

GIFT AND ENTERTAINMENT POLICY

SCOPE OF APPLICATION

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

This policy applies to any form of gift and entertainment that was given to or received by the director, an employee, his/her spouse or any other person on behalf of that employee.

PERSPECTIVE OF POLICY

Kulim is aware that gift and entertainment can build goodwill, and in certain situations are a part of normal business etiquette. However, gift and entertainment are a very delicate matter and can also create a perception of conflict of interest and could be subject to potential abuse.

POLICIES

1. ACCEPTING OF GIFT AND/OR ENTERTAINMENT

- 1.1 Employees are allowed to accept any gift and/or entertainment without the approval from HOD provided the gift or entertainment:
 - i. Is worth no more than RM200 per event and must not occur more than three (3) times a year with the same person; and
 - ii. In the form of perishable items such as foods, fruits or flowers; or
 - iii. In the form of a plaque or pennant or handcraft made by that individual/organization or any printed material which relates to that department/organization and is intended to promote the organization.

GIFT AND ENTERTAINMENT POLICY

POLICIES

1. ACCEPTING OF GIFT AND/OR ENTERTAINMENT

- 1.2 Under certain circumstances an employee is allowed to accept gifts and/or entertainment, subject to the approval from the Head of Department ("HOD") or immediate superior (applicable for HOD) if;
- i. An employee is uncertain as whether the form, amount or value of the gift received or the entertainment provided is appropriate; or
 - ii. In circumstance where it is difficult, impossible or impractical for an employee to decline a valuable gift and/or entertainment, in which its acceptance is prohibited by this policy.

2. GIVING OF GIFT AND/OR ENTERTAINMENT

- 2.1 Employees are allowed to provide any gift and/or entertainment provided:
- i. Is worth no more than RM200 per event and must not occur more than three (3) times a year with the same person; and
 - ii. In the form of perishable items such as foods, fruits or flowers; or
 - iii. In the form of a plaque or pennant or handcraft made by Kulim or any printed material which relates to Kulim and is intended to promote the Company.
- 2.2 The above mentioned (2.1) categories also apply to the following circumstances:-
- i. Entertainment to build goodwill and strengthen working relationship provided it is appropriate and must commensurate with the official designation of the clients/officers.
 - ii. Gifts from company to external institutions or individuals in relation to the company's official events and celebrations.
 - iii. Gifts to employees and directors and/or their family members in relation to company's official events and celebrations.

GIFT AND ENTERTAINMENT POLICY

POLICIES

3. PROHIBITION OF ACCEPTING AND GIVING OF GIFT AND/OR ENTERTAINMENT

3.1 Employees are prohibited from accepting or giving gifts and/or entertainment in the following circumstances:-

- i. If in connection with official matters, the amount or value is excessive, lavish and not proportionate to the purpose of the gift and/or entertainment.
- ii. Authorize their spouse or any other person to accept or give on behalf, either direct or indirectly, any gift and/or entertainment, from or to any association, individuals or body corporate if;
 - a) The accepting or giving of such gift and/or entertainment is connected in any way with the employee's official matters; and
 - b) The form, amount or value of the gift and/or entertainment does not proportionate to the purpose of the gift and/or entertainment.
- iii. Employees are prohibited from accepting free fares and accommodations from vendors in carrying out any official matters. All expenses on fares and accommodations for official matters shall be borne by Kulim.
- iv. Gift and/or entertainment that would be illegal or violate any law, regulation, or any Kulim's policy.

GIFT AND ENTERTAINMENT POLICY

POLICIES

3. PROHIBITION OF ACCEPTING AND GIVING OF GIFT AND/OR ENTERTAINMENT

3.2 Accepting and giving of gift and/or entertainment which become an offense:

- i. Gift and/or entertainment receives or solicits or agrees to receive for himself or for any other person; or gives, promises or offers for the benefit of that person or of another person with corrupt intention, as an inducement to or a reward for any person doing or forbearing to do anything in respect of any matter or transaction, actual or proposed or likely to take place, in relation to his/her official duties.
- ii. The person who accepting or providing the gift and/or entertainment is associated with his/her official duties or his/her subordinate's official duties and such accepting or giving is not made in a good faith.

GIFT AND ENTERTAINMENT POLICY

POLICIES

3. PROHIBITION OF ACCEPTING AND GIVING OF GIFT AND/OR ENTERTAINMENT

3.3 Facilitation payments

- i. Kulim adopts a strict policy of disallowing the use of facilitation payments in its business. Employees shall not offer, promise, give, request, accept or receive any facilitation payments to secure or expedite the performance by a person performing a routine or administrative duty or function.
- ii. The employee shall decline from accepting or giving the payment and report to HOD immediately when they encounter any requests for a facilitation payment. In addition, if a payment has been made and employee is unsure of the nature, the HOD shall be notified immediately, and the payment recorded accordingly.
- iii. However, there are certain situations or circumstances where employees are faced with having to make facilitation payments in order to protect life, limb or liberty. In dangerous situations like this, employees are allowed to make payments, but shall immediately report to HOD and record accordingly. Making a facilitation payment in such a situation is the only exception which can be used as a defense when faced with allegations of bribery and corruption.

GIFT AND ENTERTAINMENT POLICY

POLICIES

4. REGISTRATION OF GIFT AND ENTERTAINMENT - ACCEPTING AND GIVING

- 4.1 All employees are required to record all the gift and/or entertainment including facilitation payments received and provided using the Form – Gift and Entertainment Register.

5. RESPONSIBILITIES OF HEAD OF DEPARTMENT ("HOD") OR IMMEDIATE SUPERIOR (APPLICABLE FOR HOD)

- 5.1 HOD may ask for an explanation from their subordinates if they are in doubt of any gifts and/or entertainment received and provided.
- 5.2 HOD shall make the decision regarding the acceptance and giving of gift and/or entertainment as follows:
- i. To allow or disallow;
 - ii. If the gift is accepted, the HOD will determine whether to:
 - a) Donate the gift; or
 - b) Display in the department; or
 - c) Share it amongst employees in the department; or
 - d) Permit to be retained by the employee
- 5.3 HOD shall report to the Integrity Unit on violation of this policy or any laws and regulations in relation to accepting and giving of gift and/or entertainment.
- 5.4 If in doubt, please escalate the matter to the Integrity Unit for assistance.

GIFT AND ENTERTAINMENT POLICY

POLICIES

6. OBLIGATION TO REPORT BRIBERY TRANSACTIONS

All employees of Kulim are reminded of the provision of Section 25 of the Malaysian Anti-Corruption Commission Act 2009 on the responsibility to report to the nearest MACC or Royal Malaysia Police if they were given, promised, offered, obtained, solicited or an attempt has been made to obtain any gratification. It shall be an offence that could lead in fine or imprisonment if an employee fails to report this transaction.

INTERPRETATION

- | | |
|-------------------------------|--|
| Gift and entertainment | : Refers to gifts/ souvenirs/ complimentary services, accommodation and so on including cash, moveable or immovable property, vehicle, free fare, stocks, lottery ticket, travel facilities, entertainment, club membership, any form of discount or commission, hamper, jewelry, decoration, any gift or any other valuable item given to or received by the employee, his spouse or any other person on behalf of that employee without consideration. |
| Facilitation payment | : A facilitation payment is a payment received or made with the intention to secure or expedite the performance of a routine or necessary action. |