



ELSOFT RESEARCH BERHAD

Registration No. 200301015084 (617504-K)
(Incorporated in Malaysia)

ANTI-CORRUPTION AND BRIBERY POLICY

1. INTRODUCTION

Under Section 17 A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, if a commercial organization is found liable under the corporate liability provisions, a person who is the director, controller, officer or partner of that organization or a person who is concerned with that organization's management affairs at the time of the commission of an offence, is deemed to have committed that offence unless such person can prove that the adjudged corrupt act was committed without his consent or connivance and that he has exercised due diligence to prevent the commission of the offence having regards to the nature of his function in that organization and the prevailing circumstances.

Consistent with the above, there is a need for Elsoft Research Berhad and its subsidiaries ("Elsoft Group") to put in place adequate policy, procedures and best practices to prevent the commission of a corrupt act by a person connected with the company and further that the company, its directors, managers, and executives can have a defense in case there is proven corruption by a person connected with the company.

2. PURPOSE

Elsoft Group is committed to conduct its businesses with the highest standard of professionalism, integrity, ethics and legality. Consistent with this commitment, all directors and employees are to conduct themselves in accordance with this expectation in all aspects of the company's activities.

Directors and employees are prohibited from soliciting, receiving or otherwise avail themselves of courtesies, gratifications and any other undue advantages from any parties in order to secure a business or personal advantage. Likewise, Directors and employees are prohibited from offering, giving or proposing similar incentives to any parties to secure a business advantage for the company.

Elsoft Group also expects its suppliers, contractors, consultants and any other parties with whom it conducts business with to adopt, conform and adhere to such values and ethical standards.

The purpose of this Policy, which is applicable to all directors and employees of Elsoft Group, is to:

- a) Outline the broad principles underlying ethical and legal conducts to guide business judgements and transactions,
- b) Set out the responsibilities of its employees and Elsoft Group, as a corporate entity, to comply with applicable laws relating to bribery and corruption; and
- c) Provide information and guidance to those working for Elsoft Group on how to recognize and deal with bribery and corrupt practices that may arise or confronting them in the course of daily business and operational activities.

3. SCOPE

This Policy is applicable to all companies within the Elsoft Group.

It is also applicable to all directors and employees, managers and officers of the Group and at all levels and grades (whether full-time, part-time, contract or temporary) and any third parties associated with, related to or under the direction of the Group.

In this Policy, the associated third parties refer to any individual or organization whom employees come into contact or dealing with or relating to at work which may include but not limited to customers, suppliers, consultants, outsourced personnel, contractors, advisers and government bodies.

4. DEFINITION

Corruption means the act of giving, offering, soliciting, accepting or receiving 'gratification' (either in the form of money, services or valuable goods) directly or indirectly, to or from a person in authority as an inducement or reward for doing or refraining from doing an act, or in exchange for an unfair advantage.

'Gratification' may come in the form of money, donation, gift, loan, fee, reward, commission, discount, rebate, bonus, property, financial benefit, services or any other similar advantage.

Corruption includes bribery, fraud, extortion, abuse of power, favoritism, cronyism, nepotism, patronage, graft, embezzlement, breach of trust, collusion and money laundering.

5. ELSOFT ANTI-CORRUPTION GUIDELINES FOR CONTRIBUTION, GIFTS, HOSPITALITY, ENTERTAINMENT AND OTHER BUSINESS COURTESIES

5.1 CHARITABLE CONTRIBUTION

Consistent with its sustainability principles and corporate social responsibility, Elsoft Group regularly participates in and allows contributions to projects or events benefiting the community, charitable organizations and society at large. Such involvements and contributions must have the prior approval of either the Board or the Chief Executive Officer.

5.2 GIFTS, CONTRIBUTION, HOSPITALITY, ENTERTAINMENT AND OTHER BUSINESS COURTESIES

- (i) Parties under the scope of this Policy shall not give, offer, solicit, demand or accept any gift, contribution, hospitality, entertainment to or from a third parties if it is made with the intention of influencing the receiving parties to make decisions in favour of the giver as outlined in the Definition above.
- (ii) However, this Policy does not prohibit the directors, employees and parties under the scope of this Policy, from giving or receiving any gifts, contributions, entertainment, business courtesies or hospitality, to or from any third parties so long as it is customary, reasonable, transparent and appropriate to do so and provided that the monetary value of such item does not exceed RM500 in aggregate. In the event it exceeds RM500 in aggregate, prior approval must be obtained from the Board or Management of Elsoft Group. Where such prior approval cannot be obtained due to physical constraints, such receipt or giving must be declared to the Board or the Management of Elsoft Group forthwith at the earliest opportunity.
- (iii) This Policy also does not prohibit the company from giving or receiving any gifts, contributions, entertainment, business courtesies or hospitality, to or from any third parties for business events, cultural occasions, company functions, annual dinners or meals for business purpose so long as it is customary, reasonable, transparent and appropriate to do so, notwithstanding that the monetary value of such item exceeds RM500 in aggregate.

5.3 FACILITATION PAYMENTS TO OFFICER OF PUBLIC BODY

Elsoft Group strictly disallows any facilitation payments to officer of public or statutory bodies without any exceptions. Directors and employees and parties under the scope of this Policy are required to notify the Board or the Management of Elsoft Group when encountered with any requests for such facilitation payment.

5.4 POLITICAL CONTRIBUTION

Elsoft Group, its directors, employees and parties under the scope of this Policy are not permitted to make any charitable donations or contributions to political parties or their candidates or parties associated with or connected to political parties. However, Elsoft Group does not nor is able to prohibit its directors and employees acting strictly in their personal capacity as citizens to make any personal political contribution.

6. COMPLIANCE TO THE LAW

Elsoft Group will adhere to the Malaysian Anti-Corruption Commission Act 2009 (including any amendments thereof) (“MACC Act”) and all applicable laws, rules and regulations of the governments, statutory commissions and stock exchanges.

Directors and employees are expected to be familiar with the salient features and requirements of and comply with MACC Act and this Policy.

7. RECORD KEEPING

All accounts, invoices, documents and records relating to dealings with third parties including customers, suppliers, statutory bodies and charitable organisations should be kept accurately and in completeness in accordance with the statutory requirements of record keeping.

Directors, employees and parties under the scope of this Policy who have accepted or given hospitality or gifts exceeding monetary value of RM500 in aggregate (with the prior approval of the Board or the Management of Elsoft Group) must inform, declare and report to the Group HR Officer for recording into a register which will be subject to internal audit review.

8. REPORTING OF VIOLATIONS OF THE POLICY

Any person under the scope of this Policy who suspects, becomes aware of or has direct knowledge of any violation of this Policy is required to whistle blow and report such violation to any Member of the Audit Committee, through email acm@elssoftresearch.com or directly to the Chairman of Audit Committee, Mr. Lee Soo Ghee, through his personal email sooghee9098@yahoo.com as outlined in the Group’s Whistleblowing Policy for investigation and further action.

The Management of Elsoft Group will support anyone who raises genuine concerns in good faith under this Policy and that person need not fear any reprisal regardless of the outcome.

9. SANCTION FOR NON-COMPLIANCE

Any violation of this Policy will lead to disciplinary action which may include dismissal and termination.

10. RISK ASSESSMENT AND CONTROL MEASURES

The Management of Elsoft Group will conduct corruption risk assessment periodically to identify, assess and prioritize the internal and external corruption risk and to establish adequate and appropriate procedures, systems and controls to address the corruption risks the Group's business is exposed to.

11. REVIEW AND MONITORING

The internal control systems and procedures will be subject to regular reviews, audits and monitoring to ensure that they are effective and efficient in countering corrupt practices.

12. COMMUNICATION AND TRAINING

This Policy will be communicated to all employees of Elsoft Group and made publicly available to all associated third parties. Training or awareness programs will also be provided.

13. REVIEW OF POLICY

This Policy shall be reviewed periodically to assess their effectiveness, and in any event, at least once every three (3) years.

14. CONCLUSION

Elsoft Group shall, at all times, conduct its business affairs honestly, fairly, impartially and in an entirely ethical manner. Conducts which give rise to questions on the Group's integrity, character and reputation are strictly prohibited and will not be tolerated.

This Policy is subject to amendments at the sole discretion of the Group or as required by legislation or any new amendment to existing statutes. Any areas or concern not covered by the present Policy will be dealt with by the Board and the Management of the Group as the need arises objectively and speedily.