KK MART RETAIL BERHAD

REGISTRATION NO.: 202301037992 (1531914-U)

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

1. INTRODUCTION

1.1 The policy of **KK Mart Retail Berhad and its subsidiaries (hereinafter referred as "KK Mart Retail Group")** is to conduct all business in an honest and ethical manner.

1.2 The KK Mart Retail Group takes a zero-tolerance approach to bribery and corruption and is committed to acting professionally, fairly and with integrity in all of our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter and prevent bribery.

1.3 We will uphold all laws relevant to countering bribery and corruption in all the jurisdictions in which we operate.

1.4 This policy sets out our responsibilities, as well as the responsibilities of our staff members, in observing and upholding our position on bribery and related anti-corruption efforts. It also provides information and guidance on how to recognise and deal with bribery and corruption issues. This policy reflects the general legal position under the laws of Malaysia (i.e. the Malaysian Anti-Corruption Commission Act 2009 ("**MACCA**"), the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 ("**AMLA**"), and the Penal Code (Act 574), a summary of which is set out under **Appendix A** for ease of reference. To the extent that the laws and regulations applicable to us in the various countries in which we operate ("**Applicable Law**"), differ from the standards set out here, the Applicable Laws shall prevail in respect of the relevant jurisdiction. References to this "policy" shall include all its Appendices and Schedules.

1.5 Where the Applicable Law in respect of a particular jurisdiction does not impose anti-bribery and anti-corruption standards as stringent as those set out in this policy, the group company operating in such jurisdiction should, as a group-wide effort, strive to comply with the best practices set out in this policy, notwithstanding that it may not actually be required to do so under Applicable Law. The provisions of this policy only summarises these additional areas and are not meant to be exhaustive. As such, you are expected to be familiar with the detailed requirements under the Applicable Laws.

1.6 In addition, even in areas not covered by the Policy (or any part of the Appendices), you should comply with the Applicable Law in all respects. In particular, please be aware that the requirements under the Applicable Laws may change from time to time.

1.7 This policy may be modified, supplemented and/or amended from time to time.

2. APPLICATION OF POLICY

2.1 This policy applies to all individuals working at the KK Mart Retail Group at all levels and grades, including directors, officers, senior managers, employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, seconded staff, homeworkers,

casual workers and agency staff, volunteers, interns, agents, sponsors, or any other person associated with us, or any of our subsidiaries or their employees, wherever located (collectively, "**staff members**"). All staff members are reminded to comply and observe the spirit and intention behind the requirements set out in this policy and the relevant Applicable Laws underlying this policy.

2.2 Staff members are reminded that the MACCA could potentially apply to any conduct or act committed within and outside of Malaysia. Staff members should note that regardless of local customs or practice, the KK Mart Retail Group does not permit any staff member to engage in any conduct that would violate any relevant laws. Please refer to **Appendix A** for a summary of the Applicable Laws in Malaysia.

3. CORRUPTION

3.1 Generally, the following may give rise to a corruption offence:

(a) where any person corruptly solicits or receives or agrees to receive any gratification for himself or for any other person for doing or forbearing to do anything;

(b) where any person corruptly gives, promises or offers to any person any gratification for the benefit of himself or for any other person for doing or forbearing to do anything;

(c) where any person, acting as an agent, corruptly accepts or obtains, or agrees to accept or attempts to obtain, any gratification for doing or forbearing to do, or for having done or forborne to do, any act in relation to his principal's affairs or business;

(d) where any person, corruptly gives or agrees to give or offers any gratification to any agent as inducement or reward for doing or forbearing to, or for having done or forborne to do, any act in relation to his principal's affairs;

(e) where any person offers to an officer of any public body, any gratification as inducement or a reward for doing or forbearing to do anything;

(f) where any person gives, promises or offers or agrees to give or offer, to any foreign public official, whether for the benefit of that foreign public official or of another person, any gratification as an inducement or reward for doing or forbearing to do anything; and

(g) where any person gives to an agent, or being an agent, he uses with intent to deceive his principal, any receipt, account or other document in respect of which the principal is interested, and which he has reason to believe contains any statement which is false or erroneous or defective in any material particular, and is intended to mislead the principal.

3.2 Under the MACCA, "gratification" includes, among others, money, donation, gift, loan, fee, reward, financial benefit, valuable security, property, or interest in property; any office, dignity, employment, contract of employment or services; any payment, release, discharge or liquidation of any loan, obligation or liability; any valuable consideration of any kind; any discount, commission, rebate, bonus, deduction or percentage; any forbearance to demand any money or money's worth; any other service or devour of any description including protection from any penalty from any action or proceedings of a disciplinary, civil or criminal

in nature; and any offer, undertaking or promise of any gratification. It might also include incentive programs, kickbacks, signing bonuses or overpaying government suppliers.

3.3 "Gratification" need not necessarily be of large value or monetary value. It may include non-cash benefits in kind, e.g. gifts, services, travel, meals, lodging valuable security, property, entertainment. It might also include intangible benefits such as the provision of information or advice or assistance in arranging a business transaction or forbearance from the exercise of any right of any official power or duty. It may also include the provision of anything of value for inadequate consideration. The offer of an opportunity to a person or a friend/relative of a person may also be a bribe (for example, offering a job or work experience to a business partner's relative). Staff members should always consider the value of anything that may be offered from the perspective of the recipient.

3.4 The KK Mart Retail Group does not endorse "facilitation" or "grease" payments. A facilitation payment is a payment to a public official (or an Officer of a Public Body) to do something that the public official is already required to do (e.g., merely to speed up an administrative process that has been legally paid for). This could still amount to bribery regardless of the amount or whether it is customary in Malaysia. This is because the offer is made to gain a business advantage and in the process, an offence would have been committed. Please refer to **Section 6** for further information.

3.5 Under the MACCA, "Officer of a Public Body" is defined as any person who is a member, officer, employee or servant of a public body, and includes the following:

(a) member of the administration;

(b) member of any Parliament or State Legislative Assembly;

(c) judge of the High Court, Court of Appeal or Federal Court;

(d) any person receiving any remuneration from public funds; and

where the public body is a corporation sole, includes the person who is incorporated as such.

3.6 Please refer to **Appendix A** for the definitions of "public body" and "foreign public official".

3.7 If you are in doubt, please check with the **Head of Department (Please refer to Appendix B)**.

4. GENERAL PROHIBITIONS

4.1 As a staff member of the KK Mart Retail Group, you must not engage in bribery of any type and must comply with all aspects of this policy.

4.2 Payments to Officer of a Public Body

In connection with the KK Mart Retail Group's business, you:

4.2.1 must not directly, or indirectly through another person or entity, give, offer or promise any advantage (such as the payment of money, gift, service, hospitality or entertainment) to an officer of a public body or to a family member of an officer of a public body knowing or intending that in exchange for such advantage, the officer of a public body will use his influence or office to assist the KK Mart Retail Group in obtaining or retaining business, directing business to another person or entity or obtaining any other business advantage; and

4.2.2 should take extra care when interacting with officer of a public body and their family members to avoid even an appearance of impropriety.

4.3 Payments to Private Parties

In connection with the business of the KK Mart Retail Group, you must not directly or indirectly through another person or entity, give, offer or promise any advantage (such as the payment of money, gift, service, hospitality or entertainment) to any private party knowing that acceptance of the advantage would amount to an improper performance of a function or activity such as a breach of trust, impartiality or good faith, or with the intent to induce or reward such improper performance.

4.4 Receiving Improper Payments

In connection with the business of the KK Mart Retail Group, you must not directly, or indirectly through another person or entity, request, agree to receive or accept any advantage (such as the payment of money, gift, service, hospitality or entertainment) where the request, agreement or receipt of the advantage amounts to improper performance of a function or activity, such as a breach of trust, impartiality or good faith, or with intent to induce or reward such improper performance.

5. GIFTS AND HOSPITALITY

The practice of giving business gifts may be normal and acceptable, provided that the gift or hospitality is reasonable, justifiable and given without corrupt intent.

5.1 This policy does not prohibit normal and appropriate hospitality, (given and received) to or from third parties, provided that there is no corrupt element. However, if you are considering giving or receiving a gift or hospitality, please note the Gifts and Hospitality Policy as set out in **Schedule 2**.

5.2 The Government of Malaysia has provided guidance on the receiving of gifts by public officers. Generally, public officers can receive gifts up to RM500 or not exceeding 1/4 of his salary (whichever is lower) if the gifts are not in connection with their official duties, such as the celebration of a birthday party, children's birthday party, engagement, marriages, occasion relating to his/her culture or religion, perishable items such as fruits, confectionary, soft drinks, flowers. If the gifts received which are not in connection with their official duties but are in excess of RM500 or 1/4 his salary (whichever is lower), the officer is required to report such gifts to his Head of Department.

5.3 If there is any ambiguity or if you have any questions relating to whether a gift or hospitality is permitted, please check with Compliance Team **(Please refer to Appendix C)**. Factors that will guide the determination of whether a corrupt element is present, include:

5.3.1 the parties' intention in entering the transaction. Generally, where a gratification is received with the belief that it is given as a quid pro quo for conferring a dishonest gain or advantage on the giver in relation to the principal's affairs, a corrupt element is present;

5.3.2 whether the transaction was surrounded by surreptitiousness or furtiveness;

5.3.3 the size of the gratification;

5.3.4 the parties' relationship; and

5.3.5 in a principal-agent situation, whether any employee code of conduct or ethics was broken, or if the employment agreement was breached.

5.4 As a rough guide, the giving or receipt of gifts is not prohibited, if the following requirements are met:

5.4.1 there is no question that the gift would influence a third party / recipient to obtain or retain business or a business advantage, or to reward the provision or retention of business or a business advantage, or in explicit or implicit exchange for favours or benefits;

5.4.2 it is in good faith, occasional and reasonable;

5.4.3 it complies with local law, this policy and the Gifts and Hospitality Policy as set out in **Schedule 2**, and the details of the gifts given and/or received have been recorded in the gift register maintained on an ongoing basis by **Compliance Team**;

5.4.4 it does not include cash or a cash equivalent (such as gift certificates or vouchers);

5.4.5 it is appropriate in the circumstances (e.g., it is customary for mooncakes to be given during the Mid-Autumn Festival);

5.4.6 taking into account the reason for the gift, it is of an appropriate type and value and given at an appropriate time;

5.4.7 it is given openly, and not secretly; and

5.4.8 it should not be offered to, or accepted from, officer of a public body.

5.5 In particular, the following guidelines should be observed in relation to corporate hospitality:

5.5.1 it is reasonable and proportionate, and not extravagant or lavish in the context of the business occasion;

5.5.2 the frequency of the hospitality with the same guest, person or company is not excessive;

5.5.3 the hospitality is not extended to family members (e.g. spouses / relatives) of the recipient;

5.5.4 the person providing the corporate hospitality also attends;

5.5.5 there is a genuine underlying business purpose, such as the development of general business relationships, the promotion of the KK Mart Retail Group and its business and there will be an opportunity to discuss business matters; and

5.5.6 the corporate hospitality is not, or could not be perceived as, a bribe, payoff or kickback (i.e. given in order to obtain or retain business or to secure an improper advantage or to induce particular behaviour or otherwise influence a decision).

For the avoidance of doubt, the Gifts and Hospitality Policy as set out in **Schedule 2** must also be observed in relation to such corporate hospitality. If there is intention to provide hospitality to a spouse/ relative of a business contact, approval must be obtained from **Compliance Team**.

5.6 It is **not** acceptable for you (or someone on your behalf) to:

5.6.1 give, promise to give or offer a payment, gift or hospitality with the expectation or hope that a business advantage will be received, or to reward a business advantage already given (e.g. inviting officer of a public body (of any jurisdiction), business partners or potential business partners to attend unduly lavish events or attending such events at the invitation of business partners, especially without any legitimate underlying business purpose);

5.6.2 give, promise to give or offer a payment, gift or hospitality to an officer of a public body, agent or representative to “facilitate” or expedite a routine procedure;

5.6.3 accept payment from a third party that you know or suspect is offered with the expectation that it will obtain a business advantage for them;

5.6.4 accept a gift or hospitality from a third party if you know or suspect that it is offered or provided with an expectation that a business advantage will be provided by us in return;

5.6.5 threaten or retaliate against another staff member who has refused to commit a bribery offence or who has raised concerns under this policy; or

5.6.6 engage in any activity that might lead to a breach of this policy.

6. FACILITATION PAYMENTS

6.1 A facilitation payment (or "grease payment") is a modest payment made directly or indirectly to an officer of a public body to prompt the officer of a public body to perform or expedite a routine, non-discretionary act that the officer of a public body is otherwise required to perform as part of his or her ordinary duties. Examples of facilitation payments include: payments to obtain permits, licenses or visas, to obtain police protection or to load and unload cargo. Facilitation payment is prohibited under the MACCA and you are not permitted to make or accept any facilitation payments.

6.2 If you are asked to make a payment on our behalf, you should always be mindful of what the payment is for and whether the amount requested is proportionate to the goods or services provided. You should always ask for a receipt which details the reason for the payment and report such payments. If you have any suspicions, concerns or queries regarding a payment, you should raise these with your **Head of Department**.

6.3 If you think there are legitimate business reasons why facilitation payments need to be made in a specific jurisdiction, please raise these with **Head of Department**. For the avoidance of doubt, facilitation payments are not permitted for Malaysia purposes.

7. EXTORTION

7.1 It is our policy that the KK Mart Retail Group and our staff members must reject any direct or indirect request by any third party for a bribe (including a facilitation payment), even if by rejecting such a request, the KK Mart Retail Group is consequently threatened with adverse actions.

7.2 We do, however, recognise that, in some cases, an individual's own welfare and safety could be at risk if he/she does not respond to such requests. If you find yourself in this situation, you should never put yourself in danger but should promptly inform your **Head of Department**.

7.3 As with other violations of this policy, the offering or making of any facilitation payment and/or the failure to fulfil any reporting obligations under this policy will be a disciplinary matter subject to the KK Mart Retail Group's disciplinary process. There may be criminal penalties under the Applicable Laws as well.

8. DONATIONS

8.1 Charitable contributions and donations made by the KK Mart Retail Group are philanthropic in nature and must never be made with the intention to, or under the perception of being able to, influence any business-related decisions or outcomes.

8.2 Generally, to avoid a situation of actual or perceived conflict of interest, the KK Mart Retail Group shall not make contributions or donations to, or sponsor any events of, any authorities, or entities directly related to them if:

8.2.1 the KK Mart Retail Group is expecting, in the near future, to be audited by, or to apply, obtain, or renew a clearance from the said authority; or

8.2.2 the KK Mart Retail Group has recently applied, obtained, or renewed a clearance from the said authority;

unless:

(a) the contribution or donation is ringfenced specifically for a clear environmental or social cause; or

(b) the sponsorship event has a clear environmental or social cause.

8.3 The KK Mart Retail Group has no political affiliations and it shall not make any political contribution or donation to, or sponsor any events of, political parties. Whilst directors and employees are not prohibited to make personal political contributions or donations to political parties, the said contributions or donations shall never be associated with the KK Mart Retail Group and must always be made under the director's or employee's personal capacity, as the case may be.

8.4 When evaluating the appropriateness of a donation or sponsorship, the KK Mart Retail Group shall take into account, among other factors, the following considerations:

8.4.1 due diligence on the intended recipient of donation or sponsorship;

8.4.2 reasonableness of the amount, value and objectives;

8.4.3 alignment with the KK Mart Retail Group's values; and

8.4.4 formal documentation support including justification and intended use.

8.5 To safeguard against the risk of donations and sponsorships being misused for fraudulent or corrupt purposes, the KK Mart Retail Group shall ensure that all recipients are subject to appropriate due diligence. This includes verifying the legitimacy and integrity of the recipient organisation and confirming that the funds will be used solely for their intended purpose. Contributions shall not be made to entities that lack transparency or present reputational or compliance risks.

8.6 All requests for charitable contributions and sponsorship must first be sent to **Compliance Team**. All approvals for donations and sponsorships must be carried out strictly in accordance with the KK Mart Retail Group's Limits of Authority as set out below:

Amount	**Approving authority**
Up to RM30,000	Group Managing Director
Above RM30,000	Sustainability and Risk Management Committee to review and provide recommendation to the Board

9. ASSOCIATED PERSONS

9.1 The prohibition against offering, providing, authorising, requesting or receiving bribes includes bribes which are given or received by any individual or company acting on behalf of the KK Mart Retail Group ("**Associated Person**"). A typical example is a sales agent, intermediary or introducer, but this can also include, for example, a director, partner, employee or a person who performs services for or on behalf of the commercial organisation.

9.2 Companies can be prosecuted for the actions of its Associated Persons and it is therefore not possible to avoid liability by permitting an Associated Person to pay or receive a bribe.

9.3 Associated Persons are expected to act with integrity at all times and must also refrain from paying or receiving bribes on behalf of or to the KK Mart Retail Group or as part of their normal business operations. The KK Mart Retail Group (and its staff members) must support and encourage all business partners to develop and implement anti-corruption policies consistent with this policy.

9.4 The KK Mart Retail Group will only appoint and engage with Associated Persons who demonstrate business integrity at all times and who practice ethical conduct which meet the standards expected by the KK Mart Retail Group and all Applicable Laws. Please refer to **Section 6 of Appendix A** for further considerations applicable to dealings with Associated Persons.

10. CONFLICT OF INTEREST

10.1 A conflict of interest occurs when a staff member's personal interest clashes with their professional interests, creating conflicting loyalties. For example, a conflict of interests exists when a staff member uses their position within a company for personal, financial or other benefit for themselves or their family members or related parties, apart from normal rewards of employment and compensation.

10.2 You must avoid situations where your personal interest could conflict with, or even appear to conflict with, the interests of the KK Mart Retail Group. You have a continuing duty to disclose any actual or potential conflict of interest to the KK Mart Retail Group.

11. YOUR RESPONSIBILITIES

11.1 You must ensure that you read, understand and comply with this policy.

11.2 The prevention, detection and reporting of bribery and other forms of corruption are the responsibility of all those working for us or under our control. All staff members are required to avoid any activity that might lead to, or suggest, a breach of this policy.

11.3 Any transaction, no matter how seemingly insignificant, that might give rise to a violation of this policy and/or any applicable anti-corruption laws must be reported promptly to **Compliance Team**. This includes, for example, if a third party offers you something to gain a business advantage, or indicates to you that a gift or payment is required to secure their business.

11.4 Further "red flags" that may indicate bribery or corruption are set out in **Schedule 1** to this policy.

11.5 Any staff member who breaches this policy will face disciplinary action, which could result in dismissal for gross misconduct. The KK Mart Retail Group reserves the right to terminate its contractual relationship with the employment of any staff member or end the contractual relationship with any third party if they breach this policy.

11.6 You should inform your **Head of Department** or **Compliance Team** immediately if you become aware of any "red flags" or circumstances that might indicate a potential violation of this policy.

11.7 It is the KK Mart Retail Group's policy that staff members will suffer no retribution for communicating concerns in good faith about potential improper acts.

11.8 Do note that these "red flags" may also trigger your obligations to report suspicious transactions under local laws. Under Malaysia laws, where a person knows or has reasonable grounds to suspect that any property represents proceeds of any act which may constitute

drug trafficking or any other criminal conduct (including but not limited corruption, money laundering or terrorism financing etc), and such information or matter on which the knowledge or suspicion has come to his attention in the course of his trade, profession, business or employment, he shall disclose the knowledge or suspicion of the information or matter to a suspicious transactions reporting officer. Such matters are reported in Malaysia by filing a suspicious transactions report ("**STR**") to the Financial Intelligence and Enforcement Department, Bank Negara Malaysia, in accordance with the prescribed format.

11.9 Generally, a suspicious transaction may be one which serves no economic purpose, and is inconsistent with the known, legitimate activities or with the normal business of the client, or third party. The red flags set out in the **Schedule 1** are indicia of suspicious activities that may warrant the filing of an STR. If you become aware of such circumstances, you shall report this to the **Compliance Team** or **Head of Department.** It is imperative that you do not alert the person concerned to the suspicion or the fact that you have reported the suspicion/ that an STR has been filed.

12. BOOKS AND RECORDS

12.1 The KK Mart Retail Group must keep financial records and have appropriate internal controls in place which will evidence the business reason for making payments to third parties. Such books, records and accounts are made and kept which, in reasonable detail, accurately and fairly reflect any transactions involving expenditures and the reasons or justifications for such expenditures, and all contracts, invoices and receipts relating to the purchase of goods and services. Misleading or false entries that conceal the source or nature of expenditures or receipts are prohibited.

12.2 You must declare all hospitality or gifts accepted or offered in accordance with the KK Mart Retail Group's "Gifts and Entertainment Policy".

12.3 You must ensure all expenses claims relating to hospitality, gifts or expenses incurred to third parties are submitted in accordance with the KK Mart Retail Group's expenses policy and specifically record the reason for the expenditure.

12.4 All accounts, invoices, memoranda and other documents and records relating to dealings with third parties should be prepared and maintained with strict accuracy and completeness. No accounts must be kept "off-book" to facilitate or conceal improper payments.

12.5 The KK Mart Retail Group (and its staff members) will seek to maintain a system of internal accounting controls to provide reasonable assurances that:

12.5.1 all transactions are executed in accordance with management's general or specific authorisation;

12.5.2 all transactions are recorded as necessary and where appropriate to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements and to maintain accountability of assets;

12.5.3 access to assets is permitted only in accordance with management's general or specific authorisation; and

12.5.4 the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

13. HOW TO RAISE A CONCERN

You are encouraged to raise concerns about any issue or suspicion of a violation at the earliest possible stage. **Any uncertainties as to whether a particular act constitutes bribery or corruption, or any other queries, should be raised with your Head of Department or Compliance Team.**

14. WHAT TO DO IF YOU ARE A VICTIM OF BRIBERY OR CORRUPTION

If you are offered a bribe by a third party, are asked to make one, suspect that this may happen in the future, or believe that you are a victim of another form of unlawful activity, it is important that you inform your **Head of Department** or **Compliance Team** as soon as possible.

15. PROTECTION

15.1 Staff members who refuse to accept or offer a bribe, or those who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. The KK Mart Retail Group 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 mistaken.

15.2 The KK Mart Retail Group is committed to ensuring no one suffers any detrimental treatment as a result of refusing to take part in bribery or corruption, or because 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.

15.3 If you believe that you have suffered any such treatment, you should inform your **Head of Department** or **Compliance Team** immediately.

16. TRAINING AND COMMUNICATION

16.1 Staff members shall receive or have access to a copy of this policy as part of their induction or onboarding process.

16.2 All existing staff members (as applicable) will receive periodic training on how to implement and adhere to this policy.

16.3 The KK Mart Retail Group's zero-tolerance approach to bribery and corruption should be communicated to all third parties at the outset of our business relationship with such third parties, and as appropriate thereafter.

17. RESPONSIBILITY FOR ADMINISTRATION OF POLICY

17.1 **Compliance Team** has overall responsibility for ensuring this policy complies with applicable legal and ethical obligations, and that all those under their control comply with it.

17.2 The management of the KK Mart Retail Group has day-to-day responsibility for implementing this policy and for monitoring its use and effectiveness, and dealing with any queries on its interpretation.

18. MONITORING AND REVIEW

18.1 **Compliance Team**, in consultation with the Board, will monitor the effectiveness and review the implementation of this policy, regularly considering its suitability, adequacy and effectiveness. Any improvements identified as necessary will be made as soon as possible. Internal control systems and procedures may be subject to periodic audits to provide assurance that they are effective in countering bribery and corruption.

18.2 Staff members are responsible for the success of this policy and should ensure they use it to disclose any suspected danger or wrongdoing.

18.3 This policy does not form part of any staff member's employment contract or the business contract with the relevant suppliers, vendors, service providers, consultants, contractors and Associated Persons (as the case may be), and may be amended at any time.

19. REPORTING INTEGRITY CONCERNS

Staff members who suspect that violations of law or this policy may be occurring or are about to occur or become aware of suspicious, risky or evidently corrupt conduct by any person are expected to immediately report their suspicions to their **Head of Department** or **Compliance Team**.

You may email your report to abac@kkgroup.my.

20. VIOLATION

20.1 The violations of applicable anti-corruption laws may result in individuals or the KK Mart Retail Group receiving civil and/or criminal fines and punishment. Individuals may also be subject to imprisonment for bribery and corruption offences. Please refer to **Section 8 of Appendix A** for more details on the possible penalties for offences under the MACCA.

20.2 The KK Mart Retail Group considers a breach of this policy as a serious offence. Any violation will result in disciplinary action, up to and including dismissal of an individual in appropriate circumstances. The business relationship with third parties and/or Associated Persons who violate this policy may also be terminated.

20.3 Staff members must therefore ensure that they are familiar with the content of this policy and adhere to it at all times. If you have any questions as to the requirements or scope of this policy, please consult your **Head of Department or Compliance Team**.

21. Confidentiality

21.1 Staff members shall maintain the confidentiality of all the KK Mart Retail Group information and shall not disclose any confidential or proprietary information to third parties without proper authorisation.

21.2 Staff members are also required to protect confidential information of third party which they have access to in the course of their work. Unless required by the law or authorised by the KK Mart Retail Group, staff members shall not disclose confidential information or allow such disclosure or use confidential information for unauthorised purposes. This obligation continues beyond the termination of employment or business relationship (as the case may be).

22. Insider Information, Securities Trading and Public Disclosure

22.1 The Capital Markets and Services Act 2007 ("**CMSA**") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") prohibit the purchase or sale of securities by persons, whether directly or indirectly, on the basis of material non-public information about a company ("**inside information**") as well as the disclosure of inside information to others who then trade in the securities of KK Mart Retail. These transactions are commonly known as "insider trading."

22.2 Staff members must not use inside information for their own benefit or for the benefit of others. Staff members are strictly prohibited from trading in securities, or from sharing such information with others including family members, friends, or business associates, for the

purpose of trading in the securities of any entity to which the Inside Information relates, until that information has been made public.

22.3 So long as an individual is a staff member of KK Mart Retail Group, these provisions on insider trading applies to the individual; any family members who reside with the individual; any family members who do not live in the individual's household but whose transactions in the securities of the KK Mart Retail are directed by the individual or are subject to individual's influence or control (such as parents or children who consult with the individual before they trade in the securities of KK Mart Retail); friends, acquaintances or business associates whom the individual knows or ought reasonably to know that such person, either by himself/herself or a third person, would or would tend to trade on the basis of the inside information.

22.4 A staff member is responsible for the transactions of the abovementioned persons and therefore should make them aware of the need to confer with such staff member before they trade in the securities of KK Mart Retail. If the staff member is in possession of inside information when such staff member cease being a staff member, these provisions on insider trading will continue to apply until that information has become public or is no longer material.

22.5 If the staff member possesses inside information relating to KK Mart Retail Group, such staff member may not, either directly or through family members or other persons or entities: buy or sell securities of KK Mart Retail; engage in any other action to take personal advantage of that inside information; pass that inside information on to others outside KK Mart Retail Group, including family members, friends, acquaintances and business associates of such staff member. Also, if the staff member learns of inside information about another company with which KK Mart Retail Group does business, including a customer or supplier, such staff member may not trade in such other company's securities until that information becomes public or is no longer material.

22.6 Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are not exempted from these provisions on insider trading. The securities laws do not recognise such mitigating circumstances and in any event, even the appearance of an improper transaction must be avoided to preserve KK Mart Retail Group's reputation for adhering to the highest standards of conduct.

Schedule 1

LIST OF RED FLAGS FOR CORRUPTION

Reputational Risk

- The transaction or the third party is in a country known for widespread corruption, as measured by the Transparency International Corruption Perceptions Index or other similar indices.
- The third party has a history of improper payment practices, such as prior or ongoing formal or informal investigations by law enforcement authorities or prior convictions.
- The third party has been subject to criminal enforcement actions or civil actions for acts suggesting illegal, improper or unethical conduct.
- The third party has a poor business reputation.
- Allegations that the third party has made or has a propensity to make prohibited payments or facilitation payments to officials.
- Allegations related to integrity, such as a reputation for illegal, improper, or unethical conduct.
- The third party does not have in place an adequate compliance program or code of conduct or refuses to adopt one.
- Other companies have terminated the third party's services or contracts for improper conduct.
- Information provided about the third party or its services of principals is not verifiable by data, only anecdotally.

Government Relationships

- The third party has a family relationship with a foreign official or foreign government agency.
- The third party has a business relationship or association with a foreign official or foreign government agency.
- The third party previously worked in the government at a high level, or in an agency relevant to the work he/she will be performing.
- The third party is a company with an owner, major shareholder or executive manager who is an officer of a public body.
- There is a rumour that the third party has an undisclosed beneficial owner.
- An officer of a public body requests, urges, insists, or demands that a particular party, company, or individual be selected or engaged, particularly if the official has discretionary authority over the business at issue.
- Requests by an officer of a public body to use a specific foreign agent particularly if this agent is a family member or relative, lacks experience or capacity to perform the contract, or requires an engagement that is not at market rates or on arm's length terms.
- The third party makes large or frequent political contributions.
- The third party conducts private meetings with government officials.
- The third party provides lavish gifts or hospitality to government officials.
- The third party insists on dealing with government officials without the participation of the company.

Insufficient Capabilities

- The third party is in a different line of business than that for which it has been engaged.
- The third party lacks experience or a “track record” with the product, service, field, or industry.
- The third party does not have offices or a staff, or lacks adequate facilities or staff, to perform the work.
- The third party has an unorthodox corporate structure.
- The address of the third party’s business is a mail drop location, virtual office, or small private office that could not hold a business the size that is claimed.
- The third party is not expected to perform substantial work.
- The third party has not been in business for very long or was only recently incorporated.
- The third party has poor financial statements or credit.
- The third party’s plan for performing the work is vague and/or suggests a reliance on contacts or relationships.

Type and Method of Compensation

- The third party requests an unusual advance payment.
- The fee, commission, or volume discount provided to the third party is unusually high compared to the market rate.
- The compensation arrangement is based on a success fee or bonus.
- The third party offers to submit or submits inflated, inaccurate, or suspicious invoices.
- The third party requests an invoice to reflect a higher amount than the actual price of goods provided.
- The third party’s invoice vaguely describes the services provided.
- The third party requests cash, cash equivalent, or bearer instrument payments.
- The third party requests payment in a jurisdiction outside its home country that has no relationship to the transaction or the entities involved in the transaction – especially if the country is an offshore financial centre.
- The third party requests that payment be made to another third party or intermediary.
- The third party proposes the use of shell companies.
- Off-the-book accounts created to receive revenues and facilitate transactions.
- The third party requests that payments be made to two or more accounts.
- The third party shares compensation with others whose identities are not disclosed.
- The third party requests an after-award services contract that it does not have the capacity to perform.
- The third party requests that a donation be made to a charity.
- The third party refuses to properly document expenses.
- The third party pressures the company to make the payments urgently or ahead of schedule.
- The third party requests a large up-front payment.
- Demands for commissions, bonuses, or upfront payments in excess of the going rate.
- Requests to backdate or alter invoices
- The third party requests payment arrangements that raise local law issues, such as payment in another country’s currency.

- Extravagant entertainment of officer of public body, political candidates, political party officials or their families.

Unusual Circumstances

- The third party refuses to agree to comply with the Malaysia MACCA, AMLA, equivalent applicable anti-corruption legislation (e.g. Foreign Corrupt Practices Act ("**FCPA**"), UK Bribery Act ("**UKBA**")), equivalent applicable anti-money laundering laws, or other similar laws and regulations.
- The third party refuses to warrant past compliance with the MACCA, AMLA, FCPA, UKBA, equivalent applicable anti-corruption legislation, equivalent applicable anti-money laundering laws, or other similar laws and regulations.
- The third party refuses to execute a written contract, or requests to perform services without a written contract where one is sought.
- Requests by a foreign agent to increase his or her commission during active negotiations with a government customer.
- The third party insists that its identity remain confidential or that the relationship remain secret.
- The third party refuses to divulge the identity of its beneficial owners, directors, officers, or other principals.
- The third party refuses to answer due diligence questions.
- The third party refuses to allow audit clauses in contracts.
- A suggestion by the third party that anti-corruption compliance policies need not be followed.
- A suggestion by the third party that otherwise illegal conduct is acceptable because it is the norm or customs in a particular country.
- Suspicious statements by the third party such as needing payments to “take care of things” or “finalize the deal.”
- The representation is illegal under local law.
- The alleged performance of the third party is suspiciously higher than competitors or companies in related industries.
- A third party guarantees or promises unusually high rates of return on the promotional services provided.
- The third party requests approval of a significantly excessive budget or unusual expenditures.

Schedule 2

Gifts and Hospitality Policy

To reduce the likelihood of a breach of anti-bribery laws, the following is adopted in relation to gifts and hospitality:

1. Accepting Gifts

Directors, officers, senior managers and employees are required to notify [**Compliance Team**] of all gifts received. All gifts received above the value of [**RM500**] will require the approval of [**Compliance Team**] prior to acceptance.

NOTIFICATION REQUIREMENTS:

1.1. Upon the receipt of any gift, a director, an officer, a senior manager or an employee is required to:

(a) complete the **GEHT Declaration Form**; and
(b) complete the gift log and send the completed gift log to [**Compliance Team**]

APPROVAL REQUIREMENTS:

1.2. Upon receipt of any gift above the value of [**RM500**], a director, an officer, a senior manager or an employee is required to:

(a) complete the GEHT Declaration Form; and
(b) complete the gift log and send the completed gift log to the Compliance Team.

1.3. Directors, officers, senior managers and employees will be advised via email if the gift may be accepted or whether the gift should be returned or disposed in some other way. If it is decided that the gift may be accepted, such director, officer, senior manager or employee (as the case may be) should send a brief letter/e-mail of acknowledgement to the donor.

2. Giving Gifts

Directors, officers, senior managers and employees are required to notify [**Compliance Team**] before engaging in any gift giving and/or other promotional activities. Gifts to be given of a value greater than [**RM500**] must be pre-approved by [**Compliance Team**]

All gifts to an employee of a government organization or any department of a public body must be pre-approved by [**Compliance Team]** This includes:

1. Any officer, employee or agent of a foreign or domestic government, agency, instrumentality;

2. Any public international organization (e.g., United Nations);

3. Any member of a domestic foreign political party or official or person acting on behalf of a foreign political party. This also includes an employee of an entity that is 100%

owned by a government and may also include employees of an entity where a government holds a controlling interest.

At all times, directors, officers, senior managers and employees must be cognizant that any gift giving is not construed as bribery or corruption.

NOTIFICATION REQUIREMENTS:

4. Prior to giving any gift, a director, an officer, a senior manager or an employee is required to:

(a) complete the GEHT Declaration Form; and
(b) complete the gift log and send the completed gift log to [**Compliance Team**]

PRE-APPROVAL REQUIREMENTS:

5. Prior to giving any gift above the value of [**RM500**], a director, an officer, a senior manager or an employee is required to:

(a) complete the GEHT Declaration Form and
(b) complete the gift log and send the completed gift log to **Compliance Team**.

6. Directors, officers, senior managers and employees will be advised via email if the gift giving is approved or not. If approved, generally a gift from the KK Mart Retail Group to business associates should bear the KK Mart Retail Group logo or name.

This policy does not apply to gifts of a personal nature (i.e. gifts to family or friends unconnected to the duties and responsibilities of directors, officers, senior managers or employees (as the case may be) at the KK Mart Retail Group). However, if in any doubt, the gift should be reported.

Appendix A

APPENDIX - MALAYSIA

The following shall apply in respect of the KK Mart Retail Group's operations in Malaysia. Capitalised terms in worded in this Appendix shall have the meanings set out in the main policy.

1. **Anti-corruption Law in Malaysia**

The MACCA is the primary legislation in Malaysia in relation to anti-corruption.

2. **Application of the MACCA**

The MACCA has extra-territorial effect, whereby its provisions extend to the commission of offences outside Malaysia by Malaysian citizens and Malaysian permanent residents.

3. **Offences under the MACCA**

3.1 As set out under Paragraph 3.1 of the policy, the following may give rise to a corruption offence under the MACCA:

(a) where any person corruptly solicits or receives or agrees to receive any gratification for himself or for any other person for doing or forbearing to do anything;

(b) where any person corruptly gives, promises or offers to any person any gratification for the benefit of himself or for any other person for doing or forbearing to do anything;

(c) where any person, acting as an agent, corruptly accepts or obtains, or agrees to accept or attempts to obtain, any gratification for doing or forbearing to do, or for having done or forborne to do, any act in relation to his principal's affairs or business;

(d) where any person, corruptly gives or agrees to give or offers any gratification to any agent as inducement or reward for doing or forbearing to, or for having done or forborne to do, any act in relation to his principal's affairs;

(e) where any person offers to an officer of any public body, any gratification as inducement or a reward for doing or forbearing to do anything;

(f) where any person gives, promises or offers or agrees to give or offer, to any foreign public official, whether for the benefit of that foreign public official or of another person, any gratification as an inducement or reward for doing or forbearing to do anything; and

(g) where any person gives to an agent, or being an agent, he uses with intent to deceive his principal, any receipt, account or other document in respect of which the principal is interested, and which he has reason to believe contains any statement which is false or erroneous or defective in any material particular, and is intended to mislead the principal.

3.2 Corrupt Intent

A person would be deemed to have corrupt intent if he does an act knowing that the act done is wrong and doing so with evil feelings and evil intentions. If the circumstances show that a person's actions or omissions were moved by an evil intention or a guilty mind, he would be deemed to have corrupt intent.

Under the MACCA, there is a presumption of corrupt intent, where it is proven that any gratification has been received, agreed to be received, accepted, agreed to be accepted, obtained, attempted to be obtained, solicited, given, agreed to be given, promised, offered by the person in question.

3.3 Gratification

Under the MACCA, "gratification" is defined widely to include, among others, money, donation, gift, loan, fee, reward, financial benefit, valuable security, property, any office, employment, discharge of any loan, obligation or other liability, valuable consideration of any kind, discount, commission, rebate, any forbearance to demand any money or money's worth or valuable thing, and protection from any penalty from any action or proceedings of a disciplinary, civil or criminal in nature.

3.4 Officer of a Public Body

Under the MACCA, "Officer of a Public Body" is defined as any person who is a member, officer, employee or servant of a public body, and includes the following:

(e) member of the administration;

(f) member of Parliament or State Legislative Assembly;

(g) judge of the High Court, Court of Appeal or Federal Court;

(h) any person receiving any remuneration from public funds; and

(i) where the public body is a corporation sole, includes the person who is incorporated as such.

Under the MACCA, "public body" includes the following:

(a) the Government of Malaysia;

(b) the Government of a state in Malaysia;

(c) any local authority and any other statutory authority; and

(d) any department, service or undertaking of the Government of Malaysia, the Government of a state in Malaysia, or a local authority.

3.5 Foreign Public Official

Under the MACCA, Foreign Public Official includes the following:

(a) any person who holds a legislative, executive, administrative or judicial office of a foreign country;

(b) any person who exercises a public function for a foreign country; and

(c) any person who is authorized by a public international organisation to act on behalf of that organisation.

4. Gifts and Hospitality

The Government of Malaysia has issued the Service Circular No. 3 of 1998 ("**Circular**"), which sets out guidance on the receiving of gifts by public officers. Generally, public officers can receive gifts up to RM500 or not exceeding 1/4 of his salary (whichever is lower) if the gifts are not in connection with their official duties, such as the celebration of a birthday party, children's birthday party, engagement, marriages, occasion relating to his/her culture or religion, perishable items such as fruits, confectionary, soft drinks, flowers. If the gifts received which are not in connection with their official duties but are in excess of RM500 or 1/4 his salary (whichever is lower), the officer is required to report such gifts to his Head of Department.

5. Facilitation Payment

Facilitation payment, which is a payment made directly or indirectly to an officer of a public body to prompt the officer of a public body to perform or expedite a routine, non-discretionary act that the officer of a public body is otherwise required to perform as part of his ordinary duties is an offence and it is prohibited under the MACCA.

6. Corporate Liability and Associated Persons

6.1 Although not expressly provided, the offences provided under the MACCA appear wide enough to render a body corporate liable for offences under the MACCA.

6.2 Notwithstanding the above, the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("**Amending Act**") contains a provision that criminalises commercial organisations if an "associated person" corruptly gives, agrees to give, promises or offers any gratification with intent to obtain or retain business or an advantage in the conduct of the business for the commercial organisation ("**Corporate Liability Provision**"). The Amending Act came into force on 1 October 2018 and the Corporate Liability Provision came into effect on 1 June 2020.

6.3 An "associated person" is defined widely to include a director, partner, employee or a person who performs services for or on behalf of the commercial organisation.

6.4 That said, it is a defence to the Corporate Liability Provision for the commercial organization to prove that the commercial organization had in place adequate procedures to prevent persons associated with the commercial organization from undertaking such conduct. The Prime Minister's Guidelines on Adequate Procedures sets out five principles ("**TRUST Principles**"), which serve as a reference point as to what adequate procedures may be implemented:

(a) *Top Level Commitment:* Generally, top-level management (i.e., a director, controller, officer, partner or person who is concerned with the management of the KK Mart Retail Group's affairs) should have primary responsibility for ensuring that the KK Mart Retail Group acts with integrity and ethics, complies with the relevant anti-corruption legislation and manages key corruption risks. This may include establishing, maintaining and reviewing its anti-corruption compliance programmes and designating an anti-corruption function or person within the organisation.

(b) *Risk Assessment:* The KK Mart Retail Group's anti-corruption efforts should be commensurate with its corruption risk assessment. It is recommended that a comprehensive risk assessment is undertaken every 3 years.

(c) *Undertake Control Measures:* to address any corruption risks. The KK Mart Retail Group should establish appropriate controls and contingency measures which are reasonable and proportionate to its nature and size. These should include adequate due diligence on relevant parties and personnel prior to entering into any formalised relationships; establishing and encouraging the use of a reporting channel; and establishing policies and procedures to address key anti-bribery and anti-corruption matters.

(d) *Systematic Review, Monitoring and Enforcement:* top-level management should regularly review and assess their anti-corruption programmes, and ensure that they are enforced. These reviews should form the basis of any improvements in its anti-compliance programmes.

(e) *Training and Communication:* The KK Mart Retail Group should develop and disseminate training and communications relevant to its anti-corruption management system, addressing areas of training; reporting channel; and consequences of non-compliance. The KK Mart Retail Group's anti-corruption policy should be clearly communicated and made publicly available.

The TRUST Principles are not prescriptive and should be applied practically, in proportion to the scale, nature, industry, risk and complexity of the KK Mart Retail Group.

7. Reporting Obligation

7.1 Under the MACCA, any person to whom any gratification is given, promised, or offered in contravention of the MACCA shall report such gift, promise or offer together with the name, if known, of the person who gave, promised or offered such gratification to him to the nearest officer of the Malaysian Anti-Corruption Commission or police officer.

7.2 Under the AMLA, the KK Mart Retail Group, as a reporting institution, is required to report to Bank Negara Malaysia[1]:

(a) any transaction exceeding such amount as Bank Negara Malaysia may specify from time to time;

(b) any transaction which gives any officer or employee of the KK Mart Retail Group any reason to suspect that the transaction involves proceeds of an unlawful activity or instrumentalities of an offence; and

(c) any transaction or property where any officer or employee of the of the KK Mart Retail Group has reason to suspect that the transaction or property involved is related to any terrorist act, terrorist, terrorist entity or person who finances terrorism.

8. Penalty

8.1. A person convicted of the corresponding offence under the MACCA:

(a) in respect of the offences under 3.1(a) – (f), is guilty of a criminal offence and is liable for imprisonment for a term of up to 20 years and to a fine not less than 5 times the sum or value of the gratification which is the subject matter of the offence, where such gratification is capable of being valued or is of pecuniary nature, or RM10,000, whichever is the higher; and

(b) in respect of the offence under 3.1(g), is guilty of a criminal offence and is liable for imprisonment for a term of up to 20 years and to a fine not less than 5 times the sum or value of the false or erroneous or defective material particular, where such false or erroneous or defective material particular is capable of being valued, or of a pecuniary nature, or RM10,000, whichever is the higher.

8.2. In respect of an offence under the Corporate Liability Provision:

(a) on conviction, a commercial organisation is guilty of a criminal offence and is liable for imprisonment for a term of up to 20 years and/or to a fine of not less than 10 times the sum or value of the gratification which is the subject matter of the offence, where such gratification is capable of being valued or is of pecuniary nature, or RM1,000,000, whichever is the higher; and

[1] Generally, the reporting obligations under the AMLA are applicable to businesses in the following sector only:

(a) banking and deposit-taking;
(b) insurance and takaful;
(c) money services;
(d) issuing of designated payment instruments (including electronic money, and charge and credit cards);
(e) designated non-financial businesses and professions & other non-financial sectors including law firms, dealings in precious metals or precious stones, common gaming houses, moneylenders, accounting firms, pawnbrokers, company secretaries, estate agents and trust companies; and
(f) digital currencies,

(collectively, "**Applicable Sectors**"). Since KK Mart Retail Group does not operate within the Applicable Sectors, it would not be subject to the reporting obligations.

(b) the commercial organisation's director, controller, officer, partner, or person who is concerned in the management of its affairs is deemed to have committed that offence unless that person proves that the offence was committed without his consent or connivance and that he exercised due diligence to prevent the commission of the offence as he ought to have exercised, having regard to the nature of his function in that capacity and to the circumstances.

APPENDIX B

LIST OF HEAD OF DEPARTMENT

-PLEASE REFER TO THE HUMAN RESOURCE DEPARTMENT-

APPENDIX C

COMPLIANCE TEAM

- If you have further enquiries, please contact us at abac@kkgroup.my -