



FEDERATION OF MALAYSIAN MANUFACTURERS
(196801000309 / 7907-X)

ANTI-BRIBERY AND CORRUPTION POLICY

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1. INTRODUCTION

- 1.1 Established in 1968, the Federation of Malaysian Manufacturers (“FMM”), is Malaysia's premier economic organisation and we have consistently led Malaysian manufacturers in spearheading the nation's growth and modernisation. Today, as the largest private sector economic organisation in Malaysia representing over 3,000 manufacturing and industrial service companies of varying sizes, FMM is the officially recognised and acknowledged Voice of the Industry. FMM practices high ethical standards in everything that we do. Integrity, transparency and zero bribery and corruption are our core values and the guiding principle of our decisions and actions in the workplace. FMM is committed to doing our business in a fair, open, honest and transparent manner.
- 1.2 As FMM strongly opposes any practice that improperly or illegally disrupts proper business conduct, we have put in place our Anti-Bribery and Corruption Policy (“**ABC Policy**”) which provides a clear statement of the conduct which is expected of every person associated with FMM, its Secretariat (staff members) and all members in the FMM Council, Branch Committees and Working Committees. This policy also applies to any person from member companies who are not employees of FMM but act or on behalf of FMM on a voluntary basis and also third parties who performs services for and on behalf of FMM including suppliers, contractors and vendors.

2. OBJECTIVE

- 2.1 In addition to complying with the Competition Act 2010, Personal Data Protection Act 2010 and Guidelines on Company Limited By Guarantee issued pursuant to Section 20C of the Companies Commission of Malaysia Act 2001 to ensure proper business conduct of the organisation, the FMM (“**Company**”) is also committed to complying with the anti-bribery and corruption laws in Malaysia. Thus, this ABC Policy has been developed with the purpose of fulfilling the said legal and regulatory requirements and sets out the Company's overall position on bribery and corruption in all forms, such as dealing with third parties, managing conflicts of interest, gifts, hospitality, donations, sponsorship and political contribution.
- 2.2 Ultimately, the objective of this ABC Policy is to provide guidance for FMM employees, FMM Council, Branch Committee, Working Committee and Business Associates and assist them to identify and deal with bribery and corruption issues, as well as understanding their roles and responsibilities some of which are already spelt out in existing Policies and Procedures, Code of Conducts, Integrity Pledge, Job Descriptions, Contract.

3. SCOPE

This ABC Policy applies to:

- (a) Board of Directors of FMM group of companies, FMM Council members, members of the FMM Branch Committees, Working Committees, Executive Committees of FMM Industry Groups under the aegis of FMM, employees of the Company (including permanent, part-time and contract (fixed-term) employees) and interns (collectively, “**Personnel**”);
- (b) Any third party (person or entity) who performs services for or on behalf of the Company. This includes actual and potential clients, customers, members, joint-ventures, joint-venture partners, outsourcing providers, contractors, consultants, sub-contractors, suppliers, vendors, agents, distributors, representatives and intermediaries (“**Business Associates**”); and

- (c) Joint-venture entities in which the Company has non-controlling interests and associated companies are strongly encouraged to adopt these or similar principles.
- (d) independent Industry Groups and Business Groupings for which the Company supports with secretarial services but in which the Company has non-controlling interests are strongly encouraged to adopt these or similar principles.

4. DEFINITIONS

For the purpose of this ABC Policy:

- (a) Offering, promising, giving, accepting, soliciting of an undue advantage of any value which could be financial or non-financial, directly or 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 (measurable results of that person), duties.
- (b) Company means Federation of Malaysian Manufacturers (196801000309 / 7907-X) and all its related companies and branches.
- (c) Corruption is the abuse of entrusted power for personal gain. Essentially, it is the act of giving or receiving of any gratification or reward in the form of cash or in-kind of high value for performing a task in relation to his/ her job description.
- (d) Council means the Council of the Federation and serves as the Governing Body of the Federation.
- (e) Facilitation Payment is a payment or other provision made to or received personally from a third party in control of a process or decision, in order to secure or expedite a routine or administrative duty or function.
- (f) Gratification refers to “something of value” which includes, but not limited to money, donation, gift, loan, fee, reward, valuable security, information, property or interest in property, employment, appointment, release, forbearance, undertaking, promise, rebate, discount, services employment or contract of employment or services and agreement to give employment or render services in any capacity.
- (g) MACC Act means the Malaysian Anti-Corruption Commission Act 2009 (including its amendments).

Compliance Function Head refers to the officer appointed by Management to have the responsibilities and authority to the compliance of this Policy and its operations in order to maintain an effective Anti-Bribery Management System (ABMS)

5. ANTI-BRIBERY AND CORRUPTION POLICY STATEMENT

- 5.1 The Company is committed to applying the highest standards of integrity, ethical conduct and accountability in all business activities and operations. This also applies to the Company's business activities involving all its related companies.

The Company is committed to

- i. Zero-tolerance approach on bribery and corruption culture at all levels including third parties;
- ii. Comply with the requirements of Anti-Bribery Management System;
- iii. Comply with FMM's Anti-Bribery and Corruption Policy (ABC Policy), Code of Conduct and Integrity Pledge.
- iv. Comply with the requirements of all applicable laws, including the Malaysian Anti-Corruption Commission (MACC) Act 2009

5.2 Since the provisions in the ABC Policy are based on legal requirements, violating this policy may subject individuals and the Company to penalties, including fines and imprisonment. Such violations may also severely damage the reputation of the Company and its Personnel. As such, Personnel and Business Associates shall not, whether directly or indirectly, offer, give, receive or solicit any item of value, in an attempt to illicitly influence the decisions or actions of a person in a position of trust within an organisation, either for the intended benefit of the Company or the persons involved in the transaction.

5.3 FMM Council members, FMM Advisory Council, Board of Directors of FMM group of companies, members of the FMM Branch Committees, Working Committees, Executive Committees of FMM Industry Groups under the aegis of FMM and employees of the Company are committed to implementing and enforcing effective and robust policies and procedures to detect, prevent, monitor and eliminate bribery and corruption, and to the continual improvement of the Anti-Bribery Management Systems (ABMS),

5.4 The Anti-Bribery and Corruption Policy Statement applies equally to the Company's business dealings with Government (public sector) and commercial (private sector) entities, and include their directors, employees, agents, consultants, representatives and other appointed representatives such as government officials, politicians and public bodies.

5.5 The Company shall also conduct due diligence on Personnel (including prospective personnel to be recruited, transferred and promoted), Business Associates, Contractors, Suppliers, Vendors etc projects and major business activities including donations and sponsorship, in particular where there is exposure to bribery and corruption risk, in line with the ABC Policy.

5.6 The Company requires Personnel and Business Associates to report any suspected, attempted or actual bribery and corruption cases, and prohibits retaliation against those making reports in good faith through FMM's Whistleblowing Channel. The Company also provides assurance that no Personnel shall be penalised or suffer any adverse consequences in retaliation for refusing to pay or receive bribes or participate in other illicit behaviour.

6. PRINCIPLES ON ANTI-BRIBERY AND CORRUPTION

6.1 CONFLICT OF INTEREST

- a. Conflict of interest may arise in situations where Personnel engage in business or other activities outside the Company or have personal interests, whether it benefits themselves or their closely related person(s)(i.e. relatives or close associates, which competes or conflicts with the interests of the Company.)
- b. Employees must obtain written approval of their respective heads of divisions/branches before undertaking activities which may give rise to conflict of interest.
- c. All Personnel shall declare their conflict of interest, both on a scheduled basis, and ad hoc as soon as they arise.

6.2 GIFTS AND HOSPITALITY

- a. Generally, Personnel may accept or offer gifts and hospitality ONLY where they are:
 - i. infrequent;
 - ii. reasonable and not excessive; and
 - iii. where there is no risk that they will improperly influence or be seen to improperly influence a decision.
- b. In addition to the above, any acceptance or offering of gifts and hospitality is subject to approval by either the Chief Executive Officer / Head of Branch / President (where applicable) and permissible limits and must be reported/declared timely.
- c. Permissible limit and frequency of acceptance and giving of gifts and hospitality should be in accordance to Clause 6.21 and Clause 6.2.2.

6.2.1 GIFTS AND HOSPITALITY RECEIVED

- a. Acceptance of gifts and hospitality is allowed provided that gifts and hospitality received shall be within the FMM allowable limit in value. Personnel should not accept any gift or hospitality if it could be misconstrued as a reward, an inducement or other corrupt acts.
- b. However, under no circumstances may a Personnel, his/ her closely related person(s), i.e. spouse(s), family members, relatives or close associates accept gifts in the form of cash or cash equivalent. Cash or cash equivalents (including gift certificates, loans, commissions, coupons, discounts or any other related forms) are STRICTLY PROHIBITED and must never be accepted, except if it is part of a customary practice and this should be limited to a nominal value and reported to the Compliance Function and Chief Executive Officer of the Company.
- c. Example of gifts and hospitality that are acceptable are as follows:
 - Gifts: corporate promotional, seasonal or festive gifts, which do not exceed the permissible value limit.
 - Hospitality: Refreshments (tea/coffee) or working lunches, which does not exceed the frequency set: Not more than twice a calendar year.
- d. Permissible value of gifts and frequency of acceptance of hospitality subject to approval by either the Chief Executive Officer / Head of Branch / President (where applicable) and reporting are as follows:
 - i. Permissible limit: Generally, up to a value of RM300 is allowable
 - ii. Frequency of acceptance of gifts and hospitality: Not more than twice a calendar year

6.2.2 GIFT AND HOSPITALITY GIVING

- a. Personnel shall not offer or give a gift or hospitality if they are aware or suspect that it would be in breach of the rules of the organisation where the recipient works or if it is against the local laws.
- b. The Company may give corporate gifts, (i.e. bearing the Company's logo/ identity and of nominal value for the purposes of promotions/ branding/ marketing.) Any gift-giving or event of hospitality is subject to approval by either the Chief Executive Officer or President (where applicable) according to the authority limits and shall fulfil the following conditions:
 - i. They are limited, customary and lawful under the circumstances;
 - ii. They do not have or are perceived to have (by either the giver or the receiver), any effect on actions or decisions;

- iii. There shall be no expectation of any specific favour or improper advantages from the intended recipients;
 - iv. The independent business judgment of the intended recipients shall not be affected;
 - v. There shall not be any corrupt/ criminal intent involved; and
 - vi. The giving out of the gift and hospitality shall be done in an open with more than two persons and transparent manner.
- c. Personnel from the Company must be present (as the host) when providing hospitality. Otherwise, the expenditure is considered as a gift.
- d. Permissible value of gifts and hospitality subject to approvals are as follows:
 - i. Gifts: Generally, up to a value of RM300 is allowable depending on the occasion and recipient of gift especially in the case of gifts/honorarium payment for speakers and guest of honour at FMM events.
 - ii. Honorarium payment for Government speakers would be in line with the Ministry of Finance circular on payment of honorarium for temporary speakers/facilitators for purposes of sharing of information/knowledge or the respective official circular on honorarium issued by the respective Government agency.
 - iii. Hospitality: Generally, up to a value of RM300/person

6.3 ENTERTAINMENT

- a. Entertainment could be considered to be a bribe if it is given or received with the intention of influencing someone to act improperly, or as a reward for having acted improperly. Personnel are allowed to offer or accept entertainment and recreation, provided there is proper justification and subject to approval.
- b. Personnel are **STRICTLY PROHIBITED** from either paying for or participating in any activities which are exorbitant, illegal and immoral such as lavish/ extravagant social functions not related to the Company's business activities or entertainment from a Business Associate (including potential Business Associate) during the procurement process which may cause the Company to be perceived in an unfavourable or negative manner.
- c. Entertainment activities shall be limited to only those individuals who have a legitimate business purpose. The Company will not pay for or reimburse expenses for the said individuals closely related person(s), (i.e. spouse(s), family members, relatives or close associates who do not have a legitimate business purpose with the Company.)

6.4 DONATIONS AND SPONSORSHIPS

- a. The Company allows charitable donations and sponsorships for legitimate reasons and as permitted by existing laws and regulations. However, the Company **STRICTLY PROHIBITS** the giving and receiving of donations and sponsorships to influence business/government decisions or for personal gain.
- b. All requests for charitable donations and sponsorships are subject to a due diligence check and approval of the Council.

6.5 POLITICAL DONATIONS

The Company **DOES NOT** make or offer monetary or in-kind political contributions to any political party, political party official or candidate running for political office.

6.6 ENDORSEMENT

The Company DOES NOT endorse any product, service or enterprise for the private gain of Personnel or for the private gain of friends, relatives, or enterprises of Personnel.

6.7 FACILITATION PAYMENTS

Facilitation Payments are classified as acts of bribery and corruption under the MACC Act and are illegal. As such, the Company prohibits the giving, offering, or promising of Facilitation Payments of all kinds by either Personnel or Business Associates acting on behalf of the Company. Personnel are also prohibited from receiving or requesting such payments whether in cash or in kind.

6.8 EMPLOYEE RECRUITMENT, PROMOTION AND TRANSFERING OF EMPLOYEE AND SUPPORT OF PERSONNEL

The Company's recruitment, training, performance evaluation, remuneration, recognition and promotion for personnel shall be designed and regularly updated to recognise integrity. The Company shall not offer employment to prospective personnel in return for their having improperly favoured the Company in a previous role.

6.9 BUSINESS ASSOCIATES

The Company is committed to conducting our business in a fair, transparent and ethical manner. The Company will only do business with entities or individuals who share the same values as the Company and will uphold the Company's principle of applying high ethical standards in our business dealings. All Business Associates, except minor traders are subject to Due Diligence exercise prior to engagement and acknowledgement of Code of Conducts and Integrity Pledge.

7. ANTI-BRIBERY AND CORRUPTION COMPLIANCE FUNCTION

FMM shall establish a Compliance Function with the responsibilities and authority to manage the Company's compliance to the Anti-Bribery and Corruption Policies and Procedures are effectively implemented to achieve FMM ABC Objectives.

The Compliance Function shall report the performance of the anti-bribery management system to the governing body (if any) and top management and other compliance functions, as appropriate.

8. TRAINING AND AWARENESS

- 8.1 The Company shall conduct Anti-Bribery Management Systems awareness programmes for all Personnel on the Company's position and practices regarding Anti-Bribery and Corruption, integrity and ethics.
- 8.2 Training shall be provided on a regular basis, in accordance with the level of bribery and corruption risk related to the position and function.
- 8.3 Evidence of Training/Awareness Programme conduct including its effectiveness shall be maintained for future evidence.

9. RAISING CONCERNS (WHISTLEBLOWING)

- 9.1 The Company strongly encourages reporting (whistleblowing) of real or suspected cases of bribery and corruption without fear of retaliation or reprisal.
- 9.2 The Company has established an avenue for the reporting of bribery, corruption and other forms of misconduct, including violations of this ABC Policy through designated secure channels, available to all Personnel and external parties including Business Associates. Details of the Whistleblowing procedure are available in the Company's Whistleblowing Policy.

10. RECORD-KEEPING

- 10.1 The Company shall keep detailed and accurate financial and other records, and shall have appropriate internal controls in place as evidence of all payments made. The Company shall report and keep written record of the amount and reason for gifts, hospitality and entertainment received and given, including donations, sponsorships and expenses of similar nature, and understand that such expenses are subject to management review.

11. CONTINUOUS IMPROVEMENT

- a. The Company is committed to uphold our ABC Policy and shall review its implementation to ensure suitability, adequacy and effectiveness.
- b. The Company may amend this ABC Policy at any time so as to improve its effectiveness at combatting bribery and corruption.

12. FAILURE TO COMPLY

- 12.1 The Company regards bribery and acts of corruption as serious matters and will impose penalties in the event of non-compliance with this policy. For Personnel, non-compliance may lead to disciplinary action, up to and including termination of employment of employees and dismissal/removal as members of FMM Council/Branch Committees/Working Committees.
- 12.2 For Business Associates and other external parties, non-compliance may lead to penalties including termination of contracts. Further legal action may also be taken in the event that the Company's interests have been impacted by non-compliance by individuals and organisations.

13. POLICY OWNER

- 13.1 This ABC Policy is owned by the Company. Any feedback or enquiries regarding the provisions of this policy should be directed to the Compliance Officer or the Chief Executive Officer of the Company.

The End