



REX INDUSTRY BERHAD

[Registration No. 199301027926 (282664-K)]
(Incorporated in Malaysia)

ANTI-BRIBERY AND CORRUPTION POLICY

1. INTRODUCTION

Rex Industry Berhad ("**REX**") and its subsidiaries (collectively referred to as the "**Group**") are committed to conducting their businesses with integrity and ethically as well as in compliance with all applicable laws, rules and regulations of the governments, authorities, commissions and exchanges in jurisdictions within which the Group operates its businesses.

The Group will take reasonable and adequate procedures to ensure that its daily operations and businesses do not participate in corrupt activities for its advantage or benefit. This Anti-Bribery and Corruption Policy ("**ABC Policy**" and/or "**Policy**") sets out a clear parameter and unambiguous policy statement on the Group's position regarding bribery and corruption in particular Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and its 2018 amendment ("**MACC Act**") to prevent the occurrence of bribery and corruption within the Group.

The Group is also committed to establishing the highest standards of good corporate practice to prevent bribery and corruption as a reflection of its core values of Commitment, Honesty, Respect, Teamwork, Creativity, and Responsibility, by adopting a zero-tolerance approach 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.

This ABC Policy shall be read together with the Group's other internal standards/policies/procedures/guidelines/manuals including but not limited to REX's Code of Conduct, Code of Ethics and Employee Handbook.

2. DEFINITION OF CORRUPTION AND BRIBERY

Corruption is defined as abuse of entrusted power or position for personal or private gain, or misuse of position to help others to improperly enrich themselves.

Bribery is the most common form of corruption and it can be broadly described as the offering, promising, giving, accepting or soliciting of an advantage as an inducement or reward for an action which is illegal or a breach of trust in order to gain any commercial, contractual or personal gain advantage.

Bribery can be in the form of cash and other forms including non-cash, gifts, lavish entertainment or hospitality or other reward or benefit. Bribes can be direct (e.g. you give a bribe to someone) or indirect (e.g. you get someone else to give a bribe to another person). 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.

There are four (4) main offences as prescribed under the MACC Act: -

1. Soliciting/receiving gratification (Bribe) under Section 16 & 17(a) of the MACC Act.
2. Offering/giving gratification (Bribe) under Section 17(b) of the MACC Act.
3. Intending to deceive (False claim) under Section 18 of the MACC Act.
4. Using office or position for gratification (Bribe) (Abuse of Power/Position) under Section 23 of the MACC Act.

The Malaysian Anti-Corruption Commission (Amendment) Act 2018 in force on 1 June 2020 introduces two (2) more offences, it being:-

1. Offering/giving gratification by commercial organisation (Corporate Liability) under Section 17A of the MACC Act; and
2. Deemed parallel personal liability for senior personnel (Personal Liability) under Section 17A(3) of the MACC Act.

Additionally, any breaches of this ABC Policy may tantamount to a breach of Section 17A of the MACC Act in which if triggered, the commercial organisation in breach as well as its Director, Controller, Officer or anyone who is concerned in the management of its affairs is deemed to have committed the offence, unless one can prove that the offence was committed without his consent or connivance and a due diligence exercise had been conducted to deter corruption. Upon conviction, the corporate liability offence carries the following penalties, where a commercial organisation will be -

1. fined for a sum of not less than 10 times the value of the gratification, or RM1 million, whichever is the higher;
2. imprisoned for a term of not more than 20 years; or
3. liable to both.

“Gratification” is defined in the MACC Act as follows:-

- (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 paragraphs (a) to (f).

3. OBJECTIVES

The objective of this Policy is to provide information and guidance to the Directors and Employees (as defined below) on standards of behaviour to which they must adhere to and how to recognise as well as deal with bribery and corruption.

This Policy is not intended to be exhaustive, and there may be additional obligations that Directors and Employees are expected to adhere to or comply with when performing their duties. For all intents and purposes, the Directors and Employees shall always observe and ensure compliance with all applicable laws, rules and regulations to which they are bound to observe in the performance of their duties.

4. **APPLICABILITY**

This ABC Policy is applicable to all employees (full-time, half-time, confirmed, probationary, contract and temporary staff who are employed by the Group whether in Malaysia or outside Malaysia) ("**Employees**"), Directors (executive and non-executive) of the Group (Employees and Directors of the Group are hereinafter collectively referred to as "**Officers**") and third-party affiliates. Third-party affiliates include but are not limited to current or prospective customers, business partners, contractors, suppliers, consultants, agents, representatives and service providers of any kind performing work or services, for and on behalf of the Group ("**Third-Party Affiliates**").

All Officers of the Group have a duty to read and understand this ABC Policy. Any violation of this ABC Policy's provisions may result in disciplinary action, contractual sanctions or criminal charges that commensurate with the offence.

If a Director requires further clarification on the Policy, the Director may refer to or highlight any concerns to the Chairman of the Board or the Group Managing Director ("**Group MD**"), whereas for an Employee, the Employee may refer to or highlight any concerns to the immediate superior, the Head of Department, or the Human Resource ("**HR**") Department.

This Policy is not intended to be a comprehensive description of all factors that may impact the quality of the Third-Party Affiliates' personal behaviour but it should be used as an ethical framework in which we all operate in.

5. **GUIDANCE ON COMMON FORMS OF BRIBERY AND CORRUPTION**

5.1 **Gifts and Hospitality**

The Group recognises that the exchange of gifts may be a central part of business etiquette in certain cultures. The Group also recognises that corporate hospitality is a legitimate way of building business relationships and is a common practice within the business environment to foster good business relationship with stakeholders or clients.

Under very limited circumstances, the Officers may offer or receive non-cash gifts, corporate hospitalities, and entertainment provided they would not motivate favouritisms and/or create any obligation.

Some examples of acceptable gifts and/or hospitalities are as follows:-

- (a) token gifts offered in business situations or to all participants and attendees (e.g. work-related seminars, conferences, trade and business events);
- (b) gifts presented at work-related conferences, seminars and/or business events;
- (c) gifts given in gratitude for hosting business events, conferences and/or seminars;

- (d) refreshments or meals during meetings or as participants of work-related conferences and/or seminars; and
- (e) meals for business purposes.

Save and except for the above, the Officers and Third-Party Affiliates shall ensure that they adhere to the following:-

Gifts¹

- (a) Any gift must be unsolicited and not affect, or be perceived as affecting, business judgement. Gifts should only be offered to and received in connection with a customary business, cultural or marital occasion and birthday celebration. Cash, loans, kickbacks or the equivalent advantages are absolutely prohibited.
- (b) Any such nominal gift where received or offered must be declared to the Group MD with provision of official receipt (where applicable) and subject to his approval. The acceptable value threshold for gift shall be determined by the Group MD on a case by case basis.
- (c) The above (b) is applicable when dealing with business associates and partners from and in foreign countries. The Group MD shall exercise his best judgment and discretion in accordance with the commonly accepted foreign customs and practice provided the gift would not motivate favouritisms and/or create any obligation.
- (d) No gift must be given to government officials on the Group's behalf.
- (e) All gifts to Officers attributable to his position in the Company in relation to the business of the Group must be declared to the Group MD.

Hospitality (meals and entertainment)²

- (a) Hospitality must be unsolicited and not affect, or be perceived as affecting, business judgement. Meals and entertainment should only be offered to and received from the Group's representative dealing with the customer or service provider in their role of the Group, is for purposes supported by the Group and may only be offered in conjunction with legitimate business meetings, conferences or events hosted, supported or sponsored by the Group. They may never be provided on a stand-alone basis.
- (b) Hospitality must be declared to the Group MD with provision of official receipt (where applicable) and subject to his approval. The acceptable value threshold for hospitality shall be determined by the Group MD on a case by case basis.
- (c) The above (b) is applicable when dealing with business associates and partners from and in foreign countries. The Group MD shall exercise his best judgment and discretion in accordance with the commonly accepted foreign customs and practice provided the hospitality would not motivate favouritisms and/or create any obligation.

As a general principle, the Officers 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. In addition, lavish or unreasonable gifts or hospitality should not be accepted as such gifts or hospitality may be perceived or interpreted as attempts by Officers to obtain or receive favourable business treatment for personal benefits.

¹ Gifts mean any gifts received from and given to Third-Party Affiliates

² Hospitality (meals and entertainment) means meals and entertainment received from and given to Third-Party Affiliates

Officers must therefore exercise due care and judgement when offering or accepting gifts, hospitality or modest entertainment to protect the reputation of the Group against allegations of impropriety and to ensure bribery or anti-corruption laws are not breached.

In cases where there is, or it may appear, to cause a conflict of interest situation, then any gifts, hospitality or entertainment received from a giver should be declared to the Group MD and/or Head of Department and politely refused and returned to the giver. If in doubt, Employees are to consult the Group MD and/or Head of Department for the necessary action(s) to be taken.

5.2 Facilitation payments to officer of Public Body³

Facilitation payments are unofficial payments or other advantages made to secure or expedite the performance of a routine action by an officer of public body. Officers shall not promise or offer, or agree to give or offer, facilitation payments to an officer of any public body.

However, there could arise circumstances in which the Directors or Employees have no alternative but to make a facilitation payment in order to protect themselves from injury, loss of life or liberty. Any request for facilitation payment under such circumstances should be reported immediately to the Group MD and/or Head of Department.

5.3 Third-Party Affiliates

All Third-Party Affiliates should be made aware of this ABC Policy and the arrangements with them shall be subject to clear contractual terms, including specific provisions requiring them to comply with minimum standards and procedures relating to bribery and corruption.

5.4 Political Contribution

Subject to any prevailing law that govern political contribution, the Group shall not make any contribution to political parties or candidates.

5.5 Charitable Contribution

Charitable support and donations are acceptable (and indeed are encouraged), whether of in-kind services, knowledge, time or direct financial contributions. However, Officers must be careful to ensure that charitable contributions are not used as a scheme to conceal bribery. No donation can be offered or made without the prior approval of the Group MD. The records of all charitable contributions shall be kept by the Group.

6. RECORD KEEPING

It is important that proper and complete records be maintained of all payments made to third parties in the usual course of business as these would serve as evidence that such payments were bona fide, and not linked to corrupt and/or unethical conduct. All accounts, invoices, documents and records relating to dealings with Third-Party Affiliates should be prepared and maintained with accuracy and completeness.

³ Public Body as defined in Section 3 of the MACC Act

Officers must declare all hospitality or gifts accepted or offered, and submit details to the person in-charge who is assigned by the respective department for recording into a register, which will be subject to internal audit review. Officers must also ensure that all expense claims relating to hospitality, gifts or expenses for Third-Party Affiliates incurred are approved by the Head of Department or Group MD and the reason for such expenditure must be specifically recorded.

7. COMPLIANCE TO THE LAWS

The Group will comply with all applicable laws, rules and regulations of the governments, authorities, commissions and exchanges in jurisdictions within which the Group operates. Officers are expected to understand and comply with the MACC Act (including any statutory modification, amendment or re-enactment thereof). The Group reserves the right to report any actions or activities suspected of being criminal in nature to the police or other relevant authorities.

8. REPORTING OF VIOLATIONS OF THE POLICY

Any Officer who knows of, or suspects, a violation of this ABC Policy, is encouraged to whistle blow or report their concerns through the mechanism set out under the Group's Whistle-blowing Policy for reporting of violations of the ABC Policy, which is available on REX's website. No individual will be discriminated against or suffer any sort or manner of retaliation for raising genuine concerns or reporting in good faith on violations or suspected violations of this ABC Policy. All reports will be treated confidentially.

9. DECLARATION

All Officers shall certify in writing that they have read, understood and will abide by this Policy. A copy of this declaration shall be documented and retained by the HR Department for the duration of the employment. A sample declaration can be found in the Appendix 'A' of this ABC Policy.

10. REVIEW OF THE POLICY

The Board will monitor compliance with this ABC Policy and review this ABC Policy periodically at least once every three (3) years to ensure that it continues to remain relevant and appropriate.