



PERBADANAN NASIONAL BERHAD

GIFTS, HOSPITALITY, DONATION, SPONSORSHIP AND SIMILAR BENEFITS POLICY AND GUIDELINES

Version 3.0
PERNAS/ID/POLICY/001

THIS GUIDELINE IS STRICTLY FOR INTERNAL USE OF PNS ONLY. THE CONTENTS HEREIN MAY NOT BE REPRODUCED IN ANY MANNER, IN WHOLE OR IN PART,
FOR ANY OTHER PURPOSES, OR DIVULGED TO UNAUTHORIZED PERSONS.

| Document Sign-Off | | | | |
|---|-------------------------------|--------------|------------------------------------|------------------|
| Name | Position | Comments | Signature | Date |
| Mohammad Syazmmir bin Idris | Manager, Integrity Department | Prepared by | Signed | 7 December 2023 |
| Pernas Management Committee (MC) | Members of the MC | Concurred by | 518th (No.15/2023) (Special) | 12 December 2023 |
| Pernas Board Audit & Risk Committe (BARC) | Members of the BARC | Endorsed by | Signed | - |
| Pernas Board of Directors (Board) | Members of the Board | Approved by | KAA/SEC/S337/BOD393/26-01-24 (5.4) | 26 January 2024 |

| Document Change Record | | | |
|------------------------|----------------------|---|-----------|
| Document Version | Author(s) | Change Reference | Date |
| Version 1.0 | Integrity Unit | 1. 8.0 POLITICAL CONTRIBUTIONS 2. Appendix C - Providing and Receiving Gifts Value Limitation Guideline | 11/9/2015 |
| Version 2.0 | Integrity Department | 1. Document title 2. Terms and abbreviation, company logo and standardisation of document number 3. Improvement on the content of the policy 4. Add – clause on support letter | |

TABLE OF CONTENTS

| | <u>Page No.</u> |
|--|-----------------|
| ABBREVIATION | 4 |
| PREFACE | 5 |
| 1.0 INTRODUCTION | 7 |
| 2.0 APPLICATION AND DEFINITIONS | |
| 2.1 Application | 7 |
| 2.2 Definitions | 8 |
| 3.0 GIFT | |
| 3.1 Gift Policy | 12 |
| 3.2 Receiving Gifts | 12 |
| 3.3 Providing Gifts | 14 |
| 3.4 Good Gifting Management | 16 |
| 3.5 The Gift and Entertainment Register Book | 16 |
| 4.0 ENTERTAINMENT | |
| 4.1 Providing Entertainment | 17 |
| 4.2 Receiving Entertainment | 18 |
| 5.0 CORPORATE HOSPITALITY | 19 |
| 6.0 DEALING WITH PUBLIC OFFICIALS | 20 |
| 7.0 CORPORATE SOCIAL RESPONSIBILITY, SPONSORSHIPS AND DONATIONS | |
| 7.1 Corporate Social Responsibility (CSR) | 21 |
| 7.2 Sponsorships and Donations | 21 |
| 8.0 POLITICAL CONTRIBUTIONS | 22 |
| 9.0 SUPPORT LETTER | 22 |
| Note: Reporting Suspicious Forms of Gifting | 23 |
| APPENDICES | 24 |

ABBREVIATION

| | | |
|---------------|---|--|
| Pernas | - | Perbadanan Nasional Berhad group of companies |
| Policy | - | Gifts, Hospitality, Donation, Sponsorship and Similar Benefits Policy and Guidelines |
| HCD | - | Human Capital Department |
| ID | - | Integrity Department |
| CSLD | - | Company Secretarial and Legal Department |
| HOD | - | Head of Department |
| HODiv | - | Head of Division |
| CEO | - | Chief Executive Officer |
| BOARD | - | Board of Directors |
| CSR | - | Corporate Social Responsibility |

PREFACE

This Document

The purpose of this document is to have standard principles, practices and prudence approach in exercising Gifts, Hospitality, Donation, Sponsorship and Similar Benefits Policy and Guidelines (hereinafter will be referred to as *Policy*) within Pernas. This document will be communicated throughout the organisation where the organisation will ensure that all relevant personnel clearly understand Pernas' approach to the Gift exercise.

Target Audience

This *Policy* is meant for Pernas Group of companies, to all their directors (executive and non-executive), employees or representatives who are directly or indirectly involved in managing day to day business and operations functions.

Compliance with Laws and Regulations

This *Policy* shall at all times comply with and be subject to the laws and regulations of Malaysia. And, in the unlikely event of any conflict or inconsistency between the laws and regulations of Malaysia, the latter shall prevail.

Interpretation of the Policy

It is the responsibility of all staff of Pernas to observe and comply with, at all times, the provisions of the Policy contained herein. Where interpretation of the *Policy* is required, ID should be consulted.

Related Document

This *Policy* should be read together with other related internal policies and/ or external guidelines (where relevant) issued by the governing authorities.

Change Request

For any amendments or changes that need to be made to this *Policy* please forward the recommendation to ID.

Document Creation Information

This *Policy* Document is created by the ID and approved by Pernas Board of Directors.

Validity and Review of the Policy and Guideline

- The effective date of this *Policy* shall be immediately upon approval by the Board.
- This *Policy* shall be reviewed periodically or as and when deemed necessary by Board or Board Audit and Risk Committee.

Getting Help

If you have any query regarding this *Policy*, please contact the ID.

1.0 INTRODUCTION

In line with Pernas Group's desire to maintain a reputation for integrity in the conduct of its business operations, all Pernas Group's directors (executive and non-executive), employees and representatives are required to observe the highest standard of professionalism, honesty, integrity and ethics in all business relationships and comply with all laws and regulations.

The purpose of this policy is to establish principles and guidelines as to what would constitute normal and acceptable behaviour in relation to gifts and entertainment, and as to what would be regarded as unethical, criminal or contrary to good corporate governance and behaviour.

This *Policy* has been prepared to provide the necessary guidelines and actionable steps for its employees to manage challenges regarding gifts, hospitality and related matters such as political donations, charitable donations and sponsorships.

2.0 APPLICATION AND DEFINITIONS

2.1 Application

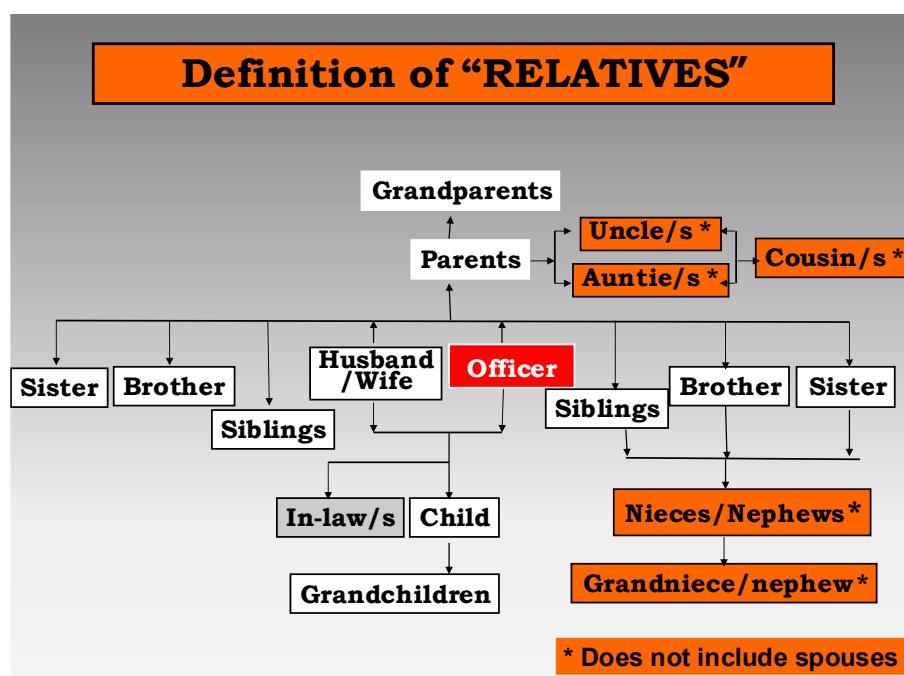
2.1.1 This *Policy* is intended to apply to every employee of Pernas. It is also intended to apply to every director (executive and non-executive) for those companies, except as otherwise stated in this policy.

2.1.2 Should any provision in this *Policy* conflicts with the law, please consult with the Head of CSLD, HCD or ID.

2.2 Definitions

2.2.1 For purposes of this *Policy*, the term “**relatives**” includes your spouse (s), children (including stepchildren and adopted children), parents, step-parents, siblings, step-siblings, grandparents, grandchildren, in-laws, uncles, aunts, nieces, nephews, and first cousins, as well as other persons who are members of your household.

Illustration of “relatives” described as below:



2.2.2 For purposes of this *Policy*, the term “**employee**” means any person who is in the employment of Pernas including but not limited to executives, non-executives, secretaries, secondees and individuals on direct hire.

2.2.3 **Bribery and Corruption** means any action which would be considered as an offence of giving or receiving gratification under the Malaysian Anti-Corruption Act 2009 (MACC Act 2009).

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 his official duties and in a position of trust within an organisation.

Bribery maybe 'outbound', where someone acting on behalf of Pernas attempts to influence the actions of someone external, such as Government Official or client decision-maker. It may also be 'inbound', where an external party is attempting to influence someone within the organisation such as a senior decision-maker or someone with access to confidential information.

2.2.4 Gratification is defined in the MACC Act 2009 means:

- 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).

2.2.5 Corruption offenses under the MACC Act 2009 are as below:

| Section 16 (a) and 17 (a) - Agent | Section 16 (b) and 17 (b) - Agent | Section 17 (A) | Section 18 | Section 23 | Section 28 |
|--|---|--|---|--|--|
| <ul style="list-style-type: none"> • Soliciting / Receiving corrupt gratification (bribe) | <ul style="list-style-type: none"> • Offering / Giving corrupt gratification (bribe) | <ul style="list-style-type: none"> • Offence by Commercial Organisation • Commercial Organisation is liable for the failure to prevent corrupt practices by a person associated with the Commercial Organisation, done in the interest of the organisation | <ul style="list-style-type: none"> • Intending to deceive principal by agent (false claim) | <ul style="list-style-type: none"> • Using office or position for gratification (abuse of power / position) | <ul style="list-style-type: none"> • Attempts, preparations, abetments and criminal conspiracies as offence |

2.2.6 **Gift** is defined as anything of value such as money or cash equivalent vouchers, goods, services, loans, tickets, free fares, shares, lottery tickets, travelling facilities, entertainment expenses, club membership, any form of commission, hampers, jewellery, decorative item and any item of high value that is given to directors (executive and non-executive) or employees.

2.2.7 **Corporate Gift** is any gift of insignificant value given by a corporate body to its employees or clients such as diaries, pens, calendars, plaque, t-shirt or notebook given to all participants during official functions.

2.2.8 **Corporate hospitality** is generally defined as “corporate events or activities organised by an organisation which involves the entertainment of employees and third parties for the benefit of that organisation”. Third parties may include customers, potential customers, suppliers, external companies and any other stakeholders with whom a business relationship, whether current, prospective or historic exists.

2.2.9 A ‘**Government or Public Official**’ refers to any officer or employee or anyone acting in an official capacity on behalf of a government or any department or agency. Includes, without limitation, candidates for public office, officials of any political party and officials of state-owned enterprises.

2.2.10 **Support Letter** refers to a document in any form of communication that is conveyed either verbally or in writing which includes letters, memos, minutes, emails, short message services, oral conversations, telephone calls or other forms intended to support an application or influence decision making.

2.2.11 **Nominal Value** means something small, a gesture, or business courtesies.

2.2.12 **Excessive Value** means any gift or entertainment valued above the ceiling limit permitted by Pernas (i.e. RM500 per giver or per recipient for the immediate 12 months rolling period) or an amount that may adversely affect the reputation of Pernas.

3.0 GIFT

3.1 Gift Policy

- 3.1.1 Pernas employees and directors (executive and non-executive), relatives or agents acting for or on behalf of Pernas employees, directors or their relatives are prohibited from, directly or indirectly, receiving or providing gifts.
- 3.1.2 A conflict of interest arises in a situation in which an individual is in a position to take advantage of his or her role in Pernas for his or her personal benefit, including the benefit of his/her relatives and friends. This would undermine the duties of good faith, fidelity, diligence and integrity as expected by Pernas from its employees and directors in the performance of their duties and obligations.
- 3.1.3 It is the responsibility of employees and directors to inform external parties involved in any business dealings with Pernas on the Company's gift practices and to request the external party's understanding and adherence to this *Policy*.

3.2 Receiving Gifts

- 3.2.1 The Company is very much aware that the exchange of gifts can be a very delicate matter where, in certain cultures or situations, gift giving is a central part of business etiquette. Despite acknowledging the *Policy*, some external parties may still insist in providing gifts to employees, directors and/or their relatives.

3.2.2 Although the general principle is to immediately refuse or return such gifts, accepting a gift on behalf of Pernas is allowed only in limited circumstances, whereby refusing the gift is likely to seriously offend and may sever business relationship with the Third Party. However, in no circumstances may an employee, director or his/her relatives accept gifts in the form of cash or cash equivalent.

3.2.3 In these circumstances, employees are expected to immediately record the gift in the **Gift and Entertainment Register Book (Appendix A)** or **Gift and Entertainment Activity Report Form (Appendix B)** (HCD Ref. No.) for submission to the HOD/HODiv/CEO/BOARD/Chairman who will then decide whether to approve the acceptance of the gift or require it to be returned. Directors should inform the ID, as soon as reasonably practicable, to seek advice when faced with a similar situation.

3.2.4 It may appear disrespectful to refuse a gift from an external party, nevertheless, if there is a conflict of interest situation (e.g. tender is in progress and the company that gave the gift is one of the tenderer then clearly the HOD/HODiv cannot approve the acceptance of the gift. In this situation, **the gift must be politely returned with a note of explanation on the Company's Policy.**

3.2.5 In the event that the HOD/HODiv/CEO/BOARD/Chairman approves the acceptance of the gift, he/she must also determine the treatment of the gift whether to:

- Donate the gift to charity;
- Hold it for departmental display;
- Share with other employees in the department;
- Permit it to be retained by the employee; or

e) Share with all employees during company gathering.

3.2.6 In determining the above, HOD/HODiv/CEO/BOARD/Chairman are expected to exercise proper care and judgement in each case, taking into account pertinent circumstances including the character of the gift, its purpose, the position/seniority of the person(s) providing the gift, the business context, reciprocity, applicable laws and cultural norms.

3.2.7 Acceptance of gifts and entertainment is subjected to a ceiling limit of RM500 per giver for the immediate 12 months rolling period. Requestors are required to seek the approval of the CEO for gifts and entertainment exceeding the ceiling limit of RM500 per giver. For gifts and entertainment accepted by the CEO himself/herself which exceed the ceiling limit, approval should be obtained from the BARC.

3.3 Providing Gifts

3.3.1 Generally employees are not allowed to provide gifts to third parties. However, the provision of gifts are permitted in the following situations:

- a) Exchange of gifts at the company to company level (e.g. gifts exchanged between companies as part of an official company visit/courtesy call, signing ceremony or launch event);
- b) Gifts from Pernas to external institutions or individuals in relation to the company's official functions, events and celebrations, commemorative gifts or door gifts or as a token of appreciation, celebration and recognition;

- c) Gifts from Pernas to employees and directors and/or their relatives in relation to an internal or externally recognised company function, event and celebration (e.g. in recognition of an employee's/director's long service to the company, festive season gifts such as kurma, cookies etc.);
- d) Token gifts of nominal value normally bearing the Pernas or company's logo (e.g. t-shirts, pens, diaries, calendars and other small promotional items) that are given out equally to members of the public, delegates, customers, partners and key stakeholders attending events such as conferences, exhibitions, training, trade shows etc. and deemed as part of the Company's brand building or promotional activities; and
- e) Gifts to external parties who have no business dealings with Pernas (e.g. monetary gifts or gifts in-kind to charitable organisations).

3.3.2 Even in the above exceptional circumstances, employees and directors are expected to exercise proper judgement in handling gift activities as below:

- a) Conscientiously maintain the **highest degree of *integrity***;
- b) Always exercise **proper care and *judgment***;
- c) **Avoid conflicts of *interest***;
- d) **Refrain** from taking advantage of your position or exercising your authority to further your own personal interest at the expense of Pernas; and
- e) **Comply** with applicable laws, regulations and Pernas policies and procedures.

3.3.3 Provision of gifts and entertainment is subjected to a ceiling limit of RM500 per recipient for the immediate 12 months rolling period. Requestors are required to seek the approval of the CEO for gifts and entertainment exceeding the ceiling limit of RM500 per recipient. For gifts and entertainment provided by the CEO himself/herself which exceed the ceiling limit, approval should be obtained from the BARC.

3.4 Good Gifting Management

Good gifting management is a marker of an ethical company. If you are still in doubt about whether or not to give or receive a gift, ask yourself the following:

The Five Ethical Filters

1. Will my action or decision be against the law?
2. Will my action or decision be in breach of my or others religion's codes of ethical conduct?
3. Will my action or decision be in breach of regulations, protocol, procedures or standing orders?
4. Will my action or decision be an affront to my own conscience?
5. Would I be proud to have my actions and words publicly reported?

3.5 The Gift And Entertainment Register Book

3.5.1 To avoid malpractice a gift and entertainment register book should be maintained. The Register Book should contain a record of:

- a) Gifts received by the organisation or its staff;
- b) Gifts offered to the organisation or its staff;
- c) Offers of entertainment/hospitality to its staff;
- d) Entertainment/hospitality received by the organisation or its staff; and
- e) Other information as and when required by the company.

3.5.2 The Gift and Entertainment Register Book and Activity Report Form should be maintained and monitored by the HCD. The book shall be opened to regular inspection by ID.

3.5.3 Employees and directors are required to disclose and record the receiving of gifts in the **Gift and Entertainment Activity Report Form (HCD Ref. No.) (Appendix B)**.

4.0 ENTERTAINMENT

4.1 Providing Entertainment

4.1.1 Pernas recognises that providing modest entertainment is a legitimate way of building business relationships and as such a common practice within the business environment to foster good business relationship with external clients. As such, eligible employees are allowed to entertain external clients through a reasonable act of hospitality as part of business networking as well as a measure of goodwill towards the recipients.

4.1.2 Employees and directors are strictly prohibited from providing or offering to provide entertainment with a view to improperly cause undue influence on any party in exchange for some future benefit or result. Any acts of this nature, whether provided directly or indirectly through an intermediary, may be construed as an act of bribery and contrary to the general values and principles of the Company.

4.1.3 Employees and directors should always bear in mind that this is an area where perception is often regarded as more important than facts and therefore you should always exercise proper care and judgment when providing entertainment to third parties especially when it involves public officials to ensure compliance with local anti-bribery and corruption laws.

4.1.4 Employees and directors are required to comply with the HCD policies and procedures and maintain expenses within the entertainment limit when carrying out entertainment activities. All activities must be Shariah Compliant.

4.1.5 Provision of gifts and entertainment is subjected to a ceiling limit of RM500 per recipient for the immediate 12 months rolling period. Requestors are required to seek the approval of the CEO for gifts and entertainment exceeding the ceiling limit of RM500 per recipient. For gifts and entertainment provided by the CEO himself/herself which exceed the ceiling limit, approval should be obtained from the BARC.

4.2 Receiving Entertainment

4.2.1 Pernas recognises that receiving entertainment provided by third parties in the normal course of business is a legitimate way to network and build good business relationships.

4.2.2 It is important for employees and directors to exercise proper care and judgment before accepting entertainment offered or provided by a third party. This is not only to safeguard the Company's reputation, but also to protect employees and directors from allegations of impropriety or undue influence.

4.2.3 Employees and directors are required to record the receiving entertainment in the **Gift and Entertainment Activity Report Form (HCD Ref. No.) (Appendix B)**.

4.2.4 Employees and directors or relatives will not in any circumstances, accept entertainment in exchange for an exercise of non-exercise of his/her authority or other wise to the detriment of Pernas.

4.2.5 Acceptance of gifts and entertainment is subjected to a ceiling limit of RM500 per giver for the immediate 12 months rolling period. Requestors are required to seek the approval of the CEO for gifts and entertainment exceeding the ceiling limit of RM500 per giver. For gifts and entertainment accepted by the CEO himself/herself which exceed the ceiling limit, approval should be obtained from the BARC.

5.0 CORPORATE HOSPITALITY

5.1.1 Corporate events and activities include but are not limited to sporting events, gala dinners or activity based events such as golf tournaments.

5.1.2 Corporate hospitality would be illegitimate in the following situations:

- a) If it provides an advantage to another person if offered;
- b) If it is given with the intention of inducing the person to perform a relevant function improperly; or
- c) If there is knowledge that acceptance of the advantage would in itself be improper performance.

5.1.3 Corporate hospitality arrangements/activities should conform to the following basic principles:

- a) **Transparency** means that all corporate hospitality is reported and written approval is obtained, all records of which are properly kept;
- b) **Proportionality** i.e. the corporate hospitality must not be too excessive. In addition, the corporate hospitality must commensurate with the recipient's official capacity and not provided in his/her personal capacity;
- c) **Reasonableness** in ensuring that the corporate hospitality is not lavish; and
- d) **Bona fide**, where the intention to offer and/or provide the corporate hospitality is done with good and legal intentions.

5.1.4 Pernas strictly prohibits its employees and directors from soliciting corporate hospitality and are not allowed to accept hospitality that is inappropriate, illegal, excessive or in anticipation of, or given in response to, or to influence a business decision, from parties involved in a tender or bidding exercise.

5.1.5 Offers of hospitality that do not fall into the accepted categories should be reported and recorded in the **Gift and Entertainment Activity Report Form (HCD Ref. No.) (Appendix B)**. An officer or employee who is doubtful about whether or not to accept a gift or form of hospitality should refer the matter to the ID.

6.0 DEALING WITH PUBLIC OFFICIALS

If approval is obtained to provide gift, entertainment or corporate hospitality to public officials, employee must ensure that the gift, entertainment or corporate hospitality is not excessive and lavish, and must commensurate with the official designation of the public official and not his personal capacity. Employees must also be aware of local laws governing the activity and to ensure compliance. Employees should seek guidance from their immediate superior and approval from the level of authority prior to providing any gift, entertainment or corporate hospitality to public officials.

7.0 CORPORATE SOCIAL RESPONSIBILITY, SPONSORSHIPS AND DONATIONS

Pernas is committed to contributing to the well-being of the people and nation. It is important that all corporate social responsibility, sponsorships and donations are made in accordance with the policies and receive prior authorization by the Management Committee or the Board.

7.1 Corporate Social Responsibility (CSR)

- 7.1.1 As part of Pernas commitment to corporate social responsibility and promote positive social and environmental change, in general may provide such assistance in appropriate circumstances and in an appropriate manner. The requests to carry out CSR must be carefully examined for legitimacy and not be made to improperly influence a business outcome.
- 7.1.2 The proposed recipient must be a legitimate organisation or a specific targeted group of people with the approval by the Management Committee or the Board. The CSR must be carefully structured to ensure that the benefits reach their intended recipients.
- 7.1.3 The Company's CSR practices are set out in the Corporate Communication Policy under the CSR Policy and Procedure.

7.2 Sponsorships and Donations

- 7.2.1 Employees must ensure that all sponsorships and donations are not used as a subterfuge for bribery.
- 7.2.2 All sponsorships and donations must comply with the following:

- a) ensure such contributions are allowed by applicable laws;
- b) obtain all the necessary internal and external authorisations;
- c) be made to well established entities having an adequate organisational structure to guarantee proper administration of the funds;
- d) be accurately stated in the company's accounting books and records; and
- e) not to be used as a means to cover up an undue payment or bribery.

8.0 POLITICAL CONTRIBUTIONS

Pernas does not make or offer monetary or in-kind political contributions to political parties, political party officials or candidates for political office. Use of Pernas facilities, equipment and resources by political parties for any political campaign or political party function is not permitted.

9.0 SUPPORT LETTER

9.1 Pernas prohibited employees and directors from:

- a) bring or attempt to bring outside influence or submit any support letter from any Government Leader and Influential Individual to support application or influence decision making; and
- b) using external influence or support letter as a basis for consideration or direction from Government Leaders and Influential Individual in decision making.

9.2 In managing external influences and support letters, Pernas employees must take the following steps:

- a) If support is received in writing, to file it in the related file; or

- b) If the support is received verbally, the communication must be recorded in writing along with the information of the party providing the support and the form of support in the relevant minute sheets in the related file; after which
- c) Shall promptly report in writing the support received to the HOD/HODiv/CEO/MD/Chairman or ID for further instructions or action; or
- d) If for any reason or impractical to report to the HOD/HODiv/CEO/MD/Chairman, staff shall report to the relevant authorities for further action.

Note: Reporting Suspicious Forms Of Gifting

If you are suspicious or have evidence of illegal gifting, you must report the matter to the Integrity Department. If you decide to report incidents of a case of bribery or suspected bribery, have the details when you make the report. This will help the Integrity Officer to help you. He/She will wish to know:

- Your name and I/C number
- Your address and contact number
- Details of the incident, i.e. where and when it took place, who was involved, what words were used etc.
- Be as factual as you can – don't embellish the incident.

The Integrity Officer may suggest that you attend at the nearest Malaysian Anti-Corruption Commission (MACC) office to lodge a report. If this is very inconvenient, the Integrity Officer may assist you by forwarding the details and report to the MACC officer and the MACC office may visit you at a mutually agreed location. You may take a friend with you if you wish.

APPENDICES

| | |
|---|--------------|
| 1. Gift and Entertainment Register Book | - Appendix A |
| 2. Gift and Entertainment Activity Report Form | - Appendix B |
| 3. Providing and Receiving Gifts Value Limitation Guideline | - Appendix C |

- The remainder of this page is intentionally left blank -