



LOTTE CHEMICAL TITAN HOLDING BERHAD
REGISTRATION NO. 199101012045 (222357-P)

ANTI-BRIBERY & ANTI-CORRUPTION MANUAL

VERSION 2.0

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Contents

1.0	Introduction.....	1
2.0	Scope & Applicability	1
3.0	Anti-Corruption	2
3.1	Bribery	2
3.2	Facilitation payments.....	3
3.3	Stakeholder Relation Engagements	4
3.4	Dealing with Government Agencies	7
3.5	Sponsorship and Donation.....	8
4.0	Conflict of Interest	9
4.1	Possible Conflict of Interest Situations.....	9
5.0	Whistleblowing.....	11

1.0 Introduction

Lotte Chemical Titan Holding Berhad's ("LCT") and its Malaysian operating subsidiaries (collectively referred to as "the Group") Anti-Bribery & Anti-Corruption Manual (also referred to as "ABAC Manual") is a practical outline of the Group's policy on matters pertaining to bribery and corruption. This policy is designed to assist employees to understand and apply the guidelines as stated in the policy during the course of their work.

The definitions from the Business Ethics & Code of Conduct (also referred to as "BECOC") are applicable unless otherwise stated.

2.0 Scope & Applicability

This ABAC Manual is applicable to all Directors and employees of the Group and serves as a guide on anti-bribery and anti-corruption related activities which may arise in the course of business, including examples of do's and don'ts that illustrate practical examples. Customers, suppliers, contractors and any third parties having any business dealings with the Group must be aware of and comply with the provisions of the ABAC Manual. They must further ensure that their employees, sub-contractors or agents be aware of and comply accordingly.

The Legal, Co-Sec & Compliance team ("Legal & Compliance team") shall be the custodian of the ABAC Manual and the Human Resource Department shall be responsible for presenting and disseminating this ABAC Manual to all the employees of the Group whilst the respective company secretaries within the Group shall bear this responsibility in the case of dissemination to Directors.




Any form of bribery and corruption activities are strictly prohibited, and these include but not limited to:

- Giving or receiving any form of gifts and courtesies that are **inconsistent with the Group's BECOC**;
- **Making false claims** by themselves or through a third party for the purpose of misleading and deceiving any commercial person, entity or government officials;
- **Giving any form of bribe to any party as an incentive** in return for carrying out any act in relation to the Group's businesses;
- **Accepting secret commissions or any other benefits** for goods and services sold or purchased with the Group;
- Providing Facilitation payment to local or foreign public officials to expedite a routine business action for the Group; and
- **Abuse of power and use of position** to receive any form of gratification for personal benefit when making decisions for the Group.



Directors and employees of the Group are required to adhere to any applicable anti-corruption laws and regulations such as but not limited to the **Malaysian Anti-Corruption Commission Act 2009** (herein referred to “MACC Act 2009”). There are several conducts which the MACC Act 2009 encompasses:

- Giving and receiving gratifications;
- Bribery of an officer of a public body, including foreign public officials; and
- Using a position or office for gratification.




When in doubt, **“Never Make Assumptions”** in adhering to this policy. Directors and employees are encouraged to direct any doubts and concerns pertaining to this policy to the Group’s Legal and Compliance team.

 Directors and employees should exercise caution to avoid corrupt practices in their business activities as there can be severe consequences to the individual and Group alike.

If in breach, you may face:

-  Dismissal
-  Fine and imprisonment

If in breach, the Group may face:

-  Criminal and civil sanctions
-  Negative reputation
-  Financial loss

3.0 Anti-Corruption

3.1 Bribery



LCT has zero tolerance for bribery, either receiving or giving

Q: What is a bribe?

A bribe is anything of value that is offered, promised or given to a person, whether directly or through third party intermediaries, to cause that person to improperly act or refrain from acting in relation to the performance of that person’s duties.

Q: How would I know, for example if a gift by a valued supplier or customer is given to me with the intention of offering a bribe?

Any gifts or stakeholder relation engagements of high value, lavish and extravagant, offered to an individual as opposed to the team or department, given in secrecy, timing of such gift is during critical moments (invitation for tenders, launching of new projects, project delivery deadlines etc) or is not customary (during festive seasons, door gifts for events etc).

What forms can bribery take?

- Money
- Gifts
- Meals
- Favours
- Kickbacks
- Rebates
- Loans
- Travel Allowances
- Secret Commissions
- Excessive Discounts
- Employment Offer
- Facilitation Payment

Q: I've been invited out to dinner by a potential supplier currently bidding for a new feedstock contract. What should I do?

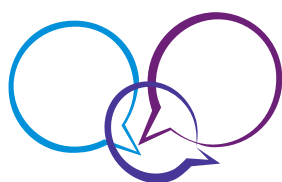
The right thing to do is to decline such offers. It is inappropriate to go for lunch/ dinner or any other hospitality event with a supplier during a tender process or request for proposal process.

Q: One of the suppliers sent me VIP event passes for a concert by a popular artist and these passes are sent to my home address. What should I do?

As the receipt of these passes does not seem to fall within any of the exceptions to the "No Gift Policy", you should politely refuse and return the passes. Although the intention of the giver might be in good faith, this might be construed as bribery. Additionally, you should notify your Manager and seek guidance from the Human Resource Department or Legal & Compliance team.

Q: I've been invited to meet a supplier to discuss something privately without the knowledge of my superior. What should I do?

You should refrain from any activity or behaviour that could give rise to the perception or suspicion of any corrupt conduct. You should not meet any suppliers/vendors/contractors alone and clearance must be obtained from your superior prior to such meetings.



CHECKLIST 1



Would I be embarrassed if my colleagues knew or the newspapers reported what I have given or accepted?



Yes



No



If the answer is YES or MAYBE then this could be bribery and you need to seek advice.



LCT will support any parties making a report in good faith.

Please notify your immediate superior, the Legal & Compliance team, or through any of the whistleblowing channels outlined in the Whistleblowing Policy.

3.2 Facilitation payments

Q: What are Facilitation payments?

Facilitation payments are typically small payments made to government officials to encourage them to speed up routine public tasks such as issuing visas, licences and customs clearances. These payments are also known as "grease money" or "speed money" and are illegal in many countries. Facilitation payments are seen as a form of bribe or corruption.



What should I do?



Notify superior immediately



Notify the Legal & Compliance team and seek for advice



What should I not do?



Do not make payments if unsure on the nature and legality of transactions



Attempt to hide or keep silent about requests for such payments

Q: But I am doing this for the benefit of the Group, I do not gain any personal advantage from this. Is this still illegal?

Yes, Facilitation payments are illegal in Malaysia and as such employees are not permitted to under any circumstances to make such payments.

Q: What should you do when you are asked to make such payments for the purposes of expediting business processes or transactions?

Employees are expected to refrain from making the Facilitation payment and should notify their immediate superior when encountered with any requests for a Facilitation payment.

3.3 Stakeholder Relation Engagements

Generally, the Group practices a “No Gift Policy”. However, there are several exceptions to the policy as listed below:

Exceptions		Guidelines
1.	Group President & CEO’s exemption on giving or receiving gifts or on stakeholder relation engagements.	i. Not exorbitant and given or received without corrupt intent.
2.	Special circumstances for the giving or receiving gifts: a. Festive seasons; or b. Where refusal of such gifts might be taken as a gesture of disrespect	i. Generally, perishable gifts such as fruits, flowers and food; ii. Not exorbitant and given or received without corrupt intent; iii. Maximum limit is RM500.
3.	Exchange of gifts at organisational level during official visits or courtesy calls	i. Such gifts given, if possible, should bear the Group’s or company’s logo; ii. Not exorbitant and given or received without corrupt intent; and iii. Maximum limit is RM500.
4.	Gifts given or received at official functions, events and celebrations	i. Such gifts given, if possible, should bear the Group’s or company’s logo; ii. Not exorbitant and given or received without corrupt intent; and iii. Maximum limit is RM500. Note: Typically, similar gifts or gifts of similar value are given to or received all the attendees.

5.	Sponsorship or donation to some long-standing customers	i. Not exorbitant and given or received without corrupt intent; and ii. Internal guidelines on sponsorship and donation are to be observed.
6.	Corporate Social Responsibility (“CSR”) activities	i. Conforms to internal guidelines on CSR
7.	Provision and receipt of meals which are infrequent, not solicited, with a legitimate business purpose	i. Is moderate or appropriate in the context of the occasion and employee’s position in the Group; and ii. Does not create an obligation to the other party.
8.	Stakeholder relation engagements which are culturally acceptable or practiced, not covered by the above exceptions	i. Infrequent and unsolicited; ii. Is moderate or appropriate in the context of the occasion and employee’s position in the Group; and iii. Does not create an obligation to the other party or influence decision making.

If the following elements exist when giving or receiving any form of gift, donation, sponsorship or other stakeholder relation engagements, then such **should not be given or accepted**:

- ✎ **Intention** – Received or offered with a direct/indirect suggestion, hint, understanding or implication that in return for such courtesies, some form of business advantage is expected.
- ✎ **Value** – Is lavish, excessive or outside business practice.
- ✎ **Time Sensitive** – Is within a time sensitive period e.g. either the party or the Group is currently engaging in a tender or competitive bidding exercise
- ✎ **Questionable Parties** – Received or offered by/to parties that have no prior business dealings or relevance to the Group or its business.

Q: We frequently receive hampers, fruit baskets and baked goodies from our suppliers during festive seasons. Should we decline such goodies or is it alright to receive?

As it is customary during festive seasons to receive such hampers and goodies, there are no prohibitions placed by the Group. However, such hampers and goodies must not be excessive and not sent to individual’s home address.

Q: I am a manager in the Procurement department and was recently invited for a business lunch by a supplier of the Group. During lunch, the supplier mentioned about an upcoming contract that will be open for tender and was hoping I could somehow try and influence the outcome of the tender to his favour. At the end of the meal, he paid for it and even gifted me an expensive case of wine. What should I do?

You should immediately report this to your superior and the Legal & Compliance team as record of the incident. Such advances can be construed as a bribe and if you are found guilty of such an offence, you could face termination. Accepting bribes also constitutes as a criminal offence and you can face imprisonment if found guilty.

Q: I was invited for a function organised by an association, of which the Group is a member of. At the function, we received goodies bags of token gifts such as diaries, pens and calendars bearing the association's logo. Is this allowed?

Yes, as long as gifts and token of appreciations received are of nominal value (eg. pen, caps, T-shirts).

**Note:**

Any gift or other business courtesies that are received or to be received that are above the monetary value of RM500, should be strictly refused or declined when offered by the provider. Where impracticable to refuse at the onset without causing offence or potential embarrassment, employees should later return such gifts or business courtesies to the provider with a polite note.

For removal of doubt, the following represents examples of unacceptable behaviors that Directors and employees should avoid:

**Unacceptable**

Offer or accept frequent meals, drinks or any other forms of stakeholder relation engagements unless the proposed activity has a clear business purpose.



Provide or accept gratifications or allow any member of your Family members or close relations to make payment or accept anything from any person with whom the Group has a business or potential business relationship.



Offer or accept gifts and/ or any other forms of stakeholder relation engagements from parties engaged in a competitive bidding exercise or tender.



Offer or accept gifts and/ or any other forms of stakeholder relation engagements where there is an expectation that in return, some form of advantage or desirable outcome is anticipated.



Offer or accept cash or its equivalent such as discounts, coupons, shares and commission.



Good judgment must be exercised when accepting business-related gifts and/or any other forms of stakeholder relation engagements to avoid any perception of impropriety or Conflict of Interest.

3.4 Dealing with Government Agencies

The Group strives to build transparent and fair relationship with all government agencies and public officials. Appropriate action must be taken to comply with the applicable laws and regulations as well as the Group's relevant policies and procedures.

LCT wishes to reiterate that it does not make any form of political contributions to Government Officials and/or political parties. Directors and employees are strictly prohibited from either directly or indirectly offering, promising, providing, receiving or agreeing to receive any form of stakeholder relation engagements, gifts, contribution, donation or sponsorships to or from any politicians, political parties, political party officials, candidates for political office or individuals or group or individuals possessing political or governmental relationships or intentions.

-  The provision of gifts and other forms of stakeholder relation engagements to government officials are generally prohibited unless:
- ❖ during any festive seasons or any other token of appreciation;
 - ❖ preferably takes the form of fruits, food and flowers; and
 - ❖ conforms to Group policies and the relevant government guidelines and regulations on gifts to government officials



Approval is needed from your Head of Department and the Group's Legal & Compliance team may be consulted on any applicable government guidelines before giving any form of benefits or gifts to any government officials.

Q: There is an urgent need for foreign expatriates, and I need to get the work visas processed quickly. The consultant that we engage to arrange for the visas has implied that the officer at the embassy can speed up the process if I pay a small fee in cash. Is this okay, given the time constraints?

No. This is a form of Facilitation payment, which is a form of bribery and is illegal in most jurisdictions. If this payment is an official fee – such as part of a publicly available fast-track service – then it is OK to proceed. However, even then, you should consult Legal & Compliance team for advice first, as this may be put the Group at risk of prosecution.

Q: The Group is embarking on a project for construction of a new plant. However, the construction works had to be stalled as certain permits and licences were pending. The consultant in charge of the project approached me, as the Project Management Officer, and mentioned that the project can continue without the necessary licences and permits. He said that he knows the ‘right person’ from the government department who can take care of this. I am running behind schedule and the site is due for inspection soon, can I tell the consultant to do whatever it takes and ensure that the project is back on track?

No. Although the consultant is an external party hired to run the project, his actions can implicate the Group as well if he is caught bribing the said officer. This is because under the corporate liability provision set out in the **MACC Act 2009**, the acts of consultants, agents, supplier or service providers can be extended to the organisation if it is done for the benefit of the organisation.

3.5 Sponsorship and Donation

Charitable donations are part of the Group’s commitment to society and represent a way of contributing to worthy causes. However, it should be noted that even legitimate donations may in certain instances have the risk of creating the appearance of bribery and corruption. Hence, it is incumbent on employees to ensure that donations made on behalf of the Group are through legitimate and proper channels, including authorisation based on the Delegated Approval Limits.

In providing donations, utmost care must be taken to ascertain that the charity organisations on the receiving end are valid/registered entities and that the contribution will be used for the intended purpose. Caution must be exercised in making donations to organisations that have links to Government Officials or their families, as this could be seen as a favour with the purpose of influencing the official’s decision for the benefit of the Group.

 Examples of red flags to look out for:

✓	The proposed recipient or organisation has affiliations with any Government Officials or their Family members
✓	The contribution is made on behalf of a Government Official
✓	There is a risk of a perceived improper advantage for LCT
✓	The proposed recipient is different than the intended beneficiary

Q: I am a member of the Corporate Social Responsibility (“CSR”) committee and is tasked with scouting for low income and needy families to be selected for our CSR programs. One of my relative fits the criteria as outlined in the Group’s CSR Guidelines and I would like to recommend him for the said program. Is this allowed?

If the proposed relative fits within the criteria outlined under the Group’s CSR Guidelines, then the selection will be done on merits. However, it will be best to declare the relationship between the recipient and yourself to avoid potential Conflict of Interest situations.

Q: I make substantial contributions to several charitable organisations every year out of my own expense. Must I declare this information to the Group?

As this is a personal contribution, there is no requirement to declare such information to the Group. However, care and caution should be exercised when making such donations as to ensure that the recipient organisation is not a sham or fraudulent organisation.

4.0 Conflict of Interest

Q: What are Conflict of Interest?

All Directors and employees have an obligation to act in the Group's best interest. Conflict of Interest can be any situation when your personal interest or involvement could influence your ability to make decisions objectively and to the best interest of the Group. Even where you have good intentions, Conflict of Interest can harm your personal reputation and that of the Group.



In LCT, we stand for integrity and virtue:

- Do not enter or cause to enter into any transaction or activities on behalf of the Group for your personal benefit or interest.
- Do not have competing interest against the Group (e.g. compete in the same business projects as shareholder or director of a company).
- Concealment of any Conflict of Interest situations (e.g. Family members being substantial shareholders or directors bidding for projects within LCT).
- Procuring benefit or assistance for your Family members or close relations by using your position as an employee of the Group.
- If you are in a position where you cannot avoid a Conflict of Interest situation, you should report it to your superior and copy the Group's Human Resource Department and Legal & Compliance team.

4.1 Possible Conflict of Interest Situations

WE AVOID THESE SITUATION



Directing LCT's business to entities owned or managed by your Family members or close relations



Holding a significant financial interest in a supplier or competitor



Assisting or colluding with a competitor, client or supplier by disclosing Confidential Information and this causes losses to the Group



Recommending Family members for jobs in LCT without disclosing the nature and extent of relationship



Undisclosed relationships with Government Official or Family member of a Government Official which may lead to asking for favours to expedite any processes or to gain any business advantage



Undisclosed secondary employment and outside directorships affecting your work



CHECKLIST 2

- | | | |
|---|---|--------------------------|
| 1 | Will I or my Family member benefit personally from a business transaction entered by the Group? | <input type="checkbox"/> |
| 2 | Does this situation affect my judgement and ability to act for the best interest of the Group? | <input type="checkbox"/> |
| 3 | Would I be embarrassed if my colleagues or the management of LCT knows about this? | <input type="checkbox"/> |
| 4 | Could there be any legal action taken against me if this comes to light? | <input type="checkbox"/> |
| 5 | Am I acting contrary to the Group's values and principles? | <input type="checkbox"/> |



If you answered **YES** or **MAYBE** to any of the above, then you might be having a Conflict of Interest situation. Please notify your superior and copy the Group's Human Resource Department and Legal & Compliance team immediately to resolve this matter.

5.0 Whistleblowing

We encourage you to raise and resolve issues with your superior, Human Resource Department, or through any of the channels as outlined in the Whistleblowing Policy.

Where you are unable to do so on concerns of suspected violations of this ABAC Manual, BECOC or any applicable laws or regulations, you may report to the channels provided in the Whistleblowing Policy.

Any report made in good faith will be positively received and you will not face any action for reporting.



CHECKLIST 3



THINK

- Am I being pressured to do something I do not think is right?
- Have I heard or seen anything that makes me feel uncomfortable?

IT IS EASY TO REPORT!



SPEAK UP

- Talk to your superior or the Human Resource department if you feel something is wrong
- You can also report via the Whistleblowing form as outlined in the Whistleblowing Policy



INVESTIGATE

- We will look into your claim
- If you choose to remain anonymous, we respect your decision



RESOLVE

- We will communicate our decision to you
- We do not retaliate against claims made in good faith