

GIFT, HOSPITALITY, ENTERTAINMENT, DONATION & SPONSORSHIP POLICY

1.0 PURPOSE

- 1.1 HCM ENGINEERING SDN. BHD. (hereinafter referred to as “HCME” or “Company”) is committed to ensuring zero-tolerance against all forms of bribery and corruption. In line with this commitment, HCME has developed its Gift, Hospitality, Entertainment, Donation, and Sponsorship (“GHEDS”) Policy. The Policy is intended to elaborate upon its principles and provide guidance to employees and directors concerning gift, hospitality, entertainment, donation, and sponsorship that may arise in the course of business which could be potentially misused as a form of bribery and corruption.
- 1.2 The Policy is established to govern the acceptance, evaluation, and recognition of all types of gifts, hospitality, entertainment, donation, and sponsorship.
- 1.3 HCME requires directors, employees, members, consultants, vendors, contractors, external agencies, or any parties with a business relationship with HCME (“Business Associates”) to abide by this Policy. This is to avoid the misuse of gift, hospitality, entertainment, donation, and sponsorship for either party in on-going or potential business dealing between HCME and external parties as gift, hospitality, entertainment, donation, and sponsorship can be regarded as a bribe that may tarnish HCME’s reputation or violate anti-bribery and corruption laws.

2.0 SCOPE

- 2.1 The scope of this Policy applies to all HCME’s employees (permanent, contract or part-time), directors, members, consultants, vendors, contractors, external agencies, Business Associates, or any other parties engaged with HCME (“Third Parties”) who receive, provide, authorise, accept, value, or record gift, hospitality, entertainment, donation, and sponsorship.
- 2.2 This Policy explicitly excludes employee welfare, commemorative gift, and non-business relationship related item, including but not limited to employee benefit and perk, honorary gift, milestone achievement gift, marketing-related item, and free merchandise printed with Company’s logo.
- 2.3 For the purpose of this Policy, the HCME’s top management and its employees will be collectively referred to as “Personnel”.

3.0 DEFINITION

| Terms | Definition |
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| <p>Gift</p> | <p>A tangible item given from one individual to another, with the intention of creating or enhancing work and business relationship. This includes, but is not limited to,</p> <ul style="list-style-type: none"> • cash, • shares • lottery tickets, • travelling facilities, • entertainment expenses, • services • club memberships • any form of commission, • jewelry • decorative items • hampers, or any other items of value. |
| <p>Hospitality</p> | <p>Hospitality is defined as taking care of one individual and anticipating the needs in circumstance which includes, but is not limited to, business-related travel expenditures, accommodation, and corporate and social events or activities to network, promote goodwill, and build business relationship.</p> |
| <p>Entertainment</p> | <p>Entertainment, as an act of hospitality, can be of many forms which act to provide or being provided with the aim to foster good work and business relationship. This includes, but not limited to, leisure, social and sport events, functions, or occasions, and meals or refreshment.</p> |
| <p>Donation</p> | <p>A donation is an unconditional gift or voluntary contribution of certain monetary value from HCME to organisations, individuals, societies, or any parties which require cash or in-kind contribution from HCME. The donation initiatives could originate within HCME or based on requests received from external parties.</p> |
| <p>Sponsorship</p> | <p>Sponsorship is an undertaking by HCME to pledge certain monetary value to support efforts by external parties that would give a favourable return on investment.</p> |
| <p>Due Diligence</p> | <p>Due diligence means verifying the identity of the recipient; assuring appropriateness of the charity that HCME will be involved with; ensuring the cause is in line with HCME objectives</p> |

4.0 POLICY

HCME personnel are required to exercise proper judgement in accepting and providing gifts, entertainment & hospitality and act consistent with the general principles set out below:

- a) Uphold high standards of integrity;
- b) Exercise reasonable care and proper judgement;
- c) Avoid conflicts of interest;
- d) Refrain from misuse of position, title or any authority associated with HCME for personal gain;
- e) Comply with applicable laws, regulations and HCME policies and procedures.

4.1 Gift Policy

- 4.1.1 All employees should not accept or solicit any gifts from third party that may have direct or indirect business with HCME.
- 4.1.2 All employees are required to abide to the policy to avoid conflict of interest which can be seen as bribery.
- 4.1.3 Any gifts in the form of cash and cash value (vouchers, coupons, shares, commission) are strictly prohibited.
- 4.1.4 Fruits, flowers, hampers and other promotional items with the value of not more than RM500 are acceptable with the condition that the items shall be shared amongst team members and placed in common area for staff consumption.

4.2 Gift Exemption

- 4.2.1 HCME adopts a Gift Policy with certain exceptions. The receiving and providing of gifts may be considered in the following situations:
 - a) Exchange of gifts at the company-to-company level (e.g. gifts exchanged between companies as part of an official company visit/courtesy call and thereafter said gift is treated as company property).
 - b) Gifts to external institutions or individuals in relation to the HCME's official functions, events and celebrations (e.g. commemorative gifts or door gifts offered to all guests attending the event).
 - c) Gifts to the employees and/or their family members in relation to an internal or externally recognised HCME function, event and celebration (e.g. in recognition of an employee's).
 - d) Token gifts of nominal value normally bearing the HCME logo (e.g. diaries, calendar, pens, mugs or other small promotional items) or that are given out equally to members of the public, delegates, customers, partners and key stakeholders attending events such as conferences, exhibitions, training, trade shows etc. deemed as part of the HCME's brand building or promotional activities.
 - e) Gifts to external parties who have no business dealings with the HCME (e.g. monetary gifts or gifts in-kind to charitable organizations).
 - f) A perishable item (e.g., festive cookies, delicacies during festive season or fruits)

- 4.2.2 The gift shall be declared in Gift and Hospitality Declaration Form (Attachment 1) and submitted to the Integrity Officer to evaluate and make decision on the gifts as per clause 4.2.4. In addition, the provision of gift shall be recommended by the HOD and approved by the COO.
- 4.2.3 Where the value of gifts received exceeds the monetary threshold of RM500 or could not be determined, HCME personnel shall declare the gift received to Integrity Officer by completing the Gift and Hospitality Declaration Form (Attachment 1).
- 4.2.4 Upon declaration of receipt, Integrity Officer/ED to make decision on the gifts offered/received based on, but not limited to, the following options:
- a) Donate to charity;
 - b) Register as company property for general use;
 - c) Display in common area; or
 - d) Share the gift with all employees
- 4.3 Receiving of Gifts, Corporate Hospitality and Entertainment
- 4.3.1 Any gift offered shall be politely declined and returned without offending or disrupting the business relations with the other party, with the explanation that acceptance of the gift is not permitted under the HCME’s policy.
- 4.3.2 If an external provider still insists on giving a gift even after explanation of the Gift Policy or it is offensive or not practical to refuse the gifts, the personnel must immediately inform his or her superior and Integrity Officer. A duly completed Gift and Hospitality Declaration Form (Attachment 1) shall be submitted to Integrity Officer.
- 4.3.3 HCME strictly prohibits employees from accepting corporate hospitality and entertainment that is excessive, in appropriate, illegal or given in response to, in anticipation of, or to influence a favourable business decision, particularly parties engaged in a tender or competitive bidding exercise.
- 4.3.4 In the event the employee is unable to decline or return a gift with an approximate value of more than RM500, the employee must declare and surrender such gift to Integrity Officer. Integrity Officer will seek the Executive Director (“ED”)’s direction on the best ways to dispose the gifts.
- 4.3.5 Receiving entertainment confines to only occasional meals which are not lavish.
- 4.3.6 HCME’s personnel should always exercise proper care and judgement in determining the appropriateness of the entertainment provided by an external party to protect HCME’s reputation from allegations of impropriety or undue influence.
- 4.3.7 The family members of HCME’s personnel by no means can accept entertainment in exchange for the exercise of HCME authority or conversely to the disadvantage of HCME.
- 4.3.8 HCME strictly prohibits its personnel from soliciting hospitality nor are they allowed to accept hospitality in any form. There is concern that acceptance of hospitality particularly from a repetitive source and/or where a considerable degree of hospitality is involved may expose the

individual and the HCME to allegations of impropriety or undue influence.

- 4.4 Providing Gifts, Entertainment and Hospitality
 - 4.4.1 Generally, all employees are not allowed to provide gifts to third parties with the exception that gift-giving are HCME’s corporate gifts mainly as business courtesy or gifts are distributed during corporate events (bearing HCME’s name and logo).
 - 4.4.2 All expenses incurred to provide the corporate gifts must be properly kept, documented and recorded by respective departments for audit purposes.
 - 4.4.3 Eligible employees are allowed to entertain third parties through reasonable act of hospitality as part of business e.g. business luncheon.
- 4.5 Dealing with Public Official
 - 4.5.1 Providing Any business relationship with HCME involving interests of Public Officials who otherwise has a direct relationship with HCME, and which interests are not prohibited by the company’s Code of Conduct Policy, requires disclosures. In addition, ED’s specific approval for establishing business relationship with such customers must be obtained.
 - 4.5.2 All employees are prohibited from paying non-business travel, entertainment and hospitality for any public official or his or her family members at any amount without the approval of the EC.
 - 4.5.3 If approval is obtained to provide gift, entertainment or corporate hospitality to public officials, the employee must ensure the gift, entertainment or corporate hospitality is not excessive and lavish, and must commensurate the official designation of the public official and not his or her personal capacity.
- 4.6 CSR, Donation & Sponsorship
 - 4.6.1 Any CSR, donations and sponsorship activities conducted must not be used as a conduit to avoid or evade the laws and regulatory requirements. Ultimately, it shall not be used to facilitate corruption, illegal and money laundering activities.
 - 4.6.2 All of these activities must be verified and approved by the Executive Director of the business segment for legitimacy and genuineness and not be made to improperly influence a favourable business outcome.
 - 4.6.3 All of these activities must be made in accordance with the approval limits or budget as per Discretionary Authority Limit (“DAL”).
 - 4.6.4 In accordance with this Policy, all donations and sponsorships are subject to the following criteria:
 - a) They must be made to a legitimate recipient
 - b) They must not be made directly or indirectly to influence, or be reasonably perceived as influencing, business transactions or obtaining an advantage;
 - c) They must comply with applicable laws and regulations; and
 - d) They must not be made before, during, or immediately after contract negotiations.

- 4.6.5 To avoid any doubt, donations and sponsorships are strictly prohibited in the following situations:
- a) Any request for donation or contribution includes a direct or indirect suggestion, hint, understanding or implication of an expected or desirable outcome;
 - b) Any donation or contribution that is illegal or in violation of applicable laws; or
 - c) Any donation or contribution that is excessive or could tarnish the reputation of HCME
- 4.6.6 HCME shall conduct due diligence to ensure that the recipients of any charitable contribution, donations or sponsorship are legitimate. The following factors to consider include, but are not limited to:
- a) The proposed recipient has no affiliations with government officials, or the relatives/ close members are involved;
 - b) The funds are not intended personal interest; or
 - c) There is no risk of perceived improper and undesired impact to the Company
- 4.6.7 All requests must be made by registered organizations on their official letterhead to HCME regardless of value.

4.7 Political Contribution and Facilitation Payment

- 4.7.1 HCME does not make donations or contributions to political parties, nor will it reimburse its personnel for any political contributions made in their personal capacity.
- 4.7.2 Offering, promising or requesting facilitation payment is just as prohibited as actually paying or receiving facilitation payments.
- 4.7.3 HCME prohibits accepting or obtaining, directly or indirectly, facilitation payments from any person for the benefit of the employee himself or herself or for other person as it is seen as bribery.
- 4.7.4 All employee must not offer, promise, give, request, accept or receive anything which might reasonably be regarded as a facilitation payment. If an employee receives a request or being offered facilitation payments, he or she must report immediately to Head of Division (“HOD”) or as provided under the Whistle Blowing Policy.

5.0 DUE DILIGENCE ON THIRD PARTIES

- a) Conduct due diligence to assess the integrity of HCME’s prospective business counterpart – customers, contractors, vendors, suppliers, solicitors, agents, consultants, JV partners and government intermediaries (hereinafter referred to as third parties).
- b) All third parties are to be made aware of HCME’s Directors Code of Conduct,
- c) Whistleblowing and ABMS policy. Third parties must sign the declaration form to agree and confirm on conforming to all anti-corruption policies throughout the business dealings.
- d) Continue to be aware of and monitor third party’s performance to ensure ongoing compliance.
- e) To identify red flags throughout the due diligence process and all red flags must be sufficiently mitigated by third parties, before proceeding with business dealings.

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|  | ISO 37001: 2016 – ANTI-BRIBERY MANAGEMENT SYSTEM | Revision : 1 |
| | POLICY | |

- f) Where the department involved finds that the red flag could not be mitigated despite all the non-exhaustive measures, the department shall not proceed with business dealings with the third party.

6.0 FINANCIAL AND NON-FINANCIAL CONTROLS

Segregation of duties and approving powers to be assigned with 4 layers of financial activities checking - maker, checker, approver and internal audit verification as per Standard Operating Procedures (“SOP”) on Payments.

7.0 REPORTING


Any Personnel who know of, or suspects of, a violation or potential violation of this Policy shall report their concerns through the whistleblowing channel set out in the HCME Whistleblowing Policy.

8.0 PENALTIES

Any violation of this GHEDS Policy may result in disciplinary action, including but not limited to termination of employment.

9.0 REVIEW OF POLICY

Modification may be necessary for various reason, including maintaining compliance with laws and regulation and accommodating organizational changes within the Company. Therefore, this Policy shall be reviewed in its entirety on an annual basis or as needed to ensure the continued relevance and appropriateness of its contents.

Approved : 
Name : Ir. Edward Khoo Mong Wei
Designation : Executive Director
Date : 27/01/2025