

# **HWA TAI INDUSTRIES BERHAD GROUP ANTI-CORRUPTION POLICY**

## **Policy**

Hwa Tai Group's Anti-Corruption Policy is an extension of its Code of Ethics and Business Conduct and will serve as a guide to proper business conduct of all employees.

Hwa Tai Group prohibits corruption in any form in its relationships with parties associated with the Group i.e. customers, consumers, suppliers, service providers, government and authorities (associated party/ies).

All employees and associated parties must demonstrate integrity, honesty and transparency in their business activity and act in accordance with anti-corruption laws and regulations.

Any breach of this obligation exposes the employee to disciplinary actions, up to and including termination, as well as civil and criminal prosecution, as applicable. Hwa Tai Group will terminate its relationship with any associated party who breaches this obligation.

## **What is Corruption?**

In this Policy, the general term "corruption" refers not only to corruption itself, but also influence peddling.

Corruption is defined as a situation in which a person (the briber), offers, promises or gives, directly or indirectly, an advantage of any nature whatsoever (financial or otherwise: money, gift, invitation, etc.) to another person (the bribee), in order to obtain an undue action or decision from this other person, or to get them to abstain from an action or decision.

The intent is a determining factor, but the simple act of accepting solicitations is also an act of corruption.

Both active corruption (in which the party is the briber) and passive corruption (in which the party is the bribee) are prohibited.

Influence peddling is when an undue gift or advantage is offered or granted so that the recipient will use his or her influence, real or supposed, to obtain a favourable decision from a public authority.

Examples of corruption can be found in the addendum to this Policy.

## **Penalty for Committing Offence**

Other than internal disciplinary action against the employee for breach of obligation in this Policy, the employee is subject to civil and criminal prosecution under the Malaysian Anti-Corruption Commission Act 2009 (MACC Act) as follows and/or any other anti-corruption laws and regulations. The following penalties are subject to change in accordance with any revision to the MACC Act hereafter:-

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**For Individuals – who gives the bribe**

Imprisonment of up to 20 years

AND

Fine of not less than 5 times of the value of the gratification (if it can be valued) OR RM10,000 whichever is higher

**For Individuals – whom the bribe is given and failed to report the bribe**

Imprisonment of up to 10 years

AND

Fine of up to RM100,000

**For Company**

Fine of not less than 10 times the value of the gratification (if it can be valued) OR RM1,000,000 whichever is higher

OR

Imprisonment of up to 20 years

OR Both

Those who can be charged under this section are:-

1. A person who is director, controller, officer, partner or who is concerned in the management of the company's affairs – is deemed to have committed the offence *Unless* he/she proves that the offence was committed without his/her consent and that he/she exercised due diligence to prevent such act.
2. The company *Unless* the company can prove that it had in place adequate procedures to prevent persons associated with the company from committing such act.

**Guilty until Proven Innocent**

For MACC Act, a person or company is guilty as charged until proven innocent.

**Particular point of vigilance: gifts and invitations**

Offering and accepting gifts and invitations are often considered an act of courtesy to strengthen business relationships.

However, in some cases, the gifts and invitations may seem or be perceived as an act of corruption. Therefore, all gifts and invitations must be reasonable, proportionate and with no notion of reward. The golden rule is transparency.

Gifts can take various forms, such as material goods, products and/or services provided free of charge or below market value, any other advantage or favour, discounts, etc.

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Invitations include meals, entertainment or sports events, trips, stays, lodging, seminars, conventions or any other form of hospitality for which the recipient does not pay usual market value.

In practice:

- The intention behind offering or accepting any gift or invitation must always be considered first. It should never be for an improper motive to obtain or retain a business, or to obtain some form of benefit or advantage, whether it is for the business or for the individual employee;
- In case of doubt on how to consider the intention behind any gift or invitation, the employee must always inform his/her supervisor or head of department to obtain advice and also approval before proceeding;
- Employees are not allowed to offer or accept any gift or invitation where it is for an improper purpose, irrespective whether it is to benefit of the individual employee or to benefit the Hwa Tai Group's business;
- The employee must obtain prior approval from his/her supervisor and/or head of department before offering to or accepting from any person any gift or invitation which is not of any improper motive;
- If any gift or invitation is not improper and received before prior approval can be obtained, the employee must declare such gift or invitation to the supervisor and/or head of department, irrespective of its value;
- In the event it is difficult or inappropriate to decline the offer of a gift or invitation (such as in a situation where the giver, due to culture/religion, will be offended if the gift or invitation is rejected), it may be accepted but it must be declared and surrendered to the employee's immediate supervisor and/or head of department, who will assess the relevant circumstances and take the necessary steps, including returning the gift on the employee's behalf, where appropriate or required to do so.
- In the event the supervisor or the head of department is unsure on how to advise the employee who approaches him/her in any of the above circumstances, the supervisor or the head of department must refer to the Chief Operating Officer or the Executive Chairman.

What is usually authorised: Hwa Tai products (goody bags); gifts of low value (not more than RM1,000.00); reasonable and usual lunches and dinners (not more than RM300.00 per person excluding drinks in Malaysia or its relative value in other countries), and with a limited frequency.

What is not authorised: cash gifts; gifts and invitations at the time of and/or during calls for tender or any other negotiation, except for the above-mentioned meals; gifts and invitations that are illegal or contrary to the laws and practices of the country; gifts and invitations with the intention of receiving an advantage in return. Making political contributions on behalf of Hwa Tai Group to candidates, political parties, political organisations or other political bodies is prohibited.

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**Particular point of vigilance: Facilitation payments (corruption of foreign authorities)**

Facilitation payments are unofficial payments (opposed to official taxes and fees) paid to foreign authorities to obtain or accelerate the completion of certain administrative actions (e.g., customs clearance of goods, granting of visas, business permit or any other official document, etc.).

These payments are strictly prohibited by Hwa Tai Group worldwide and are subject to criminal prosecution for corruption.

**Associated Party/ies**

Hwa Tai Group only deals with reputable third parties i.e. customers, consumers, suppliers, service providers, government and authorities (associated party/ies) that carries out legal business activities and whose funds come from legal sources.

Hwa Tai Group requires its associated parties to comply with Hwa Tai Group's commitments established in this Policy to fight against corruption.

The rules to follow:

- Employees are required to conduct a due diligence on any third party who intends to enter into transaction of whatever nature with Hwa Tai Group.
- Employees must ensure the associated parties comply with the provisions of this Policy and also ensure that they respond to the Form of Declaration and Acknowledgement of Anti-Corruption Compliance Laws sent to them to verify their compliance.
- Where reimbursements are paid to associated parties, employees must ensure that such payments made are for proper reimbursements and not for reimbursements that can be tied to giving any form of gratification for improper purposes.
- Hwa Tai Group expects all associated parties to have anti-corruption policies within their own organisations.
- Hwa Tai Group does not tolerate any associated party who does not conduct itself in accordance with the principles of this Policy especially when it brings disrepute or legal implications to Hwa Tai Group. Any non-compliance with the principles of this Policy by any associated party may lead to a review and/or termination of any agreement and/or business with such parties.
- Pay attention to the following warning signs, which are indicators of a risk of corruption:-
  - Generous gifts or invitations offered directly or indirectly by a supplier.
  - Failure to comply with internal procedures.
  - Unexplained and undocumented preference for certain suppliers.
  - Excessive number of urgent orders.
  - Activities carried out in or from a country known to have corruption problems.
  - Request for payment in a country other than the business place of the intermediary or other than the place where the service is provided.
  - Transaction involving government agents or politicians.
  - Third parties requiring confidentiality of their identity or refusing to reveal information as part of due diligence.

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**Lobbying / donations / patronage / sponsorship**

Lobbying is any activity intended to intervene with a government or authority in favour of a particular cause or an expected result.

It is a legal and authorised activity; however:

- There is sometimes a thin line between lobbying and corruption. Lobbying becomes corruption when the lobbyist offers an advantage to a government official in order to incite him/her to support legislation or activities that would be favourable to the lobbyist.
- Hwa Tai Group strives for integrity, intellectual honesty and transparency in all relationships with government officials or officials of any authorities, without seeking to obtain any undue political or regulatory advantage.

Likewise, donations, patronage and sponsorship may be considered acts of corruption when they are carried out in order to obtain an undue advantage.

Therefore, donations, patronage and sponsorship must adhere to the following principles:

- Actions of donation, patronage and sponsorship must be conducted according to an absolute need for excellence, professionalism and ethics.
- The objective is both to strengthen the reputation and image of Hwa Tai Group and to promote Hwa Tai Group's values of respect, equality and social responsibility.

**Supplier Selection**

Hwa Tai Group believes in procuring materials for products in a principled manner. Suppliers must follow the same standards the Group upholds in material sourcing. Employees must only use approved suppliers and follow established standard operating procedure for supplier selection. The purchasing management process should be as transparent as possible, within commercial and legal constraints.

Employees must avoid any situation which may give rise to a conflict of interest in the procurement of suppliers. Employees must avoid any relationship or activity that might impair, or appear to impair, their ability to make objective and fair decisions when performing their jobs.

Employees must never ask for nor accept business courtesies from a supplier when involved in choosing or confirming a supplier or under circumstances that would create an impression that offering courtesies is the way to obtain business from Hwa Tai Group. In a situation when the employee is unable to decline such business courtesies, the employee must declare and surrender to the employee's immediate supervisor and/or head of department, who will assess whether the business courtesies are occasional, customary and conform to reasonable ethical practices.

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Employees may accept, provided that -

- They are not inappropriately lavish or excessive.
- The courtesies are not frequent and do not reflect a pattern of frequent acceptance of courtesies from the same person or entity.
- The courtesy does not create the appearance of an attempt to influence business decisions, such as accepting courtesies from a supplier whose contract is expiring in the near future.

### **Government and Authorities**

Hwa Tai Group follows strict compliance with laws and regulations of both local and foreign governments and authorities.

Employees are strictly prohibited from giving cash, gifts, meals, entertainment, Hwa Tai products etc to local and foreign officials to facilitate business dealings or to obtain application approvals. In countries where cash, gifts, meals, entertainment, Hwa Tai products etc practices are permitted, employees must consult and obtain approval from the Chief Operating Officer or the Executive Chairman before involving in such practices.

Employees cannot make monetary, products or other contributions from Hwa Tai Group to any political parties or candidates without the express authorisation of the Chief Operating Officer or the Executive Chairman, even when local or foreign laws may permit such practices.

### **Reporting for Violations of Policy (Whistleblow)**

Where an employee who believes he/she has discovered an improper conduct within Hwa Tai Group which has elements of corruption, the employee is required to report the particulars of such suspicions according with the procedures in Hwa Tai Group's Whistleblowing Policy.

Any report made for violation of Hwa Tai Group's Anti-Corruption Policy will be treated very seriously and accordingly, the employee making the report is responsible to ensure that:-

- He/she exercises sound judgment that it is a genuine threat and violation of this Policy;
- He/she has evidence to support the allegations of any violations of this Policy;
- He/she is available to provide evidence in any inquiry of such violations; and
- He/she does not make malicious allegations or disclose information which is knowingly to be false or with the motive to scandalise.

Employees should make a report internally without fear of reprisal so that the organisation can conduct an investigation and resolve the complaint involving such improper conduct. Hwa Tai Group's Whistleblowing Policy is designed to offer protection to employees who disclose such improper conduct provided the disclosure is made in good faith.

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**Review**

The Board of Directors can modify this Anti-Corruption Policy at any time without notice. Modification may be necessary, among other reasons, to maintain compliance with laws and regulation and / or accommodate organisational changes within Hwa Tai Group. However, the modification made shall be effective after the same is circulated to employees in writing or electronically. This Anti-Corruption Policy was approved by the Board of Directors on 26 August 2025.

# HWA TAI INDUSTRIES BERHAD GROUP ADDENDUM TO ANTI-CORRUPTION POLICY

## INTRODUCTION

This is an Addendum to *Hwa Tai Group's Anti-Corruption Policy*. Other than the Anti-Corruption Policy, employees should also be guided by Hwa Tai Group's *Code of Ethics & Business Conducts* and *Whistleblower Policy*. All of these Policies are disclosed Hwa Tai website [www.hwatai.com](http://www.hwatai.com).

## EXAMPLES OF CORRUPTION

### Example 1

Director A instructed CEO B to get the Company to buy a RM3,000/- watch to present to the Manager of Customer X (Manager X) in hope that Customer X will continue to place orders with the Company and not with other competitors. CEO B assigned the task to Sales Manager C. Sales Manager C told Sales Executive D about the matter. Later, Sales Manager C went to see Manager X with the watch and Manager X accepted the watch.

Director A CEO B Sales Manager C Manager X	}	Guilty of corruption as individuals
Company Customer X	}	Guilty of corruption as a company
Sales Executive D	-	May be charged for conspiring if he fails to report

### Example 2

Sales Executive D went to police station to apply for inter-state travel permit during MCO (Movement Control Order). Police Inspector was very strict and after asking many questions then only approved the permit. Two weeks later Sales Manager C told Sales Executive D that the Company needed Sale Executive D to travel outstation again. Hoping that Police Inspector will be more friendly this time, Sales Executive D brought a goody-bag for the Police Inspector. Sales Manager C is not aware of this. Police Inspector was happy to receive the goody-bag and immediately issued the inter-state travel permit.

Sales Executive D Police Inspector	}	Guilty of corruption as individuals
Company	-	Guilty of corruption as a company
Sales Manager C	-	May be charged as an officer of company unless proof of no knowledge and had exercised due diligence

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Example 3

Purchasing Manager E is sourcing for materials from a few suppliers. Supplier Y via its Salesman Y asked Purchasing Manager E to show him the quotations from the Company's other suppliers & Supplier Y will quote lowest price. Purchasing Manager E asked Purchasing Officer F to give the quotations of other suppliers to Supplier Y. Company purchased the materials from Supplier Y who quoted the lowest price. Supplier Y then gave an all-expenses paid (air tickets, food, hotel, entrance tickets) Langkawi holiday to Purchasing Manager E & his family.

Purchasing Manager E Salesman Y	}	Guilty of corruption as individuals
Purchasing Officer F	-	May be charged for conspiring if he fails to report
Company Supplier Y	}	Guilty of corruption as a company

Example 4

The Company's loan facility with Bank Z is due for annual review and renewal. Director A instructed Finance Manager G to invite Bank Manager Z for dinner. The dinner was held at a 5-star hotel attended by Director A, Finance Manager G and Bank Manager Z. The dinner for 3 cost RM2,800. At the dinner, Director A presented Bank Manager Z with a bottle of whiskey costing RM800. Two weeks later, the Company's loan facility was renewed by Bank Z.

Director A Finance Manager G Bank Manager Z	}	Guilty of corruption as individuals
Company Bank Z	}	Guilty of corruption as a company

**PENALTY FOR COMMITTING OFFENCE (UNDER MACC ACT)**

**For Individuals – who gives the bribe**

Imprisonment of up to 20 years

**AND**

Fine of not less than 5 times of the value of the gratification (if it can be valued) OR RM10,000 whichever is higher

From the Examples above, those guilty under this section are:-

In Example 1 – Director A, CEO B & Sales Manager C

In Example 2 – Sales Executive D

In Example 3 – Salesman Y

In Example 4 – Director A & Finance Manager G

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**For Individuals – whom the bribe is given and failed to report the bribe**

Imprisonment of up to 10 years

AND

Fine of up to RM100,000

From the Examples above, those guilty under this section are:-

In Example 1 – Manager X & Sales Executive \*D

In Example 2 – Police Inspector

In Example 3 – Purchasing Manager E & Purchasing Officer \*F

In Example 4 – Bank Manager Z

*\* Although D was not involved & F was indirectly involved in the respective acts, they were aware of the acts. Therefore, they are guilty for conspiring as they failed to report.*

**For Company**

Fine of not less than 10 times the value of the gratification (if it can be valued) OR RM1,000,000 whichever is higher

OR

Imprisonment of up to 20 years

OR Both

Those who can be charged under this section are:-

3. A person who is director, controller, officer, partner or who is concerned in the management of the Company's affairs – is deemed to have committed the offence *Unless* he/she proves that the offence was committed without his/her consent and that he/she exercised due diligence to prevent such act.
4. The Company *Unless* the Company can prove that it had in place adequate procedures to prevent persons associated with the Company from committing such act.

From the Examples above, those guilty under this section are:-

- i. Director, controller, officer, partner or a person who is concerned in the management of the affairs of the Company, Customer X, Supplier Y & Bank Z.  
*(In the case of Example 2, Sales Manager C is also guilty under this section unless he can prove that he is unaware that Sales Executive E gave goody-bag to Police Inspector and also prove that Sales Manager C had done enough to advise his subordinates against bribery/corruption)*
- ii. The Company, Customer X, Supplier Y & Bank Z.

**GUILTY UNTIL PROVEN INNOCENT**

For MACC Act, a person or company is guilty as charged until proven innocent.