conduct regular risk assessments to identify the bribery and corruption risks potentially affecting the Group. Group Human Resources Department shall also review the suitability of this Policy from time to time, taking into account relevant developments in the legislature as well as evolving industry and international standards.

c) Group Human Resources shall be the independent authority to act effectively against

bribery, including initiating investigations deemed necessary based on reasonable cause for suspicion. The Head of Human Resources shall maintain a direct reporting line to the Governance and Audit Committee, the Group Management Committee as well as the Directors.

d) Group Human Resources shall implement and effectively manage routine anti-bribery and anti-corruption measures as deemed appropriate to ring-fence the organisation against possible legislative liabilities, as well as undertake ad-hoc measures deemed required based on circumstantial requirements that presents during the course of operations

## **15. AWARENESS AND TRAINING**

a) The Group conducts awareness programmes for all Employees to refresh awareness of anti-bribery and anti-corruption measures, and to continuously promulgate integrity and ethics. This includes the online code of business conduct training, assessment and attestation.

b) In addition, the Group provides anti-bribery and anti-corruption training to :-

- i. New recruits; and
- ii. Employees promoted / transferred to Exposed Positions.

c) Group Compliance & Integrity may at any time recommend that certain trainings be repeated to any Employee / Group of Employees in any operating unit / region if deemed necessary based on circumstantial requirements.

d) Group Human Resources shall maintain all records of trainings in collaboration with Group Compliance & Integrity.

## **16. REPORTING OF POLICY VIOLATIONS**

Employees who encounter actual or suspected violations of this Policy are required to report their concerns. Each Employee has a responsibility to ensure that suspected bribery and corruption incidents are reported promptly. The Group practices an open door policy and encourages all Employees to share concerns and suggestions with superiors and colleagues who are able to address them in an appropriate manner.

The code of business conduct sets out secured whistleblowing channels below :-

- i. Whistleblowing Policy
- ii. Email: Ms Tan Suat Hoon, Audit Committee Chairman  
suat.hoon.tan@smart-paints.com

Reports made in good faith, either anonymously or otherwise, shall be addressed in a timely manner and without incurring fear of reprisal regardless of the outcome of any investigation.

## **17. NON-COMPLIANCE**

a) Group Compliance & Integrity shall conduct regular validation to ensure compliance to

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Smart Asia Chemical Bhd Reg. No. 201901016953 (1326281-T)

Revision: 01 Date: 28 June 2023

Page | 11

this Policy. Such validation exercises may be conducted either independently by Internal Auditor or other risk assessments undertaken by the Group.

b) Non-compliance identified by the validation or through other risk assessments undertaken shall be reported to the Audit Committee.

## **18. CONTINUOUS IMPROVEMENT AND CONTROL MEASUREMENT**

a) The Group is committed to continually reviewing and improving its policies and procedures relating to anti-bribery and anti-corruption which comply with MACCA annually.

b) Group CFO to report the approved Donation, sponsorship, gifts and entertainment to Board of Directors during the Audit Committee meeting.

## **19. SANCTIONS FOR NON-COMPLIANCE**

a) The Group regards bribery and corruption as a serious matter. Non-compliance may lead to disciplinary action, up to and including termination of employment and termination of the relationship and business activities with Business Associate. Further legal action may also be taken in the event that the Group's interests have been harmed as a result of non-compliance.

b) The Group shall notify the relevant regulatory authority if any identified bribery or corruption incidents have been proven beyond reasonable doubt.

c) Where notification to the relevant regulatory authorities have been done, the Group shall provide full co-operation to the said regulatory authorities, including further action that such regulatory authorities may decide to take against convicted Employees.

## **20. WAIVER**

Any deviation or waiver from this policy must be approved either by the Audit Committee or the Board of Directors.

## RISK ASSESSMENT

No	Risk Name	Risk Description	Potential Impact	Potential Root Cause	Existing Key Control Measure	Likelihood & Impact	Risk Rating
1	Supplier Risk	Bribery by Supplier to secure project	Low	Offer intentional gifts/monetary incentive to our procurement officer	Level of authority approval Quotation of comparison The gift obtain from Suppliers should be reported to Human Resources.	Low	Low
2	Customer Risk	Bribery to customer to secure project	Low	Offer intentional gifts/monetary incentive to the customer procurement officer	The management shall not approve the monetary incentive to customer.	Low	Low
3	Government Risk	Bribery to Government policy to obtain License approval such as DOE and Safety & Health Department	Low	Offer intentional gifts/monetary incentive to the Government officer to obtain approval.	The management shall not approve the monetary incentive to Government officer.	Low	Low
4	Donation / Sponsorship	Donation / sponsorship to Political contribution to secure project	Low	To offer political contribution for Obtaining / securing project	The management shall not offer to politician for the political contribution.	Low	Low
5	Entertainment Risk	Entertainment by supplier to secure project / facilitate payment	Low	Entertainment and gift from suppliers to employees	The management shall inform employees to exercise proper care and judgement before accepting the hospitality and entertainment.	Low	Low