

**HONG LEONG MSIG TAKAFUL BERHAD
ANTI-CORRUPTION SYSTEM POLICY**

1 Introduction

Hong Leong MSIG Takaful Berhad (“HLM Takaful”) has established an Anti-Corruption System Policy (ACSP) which sets out a strong ‘tone from the top’ against all corrupt practices, and includes the framework for implementation, and the responsibilities of the Associated Person in regards to observing and upholding HLM Takaful’s zero-tolerance position on corruption and bribery.

The ACSP make references to HLM Takaful’s Code of Conduct and Ethics, Gifts and Entertainment Procedures, Donation Policy and Whistleblowing Policy, and they are summarised below.

2 Scope

The ACSP applies to all directors, employees (whether temporary, fixed-term, or permanent), trainees, seconded staff, casual workers, agency staff, volunteers, interns, agents, of HLM Takaful.

HLM Takaful also expects its partners, contractors, sub-contractors, consultants, representatives and others performing work or services for or on behalf of HLM Takaful, or any other person associated with HLM Takaful to comply with the ACSP when performing such work or services.

3 Definitions

“Associated Person” means all directors, employees (whether temporary, fixed-term, or permanent), trainees, seconded staff, casual workers, agency staff, volunteers, interns, and agents of HLM Takaful, and partners, contractors, sub-contractors, vendors, suppliers, service providers, consultants, representatives and all others performing work or services for and/or on behalf of HLM Takaful.

“Bribery” refers to the act of corruptly authorising, giving, agreeing to give, promising, offering, soliciting, receiving, or agreeing to receive any gratification.

“Corruption” means an act of giving or receiving of any gratification or reward in the form of cash or in kind of high value for performing task in relation to his/her job description.

“Gratification” means:

- (a) money, donation, gift, loan, fee, reward, valuable security, property or interest in property being property of any description whether movable or immovable, financial benefit, or any other similar advantage;
- (b) any office, dignity, employment, contract of employment or services, and agreement to give employment or render services in any capacity;
- (c) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;
- (d) any valuable consideration of any kind, any discount, commission, rebate, bonus, deduction or percentage;
- (e) any forbearance to demand any money or money’s worth or valuable thing;

- (f) any other service or favour of any description, including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature, whether or not already instituted, and including the exercise or the forbearance from the exercise of any right or any official power or duty; and
- (g) any offer, undertaking or promise, whether conditional or unconditional, of any gratification within the meaning of any of the preceding paragraphs (a) to (f);

4 Policy Statement / Principles

HLM Takaful has zero-tolerance for corruption.

HLM Takaful is committed to acting professionally, fairly, and with integrity in all its business dealings and relationships and to implementing and enforcing the ACSP to prevent and detect corrupt activities.

HLM Takaful, its Board of Directors and Senior Management do not condone or consent to any Associated Person:

- (a) corruptly soliciting, receiving or agreeing to receive any gratification whether for him/herself or for any other person; or
- (b) corruptly giving, agreeing to give, promising or offering to any person any gratification whether for the benefit of him/herself or of another person, including with intent to obtain or retain business or any advantage in the conduct of business for the Company.

HLM Takaful will uphold all laws and regulatory requirements in the jurisdiction it operates, including those relating to anti-bribery and corruption.

HLM Takaful treats any violation of the ACSP seriously and will undertake necessary actions including but not limited to, review of employment or appointment, disciplinary actions, dismissal, and reporting to authorities, consistent with the relevant laws and regulations.

5 Gifts and Entertainment

All employees shall exercise good judgment and ensure that the giving and receiving of any gift and / or entertainment does not give the impression of improper influence in any way and that it will not result in any violation of HLMT's values, Code of Conduct & Ethics and Policies.

All employees are strictly prohibited from accepting or offering the following types of gifts and entertainment:

- (a) Any other forms of gifts and/or entertainment, in exchange for an act by HLM Takaful or an act for the benefit of HLM Takaful; and
- (b) Any other forms of gifts and/or entertainment for purposes which are prohibited under the laws of Malaysia, e.g., bribery and corruption;
- (c) Any other forms of Shariah prohibited gifts and/or entertainment, e.g., all forms of obscenity, consuming forbidden products (alcohol, drug etc.), Shariah non-compliant business activity (night club, casino, gambling, karaoke lounges)

Without prejudice to the above, all employees must promptly declare any gift and / or entertainment which they give or receive.

Gifts or entertainment received that are not approved must be returned or refunded back to the person who provided the said gift and / or entertainment.

6 Donation and Sponsorship

All donations and sponsorships undertaken by HLM takaful which are charitable in nature (“Donations”) shall be governed by HLM Takaful’s Donation Policy which provides, inter alia:

- (a) No political Donations are permitted.
- (b) Due diligence must be conducted on recipients of Donations to ascertain that they are of reputable standing.
- (c) All Donation requests must be reviewed by HLM Takaful’s Finance department.

7 Facilitation Payments

HLM Takaful shall not make facilitation payments.

8 Responsibilities and Commitments

- (i) HLM Takaful’s Board of Directors and its respective committees
 - Oversee the implementation of the ACSP;
 - Promote a corporate culture of the highest level of integrity and ethics;
 - Comply with applicable laws and regulatory requirements on anti-corruption;
 - Ensure the effective management of HLM Takaful’s key corruption risks;
 - Set the ‘tone from the top’, i.e., zero tolerance for corrupt practices in relation to the business activities of HLM Takaful;
 - Communicate to internal and external stakeholders, HLM Takaful’s zero tolerance for corruption, as well as commitment to comply with the ACSP, related internal policies and procedures as well as applicable laws and regulatory requirements on anti-corruption;
 - Spearhead efforts to improve the effectiveness of HLM Takaful’s ACSP, internal control system, review and monitoring, as well as communication and training; and
 - Consider and approve HLM Takaful’s Corruption Risk Management Framework (CRMF) that establishes processes and controls to mitigate the corruption risks relating to HLM Takaful’s business
- (ii) HLM Takaful’s Senior Management
 - Establishes and maintains the ACSP;
 - Practices the highest level of integrity and ethics;
 - Complies with the ACSP, internal related policies and procedures, as well as applicable laws and regulatory requirements on anti-corruption;
 - Effectively manages its key corruption risks;
 - Monitors, periodically reviews and improves upon the effectiveness of its ACSP;
 - Develops a communication plan and a training programme on its commitments on anti-corruption for internal and external stakeholders;
 - Establishes the “tone from the top”, i.e., zero tolerance for corruption, and communicates to internal and external stakeholders this general stance against the use of corrupt practices in relation to the business activities of HLM Takaful;
 - Establishes and maintains an effective ACSP to adequately address corruption risks, minimise and mitigate opportunities for corruption, and to respond to suspected or real corruption incidents;
 - Encourages the use of whistleblowing and other appropriate channels in relation to any suspected or real corruption incidents or inadequacies in the ACSP;
 - Assigns and adequately resource the Compliance Department for implementing the ACSP, related internal policies and procedures. The responsibility to ensure HLM

Takaful's compliance, however, lies with the respective business or functional units;

- Appropriate lines of authority for personnel tasked with the responsibility for overseeing the implementation of the ACSP, related internal policies and procedures; and
- Acts upon and reports to the Executive Committee ("EXCO") and the Board of Directors, the results of any audit and review of risk assessments, control measures and performance.

(iii) HLM Takaful's Compliance Department

Attend to all anti-corruption compliance matters including provision of advice and guidance to personnel and business associates in relation to the anti-corruption programme, as well as the coordination and monitoring of the implementation of the ACSP, taking into consideration HLM Takaful's risk assessment in relation to corruption.

(iv) Associated Person

- Observe and uphold the HLM Takaful's zero-tolerance for corruption as well as the ACSP, related internal policies and procedures; and
- Raise concerns on any weaknesses in the ACSP, any improper conduct or wrongful act at the earliest opportunity, and in an appropriate way through various communication channels including as set out in the HLM Takaful's Whistleblowing Policy.

9 Risk Assessment

HLM Takaful shall conduct a comprehensive corruption risk assessment at least once in three (3) years and as and when necessary (including when there is a change in the law or circumstances of its business) to identify, analyse, assess and prioritise the internal and external corruption risks of HLM Takaful.

10 Due Diligence

To ensure that Associated Person share HLM Takaful's stance against corruption, HLM Takaful shall undertake due diligence to assess the integrity of the Associated Person, prior to entering into any formalised relationship with them and periodically thereafter.

11 Conflict of Interest

HLM Takaful seeks to ensure that a conflict of interest does not adversely affect the interests of HLM Takaful, its shareholders, clients and other stakeholders through identification, prevention and management of the conflict of interest.

An Associated Person shall declare any personal interest he or any person who is related or connected to him, may have in relation to any decisions on HLM Takaful's dealings or transactions that he or any person related or connected to him may be interested.

12 Reporting Channel and Whistleblowing Policy

Internal and external parties are encouraged to raise concerns in relation to real or suspected corruption incidents or inadequacies of HLM Takaful's ACSP at the earliest opportunity, and in an appropriate way. Please refer to HLM Takaful's Whistleblowing Policy for details on how such concerns may be raised

HLM Takaful's Whistleblowing Policy protects the identity of the whistleblower, as well as protects the whistleblower from retaliation and adverse employment action, provided the disclosure was

made in good faith and to the extent permitted by law.

Where relevant, HLM Takaful shall report the suspected act of corruption to the Malaysian Anti-Corruption Commission or other law enforcement agencies and authorities.

13 Other Control Measures

- (a) Financial Controls – HLM Takaful’s expenses and claims are governed by HLM Takaful’s Expenditure Approval Request Policy and procedures;
- (b) Procurement – HLM Takaful’s procurement activities are governed by HLM Takaful’s Procurement / Tender Policy and procedures; and
- (c) Record Keeping – Record keeping and document management are governed and incorporated within HLM Takaful’s internal policies and procedures.

14 Review, Monitoring and Enforcement

- (i) Review
Internal audit shall review HLM Takaful’s anti-corruption programme and measures to assess its compliance, performance, efficiency and effectiveness. The audit report shall be presented by Internal Audit to HLM Takaful’s Board.
- (ii) Monitor
The persons responsible for monitoring the Associated Persons’ compliance with HLM Takaful’s ACSP, related internal policies and procedures, shall report any non-compliance to the Chief Compliance Officer.
- (iii) Enforcement
HLM Takaful shall take such disciplinary action as appropriate against personnel found to be non-compliant with the ACSP.

15 Training and Communication

HLM Takaful shall develop and implement a training programme and a communication plan on its policies and commitments on anti-corruption for relevant parties.