

BOARD POLICY ON ANTI-BRIBERY AND CORRUPTION

(January 2021)

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1. PURPOSE

To set out the policy, framework and responsibilities of the directors, employees (whether temporary, fixed term, or permanent), trainees, seconded staff, casual workers, agency staff, volunteers, interns, agents, partners, contractors, subcontractors, vendors, suppliers, service providers, consultants, representatives, and others performing work or services for or on behalf of the Hong Leong Bank (Cambodia) PLC (“Associated Person”) in regards to observing and upholding Hong Leong Bank (Cambodia) PLC’s (“HLBCAM”) zero-tolerance position on corruption and bribery with reference to the following main offences stipulated in the Cambodian Law on Anti-Corruption, article 32 (Corruption offenses stipulated in the Criminal Code).

To ensure that adequate procedures are implemented to prevent the occurrence of corrupt practices in HLBCAM.

2. SCOPE

This Policy applies to all directors, employees (whether temporary, fixed-term, or permanent), trainees, seconded staff, casual workers, agency staff, volunteers, interns, and agents of HLBCAM.

HLBCAM also expects partners, contractors, subcontractors, vendors, suppliers, service providers, consultants, representatives and others performing work or services for or on behalf of HLBCAM, or any other person or persons associated with HLBCAM, to comply with this Policy when performing such work or services.

The more stringent requirement between this Policy and Board Policy on Anti-Bribery and Corruption of Hong Leong Bank Berhad (HLBB Board Policy) are to be adopted. In the event HLBB Board Policy is more stringent and cannot be observed, the reasons for non-observation must be subject to acceptance by the HLBB Board Policy Owner, and the variation to the Policy must be subject to approval by the HLBB Board Policy Owner.

Joint venture companies in which HLBCAM is a non-controlling shareholder and associated companies are encouraged to adopt similar principles and standards.

3. POLICY STATEMENT

- i. HLBCAM has a zero-tolerance position for bribery and corrupt activities.
- ii. HLBCAM is committed to acting professionally, fairly and with integrity in all our business dealings and relationships and is committed to implementing and enforcing practices and systems that ensure corruption and bribery is prevented.
- iii. In particular, the Board of Directors and Senior Management of HLBCAM do not condone or consent to any Associated Persons:
 - 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:
 - 1) to obtain or retain business for HLBCAM; or
 - 2) to obtain or retain any advantage in the conduct of business for HLBCAM.
- iv. HLBCAM will uphold all laws and regulatory requirements relating to anti-bribery and corruption in all the jurisdictions in which it operates.
- v. HLBCAM treats any violation of this Policy seriously and will undertake necessary actions, including, but not limited to, review of employment or appointment, disciplinary actions, dismissal, stop third party contractor / service providers from further business dealings etc. and report to the relevant authorities, consistent with the requirements of the relevant laws and regulations.

4. PRINCIPLES

4.1 Code of Conduct & Ethics

This Policy must be read in conjunction with the HLBCAM's Code of Conduct & Ethics.

4.2 Responsibilities and Commitments

- i. HLBCAM's Board of Directors and its respective Committees
 - a) Provide oversight and establish “tone-from-the-top” for maintaining highest level of corporate integrity and ethics, compliance with applicable laws and regulatory requirements on anti-bribery and corruption, and managing the key corruption/bribery risks of HLBCAM;
 - b) Receive and review reports on the implementation of this Policy; and
 - c) Manage whistleblowing cases.

- ii. HLBCAM's Senior Management
 - a) Promote a culture of integrity within HLBCAM;
 - b) Ensure that HLBCAM practices the highest level of integrity and ethics;
 - c) Ensure that HLBCAM complies fully with applicable laws and regulatory requirements on anti-bribery and corruption;
 - d) Effectively manage corruption/bribery risks of HLBCAM;

4. PRINCIPLES

4.2 Responsibilities and Commitments (*Cont'*)

- e) Effectively communicates HLBCAM's zero-tolerance stance on corruption and bribery ("tone from the top" message") i.e. HLBCAM's general stance against the use of corrupt practices in relation to its business activities;
- f) Ensure that adequate and clear policies, procedures and control systems are in place to minimize and mitigate opportunities for corruption and bribery in HLBCAM and to respond to suspected or confirmed corruption and bribery incidences promptly and decisively to ensure that the practice is effectively stamped out of HLBCAM;
- g) Monitor, periodically review and improve upon the effectiveness of HLBCAM's anti-bribery and corruption compliance programme including internal control system, training and communication;
- h) Develop a communication plan and a training program on HLBCAM's policies and commitments on anti-bribery and corruption for relevant internal and external parties;
- i) Encourage the use of whistleblowing and other appropriate channels in relation to any suspected or real corruption incidences or inadequacies in the anti-bribery and corruption compliance programme;
- j) Adequately resource the Compliance Department for the purpose of attending to all anti-bribery and corruption matters including the provision of advice and guidance to personnel and business associates in relation to the anti-bribery and corruption programme. The responsibility to ensure compliance with the anti-bribery and corruption policies and procedures, however, lies with the respective business/functional units;
- k) Ensure that lines of authority for personnel tasked with responsibility for overseeing the implementation of the anti-bribery and corruption compliance programme are appropriate; and
- l) Act upon and report to the Board the results of any audit, reviews of risk assessment, control measures and performance in relation to the anti-bribery and corruption compliance program.

4. PRINCIPLES

4.2 Responsibilities and Commitments *(Cont')*

iii. Associated Persons

Each Associated Person shall:

- a) observe and uphold HLBCAM's zero-tolerance position on corruption and bribery;
- b) observe this Policy;
- c) raise concerns about improper conduct or wrongful act at the earliest opportunity, and in an appropriate way through the various communication channels including as set out in the Whistleblowing Policy where that is the preferred channel to raise issues.

4.3 Role of Bank's Compliance Function

- i. HLBCAM's head of compliance shall attend to all anti-bribery and corruption matters including the provision of advice and guidance to personnel and business associates in relation to the anti-bribery and corruption compliance programme, as well as the coordination and monitoring of the implementation of this Policy, taking into consideration HLBCAM's risk assessment in relation to corruption/bribery.
- ii. This Policy, subsidiary policies and procedures may not provide answers to all questions regarding bribery and corruption. Queries on the scope of applicable laws or the application of any policies and procedures or HLBCAM's position against, bribery and corruption shall be referred to the HLBCAM's head of compliance whom can be reached at HLBKHComp@internal.hlb.

4. PRINCIPLES

4.4 Risk Assessment

- i. HLBCAM shall undertake a corruption/bribery risk assessment of the overall HLBCAM's operations at least once in two (2) years and as and when necessary. This includes when there is a change in law or changes in HLBCAM's business(es) or there are circumstances whereby a risk assessment is warranted. The intent of the risk assessment is to identify, analyse, assess and prioritise actions needed to mitigate internal and external corruption/bribery risks identified. The corruption/bribery risk assessment shall identify, among others the following:
 - a) opportunities for improvement of controls surrounding corruption and fraud activities resulting from weaknesses in HLBCAM's governance framework and internal systems / procedures;
 - b) financial transactions that may disguise corrupt payments;
 - c) business activities in countries or sectors that pose a higher corruption/bribery risk;
 - d) non-compliance by external parties acting on behalf of HLBCAM with regard to legal and regulatory anti-bribery and corruption requirements (note: given the wide definition of Associated Person, HLBCAM can be liable for the acts of such third parties); and
 - e) relationships with third parties in its supply chain (e.g. agents, vendors, contractors, and suppliers) which are likely to expose HLBCAM to corruption/bribery actions.
- ii. Senior Management shall review HLBCAM's risk assessment report and consider improvements on HLBCAM's policies and procedures in relation to combatting corruption/bribery.
- iii. HLBCAM's risk assessment report shall be presented to HLBCAM's Board for review.

4. PRINCIPLES

4.5 Control Measures

The following control measures shall be implemented by HLBCAM:

- i. Due Diligence
 - a) To ensure that the Associated Persons share HLBCAM's stance against bribery and corruption, HLBCAM shall undertake due diligence to assess the integrity of the Associated Persons, which shall include background checks or document verification or conducting interviews, prior to entering into any formalized relationship with them and periodically thereafter.
 - b) Where the Associated Person is a company, due diligence shall be conducted on its directors and senior management as well.
 - c) The departments responsible to conduct the relevant due diligence are as follows:
 - 1) Bank's Board Members - Company Secretary department
 - 2) Bank's Employees - Human Resources department
 - 3) Agents (e.g. Insurance, Bank) - Agency/Functional department
 - 4) Contractors, Suppliers, Service Providers - Functional department
 - 5) Consultants, Brokers, Professional Firms (e.g. Audit, Investment Banks, Lawyers) - Functional department

4. PRINCIPLES

4.5 Control Measures (*Cont'*)

- ii. Reporting Channel
 - a) Internal and external parties are encouraged to raise concerns in relation to real or suspected corruption/bribery incidents or inadequacies of HLBCAM's anti-bribery and corruption compliance programme at the earliest opportunity, and in an appropriate way.
 - b) Please refer to HLBCAM's Whistleblowing Policy for details on how such concerns may be raised to the Board and/or raised anonymously.
 - c) Where relevant, HLBCAM shall report the details of the corruption and bribery incidents to the relevant authorities.

- iii. Conflict of Interest
 - a) A conflict of interest is a situation in which a person or organization is involved in multiple interests, financial or otherwise, and serving one interest could conflict against another.
 - b) HLBCAM seeks to ensure that a conflict of interest does not affect the interests of HLBCAM, its shareholders, clients and other stakeholders through the identification, prevention and management of the conflict of interest.
 - c) All Heads of Departments shall:
 - 1) actively seek to identify and mitigate conflict of interests in their department;
 - 2) determine the best course of action to resolve, manage or avoid the conflict of interest; and
 - 3) document relevant process and procedures accordingly.
 - d) Associated Persons shall declare any personal interest he/she or persons connected to the Associated Person may have in any HLBCAM's decision/matter he/she is involved in.

4. PRINCIPLES

4.5 Control Measures (*Cont'*)

iv. Gifts and Entertainment :

The receipt and giving of gifts and entertainment shall be governed by HLBCAM's Code of Conduct & Ethics and Gifts & Entertainment procedures where pre-approval via PtoP@HLB is required before incurring any spend on the giving of gifts and entertainment.

v. Donation and Sponsorship :

Donations and sponsorships shall be governed by HLBCAM's Board Policy on Donation and Board Policy on Expenditures Approval Request.

vi. Facilitation Payments

HLBCAM shall not make Facilitation Payments.

Facilitation Payment is payment made to secure or expedite the performance of an action or a service that HLBCAM is entitled to, e.g. where a government official is given money or goods to perform (or speed up the performance of) an existing duty.

For the avoidance of doubt, fees paid in exchange for a lawful express or preferential service, e.g. quick turnaround visa and passport services or police escort services are not considered as Facilitation Payments provided that they fulfil the following conditions:

- the service is open and available to everyone;
- the fee is in accordance with an official and published price list;
- the fee is not payable to individuals, but to the organisation or entity; and
- a legal and official receipt by the organisation or entity can be provided.

vii. Financial Controls

All capital and operating expenditure shall be governed by HLBCAM's pre-approval limits in accordance with capital and operating expenditure approval request (CER/EAR) policies and procedures whilst all payments and staff claims shall be governed by payment authority limits in accordance with payments and staff claims policy.

viii. Procurement

Procurement activities shall be governed by HLBCAM's Board Policy on Procurement and Board Policy on Tender and Procedures.

ix. Record Keeping

HLBCAM has established policies and procedures with regard to record keeping for managing documentation; these shall be strictly followed.

4. PRINCIPLES

4.6 Review, Monitoring and Enforcement

Review, monitoring and enforcement of this Policy can be conducted in various manners, including as an internal process (as set out below), by objective independent parties, or via the whistleblowing channel through which external parties can raise concerns or report irregularities.

When a weakness or gap is detected during a breach, a process review exercise, or where there is new development in the industry, laws or regulations, improvements on HLBCAM's policies and procedures should be considered.

i. Review

- a) Internal Audit shall review HLBCAM's anti-bribery and corruption compliance programme and measures to assess the compliance, performance, efficiency and effectiveness of the same. The reviews shall be undertaken at least once every three (3) years and the reports shall be presented by Internal Audit to HLBCAM's Board Audit Committee for review and report to the Board.
- b) Compliance Department shall undertake periodic reviews, at least once every two (2) years, on HLBCAM's implementation of and adherence to this Policy. The reports shall be presented by Compliance Department to HLBCAM's Board Risk Management Committee for review and report to the Board.
- c) The Senior Management shall review the above reports and consider improvements on HLBCAM's policies and procedures in relation to corruption and bribery.

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4.6 Review, Monitoring and Enforcement (*Cont'*)

ii. Monitor

- a) All Heads of Departments shall monitor the performance of their personnel in relation to this Policy and report non-compliance to HLBCAM's Senior Management and to any other HLBCAM's designated person or committee.
- b) The Senior Management, Head of Compliance and Human Resources shall review the non-compliance and consider the course of action to be taken, including:
 - 1) whether disciplinary action should be initiated against the Associated Person involved;
 - 2) whether reports should be made to the relevant authorities;
 - 3) what immediate actions should be taken to address the breach; and
 - 4) improvements that should be made on HLBCAM's policies and procedures in relation to corruption and bribery.
- c) The non-compliance report shall be presented by Compliance Department to the HLBCAM's Board Risk Management Committee / Board for review.

iii. Enforcement

HLBCAM shall take appropriate disciplinary action as appropriate against Associated Person found to be non-compliant with this Policy.

4. PRINCIPLES

4.7 Training and Communication

i. Communication

HLBCAM shall develop an appropriate communication plan on HLBCAM's policies and commitments on anti-bribery and corruption for relevant internal and external parties.

Make available appropriate channels including whistleblowing channels are made available to Associated Person and the general public for the reporting of corrupt practices.

ii. Training

HLBCAM shall develop and implement an appropriate training program on HLBCAM's policies and commitments on anti-bribery and corruption for all relevant parties.