



SERBA DINAMIK HOLDINGS BERHAD

NO GIFT POLICY

19 June 2019

1. PURPOSE

The Group has adopted a "No Gift" Policy whereby, subject only to certain narrow exceptions, its employees and directors (executive and non-executive), family members or agents acting for or on behalf of the Group, employees, directors or their family members are prohibited from, directly or indirectly, receiving or providing gifts.

The Group requires employees and directors to abide by this Policy to avoid conflict of interest or the appearance of conflict of interest for either party in on-going or potential business dealings between the Group and external parties as a gift can be seen as a bribe that may tarnish the Group's reputation or be in violation of anti-bribery and corruption laws.

It is the responsibility of employees and directors to inform external parties involved in any business dealings with the Group that it practices a "No Gift Policy" and to request the external party's understanding for and adherence with this Policy.

2. RECEIVING GIFT

The Group 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 this Policy, some external parties may still insist in providing gifts to the Group's employees, directors and/or their family members in certain situations which do not fall within the general exceptions.

Although the general principle is to immediately refuse or return such gifts, accepting a gift on behalf of the Group is allowed only in very limited circumstances, whereby refusing the gift is likely to seriously offend and may sever the Group's business relationship with the 3rd parties.

However, in no circumstances may an employee, director or his/her family/household members accept gifts in the form of cash or cash equivalent.

In these limited circumstances, employees are expected to immediately record the gift in the Gift Register or any other form as provided by the Human Resource Department for submission to the Head of Unit/Department/Division/Company who will then decide whether to approve the acceptance of the gift or require it to be returned.

Directors should inform the Company Secretary, as soon as reasonably practicable, to seek his/her advice when faced with a similar situation.

Even if it may appear disrespectful to refuse a gift from an external party, nevertheless, if there is a conflict of interest situation (e.g. bidding is in progress and the company that gave the gift is one of the bidders), then clearly the Head of Unit/ Department/ Division/ Company cannot approve the acceptance of said gift (in the case of directors, the Company Secretary would advise the same).

In this situation, the gift must be politely returned with a note of explanation about the Group's "No Gift" policy.

In the event the Head of Unit/ Department/ Division/ Company approves the acceptance of the gift, he/she must also determine the treatment of the gift whether to:

- Donate the gift to charity; or
- Hold it for departmental display; or
- Share with other employees in the Unit/Department/Division/Company; or
- Permit it to be retained by the employee.

In determining the above, Heads of Unit/Department/Division/Company are expected to exercise proper care and judgment 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. PROVIDING GIFTS

Generally, employees are not allowed to provide gifts to 3rd parties with the exception of the Management and any other officers identified in the gift and entertainment policy of the respective jurisdictions.

4. EXCEPTION

Although generally the Group practices a "No Gift" Policy, there are certain exceptions to the general rule whereby the receiving and 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 and thereafter said gift is treated as company property);
- b) Gifts from company to external institutions or individuals in relation to the company's official functions, events and celebrations (e.g. commemorative gifts or door gifts offered to all guests attending the event);
- c) Gifts from the Group to employees and directors and/or their family members in relation to an internal or externally recognised Group's function, event and celebration (e.g. in recognition of an employee's/director's service to the Group);
- d) Token gifts of nominal value normally bearing the Group's logo or (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 Group's brand building or promotional activities; and
- e) Gifts to external parties who have no business dealings with the Group (e.g. monetary gifts or gifts in-kind to charitable organisations).

Even in the above exceptional circumstances, employees and directors are expected to exercise proper judgment in handling gift activities and behave in a manner consistent with the general principles set out as per below:

- Conscientiously maintain the highest degree of integrity,
- Always exercise proper care and judgment,
- Avoid conflicts of interest,
- Refrain from taking advantage of the position or exercising the authority to further own personal interest at the expense of the Group, and
- Comply with applicable laws, regulations and the Group's policies and procedures.

5. PROVIDING ENTERTAINMENT

The Group 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.

In some countries, the act of hospitality through entertainment is a central part of business etiquette. However, this may not necessarily be the case in every country or in all circumstances as it may create a negative perception if observed or known by others despite selfless motives behind the entertainment provided.

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 should always exercise proper care and judgment when providing entertainment to 3rd parties especially when it involves public officials to ensure compliance with local anti-bribery and corruption laws.

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.

The employees and directors are required to comply with the policies and procedures of the Human Resource Department, and to maintain expenses within the limits of entitlement, when carrying out entertainment activities.

Any entertainment activities that would involve public officials shall require the prior approval of the Group CEO, in consultation with Legal Department or the Internal Audit Function.

6. RECEIVING ENTERTAINMENT

The Group recognises that the occasional acceptance of a reasonable and modest level of entertainment provided by 3rd parties in the normal course of business is a legitimate way to network and build good business relationships.

However, it is important for employees and directors to exercise proper care and judgment before accepting entertainment offered or provided by a 3rd party.

This is not only to safeguard the Group's reputation, but also to protect employees and directors from allegations of impropriety or undue influence.

The employees and directors are required to comply with the policies and procedures of the Human Resource Department in relation to receiving entertainment from 3rd parties.

In no event, however, may employees and directors or any of their family/household members accept entertainment in exchange for an exercise of the Group's authority or otherwise to the detriment of the Group.

7. CORPORATE HOSPITALITY

Corporate hospitality is generally defined as "corporate events or activities organised by an

organisation which involves the entertainment of employees and 3rd parties for the benefit of that organisation".

3rd parties may include customers, potential customers, contractors, external companies and any other stakeholders with whom a business relationship, whether current, prospective or historic exists.

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

Corporate hospitality is recognised as a legitimate way to network and build goodwill in business relationships.

However, there is a fine line between what is considered to be legitimate vs. illegitimate forms of corporate hospitality.

The question is whether there is any intention to influence or be perceived to influence the improper outcome of a business decision by providing the corporate hospitality.

Corporate hospitality would be illegitimate in the following situations:

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

Transparency International has advocated corporate hospitality arrangements/activities should conform to the following basic principles:

- Transparency, in that all corporate hospitality is reported and written approval is obtained, all records of which are properly kept;
- 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;

- Reasonableness in ensuring that the corporate hospitality is not lavish; and
- Bona fide, where the intention to offer and/or provide the corporate hospitality is done with good and legal intentions.

8. PROVIDING CORPORATE HOSPITALITY

The Group recognises that providing corporate hospitality to its stakeholders be it through corporate events, sporting events or other public events, is a legitimate way to network and build goodwill in business relationships.

It is customary for the Group to issue complimentary invitations in the form of passes, tickets or invitations to third parties for events organized or sponsored by the Group as well as events organised or sponsored by external organisations.

The following are some of the examples of the Group providing corporate hospitality:

- a) events sponsored & organized by the Group; and
- b) events organised by external organisations for the benefit of that organisation or charitable events,

While providing corporate hospitality is a reflection of the Group's courtesy and goodwill, the respective Heads of Unit/Department/Division/Company must exercise proper care to protect the Group's reputation against any allegations of impropriety or the perception of bribery especially when the arrangements could influence or be perceived to influence the outcome of a business decision and are not reasonable and bona fide expenditures.

There should also be explicit, clear and internally transparent criteria to determine the selection of guests to be invited to a Group's corporate hospitality event.

Reasonable due diligence should be exercised, particularly when the arrangements involve public officials.

There are various local and international anti-bribery and corruption laws that impose strict restrictions on

the value and level of entertainment and corporate hospitality to be accorded to 3rd parties, particularly when it is offered to government or public officials.

The Group is committed to comply with applicable laws governing the provision of corporate hospitality to 3rd parties, especially when it involves public officials, and therefore expect employees to undertake the following:

- a) to publicise and make clear the Group's policy on providing and receiving corporate hospitality;
- b) to obtain all necessary approvals for the issuance of complimentary tickets or passes to corporate hospitality events in accordance with the Group's Limits of Authority;
- c) to expressly notify the recipients in writing that all complimentary tickets or passes are Non-Transferable (e.g. the terms and conditions for use to be printed on the tickets, passes or invitations).

In the event that the recipients are unable to attend, he/she is expected to return the tickets or passes to the Group's Human Resource Department.

The unauthorised transfer of tickets or passes to persons other than the named recipient may signify to others that the invitation was extended to the recipient in his/her personal capacity.

9. RECEIVING CORPORATE HOSPITALITY

As a general principle, the Group strictly prohibits employees and directors from soliciting corporate hospitality nor are they allowed to accept hospitality that is excessive, inappropriate, illegal or given in response to, in anticipation of, or to influence a favorable business decision, particularly from parties engaged in a tender or competitive bidding exercise (for e.g. contractors, vendors, suppliers etc.).

Notwithstanding the above, the Group recognises that the occasional acceptance of an appropriate level of hospitality given in the normal course of business is usually a legitimate contribution to building good business relationships.

However, it is important for employees and directors to exercise proper care and judgement before accepting the hospitality.

This is not only to safeguard the Group's reputation, but also to protect employees and directors from allegations of impropriety or undue influence.

If employees have any doubts on the appropriateness of a corporate hospitality offered by an external party for e.g. a contractor or supplier, they should either decline the offer or consult the Head of Unit/Department/Division/Company.

In the case of directors (executive and nonexecutive), they should seek the advice of the respective Company Secretary.

10. DEALING WITH PUBLIC OFFICIALS

A 'public or government official' includes, without limitation, candidates for public office, officials of any political party, and officials of state-owned enterprises other than the Group.

Caution must be exercised when dealing with public officials as the laws of bribery and corruption in some countries are more stringent and provides for stricter punishments.

Providing gift, entertainment or corporate hospitality to public officials or their family/ household members is

generally considered a 'red flag' situation in most jurisdictions.

Employees and directors are prohibited from paying for nonbusiness travel and hospitality for any government official or his/her family/household members without permission from the Group CEO in consultation with legal department or Internal Audit Department.

Other the Group's policies and procedures on gift, entertainment and corporate hospitality must also be abided by, copies of which can be obtained from the Human Resource Department.

If approval is obtained for employees and directors to provide gift, entertainment or corporate hospitality to public officials, they 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 and directors must also be aware of local laws governing the activity and to ensure compliance. Employees and directors should seek guidance from Human Resource Department or Legal Department or Internal Audit Department or the Company Secretary prior to providing any gift, entertainment or corporate hospitality to public officials.