



MALAYSIAN RATING CORPORATION BERHAD
199501035601 (364803-V)

Anti-Bribery and Corruption Policy

Version 1.0

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1. Introduction

Malaysian Rating Corporation Berhad (MARC), including its subsidiaries, has a **zero-tolerance position against all forms of bribery and corruption**. MARC has a policy to operate its business with integrity, transparency and ethics. MARC's Anti-Corruption Policy (the Policy) sets out the responsibilities of MARC, and of those working for MARC on observing and upholding MARC's position on bribery and corruption.

This Policy is supplemental to and shall be read in conjunction with MARC's Anti-Bribery and Corruption Procedures and MARC's Code of Conduct.

2. Applicability

This Policy applies to employees (full-time, part-time, contract or temporary) and non-employees of MARC which includes all directors, company secretary and rating committee members.

3. Objective

The objective of the Policy is to provide information and guidance to the directors, employees and non-employees on standards of behaviour to which they must adhere to and how to recognise as well as deal with bribery and corruption.

The Policy is not intended to be exhaustive, and there may be additional obligations that directors and employees are expected to adhere to or comply with when performing their duties. For all intents and purposes, the directors and employees shall always observe and ensure compliance with all applicable laws, rules and regulations which they are bound to observe in the performance of their duties.

4. Definitions

- "GCEO" refers to Group Chief Executive Officer.
- "Corruption" refers to a unlawful seeking of benefits whether by means of offering, promising, soliciting, demanding, or giving or accepting bribes of any other properties or benefits, or an act or behaviour that implies corruption that is committed with a government official or an agency or any person doing business with MARC, either directly or indirectly, in order for that person to perform or abstain from performing a duty to acquire or retain any other business benefits that are improper, unless it is allowed by local laws or regulations.
- "Public official" or "Government official" includes a person who works for or is an agent of a government-owned or government-controlled entity. This includes elected and appointed officers or employees of national, municipal or local governments (including individuals holding legislative, administrative and judicial positions), officials of political parties and candidates for political office, employees of government or state-controlled companies and Government-Linked Companies ("GLCs").

5. The Five Core Principles of Integrity

5.1 PRINCIPLE I: TOP LEVEL COMMITMENT

- 5.1.1 The top level management is primarily responsible for ensuring that MARC:
- i) Practices the highest level of integrity and ethics;
 - ii) complies fully with the applicable laws and regulatory requirements on anti-corruption; and
 - iii) effectively manages the key corruption risks of the Company.
- 5.1.2 The top level management must be able to provide assurance to its internal and external stakeholders that MARC is operating in compliance with its policies and any applicable regulatory requirements. This may include establishing the Company's "tone from the top" (i.e. the Company's general stance against the use of corrupt practices in relation to its business activities) and spearheading the Company's efforts to improve upon the effectiveness of its corruption risk management framework, internal control system, review and monitoring, and training and communication.
- 5.1.3 Thus, for this purpose, MARC shall carry out the following:
- (i) establish, maintain, and periodically review the anti-corruption compliance programme which includes clear policies and objectives that adequately address corruption risks;
 - (ii) promote a culture of integrity within the Company;
 - (iii) issue instructions on communicating the Company's policies and commitments on anti-corruption to both internal and external parties;
 - (iv) encourage the use of any reporting channel in relation to any suspected and/or real corruption incidents or inadequacies in the anti-corruption compliance programme;
 - (v) ensure that the lines of authority for personnel tasked with responsibility for overseeing the anti-corruption compliance programme are appropriate; and
 - (vi) ensure that the results of any audit, reviews of risk assessment, control measures and performance are reported to all top level management, including the BOD, and acted upon.

5.2 PRINCIPLE II: RISK ASSESSMENT

- 5.2.1 A corruption risk assessment should form the basis of MARC's anti-corruption efforts. As such, MARC shall conduct corruption risk assessments periodically and when there is a change in law or circumstance of the business to identify, analyse, assess and prioritise the internal and external corruption risks of the Company. This risk assessment shall be used to establish appropriate processes, systems and controls approved by the top level management to mitigate any specific corruption risks MARC is exposed to.

5.2.2 For this purpose, it is recommended that a comprehensive risk assessment is done every three (3) years, with intermittent assessments conducted when necessary. The assessment may include the following:

- (i) opportunities for corruption and fraud activities resulting from weaknesses in the Company's governance framework and internal systems/procedures;
- (ii) financial transactions that may disguise corrupt payments;
- (iii) business activities or sectors that pose a higher corruption risk;
- (iv) non-compliance of external parties acting on behalf of MARC regarding legal and regulatory requirements related to anti-corruption. Note that, given the wide definition of an associated person, MARC can be liable for the acts of such third parties; and
- (v) relationships with third parties in its supply chain (e.g. agents, vendors, contractors, and suppliers) which are likely to expose MARC to corruption.

5.2.3 The risk assessment for corruption can be done on a stand-alone basis. Nevertheless, for immediate compliance, bribery and corruption risks will be incorporated into MARC's Corporate Risk Register.

5.3 PRINCIPLE III: UNDERTAKE CONTROL MEASURES

5.3.1 MARC has put in place the appropriate controls and contingency measures which are reasonable and proportionate to the nature and size of MARC in order to address any corruption risks arising from weaknesses in the Company's governance framework, processes and procedures. These should include the following items:

(i) Due diligence

MARC has established key considerations or criteria for conducting due diligence on any relevant parties or personnel (such as employees, agents, vendors, contractors, suppliers and consultants etc.) prior to entering into any formal relationships. Methods may include background checks on the person or entity, a document verification process, or conducting interviews with the person to be appointed to a key role where corruption risk has been identified.

(ii) Reporting channel

(a) MARC established an accessible and confidential trusted reporting channel (whistleblowing channel), which may be used anonymously, for internal and external parties to raise concerns in relation to real or suspected corruption incidents or inadequacies of the anti-

corruption programme. For a smaller company like MARC, the reporting channel can be as simple as a dedicated email address;

- (b) encourages persons to report, in good faith, any suspected, attempted or actual corruption incidents;
- (c) has established a secure information management system to ensure the confidentiality of the whistleblower's identity and the information reported; and
- (d) prohibits any retaliation against those making reports in good faith.

5.3.2 Furthermore, MARC has established policies and procedures to cover the following areas:

- (i) a general anti-bribery and corruption policy or statement;
- (ii) conflicts of interest;
- (iii) gifts, entertainment, hospitality and travel;
- (iv) donations and sponsorships, including political donations;
- (v) facilitation payments;
- (vi) financial controls, such as separation of duties and approving powers or multiple signatories for transactions;
- (vii) non-financial controls, such as a separation of duties and approving powers or a pre-tendering process;
- (viii) managing and improving upon any inadequacies in the anti-corruption monitoring framework; and
- (ix) record keeping for managing documentation related to the adequate procedures.

5.3.3 In this regard, MARC's policies shall be:

- (i) endorsed by top level management;
- (ii) kept up to date;
- (iii) publicly and/or easily available; and
- (iv) suitable for use where and when needed.

5.4 PRINCIPLE IV: SYSTEMATIC REVIEW, MONITORING AND ENFORCEMENT

5.4.1 The top-level management shall ensure that regular reviews are conducted to assess the performance, efficiency and effectiveness of the anti-corruption programme, and ensure the programme is enforced. Such reviews may take the form of an internal audit, or an audit carried out by an external party.

5.4.2 The reviews should form the basis of any efforts to improve the existing anti-corruption controls in place in MARC.

5.4.3 For this purpose, MARC shall consider the following:

- (i) plan, establish, implement and maintain a monitoring programme, which covers the scope, frequency, and methods for review;

- (ii) identify the competent person(s) and/or establish a compliance function to perform an internal audit, in relation to MARC's anti-corruption measures;
- (iii) conduct continual evaluations and improvements on MARC's policies and procedures in relation to corruption;
- (iv) consider an external audit by a qualified and independent third party at least once (1) every three (3) years to obtain assurance that MARC is operating in compliance with its policies and procedures in relation to anti-corruption;
- (v) monitor the performance of personnel in relation to any anti-bribery and corruption policies; and procedures to ensure their understanding and their compliance with MARC's stance in their respective roles and functions; and
- (vi) conduct disciplinary proceedings against personnel found to be non-compliant with the programme.

5.5 PRINCIPLE V: TRAINING AND COMMUNICATION

- 5.5.1 MARC has developed and disseminated **internal and external training and communications** relevant to its anti-corruption process, in proportion to its operation, covering the following areas:
- (i) policy;
 - (ii) training;
 - (iii) reporting channel; and
 - (iv) consequences of non-compliance.

Communication of Policies

- 5.5.2 MARC's anti-bribery and corruption policy shall be made publicly available, and shall also be appropriately communicated to all personnel and business associates.
- 5.5.3 When planning for strategies for communicating MARC's position on anti-corruption, MARC shall take into account what key points should be communicated, to whom they should be communicated, how they will be communicated, and the timeframe for conducting the communication plan. The Company shall also consider what languages the materials will be communicated in.
- 5.5.4 The communication of MARC's policies may be conducted in a variety of formats and mediums. These may include, but are not limited to:
- (i) messages on the website;
 - (ii) emails, newsletters, posters;
 - (iii) code of conduct and employee's handbooks;
 - (v) video seminars or messages; and
 - (vi) town-hall sessions.

Training

- 5.5.5 MARC shall provide its employees with adequate training to ensure their thorough understanding of the anti-corruption policy, especially in relation to their role within or outside MARC.
- 5.5.6 The training may be conducted in a variety of formats, including but not limited to:
- (i) induction programs featuring anti-corruption elements;
 - (ii) role-specific training, which is tailored to corruption risks the position is exposed to; and
 - (iii) corporate training programs, seminars, videos and in-house courses.

6. Role and Responsibilities

6.1 Board of Directors

- The Board of Directors has a duty and responsibility to ensure that MARC has in place adequate policy and procedures on anti-corruption.

6.2 Senior Management

- The Senior Management have a duty and responsibility to ensure the MARC has in place a system to promote and support an anti-corruption policy, which shall be communicated to employees and all relevant parties for compliance, as well as to review existing systems and measures to align with the changing business nature, regulations and law requirements.

6.3 Operating Units

- Heads of divisions and departments shall ensure that their subordinates are aware of and understand this policy and obtain adequate training sessions.
- Each employee has a duty to read and understand this Policy.

7. Guidance on Common Forms of Bribery and Corruption

7.1 Gift, Entertainment and Corporate Hospitality

MARC's policy and practice encourages the use of good judgement, discretion, and moderation when giving or accepting gifts or entertainment in business settings. Gift giving and entertainment practices may vary in different cultures; however, any gifts and entertainment given or received must be in compliance with the law, must not violate the giver's and/or receiver's policies on the matter, and be consistent with local custom and practice. We do not solicit gifts, entertainment, or favours of any value from persons or firms with which MARC actually or potentially does business. Nor do we act in a manner that would place any vendor or customer in a position where he or she may feel obligated to make a gift, provide entertainment, or provide personal favours to do business or continue to do business with MARC.

7.2 Dealing with Public Officials

Providing gift or hospitality to public officials or their family / household members is generally considered as a 'red flag' situation.

In the event where an employee is required to give a gift or offer hospitality to a public official, proper care and judgement is to be exercised to ensure the gift or hospitality does not create a conflict of interest between the employee and the official, and is not perceived as being used for corruption. Any request to provide gift and hospitality should require the GCEO's approval.

7.3 Corporate Social Responsibility, Sponsorships and Donations

Corporate social responsibility, sponsorship and donations made by MARC to community projects or charities need to be made in good faith and in compliance with MARC's policies and procedures.

Ensure that the contributions are not used as a scheme to conceal bribery. No donation can be offered or made without the prior approval of the GCEO.

7.4 Political Contributions

MARC does not make charitable donations or contributions to political parties. Whilst employees are permitted to make personal political contributions, MARC will not make any reimbursement for these personal political contributions to its employees.

7.5 Facilitation Payment

MARC does not make, and will not accept, facilitation payments of any kind. Any individual with any suspicions, concerns or queries regarding a payment made on our behalf or improper business practices, should raise these to the Compliance, Governance and Risk Management Department in writing. However, there could be circumstances in which there is no alternative but to make a facilitation payment in order to protect oneself from injury, loss of life or liberty, which will be construed as an exception.

7.6 Dealing with Third Parties

All third parties, including agents, suppliers and joint venture partners should be made aware of this Policy and the arrangements with them shall be subject to clear contractual terms, including specific provisions requiring them to comply with minimum standards and procedures relating to anti-bribery and anti-corruption.

8. Record-Keeping

- It is important that proper and complete records be maintained of all payments made to third parties in the usual course of business as these would serve as evidence that such payments were bona fide, and not linked to corrupt and/or unethical conduct. All accounts, invoices, documents and records relating to dealings with third parties, such as clients, suppliers and business contacts, should be prepared and maintained with accuracy and completeness.
- All transactions are required to be detailed out in the account and not to be excluded for the purpose of convenience, or concealment of improper payment.

9. Whistle-Blowing and Protection

- MARC has put in place the Whistle-Blowing Policy to receive reports on actual or suspicious misconduct. If an employee finds corruption in MARC or the employee is unsure whether such conduct is considered corruption, he/she can report, seek advice or recommendation in writing to the Compliance, Governance and Risk Management Department.
- MARC 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. MARC does not have the policy to demote, punish or cause negative impact to the employee who rejects corruption eventhough such rejection will cause MARC to lose a business opportunity.
- If MARC confirms that no employee will be disadvantaged for rejecting to be involved with corruption and for reporting, with good intention, of any suspicious bribery or fraud that happen or which may happen in the future.

10. Violation

- All directors and employees shall comply with the Policy and shall not be involved with corruption directly or indirectly. Those being involved with corruption-related misconduct shall be brought to the disciplinary action process as prescribed by MARC's regulations with the possibility result of dismissal, and legal penalties if such misconduct violates the law.
- MARC reserves the right to review agreements or terminate contract relationships with clients, trading partners or stakeholders if MARC finds that they are acting against the Policy.