

ELK-DESA RESOURCES BERHAD

198901002858 (180164-X)

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INTRODUCTION

Purpose

The purpose of Anti-Bribery and Corruption Policy (“ABC Policy” or “this policy”) is to set out responsibilities of ELK-Desa Resources Berhad and its subsidiaries (collectively referred as “ELK-Desa”) to comply with laws against bribery and corruption, and provide guidance on how to recognise and deal with bribery and corruption issues, to ensure that the Group’s business is conducted in an ethical manner.

Policy Statement

ELK-Desa is committed to conduct business in an honest and ethical manner. We take a zero-tolerance approach to bribery and corruption and are committed to acting professionally, fairly and with integrity in all our business dealings and relationships, wherever we operate, and to implement and enforce effective systems to counter bribery and corruption activities.

ELK-Desa will constantly uphold all laws relating to anti-bribery and corruption in all the jurisdictions in which we operate. We shall also adhere to the Guidelines on Adequate Procedures pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission (Amendment) Act 2018, in regards to our conduct, both at home and abroad.

Scope and Applicability

This policy applies to ELK-Desa, all its employees; directors (both executive and non-executive); and business associates engaged in activities with ELK-Desa.

Definitions

“**ABMS**” means ELK-Desa’s Anti-Bribery Management System.

“**Bribery**” means offering, promising, giving, accepting or soliciting of an undue advantage of any value (which could be financial or non-financial), directly or indirectly, and irrespective of location(s), in violation of applicable law, as an inducement or reward for a person acting or refraining from acting in relation to the performance of that person’s duties.

“**Business associates**” means any individual or organisation who deals with ELK-Desa during the course of work; which includes actual and potential clients, customers, suppliers, dealers, business contacts, agents, advisers, joint venture partners, and government and public bodies, including their advisors, representatives and officials, politicians and political parties.

“**Corruption**” means the abuse of entrusted power for private gain.

“**Donation**” means something of value such as money or goods that is given in a philanthropic nature to promote the welfare of the beneficiary without an expectation of return in any forms.

“**ELK-Desa**” means ELK-Desa Resources Berhad and its subsidiaries.

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INTRODUCTION (cont'd)

Definitions (cont'd)

“Employees” means any individual in the employment of ELK-Desa including but not limited to directors (executives and non-executive), secondees and individuals on direct hire (full and part time for permanent, fixed-term and temporary employment) of any of our subsidiaries, wherever located.

“Entertainment” comprises of expenses incurred for provision of food, beverages, or recreation of any kind, by a party.

“Gift” comprises of cash money, free fares, shares, lottery tickets, club membership, any form of commission, hampers, jewellery, decorative items and any items that is given by a party to another party.

“Sponsorship” means the act of providing any sums in monetary or non-monetary forms for an event to promote the Group’s reputation, brands, products, or services.

“Board” means the Board of Directors of ELK-Desa.

Reference

This policy should be read in conjunction with the internal standard operating procedures as well as the following Company’s policies & guidelines:

- Company’s Code of Ethics and Conduct
- Employee Handbook
- Whistleblowing Programme
- Payment Matrix (Hire Purchase Business)
- Marketing Team’s Authorities and Limits (Furniture Business)
- Risk Management Policy
- Guideline on Declaration of Interest
- Guideline on Providing and Receiving of Gifts and Entertainment
- Guideline on Granting of Charitable Donations and Sponsorships
- Guideline on Due Diligence on Employees, Business Associates and Third Party Organisations
- Guideline on Training and Communication
- Approval Matrix for Benefits, Donations and Sponsorship

Compliance with the policy

Each of the employees, directors and business associates related to ELK-Desa has an obligation to act with integrity and to ensure that they understand and comply with the policy.

Ongoing compliance and review shall be conducted on ELK-Desa’s anti-bribery policies and procedures and adherence to these to ensure they remain appropriate and proportionate to its business.

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INTRODUCTION (cont'd)

When in doubt

Employees and business associates shall consult with the following person for advice when they are unsure about their obligations under this policy:

Name: Loke Weng Fook

Designation: Group Accountant and Company Secretary

Email: wfloke@elk-desa.com.my

Contact: 03-2142 2868

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POLICY AND PROCEDURE

Anti-Bribery and Corruption Compliance Function

ELK-Desa shall establish and maintain an Anti-Bribery and Corruption Compliance function within the Group to be responsible for all anti-corruption compliance matters, including:

- Oversee the design and implementation of ABMS;
- Provide advice and guidance to employees and business associates on implementation of ABMS and issues relating to bribery and corruption;
- Monitor and report the performance of ABMS to the Board on yearly basis.

The Group Executive Director and Chief Executive Officer shall ensure adequate resources are assigned to perform anti-bribery and corruption compliance function, who should have the appropriate competence, status, authority and independence.

Corruption Risk Assessment

ELK-Desa considers risk assessment to be fundamental to good management practice and a significant aspect in preserving the integrity infrastructure to prevent / detect bribery and corruption acts. The Board believes that the risk assessment must be effective and embedded at all levels of the organisation to intermittently assess the corruption risks, when necessary — i.e., a periodic (e.g., half yearly) risk assessment on corruption risk, and other reasonable cause for suspicion, for e.g., upon:

- opportunity corruption and fraud activities arising from weaknesses in the organisation's governance framework;
- suspicious financial transactions indicating disguised corrupt payments;
- presence of business activities in countries / sectors with high corruption risk;
- significant change in the business landscape; and
- potential non-compliance of business associates acting on behalf of ELK-Desa regarding legal and regulatory requirements related to anti-corruption.

The risk assessment is facilitated by the development and implementation of the Risk Management Policy specific to the Company's business and the organisational context. The design of this framework reflects the principles and the process guided by ISO 31000:2018 Risk Management - Guidelines.

Conflict of Interest

Conflict of interest exists when an employee is/could be influenced by a personal interest in carrying out their duties, which can be intentional, perceived or potential. Conflict of interest is an act that leads to partial decision making which constitute the element of a corrupt conduct.

Conflict of interest may arise directly or indirectly through an intermediary, such as third-party, friends or family. As such, ELK-Desa requires all employees to report any actual or potential conflict of interest such as family, financial or other connection directly or indirectly related to their line of work.

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POLICY AND PROCEDURE (cont'd)

Gifts and Entertainment

ELK-Desa adopts a “No Gift” policy, whereby it is applicable to all employees of the Company. The employees must not directly or indirectly accept any gifts or entertainment from any party, regardless of local business custom and practices; which may influence their decision-making in the course of carrying out their duties.

However, ELK-Desa is aware of the reality of commercial and business practices, whereby, gifts and entertainment giving are a central part of business etiquette. Hence, subject to limited exception, the employees are only allowed to accept flowers, fruits and gifts with promotional intention (i.e., items bearing the promoter’s brand / logo, and are given at a public event openly without discrimination); and on the condition that it does not lead to any actual or perceived conflict of interest in business dealings and decision-making.

Gifts and entertainment shall be recorded and declared for approval before they are accepted from or provided to external parties.

Charitable Donations and Sponsorships

Charitable donations (in cash, or in kind) shall be given only to legitimate charities for proper charitable purposes, or for purpose of local community or welfare development. Charitable donations must be documented for approval and subject to the guidelines stipulated within ELK-Desa to ensure the funding never improperly influences a business outcome.

Sponsorships are generally made to promote the Group’s reputation, brands, products, or services. It can be made in monetary or non-monetary form. It is aimed to enhance or promote business opportunities, in a fair manner; without the sponsorship potentially constituting a bribe to the beneficiary.

Facilitation Payments

Facilitation payments include unofficial and improper payments or benefits, provided to secure or expedite a routine or necessary action to which the Group is legally entitled. Facilitation payments are bribes and they could be small in value and solicited by both the public and private sectors.

All employees of ELK-Desa are strictly prohibited to give and accept facilitation payments for expediting or securing an action or approval made in return to the advantage of business. All payments made to or accepted from external parties must be supported with appropriate evidence to avoid violation of this policy.

Any sensitive or confidential information obtained within the business as a result of the individual employee working in the Group shall not be used to engage in any activities which may tantamount to insider trading.

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POLICY AND PROCEDURE (cont'd)

Due Diligence

ELK-Desa shall conduct due diligence on employees, business associates and third-party organisations, either on a regular or one-off basis, where there is significant exposure to bribery and corruption risk. As part of the due diligence procedures, ELK-Desa will perform search on relevant databases, public information portals, documentation screening and interview to understand their background, to ascertain any indication of implication in present or past unethical or unlawful activities.

Scope of due diligence to be performed on employees, business associates and third-party organisations may vary depending upon the circumstances / nature of each proposed transaction. Criteria and results of the due diligence processes must be documented.

Financial and Non-Financial Controls

ELK-Desa adopts segregation of duties for job functions (i.e., financial and non-financial related). Designated personnel for preparing, verifying and approving each transaction / activity is segregated and documented in written procedures (i.e., internal standard operating procedures, Payment Matrix, Marketing Team's Authorities and Limits and Approval Matrix) and communicated to employees for adherence.

Record Keeping

Records include accounts, invoices, correspondences, memoranda, tapes, discs, papers, books, and other documents or transcribed information of any type. Heads of Department must maintain written records to evidence that adequate financial and non-financial controls established within ELK-Desa has taken place to mitigate any bribery / corruption risks. All records shall be retained for at least seven (7) years from its date of generation, to enable ELK-Desa to comply with any requests from the relevant authorities.

Raising A Concern

Employees, business associates and any external parties are encouraged to raise concerns in good faith about any issue or suspicion of malpractice at the earliest possible stage. If it is unsure whether a particular act constitutes bribery or corruption, or if there are any other queries or concerns, these should be raised through the confidential helpline set out in ELK-Desa's Whistleblowing Programme, published on its official website (<http://www.elk-desa.com.my/>).

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POLICY AND PROCEDURE (cont'd)

Training and Communication

All new employees will be briefed about this policy and all existing employees will receive regular refresher memoranda, including but not limited to compliance with laws, regulations or internal written procedures relevant for ELK-Desa's line of business and the position they hold in ELK-Desa.

ELK-Desa acts with due care before engaging with new business associates and ensure that they acknowledge ELK-Desa's commitment on prohibiting bribery / corruption activities. A copy of ELK-Desa's Anti-Bribery & Corruption Policy, Company's Code of Ethics and Conduct, and Whistleblowing Programme are made available to all business associates via its official website (<http://www.elk-desa.com.my/>).

Monitoring and Review

The Anti-Bribery and Corruption Compliance function is responsible to oversee implementation of ELK-Desa's ABMS and assess its effectiveness in mitigating bribery / corruption risks. Periodical internal audit shall be performed on ABMS implementation and results of assessment will be reported to the Board on a regular basis.

The Board, via the Audit Committee, will review the Anti-Bribery and Corruption Policy for its relevance and effectiveness on an annual basis or as and when the need arises.

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