

DUE DILIGENCE POLICY

SCOPE OF APPLICATION

This policy applies to all members of the Board of Directors and employees of Kulim (Malaysia) Berhad and its Group of Companies (“Kulim”) at all levels and grades.

The contractor, supplier, vendor, consultant, service providers, joint venture partners, and any other individuals or organizations in relations to all work conducted with Kulim or on Kulim’s behalf are expected to comply with this policy.

PERSPECTIVE OF POLICY

Kulim is committed to achieving its vision and mission through an effective and efficient Corporate Governance and Internal Control System and complying with applicable laws, policies and regulations.

Violations of Integrity and Ethical values such as misconduct, misappropriation and abuse of power can occur in any system and procedure, especially in the execution of potentially high-corruption jobs. Some of the factors that have been identified as contributing to these behaviours are associated with greed, lack of understanding and awareness, lack of accountability, conflict of interest, weak monitoring and supervision and internal control weaknesses and collusion between employees and third party.

This policy was established to prevent from any corruption from occurring at high-risk positions and processes.

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1. The Due Diligence process should be performed on any transactions that may have a potential significant business and financial impact, when;
 - i. Recruitment and appointment of an employee who will hold strategic positions, i.e., Responsible Officer and Board Member of Kulim.
 - ii. Recruitment but not limited to, the appointment of an employee who will hold positions that are exposed to more than a low risk of corruption including redeployment, promotion and transfer.
 - iii. Selection and appointment of agents, contractors, suppliers, vendors, service providers and consultant in any purchases, sales and procurement processes.
 - iv. Entering a joint venture, partnership or business associates with any company, organizations and individuals.
 - v. Appointment of agents and individuals who have official dealings with, or on behalf of Kulim.
2. The Responsible Officer shall be responsible for carrying out an appropriate level of the Due Diligence process on any proposed transactions as described in item 1.
3. The due diligence shall be conducted taken into consideration of the level of corruption risk as described in the details policy, and should consider among others:
 - (i) Background checks (identification, qualification, legal compliance and etc.)
 - (ii) Financial Strength
 - (iii) Assess the company's policies or procedures or personnel competencies
 - (iv) Sanctions and restricted party lists, i.e. Bankruptcy and etc.
 - (v) Site visits
 - (vi) Public Records search, i.e. Internet and media reviews on any history of bribery, fraud or similar misconduct
 - (vii) Reference review, interviews with employees and business partners
 - (viii) Special Due Diligence Team
 - (ix) Use an outside consultant or third party Due Diligence service providers
 - (x) Any other evaluation tools and information

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4. Based on the due Diligence results, the related division or department is responsible for evaluating, approving or reject any transaction proposal and to be escalated to the Approving Committee for approval.
5. Each decision must be documented for recording purposes and/or ISO 37001: 2016 Anti-Bribery Management System ("ABMS") verification.