

YU CAI FOUNDATION

ANTI-BRIBERY AND CORRUPTION POLICY

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1. INTRODUCTION

- 1.1 Yu Cai Foundation (“**YCF**”) strictly prohibits bribery and corruption in all its charitable activities and operations. The Board of Trustees (“**Board**”) requires all YCF trustees and employees to act honestly, with integrity, and applying the highest ethical standards in their management of the administration of YCF and its activities, and has adopted a **ZERO TOLERANCE APPROACH** against all forms and acts of bribery and corruption by all trustees and employees or by any parties working with and on behalf of YCF, including volunteers, grantees, advisers, agents, consultants, contractors, vendors, and representatives.
- 1.2 In view of the above, this Anti-Bribery and Corruption Policy (this “**Policy**”) is adopted and endorsed by the YCF Board and is to be communicated to everyone in YCF and those who have dealings with YCF to ensure their commitment to it. This Policy is applicable to YCF and is issued to elaborate upon YCF’s approach in anti-bribery and corruption, including but not limited to:
- raising awareness of the prohibitions under the law relating to anti-bribery and corruption so that trustees and employees (permanent or on contract) would be able to recognise potential problems and address them appropriately.
 - establishing the standards of conduct and behaviour expected of trustees and employees, and define unacceptable behaviour relating to bribery and corruption.
 - setting out trustees and employees’ obligations to ensure they comply with anti-bribery and corruption laws.
 - maintaining YCF’s integrity and support its image within the community.
- 1.3 This Policy is not intended to provide definitive answers to all questions regarding bribery and corruption. Instead, it is intended to provide trustees and employees with a basic introduction as to how YCF combats bribery and corruption in furtherance of YCF’s commitment to lawful and ethical behaviour at all times.
- 1.4 If trustees and employees have any questions as to the scope of the applicable laws or need more specific information on this Policy, please do not hesitate to contact the Compliance Officer.

“WHEN IN DOUBT, ASK”

- 1.5 This Policy should be read in conjunction with the other policies of YCF to ensure that YCF operates with integrity, and in an ethical and professional manner. Such policies, as may be amended from time to time, include:
- the Code of Conduct & Ethics (inclusive of Whistleblower Policy) issued in December 2015 (“**Code**”);
 - the Gift, Hospitality and Travel Policy issued on 1 June 2020, together with this Policy; and
 - the Dealing with Third Parties Policy issued on 1 June 2020, together with this Policy.

2. APPLICATION

- 2.1 This Policy is intended to apply to all trustees and employees (permanent or contract) of YCF.
- 2.2 Each person to whom this Policy applies:
- will have access to this Policy via YCF's website.
 - must read and **comply** with this Policy.
 - must attend training programmes, seminars, workshops, as may be required from time to time.
 - must report matters or behaviours of concern in accordance with this Policy and the procedures set out under the Whistleblower Policy, and co-operate with any investigations initiated pursuant to the Whistleblower Policy.
- 2.3 All trustees and employees must sign an annual Trustee/ Employee Declaration Form as appended in **Appendix A** indicating that they have read and understood this Policy, and that they agree to comply with it.
- 2.4 Notwithstanding that this Policy is specifically written for trustees and employees of YCF, YCF expects that volunteers, grantees, donors, suppliers, contractors, sub-contractors, consultants, agents, representatives and other parties dealing with or on behalf of YCF, will comply with this Policy in the relevant part(s) when performing such work or services.
- 2.5 YCF's **ZERO-TOLERANCE APPROACH TO BRIBERY AND CORRUPTION** will have to be communicated to all such volunteers, grantees, donors, suppliers, contractors, sub-contractors, consultants, agents, representatives at the outset of the relationship with them and as appropriate thereafter.
- 2.6 YCF upholds all laws relevant to countering bribery and corruption in all jurisdictions in which YCF operates, and to the extent applicable, may be bound by all the applicable local and national laws, including but not limited to the UK Bribery Act 2010 and the US Foreign and Corrupt Practices Act 1977. In case any of the provision(s) of this Policy is found to be conflicting or inconsistent with any other applicable laws and/or statutory provisions which might govern and/or impact the said provisions of this Policy, such applicable laws and/or statutory provisions shall prevail to the extent of such inconsistency.

This Policy has been approved by the Board of YCF.

Effective Date: 1 June 2020

3. THE LAWS

- 3.1 The Malaysian Anti-Corruption Commission Act 2009 (“**MACCA**”) applies to the whole of Malaysia and provides for wide extra-territorial jurisdiction to deal with corruption committed inside and outside of Malaysia.
- 3.2 In short, “**corruption**” means any acts of giving or receiving “gratification”, as defined under the 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 who is in a position of trust within an organisation.
- 3.3 Under the MACCA, “**gratification**” or more commonly known as “**bribery**” means offering, giving, receiving or soliciting something of value (for example money or information) in an attempt to illicitly influence the decisions or actions of a person with a position of trust within an organisation.
- 3.4 According to Transparency International, “**corruption**” means the abuse of entrusted power for personal gain. However, corruption has a broader definition than bribery.
- 3.5 This Policy refers to “bribery and corruption” as a standard term to cover all types of gratification.

3.6 The MACCA sets out, inter alia, the following as offences committed by a person:

- (i) corruptly **solicits, receives or agrees to receive** gratification for himself or any other person;
- (ii) corruptly **gives, promises or offers** gratification to any person whether for the benefit of that person or of another person;
- (iii) corruptly **gives, promises or offers** gratification to public officials;
- (iv) **failure** of a commercial organisation **to prevent an act of corruption** committed by its employees, directors, partners, suppliers, service providers, etc.

If a commercial organisation is charged for an offence under Paragraph 3.6(iv) above, the directors of the commercial organisation, among others, are deemed to have committed such offence unless he/she can prove that the offence is committed without his/her consent, and he/she has exercised due diligence to prevent such act.

It is a defence for a commercial organisation to prove that it had in place **adequate procedures** designed to prevent persons associated with it from undertaking any act of corruption.

3.7 The penalties for offences committed under the MACCA are as follows:

- (i) individuals guilty of the offences under Paragraph 3.6(i) to (iii) above could be subject to:
 - imprisonment for a term not exceeding 20 years; and
 - a fine of not less than 5 times of the value of the gratification, or RM10,000, whichever is higher.
- (ii) commercial organisations guilty of an offence under Paragraph 3.6(iv) above for failing to prevent corruption acts could be subject to:
 - a fine of not less than 10 times of the value of the gratification, or RM1,000,000, whichever is higher; or
 - imprisonment for a term not exceeding 20 years; or
 - both.

4. THE FIVE PRINCIPLES

4.1 The Prime Minister's Department of Malaysia has issued a set of Guidelines on Adequate Procedures ("**Guidelines**") to assist commercial organisations in understanding the adequate procedures that should be implemented to prevent the occurrence of corrupt practices in relation to their operations and activities. The Guidelines focus on five principles – **T.R.U.S.T.** as set out below. YCF is committed to these principles and its implementation.

| | | |
|----------|---|---|
| T | = | Top Level Commitment |
| R | = | Risk Assessment |
| U | = | Undertake Control Measures |
| S | = | Systematic Review, Monitoring and Enforcement |
| T | = | Training and Communication |

4.2 The principles of **T.R.U.S.T** are further elaborated as follows:

(i) Principle I - Top Level Commitment

The Board and officers of YCF (who are concerned with the management of YCF's affairs) commit to fostering a culture and behaviour which ensures that YCF practices the highest level of integrity and ethics where bribery is never accepted, permitted or tolerated by or on behalf of YCF in Malaysia or anywhere else in the world and ensuring that the activities of YCF are carried out fairly, honestly and in a transparent manner.

(ii) Principle II - Risk Assessment

As set out in Paragraph 6.1 below, YCF is committed to assessing, and will assess, the nature and extent of its exposure to potential external and internal risks of bribery. This risk assessment will be conducted periodically and on an informed basis and will be documented and kept under review.

(iii) Principle III - Undertake Control Measures

YCF has in place:

- this Policy, procedures and processes to prevent the occurrence of corrupt practices in relation to YCF's activities.
- due diligence procedures that are designed based on a proportionate and risk-based approach, in respect of dealings with Third Parties (as defined in Paragraph 5.5.1) that propose to enter into any types of relationship with YCF, in order to mitigate any potential liability for bribery committed by Third Parties.
- reporting channel for internal and external parties to raise concerns in relation to real or suspected corruption incidents as detailed in Paragraph 6.3 below.

(iv) Principle IV - Systematic Review, Monitoring and Enforcement

YCF is committed to monitoring and reviewing its anti-bribery and corruption programme and procedures periodically and ensure its implementation to prevent bribery by trustees, employees and any persons associated with it, and will make improvements on these programmes and procedures where necessary.

(v) Principle V - Training and Communication

YCF will provide briefings on the provisions of the MACCA to its trustees and employees on an ongoing basis. YCF will roll-out internal and external communications, periodical training programmes and courses, as appropriate, to ensure that this Policy is embodied and understood throughout the organisation. Existing policies and procedures will be updated as necessary to ensure ongoing compliance with the MACCA.

5. RULES FOR COUNTERING BRIBERY AND CORRUPTION

5.1 Gift, Hospitality and Travel Expenses

As a general rule, YCF practices a “**No Gift Policy**”, the details of which are set out in the **Gifts, Hospitality and Travel Policy**, as appended in **Annexure 1**.

Trustees and employees are prohibited from directly or indirectly, giving or receiving gifts that may influence good judgement and decision making, subject to certain **limited exceptions**.

5.1.1 Gifts

As set out in the **Gifts, Hospitality and Travel Policy**, only the following gifts are acceptable:

(a) **Receiving Gifts**

A trustee or employee may accept gifts in the following exceptional circumstances without disclosure:

- (i) gifts or hampers that are customarily distributed or given during festive seasons PROVIDED that the value of the gifts from any one party in aggregate does not exceed RM200 (“**Nominal Value**”);
- (ii) promotional gifts bearing the company logo, i.e. pens, mugs, calendars and umbrellas PROVIDED that the value of the gifts in aggregate does not exceed the Nominal Value at any one time; or
- (iii) gifts sponsored by any Third Parties (as defined in Paragraph 5.5.1) for events organised by YCF PROVIDED that there are proper document trails of such request, receipt and distribution of gifts.

(b) **Providing Gifts**

Trustees and employees may offer or provide the following gifts to Third Parties:

- (i) promotional gifts bearing YCF’s logo e.g. pens, mugs, diaries, lanyards etc.), and is part of an approved charitable event;
- (ii) gifts exchanged at a company-to-company level (e.g. for official events or launches);
- (iii) gift that is a token of appreciation at an official function or public event (e.g. door gifts at conferences, open house etc.);
- (iv) gifts given as part of the YCF’s programme or activities; or
- (v) gifts offered in conjunction with any festive season or occasion provided that the value of such gifts does not exceed the Nominal Value.

5.1.2 Hospitality

Hospitality may come in many forms, such as entertainment, meals, accommodation, recreation (leisure activities), etc.

As a general rule, YCF recognises that the occasional offering or acceptance of a reasonable and modest level of hospitality is a legitimate way to network and build good relationships.

The value and nature of the hospitality must be appropriate for the circumstances and be provided in accordance with the law and local customs, in an open and transparent manner and in compliance with the rules set out in the **Gifts, Hospitality and Travel Policy**.

(a) Providing Hospitality

Trustees and employees may offer hospitality provided that it is intended to **facilitate charitable goals without any intention to improperly cause undue influence on any party in exchange for some future benefit or result.**

(b) Receiving Hospitality

Trustees and employees are required to exercise proper care and judgement before accepting hospitality offered or provided by Third Parties. Hospitality that is **extravagant** or **frequent** may often appear inappropriate and cannot be taken as a norm. Therefore, trustees and employees should politely and appropriately **decline** any hospitality that is extravagant, lavish or excessive.

5.1.3 Travel Expenses

Subject to the exception set out below, as a general rule, YCF prohibits trustees and employees from giving or receiving travel expenses (travel, transportation, accommodation and incidental expenses) to or from any Third Parties or public officials, unless otherwise specified, instructed or approved by YCF.

Exception:

The incurring and charging of travel expenses for charitable events purposes as provided under contracts for services (e.g., consultants/advisers providing services and charging YCF for travel expenses incurred).

5.2 **Facilitation Payment**

5.2.1 What is facilitation payment?

Typically, “facilitation payment” means small, unofficial payments made in order to expedite or secure performance (e.g., performance by public officers) of a routine action of a minor nature. Example of these routine actions include:

- granting a permit, licence or other official documents
- processing government papers, such as visa or work permit
- providing police protection

5.2.2. No facilitation payment policy

Save and except for the limited exception set out in Paragraph 5.2.3 below, **YCF prohibits accepting and making** facilitation payments, and YCF expects all trustees and employees to make every effort to avoid them altogether.

Trustees and employees responsible in engaging Third Parties shall communicate or make it a term of the engagement letter or contract with such Third Parties that they shall not in the course of providing services for or on behalf of YCF, make any facilitation payment.

5.2.3 Limited Exception to Making Facilitation Payment

YCF acknowledges that there are certain situations or circumstances where a trustee or employee may face with having to make facilitation payments in order to protect his/her life, limb or liberty.

In dangerous situations like this, facilitation payment is allowed but the trustee or employee concerned must immediately report the matter to the Chairman of the Board (in the case of a trustee) or the General Manager (“GM”) (in the case of employee) by completing the Incident Reporting Form annexed as **Appendix B.**

The GM shall report the matter immediately to the Chairman of the Board upon receipt of the Incident Reporting Form from the employee. The making of facilitation payment in such a situation is the only exception which can be used as a defence when faced with allegations of bribery.

Case Study

Facilitation Payment demanded for Entry into a Country

An immigration official demands a \$50 “entry fee” from an employee who is on his working trip to be allowed to the country even though the employee’s passport and visa are all in order.

Responses to demands for such facilitation payment could include:

- keep calm despite provocation and harassment
- take detailed notes of the related conversations - with whom and what was said
- ask the official where the requirement for such “fee” is displayed
- refuse to pay if the official cannot supply official validity of the fee
- emphasise to the official that paying such fee would be a violation of laws and YCF’s policy and would result in legal and disciplinary action
- if the official still demands the fee, ask to see the official’s supervisor
- if that is refused or such supervisor also demands the fee, agree to pay but not without receipt - a formal document that identified the official’s name and identification no.
- if the official refused to provide a receipt, restate willingness to pay but not without a receipt.
- if no receipt is forthcoming, then the employee should call the local embassy and make clear to the official that he is doing so and will wait until he is given entry.
- having exhausted all avenues and still not gained entry, the employee may decide whether to make the payment or risk being returned to his/her original destination by the airport authorities.
- if he/she decides to pay, then the employee must report the incident to YCF soonest upon his/her return to the country by completing the Incident Reporting Form.
- YCF will then decide whether or not to report the incident to the authorities in the country concerned and/or report the incident to the Malaysian Anti-Corruption Commission.

Comment:

The decision as to whether further action should be taken, and the extent of that action, should include due regard for the personal security of the employee (and other employees of YCF) while working in the country concerned. Payment of the demanded “entry fee” reflects an “on the spot” judgment by the employee on his/her personal security.

DOs

- **DO** alert of any signs that you are being asked for or being offered a facilitation payment.
- **DO** communicate YCF’s policy on no

DON'Ts

- **DO NOT** give or accept, either directly or indirectly, facilitation payments to or from any person.

facilitation payments to relevant parties you are engaging with.

- **DO** ask for official receipts for all payments.
- **DO** report any real or suspected incidents of requests for facilitation payments to the Chairman of the Board.

5.3 Donations and Sponsorships

5.3.1 General rules – Donations/ sponsorships

YCF was established to advance, uplift and benefit the underserved communities of Malaysia and to promote the learning of vernacular languages of Malaysia. In accordance with the YCF's objectives, YCF makes donations and sponsorships that are considered suitable and appropriate. All donations or contributions made shall require approval of the Board.

Trustees and employees must ensure that all donations and sponsorships are not used as a subterfuge for bribery or used to circumvent or avoid any of the provisions in this Policy. YCF requires trustees and employees to use good judgement and common sense in assessing the requests.

5.3.2 Criteria

All donations and sponsorships must comply with the following criteria:

- the donations and sponsorships are allowed by applicable laws.
- the donations and sponsorships are in line with the YCF's policy of zero-tolerance approach to bribery and corruption.
- proper due diligence or background checks on the relevant grantees or entities are conducted.
- the donations and sponsorships are made to well-established charities or entities having adequate organisational structure to guarantee proper administration of the funds.
- the donations and sponsorships are accurately stated in the YCF's accounting books and records.
- the donations and sponsorships are not to be used as a means to cover up an undue payment or bribery.
- the amount of donation or sponsorship requested is not excessive and would not otherwise tarnish the reputation of YCF.
- the donations and sponsorships do not come with a direct/indirect suggestion, hint, understanding or implication that some expected or desirable outcome is required.
- there are no pending transactions with the intended recipient.
- there is no risk of a perceived improper advantage for YCF.
- there is continued monitoring of the relevant charities or entities to ensure that donations are not used as subterfuge for bribery.

5.3.3 Donations/ contributions to the Government

All donations or contributions made to the Government shall require approval of the Board.

For the purposes of this Policy, the term “**Government**” means:

- (a) any officer, or employee, appointed or elected, of a local, state, or federal government, or any department, agency, ministry, or instrumentality of a government;
- (b) any individual who, although temporarily or without payment, holds a public position, employment or function;
- (c) an individual acting in an official capacity for or on behalf of a government department, agency, ministry, instrumentality, or public international organisation;
- (d) a political party official, officer, or employee, or any candidate for political office, or a member of a political party or a person with significant influence in a political party;
- (e) any officer or employee of an entity owned or controlled by a government, as well as entities that perform a government function; or
- (f) a member of a royal family, former political party official or highly connected individuals whether or not having formal authority or holding office but could otherwise be influential including through partially owning or managing a state-owned or state-controlled entity.
- (g) any persons with political influence but not necessarily holding any formal position in any political party.

DOs

- **DO** ensure all the requests have been carefully examined for legitimacy and that an appropriate level of due diligence has been conducted on the proposed recipient.
- **DO** ensure the proposed recipient is a legitimate organisation and the funding of the activity is in compliance with the applicable laws and not made to improperly influence an outcome or perceived to provide an improper advantage to YCF.
- **DO** ensure any red flags raised must be resolved before committing any funds to donations or sponsorships.

DON'Ts

- **DO NOT** commit any funds without first undergoing the proper due diligence or background checks to evaluate the legitimacy of the request.
- **DO NOT** try to circumvent any guidelines, rules or procedures put in place by making charitable contributions as a subterfuge for illegal payments.
- **DO NOT** conceal, alter, destroy or otherwise modify any relevant information, which may raise potential red flags that would require additional investigation, particularly if it involves public officials. If you are unsure or have any concerns, please consult the Compliance Officer.

5.4 Dealing with Public Officials

5.4.1 Subject to the exception set out in Paragraph 5.4.6 below, no trustee or employee shall provide anything of value to any officer of public body or their family members with a view to obtain or secure improper advantages.

“**Officer of a public body**” means any person who is a member, an officer, an employee or a servant of a public body, and includes:

- a member of the administration
- a member of the parliament

- a member of a state legislative assembly
- a judge of a High Court, Court of Appeal or Federal Court
- any person receiving any remuneration from public funds

5.4.2 The prohibition applies to the giving of anything of value, not only money. **“Anything of value”** includes, but not limited to, the following:

- favourable contracts
- stock options
- cash, cash equivalents (i.e. gift cards, vouchers) or loans
- payment for improper gifts, meals, entertainment or travel expenses
- favours, including offers for employment or internships for an officer or the officer’s relative
- sponsorships, donation to charity affiliated with or sponsored by the government official
- political contribution

5.4.3 **“Anything of value”** can take many different shapes and forms, but they typically involve a “quid pro quo” that is, such thing of value will be offered or paid in exchange for some improper advantages or benefits, which include, without limitation, those designed to:

- obtain advantageous treatment (for example, on tax, customs, permits or licences) that would not otherwise be available to YCF; or
- circumvent or cause non-enforcement of laws or regulations that are applicable to YCF.

5.4.4 In essence, the laws prohibit the giving of anything of value to influence an officer of a public body’s actions. It is crucial that all trustees and employees shall avoid even the appearance of an improper interaction with officer of public body.

5.4.5 The same prohibition applies to payment of anything of value to **foreign public official**.

“Foreign public official” includes:

- any person who holds a legislative, executive, administrative or judicial office of a foreign country whether appointed or elected; or
- any person who exercises a public function for a foreign country, including a person employed by a board, commission, corporation, or other body or authority that is established to perform.

5.4.6 Exception

A trustee or employee may offer gifts to any officer of public body in conjunction with any festive season provided that the value of such gifts does not exceed the Nominal Value and subject always to the prior written approval of the GM (in the case of an employee) or the Chairman of the Board (in the case of a trustee).

DOs

- **DO** stay alert and be aware on local anti-bribery and corruption laws when dealing with public officials as in some countries, providing entertainment to public officials has the potential to be regarded as bribery.

DON'Ts

- **DO NOT** provide anything of value to any public officials or their family members unless it falls under the exception and with the prior written approval of the GM or the Chairman of the Board, as the case may be.

5.5 Dealing with Third Parties

5.5.1 Engaging with Third Parties¹ is a further area where YCF is potentially exposed to liability as a result of bribery and corruption.

5.5.2 YCF also expects Third Parties dealing with YCF to apply the highest ethical standards and that they have an appropriate anti-bribery and corruption compliance framework in place, where applicable.

5.5.3 YCF must not enter into, or continue, a relationship with any Third Party if it cannot be satisfied that such Third Party will behave in a manner consistent with this Policy and in accordance with applicable anti-bribery and corruption laws.

To protect trustees, employees and YCF from potential liability for bribery or corruption committed by Third Parties, the following steps should be taken:

- to conduct due diligence on Third Parties prior to entering any dealing/ relationship with the Third Party;
- to ensure appropriate anti-bribery provisions are included in the agreements with Third Parties;
- to conduct on-going monitoring and re-evaluation on Third Parties; and
- to monitor and consider any red flags in the course of the dealing/relationship with Third Parties.

5.5.4 Please refer the **Dealing with Third Parties Policy**, as appended in **Annexure 2**, for further details of the applicable policies, rules and procedures when dealing with Third Parties.

5.6 Recruitment of Employees

5.6.1 The recruitment of employees should be based on an approved selection criteria to ensure that only the most qualified and suitable individuals are employed. This is crucial to ensure that no element of corruption is involved in the hiring of employees.

5.6.2 In line with this, the Human Resources Department (“**HR**”) shall ensure:

- (i) proper background checks or due diligence should be conducted to ensure that the potential employee has not been involved in any bribery or corruption cases nationally or internationally.
- (ii) more detailed background checks should be taken when hiring employees for management positions, as they would be tasked with decision-making responsibilities.
- (iii) if the candidate to be employed has a family/household relationship with an employee or trustee of YCF, it is properly recorded and is being made transparent.
- (iv) all rights, entitlements and benefits given to the candidate are reasonable in value.
- (v) any ‘red flag’ is resolved before recruiting. For example, if the candidate is a relative of a government official, the HR must ensure that the selection criteria in Paragraph 5.6.3 are fulfilled prior to hiring.

5.6.3 YCF may hire or employ ex-Government officials or their immediate family members subject to the following criteria:

- the circumstances surrounding the candidate’s employment do not give rise to appearance of impropriety;

¹ “Third Parties” includes, without limitation, volunteers, grantees, donors, agents, consultants, contractors and supplier.

- the candidate is objectively and unquestionably qualified in terms of education, background and experience to perform the duties for which he/she is being employed;
- there is no expectation that the candidate is being employed by YCF in exchange for any improper action or advantage from the Government (a quid pro quo).
- the salary is reasonable and commensurate with the duties and job functions of the candidate.

DOs

- **DO** ensure due process and procedures are carried out based on the approved selection criteria when recruiting new employees.
- **DO** ensure due diligence is carried out to confirm that the candidate is the suitable person based on eligibility criteria and/or other prerequisites, rules and guidelines.
- **DO** ensure relevant approvals are obtained from the respective approving authority prior to issuance of an offer letter.
- **DO** ensure any 'red flag' is resolved before recruiting.
- **DO** give particular attention to any laws, guidelines or policies when a public official or their immediate family members are involved. Always consult the Compliance Officer when in doubt.

DON'Ts

- **DO NOT** recruit an employee without undergoing the proper background checks to ensure that there is no perception of bribery or corruption.
- **DO NOT** try to circumvent any guidelines, rules or procedures when selecting new employees as it might put YCF in trouble in the event of any bribery allegation.
- **DO NOT** try to conceal any information where there might be a conflict of interest. If unsure, please consult the Compliance Officer.
- **DO NOT** arbitrarily award rights, entitlements and benefits. The value and types of rights, entitlements and benefits must be reasonable in value and based on the guidelines prepared by YCF.

5.7 Conflict of Interest

5.7.1 Trustees and employees shall declare conflicts of interest:

- a) on an annual basis; and
- b) on ad-hoc basis where actual, potential or perceived conflicts arises.

5.7.2 The term “**conflict of interest**” describes any circumstances that could cast doubt on a trustee or an employee’s ability to act with total objectivity with regard to YCF’s interests. No trustee or employee shall knowingly place himself/herself in a position that would be in conflict with the interest of YCF. For instance, a “**conflict of interest**” may arise where a trustee or employee taking advantage of his/her role by using power, confidential information, assets or intellectual property of YCF for the benefit of himself/herself or a **Relative**.

“**Relative**” is defined in the MACCA to include, spouse, siblings, parents, grandparents, children, grandchildren, spouse’s parents, grandparents, siblings, their spouse and children, uncles, aunts, cousins, daughters-in-law and sons-in-law.

5.7.3 In avoiding situations of conflict of interest, directors and employees shall ensure that their personal financial circumstances and transactions do not jeopardise their independent and objective judgement or adversely affect their job performance.

5.7.4 While it is impossible to specify all situations where a conflict of interest may arise, the following are examples of situations that constitute a conflict:

- (i) any direct or indirect financial or other interest in a person or entity which has dealings with

YCF where the trustee or employee can influence decisions with respect to YCF's dealings with such person or entity;

- (ii) serving on the board of trustees/directors or assuming employment in any capacity (with or without remuneration) with any person or body that has dealings with YCF unless authorized by YCF; and/or
- (iii) where such trustee or employee acting in the official capacity as a member of any tender/purchasing committee of YCF but has a direct or indirect interest in the person or entity that has a relevant matter for consideration before the said tender/ purchasing committee, if applicable.

5.7.5 Wherever a conflict of interest situation arises:

- (i) in the case of an employee, he/she shall disclose such conflict or potential conflict by completing the Conflict of Interest Declaration Form as appended in **Appendix C** setting out circumstances that constitute or may potentially constitute a conflict of interest. Thereafter, the employee shall submit the completed form to the GM or the Chairman of the Board (in the case of a GM) (with a copy to the Compliance Officer), and where relevant, abstain from voting as a member of the relevant committee on any matter in which he/she may have an interest (direct or indirect) or where there may be a potential conflict of interest. Failure to disclose fully the nature and scope of a conflict of interest will result in disciplinary action against the employee; or
- (ii) in the case of a trustee, he/she shall disclose such conflict or potential conflict during the board meeting in accordance with Section 221 of the Companies Act 2016. In the absence of board meetings, a trustee shall disclose such conflict or potential conflict to the company secretary, which conflict will then be set out in the trustees' circular resolution to be circulated.

DOs

- **DO** declare any actual, potential or perceived conflict of interest to the GM with a copy to the Compliance Officer by completing the Conflict of Interest Declaration Form.

DON'Ts

- **DO NOT** conceal any actual, potential or perceive conflict of interest that may put integrity, credibility and decision making in question.
- **DO NOT** make decision when there is an actual or potential conflict of interest (such as during contract negotiations or tender process) without first making a disclosure.

6 PROCEDURES FOR COUNTERING BRIBERY

6.1 Risk Assessment

6.1.1 YCF will conduct a risk assessment on both internal and external risks, to establish those areas of operations that are at high-level risk from bribery. This risk assessment procedure is an on-going process in which a comprehensive assessment will be conducted every three (3) years and intermittent assessments will be conducted, when necessary.

6.1.2 The risk assessment process includes the following steps:

| Steps | Descriptions |
|------------------------------|---|
| Step 1 – Risk Identification | To identify all potential risks related to bribery, corruption, donations, sponsorship etc. in each process of all departments. Identification of risks using a comprehensive and systematic process is critical to avoid potential risks not being identified and excluded from further analysis. |

| | |
|--------------------------|---|
| Step 2 – Risk Assessment | To rank risks based on a set of prescribed measures. Risk assessment involves consideration of the impact of the risks and the likelihood that these risks may occur. Risk is assessed by combining estimates of impact and likelihood within the context of existing control measures in place. |
| Step 3 – Risk Response | To determine and implement the appropriate responses to the risks to effectively manage the risks. Risk response options include transferring, avoiding, mitigating, exploiting and accepting the risk. In some cases, one risk response option may not mitigate the risk to an acceptable level. In such cases, a combination of options may be appropriate. When the option evaluated is considered both feasible and cost effective, action plans should be developed and documented with the responsible parties and timelines for completion clearly established. All the above information is compiled into the Risk Profile. |
| Step 4 – Risk Monitoring | To continuously monitor and review of the risk profile and the risk response plan to provide assurance that risks are being managed as expected, assess whether the risk action plans remain relevant and ensure that the risk profile anticipates and reflects changes in circumstances and new exposures. |
| Step 5 – Risk Reporting | To report to the Chairman of the Board regularly on risk related activities, including results of risk monitoring and any alleged and actual breaches. |

6.1.3 In essence, commonly encountered external risks can be categorised into five (5) broad categories as follows:

- **Country risk:**

This is evidenced by perceived high levels of corruption, an absence of effectively implemented anti-bribery and corruption legislation and a failure of the foreign government, media, local community and civil society to effectively promote transparent procurement and investment policies.

In transactions with any Third Parties, employees should be alert to ‘country risk’ and ask the following question:

“Does the Third Party operate in a country that is ranked by Transparency International as high risk for corruption?”

Please refer to the Transparency International Corruptions Perceptions Index (TICPI) – <https://www.transparency.org>

Any Third Party that operates in a jurisdiction, or a transaction that is connected to a country, with a score of 50 or less on the TICPI (Malaysia’s score in 2020 is 51/100 and ranked 57/180) should be considered as medium to high risk for bribery. In this respect, employees should conduct an enhanced due diligence on the Third Party in order to satisfy himself/herself that it is reasonable in all circumstances to act.

- **Sectoral risk**

Some sectors are higher risk than others. Higher risk sectors include public work contract

and construction, utilities, real estate, oil and gas etc. (Source: Transparency International Briber Payers Index 2011)

- **Transaction risk**

Certain types of transaction give rise to higher risks, for example, charitable or political contributions, licences and permits, and transactions relating to public procurement.

- **Opportunity risk**

Such risks might arise in high value projects or with projects involving many intermediaries; or with projects which are not apparently undertaken at market prices, or which do not have a clear legitimate objective.

- **Partnership risk**

Certain relationships may involve higher risk, for example, the use of intermediaries in transactions with foreign public officials and relationships with politically exposed persons where the relationship involves, or is linked to, a prominent public official.

6.2 Training

YCF will conduct awareness programmes on this Policy for all trustees and employees to facilitate their understanding of this Policy. Questionnaires on this subject matter will also be circulated to test employees' understanding. New employees will be briefed on this Policy as part of their induction programme.

If necessary, refresher training or briefings will be provided either when there are significant changes to the Policy or where compliance with this Policy has been found to be below expectations.

Additional training will also be provided to trustees and employees who are holding high-risk roles.

The GM is responsible for ensuring the compliance of this Policy.

6.3 Complaints Channel and Protection to Whistleblowers

6.3.1 Complaints Channel

YCF encourages openness, transparency and accountability in ensuring prompt action is taken where necessary, in order to mitigate any potential financial or reputation damage arising from the violation of this Policy or any applicable law. In this respect, if anyone, including Third Parties and any outsiders, becomes aware that another person subject to this Policy has violated or is about to violate this Policy or the applicable law, whether deliberately or inadvertently, he/she is encouraged to make a report. YCF has adopted a Whistleblower Policy to encourage the reporting of concerns and violations (or suspected violations) of this Policy and to provide effective protection to those reporting by implementing systems for confidentiality and report handling.

All reports must be made in writing and submitted to this email address: ethics.ycf@ut.com.my or submit a hard copy of the report to the designated mailbox labelled **WB** at Level 37 of Menara Maxis. The report should be marked '*Strictly Private and Confidential and to be opened by the Addressee only*'. In the case of a reportable conduct or detrimental action, where applicable, involving any trustees (other than the Chairman of the Board), such report should be addressed directly to the following:

Chairman of the Board of Trustees of Yu Cai Foundation
Level 37, Menara Maxis
50088 Kuala Lumpur

6.3.2 Protection to Whistleblowers

Anyone who raises concerns or reports on another person’s wrongdoing, are sometimes worried about possible repercussions. YCF aims to encourage openness and will support anyone who raises genuine concerns in good faith under this Policy, even if they turn out to be genuinely mistaken in the concerns that were raised.

YCF is committed to ensuring that no one suffers any detrimental treatment as a result of reporting in good faith their suspicion that an actual or potential bribery or other corruption offence has taken place, or may take place in the future. “**Detrimental treatment**” includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern.

Further, if any employee believes that he/she or any of his/her co-workers have suffered any detrimental treatment, he/she should inform the Compliance Officer immediately.

6.4 Communications

6.4.1 YCF will communicate this Policy to its stakeholders and the wider community.

6.4.2 In addition, this Policy and any amendments thereof must be communicated in a timely manner to the following parties by the persons responsible as follows:

| Party | Person responsible | Time of communication |
|---------------|---|--|
| Trustees | Company Secretary | Upon joining YCF and regularly throughout their appointment. |
| Employees | HR/Compliance Officer | Upon joining YCF and regularly throughout their employment. |
| Third Parties | Personnel engaging with the Third Party | Prior to engagement or renewal of contracts, and as appropriate during the course of their engagement. |

6.4.3 Any trustees or employees who have any comments on this Policy are welcomed to put forward their comments to the Compliance Officer.

6.5 Internal Controls

6.5.1 YCF will establish and maintain an effective system of internal controls to counter bribery and corruption. These internal controls comprise financial, non-financial, organisational checks over the YCF’s accounting and record keeping practice and other processes, such as separation of duties and approving powers, multiple signatories for transactions etc. For example, for all transactions, there must be at least two levels of responsibilities i.e. the maker and checker. For financial activities (such as disbursements and payment activities), YCF strictly adopts multiple signatories to further mitigate any corruption risk. The system will be subject to regular reviews and audits to ensure its implementation and effectiveness.

6.5.2 Internal audits on group companies will be conducted to help ensure YCF’s continued compliance with applicable anti-bribery and corruption laws and this Policy. It is the duty of all employees to cooperate with and never interfere with or obstruct such audit activities or investigations.

6.6 Accurate Books and Records

6.6.1 Record keeping is integral to this Policy as it serves as evidence that YCF has taken adequate measures and proper procedures in addressing bribery and corruption risks and issues.

6.6.2 YCF must maintain an accurate and auditable record of all financial transactions in accordance with generally accepted accounting principles. This includes maintaining appropriate records of all gifts, hospitality, contributions and payments made and received. The accounting entries must not

distort or disguise the true nature of any transaction. The following practices must be observed:

- keeping two or more sets of books or accounts is prohibited;
- making false entries or alterations on the books and records is prohibited, and there should not be any back-dated or post-dated documents, false invoices, false applications, statements, other false documents or applications; and
- adequate records must be kept and there must not be concealment of records, or refusal to make certain records available.

6.6.3 Trustees and employees must keep records of their dealings with all external parties, including public officials and government bodies, accurate and transparent.

6.6.4 Misreporting and concealment in the accounting records of bribery and other improper acts is strictly prohibited.

6.7 Incident Management Reporting

6.7.1 The IA must promptly investigate all matters reported relating to a suspected or alleged breach of this Policy upon consultation with the Chairman of the Board. The investigation must be conducted in a fair and objective manner. The steps taken and the results of the investigation must be documented in reasonable detail.

6.7.2 In addition, if a matter represents a serious risk to YCF's activities (including, but not limited to, a reputational or financial risk) or there is a serious breakdown in internal controls (including breach of this Policy), they must immediately escalate the incident to the Chairman of the Board.

6.7.3 A summary of the incidents and results of any investigation conducted must be reported to the Chairman of the Board by the IA within a reasonable timeframe.

6.7.4 Where illegal conduct has occurred, this may involve reporting the matter to the appropriate authorities.

6.8 Consequences of breach

6.8.1 Since this Policy is based on legal requirements, any violation of this Policy could subject YCF and its trustees to fines, imprisonment and other criminal or civil sanctions. These violations may also result in high costs, personal reputational damage or loss of professional integrity and severely damage the reputation of YCF.

6.8.2 YCF may take appropriate disciplinary action including termination of employment or appointment or dismissal of any employee who fails to comply with this Policy, or the applicable laws. In addition, a trustee or employee who breaks the law may be reported to the police and other relevant authorities, and may face prosecution, criminal proceedings, fines or imprisonment, and be subject to the active pursuit of recovery of loss or damages by YCF.

6.8.3 For Third Parties, non-compliance with this Policy and the applicable laws will be considered a material breach of contract and may result in the termination of any relationship with YCF and the matter being reported to the police and other relevant authorities and be subject to the active pursuit of recovery of loss or damages by YCF.

6.9 Monitoring and Review Procedures

The Board has approved this Policy and the oversight of this Policy is the responsibility of the full Board. The Board, with the assistance of the Compliance Officer, GM and IA, will review this Policy at least annually and make any necessary amendments.

(a) The Board will:

- approve, review and/or make any changes to this Policy;
 - monitor the effectiveness of this Policy;
 - provide leadership, guidance, advice and direction to promote compliance with the Policy;
 - ensure a framework for the effective reporting, escalation and resolution of bribery and corruption compliance issues; and
 - ensure that a qualified and independent external party will be engaged once every three (3) years to conduct a comprehensive review of this Policy and procedures to assess its effectiveness.
- (b) The GM will:
- provide leadership, guidance, advice and direction to employees to promote compliance with this Policy;
 - communicate and ensure compliance with this Policy with all stakeholders;
 - report, escalate and resolve any bribery and corruption compliance issues; and
 - provide this Policy to all Third Parties and conduct due diligence on all Third Parties before entering into business transaction with them.
- (c) The Compliance Officer will:
- establish, implement and maintain a monitoring program which covers the scope, frequency and methods for compliance review;
 - oversee and monitor the performance of and compliance with this Policy and the procedures;
 - manage the whistleblowing channel;
 - report, escalate and resolve any bribery and corruption compliance issues; and
 - provide reports to the Board on, among others, the status of compliance reviews and compliance initiatives undertaken on a regular basis.
- (d) IA will:
- undertake periodic independent audits and assessments of the compliance programme to ensure that the programme is implemented and complied with, and to identify areas for improvement;
 - carry out investigation on any reports on violation of this Policy or MACCA, or pursuant to reports received from the whistleblowing channel;
 - present any findings of the audits to the Board for review; and
 - forward the relevant findings of the audits to the relevant person-in charge for further action, if necessary.
- (e) The Company Secretary will:
- ensure that there is a standing agenda in Board meeting on anti-bribery and corruption matters; and
 - ensure all discussions on anti-bribery and corruption matters are recorded in the minutes of

meetings.

- (f) Legal Department will ensure that appropriate anti-bribery and corruption clauses are included in the agreements with Third Parties, where applicable.
- (g) Finance Department will ensure that all financial controls, including, but not limited to, those set out in paragraph 6.5.1 are in place and implemented effectively.
- (h) HR will:
 - conduct due diligence on all prospective employees before hiring; and
 - together with the Compliance Officer, ensure that the Policy is communicated to all new employees.

[End of Policy]

APPENDIX A - TRUSTEE/ EMPLOYEE DECLARATION FORM

(Paragraph 2.3)

**ANTI-BRIBERY & CORRUPTION POLICY –
[TRUSTEE/ EMPLOYEE] DECLARATION FORM**

I, _____, hereby declare that I have read and understood the Anti-Bribery and Corruption Policy (“**Policy**”) issued by Yu Cai Foundation (“**YCF**”), a copy of which I hereby acknowledge receipt.

I acknowledge that YCF takes a zero-tolerance approach to bribery and corruption. I will abide by the requirements and provisions set out in the Policy and the applicable anti-bribery and corruption laws, and any related policies as may be issued by YCF at all times, as part of my terms of appointment/employment¹ with YCF.

I acknowledge and agree that a breach of the Policy and/or the applicable anti-bribery and corruption laws:

- (a) may be treated as a disciplinary matter and YCF may take appropriate disciplinary action including termination of my [appointment/employment¹];
- (b) may be reported by YCF to the police and other relevant authorities, and I may face prosecution, criminal proceedings, fines or imprisonment, and
- (c) may result in YCF taking any other remedial action as YCF deems appropriate, including the active pursuit of recovery of loss or damages suffered by YCF.

Name:
Position:

[End of Appendix A]

¹ To delete as appropriate
² To delete as appropriate

APPENDIX B - INCIDENT REPORTING FORM

(Paragraph 5.2.3)

| Incident Reporting Form | |
|--|--|
| Name: | |
| Designation: | |
| Department: | |
| Date: | |
| Summary of Incident: | |
| Please set out the details of the incident (providing as much details as possible, particularly, dates, times and locations). You may attach additional sheets, if required. | |
| Please provide the names and contact details of any person involved in the incident, including witnesses, if possible. | |
| Declaration: I confirm that the above statements are true to the best of my knowledge, information and belief. | |
| Form completed by: | |
| Signature: | |
| For completion by YCF | |
| Date form is received: | |
| Name of recipient and designation: | |
| Signature | |

[End of Appendix B]

APPENDIX C – CONFLICT OF INTEREST DECLARATION FORM

(Paragraph 5.7.5)

CONFLICT OF INTEREST DECLARATION FORM
YU CAI FOUNDATION (“YCF”)

A conflict of interest exists when there is a situation that could cast doubt on a trustee or employee’s ability to act with total objectivity with regard to YCF’s interest. No trustees or employees shall knowingly place himself/ herself in a position that would be in conflict with the interest of YCF.

A conflict of interest may relate to you, your spouse and/or family members. Please refer to the Code of Conduct and Ethics (“**Code**”) and the Anti-Bribery and Corruption Policy (“**ABC Policy**”) for further details.

Any employee who is in a situation of actual or potential conflict must complete this Conflict of Interest Declaration Form (“**COI Form**”) as soon as the situation arises. The completed form shall be submitted to his/her GM or the Chairman of the Board (in the case of a GM) (with a copy to the Compliance Officer).

Any trustee must disclose any actual or potential conflict during board meetings in accordance with applicable laws and regulations, or in the absence of board meetings, to the company secretary where the conflict will be set out in the trustee’ circular resolutions.

If you have any questions as to whether a conflict of interest exists, we encourage you to discuss this with the Human Resources Department or the Compliance Officer, as the case may be, and/or to disclose this information on the COI Form.

I certify by signing below I acknowledge receipt of the Code and the ABC Policy and that I have accurately completed this COI Form to the best of my knowledge and belief.

Please check the statement that pertains to your disclosure:

- I hereby report that to the best of my knowledge, information and belief, no situation which I am involved in personally or professionally could be construed as placing me in a position of having a conflict of interest with YCF; **OR**
- I hereby disclose the following circumstances that constitute or may potentially constitute a conflict of interest, as described in the Code and the ABC Policy (please document all situations below that are or may be considered a conflict of interest):

I confirm that to the best of my knowledge, information and belief, I have declared any previous potential or actual conflict of interest to YCF accordingly and have complied with all the requirements and agreed action plan to resolve any such conflict.

I understand that it is my responsibility to complete a new COI Form as soon as any situation of actual or potential conflict occurs, and at least once a year.

Employee Full Name:
NRIC No:
Company/Department:
Position:
Date:

[End of Appendix C]

ANNEXURE 1 - GIFTS, HOSPITALITY AND TRAVEL POLICY

(Paragraph 5.1)

[As attached]

ANNEXURE 2 - DEALING WITH THIRD PARTIES POLICY

(Paragraph 5.5.4)

[As attached]